

WEST VIRGINIA LEGISLATURE

REGULAR SESSION, 1963



ENROLLED

HOUSE BILL No. 163

(By Mr. Ford)



PASSED Feb. 23 1963

In Effect 90 days from Passage



Filed in Office of the Secretary of State  
of West Virginia MAR 4 1963  
JOE F. BURDETT  
SECRETARY OF STATE

163

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[Passed February 23, 1963; in effect ninety days from passage.]

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AN ACT to amend chapter thirty-one of the code of West Virginia, one thousand nine hundred thirty-one, as amended, by adding thereto a new article, designated article four-e, relating to banking institutions.

*Be it enacted by the Legislature of West Virginia:*

That chapter thirty-one of the code of West Virginia, one thousand nine hundred thirty-one, as amended, be amended by adding thereto a new article, designated article four-e, to read as follows:

**Article 4-e. Bank Service Corporations and Bank Services.**

**Section 1. Definitions.**—“Bank services” shall be construed to mean services such as check and deposit sorting

3 and posting, computation and posting of interest and  
4 other credits and charges, preparation and mailing of  
5 checks, statements, notices and similar items, or any  
6 other clerical, bookkeeping, accounting, statistical, or  
7 similar functions performed for a banking institution  
8 or a national banking association. "Bank service corpora-  
9 tion" shall be construed to mean a corporation organized  
10 under the laws of this state to perform bank services  
11 for two or more banking institutions chartered under  
12 this chapter and authorized to do business in this state  
13 (hereinafter referred to in this article as "banking institu-  
14 tions"), or one or more such institutions and one or more  
15 national banking associations, each of which owns part  
16 of the capital stock of such corporation. "Invest" shall  
17 be construed to mean any advance of funds to a bank  
18 service corporation, whether by the purchase of stock,  
19 the making of a loan, or otherwise, except the payment  
20 for rent earned, goods sold and delivered, or services  
21 rendered prior to the making of such payment.

**Sec. 2. Investment in Bank Service Corporations**

**2 Authorized.**—Notwithstanding any other provision of

3 law, any banking institution is hereby authorized to in-  
4 vest not more than ten per cent of its paid-in and unim-  
5 paired capital and unimpaired surplus in a bank service  
6 corporation. If stock in a bank service corporation has  
7 been held by two banking institutions, or by one such  
8 institution and one national banking association and one  
9 banking institution or such association ceases to utilize  
10 the services of the corporation and ceases to hold stock  
11 in it, and leaves a banking institution as the sole stock-  
12 holder, the bank service corporation may nevertheless  
13 continue to function as such and such banking institution  
14 may continue to hold stock in such corporation.

**Sec. 3. Extension of Bank Services to Other Banking  
2 Institutions and National Banking Associations.—**When-  
3 ever a banking institution or a national banking associ-  
4 ation applies for bank services for itself (hereinafter  
5 referred to in this section as “an applying bank”) from  
6 a bank service corporation which supplies the same type  
7 of bank services to one or more other banking institutions  
8 or national banking associations, or both, and the apply-  
9 ing bank is competitive with any banking institution

10 or national banking association which holds stock in  
11 such corporation (referred to in this section as a "stock-  
12 holding bank"), the corporation must offer to supply  
13 such services by either:

14 (a) Issuing stock to the applying bank and furnishing  
15 banking services to it on the same basis as to the stock-  
16 holding banks, or

17 (b) Furnishing bank services to the applying bank at  
18 rates no higher than necessary to reflect fairly the cost  
19 of such services, including the reasonable cost of the  
20 capital provided to the corporation by the stockholding  
21 banks, at the corporation's option, unless comparable  
22 services at competitive overall costs are available to the  
23 applying bank from another source, or unless the furnish-  
24 ing of the services sought by the applying bank would  
25 be beyond the practical capacity of the bank service  
26 corporation. In any action or proceeding to enforce the  
27 duty imposed by this section or for damages for the  
28 breach thereof, the burden shall be upon the bank service  
29 corporation to show such availability.

**Sec. 4. Limitation on Activities of Bank Service**

2 **Corporations.** —No bank service corporation may engage  
3 in any activity other than the performance of bank  
4 services for banking institutions or national banking  
5 associations, or both.

**Sec. 5. Regulation and Examination of Parties Per-**

2 **forming Bank Services.**—No banking institution chartered  
3 under this chapter and authorized to do business in this  
4 state may cause to be performed, by contract or other-  
5 wise, any bank services for itself, whether on or off its  
6 premises, unless written assurances satisfactory to the  
7 commissioner of banking are furnished to him by both  
8 the banking institution and the party performing such  
9 services that the performance thereof will be subject to  
10 regulation and examination by the department of bank-  
11 ing and any federal supervisory agency to the same  
12 extent as if such services were being performed by the  
13 banking institution on its own premises.

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

*D. Roy Parker*  
Chairman Senate Committee

*Arthur L. Crandall*  
Chairman House Committee

Originated in the House.

Takes effect *90 days from* passage.

*Howard Myers*  
Clerk of the Senate

*U. Blankenship*  
Clerk of the House of Delegates

*Howard W. Carson*  
President of the Senate

*Julius W. Sigleton Jr.*  
Speaker House of Delegates

The within *approved* this the *2nd* day of *March*, 1963.

*W. B. Cannon*  
Governor

Filed in Office of the Secretary of State  
of West Virginia **MAR 4 1963**  
JOE F. BURDETT  
SECRETARY OF STATE