

LEGISLATIVE HISTORY CHECKLIST

NJSA: 17:9A-195

(Savings banks--state chartered--remove certain penalties from officers and managers)

LAWS OF: 1985

CHAPTER: 257

Bill No: S2367

Sponsor(s): O'Connor

Date Introduced: October 22, 1984

Committee: Assembly: Banking and Insurance

Senate: Labor, Industry and Professions

Amended during passage: Yes

Date of Passage: Assembly: June 17, 1985

Senate: January 31, 1985

Date of Approval: July 31, 1985

Following statements are attached if available:

Sponsor statement: Yes

Committee statement: Assembly Yes

Senate Yes

Fiscal Note: No

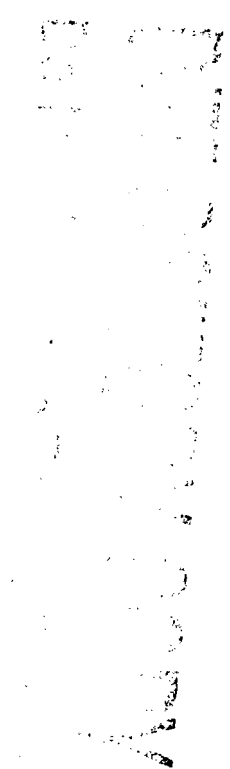
Veto Message: No

Message on Signing: No

Following were printed:

Reports: No

Hearings: No



257 85
7-31-85

[OFFICIAL COPY REPRINT]
SENATE, No. 2367

STATE OF NEW JERSEY

INTRODUCED OCTOBER 22, 1984

By Senator O'CONNOR

Referred to Committee on Labor, Industry and Professions

AN ACT concerning certain loans made by savings banks chartered
in this State and amending P. L. 1948, c. 67.

1 BE IT ENACTED *by the Senate and General Assembly of the State*
2 *of New Jersey:*

1 1. Section 195 of P. L. 1948, c. 67 (C. 17:9A-195) is amended to
2 read as follows:

3 195. Officers and managers; ***[prohibited transactions]*** **per-*
3A *mited loans*.*

4 ***[No manager of a savings bank shall have any interest whatever,**
5 **direct or indirect, in the gains or profits thereof, except as a**
6 **depositor, or directly or indirectly receive any pay or emolument**
7 **for his services, except as provided in section 193.]*** **[No manager**
8 **or officer, shall, directly or indirectly, for himself, or as the agent,**
9 **trustee or partner of others, and no spouse, child, or spouse of a**
10 **child of a manager or officer, shall borrow any of its funds, or**
11 **become an endorser, surety or obligor, in any manner whatever,**
12 **for any moneys loaned by or borrowed from it. Any person who**
13 **becomes indebted to a savings bank contrary to the provisions of**
14 **this section shall be guilty of a misdemeanor.]**

15 *The Commissioner of Banking may promulgate rules and regula-*
16 *tions ***[in substantial conformity with similar rules and regulations***
17 *of the Federal Deposit Insurance Corporation,]* *for the purpose of*
18 *establishing the terms and conditions of loans made by a savings*
19 *bank to its managers *directors* and officers and their families and*
20 *other persons with which the manager *director* or officer may be*
21 *affiliated as *stockholder* agent, trustee, partner, endorser, surety**

**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 printed in italics thus is new matter.

Matter enclosed in asterisks or stars has been adopted as follows:

***—Senate committee amendments adopted December 6, 1984.**

22 or obligor***[**, including but not limited to, security for the loans and
23 the procedure for review and approval of the loans by the manage-
24 ment of the savings bank**]*** *The rules and regulations may pre-
25 scribe limits on the amount of liability which may be incurred,
26 establish criteria for the terms and security for the loans and set
27 forth procedures for the review and approval of the loans by the
28 management of the savings bank.*

1 2. This act shall take effect immediately.

SENATE, No. 2367

STATE OF NEW JERSEY

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Referred to Committee on Labor, Industry and Professions

AN ACT concerning certain loans made by savings banks chartered
in this State and amending P. L. 1948, c. 67.

1 BE IT ENACTED *by the Senate and General Assembly of the State*
2 *of New Jersey:*

1 1. Section 195 of P. L. 1948, c. 67 (C. 17:9A-195) is amended to
2 read as follows:

3 195. Officers and managers; prohibited transactions.

4 No manager of a savings bank shall have any interest whatever,
5 direct or indirect, in the gains or profits thereof, except as a
6 depositor, or directly or indirectly receive any pay or emolument
7 for his services, except as provided in section 193. [No manager
8 or officer, shall, directly or indirectly, for himself, or as the agent,
9 trustee or partner of others, and no spouse, child, or spouse of a
10 child of a manager or officer, shall borrow any of its funds, or
11 become an endorser, surety or obligor, in any manner whatever,
12 for any moneys loaned by or borrowed from it. Any person who
13 becomes indebted to a savings bank contrary to the provisions of
14 this section shall be guilty of a misdemeanor.]

15 *The Commissioner of Banking may promulgate rules and regula-*
16 *tions in substantial conformity with similar rules and regulations*
17 *of the Federal Deposit Insurance Corporation, for the purpose of*
18 *establishing the terms and conditions of loans made by a savings*
19 *bank to its managers and officers and their families and other per-*
20 *sons with which the manager or officer may be affiliated as agent,*
21 *trustee, partner, endorser, surety or obligor, including but not*
22 *limited to, security for the loans and the procedure for review and*
23 *approval of the loans by the management of the savings bank.*

1 2. This act shall take effect immediately.

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 printed in italics thus is new matter.

STATEMENT

Section 195 of "The Banking Act of 1948," P. L. 1948, c. 67 (C. 17:9A-195) prohibits any manager or officer of a State-chartered savings bank, or members of their families, from becoming indebted to that institution and imposes criminal penalties for violating that prohibition. No similar prohibitions or penalties are imposed on directors or officers of commercial banks or savings and loans or their families. This bill removes the prohibition and criminal penalty and authorizes the Commissioner of Banking to promulgate rules concerning the terms and conditions of those loans, not inconsistent with similar rules of the Federal Deposit Insurance Corporation which insures State-chartered savings banks.

52367 (1985)

ASSEMBLY BANKING AND INSURANCE COMMITTEE

STATEMENT TO

SENATE, No. 2367

with Assembly committee amendments

STATE OF NEW JERSEY

DATED: FEBRUARY 25, 1985

Senate Bill No. 2367 eliminates both the prohibition against savings banks making loans to the savings bank's manager and officers, or to any family member, and the penalties therefor.

Under the terms of the bill, the Commissioner of Banking is authorized to promulgate rules and regulations prescribing the terms and conditions of loans to be made to managers and officers, or their families. Rules and regulations adopted by the commissioner shall substantially conform to similar rules and regulations of the Federal Deposit Insurance Corporation. The rules and regulations:

(1) Shall also apply to other persons with whom the manager or officer may be affiliated as an agent, trustee, partner, endorser, surety or obligor, and

(2) Shall apply, but not be limited to, security for loans, review procedures and approvals.

The limitations on bank loans, or liabilities of bank directors or executive officers may be found in C. 17:9A-72, C. 17:9A-74 and C. 17:9A-75.

SENATE LABOR, INDUSTRY AND PROFESSIONS
COMMITTEE

STATEMENT TO

SENATE, No. 2367

with Senate committee amendment

STATE OF NEW JERSEY

DATED: DECEMBER 6, 1984

This bill, as amended at the request of the sponsor, provides that a savings bank may make loans to its managers, directors, officers and their families and other affiliated borrowers within the limits prescribed by the Commissioner of Banking. The commissioner may regulate the amount of liability which may be incurred, the criteria for the terms and security for the loans and the procedure for the review and approval of the loans by the management of the savings bank.