ENROLLED BILL

(EXTRAORDINARY SESSION)

Senate Bill No. 28

(By Mr. Reynolds of Mineral)

Passed July 28, 1932

In Effect from Passage

Comes under item 1 as broadened
ENROLLED BILL
(S. B. No. 28)

[Passed July 28, 1932; in effect from passage.]

AN ACT to amend and re-enact section nine of article four of chapter thirty-one of the code of West Virginia, relating to banking institutions, and providing for the hypothecation of securities and/or assets as security for deposits.

Be it enacted by the Legislature of West Virginia:

That section nine of article four of chapter thirty-one of the code of West Virginia be, and the same is hereby, amended and re-enacted so as to read as follows:

Section 9. No banking institution chartered and authorized to engage in business under the laws of this state, shall hereafter install or maintain any branch bank, or engage in business at any place other than at its principal office in the State of West Virginia; or engage in any business other than as authorized in this article. No banking institution shall become or be accepted as surety on any bond or undertaking...
8 required by the laws or by the courts of this State, or any other
9 state, or shall become surety or guarantor of any person for
10 the discharge of any duty in any position or the performance
11 of any contract or undertaking. No banking institution shall
12 pledge, hypothecate or deliver any of its assets of any de-
13 scription whatsoever to any person to indemnify him as surety
14 for such banking institution or as surety for any other person:
15 Provided, That a bank or trust company may pledge, hypothe-
16 cate, deliver or deposit securities to guarantee deposits of the
17 United States, State of West Virginia, a county, district, school
18 district or a municipal corporation, and, with the consent in
19 writing of the commissioner of banking, may pledge, hypothe-
20 cate, deliver or deposit securities and/or assets to guarantee
21 deposits made by receivers of closed and/or insolvent banking
22 institutions, and the receiver of a closed and/or insolvent bank-
23 ing institution, if the proceeding be not in court, with the con-
24 sent in writing of the commissioner of banking, and if the pro-
25 ceeding be in court, with the consent in writing of the com-
26 missioner of banking and the approval of the court, may ac-
27 cept securities and/or assets of a banking institution to secure
28 deposits made by such receiver: Provided further, That the
hypothecation of such securities and/or assets shall be by proper legal transfer as collateral security to protect and indemnify by trust any and all loss in case of default on the part of the banking institution in its capacity as a depository for any such deposits as aforesaid, and such collateral security shall be released only by order of record of the public officer or public body, or by the receiver of a closed and/or insolvent banking institution, if the proceeding be not in court, with the consent in writing of the commissioner of banking, and if the proceeding be in court, with the consent in writing of the commissioner of banking and the approval of the court, when satisfied that full and faithful accounting and payment of all the moneys has been made under the provisions hereof. The public officer or public body, or the receiver of a closed and/or insolvent banking institution, shall make ample provision for the safekeeping of such hypothecated securities and/or assets, and the interest thereon when paid shall be turned over to the banking institution, so long as it is not in default as aforesaid.

The foregoing shall not prevent the hypothecation of the securities and/or assets of any banking institution to secure
50 the repayment of money borrowed from another banking in-
51 stitution.

52 All acts and parts of acts inconsistent with this act are
53 hereby repealed.
CORRECTLY ENROLLED

Chairman House Committee.

Chairman Senate Committee.

M. Snepp
Clerk of the Senate.

President of the Senate.

Speaker of the House of Delegates.

[Signature]

of West Virginia.

George W. Sharp,
Secretary of State.

Filed in the office of the Secretary of State.

Aug. 8, 1832.

This 8th day of August, 1832.

The within is:

Adopted.

T. F. Corley
Governor.