

Assembly

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MINUTES OF MEETING - COMMITTEE ON COMMERCE - 55TH NEVADA ASSEMBLY SESSION, JANUARY 28, 1969

Present: Wood, K. Hafen, Torvinen, Capurro, Mello, Bowler and Espinosa.

Absent: None.

Chairman Wood convened the meeting following morning recess at 10:45 a.m. A proposed set of Rules of Procedure for the Committee were read for consideration which the Chairman indicated were modeled after the rules adopted by the Assembly Judiciary Committee.

Espinosa moved that the rules of procedure as read by the Chairman be adopted as the standing rules for the committee.

Mello seconded.

Motion unanimously passed.

Assemblyman Tom Kean was introduced to speak on behalf of two measures he is sponsoring for introduction and action of the legislature. Mr. Kean first presented AB 17 a bill which entitles stockholders to inspect, copy or audit financial records. He stated that he would demonstrate the need for the bill by stating a case in point. He has found that when a corporation is sold and the seller retains some stock that at the time a payment is due if the seller seeks information on the financial condition of the company he cannot get the information unless a stockholders meeting is called which includes the minority stockholders. He stated that in the old Nevada statutes many "fly-by-night" ventures were formed and the law did not provide a method for stockholders to have access to the financial records. The purpose of this bill would be to give a course of action to the interested party entitled to this access. Mr. Kean said that he had requested that the Legislative Counsel draft the bill being sure that in so doing no avenue were left open whereby a disgruntled stockholder could unduly harrass the business venture involved.

The committee discussed the bill with regard to the possible harrassment features that may remain inherent in it as drafted. It was agreed that upon further consideration this feature would be closely studied and if necessary amended accordingly.

Mr. Kean then presented AB 16 which would authorize the formation of limited reciprocal insurers. He stated that it would provide for a form of internal insurance to be provided within the framework of the company or business without recourse to additional outside insurance contracts. He asked that the committee give the measure its favorable consideration. He stated further that the bill as drafted was supplied to him by the Association of Reciprocal Insurers and is considered a model for that type of legislation.

Chairman Wood thanked Mr. Kean for his presentation and excused him from the meeting. He then assigned AB 17 to Torvinen and Bowler for study and resubmission to the committee. Likewise AB 16 was assigned to members Capurro and Espinosa for a report back to the committee.

For the consideration of the Committee Chairman Wood then submitted copies of proposed amendments to the Nevada Corporation Act to the

members.

BDR 7-474 adopts the Delaware and California Act on indemnification of directors, officers and employees of any corporation providing protection from irresponsible lawsuits which may be brought against them.

Assemblyman Bowler asked the Chairman if these proposed bills are recommended for introduction by the committee whether that implied the committee's approval for do pass action. Chairman Wood indicated that such was not the case.

Bowler moved BDR 7-474^{*} be introduced by the committee on the assembly floor.
Mello seconded.
Motion unanimously passed.

BDR 7-475 is modeled on the Williams Act which was adopted by the U.S. Congress in 1967 and briefly provides that anyone making a tender offer has to give adequate notice to management of the company which such person or persons is trying to take over. It would apply to any company registered under the Securities Act of 1933 and gives stockholders and management some security and protection from raiders who might come in and try to take over a Nevada company.

Bowler moved BDR 7-475^{**} be introduced by the committee on the assembly floor.
Espinosa seconded.
Motion unanimously carried.

BDR 7-476 provides for the restriction of transfer of corporate securities. If employees are issued stock as a benefit from the company this bill would enable the company to restrict the transfer of this stock if the employment were subsequently terminated.

Mello moved BDR 7-476^o be introduced by the committee on the assembly floor.
Bowler seconded.
Motion unanimously passed.

BDR 7-477 liberalizes the present law in allowing officers and directors of companies that have common directors to operate more freely.

Bowler moved BDR 7-477^A be introduced by the committee.
Mello seconded.
Motion unanimously passed.

BDR 7-478 implements NRS 78.360 by providing that 48 hours notice be given by a stockholder when he desires the voting to cumulative. The measure is permissive in nature.

Capurro moved BDR 7-478⁺ be introduced by the committee to the Assembly.
Mello seconded.
Motion unanimously passed.

Chairman Wood then stated that he had a further group of proposed

bills some of which were handed him from the Department of Commerce and others by the bill drafting office. The members of the committee had been furnished with copies of them and had in some instances studied them.

BDR 7-142^{*} relates to nonprofit corporations and eliminates the requirement that the majority of persons forming the corporation must be residents of this state.

BDR 7-143^{**} broadens the purposes for which nonprofit corporations may be created and removes the debt limitation of such corporations and associations.

BDR 7-191[†] broadens the purposes for which a nonprofit corporation may be formed.

BDR 7-189^{††} provides that a single trustee for an insolvent corporation has powers equivalent to group of trustees.

BDR 7-141[°] permits religious corporations to acquire property by devise or bequest.

BDR 54-415^Δ modifies real estate license exemption provisions exempting certain persons from licensure.

Bowler moved that each of these proposed bills be introduced to the Assembly by the Committee of Commerce.

Mello seconded.

Motion unanimously carried.

Chairman Wood stated that two remaining bills before the committee, AB 35 and AB 72, are pending and would be considered at the next meeting tomorrow. He stated that unless further advised the time for all meetings had been set for morning recess and suggested that they be held as promptly as 15 minutes following the recess to allow time for adjustment.

A brief discussion of both AB 35 and 72 was held.

AB 72 allows uninsured motorist coverage up to limits of insured's policy.

Torvinen moved Do Pass AB 72.

Capurro seconded.

Motion unanimously passed.

Chairman Wood requested that the Do Pass action on the assembly floor be handled by Assemblyman Capurro.

At the suggestion of Assemblyman Tim Hafen further consideration of motor vehicle liability insurance was recommended to the committee with specific reference to the uninsured motorist coverage aspects. For this purpose, Chairman Wood requested that Mello contact Nevada Industrial Commission Chairman T. L. Hutchings and Mr. Mastos to be called before the committee meeting to be held Tuesday, February 4 at 11:00 a.m.

Mello moved meeting adjournment.

Bowler seconded.

Meeting adjourned.

*A.B. 108

**A.B. 107

†A.B. 106

††A.B. 103

°A.B. 109

ΔA.B. 105

RULES OF PROCEDURE - COMMITTEE ON COMMERCE
55th Session of the Assembly, 1969

1. A quorum of the Committee will consist of 4 members.
2. A majority of the entire Committee (4 members) will be required in order for action on a measure before the Committee. Such actions would be:
 - A. To pass out or hold a bill
 - B. To amend a bill
 - C. To amend or add to these rules
3. Five votes will be required to bring a matter previously disposed before the Committee for reconsideration. This includes matters disposed in the absence of a member. However, in event of excused absence, the member may request a matter be hold over until he is present.
4. The Chairman, or Vice Chairman in the Chairman's absence, will call and conduct all hearings and meetings of the Committee.