

Senate Bill No. 76—Committee on Judiciary

CHAPTER.....

AN ACT relating to securities; creating the Fund for the Compensation of Victims of Securities Fraud and prescribing the use of money in the Fund; authorizing certain persons to whom a court orders restitution to apply for compensation from the Fund; requiring the Administrator of the Securities Division of the Office of the Secretary of State to review applications for and award compensation from the Fund; making confidential certain information; requiring the Division to adopt regulations relating to the administration of the Fund; requiring the Administrator to submit to the Legislature a biennial report concerning the Fund; requiring a person who receives compensation from the Fund to reimburse the State for such compensation under certain circumstances; revising provisions relating to certain exempt securities and exempt transactions; revising provisions governing the deposit of certain money received by the Division or the Administrator; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law establishes the Uniform Securities Act, which sets forth provisions governing the sale and purchase of securities in this State in a manner consistent with federal laws and regulations. In general, the Act prohibits a person from engaging in certain deceptive acts, practices or courses of business in connection with the offer, sale or purchase of a security. (NRS 90.570-90.610) The Act also authorizes certain sanctions against a person who violates these prohibitions, including civil penalties, criminal fines and payment of restitution. (NRS 90.630-90.650) The Nevada Constitution entitles a victim of a crime to full and timely restitution and requires all monetary payments, money and property collected from any person ordered to make restitution to be first applied to pay the amounts ordered as restitution to the victim. (Nev. Const. Art. 1, § 8A)

Section 6 of this bill creates the Fund for the Compensation of Victims of Securities Fraud and requires that the money in the Fund be used for the compensation of certain victims to whom restitution is owed. **Section 2** of this bill defines the term "Fund" to mean the Fund for the Compensation of Victims of Securities Fraud. **Section 3** of this bill: (1) establishes the process by which certain persons to whom a court orders restitution may apply for and receive compensation from the Fund; (2) authorizes an applicant to appeal a determination made concerning an award of compensation from the Fund; and (3) makes confidential certain information and documentation submitted in connection with such an application. **Section 11** of this bill makes a conforming change relating to the information made confidential pursuant to **section 3**.

Section 4 of this bill requires the Securities Division of the Office of the Secretary of State to adopt certain regulations relating to the Fund, including regulations: (1) establishing eligibility requirements for an award of compensation from the Fund; (2) prescribing certain other requirements relating to the award of



compensation from the Fund; and (3) establishing a procedure to appeal a determination made concerning an award of compensation from the Fund. **Section 5** of this bill requires the Administrator of the Division to prepare and submit a biennial report to the Legislature that includes certain information relating to the Fund. **Section 6** requires the Division to prepare certain quarterly estimates concerning the Fund and requires any money remaining in the Fund at the end of each fiscal year to be carried forward to the next fiscal year. **Section 7** of this bill: (1) requires an applicant, as a condition of accepting an award of compensation from the Fund, to take certain action if the applicant recovers unpaid restitution after receiving such compensation; and (2) prescribes certain other conditions of accepting an award of compensation from the Fund.

Existing law requires all money received by the Division or the Administrator pursuant to the Act to be deposited in the State General Fund. (NRS 90.630, 90.650, 90.710) **Section 10** of this bill establishes certain exceptions to this requirement and instead requires the following to be deposited in the Fund for the Compensation of Victims of Securities Fraud: (1) certain gifts, grants and donations applied for and accepted by the Division; (2) interest and income earned on money in the Fund for the Compensation of Victims of Securities Fraud; and (3) money paid to the Division under right of subrogation for certain recoveries for unpaid restitution obtained by applicants who have received awards of compensation from the Fund for the Compensation of Victims of Securities Fraud.

Existing law: (1) prohibits a person from offering to sell or selling any security in this State unless the security meets certain registration requirements; (2) exempts certain securities and certain transactions from the registration requirements under certain circumstances; and (3) authorizes the Administrator to disallow certain exemptions under certain circumstances. (NRS 90.460, 90.520, 90.530) **Sections 8 and 9** of this bill remove a requirement that the Administrator disallow certain exemptions by order, thereby authorizing the Administrator to disallow any such exemption without issuing an order.

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

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 the provisions set forth as sections 2 to 7, inclusive, of this act.

Sec. 2. *As used in sections 2 to 7, inclusive, of this act, unless the context otherwise requires, “Fund” means the Fund for the Compensation of Victims of Securities Fraud created by section 6 of this act.*

Sec. 3. *1. Except as otherwise provided in this subsection, a person to whom a court orders restitution pursuant to NRS 90.640 may, not later than 12 months after the date on which such restitution is ordered, apply to the Administrator for compensation from the Fund. The Administrator may waive the time limit prescribed by this subsection for good cause shown.*



2. The Administrator or his or her designee shall review each application submitted pursuant to subsection 1 and determine whether to award compensation to the applicant in accordance with the regulations adopted pursuant to section 4 of this act.

3. An applicant aggrieved by a determination of the Administrator or his or her designee made pursuant to subsection 2 may appeal the determination in accordance with the regulations adopted pursuant to section 4 of this act.

4. The Administrator or his or her designee may request that an applicant submit to the Division any additional information or documentation necessary to enable the Administrator or his or her designee to make the determination required by subsection 2. As soon as practicable after receiving such a request, the applicant shall submit to the Division any information or documentation requested.

5. Any information or documentation contained in an application submitted to the Administrator pursuant to subsection 1 or to the Division pursuant to subsection 4 is confidential and, unless the disclosure is otherwise prohibited by law, must not be disclosed except:

(a) Upon the request of the applicant or the attorney of the applicant;

(b) In the necessary administration of this chapter; or

(c) Upon the lawful order of a court of competent jurisdiction.

Sec. 4. The Division shall adopt any regulations necessary to carry out the provisions of sections 2 to 7, inclusive, of this act, including, without limitation, regulations:

1. Establishing eligibility requirements for an award of compensation from the Fund.

2. Establishing a form and procedure for applying for an award of compensation from the Fund. The form must include, without limitation, an indication of the amount of money the applicant has received or is likely to receive as restitution for the financial harm suffered as a result of the commission of a violation of this chapter or a regulation or order of the Administrator under this chapter, pursuant to NRS 90.640.

3. Establishing the order of priority in which the Administrator or his or her designee must:

(a) Review applications submitted pursuant to section 3 of this act; and

(b) Award compensation to an applicant, if applicable.

4. Prescribing standards for the amount of compensation the Administrator or his or her designee may award from the Fund.



Such standards must include, without limitation, a requirement that such compensation must not exceed the lesser of \$25,000 or an amount equal to 25 percent of the amount of unpaid restitution awarded by a court.

5. Establishing a procedure to appeal a determination made by the Administrator or his or her designee pursuant to section 3 of this act.

Sec. 5. *On or before January 1 of each odd-numbered year, the Administrator shall prepare and submit to the Director of the Legislative Counsel Bureau for transmittal to the Legislature a report relating to the Fund. The report must include, without limitation:*

1. The total amount of compensation awarded from the Fund;

2. The number of applicants who applied for compensation from the Fund;

3. The number of applicants who were denied compensation from the Fund; and

4. The average length of time taken to award compensation from the Fund, from the date of receipt of the application to the date of the payment of compensation.

Sec. 6. *1. Money for payment of compensation as awarded by the Administrator pursuant to section 3 of this act must be paid from the Fund for the Compensation of Victims of Securities Fraud, which is hereby created. Money in the Fund must be disbursed by the Division in the same manner as other claims against the State are paid, in accordance with the regulations adopted pursuant to section 4 of this act.*

2. The Division shall prepare quarterly estimates of:

(a) The money in the Fund which is available for the payment of compensation; and

(b) The anticipated expenses of the Fund for the next fiscal quarter.

3. The interest and income earned on the money in the Fund, after deducting any applicable charges, must be credited to the Fund.

4. The Division may apply for and accept gifts, grants and donations from any source for deposit in the Fund.

5. Any money remaining in the Fund at the end of each fiscal year does not revert to the State General Fund and must be carried forward to the next fiscal year.

Sec. 7. *An applicant who accepts an award of compensation from the Fund does so under the following conditions:*



1. The State of Nevada is immediately subrogated in the amount of the award to any right of action to recover any unpaid restitution, and that right of subrogation may be diminished for attorney's fees and other costs of litigation in obtaining such recovery; and

2. If recovery is obtained for unpaid restitution, the applicant shall promptly notify the Administrator or his or her designee and shall promptly pay to the Division for deposit in the Fund the lesser of the amount of the award made from the Fund or the amount recovered, less attorney's fees and costs. The duty of notice and payment pursuant to this subsection continues until the amount of the award has been repaid to the State of Nevada.

Sec. 8. 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 an 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 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, NYSE MKT, the Chicago 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 listed or approved for listing upon notice of issuance on the National Market System of the 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) Registered under NRS 90.470, 90.480 or 90.490;

(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 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. 9. NRS 90.530 is hereby amended to read as follows:

90.530 The following transactions are exempt from NRS 90.460 and 90.560:



1. An isolated nonissuer transaction, whether or not effected through a broker-dealer.

2. A nonissuer transaction in an outstanding security if the issuer of the security has a class of securities subject to registration under section 12 of the Securities Exchange Act of 1934, 15 U.S.C. § 78l, and has been subject to the reporting requirements of section 13 or 15(d) of the Securities Exchange Act of 1934, 15 U.S.C. §§ 78m and 78o(d), for not less than 90 days next preceding the transaction, or has filed and maintained with the Administrator for not less than 90 days preceding the transaction information, in such form as the Administrator, by regulation, specifies, substantially comparable to the information the issuer would be required to file under section 12(b) or 12(g) of the Securities Exchange Act of 1934, 15 U.S.C. §§ 78l(b) and 78l(g), were the issuer to have a class of its securities registered under section 12 of the Securities Exchange Act of 1934, 15 U.S.C. § 78l, and paid a fee of \$300 with the filing.

3. A nonissuer transaction by a sales representative licensed in this State, in an outstanding security if:

(a) The security is sold at a price reasonably related to the current market price of the security at the time of the transaction;

(b) The security does not constitute all or part of an unsold allotment to, or subscription or participation by, a broker-dealer as an underwriter of the security;

(c) At the time of the transaction, a recognized securities manual designated by the Administrator by regulation or order contains the names of the issuer's officers and directors, a statement of the financial condition of the issuer as of a date within the preceding 18 months, and a statement of income or operations for each of the last 2 years next preceding the date of the statement of financial condition, or for the period as of the date of the statement of financial condition if the period of existence is less than 2 years;

(d) The issuer of the security has not undergone a major reorganization, merger or acquisition within the preceding 30 days which is not reflected in the information contained in the manual; and

(e) At the time of the transaction, the issuer of the security has a class of equity security listed on the New York Stock Exchange, American Stock Exchange or other exchange designated by the Administrator, or on the National Market System of the National Association of Securities Dealers Automated Quotation System. The requirements of this paragraph do not apply if:

(1) The security has been outstanding for at least 180 days;



(2) The issuer of the security is actually engaged in business and is not developing the issuer's business, in bankruptcy or in receivership; and

(3) The issuer of the security has been in continuous operation for at least 5 years.

4. A nonissuer transaction in a security that has a fixed maturity or a fixed interest or dividend provision if there has been no default during the current fiscal year or within the 3 preceding years, or during the existence of the issuer, and any predecessors if less than 3 years, in the payment of principal, interest or dividends on the security.

5. A nonissuer transaction effected by or through a registered broker-dealer pursuant to an unsolicited order or offer to purchase.

6. A transaction between the issuer or other person on whose behalf the offering of a security is made and an underwriter, or a transaction among underwriters.

7. A transaction in a bond or other evidence of indebtedness secured by a real estate mortgage, deed of trust, personal property security agreement, or by an agreement for the sale of real estate or personal property, if the entire mortgage, deed of trust or agreement, together with all the bonds or other evidences of indebtedness secured thereby, is offered and sold as a unit.

8. A transaction by an executor, administrator, sheriff, marshal, receiver, trustee in bankruptcy, guardian or conservator.

9. A transaction executed by a bona fide secured party without the purpose of evading this chapter.

10. An offer to sell or the sale of a security to a financial or institutional investor or to a broker-dealer.

11. Except as otherwise provided in this subsection, a sale or an offer to sell securities of an issuer if:

(a) The transaction is part of an issue in which there are not more than 35 purchasers in this State, other than those designated in subsection 10, during any 12 consecutive months;

(b) No general solicitation or general advertising is used in connection with the offer to sell or sale of the securities;

(c) No commission or other similar compensation is paid or given, directly or indirectly, to a person, other than a broker-dealer licensed or not required to be licensed under this chapter, for soliciting a prospective purchaser in this State; and

(d) One of the following conditions is satisfied:

(1) The seller reasonably believes that all the purchasers in this State, other than those designated in subsection 10, are purchasing for investment; or



(2) Immediately before and immediately after the transaction, the issuer reasonably believes that the securities of the issuer are held by 50 or fewer beneficial owners, other than those designated in subsection 10, and the transaction is part of an aggregate offering that does not exceed \$500,000 during any 12 consecutive months.

↪ The Administrator by rule or order as to a security or transaction or a type of security or transaction may withdraw or further condition the exemption set forth in this subsection or waive one or more of the conditions of the exemption.

12. An offer to sell or sale of a preorganization certificate or subscription if:

(a) No commission or other similar compensation is paid or given, directly or indirectly, for soliciting a prospective subscriber;

(b) No public advertising or general solicitation is used in connection with the offer to sell or sale;

(c) The number of offers does not exceed 50;

(d) The number of subscribers does not exceed 10; and

(e) No payment is made by a subscriber.

13. An offer to sell or sale of a preorganization certificate or subscription issued in connection with the organization of a depository institution if that organization is under the supervision of an official or agency of a state or of the United States which has and exercises the authority to regulate and supervise the organization of the depository institution. For the purpose of this subsection, “under the supervision of an official or agency” means that the official or agency by law has authority to require disclosures to prospective investors similar to those required under NRS 90.490, impound proceeds from the sale of a preorganization certificate or subscription until organization of the depository institution is completed, and require refund to investors if the depository institution does not obtain a grant of authority from the appropriate official or agency.

14. A transaction pursuant to an offer to sell to existing security holders of the issuer, including persons who at the time of the transaction are holders of transferable warrants exercisable within not more than 90 days after their issuance, convertible securities or nontransferable warrants, if:

(a) No commission or other similar compensation, other than a standby commission, is paid or given, directly or indirectly, for soliciting a security holder in this State; or

(b) The issuer first files a notice specifying the terms of the offer to sell, together with a nonrefundable fee of \$300, and the



Administrator does not ~~by order~~ disallow the exemption within the next 5 full business days.

15. A transaction involving an offer to sell, but not a sale, of a security not exempt from registration under the Securities Act of 1933, 15 U.S.C. §§ 77a et seq., if:

(a) A registration or offering statement or similar record as required under the Securities Act of 1933, 15 U.S.C. §§ 77a et seq., has been filed, but is not effective;

(b) A registration statement, if required, has been filed under this chapter, but is not effective; and

(c) No order denying, suspending or revoking the effectiveness of registration, of which the offeror is aware, has been entered by the Administrator or the Securities and Exchange Commission, and no examination or public proceeding that may culminate in that kind of order is known by the offeror to be pending.

16. A transaction involving an offer to sell, but not a sale, of a security exempt from registration under the Securities Act of 1933, 15 U.S.C. §§ 77a et seq., if:

(a) A registration statement has been filed under this chapter, but is not effective; and

(b) No order denying, suspending or revoking the effectiveness of registration, of which the offeror is aware, has been entered by the Administrator and no examination or public proceeding that may culminate in that kind of order is known by the offeror to be pending.

17. A transaction involving the distribution of the securities of an issuer to the security holders of another person in connection with a merger, consolidation, exchange of securities, sale of assets or other reorganization to which the issuer, or its parent or subsidiary, and the other person, or its parent or subsidiary, are parties, if:

(a) The securities to be distributed are registered under the Securities Act of 1933, 15 U.S.C. §§ 77a et seq., before the consummation of the transaction; or

(b) The securities to be distributed are not required to be registered under the Securities Act of 1933, 15 U.S.C. §§ 77a et seq., written notice of the transaction and a copy of the materials, if any, by which approval of the transaction will be solicited, together with a nonrefundable fee of \$300, are given to the Administrator at least 10 days before the consummation of the transaction and the Administrator does not ~~by order~~ disallow the exemption within the next 10 days.



18. A transaction involving the offer to sell or sale of one or more promissory notes each of which is directly secured by a first lien on a single parcel of real estate, or a transaction involving the offer to sell or sale of participation interests in the notes if the notes and participation interests are originated by a depository institution and are offered and sold subject to the following conditions:

(a) The minimum aggregate sales price paid by each purchaser may not be less than \$250,000;

(b) Each purchaser must pay cash either at the time of the sale or within 60 days after the sale; and

(c) Each purchaser may buy for the purchaser's own account only.

19. A transaction involving the offer to sell or sale of one or more promissory notes directly secured by a first lien on a single parcel of real estate or participating interests in the notes, if the notes and interests are originated by a mortgagee approved by the Secretary of Housing and Urban Development under sections 203 and 211 of the National Housing Act, 12 U.S.C. §§ 1709 and 1715b, and are offered or sold, subject to the conditions specified in subsection 18, to a depository institution or insurance company, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association or the Government National Mortgage Association.

20. A transaction between any of the persons described in subsection 19 involving a nonassignable contract to buy or sell the securities described in subsection 18 if the contract is to be completed within 2 years and if:

(a) The seller of the securities pursuant to the contract is one of the parties described in subsection 18 or 19 who may originate securities;

(b) The purchaser of securities pursuant to a contract is any other person described in subsection 19; and

(c) The conditions described in subsection 18 are fulfilled.

21. A transaction involving one or more promissory notes secured by a lien on real estate, or participating interests in those notes, by a mortgage company licensed pursuant to chapter 645B of NRS to engage in those transactions.

22. A transaction involving an offer to sell or sale of a security to a Nevada certified investor if all of the following conditions are satisfied:

(a) The transaction satisfies the requirements for exemption under section 3(a)(11) of the Securities Act of 1933, 15 U.S.C. §



77c(a)(11) and Rule 147 or 147A of the Securities and Exchange Commission, 17 C.F.R. § 230.147 or 230.147A.

(b) The transaction satisfies any requirements established by the Administrator by regulation pursuant to NRS 90.533.

(c) For a transaction involving the sale of a security to a Nevada certified investor described in paragraph (b) of subsection 1 of NRS 90.257, the transaction would not result in the Nevada certified investor investing more than 10 percent of the net worth of the investor in securities that were purchased by the Nevada certified investor in transactions exempt from NRS 90.460 and 90.560 pursuant to this subsection. For the purposes of meeting the requirements of this paragraph, the equity the Nevada certified investor holds in a primary residence must not account for more than 50 percent of the net worth of the Nevada certified investor.

(d) The person offering to sell or selling the security has submitted to the Administrator:

(1) A complete set of his or her fingerprints and written permission authorizing the Administrator to submit the fingerprints to the Central Repository for Nevada Records of Criminal History for its report on the criminal history of the person and for forwarding to the Federal Bureau of Investigation for its report on the criminal history of the person;

(2) The latest available balance sheet of the issuer; and

(3) A description of any compensation paid by the person offering to sell or selling the security to any person authorized to make decisions on behalf of or exert control over the management or operation of the person offering to sell or selling the security.

(e) The person offering to sell or selling the security has made available to any Nevada certified investor wishing to purchase the security:

(1) A full disclosure of any and all previous criminal convictions; and

(2) The information submitted to the Administrator pursuant to subparagraphs (2) and (3) of paragraph (d).

Sec. 10. NRS 90.710 is hereby amended to read as follows:

90.710 1. This chapter must be administered by the Secretary of State and the Administrator. The Secretary of State may employ personnel necessary to administer the provisions of this chapter.

2. ~~IAH~~ *Except as otherwise provided in subsections 3 and 4 of section 6 of this act and subsection 2 of section 7 of this act, all money received by the Division or the Administrator pursuant to this chapter must be deposited with the ~~state~~ State Treasurer for credit to the State General Fund.*



Sec. 11. NRS 239.010 is hereby amended to read as follows:

239.010 1. Except as otherwise provided in this section and NRS 1.4683, 1.4687, 1A.110, 3.2203, 41.0397, 41.071, 49.095, 49.293, 62D.420, 62D.440, 62E.516, 62E.620, 62H.025, 62H.030, 62H.170, 62H.220, 62H.320, 75A.100, 75A.150, 76.160, 78.152, 80.113, 81.850, 82.183, 86.246, 86.54615, 87.515, 87.5413, 87A.200, 87A.580, 87A.640, 88.3355, 88.5927, 88.6067, 88A.345, 88A.7345, 89.045, 89.251, 90.730, 91.160, 116.757, 116A.270, 116B.880, 118B.026, 119.260, 119.265, 119.267, 119.280, 119A.280, 119A.653, 119A.677, 119B.370, 119B.382, 120A.640, 120A.690, 125.130, 125B.140, 126.141, 126.161, 126.163, 126.730, 127.007, 127.057, 127.130, 127.140, 127.2817, 128.090, 130.312, 130.712, 136.050, 159.044, 159A.044, 164.041, 172.075, 172.245, 176.01334, 176.01385, 176.015, 176.0625, 176.09129, 176.156, 176A.630, 178.39801, 178.4715, 178.5691, 178.5717, 179.495, 179A.070, 179A.165, 179D.160, 180.600, 200.3771, 200.3772, 200.5095, 200.604, 202.3662, 205.4651, 209.392, 209.3923, 209.3925, 209.419, 209.429, 209.521, 211A.140, 213.010, 213.040, 213.095, 213.131, 217.105, 217.110, 217.464, 217.475, 218A.350, 218E.625, 218F.150, 218G.130, 218G.240, 218G.350, 218G.615, 224.240, 226.462, 226.796, 228.270, 228.450, 228.495, 228.570, 231.069, 231.1285, 231.1473, 232.1369, 233.190, 237.300, 239.0105, 239.0113, 239.014, 239B.026, 239B.030, 239B.040, 239B.050, 239C.140, 239C.210, 239C.230, 239C.250, 239C.270, 239C.420, 240.007, 241.020, 241.030, 241.039, 242.105, 244.264, 244.335, 247.540, 247.545, 247.550, 247.560, 250.087, 250.130, 250.140, 250.145, 250.150, 268.095, 268.0978, 268.490, 268.910, 269.174, 271A.105, 281.195, 281.805, 281A.350, 281A.680, 281A.685, 281A.750, 281A.755, 281A.780, 284.4068, 284.4086, 286.110, 286.118, 287.0438, 289.025, 289.080, 289.387, 289.830, 293.4855, 293.5002, 293.503, 293.504, 293.558, 293.5757, 293.870, 293.906, 293.908, 293.909, 293.910, 293B.135, 293D.510, 331.110, 332.061, 332.351, 333.333, 333.335, 338.070, 338.1379, 338.1593, 338.1725, 338.1727, 348.420, 349.597, 349.775, 353.205, 353A.049, 353A.085, 353A.100, 353C.240, 353D.250, 360.240, 360.247, 360.255, 360.755, 361.044, 361.2242, 361.610, 365.138, 366.160, 368A.180, 370.257, 370.327, 372A.080, 378.290, 378.300, 379.0075, 379.008, 379.1495, 385A.830, 385B.100, 387.626, 387.631, 388.1455, 388.259, 388.501, 388.503, 388.513, 388.750, 388A.247, 388A.249, 391.033, 391.035, 391.0365, 391.120, 391.925, 392.029, 392.147, 392.264, 392.271, 392.315, 392.317, 392.325, 392.327, 392.335, 392.850, 393.045, 394.167, 394.16975, 394.1698, 394.447, 394.460, 394.465, 396.1415, 396.1425, 396.143,



396.159, 396.3295, 396.405, 396.525, 396.535, 396.9685,
398A.115, 408.3885, 408.3886, 408.3888, 408.5484, 412.153,
414.280, 416.070, 422.2749, 422.305, 422A.342, 422A.350,
425.400, 427A.1236, 427A.872, 427A.940, 432.028, 432.205,
432B.175, 432B.280, 432B.290, 432B.4018, 432B.407, 432B.430,
432B.560, 432B.5902, 432C.140, 432C.150, 433.534, 433A.360,
439.4941, 439.4988, 439.5282, 439.840, 439.914, 439A.116,
439A.124, 439B.420, 439B.754, 439B.760, 439B.845, 440.170,
441A.195, 441A.220, 441A.230, 442.330, 442.395, 442.735,
442.774, 445A.665, 445B.570, 445B.7773, 449.209, 449.245,
449.4315, 449A.112, 450.140, 450B.188, 450B.805, 453.164,
453.720, 458.055, 458.280, 459.050, 459.3866, 459.555, 459.7056,
459.846, 463.120, 463.15993, 463.240, 463.3403, 463.3407,
463.790, 467.1005, 480.535, 480.545, 480.935, 480.940, 481.063,
481.091, 481.093, 482.170, 482.368, 482.5536, 483.340, 483.363,
483.575, 483.659, 483.800, 484A.469, 484B.830, 484B.833,
484E.070, 485.316, 501.344, 503.452, 522.040, 534A.031, 561.285,
571.160, 584.655, 587.877, 598.0964, 598.098, 598A.110,
598A.420, 599B.090, 603.070, 603A.210, 604A.303, 604A.710,
604D.500, 604D.600, 612.265, 616B.012, 616B.015, 616B.315,
616B.350, 618.341, 618.425, 622.238, 622.310, 623.131, 623A.137,
624.110, 624.265, 624.327, 625.425, 625A.185, 628.418, 628B.230,
628B.760, 629.043, 629.047, 629.069, 630.133, 630.2671,
630.2672, 630.2673, 630.2687, 630.30665, 630.336, 630A.327,
630A.555, 631.332, 631.368, 632.121, 632.125, 632.3415,
632.3423, 632.405, 633.283, 633.301, 633.427, 633.4715, 633.4716,
633.4717, 633.524, 634.055, 634.1303, 634.214, 634A.169,
634A.185, 634B.730, 635.111, 635.158, 636.262, 636.342, 637.085,
637.145, 637B.192, 637B.288, 638.087, 638.089, 639.183,
639.2485, 639.570, 640.075, 640.152, 640A.185, 640A.220,
640B.405, 640B.730, 640C.580, 640C.600, 640C.620, 640C.745,
640C.760, 640D.135, 640D.190, 640E.225, 640E.340, 641.090,
641.221, 641.2215, 641A.191, 641A.217, 641A.262, 641B.170,
641B.281, 641B.282, 641C.455, 641C.760, 641D.260, 641D.320,
642.524, 643.189, 644A.870, 645.180, 645.625, 645A.050,
645A.082, 645B.060, 645B.092, 645C.220, 645C.225, 645D.130,
645D.135, 645G.510, 645H.320, 645H.330, 647.0945, 647.0947,
648.033, 648.197, 649.065, 649.067, 652.126, 652.228, 653.900,
654.110, 656.105, 657A.510, 661.115, 665.130, 665.133, 669.275,
669.285, 669A.310, 670B.680, 671.365, 671.415, 673.450, 673.480,
675.380, 676A.340, 676A.370, 677.243, 678A.470, 678C.710,
678C.800, 679B.122, 679B.124, 679B.152, 679B.159, 679B.190,
679B.285, 679B.690, 680A.270, 681A.440, 681B.260, 681B.410,



681B.540, 683A.0873, 685A.077, 686A.289, 686B.170, 686C.306, 687A.060, 687A.115, 687B.404, 687C.010, 688C.230, 688C.480, 688C.490, 689A.696, 692A.117, 692C.190, 692C.3507, 692C.3536, 692C.3538, 692C.354, 692C.420, 693A.480, 693A.615, 696B.550, 696C.120, 703.196, 704B.325, 706.1725, 706A.230, 710.159, 711.600, **and section 3 of this act**, sections 35, 38 and 41 of chapter 478, Statutes of Nevada 2011 and section 2 of chapter 391, Statutes of Nevada 2013 and unless otherwise declared by law to be confidential, all public books and public records of a governmental entity must be open at all times during office hours to inspection by any person, and may be fully copied or an abstract or memorandum may be prepared from those public books and public records. Any such copies, abstracts or memoranda may be used to supply the general public with copies, abstracts or memoranda of the records or may be used in any other way to the advantage of the governmental entity or of the general public. This section does not supersede or in any manner affect the federal laws governing copyrights or enlarge, diminish or affect in any other manner the rights of a person in any written book or record which is copyrighted pursuant to federal law.

2. A governmental entity may not reject a book or record which is copyrighted solely because it is copyrighted.

3. A governmental entity that has legal custody or control of a public book or record shall not deny a request made pursuant to subsection 1 to inspect or copy or receive a copy of a public book or record on the basis that the requested public book or record contains information that is confidential if the governmental entity can redact, delete, conceal or separate, including, without limitation, electronically, the confidential information from the information included in the public book or record that is not otherwise confidential.

4. If requested, a governmental entity shall provide a copy of a public record in an electronic format by means of an electronic medium. Nothing in this subsection requires a governmental entity to provide a copy of a public record in an electronic format or by means of an electronic medium if:

(a) The public record:

- (1) Was not created or prepared in an electronic format; and
- (2) Is not available in an electronic format; or

(b) Providing the public record in an electronic format or by means of an electronic medium would:

- (1) Give access to proprietary software; or



(2) Require the production of information that is confidential and that cannot be redacted, deleted, concealed or separated from information that is not otherwise confidential.

5. An officer, employee or agent of a governmental entity who has legal custody or control of a public record:

(a) Shall not refuse to provide a copy of that public record in the medium that is requested because the officer, employee or agent has already prepared or would prefer to provide the copy in a different medium.

(b) Except as otherwise provided in NRS 239.030, shall, upon request, prepare the copy of the public record and shall not require the person who has requested the copy to prepare the copy himself or herself.

Sec. 12. The provisions of subsection 1 of NRS 218D.380 do not apply to any provision of this act which adds or revises a requirement to submit a report to the Legislature.

Sec. 13. 1. This section becomes effective upon passage and approval.

2. Sections 1 to 12, inclusive, of this act become effective:

(a) Upon passage and approval for the purpose of adopting any regulations and performing any other preparatory administrative tasks that are necessary to carry out the provisions of this act; and

(b) On January 1, 2026, for all other purposes.



