

SENATE, No. 3701

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED APRIL 26, 2021

Sponsored by:

Senator DAWN MARIE ADDIEGO

District 8 (Atlantic, Burlington and Camden)

SYNOPSIS

Concerns participation in certain meetings by means of remote communication during state of emergency declared by the Governor.

CURRENT VERSION OF TEXT

As introduced.



S3701 ADDIEGO

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1 AN ACT concerning certain remote meetings and amending
2 N.J.S.14A:5-1, N.J.S.15A:5-1 and P.L.1948, c.67.

3
4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6
7 1. N.J.S.14A:5-1 is amended to read as follows:
8 14A:5-1. Place of shareholders' meetings.

9 (1) Meetings of shareholders of every corporation organized for
10 any purpose under any general or special law of this State may,
11 unless otherwise provided by law, be held at such place, within or
12 without this State, as may be provided in the by-laws or as may be
13 fixed by the board pursuant to authority granted by the by-laws. In
14 the absence of any such provision, all meetings shall be held at the
15 registered office of the corporation. During a state of emergency
16 declared by the Governor, a meeting of shareholders may be held
17 solely by means of remote communication and not in any physical
18 location to the extent the board authorizes and adopts guidelines
19 and procedures governing such a meeting. A meeting of
20 shareholders may be held solely by means of remote
21 communication even if the state of emergency ends prior to the day
22 and hour of the meeting if the notice to shareholders for such
23 meeting is sent or disseminated to shareholders within 14 calendar
24 days after the end of the state of emergency. Any corporation with
25 securities registered under the "Securities Exchange Act of 1934,"
26 15 U.S.C. s.78a et seq., which has provided written notice to its
27 shareholders of a meeting of shareholders at a physical location
28 may, on a day at which a state of emergency is in effect, notify
29 shareholders of a change of meeting location to a meeting solely by
30 means of remote communication and any change in date and time of
31 such meeting without the necessity of providing each shareholder
32 with the written notice required by N.J.S.14A:5-4, provided that 10
33 calendar days prior to the meeting, the corporation issues a press
34 release announcing the change or changes and files a notice
35 announcing the change or changes electronically with the Securities
36 and Exchange Commission.

37 (2) One or more shareholders may participate in a meeting of
38 shareholders by means of remote communication to the extent the
39 board authorizes that participation. Shareholder meetings
40 conducted in part or solely by means of remote communication in
41 reliance upon this subsection and any shareholder's remote
42 participation in those meetings shall be subject to those guidelines
43 and procedures as the board adopts, and shall be in conformity with
44 subsection 14A:5-1(3).

45 (3) A shareholder participating in a meeting of shareholders by

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 means of remote communication in reliance upon subsection 14A:5-
2 1(1) shall be deemed present in person and shall be entitled to vote
3 at the meeting regardless of whether that meeting is held at a
4 designated place or solely by means of remote communication. In
5 any shareholder meeting conducted in part or solely by means of
6 remote communication in reliance upon subsection 14A:5-1(1), the
7 corporation shall implement reasonable measures to:

8 (a) verify that each person participating remotely is a
9 shareholder or a proxy of a shareholder;

10 (b) provide each shareholder participating remotely with a
11 reasonable opportunity to participate in the meeting, including an
12 opportunity to vote on matters submitted to the shareholders, and to
13 read or hear the proceedings of the meeting substantially
14 concurrently with those proceedings; and

15 (c) record and maintain a record of any shareholder votes or
16 other actions taken by remote communication at the meeting.

17 (cf: P.L.2020, c.15, s.1.)

18
19 2. N.J.S.15A:5-1 is amended to read as follows:

20 15A:5-1. a. Meetings of members of every corporation
21 organized under this title may, unless otherwise provided by law, be
22 held at a place, within or without this State, as may be provided in
23 the bylaws or as may be fixed by the board pursuant to authority
24 granted by the bylaws. In the absence of such a provision, all
25 meetings of members shall be held at the registered office of the
26 corporation. During a state of emergency declared by the Governor,
27 a meeting of members may be held by means of remote
28 communication to the extent the board authorizes and adopts
29 guidelines and procedures governing such a meeting.

30 b. One or more members may participate in a meeting by
31 means of remote communication to the extent the board authorizes
32 that participation. Meetings conducted in part or solely by means of
33 remote communication in reliance upon this subsection and any
34 member's remote participation in those meetings shall be subject to
35 those guidelines and procedures as the board adopts, and shall be in
36 conformity with subsection c. of this section.

37 c. A member participating in a meeting of members by means
38 of remote communication in reliance upon subsection a. of this
39 section shall be deemed present in person and shall be entitled to
40 vote at the meeting regardless of whether that meeting is held at a
41 designated place or solely by means of remote communication. In
42 any meeting conducted in part or solely by means of remote
43 communication in reliance upon subsection a. of this section, the
44 corporation shall implement reasonable measures to:

45 (1) verify that each person participating remotely is a member or
46 a proxy of a member;

S3701 ADDIEGO

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1 (2) provide each member participating remotely with a
2 reasonable opportunity to participate in the meeting, including an
3 opportunity to vote on matters submitted to the members, and to
4 read or hear the proceedings of the meeting substantially
5 concurrently with those proceedings; and

6 (3) record and maintain a record of any votes or other actions
7 taken by remote communication at the meeting.

8 d. A meeting currently noticed for a physical location may be
9 changed to a meeting conducted by remote communication by
10 providing notice of the day and hour of the meeting, the nature of
11 the business to be transacted, and the means of remote
12 communication to be used in a document posted by the corporation
13 on its website in a prominent location. A meeting noticed during a
14 state of emergency to be held by means of remote communication
15 may be held by means of remote communication even if the state of
16 emergency ends prior to the day and hour noticed for the meeting.

17 (cf: P.L.2020, c.20, s.1)

18
19 3. Section 81 of P.L.1948, c.67 (C.17:9A-81) is amended to
20 read as follows:

21 81. Stockholders' meetings; notice. Notice of all meetings of
22 stockholders shall be given to the stockholders not less than 10 nor
23 more than 60 days prior thereto, by mail, postage prepaid, addressed
24 to each stockholder at his address as it appears on the books of the
25 bank. The notice shall specify the place, day and hour of the
26 meeting and the nature of the business to be transacted. If
27 participation by stockholders by means of remote communication
28 has been authorized pursuant to subsection b. of section 83 of
29 P.L.1948, c.67 (C.17:9A-83), the notice to stockholders shall
30 describe the means of remote communication to be used. Except as
31 otherwise provided by section 79, no business may be transacted at
32 any meeting except that specified in the notice of the meeting.

33 (cf: P.L.1986, c.186, s.4)

34
35 4. Section 83 of P.L.1948, c.67 (C.17:9A-83) is amended to
36 read as follows:

37 83. a. Any meeting of stockholders may be held at the principal
38 office of the bank, or at any branch office, or at any place other than
39 the principal office or a branch office, provided such other place is
40 in a municipality in which the bank maintains its principal office or
41 a branch office. Each meeting shall be convened at such hour as is
42 fixed by the by-laws, or, if not so fixed, at such hour as shall be
43 stated in the call for the meeting. Any meeting may be adjourned
44 from time to time for any period of time and to any place where it is
45 lawful to hold a meeting. When any meeting is adjourned, it shall
46 not be necessary to give any notice of the adjourned meeting.

b. (1) During a state of emergency declared by the Governor, a meeting of stockholders may be held by means of remote communication. A meeting currently noticed for a physical location may be changed to a meeting conducted by remote communication by providing notice of the day and hour of the meeting, the nature of the business to be transacted, and the means of remote communication to be used in a document filed by the bank with the Department of Banking and Insurance and posted on the bank's website in a prominent location. A meeting noticed during a state of emergency to be held by means of remote communication may be held by means of remote communication even if the state of emergency ends prior to the day and hour noticed for the meeting.

(2) A stockholder participating in a meeting of stockholders by means of remote communication in reliance upon paragraph (1) of this subsection shall be deemed present in person and shall be entitled to vote at the meeting. In any meeting conducted in part or solely by means of remote communication in reliance upon paragraph (1) of this subsection, the bank shall implement reasonable measures to:

(a) verify that each person participating remotely is a stockholder or a proxy of a stockholder;

(b) provide each stockholder participating remotely with a reasonable opportunity to participate in the meeting, including an opportunity to vote on matters submitted to the stockholders, and to read or hear the proceedings of the meeting substantially concurrently with those proceedings; and

(c) record and maintain a record of any votes or other actions taken by remote communication at the meeting.

(cf: P.L.1954, c.142, s.2)

5. This act shall take effect immediately.

STATEMENT

This bill permits certain stockholders to participate in meetings by means of remote communication during a state of emergency declared by the Governor.

Under the bill, a bank stockholder meeting currently noticed for a physical location may be changed to a meeting conducted by remote communication by providing notice of the day and hour of the meeting, the nature of the business to be transacted, and the means of remote communication to be used in a document filed by the bank with the Department of Banking and Insurance and posted on the bank's website in a prominent location. A meeting noticed during a state of emergency to be held by means of remote communication may be held by means of remote communication

S3701 ADDIEGO

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1 even if the state of emergency ends prior to the day and hour
2 noticed for the meeting.

3 The bill provides that a stockholder participating in a meeting of
4 stockholders by means of remote communication shall be deemed
5 present in person and shall be entitled to vote at the meeting. In any
6 meeting conducted in part or solely by means of remote
7 communication, the bank is required to implement reasonable
8 measures to:

9 (a) verify that each person participating remotely is a
10 stockholder or a proxy of a stockholder;

11 (b) provide each stockholder participating remotely with a
12 reasonable opportunity to participate in the meeting, including an
13 opportunity to vote on matters submitted to the stockholders, and to
14 read or hear the proceedings of the meeting substantially
15 concurrently with those proceedings; and

16 (c) record and maintain a record of any votes or other actions
17 taken by remote communication at the meeting.

18 The bill provides that, with regard to remote meetings conducted
19 by for-profit corporations, during a state of emergency declared by
20 the Governor, a meeting of shareholders may be held solely by
21 means of remote communication and not in any physical location to
22 the extent the board authorizes and adopts guidelines and
23 procedures governing such a meeting. Meetings of shareholders
24 may be held solely by means of remote communication even if the
25 state of emergency ends prior to the day and hour of the meeting,
26 provided that certain information is disseminated. The bill also
27 allows for corporations with securities registered under the
28 "Securities Exchange Act of 1934" to conduct meetings solely by
29 means of remote communication under certain circumstances.

30 The bill provides that, with regard to remote meetings conducted
31 by nonprofit corporations, a meeting noticed for a physical location
32 may be changed to a meeting conducted by remote communication
33 by providing notice of the day and hour of the meeting, the nature
34 of the business to be transacted, and the means of remote
35 communication to be used in a document posted by the corporation
36 on its website in a prominent location. Further, a meeting noticed
37 during a state of emergency to be held by means of remote
38 communication may be held by means of remote communication
39 even if the state of emergency ends prior to the day and hour
40 noticed for the meeting.