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Irony Of Ironies: Massachusetts Court Issues First Opinion Applying Nevada Internal Affairs Statute

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In 2017, Nevada codified the internal affairs doctrine by enacting NRS 78.012:

"The Legislature hereby finds and declares that:

1. It is important to the economy of this State, and to domestic corporations, their directors and officers, and their stockholders, employees, creditors and other constituencies, for the laws governing domestic corporations to be clear and comprehensible.

2. The laws of this State govern the incorporation and internal affairs of a domestic corporation and the rights, privileges, powers, duties and liabilities, if any, of its directors, officers and stockholders.

3. The plain meaning of the laws enacted by the Legislature in this title, including, without limitation, the fiduciary duties and liability of the directors and officers of a domestic corporation set forth in NRS 78.138 and 78.139, must not be supplanted or modified by laws or judicial decisions from any other jurisdiction.

4. The directors and officers of a domestic corporation, in exercising their duties under NRS 78.138 and 78.139, may be informed by the laws and judicial decisions of other jurisdictions and the practices observed by business entities in any such jurisdiction, but the failure or refusal of a director or officer to consider, or to conform the exercise of his or her powers to, the laws, judicial decisions or practices of another jurisdiction does not constitute or indicate a breach of a fiduciary duty."

I can find only one decision applying this language to date. In *Turner v. Cheffers*, 2019 Mass. Super. LEXIS 14 (Jan. 14, 2019), Justice [Janet L. Sanders](#) found that there was no common-law basis for the plaintiff's freeze-out claim under Nevada law. Although the plaintiff had cited some common-law authority, Justice Sanders found that NRS 78.012 makes it clear that the Nevada legislature did not intend for Nevada's private corporation law to be supplemented with judicially created rules imported from other jurisdictions.

The Nevada legislature is currently in session. Earlier this week, UNLV professor [Benjamin Edwards reported](#) on the introduction of a bill that would, among other things, authorize fee-shifting. Professor Stephen Bainbridge followed up by [expressing](#) skepticism about whether this change would threaten Delaware. I hope to have more to say about the bill in a later post.

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