

17:16I-8

**LEGISLATIVE HISTORY CHECKLIST**  
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(Financial institutions--  
clarify payments from third  
party accounts)

NJSA: 17:16I-8

LAWS OF: 1995 CHAPTER: 372

BILL NO: A2359

SPONSOR(S): Bateman

DATE INTRODUCED: December 1, 1994

COMMITTEE: ASSEMBLY: Financial Institutions

SENATE: State Management

AMENDED DURING PASSAGE: Yes Amendments during passage  
First reprint enacted denoted by superscript numbers

DATE OF PASSAGE: ASSEMBLY: June 12, 1995

SENATE: December 21, 1995

DATE OF APPROVAL: January 5, 1996

**FOLLOWING STATEMENTS ARE ATTACHED IF AVAILABLE:**

SPONSOR STATEMENT: Yes (Below)

COMMITTEE STATEMENT: ASSEMBLY: Yes

SENATE: Yes

FISCAL NOTE: No

VETO MESSAGE: No

MESSAGE ON SIGNING: No

**FOLLOWING WERE PRINTED:**

REPORTS: No

HEARINGS: No

Sponsor's statement:

This bill clarifies the rights of the parties to a multiple-party account by permitting payment of the entire account balance to judgement creditors and trustees in bankruptcy of any party to the account.

KBP:pp

17:16I-8  
CHAPTER 372  
A2359  
Bateman  
June 12, 1995  
December 21, 1995  
January 5, 1996  
Yes (Below)  
Yes  
Yes  
No  
No  
No  
No  
No  
No  
No

[FIRST REPRINT]  
ASSEMBLY, No. 2359  
STATE OF NEW JERSEY

INTRODUCED DECEMBER 1, 1994

By Assemblyman BATEMAN

1 AN ACT concerning payments from multiple-party accounts and  
2 amending P.L.1979, c.491.

3

4 BE IT ENACTED *by the Senate and General Assembly of the*  
5 *State of New Jersey:*

6 1. Section 8 of P.L.1979, c.491 (C.17:16I-8) is amended to read  
7 as follows:

8 8. Financial institutions may enter into multiple-party  
9 accounts to the same extent that they may enter into  
10 single-party accounts. [Any multiple-party account may be paid,  
11 on request, to any one or more of the parties.] The following  
12 payments from a multiple-party account by the financial  
13 institution, including payment of the entire account balance, are  
14 deemed authorized by all parties to, and any other person with an  
15 interest in, the multiple-party account, without any duty on the  
16 part of the financial institution to consider the net contributions  
17 of the parties to the account:

18 a. Payments, on request, to any one or more of the parties:

19 b. Payments pursuant to any statutory or common law right of  
20 set off, levy, attachment or other valid legal process or court  
21 order, relating to the interest of any one or more of the parties;  
22 and

23 c. Payments, on request, to a trustee in bankruptcy, receiver  
24 in any state or federal insolvency proceeding, or other duly  
25 authorized insolvency representative of any one or more of the  
26 parties.

27 A financial institution shall not be required to inquire as to the  
28 source of funds received for deposit to a multiple-party account,  
29 or to inquire as to the proposed application of any sum withdrawn  
30 from an account, for purposes of establishing net contributions.

31 <sup>1</sup>Notice that the entire account balance is subject to  
32 subsections b. and c. of this section shall be given to the parties  
33 by the financial institution, either in the account agreement or by  
34 separate document, in the manner the Commissioner of Banking  
35 may direct by regulation. Any account for which notice is not  
36 given shall not be subject to the terms of subsection b. or c. of  
37 this section.<sup>1</sup>

38 (cf: P.L.1979, c.491, s.8)

39 2. This act shall take effect <sup>1</sup>[on the 90th day following  
40 enactment] immediately and shall apply to all multiple-party  
41 accounts opened on or after the effective date of this act upon  
42 provision of the notice required pursuant to section 1 of this act.  
43 This act shall apply to all multiple-party accounts opened prior to

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 underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

<sup>1</sup> Assembly AFI committee amendments adopted March 27, 1995.

1 the effective date of this act on the 90th day after the notice  
2 required pursuant to section 1 of this act is provided to the  
3 parties to the account<sup>1</sup>.

4

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8 Clarifies rights to payments from multiple-party accounts.

ASSEMBLY, No. 2359

STATE OF NEW JERSEY

INTRODUCED DECEMBER 1, 1994

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4 BE IT ENACTED by the Senate and General Assembly of the  
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12 payments from a multiple-party account by the financial  
13 institution, including payment of the entire account balance, are  
14 deemed authorized by all parties to, and any other person with an  
15 interest in, the multiple-party account, without any duty on the  
16 part of the financial institution to consider the net contributions  
17 of the parties to the account:

18 a. Payments, on request, to any one or more of the parties;

19 b. Payments pursuant to any statutory or common law right of  
20 set off, levy, attachment or other valid legal process or court  
21 order, relating to the interest of any one or more of the parties;  
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23 c. Payments, on request, to a trustee in bankruptcy, receiver  
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25 authorized insolvency representative of any one or more of the  
26 parties.

27 A financial institution shall not be required to inquire as to the  
28 source of funds received for deposit to a multiple-party account,  
29 or to inquire as to the proposed application of any sum withdrawn  
30 from an account, for purposes of establishing net contributions.

31 (cf: P.L.1979, c.491, s.8)

32 2. This act shall take effect on the 90th day following  
33 enactment.

34  
35  
36 STATEMENT

37  
38 This bill clarifies the rights of the parties to a multiple-party  
39 account by permitting payment of the entire account balance to  
40 judgment creditors and trustees in bankruptcy of any party to the  
41 account.

42  
43  
44  
45  
46 Clarifies rights to payments from multiple-party accounts

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 underlined thus is new matter.

ASSEMBLY FINANCIAL INSTITUTIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2359

with committee amendments

STATE OF NEW JERSEY

DATED: MARCH 27, 1995

The Assembly Financial Institutions Committee reports favorably and with committee amendments, Assembly, No. 2359.

This bill, as amended, clarifies the rights of the parties to a multiple-party financial institution account by permitting payment of the entire account balance to judgment creditors and trustees in bankruptcy of any party to the account. Currently, payment of the entire account balance is permitted, upon request, to any one or more of the parties to the account without the financial institution being required to inquire as to the source of funds for purposes of establishing net contributions to the account.

This bill is not intended to make any inferences as to the existing case law. If the required notice is not given for a particular account, the provisions of subsections b. and c. of section 1 of the bill will not apply to that account, which will continue to be governed by the existing case law.

The amendments to the bill require that notice that the entire account balance is subject to the provisions enumerated in subsections b. and c. of section 1 of the bill shall be given to the parties to the multiple-party account by the financial institution pursuant to regulations promulgated by the Commissioner of Banking.

SENATE STATE MANAGEMENT, INVESTMENTS AND  
FINANCIAL INSTITUTIONS COMMITTEE

STATEMENT TO

[FIRST REPRINT]

ASSEMBLY, No. 2359

STATE OF NEW JERSEY

DATED: NOVEMBER 9, 1995

The Senate State Management, Investments and Financial Institutions Committee reports favorably Assembly, No. 2359(1R).

This bill clarifies the rights of the parties to a multiple-party financial institution account by permitting payment of the entire account balance to judgment creditors (subsection b.) and trustees in bankruptcy of any party to the account (subsection c.). Currently, payment of the entire account balance is permitted, upon request, only to any one or more of the parties to the account without the financial institution being required to inquire as to the source of funds for purposes of establishing net contributions to the account (subsection a.).

If the required notice is not given for a particular account, the provisions of subsections b. and c. of section 1 of the bill will not apply to that account, which will continue to be governed by the existing case law.