

Sec. 1—Full Faith and Credit

mine the question in accordance with the constitution, laws and judicial decisions of the corporation's home states.¹¹⁸ Illustrative applications of the latter rule are to be found in the following cases. A New Jersey statute forbidding an action at law to enforce a stockholder's liability arising under the laws of another state and providing that such liability may be enforced only in equity, and that in such a case the corporation, its legal representatives, all its creditors, and stockholders, should be necessary parties, was held not to preclude an action at law in New Jersey by the New York superintendent of banks against 557 New Jersey stockholders in an insolvent New York bank to recover assessments made under the laws of New York.¹¹⁹ Also, in a suit to enforce double liability, brought in Rhode Island against a stockholder in a Kansas trust company, the courts of Rhode Island were held to be obligated to extend recognition to the statutes and court decisions of Kansas whereunder it is established that a Kansas judgment recovered by a creditor against the trust company is not only conclusive as to the liability of the corporation but also an adjudication binding each stockholder therein. The only defenses available to the stockholder are those which he could make in a suit in Kansas.¹²⁰

Fraternal Benefit Society: Member Relationship.—The same principle applies to the relationship that is formed when one takes out a policy in a "fraternal benefit society." Thus, in *Royal Arcanum v. Green*,¹²¹ in which a fraternal insurance association chartered under the laws of Massachusetts had been sued in the courts of New York by a citizen of the latter state on a contract of insurance made in that state, the Court held that the defendant company was entitled under the full faith and credit clause to have the case determined in accordance with the laws of Massachusetts and its own constitution and by-laws as these had been construed by the Massachusetts courts.

Nor has the Court manifested any disposition to depart from this rule. In *Sovereign Camp v. Bolin*,¹²² it declared that a state in which a certificate of life membership of a foreign fraternal benefit association is issued, which construes and enforces the certificate according to its own law rather than according to the law of the state in which the association is domiciled, denies full faith and credit

¹¹⁸ *Converse v. Hamilton*, 224 U.S. 243 (1912); *Selig v. Hamilton*, 234 U.S. 652 (1914); *Marin v. Augedahl*, 247 U.S. 142 (1918).

¹¹⁹ *Broderick v. Rosner*, 294 U.S. 629 (1935). See also *Thormann v. Frame*, 176 U.S. 350, 356 (1900); *Reynolds v. Stockton*, 140 U.S. 254, 264 (1891).

¹²⁰ *Hancock Nat'l Bank v. Farnum*, 176 U.S. 640 (1900).

¹²¹ 237 U.S. 531 (1915), followed in *Modern Woodmen v. Mixer*, 267 U.S. 544 (1925).

¹²² 305 U.S. 66, 75, 79 (1938).