

18.

FEDERAL JOINT STOCK LAND BANKS—BONDS MAY BE ACCEPTED AS SECURITY FOR DEPOSIT OF MUNICIPAL FUNDS, SECTION 4295 G. C.—FEDERAL FARM LOAN ACT.

SYLLABUS:

The bonds of federal joint stock land banks which have been organized under the provisions of the Federal Farm Loan Act, approved July 17, 1916, may be accepted as security for the deposit of municipal funds as provided in General Code Section 4295.

COLUMBUS, OHIO, January 21, 1927.

Bureau of Inspection and Supervision of Public Offices, Columbus, Ohio.

GENTLEMEN :—I am in receipt of your communication of recent date in which you inquire whether or not city treasurers, who have been directed by ordinance to deposit public moneys in their custody in certain banks, may accept as security for such deposits bonds issued by joint stock land banks.

Section 4295 of the General Code enumerates specifically the classes of bonds that may be accepted by a municipality as security for deposits of public moneys and among others specifies this:

“Farm loan bonds issued under the provisions of the Act of Congress, known as the Federal Farm Loan Act, approved July 17, 1916.”

This act is No. 9835a, et seq., U. S. Compiled Statutes, Barnes Federal Code 9309, et seq.

It is my opinion that statutes authorizing public officials to accept security for deposits of public moneys should be strictly construed and such officials must limit themselves strictly to accepting only such securities as the law authorizes them to accept. The question of strictly construing such provisions has been heretofore passed upon by this department, Opinions of the Attorney General for 1912, page 444.

The question which we have to determine here is just what is the meaning of “farm loan bonds,” as used in General Code Section 4295.

The Act of Congress, approved July 17, 1916, known as the Federal Farm Loan Act, provides in Section 1 thereof that the act shall be known as the Federal Farm Loan Act and its administration shall be under the direction of the Federal Farm Loan Board, created by the terms of the act.

Section 2 of the act sets out definitions of various terms used in the act, and says:

“The term Farm Loan Bonds shall be held to include all bonds secured by collateral deposited with a farm loan registrar under the terms of this act; they shall be distinguished by the addition of the words ‘Federal’ or ‘Joint Stock,’ as the case may be.”

Section 4 of the act provides for the creation, organization and management of “Federal Land Banks.”

Section 16 of the act, as amended March 4, 1925, provides for organization of “Joint Stock Land Banks,” and provides this:

“Farm loan bonds issued by joint stock land banks shall be so engraved so as to be readily distinguishable in form and color from farm loan bonds

issued by federal land banks, and shall otherwise bear such distinguishing marks as the federal farm loan board shall direct."

It provides further :

"Each joint stock land bank, organized under this act, shall have authority to issue bonds based upon mortgages taken by it in accordance with the terms of this act. Such bonds shall be in the form prescribed by the federal farm loan board and it shall be stated in such bonds that such bank as organized under Section 16 of this act is under federal supervision and operates under the provisions of this act."

Section 18 of the act provides as follows :

"Any federal land bank or joint stock land bank which shall have voted to issue farm loan bonds under this act, shall make written application to the federal farm loan registrar of the district for approval of such issue. With said application said land bank shall tender to said registrar as collateral security first mortgages, etc."

It will be observed that the act creates two classes of banks, one called Federal Land Banks and the other Joint Stock Land Banks. There is some difference in their organization and management and some difference in their powers and the liabilities of stockholders, but they are each authorized to issue bonds and each must go through the same form in the issuing of the bonds and each must deposit the same class of securities with the farm loan registrar before the bonds may be issued, and the act itself, in defining what is meant by "farm loan bonds," includes the bonds of both federal land banks and joint stock land banks.

So that, in reply to your question, it is my opinion that the bonds of federal joint stock land banks, organized under the provisions of this act, may be taken as security for deposits of municipal funds, and that the term "farm loan bonds," used in the statutes, includes both federal land bank bonds and federal joint stock land bank bonds.

Respectfully,
EDWARD C. TURNER,
Attorney General.

19.

APPROVAL, BONDS VILLAGE OF NORTH PERRY, LAKE COUNTY,
\$23,000.00.

COLUMBUS, OHIO, January 22, 1927.

Department of Industrial Relations, Industrial Commission of Ohio, Columbus, Ohio.