

1 COMMITTEE SUBSTITUTE

2 FOR

3 **H. B. 2923**

4 (By Delegates Moore, Hartman, E. Nelson, Ferns and Ashley)

5
6 (Originating in the House Committee on Finance)

7
8 [March 25, 2013]

9
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 eliminating the residency
13 requirement for a majority of the directors of a state-
14 chartered banking 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
23 do, or cause to be done, all things that are proper to be done by
24 the banking institution; and a majority of whom shall at all times

1 be United States citizens ~~and residents of this state~~: *Provided*,
2 That the Commissioner of Banking, upon application from banking
3 institutions with deposits greater than \$500 million, ~~dollars~~ may
4 issue a waiver from the minimum number of meeting requirements
5 established by this section and allow no fewer than four quarterly
6 meetings for such institutions: *Provided, however*, That at least
7 four of the board of directors meetings of any state-chartered
8 banking institution shall be held within the State of West
9 Virginia. Every such director shall own capital stock in the
10 banking institution of which he or she is a director. ~~Said director~~
11 ~~must own shares~~ in the aggregate par value of not less than \$500,
12 ~~an exception being that~~: *Provided*, That if a bank holding company
13 has control of that banking institution, shares owned by a director
14 of the subsidiary bank in the controlling bank holding company will
15 satisfy the requirements of this section: ~~*Provided further*~~,
16 *however*, That the director owns, in his or her own right, common or
17 preferred stock of the controlling bank holding company in an
18 amount equal to or greater than any one of the following: (i)
19 Aggregate par value of \$500; (ii) aggregate shareholders' equity of
20 \$500; or (iii) aggregate fair market value of \$500. Determination
21 of the fair market value of the controlling bank holding company's
22 stock shall be based upon the value of that stock on the date it
23 was purchased or on the date the person became a director,
24 whichever is greater. If a bank holding company controls more than

1 one bank subsidiary, a director owning at least \$500 of the shares
2 of a bank holding company is qualified, if otherwise permitted by
3 applicable law, to serve as a director of every bank subsidiary
4 controlled by that bank holding company. Before entering on the
5 discharge of his or her duties as such director, he or she shall
6 take an oath that he or she will, so far as the duty devolves upon
7 him or her, diligently and honestly administer the affairs of the
8 banking institution, and that he or she will not knowingly or
9 willingly permit to be violated any of the provisions of the laws
10 of this state relative to banking and banking institutions, and
11 that the stock standing in his or her name upon the books of the
12 banking institution is not hypothecated or pledged in any way as
13 security for loans obtained from or debts owing to the banking
14 institution of which he or she is a director, and that the number
15 of shares necessary to qualify a stockholder to be a director are
16 not now, and shall not at any time while he or she serves as a
17 director be pledged or hypothecated in any manner for any debt or
18 obligation of the director, or any other person; which oath
19 subscribed by him or her and certified by the officer before whom
20 it was taken shall be filed and preserved in the office of the
21 Commissioner of Banking. Should a director fail to subscribe to or
22 renew the oath herein provided within sixty days after notice of
23 his or her election or reelection, or at any time after qualifying
24 as such, sell or dispose of, or in any manner hypothecate or pledge

1 as security for a debt or obligation, such qualifying shares, or
2 any number thereof, necessary for his or her qualification,
3 thereupon the remaining directors shall elect another director in
4 his or her stead. No person shall serve as a director of any
5 banking institution who has evidenced personal dishonesty and
6 unfitness to serve as such director by his or her conduct or
7 practice with another financial institution which resulted in a
8 substantial financial loss or damage thereto or who has been
9 convicted of any crime involving personal dishonesty.