ENROLLED BILL
(EXTRAORDINARY SESSION, 1933)

House Bill No. 68
(By Mr. Thomas)

Passed May 10, 1933
In Effect from Passage
ENROLLED BILL
(H. B. No. 68)

[Passed May 10, 1933: in effect from passage.]

AN ACT to amend and reenact section eighteen, article eight, chapter thirty-one of the code of West Virginia, one thousand nine hundred thirty-one, relating to limitations on loans by banking institutions and to the valuation of securities purchased by them.

Be it enacted by the Legislature of West Virginia:

That section eighteen, article eight, chapter thirty-one of the code of West Virginia, one thousand nine hundred thirty-one, be amended and reenacted to read as follows:

Section 18. The total liabilities to any banking institution of any person, firm or corporation, for money borrowed by note, bond, certificate of indebtedness or other device, including the liabilities of the firm, the liabilities of the several members thereof, including in the liabilities of any corporation an invest-
ment by such banking institution in the stock of such corpora-
7 tion shall at no time exceed ten per cent of the capital stock
8 and surplus fund of such banking institution. But the dis-
9 count of bills of exchange drawn in good faith against actually
10 existing values and the discount of commercial or business
11 paper actually owned by the person negotiating the same shall
12 not be considered as money borrowed. This section shall not
13 apply to the local public corporations of the state. Nothing
14 herein shall be construed to forbid the sale upon credit of a bank
15 building owned by a banking institution at the time this act
16 takes effect.
17 Indebtedness to a banking institution in excess of the maxi-
18 mum prescribed in this section, outstanding at the date this
19 act takes effect, shall not be renewed, refunded or otherwise
20 extended for longer than a total of two years after such date.
21 Not later than the expiration of the two year period, every
22 banking institution shall proceed to collect such indebtedness
23 by appropriate proceedings to enforce security or personal
24 liability. Violation of this section shall be a misdemeanor and
25 shall be punishable under the provisions of section thirty-nine
26 of this article.
27 No officer, director, clerk or other employee of any banking
28 institution or the commissioner of banking or any employee of
29 the department of banking shall borrow, directly or indirectly,
30 from the banking institution with which he is connected, or is
31 subject to his examination, any sum of money without the writ-
32 ten approval of a majority of the board of directors or discount
33 committee thereof filed in its office, or embodied in a resolution
34 adopted by a majority vote of such board, exclusive of the di-
35 rector to whom the loan is made. If an officer, director, clerk
36 or other employee of any bank shall own or control a majority
37 of the stock of any other corporation, a loan to such corpora-
38 tion shall, for the purpose of this section, constitute a loan to
39 such officer, director, clerk or other employee.
40 Securities purchased by a banking institution shall be en-
41 tered upon the books of the bank at actual cost but may be
42 carried thereafter at market value. For the purpose of cal-
43 culating the undivided profits applicable to the payment of
44 dividends, securities shall not be estimated at a valuation ex-
45 ceeding their present cost as determined by amortization; that
46 is, by deducting from the cost of a security purchased at a
47 premium, and charging to profit and loss a sum sufficient to
48 bring it to par at maturity, or adding to the cost of a security
49 purchased at a discount, and crediting to profit and loss a sum
50 sufficient to bring it to par at maturity.
Enrolled H. B. No. 68

A. M. Shiner
Speaker of the House of Delegates.

Clerk of the House of Delegates.

H. M. Echols
President of the Senate.

Clerk of the Senate.

The within is approved.

this 19th day of May, 1933.

H. S. Kimp
Governor.

Filed in the office of the Secretary of State of West Virginia.

MAY 20, 1933

Wm. S. O'Brien,
Secretary of State