

It is accordingly my opinion that these bonds constitute a valid and legal obligation of said city.

Respectfully,

HERBERT S. DUFFY,
Attorney General.

1083.

JOINT STOCK LAND BANK BONDS ARE FARM LOAN BONDS
AND ELIGIBLE SECURITIES WITHIN THE TERMS OF
SECTION 2296-15a, GENERAL CODE.

SYLLABUS:

Joint stock land bank bonds issued under authority of Section 821, U. S. C. A. Title 12, are "farm loan bonds" issued under the provisions of the Act of Congress known as the Federal Farm Loan Act and Amendments thereto, and are therefore eligible securities within the terms of Section 2296-15a, General Code.

COLUMBUS, OHIO, August 31, 1937.

HON. CLARENCE H. KNISLEY, *Treasurer of State, Columbus, Ohio.*

DEAR SIR: I am in receipt of your communication of recent date, as follows:

"Since the passage of Amended House Bill No. 326, an act governing the deposit of public funds, I have had several requests that the State Treasurer's Office accept joint stock land bank bonds as collateral on the state funds.

I refused to accept any of these bonds, up to this time, as I did not feel that they were eligible as collateral under this act.

I would appreciate your opinion as to my stand in this matter."

Section 15 (a) of the Uniform Depository Act, now known as Section 2296-15 (a), General Code, provides in part as follows:

"The treasurer, before making any deposits in a public depository pursuant to an award made under this act, shall require the institution designated as a public depository to pledge to and deposit with him, as security for the repayment of all pub-

lic moneys to be deposited in the public depository during the period of designation pursuant to the award, eligible securities of aggregate market value equal to the excess of the amount of public moneys to be at the time so deposited, over and above such portion or amount thereof as shall at such time be insured by the Federal Deposit Insurance Corporation or by any other agency or instrumentality of the federal government; or the treasurer may require such institution to deposit with him surety company bonds which when executed shall be for an amount equal to the excess amount thereinbefore prescribed; excepting that, in the case of any deposit other than the initial deposit made during the period of designation, the amount, if any, of the aggregate market value of securities hereby required to be pledged and deposited, or of the surety company bonds hereby required to be deposited shall be measured by the difference, if any, between the amount of public moneys then remaining on deposit in such public depository plus the amount to be so deposited, minus such portion or amount of the aggregate as shall at the time be insured as hereinbefore provided, and the market value of such securities at the time pledged to and deposited with the treasurer, or, as the case may require, the amount of the surety company bond, or bonds, at the time deposited with the treasurer. The treasurer shall have authority to require that additional eligible securities be deposited to provide that for any depreciation which may occur in the market value of any of the bonds so deposited.

The following securities shall be eligible for the purposes of this section:

* * * * *

Farm loan bonds issued under the provisions of the act of congress known as the federal farm loan act, and amendments thereto;

* * * * *"

Briefly, your question is whether joint stock land bank bonds come within the terms of the portion of Section 2296-15a, above quoted, which provides that farm loan bonds issued under the provisions of the Act of Congress known as The Federal Farm Loan Act and amendments thereto, shall be eligible securities.

Section 642, U. S. C. A. Title 12, provides in part that:

"* * * 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 subchapter; they shall be distinguished by the addition of the words 'Federal' or 'joint stock' as the case may be."

Section 811, U. S. C. A. Title 12, provides as follows:

"Corporations, to be known as joint stock land banks, for carrying on the business of lending on farm mortgage security and issuing farm loan bonds, may be formed by any number of natural persons not less than ten. * * *"

Section 817, U. S. C. A. Title 12, provides in part:

"Farm loan bonds issued by joint stock land banks, etc., * * *."

Section 821, U. S. C. A. Title 12, provides:

"Each joint stock land bank organized under this chapter shall have authority to issue bonds based upon mortgages taken by it in accordance with the terms of this chapter. Such bonds shall be in form prescribed by the Farm Credit Administration, and it shall be stated in such bonds that such bank is organized under section sixteen of the Federal Farm Loan Act (Sections 811-823 of this chapter), is under Federal supervision, and operates under the provisions of said Act."

From the above quotations it is readily apparent that bonds issued by joint stock land banks under the authority of Section 821, U. S. C. A. Title 12, are "farm loan bonds" issued under the provisions of the Act of Congress known as the Federal Farm Loan Act. Therefore it is my opinion that the bonds of such joint stock land banks are eligible as collateral under the provisions of Section 2296-15a, General Code.

Respectfully,

HERBERT S. DUFFY,
Attorney General.