



THE ATTORNEY GENERAL
OF TEXAS

AUSTIN, TEXAS 78711

WAGGONER CARR
ATTORNEY GENERAL

September 14, 1965

Mr. John S. Hovenga
Executive Director
Board of Regents
Texas State Teachers Colleges
Austin, Texas

Opinion No. C-503

Re: Whether or not the President, Comptroller, or any other employee of an institution under the Board of Regents of Texas State Teachers Colleges may be an officer or stockholder of the bank designated by such Board as the depository bank for such institution.

Dear Mr. Hovenga:

In your letter requesting an opinion from this office, you ask the following question:

"'If the Board of Regents of the State Teachers Colleges enters into a depository agreement with a local bank for an institution under this Board, is it permissible for the President, Comptroller, or any other employee of that institution to be an officer or a stockholder of that bank that is designated by the Board of Regents to be the Depository Bank for that institution.'"

The Board of Regents for the State Teachers Colleges was established by Article 2647, Vernon's Civil Statutes. The general control and management of the State Teachers Colleges is vested in the Board of Regents of the State Teachers Colleges. Article 2644, Vernon's Civil Statutes. The general powers of the Board of Regents are expressed in paragraph 1 of Article 2647, Vernon's Civil Statutes. Paragraph 1, Article 2647, Vernon's Civil Statutes, provides as follows:

"1. The Board of Regents of the State Teachers' Colleges is charged with the

responsibility of the general control and management of all State Teachers' Colleges for white persons and may erect, equip and repair buildings; purchase libraries, furniture, apparatus, fuel and other necessary supplies; employ and discharge presidents or principals, teachers, treasurers and other employees; and fix the salaries of the persons so employed. The principal of each State Teachers' College shall nominate annually to the board of regents such professors, teachers, officials, and assistants as in his opinion will promote the best interest of the institution."

The authority of the Board of Regents of the State Teachers Colleges to select a depository bank for local funds other than local income from educational activities is expressed in Section 2, Article 2654d, Vernon's Civil Statutes, and Article IV, Section 34, paragraph j of House Bill 12, Acts 59th Legislature, Regular Session, 1965, the General Appropriation Bill. This provision of House Bill 12 is quoted as follows:

"j. Local Depositories. The governing boards of the respective institutions for which appropriations are made in this Article are hereby authorized to select depository banks for the safekeeping of local funds other than those specified in the Section, 'Local Income from Educational Activities,' of this Article. The boards shall require said depository banks to furnish adequate surety bonds or securities to be posted for the assurance of safety of such deposits. The depository bank or banks so selected are hereby authorized to pledge their securities for assurance of safety for such funds. All such local funds shall be deposited in these depositories within seven (7) days from date of collection. The governing boards may require the depository so designated and selected to pay interest on deposits at a rate to be agreed upon by said depositories and said boards."

No employee of a school under the jurisdiction of the Board of Regents of the State Teachers Colleges has any responsibility in selecting a depository bank for local funds.

Article 6252-9, Vernon's Civil Statutes, establishes standards of conduct for officers and employees of State agencies,

Mr. John S. Hovenga, page 3 (C-503)

legislators and legislative employees in the area of possible conflict between their private interests and official duties.

Article 6252-9, Section 3(g), Vernon's Civil Statutes, provides as follows:

"No officer or employee of a state agency shall transact any business in his official capacity with any business entity of which he is an officer, agent, or member, or in which he owns a controlling interest."

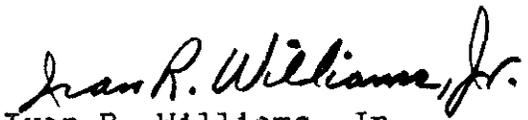
Therefore, it is our opinion that it is not permissible for an employee of a school under the jurisdiction of the Board of Regents of the State Teachers Colleges to be an officer or controlling stockholder in the depository bank selected by the Board of Regents, unless such employee does not transact any business in his official capacity with the depository bank.

S U M M A R Y

It is not permissible for an employee of a school under the jurisdiction of the Board of Regents of the State Teachers Colleges to be an officer or controlling stockholder in the depository bank selected by the Board of Regents, unless such employee does not transact any business in his official capacity with the depository bank.

Very truly yours,

WAGGONER CARR
Attorney General

By: 
Ivan R. Williams, Jr.
Assistant

IRWjr:ms:mkh

Mr. John S Hovenga, page 4 (C-503)

APPROVED:
OPINION COMMITTEE

W. V. Geppert, Chairman
John Banks
James Strock
Wayne Rodgers
Howard Fender

APPROVED FOR THE ATTORNEY GENERAL
BY: T. B. Wright