

January 1924

National Banks—Extent of Their Powers—State Statute Forbidding National Banks from Maintaining Branches

Follow this and additional works at: http://openscholarship.wustl.edu/law_lawreview



Part of the [Banking and Finance Law Commons](#)

Recommended Citation

National Banks—Extent of Their Powers—State Statute Forbidding National Banks from Maintaining Branches, 9 ST. LOUIS L. REV. 244 (1924).

Available at: http://openscholarship.wustl.edu/law_lawreview/vol9/iss3/13

This Comment on Recent Decisions is brought to you for free and open access by the Law School at Washington University Open Scholarship. It has been accepted for inclusion in Washington University Law Review by an authorized administrator of Washington University Open Scholarship. For more information, please contact digital@wumail.wustl.edu.

is intended to secure employment for all men and, at the same time, make an equitable distribution of labor among the factories.

The decree of the United States District Court of Northern Ohio was, therefore, reversed.

NATIONAL BANKS—EXTENT OF THEIR POWERS—STATE
STATUTE FORBIDDING NATIONAL BANKS FROM MAINTAIN-
ING BRANCHES.

First National Bank v. Missouri, U. S. Adv. Ops., page 235:

The State brought a proceeding in the nature of quo warranto against the bank in the State Supreme Court, to determine the bank's authority to establish and conduct a branch bank in the city of St. Louis, in violation of a State statute. The case was submitted on demurrer to the information, and the State court rendered judgment ousting the bank from the privilege of operating such or any other branch bank. On writ of error, the U. S. Supreme Court affirmed the judgment of the State court, holding that:

A national bank can rightfully exercise only such powers as are expressly granted by the National Banking Act, or such incidental powers as are necessary to carry on the business for which it is established.

The National Banking Act, properly construed, does not expressly authorize a national bank to establish and conduct branch banks, and the establishment of a branch is not within the operation of the provision of said Act vesting banks with all such incidental powers as shall be necessary to carry on the business of banking.

Prohibiting a national bank from maintaining branches does not frustrate the purposes for which the bank was created, or interfere with the discharge of its duties to the government, or impair its efficiency as a Federal agency.

Power to enforce a State statute forbidding national banks to operate branches rests with the State, and not with the national government.

Three members of the court dissented on the ground that the State is without capacity to bring or maintain the proceedings, and the State court is without authority to entertain it.