

No. 151, S.

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CHAPTER 168

AN ACT to create 221.041 of the statutes, relating to investment by banks in corporations whose purpose is to provide clerical services for them, and for other purposes.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

221.041 of the statutes is created to read:

221.041 BANK SERVICE CORPORATIONS. (1) Unless the context requires otherwise: (a) "Bank services" means check and deposit sorting and posting, computation and posting of interest and other credits and charges, preparation and mailing of checks, statements, notices and similar items, or any other clerical, bookkeeping, accounting, statistical or other similar functions performed for a bank.

(b) "Bank service corporation" means a corporation organized to perform bank services for 2 or more banks, each of which owns part of the capital stock of the corporation.

(c) "Invest" includes any advance of funds to a bank service corporation, whether by purchase of stock, the making of a loan, or otherwise,

except a payment for rent earned, goods sold and delivered, or services rendered prior to the making of such payment.

(2) (a) No limitation or prohibition otherwise imposed by any law of this state shall prevent any 2 or more banks from investing not more than 10 per cent of the paid-in and unimpaired capital and unimpaired surplus of each of them in a bank service corporation.

(b) If stock in a bank service corporation has been held by 2 banks, and one of the banks ceases to utilize the services of the corporation and ceases to hold stock in it, and leaves the other as the sole stockholding bank, the corporation may nevertheless continue to function as such and the other bank may continue to hold stock in it.

(3) Whenever a bank (referred to in this subsection as an "applying bank") applies for a type of bank services for itself from a bank service corporation which supplies the same type of bank services to another bank, and the applying bank is competitive with any bank which holds stock in such corporation, the corporation must offer to supply such services by either:

(a) Issuing stock to the applying bank and furnishing bank services to it on the same basis as to the other banks holding stock in the corporation, or

(b) Furnishing bank services to the applying bank at rates no higher than necessary to fairly reflect the cost of the services, including the reasonable cost of the capital provided to the corporation by its stockholders, at the corporation's option, unless comparable services at competitive over-all costs are available to the applying bank from another source, or unless the furnishing of the services sought by the applying bank would be beyond the practical capacity of the corporation. In any action or proceeding to enforce the duty imposed by this subsection, or for damages for the breach thereof, the burden shall be upon the bank service corporation to show such availability.

(4) No bank service corporation may engage in any activity other than the performance of bank services for banks.

(5) Any bank may cause to be performed, by contract or otherwise, any bank services for itself, whether on or off its premises, provided assurances satisfactory to the commissioner of banks are furnished to the commissioner by both the bank and the party performing the services that the performance thereof will be subject to regulation and examination by the commissioner to the same extent as if such services were being performed by the bank itself on its own premises.

Approved July 10, 1963.
