

ENROLLED BILL

(EXTRAORDINARY SESSION, 1932)

House Bill No. 7

(By Mr. Taylor, by request)

Passed July 27 1932

In Effect from Passage

Originated in the *House*..... Takes effect..... Passage
W. H. H. H......
Clerk of the House of Delegates.

CORRECTLY ENROLLED

Clarence M. McLean.....
Chairman House Committee.

James A. Smith.....
Chairman Senate Committee.

ENROLLED BILL

(H. B. No. 7)

[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, rediscout 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-

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Joseph D. Smith

Chairman Senate Committee.

Bruneau Madsen

Chairman House Committee.

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enacted and article eight of chapter thirty-one of the code of West Virginia be, and the same is, hereby amended by enacting an additional section to be numbered section thirty-two (a), which sections shall read as follows:

Section 12. Any banking institution organized and authorized to transact business hereunder may borrow money, rediscount 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 unlawful for any such banking institution to issue its certificate of deposit 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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Samuel M. Adams

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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,

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Chairman Senate Committee.

Samuel M. Jones

Clerk of the House of Delegates.

39 shall be kept in the files of such banking institution at all times.

Sec. 32 (a). Any receiver of a banking institution heretofore
2 or hereafter closed and/or insolvent, appointed under the pro-
3 visions of section thirty-two of article eight of chapter thirty-
4 one of the code of West Virginia, if there be no proceeding insti-
5 tuted as authorized by law by such receiver in any court in this
6 state against such banking institution and its stockholders, with
7 the consent in writing of the commissioner of banking, and if
8 there be a proceeding instituted as authorized by law by such
9 receiver in any court in this state against such banking insti-
10 tution and its stockholders, with the consent in writing of the
11 commissioner of banking and the approval of the court, and any
12 receiver of a banking institution heretofore or hereafter closed
13 and/or insolvent, appointed by any court in this state in con-
14 nection with any proceeding in such court against such bank-
15 ing institution, with the consent in writing of the commissioner
16 of banking and the approval of the court, is hereby authorized
17 and empowered to borrow money from and contract for loans
18 with the Reconstruction Finance Corporation, authorized and
19 functioning pursuant to an act of congress of the United States
20 of America, approved January 22, 1932, or any other agency

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Clerk of the House of Delegates.

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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

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Samuel M. Reed

Chairman House Committee.

42 agency of the United States, or other person or persons, as col-
43 lateral security for the payment of any and all such loans.

44 All such acts of the receiver and/or commissioner of banking
45 in connection with such closed and/or insolvent banking insti-
46 tution are hereby declared to be legal, valid, binding and ef-
47 fective to transfer and vest in said Reconstruction Finance Cor-
48 poration, or other authorized agency of the United States, or
49 other person or persons, its, his or their successors or assigns,
50 ownership and title to the said assets and securities according
51 to the terms of the contract of transfer, assignment or sale.

52 The commissioner of banking and/or receiver of any such
53 closed and/or insolvent banking institution shall be under no
54 personal obligation to repay any such loans so made, and shall
55 have power to take any and all action necessary or proper to
56 consummate such loans and to provide for the repayment there-
57 of and to give bond, when required, for the faithful perform-
58 ance of all undertakings in connection therewith.

59 The authority herein conferred on a receiver of a closed and/
60 or insolvent banking institution for the procuring and obtain-
61 ing of such loans includes authority to renew the same from time

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Ernest M. Adams

Chairman House Committee.

Joseph D. Smith

Chairman Senate Committee.

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62 to time, with the consent in writing of the commissioner of bank-
63 ing.

64 An accurate record of all securities and exact copies of all
65 notes withdrawn from the files of such banking institution, to
66 be pledged as aforesaid as collateral for borrowed money, shall
67 be kept in the files of such banking institution at all times.

68 All acts or parts of acts inconsistent herewith are hereby ex-
69 pressly repealed.

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Joseph D. Smith
Chairman Senate Committee.

J. Alfred Taylor
Speaker of the House of Delegates.

W. H. H. H.
Clerk of the House of Delegates.

W. H. H. H.
President of the Senate.

M. S. Hodges
Clerk of the Senate.

Charles W. Madsen
Chairman House Committee.

The within is *approved*

this *29* day of *July*, 1932.

W. H. H. H.
Governor.

Filed in the office of the Secretary of State
of West Virginia JUL 30 1932

GEORGE W. SHARP,
Secretary of State.