

LEGISLATIVE HISTORY OF R.S. 17:9A-344 through 346
(Bank stock-limitation of ownership)

L.1957 - chap.70 - See legislative history dated May 8, 1967
on 17:9A-344 (enclosed).

Amended by:

L.1968 - chap.416 - A679 (17:9A-345, 346)
Apr.25 - Introduced by Moraites, Higgins and Gavan
Not amended during passage.
Statement on bill (copy enclosed).

L.1968 - chap426 - S942 (17:9A-344, 345.1, 345.2)
Nov.15 - Introduced by Miller and others.
Not amended during passage.
Statement on bill. (copy enclosed)

Hearings and Reports

974.90 New Jersey. Legislature. Senate. Business
B218 Affairs Committee.
1965 Public hearing on Senate bills no.255-
259 (Banking Bills). Held... April 23, 1965.

974.90 New Jersey. Legislature. Assembly. Committee
B218 on Business Affairs.
1967 Public hearing on banking bills.

Previous bills: Beginning in 1963, bills were introduced on the
subject of limitation of ownership of bank stock. All
failed of passage. Some were among the banking bills on
which public hearings were held in 1965 and 1967. The public
hearings cited above are enclosed.

Newspaper clippings (attached)

Milch, Alexander. "Commissioner Howell Backs State Banking
Law Reform" Newark Evening News March 23, 1967.

"Dangerous bank bills" [editorial] Asbury Park Press
April 30, 1967.

ASSEMBLY, No. 679

STATE OF NEW JERSEY

INTRODUCED APRIL 25, 1968

By Assemblymen MORAITES, HIGGINS and GAVAN

Referred to Committee on Banking and Insurance

AN ACT to amend "An act concerning the ownership of bank stock in certain cases, defining certain terms in relation thereto, imposing certain restrictions on such ownership, providing for the enforcement of the act and for punishment for violations thereof," approved June 5, 1957 (P. L. 1957, c. 70).

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

1 1. Section 2 of the act of which this act is amendatory
2 (C. 17:9A-345) is amended to read as follows:

3 2. Except as otherwise provided by sections 3 and 4 of this act,

4 (a) No company which owns more than 25% of the stock of any
5 bank shall acquire ownership of **[any]** *more than 10% of the stock*
6 *of another bank if, at the time of such acquisition, or if, as a result*
7 *of such acquisition, the company owns, or would own, more than*
8 *10% of the stock of [such other bank, or if such acquisition would*
9 *cause the company to own more than 10% of the stock of such other*
10 *bank]* *each of 2 or more banks whose aggregate average deposits*
11 *exceed 20% of the aggregate average deposits of all banks other*
12 *than savings banks transacting business in this State as of the 2*
13 *call dates for which published figures are available next preceding*
14 *such acquisition; and*

15 (b) *No company which owns more than 25% of the stock of any*
16 *bank located outside of this State shall own or acquire ownership*
17 *of more than 5% of the stock of a bank located in this State.*

18 *Acquisition of ownership of more than a stated percentage of*
19 *the stock of a bank shall include any acquisition of one or more*
20 *shares after which the company owns more than the stated*
21 *percentage.*

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

22 In applying this section to a company, all bank stock owned by
 23 a subsidiary of such company and by the parent company of such
 24 company, shall be deemed to be owned by such company.

1 2. Section 3 of the act of which this act is amendatory
 2 (C. 17:9A-346) is amended to read as follows:

3 3. Nothing in this act shall apply to bank stock which a company,
 4 lawfully acting in fiduciary capacity, acquires otherwise than
 5 through investment by such company, as an incident of the dis-
 6 charge of its duties as (a) guardian or coguardian of the estate of
 7 any person; (b) administrator or coadministrator, with or without
 8 the will annexed, of a decedent's estate; (c) executor or coexecutor
 9 of a will; (d) original, substituted or successor trustee or cotrustee
 10 of a testamentary trust; (e) original, substituted or successor
 11 trustee or cotrustee of an irrevocable nontestamentary trust created
 12 by one settlor and consisting solely of the settlor's property; (f)
 13 receiver or coreceiver; or (g) as assignee or coassignee for the
 14 benefit of creditors; nor shall anything in this act apply (*h*) to bank
 15 stock invested in by such company in administering a testamentary
 16 trust, or in administering a nontestamentary trust of the nature
 17 described in subdivision (e) above set forth in this section, if the
 18 instrument creating either such type of trust expressly authorizes
 19 investment in the bank stock so invested in; *or (i) to bank stock*
 20 *acquired by a company in the regular course of securing a debt*
 21 *previously contracted in good faith, but any shares so acquired*
 22 *shall be disposed of within 2 years after the date of such acquisi-*
 23 *tion; or (j) additional stock acquired by a company in a bank a*
 24 *majority of whose stock was owned by such company prior to such*
 25 *acquisition. A company acquiring bank stock in a manner expressed*
 26 *in this section shall be exempt from all the provisions of this act*
 27 *in respect to all such stock so acquired, and such stock shall not*
 28 *be deemed to be owned by such company within the meaning of this*
 29 *act. Nothing in this section shall be construed as authorizing any*
 30 *fiduciary to make any investment not otherwise authorized by law.*

1 3. This act shall take effect immediately.

STATEMENT

The purpose of this bill is to authorize the formation of State-wide New Jersey Bank Holding Companies. It would result in New Jersey banks being able to offer larger loaning facilities and more varied types of loans and other services, thus attracting much business which is now diverted outside the State. It would stimulate the economy of the State and result in more business and more employment.