

Opinion No. 15-1538

June 2, 1915

BY: H. S. BOWMAN, Assistant Attorney General

TO: State Corporation Commission, Santa Fe, New Mex.

Corporations may not be incorporators of other companies.

OPINION

{*119} In reply to your verbal inquiry as to the right of a corporation to become an incorporator of another corporation under the laws of this state, we beg to advise that in our opinion it would be advisable that incorporators of corporations should be individuals rather than corporations. Section 5 of Article 2 of Chapter 79 of the Laws of 1905, provides that,

"Upon executing, recording and filing a certificate pursuant to all the provisions of this act, three or more persons {*120} may become a corporation for any lawful purpose or purposes whatever," etc.,

and it would seem that the words "person" or "persons" refer to natural persons and not to corporations. Our view is supported by the only cases that bear upon the subject, although one text writer lays down the proposition that corporations authorized by statute to acquire and hold shares in other corporations, may thus become incorporators. This view is not supported by authority and we are inclined to hold that the better rule is that unless specifically provided by statute, corporations may not be incorporators of other companies.