

ASSEMBLY BILL NO. 72—COMMITTEE ON JUDICIARY

(ON BEHALF OF THE SECRETARY OF STATE)

PREFILED DECEMBER 15, 2010

Referred to Committee on Judiciary

SUMMARY—Revises provisions relating to securities. (BDR 7-405)

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

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

AN ACT relating to securities; designating certain uses of a certification or professional designation as unethical or dishonest practices in the securities business; requiring the filing of certain forms when a sales representative terminates association with a broker-dealer; revising activities for which the Administrator of the Securities Division of the Office of the Secretary of State may deny a license or impose certain limitations or disciplinary actions upon a licensee; revising certain registration and filing requirements for certain securities; increasing the penalty for the putting off, circulation or publication of any false or misleading writing, statement or intelligence regarding a security that is publicly traded; prohibiting certain activities in an investigation, proceeding or prosecution; increasing certain fees; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Section 1 of this bill provides that a person engages in unethical or dishonest practices in the securities business if the person uses a certification or professional designation in certain specified ways.

Section 2 of this bill increases the annual licensing fee for a representative of an investment adviser from \$110 to \$125 and requires licensing of branch offices of investment advisers in the same manner as branch offices of broker-dealers.

Existing law requires a person licensed as a sales representative or the broker-dealer on whose behalf the sales representative is acting to promptly notify the



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9 Administrator of the Securities Division of the Office of the Secretary of State
10 when the sales representative terminates association with the broker-dealer. (NRS
11 90.380) **Section 3** of this bill specifies that the sales representative or the broker-
12 dealer must promptly file with the Administrator a Uniform Termination Notice for
13 Securities Industry Registration (Form U-5).

14 Existing law authorizes the Administrator to deny a license or impose certain
15 limitations or disciplinary actions upon a licensee if, within the preceding 10 years,
16 the applicant or licensee has been convicted of certain felonies or misdemeanors.
17 (NRS 90.420) **Section 4** of this bill includes among the specified felonies and
18 misdemeanors crimes which involve moral turpitude. **Section 4** also authorizes the
19 Administrator to take the described actions if the applicant or licensee: (1) has been
20 convicted of the specified felonies at any point in time and the specified
21 misdemeanors within the preceding 10 years; or (2) is or has been the subject of
22 certain orders prohibiting the person from serving in certain capacities.

23 Existing law exempts from certain registration and filing requirements certain
24 governmental securities except for securities payable solely from revenues to be
25 received from an enterprise unless certain conditions are met. (NRS 90.520)
26 **Section 5** of this bill specifies that the enterprise must be a private industrial or
27 commercial enterprise.

28 Existing law exempts from certain registration and filing requirements certain
29 specified securities if certain documents, including a notice on Form NF or Form
30 N-9, as prescribed by the Administrator, are filed with the Administrator before the
31 initial offering of the securities in this State. (NRS 90.565) **Section 6** of this bill
32 establishes the effective period of a notice filed on Form NF or Form N-9 and a
33 procedure for its renewal.

34 Existing law requires an issuer of securities to file with the Administrator a fee
35 of \$500 within 15 days after the first sale of the security in this State if the
36 Administrator exempts that security from certain registration and filing
37 requirements. (NRS 90.567) **Section 7** of this bill requires the issuer to: (1) file any
38 other document which the Administrator may require in addition to the \$500 fee;
39 and (2) pay an additional fee of \$250 if a filing is up to 10 days late and \$500 if a
40 filing is more than 10 days late.

41 Existing law makes the putting off, circulation or publication of any false or
42 misleading writing, statement or intelligence regarding a security that is publicly
43 traded a gross misdemeanor. (NRS 205.440) **Sections 8 and 12** of this bill make
44 such conduct a category B felony instead.

45 Existing law prohibits certain activities in an investigation, proceeding or
46 prosecution with respect to a violation of any securities laws, regulations or orders
47 issued thereunder. (NRS 90.605) **Section 9** of this bill prohibits the willful making
48 of a materially false or fictitious statement or representation with the intent to
49 effectuate certain concealments, delays or hindrances impeding the investigation,
50 proceeding or prosecution.

51 **Section 10** of this bill increases the fee for a request to the Administrator for a
52 waiver or a no-action letter from \$200 to \$500.



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

Section 1. Chapter 90 of NRS is hereby amended by adding thereto a new section to read as follows:

1. A person engages in unethical or dishonest practices in the securities business if, without limitation, the person uses a certification or professional designation that:

(a) Indicates or implies that the person has special certification or training in advising or providing services to older persons or retirees in connection with the offer, sale or purchase of securities or in the provision of advice as to the value of or advisability of investing in, purchasing or selling securities, either directly or indirectly, through publications or writings or by issuing or publishing analyses or reports related to securities if the person does not have such special certification or training;

(b) The person has not earned or is otherwise ineligible to use;

(c) Is nonexistent;

(d) The person conferred upon himself or herself;

(e) Indicates or implies a level of occupational qualifications obtained through education, training or experience that the person using the certification or professional designation has not obtained; or

(f) Was obtained from a certifying or designating organization that, except as otherwise provided in subsection 2:

(1) Is primarily engaged in the business of instruction in sales or marketing;

(2) Does not have reasonable standards or procedures for assuring the competency of its certificate holders or designees;

(3) Does not have reasonable standards or procedures for monitoring and disciplining its certificate holders or designees for conduct that is improper or unethical; or

(4) Does not have reasonable requirements for continuing education for its certificate holders or designees in order to maintain the certificate or designation.

2. There is a rebuttable presumption that paragraph (f) of subsection 1 does not include a certification or professional designation that:

(a) Does not primarily apply to sales or marketing; and

(b) Was conferred by a certifying or designating organization that has been accredited by:

(1) The American National Standards Institute;

(2) The National Commission for Certifying Agencies; or



(3) *An organization that is on the list provided by the United States Department of Education entitled "Accrediting Agencies Recognized for Title IV Purposes."*

3. *In determining whether a combination of words or an acronym standing for a combination of words constitutes a certification or professional designation indicating or implying that a person has special certification or training in advising or providing services to older persons or retirees, factors to be considered will include, without limitation:*

(a) *The use of one or more words such as "elder," "retirement," "senior" or similar words combined with one or more words such as "chartered," "certified," "registered," "adviser," "consultant," "planner," or "specialist" or similar words in the name of the certification or professional designation; and*

(b) *The manner in which those words are combined.*

4. *For the purposes of this section, a title of a job within an organization that is licensed or registered by a financial services regulatory agency of this State, any other state or the Federal Government is not a certification or professional designation if the title is not used in a manner that would confuse or mislead a reasonable consumer and the title:*

(a) *Indicates seniority or standing within the organization; or*

(b) *Specifies a person's area of specialization within the organization.*

5. *As used in this section:*

(a) *"Financial services regulatory agency" includes, without limitation, an agency that regulates broker-dealers, investment advisers or investment companies as defined in the Investment Company Act of 1940, 15 U.S.C. § 80a-3.*

(b) *"Older person" has the meaning ascribed to it in NRS 200.5092.*

Sec. 2. NRS 90.360 is hereby amended to read as follows:

90.360 1. An applicant for licensing shall pay a nonrefundable licensing fee, due annually in the following amounts:

(a) Broker-dealer, \$300.

(b) Sales representative, \$125.

(c) Investment adviser, \$300.

(d) Representative of an investment adviser, ~~\$110.~~ **\$125.**

2. The Administrator by regulation shall require licensing of branch offices. A broker-dealer *or investment adviser* who desires to obtain a branch office license must, in addition to complying with any other requirements established by the Administrator for such a license, submit an application for the license and pay a fee of \$100. If any change occurs in the information set forth in an application



1 made pursuant to this subsection, the applicant shall, within 30 days
2 after the change, file an amendment to the application and pay a fee
3 of \$50. A license obtained pursuant to this subsection expires on
4 December 31 of each year. The license must be renewed annually
5 on or before December 31 by paying a fee of \$100.

6 3. For the purpose of this section, a "branch office" means any
7 place of business in this State other than the principal office in the
8 state of the broker-dealer ~~or~~ *or investment adviser*, from which one
9 or more sales representatives *or representatives of an investment*
10 *adviser* transact business.

11 **Sec. 3.** NRS 90.380 is hereby amended to read as follows:

12 90.380 1. Unless a proceeding under NRS 90.420 has been
13 instituted, the license of any broker-dealer, sales representative,
14 investment adviser or representative of an investment adviser
15 becomes effective 30 days after an application for licensing has
16 been filed and is complete, including any amendment, if all
17 requirements imposed pursuant to NRS 90.370 and 90.375 have
18 been satisfied. An application or amendment is complete when the
19 applicant has furnished information responsive to each applicable
20 item of the application. The Administrator may authorize an earlier
21 effective date of licensing.

22 2. The license of a broker-dealer, sales representative,
23 investment adviser, representative of an investment adviser or
24 transfer agent is effective until terminated by revocation,
25 suspension, expiration or withdrawal.

26 3. The license of a sales representative is only effective with
27 respect to transactions effected on behalf of the broker-dealer or
28 issuer for whom the sales representative is licensed.

29 4. A person shall not at any one time act as a sales
30 representative for more than one broker-dealer or for more than one
31 issuer, unless the Administrator by regulation or order authorizes
32 multiple licenses.

33 5. If a person licensed as a sales representative terminates
34 association with a broker-dealer or issuer or ceases to be a sales
35 representative, the sales representative and the broker-dealer or
36 issuer on whose behalf the sales representative was acting
37 shall promptly ~~notify~~ *file with* the Administrator ~~or~~ *a*
38 *Uniform Termination Notice for Securities Industry Registration*
39 *(Form U-5)*.

40 6. The Administrator by regulation may authorize one or more
41 special classifications of licenses as a broker-dealer, sales
42 representative, investment adviser, representative of an investment
43 adviser or transfer agent to be issued to applicants subject to
44 limitations and conditions on the nature of the activities that may be
45 conducted by persons so licensed.



1 7. The license of a broker-dealer, sales representative,
2 investment adviser, representative of an investment adviser or
3 transfer agent expires if:

4 (a) The statement required pursuant to NRS 90.375 is not
5 submitted when it is due; or

6 (b) Any annual fee required by NRS 90.360 is not paid when it
7 is due.

8 8. A license that has expired may be reinstated retroactively if
9 the licensed person:

10 (a) Submits the statement required pursuant to NRS 90.375; and

11 (b) Pays any fee required by NRS 90.360, plus a fee for
12 reinstatement in the amount of \$50,

13 ↪ within 30 days after the date of expiration. If the license is not
14 reinstated within that time, it shall be deemed to have lapsed as of
15 the date of expiration, and the licensed person must thereafter
16 submit a new application for licensing if the licensed person desires
17 to be relicensed.

18 **Sec. 4.** NRS 90.420 is hereby amended to read as follows:

19 90.420 1. The Administrator by order may deny, suspend or
20 revoke any license, fine any licensed person, limit the activities
21 governed by this chapter that an applicant or licensed person may
22 perform in this State, bar an applicant or licensed person from
23 association with a licensed broker-dealer or investment adviser or
24 bar from employment with a licensed broker-dealer or investment
25 adviser a person who is a partner, officer, director, sales
26 representative, investment adviser or representative of an investment
27 adviser, or a person occupying a similar status or performing a
28 similar function for an applicant or licensed person, if the
29 Administrator finds that the order is in the public interest and that
30 the applicant or licensed person or, in the case of a broker-dealer or
31 investment adviser, any partner, officer, director, sales
32 representative, investment adviser, representative of an investment
33 adviser, or person occupying a similar status or performing similar
34 functions or any person directly or indirectly controlling the broker-
35 dealer or investment adviser, or any transfer agent or any person
36 directly or indirectly controlling the transfer agent:

37 (a) Has filed an application for licensing with the Administrator
38 which, as of its effective date, or as of any date after filing in the
39 case of an order denying effectiveness, was incomplete in a material
40 respect or contained a statement that was, in light of the
41 circumstances under which it was made, false or misleading with
42 respect to a material fact;

43 (b) Has violated or failed to comply with a provision of this
44 chapter as now or formerly in effect or a regulation or order adopted
45 or issued under this chapter;



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(c) Is the subject of an adjudication or determination after notice and opportunity for hearing, within the last 5 years by a securities agency or administrator of another state or a court of competent jurisdiction that the person has violated the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act or the securities law of any other state, but only if the acts constituting the violation of that state's law would constitute a violation of this chapter had the acts taken place in this State;

(d) ~~[Within the last 10 years has]~~ *Has* been convicted of a felony or *, within the previous 10 years has been convicted of a* misdemeanor, which the Administrator finds:

(1) Involves the purchase or sale of a security, taking a false oath, making a false report, bribery, perjury, burglary, robbery or conspiracy to commit any of the foregoing offenses;

(2) Arises out of the conduct of business as a broker-dealer, investment adviser, depository institution, insurance company or fiduciary; ~~for~~

(3) Involves the larceny, theft, robbery, extortion, forgery, counterfeiting, fraudulent concealment, embezzlement, fraudulent conversion or misappropriation of money or securities or conspiracy to commit any of the foregoing offenses; *or*

(4) Involves moral turpitude;

(e) Is or has been permanently or temporarily enjoined by any court of competent jurisdiction, unless the order has been vacated, from acting as an investment adviser, representative of an investment adviser, underwriter, broker-dealer or as an affiliated person or employee of an investment company, depository institution or insurance company or from engaging in or continuing any conduct or practice in connection with any of the foregoing activities or in connection with the purchase or sale of a security;

(f) Is or has been the subject of an order of the Administrator, unless the order has been vacated, denying, suspending or revoking the person's license as a broker-dealer, sales representative, investment adviser, representative of an investment adviser or transfer agent;

(g) Is or has been the subject of any of the following orders which were issued within the last 5 years, unless the order has been vacated:

(1) An order by the securities agency or administrator of another state, Canadian province or territory or by the Securities and Exchange Commission or a comparable regulatory agency of another country, entered after notice and opportunity for hearing, denying, suspending or revoking the person's license as a broker-



1 dealer, sales representative, investment adviser, representative of an
2 investment adviser or transfer agent;

3 (2) A suspension or expulsion from membership in or
4 association with a member of a self-regulatory organization;

5 (3) *An order by a self-regulatory organization that prohibits*
6 *the person from serving, indefinitely or for a specified period, as a*
7 *principal or in a supervisory capacity within a business or*
8 *organization which is a member of a self-regulatory organization;*

9 (4) An order of the United States Postal Service relating to
10 fraud;

11 ~~[(4)]~~ (5) An order to cease and desist entered after notice
12 and opportunity for hearing by the Administrator, the securities
13 agency or administrator of another state, Canadian province or
14 territory, the Securities and Exchange Commission or a comparable
15 regulatory agency of another country, or the Commodity Futures
16 Trading Commission; or

17 ~~[(5)]~~ (6) An order by the Commodity Futures Trading
18 Commission denying, suspending or revoking registration under the
19 Commodity Exchange Act;

20 (h) Has engaged in unethical or dishonest practices in the
21 securities business;

22 (i) Is insolvent, either in the sense that liabilities exceed assets or
23 in the sense that obligations cannot be met as they mature, but the
24 Administrator may not enter an order against a broker-dealer or
25 investment adviser under this paragraph without a finding of
26 insolvency as to the broker-dealer or investment adviser;

27 (j) Has failed to pay a tax as required pursuant to the provisions
28 of chapter 363A of NRS;

29 (k) Is determined by the Administrator in compliance with NRS
30 90.430 not to be qualified on the basis of lack of training,
31 experience and knowledge of the securities business; or

32 (l) Has failed reasonably to supervise a sales representative,
33 employee or representative of an investment adviser.

34 2. The Administrator may not institute a proceeding on the
35 basis of a fact or transaction known to the director when the license
36 became effective unless the proceeding is instituted within 90 days
37 after issuance of the license.

38 3. If the Administrator finds that an applicant or licensed
39 person is no longer in existence or has ceased to do business as a
40 broker-dealer, sales representative, investment adviser,
41 representative of an investment adviser or transfer agent or is
42 adjudicated mentally incompetent or subjected to the control of a
43 committee, conservator or guardian or cannot be located after
44 reasonable search, the Administrator may by order deny the
45 application or revoke the license.



Sec. 5. NRS 90.520 is hereby amended to read as follows:
90.520 1. As used in this section:

(a) "Guaranteed" means guaranteed as to payment of all or substantially all of principal and interest or dividends.

(b) "Insured" means insured as to payment of all or substantially all of principal and interest or dividends.

2. Except as otherwise provided in subsections 4 and 5, the following securities are exempt from NRS 90.460 and 90.560:

(a) A security, including a revenue obligation, issued, insured or guaranteed by the United States, an agency or corporate or other instrumentality of the United States, an international agency or corporate or other instrumentality of which the United States and one or more foreign governments are members, a state, a political subdivision of a state, or an agency or corporate or other instrumentality of one or more states or their political subdivisions, or a certificate of deposit for any of the foregoing, but this exemption does not include a security payable solely from revenues to be received from ~~any~~ *a private industrial or commercial* enterprise unless the:

(1) Payments are insured or guaranteed by the United States, an agency or corporate or other instrumentality of the United States, an international agency or corporate or other instrumentality of which the United States and one or more foreign governments are members, a state, a political subdivision of a state, or an agency or corporate or other instrumentality of one or more states or their political subdivisions, or by a person whose securities are exempt from registration pursuant to paragraphs (b) to (e), inclusive, or (g), or the revenues from which the payments are to be made are a direct obligation of such a person;

(2) Security is issued by this State or an agency, instrumentality or political subdivision of this State; or

(3) Payments are insured or guaranteed by a person who, within the 12 months next preceding the date on which the securities are issued, has received a rating within one of the top four rating categories of either Moody's Investors Service, Inc., or Standard and Poor's Ratings Services.

(b) A security issued, insured or guaranteed by Canada, a Canadian province or territory, a political subdivision of Canada or of a Canadian province or territory, an agency or corporate or other instrumentality of one or more of the foregoing, or any other foreign government or governmental combination or entity with which the United States maintains diplomatic relations, if the security is recognized as a valid obligation by the issuer, insurer or guarantor.

(c) A security issued by and representing an interest in or a direct obligation of a depository institution if the deposit or share



1 accounts of the depository institution are insured by the Federal
2 Deposit Insurance Corporation, the National Credit Union Share
3 Insurance Fund or a successor to an applicable agency authorized by
4 federal law.

5 (d) A security issued by and representing an interest in or a
6 direct obligation of, or insured or guaranteed by, an insurance
7 company organized under the laws of any state and authorized to do
8 business in this State.

9 (e) A security issued or guaranteed by a railroad, other common
10 carrier, public utility or holding company that is:

11 (1) Subject to the jurisdiction of the Surface Transportation
12 Board;

13 (2) A registered holding company under the Public Utility
14 Holding Company Act of 1935 or a subsidiary of a registered
15 holding company within the meaning of that act;

16 (3) Regulated in respect to its rates and charges by a
17 governmental authority of the United States or a state; or

18 (4) Regulated in respect to the issuance or guarantee of the
19 security by a governmental authority of the United States, a state,
20 Canada, or a Canadian province or territory.

21 (f) Equipment trust certificates in respect to equipment leased or
22 conditionally sold to a person, if securities issued by the person
23 would be exempt pursuant to this section.

24 (g) A security listed or approved for listing upon notice of
25 issuance on the New York Stock Exchange, ~~the American Stock~~
26 ~~Exchange,~~ *NYSE Amex Equities*, the Chicago Stock Exchange, the
27 Pacific Stock Exchange or other exchange designated by the
28 Administrator, any other security of the same issuer which is of
29 senior or substantially equal rank, a security called for by
30 subscription right or warrant so listed or approved, or a warrant or
31 right to purchase or subscribe to any of the foregoing.

32 (h) A security designated or approved for designation upon
33 issuance or notice of issuance for inclusion in the national market
34 system by the ~~Financial Industry Regulatory Authority,~~ *NASDAQ*
35 *Stock Market*, any other security of the same issuer which is of
36 senior or substantially equal rank, a security called for by
37 subscription right or warrant so designated, or a warrant or a right to
38 purchase or subscribe to any of the foregoing.

39 (i) An option issued by a clearing agency registered under the
40 Securities Exchange Act of 1934, other than an off-exchange futures
41 contract or substantially similar arrangement, if the security,
42 currency, commodity or other interest underlying the option is:

43 (1) Registered under NRS 90.470, 90.480 or 90.490;

44 (2) Exempt pursuant to this section; or



(3) Not otherwise required to be registered under this chapter.

(j) A security issued by a person organized and operated not for private profit but exclusively for a religious, educational, benevolent, charitable, fraternal, social, athletic or reformatory purpose, or as a chamber of commerce, or trade or professional association if at least 10 days before the sale of the security the issuer has filed with the Administrator a notice setting forth the material terms of the proposed sale and copies of any sales and advertising literature to be used and the Administrator by order does not disallow the exemption within the next 5 full business days.

(k) A promissory note, draft, bill of exchange or banker's acceptance that evidences an obligation to pay cash within 9 months after the date of issuance, exclusive of days of grace, is issued in denominations of at least \$50,000 and receives a rating in one of the three highest rating categories from a nationally recognized statistical rating organization, or a renewal of such an obligation that is likewise limited, or a guarantee of such an obligation or of a renewal.

(l) A security issued in connection with an employees' stock purchase, savings, option, profit-sharing, pension or similar employees' benefit plan.

(m) A membership or equity interest in, or a retention certificate or like security given in lieu of a cash patronage dividend issued by, a cooperative organized and operated as a nonprofit membership cooperative under the cooperative laws of any state if not traded to the general public.

(n) A security issued by an issuer registered as an open-end management investment company or unit investment trust under section 8 of the Investment Company Act of 1940 if:

(1) The issuer is advised by an investment adviser that is a depository institution exempt from registration under the Investment Advisers Act of 1940 or that is currently registered as an investment adviser, and has been registered, or is affiliated with an adviser that has been registered, as an investment adviser under the Investment Advisers Act of 1940 for at least 3 years next preceding an offer or sale of a security claimed to be exempt pursuant to this paragraph, and the issuer has acted, or is affiliated with an investment adviser that has acted, as investment adviser to one or more registered investment companies or unit investment trusts for at least 3 years next preceding an offer or sale of a security claimed to be exempt under this paragraph; or

(2) The issuer has a sponsor that has at all times throughout the 3 years before an offer or sale of a security claimed to be exempt pursuant to this paragraph sponsored one or more registered



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1 investment companies or unit investment trusts the aggregate total
2 assets of which have exceeded \$100,000,000.

3 3. For the purpose of paragraph (n) of subsection 2, an
4 investment adviser is affiliated with another investment adviser if it
5 controls, is controlled by, or is under common control with the other
6 investment adviser.

7 4. The exemption provided by paragraph (n) of subsection 2 is
8 available only if the person claiming the exemption files with the
9 Administrator a notice of intention to sell which sets forth the name
10 and address of the issuer and the securities to be offered in this State
11 and pays a fee:

12 (a) Of \$500 for the initial claim of exemption and the same
13 amount at the beginning of each fiscal year thereafter in which
14 securities are to be offered in this State, in the case of an open-end
15 management company; or

16 (b) Of \$300 for the initial claim of exemption in the case of a
17 unit investment trust.

18 5. An exemption provided by paragraph (c), (d), (e), (f), (i) or
19 (k) of subsection 2 is available only if, within the 12 months
20 immediately preceding the use of the exemption, a notice of claim
21 of exemption has been filed with the Administrator and a
22 nonrefundable fee of \$300 has been paid.

23 **Sec. 6.** NRS 90.565 is hereby amended to read as follows:

24 90.565 1. An offering of securities is exempt from the
25 provisions of NRS 90.460 and 90.560 if:

26 ~~1.~~ (a) The securities are set forth in subparagraph (2) of
27 paragraph (b) of section 18 of the Securities Act of 1933, 15 U.S.C.
28 § 77r(b)(2); and

29 ~~2.~~ (b) Before the initial offering in this State of the securities:

30 ~~(a)~~ (1) A copy of the issuer's federal registration statement is
31 filed with the Securities and Exchange Commission; or

32 ~~(b)~~ (2) A notice ~~on Form NF or Form N-9, as prescribed by~~
33 ~~the Administrator,~~ filing is filed with the Administrator with a fee
34 of \$500.

35 2. *A notice filing pursuant to subparagraph (2) of paragraph*
36 *(b) of subsection 1 is effective for 1 year commencing on the*
37 *later of:*

38 (a) *The date the notice filing is filed with the Administrator; or*

39 (b) *The effective date specified in the issuer's federal*
40 *registration statement that is filed with the Securities and*
41 *Exchange Commission.*

42 3. *On or before the expiration of a notice filing, an issuer*
43 *may renew the notice filing by:*

44 (a) *Paying a renewal fee of \$500; and*

45 (b) *Filing with the Administrator:*



1 (1) *A copy of those records filed by the issuer with the*
2 *Securities and Exchange Commission pursuant to rule or order*
3 *under this chapter; or*

4 (2) *A notice filing. This requirement may be satisfied by*
5 *reference to a notice filing that was previously filed with the*
6 *Administrator.*

7 4. *The renewal of a notice filing becomes effective upon the*
8 *expiration of the notice filing being renewed.*

9 5. *As used in this section, "notice filing" means a notice on*
10 *Form NF or Form N-9, as prescribed by the Administrator, to be*
11 *filed with the Administrator.*

12 **Sec. 7.** NRS 90.567 is hereby amended to read as follows:

13 90.567 1. If, pursuant to NRS 90.540, the Administrator by
14 regulation or order exempts from the provisions of NRS 90.460 and
15 90.560 an offer to sell or the sale of a security ~~[by an issuer to~~
16 ~~persons who are or the issuer believes are accredited investors.]~~ and
17 *the offer to sell or the sale of the security complies with the*
18 *requirements of Regulation D of the Securities and Exchange*
19 *Commission, 17 C.F.R. §§ 230.501 to 230.506, inclusive, except*
20 *for 17 C.F.R. § 230.504, the issuer shall, within 15 days after the*
21 *first sale in this State, file with the Administrator a fee of \$500 [-]*
22 *and any other document which the Administrator by regulation or*
23 *order may require.*

24 2. ~~[As used in this section, "accredited investor" has the~~
25 ~~meaning ascribed to it in 17 C.F.R. § 230.501(a).]~~ *In addition to the*
26 *fee set forth in subsection 1, an issuer shall pay an additional*
27 *fee of:*

28 (a) *Two hundred fifty dollars for any filing that is filed 1 to 10*
29 *days after the date required by subsection 1; or*

30 (b) *Five hundred dollars for any filing that is filed more than*
31 *10 days after the date required by subsection 1.*

32 **Sec. 8.** NRS 90.580 is hereby amended to read as follows:

33 90.580 1. Without limiting the general applicability of NRS
34 90.570, a person shall not:

35 (a) Quote a fictitious price with respect to a security;

36 (b) Effect a transaction in a security which involves no change
37 in the beneficial ownership of the security for the purpose of
38 creating a false or misleading appearance of active trading in a
39 security or with respect to the market for the security;

40 (c) Enter an order for the purchase of a security with the
41 knowledge that an order of substantially the same size and at
42 substantially the same time and price for the sale of the security has
43 been or will be entered by or for the same or affiliated person for the
44 purpose of creating a false or misleading appearance of active
45 trading in a security or with respect to the market for the security;



(d) Enter an order for the sale of a security with knowledge that an order of substantially the same size and at substantially the same time and price for the purchase of the security has been or will be entered by or for the same or affiliated person for the purpose of creating a false or misleading appearance of active trading in a security or with respect to the market for the security; ~~for~~

(e) Employ any other deceptive or fraudulent device, scheme or artifice to manipulate the market in a security ~~for~~; or

(f) Put off, circulate or publish any false or misleading writing, statement or intelligence regarding a security that is publicly traded.

2. Transactions effected in compliance with, or conduct which does not violate, the applicable provisions of the Securities Exchange Act of 1934 and the rules and regulations of the Securities and Exchange Commission thereunder are not violations of subsection 1.

Sec. 9. NRS 90.605 is hereby amended to read as follows:

90.605 In any investigation, proceeding or prosecution with respect to any violation of a provision of this chapter, a regulation adopted pursuant to this chapter, an order denying, suspending or revoking the effectiveness of registration or an order to cease and desist issued by the Administrator, a person shall not willfully:

1. *Make any materially false, fictitious or fraudulent statement or representation;*

2. Offer or procure to be offered into evidence, as genuine, any book, paper, document or record if the person knows that the book, paper, document or record has been forged or fraudulently altered; or

~~for~~ 3. Destroy, alter, erase, obliterate or conceal, or cause to be destroyed, altered, erased, obliterated or concealed, any book, paper, document or record, with the intent to:

(a) Conceal any violation of any provision of this chapter, a regulation adopted pursuant to this chapter, an order denying, suspending or revoking the effectiveness of registration or an order to cease and desist issued by the Administrator;

(b) Protect or conceal the identity of any person who has violated any provision of this chapter, a regulation adopted pursuant to this chapter, an order denying, suspending or revoking the effectiveness of registration or an order to cease and desist issued by the Administrator; or

(c) Delay or hinder the investigation or prosecution of any person for any violation of any provision of this chapter, a regulation adopted pursuant to this chapter, an order denying, suspending or revoking the effectiveness of registration or an order to cease and desist issued by the Administrator.



Sec. 10. NRS 90.715 is hereby amended to read as follows:

90.715 1. Except as otherwise provided in this section, the Division shall interpret strictly the provisions of this chapter and the regulations adopted pursuant thereto and shall not waive the enforcement of any such provision.

2. Subject to the provisions of this section and at the sole discretion of the Administrator, the Division may:

(a) Grant a waiver of the enforcement of any provision of this chapter or the regulations adopted pursuant thereto if the Administrator determines that the waiver is appropriate under the circumstances and is clearly within the authority of the Division to grant.

(b) Issue a no-action letter relating to a proposed transaction. Such a letter must not be issued in any case in which the issue presented may be resolved through a careful reading of the relevant provisions of this chapter or the regulations adopted pursuant thereto or through an interpretation of those provisions by competent counsel.

3. A request for a waiver or no-action letter must be submitted in writing to the office of the Administrator, accompanied by a fee of ~~[\$200.]~~ \$500.

4. Except under extraordinary circumstances, the Division shall not respond to any request:

(a) Involving the antifraud provisions of this chapter or the regulations adopted pursuant thereto; or

(b) Relating to a transaction that has been consummated.

5. Unless otherwise specified in writing by the Division, a waiver or no-action letter is limited to the specific security, case, matter or transaction at hand and has no precedential value in any other context.

6. As used in this section, "no-action letter" means a written communication issued by the Division by which a person is advised that a transaction carried out under a set of assumed facts will not result in a recommendation by the staff of the Division that an enforcement action be taken.

Sec. 11. NRS 205.435 is hereby amended to read as follows:

205.435 ~~[Am]~~ *Unless a greater penalty is imposed by a specific statute, an* officer, agent or other person in the service of a joint-stock company or corporation, domestic or foreign, who, willfully and knowingly with the intent to defraud:

1. Sells, pledges or issues, or causes to be sold, pledged or issued, or signs or executes or causes to be signed or executed, with the intent to sell, pledge or issue, or cause to be sold, pledged or issued, any certificate or instrument purporting to be a certificate or evidence of ownership of any share of that company or corporation,



1 or any conveyance or encumbrance of real or personal property,
2 contract, bond or evidence of debt, or writing purporting to be a
3 conveyance or encumbrance of real or personal property, contract,
4 bond or evidence of debt of that company or corporation, without
5 being first duly authorized by the company or corporation, or
6 contrary to the charter or laws under which the company
7 or corporation exists, or in excess of the power of the company or
8 corporation, or of the limit imposed by law or otherwise upon its
9 power to create or issue stock or evidence of debt; or

10 2. Reissues, sells, pledges or disposes of, or causes to be
11 reissued, sold, pledged or disposed of, any surrendered or cancelled
12 certificate or other evidence of the transfer of ownership of any
13 such share,

14 ➤ is guilty of a category C felony and shall be punished as provided
15 in NRS 193.130. In addition to any other penalty, the court shall
16 order the person to pay restitution.

17 **Sec. 12.** NRS 205.440 is hereby amended to read as follows:

18 205.440 Every person who, with intent to affect the market
19 price of any ~~security or~~ property, shall put off, circulate or publish
20 any false or misleading writing, statement or intelligence, shall be
21 guilty of a gross misdemeanor.

22 **Sec. 13.** 1. This section and sections 1, 4, 9, 11 and 12 of this
23 act become effective upon passage and approval.

24 2. Sections 2, 3, 5 to 8, inclusive, and 10 of this act become
25 effective on July 1, 2011.

