

17:16L-1 to 17:16L-3

LEGISLATIVE HISTORY CHECKLIST

NJSA: 17:16L-1 to 17:16L-3 (Banks--time deposits
--disclosure of withdrawal
policies)

LAWS OF: 1985 **CHAPTER:** 370

BILL NO: S1503

Sponsor(s): Codey

Date Introduced: April 30, 1984

Committee: Assembly: Banking and Insurance
Senate: Labor, Industry and Professions

Amended during passage: Yes Amendments during passage denoted
by asterisks.

Date of Passage: Assembly: June 27, 1985
Senate: November 29, 1984

Date of Approval: November 12, 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

[SECOND OFFICIAL COPY REPRINT]

SENATE, No. 1503

STATE OF NEW JERSEY

INTRODUCED APRIL 30, 1984

By Senator CODEY

Referred to Committee on Labor, Industry and Professions

AN ACT requiring banking institutions to ***[**permit deposit account holders to draw against deposits within a reasonable period of time**]*** **disclose their policies regarding when certain account holders may draw against deposits**.

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

1 1. As used in this act:

2 a. "Banking institution" means any State or federally chartered
3 bank, savings bank, or savings and loan association**, *including a*
3A *federally chartered savings bank**;*

4 b. "Commissioner" means the Commissioner of Banking;

5 c. "Deposit account" means an account in a banking institution
6 used by the account holder for personal or family purposes.

1 ***[**2. Every banking institution shall permit any holder of a de-
2 posit account to draw on deposits made into the account within a
3 time period designated as reasonable in regulations promulgated by
4 the commissioner. The regulations shall be consistent with the
5 principle of maintaining the safety and soundness of the banking
6 institution and may, at the commissioner's discretion, provide for
7 time periods which vary according to the nature of the deposit and
8 the nature of the account.

9 Nothing in the provisions of this act shall be construed as
10 requiring a banking institution to permit the drawing against a
11 deposit within a time period shorter than any minimum time
12 period required by law or regulation.]*

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 October 18, 1984.

**—Assembly committee amendments adopted January 28, 1985.

1 ***[3.]*** *2.* Every banking institution shall provide a written
 2 disclosure to ***every deposit account holder on the effective date of*
 2A *this act and to*** every applicant for a deposit account describing the
 3 institution's policy with respect to when an account holder may draw
 4 against deposits, and shall notify in writing all of its deposit
 5 account holders of any change in the policy. All disclosures and
 6 notifications required by this act shall be made in a manner con-
 7 sistent with regulations promulgated by the commissioner.

1 ***[4.** Every banking institution which violates provisions of this
 2 act or regulations promulgated in accordance thereto shall be
 3 liable to a penalty not exceeding \$1,000.00, to be recovered in a
 4 summary proceeding under "the penalty enforcement law" (N.
 5 J. S. 2A:58-1 et seq.). Each violation shall constitute a separate
 6 offense.]*

1 **3. *Any banking institution which willfully violates any provi-*
 2 *sion of this act or any regulation promulgated in accordance*
 3 *therewith, shall be subject to a fine of not more than \$1,000.00 for*
 4 *each violation, up to a maximum of \$5,000.00 in any one year, to be*
 5 *recovered in a summary proceeding under "the penalty enforce-*
 6 *ment law" (N. J. S. 2A:58-1 et seq.).***

1 ***[5.]*** ****[3.]**** *4.** This act shall take effect on the 60th day
 2 following enactment.

3 tion's policy with respect to when an account holder may draw
4 against deposits, and shall notify in writing all of its deposit
5 account holders of any change in the policy. All disclosures and
6 notifications required by this act shall be made in a manner con-
7 sistent with regulations promulgated by the commissioner.

1 4. Every banking institution which violates provisions of this
2 act or regulations promulgated in accordance thereto shall be
3 liable to a penalty not exceeding \$1,000.00, to be recovered in a
4 summary proceeding under "the penalty enforcement law" (N.
5 J. S. 2A:58-1 et seq.). Each violation shall constitute a separate
6 offense.

1 5. This act shall take effect on the 60th day following enactment.

STATEMENT

This bill would require that banking institutions in the State permit their customers to draw on deposits within a reasonable period of time and disclose their policies regarding how long a customer shall wait before drawing on a deposit. The Commissioner of Banking would be charged with promulgating regulations.

The bill would provide for penalties of up to \$1,000.00 per violation.

S1503(1985)

ASSEMBLY BANKING AND INSURANCE COMMITTEE

STATEMENT TO

SENATE, No. 1503

[OFFICIAL COPY REPRINT]

with Assembly committee amendments

STATE OF NEW JERSEY

DATED: JANUARY 28, 1985

Senate Bill No. 1503 (OCR) requires a banking institution to provide written disclosures on the institution's policy on account holder drawings on deposit accounts used for personal or family purposes.

Disclosure shall be made to every applicant for a deposit account, and existing deposit account holders shall be notified of any change in the institution's policy. The provisions of the bill apply to banks, savings banks, savings and loan associations and federally chartered savings banks. The Commissioner of Banking shall promulgate regulations to effectuate the purposes of this bill.

The Assembly committee amendments, requested by the sponsor, restore the penalty provisions deleted by the Senate; except that the monetary penalties are limited to willful violations and have a limit of \$5,000.00 in any one year. The amendments also require giving notice to account holders on the effective date following the bill's enactment.

SENATE LABOR, INDUSTRY AND PROFESSIONS
COMMITTEE

STATEMENT TO
SENATE, No. 1503
with Senate committee amendments

STATE OF NEW JERSEY

DATED: OCTOBER 18, 1984

This bill requires every State or federally chartered bank, savings bank and savings and loan association to provide written disclosure to each applicant for a personal deposit account describing the institution's policy with respect to when an account holder may draw against deposits and provide written notice to all of its personal deposit account holders of any change in the policy.