

January 25, 1971

LEGISLATIVE NOTES ON R.S. 17:9A-19
 17:9A-132 & 133
 17:9A-199
 17:9A-148
 17:9A-3.1
 17:9A-26.1

(Permits branch banks and savings banks in 3 districts)

Reports and hearings on branch banking:

974.90 N.J. Branch Bank Study Commission.
 B218 Report ... 1962.
 1962

974.90 N.J. Legislature. Senate. Business Affairs
 B218 Committee.
 1965 Public hearing on S255 thru S259.
 Held April 23, 1965.

974.90 N.J. Legislature. Assembly. Business
 B218 Affairs Committee.
 1967 Public hearing on S63, 64, 244, 299,
 446, 463, Assembly bill nos. 650, 653, 654,
 724, 726 (Banking bills). Held Sept. 6, 1967.

974.90 Cranmer, H. Jerome.
 B218
 1967a The structure of banking in New
 Jersey, 1954-1966.

L. 1968, Chapter 415 - A677
 Introduced April 25 by Moraites, Dickey, Higgins & Gavan.
 June 24 - Passed Assembly.
 November 18 - Passed Senate.
 January 17, 1969 - Approved.

Statement:

*This bill authorizes branch banks and
 savings banks in 3 districts.*

RSL/PC

ASSEMBLY, No. 677

STATE OF NEW JERSEY

INTRODUCED APRIL 25, 1968

By Assemblymen MORAITES, DICKEY, HIGGINS and GAVAN

Referred to Committee on Banking and Insurance

AN ACT to amend and supplement "An act concerning banking and banking institutions (Revision of 1948)," approved April 29, 1948 (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 19 of the act of which this act is amendatory
2 (C. 17:9A-19) is amended to read as follows:

3 19. Branch offices; locations; capital requirements.

4 A. Any bank or savings bank may, pursuant to a resolution of
5 its board of directors or board of managers, establish and main-
6 tain branch offices, subject to the conditions and limitations of
7 this article.

8 **[**B. No bank or savings bank shall establish or maintain a
9 branch office which is located outside the municipality in which
10 it maintains its principal office; except that a bank or savings
11 bank may establish and maintain a branch office or offices anywhere
12 in the same county as that in which it maintains its principal office

13 (1) when such bank is a receiving bank as defined in section
14 132 or a receiving savings bank as defined in section 205, and each
15 proposed branch will be established at a location occupied by the
16 principal office or a branch office of a merging bank, as defined
17 in section 132, or a merging savings bank, as defined in section 205;
18 or

19 (2) when each proposed branch will be established at a location
20 occupied by the principal office or a branch office of a banking
21 institution in liquidation or in contemplation of liquidation; or

22 (3) when each proposed branch will be established in a munici-
23 pality in which no banking institution has its principal office or a
24 branch office.]

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

25 *B. No bank or savings bank shall establish or maintain a branch*
26 *office which is located outside the municipality in which it maintains*
27 *its principal office; except that a bank or savings bank may estab-*
28 *lish and maintain a branch office or offices anywhere in the same*
29 *banking district as that in which it maintains its principal office:*

30 *(1) when such bank is a receiving bank as defined in section 132*
31 *or a receiving savings bank as defined in section 205, and each*
32 *proposed branch will be established at a location occupied by the*
33 *principal office or a branch office of a merging bank, as defined in*
34 *section 132; or a merging savings bank, as defined in section 205;*
35 *or*

36 *(2) when each proposed branch will be established at a location*
37 *occupied by the principal office or a branch office of a banking insti-*
38 *tution in liquidation or in contemplation of liquidation; or*

39 *(3) when each proposed branch will be established in a munici-*
40 *pality in which no banking institution has its principal office or*
41 *a branch office; except that, when a municipality has a population*
42 *of 7,500 or more, and no banking institution has its principal office*
43 *therein, a bank or savings bank may establish and maintain a*
44 *branch office or offices in such municipality notwithstanding the*
45 *presence therein of one or more branch offices of one or more bank-*
46 *ing institutions.*

47 *C. No bank shall hereafter establish a branch office unless its*
48 *capital stock and surplus shall at least equal the minimum capital*
49 *stock and surplus required by section 4 on the organization of*
50 *a bank to transact business at the location occupied by the princi-*
51 *pal office of the bank proposing to establish such branch office,*
52 *plus at least \$100,000.00 of capital stock for each branch office*
53 *maintained or proposed to be established by such bank.*

54 *D. No savings bank shall hereafter establish a branch office*
55 *unless its surplus shall at least equal the minimum capital deposits*
56 *required by section 8 on the organization of a savings bank to*
57 *transact business at the location occupied by the principal office*
58 *of the savings bank proposing to establish such branch office, plus*
59 *at least \$100,000.00 of surplus for each branch office maintained*
60 *or proposed to be established by such savings bank.*

61 *E. Nothing in this section shall affect the continued maintenance*
62 *of any branch office lawfully in operation on the effective date of*
63 *this act.*

64 *F. For the purposes of this article and of articles 21 and 31,*
65 *3 banking districts are hereby established in this State, to be known*
66 *respectively as the first banking district, the second banking district*
67 *and the third banking district. The first banking district shall*

68 *consist of the counties of Bergen, Essex, Hudson, Morris, Passaic,*
 69 *Sussex and Warren. The second banking district shall consist of*
 70 *the counties of Hunterdon, Mercer, Middlesex, Monmouth,*
 71 *Somerset and Union. The third banking district shall consist of*
 72 *the counties of Atlantic, Burlington, Camden, Cape May, Cumber-*
 73 *land, Gloucester, Ocean and Salem.*

1 2. Section 132 of the act of which this act is amendatory
 2 (C. 17:9A-132) is amended to read as follows:

3 132. Definitions.

4 As used in this article.

5 (1) "merging bank" means a bank which is merged, or which
 6 is in process of being merged, into another bank; and, in a case
 7 where a national banking association is merged into or consoli-
 8 dated with, or is in process of being merged into or consolidated
 9 with, a bank under the charter of such bank, "merging bank" also
 10 means such national banking association;

11 (2) "receiving bank" means a bank into which one or more
 12 other banks are merged, or are in process of being merged; and,
 13 in a case where a national banking association is merged into or
 14 consolidated with, or is in process of being merged into or consoli-
 15 dated with, a bank under the charter of such bank, "receiving
 16 bank" also means the bank into which such national banking
 17 association is merged or consolidated, or is in process of being
 18 merged or consolidated;

19 (3) "banking district" means a banking district as established
 20 by section 19.

1 3. Section 133 of the act of which this act is amendatory
 2 (C. 17:9A-133) is amended to read as follows:

3 133. What banks may merge.

4 Any 2 or more banks, all of which have their principal offices
 5 in the same [county] *banking district* may, with the approval of
 6 the commissioner, merge one or more of them into another of
 7 them as provided in this article.

1 4. Section 199 of the act of which this act is amendatory
 2 (C. 17:9A-199) is amended to read as follows:

3 199. What *savings* banks may merge.

4 Any 2 or more savings banks, all of which have their principal
 5 offices in the same [county] *banking district* may, with the ap-
 6 proval of the commissioner, merge one or more of them into an-
 7 other of them, as provided herein.

1 5. Section 148 of the act of which this act is amendatory
 2 (C. 17:9A-148) is amended to read as follows:

3 148. Merger or consolidation of banks and national banking
4 associations; definition of "applicable Federal law."

5 A. As used in subsection B of this section, "applicable Federal
6 law" means the laws of the United States, as presently enacted
7 and as hereafter from time to time supplemented or amended,
8 governing the merger or consolidation of a bank organized under
9 State laws into a national banking association, under the charter
10 of such association; and, as used in subsection C of this section,
11 "applicable Federal law" means the laws of the United States,
12 as presently enacted and as hereafter from time to time supple-
13 mented or amended, governing the merger or consolidation of a
14 national banking association into a bank organized under State
15 laws, under the charter of such bank.

16 B. One or more banks may, without the approval of the commis-
17 sioner or of any other officer, department, board or agency of this
18 State, merge into or consolidate with a national banking association
19 under the charter of such association, with the approval of the
20 holders of at least $\frac{2}{3}$ of the capital stock of each such bank entitled
21 to vote. A majority of the directors of each such bank shall, within
22 10 days after such approval has been given, file in the department
23 a certificate over their signatures that such approval has been
24 given, and that the bank intends to act in pursuance thereof.
25 Except as otherwise provided in subsection D of this section, a
26 merger or consolidation authorized by this subsection shall be
27 effected solely in the manner and with the effect provided by
28 applicable Federal law, and no such merger or consolidation shall
29 be subject to sections 132 through 147 or to any other law of
30 this State; but a copy of the agreement or merger or consolidation
31 certified by the comptroller of the currency shall be evidence, and
32 may be recorded, as provided by sections 138. Upon the taking
33 effect of the merger or consolidation, the bank shall be deemed to
34 have surrendered its charter.

35 C. One or more national banking associations, or one or more
36 national banking associations together with one or more banks
37 may, with the approval of the commissioner as provided by section
38 136, merge into a bank, or many consolidate with a bank under the
39 charter of such bank. Each bank which is a party to such a merger
40 or consolidation as a merging bank or as the receiving bank shall,
41 in all respects, comply with and be subject to the provisions of
42 sections 134 through 147, in the same manner and with the same
43 effect as if all the parties to such merger or consolidation were
44 banks; the rights, duties, obligations, powers and privileges of
45 each such bank, whether such bank is a merging bank or the

46 receiving bank, and of its or their depositors, other creditors, stock-
47 holders and all other persons in interest, shall be as prescribed
48 and defined by sections 134 through 137; and except as in this
49 subsection otherwise provided in respect to national banking asso-
50 ciations, every provision contained in sections 134 through 137 shall
51 be applicable to a merger or consolidation effected pursuant to
52 this subsection, notwithstanding that a national banking associa-
53 tion is a party to such a merger or consolidation. Each national
54 banking association which is a party to a merger or consolidation
55 authorized by this subsection shall comply with and be subject
56 to the provisions of applicable Federal law, and the rights, duties,
57 obligations, powers and privileges of such national banking asso-
58 ciation, and of its depositors, other creditors, stockholders and
59 all other persons in interest, shall be as prescribed and defined
60 by such applicable Federal law.

61 D. No merger or consolidation shall be effected pursuant to sub-
62 section B or subsection C of this section unless

63 (1) all the parties thereto have their principal offices in the same
64 **[county]** *banking district*; and

65 (2) national banking associations may, under the laws of the
66 United States, merge into or consolidate with a bank organized
67 under State laws, without approval by any United States authority
68 *other than an authority empowered by United States law to ap-*
69 *prove or disapprove of a merger between, or a consolidation of,*
70 *State-chartered banks.*

1 6. No officer, director or employee of any bank may be, directly
2 or indirectly, an incorporator of another bank.

1 7. No savings bank incorporated in this State or under the laws
2 of another state or jurisdiction may be directly or indirectly a
3 capital depositor in, or the purchaser of capital debentures of,
4 another savings bank in this State.

1 8. This act shall take effect 6 months from the date of its
2 approval.

STATEMENT

This bill authorizes branch banks and savings banks in 3 districts.