

Rec., May 15

68

ENROLLED BILL

(EXTRAORDINARY SESSION, 1933)

House Bill No. 68

(By Mr. Thomas)

Passed May 10, 1933

In Effect from Passage

Originated in the..... House..... Takes effect..... Passage

Clerk of the House of Delegates.

CORRECTLY ENROLLED

James L. Smith
Chairman House Committee.

James L. Smith
Chairman Senate Committee.

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 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
2 of any person, firm or corporation, for money borrowed by note,
3 bond, certificate of indebtedness or other device, including the
4 liabilities of the firm, the liabilities of the several members
5 thereof, including in the liabilities of any corporation an invest-

CORRECTLY ENROLLED

James L. Smith
James D. Hays

Chairman House Committee.

Chairman Senate Committee.

ment by such banking institution in the stock of such corporation shall at no time exceed ten per cent of the capital stock and surplus fund of such banking institution. But the discount of bills of exchange drawn in good faith against actually existing values and the discount of commercial or business paper actually owned by the person negotiating the same shall not be considered as money borrowed. This section shall not apply to the local public corporations of the state. Nothing herein shall be construed to forbid the sale upon credit of a bank building owned by a banking institution at the time this act takes effect.

Indebtedness to a banking institution in excess of the maximum prescribed in this section, outstanding at the date this act takes effect, shall not be renewed, refunded or otherwise extended for longer than a total of two years after such date. Not later than the expiration of the two year period, every banking institution shall proceed to collect such indebtedness by appropriate proceedings to enforce security or personal liability. Violation of this section shall be a misdemeanor and shall be punishable under the provisions of section thirty-nine of this article.

CORRECTLY ENROLLED

James L. Smith
Chairman House Committee.
Henry D. Boyce
Chairman Senate Committee.

Enrolled H. B. No. 68].

3

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

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James L. Smith

Chairman House Committee.

Henry A. Hyman

Chairman Senate Committee.

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.

CORRECTLY ENROLLED

Wm. C. C. C. C.
Chairman Senate Committee.

Wm. C. C. C. C.
Chairman House Committee.

B. M. Hiner
Speaker of the House of Delegates.

Wm. S. Hall
Clerk of the House of Delegates.

H. M. Hiner
President of the Senate.

H. M. Hiner
Clerk of the Senate.

The within is.....*approved*.....

this *19th* day of *May*, 1933.

H. S. Kump
Governor.

Filed in the office of the Secretary of State
of West Virginia. *MAY 20 1933*
Wm. S. O'BRIEN,
Secretary of State