

condition Second banks in fair condition which can obtain locally such financial assistance as will afford them relief in matter of capital structure Third banks that are in a weakened condition and will require assistance in way of preferred stock to build up and strengthen their capital structure certainly before June 1934 Fourth banks that are or in the near future may become emergency cases and may require attention now in the matter of rebuilding capital structure through preferred stock and or may need additional credit Stop First list need only contain name location capital structure deposits Stop Second list should contain same information as first together with information as to how their condition can be aided locally Stop Third list should contain detailed information as to assets and liabilities and concrete statement of aid needed Stop Fourth list should present full picture of each bank named with statement as to present and immediate needs of each bank Stop Please give this information in full also please submit list of closed banks in your state with as full information as possible as to the conditions so that consideration may be given to reopening of such banks or payments of dividends by each closed bank out of its own assets or with aid of reconstruction finance corporation financing Stop Also please give statement of localities in your state in which there are no banking facilities with suggestion as to possibility of establishing banks in such localities with or without government aid so that no community shall be without banking facilities Stop All this information is necessary that Federal Reserve Board may consider general banking situation and condition of each bank that needs some relief in evolving plan not only for remedying condition of member banks but of non-member banks as well as providing localities without banking facilities with such facilities."

The magnitude of this request is rather amazing. I find nothing in our banking laws which either compels or authorizes the Superintendent of Banks to comply with such a sweeping request and subjecting our state banking system to such complete domination by the Federal Reserve System.

Opinion No. 293

Banks and Banking—Reports—State Banks—Federal Reserve Bank— Superintendent of Banks.

HELD: The Superintendent of Banks is not authorized nor permitted by Sec. 65, Chapter 89, Laws of 1927, to give to Federal Reserve Bank information concerning all state banks and to comment upon, classify or make comparisons as to financial condition.

August 8, 1933.

You have asked my opinion with regard to your duty and power concerning the following telegraphic request from the Federal Reserve Bank of Minneapolis:

"I today received request as follows from Governor Black of Federal Reserve Board Washington Stop Desire full information as follows list of nonmember banks in Ninth Federal Reserve District divided into groups as follows First banks that are in good

Section 65, Chapter 89, Laws of 1927, provides:

"The report and any information contained in the reports and statements hereinabove provided for, other than such reports as are required to be published, shall be deemed to be secret and for the confidential information of the Superintendent of Banks only, and such information shall not be imparted to any persons who are not officially associated in and with the office of the Superintendent of Banks, and the information therein contained shall be used by the Superintendent of Banks only in the furtherance of his official duties, except that it shall be lawful for the department to exchange information with the Federal Banking Department and with departments of other states and to furnish information to prosecuting officials who request the same for use in pursuit of official duties."

Divulging such information is made a felony punishable by a fine of not exceeding One Thousand Dollars, or by imprisonment in the State Penitentiary for not exceeding five years, or by both such fine and imprisonment.

It is my opinion that such wholesale classification and comment by you upon the financial condition of every state bank in Montana, would be a violation of the letter and spirit of said section above quoted, and that it would be an abuse of such discretion on your part and not within the scope, purpose and intent of the exception provided in said section.

Conceding that cooperation with the Federal Reserve Bank for the benefit of certain individual banks and localities without banks, might be beneficial for such banks and localities, the necessary information to accomplish such purpose may be obtained otherwise than by giving out wholesale information, together with your comment, classification and comparison, concerning all the banks in the state, and without their consent first obtained.