

Opinion No. 15-1630

August 30, 1915

BY: FRANK W. CLANCY, Attorney General

TO: Mr. R. H. Carter, State Bank Examiner, Santa Fe, New Mexico.

Savings and banks of discount and deposit doing business together.

OPINION

{*203} I have received your letter of even date herewith in which you state the case of a savings bank which is closely associated with another bank, so that the two banks have access to the same vault, the same safe, and transact business over the same counter and through the same windows, but the savings bank does not keep a cash account separate and apart from the cash account of the associate bank, but has access at all times to the cash drawer and safe of the associate bank. And you further say that claim is made by the management of the bank that this practice is not in violation of the law. Upon this you ask my opinion concerning Section 28 [Illegible Word] Chapter 67 of the Laws of 1915, as applied to this and similar cases.

The portion of that section which may be considered as applicable to any such state of affairs must be that which requires every bank at all times to keep a reserve equal to twelve per cent of its deposits, and to hold in cash in its vault not less than forty per cent of the required reserve. I assume that the question in your mind is as to whether it is any compliance with this requirement for the savings bank to have no cash reserve on hand, except so far as it is included with the cash of the associate bank. I am unable to see how there can be any reasonable question made as to this proposition. The associate bank, if it is a state bank, may keep on hand no more than forty per cent of its required reserve of twelve per cent, and the savings bank is required to keep on hand in cash not less than forty per cent of its required reserve of twelve per cent. I am of opinion that the savings bank must keep a reserve equal to twelve per cent of its deposits, and of that reserve they must hold in cash not less than forty per cent. Otherwise the requirement of the law would be of no effect whatever so far as the savings bank is concerned. If the associate bank is a national bank the reasoning would be all the stronger, as national banks are in no way subject to state jurisdiction as to matters of this kind.