

ASSEMBLY BILL NO. 10—COMMITTEE OF THE WHOLE

JULY 21, 2003

Declared an Emergency Measure

SUMMARY—Makes various changes to provisions concerning financial practices. (BDR 7-24)

FISCAL NOTE: Effect on Local Government: No.  
Effect on the State: Yes.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to financial practices; providing a penalty for a person who willfully offers into evidence as genuine certain fraudulent records or who willfully destroys or alters certain records under certain circumstances; increasing the penalty for certain securities violations; extending the civil and criminal statutes of limitations for certain securities violations; excluding the performance of certain internal audits pertaining to certain gaming licensees by certain independent accountants; and providing other matters properly relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN  
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

- 1     **Section 1.** Chapter 90 of NRS is hereby amended by adding  
2     thereto a new section to read as follows:  
3     *In any investigation, proceeding or prosecution with respect to*  
4     *any violation of a provision of this chapter, a regulation adopted*  
5     *pursuant to this chapter, an order denying, suspending or*  
6     *revoking the effectiveness of registration or an order to cease and*  
7     *desist issued by the Administrator, a person shall not willfully:*  
8     1. *Offer or procure to be offered into evidence, as genuine,*  
9     *any book, paper, document or record if the person knows that the*  
10    *book, paper, document or record has been forged or fraudulently*  
11    *altered; or*



1       2. Destroy, alter, erase, obliterate or conceal, or cause to be  
2 destroyed, altered, erased, obliterated or concealed, any book,  
3 paper, document or record, including, without limitation, any  
4 electronic record, with the intent to:

5       (a) Conceal any violation of any provision of this chapter, a  
6 regulation adopted pursuant to this chapter, an order denying,  
7 suspending or revoking the effectiveness of registration or an  
8 order to cease and desist issued by the Administrator;

9       (b) Protect or conceal the identity of any person who has  
10 violated any provision of this chapter, a regulation adopted  
11 pursuant to this chapter, an order denying, suspending or  
12 revoking the effectiveness of registration or an order to cease and  
13 desist issued by the Administrator; or

14       (c) Delay or hinder the investigation or prosecution of any  
15 person for any violation of any provision of this chapter, a  
16 regulation adopted pursuant to this chapter, an order denying,  
17 suspending or revoking the effectiveness of registration or an  
18 order to cease and desist issued by the Administrator.

19       **Sec. 2.** NRS 90.650 is hereby amended to read as follows:

20       90.650 1. A person who willfully violates:

21       (a) A provision of this chapter, except NRS 90.600, or who  
22 violates NRS 90.600 knowing that the statement made is false or  
23 misleading in any material respect;

24       (b) A regulation adopted pursuant to this chapter; or

25       (c) An order denying, suspending or revoking the effectiveness  
26 of registration or an order to cease and desist issued by the  
27 Administrator pursuant to this chapter,

28 is guilty of a category ~~[C]~~ **B** felony and shall be punished ~~as~~  
29 ~~provided in NRS 193.130.]~~ **by imprisonment in the state prison for**  
30 **a minimum term of not less than 1 year and a maximum term of**  
31 **not more than 20 years,** or by a fine of not more than ~~[\$100,000.]~~  
32 **\$500,000,** or by both fine and ~~[the punishment provided in NRS~~  
33 ~~193.130.]~~ **imprisonment,** for each violation. In addition to any other  
34 penalty, the court shall order the person to pay restitution.

35       2. A person convicted of violating a regulation or order under  
36 this chapter may be fined, but must not be imprisoned, if the person  
37 proves lack of knowledge of the regulation or order.

38       3. This chapter does not limit the power of the State to punish a  
39 person for conduct which constitutes a crime under other law.

40       **Sec. 3.** NRS 90.670 is hereby amended to read as follows:

41       90.670 A person may not sue under NRS 90.660 unless suit is  
42 brought within the earliest of ~~[1-year]~~ **2 years** after the discovery of  
43 the violation, ~~[1-year]~~ **2 years** after discovery should have been  
44 made by the exercise of reasonable care, or 5 years after the act,  
45 omission or transaction constituting the violation.



1     **Sec. 4.** NRS 171.085 is hereby amended to read as follows:  
2     171.085 Except as otherwise provided in NRS 171.083,  
3     171.084 and 171.095, an indictment for:

4         1. Theft, robbery, burglary, forgery, arson , ~~{or}~~ sexual assault  
5     *or a violation of NRS 90.570* must be found, or an information or  
6     complaint filed, within 4 years after the commission of the offense.

7         2. Any felony other than murder, theft, robbery, burglary,  
8     forgery, arson , ~~{or}~~ sexual assault *or a violation of NRS 90.570*  
9     must be found, or an information or complaint filed, within 3 years  
10    after the commission of the offense.

11    **Sec. 5.** NRS 463.157 is hereby amended to read as follows:

12    463.157 The Commission shall by regulation:

13         1. Prescribe minimum procedures for adoption by each  
14     nonrestricted licensee to exercise effective control over its internal  
15     fiscal affairs, which ~~{shall}~~ *must* include , but are not limited to ,  
16     provisions for:

17         (a) The safeguarding of its assets and revenues, especially the  
18     recording of cash and evidences of indebtedness; and

19         (b) The provision of reliable records, accounts and reports of  
20     transactions, operations and events, including reports to the Board  
21     and the Commission.

22         2. Provide for the adoption and use of internal audits, whether  
23     by qualified internal auditors or by accountants holding a permit to  
24     practice public accounting, in the case of each nonrestricted licensee  
25     whose operation equals or exceeds a specified size. *The regulations*  
26     *or any standards adopted pursuant to such regulations must, if the*  
27     *stock of the nonrestricted licensee is publicly traded, preclude*  
28     *internal audits by the same independent accountant hired to*  
29     *provide audits, compiled statements or reviews of the financial*  
30     *statements required by NRS 463.159.* As used in this subsection,  
31     “internal audit” means a type of control which operates through the  
32     testing and evaluation of other controls and which is also directed  
33     toward observing proper compliance with the minimum standards of  
34     control prescribed pursuant to subsection 1.

35    **Sec. 6.** The amendatory provisions of section 3 of this act  
36    apply to a cause of action:

37         1. That has accrued before October 1, 2003, if the applicable  
38     statute of limitations has commenced but has not yet expired as of  
39     October 1, 2003; or

40         2. That accrues on or after October 1, 2003.



1       **Sec. 7.** The amendatory provisions of section 4 of this act  
2 apply to a person who committed a violation of NRS 90.570 before  
3 October 1, 2003, if the applicable statute of limitations has  
4 commenced but has not yet expired on October 1, 2003.

