



OFFICE OF THE ATTORNEY GENERAL OF TEXAS

AUSTIN

GERALD C. MANN
ATTORNEY GENERAL*Travis Co.*Honorable M. O. Flowers
Secretary of State
Austin, Texas

Dear Sir:

Attention: Mr. Will Mann Richardson

Opinion No. 0-2801

Re: Admissibility of units of the
Texas State Life Underwriters as
property for payment of capital
stock.

This will acknowledge receipt of your letter of October 3, 1940, in which you seek an opinion of this Department upon the question of whether or not you should approve an amendment to the charter of the Texas Guarantors, Inc., whereby the capital stock of such company is being increased from \$500.00 to \$15,500.00, wherein one-half of the said \$15,000.00 increase in capital stock is to be paid with the transfer to the corporation of 750 units of the Texas State Life Underwriters, an unincorporated association.

We quote from your letter as follows:

"In your recent opinion No. 0-2544-A in regard to a contract for 'Texas Guarantors', you have held that such a contract was too speculative to be considered as property within the meaning of the Constitution and the Statutes.

"We have now been furnished with an application for an amendment to the charter of 'Insurance Investment Corporation'. The amendment increases the capital stock from \$500.00 to \$15,500.00. One-half of the increase of \$15,000.00, or \$7,500.00, is shown to have

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been paid in with the transfer to the corporation of 750 units of 'Texas State Life Underwriters', an unincorporated association at Dallas which has the general agency contract for the 'Texas State Life Insurance Company' at Dallas.

"On the basis of your previous opinion, we held that these units were too speculative to be considered as property for the capital stock. The president of the corporation, however, has asked that we write and submit to you evidence as to the value of these units, and ask for a specific opinion as to whether they can be considered as property in this case. We are, therefore, handing you the following instruments:

- 1. Assignment of Stock Certificates.
- 2. Specimen copy of one of the certificates.
- 3. A statement from the treasurer-auditor of the corporation as to the dividend payments of these units.
- 4. Financial Statement of the Texas State Life Insurance Company.
- 5. A statement as to the potential profits of the company selling bonds for the life insurance company.

"We would appreciate your usual prompt attention to this matter, and we ask that you return the enclosed instruments with your opinion."

We have carefully considered the above mentioned instruments attached to your inquiry, and believe that our Opinions Nos. C-2544 and C-2544-A addressed to the Secretary of State and called to your attention are applicable to and control the question here under consideration. Therefore, you are respectfully advised that it is the opinion of this Department that the above mentioned units are not admissible as property for payment of capital stock in the above mentioned corporation.

The above mentioned instruments are herewith returned.

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Trusting that the foregoing fully answers your inquiry, we are

Yours very truly

ATTORNEY GENERAL OF TEXAS

Ardell Williams

By

Ardell Williams
Assistant

AW:BBB

ENCLOSURES

APPROVED OCT 17, 1940

Gen. M. C. Flowers

ATTORNEY GENERAL OF TEXAS

