

SENATE BILL NO. 439—COMMITTEE ON COMMERCE AND LABOR

MARCH 15, 1999

Referred to Committee on Commerce and Labor

SUMMARY—Makes various changes concerning accountants. (BDR 54-807)

FISCAL NOTE: Effect on Local Government: No.

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 accountants; revising provisions governing the qualifications and examination of applicants for certificates of certified public accounting; making various changes relating to the professional conduct of companies practicing certified public accounting or public accounting; revising provisions governing the organizational structure of companies practicing certified public accounting or public accounting; prohibiting the secretary of state from accepting for filing certain articles of incorporation or amendments thereto that contain certain words relating to accounting; repealing certain prohibited acts; 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.** NRS 628.033 is hereby amended to read as follows:
2 628.033 “State” ~~includes~~ ***means*** any state , ***territory or possession*** of
3 the United States and the District of Columbia.
4 **Sec. 2.** NRS 628.160 is hereby amended to read as follows:
5 628.160 1. The board may by regulation adopt and amend rules of
6 professional conduct appropriate to establish and maintain a high standard
7 of quality, integrity and dignity in the profession of public accountancy.
8 2. In addition to the requirements of chapter 233B of NRS, the board
9 shall, at least 60 days before the adoption of any such rule or amendment,
10 mail copies of the proposed rule or amendment to each holder of a live
11 permit , ~~issued pursuant to NRS 628.380,~~ to the address shown in the
12 records of the board, together with a notice advising him of the date, time
13 and place of the hearing on the proposed rule or amendment and requesting
14 that he submit his comments thereon at least 15 days before the hearing.
15 The comments are advisory only. Failure by inadvertence or error to mail

1 the rule, amendment or notice to each holder of a permit does not affect the
2 validity of any rule or amendment if the board has made an effort in good
3 faith to mail the notice to all holders of permits.

4 3. The board may adopt regulations concerning the professional
5 conduct of corporations , ~~and~~ partnerships *and limited-liability*
6 *companies* practicing certified public accounting or public accounting
7 which it deems consistent with or required by the public welfare, including
8 regulations:

9 (a) Governing the style, name and title of ~~such corporations and~~
10 ~~partnerships.~~ *the corporations, partnerships and limited-liability*
11 *companies.*

12 (b) Governing the affiliation of ~~such corporations and~~ *the*
13 *corporations*, partnerships *and limited-liability companies* with any other
14 organizations.

15 **Sec. 3.** NRS 628.190 is hereby amended to read as follows:

16 628.190 ~~The~~

17 *1. Except as otherwise provided in this section and NRS 628.310, a*
18 *certificate of certified public accountant must be granted by the board to*
19 *any person who:*

20 ~~1.-~~ (a) Is a resident of this state or, if not a resident, has designated to
21 the board an agent who is a resident for notification and service of process;

22 ~~2.-~~ (b) Is a person ~~of fiscal integrity~~ who is without any history of
23 acts involving dishonesty or moral turpitude;

24 ~~3.- Meets~~

25 (c) *Complies with* the requirements of education and experience as
26 provided in NRS 628.200; ~~and~~

27 ~~4.- Has passed a written examination selected by the board containing~~
28 ~~the following sections:~~

29 ~~—(a) Business law and professional responsibilities;~~

30 ~~—(b) Auditing;~~

31 ~~—(c) Accounting and reporting, including taxation, managerial accounting~~
32 ~~and auditing for governmental and nonprofit organizations;~~

33 ~~—(d) Financial accounting and reporting, including for business~~
34 ~~enterprises; and~~

35 ~~—(e) Other related sections that the board determines to be appropriate.]~~

36 (d) *Has submitted to the board a complete set of his fingerprints and*
37 *written permission authorizing the board to forward the fingerprints to*
38 *the central repository for Nevada records of criminal history for*
39 *submission to the Federal Bureau of Investigation for its report; and*

40 (e) *Has passed the examination prescribed by the board.*

41 2. *The board may refuse to grant a certificate of certified public*
42 *accountant to an applicant if he has been convicted of a felony under the*
43 *laws of any state or of the United States.*

1 **3. The board may issue a provisional certificate to an applicant until**
2 **the board receives the report from the Federal Bureau of Investigation.**

3 **Sec. 4.** NRS 628.200 is hereby amended to read as follows:

4 628.200 1. ~~{The}~~ **Except as otherwise provided in subsection 4, the**
5 requirement of education for a certificate of certified public accountant is at
6 least 150 semester hours or an equivalent number of quarter hours and
7 includes a baccalaureate degree or an equivalent degree from a college or
8 university recognized by the board:

9 (a) With a major in accounting, or what the board determines to be
10 substantially the equivalent of a major in accounting; or

11 (b) With a major other than accounting supplemented by what the board
12 determines to be substantially the equivalent of an accounting major,
13 including related courses in other areas of business administration.

14 2. The requirement for experience for a certificate of certified public
15 accountant is:

16 (a) Two years of public accounting experience ; ~~{, including, but in no~~
17 ~~way limited to, attesting while in practice as a certified public accountant, a~~
18 ~~registered public accountant, a staff accountant employed by a person who~~
19 ~~is licensed to practice public accounting or any combination of these types~~
20 ~~of experience;}~~ or

21 (b) Experience in internal auditing work or governmental accounting
22 and auditing work of a character and for a length of time sufficient in the
23 opinion of the board to be substantially equivalent to the requirements of
24 paragraph (a).

25 3. The board:

26 (a) Shall adopt regulations concerning ~~{the}~~ :

27 **(1) The** number of semester hours or an equivalent number of quarter
28 hours in accounting and other courses required by an applicant to satisfy
29 the requirements of subsection 1.

30 **(2) The public accounting experience, internal auditing work, and**
31 **governmental accounting and auditing work required by an applicant to**
32 **satisfy the requirements of subsection 2.**

33 (b) May provide by regulation for the substitution of qualified programs
34 of continuing education to satisfy partially the requirement of experience
35 described in paragraph (b) of subsection 2 or may add any program to the
36 requirement of experience.³

37 **4. Notwithstanding any provision of this section to the contrary, an**
38 **applicant for a certificate of certified public accountant who has received**
39 **conditional credit pursuant to NRS 628.260 for passing sections of the**
40 **examination required for a certificate, and who applies that credit to his**
41 **subsequent passage of the examination, is subject to the educational**
42 **requirements to receive a certificate that were in effect on the date on**
43 **which he first received the conditional credit.**

1 **Sec. 5.** NRS 628.230 is hereby amended to read as follows:

2 628.230 1. The ~~{examinations described in NRS 628.190}~~
3 *examination prescribed by the board* must be conducted by the board ~~{and~~
4 ~~take place as often as the board finds desirable, but not less frequently}~~ *not*
5 *less* than once each year.

6 2. The board shall prescribe by regulation the methods of applying for
7 ~~{examination and for}~~ *and* conducting the examination, including the
8 grading of papers and the determination of passing grades. The board may
9 ~~{make such use of}~~ *use* all or any part of the Uniform Certified Public
10 Accountants' Examination and Advisory Grading Service as it deems
11 appropriate to assist it in performing its duties hereunder.

12 **Sec. 5.3.** NRS 628.240 is hereby amended to read as follows:

13 628.240 A candidate for a certificate of certified public accountant,
14 who has met the educational requirements as provided in NRS 628.200, is
15 eligible to take the examination without waiting until he meets the
16 requirements of experience if he also meets the requirements of
17 ~~{subsections 1 and 2}~~ *paragraphs (a) and (b) of subsection 1* of NRS
18 628.190.

19 **Sec. 5.5.** NRS 628.260 is hereby amended to read as follows:

20 628.260 1. The board may by regulation prescribe the terms and
21 conditions under which a candidate:

22 (a) Must pass all sections of the examination ~~{indicated in}~~ *prescribed*
23 *by the board pursuant to* NRS 628.190 ~~{in order}~~ to qualify for a
24 certificate.

25 (b) Who , at any given examination , passes two or more sections, but
26 not all sections, may receive conditional credit for the sections passed, and
27 need not sit for re-examination in those sections. The board may by
28 regulation:

29 (1) Provide minimum grades for each section not passed in order to
30 receive credit for those passed;

31 (2) Provide a limit on the time in which each candidate must pass all
32 sections of the examination or lose any credit received; and

33 (3) Require a candidate to sit for all sections of the examination
34 which he did not pass in a previous examination.

35 2. The board may give credit to a candidate who has passed all or part
36 of the examination in another state or other jurisdiction of the United
37 States, if the certified public accountant members of the board have
38 determined by regulation that the standards under which the examination
39 was held are as high as the standards established for the examination
40 required by this chapter.

41 **Sec. 5.7.** NRS 628.280 is hereby amended to read as follows:

42 628.280 1. The board shall charge each candidate for a certificate of
43 certified public accountant a fee to be determined by the board by

1 regulation for the initial examination ~~[provided for in]~~ *prescribed by the*
2 *board pursuant to* NRS 628.190.

3 2. Fees for re-examinations under NRS 628.190 must also be charged
4 by the board in amounts determined by it by regulation for each section *of*
5 *the examination* in which the candidate is re-examined.

6 3. The applicable fee must be paid by the candidate at the time he
7 applies for examination or re-examination.

8 4. The board shall charge each candidate for a certificate of certified
9 public accountant a fee to be determined by the board by regulation for
10 review and inspection of his examination paper.

11 **Sec. 6.** NRS 628.310 is hereby amended to read as follows:

12 628.310 1. The board may waive the examination , *the requirements*
13 *for education or the requirements for experience, or any combination*
14 *thereof, required* under NRS 628.190, and may issue a certificate as a
15 certified public accountant to any person who is the holder of a certificate
16 as a certified public accountant then in effect issued under the laws of any
17 state or other jurisdiction of the United States approved by the board,
18 constituting a recognized qualification for the practice of public accounting
19 comparable to that of a certified public accountant of this state, state ~~and~~
20 ~~who:~~

21 ~~—1.— Possesses the qualifications set forth in subsection 3 of NRS~~
22 ~~628.190 which were in effect in this state on the date on which he received~~
23 ~~his original certificate; and~~

24 ~~—2.— Either possesses the qualifications set forth in subsection 4 of NRS~~
25 ~~628.190, which were in effect in this state on the date on which he received~~
26 ~~his original certificate, or has:~~

27 ~~—(a) Passed] if:~~

28 (a) *The person has passed* an examination that is substantially the same
29 as the examination ~~[required by subsection 4 of NRS 628.190; and~~

30 ~~—(b) Experience] conducted pursuant to NRS 628.230 with a grade that~~
31 *would have been a passing grade in this state on the date on which he*
32 *received his original certificate;*

33 (b) *The person has experience* in the practice of public accountancy,
34 either as a certified public accountant or as a staff accountant employed by
35 *or under the direct supervision of* a person who is a certified public
36 accountant, while holding a certificate as a certified public accountant for
37 more than ~~[5]~~ 4 of the 10 years immediately preceding his making
38 application pursuant to this chapter ~~[H]~~ ; and

39 (c) *The requirements for education of the state or other jurisdiction*
40 *from which the person received his original certificate were substantially*
41 *equivalent to the requirements for education of this state on the date on*
42 *which the person received his original certificate.*

1 2. The board may waive the examination, the requirements for
2 education or the requirements for experience, or any combination
3 thereof, under NRS 628.190, and may issue a certificate as a certified
4 public accountant to any person who is the holder of an equivalent
5 certificate then in effect issued by a foreign country if:

6 (a) Persons who are certified as public accountants in this state are
7 granted similar privileges by the foreign country in which the applicant is
8 certified;

9 (b) The applicant's certificate:

10 (1) Was issued by the appropriate authority that regulates the
11 practice of public accountancy in the foreign country in which the
12 certificate was issued;

13 (2) Has not expired or been revoked or suspended; and

14 (3) Authorizes the applicant to issue reports upon financial
15 statements;

16 (c) The requirements for education and examination of the regulatory
17 authority of the foreign country were substantially equivalent to the
18 requirements for education and examination of this state on the date on
19 which the applicant received his certificate;

20 (d) The applicant:

21 (1) Complied with requirements for experience in the foreign
22 country in which the certificate was issued that are substantially
23 equivalent to the requirements set forth in NRS 628.200; or

24 (2) Has completed in this state at least 4 years of public accounting
25 experience, or equivalent experience determined to be appropriate by the
26 board, within the 10 years immediately preceding his making application
27 for certification in this state;

28 (e) The applicant has passed a written examination on national
29 standards for public accounting and ethics that is acceptable to the
30 board; and

31 (f) The applicant submits with his application a list of all jurisdictions
32 in which he has applied for and received a certificate to practice public
33 accounting.

34 3. A person who is granted a certificate as a certified public
35 accountant pursuant to subsection 2 shall notify the board, in writing,
36 within 30 days after:

37 (a) He is issued an equivalent certificate to practice public accounting
38 by another jurisdiction or is denied the issuance of such a certificate;

39 (b) A certificate to practice public accounting issued to him by
40 another jurisdiction is revoked or suspended; or

41 (c) Another jurisdiction in which he is certified to practice public
42 accounting commences any type of disciplinary action against him.

1 **Sec. 6.5.** NRS 628.325 is hereby amended to read as follows:

2 628.325 1. One or more natural persons may organize a corporation
3 for the practice of public accounting under the Professional Corporations
4 and Associations Act, chapter 89 of NRS. The corporation is not required
5 to have more directors than shareholders, but at least one director must be a
6 shareholder. The other directors need not, but may, be shareholders.

7 2. One or more natural persons may:

8 (a) Organize a corporation pursuant to chapter 78 of NRS;

9 (b) Qualify to do business as a foreign corporation pursuant to chapter
10 80 of NRS;

11 (c) Organize a limited-liability company pursuant to chapter 86 of NRS;
12 or

13 (d) Register as a foreign limited-liability company pursuant to chapter
14 86 of NRS,
15 to practice public accounting.

16 3. The organization, qualification or registration of a corporation or
17 company pursuant to subsection 2:

18 (a) Does not modify:

19 (1) The relationship between an accountant and a client;

20 (2) The liability arising out of that relationship; or

21 (3) The compliance of the corporation or company with this chapter
22 or any regulations adopted pursuant thereto.

23 (b) Does not render:

24 (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
27 company liable in contract for any contract which he executes on behalf of
28 a limited-liability company within the limits of his authority.

29 ***4. Notwithstanding any specific statute to the contrary, a simple***
30 ***majority of the ownership of a corporation, partnership or limited-***
31 ***liability company organized for the practice of public accounting in this***
32 ***state, in terms of the financial interests and voting rights of all***
33 ***shareholders, partners, officers, members and principals thereof, must***
34 ***belong to persons who are certified public accountants in any state or***
35 ***registered public accountants in this state. Each shareholder, partner,***
36 ***officer, member or principal whose principal place of business is in this***
37 ***state and who performs professional services in this state must be:***

38 ***(a) If the corporation, partnership or limited-liability company***
39 ***registered with the board is a corporation, partnership or limited-liability***
40 ***company of certified public accountants, a certified public accountant in***
41 ***this state in good standing; and***

42 ***(b) If the corporation, partnership or limited-liability company***
43 ***registered with the board is a corporation, partnership or limited-liability***

1 *company of public accountants, a certified public accountant or*
2 *registered public accountant in this state in good standing.*

3 *5. A corporation, partnership or limited-liability company organized*
4 *for the practice of public accounting in this state may have as a*
5 *shareholder, partner, officer, member or principle any natural person*
6 *who is not a certified public accountant in any state or a registered public*
7 *accountant in this state if:*

8 *(a) The natural person is actively engaged in the business of the*
9 *corporation, partnership or limited-liability company, or any affiliate*
10 *thereof; and*

11 *(b) The corporation, partnership or limited-liability company complies*
12 *with any other requirements that the board by regulation may impose.*

13 **Sec. 7.** NRS 628.343 is hereby amended to read as follows:

14 628.343 1. A corporation organized for the practice of public
15 accounting shall register with the board as a corporation of certified public
16 accountants and comply with the following requirements:

17 (a) The sole purpose and business of the corporation must be to furnish
18 to the public services not inconsistent with this chapter or the regulations of
19 the board, except that the corporation may invest its money in a manner not
20 incompatible with the practice of public accounting.

21 (b) ~~Each shareholder of the corporation must be a certified public~~
22 ~~accountant of some state in good standing, and be principally employed by~~
23 ~~the corporation or actively engaged in its business. No other person may~~
24 ~~have any interest in the stock of the corporation.]~~ The principal officer of
25 the corporation and any officer or director having authority over the
26 practice of public accounting by the corporation must be a certified public
27 accountant of some state in good standing.

28 (c) At least one shareholder of the corporation must be a certified public
29 accountant of this state in good standing.

30 (d) Each manager in charge of an office of the corporation in this state
31 and each shareholder or director who is regularly and personally engaged
32 within this state in the practice of public accounting must be a certified
33 public accountant of this state in good standing.

34 (e) In order to facilitate compliance with the provisions of this section
35 relating to the ownership of stock, there must be a written agreement
36 binding the shareholders or the corporation to purchase any shares offered
37 for sale by, or not under the ownership or effective control of, a qualified
38 shareholder. The corporation may retire any amount of stock for this
39 purpose, notwithstanding any impairment of its capital, so long as one share
40 remains outstanding.

41 (f) The corporation shall comply with other regulations pertaining to
42 corporations practicing public accounting in this state adopted by the
43 board.

1 2. Application for registration must be made upon the affidavit of a
2 shareholder who holds a live permit to practice in this state as a certified
3 public accountant. The board shall determine whether the applicant is
4 eligible for registration and may charge an initial fee and an annual renewal
5 fee set by the board by regulation. A corporation which is so registered may
6 use the words "certified public accountants" or the abbreviation "C.P.A.'s"
7 or "CPA's" in connection with its corporate name. Notice must be given to
8 the board within 1 month after the admission to or withdrawal of a
9 shareholder from any corporation so registered.

10 **Sec. 8.** NRS 628.345 is hereby amended to read as follows:

11 628.345 1. A limited-liability company organized for the practice of
12 public accounting shall register with the board as a limited-liability
13 company of certified public accountants and comply with the following
14 requirements:

15 (a) The sole purpose and business of the limited-liability company must
16 be to furnish to the public services not inconsistent with this chapter or the
17 regulations of the board, except that the limited-liability company may
18 invest its money in a manner not incompatible with the practice of public
19 accounting.

20 (b) ~~{Each member of the limited liability company must be a certified~~
21 ~~public accountant of some state in good standing, and be principally~~
22 ~~employed by the limited liability company or actively engaged in its~~
23 ~~business. No other person may have any interest in the limited liability~~
24 ~~company.}~~ The manager, if any, of the limited-liability company must be a
25 certified public accountant of some state in good standing.

26 (c) At least one member of the limited-liability company must be a
27 certified public accountant of this state in good standing.

28 (d) Each person in charge of an office of the limited-liability company in
29 this state and each member who is regularly and personally engaged within
30 this state in the practice of public accounting must be a certified public
31 accountant of this state in good standing.

32 (e) In order to facilitate compliance with the provisions of this section
33 relating to the ownership of interests, there must be a written agreement
34 binding the members or the limited-liability company to purchase any
35 interest offered for sale by, or not under the ownership or effective control
36 of, a qualified member.

37 (f) The limited-liability company shall comply with other regulations
38 pertaining to limited-liability companies practicing public accounting in
39 this state adopted by the board.

40 2. Application for registration must be made upon the affidavit of the
41 manager or a member of the limited-liability company. The affiant must
42 hold a live permit to practice in this state as a certified public accountant.
43 The board shall determine whether the applicant is eligible for registration

1 and may charge an initial fee and an annual renewal fee set by the board by
2 regulation. A limited-liability company which is so registered may use the
3 words "certified public accountants" or the abbreviation "C.P.A.'s" or
4 "CPA's" in connection with its name. Notice must be given to the board
5 within 1 month after the admission to or withdrawal of a member from any
6 limited-liability company so registered.

7 **Sec. 9.** NRS 628.363 is hereby amended to read as follows:

8 628.363 1. A corporation organized for the practice of public
9 accounting shall register with the board as a corporation of public
10 accountants and comply with the following requirements:

11 (a) The sole purpose and business of the corporation must be to furnish
12 to the public services not inconsistent with this chapter or the regulations of
13 the board, except that the corporation may invest its money in a manner not
14 incompatible with the practice of public accounting.

15 (b) ~~[Each shareholder of the corporation must be a certified public~~
16 ~~accountant in any state or a public accountant of this state in good standing,~~
17 ~~and be principally employed by the corporation or actively engaged in its~~
18 ~~business. No other person may have any interest in the stock of the~~
19 ~~corporation.]~~ The principal officer of the corporation and any officer or
20 director having authority over the practice of public accounting by the
21 corporation must be a certified public accountant or registered public
22 accountant of this state in good standing.

23 (c) Each manager in charge of an office of the corporation in this state
24 must be a certified public accountant or a registered public accountant of
25 this state in good standing.

26 (d) In order to facilitate compliance with the provisions of this section
27 relating to the ownership of stock, there must be a written agreement
28 binding the shareholders or the corporation to purchase any shares offered
29 for sale by, or not under the ownership or effective control of, a qualified
30 shareholder. The corporation may retire any amount of stock for this
31 purpose, notwithstanding any impairment of its capital, so long as one share
32 remains outstanding.

33 (e) The corporation shall comply with other regulations pertaining to
34 corporations practicing public accounting in this state adopted by the
35 board.

36 2. Application for registration must be made upon the affidavit of a
37 shareholder who holds a live permit to practice in this state as a certified
38 public accountant or as a registered public accountant. The board shall
39 determine whether the applicant is eligible for registration. The board may
40 charge a registration fee and renewal fee and a reporting fee in an amount
41 set by regulation. A corporation which is so registered may use the words
42 "public accountants" in connection with its corporate name. Notice must be

1 given to the board within 1 month after the admission to or withdrawal of a
2 shareholder from any corporation so registered.

3 **Sec. 10.** NRS 628.365 is hereby amended to read as follows:

4 628.365 1. A limited-liability company organized for the practice of
5 public accounting shall register with the board as a limited-liability
6 company of public accountants and comply with the following
7 requirements:

8 (a) The sole purpose and business of the limited-liability company must
9 be to furnish to the public services not inconsistent with this chapter or the
10 regulations of the board, except that the limited-liability company may
11 invest its money in a manner not incompatible with the practice of public
12 accounting.

13 (b) ~~Each member of the limited liability company must be a certified~~
14 ~~public accountant in any state or a public accountant of this state in good~~
15 ~~standing, and be principally employed by the limited liability company or~~
16 ~~actively engaged in its business. No other person may have any interest in~~
17 ~~the limited liability company.]~~ The manager, if any, of the limited-liability
18 company must be a certified public accountant or registered public
19 accountant of this state in good standing.

20 (c) Each person in charge of an office of the limited-liability company in
21 this state must be a certified public accountant or a registered public
22 accountant of this state in good standing.

23 (d) In order to facilitate compliance with the provisions of this section
24 relating to the ownership of interests, there must be a written agreement
25 binding the members or the limited-liability company to purchase any
26 interest offered for sale by, or not under the ownership or effective control
27 of, a qualified member.

28 (e) The limited-liability company shall comply with other regulations
29 pertaining to limited-liability companies practicing public accounting in
30 this state adopted by the board.

31 2. Application for registration must be made upon the affidavit of the
32 manager or a member of the limited-liability company. The affiant must
33 hold a live permit to practice in this state as a certified public accountant or
34 as a registered public accountant. The board shall determine whether the
35 applicant is eligible for registration. The board may charge a registration
36 fee and renewal fee and a reporting fee in an amount set by regulation. A
37 limited-liability company which is so registered may use the words "public
38 accountants" in connection with its name. Notice must be given to the
39 board within 1 month after the admission to or withdrawal of a member of a
40 limited-liability company so registered.

41 **Sec. 11.** NRS 628.380 is hereby amended to read as follows:

42 628.380 1. Permits to engage in the practice of public accounting in
43 this state must be issued by the board to holders of the certificate of

1 certified public accountant issued under NRS 628.190 to 628.310,
2 inclusive, and to registered public accountants registered or licensed
3 pursuant to NRS 628.350, if all offices of the certificate holder or registrant
4 are maintained and registered as required under NRS 628.370, and if the
5 certificate holder or registrant has complied with the continuing education
6 requirements provided in this chapter and in the board's regulations.

7 2. All permits expire on December 31 of each year and may be
8 renewed annually for a period of 1 year by certificate holders and
9 registrants in good standing upon payment of an annual renewal fee set by
10 the board by regulation.

11 3. Failure of a certificate holder or registrant to apply for an annual
12 permit to practice ~~within:~~

13 ~~—(a) Three years after the expiration date of the permit to practice last~~
14 ~~obtained or renewed; or~~

15 ~~—(b) Three years after the date upon which the certificate holder or~~
16 ~~registrant was granted his certificate or registration, if no permit was ever~~
17 ~~issued to him,]~~ deprives him of the right to a permit, unless the board, in its
18 discretion, determines that the failure was caused by excusable neglect.

19 4. The board shall adopt a regulation specifying the fee for issuance or
20 renewal of a permit more than ~~{3 years}~~ 1 year after the expiration of a
21 previous permit or granting of a certificate or registration.

22 5. The board may provide by regulation for the placing of certificates
23 and registrations in a retired or inactive status. The regulation may provide
24 for a procedure for applying for retired or inactive status and for applying
25 to return to active status, and must specify fees, if any, to accompany the
26 applications.

27 **Sec. 12.** NRS 628.390 is hereby amended to read as follows:

28 628.390 1. After giving notice and conducting a hearing, the board
29 may revoke, or may suspend for a period of not more than 5 years, any
30 certificate issued under NRS 628.190 to 628.310, inclusive, any
31 registration or license granted to a registered public accountant under NRS
32 628.350, or any registration of a partnership, corporation, limited-liability
33 company or office, or may revoke, suspend or refuse to renew any permit
34 issued under NRS 628.380, or may censure the holder of any permit, for
35 any one or any combination of the following causes:

36 (a) Fraud or deceit in obtaining a certificate as certified public
37 accountant, or in obtaining registration or a license as a public accountant
38 under this chapter, or in obtaining a permit to practice public accounting
39 under this chapter.

40 (b) Dishonesty, fraud or gross negligence by a certified or registered
41 public accountant in the practice of public accounting or, if not in the
42 practice of public accounting, of a kind which adversely affects the ability
43 to perform public accounting.

1 (c) Violation of any of the provisions of this chapter.

2 (d) Violation of a regulation or rule of professional conduct adopted by
3 the board under the authority granted by this chapter.

4 (e) Conviction of a felony under the laws of any state or of the United
5 States.

6 (f) Conviction of any crime, an element of which is dishonesty or fraud,
7 under the laws of any state or of the United States.

8 (g) Cancellation, revocation, suspension or refusal to renew authority to
9 practice as a certified public accountant or a registered public accountant
10 by any other state, for any cause other than failure to pay an annual
11 registration fee or to comply with requirements for continuing education or
12 review of his practice in the other state.

13 (h) Suspension or revocation of the right to practice before any state or
14 federal agency.

15 (i) Unless the person has been placed on inactive or retired status,
16 failure to obtain an annual permit under NRS 628.380, within:

17 (1) One year after the expiration date of the permit to practice last
18 obtained or renewed by the certificate holder or registrant; or

19 (2) One year after the date upon which the certificate holder or
20 registrant was granted his certificate or registration, if no permit was ever
21 issued to him, unless the failure has been excused by the board.

22 (j) Conduct discreditable to the profession of public accounting or which
23 reflects adversely upon the fitness of the person to engage in the practice of
24 public accounting.

25 ***(k) Making a false or misleading statement in support of an***
26 ***application for a certificate, registration or permit of another person.***

27 2. In addition to other penalties prescribed by this section, the board
28 may impose a civil penalty of not more than \$5,000 for each violation. The
29 board may recover:

30 (a) Attorney's fees and costs incurred in respect to a hearing held
31 pursuant to subsection 1 from a licensee if he is found in violation thereof;
32 and

33 (b) Attorney's fees and costs incurred in the recovery of a civil penalty
34 imposed.

35 **Sec. 12.5.** NRS 628.510 is hereby amended to read as follows:

36 628.510 1. Except as otherwise provided in subsection 2, a person
37 shall not sign or affix his name or the name of a partnership, corporation or
38 limited-liability company, or any trade or assumed name used by him or by
39 the partnership, corporation or limited-liability company in business, with
40 any wording indicating that he is an accountant or auditor, or that the
41 partnership, corporation or limited-liability company is authorized to
42 practice as an accountant or auditor or with any wording indicating that he
43 or the partnership, corporation or limited-liability company has expert

1 knowledge in accounting or auditing, to any accounting or financial
2 statement, or attest to any accounting or financial statement, unless he holds
3 a live permit, or the partnership, corporation or limited-liability company is
4 registered pursuant to NRS 628.340, 628.343, 628.345, 628.360, 628.363
5 or 628.365 and all of his offices in this state for the practice of public
6 accounting are maintained and registered under NRS 628.370.

7 2. The provisions of subsection 1 do not prohibit:

8 (a) Any officer, employee, partner, principal or member of any
9 organization from affixing his signature to any statement or report in
10 reference to the financial affairs of that organization with any wording
11 designating the position, title or office which he holds in the organization.

12 (b) Any act of a public official or public employee in the performance of
13 his duties as such.

14 *(c) Any person who does not hold a live permit from preparing a*
15 *financial statement or issuing a report if the statement or report,*
16 *respectively, includes a disclosure that:*

17 *(1) The person who prepared the statement or issued the report does*
18 *not hold a live permit issued by the board; and*

19 *(2) The statement or report does not purport to have been prepared*
20 *in compliance with the professional standards of accounting adopted by*
21 *the board.*

22 **Sec. 13.** NRS 78.045 is hereby amended to read as follows:

23 78.045 1. The secretary of state shall not accept for filing any articles
24 of incorporation or any certificate of amendment of articles of
25 incorporation of any corporation formed pursuant to the laws of this state
26 which provides that the name of the corporation contain the word "bank" or
27 "trust," unless:

28 (a) It appears from the articles or the certificate of amendment that the
29 corporation proposes to carry on business as a banking or trust company,
30 exclusively or in connection with its business as a bank or savings and loan
31 association; and

32 (b) The articles or certificate of amendment is first approved by the
33 commissioner of financial institutions.

34 2. The secretary of state shall not accept for filing any articles of
35 incorporation or any certificate of amendment of articles of incorporation
36 of any corporation formed pursuant to the provisions of this chapter when it
37 appears from the articles or the certificate of amendment that the business
38 to be carried on by the corporation is subject to supervision by the
39 commissioner of insurance or by the commissioner of financial institutions,
40 unless the articles or certificate of amendment is first approved by the
41 commissioner who will be supervising the business of the corporation.

42 3. Except as otherwise provided in subsection ~~4~~ 5, the secretary of
43 state shall not accept for filing any articles of incorporation or any

1 certificate or amendment of articles of incorporation of any corporation
2 formed pursuant to the laws of this state if the name of the corporation
3 contains the words “engineer,” “engineered,” “engineering,” “professional
4 engineer” or “licensed engineer” unless:

5 (a) The state board of professional engineers and land surveyors certifies
6 that the principals of the corporation are licensed to practice engineering
7 pursuant to the laws of this state; or

8 (b) The state board of professional engineers and land surveyors
9 certifies that the corporation is exempt from the prohibitions of NRS
10 625.520.

11 4. *The secretary of state shall not accept for filing any articles of*
12 *incorporation or any certificate of amendment of articles of*
13 *incorporation of any corporation formed pursuant to the laws of this*
14 *state which provides that the name of the corporation contain the words*
15 *“accountant,” “accounting,” “accountancy,” “auditor” or “auditing”*
16 *unless the Nevada state board of accountancy certifies that the*
17 *corporation:*

18 (a) *Is registered pursuant to the provisions of chapter 628 of NRS; or*

19 (b) *Has filed with the state board of accountancy under penalty of*
20 *perjury a written statement that the corporation is not engaged in the*
21 *practice of accounting and is not offering to practice accounting in this*
22 *state.*

23 5. The provisions of subsection 3 do not apply to any corporation,
24 whose securities are publicly traded and regulated by the Securities
25 Exchange Act of 1934, which does not engage in the practice of
26 professional engineering.

27 ~~5.1~~ 6. The commissioner of financial institutions and the
28 commissioner of insurance may approve or disapprove the articles or
29 amendments referred to them pursuant to the provisions of this section.

30 **Sec. 14.** NRS 80.010 is hereby amended to read as follows:

31 80.010 1. Before commencing or doing any business in this state,
32 ~~every~~ *each* corporation organized pursuant to the laws of another state,
33 territory, the District of Columbia, a ~~dependency~~ *possession* of the United
34 States or a foreign country, that enters this state to do business must:

35 (a) File in the office of the secretary of state of this state:

36 (1) A certificate of corporate existence issued not more than 90 days
37 before the date of filing by an authorized officer of the jurisdiction of its
38 incorporation setting forth the filing of documents and instruments related
39 to the articles of incorporation, or the governmental acts or other instrument
40 or authority by which the corporation was created. If the certificate is in a
41 language other than English, a translation, together with the oath of the
42 translator and his attestation of its accuracy, must be attached to the
43 certificate.

1 (2) A certificate of acceptance of appointment executed by its resident
2 agent, who must be a resident or located in this state. The certificate must
3 set forth the name of the resident agent, his street address for the service of
4 process, and his mailing address if different from his street address. The
5 street address of the resident agent is the registered office of the
6 corporation in this state.

7 (3) A statement executed by an officer of the corporation,
8 acknowledged before a person authorized by the laws of the place where
9 the acknowledgment is taken to take acknowledgments of deeds, setting
10 forth:

11 (I) A general description of the purposes of the corporation; and

12 (II) The authorized stock of the corporation and the number and
13 par value of shares having par value and the number of shares having no
14 par value.

15 (b) Lodge in the office of the secretary of state a copy of the document
16 most recently filed by the corporation in the jurisdiction of its incorporation
17 setting forth the authorized stock of the corporation, the number of
18 par-value shares and their par value, and the number of no-par-value shares.

19 2. The secretary of state shall not file the documents required by
20 subsection 1 for any foreign corporation whose name is the same as, or
21 deceptively similar to the name of a corporation, limited partnership or
22 limited-liability company existing pursuant to the laws of this state or a
23 foreign corporation, foreign limited partnership or foreign limited-liability
24 company authorized to transact business in this state or a name to which the
25 exclusive right is at the time reserved in the manner provided in the laws of
26 this state, unless the written acknowledged consent of the holder of the
27 registered or reserved name to use the same name or the requested similar
28 name accompanies the articles of incorporation.

29 3. The secretary of state shall not accept for filing the documents
30 required by subsection 1 or NRS 80.110 for any foreign corporation if the
31 name of the corporation contains the words “engineer,” “engineered,”
32 “engineering,” “professional engineer” or “licensed engineer” unless the
33 state board of professional engineers and land surveyors certifies that:

34 (a) The principals of the corporation are licensed to practice engineering
35 pursuant to the laws of this state; or

36 (b) The corporation is exempt from the prohibitions of NRS 625.520.

37 4. The secretary of state shall not accept for filing the documents
38 required by subsection 1 or NRS 80.110 for any foreign corporation if it
39 appears from the documents that the business to be carried on by the
40 corporation is subject to supervision by the commissioner of financial
41 institutions, unless the commissioner certifies that:

42 (a) The corporation has obtained the authority required to do business in
43 this state;

or

(b) The corporation is not subject to or is exempt from the requirements for obtaining such authority.

5. The secretary of state shall not accept for filing the documents required by subsection 1 or NRS 80.110 for any foreign corporation if the name of the corporation contains the words "accountant," "accounting," "accountancy," "auditor" or "auditing" unless the Nevada state board of accountancy certifies that the foreign corporation:
(a) Is registered pursuant to the provisions of chapter 628 of NRS; or
(b) Has filed with the state board of accountancy under penalty of perjury a written statement that the foreign corporation is not engaged in the practice of accounting and is not offering to practice accounting in this state.

Sec. 15. NRS 82.106 is hereby amended to read as follows:

82.106 1. The secretary of state shall not accept for filing pursuant to this chapter any articles of incorporation or any certificate of amendment of articles of incorporation of any corporation formed or existing pursuant to this chapter if the name of the corporation contains the words "trust," "engineer," "engineered," "engineering," "professional engineer" or "licensed engineer."

2. The secretary of state shall not accept for filing any articles of incorporation or any certificate of amendment of articles of incorporation of any corporation formed or existing under this chapter when it appears from the articles or the certificate of amendment that the business to be carried on by the corporation is subject to supervision by the commissioner of insurance.

3. The secretary of state shall not accept for filing pursuant to this chapter any articles of incorporation or any certificate of amendment of articles of incorporation of any corporation formed or existing pursuant to this chapter if the name of the corporation contains the words "accountant," "accounting," "accountancy," "auditor" or "auditing."

Sec. 16. NRS 86.171 is hereby amended to read as follows:

86.171 1. The name of a limited-liability company formed under the provisions of this chapter must contain the words "Limited-Liability Company," "Limited Company," or "Limited" or the abbreviations "Ltd.," "L.L.C.," "L.C.," "LLC" or "LC." The word "Company" may be abbreviated as "Co."

2. The name proposed for a limited-liability company must be distinguishable from the names of all other artificial persons organized or registered under chapter 78, 78A, 80, 81, 82, 84, 86, 87, 88 or 89 of NRS whose names are on file in the office of the secretary of state. If a proposed name is not so distinguishable, the secretary of state shall return the articles of organization to the organizer, unless the written acknowledged consent

1 of the holder of the registered name to use the same name or the requested
2 similar name accompanies the articles of organization.

3 3. For the purposes of this section and NRS 86.176, a proposed name
4 is not distinguished from a registered or reserved name solely because one
5 or the other contains distinctive lettering, a distinctive mark, a trade-mark
6 or a trade name, or any combination of these.

7 4. The name of a limited-liability company whose charter has been
8 revoked, whose existence has terminated, which has merged and is not the
9 surviving company, or which for any other reason is no longer in good
10 standing is available for use by any other artificial person.

11 ***5. The secretary of state shall not accept for filing any articles of***
12 ***organization for any limited-liability company if the name of the limited-***
13 ***liability company contains the words “accountant,” “accounting,”***
14 ***“accountancy,” “auditor” or “auditing” unless the Nevada state board of***
15 ***accountancy certifies that the limited-liability company:***

16 ***(a) Is registered pursuant to the provisions of chapter 628 of NRS; or***

17 ***(b) Has filed with the state board of accountancy under penalty of***
18 ***perjury a written statement that the limited-liability company is not***
19 ***engaged in the practice of accounting and is not offering to practice***
20 ***accounting in this state.***

21 **Sec. 16.5.** Section 2 of Senate Bill No. 19 of this session is hereby
22 amended to read as follows:

23 Sec. 2. NRS 80.010 is hereby amended to read as follows:

24 80.010 1. Before commencing or doing any business in this
25 state, each corporation organized pursuant to the laws of another
26 state, territory, the District of Columbia, a possession of the United
27 States or a foreign country, that enters this state to do business
28 must:

29 (a) File in the office of the secretary of state of this state:

30 (1) A certificate of corporate existence issued not more than
31 90 days before the date of filing by an authorized officer of the
32 jurisdiction of its incorporation setting forth the filing of documents
33 and instruments related to the articles of incorporation, or the
34 governmental acts or other instrument or authority by which the
35 corporation was created. If the certificate is in a language other than
36 English, a translation, together with the oath of the translator and
37 his attestation of its accuracy, must be attached to the certificate.

38 (2) A certificate of acceptance of appointment executed by its
39 resident agent, who must be a resident or located in this state. The
40 certificate must set forth the name of the resident agent, his street
41 address for the service of process, and his mailing address if
42 different from his street address. The street address of the resident
43 agent is the registered office of the corporation in this state.

1 (3) A statement executed by an officer of the corporation,
2 acknowledged before a person authorized by the laws of the place
3 where the acknowledgment is taken to take acknowledgments of
4 deeds, setting forth:

5 (I) A general description of the purposes of the corporation;
6 and

7 (II) The authorized stock of the corporation and the number
8 and par value of shares having par value and the number of shares
9 having no par value.

10 (b) Lodge in the office of the secretary of state a copy of the
11 document most recently filed by the corporation in the jurisdiction
12 of its incorporation setting forth the authorized stock of the
13 corporation, the number of par-value shares and their par value, and
14 the number of no-par-value shares.

15 2. The secretary of state shall not file the documents required
16 by subsection 1 for any foreign corporation whose name is the same
17 as, or deceptively similar to the name of a corporation, limited
18 partnership or limited-liability company existing pursuant to the
19 laws of this state or a foreign corporation, foreign limited
20 partnership or foreign limited-liability company authorized to
21 transact business in this state or a name to which the exclusive right
22 is at the time reserved in the manner provided in the laws of this
23 state, unless the written acknowledged consent of the holder of the
24 registered or reserved name to use the same name or the requested
25 similar name accompanies the articles of incorporation.

26 3. The secretary of state shall not accept for filing the
27 documents required by subsection 1 or NRS 80.110 for any foreign
28 corporation if the name of the corporation contains the words
29 “engineer,” “engineered,” “engineering,” “professional engineer” or
30 “licensed engineer” unless the state board of professional engineers
31 and land surveyors certifies that:

32 (a) The principals of the corporation are licensed to practice
33 engineering pursuant to the laws of this state; or

34 (b) The corporation is exempt from the prohibitions of NRS
35 625.520.

36 4. The secretary of state shall not accept for filing the
37 documents required by subsection 1 or NRS 80.110 for any foreign
38 corporation if it appears from the documents that the business to be
39 carried on by the corporation is subject to supervision by the
40 commissioner of financial institutions, unless the commissioner
41 certifies that:

42 (a) The corporation has obtained the authority required to do
43 business in this state;

or

1 (b) The corporation is not subject to or is exempt from the
2 requirements for obtaining such authority.

3 5. The secretary of state shall not accept for filing the
4 documents required by subsection 1 or NRS 80.110 for any foreign
5 corporation if the name of the corporation contains the words
6 "accountant," "accounting," "accountancy," "auditor" or "auditing"
7 unless the Nevada state board of accountancy certifies that the
8 foreign corporation:

9 (a) Is registered pursuant to the provisions of chapter 628 of
10 NRS; or

11 (b) Has filed with the state board of accountancy under penalty
12 of perjury a written statement that the foreign corporation is not
13 engaged in the practice of accounting and is not offering to practice
14 accounting in this state.

15 *6. As used in this section, "street address" of a resident*
16 *means the actual physical location in this state at which a resident*
17 *agent is available for service of process.*

18 **Sec. 17.** NRS 628.382 is hereby repealed.

19 **Sec. 18.** 1. This section and sections 1, 2, 3 and 5 to 17, inclusive, of
20 this act become effective on July 1, 1999.

21 2. Section 4 of this act becomes effective at 12:01 a.m. on January 1,
22 2001.

TEXT OF REPEALED SECTION

628.382 Prohibited acts.

1. A person engaged in the practice of public accounting shall not:

(a) Pay a commission to obtain a client; or

(b) Accept a commission for a referral to a client of the products or
services of another.

2. This section does not prohibit payments for:

(a) The purchase of an accounting practice; or

(b) Retirement,

to a person presently or formerly engaged in the practice of public
accounting or to his heirs or estate.