

E N R O L L E D

COMMITTEE SUBSTITUTE

FOR

H. B. 2923

(BY DELEGATE(S) MOORE, HARTMAN, E. NELSON,
FERN AND ASHLEY)

[Passed April 9, 2013; in effect ninety days from passage.]

AN ACT to amend and reenact §31A-4-8 of the Code of West Virginia, 1931, as amended, relating to directors of state-chartered banking institutions; and eliminating the residency requirement for a majority of the directors of a state-chartered banking institution.

Be it enacted by the Legislature of West Virginia:

That §31A-4-8 of the Code of West Virginia, 1931, as amended, be amended and reenacted to read as follows:

ARTICLE 4. BANKING INSTITUTIONS AND SERVICES GENERALLY.

§31A-4-8. Directors, their qualifications and oaths.

- 1 For every state-chartered banking institution there shall be
- 2 a board of not less than five nor more than twenty-five directors,

3 who shall meet at least once each month and who shall have
4 power to do, or cause to be done, all things that are proper to be
5 done by the banking institution; and a majority of whom shall at
6 all times be United States citizens: *Provided*, That the
7 Commissioner of Banking, upon application from banking
8 institutions with deposits greater than \$500 million, may issue a
9 waiver from the minimum number of meeting requirements
10 established by this section and allow no fewer than four
11 quarterly meetings for such institutions: *Provided, however*, That
12 at least four of the board of directors meetings of any state-
13 chartered banking institution shall be held within the State of
14 West Virginia. Every such director shall own capital stock in the
15 banking institution of which he or she is a director in the
16 aggregate par value of not less than \$500: *Provided*, That if a
17 bank holding company has control of that banking institution,
18 shares owned by a director of the subsidiary bank in the
19 controlling bank holding company will satisfy the requirements
20 of this section: *Provided-however*, That the director owns, in his
21 or her own right, common or preferred stock of the controlling
22 bank holding company in an amount equal to or greater than any
23 one of the following: (i) Aggregate par value of \$500; (ii)
24 aggregate shareholders' equity of \$500; or (iii) aggregate fair
25 market value of \$500. Determination of the fair market value of
26 the controlling bank holding company's stock shall be based
27 upon the value of that stock on the date it was purchased or on
28 the date the person became a director, whichever is greater. If a
29 bank holding company controls more than one bank subsidiary,
30 a director owning at least \$500 of the shares of a bank holding
31 company is qualified, if otherwise permitted by applicable law,
32 to serve as a director of every bank subsidiary controlled by that
33 bank holding company. Before entering on the discharge of his
34 or her duties as such director, he or she shall take an oath that he
35 or she will, so far as the duty devolves upon him or her,
36 diligently and honestly administer the affairs of the banking
37 institution, and that he or she will not knowingly or willingly
38 permit to be violated any of the provisions of the laws of this

39 state relative to banking and banking institutions, and that the
40 stock standing in his or her name upon the books of the banking
41 institution is not hypothecated or pledged in any way as security
42 for loans obtained from or debts owing to the banking institution
43 of which he or she is a director, and that the number of shares
44 necessary to qualify a stockholder to be a director are not now,
45 and shall not at any time while he or she serves as a director be
46 pledged or hypothecated in any manner for any debt or
47 obligation of the director, or any other person; which oath
48 subscribed by him or her and certified by the officer before
49 whom it was taken shall be filed and preserved in the office of
50 the Commissioner of Banking. Should a director fail to subscribe
51 to or renew the oath herein provided within sixty days after
52 notice of his or her election or reelection, or at any time after
53 qualifying as such, sell or dispose of, or in any manner
54 hypothecate or pledge as security for a debt or obligation, such
55 qualifying shares, or any number thereof, necessary for his or her
56 qualification, thereupon the remaining directors shall elect
57 another director in his or her stead. No person shall serve as a
58 director of any banking institution who has evidenced personal
59 dishonesty and unfitness to serve as such director by his or her
60 conduct or practice with another financial institution which
61 resulted in a substantial financial loss or damage thereto or who
62 has been convicted of any crime involving personal dishonesty.

That Joint Committee on Enrolled Bills hereby certifies that the foregoing bill is correctly enrolled.

Chairman, House Committee

Chairman, Senate Committee

Originating in the House.

In effect ninety days from passage.

Clerk of the House of Delegates

Clerk of the Senate

Speaker of the House of Delegates

President of the Senate

The within _____ this the _____
day of _____, 2013.

Governor

