



OFFICE OF THE ATTORNEY GENERAL OF TEXAS
AUSTIN

GERALD C. MANN
ATTORNEY GENERAL

Honorable C. Woodrow Laughlin
County Attorney
Jim Wells County
Alice, Texas

Dear Sir:

Opinion No. 0-5077
Re: Is it permissible for the
Commissioners' Court to
accept United States Sav-
ings Bonds Series A, B, C
and D on a county deposi-
tory pledge contract?

We acknowledge receipt of your letter re-
questing our opinion on the question above stated.

This department has previously ruled that
United States Defense Bonds, Series F, are not eligible as
security for deposit by mutual assessment companies operat-
ing under provisions of Senate Bill 135, Acts of Forty-
sixth Legislature, Art. 5068-1, Vernon's Annotated Civil
Statutes. See attached copy of our opinion No. 0-4967.

We have also ruled that United States De-
fense Bonds, Series F and G, are not eligible as securities
for deposit by insurance companies under Article 4759,
Vernon's Annotated Civil Statutes. See attached copy of
our opinion No. 0-4054.

Section C, Article 2547, Vernon's Annotated
Civil Statutes, reads in part as follows:

"(c) In lieu of such personal bonds or
surety bonds as above specified, said banking cor-
poration, association or individual banker so se-
lected as county depository, may pledge and said
depository bank is authorized to pledge with the

Hon. C. Woodrow Laughlin - Page 2

Commissioners Court for the purpose of securing such county funds, securities of the following kind, in an amount equal to the amount of such county funds on deposit in said depository bank, to-wit: bonds and notes of the United States, securities of indebtedness of the United States, and other evidences of indebtedness of the United States, when said evidences of indebtedness are supported by the full faith and credit of the United States of America and other bonds or other evidences of indebtedness which are guaranteed as to both principal and interest by the United States Government; . . .

"The condition of the personal bond or bonds, or contract for securities pledged, as hereinabove provided, shall be conditioned for the faithful performance of all the duties and obligations devolving by law upon such depository, and for the payment upon presentation of all checks drawn upon any 'demand deposit' account in any depository by the county treasurer of the county and all checks drawn upon any 'time deposit' account upon presentation, after the expiration of the period of notice required in the case of 'time deposits,' and that said county funds shall be faithfully kept by said depository and accounted for according to law."

It is true, as pointed out in your letter, that this law provides that bonds and notes of the United States are acceptable under the pledge contract without any requirement as to the negotiability of said bonds. However, United States War Saving Bonds, Series A, B, C and D are registered in the name of the person who buys them and they recite on their face that they are non-transferable. These bonds, therefore, are not subject to being pledged since the depository bank could not transfer any of its rights in reference to them. It is true that physical possession of these bonds could be delivered, but if a judgment is recovered by the county on the pledge contract, these bonds could not be sold in satisfaction of this judgment. The bonds mentioned would not, in our opinion, be "securities" within the meaning of the above quoted statute.

Hon. C. Woodrow Laughlin - Page 3

We, therefore, answer your question in the negative.

Yours very truly

ATTORNEY GENERAL OF TEXAS

By *Fagan Dickson*
Fagan Dickson
Assistant

FD:BT

APPROVED FEB 12, 1943

Gerard C. Nixon
ATTORNEY GENERAL OF TEXAS

