



California Corporate & Securities Law

Shareholder Inspection Rights – Another Nevada “Advantage”?

By Keith Paul Bishop on January 30, 2012

Thanks to Kevin LaCroix's [The D&O Diary](#), I was alerted to a recent article by Boris Feldman, a member of Wilson Sonsini Goodrich & Rosati, P.C., in Palo Alto, California discussing developments in class action and other shareholder litigation. Among other things, Boris notes that litigation under Delaware's stockholder inspection statute, Section 220, has “caught fire” in the last year. He attributes this phenomenon to a variety of factors, including the encouragement of the Delaware Court of Chancery. The article was published in *The Review of Securities & Commodities Regulation* (Jan. 11, 2012).

While NRS 78.257 grants stockholders the right to inspect the books of account and financial records, publicly traded Nevada corporations are far less likely to face inspection demands and litigation over denials of access. NRS 78.257(6) provides that (with one exception) those inspection rights “do not apply to any corporation that furnishes to its stockholders a detailed, annual financial statement or any corporation that has filed during the preceding 12 months all reports required to be filed pursuant to section 13 or section 15(d) of the Securities Exchange Act of 1934.”

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