

BANKS AND BANKING: Par value of shares of stock--Amount necessary for director to own discussed.

May 3, 1933



Mr. O. H. Moberly
Commissioner of Finance
Jefferson City, Missouri

Dear Sir:

This is to acknowledge your letter of April 26th, 1933 which reads as follows:

"I desire to call your attention to Sections 5349 and 5363, Revised Statutes of Missouri for 1929, and to Section 5349, page 323, Session Acts of 1931.

You will note that Section 5349, Revised Statutes of Missouri, 1929, provides that the capital stock of a bank shall be divided into shares of not less than one hundred dollars each. Section 5363, Revised Statutes of Missouri, 1929, reads in part as follows:

****Every director of a bank having a capital of twenty-five thousand dollars or over shall be a stockholder of the bank owning in his own right an amount equal to at least five shares, and of a bank having a capital of less than twenty-five thousand dollars, a stockholder in his own right in an amount equal to at least two shares;****

Section 5349, Session Acts of 1931, which repeals Section 5349, Revised Statutes of 1929, provides that the capital stock of a bank shall be divided into shares whose par value shall be not less than twenty dollars per share.

I shall appreciate an opinion from you as to whether a stockholder owning in his own right five shares of stock having a par value of

\$20.00 per share, in a bank having a capital of twenty-five thousand dollars, can qualify as a director in that bank; also whether a stockholder owning in his own right two shares of stock having a par value of \$20.00 per share, in a bank having a capital of less than twenty-five thousand dollars, can qualify as a director in that bank."

As stated in your letter, Section 5349 R. S. Mo. 1929, has been repealed and in lieu thereof, a new Section known as 5349 Laws of Missouri 1931 page 223 was enacted. The 1929 section provided that the par value of shares of stock shall be not less than \$100.00. This same section did not provide a way in which the par value of the stock could be changed.

Section 5349 Laws of Missouri 1931, p. 223, reads in part as follows:

"The capital stock of such corporation shall be divided into shares whose par value shall be not less than twenty dollars per share. The par value of the shares of any such corporation may be changed by the stockholders at either a special or annual meeting of the stockholders. If such change is made etc., * * *"

You will note that this section changed the par value of shares so divided from not less than \$100.00 to not less than twenty dollars. This section also provides a manner in which the par value of shares may be changed.

Section 5363 R. S. Mo. 1929, is captioned "Business directors--qualifications--election--duties," and in reading this section you will observe that it simply regulates the manner of conducting the bank as between the officers and the bank. The section provides in part the following:

"Every director of a bank having a capital of twenty-five thousand dollars or over shall be a stockholder of the bank owning in his own right an amount

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equal to at least five shares,
and of a bank having a capital
of less than twenty-five thousand
dollars a stockholder in his own
right in an amount equal to at
least two shares; * * * *

This provision is self explanatory and we believe means just what it says. That is, to be a director of a bank having a capital of twenty-five thousand dollars or over he shall own in his own right at least five or more shares of said stock without regard to the par value thereof. The same conclusion follows on banks having a capital of less than twenty-five thousand dollars.

It is therefore our opinion that a stock holder owning in his own right an amount equal to at least five shares of stock having a par value of \$30.00 per share may qualify as a director in a bank having a capital of twenty-five thousand dollars or more.

It is our further opinion that a stock holder owning in his own right two shares of stock having a par value of \$30.00 per share in a bank having a capital of less than \$25,000 may qualify as a director in that bank.

Yours very truly.

JAMES L. HORNOSTEL
Assistant Attorney General.

APPROVED _____
Attorney General.

J. H. M. M.