## SENATE BILL NO. 220-COMMITTEE ON COMMERCE AND LABOR

## FEBRUARY 18, 1999

## Referred to Committee on Commerce and Labor

SUMMARY—Provides for regulation of professional management consultants. (BDR 54-164)

FISCAL NOTE: Effect on Local Government: Yes.

Effect on the State or on Industrial Insurance: No.

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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 professions; creating the board of professional management consultants; prescribing the duties and powers of the board; requiring a professional management consultant to be registered with or licensed by the board; prescribing the requirements for such registration and licensure; providing a penalty; and providing other matters properly relating thereto.

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

- **Section 1.** Title 54 of NRS is hereby amended by adding thereto a
- 2 new chapter to consist of the provisions set forth as sections 2 to 61,
- 3 inclusive, of this act.
- 4 Sec. 2. As used in this chapter, unless the context otherwise requires,
- 5 the words and terms defined in sections 3 to 8, inclusive, of this act have
- 6 the meanings ascribed to them in those sections.
- Sec. 3. "Board" means the board of professional management
- 8 consultants.
- 9 Sec. 4. "Certificate" means a certificate issued by the Institute of
- 10 Management Consultants or the National Bureau of Certified
- 11 *Consultants*.
- 12 Sec. 5. "License" means a license to engage in the practice of
- 13 management consulting issued pursuant to the provisions of this chapter.
- 14 Sec. 6. "Licensee" means a person who is licensed to engage in the
- practice of management consulting pursuant to the provisions of this
- 16 chapter.

- "Practice of management consulting" means the use of independent and objective judgment, systematic analysis, and specialized knowledge and skill, for a fee, to:
- 1. Identify and investigate issues relating to the management of a business organization;
  - Develop recommendations regarding those issues; and
- Provide assistance to the management of the business organization in carrying out those recommendations.
- "Registrant" means a partnership, corporation or limited-**Sec. 8.** liability company registered with the board to engage in the practice of management consulting as a partnership, corporation or limited-liability company pursuant to sections 28 to 32, inclusive, of this act. 12
- Sec. 9. The practice of management consulting is hereby declared to 13 be a learned profession, affecting public health, safety and welfare and is subject to regulation to protect the public from the practice of 15 management consulting by unqualified persons and from unprofessional conduct by persons who are licensed to engage in the practice of 17 management consulting. 18
- Sec. 10. A license issued pursuant to the provisions of this chapter is 19 a privilege that may be revoked in accordance with disciplinary 20 procedures set forth in this chapter and in regulations adopted by the board pursuant thereto, and no holder of such a license acquires thereby any vested right. 23
- Sec. 11. 1. The board of professional management consultants, 24 consisting of five members appointed by the governor, is hereby created. 25
  - The governor shall appoint:

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- (a) Three members who are licensed or eligible for licensing pursuant to the provisions of this chapter;
  - (b) One member who is a representative of the general public; and
  - (c) One member who is on the faculty of:
- (1) The department of management of the college of business of the 31 University of Nevada, Las Vegas; or 32
- (2) The department of managerial sciences of the college of business administration of the University of Nevada, Reno. 34
- 3. No person may be appointed to the board unless he is a resident of 35 36 this state.
- The member of the board who is the representative of the general public shall not participate in preparing, conducting or grading any examination required by the board. 39
- No member of the board may be held liable in a civil action for 40 any act which he performs in good faith in carrying out his duties 42 pursuant to this chapter.

- Sec. 12. The governor shall remove from the board a member whose license has become void or has been revoked or suspended, and may,
- after a hearing, remove any member for neglect of duty or any other just
   cause.
- Sec. 13. 1. The member of the board who is the representative of the general public is entitled to receive:
- (a) A salary of not more than \$80 per day, as fixed by the board, while engaged in the business of the board; and
- 9 (b) A per diem allowance and travel expenses, at a rate fixed by the board, while engaged in the business of the board. The rate must not exceed the rate provided for officers and employees of this state generally.
  - 2. Each member of the board who is not the representative of the general public is not entitled to receive a salary, per diem allowance or travel expenses pursuant to this section.
  - 3. While engaged in the business of the board, each employee of the board is entitled to receive a per diem allowance and travel expenses at a rate fixed by the board. The rate must not exceed the rate provided for officers and employees of this state generally.
- 20 Sec. 14. 1. The board shall:

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- 21 (a) Elect from among its members a president, vice president, 22 secretary and treasurer. The members may assign the duties of the
- treasurer and the secretary to one person who must be designated the secretary-treasurer.
  - (b) Adopt regulations to carry out the provisions of this chapter.
  - (c) Prepare and maintain a complete record of its transactions.
- (d) Adopt a seal of which each court of this state shall take judicial notice.
- 29 **2.** A majority of the board constitutes a quorum for the transaction of business by the board.
- Sec. 15. 1. The secretary of the board shall maintain a separate list of the names and addresses of:
  - (a) The applicants for a license;
- 34 (b) The licensees; and
- 35 (c) The registrants.
- 2. For each applicant, licensee and registrant, the list must indicate whether the applicant, licensee or registrant has been issued a certificate.
- 38 **Sec. 16.** *The board may:*
- 1. Maintain offices in as many locations in this state as it considers necessary to carry out the provisions of this chapter.
- 2. Employ attorneys, investigators and other persons necessary to carry out its duties.

- Sec. 17. The board shall operate on the basis of a fiscal year beginning on July 1 and ending on June 30.
- Sec. 18. 1. Except as otherwise provided in subsection 4, all reasonable expenses incurred by the board in carrying out the provisions of this chapter must be paid from the money which it receives. No part of the salaries or expenses of the board may be paid from the state general fund.
- 8 2. All money received by the board must be deposited in a bank or 9 other financial institution in this state and paid out on its order for its 10 expenses.

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- 3. The board may delegate to a hearing officer or panel its authority to take any disciplinary action pursuant to this chapter, impose and collect fines and penalties therefor and deposit the money therefrom in a bank or other financial institution in this state.
- 4. If a hearing officer or panel is not authorized to take disciplinary action pursuant to subsection 3 and the board deposits the money collected from the imposition of fines with the state treasurer for credit to the state general fund, it may present a claim to the state board of examiners for recommendation to the interim finance committee if money is required to pay attorney's fees or the costs of an investigation, or both.
- Sec. 19. A person shall not engage in the practice of management consulting in this state unless he has registered with the board or obtained a license issued by the board pursuant to the provisions of this chapter.
  - Sec. 20. 1. The board shall issue a license to any person who:
  - (a) Is a resident of this state or, if not a resident, has filed with the board a designation and acceptance of a resident agent for service of legal process;
- 30 (b) Is a person of fiscal integrity who has not committed any acts 31 involving dishonesty or moral turpitude; and
  - (c) Has passed the written examination of the board.
  - 2. If the board refuses to issue a license to an applicant:
- (a) The board shall set forth the reason therefor in a written statement to the applicant; and
- 36 (b) The applicant may submit to the board a written request for 37 reconsideration within 30 days after the board refuses to issue the 38 license.
- Sec. 21. 1. The examination of the board must be conducted by the board and take place as often as the board determines necessary, but not less than twice each year.

- 2. The board shall prescribe, by regulation, the procedure for applying for the examination and for conducting the examination, including the grading of papers and the determination of passing grades.
- Sec. 22. 1. An applicant for a license must provide proof satisfactory to the board that he:
  - (a) Is of good moral character.
- (b) Is a citizen of the United States or is lawfully entitled to remain and work in the United States.
  - (c) Has passed the examination of the board.
- 10 (d) Has not been convicted of a felony pursuant to the laws of any
  11 state, the United States or the District of Columbia. For the purposes of
  12 this paragraph, an affidavit signed by the applicant stating that he has
  13 not been convicted of a felony constitutes satisfactory proof.
- 14 (e) Has not been convicted of a crime, an element of which is 15 dishonesty or fraud, pursuant to the laws of any state, the United States 16 or the District of Columbia. For the purposes of this paragraph, an 17 affidavit signed by the applicant stating that he has not been convicted of 18 such a crime constitutes satisfactory proof.
  - 2. The applicant must pay a fee for:

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- (a) An application for a license of not more than \$600.
- (b) The examination required by the board pursuant to section 20 of this act of not more than \$200.
- 3. The board may reject an application if it appears that the applicant's credentials are fraudulent or the applicant has engaged in the practice of management consulting without a license issued pursuant to the provisions of this chapter, or has committed any act described in section 33 of this act.
- 4. The board may require the applicant to provide any other information it considers necessary to establish the qualifications of the applicant.
- Sec. 23. An application for a license must include the social security number of the applicant.
  - Sec. 24. 1. An applicant for the issuance or renewal of a license shall submit to the board the statement prescribed by the welfare division of the department of human resources pursuant to NRS 425.520. The statement must be completed and signed by the applicant.
  - 2. The board shall include the statement required pursuant to subsection 1 in:
- 39 (a) The application or any other forms that must be submitted for the 40 issuance or renewal of the license; or
  - (b) A separate form prescribed by the board.
- 42 3. A license may not be issued or renewed by the board if the 43 applicant:

- (a) Fails to submit the statement required pursuant to subsection 1; or
- (b) Indicates on the statement submitted pursuant to subsection 1 that
  he is subject to a court order for the support of a child and is not in
  compliance with the order or a plan approved by the district attorney or
  other public agency enforcing the order for the repayment of the amount
  owed pursuant to the order.
- 4. If an applicant indicates on the statement submitted pursuant to subsection 1 that he is subject to a court order for the support of a child and is not in compliance with the order or a plan approved by the district attorney or other public agency enforcing the order for the repayment of the amount owed pursuant to the order, the board shall advise the applicant to contact the district attorney or other public agency enforcing the order to determine the actions that the applicant may take to satisfy the arrearage.
- 15 Sec. 25. 1. The board shall:

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- 16 (a) Conduct at least two examinations each year to examine 17 applicants;
  - (b) Establish the time and place for the examinations;
- 19 (c) Provide such books, blanks and forms as may be necessary to 20 conduct the examinations; and
- 21 (d) Establish, by regulation, the requirements for passing the 22 examination.
  - 2. The examination must:
- 24 (a) Be conducted in the English language, and written or oral, as the 25 board may determine; and
- 26 **(b)** Test the applicant on the provisions of this chapter and any regulations adopted pursuant to this chapter.
- Sec. 26. 1. A license issued pursuant to the provisions of this chapter expires 1 year after the date of issuance. A license may be renewed before it expires upon:
- (a) The submission of the statement required pursuant to section 24 of this act; and
  - (b) The payment of a renewal fee of \$200.
- 2. A license that is not renewed by the expiration date is delinquent.

  A delinquent license may be reinstated upon the payment of the annual

36 renewal fee and an additional fee for delinquency of \$50.

- Sec. 27. The board shall issue a license without examination to a person who holds a license or certificate to engage in the practice of
- management consulting in a state, territory or possession of the United
  States or the District of Columbia if the requirements for that license or
- certificate at the time the license or certificate was issued are deemed by
- 42 the board to be substantially equivalent to the requirements for a license
- 43 set forth in this chapter.

- Sec. 28. 1. One or more natural persons may organize a corporation for the practice of management consulting pursuant to chapter 89 of NRS. The corporation is not required to have more directors than shareholders, but at least one director must be a shareholder. The other directors are not required to be shareholders.
  - One or more natural persons may:
    - (a) Organize a corporation pursuant to chapter 78 of NRS;
- (b) Qualify to do business as a foreign corporation pursuant to chapter 80 of NRS;
- (c) Organize a limited-liability company pursuant to chapter 86 of 10 NRS; or 11
- (d) Register as a foreign limited-liability company pursuant to chapter 12 86 of NRS, 13

to engage in the practice of management consulting.

- The organization, qualification or registration of a corporation or company pursuant to subsection 2:
  - (a) Does not modify:

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- (1) The relationship between a professional management consultant and a client;
  - (2) The liability arising out of that relationship; or
- (3) The compliance of the corporation or company with the provisions of this chapter or any regulations adopted pursuant to this chapter.
  - (b) Does not render:
- (1) A person liable in tort for any act in which he has not personally 25 participated. 26
  - (2) The manager, a member or an employee of a limited-liability company liable in contract for a contract that he executes on behalf of a limited-liability company within the scope of his authority.
- Sec. 29. 1. A partnership engaged in this state in the practice of 30 management consulting shall register with the board as a partnership of professional management consultants and comply with the following requirements: 33
  - (a) At least one general partner must be a licensee in good standing.
- 34 (b) Each partner who is a resident of this state and is personally and 35 36 regularly engaged in this state in the practice of management consulting as a partner of the partnership must be a licensee in good standing. 37
- (c) Each partner who personally engages in the practice of 38 management consulting in this state and who is not a resident of this state and is not regularly employed in an office of the firm in this state 41 must be a licensed or certified professional management consultant of a state, territory or possession of the United States or the District of 43 Columbia in good standing.

- (d) Each partner who is regularly engaged in the practice of management consulting within the United States must be a licensed or certified professional management consultant of a state, territory or possession of the United States or the District of Columbia in good standing.
- (e) Each manager in charge of an office of the firm in this state must be a licensee in good standing.
- (f) A corporation or limited-liability company which is registered pursuant to sections 28 to 32, inclusive, of this act may be a partner, and a partnership which is registered pursuant to this section may be a general partner, in a partnership engaged in the practice of management consulting.

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- (g) The partnership shall comply with the regulations adopted by the board relating to partnerships that are engaged in the practice of management consulting in this state.
- Application for registration must be made upon the affidavit of a general partner who holds a license. The board shall determine whether the applicant is eligible for registration and may charge an initial fee and an annual renewal fee established by the board. A partnership that is so registered may use the words "licensed professional management consultants" or the abbreviation "L.P.M.C.s" or "LPMCs" in connection with its partnership name. Notice must be given to the board within 1 month after the admission to, or withdrawal of, a partner from a partnership so registered.
- Sec. 30. 1. A corporation organized to engage in the practice of management consulting shall register with the board as a corporation of professional management consultants and comply with the following requirements:
- (a) The sole purpose and business of the corporation must be to provide to the public services not inconsistent with the provisions of this chapter or the regulations of the board, except that the corporation may invest its money in a manner not incompatible with the practice of management consulting.
- (b) Each shareholder of the corporation must be a licensee or a licensed or certified professional management consultant of a state, territory or possession of the United States or the District of Columbia in good standing, and be principally employed by the corporation or actively engaged in its business. No other person may have any interest in the stock of the corporation. The principal officer of the corporation and any officer or director who has authority over the practice of management consulting by the corporation must be a licensee or a licensed or certified 42 professional management consultant of a state, territory or possession of the United States or the District of Columbia in good standing.

- (c) At least one shareholder of the corporation must be a licensee in good standing.
- (d) Each manager in charge of an office of the corporation in this state and each shareholder or director who is regularly and personally engaged in this state in the practice of management consulting must be a licensee in good standing.
- (e) To facilitate compliance with the provisions of this section relating to the ownership of stock, there must be a written agreement binding the shareholders or the corporation to purchase all shares offered for sale by, or not under the ownership or effective control of, a qualified shareholder. The corporation may retire any amount of stock for this purpose, notwithstanding any impairment of its capital, as long as one share remains outstanding.

- (f) The corporation shall comply with the regulations adopted by the board relating to corporations that are engaged in the practice of management consulting in this state.
- 2. An application for registration must be made upon the affidavit of a shareholder who is a licensee. The board shall determine whether the applicant is eligible for registration and may charge an initial fee and an annual renewal fee established by the board. A corporation that is so registered may use the words "licensed professional management consultants" or the abbreviation "L.P.M.C.s" or "LPMCs" in connection with its corporate name. Notice must be given to the board within 1 month after the admission to, or withdrawal of, a shareholder from a corporation so registered.
- Sec. 31. 1. A limited-liability company organized to engage in the practice of management consulting shall register with the board as a limited-liability company of professional management consultants and comply with the following requirements:
  - (a) The sole purpose and business of the limited-liability company must be to provide to the public services not inconsistent with the provisions of this chapter or the regulations of the board, except that the limited-liability company may invest its money in a manner not incompatible with the practice of management consulting.
  - (b) Each member of the limited-liability company must be a licensee or a licensed or certified professional management consultant of a state, territory or possession of the United States or the District of Columbia in good standing, and be principally employed by the limited-liability company or actively engaged in its business. No other person may have any interest in the limited-liability company. The manager, if any, of the limited-liability company must be a licensee in good standing.
- 42 (c) At least one member of the limited-liability company must be a licensee in good standing.

- (d) Each person in charge of an office of the limited-liability company in this state and each member who is regularly and personally engaged in this state in the practice of management consulting must be a licensee in good standing.
- (e) To facilitate compliance with the provisions of this section relating to the ownership of interests, there must be a written agreement binding the members of the limited-liability company to purchase all interest in the limited-liability company offered for sale by, or not under the ownership or effective control of, a qualified member.

(f) The limited-liability company shall comply with the regulations adopted by the board relating to limited-liability companies that are engaged in the practice of management consulting in this state.

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- 2. Application for registration must be made upon the affidavit of the manager or a member of the limited-liability company. The affiant must be a licensee. The board shall determine whether the applicant is eligible for registration and may charge an initial fee and an annual renewal fee established by the board. A limited-liability company that is so registered may use the words "licensed professional management consultants" or the abbreviation "L.P.M.C.s" or "LPMCs" in connection with its name. Notice must be given to the board within 1 month after the admission to, or withdrawal of, a member from a limited-liability company so registered.
- Sec. 32. 1. Each office established or maintained in this state for the practice of management consulting in this state by a licensee, partnership, corporation or limited-liability company must be registered annually with the board pursuant to this chapter. The board may charge a fee for the registration of an office.
- 2. Each office must be supervised by a manager who is a licensee. The manager may be a partner, shareholder, member or employee.
- 30 3. The board shall, by regulation, prescribe the procedure for the registration of offices.
  - Sec. 33. 1. After giving notice and conducting a hearing, the board may revoke or suspend a license for a period of not more than 5 years, suspend or refuse to renew a license, or administer a public or private reprimand to a licensee for any of the following reasons:
    - (a) Fraud or deceit in obtaining a license or certificate.
- (b) Dishonesty, fraud or gross negligence by a licensee in the practice of management consulting or, if not in the practice of management consulting, of a kind that adversely affects the ability to engage in the practice of management consulting.
  - (c) A violation of any provision of this chapter.
- 42 (d) A violation of a regulation or rule of professional conduct adopted 43 by the board pursuant to this chapter.

- (e) A conviction of a felony pursuant to the laws of any state, the District of Columbia or of the United States.
- (f) A conviction of a crime, an element of which is dishonesty or fraud, pursuant to the laws of any state, the District of Columbia or of the United States.
- (g) A cancellation, revocation, suspension or refusal to renew the right to engage in the practice of management consulting by another state, a territory or possession of the United States or the District of Columbia for any cause other than failure to pay an annual fee or to comply with the requirements for continuing education or review of his 11 practice in that jurisdiction.
  - (h) A suspension or revocation of the right to engage in the practice of management consulting before a state or federal agency.
  - (i) Unless the person has been placed on inactive or retired status, the failure to obtain a license within 1 year after the expiration date of the license last obtained or renewed by the licensee, unless the failure has been excused by the board.
- (j) Conduct discreditable to the profession of management consulting 18 or that reflects adversely upon the fitness of the person to engage in the practice of management consulting. 20
  - 2. In addition to any other penalties prescribed by this section, the board may:
- (a) For a first violation, impose a civil penalty of not more than *\$1,000.* 24
  - (b) For a second violation within 1 year after the first violation, impose a civil penalty of not more than \$5,000.
    - (c) Recover:

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- (1) Attorney's fees and costs incurred with respect to a hearing held pursuant to subsection 1 from a licensee if he is found in violation thereof; and
- (2) Attorney's fees and costs incurred in the recovery of a civil 31 32 penalty imposed.
- Sec. 34. 1. Any records or information obtained during the course 34 of an investigation by the board and any record of the investigation are confidential until the investigation is completed. Upon completion of the investigation, the information and records are public records if:
  - (a) Disciplinary action is imposed by the board as a result of the investigation; or
- (b) The person regarding whom the investigation was made submits a 39 written request to the board asking that the information and records be made public records.

- The provisions of this section do not prohibit the board from providing any such records or information to another licensing board or any agency, including a law enforcement agency, which is investigating the person licensed pursuant to the provisions of this chapter.
- Sec. 35. 1. The board may issue subpoenas for the attendance of witnesses and the production of books and papers.
- The district court, in and for the county in which any hearing is held, may compel the attendance of witnesses, the giving of testimony and the production of books and papers as required by any subpoena issued by the board.

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- If any witness refuses to attend or testify or produce any books or papers required by a subpoena, the board may file a petition ex parte with the district court, setting forth that:
- (a) Notice has been given of the time and place for the attendance of the witness or the production of the books or papers;
- (b) The witness has been subpoenaed by the board pursuant to this section:
- (c) The witness has failed or refused to attend or produce the books or papers required by the subpoena before the board in the cause or proceeding named in the subpoena, or has refused to answer questions propounded to him in the course of the hearing; and
- (d) The board therefore requests an order of the court compelling the witness to attend and testify or produce the books and papers before the board.
- The court, upon such a petition, shall enter an order directing the witness to appear before the court at a time and place fixed by the court in the order, and then and there to show cause why he has not attended or testified or produced the books or papers before the board. The time may not be more than 10 days after the date of the order. A certified copy of the order must be served upon the witness.
- If the court determines that the subpoena was regularly issued by the board, the court shall thereupon enter an order that the witness appear before the board at the time and place fixed in the order, and testify or produce the required books or papers. Failure to obey the order is a contempt of the court that issued it.
- Sec. 36. Each witness who appears by order of the board is entitled 36 to receive for his attendance the same fees and mileage allowed by law to a witness in a civil case. The amount must be paid by the party who requested the subpoena. If any witness who has not been required to attend at the request of any party is subpoenaed by the board, his fees and mileage must be paid from the money of the board.

- Sec. 37. 1. The board may, in any hearing before it, cause the deposition of witnesses to be taken in the manner prescribed for depositions in civil actions in this state.
- 2. The district court in and for the county in which any hearing is held by the board shall, upon the application of the board, issue a commission to another state for the taking of evidence in that state for use in any proceeding before the board.
- Sec. 38. 1. If the board receives a copy of a court order issued pursuant to NRS 425.540 that provides for the suspension of all professional, occupational and recreational licenses, certificates and permits issued to a licensee, the board shall deem the license to be suspended at the end of the 30th day after the date on which the court order was issued unless the board receives a letter issued to the licensee by the district attorney or other public agency pursuant to NRS 425.550 stating that the licensee has complied with the subpoena or warrant or has satisfied the arrearage pursuant to NRS 425.560.
  - 2. The board shall reinstate a license that has been suspended by a district court pursuant to NRS 425.540 if the board receives a letter issued by the district attorney or other public agency pursuant to NRS 425.550 to the licensee stating that the licensee has complied with the subpoena or warrant or has satisfied the arrearage pursuant to NRS 425.560.
- Sec. 39. In addition to any penalty that the board may impose pursuant to section 33 of this act, the board may suspend any of the provisions of an order issued pursuant to that section and place the licensee on probation, subject to the limitations and conditions specified by the board.
- Sec. 40. 1. A licensee may request that his license be placed on inactive status by submitting an application to the board.
- 2. A licensee whose license is placed on inactive status shall not engage in the practice of management consulting during the time his license is inactive.
- 33 3. The board shall reactivate a license if the person requesting such action submits to the board:
- 35 (a) A completed application; and
- 36 **(b)** A fee of \$50.

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- Sec. 41. After giving notice and conducting a hearing, the board:
- 1. Shall revoke the registration of a partnership, corporation or limited-liability company if at any time it fails to comply with the
- 40 qualifications prescribed by this chapter pursuant to which it qualified
- 41 for registration.

- 2. May revoke or suspend the registration of a partnership, corporation or limited-liability company, or may administer a public or private reprimand to the partnership, corporation or limited-liability company, or impose a penalty authorized by section 33 of this act, for any of the reasons set forth in section 33 of this act, or for any of the following reasons:
- (a) The revocation or suspension of the license, or the refusal to renew the license to practice of any partner, shareholder or member who is personally engaged in the practice of management consulting in this state, whether or not he holds a certificate.

- (b) The cancellation, revocation, suspension or refusal to renew the right of the partnership, corporation or limited-liability company, or any partner, shareholder or member thereof, to engage in the practice of management consulting in another state, a territory or possession of the United States or the District of Columbia for any cause other than the failure to pay an annual fee or comply with the requirements for continuing education or a review of its practice in that jurisdiction.
- Sec. 42. 1. The board or any of its members who become aware of any ground for initiating disciplinary action against a licensee or registrant shall, and any other person who is so aware may file a written complaint specifying the relevant facts with the board. The complaint must specifically charge one or more of the grounds for initiating disciplinary action.
- 2. As soon as practicable after the filing of the complaint, the board shall fix a date for a hearing thereon. The date must not be earlier than 30 days after the complaint is filed, except that the date may be changed upon the agreement of both parties. The board shall serve a notice of hearing upon the licensee or registrant not less than 30 days before the date of the hearing, either personally or by mailing a copy thereof by registered or certified mail to the last known address of the licensee or registrant as indicated in the records of the board. A copy of the complaint must be attached to the notice.
- 3. The licensee or registrant may provide a written response to the complaint within 20 days after the licensee or registrant receives the notice of hearing.
- 4. If the licensee or registrant fails to appear at the hearing, the board may proceed to hear evidence and may enter such order as is justified by the evidence. The order is final unless the licensee or registrant petitions for a review of the order. Within 30 days after the date of any order, upon a showing of good cause for failing to appear, the board may reopen the proceedings and allow the licensee or registrant to submit evidence on his behalf.

- 5. A licensee or registrant may be represented before the board by counsel and is entitled, on application to the board, to the issuance of subpoenas to compel the attendance of witnesses or the production of documents on his behalf.
- Sec. 43. All statements, records, schedules, working papers and memoranda made by a licensee or registrant in the course of professional service to clients, except reports submitted by a licensee or registrant to a client, are the property of the licensee or registrant, in the absence of a written agreement between the licensee or registrant, and the client to the contrary. No such statement, record, schedule, working paper or memorandum may be sold, transferred or bequeathed, without the consent of the client or his personal representative or assignee, to any person other than one or more surviving partners or new partners of the professional management consultant or to his corporation.
- Sec. 44. The provisions of this chapter do not prohibit a person from serving as an employee of, or an assistant to, a licensee or registrant if the employee or assistant does not engage in the practice of management consulting.
  - Sec. 45. 1. The board may adopt regulations that prescribe the requirements for the issuance of a temporary license to a person who does not hold a license and does not have a registered office or residence in this state, or to a partnership, corporation or limited-liability company that is not registered and does not have a registered office in this state, to allow that person, partnership, corporation or limited-liability company to carry out a specific engagement or employment in this state. A temporary license:
    - (a) Is valid for not more than 6 months;

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- (b) Is limited to one engagement or employment; and
- (c) May not be issued to a person unless he is licensed, certified or 29 registered to engage in the practice of management consulting in another 30 state, territory or possession of the United States or the District of 31 Columbia, or to any partnership, corporation or limited-liability company 32 unless all the partners, shareholders or members thereof are licensed, 33 34 certified or registered to engage in the practice of management consulting in another state, territory or possession of the United States or 35 the District of Columbia. 36
- 2. Each person, partnership, corporation and limited-liability
  company that applies for a temporary license must file with the board a
  designation and acceptance of a resident agent for service of legal
  process and pay a fee established by the board before beginning work for
  a client.

- 3. The person, partner, shareholder or member who is responsible for supervising the conduct of the engagement or employment must comply with the requirements set forth in section 20 of this act.
- 4 4. A person who holds a temporary license is subject to the provisions of this chapter relating to discipline.
- 5. The board may refuse to act upon an application for a temporary license for a period established by the board, or may refuse to issue a temporary license to any person, partnership, corporation or limited-liability company if disciplinary proceedings involving that person, partnership, corporation or company are pending in any state, territory or possession of the United States or the District of Columbia.

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- Sec. 46. A natural person shall not assume or use the title or designation "certified professional consultant to management," the abbreviation "C.P.C.M." or "CPCM," or any other title, designation, words, letters, abbreviation, sign, card or device tending to indicate that he is a certified professional consultant to management, unless he has received a certificate as a certified professional consultant to management issued by the National Bureau of Certified Consultants.
- 18 Sec. 47. A partnership, corporation or limited-liability company 19 shall not assume or use the title or designation "certified professional 20 consultant to management," the abbreviation "C.P.C.M." or "CPCM," 21 or any other title, designation, words, letters, abbreviation, sign, card or 22 device tending to indicate that the partnership, corporation or limitedliability company consists of certified professional consultants to management unless the partnership, corporation or limited-liability company is registered as a partnership, corporation or limited-liability 26 company of certified professional consultants to management with the 27 National Bureau of Certified Consultants. 28
- Sec. 48. A natural person shall not assume or use the title or designation "certified management consultant," the abbreviation "C.M.C." or "CMC," or any other title, designation, words, letters, abbreviation, sign, card or device tending to indicate that he is a certified management consultant, unless he has received a certificate as a certified management consultant issued by the Institute of Management Consultants.
- Sec. 49. A partnership, corporation or limited-liability company shall not assume or use the title or designation "certified management consultant," the abbreviation "C.M.C." or "CMC," or any other title, designation, words, letters, abbreviation, sign, card or device tending to indicate that the partnership, corporation or limited-liability company

- consists of certified management consultants, unless the partnership, corporation or limited-liability company is registered as a partnership, corporation or limited-liability company of certified management consultants with the Institute of Management Consultants.
- Sec. 50. A natural person shall not assume or use the title or designation "licensed professional management consultant," the abbreviation "L.P.M.C." or "LPMC," or any other title, designation, words, letters, abbreviation, sign, card or device tending to indicate that he is a licensed professional management consultant unless he is licensed by the board. 10

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- Sec. 51. A partnership, corporation or limited-liability company shall not assume or use the title or designation "licensed professional 12 management consultant," the abbreviation "L.P.M.C." or "LPMC," or 13 any other title, designation, words, letters, abbreviation, sign, card or device tending to indicate that the partnership, corporation or limitedliability company consists of licensed professional management consultants, unless the partnership, corporation or limited-liability company is registered with the board.
  - Sec. 52. A natural person, partnership, corporation or limitedliability company that is not licensed or registered in this state to engage in the practice of management consulting shall not assume or use a title or designation likely to be confused with "licensed professional management consultant" or "registered professional management consultant."
  - Sec. 53. A natural person, partnership, corporation or limitedliability company shall not assume or use the title or designation "certified professional consultant to management," or any other title or designation likely to be confused with "certified professional consultant to management," or the abbreviation "C.P.C.M." or "CPCM," or a similar abbreviation likely to be confused with "C.P.C.M." or "CPCM," unless the natural person, partnership, corporation or limited-liability company is certified or registered by the National Bureau of Certified Consultants.
- Sec. 54. A natural person, partnership, corporation or limited-34 liability company shall not assume or use the title or designation 35 "certified management consultant," or any other title or designation 36 likely to be confused with "certified management consultant," or the 37 abbreviation "C.M.C." or "CMC," or a similar abbreviation likely to be 38 confused with "C.M.C." or "CMC," unless the natural person, partnership, corporation or limited-liability company is certified or registered by the Institute of Management Consultants.

- Sec. 55. 1. Except as otherwise provided in subsection 2, a person shall not sign or affix to any document his name or the name of a partnership, corporation or limited-liability company, or any trade or assumed name used by him or by the partnership, corporation or limited-liability company in business, with any wording indicating that he is a licensed professional management consultant, or that the partnership, corporation or limited-liability company is authorized to engage in the practice of management consulting or with any wording indicating that he or the partnership, corporation or limited-liability company has expert knowledge in the practice of management consulting unless he is a licensee or registrant.
  - 2. The provisions of subsection 1 do not prohibit:

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- (a) Any officer, employee, partner, principal or member of any organization from affixing his signature to any statement or report in reference to the financial affairs of that organization with any wording designating the position, title or office which he holds in the organization; or
- 18 **(b)** Any act of a public officer or public employee in the performance of his duties as such.
  - Sec. 56. A natural person shall not sign or affix to any document the name of a partnership, corporation or limited-liability company, with any wording indicating that it is a partnership, corporation or limited-liability company consisting of licensees unless the partnership, corporation or limited-liability company is a registrant.
  - Sec. 57. 1. Except as otherwise provided in subsection 2, a natural person, partnership, corporation or limited-liability company shall not engage in the practice of management consulting or hold itself out to the public as a "consultant" by use of that word, or by use of the word "consulting," or any sign, card, letterhead or in any advertisement or directory unless, if a natural person, he is a licensee, or if a partnership, corporation or limited-liability company, it is a registrant.
    - 2. The provisions of subsection 1 do not prohibit:
  - (a) Any officer, employee, partner, shareholder, principal or member of any organization from describing himself by the position, title or office he holds in that organization; or
- 36 (b) Any act of a public officer or public employee in the performance 37 of his duties as such.
- Sec. 58. 1. A person shall not assume or use the title or designation "licensed professional management consultant," "certified professional consultant to management" or "certified management
- consultant" in conjunction with names indicating or implying that there

- is a partnership, corporation or limited-liability company, or in conjunction with the designation "and Company" or "and Co." or a similar designation if there is no partnership, corporation or limited-liability company registered pursuant to this chapter.
- 2. A natural person, partnership, corporation or limited-liability company shall not engage in the practice of management consulting under any name that is misleading with respect to:
  - (a) The legal form of the firm;
- 9 (b) The persons who are partners, officers, shareholders or members; 10 or
  - (c) Any other matter.

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- 12 The names of former partners, shareholders or members may be included in the name of a firm or its successors.
- Sec. 59. 1. The display or uttering by a person of a card, sign, 14 advertisement or other printed, engraved or written instrument or device, 15 bearing a person's name in conjunction with the words "licensed professional management consultant" or any abbreviation thereof, or 17 "certified professional consultant to management" or any abbreviation 18 thereof, or "certified management consultant" or any abbreviation thereof, is prima facie evidence in any action brought pursuant to 20 sections 46 to 60, inclusive, of this act that the person whose name is so 21 displayed caused or procured the display or uttering of the card, sign, advertisement or other printed, engraved or written instrument or device, and that the person is holding himself out to be a licensee, certified professional consultant to management or certified management consultant. 26
- 27 2. In any such action, evidence of the commission of a single act prohibited by this chapter is sufficient to justify an injunction or a conviction without evidence of a general course of conduct.
  - Sec. 60. If, in the judgment of the board, a person has engaged, or is about to engage, in an act or practice that constitutes, or will constitute, a violation of the provisions of sections 46 to 60, inclusive, of this act, the board may make application to an appropriate court for an order enjoining the act or practice, and upon a showing by the board that the person has engaged, or is about to engage, in that act or practice, an injunction, restraining order or such order as may be appropriate must be granted by that court without bond.
- Sec. 61. 1. A person who violates any provision of this chapter is guilty of a misdemeanor.
- 2. If the board has reason to believe that a person is liable to punishment pursuant to this section, the board may certify the facts to the attorney general or other appropriate law enforcement officer, who may cause appropriate proceedings to be brought.

- Sec. 62. NRS 218.825 is hereby amended to read as follows:
- 218.825 1. Each of the boards and commissions created by the 2 provisions of chapters 623 to 625A, inclusive, chapters 628 to 644,
- inclusive, and chapters 654 and 656 of NRS and sections 2 to 61,
  - *inclusive, of this act* shall engage the services of a certified public
- accountant or public accountant, or firm of either of such accountants, to
- audit all fof its fiscal records once each year for the preceding fiscal year
- or once every other year for the 2 preceding fiscal years. The cost of the audit must be paid by the board or commission audited.
- A report of each such audit must be filed by the board or 10 commission with the legislative auditor and the director of the budget on or

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- before December 1 of each year in which an audit is conducted. All audits 12
- must be conducted in accordance with generally accepted auditing 13 standards and all financial statements must be prepared in accordance with
- generally accepted principles of accounting for special revenue funds. 15
  - The legislative auditor shall audit the fiscal records of any such board or commission whenever directed to do so by the legislative commission. When the legislative commission directs such an audit, it shall also determine who is to pay the cost of the audit.
  - NRS 284.013 is hereby amended to read as follows:
- 284.013 21 1. Except as otherwise provided in subsection 4, this chapter does not apply to: 22
  - (a) Agencies, bureaus, commissions, officers or personnel in the legislative department or the judicial department of state government, including the commission on judicial discipline;
- (b) Any person who is employed by a board, commission, committee or 26 council created in chapters 590, 623 to 625A, inclusive, 628, 630 to 644, 27 inclusive, 648, 652, 654 and 656 of NRS [;] and sections 2 to 61, 28 29 inclusive, of this act; or
  - (c) Officers or employees of any agency of the executive department of the state government who are exempted by specific statute.
  - Except as otherwise provided in subsection 3, the terms and conditions of employment of all persons referred to in subsection 1, including salaries not prescribed by law and leaves of absence, including, without limitation, annual leave and sick and disability leave, must be fixed by the appointing or employing authority within the limits of legislative appropriations or authorizations.
  - Except as otherwise provided in this subsection, leaves of absence prescribed pursuant to subsection 2 must not be of lesser duration than those provided for other state officers and employees pursuant to the provisions of this chapter. The provisions of this subsection do not govern the legislative commission with respect to the personnel of the legislative counsel bureau.

- 4. Any board, commission, committee or council created in chapters 590, 623 to 625A, inclusive, 628, 630 to 644, inclusive, 648, 652, 654 and
- 656 of NRS and sections 2 to 61, inclusive, of this act which contracts for
- 4 the services of a person, shall require the contract for those services to be in
- writing. The contract must be approved by the state board of examiners before those services may be provided.
- Sec. 64. NRS 353A.010 is hereby amended to read as follows:
- 8 353A.010 As used in this chapter, unless the context otherwise 9 requires:
- 10 1. "Agency" means every agency, department, division, board, 11 commission or similar body, or elected officer, of the executive branch of 12 the state, except:
- (a) A board or commission created by the provisions of chapters 623 to 625, inclusive, 628 to 644, inclusive, 654 and 656 of NRS [...] and sections 2 to 61, inclusive, of this act.
  - (b) The University and Community College System of Nevada.
- 17 (c) The public employees' retirement system.
- 18 (d) The state industrial insurance system.
- (e) The housing division of the department of business and industry.
- 20 (f) The Colorado River commission.

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- 2. "Director" means the director of the department of administration.
- 3. "Internal accounting and administrative control" means a method through which agencies can safeguard assets, check the accuracy and reliability of their accounting information, promote efficient operations and encourage adherence to prescribed managerial policies.
- Sec. 65. NRS 608.0116 is hereby amended to read as follows:
- 608.0116 "Professional" means pertaining to an employee who is licensed or certified by the State of Nevada for and engaged in the practice of law or any of the professions regulated by chapters 623 to 645, inclusive,
- 30 of NRS [...] and sections 2 to 61, inclusive, of this act.
  - **Sec. 66.** Section 26 of this act is hereby amended to read as follows:
    - Sec. 26. 1. A license issued pursuant to the provisions of this chapter expires 1 year after the date of issuance. A license may be renewed before it expires upon [:
    - (a) The submission of the statement required pursuant to section 24 of this act: and
  - —(b) The payment of a renewal fee of \$200.
- 2. A license that is not renewed by the expiration date is delinquent. A delinquent license may be reinstated upon the payment of the annual renewal fee and an additional fee for delinquency of \$50.

- **Sec. 67.** 1. Notwithstanding the provisions of sections 2 to 61, inclusive, of this act, the board of professional management consultants shall issue a license to engage in the practice of management consulting without examination to any person who complies with the provisions of subsection 2 and:
  - (a) Is:

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- (1) A professional consultant to management who is certified by the National Bureau of Certified Consultants;
- (2) A management consultant who is certified by the Institute of Management Consultants;
- (3) A management accountant who is certified by the Institute of Certified Management Accountants;
- (4) A certified public accountant who is certified in any state, territory or possession of the United States or the District of Columbia;
- (5) A business counselor who is certified by the Institute of Certified Business Counselors;
- (6) A professional engineer who is licensed or certified in any state, territory or possession of the United States or the District of Columbia;
- (7) An internal auditor who is certified by the Institute of Internal Auditors;
- (8) A data processor who is certified by the Association of Information Technology Professionals; or
- (9) An attorney who is licensed in any state, territory or possession of the United States or the District of Columbia; or
  - (b) Has:
- (1) Five years of full-time experience in the practice of management consulting; or
- (2) Ten years of part-time experience in the practice of management consulting.
- 2. A person who applies for a license issued by the board pursuant to subsection 1 must submit to the board before January 1, 2000:
- 32 (a) Proof of his compliance with the requirements set forth in subsection 33 1;
  - (b) The fees required pursuant to section 22 of this act;
  - (c) A completed application; and
  - (d) The statement required pursuant to section 24 of this act unless after July 1, 1999, the provisions of 42 U.S.C. § 666 requiring each state to establish procedures under which the state has authority to withhold or suspend, or to restrict the use of professional, occupational and recreational licenses of persons who:
- 41 (1) Have failed to comply with a subpoena or warrant relating to a 42 procedure to determine the paternity of a child or to establish or enforce an 43 obligation for the support of a child; or

- (2) Are in arrears in the payment for the support of one or more children,
  - are repealed by the Congress of the United States.

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- 3. As used in this section, "practice of management consulting" has the meaning ascribed to it in section 7 of this act.
- **Sec. 68.** As soon as practicable after July 1, 1999, the governor shall appoint to the board of professional management consultants:
  - 1. One member whose term expires on September 30, 2000.
  - 2. Two members whose terms expire on September 30, 2001.
    - 3. Two members whose terms expire on September 30, 2002.
- Sec. 69. Notwithstanding the provisions of section 19 of this act, a person who engages in the practice of management consulting is not required to register with or obtain a license from the board pursuant to the provisions of this act before July 1, 2000.
- Sec. 70. The amendatory provisions of this act do not apply to offenses that were committed before July 1, 1999.
- Sec. 71. 1. This section, sections 1 to 65, inclusive, and 67 to 70, inclusive, of this act become effective on July 1, 1999.
  - 2. Section 66 of this act becomes effective on the date on which the provisions of 42 U.S.C. § 666 requiring each state to establish procedures under which the state has authority to withhold or suspend, or to restrict the use of professional, occupational and recreational licenses of persons who:
  - (a) Have failed to comply with a subpoena or warrant relating to a procedure to determine the paternity of a child or to establish or enforce an obligation for the support of a child; or
- 26 (b) Are in arrears in the payment for the support of one or more children,
- are repealed by the Congress of the United States.
- 3. Sections 23, 24 and 38 of this act expire by limitation on the date on which the provisions of 42 U.S.C. § 666 requiring each state to establish procedures under which the state has authority to withhold or suspend, or to restrict the use of professional, occupational and recreational licenses of persons who:
- (a) Have failed to comply with a subpoena or warrant relating to a procedure to determine the paternity of a child or to establish or enforce an obligation for the support of a child; or
- 37 (b) Are in arrears in the payment for the support of one or more 38 children,
- are repealed by the Congress of the United States.

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