MINUTES OF THE
SENATE COMMITTEE ON JUDICIARY

Eighty-third Session
February 20, 2025

The Senate Committee on Judiciary was called to order by Chair Melanie Scheible at 1:08 p.m. on Thursday, February 20, 2025, in Room 1214 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 6 of the Nevada Legislature Hearing Rooms, 7120 Amigo Street, Las Vegas, Nevada. Exhibit A is the agenda. Exhibit B is the attendance roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator Melanie Scheible, Chair
Senator Edgar Flores, Vice Chair
Senator James Ohrenschall
Senator Roberta Lange
Senator Rochelle T. Nguyen
Senator Lisa Krasner
Senator John Ellison

COMMITTEE MEMBERS ABSENT:

Senator Ira Hansen (Excused)

STAFF MEMBERS PRESENT:

Jered McDonald, Committee Policy Analyst
Brad Wilkinson, Committee Counsel
Michael Scully, Committee Counsel
Timothy Gibbs, Committee Secretary

OTHERS PRESENT:

Francisco V. Aguilar, Secretary of State
Gabriel Di Chiara, Chief Deputy, Office of the Secretary of State
Yolanda Knaak
Janine Hansen, State President, Nevada Families for Freedom
Joy Trushenski

Cyrus Hojjaty
Jim DeGraffenreid
Tray Abney, Director, National Federation of Independent Business
Matthew Taylor, Nevada Registered Agent Association
Paul Moradkhan, Vice President, Vegas Chamber
Bryan Wachter, Retail Association of Nevada
Erin Houston, Deputy Secretary for Securities, Office of the Secretary of State
Jessica Padron, Advocacy Director, AARP
John McGlamery
Donna Clontz
Jonathan Norman, Statewide Advocacy, Outreach and Policy Director, Nevada Coalition of Legal Service Providers
Paul Vargas, AARP
Fayyaz Raja, AARP
Connie McMullen, President, Senior Coalition of Washoe County

CHAIR SCHEIBLE:
We are very pleased to have Secretary of State Cisco Aguilar with us this afternoon. We'll be hearing two bills, Senate Bill (S.B.) 75 and S.B. 76.

SENATE BILL 75: Revises various provisions relating to the duties of the Secretary of State. (BDR 7-484)

SENATE BILL 76: Revises provisions relating to securities. (BDR 7-486)

We are now ready to open up the hearing on S.B. 75, and I will turn it over to our esteemed Secretary of State to introduce himself and his copresenters. I want to remind everyone and put on record that this committee will accept and include written testimony, and that written submissions will be included as part of the minutes and permanent record.

FRANCISCO V. AGUILAR (Secretary of State):
For the record, I am Cisco Aguilar, Secretary of State. I am joined by Deputy Secretary for Commercial Recordings Deanna Reynolds and Chief Deputy Gabriel Di Chiara for our presentation on S.B. 75.

The Secretary of State's Office is the first stop for business licensing in Nevada. Nearly 560,000 businesses file with the Secretary's business licensing management system. In 2024, these services had generated approximately

$200 million for the State's General Fund. The main duties of the division are the processing and filing of organizational and other business documents for entities, including for-profit and nonprofit corporations; examples are listed on the presentation (Exhibit C). The division also reviews, files and processes a number of other licenses and registrations including trademarks and uniform commercial code filings.

Since I took office, we have taken major steps to make business easier in Nevada. Thanks to a $15 million allocation from the Legislature in 2023, we were able to launch project Orion, our project to completely overhaul the business licensing portal, SilverFlume. The system was broken. I have said it before, but you should not have to hire an attorney to deal with the Secretary of State's Office.

Since we launched project Orion, we've resolved over 600 bugs in the SilverFlume system—finally bringing the product to a minimum viable product. Without these fixes, we would not have been able to serve our customers and begin a complete replacement of the business licensing system. In real terms, it means we have been able to process filings faster than ever, both in-house and online, and even get through a number of filings received as they increased over time. We have also reduced call demand into customer service, and this has allowed time for our teams to provide a higher level of service to every customer when our business users need our help the most.

We also implemented self-help tools which have helped reduce call volume to our customer service teams. Our hold times have reduced from 30 minutes in May 2023 to an average of 5 minutes this past January; prior to that, it was even longer. This graphic on slide 5, Exhibit C, shows the number of filings and the revenue that the Commercial Recordings Division and Business Portal are bringing to the State. As of November 2024, revenue has increased by 5.3 percent year-over-year compared to fiscal year (FY) 2023-2024 and 3.5 percent year-over-year compared to FY 2022-2023. Overall, in the last three fiscal years, the services have brought in over $200 million, and we expect those numbers will continue to rise as we implement the new system. Just in February alone, we have generated over $1 million in new revenue. Senate Bill 75 is our effort to continue making the business portal more accessible with additional language access as well as making the existing law more clear and easier to understand.

It is also our effort to continue making Nevada more competitive when businesses are looking for a state to incorporate—we want to eat Delaware's lunch. This is a wide-ranging bill aimed at modernization and streamlining the *Nevada Revised Statutes* (NRS) related to the Nevada State business license and our Commercial Recordings Division. As you can see, it is an incredibly long bill, but we will attempt to present it in as straightforward a manner as possible.

First and foremost, there are a number of fees and fines with their amounts set in statute. As you may be aware, Nevada has one of the most expensive state business licenses in the country. Forming an LLC in Nevada has a $200 business fee, a $75 Articles of Organization fee and requires an initial list with a $150 fee. Every year thereafter, an annual list of managers must be filed with the same fees.

Nevada has a credible business friendly climate and a set of laws; we are proud of it. You may have seen headlines recently about companies such as Tripadvisor looking to leave Delaware to incorporate here in Nevada. But to make this growth sustainable, we must be able to respond to the market and the conditions the market presents. Other states have fee holidays where they waive fees in order to spur economic growth and drive employment. Montana just announced that in the 2024 annual report, fees will be waived for all businesses. While there is a cost to those waivers, they also show businesses that the state is serious about supporting them in difficult economic times.

With Nevada's biennial legislative process, we want a solution to be responsive to market conditions. What we are seeking in this bill is the movement of the fee amounts to regulation so that we can be more easily available and ready to address future needs.

We do not want the authority to do this unilaterally. Our intent is that the change in fees would need to be approved by the Legislative Commission—thus still giving us accountability. If the bill does not require that as written, we will seek an amendment to do so.

The next chunk of the bill relates to accessibility and services. Nevada has a large Latino community that, year by year, is starting to have more small businesses and is growing in entrepreneurship. Current law requires anyone filing documents in a language other than English to provide a verified translation. As you have already heard, we are in the process of a complete

replacement of Nevada's business-licensing platform. One of the elements we are building into the system is an expansion of translation and language access services to ensure we are on the cutting edge of technology and accessibility for anybody who wants to start a business.

We would like the ability to provide forms and receive documents in Spanish and provide the translation ourselves so that there's no barrier to entry for entrepreneurs who may be comfortable conducting business in their native language.

The other sections of the bill are focused on cleanup, making it easier for business owners who have appropriate certificates to receive business names that are prohibited without the correct documentation and unifying the Nevada Trademark system with the United States Patent and Trademark Office. It is worth noting that as large as this bill is, it deals with a large number of chapters in NRS and there is no shortage of suggestions from the business community, legal scholars and other interested parties.

I fully expect this bill to be amended. I am sure the Legislature—which has many business owners sitting in office—will have further thoughts as well, and I welcome them. We know this bill will grow and change, and we look forward to working with our various constituencies. Our goal here is to make Nevada the best place in the country to do business. We're open to any and all ideas about how to make that happen. That being said, we are available to answer any questions you may have.

SENATOR FLORES:
A year and a half ago, I opened a opened a new business—two of them actually—and had the opportunity to see what it was like, before what you have been doing now with SilverFlume, to post. And previously, I remember having a very difficult time navigating between different state websites for paying taxes, for registering the business and for doing other things to now having it all in one centralized location. I just really appreciate you doing that.

I want to start off with talking a little bit about businesses that operate in different languages. I personally do immigration law. Part of my job is to do advertisements strictly in Tagalog or Spanish or different languages; I understand that there are communities that strictly operate in that realm, but that is immigration law. But as I work with different clients, I have noticed that

they are opening businesses and that they are doing so many different things. We have these beautiful hubs all throughout the State that focus on communities that are coming from Africa or Central America, Latin America and all that, so I really appreciate that. Do you have a projection? I understand that on the front end, we are talking about translating services, and maybe that would be a cost to you or us in general. But do you have a projection of what it would mean to the State? You mentioned $200 million is coming now for the businesses. Do you have an idea of what you think would happen when we open the market to make it so much easier for all these different folk to come in, all these different languages, and start opening more restaurants, small businesses that provide services, goods, et cetera? What do you think that is going to do for the State?

SECRETARY AGUILAR:
You're right. What we are looking at is ensuring that we are meeting the needs of our marketplace and our customers. This is solely a business decision. When you look at the multiple languages that are spoken throughout the State, there are predominant languages that are spoken. What we want to do is focus on those predominant languages that exist. We figured by changing forms into the language that they understand, less errors are made, which requires less administrative time from our team to be able to respond to those errors. But also too, it encourages people that Nevada is open for business. Some of the greatest minds are some of the individuals that come through our immigration process. They're going to start small; they are going to grow, they are going to get bigger, and they are going to employ their neighbors, their community members, and we are going to see our community grow and an economy grow. The majority of our economy in Nevada—I think 99 percent of all business, and I am not talking about revenue, I am talking about the actual number of businesses—are small businesses, and we need to really focus on the 99 percent. We know the 1 percent is going to be able to get the services they need because they can afford to hire attorneys. Some of these smaller businesses can't.

The goals in the Secretary of State's Office are modernization, innovation and transparency. By doing language access the way we are proposing to do it, we're modernizing the way Nevada operates, we're being innovative in how we are serving our customers, and we're also being transparent with the people we serve and reducing the amount of administrative need so that people can live an

efficient life and use government when necessary—but also have government get out of their way as they continue to move forward.

SENATOR FLORES:
I know one of the criticisms I often hear when working with diverse communities is: "Oh, well, they don't follow the rules, or they are not getting all the correct licenses, or they are not doing any of that." I would assume that folk who are advocates or proponents for regulation or proponents for everybody kind of playing by the same rules would want a bill like this because it gives them the opportunity to say, "Look, now we have this in every single language."

It makes it a lot easier for folk who were absent in these conversations, who were scared to navigate a system and who were scared to engage in a particular process because they felt that it wasn't accessible. This now ensures that we are all equal across the field, making it easier to get in, but also all playing by the same rules.

SECRETARY AGUILAR:
You're absolutely right. It is making sure that everybody understands where the sandbox is and how to play in the sandbox, and it comes back to administrative costs. Do you want to continue to see the administrative burden increase because we are seeing our economy and our communities become more diverse? This is a way to be able to meet our customers where they are. This is solely a market decision. We will also benefit as a state because we will have revenue increase. The more we get people engaged in the process, the more we can have a compliance process.

But also too, when somebody becomes official as a business, that allows them to access capital. Accessing capital is already hard enough, but if you bring somebody into the process, you bring them into the system. If you bring them into the legitimate business form, they are going to be able to go to a bank and build that capital structure to be able to continue to expand—which only helps our economy. What we are trying to do is eliminate barriers, build efficiency and allow our state to continue to grow with our small businesses.

SENATOR LANGE:
I just wanted a clarifying question on slide 6, Exhibit C, where you talk about the cost from different states. Is your office contemplating reducing the cost of business licenses in Nevada?

SECRETARY AGUILAR:
No. What we are looking at is being able to have a mechanism to have that conversation with a broader group of individuals.

GABRIEL DI CHIARA (Chief Deputy, Office of the Secretary of State):
There are some fees that may need to be reduced. It may come in an amendment to this bill because I am not sure if it is written in there now. For example, currently there is a $100 fee to dissolve an entity. As you can see, there are tens of thousands of entities that are in default; they are just sitting on our books, and nothing happens with them because no one wants to pay $100 to just clean up our records. That's an example of a fee that we would look at lowering so that we could do a better job and be more accurate with what businesses are conducting business in Nevada. So, as the Secretary said, we are not contemplating reducing the business license fees, but there are some other fees that seem to be hurting more than helping which we would look at but not without the approval of the Legislative Commission.

SECRETARY AGUILAR:
It is revolving around looking at some of those fees that are actually less than the administrative burden and eliminating some of those fees because a lot of what we do now can be done digitally. They are not done because people do not want to pay the $100 fee, but there are also two fees that are approximately $2 for a certain document when they could generate it themselves and get it digitally. The fee is actually an impediment, and it has cost us more in human time, postage and paper. Therefore, what we are really trying to do is streamline those processes.

SENATOR LANGE:
To clarify, I was not advocating to lower the prices because I think your office is doing a really great job. Having worked in the business industry and having to get business licenses, I remember the horrific days, and it is a much smoother process now.

SENATOR NGUYEN:
Can you maybe discuss how other states do this? I imagine there are other states across the country that also allow the adjustment of fees through this regulatory process and this modernization effort.

MR. DI CHIARA:
Yes. The way certain states do it varies, and we can put together a kind of collection. But for example, the Secretary spoke about Montana earlier. In 2022, Montana cut their business license registration fee in half and then saw a record increase in new businesses applying. They were able to do that through their administrative code process. This is similar to what we are asking to do here.

SENATOR NGUYEN:
Do any of those other states like Montana or any that you are aware of have any other guardrails that are in place that would not allow you to double or triple the fees if you decided you wanted to? Obviously, I do not think that would probably be in line with your own personal philosophy or our State's. Are there any guardrails in place in this bill or in other states that prohibit your office from having that type of unlimited authority?

SECRETARY AGUILAR:
There are guardrails; we understand that in order to increase fees, there's a certain threshold that we have to meet. We're in discussion with business industry groups and other individuals within the State about that exact conversation. We may be looking at an amendment to say that any fee reduction could go regulatory; any price increase would have to come to the full Legislature.

MR. DI CHIARA:
As the Secretary said, we already have some of the highest prices in the country as it relates to business licenses and incorporating. Thus, I think any secretary would be really hesitant to raise those further, but absolutely we can amend something if the bill as worded does not satisfy that requirement.

SENATOR KRASNER:
I have received numerous emails regarding this bill. The biggest concern that I am hearing is regarding section 1, subsection 3:

> The Secretary of State may establish by regulation the amount of the fee that must accompany an application for a state business license pursuant to subsection 2. If the Secretary of State establishes by regulation the amount of such a fee, an application for state business license must be accompanied by a fee in the amount established by the Secretary of State by regulation.

The concern I am hearing in the emails is regarding the fact that since 1996, the Nevada Constitution has required a two-thirds supermajority of both Houses of the Legislature—the Senate and the Assembly—to create, generate or increase any tax or fee. I am just wondering what your thoughts are on that.

SECRETARY AGUILAR:
I think we addressed that a little bit earlier, but I will make it extremely clear. Our intent is not to do this to increase fees. We want to preserve the intent of the constitution. One of the amendments we are working on with the business groups, the registered agents, the Nevada Realtors' Association and some of the chambers is to say, "Really, if we are going to increase fees, we must bring it to the Legislature." However, if we are looking to eliminate or decrease fees, we can do that in a regulatory process.

SENATOR KRASNER:
Have there been any Nevada Supreme Court rulings which state that even modifying a tax or fee needs to have the approval of the Nevada State Legislature that you are aware of? It might be a question for Bradley Wilkinson.

SECRETARY AGUILAR:
I would send that to your counsel.

BRAD WILKINSON (Committee Counsel):
The answer to that is no, I am not aware of any decision that relates to that. The constitutional requirement only applies to bills passed by the Legislature, so it does not apply to regulations. For example, if there were an increase in a regulation, it would have to have the two-thirds vote at the time an underlying statute is passed in the same way that this bill does.

SENATOR KRASNER:
So, a mere modification of a tax or fee does not fall under the given tax restraint rule under the Nevada Constitution, it has to be an increase?

MR. WILKINSON:
I am saying an increase that is done by regulation is not required to be passed by the Legislature by a two-thirds vote. As a regulation, it still has to go before the Legislative Commission to be approved, but it does not have to receive a two-thirds vote of the Legislature since it is a regulation and not a bill.

SENATOR KRASNER:
You are saying that the Legislature must vote to give him the power to make such regulations before it can be done. Is that what you are saying? And that is why this language is in here, this new language?

MR. WILKINSON:
I would say that is essentially correct. There are a lot of statutes that allow administrative agencies or officers to set fees by regulation. Regarding those bills, typically, if they have anything that is going to result in an increase in revenue, they have a two-thirds vote on them.

SENATOR KRASNER:
I am just wondering why of on the cover of the bill it says that it requires a two-thirds supermajority vote.

MR. DI CHIARA:
My understanding is that because you would be giving the Secretary of State's Office the authority to potentially raise fees, that is why this is a two-thirds bill. However, I defer to your counsel in case I got that incorrect.

MR. WILKINSON:
No, that is accurate.

SENATOR OHRENSCHALL:
Throughout the bill, I see language saying that the Office of the Secretary of State would be able to accept a filing written in a language other than English if the Secretary determines that sufficient resources are available to provide for a verified translation of that record into the English language.

For years, I have been hearing the calls about our need to diversify our economy. I am just wondering if this passes, do you think that will help spur international investment in Nevada—that folks who might have been hesitant to start a business and come to Nevada now—seeing that it might be more

welcome to not have to have that translator at the get-go? Might they be more interested in investing in Nevada? Do you think this might help us with the diversification of our economy?

SECRETARY AGUILAR:
Absolutely. I think it is another tool in our toolbox to be able to respond to market conditions given the way Nevada is designed to operate. Also, if you look at the tourism base that is coming to Nevada, we have a lot of significant business leaders from other countries coming to Las Vegas to conduct transactions because it is an easy place to get to. It is a great place for people to celebrate but also a great place to do business.

SENATOR OHRENSHCALL:
Sometimes—from where I practice law in the courts—if we have litigants from some countries, we have a challenge finding translators. Do you think that is something the Office of the Secretary can overcome? Even if, for example, it is a language where there are not a lot of translators available?

SECRETARY AGUILAR:
I believe we would work extremely hard to identify translators that would be available. Look, we are not looking to do complicated legal documents in a foreign language. What we are looking for is the everyday form that is used to establish a business or conduct business with the Secretary of State's Office to be translated into another language. It is not to do larger transactions. For example, if they are amending their shareholder count or amending their ownership group, I think those legal documents would probably have to be in English for now until we start to build up that pipeline of translation or talent within the Secretary of State's Office to manage that process.

SENATOR ELLISON:
I have a question pertaining to the small businesses. I am not talking about somebody newly opening a business. The problem they are having on the small business front is they do not have the capital. They are trying to open up shop, but they do not have brick and mortar; they are trying to do whatever they can to get started to get revenue in. And when we got some of the highest prices out there, it is not a good thing. That's a bad thing. What we need to do is stick to the brick and mortar and try to get the little people up and get them working—and have them come legally.

But you know, some of these small people are living out of pocket—they left a job, they got a little bit of money, and they are trying to open up the business there. They might work on yards, they might be tree trimmers, they might be anything. They are the ones that I am worried about. Those are the ones that we need to get legal. But sometimes, you are looking at the prices out there, and if you look at the cost that you had, that is deterring some of them to wait before they do get a license.

SECRETARY AGUILAR:
I absolutely understand that concern. That's the point of us trying to do this. We are making sure that we are bringing people into the system. So, for example, when some of our street sidewalk vendors start up, those individuals are the truest forms of entrepreneurship. They're putting everything they have into that cart or that opportunity. They're trying to grow to the next level. And if we do not get them into the process and we do not get them to register with the Secretary of State's Office, they can't open bank accounts, and they can't open a Venmo account to be able to transact business. But if we give them the opportunity to incorporate in our office, they are going to be able to start to build that credit history with whatever bank they start with. Even if they start with $100, they are going to be able to start to understand the banking system. They're going to start to understand what cash flow means and then be able to apply for credit to even expand their business and be able to grow. That is exactly the intent of what we are trying to do: look at our marketplace, think about how we build that economy and how we allow them to grow to move forward.

For example, I love talking about street vendors because they are the truest form of entrepreneurs, and it is easy to understand—to go from being a vendor to having a food truck to a brick-and-mortar restaurant. That's the progression that every one of those individuals wants. And if we can at the state and government level help them at the very beginning and get out of their way and allow them to go, I think we will see industry start to grow. We'll see employment grow, and we will see entrepreneurs really favoring Nevada.

SENATOR ELLISON:
Well, I look at it a little different. I see hundreds of small businesses trying to start, and they start with zero. They're trying to get the equipment; they are trying to get started. But if they have to get their license to get moving, then what comes first, the wagon or the horse? I think there has to be some kind of

way to get these people in and get them involved. But if they have to deal with these fees and they are trying to get started, sometimes that is almost impossible.

SECRETARY AGUILAR:
Last session, we did introduce a bill to waive a fee for first-time business owners, especially entrepreneurs and start-up companies. That was a discussion among the Legislature to determine.

I agree with you. I think it is important to get people started the best off. We know within two years whether a business is going to succeed or fail. Is $800 really worth it to the State to know that you had an opportunity to grow a business? That is a decision for the Legislature to make. I know I have my opinions. You know, as somebody who started a business from scratch prior to being in elected office, it took a lot of blood, sweat and tears. We did not have a lot of capital—we were able to raise it once we proved our concept—but I think everybody else is in that position as well. If we could figure out a way to build our start-up community, that would be great.

StartupNV and other start-up organizations in the State would like to see an opportunity for start-up companies and entrepreneurs to have that fee waived for either the first year or the second year to be able to give them that time to do proof of concept, to gather their data and then be able to go raise capital, so I agree with you completely. I am trying to find every way we can in the Secretary of State's Office to meet the market demands and to be able to grow Nevada from a financial perspective.

SENATOR NGUYEN:
I have some questions following up with some of the language access. I know that in other committees, we learned that the Governor's Office for New Americans has failed to use about $20 million of the $25 million which was allocated last legislative session for the language access plan specifically for different state agencies.

Is this something that your office—as we have heard, there's so much opportunity to encourage and make entrepreneurship, and these small businesses flourish in accessing some of those funds to further expand the ability of the Secretary of State's Office—has asked for? Have you applied for those? Have you worked with the Governor's Office to access those funds?

Obviously, it is always frustrating when we find out that over $20 million has just been sitting there on the table, and then we come into a committee and hear that there are amazing programs that could have utilized some of those funds to make our State more prosperous.

SECRETARY AGUILAR:
I wish we knew they existed because we would have applied for them. The experience of language access has really come from my opportunity to participate in business roundtables throughout Carson City, Washoe, Clark and some of our rural communities. Melissa Saavedra of the Lieutenant Governor's Office of Small Business Advocacy has done a great job in putting those together. That is when I started to really hear the demand for language access.

We had individuals coming from communities to say,

> Hey, I want to deal with your office, but English is not my first language, and sometimes I get confused, I make a mistake, I get scared and then I realize that it is actually costing me more money to apply and then to fix those mistakes. If there's a way to figure out how to create the forms in our native language, we will be able to file them correctly and be able to move on.

The other thing is during the election, we are required by federal law to meet certain language standards, and language access was a huge learning opportunity for our office to be able to figure out how we could better serve our communities. It was our Latino community and our AAPI community; just being in voting locations where those communities live and seeing them take advantage of the way we have supported them and seeing them participate in our democracy—as they are entitled to participate—that was really a cool thing to see. And I thought that this was an opportunity to grow our market and those entrepreneurs but also to expand what we have learned from the election side.

If I would have known $20 million existed in other funds, you would have believed I would have been there. I apologize; I was not aware those funds existed.

MR. DI CHIARA:
In fact, not to contradict the Secretary, but we did ask if those funds would be accessible to our office. We were told that, based on the wording of the bill, it did not apply to us, it only applied to Executive Branch agencies under the Governor. We were told that those were not funds we could apply for.

SECRETARY AGUILAR:
So that is why I did not know about them.

SENATOR FLORES:
In talking about opening the door to more businesses participating and leveling the playing field, I forgot to bring up a little bit of the conversation around EB-5 [Immigrant Investment Program] and target employment areas.

For the sake of the conversation so that we can all join in—often investments come in from out of the country. These are what they call the "million-dollar investor visas." But I bring up that point because I know EB-5 money has been used to build casinos, huge properties, hotels which bring a significant amount of investment to the State and the country in general.

I know we are really focused on empowering local Nevadans who are here now, and they want to do things correctly but are having a hard time navigating the process—which is difficult for everybody in general—but sometimes the language barrier makes it that much more difficult.

But do you foresee even in that conversation, which would be in alignment with the conversation happening at the executive level—I know the Governor has been very focused on bringing investment from outside of the State—this moving in that direction as well? That direction I mentioned is that now you are making it easier for significant investment which will create hundreds of jobs since now, realizing Nevada is open for business because we are trying to put all these documents in a language where a foreign attorney can say, "We can navigate a lot of the registration docs now because we do not have to hire a local attorney or translating service" because Nevada is making it that much easier for millions of dollars from around the country to come in.

SECRETARY AGUILAR:
You're exactly right. It is an incremental process. We have to start somewhere—and this is the beginning—by starting with general applications

that are available to the public in alternative languages that are spoken in those communities, figuring out how to work in those ways, getting lessons learned and then progressing to getting even stronger and moving down a chain. It is not something you can implement overnight; it is something that we have to incrementally build. This is the first step in making that happen. It is the first step of designing a new system with language access in mind.

We have engaged a language access expert in the design of that system because what happens most of the time is government agencies build these systems, and they go "Oh then, let's bring in the language access." In reality, they need to bring language access in during the design phase to be able to make sure the system is designed to flow coherently. Again, these are incremental steps. Yes, I would like to get to that ultimate goal where EB-5 investment dollars are coming here, and they are moving their corporations to Nevada from their home countries. That's the ultimate goal because then we all win. But we have to start here to get to there, and that is the intent of our plan.

CHAIR SCHEIBLE:
I just have two questions and comments, one on each section of the bill. Since you were talking about language access, I will start with language access. I would be interested if you have anything to elaborate on the fact that the Secretary of State's Office would not be the first governmental agency to do business in multiple languages. Even in the State of Nevada, you would not be the first entity to accept official documents in a language other than English.

I am thinking specifically of the work that I do in criminal justice when I meet with victims of crime, and they've interacted with the police officer speaking their native language. They may have filled out a witness statement in Spanish. We have witness statements now that ask for their name, date of birth, address—all of that in Spanish, which can be completed, filed and provided to the court in Spanish because that is a more accurate way to ensure that we are really taking their words appropriately and truthfully without having errors in the translation earlier in the process. We want to do the translation in some ways not as late in the process as possible, but we want to have that translation be as accurate as possible.

Because of this, I am wondering if you feel like these changes allowing the documents to be filed in multiple languages would really bring you in line with other agencies and move us forward.

SECRETARY AGUILAR:
Not only does it bring us in line with other agencies, but it also actually brings us in line with our office because we are doing some of this work already on the election side, and we have seen the benefit of it from the election side. Thus, we would be just bringing the office in parity from our different divisions that exist.

CHAIR SCHEIBLE:
On the fees, I just wanted to clarify that when we are talking about the necessity for the Legislature as a whole to vote on a fee increase versus the Legislative Commission to approve a fee increase through regulation, there are hundreds and possibly thousands of fees that we get charged every single day which the Legislature does not vote on. When I go to file a lawsuit in court and I pay my administrative assessment fee, my filing fee and my courthouse facilities fee, the Legislature has not voted on every single one of those fees, right?

SECRETARY AGUILAR:
I assume not.

CHAIR SCHEIBLE:
The point of my follow-up is that you have similar fees, right? It is not just the business license fee; you were talking about fees to file a document and to retrieve a document. It is not just one fee that we are talking about.

SECRETARY AGUILAR:
There are multiple fees located throughout the incorporation process and postincorporation. You have certificates of good standing. We just went through a rush of requests for certificates of good standing among our nonprofit communities because there was a big grant due, and the grant required the applicant to file a certificate of good standing.

When we are looking at those fees and we are redesigning the system, there's a more efficient way to design the system to be able to get the applicant what they need. Some of these fees were designed when we were at a very

mechanical administrative process. Now that we are entering a digital world, some of these fees no longer makes sense with what we are trying to accomplish.

To come to you to ask you to eliminate a $5 fee or a $2 fee is not an efficient use of your time. It is not an efficient use of government resources. We just want that flexibility to be able to respond to market conditions.

CHAIR SCHEIBLE:
We will now move to opposition testimony.

YOLANDA KNAAK:
I am here representing myself. I am opposed as it is written; I would only be willing to support it if those guardrails that he talked about would be in place. If there's going to be an increase in any of the taxes or fees, that would need the two-thirds vote of the Legislature.

JANINE HANSEN (State President, Nevada Families for Freedom):
I was certainly pleased to hear the Secretary's explanation of the bill, and I appreciate that he is both concerned and is responding to some of the concerns that people have. My biggest concern is that when we take this out of the Legislature, having to vote on it, it does not just mean that the Secretary can lower fees, but there might be a new secretary in the future. I am sure at some point in time there will be, and we have to be concerned about what happens then. If they are allowed to circumvent the constitution and the constitutional requirement that the Legislature has to vote on this fee—which obviously they have done in the past—I think it is very important that we have significant guardrails, and I think that the Legislature voting is the most important one.

I have been a citizen lobbyist, and I have attended the Legislature every session since I was 19, but I have very rarely participated. I have done it, but not too often. I have participated with the Legislative Commission. I think if it is going to really be transparent for the people, it is much better that it is at the Legislature.

Now, if he wants to lower fees, I am all in favor of it; that's wonderful, and we support that, especially some of these ones which are just administrative and so small. We appreciate him wanting to do that and him wanting to increase business in Nevada—those are all good things—but we are concerned about

circumventing the constitution on raising the fees for business licenses. I do have two business licenses, one with the State myself. I have gone through the process.

The one last thing I would say is that we understand there are issues in languages, but America is a melting pot, and we need things that hold us together as a nation and as a people. One of the most important things that holds us together as a nation and a people is a common language. When we do everything in other languages other than English, it tends to undermine our common heritage and our common language. Instead of uniting us, it often disunites us, which is a problem in our nation that we need to be aware of.

JOY TRUSHENSKI:
I am a nonpaid lobbyist for conservative causes. I do not approve of S.B. 75 because it would allow the Secretary of State to set amounts of business license fees by regulation. This is another attempt to give more power to the Secretary of State and circumvent the power of the people.

Currently, the Nevada Constitution requires a two-thirds vote by both Houses of the state Legislature to pass any fees or tax. I do not want that to change. Also, this bill allows the Secretary of State to accept filings in any language other than English. English is the common language of this country since our founding. I agree with the previous testifier that when we do not have a common language, that will separate us. I want to say that legal immigrants must know English in order to understand our history and constitution and become United States citizens. Therefore, I think we should just have English concerning business licenses.

CYRUS HOJJATY:
I oppose this bill. I will ditto the previous comments.

JIM DEGRAFFENREID:
I am Nevada's Republican National Committeeman. I am here on behalf of the Nevada Republican Party in opposition to S.B. 75 in its current form. Our party platform states that we support lower taxes and fees and a reduction in the scope of government at all levels. Of course, we understand the government must have income performance functions, but Nevadans have protections against excessive taxation as was discussed at length earlier. We appreciate

that conversation and particularly the questions by Senator Krasner to clarify that intent.

We look forward to seeing the language of the amendments the Secretary referred to earlier. We support the goal of making Nevada more business friendly and we look forward to being able to support this bill if the amendments preserve our constitutional protections. Our platform further states that we support legislation affirming English as the official language for conducting business at all levels of government, yet ten different sections of this bill change the law to allow the Secretary to accept documents for filings that are not written in English. This is prohibited under current law unless the document is accompanied by a verified translation. Public records and filings need to be readily available and understandable to all Nevadans, and these changes make public records less accessible and verifiable. Again, we look forward to reviewing amendments to see if we can support this bill.

CHAIR SCHEIBLE:
The committee has also received three letters (Exhibit D) in opposition which can be viewed in the minutes report of this meeting. We will now move to neutral testimony.

TRAY ABNEY (Director, National Federation of Independent Business):
I am the Nevada State director for NFIB, the National Federation of Independent Business. I am here in neutral today but certainly appreciated the Secretary's presentation and what he is trying to do. Like Senator Flores, I have formed my own businesses over the years and just formed one in the last couple of months. I can tell you it used to be very clunky and difficult to get through. Anything that the Secretary and his team can do to make that easier, we appreciate.

It was also sobering, to Senator Ellison's point, to see the comparisons of our business license fees versus other states'. I am glad that the Secretary is willing to look at that. We are neutral as of right now with all the questions having to do with how the fees are raised or lowered and the process for that.

I think this conversation has gone in a really great direction. We have certainly appreciated the fact that fees are maxed or capped in state law and providing those protections, but we love the idea of giving the Secretary the flexibility of lowering those fees and changing some of those if he thinks that would make it

better to do business here. Certainly, we are waiting to see the amendments and what results from the conversation here today. I think we are moving in the right direction.

MATTHEW TAYLOR (Nevada Registered Agent Association):
I am here on behalf of the Nevada Registered Agent Association. We're here testifying neutral today on S.B. 75, and I would like to acknowledge with high praise the steps that the Division of Commercial Recordings has already taken. They've greatly improved both commercial recordings and the overall interactions with their office. We'd also like to thank the sponsors of the bill for the stated intent to be able to have some flexibility, respond to different events that are in competing markets, and to be given the flexibility to reduce or lower fees or have some incentives to be able to do that. We're confident based on the conversations that we have had with the office—as well as the testimonies we have heard today—that this bill is intended to allow for potential fee incentives not increases. Upon seeing if there's an amendment that supports or clarifies that topic, we look forward to supporting this bill in the future here.

PAUL MORADKHAN (Vice President, Vegas Chamber):
The Chamber is currently neutral on S.B. 75. We did meet with the Secretary of State's Office, and we appreciate their time and clarification on the tentative bill and also several sections about the workload and the needs of the community. The reason we are currently neutral is regarding section 1, subsection 3 regarding the need for clarification language that any rate changes would go to the Legislative Commission. We look forward to working on that amendment with the Secretary of State's Office and having that quickly resolved since it is a technical amendment.

BRYAN WACHTER (Retail Association of Nevada):
We too are neutral in the legislation. There are a lot of good things in S.B. 75.

I think the language issue is one. Any time that we can level that playing field, the economy can be an amazing equalizer for anybody who wants to put the time and effort into building themselves a business. We appreciate the ability to make it easier for other folks to be able to engage in business in Nevada.

Our immigrant communities are some of our largest communities of retailers, and any time that we can allow a business to comply with the laws that you guys have stated down makes it easier. Oftentimes, we find our small members

are a little bit in trouble not because they do not want to be compliant, but because oftentimes it is difficult for them to understand how to be compliant.

We do, however, share the concern on transferring the authority—setting those business license fees—from currently at the Legislature to the Secretary of State. I believe his office is subject to the Administrative Procedures Act. While there are opportunities to be able to influence that decision-making, we are concerned that such a large fee that goes to the General Fund is something that might be reserved to the Legislature. Even an amendment moving to the Legislative Commission or to Interim Finance Committee negates some of the representatives whose districts our businesses live and work in and do not all enjoy representation on some of the interim committees.

We do think that for something this important, we are still wrapping our heads around how that transfer of authority from the legislative to the executive makes sense. We look forward to looking at some of those amendments to see if some of our anxiety can be assuaged.

CHAIR SCHEIBLE:
We will now take a few closing remarks from our sponsor, Secretary of State Aguilar.

SECRETARY AGUILAR:
On the language access part, if you look at it from a purely administrative standpoint—at a cost perspective—the amount of cost that is a burden on an individual and our staff to deal with the mistakes that are made because somebody does not understand what they are doing is costly. But, if we can simplify the process, make government efficient, it is going to bring those costs down for everybody, and we are going to be able to have additional resources to assist businesses that really need the assistance.

CHAIR SCHEIBLE:
That brings us to the conclusion of the hearing on S.B. 75. I will now close this hearing. I will open up the hearing on S.B. 76.

SECRETARY AGUILAR:
I am joined by Deputy Secretary for Securities Erin Houston and Chief Deputy Gabriel Di Chiara. We are here today to give you a presentation (Exhibit E) of the Secretary of State's Office in its role in the business of Nevada's business

and specifically the Securities Division in S.B. 76—our bill to establish a victim restitution fund for victims of securities fraud.

The Office of the Secretary of State is one of the original constitutional offices established in the Nevada Constitution. It is responsible for maintaining official records of the acts of the Legislature and the Executive Branch. Over time, additional duties have been developed. Some are well known, such as being the chief officer of elections and registering business entity filings. Some areas are less known, such as the administration enforcement of the Uniform Securities Act, our role in administering the notary chapter, Nevada Lockbox program, document preparation, domestic partnerships and the business portal. I will now turn over the presentation to Deputy Secretary for Securities Erin Houston.

ERIN HOUSTON (Deputy Secretary for Securities, Office of the Secretary of State): We are here today to talk about our securities division and its responsibilities. *Nevada Revised Statutes* 90 is the Nevada Securities Act, which is where Nevada has adopted and codified the Uniform Securities Act, a version of which has been adopted in all 50 states. The Nevada Commodities Act is also found in NRS 91 which we administer as well.

The main function of the Nevada Securities Act is to protect Nevada investors by licensing the professionals who recommend investment products and who provide advice about investment products to buy and to register the investment products themselves—in order to provide a mechanism for the everyday investor to learn more about the company into which they are investing. *Nevada Revised Statutes* 90.570 and NRS 90.590 also prohibit fraud in connection with the sale of a security. Every violation of NRS 90 is a Category B felony.

The securities division is made up of three main sections: the Registration and Licensing team, the Examination team of Civil Investigators and our Criminal Investigations team. Registration and Licensing handles applications for licensing from broker dealers, investment advisors and for the licensing of the securities. The Examination team, made up of civil investigators, is responsible for conducting inspections of Nevada-based broker dealers and Nevada-based investment advisor firms. Our third division is our Criminal Investigations team. We have seven POST-certified peace officers plus a chief officer who investigate criminal violations of NRS 90, most of which are fraudulent investment offerings of various types.

Securities fraud is defined in NRS 90.570. In short, it is when a person invests money based on a misrepresentation or a material omission of relevant information. Here's an example of a common scenario: an individual with a very low net worth or low salary is enticed to invest in a new local start-up with a promise of a high rate of interest as a return. Unfortunately, the offer itself was premised on fake statements or misleading information or missing information. And when the investment fails, the individual is completely out of luck in terms of recouping their money. When that happens, our investigators recommend a charge of securities fraud against the bad actor. Those cases are prosecuted by the Office of the Attorney General in conjunction with our investigation. When the cases result in a guilty verdict, restitution is often included as a part of the overall sentence for the guilty party.

That brings us to S.B. 76—which proposes to establish a restitution fund for victims of securities fraud. The Nevada Constitution provides for restitution to victims of a crime. However, many guilty parties in securities cases have no money with which to make their victims whole—even in a civil proceeding. For example, for fiscal year (FY) 2022-2023, the division received complaints of securities fraud from investors totaling over $16 million. And in FY 2023-2024, that number was almost $10 million. In contrast, in FY 2022-2023, investors received restitution in the amount of $205,000. And in FY 2023-2024, it was just over $1 million.

Senate Bill 76 aims to fill that gap. The bill creates a fund out of money received as penalties from administrative orders arising from violations of NRS 90, which is the Uniform Securities Act. Nevada residents who are victims of securities fraud—and for whom an award of restitution has been made in a criminal adjudication—can then apply for a small amount of recompense from the restitution fund. Most victims of securities fraud receive very little money or no money back from their original investment.

SECRETARY AGUILAR:
The main reason we are proposing this legislation is that it provides a way for Nevada residents to obtain desperately needed relief after losing what is often a significant chunk of their savings to someone who has defrauded them.

Often, victims of security fraud are in the most vulnerable communities, especially our senior communities and other adults who live on fixed incomes. Due to bad actors, they can lose their life savings. This bill aims to help them

get back on their feet. Most of the time there is no money left for victims after the fraudster has taken their money. Even if the victim successfully sues in civil court, there is often no money left to satisfy the victim's judgment.

MS. HOUSTON:
This legislation is based off a model rule created by NASAA, which is the North American Securities Administrators Association. The Association considered feedback from state securities regulators, trade associations, representing broker dealers, representing investment advisors and bar associations representing attorneys for public investors.

So far, it has been enacted in Indiana, Maine, Montana, North Dakota, Ohio and Vermont. Senate Bill 76 proposes to divert a fractional amount of revenue that presently goes to the state General Fund to a separate fund held for victims of securities fraud.

In the past, the securities division has received close to $200,000 per year and sometimes much more through administrative enforcement actions. Only victims who have been awarded restitution as set forth in NRS 90.640 could apply for relief from the fund. Under S.B. 76, applicants who have been awarded restitution through a criminal conviction can apply for repayment through monies collected in this fund up to a maximum of $25,000. Of note, up until a few years ago, revenue in this consideration today was maintained within the securities division to be used by the securities division and only recently was diverted to the state General Fund.

SECRETARY AGUILAR:
Before we finish, I want to point out the revenue from the enforcement actions is a very small percentage of the revenue earned from the securities division. The securities division has brought in over $30 million each year for the last three fiscal years. In FY 2021-2022, it was over $35 million.

We are also introducing a small conceptual amendment capping the fund at $500,000 that would otherwise go to the General Fund. We understand that revenue is important to the State, and we want to support the State and want to make sure we are not diverting too much funding away from the State at large. I hope the committee will support this measure. It is needed.

CHAIR SCHEIBLE:
There will be some questions, but I just want to preface this by saying that we are a policy committee, not the money committee. This means that we do not make the ultimate decisions about where money goes in the State or how our budget is designed. However, that does not mean that we are not allowed to talk about money in this committee. We are absolutely allowed to consider policy discussions about where money comes from, where money goes and how we spend our money because that is an expression of our values as a state and our choices as Legislators. I just wanted to clarify that it is an appropriate topic for discussion even though we are not a money committee.

SENATOR OHRENSCHALL:
I really like the idea of trying to make the victims whole or at least trying to get some percentage of that way. I am just wondering if S.B. 76 passes—you mentioned that you thought the victims might not be 100 percent recompensed for their losses, but they would get a percentage—what percentage do you think the victims would get? Would it be just basic living expenses so that they are not without any resources? If this passes, what kind of percentages do you think you might be able to help those victims?

SECRETARY AGUILAR:
The maximum they can receive is $25,000. If you look at annual cost, that is not anywhere near what they would need, but it actually helps them get back on their feet.

SENATOR FLORES:
I also have a scenario where we referred a constituent over to your office and I know that you are helping them. I am curious to know—so often, we know the victim, but we do not know who did the crime, right? This can be because they utilized WhatsApp or some other social media, and the money is gone, and we never get to prosecute. I am curious to know when somebody comes to your office, how many of those do you get to see all the way through? How many of them do you just have to stop and say, "Unfortunately, there's nothing we can do." I know the worst thing you can tell a victim is, "We know you were a victim, and we know how it happened. We have all the evidence, but there's absolutely nothing we can do." After that, they feel that nobody cares, right?

This bill plays into that because you can say, "Look, we understand, and we believe you that all of it is true, but now we at least have a little bit of resources that we can give back to help you get on your feet a little bit."

I was curious about that, but also on the other side of it—that we are not going to prefer to pay off $25,000 in lieu of doing the investigation. That is obviously not the intent.

MS. HOUSTON:
I can answer the second question first. I do not think that it would be an effect of this bill that we would just push people off into the securities restitution fund and not do an investigation for the primary reason that there is a requirement that they have an order for restitution in order to make a claim from the fund. We would need to still go through the investigation and refer for prosecution.

As for your first question, unfortunately, you are absolutely correct. It is often hard to investigate and then find a person to prosecute who lives in this country. We have developed investigatory techniques that are very efficient at finding the bad actor, but oftentimes they are in a different country, so it is hard to prosecute those individuals.

However, NRS 90 also provides for a restitution award through civil means as well. If you have a complainant who's willing to go through the civil process, have somebody served in another country and go through the entire process to receive an order for restitution civilly, they could also make a claim on this restitution fund, which is why I think it would be particularly helpful.

We have so many people who are victimized every day by somebody they meet in a comment section online. Then they go to WhatsApp, and the money is gone before we even know that it happened. That is why it is particularly important that they can make a claim for restitution through a civil restitution award as well.

SECRETARY AGUILAR:
I think it is also important to note that sometimes it is hard for a victim to come forward; with the victim restitution fund, hopefully this would encourage them to come forward because the more information that we have and the more we have instances of examples of this occurring—we can get that person off the streets and out of the market quicker.

This is hopefully an opportunity for somebody to want to come forward, and when they want to come forward, we can then do the job we need to do.

SENATOR ELLISON:
It seems to me that the United States could do a lot better at this—with the FBI or whatever—but there are thousands and thousands of these cases across this country that are scamming mostly seniors. I think the United States has got to step up to the plate and say "Okay, we are going to go into these countries, we are going to investigate it and then we are going to prosecute them. Since we are not going to prosecute them over there, we are going to have to bring them back here."

How many cases do you guys do a year with the seven investigators you got?

MS. HOUSTON:
On average, we do about 80 cases on the criminal side each year. On average, we have about 150 to 200 cases every year that come into the securities division for both sides of the House. That's civil investigations and criminal investigations as well.

SENATOR ELLISON:
I just think that we have to do whatever we got to do to narrow this down. When they know that the United States is going to come out for them for fraud, a lot of that is going to stop.

SECRETARY AGUILAR:
We do work hand in hand with the FBI and other agencies throughout our criminal partners and investigative partners to apprehend some of these individuals. We work in partnership. We recently settled a case—which Nevada led the investigation for—that impacted several states, and we were able to recoup a significant amount of money for each of those states. Because of the work that Erin and her team did, we received compensation to reimburse the State for that work.

CHAIR SCHEIBLE:
Could you put a dollar amount on the total restitution orders that were issued in 2023 and 2024?

MS. HOUSTON:
For FY 2022-2023 and FY 2023-2024, we had approximately—rounding down actually—over $10 million in losses claimed through our office and criminal complaints. This is unverified. These are not 100 percent accurate, but those are what investors have claimed to us as their losses.

We've had approximately $760,000 in restitution ordered for victims through criminal prosecutions. And of that $760,000 that was ordered from the perpetrator, only $205,000 was collected. These numbers are what I was able to find out by going through the criminal complaints. We do not prosecute the cases in-house ourselves, so those numbers are the best estimate I could find.

CHAIR SCHEIBLE:
It sounds like you are saying there was approximately $760,000 ordered in restitution through criminal convictions. About $205,000 was actually paid out, leaving about $555,000 outstanding. Is that why we are looking at a $500,000 cap on this fund?

SECRETARY AGUILAR:
That is just a number which we thought we could start off with. It is incremental, right? We want to get to a bigger number, but understanding the financial situation of the State and understanding our needs and priority for this program, we wanted to be respectful. That is why we recommended a $500,000 cap.

We are also asking for an opportunity to take third party funds. Sometimes when there is mass litigation, they look for places to deposit the proceeds of those funds. If there's an individual who's generous—like at JP Morgan Chase who understands what we are trying to accomplish—they'd make a contribution to the fund.

CHAIR SCHEIBLE:
I heard your suggestion that JP Morgan Chase might want to make a contribution to this fund.

I just need to clarify again. The idea here is not to take money from the General Fund and invest it in this victim fund but to take money that is already on its way to the General Fund and catch $500,000 of it first, thus holding it back in this securities fraud fund. The money that we are talking about is the civil

penalties that people are paying—who are not convicted of crimes—who are engaging in unlawful behavior around securities.

SECRETARY AGUILAR:
That is absolutely correct.

CHAIR SCHEIBLE:
We will now go to support testimony.
JESSICA PADRON (Advocacy Director, AARP):
I have submitted my written testimony (Exhibit F) to the committee. We are here eagerly along with some of our lead advocate volunteers in southern Nevada to testify in strong support of the establishment of the Secretary of State's restitution fund for victims of fraud. It is a critical imperative that will provide much needed financial relief to those who have fallen victim to securities fraud.

Fraud is a growing threat and not just a financial issue. It is a crisis that threatens the livelihoods of hardworking Nevadans, particularly—as Senator Ellison said—older adults who are on fixed incomes. According to the Federal Trade Commission, in Nevada alone consumers reported over $113.6 million in fraud losses in 2023.

Our state ranks third in the nation for total fraud reports. Securities fraud is especially devastating, often targeting retirees who have spent decades saving for their future only to see their life savings wiped away by unscrupulous actors. Many fraud victims have no way to recover their stolen funds, particularly when perpetrators are insolvent or cannot be located. We know the work here that the Secretary is doing with his office would offer a financial lifeline to folks to have an opportunity to get some of that back.

This fund is designed to be self-sustaining and financed through penalties and fines collected through those who violate securities laws. So, we feel this is a great financial solution and, as the Secretary said, capping it at $500,000, so if they do get large amounts, all that will be continuing to go to the state General Fund.

This would be protecting the most vulnerable. Older Nevadans are disproportionately affected by financial fraud, often suffering greater losses than younger victims. Even though statistically—according to the AARP Fraud Watch

Network—younger folks are victims of fraud more often, it is usually not their entire savings account.

The key piece of this bill that I would really like to highlight to all the members on this committee is the fear, shame and lack of available support that many victims feel when reporting fraud. To Senator Flores's point—some of them feeling like they just get an "oh well" shrug and a "there's nothing we can do"—this would address that. The more people that report, the more the State is able to follow those trends and capture more of these criminals, as we have seen through our statistics and reports with our partners in the FBI and through our National Fraud Watch Network.

Finally, by ensuring that victims have a means of restitution, we strengthen trust in Nevada's financial system and encourage investment and economic stability. A strong consumer protection framework makes Nevada a leader in fraud prevention and would help us address that "number three in fraud" in the country, setting a precedent for other states to follow. Our call to action is that the creation of this fund is not just good policy, it is the right thing to do. Fraud victims should not be left to suffer the consequences of crimes committed against them. The Nevada Legislature has the opportunity to take meaningful action by passing this measure and standing up for justice, accountability and financial security. On behalf of AARP Nevada and the countless Nevadans who have suffered from financial fraud, we urge you to support the Secretary of State's restitution fund and vote yes on S.B. 76 to provide real relief to victims who need it the most.

JOHN MCGLAMERY:
I have submitted my written testimony (Exhibit G) to the committee. I am retired from the Nevada Attorney General's Office, Bureau of Consumer Protection as a senior Deputy Attorney General for four years. In that position, I prosecuted securities fraud cases. In most of these cases, the fraudsters had either spent or hidden the proceeds of their theft. Because of this, there was no victim restitution.

I highly recommend passage of this bill. The only concern I have is with the funding aspect. I recommend that most money collected by the Secretary of State's Office in the administration of securities laws, including fees for the registration of securities brokers and dealers, be included in the funding of this restitution fund until the fund is on financial ground.

Perhaps the most frustrating thing about securities fraud prosecution is the attitude of the courts. Some judges have expressed the opinion that fraud cases where thousands or even millions of dollars have been stolen should be handled as mere civil cases instead of being handled as crimes. Since the scammers have usually either spent the money or hidden it, the victims have no way of recovering their losses even in a civil case. The judges are happy to jail a drug user or a shoplifter who has hurt nobody but themselves or has stolen just a few dollars' worth of merchandise; they'll jail them in a second. But a scammer who is a criminal will get no jail.

I prosecuted ten cases in the four years that I prosecuted securities fraud. Only in two cases did I get restitution for the victim. The other eight were put on probation, and after the provision was done, the courts let them off. In other words, nothing happened. However, the victims—they've lost their life savings or even worse—really are in a bad shape afterward, both mentally and financially.

This is why I am basically in support of this bill since it will allow victims some relief from their losses, but I want to make sure there's enough money in the fund to do that. Otherwise, they are victimized again by not being able to get restitution.

SENATOR ELLISON:
I totally agree with you. I have seen this even in our own family—that they've got hammered. But you are right. If you get just a small amount, they should be able to go in and try to get as much back to the victims as they can. I do not know if the State would consider that as a friendly amendment, but I totally agree with you because if they do not stop it, it is going to keep growing.

MR. MCGLAMERY:
I get mad because the courts will not do anything about it. I had one case where the court jailed somebody, and that is after he promised to pay restitution. After four or five continuing hearings, they finally jailed him. The thing is that he had the money; we knew we had the money. He just would not pay it back. The judge finally threw him in jail, but with the nine others, nothing happened. That is ridiculous and outrageous.

DONNA CLONTZ:
I have submitted my written testimony (Exhibit H) to the committee. I too am a former prosecutor and a member of AARP Nevada's Executive Council. I am here to strongly support S.B. 76, which will be a key tool to help capture more criminals by encouraging more reporting of fraud and will provide much-needed restitution to victims of fraud in Nevada.

I spent ten years in courtrooms as a prosecutor protecting the rights of crime victims, and getting restitution is often equal to getting justice for a victim. As a senior, I have seen firsthand the devastating impact of securities fraud on retirees. Many of us have worked hard to save for our retirement only to have our financial security threatened or eliminated by fraudsters.

Senate Bill 76 is crucial for several reasons. The bill provides a safety net for seniors who fall victim to securities fraud, helping them to recover at least some of their losses and maintain some stability. Seniors are often targeted by fraudsters; older adults in the U.S. lose more than $36 billion annually to financial fraud. Nevada's overall numbers are smaller, but we are third in the nation for folks becoming those victims. Having a restitution fund in place proves that Nevada is committed to protecting its citizens from harm. Next, by helping seniors recover their assets, S.B. 76 enables them to continue contributing to the local economy. Lastly, the bill ensures that fraudsters are held accountable, and victims are not left with nothing.

In conclusion, S.B. 76 would be a lifeline for many Nevadans—providing a fair process for victims to seek financial recovery and reinforcing Nevada's commitment to investor protection. I urge you to support S.B. 76 to protect the financial well-being of all seniors. Please vote yes to pass this bill and send it forward. It is a critical piece of legislation this year.

JONATHAN NORMAN (Statewide Advocacy, Outreach and Policy Director, Nevada Coalition of Legal Service Providers):
Our consumer divisions will have seniors especially who come in and have been defrauded and they think that the law will help us make them whole, but the law can only assign that something wrong happened, and then if there's no money to collect, there's simply no money to collect. This will at least give those people a lifeline where they do not have their entire life savings swindled from them. I ditto the comments of the district attorneys that were up here from AARP. Please support this legislation.

PAUL VARGAS (AARP):
I have submitted my written testimony (Exhibit I) to the committee.

FAYYAZ RAJA (AARP):
I am here as a volunteer for AARP and community advocates. I am honored to provide testimony in strong support of S.B. 76, a crucial piece of legislation aimed at addressing securities fraud and providing relief to the victim. This bill represents a significant step in protecting Nevadans from the increasing threat of fraudulent investment schemes, including cryptocurrency scams and pyramid schemes, which harm seniors, investors and businesses alike.

Senate Bill 76 creates the Fund for the Compensation of Victims of Securities Fraud, which will provide restitution to individuals who have suffered financial losses due to security fraud. This fund will serve as a vital resource for victims seeking financial recovery and will encourage more people to come forward and support fraudulent activities. The bill also mandates the administrator of the Securities Division of the Office of the Secretary of State to review applications and distribute compensation from the fund, ensuring an organized and efficient process for victims seeking relief.

Additionally, S.B. 76 enhances transparency and accountability by requiring the division to adopt regulations for fund administration and submit a biennial report to the Legislature on its operations. Confidentiality provisions within the bill will protect sensitive information, reinforcing trust in the system and encouraging participation. By passing S.B. 76, Nevada lawmakers have an opportunity to strengthen investor protections, enhance regulatory oversight and create a safe financial environment for all residents.

I urge you to support this important bill, which will provide a much-needed safety net for victims of securities fraud while promoting accountability and transparency in financial markets.

CONNIE MCMULLEN (President, Senior Coalition of Washoe County):
I have submitted my written testimony (Exhibit J) to the committee. I represent the Senior Coalition of Washoe County whose mission is to support the health and well-being of seniors living in northern Nevada and the rest of the State.

We would like to go on the record in strong support of S.B. 76. Yes, we agree that $25,000 is not very high—but it is a good start in starting to combat this

horrible situation. I know we can do better in helping our most vulnerable, and I know you all want to do that.

CHAIR SCHEIBLE:
Seeing no one else on the phones or in person wanting to give further testimony, that concludes testimony on S.B. 76. I see we have our sponsor back here to speak. I think we may have also had a question.

SENATOR LANGE:
A few years ago, we passed financial literacy laws primarily to help people when at the bank and places like that. Can you explain to me how this is different than someone who was scammed in that kind of situation too because I could see my constituents coming to me and saying: "Well, if you are going to take care of them, why are not you taking care of us?"

SECRETARY AGUILAR:
Financial literacy is an important part of preparing for retirement and preparing for the time that you can enjoy your life. However, securities fraud and investment fraud are very different. This is actual protection of those assets. It is the growing of those assets. It is the management of those assets. It goes well beyond the actual financial literacy that we learn from a simple banking transaction, to a simple financing contract, to understanding a mortgage and those responsibilities.

Sometimes, investment fraud takes advantage of the fact that investments are very nuanced, and they earn the trust of that individual over time. It is not a simple transaction of walking into a bank or a financial institution. This is a relationship that has developed over time with the fraudster and the victim. That takes time; they earn that individual's trust. Once they gain that trust, they start to ask questions about financial stability; they start to ask about the victim's financial situation and then propose opportunities for them to potentially invest. This is a bit different than financial literacy. A lot of times the individual does it because they trust that individual. That is why we are pretty strong about how and why we regulate the industry—we work with our community partners to do that. This is a bit nuanced; this goes beyond financial literacy. This is in the position where somebody has gained your trust, has manipulated you and taken advantage of you.

SENATOR LANGE:
Is there any opportunity in that process where someone could interject and say "This is not right. You should not do this?"

SECRETARY AGUILAR:
Absolutely. That is why we have kind of readjusted some of the limited resources that we do have to start the education process. We have someone who goes out into some of our communities where we have a large senior population to say, "Hey, this fraud does occur, be aware when you are talking to your investment advisor, make sure they are licensed. If you are not sure they are licensed, please call our office. But if a deal seems too good to be true, call our office and verify that the individual who is selling you the product or the opportunity is legitimate." We spend a lot of time because we'd rather invest the resources on education instead of having to go after a fraudster.

In closing, we look forward to having this as a tool in our toolbox to get more people to come forward so we can now hold people accountable.

Remainder of page intentionally left blank; signature page to follow.

CHAIR SCHEIBLE:
That brings us to the conclusion of our hearing on S.B. 76. I will now close the hearing and move to the last item on our agenda for today: public comment. Seeing no one in person and no one on the phones, that brings us to the conclusion of our meeting. We are adjourned at 2:51 pm.

RESPECTFULLY SUBMITTED:

_____
Timothy Gibbs,
Committee Secretary

APPROVED BY:

_____
Senator Melanie Scheible, Chair

DATE: _____

EXHIBIT SUMMARY				
Bill	**Exhibit Letter**	**Introduced on Minute Report Page No.**	**Witness / Entity**	**Description**
	A	1		Agenda
	B	1		Attendance Roster
S.B. 75	C	3	Secretary of State Francisco V. Aguilar	Presentation of S.B. 75
S.B. 75	D	21	Chair Scheible	Three Letters in Opposition
S.B. 76	E	23	Secretary of State Francisco V. Aguilar	Presentation of S.B. 76
S.B. 76	F	31	Jessica Padron/ AARP	Testimony in Support
S.B. 76	G	32	John McGlamery	Letter in Support
S.B. 76	H	34	Donna Clontz	Testimony in Support
S.B. 76	I	35	Paul Vargas / AARP	Testimony in Support
S.B. 76	J	35	Connie McMullen/ Senior Coalition of Washoe County	Letter in Support