

SENATE, No. 674

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 5, 1996

By Senators INVERSO and LYNCH

1 AN ACT concerning banking institution names and amending P.L.1948,
2 c.67.

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

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7 1. Section 18 of P.L.1948, c.67 (C.17:9A-18) is amended to read
8 as follows:

9 18. A. The name of every bank shall contain the word "bank" or
10 "banking" or "trust," or a combination of the words "bank" or
11 "banking" and "trust," except that no bank which is not qualified to
12 exercise any of the powers specified in section 28 shall use the word
13 "trust" as part of its name. Any bank which, immediately prior to the
14 effective date of this act, lawfully used the word "savings" as part of
15 its name, may continue the use thereof, but no other bank shall
16 hereafter use such word as part of its name.

17 B. The name of every savings bank shall contain the words
18 "savings bank" or "savings fund society" or "savings institution" or
19 "institution for savings" or "bank for savings." Any savings bank
20 which, immediately prior to the effective date of this act, lawfully used
21 the word "trust" as part of its name, may continue the use thereof,
22 but no other savings bank shall hereafter use such word as part of its
23 name.

24 C. No bank or savings bank shall assume a name identical with that
25 of an existing banking institution, or so similar thereto that confusion
26 may result therefrom; except that, if a bank or savings bank is
27 organized to succeed another bank or savings bank pursuant to section
28 16, it may adopt the name of the bank or savings bank which it
29 succeeds.

30 D. No person, other than an entity permitted to do so by the
31 commissioner by rule or order, a banking institution or bank holding
32 company, shall use the words "bank" or "banker" or "banking" or
33 "trust" or "savings" or any of them, as part of his or its name, or in
34 any representations describing his or its powers, services or functions,

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.

1 except as otherwise permitted by law. A violation of the provisions of
2 this subsection shall be a misdemeanor, and the Superior Court shall
3 have jurisdiction to enjoin such violation at the suit of the
4 commissioner.

5 E. The provisions of subsection D of this section shall not apply to
6 any corporation or association formed for the purpose of promoting
7 the interests of banking institutions, the membership of which is
8 comprised of banking institutions, their officers or other
9 representatives; nor shall the said subsection apply to any partnership,
10 association, or corporation, which, on the effective date of this act,
11 lawfully used the words "bank," "banker," "banking," "trust," or
12 "savings," or any of them, as part of its name.

13 F. The provisions of subsection D of this section shall not prevent
14 the use of the word "savings" by a building and loan association or
15 a savings and loan association, or by a corporation or association
16 formed for the purpose of promoting the interests of building and loan
17 associations or savings and loan associations, the membership of
18 which is comprised of building and loan or savings and loan
19 associations, their officers or other representatives.

20 G. The provisions of subsection D of this section shall not prevent
21 the use of the word "trust" by a Real Estate Investment Trust as
22 defined in 26 U.S.C. §856.

23 (cf: P.L.1985, c.528, s.13)

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25 2. This act shall take effect immediately.

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STATEMENT

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30 This bill would provide the Commissioner of Banking authority to
31 permit, by rule or order, an entity other than a banking institution to
32 use certain terms in its name. In addition, it would permit a Real
33 Estate Investment Trust to use the term, "trust," in its name without
34 first obtaining the permission of the commissioner. Currently only
35 banking institutions or bank holding companies may use the words
36 "bank," "banker," "banking," "trust," or "savings" as part of its name.

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42 Permits use of certain banking institution terms by entities other than
banking institutions under certain circumstances.