

17:9A-3

August 18, 1970

LEGISLATIVE HISTORY OF R.S. 17:9A-3, 25.5, 60,
62, 155, 156, 207, 284, 337 and 338
(Banking Act - corrects reference to corporation act)

COPY 1

*For materials
see copy 2*

L.1969 - Chapt.244 - A432

Introduced February 10 by Pfaltz (and others)

Bill had statement (copy enclosed)

March 24 - Passed Assembly, amended (copy enclosed)

May 8 - Passed Senate

Make corrections

Governor made statement on signing (copy enclosed)

Article located:

Spicer, Israel

Report on 1969 legislation.

New Jersey Banker, Vol 39, No. 3, p 13 (copy enc)

RAL/AS

244 69

12/33/69

[OFFICIAL COPY REPRINT]

ASSEMBLY, No. 432

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 10, 1969

By Assemblymen PFALTZ, KALTENBACHER, PARKER,
THOMAS and HURLEY

Referred to Committee on Banking and Insurance

AN ACT to supplement and amend "An act concerning banking and banking institutions (Revision of 1948)," approved April 29, 1948 (P. L. 1948, c. 67), and repealing section 6 of P. L. 1968, chapter 415.

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

1 1. Section 3 of the act of which this act is amendatory
2 (C. 17:9A-3) is amended to read as follows:

3 3. Incorporation; certificate of incorporation; officers, direc-
4 tors and employees as incorporators.

5 A. Seven or more persons, of full age, may incorporate a bank
6 on the terms and conditions prescribed by this act. Such persons
7 shall execute and acknowledge a certificate of incorporation stating:

8 (1) The name by which the bank shall be known;
9 (2) The street, street number, if any, and municipality in which
10 the principal office of the bank is to be located;

11 (3) The powers authorized by this act which the bank will have
12 power to exercise;

13 (4) The amount of the capital stock, the number of shares into
14 which it is divided, and the par value of each share;

15 (5) The amount of surplus with which the bank will commence
16 business;

17 (6) The amount of the fund reserved for organization expense
18 pursuant to section 5;

19 (7) The names and residences of the incorporators, and the
20 number of shares subscribed for by each;

21 (8) The number of directors, or that the number of directors
22 shall be not less than a stated minimum, or more than a stated
23 maximum;

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

24 (9) The names of the persons who will serve as directors until
25 the first annual meeting of stockholders; and

26 (10) Such other provisions, not inconsistent with this act, as the
27 incorporators may choose to insert for the regulation of the busi-
28 ness and affairs of the bank.

29 *B. No officer, director or employee of any bank may, directly or*
30 *indirectly, be an incorporator of another bank* [, but this subsection*
31 *shall be inoperative until Federal legislation is enacted and becomes*
32 *operative which prohibits officers, directors and employees of a*
33 *national bank from directly or indirectly becoming an incorporator*
34 *of another national bank] .**

1 2. Section 6 of "An act to amend and supplement 'An act con-
2 cerning banking and banking institutions (Revision of 1948),' ap-
3 proved April 29, 1948 (P. L. 1948, c. 67)" approved January 17,
4 1969 (P. L. 1968, c. 415) is repealed.

1 3. Section 60 of the act of which this act is amendatory
2 (C. 17:9A-60) is amended to read as follows:

3 60. Definitions.

4 For the purposes of this article,

5 (1) "Person" means an individual, partnership, corporation,
6 association or body politic;

7 (2) "Investment securities" means those marketable corporate
8 obligations in the form of bonds, debentures or similar instruments
9 as are commonly known as investment securities, under such further
10 definition of investment securities as may by regulation be pre-
11 scribed by the commissioner;

12 (3) ["Total liabilities" means the aggregate of all sums, other
13 than those specifically excepted from the application of this article
14 by section 61, for the payment of which a person is directly or in-
15 directly liable to a bank, including obligations upon investment
16 securities;]

17 *"Total liabilities" means the aggregate of all direct liabilities*
18 *of the maker or acceptor of paper discounted with or sold to the*
19 *bank and the liability of the endorser, drawer, maker or guarantor*
20 *who obtains a loan from or discounts paper with or sells paper*
21 *under his guaranty to such bank. Liabilities which, by virtue of*
22 *section 61 or of regulations promulgated pursuant to section 62,*
23 *are excepted from the limitations imposed by this article, are not*
24 *included in "total liabilities";*

25 (4) "Controlling interest" means controlling interest as defined
26 in section 71;

27 (5) "Subsidiary" means a corporation in which another corpo-
28 ration holds a controlling interest;

29 (6) The total liabilities of a corporation include (a) the total
30 liabilities of a person who holds a controlling interest in such
31 corporation; and (b) the total liabilities of all subsidiaries of such
32 corporation; except that, in the case of any subsidiary having
33 capital, surplus and undivided profits aggregating \$5,000,000.00 or
34 more, the total liabilities of such subsidiary may, subject to the
35 approval of the commissioner and the banking advisory board, be
36 excluded from the total liabilities of such corporation, and the
37 total liabilities of such corporation may, subject to like approval,
38 be excluded from the total liabilities of such subsidiary;

39 (7) The total liabilities of an individual include (a) the total
40 liabilities of a partnership or association for whose obligations such
41 individual is liable; and (b) the total liabilities of a corporation in
42 which such individual holds a controlling interest;

43 (8) The total liabilities of a partnership or association include
44 the total liabilities of its members who are liable for its obligations;

45 (9) "Capital funds" of a bank means the aggregate of the unim-
46 paired capital stock, surplus and undivided profits of the bank *plus*
47 *all other funds which are authorized by law to be included in capital*
48 *funds for the purposes of this article. The commissioner may, by*
49 *regulation, provide that contingent reserves of a bank, as defined*
50 *in such regulation, may be included in the capital funds of a bank*
51 *for the purposes of this article, and for the purposes of section 69.*

1 4. Section 62 of the act of which this act is amendatory (C.
2 17:9A-62) is amended to read as follows:

3 62. **【Limited Liability】** *Limitations on Liability.*

4 A. Except as provided in this article, the total liabilities of any
5 person shall not exceed 10% of the capital funds of the bank.

6 B. The total liabilities of any person may exceed 10% but may
7 not exceed 25% of the capital funds of the bank if the amount of
8 such total liabilities which is in excess of 10% of the capital funds
9 of the bank consists of **【(1)】** obligations as endorser or guarantor
10 of notes, other than commercial or business paper excepted from the
11 application of this article under paragraph (5) of section 61, having
12 a maturity of not more than 6 months, and owned by the person
13 endorsing and negotiating the same. **【;】** **【or**

14 (2) Obligations secured by security having a value, as of each
15 date on which liability is incurred, equal to 110% of the obligations
16 secured thereby. Such security shall be of the following character:

17 (a) Stocks, bonds or other securities having an ascertainable
18 market value, other than mortgages or real property or on

19 lease of the fee of real property, and other than contracts for
20 the sale or purchase of real property;

21 (b) Policies of insurance having a cash value;

22 (c) Interests in tangible personal property evidenced by bills
23 of lading, shipping documents, warehouse receipts, trust re-
24 cepts, contracts of conditional sale, chattel mortgages or other
25 instruments;

26 (d) Accounts receivable;

27 (e) Other security as defined from time to time by the com-
28 missioner with the concurrence of the banking advisory board;

29 (3) Mortgage loans, as defined in section 64, to the extent that
30 they are unconditionally insured or guaranteed by the Federal
31 Housing Commissioner, or by the United States, or by this State;
32 or

33 (4) Loans by banks which are members of the Federal Reserve
34 System to banks which are members of the Federal Reserve System
35 or to banks or trust companies incorporated under the laws of any
36 other State or territory of the United States or the District of
37 Columbia and which are members of the Federal Reserve System,
38 or to national banking associations having their principal offices
39 in this State or in any other State or territory of the United States
40 or the District of Columbia, which loans are evidenced on the books
41 of the Federal Reserve Banks by authorization by the lending banks
42 to charge the amounts of the loans against reserve balances main-
43 tained by the lending banks pursuant to the Federal Reserve Act
44 as amended or supplemented from time to time, and by crediting the
45 amounts of the loans to the reserve balances of such borrowers
46 required to be maintained by them pursuant to said Federal Reserve
47 Act, and which loans, by the terms of the loans, are required to be
48 repaid by the borrowers on the next banking day following the date
49 of the loans by charge of the amounts of the loans against the
50 reserve balances so required to be maintained by the borrowers with
51 Federal Reserve Banks and by credit of the amounts of the loans to
52 the reserve balances maintained by the lending banks with Federal
53 Reserve Banks.]

54 [C. The total liabilities of any person may exceed 10% but may
55 not exceed 100% of the capital funds of the bank if the amount of
56 such total liabilities which is in excess of 10% but not in excess of
57 25% of the capital funds of the bank is secured as provided in
58 paragraph (2) of subsection B of this section or by obligations of
59 the United States having a face value equal to 100% of such excess,
60 and if the amount of such total liabilities which is in excess of 25%

61 of the capital funds of the bank is secured by obligations of the
62 United States having a face value equal to 100% of such excess;
63 except that the commissioner may make, alter and repeal regula-
64 tions respecting the total liabilities of any person in cases where
65 such liabilities are secured by direct obligations of the United
66 States which have a face value at least equal to the amount of such
67 liabilities and which have a maturity of not more than 18 months
68 from the date when such liabilities were incurred. Such regulations
69 may waive or alter the percentage limitation imposed by this
70 section with respect to liabilities so secured but shall in no event
71 lower said percentage limitation. In the exercise of this regulatory
72 power the commissioner shall give consideration to the relative
73 stability of the economy and the government bond market, the con-
74 dition of the banks and the public importance of the purposes to be
75 served by waiver or alteration of said percentage limitation. If,
76 in the judgment of the commissioner, it would be consistent with
77 such considerations, he shall endeavor to promulgate said regula-
78 tions in substantial conformity with similar regulations promul-
79 gated by duly constituted agencies or officers of the government of
80 the United States.】

81 *C. Except as the commissioner may otherwise prescribe from*
82 *time by regulation promulgated pursuant to subsection H of this*
83 *section, the total liabilities of a person to a bank shall not be sub-*
84 *ject to any limitations imposed by this article, to the extent that*
85 *liabilities are secured by direct or indirect obligations of the United*
86 *States which have a face or par value at least equal to the amount*
87 *of such liabilities, and which are fully guaranteed as to principal and*
88 *interest by the United States.*

89 *D. Except as the commissioner may otherwise prescribe from*
90 *time to time by regulation promulgated pursuant to subsection H*
91 *of this section, loans 【Loans】 to, and investments in the obligations*
92 *of any municipality or school district of this State may equal but*
93 *not exceed 100% of the capital funds of a bank.*

94 *E. The commissioner 【and the banking advisory board】 may,*
95 *from time to time, approve the obligations of any other State of*
96 *the United States, or of any political or municipal or county sub-*
97 *division or instrumentality thereof, or of any political subdivision*
98 *or instrumentality of a municipality or county of this State, other*
99 *than a school district, or of the Port of New York Authority or*
100 *other instrumentality of 2 or more States or of the United States,*
101 *or loans to any such other State, or to such subdivision, or instru-*
102 *mentality, 【and, so long as such approval shall continue in effect】*

103 *and, unless the commissioner, acting pursuant to subsection H of*
 104 *this section prescribed otherwise by regulation, loans may be made*
 105 *to, and investments may be made in the obligations of any such*
 106 *other State, or of any such subdivision or instrumentality in excess*
 107 *of 10% but not in excess of 25% of the capital funds of a bank.*

108 *F. Except as the commissioner may otherwise prescribe from*
 109 *time to time by regulation promulgated pursuant to subsection H*
 110 *of this section, the* ~~the~~ *total amount of investment securities of*
 111 *any one person held by a bank for its own account, other than in-*
 112 *vestments specified in* ~~paragraph~~ *paragraphs (1) and (2) of*
 113 *section 61 and subsections D and E of this section, shall not exceed*
 114 *10% of the capital funds of the bank.*

115 *G. In determining whether the total liabilities of any person are*
 116 *within the limitations imposed by this article, a bank and its*
 117 *directors, officers and employees may rely upon, and be protected*
 118 *in relying upon, the written statements or representations of such*
 119 *person, made to induce such bank to permit such liabilities to be*
 120 *incurred.*

121 *H. The commissioner may, from time to time, make, amend and*
 122 *repeal regulations (1) imposing a limitation, expressed in terms of*
 123 *a percentage of capital funds, upon liabilities secured as specified*
 124 *in subsection C of this section, and (2) decreasing, increasing, or*
 125 *removing entirely the limitations on liability imposed by this article*
 126 *upon the liabilities, obligations and investments specified in subsec-*
 127 *tions A, B, D, E and F of this section. Regulations made pursuant*
 128 *to this section shall be directed toward creating and maintaining*
 129 *substantial equality between State and national banks, to the end*
 130 *that no class or group of banks shall have any substantial com-*
 131 *petitive advantage over another.*

1 *5. A. In addition to the powers which banks may otherwise*
 2 *exercise, every bank, as defined in the act to which this act is a*
 3 *supplement, shall have the following powers, whether or not such*
 4 *powers are specifically set forth in its certificate of incorporation:*

5 *(1) To disburse to customers' employees, payroll funds de-*
 6 *posited with it by such customers for such purpose, either by direct*
 7 *payment to such employees on or away from the banking premises,*
 8 *or by crediting an account standing in an employee's name in such*
 9 *bank;*

10 *(2) To provide and receive compensation for travel services*
 11 *rendered to its customers and others, including the sale of trip*
 12 *insurance and the rental of automobiles as agent for a local rental*
 13 *service;*

14 (3) To provide customers with messenger service by means of
 15 armored car or otherwise. In such a case, the messenger shall be
 16 the agent of the customer, and any deposits collected by such agent
 17 shall be deemed not to be received by the bank until delivered at
 18 the bank to an employee authorized to receive deposits;

19 (4) To designate bonded agents to sell money orders of the bank
 20 away from the banking premises;

21 (5) To become the owner and lessor of personal property upon
 22 the request of and for the use of a customer, and to incur such obli-
 23 gations as may be incidental to such ownership;

24 (6) To purchase open accounts;

25 (7) To extend credit through the use of credit cards issued by
 26 it through an arrangement with participating vendors;

27 (8) To exercise all other powers, not herein specifically enumer-
 28 ated, which are reasonably related or incidental to the exercise of
 29 the foregoing powers.

30 B. The commissioner may, by regulation, prescribe the manner
 31 in which and the extent to which the foregoing powers may be ex-
 32 ercised, and may, by regulation, prescribe other powers, not other-
 33 wise expressly authorized or prohibited, which banks may exercise.
 34 Regulations so made shall be directed toward creating or main-
 35 taining substantial equality between State-regulated and Federally-
 36 regulated banks, to the end that no class or group of banks shall
 37 have any substantial competitive advantage over another.

1 6. Section 155 of the act of which this act is amendatory
 2 (C. 17:9A-155) is amended to read as follows:

3 155. Procedure.

4 A. A bank may be dissolved in the manner provided by [chapter
 5 13 of Title 14 of the Revised Statutes] *sections 14A:12-3 or*
 6 *14A:12-4 of Title 14A, Corporations, General, of the New Jersey*
 7 *Statutes*, except that the filings required to be made by [section
 8 14:13-1 of the Revised Statutes] *section 14A:12-3 or 14A:12-4 of*
 9 *the New Jersey Statutes* shall be made in the department; [and
 10 the commissioner shall perform the acts therein provided to be
 11 performed by the Secretary of State] and except further, that the
 12 consent of the holders of $\frac{2}{3}$ of all the stock of the bank shall be
 13 required before a bank may effect its voluntary dissolution.

14 B. If a bank has heretofore suspended or shall hereafter suspend
 15 the transaction of its business, except that incidental to the liqui-
 16 dation and distribution of its assets, and such suspension has here-
 17 tofore continued or shall hereafter continue for a period of not less
 18 than 12 months, and such bank has not been dissolved pursuant

19 to law, the commissioner may make an order, to be filed in the
20 department, forfeiting the bank's rights, powers and privileges as
21 a corporation, and, upon such filing, the corporate rights, powers
22 and privileges of the bank shall cease, and the bank shall thereupon
23 be dissolved. This subsection shall not abridge or affect the rights
24 and powers conferred by article 42.

1 7. Section 156 of the act of which this act is amendatory
2 (C. 17:9A-156) is amended to read as follows:

3 156. Effect.

4 Upon its dissolution pursuant to section 155 or upon the filing
5 of an order of the commissioner pursuant to section 17, the bank,
6 its officers, directors, stockholders, depositors and other creditors
7 shall become and be subject to all the provisions of chapter [13 of
8 Title 14 of the Revised Statutes] *12 of Title 14A of the New Jersey*
9 *Statutes to the extent that such provisions are not inconsistent with*
10 *this act.*

1 8. Section 207 of the act of which this act is amendatory
2 (C. 17:9A-207) is amended to read as follows:

3 207. Dissolution; procedure.

4 A. If the managers of a savings bank deem it advisable and in
5 the public interest that the savings bank be dissolved, they shall,
6 by the vote of at least $\frac{2}{3}$ of all the managers, at a regular or at a
7 special meeting called for the purpose upon not less than 20 days
8 written notice, adopt a resolution to that effect.

9 B. A copy of the resolution, certified by any 2 officers of the
10 savings bank, shall be filed in the department, together with an
11 affidavit by such officers that the resolution was adopted in the
12 manner prescribed by subsection A of this section, and the com-
13 missioner shall thereupon fix a time and place for a hearing, and
14 shall require publication of notice of the impending dissolution to
15 be made in newspapers and for the period specified in section 10.

16 C. If, as a result of such hearing, and upon proof by affidavit of
17 2 officers of the savings bank that publication of the notice has been
18 made pursuant to subsection B of this section, the commissioner
19 shall determine that it is in the public interest that the savings bank
20 be dissolved, he shall make an order accordingly, to be filed in the
21 department, and shall designate a date in such order upon which
22 the dissolution shall become effective.

23 D. On and after the date so fixed by the commissioner, the sav-
24 ings bank shall be dissolved, and it shall transact no further busi-
25 ness except that concerned with the winding up of its affairs. Upon
26 its dissolution pursuant to this section, or pursuant to section 17,

27 or pursuant to any other law of this State, the managers shall
 28 become trustees in dissolution, and the savings bank, its managers
 29 and creditors, including depositors, shall be subject to the pro-
 30 visions of chapter [13 of Title 14 of the Revised Statutes.] 12 of
 31 *Title 14A of the New Jersey Statutes to the extent that such pro-*
 32 *visions are not inconsistent with this act.*

1 9. Section 284 of the act of which this act is amendatory
 2 (C. 17:9A-284) is amended to read as follows:

3 284. Distribution.

4 A. The proceeds of the liquidation of the assets of a bank, the
 5 property and business of which the commissioner has taken posses-
 6 sion, shall be distributed according to the priorities and preferences
 7 provided by chapter [14 of Title 14 of the Revised Statutes] 14 of
 8 *Title 14A, Corporations, General, of the New Jersey Statutes;*
 9 except that, in the case of a savings bank, the surplus remaining
 10 after the payment or provision for the payment of all of its liabili-
 11 ties, claims and deposits, with interest or dividends to the date
 12 when possession was taken by the commissioner, and payment of
 13 or provision for all expenses upon final distribution, shall be
 14 divided pro rata among its depositors according to the amounts of
 15 their deposits at the time such possession was taken by the com-
 16 missioner.

17 B. After the expiration of the times limited for the filing of
 18 claims and for the institution of actions upon rejected claims as
 19 provided by sections 280, 281, and 282, the commissioner may, from
 20 time to time, file an accounting in the Superior Court and apply
 21 for an order authorizing the payment of a liquidating dividend out
 22 of the funds in his hands. No distribution shall be made by the
 23 commissioner until he has accounted as provided in sections 277
 24 and 279, and judgment is entered allowing the account and directing
 25 such distribution.

26 C. Upon making final distribution, the commissioner shall file in
 27 the Superior Court a statement of such distribution, and he shall
 28 file in the department a certificate that such statement has been
 29 filed, specifying the date of such filing.

1 10. Section 337 of the act of which this act is amendatory
 2 (C. 17:9A-337) is amended to read as follows:

3 337. References to Revised Statutes and New Jersey Statutes.

4 When any section, chapter or title of the Revised Statutes *or the*
 5 *New Jersey Statutes* is cited or referred to in this act, such citation
 6 or reference shall be deemed to refer to the section, chapter or title
 7 of the Revised Statutes *or the New Jersey Statutes* as enacted and
 8 as heretofore or hereafter amended or supplemented.

1 11. Section 338 of the act of which this act is amendatory
2 (C. 17:9A-338) is amended to read as follows:

3 338. Applicability of **【Title 14 of the Revised Statutes】** *Title 14A*
4 *of the New Jersey Statutes*.

5 Except to the extent specifically made applicable by this act, the
6 provisions of **【Title 14 of the Revised Statutes】** *Title 14A of the*
7 *New Jersey Statutes* as enacted and as **【heretofore or hereafter】**
8 amended or supplemented shall not apply to banks and savings
9 banks.

1 12. This act shall take effect immediately .

ASSEMBLY, No. 432

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 10, 1969

By Assemblymen PFALTZ, KALTENBACHER, PARKER,
THOMAS and HURLEY

Referred to Committee on Banking and Insurance

AN ACT to supplement and amend "An act concerning banking and banking institutions (Revision of 1948)," approved April 29, 1948 (P. L. 1948, c. 67), and repealing section 6 of P. L. 1968, chapter 415.

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6 on the terms and conditions prescribed by this act. Such persons
7 shall execute and acknowledge a certificate of incorporation stating:

8 (1) The name by which the bank shall be known;

9 (2) The street, street number, if any, and municipality in which
10 the principal office of the bank is to be located;

11 (3) The powers authorized by this act which the bank will have
12 power to exercise;

13 (4) The amount of the capital stock, the number of shares into
14 which it is divided, and the par value of each share;

15 (5) The amount of surplus with which the bank will commence
16 business;

17 (6) The amount of the fund reserved for organization expense
18 pursuant to section 5;

19 (7) The names and residences of the incorporators, and the
20 number of shares subscribed for by each;

21 (8) The number of directors, or that the number of directors
22 shall be not less than a stated minimum, or more than a stated
23 maximum;

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

24 (9) The names of the persons who will serve as directors until
25 the first annual meeting of stockholders; and

26 (10) Such other provisions, not inconsistent with this act, as the
27 incorporators may choose to insert for the regulation of the busi-
28 ness and affairs of the bank.

29 *B. No officer, director or employee of any bank may, directly or*
30 *indirectly, be an incorporator of another bank, but this subsection*
31 *shall be inoperative until Federal legislation is enacted and becomes*
32 *operative which prohibits officers, directors and employees of a*
33 *national bank from directly or indirectly becoming an incorporator*
34 *of another national bank.*

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10 definition of investment securities as may by regulation be pre-
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13 than those specifically excepted from the application of this article
14 by section 61, for the payment of which a person is directly or in-
15 directly liable to a bank, including obligations upon investment
16 securities;"]

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19 bank and the liability of the endorser, drawer, maker or guarantor
20 who obtains a loan from or discounts paper with or sells paper
21 under his guaranty to such bank. Liabilities which, by virtue of
22 section 61 or of regulations promulgated pursuant to section 62,
23 are excepted from the limitations imposed by this article, are not
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30 liabilities of a person who holds a controlling interest in such
31 corporation; and (b) the total liabilities of all subsidiaries of such
32 corporation: except that, in the case of any subsidiary having
33 capital, surplus and undivided profits aggregating \$5,000,000.00 or
34 more, the total liabilities of such subsidiary may, subject to the
35 approval of the commissioner and the banking advisory board, be
36 excluded from the total liabilities of such corporation, and the
37 total liabilities of such corporation may, subject to like approval,
38 be excluded from the total liabilities of such subsidiary;

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40 liabilities of a partnership or association for whose obligations such
41 individual is liable; and (b) the total liabilities of a corporation in
42 which such individual holds a controlling interest;

43 (8) The total liabilities of a partnership or association include
44 the total liabilities of its members who are liable for its obligations;

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46 paired capital stock, surplus and undivided profits of the bank *plus*
47 *all other funds which are authorized by law to be included in capital*
48 *funds for the purposes of this article. The commissioner may, by*
49 *regulation, provide that contingent reserves of a bank, as defined*
50 *in such regulation, may be included in the capital funds of a bank*
51 *for the purposes of this article, and for the purposes of section 69.*

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2 17:9A-62) is amended to read as follows:

3 62. **[Limited Liability]** *Limitations on Liability.*

4 A. Except as provided in this article, the total liabilities of any
5 person shall not exceed 10% of the capital funds of the bank.

6 B. The total liabilities of any person may exceed 10% but may
7 not exceed 25% of the capital funds of the bank if the amount of
8 such total liabilities which is in excess of 10% of the capital funds
9 of the bank consists of **[(1)]** obligations as endorser or guarantor
10 of notes, other than commercial or business paper excepted from the
11 application of this article under paragraph (5) of section 61, having
12 a maturity of not more than 6 months, and owned by the person
13 endorsing and negotiating the same. **[;]** **[or**

14 (2) Obligations secured by security having a value, as of each
15 date on which liability is incurred, equal to 110% of the obligations
16 secured thereby. Such security shall be of the following character:

17 (a) Stocks, bonds or other securities having an ascertainable
18 market value, other than mortgages or real property or on

19 lease of the fee of real property, and other than contracts for
20 the sale or purchase of real property;

21 (b) Policies of insurance having a cash value;

22 (c) Interests in tangible personal property evidenced by bills
23 of lading, shipping documents, warehouse receipts, trust re-
24 cepts, contracts of conditional sale, chattel mortgages or other
25 instruments;

26 (d) Accounts receivable;

27 (e) Other security as defined from time to time by the com-
28 missioner with the concurrence of the banking advisory board;

29 (3) Mortgage loans, as defined in section 64, to the extent that
30 they are unconditionally insured or guaranteed by the Federal
31 Housing Commissioner, or by the United States, or by this State;
32 or

33 (4) Loans by banks which are members of the Federal Reserve
34 System to banks which are members of the Federal Reserve System
35 or to banks or trust companies incorporated under the laws of any
36 other State or territory of the United States or the District of
37 Columbia and which are members of the Federal Reserve System,
38 or to national banking associations having their principal offices
39 in this State or in any other State or territory of the United States
40 or the District of Columbia, which loans are evidenced on the books
41 of the Federal Reserve Banks by authorization by the lending banks
42 to charge the amounts of the loans against reserve balances main-
43 tained by the lending banks pursuant to the Federal Reserve Act
44 as amended or supplemented from time to time, and by crediting the
45 amounts of the loans to the reserve balances of such borrowers
46 required to be maintained by them pursuant to said Federal Reserve
47 Act, and which loans, by the terms of the loans, are required to be
48 repaid by the borrowers on the next banking day following the date
49 of the loans by charge of the amounts of the loans against the
50 reserve balances so required to be maintained by the borrowers with
51 Federal Reserve Banks and by credit of the amounts of the loans to
52 the reserve balances maintained by the lending banks with Federal
53 Reserve Banks.】

54 【C. The total liabilities of any person may exceed 10% but may
55 not exceed 100% of the capital funds of the bank if the amount of
56 such total liabilities which is in excess of 10% but not in excess of
57 25% of the capital funds of the bank is secured as provided in
58 paragraph (2) of subsection B of this section or by obligations of
59 the United States having a face value equal to 100% of such excess,
60 and if the amount of such total liabilities which is in excess of 25%

61 of the capital funds of the bank is secured by obligations of the
 62 United States having a face value equal to 100% of such excess;
 63 except that the commissioner may make, alter and repeal regula-
 64 tions respecting the total liabilities of any person in cases where
 65 such liabilities are secured by direct obligations of the United
 66 States which have a face value at least equal to the amount of such
 67 liabilities and which have a maturity of not more than 18 months
 68 from the date when such liabilities were incurred. Such regulations
 69 may waive or alter the percentage limitation imposed by this
 70 section with respect to liabilities so secured but shall in no event
 71 lower said percentage limitation. In the exercise of this regulatory
 72 power the commissioner shall give consideration to the relative
 73 stability of the economy and the government bond market, the con-
 74 dition of the banks and the public importance of the purposes to be
 75 served by waiver or alteration of said percentage limitation. If,
 76 in the judgment of the commissioner, it would be consistent with
 77 such considerations, he shall endeavor to promulgate said regula-
 78 tions in substantial conformity with similar regulations promul-
 79 gated by duly constituted agencies or officers of the government of
 80 the United States.】

81 *C. Except as the commissioner may otherwise prescribe from*
 82 *time by regulation promulgated pursuant to subsection H of this*
 83 *section, the total liabilities of a person to a bank shall not be sub-*
 84 *ject to any limitations imposed by this article, to the extent that*
 85 *liabilities are secured by direct or indirect obligations of the United*
 86 *States which have a face or par value at least equal to the amount*
 87 *of such liabilities, and which are fully guaranteed as to principal and*
 88 *interest by the United States.*

89 *D. Except as the commissioner may otherwise prescribe from*
 90 *time to time by regulation promulgated pursuant to subsection H*
 91 *of this section, loans 【Loans】 to, and investments in the obligations*
 92 *of any municipality or school district of this State may equal but*
 93 *not exceed 100% of the capital funds of a bank.*

94 *E. The commissioner 【and the banking advisory board】 may,*
 95 *from time to time, approve the obligations of any other State of*
 96 *the United States, or of any political or municipal or county sub-*
 97 *division or instrumentality thereof, or of any political subdivision*
 98 *or instrumentality of a municipality or county of this State, other*
 99 *than a school district, or of the Port of New York Authority or*
 100 *other instrumentality of 2 or more States or of the United States,*
 101 *or loans to any such other State, or to such subdivision, or instru-*
 102 *mentality, 【and, so long as such approval shall continue in effect】*

103 *and, unless the commissioner, acting pursuant to subsection H of*
 104 *this section prescribed otherwise by regulation, loans may be made*
 105 *to, and investments may be made in the obligations of any such*
 106 *other State, or of any such subdivision or instrumentality in excess*
 107 *of 10% but not in excess of 25% of the capital funds of a bank.*

108 *F. Except as the commissioner may otherwise prescribe from*
 109 *time to time by regulation promulgated pursuant to subsection H*
 110 *of this section, the [The] total amount of investment securities of*
 111 *any one person held by a bank for its own account, other than in-*
 112 *vestments specified in [paragraph] paragraphs (1) and (2) of*
 113 *section 61 and subsections D and E of this section, shall not exceed*
 114 *10% of the capital funds of the bank.*

115 *G. In determining whether the total liabilities of any person are*
 116 *within the limitations imposed by this article, a bank and its*
 117 *directors, officers and employees may rely upon, and be protected*
 118 *in relying upon, the written statements or representations of such*
 119 *person, made to induce such bank to permit such liabilities to be*
 120 *incurred.*

121 *H. The commissioner may, from time to time, make, amend and*
 122 *repeal regulations (1) imposing a limitation, expressed in terms of*
 123 *a percentage of capital funds, upon liabilities secured as specified*
 124 *in subsection C of this section, and (2) decreasing, increasing, or*
 125 *removing entirely the limitations on liability imposed by this article*
 126 *upon the liabilities, obligations and investments specified in subsec-*
 127 *tions A, B, D, E and F of this section. Regulations made pursuant*
 128 *to this section shall be directed toward creating and maintaining*
 129 *substantial equality between State and national banks, to the end*
 130 *that no class or group of banks shall have any substantial com-*
 131 *petitive advantage over another.*

1 5. A. In addition to the powers which banks may otherwise
 2 exercise, every bank, as defined in the act to which this act is a
 3 supplement, shall have the following powers, whether or not such
 4 powers are specifically set forth in its certificate of incorporation:

5 (1) To disburse to customers' employees, payroll funds de-
 6 posited with it by such customers for such purpose, either by direct
 7 payment to such employees on or away from the banking premises,
 8 or by crediting an account standing in an employee's name in such
 9 bank;

10 (2) To provide and receive compensation for travel services
 11 rendered to its customers and others, including the sale of trip
 12 insurance and the rental of automobiles as agent for a local rental
 13 service;

14 (3) To provide customers with messenger service by means of
 15 armored car or otherwise. In such a case, the messenger shall be
 16 the agent of the customer, and any deposits collected by such agent
 17 shall be deemed not to be received by the bank until delivered at
 18 the bank to an employee authorized to receive deposits;

19 (4) To designate bonded agents to sell money orders of the bank
 20 away from the banking premises;

21 (5) To become the owner and lessor of personal property upon
 22 the request of and for the use of a customer, and to incur such obli-
 23 gations as may be incidental to such ownership;

24 (6) To purchase open accounts;

25 (7) To extend credit through the use of credit cards issued by
 26 it through an arrangement with participating vendors;

27 (8) To exercise all other powers, not herein specifically enumer-
 28 ated, which are reasonably related or incidental to the exercise of
 29 the foregoing powers.

30 B. The commissioner may, by regulation, prescribe the manner
 31 in which and the extent to which the foregoing powers may be ex-
 32 ercised, and may, by regulation, prescribe other powers, not other-
 33 wise expressly authorized or prohibited, which banks may exercise.
 34 Regulations so made shall be directed toward creating or main-
 35 taining substantial equality between State-regulated and Federally-
 36 regulated banks, to the end that no class or group of banks shall
 37 have any substantial competitive advantage over another.

1 6. Section 155 of the act of which this act is amendatory
 2 (C. 17:9A-155) is amended to read as follows:

3 155. Procedure.

4 A. A bank may be dissolved in the manner provided by [chapter
 5 13 of Title 14 of the Revised Statutes] *sections 14A:12-3 or*
 6 *14A:12-4 of Title 14A, Corporations, General, of the New Jersey*
 7 *Statutes*, except that the filings required to be made by [section
 8 14:13-1 of the Revised Statutes] *section 14A:12-3 or 14A:12-4 of*
 9 *the New Jersey Statutes* shall be made in the department; [and
 10 the commissioner shall perform the acts therein provided to be
 11 performed by the Secretary of State] and except further, that the
 12 consent of the holders of $\frac{2}{3}$ of all the stock of the bank shall be
 13 required before a bank may effect its voluntary dissolution.

14 B. If a bank has heretofore suspended or shall hereafter suspend
 15 the transaction of its business, except that incidental to the liqui-
 16 dation and distribution of its assets, and such suspension has here-
 17 tofore continued or shall hereafter continue for a period of not less
 18 than 12 months, and such bank has not been dissolved pursuant

19 to law, the commissioner may make an order, to be filed in the
20 department, forfeiting the bank's rights, powers and privileges as
21 a corporation, and, upon such filing, the corporate rights, powers
22 and privileges of the bank shall cease, and the bank shall thereupon
23 be dissolved. This subsection shall not abridge or affect the rights
24 and powers conferred by article 42.

1 7. Section 156 of the act of which this act is amendatory
2 (C. 17:9A-156) is amended to read as follows:

3 156. Effect.

4 Upon its dissolution pursuant to section 155 or upon the filing
5 of an order of the commissioner pursuant to section 17, the bank,
6 its officers, directors, stockholders, depositors and other creditors
7 shall become and be subject to all the provisions of chapter [13 of
8 Title 14 of the Revised Statutes] *12 of Title 14A of the New Jersey*
9 *Statutes to the extent that such provisions are not inconsistent with*
10 *this act.*

1 8. Section 207 of the act of which this act is amendatory
2 (C. 17:9A-207) is amended to read as follows:

3 207. Dissolution; procedure.

4 A. If the managers of a savings bank deem it advisable and in
5 the public interest that the savings bank be dissolved, they shall,
6 by the vote of at least $\frac{2}{3}$ of all the managers, at a regular or at a
7 special meeting called for the purpose upon not less than 20 days
8 written notice, adopt a resolution to that effect.

9 B. A copy of the resolution, certified by any 2 officers of the
10 savings bank, shall be filed in the department, together with an
11 affidavit by such officers that the resolution was adopted in the
12 manner prescribed by subsection A of this section, and the com-
13 missioner shall thereupon fix a time and place for a hearing, and
14 shall require publication of notice of the impending dissolution to
15 be made in newspapers and for the period specified in section 10.

16 C. If, as a result of such hearing, and upon proof by affidavit of
17 2 officers of the savings bank that publication of the notice has been
18 made pursuant to subsection B of this section, the commissioner
19 shall determine that it is in the public interest that the savings bank
20 be dissolved, he shall make an order accordingly, to be filed in the
21 department, and shall designate a date in such order upon which
22 the dissolution shall become effective.

23 D. On and after the date so fixed by the commissioner, the sav-
24 ings bank shall be dissolved, and it shall transact no further busi-
25 ness except that concerned with the winding up of its affairs. Upon
26 its dissolution pursuant to this section, or pursuant to section 17,

27 or pursuant to any other law of this State, the managers shall
 28 become trustees in dissolution, and the savings bank, its managers
 29 and creditors, including depositors, shall be subject to the pro-
 30 visions of chapter [13 of Title 14 of the Revised Statutes.] 12 of
 31 *Title 14A of the New Jersey Statutes to the extent that such pro-*
 32 *visions are not inconsistent with this act.*

1 9. Section 284 of the act of which this act is amendatory
 2 (C. 17:9A-284) is amended to read as follows:

3 284. Distribution.

4 A. The proceeds of the liquidation of the assets of a bank, the
 5 property and business of which the commissioner has taken posses-
 6 sion, shall be distributed according to the priorities and preferences
 7 provided by chapter [14 of Title 14 of the Revised Statutes] 14 of
 8 *Title 14A, Corporations, General, of the New Jersey Statutes;*
 9 except that, in the case of a savings bank, the surplus remaining
 10 after the payment or provision for the payment of all of its liabili-
 11 ties, claims and deposits, with interest or dividends to the date
 12 when possession was taken by the commissioner, and payment of
 13 or provision for all expenses upon final distribution, shall be
 14 divided pro rata among its depositors according to the amounts of
 15 their deposits at the time such possession was taken by the com-
 16 missioner.

17 B. After the expiration of the times limited for the filing of
 18 claims and for the institution of actions upon rejected claims as
 19 provided by sections 280, 281, and 282, the commissioner may, from
 20 time to time, file an accounting in the Superior Court and apply
 21 for an order authorizing the payment of a liquidating dividend out
 22 of the funds in his hands. No distribution shall be made by the
 23 commissioner until he has accounted as provided in sections 277
 24 and 279, and judgment is entered allowing the account and directing
 25 such distribution.

26 C. Upon making final distribution, the commissioner shall file in
 27 the Superior Court a statement of such distribution, and he shall
 28 file in the department a certificate that such statement has been
 29 filed, specifying the date of such filing.

1 10. Section 337 of the act of which this act is amendatory
 2 (C. 17:9A-337) is amended to read as follows:

3 337. References to Revised Statutes and New Jersey Statutes.

4 When any section, chapter or title of the Revised Statutes *or the*
 5 *New Jersey Statutes* is cited or referred to in this act, such citation
 6 or reference shall be deemed to refer to the section, chapter or title
 7 of the Revised Statutes *or the New Jersey Statutes* as enacted and
 8 as heretofore or hereafter amended or supplemented.

1 11. Section 338 of the act of which this act is amendatory
2 (C. 17:9A-338) is amended to read as follows:

3 338. Applicability of **【Title 14 of the Revised Statutes】** *Title 14A*
4 *of the New Jersey Statutes.*

5 Except to the extent specifically made applicable by this act, the
6 provisions of **【Title 14 of the Revised Statutes】** *Title 14A of the*
7 *New Jersey Statutes* as enacted and as **【heretofore or hereafter】**
8 amended or supplemented shall not apply to banks and savings
9 banks.

1 12. This act shall take effect immediately .

STATEMENT

The purpose of this bill is to provide the means for maintaining competitive parity between State banks and national banks, and to correct references in The Banking Act of 1948 to the General Corporation Law made necessary by the recent enactment of Title 14A of the New Jersey Statutes, which revises the general corporation law formerly contained in Title 14 of the Revised Statutes.

ASSEMBLY COMMITTEE AMENDMENTS TO
ASSEMBLY, No. 432

STATE OF NEW JERSEY

ADOPTED MARCH 17, 1969

Amend page 2, section 1, line 30, after "bank" insert a period and omit rest of line.

Amend page 2, section 1, lines 31 to 34, omit in their entirety.

CORRECTED COPY
ASSEMBLY, No. 432

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 10, 1969

By Assemblymen PFALTZ, KALTENBACHER, PARKER,
THOMAS and HURLEY

Referred to Committee on Banking and Insurance

AN ACT to supplement and amend "An act concerning banking and banking institutions (Revision of 1948)," approved April 29, 1948 (P. L. 1948, c. 67), and repealing section 6 of P. L. 1968, chapter 415.

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

1 1. Section 3 of the act of which this act is amendatory
2 (C. 17:9A-3) is amended to read as follows:

3 3. Incorporation; certificate of incorporation; *officers, direc-*
4 *tors and employees as incorporators.*

5 A. Seven or more persons, of full age, may incorporate a bank
6 on the terms and conditions prescribed by this act. Such persons
7 shall execute and acknowledge a certificate of incorporation stating:

8 (1) The name by which the bank shall be known;

9 (2) The street, street number, if any, and municipality in which
10 the principal office of the bank is to be located;

11 (3) The powers authorized by this act which the bank will have
12 power to exercise;

13 (4) The amount of the capital stock, the number of shares into
14 which it is divided, and the par value of each share;

15 (5) The amount of surplus with which the bank will commence
16 business;

17 (6) The amount of the fund reserved for organization expense
18 pursuant to section 5;

19 (7) The names and residences of the incorporators, and the
20 number of shares subscribed for by each;

21 (8) The number of directors, or that the number of directors
22 shall be not less than a stated minimum, or more than a stated
23 maximum;

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

24 (9) The names of the persons who will serve as directors until
25 the first annual meeting of stockholders; and

26 (10) Such other provisions, not inconsistent with this act, as the
27 incorporators may choose to insert for the regulation of the busi-
28 ness and affairs of the bank.

29 *B. No officer, director or employee of any bank may, directly or*
30 *indirectly, be an incorporator of another bank, but this subsection*
31 *shall be inoperative until Federal legislation is enacted and becomes*
32 *operative which prohibits officers, directors and employees of a*
33 *national bank from directly or indirectly becoming an incorporator*
34 *of another national bank.*

1 2. Section 6 of "An act to amend and supplement 'An act con-
2 cerning banking and banking institutions (Revision of 1948),' ap-
3 proved April 29, 1948 (P. L. 1948, c. 67)" approved January 17,
4 1969 (P. L. 1968, c. 415) is repealed.

1 3. Section 60 of the act of which this act is amendatory
2 (C. 17:9A-60) is amended to read as follows:

3 60. Definitions.

4 For the purposes of this article,

5 (1) "Person" means an individual, partnership, corporation,
6 association or body politic;

7 (2) "Investment securities" means those marketable corporate
8 obligations in the form of bonds, debentures or similar instruments
9 as are commonly known as investment securities, under such further
10 definition of investment securities as may by regulation be pre-
11 scribed by the commissioner;

12 (3) ["Total liabilities" means the aggregate of all sums, other
13 than those specifically excepted from the application of this article
14 by section 61, for the payment of which a person is directly or in-
15 directly liable to a bank, including obligations upon investment
16 securities;"]

17 "*Total liabilities*" means the aggregate of all direct liabilities
18 of the maker or acceptor of paper discounted with or sold to the
19 bank and the liability of the endorser, drawer, maker or guarantor
20 who obtains a loan from or discounts paper with or sells paper
21 under his guaranty to such bank. Liabilities which, by virtue of
22 section 61 or of regulations promulgated pursuant to section 62,
23 are excepted from the limitations imposed by this article, are not
24 included in "total liabilities";

25 (4) "Controlling interest" means controlling interest as defined
26 in section 71;

27 (5) "Subsidiary" means a corporation in which another corpo-
28 ration holds a controlling interest;

29 (6) The total liabilities of a corporation include (a) the total
30 liabilities of a person who holds a controlling interest in such
31 corporation; and (b) the total liabilities of all subsidiaries of such
32 corporation; except that, in the case of any subsidiary having
33 capital, surplus and undivided profits aggregating \$5,000,000.00 or
34 more, the total liabilities of such subsidiary may, subject to the
35 approval of the commissioner and the banking advisory board, be
36 excluded from the total liabilities of such corporation, and the
37 total liabilities of such corporation may, subject to like approval,
38 be excluded from the total liabilities of such subsidiary;

39 (7) The total liabilities of an individual include (a) the total
40 liabilities of a partnership or association for whose obligations such
41 individual is liable; and (b) the total liabilities of a corporation in
42 which such individual holds a controlling interest;

43 (8) The total liabilities of a partnership or association include
44 the total liabilities of its members who are liable for its obligations;

45 (9) "Capital funds" of a bank means the aggregate of the unim-
46 paired capital stock, surplus and undivided profits of the bank *plus*
47 *all other funds which are authorized by law to be included in capital*
48 *funds for the purposes of this article. The commissioner may, by*
49 *regulation, provide that contingent reserves of a bank, as defined*
50 *in such regulation, may be included in the capital funds of a bank*
51 *for the purposes of this article, and for the purposes of section 69.*

1 4. Section 62 of the act of which this act is amendatory (C.
2 17:9A-62) is amended to read as follows:

3 62. **[Limited Liability]** *Limitations on Liability.*

4 A. Except as provided in this article, the total liabilities of any
5 person shall not exceed 10% of the capital funds of the bank.

6 B. The total liabilities of any person may exceed 10% but may
7 not exceed 25% of the capital funds of the bank if the amount of
8 such total liabilities which is in excess of 10% of the capital funds
9 of the bank consists of **[(1)]** obligations as endorser or guarantor
10 of notes, other than commercial or business paper excepted from the
11 application of this article under paragraph (5) of section 61, having
12 a maturity of not more than 6 months, and owned by the person
13 endorsing and negotiating the same. **[;]** **[or**

14 (2) Obligations secured by security having a value, as of each
15 date on which liability is incurred, equal to 110% of the obligations
16 secured thereby. Such security shall be of the following character:

17 (a) Stocks, bonds or other securities having an ascertainable
18 market value, other than mortgages or real property or on

19 lease of the fee of real property, and other than contracts for
20 the sale or purchase of real property;

21 (b) Policies of insurance having a cash value;

22 (c) Interests in tangible personal property evidenced by bills
23 of lading, shipping documents, warehouse receipts, trust re-
24 cepts, contracts of conditional sale, chattel mortgages or other
25 instruments;

26 (d) Accounts receivable;

27 (e) Other security as defined from time to time by the com-
28 missioner with the concurrence of the banking advisory board;

29 (3) Mortgage loans, as defined in section 64, to the extent that
30 they are unconditionally insured or guaranteed by the Federal
31 Housing Commissioner, or by the United States, or by this State;
32 or

33 (4) Loans by banks which are members of the Federal Reserve
34 System to banks which are members of the Federal Reserve System
35 or to banks or trust companies incorporated under the laws of any
36 other State or territory of the United States or the District of
37 Columbia and which are members of the Federal Reserve System,
38 or to national banking associations having their principal offices
39 in this State or in any other State or territory of the United States
40 or the District of Columbia, which loans are evidenced on the books
41 of the Federal Reserve Banks by authorization by the lending banks
42 to charge the amounts of the loans against reserve balances main-
43 tained by the lending banks pursuant to the Federal Reserve Act
44 as amended or supplemented from time to time, and by crediting the
45 amounts of the loans to the reserve balances of such borrowers
46 required to be maintained by them pursuant to said Federal Reserve
47 Act, and which loans, by the terms of the loans, are required to be
48 repaid by the borrowers on the next banking day following the date
49 of the loans by charge of the amounts of the loans against the
50 reserve balances so required to be maintained by the borrowers with
51 Federal Reserve Banks and by credit of the amounts of the loans to
52 the reserve balances maintained by the lending banks with Federal
53 Reserve Banks.】

54 【C. The total liabilities of any person may exceed 10% but may
55 not exceed 100% of the capital funds of the bank if the amount of
56 such total liabilities which is in excess of 10% but not in excess of
57 25% of the capital funds of the bank is secured as provided in
58 paragraph (2) of subsection B of this section or by obligations of
59 the United States having a face value equal to 100% of such excess,
60 and if the amount of such total liabilities which is in excess of 25%

61 of the capital funds of the bank is secured by obligations of the
62 United States having a face value equal to 100% of such excess;
63 except that the commissioner may make, alter and repeal regula-
64 tions respecting the total liabilities of any person in cases where
65 such liabilities are secured by direct obligations of the United
66 States which have a face value at least equal to the amount of such
67 liabilities and which have a maturity of not more than 18 months
68 from the date when such liabilities were incurred. Such regulations
69 may waive or alter the percentage limitation imposed by this
70 section with respect to liabilities so secured but shall in no event
71 lower said percentage limitation. In the exercise of this regulatory
72 power the commissioner shall give consideration to the relative
73 stability of the economy and the government bond market, the con-
74 dition of the banks and the public importance of the purposes to be
75 served by waiver or alteration of said percentage limitation. If,
76 in the judgment of the commissioner, it would be consistent with
77 such considerations, he shall endeavor to promulgate said regula-
78 tions in substantial conformity with similar regulations promul-
79 gated by duly constituted agencies or officers of the government of
80 the United States.】

81 *C. Except as the commissioner may otherwise prescribe from*
82 *time by regulation promulgated pursuant to subsection H of this*
83 *section, the total liabilities of a person to a bank shall not be sub-*
84 *ject to any limitations imposed by this article, to the extent that*
85 *liabilities are secured by direct or indirect obligations of the United*
86 *States which have a face or par value at least equal to the amount*
87 *of such liabilities, and which are fully guaranteed as to principal and*
88 *interest by the United States.*

89 *D. Except as the commissioner may otherwise prescribe from*
90 *time to time by regulation promulgated pursuant to subsection H*
91 *of this section, loans [Loans] to, and investments in the obligations*
92 *of any municipality or school district of this State may equal but*
93 *not exceed 100% of the capital funds of a bank.*

94 *E. The commissioner [and the banking advisory board] may,*
95 *from time to time, approve the obligations of any other State of*
96 *the United States, or of any political or municipal or county sub-*
97 *division or instrumentality thereof, or of any political subdivision*
98 *or instrumentality of a municipality or county of this State, other*
99 *than a school district, or of the Port of New York Authority or*
100 *other instrumentality of 2 or more States or of the United States,*
101 *or loans to any such other State, or to such subdivision, or instru-*
102 *mentality, [and, so long as such approval shall continue in effect]*

103 and, unless the commissioner, acting pursuant to subsection H of
 104 this section prescribed otherwise by regulation, loans may be made
 105 to, and investments may be made in the obligations of any such
 106 other State, or of any such subdivision or instrumentality in excess
 107 of 10% but not in excess of 25% of the capital funds of a bank.

108 F. Except as the commissioner may otherwise prescribe from
 109 time to time by regulation promulgated pursuant to subsection H
 110 of this section, the ~~the~~ total amount of investment securities of
 111 any one person held by a bank for its own account, other than in-
 112 vestments specified in ~~paragraph~~ paragraphs (1) and (2) of
 113 section 61 and subsections D and E of this section, shall not exceed
 114 10% of the capital funds of the bank.

115 G. In determining whether the total liabilities of any person are
 116 within the limitations imposed by this article, a bank and its
 117 directors, officers and employees may rely upon, and be protected
 118 in relying upon, the written statements or representations of such
 119 person, made to induce such bank to permit such liabilities to be
 120 incurred.

121 H. The commissioner may, from time to time, make, amend and
 122 repeal regulations (1) imposing a limitation, expressed in terms of
 123 a percentage of capital funds, upon liabilities secured as specified
 124 in subsection C of this section, and (2) decreasing, increasing, or
 125 removing entirely the limitations on liability imposed by this article
 126 upon the liabilities, obligations and investments specified in subsec-
 127 tions A, B, D, E and F of this section. Regulations made pursuant
 128 to this section shall be directed toward creating and maintaining
 129 substantial equality between State and national banks, to the end
 130 that no class or group of banks shall have any substantial com-
 131 petitive advantage over another.

1 5. A. In addition to the powers which banks may otherwise
 2 exercise, every bank, as defined in the act to which this act is a
 3 supplement, shall have the following powers, whether or not such
 4 powers are specifically set forth in its certificate of incorporation:

5 (1) To disburse to customers' employees, payroll funds de-
 6 posited with it by such customers for such purpose, either by direct
 7 payment to such employees on or away from the banking premises,
 8 or by crediting an account standing in an employee's name in such
 9 bank;

10 (2) To provide and receive compensation for travel services
 11 rendered to its customers and others, including the sale of trip
 12 insurance and the rental of automobiles as agent for a local rental
 13 service;

14 (3) To provide customers with messenger service by means of
 15 armored car or otherwise. In such a case, the messenger shall be
 16 the agent of the customer, and any deposits collected by such agent
 17 shall be deemed not to be received by the bank until delivered at
 18 the bank to an employee authorized to receive deposits;

19 (4) To designate bonded agents to sell money orders of the bank
 20 away from the banking premises;

21 (5) To become the owner and lessor of personal property upon
 22 the request of and for the use of a customer, and to incur such obli-
 23 gations as may be incidental to such ownership;

24 (6) To purchase open accounts;

25 (7) To extend credit through the use of credit cards issued by
 26 it through an arrangement with participating vendors;

27 (8) To exercise all other powers, not herein specifically enumer-
 28 ated, which are reasonably related or incidental to the exercise of
 29 the foregoing powers.

30 B. The commissioner may, by regulation, prescribe the manner
 31 in which and the extent to which the foregoing powers may be ex-
 32 ercised, and may, by regulation, prescribe other powers, not other-
 33 wise expressly authorized or prohibited, which banks may exercise.
 34 Regulations so made shall be directed toward creating or main-
 35 taining substantial equality between State-regulated and Federally-
 36 regulated banks, to the end that no class or group of banks shall
 37 have any substantial competitive advantage over another.

1 6. Section 155 of the act of which this act is amendatory
 2 (C. 17:9A-155) is amended to read as follows:

3 155. Procedure.

4 A. A bank may be dissolved in the manner provided by [chapter
 5 13 of Title 14 of the Revised Statutes] *sections 14A:12-3 or*
 6 *14A:12-4 of Title 14A, Corporations, General, of the New Jersey*
 7 *Statutes*, except that the filings required to be made by [section
 8 14:13-1 of the Revised Statutes] *section 14A:12-3 or 14A:12-4 of*
 9 *the New Jersey Statutes* shall be made in the department; [and
 10 the commissioner shall perform the acts therein provided to be
 11 performed by the Secretary of State] and except further, that the
 12 consent of the holders of $\frac{2}{3}$ of all the stock of the bank shall be
 13 required before a bank may effect its voluntary dissolution.

14 B. If a bank has heretofore suspended or shall hereafter suspend
 15 the transaction of its business, except that incidental to the liqui-
 16 dation and distribution of its assets, and such suspension has here-
 17 tofore continued or shall hereafter continue for a period of not less
 18 than 12 months, and such bank has not been dissolved pursuant

19 to law, the commissioner may make an order, to be filed in the
20 department, forfeiting the bank's rights, powers and privileges as
21 a corporation, and, upon such filing, the corporate rights, powers
22 and privileges of the bank shall cease, and the bank shall thereupon
23 be dissolved. This subsection shall not abridge or affect the rights
24 and powers conferred by article 42.

1 7. Section 156 of the act of which this act is amendatory
2 (C. 17:9A-156) is amended to read as follows:

3 156. Effect.

4 Upon its dissolution pursuant to section 155 or upon the filing
5 of an order of the commissioner pursuant to section 17, the bank,
6 its officers, directors, stockholders, depositors and other creditors
7 shall become and be subject to all the provisions of chapter [13 of
8 Title 14 of the Revised Statutes] *12 of Title 14A of the New Jersey*
9 *Statutes to the extent that such provisions are not inconsistent with*
10 *this act.*

1 8. Section 207 of the act of which this act is amendatory
2 (C. 17:9A-207) is amended to read as follows:

3 207. Dissolution; procedure.

4 A. If the managers of a savings bank deem it advisable and in
5 the public interest that the savings bank be dissolved, they shall,
6 by the vote of at least $\frac{2}{3}$ of all the managers, at a regular or at a
7 special meeting called for the purpose upon not less than 20 days
8 written notice, adopt a resolution to that effect.

9 B. A copy of the resolution, certified by any 2 officers of the
10 savings bank, shall be filed in the department, together with an
11 affidavit by such officers that the resolution was adopted in the
12 manner prescribed by subsection A of this section, and the com-
13 missioner shall thereupon fix a time and place for a hearing, and
14 shall require publication of notice of the impending dissolution to
15 be made in newspapers and for the period specified in section 10.

16 C. If, as a result of such hearing, and upon proof by affidavit of
17 2 officers of the savings bank that publication of the notice has been
18 made pursuant to subsection B of this section, the commissioner
19 shall determine that it is in the public interest that the savings bank
20 be dissolved, he shall make an order accordingly, to be filed in the
21 department, and shall designate a date in such order upon which
22 the dissolution shall become effective.

23 D. On and after the date so fixed by the commissioner, the sav-
24 ings bank shall be dissolved, and it shall transact no further busi-
25 ness except that concerned with the winding up of its affairs. Upon
26 its dissolution pursuant to this section, or pursuant to section 17,

27 or pursuant to any other law of this State, the managers shall
 28 become trustees in dissolution, and the savings bank, its managers
 29 and creditors, including depositors, shall be subject to the pro-
 30 visions of chapter **13** of Title 14 of the Revised Statutes. *12 of*
 31 *Title 14A of the New Jersey Statutes to the extent that such pro-*
 32 *visions are not inconsistent with this act.*

1 9. Section 284 of the act of which this act is amendatory
 2 (C. 17:9A-284) is amended to read as follows:

3 284. Distribution.

4 A. The proceeds of the liquidation of the assets of a bank, the
 5 property and business of which the commissioner has taken posses-
 6 sion, shall be distributed according to the priorities and preferences
 7 provided by chapter **14** of Title 14 of the Revised Statutes *14 of*
 8 *Title 14A, Corporations, General, of the New Jersey Statutes;*
 9 except that, in the case of a savings bank, the surplus remaining
 10 after the payment or provision for the payment of all of its liabili-
 11 ties, claims and deposits, with interest or dividends to the date
 12 when possession was taken by the commissioner, and payment of
 13 or provision for all expenses upon final distribution, shall be
 14 divided pro rata among its depositors according to the amounts of
 15 their deposits at the time such possession was taken by the com-
 16 missioner.

17 B. After the expiration of the times limited for the filing of
 18 claims and for the institution of actions upon rejected claims as
 19 provided by sections 280, 281, and 282, the commissioner may, from
 20 time to time, file an accounting in the Superior Court and apply
 21 for an order authorizing the payment of a liquidating dividend out
 22 of the funds in his hands. No distribution shall be made by the
 23 commissioner until he has accounted as provided in sections 277
 24 and 279, and judgment is entered allowing the account and directing
 25 such distribution.

26 C. Upon making final distribution, the commissioner shall file in
 27 the Superior Court a statement of such distribution, and he shall
 28 file in the department a certificate that such statement has been
 29 filed, specifying the date of such filing.

1 10. Section 337 of the act of which this act is amendatory
 2 (C. 17:9A-337) is amended to read as follows:

3 337. References to Revised Statutes and New Jersey Statutes.

4 When any section, chapter or title of the Revised Statutes *or the*
 5 *New Jersey Statutes* is cited or referred to in this act, such citation
 6 or reference shall be deemed to refer to the section, chapter or title
 7 of the Revised Statutes *or the New Jersey Statutes* as enacted and
 8 as heretofore or hereafter amended or supplemented.

1 11. Section 338 of the act of which this act is amendatory
2 (C. 17:9A-338) is amended to read as follows:

3 338. Applicability of ~~["Title 14 of the Revised Statutes"]~~ *Title 14A*
4 *of the New Jersey Statutes*.

5 Except to the extent specifically made applicable by this act, the
6 provisions of ~~["Title 14 of the Revised Statutes"]~~ *Title 14A of the*
7 *New Jersey Statutes* as enacted and as ~~["heretofore or hereafter"]~~
8 amended or supplemented shall not apply to banks and savings
9 banks.

1 12. This act shall take effect immediately .

STATEMENT.

The purpose of this bill is to provide the means for maintaining competitive parity between State banks and national banks, and to correct references in The Banking Act of 1948 to the General Corporation Law made necessary by the recent enactment of Title 14A of the New Jersey Statutes, which revises the general corporation law formerly contained in Title 14 of the Revised Statutes.