

**Opinion No. 617****Banks and Banking—Directors  
—Qualifications.**

HELD: A bank director is not disqualified because he has given an option to the seller to re-purchase the stock necessary to qualify him, provided the director is a bona fide stockholder and absolute owner in his own right.

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September 24, 1934.

You have submitted the question whether Section 11, Chapter 89, Laws of 1927, permits a person to qualify as a director of a state bank where he purchases the statutory required number of shares for cash or gives a note for the same and at the same time includes an option agreement giving to the seller the right to re-purchase the stock at par on any annual meeting date of the bank or upon the death, insolvency or bankruptcy of the shareholder. This method, you state, has been followed by group banks and has been approved by the Comptroller in case of national banks.

I am of the opinion that if the sale is bona fide and the director is the absolute owner in his own right of the stock, the option to purchase is not in conflict with the statute above named as it now stands. From the facts as stated above, we could not say that such director was not a stockholder owning, in his own right, shares of the value required by statute. In the absence of a statute forbidding it, we are unable to say that it is not permissible.