

INTERPRETIVE LETTER 91-23 (SEPTEMBER 13, 1991)

National bank contract with armored car service to count cash, currency and food stamps at armored car company's processing center for bank customers is not a violation of state branching restrictions if deposits are credited when received by bank.

Your letter of * to * has been referred to me for response. You have requested this Agency's opinion of whether a proposed agreement for money processing services between * [Armored Car Service] and * [Bank] violates the provisions of the Illinois Banking Act (the "Act") relating to branch banking.

The contract between * [Armored Car Service] and * [Bank] requires * [Armored Car Service] to provide a secure environment at its processing and verification center in * for the receipt of sealed deposit bags from * [Bank] customers. The customers of * [Bank] will enter into a separate contract with * [Armored Car Service] for armed transport service between the customer's place of business and * [Armored Car Service]'s processing and verification center. Upon receipt of the deposit bags, * [Armored Car Service] will count the coin, currency and food stamps and compare this amount with the amount indicated on the customer's deposit slip. * [Armored Car Service] will then consolidate all coins, currency and food stamps in standard coin bags and currency straps. These coin bags and currency straps will be stored in * [Armored Car Service] vault until such time as * [Armored Car Service] is directed by * [Bank] to deliver them to the Federal Reserve Bank of Chicago or to another location designated by * [Bank].

Upon completion of the processing of all deposit bags from customers, * [Armored Car Service] will prepare a daily report containing the following information: (1) the total amount of coin, currency and food stamps received that banking day from the customers; (2) the total amount of coin, currency and food stamps transferred to each customer per Change Orders; (3) a list of any discrepancies reported that day; and (4) the total amount of coin, currency and food stamps inventoried to * [Bank] and stored in * [Armored Car Service]'s vault. The daily report, along with other related customer items (deposit slips, non-processed items, cash-in tickets and cash-out tickets) are then delivered by * [Armored Car Service] to * [Bank]. You have advised me in our telephone conversations that the customers deposits are deemed to be received by * [Bank] upon delivery of the deposit tickets.

Based upon these facts, the agreement between * [Armored Car Service] and * [Bank] does not violate the branching provisions in Section 5(15) of the Act, Ill. Rev. Stat. ch. 17, par. 311(15) (1989). Section 2 of the Act, Ill. Rev. Stat. ch. 17, par. 302 (1989), defines a "branch" as "any place of business of a bank where deposits are received, checks paid, or loans made, but shall not include any place at which only records thereof are made, posted, or kept." The activities conducted by * [Armored Car Service] at its processing and verification center are essentially sorting and record keeping activities in connection with the deposits of * [Bank] customers. So long as the customer deposits are not credited to the respective customer's account until * [Bank] receives the deposit slips

from * [Armored Car Service], the processing and verification center would not be considered a "branch" of * [Bank] for purposes of Section 2 of the Act.

I have enclosed a copy of the Office of the Comptroller of the Currency's ("OCC") interpretive ruling on messenger services, 12 C.F.R. 7.7490. Since * [Bank] is a national bank regulated by the OCC, you may wish to contact the OCC for an opinion on whether your proposed agreement complies with this ruling.

[NOTE: The OCC has issued a revised Interpretive Ruling, 12 C.F.R. 7.7490, effective August 27, 1992.]