

Senate Bill No. 45

(By Senators Tucker and Fitzsimmons)

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[Introduced January 8, 2014; referred to the Committee on Banking
and Insurance; and then to the Committee on the Judiciary.]

10 A BILL to amend and reenact §31A-4-8 of the Code of West Virginia,
11 1931, as amended, relating to directors of state-chartered
12 banking institutions; and providing residency requirements for
13 a majority of the directors of a state-chartered banking
14 institution.

15 *Be it enacted by the Legislature of West Virginia:*

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

18 **ARTICLE 4. BANKING INSTITUTIONS AND SERVICES GENERALLY.**

19 **§31A-4-8. Directors, their qualifications and oaths.**

20 For every state-chartered banking institution there shall be
21 a board of not less than five nor more than twenty-five directors,
22 who shall meet at least once each month and who shall have power to

1 do, or cause to be done, all things that are proper to be done by
2 the banking institution; and a majority of whom shall at all times
3 be United States citizens who reside either within this state or
4 within one hundred miles of any physical office of the banking
5 institution: *Provided,* That the Commissioner of Banking, upon
6 application from banking institutions with deposits greater than
7 \$500 million, may issue a waiver from the minimum number of meeting
8 requirements established by this section and allow no fewer than
9 four quarterly meetings for such institutions and provided further,
10 That at least four of the board of directors meetings of any
11 state-chartered banking institution shall be held within the State
12 of West Virginia. Every such director shall own capital stock in
13 the banking institution of which he or she is a director in the
14 aggregate par value of not less than \$500: *Provided,* That if a bank
15 holding company has control of that banking institution, shares
16 owned by a director of the subsidiary bank in the controlling bank
17 holding company will satisfy the requirements of this section:
18 *Provided, however,* That the director owns, in his or her own right,
19 common or preferred stock of the controlling bank holding company
20 in an amount equal to or greater than any one of the following:
21 (i) Aggregate par value of \$500; (ii) aggregate shareholders'
22 equity of \$500; or (iii) aggregate fair market value of \$500.

1 Determination of the fair market value of the controlling bank
2 holding company's stock shall be based upon the value of that stock
3 on the date it was purchased or on the date the person became a
4 director, whichever is greater. If a bank holding company controls
5 more than one bank subsidiary, a director owning at least \$500 of
6 the shares of a bank holding company is qualified, if otherwise
7 permitted by applicable law, to serve as a director of every bank
8 subsidiary controlled by that bank holding company. Before entering
9 on the discharge of his or her duties as such director, he or she
10 shall take an oath that he or she will, so far as the duty devolves
11 upon him or her, diligently and honestly administer the affairs of
12 the banking institution, and that he or she will not knowingly or
13 willingly permit to be violated any of the provisions of the laws
14 of this state relative to banking and banking institutions, and
15 that the stock standing in his or her name upon the books of the
16 banking institution is not hypothecated or pledged in any way as
17 security for loans obtained from or debts owing to the banking
18 institution of which he or she is a director, and that the number
19 of shares necessary to qualify a stockholder to be a director are
20 not now, and shall not at any time while he or she serves as a
21 director be pledged or hypothecated in any manner for any debt or
22 obligation of the director, or any other person; which oath

1 subscribed by him or her and certified by the officer before whom
2 it was taken shall be filed and preserved in the office of the
3 Commissioner of Banking. Should a director fail to subscribe to or
4 renew the oath herein provided within sixty days after notice of
5 his or her election or reelection, or at any time after qualifying
6 as such, sell or dispose of, or in any manner hypothecate or pledge
7 as security for a debt or obligation, such qualifying shares, or
8 any number thereof, necessary for his or her qualification,
9 thereupon the remaining directors shall elect another director in
10 his or her stead. No person shall serve as a director of any
11 banking institution who has evidenced personal dishonesty and
12 unfitness to serve as such director by his or her conduct or
13 practice with another financial institution which resulted in a
14 substantial financial loss or damage thereto or who has been
15 convicted of any crime involving personal dishonesty.

NOTE: The purpose of this bill is to provide residency requirements for a majority of the directors of a state-chartered banking institution.

Strike-throughs indicate language that would be stricken from the present law, and underscoring indicates new language that would be added.