

ASSEMBLY BILL NO. 163—ASSEMBLYMEN GOLDWATER, GIBBONS, PARKS, CHOWNING, LESLIE, ANDERSON, ANDONOV, ARBERRY, BEERS, BUCKLEY, CLABORN, COLLINS, CONKLIN, GIUNCHIGLIANI, GRIFFIN, HETTRICK, HORNE, KOIVISTO, MANENDO, MARVEL, MCCLAIN, MCCLEARY, MORTENSON, OCEGUERA, OHRENSCHALL, PERKINS, PIERCE AND WILLIAMS

FEBRUARY 19, 2003

Referred to Committee on Judiciary

SUMMARY—Makes various changes to provisions concerning financial practices. (BDR 7-383)

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

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

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

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

- 1 **Section 1.** Chapter 90 of NRS is hereby amended by adding
- 2 thereto a new section to read as follows:
- 3 *In any investigation, proceeding or prosecution with respect to*
- 4 *any violation of a provision of this chapter, a regulation adopted*
- 5 *pursuant to this chapter, an order denying, suspending or*



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- 1 *revoking the effectiveness of registration or an order to cease and*
2 *desist issued by the Administrator, a person shall not willfully:*
- 3 1. *Offer or procure to be offered into evidence, as genuine,*
4 *any book, paper, document or record if the person knows that the*
5 *book, paper, document or record has been forged or fraudulently*
6 *altered; or*
- 7 2. *Destroy, alter, erase, obliterate or conceal, or cause to be*
8 *destroyed, altered, erased, obliterated or concealed, any book,*
9 *paper, document or record, including, without limitation, any*
10 *electronic record, with the intent to:*
- 11 (a) *Conceal any violation of any provision of this chapter, a*
12 *regulation adopted pursuant to this chapter, an order denying,*
13 *suspending or revoking the effectiveness of registration or an*
14 *order to cease and desist issued by the Administrator;*
- 15 (b) *Protect or conceal the identity of any person who has*
16 *violated any provision of this chapter, a regulation adopted*
17 *pursuant to this chapter, an order denying, suspending or*
18 *revoking the effectiveness of registration or an order to cease and*
19 *desist issued by the Administrator; or*
- 20 (c) *Delay or hinder the investigation or prosecution of any*
21 *person for any violation of any provision of this chapter, a*
22 *regulation adopted pursuant to this chapter, an order denying,*
23 *suspending or revoking the effectiveness of registration or an*
24 *order to cease and desist issued by the Administrator.*
- 25 **Sec. 2.** NRS 90.650 is hereby amended to read as follows:
26 90.650 1. A person who willfully violates:
- 27 (a) A provision of this chapter, except NRS 90.600, or who
28 violates NRS 90.600 knowing that the statement made is false or
29 misleading in any material respect;
- 30 (b) A regulation adopted pursuant to this chapter; or
- 31 (c) An order denying, suspending or revoking the effectiveness
32 of registration or an order to cease and desist issued by the
33 Administrator pursuant to this chapter,
34 is guilty of a category ~~C~~ **B** felony and shall be punished ~~as~~
35 ~~provided in NRS 193.130,~~ **by imprisonment in the state prison for**
36 **a minimum term of not less than 1 year and a maximum term of**
37 **not more than 20 years,** or by a fine of not more than \$100,000, or
38 by both fine and ~~the punishment provided in NRS 193.130,~~
39 **imprisonment,** for each violation. In addition to any other penalty,
40 the court shall order the person to pay restitution.
- 41 2. A person convicted of violating a regulation or order under
42 this chapter may be fined, but must not be imprisoned, if the person
43 proves lack of knowledge of the regulation or order.
- 44 3. This chapter does not limit the power of the State to punish a
45 person for conduct which constitutes a crime under other law.



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1 **Sec. 3.** NRS 90.670 is hereby amended to read as follows:
2 90.670 A person may not sue under NRS 90.660 unless suit is
3 brought within the earliest of ~~{1-year}~~ **2 years** after the discovery of
4 the violation, ~~{1-year}~~ **2 years** after discovery should have been
5 made by the exercise of reasonable care, or 5 years after the act,
6 omission or transaction constituting the violation.

7 **Sec. 4.** NRS 171.085 is hereby amended to read as follows:
8 171.085 Except as otherwise provided in NRS 171.083,
9 171.084 and 171.095, an indictment for:

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

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

17 **Sec. 5.** NRS 463.157 is hereby amended to read as follows:
18 463.157 The Commission shall by regulation:

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

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

25 (b) The provision of reliable records, accounts and reports of
26 transactions, operations and events, including reports to the Board
27 and the Commission.

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

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

42 1. That has accrued before October 1, 2003, if the applicable
43 statute of limitations has commenced but has not yet expired as of
44 October 1, 2003; or

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



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

