

COMMITTEE SUBSTITUTE

FOR

H. B. 2923

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

(Originating in the House Committee on Finance)

[March 25, 2013]

A BILL 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 ~~and residents of this state:~~
7 *Provided*, That the Commissioner of Banking, upon application
8 from banking institutions with deposits greater than \$500
9 million, ~~dollars~~ may issue a waiver from the minimum number
10 of meeting requirements established by this section and allow no
11 fewer than four quarterly meetings for such institutions:
12 *Provided, however*, That at least four of the board of directors
13 meetings of any state-chartered banking institution shall be held
14 within the State of West Virginia. Every such director shall own
15 capital stock in the banking institution of which he or she is a
16 director. ~~Said director must own shares~~ in the aggregate par
17 value of not less than \$500, ~~an exception being that:~~ *Provided,*
18 That if a bank holding company has control of that banking
19 institution, shares owned by a director of the subsidiary bank in
20 the controlling bank holding company will satisfy the
21 requirements of this section: *Provided, further, however*, That the
22 director owns, in his or her own right, common or preferred

23 stock of the controlling bank holding company in an amount
24 equal to or greater than any one of the following: (i) Aggregate
25 par value of \$500; (ii) aggregate shareholders' equity of \$500; or
26 (iii) aggregate fair market value of \$500. Determination of the
27 fair market value of the controlling bank holding company's
28 stock shall be based upon the value of that stock on the date it
29 was purchased or on the date the person became a director,
30 whichever is greater. If a bank holding company controls more
31 than one bank subsidiary, a director owning at least \$500 of the
32 shares of a bank holding company is qualified, if otherwise
33 permitted by applicable law, to serve as a director of every bank
34 subsidiary controlled by that bank holding company. Before
35 entering on the discharge of his or her duties as such director, he
36 or she shall take an oath that he or she will, so far as the duty
37 devolves upon him or her, diligently and honestly administer the
38 affairs of the banking institution, and that he or she will not
39 knowingly or willingly permit to be violated any of the
40 provisions of the laws of this state relative to banking and
41 banking institutions, and that the stock standing in his or her
42 name upon the books of the banking institution is not

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

63 financial loss or damage thereto or who has been convicted of
64 any crime involving personal dishonesty.

