ENROLLED

SENATE BILL NO. 184

(By Mr. Columbus & Mr. Rogers)

PASSED April 10, 1981

In Effect ninety days from Passage
AN ACT to amend and reenact section twelve, article seven, chapter thirty-one of the code of West Virginia, one thousand nine hundred thirty-one, as amended; and to amend and reenact section twenty-two, article four, chapter thirty-one-a of said code, all relating to considering industrial banks and banking institutions which comply with the reserve requirements of the Federal Reserve Act to be in full compliance with the state reserve requirements.

Be it enacted by the Legislature of West Virginia:

That section twelve, article seven, chapter thirty-one of the code of West Virginia, one thousand nine hundred thirty-one, as amended, be amended and reenacted; and that section twenty-two, article four, chapter thirty-one-a of said code be amended and reenacted, all to read as follows:

CHAPTER 31. CORPORATIONS.

ARTICLE 7. INDUSTRIAL BANKS AND INDUSTRIAL LOAN COMPANIES.

§31-7-12. Cash reserves.

(a) Every industrial bank organized pursuant to this article shall at all times maintain a cash reserve equal to five percent of its aggregate deposits and for such purpose the regulatory, reporting and penalty provisions of section twenty-two, article four, chapter thirty-one-a of this code shall apply to such reserves as shall the provision of said section twenty-two with respect to the form or nature of such reserves.

Compliance on the part of any industrial bank with the reserve requirements of the Federal Reserve Act, as amended prior to the thirty-first day of January, one thousand nine hundred eighty-one, shall be considered full compliance with
the provisions of this subsection. No such industrial bank
may be required to carry or maintain a reserve other than
such as required under terms of the Federal Reserve Act, as
amended prior to the thirty-first day of January, one
thousand nine hundred eighty-one.
(b) Every industrial loan company organized pursuant to
the provisions of this article shall at all times maintain a cash
reserve equal to five percent of its issued and outstanding
evidences or certificates of indebtedness and the
commissioner may prescribe by rule or regulation the form or
nature of such reserves.

CHAPTER 31A. BANKS AND BANKING.

ARTICLE 4. BANKING INSTITUTIONS AND SERVICES GENERALLY.

§31A-4-22. Reserves required of banking institutions; reports;
penalties.

Each state banking institution, except industrial banks
created and organized pursuant to the provisions of article
seven, chapter thirty-one of this code, shall at all times
maintain on hand as a reserve in lawful money of the United
States of America an amount equal to at least seven percent of
the aggregate of all of its deposits which are subject to
withdrawal on demand and three percent of its time deposits.
Whenever the commissioner of banking shall determine that
the maintenance of sound banking practices or the
prevention of injurious credit expansion or contraction
makes such action advisable, he may by rule or regulation
from time to time change such requirements as to reserves
against demand or time deposits, or both, but the reserves so
prescribed shall in no event be less than those specified in
this section nor more than twice those specified. Whenever
such reserve shall fall below that required, the institution
shall not thereafter make any new loan or investment until
the required reserve shall be restored. For the purpose of
computing such reserve, all deposits requiring notice of thirty'
days or more for withdrawal and time certificates of deposit
and Christmas savings shall be deemed time deposits, and all
checking accounts, certified checks, cashier's checks,
demand certificates of deposit and balances due other banks
shall be deemed demand deposits. But in lieu of lawful
money on hand, four fifths of such reserve may consist of
balances payable on demand from any national or state bank
doing business in this state or solvent banking institutions in
other states. The reserve balances required herein shall be
computed on the basis of average daily net deposit balances
and average daily currency and coin during biweekly periods.
The required reserve balance of each bank shall be computed
at the close of business each day based upon its net deposit
balances and currency and coin at the opening of business on
the same day. The biweekly period shall end at the close of
business on days to be fixed by the commissioner in his
promulgated rules and regulations. When, however, the
reserve computation period ends with a nonbusiness day, or
two or more consecutive nonbusiness days, such
nonbusiness day or days may, at the option of the banking
institution, and whether or not it had a deficiency in reserve
balances in such computation period, be included in the next
biweekly computation period.

The commissioner shall, by rule and regulation, require
regular reports from such banking institutions, which reports
shall be submitted at such times and contain such
information as will enable the commissioner to adequately
supervise the maintenance of reserves under this section.
Penalties for any deficiencies in the required reserves of any
banking institution shall be assessed monthly by the
commissioner on the basis of average daily deficiencies
during each of the computation periods ending in the
preceding calendar month. Such penalties shall be assessed
at a rate of two percent per annum above the lowest rate
applicable to borrowings by member banks from the federal
reserve bank of the district in which such deficient institution
is located on the first day of the calendar month in which the
deficiencies occurred. Such penalties shall be paid by the
commissioner into the treasury of the state of West Virginia
and credited to the general fund.

Compliance on the part of any banking institution with the
reserve requirements of the Federal Reserve Act, as amended
prior to the thirty-first day of January, one thousand nine
hundred eighty-one, shall be considered full compliance with
the provisions of this section. No such bank may be required
to carry or maintain a reserve other than such as required
under terms of the Federal Reserve Act, as amended prior to
the thirty-first day of January, one thousand nine hundred
eighty-one.
The Joint Committee on Enrolled Bills hereby certifies that the foregoing bill is correctly enrolled.

Chairman Senate Committee

Chairman House Committee

Originated in the Senate.

To take effect ninety days from passage.

Clerk of the Senate

Clerk of the House of Delegates

President of the Senate

Speaker House of Delegates

The within is approved this the 28th day of April 1981.

Governor