ENROLLED BILL
(EXTRAORDINARY SESSION, 1932)

House Bill No. 1

(By Mr. Taylor, by request)

Passed July 27, 1932

In Effect from Passage
AN ACT to amend and re-enact section twelve of article eight of chapter thirty-one of the code of West Virginia, and to amend article eight of chapter thirty-one of the code of West Virginia by enacting an additional section to be numbered section thirty-two (a), relating to the business operations and supervision of banking institutions, and providing for banking institutions and the receivers of closed and/or insolvent banking institutions and the commissioner of banking to borrow money and negotiate loans and pledge, assign, hypothecate, rediscount and/or sell the assets and securities of such banking institutions.

Be it enacted by the Legislature of West Virginia:

That section twelve of article eight of chapter thirty-one of the code of West Virginia be, and the same is, hereby amended and re-
enacted and article eight of chapter thirty-one of the code of West
Virginia be, and the same is, hereby amended by enacting an ad-
ditional section to be numbered section thirty-two (a), which sec-
tions shall read as follows:

Section 12. Any banking institution organized and author-
ized to transact business hereunder may borrow money, redis-
count any of its notes, or borrow bonds for the use of the bank,
in order to maintain its legal required reserve, or meet any
emergency that may arise. The books and accounts of such
banking institutions shall at all times show the amount of such
borrowed money, bonds or rediscounts. No officer, director or
employee of any such banking institution shall issue the note
of such banking institution for borrowed money, or rediscount
any note or pledge any of the assets of such banking institution
except when authorized by resolution of the board of directors
of such banking institution: Provided, That it shall be unlaw-
ful for any such banking institution to issue its certificate of de-
posit for the purpose of borrowing money.

It shall be unlawful for such banking institution to pledge or
hypothecate more than two dollars of the book value of any of
its assets for each one dollar of borrowed money: Provided,
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18 however, That any such banking institution, when authorized by
19 resolution of the board of directors of such banking institution,
20 with the consent in writing of the commissioner of banking, may
21 borrow money from and contract for loans with the Reconstruc-
22 tion Finance Corporation, authorized and functioning pursuant
23 to an act of congress of the United States of America, approved
24 January 22, 1932, or any other agency authorized by an act of
25 congress of the United States of America, or with any person or
26 persons, and may pledge, hypothecate, assign, rediscount and/
27 or sell to said Reconstruction Finance Corporation, or other
28 authorized agency of the United States, or any person or per-
29 sons, any assets or securities belonging to any such banking in-
30 stitution in such manner or form as may be approved, and sub-
31 ject to any and all terms and conditions in connection with the
32 granting thereof imposed, by such Reconstruction Finance Cor-
33 poration, or other authorized agency of the United States, or
34 other person or persons, as collateral security for the payment
35 of any and all such loans.
36 An accurate record of all securities and exact copies of all
37 notes withdrawn from the files of such banking institutions, to
38 be pledged as collateral for borrowed money or other purposes,
shall be kept in the files of such banking institution at all times.

Sec. 32 (a). Any receiver of a banking institution heretofore
or hereafter closed and/or insolvent, appointed under the pro-
visions of section thirty-two of article eight of chapter thirty-
one of the code of West Virginia, if there be no proceeding insti-
tuted as authorized by law by such receiver in any court in this
state against such banking institution and its stockholders, with
the consent in writing of the commissioner of banking, and if
there be a proceeding instituted as authorized by law by such
receiver in any court in this state against such banking insti-
tution and its stockholders, with the consent in writing of the
commissioner of banking and the approval of the court, and any
receiver of a banking institution heretofore or hereafter closed
and/or insolvent, appointed by any court in this state in con-
nection with any proceeding in such court against such bank-
ing institution, with the consent in writing of the commissioner
of banking and the approval of the court, is hereby authorized
and empowered to borrow money from and contract for loans
with the Reconstruction Finance Corporation, authorized and
functioning pursuant to an act of congress of the United States
of America, approved January 22, 1932, or any other agency
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21 authorized by an act of congress of the United States of America,
22 or with any person or persons, for the purpose of furnishing im-
23 mediate relief to, the re-organization or liquidation or re-opening
24 of, such banking institution, protecting and/or preserving the
25 assets in the charge of such receiver, expediting the making of
26 distributions and the payment of dividends to depositors and
27 other creditors of such banking institution, providing for the
28 expenses of administration and liquidation and aiding in the
29 reorganization or reopening of such banking institution or its
30 merger or consolidation with another banking institution, and
31 paying the claims of secured creditors where the security is
32 deemed by the receiver and the commissioner of banking to be
33 of a value in excess of the debt so secured and to be for the pres-
34 ervation of the assets of such banking institution; and to pledge,
35 hypothecate, assign, rediscount and/or sell to said Reconstruc-
36 tion Finance Corporation, or other authorized agency of the
37 United States, or any person or persons, any assets or securities
38 belonging to any such banking institution, in such manner or
39 form as may be approved, and subject to any and all terms and
40 conditions in connection with the granting thereof imposed, by
41 such Reconstruction Finance Corporation, or other authorized
agency of the United States, or other person or persons, as collateral security for the payment of any and all such loans.

All such acts of the receiver and/or commissioner of banking in connection with such closed and/or insolvent banking institution are hereby declared to be legal, valid, binding and effectual to transfer and vest in said Reconstruction Finance Corporation, or other authorized agency of the United States, or other person or persons, its, his or their successors or assigns, ownership and title to the said assets and securities according to the terms of the contract of transfer, assignment or sale.

The commissioner of banking and/or receiver of any such closed and/or insolvent banking institution shall be under no personal obligation to repay any such loans so made, and shall have power to take any and all action necessary or proper to consummate such loans and to provide for the repayment thereof and to give bond, when required, for the faithful performance of all undertakings in connection therewith.

The authority herein conferred on a receiver of a closed and/or insolvent banking institution for the procuring and obtaining of such loans includes authority to renew the same from time
62 to time, with the consent in writing of the commissioner of banking.
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64 An accurate record of all securities and exact copies of all notes withdrawn from the files of such banking institution, to be pledged as aforesaid as collateral for borrowed money, shall be kept in the files of such banking institution at all times.
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66 All acts or parts of acts inconsistent herewith are hereby expressly repealed.
J. Alphonso Jaef
Speaker of the House of Delegates.

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Clerk of the House of Delegates.

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President of the Senate.

N. S. Hedges
Clerk of the Senate.

The within is approved
29 July, 1932

Governor.

Filed in the office of the Secretary of State
of West Virginia
JUL 30 1932
GEORGE W. SHARP,
Secretary of State.