

SENATE BILL NO. 28—COMMITTEE ON JUDICIARY

(ON BEHALF OF THE SECRETARY OF STATE)

PREFILED DECEMBER 20, 2012

Referred to Committee on Judiciary

SUMMARY—Makes various changes to provisions relating to securities. (BDR 7-381)

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; amending provisions governing the subpoena power of the Administrator; 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.

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 Administrator of the Securities Division of the Office of the Secretary of State when the sales representative terminates association with the broker-dealer.



\* S B 2 8 \*

(NRS 90.380) **Section 2** of this bill specifies that the sales representative or the broker-dealer must promptly file with the Administrator a Uniform Termination Notice for Securities Industry Registration (Form U-5).

Existing law authorizes the Administrator to deny a license or impose certain limitations or disciplinary actions upon a licensee if, within the preceding 10 years, the applicant or licensee has been convicted of certain felonies or misdemeanors. (NRS 90.420) **Section 3** of this bill includes among the specified felonies and misdemeanors crimes which involve moral turpitude. **Section 3** also authorizes the Administrator to take the described actions if the applicant or licensee: (1) has been convicted of the specified felonies at any point in time or the specified misdemeanors within the preceding 10 years; or (2) is or has been the subject of certain orders prohibiting the person from serving in certain capacities.

Existing law makes the putting off, circulation or publication of any false or misleading writing, statement or intelligence regarding a security that is publicly traded a gross misdemeanor. (NRS 205.440) **Sections 5 and 9** of this bill make such conduct a category B felony instead.

Existing law prohibits certain activities in an investigation, proceeding or prosecution with respect to a violation of any securities laws, regulations or orders issued thereunder. (NRS 90.605) **Section 6** of this bill prohibits the willful making of a materially false or fictitious statement or representation with the intent to cause certain concealments, delays or hindrances impeding the investigation, proceeding or prosecution.

Existing law authorizes the Administrator to issue and apply to enforce a subpoena in this State at the request of a securities agency or administrator of another state. (NRS 90.620) **Section 7** of this bill expands the subpoena power of the Administrator to respond to requests from another state, jurisdiction, Canadian province or territory, the Commodity Futures Trading Commission or by the Securities and Exchange Commission or a comparable regulatory agency of another country.

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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 must 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



1 *title is not used in a manner that would confuse or mislead a*  
2 *reasonable consumer and the title:*

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

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

6 *5. As used in this section:*

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

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

13 **Sec. 2.** NRS 90.380 is hereby amended to read as follows:

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

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

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

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

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

42 6. The Administrator by regulation may authorize one or more  
43 special classifications of licenses as a broker-dealer, sales  
44 representative, investment adviser, representative of an investment  
45 adviser or transfer agent to be issued to applicants subject to



1 limitations and conditions on the nature of the activities that may be  
2 conducted by persons so licensed.

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

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

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

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

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

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

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

20 **Sec. 3.** NRS 90.420 is hereby amended to read as follows:

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

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



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

(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, *jurisdiction*, Canadian province or territory , *the Commodity Futures Trading Commission*, or by the Securities and



1 Exchange Commission or a comparable regulatory agency of  
2 another country, entered after notice and opportunity for hearing,  
3 denying, suspending or revoking the person's license as a broker-  
4 dealer, sales representative, investment adviser, representative of an  
5 investment adviser or transfer agent;

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

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

12 (4) An order of the United States Postal Service relating to  
13 fraud;

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

20 ~~(5)~~ (6) An order by the Commodity Futures Trading  
21 Commission denying, suspending or revoking registration under the  
22 Commodity Exchange Act;

23 (h) Has engaged in unethical or dishonest practices in the  
24 securities business;

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

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

32 (k) Is determined by the Administrator in compliance with NRS  
33 90.430 not to be qualified on the basis of lack of training,  
34 experience and knowledge of the securities business; or

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

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

41 3. If the Administrator finds that an applicant or licensed  
42 person is no longer in existence or has ceased to do business as a  
43 broker-dealer, sales representative, investment adviser,  
44 representative of an investment adviser or transfer agent or is  
45 adjudicated mentally incompetent or subjected to the control of a



1 committee, conservator or guardian or cannot be located after  
2 reasonable search, the Administrator may by order deny the  
3 application or revoke the license.

4 **Sec. 4.** NRS 90.520 is hereby amended to read as follows:

5 90.520 1. As used in this section:

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

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

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

12 (a) A security, including a revenue obligation, issued, insured or  
13 guaranteed by the United States, an agency or corporate or other  
14 instrumentality of the United States, an international agency or  
15 corporate or other instrumentality of which the United States and  
16 one or more foreign governments are members, a state, a political  
17 subdivision of a state, or an agency or corporate or other  
18 instrumentality of one or more states or their political subdivisions,  
19 or a certificate of deposit for any of the foregoing, but this  
20 exemption does not include a security payable solely from revenues  
21 to be received from an enterprise unless the:

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

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

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

39 (b) A security issued, insured or guaranteed by Canada, a  
40 Canadian province or territory, a political subdivision of Canada or  
41 of a Canadian province or territory, an agency or corporate or other  
42 instrumentality of one or more of the foregoing, or any other foreign  
43 government or governmental combination or entity with which the  
44 United States maintains diplomatic relations, if the security is  
45 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 accounts of the depository institution are insured by the Federal Deposit Insurance Corporation, the National Credit Union Share Insurance Fund or a successor to an applicable agency authorized by federal law.

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

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

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

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

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

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

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

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

(h) A security ~~designated~~ **listed** or approved for ~~designation~~ **listing** upon **notice of** issuance ~~for notice of issuance for inclusion in~~ **on** the National Market System ~~by~~ **of** the ~~Financial Industry Regulatory Authority,~~ **NASDAQ Stock Market**, any other security of the same issuer which is of senior or substantially equal rank, a security called for by subscription right or warrant so designated, or a warrant or a right to purchase or subscribe to any of the foregoing.

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



- 1 (1) Registered under NRS 90.470, 90.480 or 90.490;
- 2 (2) Exempt pursuant to this section; or
- 3 (3) Not otherwise required to be registered under this
- 4 chapter.

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

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

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

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

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

33 (1) The issuer is advised by an investment adviser that is a  
34 depository institution exempt from registration under the Investment  
35 Advisers Act of 1940 or that is currently registered as an investment  
36 adviser, and has been registered, or is affiliated with an adviser that  
37 has been registered, as an investment adviser under the Investment  
38 Advisers Act of 1940 for at least 3 years next preceding an offer or  
39 sale of a security claimed to be exempt pursuant to this paragraph,  
40 and the issuer has acted, or is affiliated with an investment adviser  
41 that has acted, as investment adviser to one or more registered  
42 investment companies or unit investment trusts for at least 3 years  
43 next preceding an offer or sale of a security claimed to be exempt  
44 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 investment companies or unit investment trusts the aggregate total assets of which have exceeded \$100,000,000.

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

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

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

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

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

**Sec. 5.** NRS 90.580 is hereby amended to read as follows:

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

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

(b) Effect a transaction in a security which involves no change in the beneficial ownership of the security 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;

(c) Enter an order for the purchase of a security with the knowledge that an order of substantially the same size and at substantially the same time and price for the sale 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;

(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 ~~H~~; 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. 6.** 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

~~12-1~~ 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. 7.** NRS 90.620 is hereby amended to read as follows:

90.620 1. The Administrator may make an investigation, within or outside of this State, as the Administrator finds necessary to determine whether a person has violated or is about to violate this chapter or any regulation or order of the Administrator under this chapter or to aid in enforcement of this chapter.



2. Except as otherwise provided in subsection 4 of NRS 90.730, the Administrator may publish information concerning a violation of this chapter or a regulation or order of the Administrator under this chapter or concerning types of securities or acts or practices in the offer, sale or purchase of types of securities which may operate as a fraud or deceit.

3. For the purposes of an investigation or proceeding under this chapter, the Administrator or any officer or employee designated by the Administrator by regulation, order or written direction may conduct hearings, administer oaths and affirmations, render findings of fact and conclusions of law, subpoena witnesses, compel their attendance, take evidence and require the production, by subpoena or otherwise, of books, papers, correspondence, memoranda, agreements or other records which the Administrator determines to be relevant or material to the investigation or proceeding. A person whom the Administrator does not consider to be the subject of an investigation is entitled to reimbursement at the rate of 25 cents per page for copies of records which the person is required by subpoena to produce. The Administrator may require or permit a person to file a statement, under oath or otherwise as the Administrator determines, as to the facts and circumstances concerning the matter to be investigated.

4. If the activities constituting an alleged violation for which the information is sought would be a violation of this chapter had the activities occurred in this State, the Administrator may issue and apply to enforce subpoenas in this State at the request of a securities agency or administrator of another state *H, jurisdiction, Canadian province or territory, the Commodity Futures Trading Commission, or by the Securities and Exchange Commission or a comparable regulatory agency of another country.*

5. If a person does not testify or produce the records required by the Administrator or a designated officer or employee pursuant to subpoena, the Administrator or designated officer or employee may apply to the court for an order compelling compliance. A request for an order of compliance may be addressed to:

(a) The district court in and for the county where service may be obtained on the person refusing to testify or produce, if the person is subject to service of process in this State; or

(b) A court of another state having jurisdiction over the person refusing to testify or produce, if the person is not subject to service of process in this State.

6. Not later than the time the Administrator requests an order for compliance, the Administrator shall either send notice of the request by registered or certified mail, return receipt requested, to



1 the respondent at the last known address or take other steps  
2 reasonably calculated to give the respondent actual notice.

3 **Sec. 8.** NRS 205.435 is hereby amended to read as follows:

4 205.435 ~~†An†~~ *Unless a greater penalty is imposed by a*  
5 *specific statute, an* officer, agent or other person in the service of a  
6 joint-stock company or corporation, domestic or foreign, who,  
7 willfully and knowingly with the intent to defraud:

8 1. Sells, pledges or issues, or causes to be sold, pledged or  
9 issued, or signs or executes or causes to be signed or executed, with  
10 the intent to sell, pledge or issue, or cause to be sold, pledged or  
11 issued, any certificate or instrument purporting to be a certificate or  
12 evidence of ownership of any share of that company or corporation,  
13 or any conveyance or encumbrance of real or personal property,  
14 contract, bond or evidence of debt, or writing purporting to be a  
15 conveyance or encumbrance of real or personal property, contract,  
16 bond or evidence of debt of that company or corporation, without  
17 being first duly authorized by the company or corporation,  
18 or contrary to the charter or laws under which the company or  
19 corporation exists, or in excess of the power of the company or  
20 corporation, or of the limit imposed by law or otherwise upon its  
21 power to create or issue stock or evidence of debt; or

22 2. Reissues, sells, pledges or disposes of, or causes to be  
23 reissued, sold, pledged or disposed of, any surrendered or cancelled  
24 certificate or other evidence of the transfer of ownership of any such  
25 share,

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

29 **Sec. 9.** NRS 205.440 is hereby amended to read as follows:

30 205.440 Every person who, with intent to affect the market  
31 price of any ~~†security or†~~ property, shall put off, circulate or publish  
32 any false or misleading writing, statement or intelligence, ~~†shall be†~~  
33 *is* guilty of a gross misdemeanor.

34 **Sec. 10.** This act becomes effective on July 1, 2013.

