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RQ-0325-92

December 5, 2000

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DEC 08 2000

The Honorable John Cornyn  
Attorney General of Texas  
P.O. Box 12548  
Austin, Texas 78711

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OPINION COMMITTEE

OFFICE OF THE ATTORNEY GENERAL  
EXECUTIVE ADMINISTRATION

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FILE # ML-41783-00

I.D. # 41783 dup.

Dear General Cornyn:

The intent of this correspondence is to request an Attorney General's Opinion on a matter having far reaching consequences for a small shortline railroad. The Angelina & Neches River Railroad Company (A&NR) was formed in August of 1900 by the Kurth, Henderson and Wiener families to deliver pine timber from the deep East Texas forests to the mills in Angelina County and surrounding areas. In 1938, the ownership of the Railroad took a new direction. Investors in the Angelina & Neches River Railroad pledged one half of their ownership as collateral to obtain a loan from the Federal Reconstruction Finance Corporation to build Southland Paper Mills, Inc.

The founding of Southland Paper Mills, Inc. became the catalyst for the largest growth period in A&NR's history, as well as, Lufkin and Angelina County. Since that time 50% of the ownership in the A&NR has been held by Southland Paper Mills, Inc. and its subsequent owners, St. Regis Paper Company, Champion International and (currently) International Paper Company.

The Railroad has been negotiating to repurchase International Paper Company's 50% interest and return AN&R to the private ownership of the descendants of the original founding families. During this process, attorneys for the Railroad brought to our attention an archaic Texas Railroad Statute under Title 112, Article 6298 which makes it unlawful for a railroad to use corporate monies for the purchase of its own stock.

In an effort to clarify this issue, I request that your office render an opinion regarding the validity of Vernon's Texas Civil Statutes, Title 112, Article 6298.

Sincerely,

  
Clyde Alexander

Chairman  
House Transportation Committee

CA/cj

