

14A:10A-6

LEGISLATIVE HISTORY CHECKLIST

NJSA: 14A:10A-6

(Shareholders protection act--
exempt new stockholders in 1986)

LAWS OF: 1988

CHAPTER: 155

BILL NO: S2675

SPONSOR(S): Lesniak

Date Introduced: March 7, 1988

Committee: Assembly: Economic Growth, Agriculture and Tourism

Senate: Labor, Industry and Professions

Amended during passage: No

Date of Passage: Assembly: October 27, 1988

Senate: June 30, 1988

Date of Approval: November 14, 1988

Following statements are attached if available:

Sponsor statement: Yes

Committee statement: Assembly Yes

Senate Yes

Fiscal Note: No

Veto Message: No

Message on Signing: Yes

Following were printed:

Reports: No

Hearings: No

SENATE, No. 2675

STATE OF NEW JERSEY

INTRODUCED JUNE 16, 1988

By Senator LESNIAK

1 AN ACT concerning the protection of shareholder rights and
amending P.L. 1986, c. 74.

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BE IT ENACTED by the Senate and General Assembly of the
5 State of New Jersey:

7 1. Section 6 of P.L. 1986, c. 74 (C. 14A:10A-6) is amended to
read as follows:

9 6. a. Unless the certificate of incorporation provides
otherwise, the provisions of this act shall not apply to any
11 business combination of a resident domestic corporation with an
interested stockholder if the resident domestic corporation did
13 not have a class of voting stock registered or traded on a national
securities exchange or registered with the Securities and
15 Exchange Commission pursuant to section 12(g) of the Exchange
Act, 48 Stat. 892 (15 U.S.C. §781) on that interested
17 stockholder's stock acquisition date.

b. Unless the certificate of incorporation provides otherwise
19 the provisions of this act shall not apply to any business
combination with an interested stockholder who was an interested
21 stockholder prior to the effective date of this act unless
subsequent thereto that interested stockholder increased his or
23 its interested stockholder's proportion of the voting power of the
resident domestic corporation's outstanding voting stock to a
25 proportion in excess of the proportion of voting power that
interested stockholder held prior to the effective date of this act.

27 c. (Deleted by amendment, P.L. 1987, c. 380.)

d. The provisions of this act shall not apply to any business
29 combination of a resident domestic corporation with an
interested stockholder of that corporation which became an
31 interested stockholder inadvertently, if such interested
stockholder (1) as soon as practicable divests itself or himself of
33 a sufficient amount of the voting stock of that resident

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in the
above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 domestic corporation so that he or it no longer is the beneficial
2 owner, directly or indirectly, of 10% or more of the voting power
3 of the outstanding voting stock of that corporation, or a
4 subsidiary of that resident domestic corporation, and (2) would
5 not at any time within the five-year period preceding the
6 announcement date with respect to that business combination
7 have been an interested stockholder but for that inadvertent
8 acquisition.

9 e. The provisions of this act shall not apply to any business
10 combination of a resident domestic corporation which is a "bank
11 holding company" as defined in the "Bank Holding Company Act
12 of 1956," 70 Stat. 133 (12 U.S.C. §1841 et seq.) as amended, or a
13 subsidiary of the bank holding company with an interested
14 stockholder of that resident domestic corporation.

15 f. The provisions of this act shall not apply to any business
16 combination of a resident domestic corporation with an
17 interested stockholder of that corporation which, prior to August
18 5, 1986, became the beneficial owner of more than 50% of the
19 voting power of the outstanding voting stock of that resident
20 domestic corporation by reason of a purchase of voting stock
21 directly from that resident domestic corporation in a transaction
22 approved by the board of directors of that resident domestic
23 corporation, provided that, at the time of the approval, none of
24 the directors of the resident domestic corporation was an
25 employee, officer, director, shareholder, affiliate or associate of
26 the interested stockholder.

27 g. The provisions of this act shall not apply to any business
28 combination of a resident domestic corporation with an
29 interested stockholder of that corporation which became an
30 interested stockholder on or after August 5, 1988 and before
31 January 1, 1987.

(cf: P.L. 1987, c. 380, s. 3)

32 2. This act shall take effect immediately.

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STATEMENT

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38 This bill amends the New Jersey Shareholders Protection Act
39 to permit a business combination between a resident domestic

S2675

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1 corporation and an interested stockholder who acquired a stake of
3 10% or more on or after August 5, 1986 and prior to January 1,
1987.

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COMMERCE AND INDUSTRY

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Corporations

9 Provides that Shareholders Protection Act does not apply to a
11 person who became an interested stockholder on or after August
5, 1986 and before January 1, 1987.

**ASSEMBLY ECONOMIC GROWTH, AGRICULTURE
AND TOURISM COMMITTEE**

STATEMENT TO

SENATE, No. 2675

STATE OF NEW JERSEY

DATED: SEPTEMBER 27, 1988

The Assembly Economic Growth, Agriculture and Tourism Committee favorably reports Senate Bill No. 2675.

This bill amends the "New Jersey Shareholders' Protection Act," P.L.1968, c.74 (C.14A:10A-1 et seq.) to permit a business combination between a resident domestic corporation and an interested stockholder who acquired a stake of 10% or more on or after August 5, 1986 and prior to January 1, 1987.

As reported by the Committee, this bill is identical to Assembly Bill No. 3413.

SENATE LABOR, INDUSTRY AND PROFESSIONS COMMITTEE

STATEMENT TO

SENATE, No. 2675

STATE OF NEW JERSEY

DATED: JUNE 23, 1988

The Senate Labor, Industry and Professions Committee reports favorably Senate, No. 2675.

This bill amends the "New Jersey Shareholders' Protection Act," P.L. 1986, c. 74 (C. 14A:10A-1 et seq.) to permit a business combination between a resident domestic corporation and an interested stockholder who acquired a stake of 10% or more on or after August 5, 1986 and prior to January 1, 1987.



OFFICE OF THE GOVERNOR
NEWS RELEASE

S-2675

Governor Thomas H. Kean
TRENTON, N.J. 08625
Release: TUES., 11/15/88

CN-001

Contact: JOHN SAMERJAN
609-292-8956 OR 609-292-6000 EXT. 207

Governor Thomas H. Kean today signed legislation amending the Shareholders' Protection Act so that it will not apply to stockholders that acquired a stake of 10 percent or more of a target company on or after August 5, 1986 and before January 7, 1987.

S-2675, was sponsored by Senator Raymond Lesniak, D-Union and is the second time since the signing of the Shareholders' Act that an exemption has been added.

Governor Kean called for the Legislature in the future to send legislation that establishes more criteria for exemptions from the law than simply dates.

The legislation is effective immediately.

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