

SENATE BILL NO. 283—SENATOR SEGERBLOM

MARCH 13, 2015

Referred to Committee on Commerce, Labor and Energy

SUMMARY—Authorizes the establishment of marijuana financial services cooperatives in this State. (BDR 56-997)

FISCAL NOTE: Effect on Local Government: Increases or Newly Provides for Term of Imprisonment in County or City Jail or Detention Facility.
Effect on the State: Yes.

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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 financial institutions; authorizing the establishment of marijuana financial services cooperatives in this State; providing penalties; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

1 Existing law allows for the operation of medical marijuana establishments in
2 this State. (Chapter 453A of NRS) This bill allows for the establishment of
3 marijuana financial services cooperatives, a type of financial services entity,
4 membership in which is restricted to entities that operate a lawful medical
5 marijuana establishment in this State and which exists to provide banking services
6 and loans to such establishments.
7 This bill provides that marijuana financial services cooperatives operate and are
8 regulated in much the same way as credit unions in this State. (Chapter 678 of
9 NRS) **Sections 18-20** of this bill place marijuana financial services cooperatives
10 under the authority of the Commissioner of Financial Institutions and authorize him
11 or her to regulate cooperatives. **Sections 22-30** of this bill set forth the procedures
12 for the formation of such a cooperative, including incorporation and licensing.
13 **Sections 32-45** of this bill set forth the required governing structure of a marijuana
14 financial services cooperative, including the powers and responsibilities of the
15 board of directors. **Sections 54-57** of this bill set forth the requirements governing
16 reserves and the payment of dividends. **Sections 66-70** of this bill set forth the
17 procedures for the merger or dissolution of a marijuana financial services
18 cooperative.
19 **Section 27** of this bill provides that the Commissioner of Financial Institutions
20 has 60 days to approve an application to operate a marijuana financial services
21 cooperative in this State. **Section 31** of this bill requires that before commencing
22 operations, a marijuana financial services cooperative must obtain approval from
23 the Federal Reserve System for access to the System. **Section 19** of this bill limits



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24 the number of marijuana financial services cooperatives that may be operated in
25 this State at one time to 10. **Section 46** of this bill requires that only entities
26 operating a marijuana business, and not natural persons, may be members of a
27 marijuana financial services cooperative and a member that ceases to operate such
28 a business is no longer qualified to be a member. **Section 48** of this bill requires a
29 marijuana financial services cooperative to conduct a background investigation of
30 prospective members and to monitor their activities for any indication of criminal
31 involvement. **Section 24** of this bill provides that a marijuana financial services
32 cooperative cannot refer to itself as a bank or credit union and must use distinct
33 terminology in its name and advertising. **Section 47** of this bill requires a marijuana
34 financial services cooperative to conspicuously disclose that funds deposited with
35 the cooperative are not insured and are subject to seizure. Finally, **section 64** of this
36 bill requires the Commissioner to examine a marijuana financial services
37 cooperative at least once every 6 months.

1 WHEREAS, Because marijuana is illegal to grow, possess or sell
2 under federal law, traditional financial institutions are reluctant to
3 provide financial services to medical marijuana businesses, even
4 when those businesses are lawfully operated under the laws of this
5 State; and

6 WHEREAS, Consequently, most medical marijuana businesses in
7 this State must operate entirely on a cash-only basis; and

8 WHEREAS, Medical marijuana businesses are therefore more
9 susceptible to robberies and other crime because of the large
10 amounts of cash that must be kept on the premises; and

11 WHEREAS, The revenues of cash businesses are more difficult to
12 track, making the independent verification of accounting and
13 collection of taxes difficult; and

14 WHEREAS, The increased costs associated with a lack of access
15 to traditional financial services give black market marijuana
16 providers a competitive advantage; and

17 WHEREAS, The establishment of marijuana financial services
18 cooperatives in this State is therefore essential to the promotion and
19 preservation of the public welfare; now, therefore,

20
21 THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
22 SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

23
24 **Section 1.** Title 56 of NRS is hereby amended by adding
25 thereto a new chapter to consist of the provisions set forth as
26 sections 2 to 73, inclusive, of this act.

27 **Sec. 2.** *As used in this chapter, unless the context otherwise*
28 *requires, the words and terms defined in sections 3 to 17,*
29 *inclusive, of this act have the meanings ascribed to them in those*
30 *sections.*

31 **Sec. 3.** *“Account” means a contract of deposit of funds*
32 *between a member and a co-op.*



- 1 **Sec. 4.** *“Board” means the board of directors of a co-op.*
2 **Sec. 5.** *“Chair” means the chair of the board.*
3 **Sec. 6.** *“Commissioner” means the Commissioner of*
4 *Financial Institutions.*
5 **Sec. 7.** *“Department” means the Department of Business*
6 *and Industry.*
7 **Sec. 8.** *“Deposits” means that part of the savings liability of*
8 *a co-op which is credited to the account of the holder thereof.*
9 **Sec. 9.** *“Director” means the Director of the Department.*
10 **Sec. 10.** *“Dividend” means that part of the net earnings of a*
11 *co-op which is declared payable by the board to the holders of*
12 *record of permanent capital stock.*
13 **Sec. 11.** *“Division” means the Division of Financial*
14 *Institutions of the Department.*
15 **Sec. 12.** *“Fixed assets” means the real property which*
16 *constitutes the premises of a co-op or any of its offices, and the*
17 *furniture, fixtures and equipment of the co-op.*
18 **Sec. 13.** *“Loan officer” means the officer appointed by the*
19 *board or the credit committee to process all applications for loans*
20 *from the members of the co-op.*
21 **Sec. 14.** *“Marijuana business” means a person operating a*
22 *medical marijuana establishment as defined in NRS 453A.116.*
23 **Sec. 15.** *“Marijuana financial services cooperative” or “co-*
24 *op” means a financial institution formed by a nonprofit*
25 *cooperative corporation for the purposes of:*
26 1. *Providing specified financial services to marijuana*
27 *businesses who are members of the co-op; and*
28 2. *Creating a source of credit for the members of the co-op at*
29 *a fair and reasonable rate of interest.*
30 **Sec. 16.** *“Member” means a person who has an account with*
31 *a co-op and meets any qualifications for membership in a co-op as*
32 *specified in this chapter and the articles of incorporation and*
33 *bylaws of the co-op.*
34 **Sec. 17.** *“Merger” means that consolidation of corporate*
35 *structures which results in the uniting of substantially all the*
36 *assets and liabilities of one co-op with those of another co-op.*
37 **Sec. 18.** *The Commissioner shall administer the provisions*
38 *of this chapter, subject to administrative supervision by the*
39 *Director. The Commissioner shall make the decisions and*
40 *determinations and adopt regulations which are necessary or*
41 *reasonably appropriate to accomplish the purposes of this chapter.*
42 **Sec. 19.** *The Commissioner shall:*
43 1. *Adopt regulations establishing the minimum surety bond*
44 *required of co-ops in relation to the amount of property under*
45 *their control.*



1 2. *Adopt regulations that set forth the records a co-op must*
2 *keep and prescribe the period for which those records must be*
3 *retained.*

4 3. *Maintain the original application of every co-op in a*
5 *permanent file.*

6 4. *Maintain, for at least 6 years, every report filed by a co-op*
7 *with the Division.*

8 5. *Deposit all fees, charges for expenses, assessments and*
9 *other money which is collected pursuant to the provisions*
10 *of this chapter or any regulation adopted pursuant thereto in a*
11 *separate account in the State Treasury pursuant to the provisions*
12 *of NRS 658.091.*

13 6. *Prepare copies of articles of incorporation and bylaws*
14 *consistent with the provisions of this chapter which may be used*
15 *by persons interested in organizing a co-op.*

16 7. *Not permit more than 10 co-ops to operate in this State at*
17 *any one time.*

18 **Sec. 20.** *The Commissioner may:*

19 1. *Adopt regulations establishing chartering, supervisory and*
20 *examination fees; and*

21 2. *Cause appropriate legal action to be taken in the district*
22 *court of any county to secure an injunction or order restraining a*
23 *violation of this chapter.*

24 **Sec. 21.** *An officer or employee of the Division shall not:*

25 1. *Be a member, officer or shareholder of any co-op*
26 *organized under this chapter; or*

27 2. *Be directly or indirectly interested in or act on behalf of*
28 *such a co-op.*

29 **Sec. 22.** 1. *In addition to any other requirements set forth*
30 *in this chapter, each applicant for a license to operate a co-op in*
31 *this State must submit:*

32 (a) *Proof satisfactory to the Commissioner that the applicant:*

33 (1) *Has a good reputation for honesty, trustworthiness and*
34 *integrity and is competent to transact the business for which the*
35 *applicant seeks to be licensed in a manner which protects the*
36 *interests of the general public.*

37 (2) *Has not made a false statement of material fact on the*
38 *application for the license.*

39 (3) *Has not committed any of the acts specified in*
40 *subsection 2.*

41 (4) *Has not had a license issued pursuant to this title*
42 *suspended or revoked within the 10 years immediately preceding*
43 *the date of the application.*



1 (5) *Has not been convicted of, or entered a plea of nolo*
2 *contendere to, a felony or any crime involving fraud,*
3 *misrepresentation or moral turpitude.*

4 (b) *A complete set of his or her fingerprints and written*
5 *permission authorizing the Division to forward the fingerprints to*
6 *the Central Repository for Nevada Records of Criminal History*
7 *for submission to the Federal Bureau of Investigation for its*
8 *report.*

9 2. *In addition to any other lawful reasons, the Commissioner*
10 *may refuse to issue a license to an applicant if the applicant:*

11 (a) *Has committed or participated in any act which, if*
12 *committed or done by a holder of a license, would be grounds for*
13 *the suspension or revocation of the license.*

14 (b) *Has previously been refused a license pursuant to this title*
15 *or has had such a license suspended or revoked.*

16 (c) *Has participated in any act which was a basis for the*
17 *refusal or revocation of a license pursuant to this title.*

18 (d) *Has falsified any of the information submitted to the*
19 *Commissioner in support of the application for the license.*

20 **Sec. 23.** *In addition to any other lawful reasons, the*
21 *Commissioner may suspend or revoke a license if the licensee has*
22 *engaged in any act that would be grounds for denying a license*
23 *pursuant this chapter.*

24 **Sec. 24.** 1. *A licensee must obtain the approval of the*
25 *Commissioner before using or changing a business name.*

26 2. *A co-op organized under this chapter:*

27 (a) *Shall not use the terms "bank" or "credit union" in its*
28 *articles of incorporation, trade name, or any advertisement or*
29 *offer of services.*

30 (b) *Shall not use any business name which is identical or*
31 *similar to a business name used by another co-op organized under*
32 *this chapter or which may mislead or confuse the public.*

33 (c) *Shall not use any printed forms which may mislead or*
34 *confuse the public.*

35 (d) *Shall use the phrase "marijuana financial services*
36 *cooperative" in its articles of incorporation.*

37 (e) *Shall use the term "marijuana" or "cannabis" in its trade*
38 *name and in any advertisement or offer of services.*

39 3. *The following terms may be used exclusively by a co-op*
40 *organized under this chapter in its name, title or any*
41 *advertisement or offer of services:*

42 (a) *"Cannabis credit cooperative."*

43 (b) *"Marijuana credit cooperative."*

44 (c) *"Cannabis credit co-op."*

45 (d) *"Marijuana credit co-op."*



- 1 (e) "Cannabis financial services cooperative."
- 2 (f) "Marijuana financial services cooperative."
- 3 (g) "Cannabis financial services co-op."
- 4 (h) "Marijuana financial services co-op."

5 **Sec. 25. 1.** *For the purpose of discovering violations of this*
6 *chapter or of securing information lawfully required under this*
7 *chapter, the Commissioner or his or her duly authorized*
8 *representatives may at any time investigate the business and*
9 *examine the books, accounts, papers and records used therein of:*

10 (a) *Any co-op; and*

11 (b) *Any other person engaged in an activity for which a license*
12 *is required pursuant to the provisions of this chapter.*

13 2. *For the purpose of examination, the Commissioner or his*
14 *or her authorized representatives shall have and be given free*
15 *access to the offices and places of business, files, safes and vaults*
16 *of such persons.*

17 3. *The Commissioner may require the attendance of any*
18 *person and examine him or her under oath regarding:*

19 (a) *Any transaction or business regulated pursuant to the*
20 *provisions of this chapter; or*

21 (b) *The subject matter of any audit, examination, investigation*
22 *or hearing.*

23 **Sec. 26. 1.** *Each co-op must be incorporated under the*
24 *provisions of this chapter. For that purpose, the provisions of NRS*
25 *81.410 to 81.540, inclusive, which are not in conflict with the*
26 *provisions of this chapter apply to such corporations and to the*
27 *officers and stockholders thereof.*

28 2. *A co-op organized under this chapter has perpetual*
29 *existence, subject to dissolution as provided in this chapter.*

30 **Sec. 27. 1.** *The Secretary of State shall not issue any*
31 *certificate of incorporation to any co-op authorizing it to do*
32 *business in this State until the articles of incorporation are*
33 *approved by the Commissioner.*

34 2. *An amendment to the articles of incorporation may not be*
35 *filed by the Secretary of State without the written approval of the*
36 *Commissioner.*

37 3. *Not less than seven persons who are residents of Nevada,*
38 *have a common bond and are of legal age who desire to organize a*
39 *co-op under this chapter shall first execute in triplicate an*
40 *application, upon forms to be issued by the Commissioner, for*
41 *permission to organize a co-op. The applicants shall submit with*
42 *or include in their application:*

43 (a) *A copy of the articles of incorporation which must comply*
44 *with the provisions of NRS 81.440, except where those provisions*
45 *conflict with the provisions of this chapter, and which must state*



1 *that the co-op is being created for the purpose of providing*
2 *financial services and loans to marijuana businesses lawfully*
3 *operating under the laws of this State.*

4 *(b) The par value of the shares, which must be \$5 or some*
5 *multiple thereof.*

6 *(c) The names and addresses of the applicants and an itemized*
7 *account of the financial condition of the applicants and the*
8 *proposed co-op.*

9 *(d) The name of the co-op, which must include the words*
10 *“marijuana financial services cooperative” and the principal place*
11 *of business.*

12 *(e) Any additional information which the Commissioner may*
13 *require to determine the character and responsibility of the*
14 *applicants and the need for a co-op in the geographic area to be*
15 *served.*

16 *↳ The incorporators shall submit a set of proposed bylaws to the*
17 *Commissioner with their application. The bylaws, when approved*
18 *by the Commissioner, are effective upon filing the articles of*
19 *incorporation. The Commissioner shall approve or disapprove the*
20 *application for a license within 60 days after its receipt.*

21 *4. Every application for permission to organize, as provided*
22 *for in this section, must be accompanied by an application fee and*
23 *a fee payment to cover expenses attendant upon the investigation*
24 *required for approval. The amount of the fees must be established*
25 *by regulation adopted by the Commissioner.*

26 *5. The applicants for a co-op shall not transact any business*
27 *until formal approval of the co-op has been received.*

28 **Sec. 28.** *1. The articles of incorporation or bylaws may be*
29 *amended as provided in the bylaws of a co-op. Any amendment to*
30 *the articles of incorporation or bylaws does not become effective*
31 *until approved in writing by the Commissioner.*

32 *2. The Commissioner shall not charge any fee for approving*
33 *amendments to the articles of incorporation or bylaws of any co-*
34 *op organized under this chapter.*

35 **Sec. 29.** *A co-op may only change its principal place of*
36 *business within this State upon written approval of the*
37 *Commissioner.*

38 **Sec. 30.** *The fiscal year of all co-ops organized under this*
39 *chapter shall end on the last day of December.*

40 **Sec. 31.** *Before commencing operations, a licensee must*
41 *provide to the Commissioner evidence of approval for access by*
42 *the co-op to the Federal Reserve System in connection with the*
43 *proposed depository activities of the co-op. Such evidence must:*

44 *1. Consist of a written authorization or other express*
45 *approval by the Federal Reserve System Board of Governors;*



1 2. *Include any other evidence of access acceptable to the*
2 *Commissioner; or*

3 3. *Otherwise comply with any regulation adopted by the*
4 *Commissioner pursuant to this chapter.*

5 **Sec. 32.** *1. The business affairs of a co-op must be directed*
6 *by an odd-numbered board of not fewer than five directors to be*
7 *elected at the annual meetings by and from the members of the co-*
8 *op, and an audit and credit committee if appointed by the board.*
9 *The persons designated in the articles of incorporation are the*
10 *first directors.*

11 2. *All members of the board and such committees shall hold*
12 *office for such terms as the bylaws may provide.*

13 3. *Vacancies in the board shall be filled by vote of the*
14 *members of the co-op at the annual meeting or at a special*
15 *meeting called for that purpose. The board may fill any vacancies*
16 *occurring in the board until successors elected at the annual*
17 *meeting or special meeting have qualified. The board shall also fill*
18 *vacancies in the credit and audit committees.*

19 **Sec. 33.** *1. The board is responsible for the general*
20 *direction of the affairs, funds and records of the co-op and shall*
21 *meet as often as necessary to accomplish their duties, but not less*
22 *than once a month.*

23 2. *The board may appoint an executive committee of not less*
24 *than three directors who may be authorized, by a majority vote of*
25 *the whole board, to act for the board subject to any conditions or*
26 *limitations the board may prescribe.*

27 **Sec. 34.** *The board shall:*

28 1. *Purchase a blanket fidelity bond in accordance with the*
29 *regulations of the Commissioner which provides the co-op with*
30 *protection against losses from misappropriation, defalcation in*
31 *breach of trust, negligence, acts of God or nature, fire, burglary,*
32 *robbery or other cause over which the bonded officers, employers*
33 *and agents had no control;*

34 2. *Declare dividends in the manner prescribed in the bylaws;*

35 3. *Determine the interest rate to be charged on loans and paid*
36 *on deposits;*

37 4. *Limit the number of shares and the amount of deposits*
38 *which may be owned by any member;*

39 5. *Establish the compensation of all employees and officers;*

40 6. *Establish the maximum secured and unsecured loan which*
41 *may be made to any one member;*

42 7. *Designate a depository or depositories for the money of the*
43 *co-op;*

44 8. *Suspend or remove any member of the board who fails to*
45 *perform or negligently performs his or her assigned duties;*



1 9. *Establish compensation to be paid any employee, officer or*
2 *other persons performing services on behalf of the co-op;*

3 10. *Determine from time to time the interest rate, consistent*
4 *with the provisions of this chapter, which will be charged on*
5 *loans; and*

6 11. *Authorize interest refunds to members from income*
7 *earned and received in proportion to interest paid by them on such*
8 *classes of loans. Such refunds are subject to conditions imposed*
9 *by the board.*

10 **Sec. 35.** *The board may:*

11 1. *Act upon applications for membership or appoint*
12 *membership officers from the members of the co-op to act upon*
13 *membership applications subject to conditions imposed by the*
14 *board. If membership officers are appointed, they shall submit at*
15 *each board meeting a list of approved or pending applications for*
16 *membership.*

17 2. *Invest surplus funds or designate an officer or committee*
18 *to be responsible for making investments subject to rules and*
19 *procedures established by the board.*

20 3. *Authorize the employment of persons necessary to carry on*
21 *the business of the co-op.*

22 4. *Authorize the conveyance of property.*

23 5. *Borrow or lend money to carry on the functions of the*
24 *co-op.*

25 6. *Appoint any special committees which the board feels*
26 *necessary to carry on the business of the co-op.*

27 7. *Perform or authorize any action not inconsistent with this*
28 *chapter and not specifically reserved by the bylaws for the*
29 *members.*

30 8. *Employ a general manager to be in charge of operations*
31 *or, in lieu thereof, designate the treasurer to act as general*
32 *manager and be in active charge of the affairs of the co-op.*

33 9. *Amend the bylaws of the co-op, subject to the approval of*
34 *the Commissioner.*

35 **Sec. 36.** 1. *The board may appoint an audit committee to*
36 *make an annual audit of the financial records of the co-op and*
37 *any interim audits as may be deemed necessary by the board or as*
38 *may be directed by the Commissioner. A copy of the report must be*
39 *submitted to the board and the Commissioner and a summary*
40 *presented to the members of the co-op at the next annual meeting.*

41 2. *The audit committee may by unanimous vote suspend any*
42 *director, officer or member of the co-op following an audit, for*
43 *any violation of this chapter, the charter or bylaws or for any*
44 *other practice which the audit committee deems to be unsafe or*
45 *unauthorized. In such cases, the audit committee shall call a*



1 *special meeting of the members of the co-op not less than 7 or*
2 *more than 21 days after the suspension and the suspension must*
3 *be ratified or overturned by the members of the co-op.*

4 *3. Any member of the audit committee may be suspended by*
5 *the board for the same reasons and in the same manner as*
6 *provided in subsection 2.*

7 *4. The audit committee may by a majority vote call a special*
8 *meeting of the members of the co-op to consider any violation of*
9 *this chapter, the charter or bylaws or any practice of the co-op*
10 *deemed by the audit committee to be unsafe or unauthorized.*

11 *5. The board or the audit committee may employ the services*
12 *of a certified public accountant or a registered public accountant*
13 *to complete the necessary audit of the records of the co-op.*

14 **Sec. 37. 1. The board may appoint a:**

15 *(a) Credit committee consisting of an odd number of members*
16 *of the co-op, but not less than three members; or*

17 *(b) Loan officer.*

18 *2. If a credit committee is appointed by the board, the credit*
19 *committee shall hold such meetings as the business of the co-op*
20 *may require but it shall meet at least once a month to consider*
21 *applications for loans, if any. A loan may not be made unless it is*
22 *approved by a majority of the members of the credit committee*
23 *who are present at the meeting at which the application is*
24 *considered.*

25 *3. The credit committee may appoint a loan officer from*
26 *among its members and delegate to him or her the power to*
27 *approve loans. Only one member of the credit committee may be*
28 *appointed as loan officer or assistant loan officer.*

29 *4. If a loan is not approved by a loan officer, the application*
30 *for the loan must be reviewed by the credit committee or the board,*
31 *whomever appointed the loan officer. All the members of the*
32 *credit committee or the board present at the review must approve*
33 *the application before the loan may be made.*

34 *5. For purposes of internal control, a loan officer may not*
35 *disburse funds of the co-op for any loan which has been approved*
36 *by him or her in his or her capacity as loan officer.*

37 **Sec. 38. If the Commissioner notifies the board in writing**
38 *that he or she has information that any director, officer or*
39 *employee of the co-op is failing in the performance of his or her*
40 *duties, the board shall meet and consider such matter forthwith.*
41 *The Commissioner must have notice of the time and place of the*
42 *meeting. If the board finds the Commissioner's objection to be*
43 *well founded, such director, officer or employee shall be removed*
44 *immediately.*



1 **Sec. 39. 1.** *At the organizational meeting and within 30*
2 *days after each annual meeting, the directors shall elect, from*
3 *their own number, the executive officers of the corporation. The*
4 *officers must be designated as:*

- 5 (i) *Chair of the board;*
- 6 (ii) *Vice chair of the board;*
- 7 (iii) *Treasurer; and*
- 8 (iv) *Secretary.*

9 ↪ *The treasurer and secretary may be the same person.*

10 2. *The treasurer or general manager shall give a fidelity bond*
11 *with good and sufficient surety in an amount and character to be*
12 *determined by the board in compliance with regulations prescribed*
13 *by the Commissioner.*

14 3. *Each officer shall serve a term of 1 year or until such time*
15 *as successors are chosen and have qualified.*

16 4. *The duties of each office must be as prescribed in the*
17 *bylaws of the co-op.*

18 **Sec. 40.** *Within 30 days after the election of the executive*
19 *officers, the secretary, or the treasurer if there is no secretary,*
20 *shall submit to the Commissioner a list of the names and*
21 *addresses of the directors, officers and committee members who*
22 *have been elected or appointed.*

23 **Sec. 41.** *Directors and officers shall be deemed to stand in a*
24 *fiduciary relation to the co-op and shall discharge the duties of*
25 *their respective positions in good faith and with the diligence, care*
26 *and skill which ordinary, prudent persons would exercise under*
27 *similar circumstances in similar positions.*

28 **Sec. 42. 1.** *A director or committee member may not be*
29 *compensated for his or her services except that he or she may be*
30 *provided reasonable life, health, accident and similar insurance*
31 *protection.*

32 2. *Any member of the co-op may be reimbursed for necessary*
33 *expenses incidental to the performance of co-op business. All such*
34 *expenses shall be approved by the board.*

35 3. *Subsection 1 does not apply to officers of the co-op who*
36 *also serve as members of the board or a committee.*

37 **Sec. 43.** *Every co-op organized under this chapter has all the*
38 *powers granted by NRS 81.500 that are not inconsistent with the*
39 *provisions of this chapter and, in addition thereto, the powers*
40 *enumerated in sections 44 and 45 of this act.*

41 **Sec. 44.** *A co-op may, subject to the regulations or approval*
42 *of the Commissioner:*

43 1. *Receive from its members deposits which are payable on*
44 *demand and honor requests for withdrawals in the form of checks*
45 *or drafts.*



1 2. *Borrow from any source in accordance with the policy*
2 *established by the board and discount and sell any eligible*
3 *obligations.*

4 3. *Sell all or any part of its assets.*

5 **Sec. 45.** *A co-op may:*

6 1. *Require the payment of an entrance fee or annual*
7 *membership fee of any person admitted to membership;*

8 2. *Collect, receive and disburse money and charge a fee for*
9 *services rendered in connection with the sale of negotiable checks,*
10 *money orders and other money-type instruments, and for such*
11 *other purposes as may provide benefit or convenience to its*
12 *members; and*

13 3. *Assess charges to members in accordance with the bylaws*
14 *for failure to promptly meet their obligations to the co-op.*

15 **Sec. 46.** *1. Membership in a co-op is limited to persons*
16 *who:*

17 (a) *Own, operate or are a marijuana business in this State;*

18 (b) *Are unable to obtain comparable financial services from a*
19 *bank, savings and loan association or credit union;*

20 (c) *Are elected to membership; and*

21 (d) *Pay any required entrance or membership fees pursuant to*
22 *section 45 of this act.*

23 2. *A natural person may not be a member of a co-op.*

24 3. *If a member ceases to own or operate a marijuana*
25 *business, the member is no longer qualified and shall withdraw its*
26 *deposits from and settle any outstanding debts owed to the co-op.*

27 **Sec. 47.** *1. Each co-op shall disclose to its members and*
28 *prospective members that:*

29 (a) *Deposits with and the capital of the co-op are:*

30 (1) *Not federally insured;*

31 (2) *Subject to seizure by the Federal Government; and*

32 (3) *Not backed by the full faith and credit of the State.*

33 (b) *The State is not required to defend the co-op or its deposits*
34 *and capital in the event of a seizure.*

35 2. *A co-op shall make the disclosure required in subsection 1:*

36 (a) *On its Internet website, if any;*

37 (b) *In each advertisement or offer of services;*

38 (c) *In writing to each prospective member before accepting the*
39 *marijuana business as a member; and*

40 (d) *In writing before a member accepts a loan from the co-op.*

41 **Sec. 48.** *1. Before accepting a marijuana business as a*
42 *member, a co-op must conduct a reasonable investigation to*
43 *ensure that the member is not involved in or knowingly enabling*
44 *any unlawful activity, including, without limitation:*

45 (a) *The distribution of marijuana to minors;*



1 (b) *The financial support of a criminal enterprise, gang or*
2 *cartel;*

3 (c) *Interstate trafficking of marijuana;*

4 (d) *The sale or distribution of illegal drugs;*

5 (e) *Violence or the use of firearms in the cultivation or*
6 *distribution of marijuana;*

7 (f) *Growing, possessing or using marijuana on federal lands*
8 *or property; or*

9 (g) *Driving under the influence of marijuana.*

10 2. *A co-op shall exercise continued due diligence in*
11 *monitoring its members for any activity described in subsection 1.*

12 3. *Each co-op shall file an annual report with the*
13 *Commissioner documenting its compliance with the requirements*
14 *of this section.*

15 4. *The Commissioner shall revoke the license of any co-op*
16 *that fails to comply with the requirements of this section.*

17 **Sec. 49.** 1. *Except as otherwise provided in subsection 2,*
18 *the Commissioner or his or her designee shall exchange*
19 *information obtained by the Division with the appropriate law*
20 *enforcement agencies as to criminal violations of any law relating*
21 *to the activities of the co-op or its members that the Commissioner*
22 *reasonably believes have occurred.*

23 2. *This section does not apply to any violations of federal law*
24 *regarding marijuana for which a person is exempt from state*
25 *prosecution pursuant to NRS 453A.200.*

26 **Sec. 50.** 1. *Each co-op shall comply with all applicable*
27 *requirements of federal law including, without limitation:*

28 (a) *The Federal Bank Secrecy Act, 12 U.S.C. §§ 1951 et seq.;*

29 (b) *The requirement to maintain a due diligence program*
30 *pursuant to 31 C.F.R. § 1020.610;*

31 (c) *The requirement to establish a Consumer Identification*
32 *Program pursuant to 31 C.F.R. § 1020.220; and*

33 (d) *The requirement to file a Suspicious Activity Report*
34 *pursuant to 31 C.F.R. § 1020.320.*

35 2. *Any suspicious activity that is required to be reported to the*
36 *United States Department of the Treasury pursuant to paragraph*
37 *(d) of subsection 1 must also be reported to the Commissioner.*

38 3. *Each co-op shall file an annual report with the*
39 *Commissioner documenting its compliance with the provisions of*
40 *this section.*

41 **Sec. 51.** 1. *Shares may be subscribed to, paid for and*
42 *transferred in such manner as the bylaws of a co-op may*
43 *prescribe. A certificate shall not be issued to denote ownership of a*
44 *share in a co-op.*



1 2. *A co-op may impress a lien on the shares, deposits,*
2 *accumulated dividends or interest of a member in its account for*
3 *any sum due the co-op from such member or any loan endorsed by*
4 *the member.*

5 3. *If the losses of any co-op, resulting from a depreciation in*
6 *value of its loans or investments or otherwise, exceed its undivided*
7 *earnings and reserve fund so that the estimated value of its assets*
8 *is less than the total amount due the shareholders, the co-op may,*
9 *by a majority vote of the entire membership, order a reduction in*
10 *the shares of each of its shareholders to divide the loss*
11 *proportionately among the members. If thereafter the co-op*
12 *realizes from such assets a greater amount than was fixed by the*
13 *order of reduction, such excess shall be divided among the*
14 *shareholders whose assets were reduced, but only to the extent of*
15 *such reduction.*

16 **Sec. 52.** *A co-op is not tax-exempt and is subject to taxation*
17 *as provided by federal, state and local laws. The real property and*
18 *any tangible personal property owned by a co-op organized under*
19 *this chapter or any other provision of law is subject to taxation to*
20 *the same extent as other similar property is taxed.*

21 **Sec. 53.** 1. *The annual meeting and any special meetings of*
22 *the members shall be held at the time and place and in the manner*
23 *indicated in the bylaws.*

24 2. *A member may be represented and vote by any person that*
25 *has been authorized by the member to represent it.*

26 3. *At all meetings, a member has but one vote irrespective of*
27 *its share holdings.*

28 **Sec. 54.** 1. *Before the payment of any dividend, the gross*
29 *earnings of the co-op must be determined. From the gross*
30 *earnings, a regular reserve against losses must be set aside*
31 *according to the following schedule:*

32 (a) *Until the regular reserve equals 7.5 percent of the*
33 *outstanding loans and risk assets, all co-ops with assets of*
34 *\$500,000 or less shall withhold 10 percent of the gross earnings.*
35 *Thereafter, 5 percent of the gross income must be withheld until*
36 *the regular reserve reaches 10 percent of the outstanding loans*
37 *and risk assets.*

38 (b) *Whenever a co-op has assets of more than \$500,000 and*
39 *has been in operation for at least 4 years, it shall maintain its*
40 *regular reserve as follows:*

41 (1) *Until the regular reserve equals 4 percent of the*
42 *outstanding loans and risk assets, the co-op shall withhold 10*
43 *percent of its gross earnings.*



1 (2) *Thereafter, until the regular reserve equals 6 percent of*
2 *its outstanding loan and risk assets, the co-op shall withhold 5*
3 *percent of its gross earnings.*

4 (c) *Whenever the regular reserve falls below the required*
5 *levels, it must be replenished by regular contributions sufficient to*
6 *maintain the regular reserve at the levels required by paragraphs*
7 *(a) and (b).*

8 2. *The regular reserve belongs to the co-op and must not be*
9 *distributed except on liquidation of the co-op or in accordance*
10 *with a plan approved by the Commissioner.*

11 **Sec. 55.** *In addition to the regular reserve, special reserves to*
12 *protect the interest of the members must be established when:*

13 1. *Required by regulations adopted by the Commissioner; or*

14 2. *Directed by the board.*

15 **Sec. 56.** *For the purpose of establishing the reserves required*
16 *by sections 54 and 55 of this act, all assets except the following are*
17 *considered risk assets:*

18 1. *Cash on hand;*

19 2. *Deposits or shares in federal or state banks, savings and*
20 *loan associations and credit unions;*

21 3. *Loans to members which are fully secured by the shares of*
22 *the member applying therefor;*

23 4. *Prepaid expenses;*

24 5. *Accrued interest on nonrisk investments;*

25 6. *Furniture and equipment; and*

26 7. *Land and buildings.*

27 **Sec. 57.** 1. *The board may, after provision for the required*
28 *reserves, declare a dividend to be paid from the remaining net*
29 *earnings at a rate, interval and upon such shares as they*
30 *determine. Dividends shall be paid on all paid-up shares*
31 *outstanding at the close of the period for which the dividend is*
32 *declared.*

33 2. *Shares which become fully paid-up during such dividend*
34 *period and are outstanding at the close of the period are entitled to*
35 *a proportional part of such dividend.*

36 3. *Dividend credit for a month may be accrued on shares*
37 *which are or become fully paid up during that month.*

38 **Sec. 58.** 1. *A co-op may make loans to members in*
39 *accordance with the provisions of the bylaws upon receipt of*
40 *approval by the credit committee or loan officer at a rate of*
41 *interest agreed upon by the co-op and member.*

42 2. *Every application for a loan must be made in writing upon*
43 *a form furnished by the co-op which has been approved by the*
44 *board. The application must include the purpose for which the*
45 *loan is desired and the security, if any, offered.*



1 3. *A loan must not be made to any member in an aggregate*
2 *amount in excess of 10 percent of the co-op's unimpaired capital*
3 *and surplus.*

4 4. *A member may receive a loan in installments or in one*
5 *sum and may pay the whole or any part of his or her loan on any*
6 *day on which the office of the co-op is open for business.*

7 **Sec. 59.** 1. *The credit committee or loan officer may*
8 *approve, at his or her own discretion or upon application by a*
9 *member, an extension of the maximum credit any member had*
10 *previously been allowed. If an extension of credit is permitted,*
11 *applications for loans within the credit limitation need no further*
12 *consideration so long as the aggregate obligation of the member*
13 *does not exceed the credit limit.*

14 2. *The credit committee or loan officer shall, at least once*
15 *each year, review all extensions of credit, and any extension of*
16 *credit shall expire if the member becomes more than 90 days*
17 *delinquent in its obligations to the co-op.*

18 **Sec. 60.** 1. *In addition to generally accepted types of*
19 *security, the endorsement of a note by a guarantor or assignment*
20 *of shares or wages, in a manner consistent with the laws of this*
21 *State, shall be deemed security within the meaning of this chapter.*

22 2. *The credit committee or loan officer, subject to the*
23 *provisions of this chapter and the bylaws, is responsible for*
24 *determining the adequacy of security for any loans.*

25 **Sec. 61.** *Money not used in loans to members may be*
26 *invested in:*

27 1. *Securities, obligations, participations or other instruments*
28 *of or issued by or fully guaranteed as to principal and interest by*
29 *the United States of America or any agency thereof or in any trust*
30 *or trusts established for investing directly or collectively in these*
31 *instruments;*

32 2. *Obligations of this State or any political subdivision*
33 *thereof, including, without limitation, a city, county or school*
34 *district;*

35 3. *Certificates of deposit or passbook type accounts issued by*
36 *a state or national bank, mutual savings bank or savings and loan*
37 *association;*

38 4. *Stocks and bonds of United States corporations to a*
39 *maximum of 5 percent of unallocated reserves, except that such*
40 *an investment must be limited to stocks or bonds yielding income*
41 *which are approved by the Commissioner; and*

42 5. *Negotiable obligations of federal or state banks.*

43 **Sec. 62.** *A co-op must not invest in fixed assets without the*
44 *prior approval of the Commissioner if the aggregate value of the*
45 *co-op's existing fixed assets exceeds 7 percent of its total assets.*



1 **Sec. 63.** *Every co-op organized under this chapter shall*
2 *submit an annual financial report for the calendar year to the*
3 *Commissioner on or before the first day of February on forms*
4 *supplied by him or her for that purpose.*

5 **Sec. 64.** *1. The Commissioner shall make a thorough*
6 *examination of and into the affairs of each co-op organized under*
7 *this chapter, as often as the Commissioner may deem necessary,*
8 *but at least once every 6 months. For the purpose of performing*
9 *the examination, the Commissioner may:*

- 10 *(a) Subpoena witnesses and documents;*
11 *(b) Administer oaths; and*
12 *(c) Compel the giving of testimony.*

13 **2.** *The report of the examination must contain comments to*
14 *the members relative to the management of the affairs of the co-op*
15 *and the general condition of the assets. Within 30 days after the*
16 *receipt of the report, the board shall call a general meeting of key*
17 *personnel to consider matters contained in the report.*

18 **3.** *The Commissioner shall forward a copy of the report to the*
19 *chair within 30 days after it is completed. The board shall inform*
20 *the members of the co-op of its general condition at the next*
21 *annual meeting.*

22 **4.** *For each examination, the co-op shall pay a fee based on*
23 *the rate established pursuant to NRS 658.101.*

24 **Sec. 65.** *Each co-op shall pay the assessment levied pursuant*
25 *to NRS 658.055 and cooperate fully with the audits and*
26 *examinations performed pursuant thereto.*

27 **Sec. 66.** *1. Any co-op organized under this chapter may,*
28 *with the approval of the Commissioner, merge with another such*
29 *co-op under the existing charter of the other co-op, pursuant to*
30 *any plan agreed upon by the majority of the board of each co-op*
31 *joining in the merger and approved by the affirmative vote of:*

32 *(a) A majority of the members of the merging co-op present at*
33 *a meeting called for that purpose; or*

34 *(b) A majority of the members of the merging co-op voting by*
35 *mail on the question.*

36 **2.** *After agreement by the board of each co-op and approval*
37 *by the members of the merging co-op, the chair and secretary of*
38 *each co-op shall execute a certificate of merger, which must set*
39 *forth:*

40 *(a) The time and place of the meeting of the board at which*
41 *the plan was agreed upon;*

42 *(b) The vote in favor of adoption of the plan;*

43 *(c) A copy of the resolution or other action by which the plan*
44 *was agreed upon;*



1 (d) *The circumstances of the vote in which the members*
2 *approved the plan agreed upon, if a vote was required; and*

3 (e) *The vote by which the plan was approved by the members,*
4 *if a vote was required.*

5 3. *A copy of each of the certificates executed pursuant to*
6 *subsection 2 and a copy of the plan of merger agreed upon by the*
7 *co-ops joining in the merger must be forwarded to the Division for*
8 *certification and returned to the co-ops within 30 days.*

9 4. *After a merger is effected, all property, property rights and*
10 *interest of the merged co-op vest in the surviving co-op without*
11 *deed, endorsement or other instrument of transfer, and all debts,*
12 *obligations and liabilities of the merged co-op are deemed to be*
13 *assumed by the surviving co-op under whose license the merger*
14 *was effected.*

15 5. *The Commissioner shall adopt regulations pursuant to*
16 *which he or she may order any co-op organized under this chapter*
17 *to merge with another such co-op when he or she determines that*
18 *the merger is in the best interest of the members of the merging*
19 *co-op.*

20 **Sec. 67.** 1. *At a meeting called to consider dissolution, the*
21 *membership may vote to dissolve a co-op if notice of the meeting is*
22 *mailed to the members at least 10 days before the date of the*
23 *meeting. Any member who is not present at the meeting may,*
24 *within 20 days after the meeting, vote by signing a form furnished*
25 *by the Division and filing the form with the secretary or treasurer-*
26 *secretary of the co-op. An affirmative vote of a majority of the*
27 *members who vote at the meeting or by filing the form is required*
28 *to dissolve the co-op.*

29 2. *If the members vote to dissolve, the co-op shall, except for*
30 *the purpose of liquidation, cease its business operations*
31 *immediately.*

32 3. *The chair shall, within 5 days after an affirmative vote to*
33 *dissolve the co-op, notify the Division by mail of the co-op's*
34 *intention to liquidate and include with the notice a list of the*
35 *names and addresses of the board and its officers.*

36 **Sec. 68.** 1. *If the Division determines that any co-op*
37 *organized under this chapter is bankrupt or insolvent, has willfully*
38 *violated the provisions of this chapter or is operating in an unsafe*
39 *or unsound manner, the Division may, if emergency action is*
40 *required to protect the assets of the members, issue an order*
41 *temporarily suspending the co-op's operations. Reasonable notice*
42 *of the suspension of operations and of the impending hearing*
43 *shall be given to the board. Operations of the co-op shall cease*
44 *upon receipt of such a notice from the Division.*



1 2. *At the scheduled hearing, the board shall, if it desires to*
2 *continue operations, submit a plan of corrective actions. If the*
3 *board desires, it may, before the hearing, request the*
4 *Commissioner to declare the co-op insolvent and appoint a*
5 *liquidating agent.*

6 3. *If the co-op is not represented at the scheduled hearing or*
7 *the Division rejects the co-op's plan to continue operations, the*
8 *Commissioner may appoint a liquidating agent and dissolve the*
9 *co-op.*

10 **Sec. 69.** *If a co-op is closed because of bankruptcy or*
11 *insolvency, the Commissioner may appoint a liquidating agent.*

12 **Sec. 70.** 1. *A liquidating co-op shall continue in existence*
13 *for the purpose of discharging its debts, collecting and distributing*
14 *its assets, and doing any other acts required to wind up its*
15 *business.*

16 2. *The board or, in the case of involuntary dissolution, the*
17 *liquidating agent, shall pay from the assets, the obligations of the*
18 *co-op in the following order:*

19 (a) *Expenses incidental to liquidation, including any surety*
20 *bond that may be required.*

21 (b) *Any liability due to nonmembers.*

22 (c) *Deposits.*

23 3. *If, after satisfaction of all outstanding obligations, any*
24 *assets remain, they shall be distributed to the members*
25 *proportionately to the number of shares held by each member as*
26 *of the date dissolution was approved by the members or ordered by*
27 *the Commissioner.*

28 4. *As soon as the board or the liquidating agent determines*
29 *that all assets from which there is a reasonable expectancy of*
30 *realization have been liquidated and distributed as set forth in this*
31 *section, the board or liquidating agent shall execute a certificate*
32 *of dissolution on a form provided by the Division and shall file*
33 *such form with the proper recording authority within the county in*
34 *which the co-op has its principal place of business. After filing or*
35 *recording, and indexing, the original form shall be forwarded to*
36 *the Division and, upon its receipt and filing, such co-op shall be*
37 *officially dissolved.*

38 **Sec. 71.** 1. *Any person other than a co-op organized under*
39 *this chapter who uses any of the terms specified in subsection 3 of*
40 *section 24 of this act in its name, title, advertisement or offer for*
41 *service is guilty of a misdemeanor.*

42 2. *Any person who maliciously and knowingly spreads false*
43 *reports about the management or finances of any co-op is guilty of*
44 *a gross misdemeanor.*



1 **Sec. 72.** *In addition to any other remedy or penalty, the*
2 *Commissioner may impose an administrative fine of not more*
3 *than \$10,000 upon a person who:*

4 1. *Without a license, conducts any business or activity for*
5 *which a license is required pursuant to the provisions of this*
6 *chapter; or*

7 2. *Violates any provision of this chapter or any regulation*
8 *adopted pursuant thereto.*

9 **Sec. 73.** *If federal deposit insurance provided by the Federal*
10 *Deposit Insurance Corporation or National Credit Union*
11 *Administration becomes available for banks, savings and loan*
12 *associations and credit unions which provide financial services to*
13 *marijuana establishments, the Commissioner may determine that*
14 *the continued issuance of licenses under this chapter is no longer*
15 *desirable or necessary.*

16 **Sec. 74.** NRS 11.290 is hereby amended to read as follows:

17 11.290 Except as otherwise provided in subsection 5 of NRS
18 104.3118, to actions brought to recover money or other property
19 deposited with any bank, credit union, banker, trust company ,
20 *marijuana financial services cooperative* or savings and loan
21 society, there is no limitation.

22 **Sec. 75.** NRS 31.291 is hereby amended to read as follows:

23 31.291 1. Debts and credits, due or to become due, from a
24 bank incorporated under the laws of the State of Nevada or the laws
25 of the United States of America, or other personal property held by
26 the bank must be garnished by serving a copy of the writ of
27 garnishment on one of the following officers of the bank:

28 (a) If the bank has no branches, trust department or military
29 facility, on the president, vice president, assistant vice president,
30 cashier, assistant cashier, manager or other managing officer in
31 charge of the bank owing the debts, or having in its possession or
32 under its control the credits or other personal property.

33 (b) If the bank has branches or military facilities owing the debts
34 or having in its possession or under its control the credits or other
35 personal property, on the vice president, assistant vice president,
36 assistant cashier, manager or other managing officer in charge of the
37 branch or in charge of the military facility. Service on that officer or
38 agent constitutes a valid levy on any debt, credit or other personal
39 property owing by any branch or military facility of the bank.

40 (c) If the bank has a trust department owing the debts or having
41 in its possession or under its control the credits or other personal
42 property, on the vice president and trust officer, trust officer,
43 assistant trust officer or other managing officer of the trust
44 department.



1 2. Debts and credits due or to become due from a credit union ,
2 *marijuana financial services cooperative* or savings and loan
3 association incorporated under the laws of the State of Nevada or
4 the laws of the United States of America or other personal property
5 and choses in action held by the credit union , *marijuana financial*
6 *services cooperative* or savings and loan association must be
7 garnished by serving the writ of garnishment in the same manner as
8 upon banks pursuant to subsection 1.

9 3. A garnishment pursuant to this section creates a lien only
10 upon the amounts in the accounts or to the credit of the debtor at the
11 time of service of the writ of garnishment. An item in the process of
12 collection is included in the amount of an account unless the item is
13 returned unpaid. Money in the accounts that the garnishee has
14 declared under oath and in answers to interrogatories to be exempt
15 from execution is not included in the amount of the account.

16 4. No garnishment may occur until the defendant has been
17 served with the notice of execution in substantially the form
18 prescribed in NRS 31.045 and in the manner prescribed in
19 NRS 21.076.

20 **Sec. 76.** NRS 40.750 is hereby amended to read as follows:

21 40.750 1. As used in this section, "financial institution"
22 means a bank, mortgage broker, mortgage banker, credit union,
23 *marijuana financial services cooperative*, thrift company or savings
24 and loan association, or any subsidiary or affiliate of a bank,
25 mortgage broker, mortgage banker, credit union, *marijuana*
26 *financial services cooperative*, thrift company or savings and loan
27 association, which is authorized to transact business in this State and
28 which makes or acquires, in whole or in part, any loan of the kind
29 described in subsection 2.

30 2. Except as otherwise provided in subsection 5, a person who,
31 for the purpose of obtaining a loan secured by a lien on real
32 property, knowingly conceals a material fact, or makes a false
33 statement concerning a material fact knowing that the statement is
34 false, is liable to any financial institution or other lender which
35 relied upon the absence of that concealed fact or on that false
36 statement for any damages it sustains because of the fraud.

37 3. In addition to its actual damages, a financial institution or
38 other lender may recover exemplary or punitive damages in an
39 amount not to exceed 50 percent of the actual damages awarded.

40 4. The cause of action provided by this section:

41 (a) Is not, for the purposes of NRS 40.430, an action for the
42 recovery of any debt or an action for the enforcement of any right
43 secured by mortgage or lien upon real estate.

44 (b) Is in addition to and not in substitution for any right of
45 foreclosure existing in favor of the financial institution or other



1 lender. Any recovery pursuant to this section does not limit the
2 amount of a judgment awarded pursuant to NRS 40.459, but the
3 financial institution or other lender is not entitled to recover actual
4 damages more than once for the same loss.

5 5. The provisions of this section do not apply to any loan
6 which is secured by a lien on real property used for residential
7 purposes if:

8 (a) The residence is a single-family dwelling occupied by the
9 person obtaining the loan, as represented by the person in
10 connection with the person's application for the loan; and

11 (b) The loan is for the principal amount of \$150,000 or less.

12 **Sec. 77.** NRS 52.450 is hereby amended to read as follows:

13 52.450 As used in NRS 52.450 to 52.480, inclusive, unless the
14 context otherwise requires:

15 1. "Banking or financial institution" means any bank, savings
16 and loan association, savings bank, thrift company, ~~††~~ credit union
17 *or marijuana financial services cooperative* licensed to do business
18 as such in this State or any other state.

19 2. "Custodian of the records of a banking or financial
20 institution" means an employee or agent of a banking or financial
21 institution who has the care, custody and control of the records of
22 the banking or financial institution.

23 3. "Records of a banking or financial institution" means
24 memoranda, reports, records or compilations of data in any form
25 which are kept in the course of an activity which is regularly
26 conducted by a banking or financial institution.

27 **Sec. 78.** NRS 120A.070 is hereby amended to read as follows:

28 120A.070 "Financial organization" means a savings and loan
29 association, building and loan association, savings bank, industrial
30 bank, bank, banking organization, ~~††~~ credit union ~~††~~ *or*
31 *marijuana financial services cooperative*.

32 **Sec. 79.** NRS 239A.030 is hereby amended to read as follows:

33 239A.030 "Financial institution" means any banking
34 corporation or trust company, savings and loan association, thrift
35 company, ~~††~~ credit union *or marijuana financial services*
36 *cooperative* subject to regulation under the laws of this state.

37 **Sec. 80.** NRS 363A.050 is hereby amended to read as follows:

38 363A.050 1. Except as otherwise provided in subsection 2,
39 "financial institution" means:

40 (a) An institution licensed, registered or otherwise authorized to
41 do business in this State pursuant to the provisions of title 55 or 56
42 of NRS or chapter 604A, 645B or 645E of NRS, or a similar
43 institution chartered or licensed pursuant to federal law;



- 1 (b) A person licensed or registered or required to be licensed or
2 registered pursuant to NRS 90.310, 90.330, 90.453, 686A.340 or
3 688C.190;
- 4 (c) A person holding or required to hold a solicitation permit or
5 license pursuant to NRS 692B.040, 692B.190 or 692B.260;
- 6 (d) A person designated or registered or required to be
7 designated or registered pursuant to the Commodity Exchange Act,
8 the Securities Exchange Act of 1934, the Public Utility Holding
9 Company Act of 1935, the Investment Company Act of 1940 or the
10 Investment Advisers Act of 1940, as amended;
- 11 (e) A person licensed pursuant to 7 U.S.C. § 2009cc-3 to operate
12 as a rural business investment company;
- 13 (f) A person registered or required to be registered as a savings
14 and loan holding company pursuant to 12 U.S.C. § 1467a;
- 15 (g) A person registered or required to be registered as a bank
16 holding company pursuant to 12 U.S.C. § 1844;
- 17 (h) An investment bank holding company supervised pursuant to
18 15 U.S.C. § 78q;
- 19 (i) A person electing to be treated as a business development
20 company pursuant to 15 U.S.C. § 80a-53;
- 21 (j) A person licensed pursuant to 15 U.S.C. § 681 to operate as a
22 small business investment company;
- 23 (k) A person granted final approval pursuant to 15 U.S.C. §
24 689c to operate as a new markets venture capital company;
- 25 (l) A person qualifying as and electing to be considered a real
26 estate investment trust pursuant to 26 U.S.C. § 856;
- 27 (m) A bank, as defined in 12 U.S.C. § 1813(a);
- 28 (n) A savings association, as defined in 12 U.S.C. § 1813(b);
- 29 (o) A savings bank, as defined in 12 U.S.C. § 1813(g);
- 30 (p) A thrift institution, as defined in 12 U.S.C. § 1841(i);
- 31 (q) A national banking association organized under the National
32 Bank Act;
- 33 (r) An entity that is related to any of the entities described in
34 paragraphs (a), (b), (d) to (k), inclusive, and (m) to (q), inclusive,
35 regardless of whether the entity described in any of those paragraphs
36 is doing business in this State; and
- 37 (s) An issuer or a service provider,
38 ➔ who is conducting a business activity in this State.
- 39 2. The term does not include:
- 40 (a) A credit union organized under the provisions of chapter 678
41 of NRS or the Federal Credit Union Act;
- 42 (b) *A marijuana financial services cooperative organized*
43 *under the provisions of sections 2 to 73, inclusive, of this act;*



1 (c) A federal land credit association, farm credit bank,
2 agricultural credit association or similar institution organized under
3 the provisions of the Farm Credit Act; and

4 ~~(e)~~ (d) Any person or other entity that this State is prohibited
5 from taxing under the Constitution, laws or treaties of the United
6 States or the Nevada Constitution.

7 3. For the purposes of this section:

8 (a) "Credit card" has the meaning ascribed to it in
9 NRS 97A.050.

10 (b) "Entity" includes, without limitation, any corporation,
11 limited-liability company, association, organization, company, firm,
12 partnership, joint venture, trust, business trust, receiver, trustee,
13 syndicate, cooperative or assignee, or any other group or
14 combination acting as a unit.

15 (c) "Issuer" has the meaning ascribed to it in NRS 97A.100,
16 except that the term does not include a seller of goods or provider of
17 services who issues a credit card for the purpose of providing or
18 extending credit only in connection with the goods he or she sells or
19 the services he or she provides.

20 (d) Entities are "related" if at least 50 percent of the interest,
21 either by vote or value, in each entity is owned, either directly or
22 indirectly, by the same entity, including either of those entities.

23 (e) "Service provider" has the meaning ascribed to it in NRS
24 97A.130, except that the term does not include a service provider
25 who acts in that capacity solely on behalf of a seller of goods or
26 provider of services who issues a credit card for the purpose of
27 providing or extending credit only in connection with the goods he
28 or she sells or the services he or she provides.

29 **Sec. 81.** NRS 363A.120 is hereby amended to read as follows:

30 363A.120 1. There is hereby imposed an excise tax on
31 each bank at the rate of \$1,750 for each branch office maintained by
32 the bank in this State in excess of one branch office maintained by
33 the bank in each county in this State on the first day of each
34 calendar quarter.

35 2. Each bank that maintains more than one branch office in any
36 county in this State on the first day of a calendar quarter shall, on or
37 before the last day of the first month of that calendar quarter:

38 (a) File with the Department a return on a form prescribed by
39 the Department; and

40 (b) Remit to the Department any tax due pursuant to this section
41 for the branch offices maintained by the bank in this State on the
42 first day of that calendar quarter.

43 3. For the purposes of this section:

44 (a) "Bank" means:



1 (1) A corporation or limited-liability company that is
2 chartered by this State, another state or the United States which
3 conducts banking or banking and trust business; or

4 (2) A foreign bank licensed pursuant to chapter 666A of
5 NRS.

6 ➤ The term does not include a financial institution engaging in
7 business pursuant to chapter 677 of NRS, a credit union organized
8 under the provisions of chapter 678 of NRS or the Federal Credit
9 Union Act, *a marijuana financial services cooperative organized*
10 *under the provisions of sections 2 to 73, inclusive, of this act* or
11 any person or other entity this State is prohibited from taxing under
12 the Constitution, laws or treaties of the United States or the Nevada
13 Constitution.

14 (b) "Branch office" means any location or facility of a bank
15 where deposit accounts are opened, deposits are accepted, checks
16 are paid and loans are granted, including, but not limited to, a brick
17 and mortar location, a detached or attached drive-in facility, a
18 seasonal office, an office on a military base or government
19 installation, a station or unit for paying and receiving, and a location
20 where a customer can open accounts, make deposits and borrow
21 money by telephone or through use of the Internet, and excluding
22 any automated teller machines, consumer credit offices, contractual
23 offices, customer bank communication terminals, electronic fund
24 transfer units and loan production offices.

25 **Sec. 82.** NRS 599B.010 is hereby amended to read as follows:

26 599B.010 As used in this chapter, unless the context otherwise
27 requires:

28 1. "Chance promotion" means any plan in which premiums are
29 distributed by random or chance selection.

30 2. "Commissioner" means the Commissioner of Consumer
31 Affairs.

32 3. "Consumer" means a person who is solicited by a seller or
33 salesperson.

34 4. "Division" means the Consumer Affairs Division of the
35 Department of Business and Industry.

36 5. "Donation" means a promise, grant or pledge of money,
37 credit, property, financial assistance or other thing of value given in
38 response to a solicitation by telephone, including, but not limited to,
39 a payment or promise to pay in consideration for a performance,
40 event or sale of goods or services. The term does not include
41 volunteer services, government grants or contracts or a payment by
42 members of any organization of membership fees, dues, fines or
43 assessments or for services rendered by the organization to those
44 persons, if:



1 (a) The fees, dues, fines, assessments or services confer a bona
2 fide right, privilege, professional standing, honor or other direct
3 benefit upon the member; and

4 (b) Membership in the organization is not conferred solely in
5 consideration for making a donation in response to a solicitation.

6 6. "Goods or services" means any property, tangible or
7 intangible, real, personal or mixed, and any other article, commodity
8 or thing of value.

9 7. "Premium" includes any prize, bonus, award, gift or any
10 other similar inducement or incentive to purchase.

11 8. "Recovery service" means a business or other practice
12 whereby a person represents or implies that he or she will, for a fee,
13 recover any amount of money that a consumer has provided to a
14 seller or salesperson pursuant to a solicitation governed by the
15 provisions of this chapter.

16 9. "Salesperson" means any person:

17 (a) Employed or authorized by a seller to sell, or to attempt to
18 sell, goods or services by telephone;

19 (b) Retained by a seller to provide consulting services relating to
20 the management or operation of the seller's business; or

21 (c) Who communicates on behalf of a seller with a consumer:

22 (1) In the course of a solicitation by telephone; or

23 (2) For the purpose of verifying, changing or confirming an
24 order,

25 ➔ except that a person is not a salesperson if his or her only
26 function is to identify a consumer by name only and he or she
27 immediately refers the consumer to a salesperson.

28 10. Except as otherwise provided in subsection 11, "seller"
29 means any person who, on his or her own behalf, causes or attempts
30 to cause a solicitation by telephone to be made through the use of
31 one or more salespersons or any automated dialing announcing
32 device under any of the following circumstances:

33 (a) The person initiates contact by telephone with a consumer
34 and represents or implies:

35 (1) That a consumer who buys one or more goods or services
36 will receive additional goods or services, whether or not of the same
37 type as purchased, without further cost, except for actual postage or
38 common carrier charges;

39 (2) That a consumer will or has a chance or opportunity to
40 receive a premium;

41 (3) That the items for sale are gold, silver or other precious
42 metals, diamonds, rubies, sapphires or other precious stones, or any
43 interest in oil, gas or mineral fields, wells or exploration sites or any
44 other investment opportunity;



- 1 (4) That the product offered for sale is information or
2 opinions relating to sporting events;
- 3 (5) That the product offered for sale is the services of a
4 recovery service; or
- 5 (6) That the consumer will receive a premium or goods or
6 services if he or she makes a donation;
- 7 (b) The solicitation by telephone is made by the person in
8 response to inquiries from a consumer generated by a notification or
9 communication sent or delivered to the consumer that represents or
10 implies:
- 11 (1) That the consumer has been in any manner specially
12 selected to receive the notification or communication or the offer
13 contained in the notification or communication;
- 14 (2) That the consumer will receive a premium if the recipient
15 calls the person;
- 16 (3) That if the consumer buys one or more goods or services
17 from the person, the consumer will also receive additional or other
18 goods or services, whether or not the same type as purchased,
19 without further cost or at a cost that the person represents or implies
20 is less than the regular price of the goods or services;
- 21 (4) That the product offered for sale is the services of a
22 recovery service; or
- 23 (5) That the consumer will receive a premium or goods or
24 services if he or she makes a donation; or
- 25 (c) The solicitation by telephone is made by the person in
26 response to inquiries generated by advertisements that represent or
27 imply that the person is offering to sell any:
- 28 (1) Gold, silver or other metals, including coins, diamonds,
29 rubies, sapphires or other stones, coal or other minerals or any
30 interest in oil, gas or other mineral fields, wells or exploration sites,
31 or any other investment opportunity;
- 32 (2) Information or opinions relating to sporting events; or
- 33 (3) Services of a recovery service.
- 34 11. "Seller" does not include:
- 35 (a) A person licensed pursuant to chapter 90 of NRS when
36 soliciting offers, sales or purchases within the scope of his or her
37 license.
- 38 (b) A person licensed pursuant to chapter 119A, 119B, 624, 645
39 or 696A of NRS when soliciting sales within the scope of his or her
40 license.
- 41 (c) A person licensed as an insurance broker, agent or solicitor
42 when soliciting sales within the scope of his or her license.
- 43 (d) Any solicitation of sales made by the publisher of a
44 newspaper or magazine or by an agent of the publisher pursuant to a
45 written agreement between the agent and publisher.



1 (e) A broadcaster soliciting sales who is licensed by any state or
2 federal authority, if the solicitation is within the scope of the
3 broadcaster's license.

4 (f) A person who solicits a donation from a consumer when:

5 (1) The person represents or implies that the consumer will
6 receive a premium or goods or services with an aggregated fair
7 market value of 2 percent of the donation or \$50, whichever is less;
8 or

9 (2) The consumer provides a donation of \$50 or less in
10 response to the solicitation.

11 (g) A charitable organization which is registered or approved to
12 conduct a lottery pursuant to chapter 462 of NRS.

13 (h) A public utility or motor carrier which is regulated pursuant
14 to chapter 704 or 706 of NRS, or by an affiliate of such a utility or
15 motor carrier, if the solicitation is within the scope of its certificate
16 or license.

17 (i) A utility which is regulated pursuant to chapter 710 of NRS,
18 or by an affiliate of such a utility.

19 (j) A person soliciting the sale of books, recordings,
20 videocassettes, software for computer systems or similar items
21 through:

22 (1) An organization whose method of sales is governed by
23 the provisions of Part 425 of Title 16 of the Code of Federal
24 Regulations relating to the use of negative option plans by sellers in
25 commerce;

26 (2) The use of continuity plans, subscription arrangements,
27 arrangements for standing orders, supplements, and series
28 arrangements pursuant to which the person periodically ships
29 merchandise to a consumer who has consented in advance to receive
30 the merchandise on a periodic basis and has the opportunity to
31 review the merchandise for at least 10 days and return it for a full
32 refund within 30 days after it is received; or

33 (3) An arrangement pursuant to which the person ships
34 merchandise to a consumer who has consented in advance to receive
35 the merchandise and has the opportunity to review the merchandise
36 for at least 10 days and return it for a full refund within 30 days after
37 it is received.

38 (k) A person who solicits sales by periodically publishing and
39 delivering a catalog to consumers if the catalog:

40 (1) Contains a written description or illustration of each item
41 offered for sale and the price of each item;

42 (2) Includes the business address of the person;

43 (3) Includes at least 24 pages of written material and
44 illustrations;

45 (4) Is distributed in more than one state; and



1 (5) Has an annual circulation by mailing of not less than
2 250,000.

3 (l) A person soliciting without the intent to complete and who
4 does not complete, the sales transaction by telephone but completes
5 the sales transaction at a later face-to-face meeting between the
6 solicitor and the consumer, if the person, after soliciting a sale by
7 telephone, does not cause another person to collect the payment
8 from or deliver any goods or services purchased to the consumer.

9 (m) Any commercial bank, bank holding company, subsidiary or
10 affiliate of a bank holding company, trust company, savings and
11 loan association, credit union, *marijuana financial services*
12 *cooperative*, industrial loan company, personal property broker,
13 consumer finance lender, commercial finance lender, or insurer
14 subject to regulation by an official or agency of this State or of the
15 United States, if the solicitation is within the scope of the certificate
16 or license held by the entity.

17 (n) A person holding a certificate of authority issued pursuant to
18 chapter 452 of NRS when soliciting sales within the scope of the
19 certificate.

20 (o) A person licensed pursuant to chapter 689 of NRS when
21 soliciting sales within the scope of his or her license.

22 (p) A person soliciting the sale of services provided by a video
23 service provider subject to regulation pursuant to chapter 711 of
24 NRS.

25 (q) A person soliciting the sale of agricultural products, if the
26 solicitation is not intended to and does not result in a sale of more
27 than \$100 that is to be delivered to one address. As used in this
28 paragraph, "agricultural products" has the meaning ascribed to it in
29 NRS 587.290.

30 (r) A person who has been operating, for at least 2 years, a retail
31 business establishment under the same name as that used in
32 connection with the solicitation of sales by telephone if, on a
33 continuing basis:

34 (1) Goods are displayed and offered for sale or services are
35 offered for sale and provided at the person's business establishment;
36 and

37 (2) At least 50 percent of the person's business involves the
38 buyer obtaining such goods or services at the person's business
39 establishment.

40 (s) A person soliciting only the sale of telephone answering
41 services to be provided by the person or his or her employer.

42 (t) A person soliciting a transaction regulated by the Commodity
43 Futures Trading Commission, if:



1 (1) The person is registered with or temporarily licensed by
2 the Commission to conduct that activity pursuant to the Commodity
3 Exchange Act, 7 U.S.C. §§ 1 et seq.; and

4 (2) The registration or license has not expired or been
5 suspended or revoked.

6 (u) A person who contracts for the maintenance or repair of
7 goods previously purchased from the person:

8 (1) Making the solicitation; or

9 (2) On whose behalf the solicitation is made.

10 (v) A person to whom a license to operate an information
11 service or a nonrestricted gaming license, which is current and valid,
12 has been issued pursuant to chapter 463 of NRS when soliciting
13 sales within the scope of his or her license.

14 (w) A person who solicits a previous customer of the business
15 on whose behalf the call is made if the person making the call:

16 (1) Does not offer the customer any premium in connection
17 with the sale;

18 (2) Is not selling an investment or an opportunity for an
19 investment that is not registered with any state or federal authority;
20 and

21 (3) Is not regularly engaged in telephone sales.

22 (x) A person who solicits the sale of livestock.

23 (y) An issuer which has a class of securities that is listed on the
24 New York Stock Exchange, the American Stock Exchange or the
25 National Market System of the National Association of Securities
26 Dealers Automated Quotation System.

27 (z) A subsidiary of an issuer that qualifies for exemption
28 pursuant to paragraph (y) if at least 60 percent of the voting power
29 of the shares of the subsidiary is owned by the issuer.

30 **Sec. 83.** NRS 645.240 is hereby amended to read as follows:

31 645.240 1. The provisions of this chapter do not apply to, and
32 the terms "real estate broker" and "real estate salesperson" do not
33 include, any:

34 (a) Owner or lessor of property, or any regular employee of such
35 a person, who performs any of the acts mentioned in NRS 645.030,
36 645.040, 645.230 and 645.260, with respect to the property in the
37 regular course of or as an incident to the management of or
38 investment in the property. For the purposes of this subsection,
39 "management" means activities which tend to preserve or increase
40 the income from the property by preserving the physical desirability
41 of the property or maintaining high standards of service to tenants.
42 The term does not include sales activities.

43 (b) Employee of a real estate broker while engaged in the
44 collection of rent for or on behalf of the broker.



1 (c) Person while performing the duties of a property manager for
2 a property, if the person maintains an office on the property and
3 does not engage in property management with regard to any other
4 property.

5 (d) Person while performing the duties of a property manager
6 for a common-interest community governed by the provisions of
7 chapter 116 of NRS, an association of a condominium hotel
8 governed by the provisions of chapter 116B of NRS, a
9 condominium project governed by the provisions of chapter 117 of
10 NRS, a time share governed by the provisions of chapter 119A of
11 NRS, or a planned unit development governed by the provisions
12 of chapter 278A of NRS, if the person is a member in good standing
13 of, and, if applicable, holds a current certificate, registration or other
14 similar form of recognition from, a nationally recognized
15 organization or association for persons managing such properties
16 that has been approved by the Real Estate Division by regulation.

17 (e) Person while performing the duties of a property manager for
18 property used for residential housing that is subsidized either
19 directly or indirectly by this State, an agency or political subdivision
20 of this State, or the Federal Government or an agency of the Federal
21 Government.

22 2. The provisions of this chapter do not apply to:

23 (a) Any bank, thrift company, credit union, *marijuana financial*
24 *services cooperative*, trust company, savings and loan association or
25 any mortgage or farm loan association licensed under the laws of
26 this State or of the United States, with reference to property it has
27 acquired for development, for the convenient transaction of its
28 business, or as a result of foreclosure of property encumbered in
29 good faith as security for a loan or other obligation it has originated
30 or holds.

31 (b) A corporation which, through its regular officers who
32 receive no special compensation for it, performs any of those acts
33 with reference to the property of the corporation.

34 (c) The services rendered by an attorney at law in the
35 performance of his or her duties as an attorney at law.

36 (d) A receiver, trustee in bankruptcy, administrator or executor,
37 or any other person doing any of the acts specified in NRS 645.030
38 under the jurisdiction of any court.

39 (e) A trustee acting under a trust agreement, deed of trust or
40 will, or the regular salaried employees thereof.

41 (f) The purchase, sale or locating of mining claims or options
42 thereon or interests therein.

43 (g) The State of Nevada or a political subdivision thereof.

44 **Sec. 84.** NRS 645H.160 is hereby amended to read as follows:

45 645H.160 The provisions of this chapter do not apply to:



1 1. A person who is a regular, full-time employee of a bank,
2 mortgage broker, mortgage banker, credit union, *marijuana*
3 *financial services cooperative*, thrift company or savings and loan
4 association, or any subsidiary thereof.

5 2. A person who takes possession of property from a defendant
6 in connection with a judicial proceeding for eminent domain
7 brought pursuant to chapter 37 of NRS.

8 **Sec. 85.** NRS 658.098 is hereby amended to read as follows:

9 658.098 1. On a quarterly or other regular basis, the
10 Commissioner shall collect an assessment pursuant to this section
11 from each:

12 (a) Check-cashing service or deferred deposit loan service that is
13 supervised pursuant to chapter 604A of NRS;

14 (b) Collection agency that is supervised pursuant to chapter 649
15 of NRS;

16 (c) Bank that is supervised pursuant to chapters 657 to 668,
17 inclusive, of NRS;

18 (d) Trust company or family trust company that is supervised
19 pursuant to chapter 669 or 669A of NRS;

20 (e) Person engaged in the business of selling or issuing checks
21 or of receiving for transmission or transmitting money or credits that
22 is supervised pursuant to chapter 671 of NRS;

23 (f) Savings and loan association that is supervised pursuant to
24 chapter 673 of NRS;

25 (g) Person engaged in the business of lending that is supervised
26 pursuant to chapter 675 of NRS;

27 (h) Thrift company that is supervised pursuant to chapter 677 of
28 NRS; ~~and~~

29 (i) Credit union that is supervised pursuant to chapter 678 of
30 NRS ~~+~~; and

31 *(j) Marijuana financial services cooperative that is supervised*
32 *pursuant to sections 2 to 73, inclusive, of this act.*

33 2. The Commissioner shall determine the total amount of all
34 assessments to be collected from the entities identified in subsection
35 1, but that amount must not exceed the amount necessary to recover
36 the cost of legal services provided by the Attorney General to the
37 Commissioner and to the Division of Financial Institutions. The
38 total amount of all assessments collected must be reduced by any
39 amounts collected by the Commissioner from an entity for the
40 recovery of the costs of legal services provided by the Attorney
41 General in a specific case.

42 3. The Commissioner shall collect from each entity identified
43 in subsection 1 an assessment that is based on:

44 (a) A portion of the total amount of all assessments as
45 determined pursuant to subsection 2, such that the assessment



1 collected from an entity identified in subsection 1 shall bear the
2 same relation to the total amount of all assessments as the total
3 assets of that entity bear to the total of all assets of all entities
4 identified in subsection 1; or

5 (b) Any other reasonable basis adopted by the Commissioner.

6 4. The assessment required by this section is in addition to any
7 other assessment, fee or cost required by law to be paid by an entity
8 identified in subsection 1.

9 5. Money collected by the Commissioner pursuant to this
10 section must be deposited in the State Treasury pursuant to the
11 provisions of NRS 658.091.

12 **Sec. 86.** NRS 671.020 is hereby amended to read as follows:

13 671.020 1. This chapter does not apply to any:

14 (a) Bank, its parent or holding company or any subsidiary
15 thereof, trust company, savings bank, savings and loan association,
16 credit union, *marijuana financial services cooperative*, industrial
17 bank or industrial loan and investment company, organized and
18 regulated under the laws of this state or of the United States;

19 (b) Foreign banking corporation licensed to do banking business
20 in this state; or

21 (c) Telegraph company providing a public message service.

22 2. Subsection 1 does not reduce or alter any liability otherwise
23 attaching to the sale, issuance, receipt for transmission or
24 transmission of checks or money in any form.

25 **Sec. 87.** This act becomes effective:

26 1. Upon passage and approval for the purposes of adopting any
27 regulations and performing any preparatory administrative tasks
28 necessary to carry out the provisions of this act; and

29 2. On January 1, 2016, for all other purposes.



