



Nevada Enacts New Default Standard For Calling Into Board and Stockholder Meetings

By Keith Paul Bishop on January 11, 2012

Formerly, Nevada permitted members of boards of directors and board committees to participate in meetings by means of a telephone conference or similar methods of communication. Stockholders were likewise permitted to participate in stockholder meetings.

Both statutes included the requirement that all persons participating in the meeting had to be able to “hear each other”. California imposes a similar condition on director participation in meetings by means of telephone or electronic video screen communication. Cal. Corp. Code § 307(a)(6). See [Board Meetings and the ‘Annihilation of Distance’](#).

Last year, the [Nevada Secretary of State](#) sponsored legislation with the aim of modernizing Nevada’s corporate law provisions with respect to electronic communications. As amended, NRS 78.315 and NRS 78.320 no longer include the requirement that all participants to be able to hear one another. Instead, these statutes now permit participation “through electronic communications, videoconferencing, teleconferencing or other available technology which allows the members to communicate simultaneously or sequentially.” 2011 Nev. Stat. 776-77.

When asked about the reason for the change during legislative hearings, the Secretary of State’s office provided this explanation: The thought behind that is that now there are so many different types of communication other than telephone and face-to-face meetings that may not require you to be able to hear the person, such as when you are looking at a web seminar. You may have information that is typed in and sent back in typed electronic form versus hearing what the person actually has to say through logins and other types of communication.

Minutes of the Meeting of the Assembly Committee on Judiciary, April 9, 2011 (testimony of Scott Anderson, Deputy Secretary of State for Commercial Recordings, Office of the Secretary of State).

I expect that the bylaws of many existing Nevada corporations still include the requirement formerly found in NRS 78.315 and 78.320. These corporations may want to update their bylaws to reflect the new statutory standard. Nevada corporations are also free to adopt their own standards for participation in either their articles of incorporation or bylaws. Similarly, California corporation can alter the statutory requirements with respect to participation of directors in meetings.

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Thinking About A Nevada Corporation?

On January 25, I will be speaking to the Corporate and Business Law Section of the Orange County Bar Association on the pros and cons of incorporating in Nevada. Registration information is available [here](#). For even more information on Nevada corporations, see [Bishop & Zucker on Nevada Corporations and Limited Liability Companies](#).

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