

1 **ENROLLED**

2 COMMITTEE SUBSTITUTE

3 FOR

4 **H. B. 2923**

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

6  
7 [Passed April 9, 2013; in effect ninety days from passage.]

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9  
10 AN ACT 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

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

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

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