

SENATE BILL NO. 310—SENATOR CARE

MARCH 16, 2009

Referred to Committee on Commerce and Labor

**SUMMARY**—Revises provisions governing the regulation of trust companies. (BDR 55-788)

**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 trust companies; establishing various requirements for licensing as a retail trust company; establishing certain minimum capital requirements for retail trust companies; authorizing the Commissioner of Financial Institutions to take various actions relating to the regulation of trust companies; and providing other matters properly relating thereto.

**Legislative Counsel's Digest:**

**Sections 3, 4, 6-8, 12-14, 16-18, 25-27 and 30-36** of this bill revise various provisions governing the licensing and conduct of retail trust companies.

**Sections 15-21, 31 and 35** of this bill authorize the Commissioner of Financial Institutions to take various actions concerning the activities of retail trust companies and the enforcement of chapter 669 of NRS.

**Section 26** of this bill revises the minimum requirements for the amount of capital that must be held by a retail trust company.

**Section 30** of this bill revises various fees relating to the licensing of retail trust companies.

**Section 11** of this bill makes certain information provided to the Division of Financial Institutions of the Department of Business and Industry confidential in certain circumstances.

**Section 9** of this bill authorizes the Commissioner to be a signatory to the Nationwide Cooperative Agreement for Supervision and Examination of Multi-State Trust Institutions as adopted by the Conference of State Bank Supervisors.

**Section 5** of this bill allows for family trust companies to apply for exemption from the licensing requirements of chapter 669 of NRS.



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

**Section 1.** Chapter 669 of NRS is hereby amended by adding thereto the provisions set forth as sections 2 to 21, inclusive, of this act.

**Sec. 2. 1.** *“Family trust company” means a nondepository trust company which is organized and licensed under this chapter by a designated relative to engage in trust company business with one or more family members and which does not transact business with the general public.*

**2.** *As used in this section:*

*(a) “Designated relative” means the person who is so designated in the application for a license under NRS 669.150.*

*(b) “Family member” means the designated relative and:*

*(1) Any person within the fifth degree of lineal kinship to the designated relative;*

*(2) Any person within the ninth degree of collateral kinship to the designated relative;*

*(3) The spouse of the designated relative;*

*(4) A spouse of any person qualifying as a family member under subparagraph (1) or (2);*

*(5) Any person within the fifth degree of lineal kinship of the spouse identified in subparagraph (3);*

*(6) A company controlled by one or more family members, who possess, directly or indirectly, the power to direct or cause the direction of the management and policies of the company, whether through the ownership of voting securities, by contract or otherwise;*

*(7) A trust established by a family member or by a person who is not a family member if noncharitable beneficiaries who are family members represent a majority interest in the trust;*

*(8) The estate of a family member; or*

*(9) A charitable foundation or charitable entity created by a family member.*

**Sec. 3.** *“Retail trust company” means an entity which is licensed under this chapter and engaged in a trust company business in this State and which does not meet the definition of a family trust company.*

**Sec. 4. 1.** *A retail trust company licensed in this State shall maintain its principal office in this State.*

**2.** *The conditions for a retail trust company to fulfill the requirements of subsection 1 include, but are not limited to:*



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1 (a) A verifiable physical office in this State that conducts such  
2 business operations in this State as are necessary to administer  
3 trusts in this State;

4 (b) The presence of an employee that is a resident of Nevada in  
5 the principal office who has experience that is satisfactory to the  
6 Commissioner in accepting and administering trusts;

7 (c) Maintenance of originals or true copies of all material  
8 business records and accounts of the retail trust company which  
9 may be accessed and are readily available for examination by the  
10 Division of Financial Institutions;

11 (d) Maintenance of the required cash portion of the  
12 stockholders' equity pursuant to NRS 669.100 in accounts with  
13 one or more banks or other financial institutions located in this  
14 State;

15 (e) The provision of services to residents of this State  
16 consistent with the business plan provided by the trust company  
17 with its license application; and

18 (f) Such other conditions that the Commissioner may require  
19 to protect the public interest.

20 **Sec. 5. 1.** A family trust company may apply for an  
21 exemption from being licensed under this chapter.

22 2. To apply for an exemption from being licensed under this  
23 chapter, a family trust company must, before acting as a fiduciary  
24 in this State, notify the Commissioner by letter, executed by its  
25 chief executive officer and sent by certified mail, return receipt  
26 requested, together with a fee of \$500, of the following:

27 (a) The name and main address of the family trust company;

28 (b) That it qualifies as a family trust company and requests an  
29 exemption from licensing;

30 (c) The name of the designated relative; and

31 (d) That it will not transact trust company business with,  
32 propose to act as a fiduciary for, or solicit trust company business  
33 from any person that is not a family member.

34 3. Within 60 days after receipt of an application pursuant to  
35 subsection 2, the Commissioner shall:

36 (a) Acknowledge receipt of the application and grant the  
37 exemption; or

38 (b) Inform the family trust company of any deficiency in the  
39 application.

40 4. The application, the Commissioner's reply and any  
41 subsequent information provided by the company are confidential  
42 information pursuant to section 11 of this act.

43 **Sec. 6. 1.** The Commissioner may conduct a pre-opening  
44 examination of a retail trust company and, in rendering a decision  
45 on an application for a license as a retail trust company, consider:



1       (a) *The proposed market or markets to be served and, if they*  
2 *extend outside of this State, any exceptional risk, examination or*  
3 *supervision concerns associated with such markets;*

4       (b) *Whether the proposed organizational and capital structure*  
5 *and the amount of initial capital appear adequate in relation to the*  
6 *proposed business and market or markets, including, without*  
7 *limitation, the average level of assets under management and*  
8 *administration projected for each of the first 3 years of operation;*

9       (c) *Whether the anticipated volume and nature of business*  
10 *indicate a reasonable probability of success and profitability based*  
11 *on the market or markets proposed to be served;*

12       (d) *Whether the proposed officers and directors or managers*  
13 *of the proposed retail trust company, as a group, have sufficient*  
14 *experience, ability, standing and competence and whether each*  
15 *individually has sufficient trustworthiness and integrity to justify a*  
16 *belief that the proposed retail trust company will be free from*  
17 *improper or unlawful influence and otherwise will operate in*  
18 *compliance with the law and applicable fiduciary duties and that*  
19 *success of the proposed retail trust company is reasonably*  
20 *probable;*

21       (e) *Whether any investment services to trusts, estates, charities,*  
22 *employee benefit plans and other fiduciary accounts or to natural*  
23 *persons, partnerships, limited-liability companies and other*  
24 *entities, including, without limitation, providing investment advice*  
25 *with or without discretion or selling investments in or investment*  
26 *products of affiliated or nonaffiliated persons, will be conducted in*  
27 *compliance with all applicable fiduciary standards, including,*  
28 *without limitation, NRS 164.700 to 164.775, inclusive, the duty of*  
29 *loyalty and disclosure of material information;*

30       (f) *Whether the proposed retail trust company will be exempt*  
31 *from registration under the Investment Advisers Act of 1940, 15*  
32 *U.S.C. § 80a-1 et seq., and any similar state laws in each state*  
33 *where it would otherwise be required to register and, if not,*  
34 *whether it will comply with such registration requirements before*  
35 *commencing business and thereafter will comply with all federal*  
36 *and state laws and regulations applicable to it, its employees and*  
37 *representatives as a registrant under such laws;*

38       (g) *Whether the proposed retail trust company will obtain*  
39 *suitable annual audits by qualified outside auditors of its books*  
40 *and records and its fiduciary activities under applicable account*  
41 *rules and standards as well as suitable internal audits; and*

42       (h) *Any other factors that the Commissioner may require.*

43       2. *The Commissioner may require a retail trust company to*  
44 *maintain capital in excess of the minimum required either initially*  
45 *or at any subsequent time based on his assessment of the risks*



1 associated with the retail trust company's business plan or any  
2 other circumstances revealed in the application, his investigation  
3 of the application or any examination of or filing by the retail trust  
4 company thereafter, including any examination before the  
5 opening of the retail trust company for business. In making such a  
6 determination, the Commissioner may consider:

7 (a) The nature and type of business proposed to be conducted  
8 by the retail trust company;

9 (b) The nature and liquidity of assets proposed to be held in its  
10 own account;

11 (c) The amount of fiduciary assets projected to be under  
12 management or under administration of the retail trust company;

13 (d) The type of fiduciary assets proposed to be held and any  
14 proposed depository of such assets;

15 (e) The complexity of fiduciary duties and degree of discretion  
16 proposed to be undertaken by the retail trust company;

17 (f) The competence and experience of proposed management  
18 of the retail trust company;

19 (g) The extent and adequacy of proposed internal controls;

20 (h) The proposed presence or absence of annual audits by an  
21 independent certified public accountant, and the scope and  
22 frequency of such audits, whether they result in an opinion of the  
23 accountant and any qualifications to the opinion;

24 (i) The reasonableness of business plans for retaining or  
25 acquiring additional equity capital;

26 (j) The existence and adequacy of insurance proposed to be  
27 obtained by the retail trust company for the purpose of protecting  
28 its fiduciary assets;

29 (k) The success of the retail trust company in achieving the  
30 financial projections submitted with its licensing application;

31 (l) The fulfillment by the retail trust company of its  
32 representations and its descriptions of its business structures and  
33 methods and management set forth in its licensing application;  
34 and

35 (m) Any other factor that the Commissioner may require.

36 **Sec. 7. 1.** A license issued pursuant to this chapter is not  
37 transferable or assignable. Upon approval of the Commissioner, a  
38 licensee may merge or consolidate with, or transfer its assets and  
39 control to, another entity that has been issued a license under this  
40 chapter.

41 **2.** If there is a change in control of any retail trust company,  
42 the chief executive officer or managing member of the retail trust  
43 company shall report the fact and the person obtaining control to  
44 the Commissioner within 5 business days after obtaining  
45 knowledge of the change.



1       3. A retail trust company shall, within 3 business days after  
2 there is a change in the chief executive officer, managing member  
3 or a majority of the directors or managing directors of the retail  
4 trust company, report the change to the Commissioner. The retail  
5 trust company shall include in its report a statement of the past  
6 and current business and professional affiliations of each new  
7 chief executive officer, managing member, director or managing  
8 director. A new chief executive officer, managing member,  
9 director or managing director shall furnish to the Commissioner a  
10 complete financial statement on a form prescribed by the  
11 Commissioner.

12       4. A person who acquires control as a result of a change of  
13 control of a retail trust company shall submit an application to the  
14 Commissioner. The application must be submitted on a form  
15 prescribed by the Commissioner. The Commissioner shall conduct  
16 an investigation to determine whether the person has a good  
17 reputation for honesty, trustworthiness and integrity and is  
18 competent to transact the business of a trust company in a manner  
19 which protects the interests of the general public.

20       5. The retail trust company with which the applicant  
21 described in subsection 4 is affiliated shall pay the nonrefundable  
22 cost of the investigation as the Commissioner requires. If the  
23 Commissioner denies the application, he may forbid or limit the  
24 applicant's participation in the business of the trust company.

25       6. As used in this section, "control" means the possession,  
26 directly or indirectly, of the power to direct or cause the direction  
27 of the management and policy of a retail trust company, or a  
28 change in the ownership of at least 25 percent of the outstanding  
29 voting stock of, or participating members' interest in, a retail trust  
30 company.

31       **Sec. 8. 1.** It is unlawful for any retail trust company  
32 licensed in this State to engage in trust company business at any  
33 office outside this State without the prior approval of the  
34 Commissioner.

35       2. Before the Commissioner will approve a branch to be  
36 located in another state, the retail trust company must:

37       (a) Obtain from that state a license as a trust company; or

38       (b) Meet all the requirements to operate a trust company in  
39 that state.

40       **Sec. 9.** The Commissioner is authorized to be, on his own  
41 behalf and that of the Division of Financial Institutions, a  
42 signatory to the Nationwide Cooperative Agreement for  
43 Supervision and Examination of Multi-State Trust Institutions as  
44 adopted by the Conference of State Bank Supervisors and exercise



1 *his discretion in the supervision of multi-state trust institutions*  
2 *consistently with that agreement.*

3 **Sec. 10.** 1. *The Commissioner may require a licensee to*  
4 *provide an audited financial statement prepared by an*  
5 *independent certified public accountant licensed to do business in*  
6 *this State.*

7 2. *On the fourth Monday in January of each year, each*  
8 *licensee shall submit to the Commissioner a list of stockholders*  
9 *required to be maintained pursuant to paragraph (c) of subsection*  
10 *1 of NRS 78.105 or the list of members required to be maintained*  
11 *pursuant to paragraph (a) of subsection 1 of NRS 86.241, verified*  
12 *by the president or a manager, as appropriate.*

13 3. *The list of members required to be maintained pursuant to*  
14 *paragraph (a) of subsection 1 of NRS 86.241 must include the*  
15 *percentage of each member's interest in the company, in addition*  
16 *to the requirements set forth in that section.*

17 4. *Except as otherwise provided in NRS 239.0115, any*  
18 *document submitted pursuant to this section is confidential.*

19 **Sec. 11.** *Except as otherwise provided in NRS 239.0115, any*  
20 *application and personal or financial records submitted by a*  
21 *person pursuant to the provisions of this chapter and any personal*  
22 *or financial records or other documents obtained by the Division*  
23 *of Financial Institutions pursuant to an examination or audit*  
24 *conducted by the Division are confidential and may be disclosed*  
25 *only to:*

26 1. *The Division, any authorized employee of the Division and*  
27 *any state or federal agency investigating the activities covered*  
28 *under the provisions of this chapter; and*

29 2. *Any person when the Commissioner, in his discretion,*  
30 *determines that the interests of the public that would be protected*  
31 *by disclosure outweigh the interest of any person in the*  
32 *confidential information not being disclosed.*

33 **Sec. 12.** *The Commissioner may direct that the board of*  
34 *directors or managers of a retail trust company meet at least*  
35 *quarterly in regular meetings to review the books, records, funds*  
36 *and securities held by the retail trust company in its individual and*  
37 *fiduciary capacities and maintain a written record of those*  
38 *meetings for review by the Division.*

39 **Sec. 13.** 1. *Except as otherwise provided in subsection 3,*  
40 *the affairs and business of a retail trust company organized as a*  
41 *corporation under the laws of this State must be managed or*  
42 *controlled by a board of directors of not less than five in number*  
43 *who must be selected by the stockholders at the annual meeting of*  
44 *stockholders in such manner as may be provided by the bylaws of*  
45 *the corporation.*





2. Except as otherwise provided in subsection 3, the affairs and business of a retail trust company organized as a limited-liability company under the laws of this State must be managed or controlled by no fewer than five managers selected from the members as provided in the operating agreement.

3. The Commissioner may authorize a retail trust company to be managed or controlled by no fewer than three directors or managers, as appropriate.

**Sec. 14.** 1. No person is eligible to serve as a director or manager of any retail trust company unless he:

(a) Displays the competence and integrity to transact the business of the retail trust company in a manner which safeguards the interests of the general public; and

(b) Has a financial status consistent with his responsibilities to the public.

2. The Commissioner may require any or all new directors or managing directors of a retail trust company to provide such financial and biographical information and verification thereof as he deems appropriate, including the completion of any forms required to be completed in connection with the licensing of a retail trust company.

**Sec. 15.** 1. For the purpose of discovering violations of this title or of securing information 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 an activity for which a license is required pursuant to the provisions of this chapter; and

(c) Any person that 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 must have and be given free access to the offices and places of business, files, safes and vaults of such persons.

3. The Commissioner may require the attendance of any person and examine him under oath regarding:

(a) Any transaction or business regulated pursuant to the provisions of this chapter; or

(b) The subject matter of any audit, examination, investigation or hearing.

**Sec. 16.** The Commissioner may require the immediate removal from office of any officer, director, manager or employee





1 *of any retail trust company doing business under this chapter who*  
2 *is found to be dishonest, incompetent or reckless in the*  
3 *management of the affairs of the retail trust company, or who*  
4 *persistently violates the laws of this State or the lawful orders,*  
5 *instructions and regulations issued by the Commissioner.*

6 **Sec. 17.** *In addition to the express powers, duties and*  
7 *functions given to the Commissioner by this chapter, the*  
8 *Commissioner has such other powers and rights as may be*  
9 *necessary or incident to the proper discharge of his duties.*

10 **Sec. 18.** *1. The Commissioner may institute disciplinary*  
11 *action or forthwith initiate proceedings to take possession of the*  
12 *business and property of any retail trust company when it appears*  
13 *that the retail trust company:*

14 *(a) Has violated its charter or any state or federal laws*  
15 *applicable to the business of a trust company.*

16 *(b) Is conducting its business in an unauthorized or unsafe*  
17 *manner.*

18 *(c) Is in an unsafe or unsound condition to transact its*  
19 *business.*

20 *(d) Has an impairment of its stockholders' equity.*

21 *(e) Has refused to pay or transfer account assets to its account*  
22 *holders as required by the terms of the accounts' governing*  
23 *instruments.*

24 *(f) Has become insolvent.*

25 *(g) Has neglected or refused to comply with the terms of a*  
26 *lawful order of the Commissioner.*

27 *(h) Has refused, upon proper demand, to submit its records,*  
28 *affairs and concerns for inspection and examination of an*  
29 *appointed or authorized examiner of the Commissioner.*

30 *(i) Has made a voluntary assignment of its assets to receivers,*  
31 *conservators, trustees or creditors without complying with*  
32 *NRS 669.230.*

33 *(j) Has failed to pay a tax as required pursuant to the*  
34 *provisions of chapter 363A of NRS.*

35 *(k) Has materially and willfully breached its fiduciary duties to*  
36 *its customers.*

37 *(l) Has failed to properly disclose all fees, interest and other*  
38 *charges to its customers.*

39 *(m) Has willfully engaged in material conflicts of interest*  
40 *regarding a customer's account.*

41 *(n) Has made intentional material misrepresentations*  
42 *regarding any aspect of the services performed or proposed to be*  
43 *performed by the retail trust company.*

44 *2. The Commissioner also may forthwith initiate proceedings*  
45 *to take possession of the business and property of any trust*



1 *company when it appears that the officers of the trust company*  
2 *have refused to be examined upon oath regarding its affairs.*

3 **Sec. 19.** *If the Commissioner finds that probable cause for*  
4 *revocation of any license exists and that enforcement of the*  
5 *provisions of this chapter requires immediate suspension of a*  
6 *license pending investigation, he may, upon 5 days' written notice*  
7 *and a hearing, enter an order suspending a license for a period*  
8 *not exceeding 20 days, pending a hearing upon the revocation.*

9 **Sec. 20.** 1. *Whenever the Commissioner has reasonable*  
10 *cause to believe that any person is violating or is threatening to or*  
11 *intends to violate any provision of this chapter, he may, in addition*  
12 *to all actions provided for in this chapter and without prejudice*  
13 *thereto, enter an order requiring the person to desist or to refrain*  
14 *from such violation.*

15 2. *The Attorney General or the Commissioner may bring an*  
16 *action to enjoin a person from engaging in or continuing a*  
17 *violation or from doing any act or acts in furtherance thereof. In*  
18 *any such action, an order or judgment may be entered awarding a*  
19 *preliminary or final injunction as may be deemed proper.*

20 3. *In addition to all other means provided by law for the*  
21 *enforcement of a restraining order or injunction, the court in*  
22 *which an action is brought may impound, and appoint a receiver*  
23 *for, the property and business of the defendant, including books,*  
24 *papers, documents and records pertaining thereto, or so much*  
25 *thereof as a court may deem reasonably necessary to prevent*  
26 *violations of this chapter through or by means of the use of*  
27 *property and business, whether such books, papers, documents*  
28 *and records are in the possession of the defendant, a registered*  
29 *agent acting on behalf of the defendant or any other person. A*  
30 *receiver, when appointed and qualified, has such powers and*  
31 *duties as to custody, collection, administration, winding up and*  
32 *liquidation of such property and business as may from time to time*  
33 *be conferred upon him by the court.*

34 **Sec. 21.** 1. *If the Commissioner has reason to believe that*  
35 *grounds for revocation or suspension of a license exist, he shall*  
36 *give at least 20 days' written notice to the licensee stating the*  
37 *contemplated action and, in general, the grounds therefor and set*  
38 *a date for a hearing.*

39 2. *At the conclusion of a hearing, the Commissioner shall:*

40 (a) *Enter a written order dismissing the charges, revoking the*  
41 *license or suspending the license for a period of not more than 60*  
42 *days, which period must include any prior temporary suspension.*  
43 *The Commissioner shall send a copy of the order to the licensee by*  
44 *registered or certified mail.*



(b) *Impose upon the licensee an administrative fine of not more than \$10,000 for each violation by the licensee of any provision of this chapter or any regulation adopted pursuant thereto.*

(c) *If a fine is imposed pursuant to this section, enter such order as is necessary to recover the costs of the proceeding, including his investigative costs and attorney's fees.*

3. *The grounds for revocation or suspension of a license are that:*

(a) *The licensee has failed to pay the annual license fee;*

(b) *The licensee, either knowingly or without any exercise of due care to prevent it, has violated any provision of this chapter or any regulation adopted pursuant thereto or any lawful order of the Division of Financial Institutions;*

(c) *The licensee has failed to pay a tax as required pursuant to the provisions of chapter 363A of NRS;*

(d) *Any fact or condition exists which would have justified the Commissioner in denying the licensee's original application for a license pursuant to the provisions of this chapter; or*

(e) *The licensee:*

(1) *Failed to open an office for the conduct of the business authorized by his license within 180 days after the date his license was issued; or*

(2) *Has failed to remain open for the conduct of the business for a period of 30 days without good cause therefor.*

4. *An order suspending or revoking a license becomes effective 5 days after being entered unless the order specifies otherwise or a stay is granted.*

**Sec. 22.** NRS 669.020 is hereby amended to read as follows:

669.020 As used in this chapter, unless the context otherwise requires, the words and terms defined in NRS 669.029 to 669.070, inclusive, *and sections 2 and 3 of this act* have the meanings ascribed to them in those sections.

**Sec. 23.** NRS 669.045 is hereby amended to read as follows:

669.045 1. "Fiduciary" means a trustee, executor, administrator, guardian of an estate, *personal representative*, conservator, assignee for the benefit of creditors, receiver, depositary or person that receives on deposit money or property from a public administrator under any provision of this chapter or from another fiduciary.

2. *As used in this section, "administrator" includes servicers or administrators of individual retirement accounts within the meaning of section 408(a) of the Internal Revenue Code of 1986, 26 U.S.C. § 408(a), where the servicer or administrator holds itself out to the public for performance of such services and holds or*



*maintains an ownership interest in the servicing rights of such accounts, or possesses or controls any of the assets of such accounts, including cash.*

**Sec. 24.** NRS 669.080 is hereby amended to read as follows:

669.080 1. This chapter does not apply to a person who:

(a) Does business under the laws of this State, the United States or another state relating to banks, savings banks, savings and loan associations or thrift companies, but if the *trust company* business conducted in this State is not subject to supervision by a regulatory authority of another jurisdiction, the person must be licensed pursuant to this chapter ~~if~~ *before engaging in such business in this State;*

(b) Is appointed as a fiduciary pursuant to NRS 662.245;

(c) Is acting in the performance of his duties as an attorney at law;

(d) Acts as a trustee under a deed of trust;

(e) Acts as a registered agent for a domestic or foreign corporation, limited-liability company, limited partnership or limited-liability partnership;

(f) Acts as a trustee of a trust holding real property for the primary purpose of facilitating any transaction with respect to real estate if he is not regularly engaged in the business of acting as a trustee for such trusts;

(g) Engages in the business of a collection agency pursuant to chapter 649 of NRS;

(h) Engages in the business of an escrow agency, escrow agent or escrow officer pursuant to the provisions of chapter 645A or 692A of NRS;

(i) Acts as a trustee of a trust created for charitable or nonprofit purposes if he is not regularly engaged in the business of acting as trustee for such trusts;

(j) Receives money or other property as a real estate broker licensed under chapter 645 of NRS on behalf of a principal;

(k) Engages in transactions as a broker-dealer or sales representative pursuant to chapter 90 of NRS;

(l) Acts as a fiduciary under a court trust;

(m) Does business as an insurer authorized to issue policies of life insurance and annuities or endowment contracts in this State and is subject to regulation and control of the Commissioner of Insurance; or

(n) Acts as a fiduciary ~~if~~:

~~— (1) The fiduciary relationship is not one of his principal occupations; or~~

~~— (2) He serves as a fiduciary for a relative by blood or marriage.] as an individual.~~



2. A bank, savings bank, savings and loan association or thrift company claiming an exemption from this chapter pursuant to paragraph (a) of subsection 1 must notify the Commissioner of Financial Institutions of its intention to engage in the business of a trust company in this State and present proof satisfactory to the Commissioner of Financial Institutions that its fiduciary activities in this State will be subject to regulation by another jurisdiction.

**Sec. 25.** NRS 669.090 is hereby amended to read as follows:

669.090 It is unlawful for any ~~person~~ *retail trust company* to engage in the business of a trust company without complying with the provisions of this chapter and having a license issued by the Commissioner.

**Sec. 26.** NRS 669.100 is hereby amended to read as follows:

669.100 1. No *retail* trust company may be organized or operated with a stockholders' equity of less than ~~[\$300,000,]~~ *\$1,000,000*, or in such greater amount as may be required by the Commissioner. The full amount of the initial stockholders' equity must be paid in cash, exclusive of all organization expenses, before the trust company is authorized to commence business.

2. *A retail trust company shall maintain at least 50 percent of its required stockholders' equity in cash unless the Commissioner approves a smaller amount. The remaining 50 percent of its required stockholders' equity may be a different form of readily marketable securities or with prior approval by the Commissioner other liquid, secure asset, bond, surety or insurance, or some combination of the foregoing.*

3. *Any retail trust company that does not have the minimum capital required by this section as of October 1, 2009, shall:*

*(a) Except as otherwise determined by the Commissioner, increase its capital to a minimum of:*

*(1) By October 1, 2010, \$500,000;*

*(2) By October 1, 2011, \$750,000; and*

*(3) By October 1, 2012, \$1,000,000; and*

*(b) Maintain \$500,000 of such minimum capital in cash on and after October 1, 2010.*

4. *As used in this section, "in cash" means in depository accounts with one or more banks in this State.*

**Sec. 27.** NRS 669.130 is hereby amended to read as follows:

669.130 A *retail* trust company shall not transact business, except business that is incidental to its organization, until it is authorized by the Commissioner to commence the business of a trust company as provided in this chapter.

**Sec. 28.** NRS 669.150 is hereby amended to read as follows:

669.150 1. An applicant must file an application for a license to transact trust company business with the Commissioner on forms



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1 prescribed by the Commissioner, which must contain or be  
2 accompanied by such information as the Commissioner requires.

3 2. A nonrefundable fee of not more than \$2,000 must  
4 accompany the application. The applicant must also pay such  
5 reasonable additional expenses incurred in the process of  
6 investigation as the Commissioner deems necessary. In addition, a  
7 fee of not less than \$200 or more than \$500, prorated on the basis of  
8 the licensing year as provided by the Commissioner, must be paid at  
9 the time of making the application.

10 3. ~~[A]~~ *Except as otherwise provided in section 8 of this act, a*  
11 trust company may maintain offices in this and other states. For  
12 every branch location of a trust company organized under the laws  
13 of this State, and every branch location in this State of a foreign  
14 trust company authorized to do business in this State, a request for  
15 approval and licensing must be filed with the Commissioner on such  
16 forms as he prescribes. A nonrefundable fee of not more than \$500  
17 must accompany each request. In addition, a fee of not more than  
18 \$200, prorated on the basis of the licensing year as provided by the  
19 Commissioner, must be paid at the time of making the request.

20 4. The Commissioner shall adopt regulations establishing the  
21 amount of the fees required pursuant to this section. All money  
22 received by the Commissioner pursuant to this section must be  
23 placed in the Investigative Account *for Financial Institutions*  
24 created by NRS 232.545.

25 5. The Commissioner shall consider an application to be  
26 withdrawn if the Commissioner has not received all information and  
27 fees required to complete the application within 12 months after the  
28 date the application is first submitted to the Commissioner or within  
29 such later period as the Commissioner determines in accordance  
30 with any existing policies of joint regulatory partners. If an  
31 application is deemed to be withdrawn pursuant to this subsection or  
32 if an applicant otherwise withdraws an application, the  
33 Commissioner may not issue a license to the applicant unless the  
34 applicant submits a new application and pays any required fees.

35 **Sec. 29.** NRS 669.160 is hereby amended to read as follows:

36 669.160 1. ~~[Within 60 days after]~~ *After* the application for a  
37 license is filed, the Commissioner shall investigate the facts of the  
38 application and the other requirements of this chapter to determine:

39 (a) That the persons who will serve as directors or officers of the  
40 corporation, or the managers or members acting in a managerial  
41 capacity of the limited-liability company, as applicable:

42 (1) Have a good reputation for honesty, trustworthiness and  
43 integrity and display competence to transact the business of a trust  
44 company in a manner which safeguards the interests of the general



\* S B 3 1 0 \*

1 public. The applicant must submit satisfactory proof of these  
2 qualifications to the Commissioner.

3 (2) Have not been convicted of, or entered a plea of nolo  
4 contendere to, a felony or any crime involving fraud,  
5 misrepresentation or moral turpitude.

6 (3) Have not made a false statement of material fact on the  
7 application.

8 (4) Have not *been an officer or member of the board of*  
9 *directors for an entity which* had a license ~~[that was]~~ issued  
10 pursuant to the provisions of this chapter *that was* suspended or  
11 revoked within the 10 years immediately preceding the date of the  
12 application ~~[ ]~~ , *and in the reasonable judgment of the*  
13 *Commissioner, there is evidence that the officer or member of the*  
14 *board of directors materially contributed to the actions resulting in*  
15 *the license suspension or revocation.*

16 (5) Have not *been an officer or member of the board of*  
17 *directors for a company which* had a license as a trust company  
18 which was issued in any other state, district or territory of the United  
19 States or any foreign country suspended or revoked within the 10  
20 years immediately preceding the date of the application ~~[ ]~~ , *and in*  
21 *the reasonable judgment of the Commissioner, there is evidence*  
22 *that the officer or member of the board of directors materially*  
23 *contributed to the actions resulting in the license suspension or*  
24 *revocation.*

25 (6) Have not violated any of the provisions of this chapter or  
26 any regulation adopted pursuant to the provisions of this chapter.

27 (b) That the financial status of the directors and officers of the  
28 corporation or the managers or members acting in a managerial  
29 capacity of the limited-liability company is consistent with their  
30 responsibilities and duties.

31 (c) That the name of the proposed company complies with the  
32 provisions of NRS 657.200.

33 (d) That the initial stockholders' equity is not less than the  
34 required minimum.

35 (e) *That the applicant has retained the employee required by*  
36 *paragraph (b) of subsection 2 of section 4 of this act.*

37 2. Notice of the entry of an order refusing a license to a trust  
38 company must be given in writing, served personally or sent by  
39 certified mail ~~[or by telegram]~~ to the company affected. The  
40 company, upon application, is entitled to a hearing before ~~[a hearing~~  
41 ~~officer appointed by the Director of the Department of Business and~~  
42 ~~Industry.]~~ *the Commissioner*, but if no such application is made  
43 within 30 days after the entry of an order refusing a license to any  
44 company, the Commissioner shall enter a final order.





1        3. ~~If the hearing officer affirms the~~ *The* order of the  
2 Commissioner ~~[refusing the license, the applicant may file a petition~~  
3 ~~for]~~ *is final for the purposes of* judicial review . ~~[pursuant to~~  
4 ~~NRS 233B.130.]~~

5        **Sec. 30.** NRS 669.190 is hereby amended to read as follows:

6        669.190 1. The initial fee to be paid for a *retail* trust  
7 company license ~~[must be in proportion to the initial stockholders'~~  
8 ~~equity of the trust company as follows:~~

9        ~~—(a) A trust company with an initial stockholders' equity of not~~  
10 ~~less than \$300,000 but not more than \$500,000 must pay a license~~  
11 ~~fee of not more than \$1,000.~~

12        ~~—(b) A trust company with an initial stockholders' equity of more~~  
13 ~~than \$500,000 but not more than \$1,000,000 must pay a license fee~~  
14 ~~of not more than not more than \$1,500.~~

15        ~~—(c) A trust company with an initial stockholders' equity of more~~  
16 ~~than \$1,000,000 must pay a license fee of not more than \$2,000.]~~  
17 *must not be more than \$3,000.*

18        2. In addition, every *retail* trust company must pay an initial  
19 license fee of not more than ~~[\$200]~~ *\$500* for each branch office that  
20 is authorized by the Commissioner.

21        3. Thereafter, every *retail* trust company must pay annually on  
22 or before April 1 of each year a license fee ~~[which must be in~~  
23 ~~proportion to its existing stockholders' equity as follows:~~

24        ~~—(a) A trust company with an existing stockholders' equity of not~~  
25 ~~less than \$300,000 but not more than \$500,000 must pay a license~~  
26 ~~fee of not more than \$1,000.~~

27        ~~—(b) A trust company with an existing stockholders' equity of~~  
28 ~~more than \$500,000 but not more than \$1,000,000 must pay a~~  
29 ~~license fee of not more than \$1,500.~~

30        ~~—(c) A trust company with an existing stockholders' equity of~~  
31 ~~more than \$1,000,000 must pay a license fee of not more than~~  
32 ~~\$2,000.] of not more than \$3,000.~~

33        4. The Commissioner shall adopt regulations establishing the  
34 amount of the fees required pursuant to this section. All money  
35 collected under the provisions of this section must be deposited in  
36 the State Treasury pursuant to the provisions of NRS 658.091.

37        **Sec. 31.** NRS 669.200 is hereby amended to read as follows:

38        669.200 *The Commissioner shall issue an order cancelling a*  
39 *retail trust company's license:*

40        1. If ~~[a]~~ *the* proposed *retail* trust company fails to open for  
41 business within 6 months after the date the license was issued, or  
42 within an additional 6-month extension granted by the  
43 Commissioner upon written application and for good cause shown ~~;~~  
44 ~~the Commissioner shall issue an order cancelling the trust~~  
45 ~~company's license.] ; or~~



2. *If the retail trust company fails to maintain regular business hours or otherwise conduct the business of a trust company for more than 30 days.*

Sec. 32. NRS 669.210 is hereby amended to read as follows:

669.210 1. Each ~~licensed~~ retail trust company may ~~[-]~~, *in the conduct of its trust business, within and outside this State, subject to section 8 of this act, as applicable:*

(a) Act as *indenture trustee or as* trustee under any mortgage or bond of any person or of any municipality or body politic.

(b) Accept and execute any municipal or corporate or individual trust not inconsistent with the laws of this State.

(c) Act under the order or appointment of any court as guardian, administrator, receiver or trustee.

(d) Act as executor or trustee under any will.

(e) Act as fiscal or transfer agent of any state, municipality, body politic or corporation, and in such capacity receive and disburse money and register, transfer and countersign certificates of stock, bonds and other evidences of indebtedness.

(f) Act as ~~local or~~ a registered agent of foreign corporations.

(g) Accept and execute any trust business permitted by any law.

(h) Acquire the fiduciary rights, powers, duties and liabilities of a bank, savings and loan association, thrift company, trust company or credit union licensed pursuant to titles 55 and 56 of NRS, and upon the effective date of such an acquisition, the fiduciary rights, powers, duties and liabilities of the bank, savings and loan association, thrift company, trust company or credit union vest in and must be performed by the acquiring trust company.

(i) *Act as an agent, advisory agent, assignee, attorney-in-fact, authenticating agent, bailee, bond or indenture trustee, conversion agent, curator, custodian, escrow agent, exchange agent, fiscal or paying agent, financial adviser, investment adviser, investment manager, managing agent, purchase agent, registrar, safekeeping agent, subscription agent, warrant agent or in similar capacities generally performed by corporate trustees, and in so acting, may possess, purchase, sell, invest, reinvest, safekeep or otherwise manage or administer real or personal property of other persons.*

(j) *Exercise the powers of a business corporation or limited-liability company organized or qualified as a foreign corporation or limited-liability company under Nevada law and any incidental powers that are reasonably necessary to enable it to fully exercise, in accordance with commonly accepted customs and usages, a power conferred in this chapter.*

(k) Do and perform all acts necessary to exercise the powers enumerated in this subsection and authorized by this chapter and any other applicable laws of this State.



2. A **retail** trust company may not engage in any banking business by accepting deposits or making loans.

**Sec. 33.** NRS 669.220 is hereby amended to read as follows:

669.220 1. A **retail** trust company:

(a) Shall keep all trust funds and investments separate from the assets of the **retail** trust company, and all investments made by the **retail** trust company as a fiduciary must be designated so that the trust or estate to which the investments belong may be clearly identified.

(b) When it holds trust funds awaiting investment or distribution, may deposit or leave those funds on deposit with a state or national bank or credit union. The funds must not be deposited or left with the same corporation depositing them or leaving them on deposit, or with a corporation or association holding or owning a majority of the stock of the **retail** trust company making or leaving the deposit, unless that corporation or association first pledges, as security for the deposit, securities eligible for investment by state banks or credit unions which have a market value equal to that of the deposited funds. No security is required with respect to any portion of the deposits that is insured under the provisions of NRS 678.755 or a law of the United States.

(c) When it acts in any capacity under a court trust or private trust, unless the instrument creating the trust provides otherwise, may cause any securities held by it in its representative capacity to be registered in the name of a nominee or nominees of the **retail** trust company.

(d) When acting as depository or custodian for the personal representative of a court trust or private trust, unless the instrument creating the trust provides otherwise, may with the consent of the personal representative of the trust, cause any securities held by it to be registered in the name of a nominee or nominees of the **retail** trust company.

2. A trust company is liable for any loss occasioned by the acts of its nominees with respect to securities registered under this section.

3. No corporation or the registrar or transfer agent of the corporation is liable for registering or causing to be registered on the books of the corporation any securities in the name of any nominee of a trust company or for transferring or causing to be transferred on the books of the corporation any securities registered by the corporation in the name of any nominee of a trust company when the transfer is made on the authorization of the nominee.

4. ~~[Except as otherwise provided in subsection 5, the]~~ **The** assets forming the capital of a **retail** trust company must:



\* S B 3 1 0 \*

(a) Be *cash*, governmental obligations or insured deposits that mature within 3 years after acquisition ~~[ ]~~, *readily marketable securities or other liquid, secure assets, bonds, sureties or insurance, or some combination of the foregoing in accordance with NRS 669.100.*

(b) Have an aggregate market value that equals or exceeds ~~[60]~~ 100 percent of the company's ~~[current]~~ *required* stockholders' equity. ~~[or 60 percent of the company's initial stockholders' equity, whichever is greater.]~~

5. A *retail* trust company may purchase or rent ~~[land and equipment for use in the daily]~~ *real or personal property useful for the conduct of the business and other* activities of the *retail* trust company.

6. *A retail trust company may invest its money for its own account, other than those required or permitted to be maintained by subsection 4 or 5 or NRS 669.100, in any type or character of equity securities, debt securities or other asset, provided the investment complies with the prudent investor standards of NRS 164.700 to 164.775, inclusive.*

**Sec. 34.** NRS 669.225 is hereby amended to read as follows:

669.225 1. In addition to the powers of investment granted to the trust company by the instrument creating the relationship of fiduciary or agent, a trust company which is acting as a fiduciary or agent may, in its discretion or at the direction of another person who is authorized to direct the investment of money held by the trust company as a fiduciary or agent, invest in the securities of an investment trust or investment company if:

(a) The investment trust or investment company is ~~[registered pursuant to]~~ *an investment company for the purposes of* the Investment Company Act of 1940, as amended, 15 U.S.C. §§ 80a-1 et seq.; ~~[and]~~

(b) The portfolio of the investment trust or investment company consists substantially of investments which are not prohibited by the instrument creating the fiduciary or agency relationship ~~[ ]~~; *and*

(c) *The relationship of the investment company to the trust company is disclosed to any person who is currently receiving statements for the account, by a prospectus, a statement of account or otherwise.*

2. A *retail* trust company or an affiliate of the *retail* trust company ~~[may provide]~~ *that provides* services to the investment trust or investment company, including, without limitation, acting as an ~~[investment adviser,]~~ *adviser*, custodian, transfer agent, registrar, sponsor, distributor or *shareholder serving agent* manager, ~~[and]~~ may receive reasonable compensation for the services. The manner in which the compensation is calculated must be disclosed to ~~[the]~~



1 *any* person who is currently receiving ~~[the benefits of the~~  
2 ~~relationship of a fiduciary or agent with the trust company. The~~  
3 ~~disclosure may be made]~~ *statements for the account* by a  
4 prospectus, a statement of account or otherwise.

5 3. A *retail* trust company may deposit money held by the *retail*  
6 trust company as a fiduciary or agent ~~[with an affiliate before~~  
7 ~~investing or making other disposition of the money.]~~ *that is*  
8 *awaiting investment or distribution as provided in the governing*  
9 *instrument for the account in an affiliated bank. To the extent that*  
10 *the money is not insured by the Federal Deposit Insurance*  
11 *Corporation, the retail trust company shall set aside collateral as*  
12 *security, under the control of appropriate fiduciary officers and*  
13 *employees, with a market value that at all times equals or exceeds*  
14 *the amount of the uninsured fiduciary money.*

15 4. *Notwithstanding subsections 1, 2 and 3, a retail trust*  
16 *company authorized to exercise trust powers in this State which is*  
17 *acting as a fiduciary shall not purchase for the fiduciary estate*  
18 *any fixed income or equity security issued by the retail trust*  
19 *company or an affiliate thereof other than an investment*  
20 *company, unless:*

21 (a) *The retail trust company is expressly authorized to do so by*  
22 *the terms of the instrument creating the trust, a court order, the*  
23 *written consent of the grantor of the trust or the written consent of*  
24 *every adult beneficiary of the trust who, at the time the notice is*  
25 *provided, receives, or is entitled to receive, income under the trust*  
26 *or who would be entitled to receive a distribution of principal if the*  
27 *trust were terminated; or*

28 (b) *The security is fairly priced and otherwise complies with*  
29 *the prudent investor standards of NRS 164.700 to 164.775,*  
30 *inclusive, and the terms of the instrument, judgment, decree, or*  
31 *other document establishing the fiduciary relationship.*

32 **Sec. 35.** NRS 669.295 is hereby amended to read as follows:

33 669.295 In addition to any other remedy or penalty, the  
34 Commissioner may impose an administrative fine of not more than  
35 \$10,000 *per violation* upon a person who:

36 1. Without a license, conducts any business or activity for  
37 which a license is required pursuant to the provisions of this chapter;  
38 or

39 2. Violates any provision of this chapter or any regulation  
40 adopted pursuant thereto.

41 **Sec. 36.** NRS 669.282 and 669.284 are hereby repealed.

42 **Sec. 37.** Notwithstanding the provisions of section 5 of this  
43 act, a family trust company may act as a fiduciary in this State until  
44 February 1, 2010, without receiving an exemption from the



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- 1 Commissioner of Financial Institutions pursuant to section 5 of this
- 2 act.

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## TEXT OF REPEALED SECTIONS

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### **669.282 Authority of Commissioner to seize property, business and assets; duties of Commissioner upon seizure.**

1. If the Commissioner ascertains by examination or otherwise that the capital or assets of a trust company are impaired or that the affairs of a trust company are in an unsafe condition which may result in danger to the public, he may immediately take possession of all the property, business and assets of the company which are located in this state and retain possession of them pending further proceedings as provided in this chapter.

2. If the directors or officers of a corporation or the managers or members acting in a managerial capacity of a limited-liability company refuse to allow the Commissioner to take possession of the property of the company, the Commissioner shall communicate that fact to the Attorney General. Upon notification from the Commissioner, the Attorney General shall immediately institute such proceedings as may be necessary to place the Commissioner in immediate possession of the property of the company. Upon possession of the property, the Commissioner shall make or have made an inventory of the assets and known liabilities of the company.

3. The Commissioner shall file one copy of the inventory in his office and one copy in the office of the clerk of the district court of the county in which the principal office of the trust company is located and shall mail one copy to each director or officer of the corporation, or the manager or member acting in a managerial capacity of the limited-liability company, at his last known address.

4. The clerk of the court with which the copy of the inventory is filed shall file it as any other case or proceeding pending in the court and shall give it a docket number.

### **669.284 Persons entitled to remedy conditions leading to seizure; effect of failure to remedy; receivership and liquidation of assets.**

1. The directors or officers of a corporation or the managers or members acting in a managerial capacity of a limited-liability company licensed as a trust company may, within 60 days after the date the Commissioner takes possession of the property, business and assets of the corporation or limited-liability company licensed



\* S B 3 1 0 \*

as a trust company, make good any deficit that exists or remedy the unsafe condition of the affairs of the corporation or limited-liability company licensed as a trust company.

2. At the expiration of the 60-day period set forth in subsection 1, if the deficiency in assets or capital has not been made good or the unsafe condition remedied, the Commissioner may apply to the court to be appointed receiver and proceed to liquidate the assets of the company that are located in this state in the same manner as now provided by law for liquidation of a private corporation in receivership.

3. Another person may not be appointed receiver by any court unless he first gives the Commissioner ample notice of his application.

4. The inventory made by the Commissioner pursuant to NRS 669.282 and all claims filed by creditors are open at all reasonable times for inspection, and any action taken by the receiver upon any of the claims is subject to the approval of the court before which the cause is pending.

5. The expenses of the receiver and compensation of counsel, as well as all expenditures required in the liquidation proceedings, must be fixed by the Commissioner subject to the approval of the court and, upon certification of the Commissioner, must be paid out of the money in his hands as the receiver.

