

REICH & TANG

West Virginia Code

Section 12-1-4. Bonds to be given to depositories.

(c) A banking institution is not required to provide a bond or security in lieu of bond pursuant to this section if the deposits accepted are placed in a designated state depository that is selected and authorized by the state to arrange for the redeposit of the funds through a deposit placement program that meets the following conditions:

- (1) On or after the date that the funds are received the selected depository: (i) Arranges for the redeposit of the funds into deposit accounts in one or more federally insured banks or savings and loan associations that are located in the United States; and (ii) serves as custodian for the state with respect to the funds redeposited into such accounts.
- (2) State funds deposited in a selected depository in accordance with this section and held at the close of business in the selected depository in excess of the amount insured by the Federal Deposit Insurance Corporation shall be secured in accordance with section 7-6-2.
- (3) The full amount of the funds of the state redeposited by the selected depository into deposit accounts in banks or savings and loan associations pursuant to this section (plus accrued interest, if any) shall be insured by the Federal Deposit Insurance Corporation.
- (4) On the same date that the funds of the state are redeposited pursuant to this section, the selected depository receives an amount of deposits from customers of other financial institutions through the deposit placement program that are equal to the amount of the state funds redeposited by the selected depository.¹

**Please note that similar provisions of the West Virginia Code exist in the following sections:*

- Section 18-9-6 for education funds
- Section 8-13-22a for municipal funds
- Section 7-6-2a for county funds

Disclaimer: Neither Reich & Tang nor any of its affiliates provides legal advice. You should consult with your own legal advisor.

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¹ Highlight added editorially; participating banks should take note that the rule requires the bank to take reciprocal deposits in order to qualify under these provisions.