

## SENATE JUDICIARY COMMITTEE

## MINUTES

Meeting was called to order at 9:35 a. m. on February 21, 1969 by Chairman Monroe.

Committee members present: Chairman Monroe  
Senator Swobe  
Senator Hug  
Senator Christensen  
Senator Young  
Senator Bunker

Guest: Russ McDonald, Legislative Counsel

Chairman Monroe announced he had set another hearing on the Court Bills at 10:00 a. m. Wednesday, February 26th. Members of the State Bar and Mr. Tom Cooke will be present.

Russ McDonald advised the bills to be discussed were all recommended by Attorney Woodburn's firm. He gave each member of the committee a copy of the Summary of the Proposed Amendments prepared by Mr. Woodburn.

AB 104 - Broadens provisions for indemnification of corporate officials against liability and legal expense.

Mr. McDonald remarked Mr. Woodburn's statement was stated as well as it could be put. This would make our law more competitive with the laws of Delaware. He remarked the corporation business was a big business in Nevada and it should be kept competitive to keep the corporations in Nevada.

Senator Young moved this be passed.  
Senator Swobe seconded the motion.  
Motion carried.

AB 110 - Regulates offers to purchase control of Nevada corporations.

Mr. McDonald advised this provides that anyone making a tender offer has to give adequate notice to management of the company which such person is trying to take over. This merely gives the stockholders and management some security and protection from those who might come in and try to take over a Nevada company. This is modeled on the Williams Act

which was adopted by Congress in 1967. This is good for the stockholder. He stated they had some trouble on the definition of damages used on page 4 "damages means an amount equal to the market value of the shares acquired by the offeror plus any dividends or interest paid thereon to the offeror or any person holding under him and minus the consideration received for the shares of the offeror." He felt this was now satisfactory wording.

Senator Hug asked if this had any relationship to the bill for gambling corporations.

Mr. McDonald advised it would apply to all corporations, including the gambling corporations. This should be very desirable to all gambling corporations.

Senator Young noticed this also provides for a criminal penalty stating it was a gross misdemeanor.

Mr. McDonald stated it carried a fine up to \$1,000

Senator Young moved this be passed.  
Senator Swobe seconded the motion.  
Motion carried.

Mr. McDonald advised Prince Hawkins had checked this and had approved it also.

AB 111 - Provides for restriction of transfer of corporate securities.

Mr. McDonald advised this would put restriction on the sale of stock by an employee of a company. There were no previous restrictions in our law. It was an incentive for an employee to be given stock as a bonus or gift and also they could purchase stock in their own company, however there was a restriction placed on selling it. This was also patterned after the Delaware laws. This would give the corporation the first refusal on the stock if the employment were terminated. Again this was patterned after Delaware.

Senator Christensen asked if the price would be set at market value, rather than what you paid for it.

Mr. McDonald advised it would be the market value at the time the action was permitted. This applies to a Nevada Corporation only.

Senator Young moved this be passed.  
Senator Christensen seconded the motion.  
Motion carried.

Senate Judiciary Minutes  
February 21, 1969

-3-

AB 112 - Clarifies restrictions upon corporate transactions involving interested directors or officers.

Mr. McDonald explained this merely liberalized the law in allowing the officers and directors to operate more freely, The state now recognized only the directors and the officers may not be a director of the corporation. This would give more protection to the stockholder.

Senator Swobe moved this be passed.  
Senator Young seconded the motion.  
Motion carried.

(Senator Dodge came into the meeting).

AB 113 - Requires notice by stockholder for cumulative voting in corporate election.

Mr. McDonald stated there were now a number of large corporations incorporated in Nevada whose charters provided for cumulative voting. It was almost impossible to set up a corporate meeting when they did not know until the last' minute as to whether or not any stockholder intended to vote cumulatively. There could be millions of shares involved.

Senator Dodge remarked he was in sympathy with the small stockholder and he certainly could see nothing wrong with this restriction.

Mr. McDonald said it merely required a notice be filed by any stockholder 48 hours in advance if he were voting cumulative. The Assembly had amended his original bill to include " Notice to stockholders of the requirements of paragraph (a) shall be contained in the notice calling such meeting or in the proxy material accompanying such notice.

Senator Swobe moved this be passed.  
Senator Dodge seconded the motion.  
Motion carried.

AB 116 - Includes vehicle theft within crime of grand larceny.

Mr. McDonald explained this portion has been unconstitutional with regard to motor vehicles. It merely puts it back as a felony. The "joy-riding" statute was washed out in the criminal code and gave the election of the sentence to the

district attorney. This will remove the election of the D. A.

Senator Dodge stated he felt the "joy riding" provision was the best.

There was considerable discussion as to whether it would be best to amend this bill or to introduce a new bill covering the joy riding.

Mr. McDonald felt it would be best to put the amendment on this bill. It would probably be easier to have it accepted than a new bill.

Senator Swobe suggested Russ prepare the amendment.

AB 134 - Makes certified mail the equivalent of registered mail for the purposes of Notice.

Senator Dodge remarked he thought this was a good bill.

Senator Swobe moved this be passed  
Senator Christensen seconded the motion.  
Motion carried.

AB 137 - Elucidates intent of statute prohibiting trespass.

Mr. McDonald explained this came as a result of a Supreme Court Decision. A person was thrown out of the Sahara Hotel in Las Vegas and reentered. Was convicted for trespassing. The Supreme Court applied the language as it was to the case even tho it did not state "building".

Senator Swobe moved this be passed.  
Senator Dodge seconded the motion.  
Motion carried.

There being no further business the meeting was adjourned.

Respectfully submitted,

Jeanne M. Smith, Secretary.

Approved: \_\_\_\_\_