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SENATE BILL NO. 852

Offered January 14, 1997

A BILL to amend and reenact §§ 6.1-194.79 and 6.1-194.145 of the Code of Virginia, relating to banking; examination of state associations and affiliates; examination of state banks.

Patron—Colgan

Referred to the Committee on Commerce and Labor

Be it enacted by the General Assembly of Virginia:

1. That §§ 6.1-194.79 and 6.1-194.145 of the Code of Virginia are amended and reenacted as follows:

§ 6.1-194.79. Examination of state associations and affiliates by Commissioner; report of examination.

A. The Commissioner shall, not less than once during any period of three consecutive calendar years, or at such additional times as he deems necessary, with or without previous notice, examine each state association. A copy of the report of all examinations shall be furnished to the ~~savings institution~~ association, and such report shall be presented by the president or other chief executive officer to the directors at their next meeting.

No other copies of a report of examination shall be made except as necessary for review by officers and directors of the ~~institution~~ state association. Copies of the report made for officers and directors of the ~~institution~~ association shall not be removed from the premises of such ~~institution~~ association and other such copies shall be destroyed after the review has been completed. The original examination report shall be kept among the records of the Bureau of Financial Institutions. Upon resolution of the board of directors of an ~~institution~~ association, examination reports may be inspected in the ~~institution~~ association by such other persons as the board may specify.

B. In connection with the examination of any ~~savings institution~~ state association, the Commission may make or cause to be made an examination of the affiliates of the ~~savings institution~~ state association as shall be necessary to ascertain the financial condition of the ~~savings institution~~ association and disclose fully the relations between the ~~savings institution~~ association and its affiliates and the effect of such relations upon the affairs of the ~~savings institution~~ association.

For the purpose of this section, the term "affiliate of any ~~savings institution~~ state association" means any corporation, business trust, association, or other similar organization (i) of which a ~~savings institution~~ the state association, directly or indirectly, owns or controls either a majority of the voting shares or more than fifty percent of the number of shares voted for the election of its directors, trustees, or other persons exercising similar functions at the preceding election, or controls in any manner the election of a majority of its directors, trustees, or other persons, exercising similar functions, (ii) of which control is held, directly or indirectly, through stock ownership or in any other manner, by the shareholders ~~or~~ of such ~~savings institution~~ state association who own or control either a majority of the shares of the ~~savings institution~~ state association or more than fifty percent of the number of shares voted for the election of directors of the ~~savings institution~~ state association at the preceding election, or by trustees for the benefit of the shareholders of the ~~savings institution~~ state association, or (iii) of which a majority of the directors, trustees, or other persons exercising similar functions are directors of the ~~savings institution~~ state association.

Upon written application made to the Commission by the board of directors or by the stockholders representing two-fifths of the total outstanding capital stock of any association incorporated under the laws of and doing business in this Commonwealth, or when, in the judgment of the Commission, it may be necessary for the protection of the public or of persons depositing or dealing with such state association, the Commission shall cause to be made a special examination of such state association. All expenses incident to such special examination may be charged to the state association so examined and shall be paid by the association so charged.

§ 6.1-194.145. Examination of state savings banks by Commissioner; report of examination.

A. The Commissioner shall, not less than once during any period of three consecutive calendar years or at such additional times as he deems necessary, with or without previous notice, examine each state savings bank. A copy of the report of all examinations shall be furnished to the savings bank, and such report shall be presented by the president or other chief executive officer to the directors at their next meeting. Upon written application made to the Commission by the board of directors or by the stockholders representing two-fifths of the total outstanding capital stock of any savings bank incorporated under the laws of and doing business in this Commonwealth, or when, in the judgment of

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60 the Commission, it may be necessary for the protection of the public or of persons depositing or dealing
61 with such savings bank, the Commission shall cause to be made a special examination of such savings
62 bank. All expenses incident to such special examination may be charged to the savings bank so
63 examined and shall be paid by the savings bank so charged.

64 *No other copies of a report of examination shall be made except as necessary for review by officers*
65 *and directors of the savings bank. Copies of the report made for officers and directors of the savings*
66 *bank shall not be removed from the premises of such savings bank, and shall be destroyed after the*
67 *review has been completed. The original examination report shall be kept among the records of the*
68 *Bureau of Financial Institutions. Upon resolution of the board of directors of a savings bank,*
69 *examination reports may be inspected in the savings bank by such other persons as the board may*
70 *specify.*

71 *B. In connection with the examination of any savings bank, the Commission may make or cause to*
72 *be made an examination of the affiliates of the savings bank as shall be necessary to ascertain the*
73 *financial condition of the savings bank and disclose fully the relations between the savings bank and its*
74 *affiliates and the effect of such relations upon the affairs of the savings bank.*

75 *For the purpose of this section, the term "affiliate of any savings bank" means any corporation,*
76 *business trust, association, or other similar organization (i) of which a savings bank, directly or*
77 *indirectly, owns or controls either a majority of the voting shares or more than fifty percent of the*
78 *number of shares voted for the election of its directors, trustees, or other persons exercising similar*
79 *functions at the preceding election, or controls in any manner the election of a majority of its directors,*
80 *trustees, or other persons, exercising similar functions, (ii) of which control is held, directly or*
81 *indirectly, through stock ownership or in any other manner, by the shareholders of such savings bank*
82 *who own or control either a majority of the shares of the savings bank or more than fifty percent of the*
83 *number of shares voted for the election of directors of the savings bank at the preceding election, or by*
84 *trustees for the benefit of the shareholders of the savings bank, or (iii) of which a majority of the*
85 *directors, trustees, or other persons exercising similar functions are directors of the savings bank.*