



**THE ATTORNEY GENERAL
OF TEXAS**

AUSTIN 11, TEXAS

**JOHN BEN SHEPPERD
ATTORNEY GENERAL**

August 27, 1948

Hon. J. M. Falkner
Banking Commissioner
Austin, Texas

Attention:
Mr. H. L. Bengtson,
Deputy Commissioner

Opinion No. V-673.

Re: The necessity for a
Texas corporation to
maintain complete
books and records at
its Home Office rather
than at the office
of its parent company
in another state.

Dear Sir:

Your letter requesting an opinion by this office on the above titled subject matter is as follows:

"Re: Community Finance and Thrift
Corporation Dallas, Texas

"Dear Sir:

"The above captioned corporation is a Loan and Brokerage Company, organized under the laws of this State with Article 1303b, Revised Civil Statutes of Texas, as amended, as its purpose clause. Its charter defines the City of Dallas, Dallas County, Texas, as its principal place of business. The capital stock of said corporation is \$50,000.00, all of which has been paid in. Subject corporation enjoys the privilege of issuing and selling single payment and installment payment certificates under the provisions of Section 7, Article 1524a, Revised Civil Statutes of Texas, as amended by Acts of 1945, 49th Legislature, H.B. 430. Collateralization of certificates issued in compliance with the amended portion of Section 7 of Article 1524a seemingly does not apply to corporations having a minimum capital of \$50,000.00 where such sales are made to debtors who are at the time indebted to the issuer, but does obligate the Banking

Commissioner of Texas to make examination to the same extent as if collateral were required.

"As a matter of further explanation, the subject corporation is reported to be a wholly-owned subsidiary of the Family Finance Corporation, a Delaware corporation, which corporation owns all of the stock of its subsidiary units and controls their operations through Security Bankers Management Corporation, Wilmington, Delaware.

"Subject corporation has also established approximately seven branch offices in Texas and, from a supervisory standpoint as related to the examining responsibility of this Department, it is the considered opinion of this office that the corporation at its principal place of business, as defined in its charter, namely, Dallas, Texas, should maintain a system of record controls as it affects itself and branch offices, which will enable the Banking Commissioner of Texas to determine from an examination of such record controls the financial condition of the corporation. The fact is that all records of the Dallas office, as well as those of its branch offices, are maintained at the office of the Family Finance Corporation at Wilmington, Delaware, the result of which makes it wholly impossible to determine from an examination the solvency of the domestic corporation without consulting the records at Wilmington, Delaware.

"Therefore, the question we desire to submit to you for an opinion is:

"As a Domestic Corporation, would it not be compelled to keep and maintain all books and record controls at its defined place of business rather than at the office of the so-called parent company in a foreign State?"

We are of the opinion your question should be answered in the affirmative.

Article 1358 of the Revised Civil Statutes, governing private corporations, declares:

"Each corporation or joint stock company of every description, whether organized and acting under a special charter or general law of this state, shall keep its principal office within this state."

Now, the word "office" as used here does not mean merely the building and furniture. It means the place of transacting its corporate business in the ordinary way that corporate affairs are transacted, and includes all proper and necessary books, records, files, and the like.

One of the reasons for this requirement, if reasons for the statute were required, has been stated by you. The corporation is subject to visitation and supervision by the Banking Commissioner, who transacts his official business within the territorial limits of the State, except in those instances where he is specially authorized to go beyond. A further and similar reason is found in Article 1366 of the Revised Civil Statutes, declaring:

"Every corporation, domestic or foreign, doing business in Texas shall permit the Attorney General or any of his authorized assistants or representatives to make examination of all the books, accounts, records, minutes, letters, memoranda, documents, checks, vouchers, telegrams, constitution and by-laws, and every record of said corporation as often as he may deem necessary."

This contemplates that such examination may be done within the State of Texas where the corporation has its principal place of business and not in some other State in the office and possession of some other corporation not under the supervision, or subject to the examination of the Attorney General.

SUMMARY

A corporation organized and doing business under the laws of the State of Texas is required to keep its books and records at its principal office in the State.

Yours very truly,

ATTORNEY GENERAL OF TEXAS

By



Ocie Speer
Assistant

OS:wb

APPROVED:



PRICE DANIEL
ATTORNEY GENERAL