

BANKS and - County
BANKING: Depositories

- Banks selected as County Depositories are obligated to pay interest on public funds so deposited and are not relieved of the obligations by being placed under restrictions.

3-26

March 20, 1934.



Honorable Edward Cusick
Prosecuting Attorney
Pulaski County
Waynesville, Missouri.

Dear Sir:

This department is in receipt of your letter of recent date with a request for an opinion which letter of request is as follows:

"I have been requested to get your opinion on the following:

"About two years ago the county court of this county chose certain Banks of this county as their depositories of several thousand dollars, at the rate of 2.75% interest, which was at this time the highest bidders.

"On March 4th, 1933, these Banks were placed under restriction by the State Finance Commissioner, and are still under this restriction, now the court would like to know if they are entitled to this interest rate of 2.75% since the time of this restriction."

The fact that the banks in question were placed under restrictions by the Commissioner of Finance in March, 1933, did not change the obligations of contracts theretofore made by the banks relative to the payment of interest on obligations made by the banks. The loans made by the banks to customers before restrictions were placed on the banks continue to draw

interest notwithstanding the restrictions and we see no reason why the banks should not pay interest on its obligations created before restrictions were placed on them.

It is therefore our opinion that the banks which have been selected as the county depositories are obligated to pay the interest, at the proper time subject to the restrictions, on the public funds so deposited and the banks are not thereby relieved of the obligations by being placed under restrictions.

Yours very truly,

COVELL R. HEWITT
Assistant Attorney-General.

APPROVED:

ROY McKITTRICK
Attorney-General.

CRH/afj