

SENATE STATE GOVERNMENT, WAGERING, TOURISM &
HISTORIC PRESERVATION COMMITTEE

STATEMENT TO

SENATE, No. 4262

STATE OF NEW JERSEY

DATED: OCTOBER 15, 2026

The Senate State Government, Wagering, Tourism & Historic Preservation Committee reports favorably Senate Bill No. 4262.

This bill requires that funds received by the State or other government entity from lawsuits in which the Attorney General participated would be required to be held in escrow in certain financial institutions.

The bill applies to money damages, civil fines, monetary restitution, settlement funds, or other proceeds relating to the litigation. The Department of Banking and Insurance (the department) would maintain a directory of financial institutions in New Jersey approved by the department for this purpose.

Under the bill, the Attorney General, in consultation with the State Treasurer, would provide that at least 50 percent of such funds be deposited in a financial institution that meets certain requirements. The financial institution is required to:

- maintain at least 15 percent of its total deposits in the State, as set forth in the most recent Deposit Market Share Report published on the website of the Federal Deposit Insurance Corporation;

- be licensed or otherwise authorized to do business in this State by the department and listed by the department as an approved financial institution;

- provide escrow, trust, or custody services in the usual course of business and have appropriate expertise, as determined by the department, to open and operate an account holding proceeds of litigation conducted by the State or other government entity;

- not accept for deposit any proceeds of such litigation that constitute more than 10 percent of the financial institution's total deposits; and

- maintain total deposits of at least \$1 billion.

Under the bill, any financial institution approved by the Supreme Court of New Jersey to hold attorney trust accounts would be presumptively approved by the department to also hold the funds regulated under the bill. Currently, under the Rules of Court, every attorney who practices in the State must keep an attorney trust account in a financial institution in the State. This bill imposes a similar requirement for litigation where the State is a party.