TWO NATIONAL BANK OF KENTUCKY CASES.

The case of Keyes v. American Life & Accident Ins. Co., 1 F. Supp. 512, decided August 17, 1932 by the United States District Court for the Western District of Kentucky, did not hold that a stockholder in a holding company is a stockholder in a bank owned by such holding company. In fact, there was no holding company involved at all but merely an arrangement whereby the stock of the bank was held by trustees who issued participation certificates to various investors.

The facts in the case are summarized very briefly as follows in a head note published on page 512:

> "After the merger of the banks was accomplished by the exchange of stock, stockholders placed their stock in legal ownership of trustees to hold for their benefit under terms of trust agreement whereby trustees were empowered to vote the stock in each institution subject to control of certificate holders, and were to collect the dividends and distribute them among the holders. Some of the certificates were held by former stockholders who transferred stock in exchange for certificates, but most of the certificates were held by another bank acquiring them by purchase. The trust agreement expressly provided that owners of the certificates should be subject to the same liabilities as if they had been owners of proportionate part of shares held by the trustees, and should indemnify trustees for any loss or liability."

The court held that the beneficial owner of the stock was liable for the assessment notwithstanding the fact that the stock was registered in the hands of the trustee. In so holding the court stated:

> "It is well settled, as much as it is possible, that the actual and real owner of stock of a national bank is liable to assessment, whether his name appears on the books as owner or not. Where such stock is held by one in trust for another, such other is the actual and real owner. There is no room to question this. The beneficial owner is the actual and real owner. * * * It is unthinkable that a legal

owner of such stock can relieve himself of liability by the device of transferring it to another for his benefit. In such case he is as much the actual and real owner as he was before the transfer."

This case is easily distinguishable from the case of a corporation owning bank stock because it is well settled that property of a corporation belongs to it and not to its stockholders. Steinfeld v. Copper State Company, 290 Pac. 155.

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Another case arising out of the situation discussed in Keyes v. American Life & Accident Ins. Co. above was that of Laurent v. Anderson, 70 Fed. (2nd) 819. In this case also the holder of the Trustees Participation Certificates agreed to be liable for a stock assessment on the stock of the National bank.