

# **MUNICIPAL BONDS**

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Municipal bonds by Fraser Brown

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A STATEMENT OF THE PRINCIPLES OF LAW AND CUSTOM GOVERNING THE ISSUE OF AMERICAN MUNICIPAL BONDS WITH ILLUSTRATIONS FROM THE STATUTES OF VARIOUS STATES

By

FRASER BROWN

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To  
FREDERICK PRIME DELAFIELD, Esq.,  
*of the New York City Bar*



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FOREWORD AND ACKNOWLEDGMENT

The necessity for a book of this character became apparent during the preparation of a course of lectures on municipal bonds recently delivered at the School of Commerce, Accounts and Finance of New York University. An examination of existing literature revealed a lack of any comprehensive treatment of the subject, and suggested the present volume. The author sincerely hopes that the result of his effort will be valuable and of interest, not only to students of municipal finance, but to municipal-bond houses, public officials responsible for bond issues, and the general investor.

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The literature on the subject of municipal bonds begins with the late Judge Dillon's masterly treatise on the law of municipal corporations. There is, however, an hiatus between the "Law of Municipal Corporations" and articles in various textbooks covering the general field of investments, and casual articles by investment bankers.

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The general principles of municipal-bond law can be stated for the student and the "bond man." The adoption of the Uniform Negotiable Instruments Law by all the States (except one) has inevitably tended to produce more or less uniform decisions on mooted points. While there are curious decisions in many jurisdictions, it is probably true that these decisions are the result of hard facts, which are said to make bad law. Generally speaking, fundamental canons have been worked out and further judicial decisions must tend more and more toward recognition of established rules. The work of the legal specialist is statutory construction.

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An attempt is made in the following pages to treat the fundamental principles of the subject clearly and concisely, leaving to the specialist the application of such principles and the consideration of the law of the jurisdiction applying to particular issues of securities.

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If much of the material is quoted or taken from the "Law of Municipal Corporations," it is because that treatise has done

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for the law of municipal corporations what Bishop did for the law of domestic relations, and what Whigmore has done for the law of evidence. Numerous citations and direct and indirect quotations from "Ruling Case Law" seem justified because it is unnecessary to re-state principles of law which have been adequately stated in that digest.

Acknowledgment is due to my associate, Lewis L. Delafield, Jr., Esq., for kindly criticism and advice, and to other associates, who have verified citations and read the proofs of this book. Acknowledgment is not complete without an expression of great appreciation of the counsel, encouragement and example of the associate to whom this book is dedicated.

FRASER BROWN.