

APPROVED AND SIGNED BY THE GOVERNOR

Date 4-28-81

Time _____

No: 184

WEST VIRGINIA LEGISLATURE
REGULAR SESSION, 1981



ENROLLED

SENATE BILL NO. 184

(By Mr. Columbo & Mr. Rogers)



PASSED April 10, 1981

In Effect ninety days from Passage



ENROLLED
Senate Bill No. 184

(By MR. PALUMBO and 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.

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

9 Compliance on the part of any industrial bank with the
10 reserve requirements of the Federal Reserve Act, as amended
11 prior to the thirty-first day of January, one thousand nine
12 hundred eighty-one, shall be considered full compliance with

13 the provisions of this subsection. No such industrial bank
14 may be required to carry or maintain a reserve other than
15 such as required under terms of the Federal Reserve Act, as
16 amended prior to the thirty-first day of January, one
17 thousand nine hundred eighty-one.

18 (b) Every industrial loan company organized pursuant to
19 the provisions of this article shall at all times maintain a cash
20 reserve equal to five percent of its issued and outstanding
21 evidences or certificates of indebtedness and the
22 commissioner may prescribe by rule or regulation the form or
23 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.

1 Each state banking institution, except industrial banks
2 created and organized pursuant to the provisions of article
3 seven, chapter thirty-one of this code, shall at all times
4 maintain on hand as a reserve in lawful money of the United
5 States of America an amount equal to at least seven percent of
6 the aggregate of all of its deposits which are subject to
7 withdrawal on demand and three percent of its time deposits.
8 Whenever the commissioner of banking shall determine that
9 the maintenance of sound banking practices or the
10 prevention of injurious credit expansion or contraction
11 makes such action advisable, he may by rule or regulation
12 from time to time change such requirements as to reserves
13 against demand or time deposits, or both, but the reserves so
14 prescribed shall in no event be less than those specified in
15 this section nor more than twice those specified. Whenever
16 such reserve shall fall below that required, the institution
17 shall not thereafter make any new loan or investment until
18 the required reserve shall be restored. For the purpose of
19 computing such reserve, all deposits requiring notice of thirty
20 days or more for withdrawal and time certificates of deposit
21 and Christmas savings shall be deemed time deposits, and all
22 checking accounts, certified checks, cashier's checks,
23 demand certificates of deposit and balances due other banks
24 shall be deemed demand deposits. But in lieu of lawful
25 money on hand, four fifths of such reserve may consist of
26 balances payable on demand from any national or state bank

27 doing business in this state or solvent banking institutions in
28 other states. The reserve balances required herein shall be
29 computed on the basis of average daily net deposit balances
30 and average daily currency and coin during biweekly periods.
31 The required reserve balance of each bank shall be computed
32 at the close of business each day based upon its net deposit
33 balances and currency and coin at the opening of business on
34 the same day. The biweekly period shall end at the close of
35 business on days to be fixed by the commissioner in his
36 promulgated rules and regulations. When, however, the
37 reserve computation period ends with a nonbusiness day, or
38 two or more consecutive nonbusiness days, such
39 nonbusiness day or days may, at the option of the banking
40 institution, and whether or not it had a deficiency in reserve
41 balances in such computation period, be included in the next
42 biweekly computation period.

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

60 Compliance on the part of any banking institution with the
61 reserve requirements of the Federal Reserve Act, as amended
62 prior to the thirty-first day of January, one thousand nine
63 hundred eighty-one, shall be considered full compliance with
64 the provisions of this section. No such bank may be required
65 to carry or maintain a reserve other than such as required
66 under terms of the Federal Reserve Act, as amended prior to
67 the thirty-first day of January, one thousand nine hundred
68 eighty-one.

The Joint Committee on Enrolled Bills hereby certifies that the foregoing bill is correctly enrolled.

R. P. Baylor
Chairman Senate Committee

Jonny E. Whitlow
Chairman House Committee

Originated in the Senate.

To take effect ninety days from passage.

Todd C. Willis
Clerk of the Senate

CA Blankenship
Clerk of the House of Delegates

Monty Bell
President of the Senate

Wayle A. Lee, Jr.
Speaker House of Delegates

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

John R. Bell
Governor

RECEIVED

APR 27 3 15 PM '81

OFFICE OF THE GOVERNOR

RECEIVED

81 APR 30 4 9: 40

OFFICE STATE
SECY. OF STATE