

2013 Nevada Business Entities Law Update

The 77th Nevada Legislature has adopted several amendments to Nevada's business statutes affecting Nevada corporations and limited liability companies (LLCs). The amendments to Nevada Revised Statutes (NRS) Chapter 78 (corporations) and Chapter 86 (LLCs) include the following:

- Clarification of the phrasing of NRS 78.139 regarding the fiduciary duties of corporate directors and officers with respect to any change or potential change of control, to confirm existing Nevada law which has rejected so-called "Revlon duties" in the change-of-control context.
- Confirmation that Nevada LLCs can be used as bankruptcy-remote entities, including new detailed provisions regarding the designation and powers of a "personal representative" and the ability of an LLC to issue a member's interest without requiring a capital contribution.
- Clarification of certain provisions of NRS 86.286 which, in light of proposed amendments to Delaware's limited liability company statutes regarding default fiduciary duties for LLC managers, may prove to distinguish Nevada as a more flexible and attractive jurisdiction in terms of drafting LLC operating agreements and enforcing those agreements as written.
- In light of the Nevada Supreme Court's holding in *Consipio Holding v. Carlberg*, 282 P.3d 751 (Nev. 2012), express provisions for the jurisdiction of Nevada courts over the directors and officers of Nevada corporations with respect to their conduct as such.
- Harmonization of the dissolution provisions for LLCs, including clarification of the events requiring dissolution and the circumstances in which a court can decree dissolution.
- Authorization for the board of directors of a publicly traded corporation to grant dissenter's rights to stockholders with respect to a plan of merger, conversion or exchange, if so provided in the resolution approving the plan.
- Authorization for Nevada nonprofit corporations to organize as insurance companies and obtain the same insurance licenses available to nonprofits organized outside of Nevada.

These amendments have been approved by Governor Sandoval and will take effect October 1, 2013. For a more complete summary of these changes and their potential impact, please [click here](#) or contact Ellen Schulhofer (eschulhofer@bhfs.com) or Albert Kovacs (akovacs@bhfs.com) in the firm's Las Vegas office.

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