

SENATE BILL NO. 234—SENATORS HAMMOND
AND HUTCHISON

MARCH 11, 2013

Referred to Committee on Judiciary

SUMMARY—Revises provisions relating to corporations.
(BDR 7-1006)

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

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

AN ACT relating to corporations; providing for the removal of
directors under certain circumstances; and providing other
matters properly relating thereto.

Legislative Counsel’s Digest:

1 Existing law provides that unless the articles of incorporation provide
2 otherwise, any director or one or more of the incumbent directors of a corporation
3 may be removed from office by a vote of stockholders representing not less than
4 two-thirds of the issued and outstanding stock entitled to vote. (NRS 78.335) This
5 bill provides that if a corporation does not have stockholders, any director or one or
6 more of the incumbent directors may be removed from office by a majority vote of
7 the remaining directors.

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

1 **Section 1.** NRS 78.335 is hereby amended to read as follows:
2 78.335 1. Except as otherwise provided in this section, any
3 director or one or more of the incumbent directors may be removed
4 from office by the vote of stockholders representing not less than
5 two-thirds of the voting power of the issued and outstanding stock
6 entitled to vote.
7 2. *In the case of corporations which do not have*
8 *stockholders, any director or one or more of the incumbent*
9 *directors may be removed from office by a majority vote of the*
10 *remaining directors.*



1 **3.** In the case of corporations which have provided in their
2 articles of incorporation for the election of directors by cumulative
3 voting, any director or directors who constitute fewer than all of the
4 incumbent directors may not be removed from office at any one
5 time or as the result of any one transaction under the provisions of
6 this section except upon the vote of stockholders owning sufficient
7 shares to prevent each director's election to office at the time of
8 removal.

9 ~~13-~~ **4.** The articles of incorporation may require the
10 concurrence of more than two-thirds of the voting power of the
11 issued and outstanding stock entitled to vote in order to remove one
12 or more directors from office.

13 ~~14-~~ **5.** Whenever the holders of any class or series of shares
14 are entitled to elect one or more directors, unless otherwise provided
15 in the articles of incorporation, removal of any such director
16 requires only the proportion of votes, specified in subsection 1, of
17 the holders of that class or series, and not the votes of the
18 outstanding shares as a whole.

19 ~~15-~~ **6.** All vacancies, including those caused by an increase in
20 the number of directors, may be filled by a majority of the
21 remaining directors, though less than a quorum, unless it is
22 otherwise provided in the articles of incorporation.

23 ~~16-~~ **7.** Unless otherwise provided in the articles of
24 incorporation, when one or more directors give notice of resignation
25 to the board, effective at a future date, the board may fill the
26 vacancy or vacancies to take effect when the resignation or
27 resignations become effective, each director so appointed to hold
28 office during the remainder of the term of office of the resigning
29 director or directors.

30 ~~17-~~ **8.** If the articles or bylaws provide that the holders of any
31 class or series of shares are entitled to elect one or more directors
32 under specified circumstances and that, upon termination of those
33 specified circumstances, the right terminates and the directors
34 elected by the holders of the class or series of shares are no longer
35 directors, the termination of a director pursuant to such provisions in
36 the articles or bylaws shall not be deemed a removal of the director
37 pursuant to this section.

