General stated, "The obvious intention of the Financial Institutions Act is to protect the public." The opinion then lays down the following rule of law:

"Where a law is regulatory in nature and purports to protect the public from some danger or evil it is to be construed most strongly in favor of the public and against the few.

"Ryan v. Vanlandingham (1856), 7 Ind. 416; Board of Commissioners Vigo Co. v. Davis (1893), 136 Ind. 503, 36 N. E. 141."

In view of the foregoing, I think the particular treasurer about whom you inquire should give bond in the amount of $200,000.00, which is the maximum amount that will come into his hands within any one year by virtue of his office. The amount or penalty of a public official bond is a matter strictly for the Legislature and if it is thought that the amount of this bond is too high, the relief therefrom must come from the Legislature.

OFFICIAL OPINION NO. 59
November 29, 1954

Mr. Joseph McCord, Director
Department of Financial Institutions
410 State House
Indianapolis, Indiana

Dear Mr. McCord:

This is in reply to your letter in which you request an Official Opinion of this office as to the following:

"Does a state-chartered credit union, operating under the Indiana Credit Union Law have authority to purchase or construct a building to be used as its operating quarters, or for any other purpose?"

Various financial institutions are by statute given express power to acquire a building for the transaction of their business.
Industrial loan and investment companies are specifically authorized to hold and own such real estate as is necessary for the convenient transaction of their business. (Acts of 1935, Ch. 181, Sec. 11, as amended, as found in Burns' Indiana Statutes [1950 Repl.], Section 18-3111.)

Banks and trust companies are specifically authorized to purchase and hold real estate such as shall be necessary for the convenient transaction of their business. (Acts of 1933, Ch. 40, Sec. 174, as amended, as found in Burns' Indiana Statutes [1950 Repl.], Section 18-1105.)

Savings banks are authorized to purchase and hold real estate requisite for the transaction of their business. (Acts of 1869, Ch. 51, Sec. 24, as found in Burns' Indiana Statutes [1950 Repl.], Section 18-2625.)

The Acts of 1933, Ch. 40, Sec. 303, as amended, as found in Burns' Indiana Statutes (1950 Repl., 1953 Supp.), Section 18-2208, sub-sections (e) and (f) provide:

"A credit union shall have the following powers:
* * *

(e) To purchase, hold, own and/or convey such real estate as may be conveyed to the credit union in satisfaction of debts previously contracted in its business or in exchange for real estate so conveyed to the credit union.

(f) To own, hold and/or convey such real estate as may be purchased by the credit union upon judgments in its favor or decrees of foreclosure upon mortgages held by it."

There is no express authority in the Act for a credit union to acquire a building or quarters for the transaction of business either by purchase or lease. The question thus presented is whether it is such an incidental power as is necessary or requisite to enable it to carry out the business for which it is incorporated.

Paragraph (h) of Sec. 303, above cited, also provides that a credit union shall have the following powers:

"To exercise such incidental powers as shall be necessary or requisite to enable it to carry on effectively the
business for which it is incorporated. (Acts 1933, Ch. 40, Sec. 303, p. 176; 1935, Ch. 141, Sec. 1, p. 489; 1937, Ch. 33, Sec. 40, p. 173; 1941, Ch. 83, Sec. 3, p. 205.)”

In 13 Am. Jur., Corporations, § 775, it is said in part:

“It is well settled at common law, and as a general rule, that a corporation has the power to acquire and hold real estate. Such power need not be expressly conferred upon it. It has implied power to take and hold such real estate as is reasonably necessary to carry out the purposes of its organization. Vacant land may be held by a corporation where necessary for use in its manufacturing business. Moreover, a corporation is not restricted to present needs, but it may, to some extent, provide for its future needs * * *.”

Other sections of the Act contemplate that a credit union have a principal office (Sec. 297) and that it have a place of business (Sec. 322). It is difficult to see how a credit union could carry out the business for which it is incorporated without having a place of business, and therefore the acquisition of a place of business is necessary to enable it to function and do business and it has power to acquire the same by purchase or lease. This implied power is limited to the acquisition of such as is reasonably necessary for the purpose and reasonable growth and does not authorize speculation in real estate.

It is my opinion that a credit union may acquire such real estate by purchase or lease as is reasonably necessary for the transaction of its business.

OFFICIAL OPINION NO. 60
November 30, 1954

Hon. Ralph G. Hines
State Representative
1422 South Meridian Street
Portland, Indiana

Dear Sir:

This is in reply to your letter of November 16, 1954, which reads as follows: