

Amendment No. 749

Assembly Amendment to Senate Bill No. 350 First Reprint (BDR 7-1118)

Proposed by: Assembly Committee on Judiciary

Amends: Summary: No Title: No Preamble: No Joint Sponsorship: No Digest: Yes

ASSEMBLY ACTION				Initial and Date	SENATE ACTION				Initial and Date	
Adopted	<input type="checkbox"/>	Lost	<input type="checkbox"/>	_____		Adopted	<input type="checkbox"/>	Lost	<input type="checkbox"/>	_____
Concurred In	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____		Concurred In	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____
Receded	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____		Receded	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____

EXPLANATION: Matter in (1) *blue bold italics* is new language in the original bill; (2) *green bold italic underlining* is new language proposed in this amendment; (3) ~~red strikethrough~~ is deleted language in the original bill; (4) ~~purple double strikethrough~~ is language proposed to be deleted in this amendment; (5) orange double underlining is deleted language in the original bill that is proposed to be retained in this amendment; and (6) green bold dashed underlining is newly added transitory language.

BFG/BAW



Date: 5/18/2009

S.B. No. 350—Makes various changes relating to business. (BDR 7-1118)



SENATE BILL NO. 350—COMMITTEE ON JUDICIARY

MARCH 23, 2009

Referred to Committee on Judiciary

SUMMARY—Makes various changes relating to business. (BDR 7-1118)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: 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 business associations; clarifying that an attorney who is a registered agent is not required to report certain privileged information under certain circumstances; increasing the fine imposed on certain foreign business entities that transact business in this State without qualifying to do business in this State; imposing a fine on persons purporting to do business in this State as a business entity without legally forming that entity; making various technical corrections to various provisions relating to business associations; revising the provisions relating to dissenters' rights; revising the provisions relating to the maintenance of certain lists by certain business associations; revising the provisions relating to the proper venue for the posting of certain notices and the filing of certain actions and for certain other purposes; establishing provisions relating to restricted limited-liability companies and restricted limited partnerships; making various other changes to the provisions relating to business associations; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law requires a registered agent to notify the Commissioner of Financial Institutions if the registered agent determines that a represented entity is not properly licensed. (NRS 77.410, 604A.710, 675.380) **Sections 1, 81 and 82** of this bill clarify that a registered agent who is an attorney is not required to make such a notification if doing so would violate the attorney-client privilege.

Sections 16, 36.1, 48.5, 55.5 and 56.4 of this bill: (1) increase from \$500 to ~~(\$5,000)~~ **a minimum of \$1,000 and a maximum of \$10,000** the fine imposed on certain foreign business entities that transact business in this State without registering with the Secretary of State or otherwise qualifying to do business in this State; and (2) allow the district attorney or Attorney General to recover the cost of a proceeding to recover the fine if the district attorney or Attorney General prevails in the proceeding. (NRS 80.055, 86.548, 87A.610, 88.600, 88A.750) **Sections 17.6, 36.6, 39.7 and 49.8** of this bill impose the same fine on foreign nonprofit corporations, foreign registered limited-liability partnerships and foreign limited-liability limited partnerships that do business in this State without registering with the Secretary of State.

Sections 1.5, ~~17.4~~ 27.5, 36.4, 39.3, 39.5, 49.4, 49.6, 56.2 and 56.6 of this bill provide that: (1) a person is subject to a fine of ~~[\$5,000]~~ **not more than \$1,000 but not less than \$10,000** if the person is purporting to do business in this State as a business entity ~~(but does not form that entity in accordance with the provisions of existing law)~~ **and willfully fails or neglects to register with the Secretary of State or file with the Secretary of State certain documents;** and (2) the district attorney or Attorney General may recover the cost of a proceeding to recover the fine if the district attorney or Attorney General prevails in the proceeding.

Sections 2-14 of this bill make technical corrections to various provisions relating to corporations. (Chapter 78 of NRS)

Existing law provides that certain notices for certain purposes must be posted and certain actions must be filed in certain counties where the principal office of the entity is located or, if the principal office is not located in this State, in the district court in Carson City. (NRS 78.275, 78.345, 78.630, 82.306, 82.471, 82.486) Sections 7, 8, 15, 19, 21 and 22 of this bill provide that instead of the proper venue being the district court in Carson City, the proper venue will lie in the county in which the entity's registered office is located.

Sections 26 and 27 of this bill provide for the formation of a restricted limited-liability company and prescribe the requirements pertaining to such entities. (Chapter 86 of NRS)

Sections 28 and 33 of this bill provide for certain rights of members relating to recordkeeping and the inspection of certain records.

Sections 38, 39 and 49.2 of this bill provide for the formation of a restricted limited partnership and prescribe the requirements pertaining to such entities. (Chapters 87A and 88 of NRS)

Sections 57 and 58 of this bill revise the provisions relating to professional organizations to permit ownership of such entities if at least one stockholder or member is admitted to the State Bar of Nevada. (NRS 89.040, 89.070)

Sections 59-78 of this bill make various changes relating to dissenters' rights, in accordance with recent changes that were made to the Model Business Corporation Act. (Chapter 92A of NRS)

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

Section 1. NRS 77.410 is hereby amended to read as follows:

77.410 1. If a registered agent knows or reasonably should know that the entity for which he is the registered agent engages in any business activity that is regulated pursuant to chapter 604A or 675 of NRS and the registered agent or a subsidiary or affiliate of the registered agent performs any service for the represented entity other than:

(a) Delivering documents for filing to state or local governmental entities;

(b) Forwarding unopened mail;

(c) Any service described in NRS 77.400;

(d) Accounting services incidental to the formation of the entity for which he serves as registered agent provided in accordance with chapter 628 of NRS; or

(e) Legal services incidental to the formation of the entity for which he serves as registered agent if he is an attorney who is licensed to practice law in this State or performs such services under the supervision of an attorney who is licensed to practice law in this State,

the registered agent shall verify with the Division of Financial Institutions of the Department of Business and Industry that the represented entity is licensed pursuant to chapter 604A or 675 of NRS, as applicable.

2. ~~HH~~ **Except as otherwise provided in this subsection, if** a registered agent determines pursuant to subsection 1 that the represented entity is not licensed as required pursuant to chapter 604A or 675 of NRS, the registered agent shall notify

1 the Commissioner of Financial Institutions. *This subsection does not require a*
2 *registered agent who is an attorney to notify the Commissioner if doing so would*
3 *violate any privilege pursuant to NRS 49.035 to 49.115, inclusive, or the Nevada*
4 *Rules of Professional Conduct.*

5 3. A registered agent who accepts an appointment to act as the registered
6 agent for a represented entity whom the registered agent knows or reasonably
7 should know engages in business activities which are regulated pursuant to chapter
8 604A or 675 of NRS shall not perform any financial transactions on behalf of the
9 represented entity in his capacity as registered agent.

10 **Sec. 1.5.** Chapter 78 of NRS is hereby amended by adding thereto a new
11 section to read as follows:

12 1. *Every person, other than a corporation organized and existing pursuant*
13 *to the laws of another state, territory, the District of Columbia, a possession of the*
14 *United States or a foreign country, who is purporting to do business in this State*
15 *as a corporation and who willfully fails or neglects to ~~comply~~ file with the*
16 *~~provisions of NRS 78.030 to 78.045, inclusive, 78A.020, 81.060, 84.015 to~~*
17 *~~84.040, inclusive, or 89.040, whichever is applicable,~~ Secretary of State articles*
18 *of incorporation is subject to a fine of not less than ~~\$5,000,~~ \$1,000 but not more*
19 *than \$10,000, to be recovered in a court of competent jurisdiction.*

20 2. *When the Secretary of State is advised that a person is subject to the fine*
21 *described in subsection 1, he may, as soon as practicable, instruct the district*
22 *attorney of the county in which the person's principal place of business is located*
23 *or the Attorney General, or both, to institute proceedings to recover the fine. If*
24 *the district attorney or the Attorney General prevails in a proceeding to recover*
25 *the fine described in subsection 1, the district attorney or the Attorney General is*
26 *entitled to recover the costs of the proceeding, including, without limitation, the*
27 *cost of any investigation and reasonable attorney's fees.*

28 3. *The Secretary of State may adopt regulations to administer the provisions*
29 *of this section.*

30 **Sec. 2.** NRS 78.130 is hereby amended to read as follows:

31 78.130 1. Every corporation must have a president, a secretary and a
32 treasurer ~~H~~, *or the equivalent thereof.*

33 2. Every corporation may also have one or more vice presidents, assistant
34 secretaries and assistant treasurers, and such other officers and agents as may be
35 deemed necessary.

36 3. All officers must be natural persons and must be chosen in such manner,
37 hold their offices for such terms and have such powers and duties as may be
38 prescribed by the bylaws or determined by the board of directors. Any natural
39 person may hold two or more offices.

40 4. An officer holds office after the expiration of his term until a successor is
41 chosen or until his resignation or removal before the expiration of his term. A
42 failure to elect officers does not require the corporation to be dissolved. Any
43 vacancy occurring in an office of the corporation by death, resignation, removal or
44 otherwise, must be filled as the bylaws provide, or in the absence of such a
45 provision, by the board of directors.

46 **Sec. 3.** NRS 78.139 is hereby amended to read as follows:

47 78.139 1. Except as otherwise provided in subsection 2 or the articles of
48 incorporation, directors and officers confronted with a change or potential change
49 in control of the corporation have:

50 (a) The duties imposed upon them by subsection 1 of NRS 78.138; and

51 (b) The benefit of the presumptions established by subsection 3 of that section.

2. If directors and officers take action to resist a change or potential change in control of a corporation which impedes the exercise of the right of stockholders to vote for or remove directors:

(a) The directors must have reasonable grounds to believe that a threat to corporate policy and effectiveness exists; and

(b) The action taken which impedes the exercise of the stockholders' rights must be reasonable in relation to that threat.

➤ If those facts are found, the directors and officers have the benefit of the presumption established by subsection 3 of NRS 78.138.

3. The provisions of subsection 2 do not apply to:

(a) Actions that only affect the time of the exercise of stockholders' voting rights; or

(b) The adoption or ~~execution~~ signing of plans, arrangements or instruments that deny rights, privileges, power or authority to a holder of a specified number or fraction of shares or fraction of voting power.

4. The provisions of subsections 2 and 3 do not permit directors or officers to abrogate any right conferred by statute or the articles of incorporation.

5. Directors may resist a change or potential change in control of the corporation if the directors by a majority vote of a quorum determine that the change or potential change is opposed to or not in the best interest of the corporation:

(a) Upon consideration of the interests of the corporation's stockholders and any of the matters set forth in subsection 4 of NRS 78.138; or

(b) Because the amount or nature of the indebtedness and other obligations to which the corporation or any successor to the property of either may become subject, in connection with the change or potential change in control, provides reasonable grounds to believe that, within a reasonable time:

(1) The assets of the corporation or any successor would be or become less than its liabilities;

(2) The corporation or any successor would be or become insolvent; or

(3) Any voluntary or involuntary proceeding pursuant to the federal bankruptcy laws concerning the corporation or any successor would be commenced by any person.

Sec. 4. NRS 78.195 is hereby amended to read as follows:

78.195 1. If a corporation desires to have more than one class or series of stock, the articles of incorporation must prescribe, or vest authority in the board of directors to prescribe, the classes, series and the number of each class or series of stock and the voting powers, designations, preferences, limitations, restrictions and relative rights of each class or series of stock. If more than one class or series of stock is authorized, the articles of incorporation or the resolution of the board of directors passed pursuant to a provision of the articles must prescribe a distinguishing designation for each class and series. The voting powers, designations, preferences, limitations, restrictions, relative rights and distinguishing designation of each class or series of stock must be described in the articles of incorporation or the resolution of the board of directors before the issuance of shares of that class or series.

2. All shares of a series must have voting powers, designations, preferences, limitations, restrictions and relative rights identical with those of other shares of the same series and, except to the extent otherwise provided in the description of the series, with those of other series of the same class.

3. Unless otherwise provided in the articles of incorporation, no stock issued as fully paid up may ever be assessed and the articles of incorporation must not be amended in this particular.

4. Any rate, condition or time for payment of distributions on any class or series of stock may be made dependent upon any fact or event which may be ascertained outside the articles of incorporation or the resolution providing for the distributions adopted by the board of directors if the manner in which a fact or event may operate upon the rate, condition or time of payment for the distributions is stated in the articles of incorporation or the resolution. As used in this subsection, "fact or event" includes, without limitation, the existence of a fact or occurrence of an event, including, without limitation, a determination or action by a person, the corporation itself or any government, governmental agency or political subdivision of a government.

5. The provisions of this section do not restrict the directors of a corporation from taking action to protect the interests of the corporation and its stockholders, including, but not limited to, adopting or signing plans, arrangements or instruments that grant ~~rights to stockholders~~ or ~~that~~ deny rights, privileges, power or authority to a holder *or holders* of a specified number of shares or percentage of share ownership or voting power.

Sec. 5. NRS 78.205 is hereby amended to read as follows:

78.205 1. A corporation is not obligated to but may sign and deliver a certificate for or including a fraction of a share.

2. In lieu of signing and delivering a certificate for a fraction of a share, a corporation may:

(a) Pay to any person otherwise entitled to become a holder of a fraction of a share an amount in cash based on a per share value, and that value or the method of determining that value must be specified in the articles, plan of reorganization, plan of merger or exchange, resolution of the board of directors, or other instrument pursuant to which the fractional share would otherwise be issued;

(b) Issue such additional fraction of a share as is necessary to increase the fractional share to a full share; or

(c) Sign and deliver registered or bearer scrip over the manual or facsimile signature of an officer of the corporation or of its agent for that purpose, exchangeable as provided on the scrip for full share certificates, but the scrip does not entitle the holder to any rights as a stockholder except as provided on the scrip. The scrip may provide that it becomes void unless the rights of the holders are exercised within a specified period and may contain any other provisions or conditions that the corporation deems advisable. Whenever any scrip ceases to be exchangeable for full share certificates, the shares that would otherwise have been issuable as provided on the scrip are deemed to be treasury shares unless the scrip contains other provisions for their disposition.

3. Any proposed corporate action that would result in *only money being paid* or scrip being ~~delivered instead of fractional shares~~ *issued* to stockholders who:

(a) Before the proposed corporate action becomes effective, hold 1 percent or more of the outstanding shares of the affected class or series; and

(b) Would otherwise be entitled to receive ~~fractions of shares~~ *a fraction of a share* in exchange for the cancellation of all their outstanding shares,

is subject to the provisions of NRS 92A.300 to 92A.500, inclusive. If the proposed corporate action is subject to those provisions, any stockholder who is obligated to accept money or scrip rather than receive a fraction of a share resulting from the action taken pursuant to this section may dissent in accordance with ~~the~~ *those* provisions ~~of NRS 92A.300 to 92A.500, inclusive,~~ and obtain payment of the fair value of the fraction of a share to which the stockholder would otherwise be entitled.

Sec. 6. NRS 78.2055 is hereby amended to read as follows:

78.2055 1. Unless otherwise provided in the articles of incorporation, a corporation that desires to decrease the number of issued and outstanding shares of a class or series held by each stockholder of record at the effective date and time of the change without correspondingly decreasing the number of authorized shares of the same class or series may do so if:

(a) The board of directors adopts a resolution setting forth the proposal to decrease the number of issued and outstanding shares of a class or series; and

(b) The proposal is approved by the vote of stockholders holding a majority of the voting power of the affected class or series, or such greater proportion as may be provided in the articles of incorporation, regardless of limitations or restrictions on the voting power of the affected class or series.

2. If the proposal required by subsection 1 is approved by the stockholders entitled to vote, the corporation may reissue its stock in accordance with the proposal after the effective date and time of the change.

3. Except as otherwise provided in this subsection, if a proposed decrease in the number of issued and outstanding shares of any class or series would adversely alter or change any preference, or any relative or other right given to any other class or series of outstanding shares, then the decrease must be approved by the vote, in addition to any vote otherwise required, of the holders of shares representing a majority of the voting power of each class or series whose preference or rights are adversely affected by the decrease, or such greater proportion as may be provided in the articles of incorporation, regardless of limitations or restrictions on the voting power of the adversely affected class or series. The decrease does not have to be approved by the vote of the holders of shares representing a majority of the voting power of each class or series whose preference or rights are adversely affected by the decrease if the articles of incorporation specifically deny the right to vote on such a decrease.

4. Any proposal to decrease the number of issued and outstanding shares of any class or series, if any, that includes provisions pursuant to which only money will be paid or scrip will be issued to stockholders who:

(a) Before the decrease in the number of shares becomes effective, hold 1 percent or more of the outstanding shares of the affected class or series; and

(b) Would otherwise be entitled to receive ~~fractions of shares~~ *a fraction of a share* in exchange for the cancellation of all their outstanding shares,

is subject to the provisions of NRS 92A.300 to 92A.500, inclusive. If the proposal is subject to those provisions, any stockholder who is obligated to accept money or scrip rather than receive a fraction of a share resulting from the action taken pursuant to this section may dissent in accordance with ~~the~~ *those* provisions ~~of NRS 92A.300 to 92A.500, inclusive,~~ and obtain payment of the fair value of the fraction of a share to which the stockholder would otherwise be entitled.

Sec. 6.5. NRS 78.207 is hereby amended to read as follows:

78.207 1. Unless otherwise provided in the articles of incorporation, a corporation that desires to change the number of shares of a class or series, if any, of its authorized stock by increasing or decreasing the number of authorized shares of the class or series and correspondingly increasing or decreasing the number of issued and outstanding shares of the same class or series held by each stockholder of record at the effective date and time of the change, may, except as otherwise provided in subsections 2 and 3, do so by a resolution adopted by the board of directors, without obtaining the approval of the stockholders. The resolution may also provide for a change of the par value, if any, of the same class or series of the shares increased or decreased. After the effective date and time of the change, the corporation may issue its stock in accordance therewith.

2. A proposal to increase or decrease the number of authorized shares of any class or series, if any, that includes provisions pursuant to which only money will be paid or scrip will be issued to stockholders who:

(a) Before the increase or decrease in the number of shares becomes effective, in the aggregate hold 10 percent or more of the outstanding shares of the affected class or series; and

(b) Would otherwise be entitled to receive ~~fractions of shares~~ *a fraction of a share* in exchange for the cancellation of all ~~of~~ their outstanding shares,

must be approved by the vote of stockholders holding a majority of the voting power of the affected class or series, or such greater proportion as may be provided in the articles of incorporation, regardless of limitations or restrictions on the voting power thereof.

3. Except as otherwise provided in this subsection, if a proposed increase or decrease in the number of authorized shares of any class or series would adversely alter or change any preference or any relative or other right given to any other class or series of outstanding shares, then the increase or decrease must be approved by the vote, in addition to any vote otherwise required, of the holders of shares representing a majority of the voting power of each class or series whose preference or rights are adversely affected by the increase or decrease, regardless of limitations or restrictions on the voting power thereof. The increase or decrease does not have to be approved by the vote of the holders of shares representing a majority of the voting power in each class or series whose preference or rights are adversely affected by the increase or decrease if the articles of incorporation specifically deny the right to vote on such an increase or decrease.

4. Any proposal to increase or decrease the number of authorized shares of any class or series, if any, that includes provisions pursuant to which only money will be paid or scrip will be issued to stockholders who:

(a) Before the increase or decrease in the number of shares becomes effective, hold 1 percent or more of the outstanding shares of the affected class or series; and

(b) Would otherwise be entitled to receive a fraction of a share in exchange for the cancellation of all of their outstanding shares,

is subject to the provisions of NRS 92A.300 to 92A.500, inclusive. If the proposal is subject to those provisions, any stockholder who is obligated to accept money or scrip rather than receive a fraction of a share resulting from the action taken pursuant to this section may dissent in accordance with those provisions and obtain payment of the fair value of the fraction of a share to which the stockholder would otherwise be entitled.

Sec. 7. NRS 78.275 is hereby amended to read as follows:

78.275 1. The directors may at such times and in such amount, as they may from time to time deem the interest of the corporation to require, levy and collect assessments upon the assessable stock of the corporation in the manner provided in this section.

2. Notice of each assessment must be given to the stockholders personally, or by publication once a week for at least 4 weeks, in some newspaper published in the county in which the principal office of the corporation is located or, if the principal office of the corporation is not located in this State, in ~~Carson City,~~ *the county in which the corporation's registered office is located*, and in a newspaper published in the county wherein the property of the corporation is situated if in this State.

3. If, after the notice has been given, any stockholder defaults in the payment of the assessment upon the shares held by him, so many of those shares may be sold as will be necessary for the payment of the assessment upon all the shares held by him, together with all costs of advertising and expenses of sale. The sale of the

1 shares must be made at the office of the corporation at public auction to the highest
2 bidder, after a notice thereof published for 4 weeks as directed in this section, and a
3 copy of the notice mailed to each delinquent stockholder if his address is known 4
4 weeks before the sale. At the sale the person who offers to pay the assessment so
5 due, together with the expenses of advertising and sale, for the smallest number of
6 shares, or portion of a share, as the case may be, shall be deemed the highest bidder.

7 **Sec. 8.** NRS 78.345 is hereby amended to read as follows:

8 78.345 1. If any corporation fails to elect directors within 18 months after
9 the last election of directors required by NRS 78.330, the district court has
10 jurisdiction in equity, upon application of any one or more stockholders holding
11 stock entitling them to exercise at least 15 percent of the voting power, to order the
12 election of directors in the manner required by NRS 78.330.

13 2. The application must be made by petition filed in the county where the
14 principal office of the corporation is located or, if the principal office is not located
15 in this State, in ~~[Carson City]~~ *the county in which the corporation's registered*
16 *office is located*, and must be brought on behalf of all stockholders desiring to be
17 joined therein. Such notice must be given to the corporation and the stockholders as
18 the court may direct.

19 3. The directors elected pursuant to this section have the same rights, powers
20 and duties and the same tenure of office as directors elected by the stockholders at
21 the annual meeting held at the time prescribed therefor, next before the date of the
22 election pursuant to this section, would have had.

23 **Sec. 9.** NRS 78.350 is hereby amended to read as follows:

24 78.350 1. Unless otherwise provided in the articles of incorporation, or in
25 the resolution providing for the issuance of the stock adopted by the board of
26 directors pursuant to authority expressly vested in it by the provisions of the articles
27 of incorporation, every stockholder of record of a corporation is entitled at each
28 meeting of stockholders thereof to one vote for each share of stock standing in his
29 name on the records of the corporation. If the articles of incorporation, or the
30 resolution providing for the issuance of the stock adopted by the board of directors
31 pursuant to authority expressly vested in it by the articles of incorporation, provides
32 for more or less than one vote per share for any class or series of shares on any
33 matter, every reference in this chapter to a majority or other proportion of stock
34 shall be deemed to refer to a majority or other proportion of the voting power of all
35 of the shares or those classes or series of shares, as may be required by the articles
36 of incorporation, or in the resolution providing for the issuance of the stock adopted
37 by the board of directors pursuant to authority expressly vested in it by the
38 provisions of the articles of incorporation, or the provisions of this chapter.

39 2. Unless a period of more than 60 days or a period of less than 10 days is
40 prescribed or fixed in the articles of incorporation, the directors may prescribe a
41 period not exceeding 60 days before any meeting of the stockholders during which
42 no transfer of stock on the books of the corporation may be made, or may fix, in
43 advance, a record date not more than 60 or less than 10 days before the date of any
44 such meeting as the date as of which stockholders entitled to notice of and to vote at
45 such meetings must be determined. Only stockholders of record on that date are
46 entitled to notice or to vote at such a meeting. If a record date is not fixed, the
47 record date is at the close of business on the day before the day on which the first
48 notice is given or, if notice is waived, at the close of business on the day before the
49 meeting is held. A determination of stockholders of record entitled to notice of or to
50 vote at a meeting of stockholders applies to an adjournment of the meeting unless
51 the board of directors fixes a new record date for the adjourned meeting. The board
52 of directors must fix a new record date if the meeting is adjourned to a date more
53 than 60 days later than the date set for the original meeting.

3. The board of directors may adopt a resolution prescribing a date upon which the stockholders of record entitled to give written consent pursuant to NRS 78.320 must be determined. The date prescribed by the board of directors may not precede or be more than 10 days after the date the resolution is adopted by the board of directors. If the board of directors does not adopt a resolution prescribing a date upon which the stockholders of record entitled to give written consent pursuant to NRS 78.320 must be determined and:

(a) No prior action by the board of directors is required by this chapter or chapter 92A of NRS before the matter is submitted for consideration by the stockholders, the date is the first date on which a valid, written consent is delivered in accordance with the provisions of NRS 78.320.

(b) Prior action by the board of directors is required by this chapter or chapter 92A of NRS before the matter is submitted for consideration by the stockholders, the date is at the close of business on the day the board of directors adopts the resolution.

4. The provisions of this section do not restrict the directors from taking action to protect the interests of the corporation and its stockholders, including, but not limited to, adopting or signing plans, arrangements or instruments that *grant or* deny rights, privileges, power or authority to a holder or holders of a specified number of shares or percentage of share ownership or voting power.

Sec. 10. NRS 78.378 is hereby amended to read as follows:

78.378 1. The provisions of NRS 78.378 to 78.3793, inclusive, apply to any acquisition of a controlling interest in an issuing corporation unless the articles of incorporation or bylaws of the corporation in effect on the 10th day following the acquisition of a controlling interest by an acquiring person provide that the provisions of those sections do not apply to the corporation or to an acquisition of a controlling interest specifically by types of existing or future stockholders, whether or not identified.

2. The articles of incorporation, the bylaws or a resolution adopted by the directors of the issuing corporation may impose stricter requirements on the acquisition of a controlling interest in the corporation than the provisions of NRS 78.378 to 78.3793, inclusive.

3. The provisions of NRS 78.378 to 78.3793, inclusive, do not restrict the directors of an issuing corporation from taking action to protect the interests of the corporation and its stockholders, including, but not limited to, adopting or signing plans, arrangements or instruments that *grant or* deny rights, privileges, power or authority to a holder *or holders* of a specified number of shares or percentage of share ownership or voting power.

Sec. 11. NRS 78.416 is hereby amended to read as follows:

78.416 "Combination," when used in reference to any resident domestic corporation and any interested stockholder of the resident domestic corporation, means any of the following:

1. Any merger or consolidation of the resident domestic corporation or any subsidiary of the resident domestic corporation with:

(a) The interested stockholder; or

(b) Any other corporation, whether or not itself an interested stockholder of the resident domestic corporation, which is, or after the merger or consolidation would be, an affiliate or associate of the interested stockholder.

2. Any sale, lease, exchange, mortgage, pledge, transfer or other disposition, in one transaction or a series of transactions, to or with the interested stockholder or any affiliate or associate of the interested stockholder of assets of the resident domestic corporation or any subsidiary of the resident domestic corporation:

1 (a) Having an aggregate market value equal to 5 percent or more of the
2 aggregate market value of all the assets, determined on a consolidated basis, of the
3 resident domestic corporation;

4 (b) Having an aggregate market value equal to 5 percent or more of the
5 aggregate market value of all the outstanding shares of the resident domestic
6 corporation; or

7 (c) Representing 10 percent or more of the earning power or net income,
8 determined on a consolidated basis, of the resident domestic corporation.

9 3. The issuance or transfer by the resident domestic corporation or any
10 subsidiary of the resident domestic corporation, in one transaction or a series of
11 transactions, of any shares of the resident domestic corporation or any subsidiary of
12 the resident domestic corporation that have an aggregate market value equal to 5
13 percent or more of the aggregate market value of all the outstanding shares of the
14 resident domestic corporation to the interested stockholder or any affiliate or
15 associate of the interested stockholder except under the exercise of warrants or
16 rights to purchase shares offered, or a dividend or distribution paid or made, pro
17 rata to all stockholders of the resident domestic corporation.

18 4. The adoption of any plan or proposal for the liquidation or dissolution of
19 the resident domestic corporation proposed by, or under any agreement,
20 arrangement or understanding, whether or not in writing, with, the interested
21 stockholder or any affiliate or associate of the interested stockholder.


22 5. Any:

23 (a) Reclassification of securities, including, without limitation, any splitting of
24 shares, dividend distributed in shares, or other distribution of shares with respect to
25 other shares, or any issuance of new shares in exchange for a proportionately
26 greater number of old shares;

27 (b) Recapitalization of the resident domestic corporation;

28 (c) Merger or consolidation of the resident domestic corporation with any
29 subsidiary of the resident domestic corporation; or

30 (d) Other transaction, whether or not with or into or otherwise involving the
31 interested stockholder,

32  proposed by, or under any agreement, arrangement or understanding, whether or
33 not in writing, with, the interested stockholder or any affiliate or associate of the
34 interested stockholder, which has the effect, directly or indirectly, of increasing the
35 proportionate share of the outstanding shares of any class or series of voting shares
36 or securities convertible into voting shares of the resident domestic corporation or
37 any subsidiary of the resident domestic corporation which is directly or indirectly
38 owned by the interested stockholder or any affiliate or associate of the interested
39 stockholder, except as a result of immaterial changes because of adjustments of
40 fractional shares.

41 6. Any receipt by the interested stockholder or any affiliate or associate of the
42 interested stockholder of the benefit, directly or indirectly, except proportionately
43 as a stockholder of the resident domestic corporation, of any loan, advance,
44 guarantee, pledge or other financial assistance or any tax credit or other tax
45 advantage provided by or through the resident domestic corporation.

46 **Sec. 12.** NRS 78.424 is hereby amended to read as follows:

47 78.424 "Market value," when used in reference to the shares or property of
48 any resident domestic corporation, means:

49 1. In the case of shares, the highest closing sale price of a share during the 30
50 days immediately preceding the date in question on the composite tape for shares
51 listed on the New York Stock Exchange, or, if the shares are not quoted on the
52 composite tape or not listed on the New York Stock Exchange, on the principal
53 United States securities exchange registered under the Securities Exchange Act on

1 which the shares are listed, or, if the shares are not listed on any such exchange,
2 ~~{the highest closing bid quoted with respect to a share during the 30 days preceding~~
3 ~~the date in question on the National Association of Securities Dealers, Inc.'s,~~
4 ~~Automated Quotations System or any system then in use, or if no such quotation is~~
5 ~~available,}~~ the fair market value on the date in question of a share as determined by
6 the board of directors of the resident domestic corporation in good faith.

7 2. In the case of property other than cash or shares, the fair market value of
8 the property on the date in question as determined by the board of directors of the
9 resident domestic corporation in good faith.

10 **Sec. 13.** NRS 78.437 is hereby amended to read as follows:

11 78.437 NRS 78.411 to 78.444, inclusive, do not apply to any combination
12 with an interested stockholder who:

13 1. Was an interested stockholder on January 1, 1991; or

14 2. ~~{Who first}~~ **First** became an interested stockholder on the date that the
15 resident domestic corporation first became a resident domestic corporation solely as
16 a result of the corporation becoming a resident domestic corporation.

17 **Sec. 14.** NRS 78.438 is hereby amended to read as follows:

18 78.438 1. Except as otherwise provided in NRS 78.433 to 78.437, inclusive,
19 a resident domestic corporation may not engage in any combination with any
20 interested stockholder of the resident domestic corporation for 3 years after the date
21 that the person first became an interested stockholder unless the combination or the
22 transaction by which the person first became an interested stockholder is approved
23 by the board of directors of the resident domestic corporation before the person first
24 became an interested stockholder.

25 2. If a proposal in good faith regarding a combination is made in writing to
26 the board of directors of the resident domestic corporation, the board of directors
27 shall respond, in writing, within 30 days or such shorter period, if any, as may be
28 required by the Securities Exchange Act, setting forth its reasons for its decision
29 regarding the proposal.

30 3. If a proposal in good faith to ~~{purchase shares}~~ **enter into a transaction by**
31 **which the person will become an interested stockholder** is made in writing to the
32 board of directors of the resident domestic corporation, the board of directors,
33 unless it responds affirmatively in writing within 30 days or such shorter period, if
34 any, as may be required by the Securities Exchange Act, is considered to have
35 disappeared the ~~{purchase}~~ **transaction.**

36 **Sec. 15.** NRS 78.630 is hereby amended to read as follows:

37 78.630 1. Whenever any corporation becomes insolvent or suspends its
38 ordinary business for want of money to carry on the business, or if its business has
39 been and is being conducted at a great loss and greatly prejudicial to the interest of
40 its creditors or stockholders, any creditors holding 10 percent of the outstanding
41 indebtedness, or stockholders owning 10 percent of the outstanding stock entitled to
42 vote, may, by petition setting forth the facts and circumstances of the case, apply to
43 the district court of the county in which the principal office of the corporation is
44 located or, if the principal office is not located in this State, to the district court in
45 ~~{Carson City}~~ **the county in which the corporation's registered office is located** for
46 a writ of injunction and the appointment of a receiver or receivers or trustee or
47 trustees.

48 2. The court, being satisfied by affidavit or otherwise of the sufficiency of the
49 application and of the truth of the allegations contained in the petition and upon
50 hearing after such notice as the court by order may direct, shall proceed in a
51 summary way to hear the affidavits, proofs and allegations which may be offered in
52 behalf of the parties.

3. If upon such inquiry it appears to the court that the corporation has become insolvent and is not about to resume its business in a short time thereafter, or that its business has been and is being conducted at a great loss and greatly prejudicial to the interests of its creditors or stockholders, so that its business cannot be conducted with safety to the public, it may issue an injunction to restrain the corporation and its officers and agents from exercising any of its privileges or franchises and from collecting or receiving any debts or paying out, selling, assigning or transferring any of its estate, money, lands, tenements or effects, except to a receiver appointed by the court, until the court otherwise orders.

Sec. 15.3. NRS 78.650 is hereby amended to read as follows:

78.650 1. Any holder or holders of one-tenth of the issued and outstanding stock may apply to the district court ~~[, held in the district where the]~~ *in the county in which the* corporation has its principal place of business ~~[,]~~ *or, if the principal place of business is not located in this State, to the district court in the county in which the corporation's registered office is located,* for an order dissolving the corporation and appointing a receiver to wind up its affairs, and by injunction restrain the corporation from exercising any of its powers or doing business whatsoever, except by and through a receiver appointed by the court, whenever:

(a) The corporation has willfully violated its charter;

(b) Its trustees or directors have been guilty of fraud or collusion or gross mismanagement in the conduct or control of its affairs;

(c) Its trustees or directors have been guilty of misfeasance, malfeasance or nonfeasance;

(d) The corporation is unable to conduct the business or conserve its assets by reason of the act, neglect or refusal to function of any of the directors or trustees;

(e) The assets of the corporation are in danger of waste, sacrifice or loss through attachment, foreclosure, litigation or otherwise;

(f) The corporation has abandoned its business;

(g) The corporation has not proceeded diligently to wind up its affairs, or to distribute its assets in a reasonable time;

(h) The corporation has become insolvent;

(i) The corporation, although not insolvent, is for any cause not able to pay its debts or other obligations as they mature; or

(j) The corporation is not about to resume its business with safety to the public.

2. The application may be for the appointment of a receiver, without at the same time applying for the dissolution of the corporation, and notwithstanding the absence, if any there be, of any action or other proceeding in the premises pending in such court.

3. In any such application for a receivership, it is sufficient for a temporary appointment if notice of the same is given to the corporation alone, by process as in the case of an application for a temporary restraining order or injunction, and the hearing thereon may be had after 5 days' notice unless the court directs a longer or different notice and different parties.

4. The court may, if good cause exists therefor, appoint one or more receivers for such purpose, but in all cases directors or trustees who have been guilty of no negligence nor active breach of duty must be preferred in making the appointment. The court may at any time for sufficient cause make a decree terminating the receivership, or dissolving the corporation and terminating its existence, or both, as may be proper.

5. Receivers so appointed have, among the usual powers, all the functions, powers, tenure and duties to be exercised under the direction of the court as are conferred on receivers and as provided in NRS 78.635, 78.640 and 78.645, whether the corporation is insolvent or not.

1 **Sec. 15.7.** NRS 78A.020 is hereby amended to read as follows:

2 78A.020 1. A close corporation must be formed in accordance with NRS
3 78.030 to 78.055, inclusive, *and section 1.5 of this act*, subject to the following
4 requirements:

5 (a) All of the issued stock of the corporation of all classes, exclusive of
6 treasury shares, must be represented by certificates and must be held of record by a
7 specified number of persons, not to exceed 30.

8 (b) All of the issued stock of all classes must be subject to one or more of the
9 restrictions on transfer pursuant to NRS 78A.050.

10 (c) The corporation shall not offer any of its stock of any class that would
11 constitute a public offering within the meaning of the Securities Act of 1933, 15
12 U.S.C. §§ 77a et seq.

13 2. The articles of incorporation of a close corporation must:

14 (a) Set forth the matters required by NRS 78.035 except that the articles must
15 state that there will be no board of directors if so agreed pursuant to NRS 78A.070.

16 (b) Contain a heading stating the name of the corporation and that it is a close
17 corporation.

18 3. The articles of incorporation of a close corporation may set forth the
19 qualifications of stockholders by specifying the classes of persons who are entitled
20 to be holders of record of stock of any class, the classes of persons who are not
21 entitled to be holders of record of stock of any class, or both.

22 4. To determine the number of holders of record of the stock of a close
23 corporation, stock that is held in joint or common tenancy or by community
24 property must be treated as held by one stockholder.

25 **Sec. 16.** NRS 80.055 is hereby amended to read as follows:

26 80.055 1. Every corporation which *willfully* fails or neglects to comply with
27 the provisions of NRS 80.010 to 80.040, inclusive, ~~is~~

28 ~~(a) Is~~, *is* subject to a fine of not less than ~~[\$500.] [\$5,000.] \$1,000 but not~~
29 ~~more than \$10,000.~~ *to be recovered in a court of competent jurisdiction. ~~It and~~*

30 ~~(b) 2.~~ *Except as otherwise provided in subsection ~~2.~~ 3, every corporation*
31 *which fails or neglects to comply with the provisions of NRS 80.010 to 80.040,*
32 *inclusive,* may not commence or maintain any action or proceeding in any court of
33 this State until it has fully complied with the provisions of NRS 80.010 to 80.040,
34 inclusive.

35 ~~2.~~ *3.* An action or proceeding may be commenced by such a corporation if
36 an extraordinary remedy available pursuant to chapter 31 of NRS is all or part of
37 the relief sought. Such an action or proceeding must be dismissed without prejudice
38 if the corporation does not comply with the provisions of NRS 80.010 to 80.040,
39 inclusive, within 45 days after the action or proceeding is commenced.

40 ~~3.~~ *4.* When the Secretary of State is advised that a corporation is doing
41 business in contravention of NRS 80.010 to 80.040, inclusive, he ~~[shall report that~~
42 ~~fact to the Governor. The Governor shall.] may~~, as soon as practicable, instruct the
43 district attorney of the county where the corporation has its principal place of
44 business or the Attorney General, or both, to institute proceedings to recover any
45 applicable fine provided for in this section. *If the district attorney or the Attorney*
46 *General prevails in a proceeding to recover the fine described in subsection 1, the*
47 *district attorney or the Attorney General is entitled to recover the costs of the*
48 *proceeding, including, without limitation, the cost of any investigation and*
49 *reasonable attorney's fees.*

50 ~~4.~~ *5.* *The failure of a corporation to comply with the provisions of NRS*
51 *80.010 to 80.040, inclusive, does not impair the validity of any contract or act of*
52 *the corporation, or prevent the corporation from defending any action, suit or*
53 *proceeding in any court of this State.*

~~(5-)~~ 6. The Secretary of State may adopt regulations to administer the provisions of this section.

Sec. 17. NRS 80.190 is hereby amended to read as follows:

80.190 1. Except as otherwise provided in subsection 2, each foreign corporation doing business in this State shall, not later than the month of March in each year, publish a statement of its last calendar year's business in two numbers or issues of a newspaper published in this State that has a total weekly circulation of at least 1,000. The statement must include:

- (a) The name of the corporation.
- (b) The name and title of the corporate officer submitting the statement.
- (c) The mailing or street address of the corporation's principal office.
- (d) The mailing or street address of the corporation's office in this State, if one exists.

~~(e) The total assets and liabilities of the corporation at the end of the year.~~

2. If the corporation keeps its records on the basis of a fiscal year other than the calendar, the statement required by subsection 1 must be published not later than the end of the third month following the close of each fiscal year.

3. A corporation which neglects or refuses to publish a statement as required by this section is liable to a penalty of \$100 for each month that the statement remains unpublished.

4. Any district attorney in the State or the Attorney General may sue to recover the penalty. The first county suing through its district attorney shall recover the penalty, and if no suit is brought for the penalty by any district attorney, the State may recover through the Attorney General.

Sec. 17.2. Chapter 82 of NRS is hereby amended by adding thereto the provisions of sections 17.4 and 17.6 of this act.

~~**Sec. 17.4.** 1. Every person, other than a foreign nonprofit corporation, who is purporting to do business in this State as a corporation and who fails or neglects to establish a corporation in accordance with the provisions of this section and NRS 81.200, 81.450 or 82.081 to 82.116, inclusive, whichever is applicable, is subject to a fine of not less than \$5,000, to be recovered in a court of competent jurisdiction.~~

~~2. When the Secretary of State is advised that a person is subject to the fine described in subsection 1, he may, as soon as practicable, instruct the district attorney of the county in which the person's principal place of business is located or the Attorney General, or both, to institute proceedings to recover the fine. If the district attorney or the Attorney General prevails in a proceeding to recover the fine described in subsection 1, the district attorney or the Attorney General is entitled to recover the costs of the proceeding, including, without limitation, the cost of any investigation and reasonable attorney's fees.~~

~~3. The Secretary of State may adopt regulations to administer the provisions of this section.~~ (Deleted by amendment.)

Sec. 17.6. 1. Every foreign nonprofit corporation which is doing business in this State and which willfully fails or neglects to qualify to do business in this State in accordance with the laws of this State ~~is~~

~~(a) ~~is~~ subject to a fine of not less than ~~[\$5,000,] \$1,000 but not more than \$10,000, to be recovered in a court of competent jurisdiction.~~~~ ~~and~~

~~(b) 2. Except as otherwise provided in subsection ~~2,~~ 3, every foreign nonprofit corporation which is doing business in this State and which fails or neglects to qualify to do business in this State in accordance with the laws of this State may not commence or maintain any action or proceeding in any court of this State until it has qualified to do business in this State.~~

~~3.1~~ 3. An action or proceeding may be commenced by such a corporation if an extraordinary remedy available pursuant to chapter 31 of NRS is all or part of the relief sought. Such an action or proceeding must be dismissed without prejudice if the corporation does not qualify to do business in this State within 45 days after the action or proceeding is commenced.

~~3.1~~ 4. When the Secretary of State is advised that a foreign nonprofit corporation is subject to the fine described in subsection 1, he may, as soon as practicable, instruct the district attorney of the county where the foreign nonprofit corporation has its principal place of business or the Attorney General, or both, to institute proceedings to recover the fine. If the district attorney or the Attorney General prevails in a proceeding to recover the fine described in subsection 1, the district attorney or the Attorney General is entitled to recover the costs of the proceeding, including, without limitation, the cost of any investigation and reasonable attorney's fees.

~~4.1~~ 5. The failure of a foreign nonprofit corporation to qualify to do business in this State in accordance with the laws of this State does not impair the validity of any contract or act of the corporation, or prevent the corporation from defending any action, suit or proceeding in any court of this State.

~~5.1~~ 6. The Secretary of State may adopt regulations to administer the provisions of this section.

Sec. 17.8. NRS 82.183 is hereby amended to read as follows:

82.183 1. A corporation shall ~~maintain at its registered office or principal place of business in this State:~~

~~—(a) A current list of its owners of record; or~~

~~—(b) A statement indicating where such a list is maintained.~~

~~2. The corporation shall:~~

~~—(a) Provide~~ provide the Secretary of State with the name and contact information of the custodian of the ~~list described in~~ members' ledger or duplicate members' ledger kept by the corporation at its registered office pursuant to paragraph (c) of subsection 1 ~~of NRS 82.181~~. The information required pursuant to this paragraph shall be kept confidential by the Secretary of State.

~~—(b) Provide written notice to the Secretary of State within 10 days after any change in the information contained in the list described in subsection 1.~~

~~3.1~~ 2. Upon the request of any law enforcement agency in the course of a criminal investigation, the Secretary of State may require a corporation to ~~provide~~

~~—(a) Submit to the Secretary of State, within 3 business days, a copy of the list required to be maintained pursuant to subsection 1; or~~

~~—(b) Answer~~ answer any interrogatory submitted by the Secretary of State that will assist in the criminal investigation.

~~4.1~~ 3. If a corporation fails to comply with any requirement pursuant to subsection ~~3.1~~ 2, the Secretary of State may take any action necessary, including, without limitation, the suspension or revocation of the right of the corporation to transact business in this State.

~~5.1~~ 4. The Secretary of State shall not reinstate or revive the right of a corporation to transact business in this State that was revoked or suspended pursuant to subsection ~~4.1~~ 3 unless:

(a) The corporation complies with the requirements of subsection ~~3.1~~ 2; or

(b) The law enforcement agency conducting the investigation advises the Secretary of State to reinstate or revive the right of the corporation to transact business in this State.

~~6.1~~ 5. The Secretary of State may adopt regulations to administer the provisions of this section.

1 **Sec. 18.** NRS 82.206 is hereby amended to read as follows:

2 82.206 1. Unless otherwise provided in the articles or bylaws, the board of
3 directors may designate one or more committees which, to the extent provided in
4 the *bylaws or in the* resolution or resolutions ~~for in the bylaws,~~ *designating such*
5 *committee or committees*, have and may exercise the powers of the board of
6 directors in the management of the business and affairs of the corporation, and may
7 have power to authorize the seal of the corporation to be affixed to all papers on
8 which the corporation desires to place a seal.

9 2. The committee or committees may have such name or names as may be
10 stated in the bylaws or as may be determined from time to time by resolution
11 adopted by the board of directors.

12 3. Each committee must have at least one director. Unless it is otherwise
13 provided in the articles or bylaws, the board of directors may appoint natural
14 persons who are not directors to serve on the committees.

15 4. No such committee may:

16 (a) Amend, alter or repeal the bylaws;

17 (b) Elect, appoint or remove any member of any such committee or any
18 director ~~for officer~~ of the corporation;

19 (c) Amend or repeal the articles, adopt a plan of merger or a plan of
20 consolidation with another corporation;

21 (d) Authorize the sale, lease or exchange of all of the property and assets of the
22 corporation;

23 (e) Authorize the voluntary dissolution of the corporation or revoke
24 proceedings therefor;

25 (f) Adopt a plan for the distribution of the assets of the corporation; or

26 (g) Amend, alter or repeal any resolution of the board of directors unless it
27 provides by its terms that it may be amended, altered or repealed by a committee.

28 **Sec. 19.** NRS 82.306 is hereby amended to read as follows:

29 82.306 1. If any corporation fails to elect directors within 18 months after
30 the last election of directors required by NRS 82.286, the district court has
31 jurisdiction in equity, upon application of any one or more of the members of the
32 corporation representing 10 percent of the voting power of the members entitled to
33 vote for the election of directors or for the election of delegates who are entitled to
34 elect directors, or 50 members, whichever is less, to order the election of directors
35 as required by NRS 82.286.

36 2. The application must be made by petition filed in the county where the
37 principal office of the corporation is located or, if the principal office is not located
38 in this State, in ~~Carson City,~~ *the county in which the corporation's registered*
39 *office is located*, and must be brought on behalf of all members desiring to be
40 joined therein. Such notice must be given to the corporation and the members as the
41 court may direct.

42 **Sec. 20.** NRS 82.336 is hereby amended to read as follows:

43 82.336 1. A corporation having members entitled to vote on the matter
44 involved must hold a special meeting of delegates or members if:

45 (a) The board of directors or persons authorized to do so by the articles or
46 bylaws demand such a meeting; or

47 (b) At least 5 percent of the members demand such a meeting.

48 ➤ The demand must state the purpose for the meeting. Those making the demand
49 on the corporation must sign, date and deliver their demand to the president,
50 chairman of the board or the treasurer of the corporation. The corporation must then
51 immediately give notice of a special meeting of delegates or members as set forth in
52 subsections 2 to 7, inclusive ~~1, 2~~, *or subsection 9.*

2. Whenever under the provisions of this chapter delegates or members are required or authorized to take any action at a meeting, the notice of the meeting must be in writing and signed by the president or the chairman of the board or a vice president, or the secretary, or an assistant secretary, or by such other person or persons as the bylaws may prescribe or permit or the directors designate.

3. The notice must state the purpose or purposes for which the meeting is called and the time when, and the place, which may be within or without this State, where it is to be held.

4. A copy of the notice must be delivered personally, ~~for or must be~~ mailed postage prepaid ~~or~~ *or given as provided in subsection 9* to each delegate or member, as the case may be, entitled to vote at the meeting not less than 10 nor more than 60 days before such meeting. If mailed, it must be directed to the person at his address as it appears upon the records of the corporation. Upon the mailing of any notice the service thereof is complete, and the time of the notice begins to run from the date upon which the notice is deposited in the mail for transmission to the person. Personal delivery of the notice to any officer of a corporation or association, or to any member of a partnership, constitutes delivery of the notice to the corporation, association or partnership.

5. The articles or bylaws may require that the notice be also published in one or more newspapers.

6. Notice duly delivered or mailed to a delegate or member in accordance with the provisions of this section and the provisions, if any, of the articles or bylaws is sufficient, and in the event of the transfer of a membership after the delivery or mailing and before the holding of the meeting it is not necessary to deliver or mail notice of the meeting to the transferee.

7. Any delegate or member may waive notice of any meeting by a writing signed by him, or his duly authorized attorney, either before or after the meeting.

8. Unless otherwise provided in the articles or bylaws, whenever notice is required to be given, under any provision of this chapter or the articles or bylaws of any corporation, to any member to whom notice of two consecutive annual meetings, and all notices of meetings or of the taking of action by written consent without a meeting to him during the period between those two consecutive annual meetings, have been mailed addressed to him at his address as shown on the records of the corporation and have been returned undeliverable, the giving of further notices to him is not required. Any action or meeting taken or held without notice to that person has the same force and effect as if the notice had been given. If any such person delivers to the corporation a written notice setting forth his current address, the requirement that notice be given to him is reinstated. If the action taken by the corporation is such as to require the filing of a certificate under any of the other sections of this title, the certificate need not state that notice was not given to persons to whom notice was not required to be given pursuant to this subsection.

9. Any notice to members or delegates given by the corporation pursuant to any provision of this chapter, chapter 92A of NRS, the articles of incorporation or the bylaws is effective if given in the same manner that a corporation is required to give notice to its stockholders pursuant to NRS 78.370.

Sec. 21. NRS 82.471 is hereby amended to read as follows:

82.471 1. Whenever any corporation becomes insolvent or suspends its ordinary business for want of funds to carry on the business, or if its business has been and is being conducted at a great loss and greatly prejudicial to the interest of its creditors or members, creditors holding 10 percent of the outstanding indebtedness, or members, if any, having 10 percent of the voting power to elect directors, may, by petition or bill of complaint setting forth the facts and circumstances of the case, apply to the district court of the county in which the

principal office of the corporation is located or to the district court in ~~[Carson City]~~ *the county in which the corporation's registered office is located* for a writ of injunction and the appointment of a receiver or receivers or trustee or trustees.

2. The court, being satisfied by affidavit or otherwise of the sufficiency of the application and of the truth of the allegations contained in the petition or bill, and upon hearing after such notice as the court by order may direct, shall proceed in a summary way to hear the affidavits, proofs and allegations which may be offered in behalf of the parties.

3. If upon the inquiry it appears to the court that the corporation has become insolvent and is not about to resume its business in a short time thereafter, or that its business has been and is being conducted at a great loss and greatly prejudicial to the interests of its creditors or members, so that its business cannot be conducted with safety to the public, it may issue an injunction to restrain the corporation and its officers and agents from exercising any of its privileges or franchises and from collecting or receiving any debts or paying out, selling, assigning or transferring any of its estate, money, funds, lands, tenements or effects, except to a receiver appointed by the court, until the court otherwise orders.

Sec. 22. NRS 82.486 is hereby amended to read as follows:

82.486 1. The persons described in subsections 2 and 3 may apply to the district court in the district where the corporation has its principal office or, if the principal office is not located in this State, to the district court in ~~[Carson City:]~~ *the county in which the corporation's registered office is located:*

(a) For an order dissolving the corporation and appointing a receiver to wind up its affairs, and by injunction restrain the corporation from exercising any of its powers or doing business whatsoever, except by or through a receiver appointed by the court; or

(b) For such other equitable relief that is just and proper in the circumstances.

2. A member or members, if any, holding at least one-third of the voting power for the election of directors or a majority of the directors in office, may apply for the relief described in subsection 1 whenever it is established that:

(a) The corporation has willfully violated its charter;

(b) Its trustees or directors have been guilty of fraud or collusion or gross mismanagement in the conduct or control of its affairs;

(c) Its trustees or directors have been guilty of misfeasance, malfeasance or nonfeasance;

(d) The corporation is unable to conduct its activities or conserve its assets by reason of the act, neglect or refusal to function of any of the directors or trustees;

(e) The assets of the corporation are in danger of waste, misapplication, sacrifice or loss;

(f) The corporation has abandoned its business;

(g) The corporation has not proceeded diligently to wind up its affairs or to distribute its assets in a reasonable time;

(h) The corporation has become insolvent;

(i) The corporation, although not insolvent, is for any cause not able to pay its debts or other obligations as they mature;

(j) The corporation is not about to resume its business with safety to the public;

(k) The period of corporate existence has expired and has not been lawfully extended;

(l) The corporation has solicited property and has failed to use it for the purpose solicited;

(m) The corporation has fraudulently used or solicited property; or

(n) The corporation has exceeded its powers.

3. The Attorney General may apply for the relief described in subsection 1 whenever the corporation is a corporation for public benefit and whenever it is established that:

- (a) The corporation has willfully violated its charter;
- (b) Its trustees or directors have been guilty of fraud or collusion or gross mismanagement in the conduct or control of its affairs;
- (c) The corporation has abandoned its business;
- (d) The corporation has become insolvent;
- (e) The corporation, although not insolvent, is for any cause not able to pay its debts or other obligations as they mature;
- (f) The corporation has solicited property and has failed to use it for the purpose solicited;
- (g) The corporation has fraudulently used or solicited property; or
- (h) The period of corporate existence has expired and has not been lawfully extended.

4. Any person or superior organization under which the corporation was formed, if expressly authorized to act by the articles, may apply for the relief described in subsection 1 pursuant to the grounds, if any, set forth in the articles.

Sec. 23. (Deleted by amendment.)

Sec. 24. (Deleted by amendment.)

Sec. 25. Chapter 86 of NRS is hereby amended by adding thereto the provisions set forth as sections 26 to 29, inclusive, of this act.

Sec. 26. *"Restricted limited-liability company" means a limited-liability company organized and existing under this chapter that elects to include the optional provisions permitted by NRS 86.161.*

Sec. 27. 1. *If a limited-liability company has elected in its articles of organization to be a restricted limited-liability company pursuant to NRS 86.161, subject to the provisions of NRS 86.343, and unless otherwise provided in the articles of organization, the company shall not make any distributions to its members with respect to their member's interests until 10 years after:*

(a) *The date of formation of the restricted limited-liability company as long as the original articles of organization elected to be treated as a restricted limited-liability company and as long as the company has remained a restricted limited-liability company since the date of formation; or*

(b) *The effective date of the amendment to the articles of organization in which the company elected to be treated as a restricted limited-liability company and as long as the company has remained a restricted limited-liability company since the effective date of the amendment.*

2. *The provisions of this section apply as the default provisions of a restricted limited-liability company to the extent the provisions of this section are inconsistent with or add to the other provisions of this chapter and to the extent not otherwise modified in the articles of organization of the restricted limited-liability company.*

Sec. 27.5. 1. *Every person, other than a foreign limited-liability company, who is purporting to do business in this State as a limited-liability company and who willfully fails or neglects to form the limited-liability company in accordance with the provisions of NRS 86.151 or 89.040, whichever is applicable, file with the Secretary of State articles of organization is subject to a fine of not less than \$5,000, \$1,000 but not more than \$10,000, to be recovered in a court of competent jurisdiction.*

2. *When the Secretary of State is advised that a person is subject to the fine described in subsection 1, he may, as soon as practicable, instruct the district attorney of the county in which the person's principal place of business is located*

1 *or the Attorney General, or both, to institute proceedings to recover the fine. If*
2 *the district attorney or the Attorney General prevails in a proceeding to recover*
3 *the fine described in subsection 1, the district attorney or the Attorney General is*
4 *entitled to recover the costs of the proceeding, including, without limitation, the*
5 *cost of any investigation and reasonable attorney's fees.*

6 *3. The Secretary of State may adopt regulations to administer the provisions*
7 *of this section.*

8 **Sec. 28. 1.** *The rights authorized by NRS 86.241 may be denied to a*
9 *member or manager, as the case may be, or to such person's attorney or other*
10 *agent, upon the refusal of the member or manager to furnish to the limited-*
11 *liability company an affidavit that the provision or examination of records is not*
12 *desired for a purpose which is in the interest of a business or object other than*
13 *the business of the company and that such person has not at any time sold or*
14 *offered for sale any list of members of any domestic or foreign limited-liability*
15 *company or any list of stockholders of any domestic or foreign corporation or*
16 *aided or abetted any person in procuring any such record for any such purpose.*

17 *2. Any action to enforce any rights arising under NRS 86.241 must be*
18 *brought in the district court for the county in which the limited-liability company*
19 *has its principal place of business or if such principal office is not located in this*
20 *State, the county in which the company's registered office is located. If the*
21 *company refuses to permit a member to obtain or a manager to examine the*
22 *records described in NRS 86.241 or does not reply to a demand within 10*
23 *business days after the demand has been made, the demanding member or*
24 *manager may apply to the district court for an order to compel such action.*

25 *3. The district court has exclusive jurisdiction to determine whether or not*
26 *the person seeking such records is entitled to the records sought. The district*
27 *court may:*

28 *(a) Order the limited-liability company to permit the demanding member to*
29 *obtain or manager to examine the records described in NRS 86.241 and to make*
30 *copies or abstracts therefrom;*

31 *(b) Order the company to furnish to the demanding member or manager the*
32 *records described in NRS 86.241 on the condition that the demanding member or*
33 *manager first pay to the company the reasonable cost of obtaining and furnishing*
34 *such records and on such other conditions as the district court deems*
35 *appropriate;*

36 *(c) In its discretion, prescribe any limitations or conditions with reference to*
37 *the obtaining or examining of records, or award such other or further relief*
38 *including an award of attorney's fees and costs to the prevailing party in the*
39 *dispute as the district court may deem just and proper; or*

40 *(d) Order records, pertinent extracts therefrom, or duly authenticated copies*
41 *thereof, to be brought within this State and kept in this State upon such terms and*
42 *conditions as the order may prescribe.*

43 *4. It is a defense to any action for penalties or damages under this section*
44 *that the person bringing such action has at any time sold or offered for sale any*
45 *list of members of any domestic or foreign limited-liability company or any list of*
46 *stockholders of any domestic or foreign corporation, or has aided or abetted any*
47 *person in procuring any such record for any such purpose, or that the person*
48 *bringing such action desired inspection for a purpose which is in the interest of a*
49 *business or object other than the business of the company.*

50 *5. This section does not impair the power or jurisdiction of any court to*
51 *compel the production for examination of the records of a limited-liability*
52 *company in any proper case.*

1 **Sec. 29. 1. A person is admitted as an initial member of a limited-liability**
2 **company:**

3 (a) *If the company is a limited-liability company managed by its members,*
4 *upon the filing of the articles of organization with the Secretary of State or upon*
5 *a later date specified in the articles of organization; or*

6 (b) *If the company is a limited-liability company managed by a manager or*
7 *managers, as of the time set forth in and upon compliance with the operating*
8 *agreement or, if the operating agreement does not so provide or if the company*
9 *has no operating agreement, as of the time of such person's admission as*
10 *reflected in the records of the company.*

11 2. *Unless otherwise provided in the articles of organization, after the*
12 *admission of the initial member or members of a limited-liability company in*
13 *accordance with subsection 1, a person is admitted as a member:*

14 (a) *In the case of a person who is not a transferee of a member's interest,*
15 *including a person being admitted as a noneconomic member and a person*
16 *acquiring a member's interest directly from the company, as of the time set forth*
17 *in and upon compliance with the operating agreement or, if the operating*
18 *agreement does not so provide or if the company has no operating agreement,*
19 *upon the consent of all the members and as of the time of such person's*
20 *admission as reflected in the records of the company;*

21 (b) *In the case of a transferee of a member's interest who is a substituted*
22 *member pursuant to NRS 86.351, as provided in NRS 86.351 or 86.491 and as of*
23 *the time set forth in and upon compliance with the operating agreement or, if the*
24 *operating agreement does not so provide or if the company has no operating*
25 *agreement, as of the time of such person's admission as reflected in the records*
26 *of the company;*

27 (c) *In the case of a person being admitted as a member of a surviving or*
28 *resulting limited-liability company pursuant to a merger, conversion or exchange*
29 *approved in accordance with NRS 92A.150, as of the time set forth in and upon*
30 *compliance with the operating agreement of the surviving or resulting limited-*
31 *liability company or in the plan of merger, conversion or exchange, and in the*
32 *event of any inconsistency, the terms of the plan of merger, conversion or*
33 *exchange control; and*

34 (d) *In the case of a person being admitted as a member of a limited-liability*
35 *company pursuant to a merger, conversion or exchange in which such limited-*
36 *liability company is not the surviving or resulting entity, as of the time set forth in*
37 *and upon compliance with the operating agreement of such limited-liability*
38 *company.*

39 3. *In connection with the domestication of an undomesticated organization*
40 *as a limited-liability company in this State in accordance with NRS 92A.270, a*
41 *person is admitted as a member of the company as of the time set forth in and*
42 *upon compliance with the articles of domestication or in the operating agreement*
43 *of the resulting domestic limited-liability company or, if the articles of*
44 *domestication and the operating agreement do not so provide or if the articles of*
45 *domestication do not so provide and the company has no operating agreement, as*
46 *of the time of such person's admission as reflected in the records of the resulting*
47 *domestic limited-liability company.*

48 4. *Unless otherwise provided in the articles of organization, the operating*
49 *agreement or another agreement approved or adopted by all of the members, no*
50 *member has a preemptive right to acquire any unissued member's interests or*
51 *other interests in a limited liability company.*

1 **Sec. 30.** NRS 86.011 is hereby amended to read as follows:

2 86.011 As used in this chapter, unless the context otherwise requires, the
3 words and terms defined in NRS 86.022 to 86.128, inclusive, *and section 26 of this*
4 *act* have the meanings ascribed to them in those sections.

5 **Sec. 31.** NRS 86.061 is hereby amended to read as follows:

6 86.061 “Limited-liability company” or “company” means a limited-liability
7 company organized and existing under this chapter ~~§~~, *including a restricted*
8 *limited-liability company.*

9 **Sec. 32.** NRS 86.161 is hereby amended to read as follows:

10 86.161 1. The articles of organization must set forth:

11 (a) The name of the limited-liability company;

12 (b) The information required pursuant to NRS 77.310;

13 (c) The name and address, either residence or business, of each of the
14 organizers signing the articles;

15 (d) If the company is to be managed by:

16 (1) One or more managers, the name and address, either residence or
17 business, of each initial manager; or

18 (2) The members, the name and address, either residence or business, of
19 each initial member; ~~and~~

20 (e) If the company is to have one or more series of members and the debts or
21 liabilities of any series are to be enforceable against the assets of that series only
22 and not against the assets of another series or the company generally, a statement to
23 that effect and a statement:

24 (1) Setting forth the relative rights, powers and duties of the series; or

25 (2) Indicating that the relative rights, powers and duties of the series will
26 be set forth in the operating agreement or established as provided in the operating
27 agreement ~~§~~; *and*

28 (f) *If the company is to be a restricted limited-liability company, a statement*
29 *to that effect.*

30 2. The articles may set forth any other provision, not inconsistent with law,
31 which the members elect to set out in the articles of organization for the regulation
32 of the internal affairs of the company, including any provisions which under this
33 chapter are required or permitted to be set out in the operating agreement of the
34 company.

35 3. It is not necessary to set out in the articles of organization:

36 (a) The rights of the members to contract debts on behalf of the limited-
37 liability company if the limited-liability company is managed by its members;

38 (b) The rights of the manager or managers to contract debts on behalf of the
39 limited-liability company if the limited-liability company is managed by a manager
40 or managers; or

41 (c) Any of the powers enumerated in this chapter.

42 **Sec. 33.** NRS 86.241 is hereby amended to read as follows:

43 86.241 1. Each limited-liability company shall continuously maintain in this
44 State an office, which may but need not be a place of its business in this State, at
45 which it shall keep, unless otherwise provided by an operating agreement:

46 (a) A current list of the full name and last known business address of each
47 member and manager, separately identifying the members in alphabetical order and
48 the managers, if any, in alphabetical order;

49 (b) A copy of the filed articles of organization and all amendments thereto,
50 together with signed copies of any powers of attorney pursuant to which any record
51 has been signed; and

52 (c) Copies of any then effective operating agreement of the company.

2. ~~[Records kept pursuant to this section are subject to inspection and copying at the reasonable request, and at the expense, of any member during ordinary business hours, unless otherwise provided in an operating agreement.] In lieu of keeping at an office in this State the information required in paragraphs (a) and (b) of subsection 1, the limited-liability company may keep a statement with the registered agent setting out the name of the custodian of the information required in paragraphs (a) and (b) of subsection 1, and the present and complete address, including street and number, if any, where the information required in paragraphs (a) and (b) of subsection 1 is kept.~~

3. Each member of a limited-liability company is entitled to obtain from the company, from time to time upon reasonable demand, for any purpose reasonably related to the interest of the member as a member of the company:

(a) The records required to be maintained pursuant to subsection 1;

(b) True and, in light of the member's stated purpose, complete records regarding the activities and the status of the business and financial condition of the company;

(c) Promptly after becoming available, a copy of the company's federal, state and local income tax returns for each year;

(d) True and complete records regarding the amount of cash and a description and statement of the agreed value of any other property or services contributed by each member and which each member has agreed to contribute in the future, and the date on which each became a member; and

(e) Other records regarding the affairs of the company as is just and reasonable under the circumstances and in light of the member's stated purpose for demanding such records.

↳ The right to obtain records under this subsection includes, if reasonable, the right to make copies or abstracts by photographic, xerographic, electronic or other means.

4. Each manager of a limited-liability company managed by a manager or managers is entitled to examine from time to time upon reasonable demand, for a purpose reasonably related to the manager's rights, powers and duties as such, the records described in subsection 3.

5. Any demand by a member or manager under subsection 3 or 4 is subject to such reasonable standards regarding at what time and location and at whose expense records are to be furnished as may be set forth in the articles of organization or in an operating agreement adopted or amended as provided in subsection 8 or, if no such standards are set forth in the articles of organization or operating agreement, the records must be provided or made available for examination, as the case may be, during ordinary business hours, at the company's office required to be maintained pursuant to subsection 1 and at the expense of the demanding member or manager.

6. Any demand by a member or manager under this section must be in writing and must state the purpose of such demand. When a demanding member seeks to obtain or a manager seeks to examine the records described in subsection 3, the demanding member or manager must first establish that:

(a) The demanding member or manager has complied with the provisions of this section respecting the form and manner of making a demand for obtaining or examining such records; and

(b) The records sought by the demanding member or manager are reasonably related to the member's interest as a member or the manager's rights, powers and duties as a manager, as the case may be.

7. In every instance where an attorney or other agent of a member or manager seeks to exercise any right arising under this section on behalf of such

1 *member or manager, the demand must be accompanied by a power of attorney*
2 *signed by the member or manager authorizing the attorney or other agent to*
3 *exercise such rights on his behalf.*

4 *8. The rights of a member to obtain or a manager to examine records as*
5 *provided in this section may be restricted or denied entirely in the articles of*
6 *organization or in an operating agreement adopted by all of the members or by*
7 *the sole member or in any subsequent amendment adopted by all of the members*
8 *at the time of amendment.*

9 **Sec. 34.** NRS 86.246 is hereby amended to read as follows:

10 86.246 1. ~~In addition to any records required to be kept pursuant to NRS~~
11 ~~86.241, a) A~~ limited-liability company shall maintain at its registered office or
12 principal place of business in this State ~~the~~:

13 ~~—(a) A current list of each member and manager; or~~

14 ~~—(b) A) a statement indicating where~~ ~~{such a list}~~ *the list required pursuant to*
15 *paragraph (a) of subsection 1 of NRS 86.241* is maintained.

16 2. A limited-liability company shall:

17 (a) Provide the Secretary of State with the name and contact information of the
18 custodian of the list described in subsection 1 ~~the~~ *, if different than the registered*
19 *agent for such company.* The information required pursuant to this paragraph shall
20 be kept confidential by the Secretary of State.

21 (b) Provide written notice to the Secretary of State within 10 days after any
22 change in the ~~information contained in~~ *custodian of* the list described in
23 subsection 1.

24 3. Upon the request of any law enforcement agency in the course of a
25 criminal investigation, the Secretary of State may require a limited-liability
26 company to:

27 (a) Submit to the Secretary of State, within 3 business days, a copy of the list
28 required to be maintained pursuant to *paragraph (a) of subsection 1* ~~the~~ *of NRS*
29 *86.241; or*

30 (b) Answer any interrogatory submitted by the Secretary of State that will
31 assist in the criminal investigation.

32 4. If a limited-liability company fails to comply with any requirement
33 pursuant to subsection 3, the Secretary of State may take any action necessary,
34 including, without limitation, the suspension or revocation of the charter of the
35 limited-liability company.

36 5. The Secretary of State shall not reinstate or revive a charter that was
37 revoked or suspended pursuant to subsection 4 unless:

38 (a) The limited-liability company complies with the requirements of subsection
39 3; or

40 (b) The law enforcement agency conducting the investigation advises the
41 Secretary of State to reinstate or revive the charter.

42 6. The Secretary of State may adopt regulations to administer the provisions
43 of this section.

44 **Sec. 35.** NRS 86.286 is hereby amended to read as follows:

45 86.286 1. A limited-liability company may, but is not required to, adopt an
46 operating agreement. An operating agreement may be adopted only by the
47 unanimous vote or unanimous written consent of the members, or by the sole
48 member, and the operating agreement must be in writing. *If any operating*
49 *agreement provides for the manner in which it may be amended, including by*
50 *requiring the approval of a person who is not a party to the operating agreement*
51 *or the satisfaction of conditions, it may be amended only in that manner or as*
52 *otherwise permitted by law and any attempt to otherwise amend the operating*
53 *agreement shall be deemed void and of no legal force or effect unless otherwise*

1 *provided in the operating agreement.* Unless otherwise provided in the operating
2 agreement, amendments to the agreement may be adopted only by the unanimous
3 vote or unanimous written consent of the persons who are members at the time of
4 amendment.

5 2. An operating agreement may be adopted before, after or at the time of the
6 filing of the articles of organization and, whether entered into before, after or at the
7 time of the filing, may become effective at the formation of the limited-liability
8 company or at a later date specified in the operating agreement. If an operating
9 agreement is adopted:

10 (a) Before the filing of the articles of organization or before the effective date
11 of formation specified in the articles of organization, the operating agreement is not
12 effective until the effective date of formation of the limited-liability company.

13 (b) After the filing of the articles of organization or after the effective date of
14 formation specified in the articles of organization, the operating agreement binds
15 the limited-liability company and may be enforced whether or not the limited-
16 liability company assents to the operating agreement.

17 3. An operating agreement may provide that a certificate of limited-liability
18 company interest issued by the limited-liability company may evidence a member's
19 interest in a limited-liability company.

20 *4. An operating agreement:*

21 (a) *May provide rights to any person, including a person who is not a party*
22 *to the operating agreement, to the extent set forth therein.*

23 (b) *Must be interpreted and construed to give the maximum effect to the*
24 *principle of freedom of contract and enforceability.*

25 5. *To the extent that a member or manager or other person has duties to a*
26 *limited-liability company, to another member or manager, or to another person*
27 *that is a party to or is otherwise bound by the operating agreement, the member,*
28 *manager or other person's duties may be expanded, restricted or eliminated by*
29 *provisions in the operating agreement, except that an operating agreement may*
30 *not eliminate the implied contractual covenant of good faith and fair dealing.*

31 6. *Unless otherwise provided in an operating agreement, a member or*
32 *manager or other person is not liable to a limited-liability company, another*
33 *member or manager, or to another person that is a party to or otherwise bound by*
34 *an operating agreement for breach of fiduciary duty for the member, manager or*
35 *other person's good faith reliance on the provisions of the operating agreement.*

36 7. *An operating agreement may provide for the limitation or elimination of*
37 *any and all liabilities for breach of contract and breach of duties of a member,*
38 *manager or other person to a limited-liability company, to another member or*
39 *manager, or to another person that is a party to or is otherwise bound by the*
40 *operating agreement. An operating agreement may not limit or eliminate liability*
41 *for any act or omission that constitutes a bad faith violation of the implied*
42 *contractual covenant of good faith and fair dealing.*

43 **Sec. 36.** NRS 86.291 is hereby amended to read as follows:

44 86.291 1. Except as otherwise provided in this section or *in* the articles of
45 organization ~~or~~ *or operating agreement*, management of a limited-liability
46 company is vested in its members in proportion to their contribution to its capital,
47 as adjusted from time to time to reflect properly any additional contributions or
48 withdrawals by the members.

49 2. Unless otherwise provided in the articles of organization or operating
50 agreement, the management of a series is vested in the members associated with the
51 series in proportion to their contribution to the capital of the series, as adjusted from
52 time to time to reflect properly any additional contributions or withdrawals from the
53 assets or income of the series by the members associated with the series.

3. If provision is made in the articles of organization, management of the company may be vested in a manager or managers, who may but need not be members. ~~[-, in the manner prescribed by the operating agreement of the company.]~~ The manager or managers ~~[also]~~ shall hold the offices, ~~[and]~~ have the responsibilities ~~[accorded to them by the members and set out in the operating agreement.]~~ and otherwise manage the company as set forth in the operating agreement of the company or, if the company has not adopted an operating agreement, then as prescribed by the members.

Sec. 36.1. NRS 86.548 is hereby amended to read as follows:

86.548 1. ~~[A]~~ Every foreign limited-liability company transacting business in this State ~~[may]~~ which willfully fails or neglects to register with the Secretary of State in accordance with the provisions of NRS 86.544 ~~[-~~
~~(a) -] is subject to a fine of not less than \$5,000, \$1,000 but not more than \$10,000, to be recovered in a court of competent jurisdiction. [- and~~
~~(b) May]~~

2. Every foreign limited-liability company transacting business in this State which fails or neglects to register with the Secretary of State in accordance with the provisions of NRS 86.544 may not commence or maintain any action, suit or proceeding in any court of this State until it has registered ~~[in this State.]~~ with the Secretary of State.

~~[2]~~ 3. The failure of a foreign limited-liability company to register ~~[in this State]~~ with the Secretary of State does not impair the validity of any contract or act of the foreign limited-liability company, or prevent the foreign limited-liability company from defending any action, suit or proceeding in any court of this State.

~~[2]~~ 4. When the Secretary of State is advised that a foreign limited-liability company is subject to the fine described in subsection 1, he may, as soon as practicable, instruct the district attorney of the county where the foreign limited-liability company has its principal place of business or the Attorney General, or both, to institute proceedings to recover the fine. If the district attorney or the Attorney General prevails in a proceeding to recover the fine described in subsection 1, the district attorney or the Attorney General is entitled to recover the costs of the proceeding, including, without limitation, the cost of any investigation and reasonable attorney's fees.

~~[4]~~ 5. A foreign limited-liability company, by transacting business in this State without ~~[registration.]~~ registering with the Secretary of State, appoints the Secretary of State as its agent for service of process with respect to causes of action arising out of the transaction of business in this State by the foreign limited-liability company.

~~[5]~~ 6. The Secretary of State may adopt regulations to administer the provisions of this section.

Sec. 36.3. Chapter 87 of NRS is hereby amended by adding thereto the provisions set forth as section 36.4 and 36.6 of this act.

Sec. 36.4. 1. Every person, other than a foreign registered limited-liability partnership, who is purporting to do business in this State as a registered limited-liability partnership and who willfully fails or neglects to ~~[comply]~~ file with the ~~[provisions of NRS 87.440]~~ Secretary of State a certificate of registration is subject to a fine of not less than ~~[\$5,000,]~~ \$1,000 but not more than \$10,000, to be recovered in a court of competent jurisdiction.

2. When the Secretary of State is advised that a person is subject to the fine described in subsection 1, he may, as soon as practicable, instruct the district attorney of the county in which the person's principal place of business is located or the Attorney General, or both, to institute proceedings to recover the fine. If the district attorney or the Attorney General prevails in a proceeding to recover

1 the fine described in ~~this~~ subsection 1, the district attorney or the Attorney
2 General is entitled to recover the costs of the proceeding, including, without
3 limitation, the cost of any investigation and reasonable attorney's fees.

4 3. The Secretary of State may adopt regulations to administer the provisions
5 of this section.

6 **Sec. 36.6.** 1. Every foreign registered limited-liability partnership which
7 is doing business in this State and which willfully fails or neglects to register with
8 the Secretary of State pursuant to NRS 87.440 to 87.500, inclusive, and 87.541 to
9 87.544, inclusive, ~~is~~

10 ~~(a) Is~~ is subject to a fine of not less than ~~(\$5,000.)~~ \$1,000 but not more
11 than \$10,000, to be recovered in a court of competent jurisdiction. ~~It and~~

12 ~~(b) May~~

13 2. Every foreign registered limited-liability partnership which is doing
14 business in this State and which fails or neglects to register with the Secretary of
15 State pursuant to NRS 87.440 to 87.500, inclusive, and 87.541 to 87.544,
16 inclusive, may not commence or maintain any action, suit or proceeding in any
17 court of this State until it has registered with the Secretary of State pursuant to
18 NRS 87.440 to 87.500, inclusive, and 87.541 to 87.544, inclusive.

19 ~~3.~~ 3. The failure of a foreign registered limited-liability partnership to
20 register in this State does not impair the validity of any contract or act of the
21 foreign registered limited-liability partnership, or prevent the foreign registered
22 limited-liability partnership from defending any action, suit or proceeding in any
23 court of this State.

24 ~~4.~~ 4. When the Secretary of State is advised that a foreign registered
25 limited-liability partnership is subject to the fine described in subsection 1, he
26 may, as soon as practicable, instruct the district attorney of the county in which
27 the foreign registered limited-liability partnership's principal place of business is
28 located or the Attorney General, or both, to institute proceedings to recover the
29 fine. If the district attorney or the Attorney General prevails in a proceeding to
30 recover the fine described in subsection 1, the district attorney or the Attorney
31 General is entitled to recover the costs of the proceeding, including, without
32 limitation, the cost of any investigation and reasonable attorney's fees.

33 ~~5.~~ 5. A foreign registered limited-liability partnership, by transacting
34 business in this State without registration, appoints the Secretary of State as its
35 agent for service of process with respect to causes of action arising out of the
36 transaction of business in this State by the foreign registered limited-liability
37 partnership.

38 ~~6.~~ 6. The Secretary of State may adopt regulations to administer the
39 provisions of this section.

40 **Sec. 36.7.** NRS 87.550 is hereby amended to read as follows:

41 87.550 In addition to any other fees required by NRS 87.440 to 87.540,
42 inclusive, and section 36.4 of this act, and 87.560, the Secretary of State shall
43 charge and collect the following fees for services rendered pursuant to those
44 sections:

45 1. For certifying records required by NRS 87.440 to 87.540, inclusive, and
46 section 36.4 of this act, and 87.560, \$30 per certification.

47 2. For signing a certificate verifying the existence of a registered limited-
48 liability partnership, if the registered limited-liability partnership has not filed a
49 certificate of amendment, \$50.

50 3. For signing a certificate verifying the existence of a registered limited-
51 liability partnership, if the registered limited-liability partnership has filed a
52 certificate of amendment, \$50.

4. For signing, certifying or filing any certificate or record not required by NRS 87.440 to 87.540, inclusive, *and section 36.4 of this act*, and 87.560, \$50.

5. For any copies provided by the Office of the Secretary of State, \$2 per page.

6. For examining and provisionally approving any record before the record is presented for filing, \$125.

Sec. 36.9. NRS 87.560 is hereby amended to read as follows:

87.560 1. To the extent permitted by the law of that jurisdiction:

(a) A partnership, including a registered limited-liability partnership, formed and existing under this chapter, may conduct its business, carry on its operations, and exercise the powers granted by this chapter in any state, territory, district or possession of the United States or in any foreign country.

(b) The internal affairs of a partnership, including a registered limited-liability partnership, formed and existing under this chapter, including the liability of partners for debts, obligations and liabilities of or chargeable to the partnership, are governed by the law of this State.

2. Subject to any statutes for the regulation and control of specific types of business, a registered limited-liability partnership, formed and existing under the law of another jurisdiction, may do business in this State if it first registers with the Secretary of State pursuant to the provisions of NRS 87.440 to 87.500, inclusive, and 87.541 to 87.544, inclusive ~~§~~, *and section 36.6 of this act*.

3. The name of a partnership that is registered as a limited-liability partnership in another jurisdiction and doing business in this State must contain the words "Limited-Liability Partnership" or "Registered Limited-Liability Partnership" or the abbreviations "L.L.P." or "LLP," or such other words or abbreviations as may be required or authorized by the law of the other jurisdiction, as the last words or letters of the name.

Sec. 37. Chapter 87A of NRS is hereby amended by adding thereto the provisions set forth as sections 38 to 39.7, inclusive, of this act.

Sec. 38. *"Restricted limited partnership" means a limited partnership organized and existing under this chapter that elects to include the optional provisions permitted by NRS 87A.235.*

Sec. 39. 1. *If the limited partnership has elected in its certificate of limited partnership to be a restricted limited partnership pursuant to NRS 87A.235, subject to the provisions of NRS 87A.425, and unless otherwise provided in the certificate of limited partnership, the limited partnership shall not make any distributions to its partners until 10 years after:*

(a) *The date of formation of the restricted limited partnership as long as the original certificate of limited partnership elected to be treated as a restricted limited partnership and as long as the limited partnership has remained a restricted limited partnership since the date of formation; or*

(b) *The effective date of the amendment to the certificate of limited partnership in which the limited partnership elected to be treated as a restricted limited partnership and as long as the limited partnership has remained a restricted limited partnership since the effective date of the amendment.*

2. *The provisions of this section apply as the default provisions of a restricted limited partnership to the extent the provisions of this section are inconsistent with or add to the other provisions of this chapter and to the extent not otherwise modified in the certificate of limited partnership of the restricted limited partnership.*

Sec. 39.3. 1. *Every person, other than a foreign limited partnership, who is purporting to do business in this State as a limited partnership and who willfully fails or neglects to ~~form a limited partnership in accordance with the~~*

~~provisions of NRS 87A.235 or 88.350~~ file with the Secretary of State a certificate of limited partnership is subject to a fine of not less than ~~(\$5,000)~~ \$1,000 but not more than \$10,000, to be recovered in a court of competent jurisdiction.

2. When the Secretary of State is advised that a person, other than a foreign limited partnership, is subject to the fine described in subsection 1, he may, as soon as practicable, instruct the district attorney of the county in which the person's principal place of business is located or the Attorney General, or both, to institute proceedings to recover the fine. If the district attorney or the Attorney General prevails in a proceeding to recover the fine described in subsection 1, the district attorney or the Attorney General is entitled to recover the costs of the proceeding, including, without limitation, the cost of any investigation and reasonable attorney's fees.

3. The Secretary of State may adopt regulations to administer the provisions of this section.

Sec. 39.5. 1. Every person, other than a limited-liability limited partnership formed pursuant to an agreement governed by the laws of another state, who is purporting to do business in this State as a registered limited-liability limited partnership and who willfully fails or neglects to ~~(comply)~~ file with the provisions of NRS 87A.630 or 88.606, whichever is applicable, Secretary of State a certificate of registration is subject to a fine of not less than ~~(\$5,000)~~ \$1,000 but not more than \$10,000, to be recovered in a court of competent jurisdiction.

2. When the Secretary of State is advised that a person is subject to the fine described in subsection 1, he may, as soon as practicable, instruct the district attorney of the county in which the person's principal place of business is located or the Attorney General, or both, to institute proceedings to recover the fine. If the district attorney or the Attorney General prevails in a proceeding to recover the fine described in this section, the district attorney or the Attorney General is entitled to recover the costs of the proceeding, including, without limitation, the cost of any investigation and reasonable attorney's fees.

3. The Secretary of State may adopt regulations to administer the provisions of this section.

Sec. 39.7. 1. Every limited-liability limited partnership, formed pursuant to an agreement governed by the laws of another state, which is purporting to transact business in this State as a foreign registered limited-liability limited partnership and which willfully fails or neglects to register with the Secretary of State in accordance with the provisions of NRS 87A.540 or 88.575 ~~is~~

~~(a) is~~ is subject to a fine of not less than ~~(\$5,000)~~ \$1,000 but not more than \$10,000, to be recovered in a court of competent jurisdiction. ~~and~~

~~(b) May~~

2. Every limited-liability limited partnership, formed pursuant to an agreement governed by the laws of another state, which is purporting to transact business in this State as a foreign registered limited-liability limited partnership and which fails or neglects to register with the Secretary of State in accordance with the provisions of NRS 87A.540 or 88.575 may not commence or maintain any action, suit or proceeding in any court of this State until it has registered in this State.

~~3.~~ 3. The failure of a limited-liability limited partnership, formed pursuant to an agreement governed by the laws of another state and purporting to do business in this State as a foreign registered limited-liability limited partnership, to register with the Secretary of State in accordance with the provisions of NRS 87A.540 or 88.575 does not impair the validity of any contract or act of the limited-liability limited partnership or prevent the limited-liability

1 *limited partnership from defending any action, suit or proceeding in any court of*
2 *this State.*

3 ~~3.4~~ 4. *When the Secretary of State is advised that a limited-liability limited*
4 *partnership, formed pursuant to an agreement governed by the laws of another*
5 *state, is subject to the fine described in subsection 1, he may, as soon as*
6 *practicable, instruct the district attorney of the county where the limited-liability*
7 *limited partnership has its principal place of business or the Attorney General, or*
8 *both, to institute proceedings to recover the fine. If the district attorney or the*
9 *Attorney General prevails in a proceeding to recover the fine described in*
10 *subsection 1, the district attorney or the Attorney General is entitled to recover*
11 *the costs of the proceeding, including, without limitation, the cost of any*
12 *investigation and reasonable attorney's fees.*

13 ~~4.4~~ 5. *A limited partner of a limited-liability limited partnership, formed*
14 *pursuant to an agreement governed by the laws of another state, is not liable as a*
15 *general partner of the limited-liability limited partnership solely by reason of*
16 *having transacted business in this State without registration.*

17 ~~5.4~~ 6. *A limited-liability limited partnership, formed pursuant to an*
18 *agreement governed by the laws of another state, by transacting business in this*
19 *State without registering with the Secretary of State in accordance with the*
20 *provisions of NRS 87A.540 or 88.575, appoints the Secretary of State as its agent*
21 *for service of process with respect to causes of action arising out of the*
22 *transaction of business in this State.*

23 ~~6.4~~ 7. *The Secretary of State may adopt regulations to administer the*
24 *provisions of this section.*

25 **Sec. 40.** NRS 87A.010 is hereby amended to read as follows:

26 87A.010 As used in this chapter, unless the context otherwise requires, the
27 words and terms defined in NRS 87A.015 to 87A.140, inclusive, *and section 38 of*
28 *this act* have the meanings ascribed to them in those sections.

29 **Sec. 41.** NRS 87A.060 is hereby amended to read as follows:

30 87A.060 "Limited partnership," except in the phrases "foreign limited
31 partnership," "foreign limited-liability limited partnership" and "foreign registered
32 limited-liability limited partnership," means an entity, having one or more general
33 partners and one or more limited partners, which is formed under this chapter by
34 two or more persons. The term includes a registered limited-liability limited
35 partnership ~~and~~ *and a restricted limited partnership.*

36 **Sec. 41.5.** NRS 87A.100 is hereby amended to read as follows:

37 87A.100 "Registered limited-liability limited partnership" means a limited
38 partnership:

- 39 1. Formed pursuant to an agreement governed by this chapter; and
40 2. Registered pursuant to and complying with NRS 87A.630 to 87A.655,
41 inclusive ~~and~~ *, and sections 39.5 and 39.7 of this act.*

42 **Sec. 42.** NRS 87A.195 is hereby amended to read as follows:

43 87A.195 A limited partnership shall maintain at its designated office the
44 following information:

- 45 1. A current list showing the full name and last known street and mailing
46 address of each partner, separately identifying the general partners, in alphabetical
47 order, and the limited partners, in alphabetical order.
48 2. A copy of the certificate of limited partnership and all amendments to and
49 restatements of the certificate, together with signed copies of any powers of
50 attorney under which any certificate, amendment or restatement has been signed.
51 3. A copy of any filed articles of conversion or merger.
52 4. A copy of the limited partnership's federal, state and local income tax
53 returns and reports, if any, for the 3 most recent years.

5. A copy of any partnership agreement made in a record and any amendment made in a record to any partnership agreement.

6. A copy of any financial statement of the limited partnership for the 3 most recent years.

7. A copy of the three most recent annual lists filed with the Secretary of State pursuant to NRS 87A.290.

8. A copy of any record made by the limited partnership during the past 3 years of any consent given by or vote taken of any partner pursuant to this chapter or the partnership agreement.

9. Unless contained in a partnership agreement made in a record, a record stating:

(a) The amount of cash, and a description and statement of the agreed value of the other benefits, contributed and agreed to be contributed by each partner;

(b) The times at which, or events on the happening of which, any additional contributions agreed to be made by each partner are to be made;

(c) For any person that is both a general partner and a limited partner, a specification of what transferable interest the person owns in each capacity; and

(d) Any events upon the happening of which the limited partnership is to be dissolved and its activities wound up.

In lieu of keeping at the designated office the information required in subsections 1, 4 and 6 to 9, inclusive, the limited partnership may keep a statement with the registered agent setting out the name of the custodian of the information required in subsections 1, 4 and 6 to 9, inclusive, and the present and complete post office address, including street and number, if any, where the information required in subsections 1, 4 and 6 to 9, inclusive, is kept.

Sec. 43. NRS 87A.200 is hereby amended to read as follows:

87A.200 1. A limited partnership shall maintain at its registered office or principal place of business in this State ~~the~~:

~~(a) A current list of each general partner; or~~

~~(b) A~~ *a statement indicating where ~~such a list~~ the list required pursuant to subsection 1 of NRS 87A.195 is maintained.*

2. The limited partnership shall:

(a) Provide the Secretary of State with the name and contact information of the custodian of the list described in subsection 1 ~~the~~ *, if different than the registered agent for such limited partnership.* The information required pursuant to this paragraph shall be kept confidential by the Secretary of State.

(b) Provide written notice to the Secretary of State within 10 days after any change in the ~~information contained in~~ *custodian of* the list described in subsection 1.

3. Upon the request of any law enforcement agency in the course of a criminal investigation, the Secretary of State may require a limited partnership to:

(a) Submit to the Secretary of State, within 3 business days, a copy of the list required to be maintained pursuant to subsection 1 ~~the~~ *of NRS 87A.195; or*

(b) Answer any interrogatory submitted by the Secretary of State that will assist in the criminal investigation.

4. If a limited partnership fails to comply with any requirement pursuant to subsection 3, the Secretary of State may take any action necessary, including, without limitation, the suspension or revocation of the right of the limited partnership to transact any business in this State.

5. The Secretary of State shall not reinstate or revive the right of a limited partnership to transact any business in this State that was revoked or suspended pursuant to subsection 4 unless:

(a) The limited partnership complies with the requirements of subsection 3; or

(b) The law enforcement agency conducting the investigation advises the Secretary of State to reinstate or revive the right of the limited partnership to transact business in this State.

6. The Secretary of State may adopt regulations to administer the provisions of this section.

Sec. 44. NRS 87A.235 is hereby amended to read as follows:

87A.235 1. In order for a limited partnership to be formed, a certificate of limited partnership must be delivered to the Secretary of State for filing. The certificate must state:

(a) The name of the limited partnership;

(b) The information required pursuant to NRS 77.310;

(c) The name and the street and mailing address of each general partner; ~~and~~

(d) Any additional information required by chapter 92A of NRS ~~}; and~~

(e) If the limited partnership is to be a restricted limited partnership, a statement to that effect.

2. A certificate of limited partnership may also contain any other matters but may not vary or otherwise affect the provisions specified in subsection 2 of NRS 87A.190 in a manner inconsistent with that section.

3. If there has been substantial compliance with subsection 1, a limited partnership is formed on the later of the filing of the certificate of limited partnership or a date specified in the certificate of limited partnership.

4. Subject to subsection 2, if any provision of a partnership agreement is inconsistent with the filed certificate of limited partnership or with a filed certificate of withdrawal, certificate of cancellation or statement of change or filed articles of conversion or merger:

(a) The partnership agreement prevails as to partners and transferees; and

(b) The filed certificate of limited partnership, certificate of withdrawal, certificate of cancellation or statement of change or articles of conversion or merger prevail as to persons, other than partners and transferees, that reasonably rely on the filed record to their detriment.

Sec. 45. NRS 87A.535 is hereby amended to read as follows:

87A.535 Subject to the Constitution of this State:

1. The laws of the state or jurisdiction under which a foreign limited partnership is organized govern ~~};~~

~~—(a) Relations among the partners of the foreign limited partnership and between the partners and the foreign limited partnership; and~~

~~—(b) The liability of partners as partners for an obligation of the foreign limited partnership; and} its organization, internal affairs and the liability of its limited partners.~~

2. A foreign limited partnership may not be denied registration by reason of any difference between those laws and the laws of this State.

Sec. 46. NRS 87A.550 is hereby amended to read as follows:

87A.550 Except as otherwise provided in NRS 87A.655, a foreign limited partnership may register with the Secretary of State under any name, whether or not it is the name under which it is registered in its state of organization, that ~~includes without abbreviation~~ *contains* the words “limited partnership” ~~or the abbreviations “L.P.” or “LP”~~ and that could be registered by a domestic limited partnership.

Sec. 47. NRS 87A.575 is hereby amended to read as follows:

87A.575 1. Each list required to be filed under the provisions of NRS 87A.560 to 87A.600, inclusive, must, after the name of each ~~{managing}~~ *general* partner listed thereon, set forth the address, either residence or business, of each ~~{managing}~~ *general* partner.

2. If the addresses are not stated for each person on any list offered for filing, the Secretary of State may refuse to file the list, and the foreign limited partnership for which the list has been offered for filing is subject to all the provisions of NRS 87A.560 to 87A.600, inclusive, relating to failure to file the list within or at the times therein specified, unless a list is subsequently submitted for filing which conforms to the provisions of this section.

Sec. 48. NRS 87A.595 is hereby amended to read as follows:

87A.595 1. Except as otherwise provided in subsections 3 and 4 and NRS 87A.580, the Secretary of State shall reinstate a foreign limited partnership which has forfeited or which forfeits its right to transact business under the provisions of this chapter and shall restore to the foreign limited partnership its right to transact business in this State, and to exercise its privileges and immunities, if it:

(a) Files with the Secretary of State:

(1) The list required by NRS 87A.560;

(2) The statement required by NRS 87A.565, if applicable; and

(3) The information required pursuant to NRS 77.310; and

(b) Pays to the Secretary of State:

(1) The filing fee and penalty set forth in NRS 87A.560 and 87A.585 for each year or portion thereof that its right to transact business was forfeited;

(2) The fee set forth in NRS 87A.565, if applicable; and

(3) A fee of \$300 for reinstatement.

2. When the Secretary of State reinstates the foreign limited partnership, he shall issue to the foreign limited partnership a certificate of reinstatement if the foreign limited partnership:

(a) Requests a certificate of reinstatement; and

(b) Pays the required fees pursuant to NRS 87A.315.

3. The Secretary of State shall not order a reinstatement unless all delinquent fees and penalties have been paid and the revocation of the right to transact business occurred only by reason of failure to pay the fees and penalties.

4. If the right of a foreign limited partnership to transact business in this State has been forfeited pursuant to the provisions of this chapter and has remained forfeited for a period of 5 consecutive years, the right is not subject to reinstatement.

~~5. If the right of a foreign limited partnership to transact business in this State is reinstated pursuant to this section, the reinstatement relates back to and takes effect on the effective date of the revocation, and the foreign limited partnership's status as a foreign limited partnership continues as if the revocation had never occurred.~~ *Except as otherwise provided in NRS 87A.600, a reinstatement pursuant to this section relates back to the date on which the foreign limited partnership forfeited its right to transact business under the provisions of this chapter and reinstates the foreign limited partnership's right to transact business as if such right had at all times remained in full force and effect.*

Sec. 48.5. NRS 87A.610 is hereby amended to read as follows:

87A.610 1. ~~[A]~~ *Every* foreign limited partnership transacting business in this State ~~[may]~~ *which willfully fails or neglects to register with the Secretary of State in accordance with the provisions of NRS 87A.540 or 88.575* ~~+~~

~~(a) *is* subject to a fine of not less than \$5,000, \$1,000 but not more than \$10,000, to be recovered in a court of competent jurisdiction, + and~~

~~(b) *May*~~

2. *Every foreign limited partnership transacting business in this State which fails or neglects to register with the Secretary of State in accordance with the provisions of NRS 87A.540 or 88.575 may* not *commence or* maintain any action,

suit or proceeding in any court of this State until it has registered ~~[in this State.]~~
with the Secretary of State.

~~[2.]~~ 3. The failure of a foreign limited partnership to register ~~[in this State]~~
with the Secretary of State does not impair the validity of any contract or act of the
foreign limited partnership or prevent the foreign limited partnership from
defending any action, suit or proceeding in any court of this State.

~~[3.]~~ 4. *When the Secretary of State is advised that a foreign limited
partnership is subject to the fine described in subsection 1, he may, as soon as
practicable, instruct the district attorney of the county where the foreign limited
partnership has its principal place of business or the Attorney General, or both,
to institute proceedings to recover any applicable fine provided for in this section.
If the district attorney or the Attorney General prevails in a proceeding to recover
a fine pursuant to this section, the district attorney or the Attorney General is
entitled to recover the costs of the proceeding, including, without limitation, the
cost of any investigation and reasonable attorney's fees.*

~~[4.]~~ 5. A limited partner of a foreign limited partnership is not liable as a
general partner of the foreign limited partnership solely by reason of having
transacted business in this State without registration.

~~[4.]~~ ~~[5.]~~ 6. A foreign limited partnership, by transacting business in this State
without ~~[registration.]~~ *registering with the Secretary of State*, appoints the
Secretary of State as its agent for service of process with respect to causes of action
arising out of the transaction of business in this State.

~~[6.]~~ 7. *The Secretary of State may adopt regulations to administer the
provisions of this section.*

Sec. 49. Chapter 88 of NRS is hereby amended by adding thereto the
provisions set forth as sections 49.2 to 49.8, inclusive, of this act.

Sec. 49.2. 1. *If the limited partnership has elected in its certificate of
limited partnership to be a restricted limited partnership pursuant to NRS 88.350,
subject to the provisions of NRS 88.520, and unless otherwise provided in the
certificate of limited partnership, the limited partnership shall not make any
distributions to its partners with respect to their partnership interests until 10
years after:*

*(a) The date of formation of the restricted limited partnership as long as the
original certificate of limited partnership elected to be treated as a restricted
limited partnership and as long as the limited partnership has remained a
restricted limited partnership since the date of formation; or*

*(b) The effective date of the amendment to the certificate of limited
partnership in which the limited partnership elected to be treated as a restricted
limited partnership and as long as the limited partnership has remained a
restricted limited partnership since the effective date of the amendment.*

2. *The provisions of this section apply as the default provisions of a
restricted limited partnership to the extent the provisions of this section are
inconsistent with or add to the other provisions of this chapter and to the extent
not otherwise modified in the certificate of limited partnership of the restricted
limited partnership.*

Sec. 49.4. 1. *Every person, other than a foreign limited partnership, who
is purporting to do business in this State as a limited partnership and who
willfully fails or neglects to ~~[form a]~~ file with the Secretary of State a certificate
of limited partnership ~~[in accordance with the provisions of NRS 87A.235 or
88.350]~~ is subject to a fine of not less than ~~[\$5,000.]~~ \$1,000 but not more than
\$10,000, to be recovered in a court of competent jurisdiction.*

2. *When the Secretary of State is advised that a person, other than a foreign
limited partnership, is subject to the fine described in subsection 1, he may, as*

1 soon as practicable, instruct the district attorney of the county in which the
2 person's principal place of business is located or the Attorney General, or both, to
3 institute proceedings to recover the fine. If the district attorney or the Attorney
4 General prevails in a proceeding to recover the fine described in subsection 1, the
5 district attorney or the Attorney General is entitled to recover the costs of the
6 proceeding, including, without limitation, the cost of any investigation and
7 reasonable attorney's fees.

8 3. The Secretary of State may adopt regulations to administer the provisions
9 of this section.

10 Sec. 49.6. 1. Every person, other than a limited-liability limited
11 partnership formed pursuant to an agreement governed by the laws of another
12 state, who is purporting to do business in this State as a registered limited-liability
13 limited partnership and who willfully fails or neglects to ~~comply~~ file with the
14 ~~provisions of NRS 87A.630 or 88.606, whichever is applicable,~~ Secretary of
15 State a certificate of registration is subject to a fine of not less than ~~[\$5,000,~~
16 \$1,000 but not more than \$10,000, to be recovered in a court of competent
17 jurisdiction.

18 2. When the Secretary of State is advised that a person is subject to the fine
19 described in subsection 1, he may, as soon as practicable, instruct the district
20 attorney of the county in which the person's principal place of business is located
21 or the Attorney General, or both, to institute proceedings to recover the fine. If
22 the district attorney or the Attorney General prevails in a proceeding to recover
23 the fine described in this section, the district attorney or the Attorney General is
24 entitled to recover the costs of the proceeding, including, without limitation, the
25 cost of any investigation and reasonable attorney's fees.

26 3. The Secretary of State may adopt regulations to administer the provisions
27 of this section.

28 Sec. 49.8. 1. Every limited-liability limited partnership, formed pursuant
29 to an agreement governed by the laws of another state, which is purporting to
30 transact business in this State as a foreign registered limited-liability limited
31 partnership and which willfully fails or neglects to register with the Secretary of
32 State in accordance with the provisions of NRS 87A.540 or 88.575 ~~is~~
33 ~~(a) is~~ is subject to a fine of not less than ~~[\$5,000,~~ \$1,000 but not more than
34 \$10,000, to be recovered in a court of competent jurisdiction. ~~is and~~
35 ~~(b) May~~

36 2. Every limited-liability limited partnership, formed pursuant to an
37 agreement governed by the laws of another state, which is purporting to transact
38 business in this State as a foreign registered limited-liability limited partnership
39 and which fails or neglects to register with the Secretary of State in accordance
40 with the provisions of NRS 87A.540 or 88.575 may not commence or maintain
41 any action, suit or proceeding in any court of this State until it has registered in
42 this State.

43 ~~2.3.~~ 3. The failure of a limited-liability limited partnership, formed
44 pursuant to an agreement governed by the laws of another state and purporting
45 to do business in this State as a foreign registered limited-liability limited
46 partnership, to register with the Secretary of State in accordance with the
47 provisions of NRS 87A.540 or 88.575 does not impair the validity of any contract
48 or act of the limited-liability limited partnership or prevent the limited-liability
49 limited partnership from defending any action, suit or proceeding in any court of
50 this State.

51 ~~2.4.~~ 4. When the Secretary of State is advised that a limited-liability limited
52 partnership, formed pursuant to an agreement governed by the laws of another
53 state, is subject to the fine described in subsection 1, he may, as soon as

1 *practicable, instruct the district attorney of the county where the limited-liability*
2 *limited partnership has its principal place of business or the Attorney General, or*
3 *both, to institute proceedings to recover the fine. If the district attorney or the*
4 *Attorney General prevails in a proceeding to recover the fine described in*
5 *subsection 1, the district attorney or the Attorney General is entitled to recover*
6 *the costs of the proceeding, including, without limitation, the cost of any*
7 *investigation and reasonable attorney's fees.*

8 ~~4.7~~ 5. *A limited partner of a limited-liability limited partnership, formed*
9 *pursuant to an agreement governed by the laws of another state, is not liable as a*
10 *general partner of the limited-liability limited partnership solely by reason of*
11 *having transacted business in this State without registration.*

12 ~~5.7~~ 6. *A limited-liability limited partnership, formed pursuant to an*
13 *agreement governed by the laws of another state, by transacting business in this*
14 *State without registering with the Secretary of State in accordance with the*
15 *provisions of NRS 87A.540 or 88.575, appoints the Secretary of State as its agent*
16 *for service of process with respect to causes of action arising out of the*
17 *transaction of business in this State.*

18 ~~6.7~~ 7. *The Secretary of State may adopt regulations to administer the*
19 *provisions of this section.*

20 **Sec. 50.** NRS 88.315 is hereby amended to read as follows:

21 88.315 As used in this chapter, unless the context otherwise requires:

22 1. "Certificate of limited partnership" means the certificate referred to in NRS
23 88.350, and the certificate as amended or restated.

24 2. "Contribution" means any cash, property, services rendered, or a
25 promissory note or other binding obligation to contribute cash or property or to
26 perform services, which a partner contributes to a limited partnership in his
27 capacity as a partner.

28 3. "Event of withdrawal of a general partner" means an event that causes a
29 person to cease to be a general partner as provided in NRS 88.450.

30 4. "Foreign limited partnership" means a partnership formed under the laws
31 of any state other than this State and having as partners one or more general
32 partners and one or more limited partners.

33 5. "Foreign registered limited-liability limited partnership" means a foreign
34 limited-liability limited partnership:

35 (a) Formed pursuant to an agreement governed by the laws of another state;
36 and

37 (b) Registered pursuant to and complying with NRS 88.570 to 88.605,
38 inclusive, and 88.609.

39 6. "General partner" means a person who has been admitted to a limited
40 partnership as a general partner in accordance with the partnership agreement and
41 named in the certificate of limited partnership as a general partner.

42 7. "Limited partner" means a person who has been admitted to a limited
43 partnership as a limited partner in accordance with the partnership agreement.

44 8. "Limited partnership" and "domestic limited partnership" mean a
45 partnership formed by two or more persons under the laws of this State and having
46 one or more general partners and one or more limited partners ~~to~~, *including a*
47 *restricted limited partnership.*

48 9. "Partner" means a limited or general partner.

49 10. "Partnership agreement" means any valid agreement, written or oral, of
50 the partners as to the affairs of a limited partnership and the conduct of its business.

51 11. "Partnership interest" means a partner's share of the profits and losses of a
52 limited partnership and the right to receive distributions of partnership assets.

12. "Record" means information that is inscribed on tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.

13. "Registered limited-liability limited partnership" means a limited partnership:

(a) Formed pursuant to an agreement governed by this chapter; and

(b) Registered pursuant to and complying with NRS 88.350 to 88.415, inclusive, *and section 49.4 of this act*, 88.606, 88.6065 and 88.607.

14. "Registered agent" has the meaning ascribed to it in NRS 77.230.

15. "Registered office" means the office maintained at the street address of the registered agent.

16. *"Restricted limited partnership" means a limited partnership organized and existing under this chapter that elects to include the optional provisions permitted by NRS 88.350.*

17. "Sign" means to affix a signature to a record.

~~18.~~ "Signature" means a name, word, symbol or mark executed or otherwise adopted, or a record encrypted or similarly processed in whole or in part, by a person with the present intent to identify himself and adopt or accept a record. The term includes, without limitation, an electronic signature as defined in NRS 719.100.

~~19.~~ "State" means a state, territory or possession of the United States, the District of Columbia or the Commonwealth of Puerto Rico.

~~20.~~ "Street address" of a registered agent means the actual physical location in this State at which a registered agent is available for service of process.

Sec. 51. NRS 88.3355 is hereby amended to read as follows:

88.3355 1. A limited partnership shall maintain at its registered office or principal place of business in this State ~~the~~:

~~(a) A current list of each general partner; or~~

~~(b) A~~ *a* statement indicating where ~~such a list~~ *the list required pursuant to paragraph (a) of subsection 1 of NRS 88.335* is maintained.

2. The limited partnership shall:

(a) Provide the Secretary of State with the name and contact information of the custodian of the list described in subsection 1 ~~the~~ *, if different than the registered agent for such limited partnership*. The information required pursuant to this paragraph shall be kept confidential by the Secretary of State.

(b) Provide written notice to the Secretary of State within 10 days after any change in the ~~information contained in~~ *custodian of* the list described in subsection 1.

3. Upon the request of any law enforcement agency in the course of a criminal investigation, the Secretary of State may require a limited partnership to:

(a) Submit to the Secretary of State, within 3 business days, a copy of the list required to be maintained pursuant to *paragraph (a) of subsection 1 of NRS 88.335*; or

(b) Answer any interrogatory submitted by the Secretary of State that will assist in the criminal investigation.

4. If a limited partnership fails to comply with any requirement pursuant to subsection 3, the Secretary of State may take any action necessary, including, without limitation, the suspension or revocation of the right of the limited partnership to transact any business in this State.

5. The Secretary of State shall not reinstate or revive the right of a limited partnership to transact any business in this State that was revoked or suspended pursuant to subsection 4 unless:

(a) The limited partnership complies with the requirements of subsection 3; or

(b) The law enforcement agency conducting the investigation advises the Secretary of State to reinstate or revive the right of the limited partnership to transact business in this State.

6. The Secretary of State may adopt regulations to administer the provisions of this section.

Sec. 52. NRS 88.350 is hereby amended to read as follows:

88.350 1. In order to form a limited partnership, a certificate of limited partnership must be signed and filed in the Office of the Secretary of State. The certificate must set forth:

(a) The name of the limited partnership;

(b) The information required pursuant to NRS 77.310;

(c) The name and business address of each organizer executing the certificate;

(d) The name and business address of each initial general partner;

(e) The latest date upon which the limited partnership is to dissolve; ~~and~~

(f) If the limited partnership is to be a restricted limited partnership, a statement to that effect; and

(g) Any other matters the organizers determine to include therein.

2. A limited partnership is formed at the time of the filing of the certificate of limited partnership in the Office of the Secretary of State or at any later time specified in the certificate of limited partnership if there has been substantial compliance with the requirements of this section.

Sec. 52.5. NRS 88.375 is hereby amended to read as follows:

88.375 1. Each certificate required by NRS 88.350 to 88.390, inclusive, *and section 49.4 of this act*, to be filed in the Office of the Secretary of State must be signed in the following manner:

(a) An original certificate of limited partnership must be signed by all organizers;

(b) A certificate of amendment must be signed by at least one general partner and by each other general partner designated in the certificate as a new general partner; and

(c) A certificate of cancellation must be signed by all general partners.

2. Any person may sign a certificate by an attorney-in-fact, but a power of attorney to sign a certificate relating to the admission of a general partner must specifically describe the admission.

3. The signing of a certificate by a general partner constitutes an affirmation under the penalties of perjury that the facts stated therein are true.

Sec. 53. NRS 88.570 is hereby amended to read as follows:

88.570 Subject to the constitution of this State:

1. The laws of the state *or jurisdiction* under which a foreign limited partnership is organized govern its organization and internal affairs and the liability of its limited partners; and

2. A foreign limited partnership may not be denied registration by reason of any difference between those laws and the laws of this State.

Sec. 54. NRS 88.575 is hereby amended to read as follows:

88.575 Before transacting business in this State, a foreign limited partnership shall register with the Secretary of State. In order to register, a foreign limited partnership shall submit to the Secretary of State an application for registration as a foreign limited partnership, signed by a general partner. The application for registration must set forth:

1. The name of the foreign limited partnership and, if different, the name under which it proposes to register and transact business in this State;

2. The state ~~and date of its formation;~~ *or jurisdiction under whose law the foreign limited partnership is organized and the date of its organization.*

3. The information required pursuant to NRS 77.310;

4. A statement that the Secretary of State is appointed the agent of the foreign limited partnership for service of process if the registered agent's authority has been revoked or if the registered agent cannot be found or served with the exercise of reasonable diligence;

5. The address of the office required to be maintained in the state of its organization by the laws of that state or, if not so required, of the principal office of the foreign limited partnership;

6. The name and business address of each general partner; and

7. The address of the office at which is kept a list of the names and addresses of the limited partners and their capital contributions, together with an undertaking by the foreign limited partnership to keep those records until the foreign limited partnership's registration in this State is cancelled or withdrawn.

Sec. 55. NRS 88.5925 is hereby amended to read as follows:

88.5925 1. Each list required to be filed under the provisions of NRS 88.591 to 88.5945, inclusive, must, after the name of each ~~managing~~ **general** partner listed thereon, set forth the address, either residence or business, of each ~~managing~~ **general** partner.

2. If the addresses are not stated for each person on any list offered for filing, the Secretary of State may refuse to file the list, and the foreign limited partnership for which the list has been offered for filing is subject to all the provisions of NRS 88.591 to 88.5945, inclusive, relating to failure to file the list within or at the times therein specified, unless a list is subsequently submitted for filing which conforms to the provisions of this section.

Sec. 55.5. NRS 88.600 is hereby amended to read as follows:

88.600 1. ~~Any~~ **Every** foreign limited partnership transacting business in this State ~~may~~ **which willfully fails or neglects to register with the Secretary of State in accordance with the provisions of NRS 87A.540 or 88.575** ~~is~~

~~(a) is subject to a fine of not less than \$5,000, \$1,000 but not more than \$10,000, to be recovered in a court of competent jurisdiction, and~~

~~(b) May~~

2. Every foreign limited partnership transacting business in this State which fails or neglects to register with the Secretary of State in accordance with the provisions of NRS 87A.540 or 88.575 may not commence or maintain any action, suit or proceeding in any court of this State until it has registered in this State.

~~3.~~ **3.** The failure of a foreign limited partnership to register ~~in this State~~ **with the Secretary of State** does not impair the validity of any contract or act of the foreign limited partnership or prevent the foreign limited partnership from defending any action, suit or proceeding in any court of this State.

~~4.~~ **4.** *When the Secretary of State is advised that a foreign limited partnership is subject to the fine described in subsection 1, he may, as soon as practicable, instruct the district attorney of the county where the foreign limited partnership has its principal place of business or the Attorney General, or both, to institute proceedings to recover the fine. If the district attorney or the Attorney General prevails in a proceeding to recover the fine described in subsection 1, the district attorney or the Attorney General is entitled to recover the costs of the proceeding, including, without limitation, the cost of any investigation and reasonable attorney's fees.*

~~5.~~ **5.** A limited partner of a foreign limited partnership is not liable as a general partner of the foreign limited partnership solely by reason of having transacted business in this State without registration.

~~6.~~ **6.** A foreign limited partnership, by transacting business in this State without ~~registration~~ **registering with the Secretary of State**, appoints the

Secretary of State as its agent for service of process with respect to causes of action arising out of the transaction of business in this State.

~~6-7~~ 7. The Secretary of State may adopt regulations to administer the provisions of this section.

Sec. 56. NRS 88.608 is hereby amended to read as follows:

88.608 1. Unless otherwise provided by the ~~articles of organization~~ certificate of limited partnership or partnership agreement, a partner of a registered limited-liability limited partnership is not personally liable for a debt or liability of the registered limited-liability limited partnership unless the trier of fact determines that adherence to the fiction of a separate entity would sanction fraud or promote a manifest injustice.

2. For purposes of this section, the failure of a registered limited-liability limited partnership to observe the formalities or requirements relating to the management of the registered limited-liability limited partnership, in and of itself, is not sufficient to establish grounds for imposing personal liability on a partner for a debt or liability of the registered limited-liability limited partnership.

Sec. 56.2. Chapter 88A of NRS is hereby amended by adding thereto a new section to read as follows:

1. Every person, other than a foreign business trust, who is purporting to do business in this State as a business trust and who willfully fails or neglects to comply file with the provisions of NRS 88A.710 Secretary of State a certificate of trust is subject to a fine of not less than ~~(\$5,000,)~~ \$1,000 but not more than \$10,000, to be recovered in a court of competent jurisdiction.

2. When the Secretary of State is advised that a person, other than a foreign business trust, is subject to the fine described in subsection 1, he may, as soon as practicable, instruct the district attorney of the county in which the person's principal place of business is located or the Attorney General, or both, to institute proceedings to recover the fine. If the district attorney or the Attorney General prevails in a proceeding to recover the fine described in subsection 1, the district attorney or the Attorney General is entitled to recover the costs of the proceeding, including, without limitation, the cost of any investigation and reasonable attorney's fees.

3. The Secretary of State may adopt regulations to administer the provisions of this section.

Sec. 56.4. NRS 88A.750 is hereby amended to read as follows:

88A.750 1. ~~Any~~ Every foreign business trust transacting business in this State ~~may~~ which willfully fails or neglects to comply register with the Secretary of State pursuant to the provisions of NRS 88A.710 ~~is~~

~~(a) is~~ is subject to a fine of not less than ~~(\$5,000,)~~ \$1,000 but not more than \$10,000, to be recovered in a court of competent jurisdiction. ~~and~~

~~(b) May~~

2. Every foreign business trust transacting business in this State which fails or neglects to register with the Secretary of State pursuant to the provisions of NRS 88A.710 may not commence or maintain any action, suit or proceeding in any court of this State until it has registered ~~in this State,~~ with the Secretary of State.

3. The failure of a foreign business trust to register ~~in this State~~ with the Secretary of State does not impair the validity of any contract or act of the foreign business trust or prevent the foreign business trust from defending any action, suit or proceeding in any court of this State.

~~3-4~~ 4. When the Secretary of State is advised that a foreign business trust is subject to the fine described in subsection 1, he may, as soon as practicable, instruct the district attorney of the county where the foreign business trust has its

1 *principal place of business or the Attorney General, or both, to institute*
2 *proceedings to recover the fine. If the district attorney or the Attorney General*
3 *prevails in a proceeding to recover the fine described in subsection 1, the district*
4 *attorney or the Attorney General is entitled to recover the costs of the proceeding,*
5 *including, without limitation, the cost of any investigation and reasonable*
6 *attorney's fees.*

7 ~~4.4~~ 5. A foreign business trust, by transacting business in this State without
8 ~~registration,~~ *registering with the Secretary of State,* appoints the Secretary of
9 State as its agent for service of process with respect to causes of action arising out
10 of the transaction of business in this State.

11 ~~5.4~~ 6. *The Secretary of State may adopt regulations to administer the*
12 *provisions of this section.*

13 **Sec. 56.6.** Chapter 89 of NRS is hereby amended by adding thereto a new
14 section to read as follows:

15 *1. Every person who is purporting to do business in this State as a*
16 *professional association and who willfully fails or neglects to ~~comply~~ file with*
17 *the ~~provisions of NRS 89.210~~ Secretary of State articles of association is subject*
18 *to a fine of not less than ~~\$5,000~~ \$1,000 but not more than \$10,000, to be*
19 *recovered in a court of competent jurisdiction.*

20 *2. When the Secretary of State is advised that a person is subject to the fine*
21 *described in subsection 1, he may, as soon as practicable, instruct the district*
22 *attorney of the county in which the person's principal place of business is located*
23 *or the Attorney General, or both, to institute proceedings to recover the fine. If*
24 *the district attorney or the Attorney General prevails in a proceeding to recover*
25 *the fine described in subsection 1, the district attorney or the Attorney General is*
26 *entitled to recover the costs of the proceeding, including, without limitation, the*
27 *cost of any investigation and reasonable attorney's fees.*

28 *3. The Secretary of State may adopt regulations to administer the provisions*
29 *of this section.*

30 **Sec. 56.8.** NRS 89.025 is hereby amended to read as follows:

31 89.025 Except as otherwise provided in NRS 89.200 to 89.270, inclusive, *and*
32 *section 56.6 of this act,* the fees set forth in NRS 78.755 to 78.785, inclusive, apply
33 to professional corporations and the fees set forth in NRS 86.561 apply to
34 professional limited-liability companies.

35 **Sec. 57.** NRS 89.040 is hereby amended to read as follows:

36 89.040 1. One or more persons may organize a professional entity in the
37 manner provided for organizing a corporation pursuant to chapter 78 of NRS or a
38 limited-liability company pursuant to chapter 86 of NRS. Each person organizing
39 the professional entity must, except as otherwise provided in subsection 2 of NRS
40 89.050, be authorized to perform the professional service for which the professional
41 entity is organized. The articles must contain the following additional information:

42 (a) The profession to be practiced by means of the professional entity.

43 (b) The names and addresses, either residence or business, of the original
44 stockholders and directors of the professional corporation or the original members
45 and managers of the professional limited-liability company.

46 (c) Except as otherwise provided in ~~paragraph (d) of this subsection,~~
47 *paragraphs (d) and (e),* a certificate from the regulating board of the profession to
48 be practiced showing that each of the directors, stockholders, managers or members
49 who is a natural person, is licensed to practice the profession.

50 (d) For a professional entity organized pursuant to this chapter and practicing
51 pursuant to the provisions of NRS 623.349, a certificate from the regulating board
52 or boards of the profession or professions to be practiced showing that control and
53 two-thirds ownership of the professional entity is held by persons registered or

1 licensed pursuant to the applicable provisions of chapter 623, 623A or 625 of NRS.
2 As used in this paragraph, "control" has the meaning ascribed to it in NRS 623.349.

3 *(e) For a professional entity formed pursuant to subsection 5 of NRS 89.070,*
4 *a certificate from the State Bar of Nevada showing at least one stockholder or*
5 *member who is a natural person is admitted by the Supreme Court of the State of*
6 *Nevada to practice law as a member of the State Bar of Nevada.*

7 2. The corporate name of a professional corporation must contain the words
8 "Professional Corporation" or the abbreviation "Prof. Corp.," "P.C." or "PC," or
9 the word "Chartered" or the abbreviation "Chtd.," or "Limited" or the abbreviation
10 "Ltd." The corporate name must contain the last name of one or more of its current
11 or former stockholders.

12 3. The name of a professional limited-liability company must contain the
13 words "Professional Limited-Liability Company" or the abbreviations "Prof.
14 L.L.C.," "Prof. LLC," "P.L.L.C.," "PLLC," or the word "Chartered" or the
15 abbreviation "Chtd.," or "Limited" or the abbreviation "Ltd." The name of a
16 professional limited-liability company must contain the last name of one or more of
17 its current or former members.

18 4. The professional entity may render professional services and exercise its
19 authorized powers under a fictitious name if the professional entity has first
20 registered the name in the manner required by chapter 602 of NRS.

21 **Sec. 58.** NRS 89.070 is hereby amended to read as follows:

22 89.070 1. Except as otherwise provided in this section and NRS 623.349:

23 (a) No professional entity may issue any of its owner's interest to anyone other
24 than a natural person who is licensed to render the same specific professional
25 services as those for which the professional entity was formed.

26 (b) No owner may enter into a voting trust agreement or any other type of
27 agreement vesting another person with the authority to exercise the voting power of
28 any or all of his owner's interest, unless the other person is licensed to render the
29 same specific professional services as those for which the professional entity was
30 formed.

31 (c) No owner's interest may be sold or transferred except to a natural person
32 who is eligible to be an owner or to the personal representative or estate of a
33 deceased or legally incompetent stockholder. The personal representative or estate
34 of the owner may continue to own the owner's interest for a reasonable period, but
35 may not participate in any decisions concerning the rendering of professional
36 services.

37 ➤ The articles, bylaws or operating agreement of the professional entity may
38 provide specifically for additional restrictions on the transfer of an owner's interest
39 and may provide for the redemption or purchase of the owner's interest by the
40 professional entity, its owners or an eligible individual account plan complying
41 with the requirements of subsection 2 at prices and in a manner specifically set
42 forth. An owner may transfer his owner's interest in the professional entity or any
43 other interest in the assets of the professional entity to a revocable trust if he acts as
44 trustee of the revocable trust and any person who acts as cotrustee and is not
45 licensed to perform the services for which the professional entity was formed does
46 not participate in any decisions concerning the rendering of those services.

47 2. Except as otherwise provided in NRS 623.349, a person not licensed to
48 render the professional services for which the professional entity was formed may
49 own a beneficial interest in any of the assets, including an owner's interest, held for
50 his account by an eligible individual account plan sponsored by the professional
51 entity for the benefit of its employees, which is intended to qualify under section
52 401 of the Internal Revenue Code, 26 U.S.C. § 401, if the terms of the trust are such
53 that the total number of shares which may be distributed for the benefit of persons

not licensed to render the professional services for which the professional entity was formed is less than a controlling interest and:

(a) The trustee of the trust is licensed to render the same specific professional services as those for which the professional entity was formed; or

(b) The trustee is not permitted to participate in any decisions concerning the rendering of professional services in his capacity as trustee.

☛ A trustee who is individually an owner may participate in his individual capacity as an owner, manager, director or officer in any decision.

3. Except as otherwise provided in subsection 4, a professional entity in which all the owners who are natural persons are licensed to render the same specific professional service may acquire and hold an owner's interest in another professional entity or in a similar entity organized pursuant to the corresponding law of another state, only if all the owners who are natural persons of the professional entity whose stock is acquired are licensed in that professional entity's state of formation to render the same specific professional service as the owners who are natural persons of the professional entity that acquires the owner's interest.

4. A professional entity practicing pursuant to NRS 623.349 in which all the owners are natural persons, regardless of whether or not the natural persons are licensed to render the same specific professional service, may acquire and hold an owner's interest in another professional entity or in a similar entity organized pursuant to the corresponding law of another state if control and two-thirds ownership of the business organization or association that is acquired is held by persons registered or licensed pursuant to the applicable provisions of chapter 623, 623A or 625 of NRS. As used in this subsection, "control" has the meaning ascribed to it in NRS 623.349.

5. *An attorney may form a legal services professional entity that is organized or incorporated in the State of Nevada with one or more natural persons, each of whom is a member in good standing and eligible to practice before the bar of any jurisdiction of the United States, and such legal services entity may issue an owner's interest to a natural person who is a member in good standing and eligible to practice before the bar of any jurisdiction of the United States provided that at least one attorney admitted by the Supreme Court of the State of Nevada to practice law as a member of the State Bar of Nevada owns an owner's interest in the professional entity.*

6. Any act in violation of this section is void and does not pass any rights or privileges or vest any powers, except to an innocent person who is not an owner and who has relied on the effectiveness of the action.

Sec. 59. Chapter 92A of NRS is hereby amended by adding thereto a new section to read as follows:

"Senior executive" means the chief executive officer, chief operating officer, chief financial officer or anyone in charge of a principal business unit or function of a domestic corporation.

Sec. 60. NRS 92A.005 is hereby amended to read as follows:

92A.005 As used in this chapter, unless the context otherwise requires, the words and terms defined in NRS 92A.007 to 92A.097, inclusive, *and section 59 of this act* have the meanings ascribed to them in those sections.

Sec. 61. NRS 92A.180 is hereby amended to read as follows:

92A.180 1. A parent domestic corporation, whether or not for profit, parent domestic limited-liability company, unless otherwise provided in the articles of organization or operating agreement, or parent domestic limited partnership owning at least 90 percent of the outstanding shares of each class of a subsidiary corporation entitled to vote on a merger, 90 percent of the percentage or other interest in the capital and profits of a subsidiary limited-liability company then

owned by each class of members entitled to vote on a merger or 90 percent of the percentage or other interest in the capital and profits of a subsidiary limited partnership then owned by both the general partners and each class of limited partners entitled to vote on a merger may merge the subsidiary into itself without approval of the owners of the owner's interests of the parent domestic corporation, **parent** domestic limited-liability company or **parent** domestic limited partnership or the owners of the owner's interests of ~~the~~ **the** subsidiary domestic corporation, subsidiary domestic limited-liability company or subsidiary domestic limited partnership.

2. A parent domestic corporation, whether or not for profit, parent domestic limited-liability company, unless otherwise provided in the articles of organization or operating agreement, or parent domestic limited partnership owning at least 90 percent of the outstanding shares of each class of a subsidiary corporation entitled to vote on a merger, 90 percent of the percentage or other interest in the capital and profits of a subsidiary limited-liability company then owned by each class of members entitled to vote on a merger, or 90 percent of the percentage or other interest in the capital and profits of a subsidiary limited partnership then owned by both the general partners and each class of limited partners entitled to vote on a merger may merge with and into the subsidiary without approval of the owners of the owner's interests of the subsidiary domestic corporation, subsidiary domestic limited-liability company or subsidiary domestic limited partnership.

3. The board of directors of a parent corporation, the managers of a parent limited-liability company with managers unless otherwise provided in the operating agreement, all members of a parent limited-liability company without managers unless otherwise provided in the operating agreement, or all general partners of a parent limited partnership shall adopt a plan of merger that sets forth:

(a) The names of the parent and subsidiary; and

(b) The manner and basis of converting the owner's interests of the disappearing entity into the owner's interests, obligations or other securities of the surviving or any other entity or into cash or other property in whole or in part.

4. The parent shall mail a copy or summary of the plan of merger to each owner of the subsidiary who does not waive the mailing requirement in writing.

5. Articles of merger under this section may not contain amendments to the constituent documents of the surviving entity except that the name of the surviving entity may be changed.

6. The articles of incorporation of a domestic corporation, the articles of organization of a domestic limited-liability company, the certificate of limited partnership of a domestic limited partnership or the certificate of trust of a domestic business trust may forbid that entity from entering into a merger pursuant to this section.

Sec. 62. (Deleted by amendment.)

Sec. 62.5. **NRS 92A.205 is hereby amended to read as follows:**

92A.205 1. After a plan of conversion is approved as required by this chapter, if the resulting entity is a domestic entity, the constituent entity shall deliver to the Secretary of State for filing:

(a) Articles of conversion setting forth:

(1) The name and jurisdiction of organization of the constituent entity and the resulting entity; and

(2) That a plan of conversion has been adopted by the constituent entity in compliance with the law of the jurisdiction governing the constituent entity.

(b) The charter document of the domestic resulting entity required by the applicable provisions of chapter 78, 78A, **82**, 86, 87A, 88, 88A or 89 of NRS.

(c) The information required pursuant to NRS 77.310.

2. After a plan of conversion is approved as required by this chapter, if the resulting entity is a foreign entity, the constituent entity shall deliver to the Secretary of State for filing articles of conversion setting forth:

(a) The name and jurisdiction of organization of the constituent entity and the resulting entity;

(b) That a plan of conversion has been adopted by the constituent entity in compliance with the laws of this State; and

(c) The address of the resulting entity where copies of process may be sent by the Secretary of State.

3. If the entire plan of conversion is not set forth in the articles of conversion, the filing party must include in the articles of conversion a statement that the complete signed plan of conversion is on file at the registered office or principal place of business of the resulting entity or, if the resulting entity is a domestic limited partnership, the office described in paragraph (a) of subsection 1 of NRS 87A.215 or paragraph (a) of subsection 1 of NRS 88.330.

4. If the conversion takes effect on a later date specified in the articles of conversion pursuant to NRS 92A.240, the charter document to be filed with the Secretary of State pursuant to paragraph (b) of subsection 1 must state the name and the jurisdiction of the constituent entity and that the existence of the resulting entity does not begin until the later date.

5. Any records filed with the Secretary of State pursuant to this section must be accompanied by the fees required pursuant to this title for filing the charter document.

Sec. 63. NRS 92A.270 is hereby amended to read as follows:

92A.270 1. Any undomesticated organization may become domesticated in this State as a domestic entity by:

(a) Paying to the Secretary of State the fees required pursuant to this title for filing the charter document; and

(b) Filing with the Secretary of State:

(1) Articles of domestication which must be signed by an authorized representative of the undomesticated organization approved in compliance with subsection 6;

(2) The appropriate charter document for the type of domestic entity; and

(3) The information required pursuant to NRS 77.310.

2. The articles of domestication must set forth the:

(a) Date when and the jurisdiction where the undomesticated organization was first formed, incorporated, organized or otherwise created;

(b) Name of the undomesticated organization immediately before filing the articles of domestication;

(c) Name and type of domestic entity as set forth in its charter document pursuant to subsection 1; and

(d) Jurisdiction that constituted the principal place of business or central administration of the undomesticated organization, or any other equivalent thereto pursuant to applicable law,

➤ immediately before filing the articles of domestication.

3. Upon filing the articles of domestication and the charter document with the Secretary of State, and the payment of the requisite fee for filing the charter document of the domestic entity, the undomesticated organization is domesticated in this State as the domestic entity described in the charter document filed pursuant to subsection 1. The existence of the domestic entity begins on the date the undomesticated organization began its existence in the jurisdiction in which the undomesticated organization was first formed, incorporated, organized or otherwise created.

1 4. The domestication of any undomesticated organization does not affect any
2 obligations or liabilities of the undomesticated organization incurred before its
3 domestication.

4 5. The filing of the charter document of the domestic entity pursuant to
5 subsection 1 does not affect the choice of law applicable to the undomesticated
6 organization. From the date the charter document of the domestic entity is filed, the
7 law of this State applies to the domestic entity to the same extent as if the
8 undomesticated organization was organized and created as a domestic entity on that
9 date.

10 6. Before filing articles of domestication, the domestication must be approved
11 in the manner required by:

12 (a) The document, instrument, agreement or other writing governing the
13 internal affairs of the undomesticated organization and the conduct of its business;
14 and

15 (b) Applicable foreign law.

16 7. When a domestication becomes effective, all rights, privileges and powers
17 of the undomesticated organization, all property owned by the undomesticated
18 organization, all debts due to the undomesticated organization, and all causes of
19 action belonging to the undomesticated organization are vested in the domestic
20 entity and become the property of the domestic entity to the same extent as vested
21 in the undomesticated organization immediately before domestication. The title to
22 any real property vested by deed or otherwise in the undomesticated organization is
23 not reverted or impaired by the domestication. All rights of creditors and all liens
24 upon any property of the undomesticated organization are preserved unimpaired
25 and all debts, liabilities and duties of an undomesticated organization that has been
26 domesticated attach to the domestic entity resulting from the domestication and
27 may be enforced against it to the same extent as if the debts, liability and duties had
28 been incurred or contracted by the domestic entity.

29 8. When an undomesticated organization is domesticated, the domestic entity
30 resulting from the domestication is for all purposes deemed to be the same entity as
31 the undomesticated organization. Unless otherwise agreed by the owners of the
32 undomesticated organization or as required pursuant to applicable foreign law, the
33 domestic entity resulting from the domestication is not required to wind up its
34 affairs, pay its liabilities or distribute its assets. The domestication of an
35 undomesticated organization does not constitute the dissolution of the
36 undomesticated organization. The domestication constitutes a continuation of the
37 existence of the undomesticated organization in the form of a domestic entity. If,
38 following domestication, an undomesticated organization that has become
39 domesticated pursuant to this section continues its existence in the foreign country
40 or foreign jurisdiction in which it was existing immediately before the
41 domestication, the domestic entity and the undomesticated organization are for all
42 purposes a single entity formed, incorporated, organized or otherwise created and
43 existing pursuant to the laws of this State and the laws of the foreign country or
44 other foreign jurisdiction.

45 9. As used in this section, "undomesticated organization" means any
46 incorporated organization, private law corporation, whether or not organized for
47 business purposes, public law corporation, *limited-liability company*, general
48 partnership, registered limited-liability partnership, limited partnership or registered
49 limited-liability limited partnership, proprietorship, joint venture, foundation,
50 business trust, real estate investment trust, common-law trust or any other
51 unincorporated business formed, organized, created or the internal affairs of which
52 are governed by the laws of any foreign country or jurisdiction other than the

United States, the District of Columbia or another state, territory, possession, commonwealth or dependency of the United States.

Sec. 64. NRS 92A.320 is hereby amended to read as follows:

92A.320 “Fair value,” with respect to a dissenter’s shares, means the value of the shares ~~immediately~~ **determined:**

1. *Immediately* before the effectuation of the corporate action to which he objects, excluding any appreciation or depreciation in anticipation of the corporate action unless exclusion would be inequitable ~~};~~;

2. *Using customary and current valuation concepts and techniques generally employed for similar businesses in the context of the transaction requiring appraisal; and*

3. *Without discounting for lack of marketability or minority status.*

Sec. 65. NRS 92A.340 is hereby amended to read as follows:

92A.340 Interest payable pursuant to NRS 92A.300 to 92A.500, inclusive, must be computed from the effective date of the action until the date of payment, at the ~~average rate currently paid by the entity on its principal bank loans or, if it has no bank loans, at a rate that is fair and equitable under all of the circumstances.]~~ **rate of interest most recently established pursuant to NRS 99.040.**

Sec. 66. NRS 92A.380 is hereby amended to read as follows:

92A.380 1. Except as otherwise provided in NRS 92A.370 and 92A.390, any stockholder is entitled to dissent from, and obtain payment of the fair value of his shares in the event of any of the following corporate actions:

(a) Consummation of a ~~conversion or~~ plan of merger to which the domestic corporation is a constituent entity:

(1) If approval by the stockholders is required for the ~~conversion or~~ merger by NRS 92A.120 to 92A.160, inclusive, or the articles of incorporation, regardless of whether the stockholder is entitled to vote on the ~~conversion or~~ plan of merger; or

(2) If the domestic corporation is a subsidiary and is merged with its parent pursuant to NRS 92A.180.

(b) *Consummation of a plan of conversion to which the domestic corporation is a constituent entity as the corporation whose subject owner’s interests will be converted.*

(c) Consummation of a plan of exchange to which the domestic corporation is a constituent entity as the corporation whose subject owner’s interests will be acquired, if his shares are to be acquired in the plan of exchange.

~~(e)]~~ (d) Any corporate action taken pursuant to a vote of the stockholders to the extent that the articles of incorporation, bylaws or a resolution of the board of directors provides that voting or nonvoting stockholders are entitled to dissent and obtain payment for their shares.

~~(d)]~~ (e) *Accordance of full voting rights to control shares, as defined in NRS 78.3784, only to the extent provided for pursuant to NRS 78.3793.*

(f) Any corporate action not described in ~~paragraph (a), (b) or (e)]~~ **this subsection** that will result in the stockholder receiving money or scrip instead of fractional shares except where the stockholder would not be entitled to receive such payment pursuant to NRS 78.205, 78.2055 or 78.207.

2. A stockholder who is entitled to dissent and obtain payment pursuant to NRS 92A.300 to 92A.500, inclusive, may not challenge the corporate action creating his entitlement unless the action is unlawful or fraudulent with respect to him or the domestic corporation.

3. From and after the effective date of any corporate action described in subsection 1, no stockholder who has exercised his right to dissent pursuant to NRS 92A.300 to 92A.500, inclusive, is entitled to vote his shares for any purpose or to

1 receive payment of dividends or any other distributions on shares. This subsection
2 does not apply to dividends or other distributions payable to stockholders on a date
3 before the effective date of any corporate action from which the stockholder has
4 dissented.

5 **Sec. 67.** NRS 92A.390 is hereby amended to read as follows:

6 92A.390 1. There is no right of dissent with respect to a plan of merger,
7 *conversion* or exchange in favor of stockholders of any class or series which ~~is~~ *at*
8 ~~the~~ *is*:

9 *(a) A covered security under section 18(b)(1)(A) or (B) of the Securities Act*
10 *of 1933, 15 U.S.C. § 77r(b)(1)(A) or (B), as amended;*

11 *(b) Traded in an organized market and has at least 2,000 stockholders and a*
12 *market value of at least \$20,000,000, exclusive of the value of such shares held by*
13 *the corporation's subsidiaries, senior executives, directors and beneficial*
14 *stockholders owning more than 10 percent of such shares; or*

15 *(c) Issued by an open end management investment company registered with*
16 *the Securities and Exchange Commission under the Investment Company Act of*
17 *1940 and which may be redeemed at the option of the holder at net asset value,*
18 *unless the articles of incorporation of the corporation issuing the class or*
19 *series provide otherwise.*

20 2. *The applicability of subsection 1 must be determined as of:*

21 *(a) The record date fixed to determine the stockholders entitled to receive*
22 *notice of and to vote at the meeting [at which the plan of merger or exchange is to*
23 *be acted on, were either listed on a national securities exchange, included in the*
24 *national market system by the National Association of Securities Dealers, Inc., or*
25 *held by at least 2,000 stockholders of record, unless:*

26 ~~— (a) The articles of incorporation of the corporation issuing the shares provide~~
27 ~~otherwise;] of stockholders to act upon the corporate action requiring dissenter's~~
28 *rights; or*

29 *(b) [The holders of the class or series are required under the plan of merger or*
30 *exchange to accept for the shares anything except:*

31 ~~— (1) Cash, owner's interests or owner's interests and cash in lieu of~~
32 ~~fractional owner's interests of:~~

33 ~~— (I) The surviving or acquiring entity; or~~

34 ~~— (II) Any other entity which, at the effective date of the plan of merger~~
35 ~~or exchange, were either listed on a national securities exchange, included in the~~
36 ~~national market system by the National Association of Securities Dealers, Inc., or~~
37 ~~held of record by a least 2,000 holders of owner's interests of record; or~~

38 ~~— (2) A combination of cash and owner's interests of the kind described in~~
39 ~~sub subparagraphs (I) and (II) of subparagraph (1) of paragraph (b).~~

40 ~~— 2.] The day before the effective date of such corporate action if there is no~~
41 ~~meeting of stockholders.~~

42 3. *Subsection 1 is not applicable and dissenter's rights are available*
43 *pursuant to NRS 92A.380 for the holders of any class or series of shares who are*
44 *required by the terms of the corporate action requiring dissenter's rights to accept*
45 *for such shares anything other than cash or shares of any class or any series of*
46 *shares of any corporation, or any other proprietary interest of any other entity,*
47 *that satisfies the standards set forth in subsection 1 at the time the corporate*
48 *action becomes effective.*

49 4. There is no right of dissent for any holders of stock of the surviving
50 domestic corporation if the plan of merger does not require action of the
51 stockholders of the surviving domestic corporation under NRS 92A.130.

1 **5. There is no right of dissent for any holders of stock of the parent**
2 **domestic corporation if the plan of merger does not require action of the**
3 **stockholders of the parent domestic corporation under NRS 92A.180.**

4 **Sec. 68.** NRS 92A.400 is hereby amended to read as follows:

5 92A.400 1. A stockholder of record may assert dissenter's rights as to fewer
6 than all of the shares registered in his name only if he dissents with respect to all
7 shares **of the class or series** beneficially owned by any one person and notifies the
8 subject corporation in writing of the name and address of each person on whose
9 behalf he asserts dissenter's rights. The rights of a partial dissenter under this
10 subsection are determined as if the shares as to which he dissents and his other
11 shares were registered in the names of different stockholders.

12 2. A beneficial stockholder may assert dissenter's rights as to shares held on
13 his behalf only if:

14 (a) He submits to the subject corporation the written consent of the stockholder
15 of record to the dissent not later than the time the beneficial stockholder asserts
16 dissenter's rights; and

17 (b) He does so with respect to all shares of which he is the beneficial
18 stockholder or over which he has power to direct the vote.

19 **Sec. 69.** NRS 92A.410 is hereby amended to read as follows:

20 92A.410 1. If a proposed corporate action creating dissenters' rights is
21 submitted to a vote at a stockholders' meeting, the notice of the meeting must state
22 that stockholders are **, are not** or may be entitled to assert dissenters' rights under
23 NRS 92A.300 to 92A.500, inclusive **. ~~[, and be accompanied by a copy of those~~**
24 **~~sections.] If the domestic corporation concludes that dissenter's rights are or may~~**
25 **~~be available, a copy of NRS 92A.300 to 92A.500, inclusive, must accompany the~~**
26 **~~meeting notice sent to those record stockholders entitled to exercise dissenter's~~**
27 **~~rights.~~**

28 2. If the corporate action creating dissenters' rights is taken by written
29 consent of the stockholders or without a vote of the stockholders, the domestic
30 corporation shall notify in writing all stockholders entitled to assert dissenters'
31 rights that the action was taken and send them the dissenter's notice described in
32 NRS 92A.430.

33 **Sec. 70.** NRS 92A.420 is hereby amended to read as follows:

34 92A.420 1. If a proposed corporate action creating dissenters' rights is
35 submitted to a vote at a stockholders' meeting, a stockholder who wishes to assert
36 dissenter's rights **~~[,]~~ with respect to any class or series of shares:**

37 (a) Must deliver to the subject corporation, before the vote is taken, written
38 notice of his intent to demand payment for his shares if the proposed action is
39 effectuated; and

40 (b) Must not vote **~~[his shares]~~, or cause or permit to be voted, any of his**
41 **~~shares of such class or series~~** in favor of the proposed action.

42 2. If a proposed corporate action creating dissenters' rights is taken by written
43 consent of the stockholders, a stockholder who wishes to assert dissenters' rights
44 **with respect to any class or series of shares** must not consent to or approve the
45 proposed corporate action **~~[,]~~ with respect to such class or series.**

46 3. A stockholder who does not satisfy the requirements of subsection 1 or 2
47 and NRS 92A.400 is not entitled to payment for his shares under this chapter.

48 **Sec. 71.** NRS 92A.430 is hereby amended to read as follows:

49 92A.430 1. The subject corporation shall deliver a written dissenter's notice
50 to all stockholders entitled to assert dissenters' rights.

51 2. The dissenter's notice must be sent no later than 10 days after the
52 **~~[effectuation]~~ effective date** of the corporate action **~~[,]~~ specified in NRS 92A.380,**
53 and must:

(a) State where the demand for payment must be sent and where and when certificates, if any, for shares must be deposited;

(b) Inform the holders of shares not represented by certificates to what extent the transfer of the shares will be restricted after the demand for payment is received;

(c) Supply a form for demanding payment that includes the date of the first announcement to the news media or to the stockholders of the terms of the proposed action and requires that the person asserting dissenter's rights certify whether or not he acquired beneficial ownership of the shares before that date;

(d) Set a date by which the subject corporation must receive the demand for payment, which may not be less than 30 nor more than 60 days after the date the notice is delivered ~~{}~~ and *state that the stockholder shall be deemed to have waived the right to demand payment with respect to the shares unless the form is received by the subject corporation by such specified date; and*

(e) Be accompanied by a copy of NRS 92A.300 to 92A.500, inclusive.

Sec. 72. NRS 92A.440 is hereby amended to read as follows:

92A.440 1. A stockholder ~~{to whom}~~ *who receives a dissenter's notice ~~{is sent}~~ pursuant to NRS 92A.430 and who wishes to exercise dissenter's rights must:*

(a) Demand payment;

(b) Certify whether he or the beneficial owner on whose behalf he is dissenting, as the case may be, acquired beneficial ownership of the shares before the date required to be set forth in the dissenter's notice for this certification; and

(c) Deposit his certificates, if any, in accordance with the terms of the notice.

2. ~~{The stockholder who demands payment and deposits his certificates, if any, before the proposed corporate action is taken retains all other rights of a stockholder until those rights are cancelled or modified by the taking of the proposed corporate action.}~~ *If a stockholder fails to make the certification required by paragraph (b) of subsection 1, the subject corporation may elect to treat the stockholder's shares as after-acquired shares under NRS 92A.470.*

3. *Once a stockholder deposits that stockholder's certificates or, in the case of uncertified shares makes demand for payment, that stockholder loses all rights as a stockholder, unless the stockholder withdraws pursuant to subsection 4.*

4. *A stockholder who has complied with subsection 1 may nevertheless decline to exercise dissenter's rights and withdraw from the appraisal process by so notifying the subject corporation in writing by the date set forth in the dissenter's notice pursuant to NRS 92A.430. A stockholder who fails to so withdraw from the appraisal process may not thereafter withdraw without the subject corporation's written consent.*

5. The stockholder who does not demand payment or deposit his certificates where required, each by the date set forth in the dissenter's notice, is not entitled to payment for his shares under this chapter.

Sec. 73. NRS 92A.450 is hereby amended to read as follows:

92A.450 ~~{}~~ The subject corporation may restrict the transfer of shares not represented by a certificate from the date the demand for their payment is received.

~~{2. The person for whom dissenter's rights are asserted as to shares not represented by a certificate retains all other rights of a stockholder until those rights are cancelled or modified by the taking of the proposed corporate action.}~~

Sec. 74. NRS 92A.460 is hereby amended to read as follows:

92A.460 1. Except as otherwise provided in NRS 92A.470, within 30 days after receipt of a demand for payment, the subject corporation shall pay *in cash to* each dissenter who complied with NRS 92A.440 the amount the subject corporation

estimates to be the fair value of his shares, plus accrued interest. The obligation of the subject corporation under this subsection may be enforced by the district court:

(a) Of the county where the *subject* corporation's principal office is located;

(b) If the *subject* corporation's principal office is not located in this State, in ~~{Carson City; or}~~ *the county in which the corporation's registered office is located; or*

(c) At the election of any dissenter residing or having its principal *or registered* office in this State, of the county where the dissenter resides or has its principal *or registered* office.

➤ The court shall dispose of the complaint promptly.

2. The payment must be accompanied by:

(a) The subject corporation's balance sheet as of the end of a fiscal year ending not more than 16 months before the date of payment, a statement of income for that year, a statement of changes in the stockholders' equity for that year *or, where such financial statements are not reasonably available, then such reasonably equivalent financial information* and the latest available ~~{interim}~~ *quarterly* financial statements, if any;

(b) A statement of the subject corporation's estimate of the fair value of the shares; *and*

(c) ~~{An explanation of how the interest was calculated;}~~

~~—(d)}~~ *A statement of the dissenter's rights to demand payment under NRS 92A.480 ~~{}~~ and that if any such stockholder does not do so within the period specified, such stockholder shall be deemed to have accepted such payment in full satisfaction of the corporation's obligations under this chapter.*

~~{(e) A copy of NRS 92A.300 to 92A.500, inclusive.}~~

Sec. 75. NRS 92A.470 is hereby amended to read as follows:

92A.470 1. A subject corporation may elect to withhold payment from a dissenter unless he was the beneficial owner of the shares before the date set forth in the dissenter's notice as the *first* date of ~~{the first}~~ *any* announcement to the news media or to the stockholders of the terms of the proposed action.

2. To the extent the subject corporation elects to withhold payment, *within 30 days* after ~~{taking the proposed action, it shall estimate the fair value of the shares, plus accrued interest, and shall offer to pay this amount to each dissenter who agrees to accept it in full satisfaction of his demand. The}~~ *receipt of a demand for payment, the* subject corporation shall ~~{send with its offer a statement of its estimate of the fair value of the shares, an explanation of how the interest was calculated, and a statement of the dissenters' right to demand payment pursuant to NRS 92A.480.}~~ *notify the dissenters described in subsection 1:*

(a) *Of the information required by paragraph (a) of subsection 2 of NRS 92A.460;*

(b) *Of the subject corporation's estimate of fair value pursuant to paragraph (b) of subsection 2 of NRS 92A.460;*

(c) *That they may accept the subject corporation's estimate of fair value, plus interest, in full satisfaction of their demands or demand appraisal under NRS 92A.480;*

(d) *That those stockholders who wish to accept such an offer must so notify the subject corporation of their acceptance of the offer within 30 days after receipt of such offer; and*

(e) *That those stockholders who do not satisfy the requirements for demanding appraisal under NRS 92A.480 shall be deemed to have accepted the subject corporation's offer.*

3. *Within 10 days after receiving the stockholder's acceptance pursuant to subsection 2, the subject corporation shall pay in cash the amount offered under*

1 *paragraph (b) of subsection 2 to each stockholder who agreed to accept the*
2 *subject corporation's offer in full satisfaction of the stockholder's demand.*

3 4. *Within 40 days after sending the notice described in subsection 2, the*
4 *subject corporation shall pay in cash the amount offered under paragraph (b) of*
5 *subsection 2 to each stockholder described in paragraph (e) of subsection 2.*

6 **Sec. 76.** NRS 92A.480 is hereby amended to read as follows:

7 92A.480 1. A dissenter *paid pursuant to NRS 92A.460 who is dissatisfied*
8 *with the amount of the payment* may notify the subject corporation in writing of
9 his own estimate of the fair value of his shares and the amount of interest due, and
10 demand payment of his estimate, less any payment pursuant to NRS 92A.460 . ~~†~~
11 ~~or † A dissenter offered payment pursuant to NRS 92A.470 who is dissatisfied with~~
12 *the offer may* reject the offer pursuant to NRS 92A.470 and demand payment of the
13 fair value of his shares and interest due . ~~†, if he believes that the amount paid~~
14 ~~pursuant to NRS 92A.460 or offered pursuant to NRS 92A.470 is less than the fair~~
15 ~~value of his shares or that the interest due is incorrectly calculated.†~~

16 2. A dissenter waives his right to demand payment pursuant to this section
17 unless he notifies the subject corporation of his demand *to be paid the dissenter's*
18 *stated estimate of fair value plus interest under subsection 1* in writing within 30
19 days after *receiving* the subject ~~[corporation]~~ *corporation's payment or offer of*
20 *payment under NRS 92A.460 or 92A.470 and is entitled only to the payment* made
21 or offered . ~~[payment for his shares.]~~

22 **Sec. 77.** NRS 92A.490 is hereby amended to read as follows:

23 92A.490 1. If a demand for payment remains unsettled, the subject
24 corporation shall commence a proceeding within 60 days after receiving the
25 demand and petition the court to determine the fair value of the shares and accrued
26 interest. If the subject corporation does not commence the proceeding within the
27 60-day period, it shall pay each dissenter whose demand remains unsettled the
28 amount demanded ~~†~~ *by each dissenter pursuant to NRS 92A.480 plus interest.*

29 2. A subject corporation shall commence the proceeding in the district court
30 of the county where its principal office is located ~~†~~ *in this State.* If the principal
31 office of the subject corporation is not located in the State, it shall commence the
32 proceeding in the county where the principal office of the domestic corporation
33 merged with or whose shares were acquired by the foreign entity was located. If the
34 principal office of the subject corporation and the domestic corporation merged
35 with or whose shares were acquired is not located in this State, the subject
36 corporation shall commence the proceeding in the district court in ~~[Carson City.]~~
37 *the county in which the corporation's registered office is located.*

38 3. The subject corporation shall make all dissenters, whether or not residents
39 of Nevada, whose demands remain unsettled, parties to the proceeding as in an
40 action against their shares. All parties must be served with a copy of the petition.
41 Nonresidents may be served by registered or certified mail or by publication as
42 provided by law.

43 4. The jurisdiction of the court in which the proceeding is commenced under
44 subsection 2 is plenary and exclusive. The court may appoint one or more persons
45 as appraisers to receive evidence and recommend a decision on the question of fair
46 value. The appraisers have the powers described in the order appointing them, or
47 any amendment thereto. The dissenters are entitled to the same discovery rights as
48 parties in other civil proceedings.

49 5. Each dissenter who is made a party to the proceeding is entitled to a
50 judgment:

51 (a) For the amount, if any, by which the court finds the fair value of his shares,
52 plus interest, exceeds the amount paid by the subject corporation; or

(b) For the fair value, plus accrued interest, of his after-acquired shares for which the subject corporation elected to withhold payment pursuant to NRS 92A.470.

Sec. 78. NRS 92A.500 is hereby amended to read as follows:

92A.500 1. The court in a proceeding to determine fair value shall determine all of the costs of the proceeding, including the reasonable compensation and expenses of any appraisers appointed by the court. The court shall assess the costs against the subject corporation, except that the court may assess costs against all or some of the dissenters, in amounts the court finds equitable, to the extent the court finds the dissenters acted arbitrarily, vexatiously or not in good faith in demanding payment.

2. The court may also assess the fees and expenses of the counsel and experts for the respective parties, in amounts the court finds equitable:

(a) Against the subject corporation and in favor of all dissenters if the court finds the subject corporation did not substantially comply with the requirements of NRS 92A.300 to 92A.500, inclusive; or

(b) Against either the subject corporation or a dissenter in favor of any other party, if the court finds that the party against whom the fees and expenses are assessed acted arbitrarily, vexatiously or not in good faith with respect to the rights provided by NRS 92A.300 to 92A.500, inclusive.

3. If the court finds that the services of counsel for any dissenter were of substantial benefit to other dissenters similarly situated, and that the fees for those services should not be assessed against the subject corporation, the court may award to those counsel reasonable fees to be paid out of the amounts awarded to the dissenters who were benefited.

4. In a proceeding commenced pursuant to NRS 92A.460, the court may assess the costs against the subject corporation, except that the court may assess costs against all or some of the dissenters who are parties to the proceeding, in amounts the court finds equitable, to the extent the court finds that such parties did not act in good faith in instituting the proceeding.

5. *To the extent the subject corporation fails to make a required payment pursuant to NRS 92A.460, 92A.470 or 92A.480, the dissenter may bring a cause of action directly for the amount owed and, to the extent the dissenter prevails, is entitled to recover all expenses of the suit.*

6. This section does not preclude any party in a proceeding commenced pursuant to NRS 92A.460 or 92A.490 from applying the provisions of N.R.C.P. 68 or NRS 17.115.

Sec. 79. NRS 104.9620 is hereby amended to read as follows:

104.9620 1. Except as otherwise provided in subsection 7, a secured party may accept collateral in full or partial satisfaction of the obligation it secures only if:

(a) The debtor consents to the acceptance under subsection 3;

(b) The secured party does not receive, within the time set forth in subsection ~~5~~ 4, a notification of objection to the proposal authenticated by:

(1) A person to which the secured party was required to send a proposal under NRS 104.9621; or

(2) Any other person, other than the debtor, holding an interest in the collateral subordinate to the security interest that is the subject of the proposal;

(c) If the collateral is consumer goods, the collateral is not in the possession of the debtor when the debtor consents to the acceptance; and

(d) Subsection 5 does not require the secured party to dispose of the collateral.

2. A purported or apparent acceptance of collateral under this section is ineffective unless:

1 (a) The secured party consents to the acceptance in an authenticated record or
2 sends a proposal to the debtor; and

3 (b) The conditions of subsection 1 are met.

4 3. For purposes of this section:

5 (a) A debtor consents to an acceptance of collateral in partial satisfaction of the
6 obligation it secures only if he agrees to the terms of the acceptance in a record
7 authenticated after default; and

8 (b) A debtor consents to an acceptance of collateral in full satisfaction of the
9 obligation it secures only if he agrees to the terms of the acceptance in a record
10 authenticated after default or the secured party:

11 (1) Sends to the debtor after default a proposal that is unconditional or
12 subject only to a condition that collateral not in the possession of the secured party
13 be preserved or maintained;

14 (2) In the proposal, proposes to accept collateral in full satisfaction of the
15 obligation it secures; and

16 (3) Does not receive a notification of objection authenticated by the debtor
17 within 20 days after the proposal is sent.

18 4. To be effective under paragraph (b) of subsection 1, a notification of
19 objection must be received by the secured party:

20 (a) In the case of a person to which the proposal was sent pursuant to NRS
21 104.9621, within 20 days after notification was sent to him; and

22 (b) In other cases:

23 (1) Within 20 days after the last notification was sent pursuant to NRS
24 104.9621; or

25 (2) If a notification was not sent, before the debtor consents to the
26 acceptance under subsection 3.

27 5. A secured party that has taken possession of collateral shall dispose of the
28 collateral pursuant to NRS 104.9610 within the time specified in subsection 6 if:

29 (a) Sixty percent of the cash price has been paid in the case of a purchase-
30 money security interest in consumer goods; or

31 (b) Sixty percent of the principal amount of the obligation secured has been
32 paid in the case of a non-purchase-money security interest in consumer goods.

33 6. To comply with subsection 5, the secured party shall dispose of the
34 collateral:

35 (a) Within 90 days after taking possession; or

36 (b) Within any longer period to which the debtor and all secondary obligors
37 have agreed in an agreement to that effect entered into and authenticated after
38 default.

39 7. In a consumer transaction, a secured party may not accept collateral in
40 partial satisfaction of the obligation it secures.

41 **Sec. 80.** NRS 602.020 is hereby amended to read as follows:

42 602.020 1. A certificate filed pursuant to NRS 602.010 or a renewal
43 certificate filed pursuant to NRS 602.035 must state the assumed or fictitious name
44 under which the business is being conducted or is intended to be conducted, and if
45 conducted by:

46 (a) A natural person:

47 (1) His full name;

48 (2) The street address of his residence or business; and

49 (3) If the mailing address is different from the street address, the mailing
50 address of his residence or business;

51 (b) An artificial person : ~~required to make annual filings with the Secretary of~~
52 ~~State to retain its good standing;~~

53 (1) Its name ; ~~as it appears in the records of the Secretary of State;~~ and

- (2) Its mailing address;
- (c) A general partnership:
- (1) The full name of each partner who is a natural person;
- (2) The street address of the residence or business of each partner who is a natural person;
- (3) If the mailing address is different from the street address, the mailing address of the residence or business of each partner who is a natural person; and
- (4) If one or more of the partners is an artificial person described in paragraph (b), the information required by paragraph (b) for each such partner; or
- (d) A trust:
- (1) The full name of each trustee of the trust;
- (2) The street address of the residence or business of each trustee of the trust; and
- (3) If the mailing address is different from the street address, the mailing address of the residence or business of each trustee of the trust.

2. The certificate must be:

(a) Signed:

- (1) In the case of a natural person, by him;
- (2) In the case of an artificial person ~~required to make annual filings with the Secretary of State to retain its good standing, by a person required to sign the annual filing;~~ *by an officer, director, manager, general partner, trustee or other natural person having the authority to bind the artificial person to a contract;*
- (3) In the case of a general partnership, by each of the partners who is a natural person ~~and~~ *and*, if one or more of the partners is an artificial person described in subparagraph (2), by ~~an officer of the corporation or a person required to sign the annual filing;~~ *the person described in subparagraph (2);* or
- (4) In the case of a trust, by each of the trustees; and
- (b) Notarized, unless the board of county commissioners of the county adopts an ordinance providing that the certificate may be filed without being notarized.

3. No county clerk may refuse to accept for filing a certificate filed by a foreign artificial person or foreign artificial persons because the foreign artificial person or foreign artificial persons have not qualified to do business in this State under title 7 of NRS.

4. As used in this section:

(a) "Artificial person" means any organization organized under the law of the United States, any foreign country, or a state, province, territory, possession, commonwealth or dependency of the United States or any foreign country, and as to which the government, state, province, territory, possession, commonwealth or dependency must maintain a record showing the organization to have been organized.

(b) "Foreign artificial person" means an artificial person that is not organized under the laws of this State.

(c) "Record" means information which is inscribed on a tangible medium or which is stored in an electronic or other medium and is retrievable in perceivable form.

Sec. 81. NRS 604A.710 is hereby amended to read as follows:

604A.710 1. For the purpose of discovering violations of this chapter or securing information lawfully required under this chapter, the Commissioner or his duly authorized representatives may at any time investigate the business and examine the books, accounts, papers and records used therein of:

(a) Any licensee;

(b) Any other person engaged in the business of making loans or participating in such business as principal, agent, broker or otherwise;

(c) Any registered agent who represents a licensee or any other person engaged in the business of making loans; and

(d) Any person who the Commissioner has reasonable cause to believe is violating or is about to violate any provision of this chapter, whether or not the person claims to be within the authority or beyond the scope of this chapter.

2. For the purpose of examination, the Commissioner or his authorized representatives shall have and be given free access to the offices and places of business, and the files, safes and vaults of such persons.

3. The investigation of a registered agent pursuant to subsection 1, including, without limitation, any books, accounts, papers and records used therein, must be kept confidential except to the extent necessary to enforce any provision of this chapter.

4. For the purposes of this section, any person who advertises for, solicits or holds himself out as willing to make any deferred deposit loan, high-interest loan or title loan is presumed to be engaged in the business of making loans.

5. This section does not entitle the Commissioner or his authorized representatives to investigate the business or examine the books, accounts, papers and records of any attorney who is not a person described in paragraph (a), (b) or (d) of subsection 1, other than examination of those books, accounts, papers and records maintained by such attorney in his capacity as a registered agent, and then only to the extent such books, accounts, papers and records are not subject to any privilege in NRS 49.035 to 49.115, inclusive.

Sec. 82. NRS 675.380 is hereby amended to read as follows:

675.380 1. For the purpose of discovering violations of this chapter or of securing information lawfully required under this chapter, the Commissioner or his duly authorized representatives may at any time investigate the business and examine the books, accounts, papers and records used therein of:

(a) Any licensee;

(b) Any other person engaged in the business described in NRS 675.060 or participating in such business as principal, agent, broker or otherwise;

(c) Any registered agent who represents a licensee or any other person engaged in the business described in NRS 675.060; and

(d) Any person who the Commissioner has reasonable cause to believe is violating or is about to violate any provision of this chapter, whether or not the person claims to be within the authority or beyond the scope of this chapter.

2. For the purpose of examination the Commissioner or his authorized representatives shall have and be given free access to the offices and places of business, files, safes and vaults of such persons.

3. The investigation of a registered agent pursuant to subsection 1, including, without limitation, any book, accounts, papers and records used therein must be kept confidential except to the extent necessary to enforce any provision of this chapter.

4. For the purposes of this section, any person who advertises for, solicits or holds himself out as willing to make loan transactions is presumed to be engaged in the business described in NRS 675.060.

5. This section does not entitle the Commissioner or his authorized representatives to investigate the business or examine the books, accounts, papers and records of any attorney who is not a person described in paragraph (a), (b) or (d) of subsection 1, other than examination of those books, accounts, papers and records maintained by such attorney in his capacity as a registered agent, and then only to the extent such books, accounts, papers and records are not subject to any privilege in NRS 49.035 to 49.115, inclusive.

Sec. 83. (Deleted by amendment.)