

Opinion No. 24-3768

June 12, 1924

BY: MILTON J. HELMICK, Attorney General

TO: Requested by: Hon. Warren Graham, State Treasurer, Santa Fe, New Mexico.

Bonds of U. S. Dependencies may be Accepted as Security for Public Deposits.

OPINION

{*144} This inquiry arises under the following circumstances:

Sec. 9, Chap. 76, S. L. 1923, known as the Public Monies Act, declares that bonds of the United States may be furnished by depository banks as security for deposits of public monies in lieu of depository bonds. The question arises whether bonds of Porto Rico or the Philippine Islands are within the term "Bonds of the United States."

These bonds are not, of course, direct obligations of the United States, but they are indirect obligations in the sense that Porto Rico and the Philippine Islands are wards of the United States {*145} and that in fact the United States has guaranteed the bonds or at least would not suffer these dependencies to default in the payment thereof.

I understand that the United States Government accepts such bonds as security from federal depositories. I have discovered several judicial definitions of the terms "United States bonds" and "obligations of the United States" but the cases were not concerned with any problems similar to the one raised by the inquiry here and throw no light upon the question involved. However, I see no reason for giving the term "Bonds of the United States" as used in the Public Monies Act, any restricted construction. The main purpose of the Act is to insure reputable security for public deposits and bonds of United States dependencies which are backed by the credit of the United States are obviously ample security for public deposits and, in addition, these bonds are in one sense, actually bonds of the United States. I am therefore of the opinion that such bonds may be lawfully accepted as security for public deposits by the various finance boards of this state.