

September 26, 1940.

Mr. J. P. Metz,
Superintendent of Banks,
State House,
Phoenix, Arizona.

LAW LIBRARY
ARIZONA ATTORNEY GENERAL

Dear Mr. Metz:

We have your letter of August 5th enclosing a letter from Henry D. Swengel of the Federal Reserve Bank of San Francisco, desiring to know if this office has ever interpreted the meaning of the word "above" as used in Section 231, Revised Code of Arizona, 1928, in connection with the grade of bonds, etc. that savings banks may invest in.

The section of the Code in question is applicable only to savings banks and does not apply to commercial banks. This section has always been interpreted by the previous superintendents of banks to limit the investment of savings bank funds to securities within the first four grades as defined by standard rating agencies, although the letter of the section as written requires investment in securities above the first four grades. At the time this law was before the legislature for passage, its probable interpretation was taken up with the then superintendent of banks, and he was advised that the law would possibly be held void if it were tested because of indefiniteness and uncertainty, in that it set no standard to which to look to determine what the first four grades are.

It is therefore our opinion, setting aside the possibility of the law being void for the reasons above set forth, that the law as written requires no interpretation in that it is perfectly clear that a savings bank under its terms is limited to investment in securities above the first four grades.

Very truly yours,

JOE CONWAY,
Attorney General.

E. P. CLINE,
Assistant Attorney General.

EARL ANDERSON,
Special Assistant
Attorney General.