

3A:15-17.5 et seq.

LEGISLATIVE HISTORY CHECKLIST

NJSA 3A:15-17.5 et seq.
Laws of 1975 Chapter 25
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Sponsor(s) Merlino
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Reports No
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SENATE, No. 839

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 15, 1974

By Senator MERLINO

Referred to Committee on Labor, Industry and Professions

AN ACT concerning the exchange, conversion and continuance of investments by fiduciaries in certain cases and supplementing chapter 15 of Title 3A of the New Jersey Statutes.

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

1 1. When a bank holding company which is a corporation acquires
2 80% or more of the outstanding capital stock of a banking institu-
3 tion, any shares of the capital stock of such banking institution held
4 in trust by a fiduciary may be exchanged for or converted into
5 the capital stock of such bank holding company as an incident of
6 such company's acquisition of such shares.

1 2. An exchange or conversion of shares may be made pursuant
2 to this act notwithstanding that the fiduciary which holds the shares
3 in trusts is the banking institution which issued them.

1 3. A fiduciary who or which has heretofore received or hereafter
2 receives shares of the capital stock of a bank holding company as
3 authorized by this act may, in the exercise of good faith and reason-
4 able discretion, continue to hold such shares without being account-
5 able for any loss by reason of such continuance, regardless whether
6 or not (a) the shares so held are the substantial equivalent of the
7 shares surrendered in exchange for or on conversion thereof; or
8 (b) the shares so received and held are authorized by the law of
9 this State from time to time governing the investment of trust
10 funds.

1 4. As used in this act,

2 a. "banking institution" includes State chartered banks and
3 national banking associations;

4 b. "fiduciary" includes individual and corporate fiduciaries;

5 c. "bank holding company" means a bank holding company as
6 defined in the Bank Holding Company Act of 1956 (Act of May 9,

S 839 (1974)

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7 1956, 70 Stat. 133, 12 U. S. C. 1841 et seq.) as amended by the
8 Bank Holding Company Act Amendments of 1970 (Act of December
9 31, 1970, 84 Stat. 1760).

1 5. This act shall not apply in any case where a will, deed of trust
2 or other trust instrument contains provisions inconsistent with or
3 contrary to the provisions hereof.

1 6. This act shall take effect immediately.

STATEMENT

The purpose of this bill is to permit fiduciaries who hold shares of stock of a State or national bank to exchange such shares for shares of stock of a bank holding company, in connection with the acquisition by such holding company of at least 80% of such bank's outstanding capital stock, and to permit such fiduciaries to retain the holding company stock so acquired. The bill prohibits such retention in any case where a will or deed of trust provides otherwise.