

**State of Nevada
Office of the Secretary of State**

Annual Report

Fiscal Year 2004



DEAN HELLER
Secretary of State

August 1, 2004



OFFICE OF THE SECRETARY OF STATE

DEAN HELLER
Secretary of State

August 1, 2004

The Honorable Kenny Guinn
Governor of Nevada
Office of the Governor
101 N. Carson Street
Carson City, NV 89701

Dear Governor Guinn:

Pursuant to NRS 225.120, this 2004 Biennial Report is comprised of our Annual Reports for fiscal years 2003 and 2004, as well as exhibits detailing the expenditures and revenues of the Secretary of State's office during those fiscal years.

During fiscal year 2003, agency revenue grew to more than \$57.2 million, an increase of 9.5% over fiscal year 2002, while expenditures were held to approximately \$9.3 million. This equates to over \$6 in revenue generated for each dollar spent by the Secretary of State's office. Revenue per full-time employee climbed to approximately \$426,000, an increase of 2.9% over fiscal year 2002.

We experienced a phenomenal increase of 25% growth in fiscal year 2004, with revenues growing to more than \$71.5 million while expenditures remained fairly flat (\$9.3 million), resulting in a revenue generated per dollar spent rate of almost \$8 to \$1. Revenue per full-time employee topped the half-million mark (\$534,077).

The agency's expanded use of technology, along with filing fee increases mandated by the Legislature, have resulted in a direct correlation to our increased revenues and strong fiscal performance.

I would also like to call your attention to the positive notoriety Nevada has received nationally following our announcement that the Silver State will be the only state in the nation to have a certified and qualified voter-verifiable paper audit trail (V-PAT) printer as a component of our touch-screen voting machines in 2004. I expect media and election officials around the United States to watch Nevada very closely this election season.

I thank you for your attention to our 2004 Biennial Report. We welcome your comments regarding the Nevada Secretary of State's office.

Respectfully,

A handwritten signature in cursive script that reads "Dean Heller".

DEAN HELLER
Secretary of State

Office of the

Secretary of State

The mission of the Office of Secretary of State is to effectively and efficiently serve the public by performing its statutory duties to ensure the integrity of elections, facilitate business filings, protect consumers against securities fraud, preserve public records, and to promote public awareness and education in these and related areas.

With the advent of statehood in 1864, the Nevada Office of the Secretary of State was established as part of the state's executive branch of government. The Secretary of State, Nevada's third highest-ranking constitutional officer, is elected to a four-year term. In 1996, Nevada voters approved a ballot initiative limiting state constitutional officers to two terms in office.

The Secretary of State is responsible for maintaining the official records of the acts of the Nevada Legislature and of the executive branches of state government, as prescribed by law. Along with duties established by Nevada Revised Statutes, the Secretary of State is a member of the State Board of Examiners, State Board of Prison Commissioners, Tahoe Regional Planning Agency, Executive Branch Audit Committee and Chairman of the State Records Committee.

In addition to Constitutional duties, the Secretary of State serves as Nevada's Chief Elections Officer. In this role, the Secretary of State is responsible for the

The goals of the Office of Secretary of State are to:

- (1) Ensure the integrity of elections and proper disclosure by candidates and elected officials through the effective administration of the state's election laws;
- (2) Encourage the development and diversification of the state's business community by providing efficient, expeditious and cost-effective services;
- (3) Protect consumers from investment fraud through effective regulation of the securities industry, enforcement of the securities laws, and education of the public; and
- (4) Maintain records and information filed with the office and to make that information more easily accessible and at a reasonable cost.

execution, interpretation and enforcement of federal and state election laws, is the filing officer for statewide elective positions, and is the filing officer for all statewide initiative petitions and referendums.

The Secretary of State's office also receives business entity filings and maintains records for corporations, limited liability companies, limited partnerships, limited liability partnerships, limited liability limited partnerships, business trusts, professional corporations and associations, and rights of publicity; administers the Notary Public Act, Trademark Act, and the Uniform Commercial Code; regulates the securities industry by registering securities, licensing persons who sell them, and enforcing the civil and criminal provisions of state and federal securities law; licenses and regulates athletes agents; and administers the state's Confidential Address Program (CAP).

Constitutional and Statutory Duties

Certifies all statewide candidates and ballot questions and reports and certifies primary and general election results.

Supervises state and local elections.

- ◆ **Registers and files candidate contribution and expenditure reports.**

Registers corporations, limited partnerships, limited liability companies, limited liability partnerships, limited liability limited partnerships and business trusts.

- ◆ **Registers trade names, trademarks, professional corporations and associations, and rights of publicity.**

- ◆ **Records and Searches Uniform Commercial Code statements and documents.**

Appoints, trains, and regulates Notaries Public.

Administers the Confidential Address Program for victims of domestic violence.

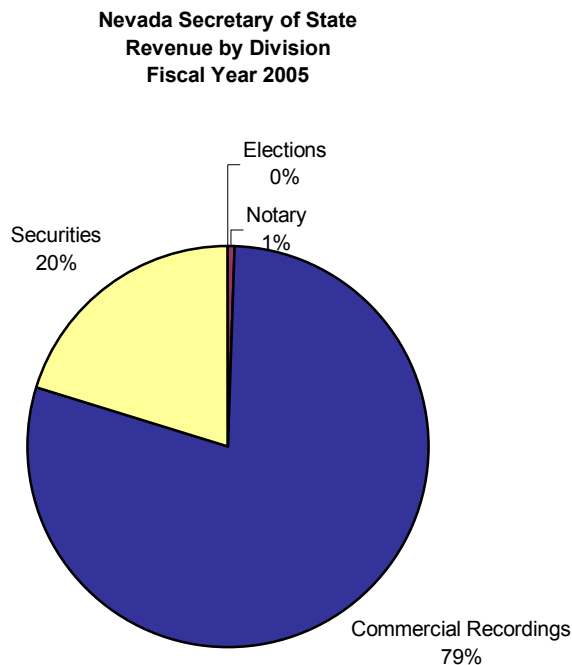
Regulates the state's securities industry and enforces securities law.

Licenses and regulates athletes' agents.

Executive

Summary

The Secretary of State's office experienced continued growth during fiscal year 2004. Revenues outpaced the previous years by more than \$14 million, an increase of 25% over fiscal year 2003.

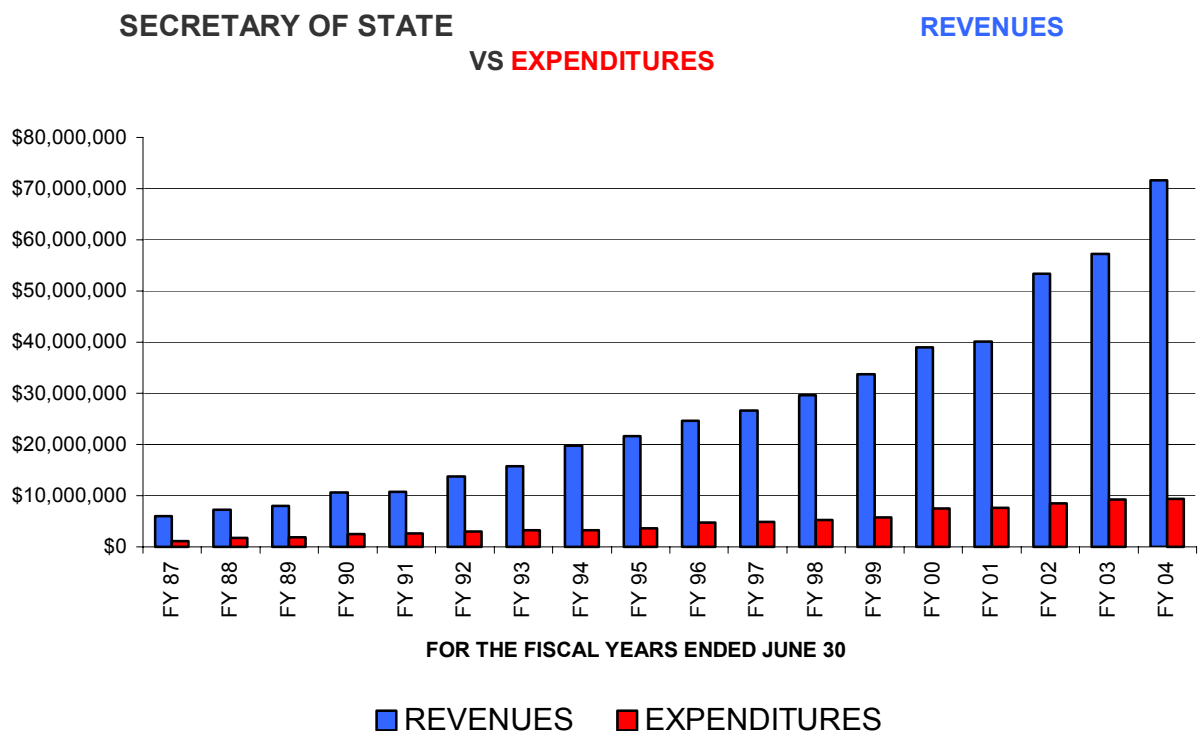


The expanded use of efficient and cost-effective technology, coupled with reengineering of office procedures and comprehensive employee training, has resulted in increased staff productivity. While the number of full-time employees went from 132 in fiscal year 2003 to 136 in fiscal year 2004, the agency registered an increase of 25% over the previous fiscal year in revenue generated per full-time employee (\$534,000) during fiscal year 2004.

The Secretary of State's office strives to make conducting business with the agency increasingly efficient and convenient for its customers. The expanded use of

technology, continuous evaluation of office procedures and a strong commitment to employee development has resulted in greater customer and worker satisfaction.

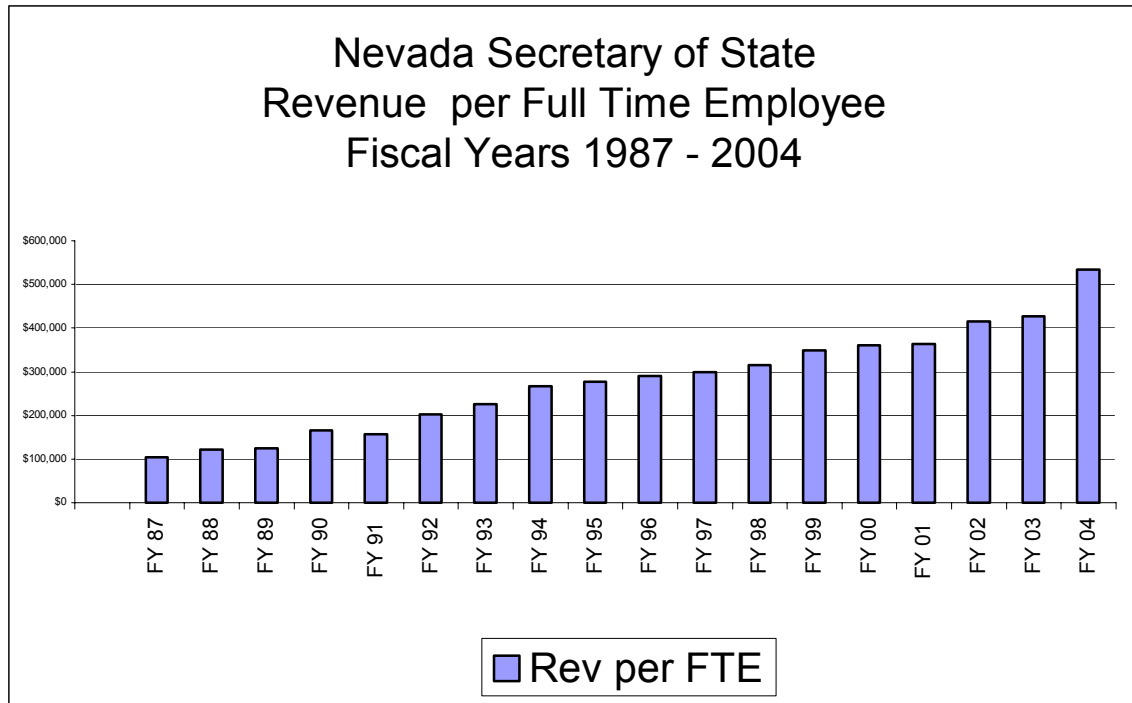
Since its unveiling in 1998, the Secretary of State's award winning website has become a valuable tool by which individuals and businesses interact with the agency. Generating in excess of four million hits per month, the website attracts an average of more than 150,000 visitors per day. More than 200 forms, including investor complaint forms, corporation filing forms, election forms and Notary Public application forms, are available online from the Secretary of State.



The technology in place in the Secretary of State's office has also allowed the office to proceed with e-commerce applications. In the process, the agency has become an e-government leader in the state of Nevada. Online corporate name reservation marked the Secretary of State's first e-commerce venture in late December of 1999. The Elections Division has also developed and is operating a pilot program wherein candidates for office are now afforded the opportunity to electronically file Contribution and Expenditure Reports with the Secretary of State. In August 2003, we deployed a full service Uniform Commercial Code (UCC) e-government application that is receiving

positive reviews from and substantial use by the public. In the very near future, additional e-government opportunities will be available to customers.

These developments and the many others that have affected the Secretary of State's office during fiscal year 2004 are discussed in further detail in the following Division Profile sections of this report.



Division Profile

Commercial Recordings

The Secretary of State, Commercial Recordings Division, is responsible for processing and filing the organizational and amendatory documents of entities organized under the laws of the state of Nevada. These entities include for-profit and nonprofit corporations, limited partnerships, limited liability companies, limited liability partnerships, limited liability limited partnerships, professional corporations and associations, and business trusts. The Division is also charged with reviewing, filing and processing: (1) trademarks, trade names, service marks, rights of publicity; and (2) Uniform Commercial Code financing statements, changes and lien searches, as well as federal tax liens and utility filings.

The Commercial Recordings Division operates offices in Carson City and Las Vegas. The Carson City office includes numerous Divisions: New Filings, Status, Amendments, Floater, Mailroom/Receipting, Uniform Commercial Code (UCC) and Copies. The Floater Division, created in 1998 to train staff in all areas of the Commercial Recordings Division, has expanded its role and now assists in a number of other Divisions, including Elections, Customer Service, Notary and Information Technology. This allows the office to respond to periodic or seasonal staff shortages and increases in workload. The Las Vegas office includes a Commercial Recordings Division and a Trademarks section. The Trademarks staff is responsible for the processing and filing of trademarks, trade names, service marks and rights of publicity. All filings processed in the Las Vegas office are on an expedited basis only.

The Carson City Commercial Recordings Division, located at 202 N. Carson Street (the old Meyer's Hardware Building), includes a Customer Service counter and provides a convenient, one-stop shop for customers.

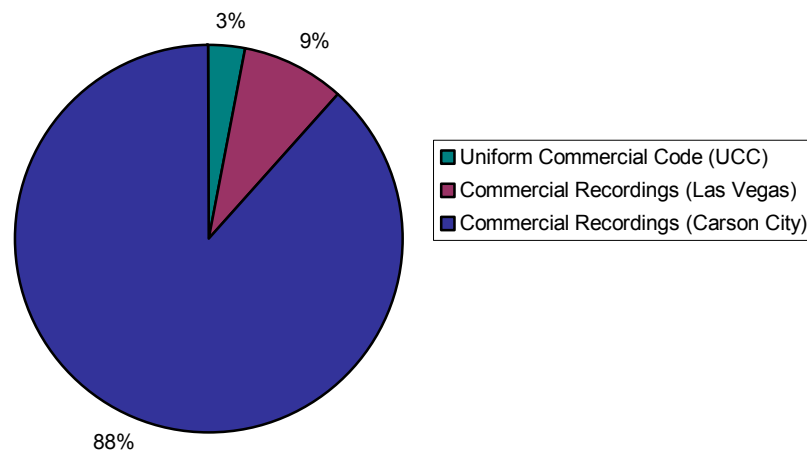
The Las Vegas Commercial Recordings Division is located in Suite 4000 of the Grant Sawyer Building. This office space provides for the continued growth and the expansion of services provided to the Las Vegas area. In addition to Commercial Recordings and Customer Service staff, our Las Vegas Information/Technology staff is located in this space.

REVENUE

The Commercial Recordings Division and its various sections generated in excess of \$45 million in revenue during fiscal year 2004. The Division's Carson City office is the largest revenue-producer, with receipts in excess of \$41 million during fiscal year 2004. The Las Vegas Commercial Recordings office generated more than \$4.0 million in revenue. Additionally, expedite fees for all Division offices exceeded \$8.2 million, compared to \$6.3 million in 2003. UCC receipts totaled nearly \$1.4 million during fiscal year 2004.

Fiscal year 2004 marked a turnaround from the flat rate of filings over the previous two years. The economic recovery has sparked an increase in filings and revenue. New entity filings increased by 21.23% during fiscal year 2004, with 63,655 filings processed versus 52,509 during the same period in 2003. March, April, May and June 2004 showed increases of 40%, 34%, 24% and 29% respectively over the same months in 2003. As of June 31, 2004, more than 233,000 business entities were on file and in current standing with the Secretary of State's office.

**Secretary of State, Commercial Recordings Division
Revenue by Source
Fiscal Year 2004**



LEGISLATION

The 2003 Nevada Legislature increased the fees charged for most services provided by the Commercial Recordings Division—effective November 1, 2003—marking the second straight legislative session in which fees were increased.

On November 1, 2003, the Secretary of State implemented a new fee structure mandated by the 2003 Legislature for the filing of Annual Lists of Officers for all corporations—domestic or foreign. Annual fees are calculated based on capitalization using a tiered structure. The new fees range from \$125 to \$11,100.

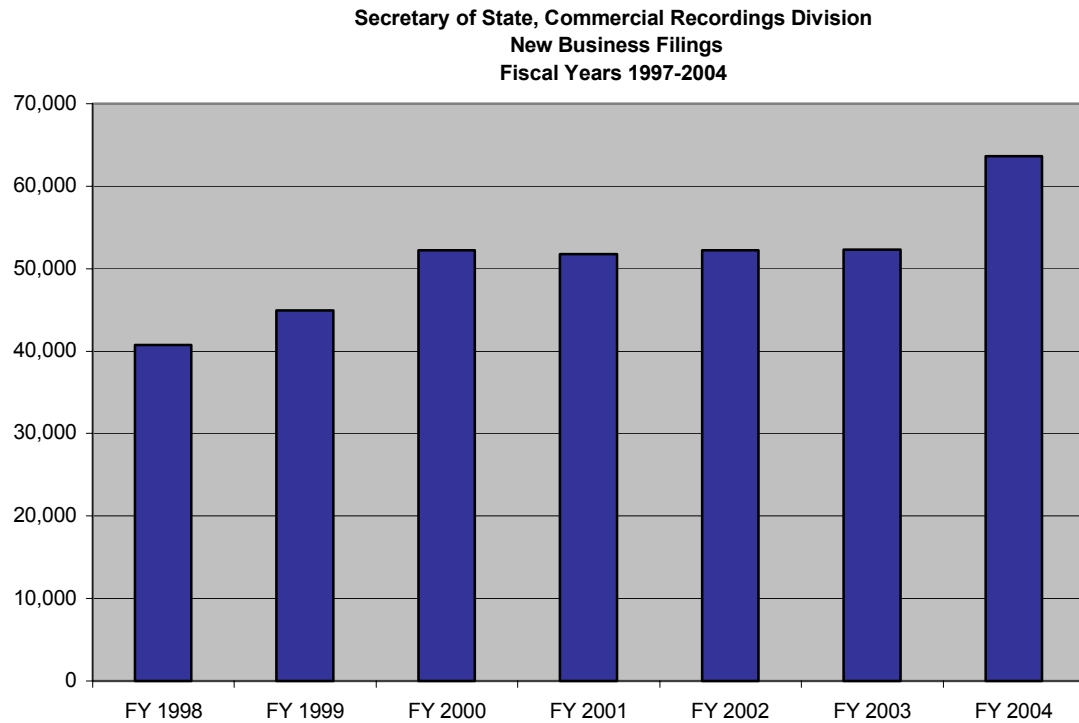
NEW SERVICES

In 2003, a new type of filing allowing general partners of a Limited Partnership to form a Limited Liability Limited Partnership (LLLP) was added to those services already available from the Secretary of State's office. The LLLP affords general partners the limited liability protections corporate officers and managers of a Limited Liability Company now enjoy.

In August 2003, phase three of a five-phase project to expand the agency's electronic filing capabilities went live. This phase of the *e-SoS* project permits customers to complete the filing process for UCC 1's (financing statements), 3's (amendments to financing statements) and 5's (correction to financial statement) online, along with providing online searches of financial statements, as well as providing access to the actual images of those documents. In excess of 35% of UCC financial statements and their amendments and over 80% of search and copy requests are now performed via our website. Implementation of the first three phases has allowed the Division to maintain a one to two day turnaround time on filings while decreasing the number of staff members needed to operate the Division from 8 to 4 FTE.

The five-phase *e-SoS* project begun under Secretary of State Heller's tenure is designed to increase the efficiency, effectiveness and economy of services the Secretary of State's office provides for its business customers. Completion of the entire project is expected in 2004. The final phase of the *eSoS* project will allow the Secretary of State's office to become a "virtual office" for commercial recordings and allow for corporate filings to be completed via the Internet. With full implementation of the *e-SoS* project,

we anticipate the same increases in efficiency as experienced with the UCC implementation.



Division Profile

Elections Division

The Secretary of State is the Chief Elections Officer for the state of Nevada. Through the Elections Division, the Secretary of State provides technical information and enforces the state's election laws and procedures.

The Elections Division oversees candidate filings, prepares forms and documents, recommends legislation and regulations relevant to the electoral process, and provides information to the public regarding candidates and elections. The Elections Division also publishes informational election materials that are available to the public at no charge. These publications include an Initiative and Referendum Handbook, Minor Party Qualification Guide, Recall Information Guide, Independent Candidate Guide, Title 24 Election Laws, and Election Regulations. Additionally, the Division publishes monthly voter registration reports that are distributed to the media and available on the agency's website.



Secretary Heller announces at the National Press Club in Washington, DC that Nevada has completed the certification and qualification process for the Sequoia Voting Systems VeriVote® voter-verifiable paper audit trail (V-PAT) printer. Nevada thus became the first state in the nation to include a printer on touch-screen voting machines.

HELP AMERICA VOTE ACT

The *Help America Vote Act of 2002* (HAVA) was signed into law by President Bush on October 29, 2002. The federally mandated legislation came about as a result of the voting problems that occurred during the 2000 Presidential election in many states, especially Florida. Senate Bill 453—proposed by the Secretary of State's office, passed by the 2003 Legislature and signed into law by Governor Guinn—incorporates the HAVA provisions mandated by the federal government into state law.

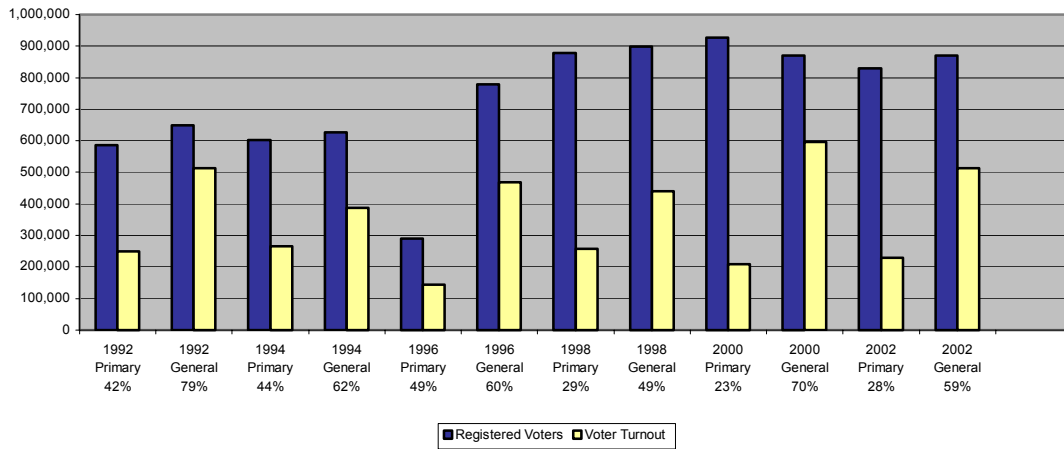
HAVA provided federal funding to assist states in complying with the Act, including money to upgrade voting systems throughout Nevada. To be eligible to receive this funding, each state was required to submit a State Plan to the federal government that would serve as a blueprint for that state in meeting the ambitious timelines and requirements contained within the Act. Secretary of State Heller and members of Nevada's HAVA Advisory Committee, which Heller chaired, developed and submitted Nevada's State Plan to the Federal Elections Commission in June 2003 for publication in the Federal Register. A revised State Plan was adopted in July 2004. The revised Plan was submitted to the Election Assistance Commission in August 2004.

On April 30, 2003, the State received \$5 million in Title I HAVA payments. A portion of these funds have been expended to purchase voting system upgrades (see New Voting Equipment in this section). The State has also expended funds for equipment and services associated with the voting systems contract, travel and training activities necessary for implementing the new voting systems. Additional funds have been allocated to the development of a statewide voter registration system, as mandated by HAVA. Finally, the State has contracted to expend a portion of Title I funds for voter outreach activities.

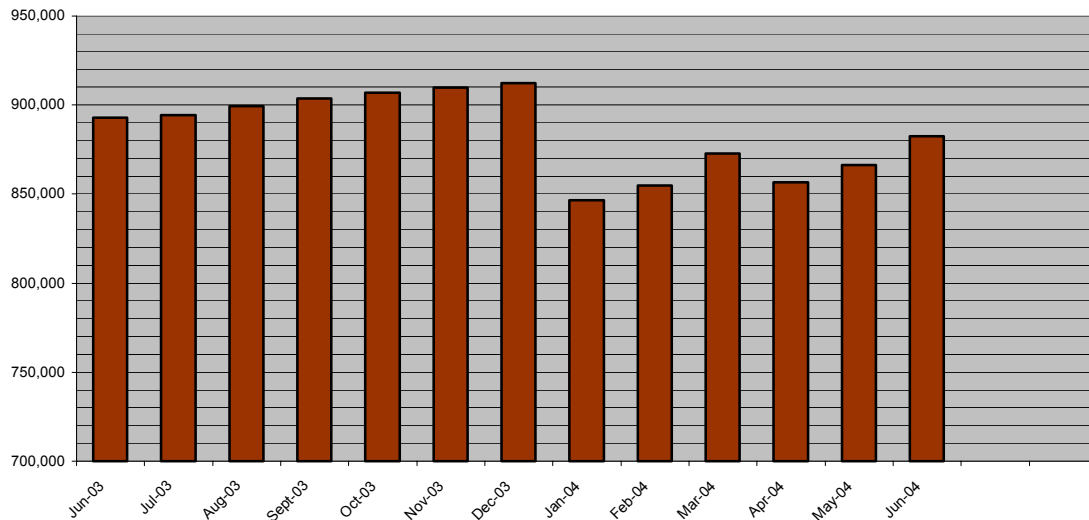
The State will receive its first disbursement of \$5.7 million under Title II of HAVA in August 2004. This was the State's share of HAVA funds for federal fiscal year 2003. The State is eligible to receive an additional \$10.3 million in HAVA Title II funds for federal fiscal year 2004. Federal funds for fiscal year 2004 are expected to be disbursed by the Election Assistance Commission in September 2004 following publication of the revised plan in the federal register.

For more information on the Help America Vote Act, go to the Secretary of State's website at <http://secretaryofstate.biz>, and click on the *Elections* icon.

**Secretary of State, Elections Division
Voter Turnout
Primary and General Elections 1992 - 2002**



**TOTAL ACTIVE REGISTRATION
June 2003 through June 2004**



NEW VOTING EQUIPMENT

As a result of HAVA and the federal funding available to Nevada, Secretary Heller announced three election-related decisions in December 2003: (1) The decertification of punch-card voting machines in Nevada, (2) the purchase of Direct Recording Electronic (DRE) touch-screen voting machines for all of Nevada's counties,

and (3) that a voter-verifiable paper audit trail (V-PAT) printer be included and functioning on all newly purchased DRE machines and all similar existing machines in the State for the 2004 election. He added that all existing machines statewide must add the printer technology by 2006.

This new-age technology has placed Nevada at the forefront of the national discussion on the need for a paper audit trail on DRE-type voting machines. On July 14, 2004, Heller made the announcement at the National Pres Club in Washington, DC that the VeriVote® printer manufactured by Sequoia Voting Systems had completed state certification and federal qualification. Thus, Nevada will be the only state in the nation to use a V-PAT printer during the 2004 elections.

Secretary Heller has extended an invitation to all Secretaries of State, members of the federal Elections Assistance Commission (EAC), national and local media and others to come to Nevada on August 28, 2004, to witness firsthand how Nevada's voting equipment will enhance the voting process for Nevada's citizens. Attendees will be able to view the equipment, ask questions of state and local election officials, and take a tour of Early Voting sites. The proceedings will be hosted at Clark County's Election Center. We expect literally hundreds of election officials and members of the media to converge in Clark County on August 28 to take part in this historic event.

WEBSITE

The Elections Division section of the Secretary of State's website has grown to include: results from previous and current elections; voter registration figures for each county and statewide; all filed C&E Reports, including those filed using the pilot program initiated by the Secretary of State in 2002; a list of candidates filed with the Secretary of State's office and a list of candidates filed in each county; an election calendar; candidate, party, election and ballot initiative information; and a Frequently Asked Questions section. Information on the Help America Vote Act and how that federal legislation will affect Nevada voters is also available on the website.

Beginning in 1998, Secretary of State Heller's office began posting election results on the Internet on Election Night. With the advent of our new voting equipment across the State, the Election Division will continue to partner with each of the state's seventeen counties to provide electronic links to election results in 2004, including the outcome of local races.

CONTRIBUTIONS AND EXPENDITURES (C&E) REPORTS ONLINE PILOT PROGRAM

The Secretary of State's office developed and utilized a pilot program in 2002 that allowed candidates and Committees for Political Action (PACs) to file their required Contributions and Expenditures Reports (C&E Reports) with the Secretary of State's office via the Internet. The program was available to all candidates and Committees for Political Action, free of charge. The web-based program allowed a candidate to go online to enter contributions and expenses as they occurred. The program also kept a running total. It is a secure program, with each candidate/PAC utilizing a personal password for entry into the system. By January 2003, 93 candidates and 26 PACs were using the online pilot program to complete their third reporting period C&E Report. The free program will be available once again during the first reporting period (August 31, 2004)

EDUCATION AND PUBLIC OUTREACH

Secretary of State Heller and members of his staff make numerous appearances on radio and television programs to better inform the public about ballot initiatives and other election-related information, along with notifying the public and media about election-related information through media releases generated by the agency.

The Division has published several informative brochures designed to better educate Nevada's citizens on the voting process. ***Top Ten Reasons One Vote Does Count!*** includes examples of how history has been dramatically affected by just one single vote, and ***Make Sure Your Voice is Heard: Register and Vote!*** is a guide to registering to vote in Nevada. Two additional brochures: ***Help America Vote Act; The future of voting in the United States***, and ***AB 235; Nevada's Voters' Bill of Rights***, have been added to the list of available publications. These brochures and other information can be found on the agency's website at <http://secretaryofstate.biz>.

CONFIDENTIAL ADDRESS PROGRAM (CAP)

The Secretary of State, Elections Division, administers the state's Confidential Address Program (CAP). Created in 1997, Nevada became the second state in the nation to adopt such a program. CAP provides assistance to victims fleeing abusive situations and attempting a fresh start for themselves and their children. Two services are provided

to participants: use of a CAP fictitious mailing address, and confidential voter registration. When both services are applied, participants greatly reduce the risk of being located through public records.

During fiscal year 2004, a total of 190 people participated in CAP in Nevada, up from 59 at the conclusion of fiscal year 2002. Currently there are 194 participants statewide. Growth is expected to continue.

The number of certified agencies has increased to twenty-five, including a private domestic violence shelter, several law enforcement related agencies, Washoe Legal Services and two state agencies (Welfare and Corrections Departments). To be deemed as “certified” an agency must include at least one certified domestic violence counselor.

The Secretary of State’s office now provides certified domestic violence advocacy groups and shelters annual training on how to screen and process individuals who may benefit from participation in the program. Additional training is available for any organization interested in learning about the CAP program.

Division Profile

Securities Division

The Secretary of State, Securities Division, is responsible for administering the state's securities law. The Division's mission is to protect Nevada investors from securities fraud by licensing investment professionals, registering securities offerings, enforcing the state's securities law, and by educating the public through speaking engagements and presentations. The Division also administers and enforces Nevada's Athletes' Agent Act.

The main office of the Securities Division is located in the Grant Sawyer Building in Las Vegas. The Division also maintains a satellite office in Reno. The Securities Division is staffed by 26 full-time employees, including seven criminal investigators and six compliance audit investigators.

The Securities Division recorded annual revenue of more than \$16 million in fiscal year 2004, an increase of around 50% from fiscal year 2003.

LICENSING

Securities law requires any person engaging in the offer or sale of securities, or who provides investment advice for compensation, to be licensed with the Nevada Securities Division. Individuals conducting business as an investment adviser with more than \$25 million in assets under management must register with the Securities and Exchange Commission (SEC) as a Federal Covered Adviser. Individuals conducting business in the state of Nevada with less than \$25 million in assets under management must register with the Securities Division. Moreover, a representative of a Federal Covered Adviser with a place of business in Nevada must be either licensed or exempt from licensing.

Securities Division Licensing and Registration Statistics
Fiscal Years 2001-04

FISCAL YEAR END	2001	2002	2003	2004
Brokers-Dealers	2,171	2,126	2,083	1,959
Total Investment Advisers	714	773	924	891
Total Nevada Licensed:	122	119	130	151
Federal Covered:	592	654	794	740
Sales Representatives	94,956	90,682	87,121	89,075
Investment Adviser Reps	964	961	944	1,911
Athletes' Agents (New in 2003)			13	18
Agent of Issue	139	121	99	103
Branch Offices	1,093	1,118	1,250	1,322
Registrations and Notice Filings	3,186	2,764	3,856	4,023
Exemptions	5,905	5,634	4,172	4,735

REGISTRATION

Companies seeking to offer securities for sale in the state of Nevada must register their offerings with the Securities Division, or comply with an exemption from registration in the Securities Act.

ENFORCEMENT

The Securities Division began fiscal year 2004 with 179 active cases open. An additional 366 cases were opened during the course of the year. Fiscal year 2004 concluded with 161 cases pending.

During fiscal year 2004, cases investigated by the Securities Division resulted in five criminal convictions. More than \$1 million (\$1,100,000) in restitution was ordered paid to victims.

Other enforcement actions brought by the Securities Division during fiscal year 2004 include four cease and desist orders, one license suspension and twelve consent agreements. Monies recovered for investors totaled more than \$86,350.

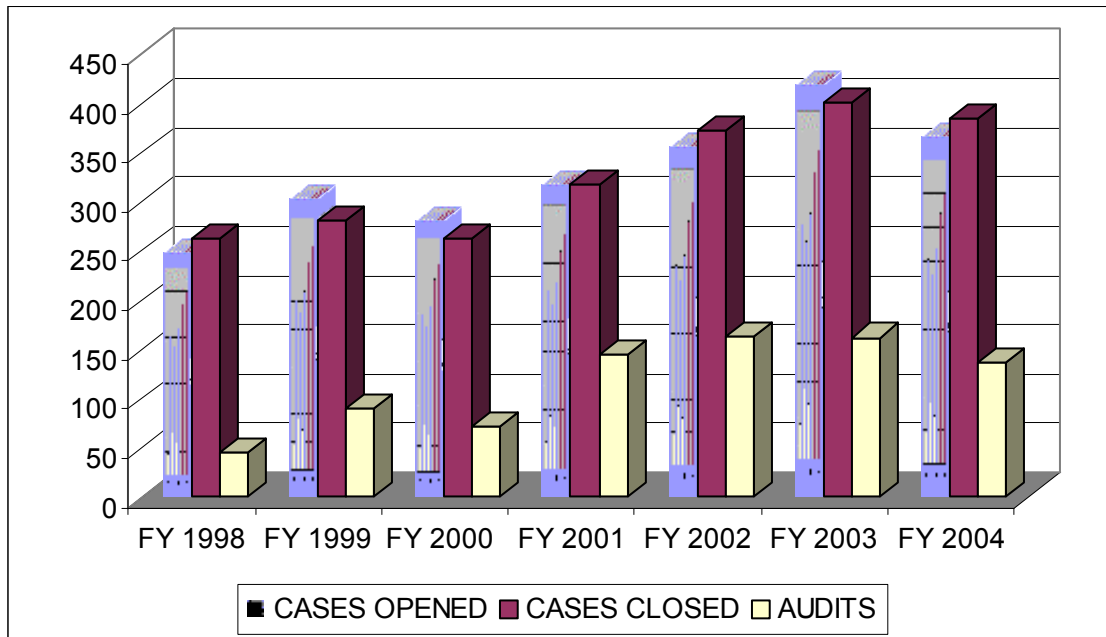
Furthermore, the Nevada Securities Division participated in a multi-state task force investigation—which included the SEC, New York Stock Exchange (NYSE) and the National Association of Securities Dealers (NASD)—that analyzed possible conflicts of interest involving ten major Wall Street brokerage firms. The investigation resulted in an SEC Final Judgment, NYSE Stipulation and Consent and a NASD Letter of Acceptance, Waiver and Consent. The Nevada Securities Division entered into Administrative Consent Orders with nine of the brokerage firms that resulted in the Division collecting approximately \$3,875,000 in fines.

In addition to investigating criminal cases, the Securities Division conducts routine and for-cause examinations of Nevada's broker-dealers and investment advisers. Currently, Nevada-based firms are examined approximately every two years in order to ensure compliance with the statutory requirements for conducting a securities business in the state of Nevada. Division investigators also review the securities firms' procedures for compliance with SEC rules and the NASD Conduct Rules. During fiscal year 2004, Securities Division investigators conducted 136 examinations. Inspection fees collected totaled more than \$41,000.

In order to ensure the Division is prepared for a rapidly changing securities industry, training is not only a priority, but vital to the ongoing education of Securities Division investigators and other staff members. Training opportunities pursued by staff during the fiscal year included: Federal Law Enforcement Training Center (FLETC), which introduces participants to the principles and techniques governing acquisition of computer data files and search and seizure of computer-related equipment and media; the National White Collar Crime Center (NWCCC), which presents state-of-the-art training for economic crime investigators; the North American Securities Administrators Association (NASAA), which focuses on such topics as broker-dealer inspection, investment adviser audit training, enforcement, litigation training and new investigator training; the Certified Fraud Examiners Association (CFE), which provides courses in locating hidden assets and in auditing for contract and procurement fraud, financial statement fraud and computer fraud; and the Securities and Exchange Commission (SEC), which offers classes covering churning,

suitability, market manipulation, sales practices, audit objectives, possession and control and investor characteristics.

**Secretary of State, Securities Division
Enforcement Activity
Fiscal Years 1998-2004**



ATHLETES' AGENTS

The Nevada State Legislature adopted the Uniform Athletes' Agents Act during the 2001 legislative session. Effective October 1, 2001, Nevada athletes' agents were required to register with the Secretary of State.

At the close of fiscal year 2004, eighteen Nevada athletes' agents were registered with the Securities Division, which administers the act.

INVESTOR EDUCATION AND PUBLIC OUTREACH

The Secretary of State, Securities Division, funds investor education programs and materials through fines levied and collected against individuals and firms found guilty of securities law violations. Additionally, the Division publishes several informative brochures and other materials that are available on the agency's website (<http://secretaryofstate.biz>), or by calling the Securities Division at 1-800-758-6440.

During fiscal year 2004, the Nevada Securities Division contributed \$12,500 to the Nevada Council on Economic Education in support of the **Stock Market Simulation Game**. A national program that teaches real-life applications of economics and consumer finance, the Stock Market Simulation Game introduces students to the workings of financial markets. Approximately 7,200 elementary, middle and high school students statewide participated in the Internet-based game during the 2003-04 school year. Thanks to the Securities Division's sponsorship, Nevada is the only state in the nation in which students participate in the Stock Market Simulation Game at no charge to schools or students.

The Division contributed an additional \$2,000 to the Nevada Council on Economic Education's **Entrepreneurship Program**, in which elementary and middle school students establish and operate classroom businesses. With the assistance of volunteer business professionals, including staff from the Securities Division, students design a business plan encompassing production, accounting, marketing, sales and finance. Close to 200 Southern Nevada students participated in the 2003-2004 Entrepreneurship Program.

In addition to financially supporting the Nevada Council on Economic Education's student focused program, the Secretary of State serves on the Council's Board of Directors and Executive Committee (The Deputy Secretary of State for Southern Nevada is his designee on the Board). The Council's mission parallels that of the Secretary of State: to increase economic literacy among Nevada's young people by assisting teachers and students by providing information and training on economics that can be utilized in the classroom.

The Securities Division has also extended financial and professional support to the **Academy of Finance** at Clark High School in Las Vegas. The Academy of Finance is a four-year magnet school program that prepares young people throughout the Las Vegas area for higher education and careers in the financial services industry. The Secretary of State, Securities Division, is represented on the Academy's Advisory Board, and Division staff members serve as mentors to students in the program.

In April 2004, the Securities Division co-sponsored the Seventh Annual **"Facts on Saving and Investing Campaign."** A nationwide promotion organized by consumer groups, financial industry associations and government agencies, the campaign focuses on investor education and encourages people of all ages to plan for their financial futures. As part of the month-long campaign, staff from the Securities Division visited classrooms at elementary, middle and high schools in Southern Nevada, along with conducting investing

and fraud prevention workshops in Northern Nevada at the Sparks Public Library and at the Community Services Agency in Reno. Investor education materials were made available to senior and community centers throughout the state, as well.

Staff from the Securities Division also presented “**The Savvy Investor**” workshop to more than 300 personnel at Nellis Air Force Base during fiscal year 2004. For many of the recruits who participate in the workshop, “The Savvy Investor” represents their first in-depth discussion of saving and investing.

During fiscal year 2004, the Securities Division acted as a founding member of the **Nevada Jump\$tart Coalition**. Deputy Secretary of State for Southern Nevada Pam Ruckel serves as Vice President of the Coalition’s Board of Directors. The Jump\$tart Coalition for Personal Financial Literacy is a national organization that seeks to improve the personal financial literacy of young adults by evaluating financial literacy among school-aged youth; developing, disseminating, and encouraging the use of standards for grades K-12; and promoting the teaching of personal finance. Nevada is the 39th state to establish a state Jump\$tart Coalition.

The Securities Division observed **National Consumer Protection Week** (NCPW) during the week of February 1-7, 2004. NCPW highlights the consumer protection and education efforts of government agencies and advocacy groups around the country. The Better Business Bureau, AARP and the Consumer Federation of America are a few of the national sponsors. Financial literacy was designated as the theme for NCPW 2004. The Securities Division issued a news release warning Nevadans of the *Top Five Investment Scams* in recognition of NCPW.

The Securities Division also acted as a founding member of **Partners in Financial and Tax Education**, a Northern Nevada coalition that seeks to financially empower low-income and working families by encouraging use of the appropriate income tax credits available to tax filers, along with promoting improved financial literacy. The group sponsored volunteer income tax assistance sites at four locations in Reno and offered financial education programs simultaneously at those sites. Other partners in the group include Community Services Agency, The Children's Cabinet, Nevada Legal Services, U.S. Bank and Great Basin Federal Credit Union.

The Securities Division participated in various events during fiscal year 2004 that allowed it to communicate its message of fraud prevention and financial literacy to the

public. The Securities Division displayed a booth at the Attorney General's **Conference on Aging and Senior Protection** and provided 250 seniors with informational and educational materials on **North Las Vegas Senior Crime Prevention Awareness Day** on April 21, 2004.

Division Profile

Notary Division

The Secretary of State, Notary Division, is responsible for appointing, training and regulating Notaries Public in the state of Nevada. There are more than 31,035 Notaries Public who serve the residents of Nevada by providing such services as taking acknowledgements, executing jurats, administering oaths and certifying copies. During fiscal year 2004, 5,033 new notaries were appointed and 3,832 renewals were granted. Notaries Public serve in law firms, title companies, banks, government offices and many other private businesses.

The Notary Division is also responsible for providing authentication of notary signatures, known as apostilles or certifications, which are typically used to authenticate documents that will be presented in foreign countries. Apostilles and certifications can only be issued by the Secretary of State's office. As the number of Notaries Public in the state increases, the number of apostilles issued annually by the Notary Division has also increased. During fiscal year 2004, the Notary Division issued 8,331 apostilles.

WEBSITE

The Notary Division posts forms and information on its section of the agency's web site. The Notary Division section of the web site now includes a notary training class schedule, all notary forms, information on how to become a Notary Public and an explanation of notary duties. The ease and availability of Notary Division information to clients has helped to maintain a five-day turnaround for signature authentication and seven-day period for processing of notary applications.

EDUCATION AND OUTREACH

The Notary Division offers regularly scheduled training classes statewide for Nevada's Notaries Public and individuals seeking notary appointments. The classes are also offered to any business with 20 or more notaries public on staff who wish to arrange

an in-house training at their place of business. During fiscal year 2004, more than 3,300 people took part in the volunteer instructional program.

REGISTRATION OF MINISTERS

The Notary Division also maintains a list of ministers in the State of Nevada who have been licensed and approved, or who have been temporarily licensed, by the state's county clerks. At the close of fiscal year 2004, the number of current active ministers in the state stood at 4,102. During fiscal year 2004, 367 individuals were granted temporary minister licenses, and an additional 315 individuals received general licenses as ministers.

LEGISLATION

At the request of the Secretary of State's office, the 2003 Legislature passed Assembly Bill 87, which amended NRS 240.100 authorizing notaries to charge a fee of \$10-25 per hour for travel (depending on the time of day) to a location, providing the document signer is informed of the fee in advance. AB 87 also included definitions for previously undefined words listed in NRS 240.100.

Additionally, although NRS 240.163 is now listed as "repealed," the provisions of that statute have actually been incorporated into NRS 240.1655.

Division Profile

Customer Service

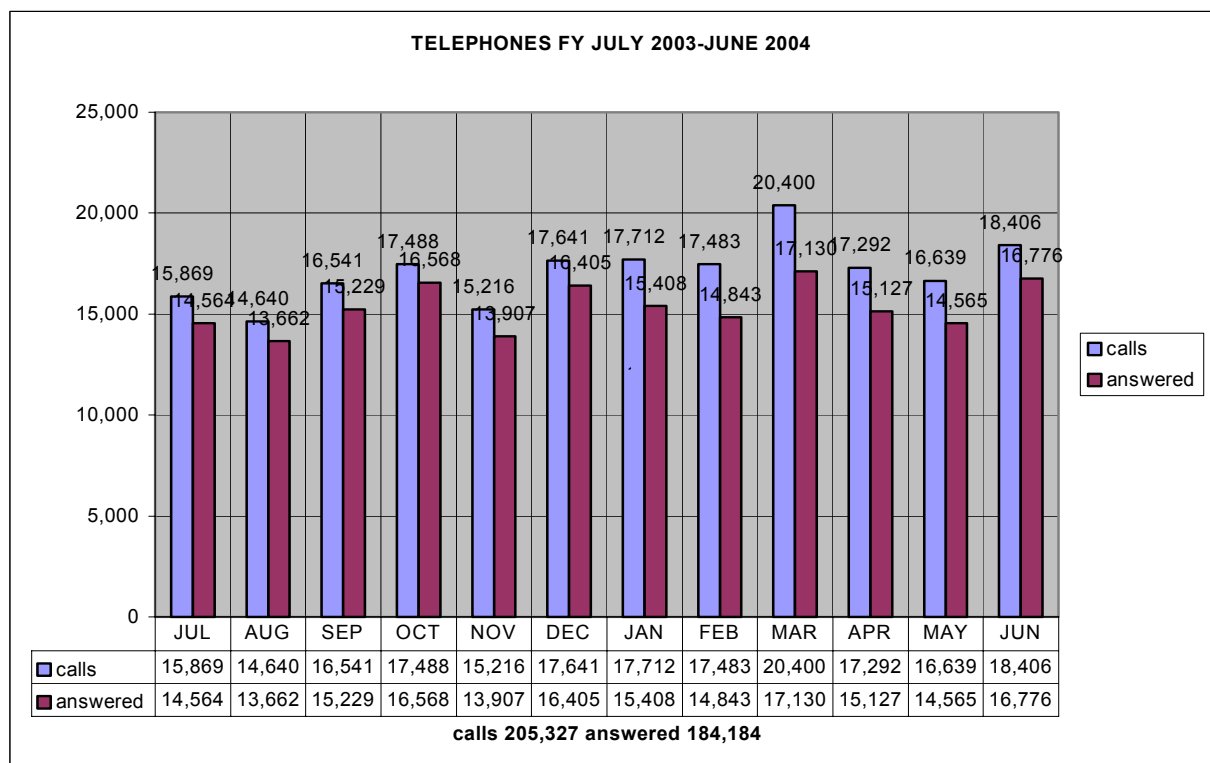
The Customer Service Division of the Secretary of State's office provides assistance to the general public, professional businesses and other government agencies through a variety of methods, including through greeting customers in person at the Carson City and Las Vegas offices, telephone inquiries, email and written requests.



The division's representatives are trained to assist customers with accurate information in a wide variety of areas, including navigation through our website, filing entities, fees and obtaining forms, answering questions with general information and responding to complex inquiries and concerns. This division also answers general questions regarding the Notary and Election divisions, along with directing customers to the appropriate Division within the agency when necessary. Although Customer Service representatives are prohibited by law to give legal advice, staff is trained to direct customers to specific Nevada Revised Statutes that may address their issues.

The division is comprised of 12 customer service representatives in the Carson City office, with 3 additional representatives in the Las Vegas office. With the public's increasing use of email as a method of communicating their inquiries, staff continues to answer approximately 900 calls, along with assisting an average of 150 walk in customers on a daily basis.

The Customer Service Division strives to give the best possible service to our customers in a professional, courteous and knowledgeable manner.



Division Profile

Information Technology

The increased use of Information Technology in the Secretary of State's office and its Divisions continues to dramatically improve the agency's efficiency and quality of services available to customers. Housed within the Administrative Services Division, the Secretary of State's Technology Services Section, referred to as SOSTEK, is staffed by ten full-time professionals.

The agency's target market is every proposed or existing business in the world. The Secretary of State is able to reach this market via its website. Customers from more than 100 countries utilize the website, which during fiscal year 2004 generated an average of 4.5 million hits per month. Expanded e-government capabilities will allow the Secretary of State to further tap the global marketplace.

The most visible role of SOSTEK is the development and enhancement of the award winning (2002 E-Nevada Award for *Most Innovative Government Web Site in Nevada*) Secretary of State's website (<http://secretaryofstate.biz>), the most frequented in Nevada state government. Between its unveiling in early 1998 and the end of fiscal year 2004, the Secretary of State's website has received more than 210 million hits. More than nine million of these hits involved "sessions" in which customers engaged in interactive communication with the office, the equivalent of a telephone call.

The SOSTEK Division has placed more than 200 forms used in conducting business with the Secretary of State's office online. While many of these forms are related to the Commercial Recordings Division, customers of all divisions of the Secretary of State's office are increasingly able to utilize this mode of customer service.

The Secretary of State is nearing completion of a five-phase project to replace its aging Commercial Recordings processing and database systems. This new system, dubbed *eSoS*, integrates up-front receipting and document imaging, document processing and database, document retrieval and certificate services, online filing processes and accounting functions into one, state-of-the-art processing system.

The new in-house and online UCC portions of the new system (phases 2 and 3) have already allowed the UCC Division to cut its staff in half while providing improved

service. Similar efficiencies in other divisions of the Commercial Recordings Division are expected upon completion of the project.

Electronic services have expanded from online name reservations, form requests and data inquiries to now include UCC – 1, 3 and 5 filings, and soon, Annual Lists of Officers. The expectation is that our customers will shortly have the ability to submit virtually all documents filed with the Secretary of State's office via the Internet.

SOSTEK has provided support and aid to the agency's Elections Division by developing and rewriting portions of the Election Reporting Application software, thereby providing easier data access to information contained on the agency's website. Additionally, SOSTEK is assisting in the gathering of information and requirements for the purpose of awarding a contract for a statewide voter registration system by the end of December. One of the many mandates of the Help America Vote Act (HAVA) is that each state have a statewide voter registration system in place and operational by January 1, 2006. Another major project has been Election Night Reporting, which will allow results reporting at close to "real" time. Finally, SOSTEK rewrote internal agency programming relating to Contributions and Expenditures (C&E) Reporting and is in the process of completing improvements to the Secretary of State's online C&E program.

Additional e-government applications are currently under development. Projects in the works include e-government links for online applications and submission of Trademark documents, retrieval of all stored documents and filings via the Internet, and online filing of Notary Public applications. These e-government filings will allow the Secretary of State's office to grow office revenue while controlling personnel costs.

The Secretary of State has chosen to invest in technology in order to grow the office's market share and accompanying revenue, while at the same time improving customer service and controlling expenditures. SOSTEK, although challenged by old systems currently in place that are not adaptable for e-government and web-based applications, strives to implement cost-effective solutions that provide significant returns on investment.

Division Profile

Administrative Services

The Administrative Services Division of the Secretary of State is responsible for accounting, budgeting, human resources, information technology (refer to IT Division Profile), purchasing, and special projects. The Division also manages and monitors all agency contracts and is responsible for ensuring that all contracts properly comply with state and federal law.

The Accounting Section processes the daily bank deposits while ensuring compliance with essential internal controls. Accounting also maintains the popular pre-paid Trust Accounts for more than 400 customers. These Trust Accounts allow customers to deposit funds for use with subsequent requests for service eliminating the need to have a negotiable instrument accompany each request.

The Budget Section prepares, monitors, and reports on the office's biennial budget. Included in these duties is the responsibility to respond to various financial and budgetary requests internally as well as from the public and other governmental offices. The Section works closely with the Legislative Counsel Bureau and the Governor's office in projecting and monitoring general fund revenues.

The Human Resources Section processes all personnel and payroll documents, assists in the recruitment of new employees, provides employee orientation, maintains all employee training records and keeps employees informed of changes in insurance and benefits. With the use of information technology as an enabling resource for increased organizational productivity, the training function within Human Resources has become more important and the expansion of staff training sessions will be evident during the next 12 months.

As a means of saving time and money for the state and employees, the Secretary of State's office adopted the NEATS (Nevada Employee Action and Timekeeping System) in March 2004, which allows employees to use a secure Intranet-based method for submitting timesheets, reviewing and modifying basic personnel information, and to enroll in state-sponsored training classes.

Staff Profiles



Renee Parker was named **Chief Deputy Secretary of State** in December 2000. She is responsible for carrying out Secretary's Heller's mandates, including implementing agency policies, administering the agency's budget and supervising all agency personnel. She drafts and proposes legislative changes and testifies on behalf of the Secretary and the agency before the Legislature.

She graduated Summa Cum Laude from Santa Clara University School of Law, receiving her Juris Doctor in 1996. She is a member of the Nevada and California State Bars. She earned a Bachelor of Science degree Magna Cum Laude in Economics from Santa Clara University in 1992.

Renee previously served as policy advisor and assistant general counsel to the Public Utilities Commission. Her background also includes being an associate at the law firm of Pillsbury, Madison & Sutro, LLP, where she specialized in corporate and securities law.

As **Deputy Secretary of State for Commercial Recordings**, a position he has held since 1997, **Scott Anderson** oversees the Division that processes and maintains the documents of more than 200,000 business entities on file with the Secretary of State's office.

Scott currently serves on the governing board of the International Association of Corporation Administrators as 1st vice president.

He holds a Business Administration Degree from the University of Nevada, Reno, and is a certified public accountant.

Prior to state service, Scott was Chief Financial Officer for a Carson City manufacturing business.

He resides in Carson City with his wife and family.



Ronda L. Moore joined the Secretary of State's office as **Deputy Secretary for Elections** in April 2003. She is responsible for administering the Elections Division, which includes a full-time staff of five employees.

Ronda previously spent nine plus years in the Nevada Attorney General's office as a deputy attorney general.

She graduated Magna Cum Laude from Gonzaga University of Law, receiving her Juris Doctor Degree in 1992. She attained her undergraduate degree in English from Central Washington University.

Ronda and her husband reside in Carson City.

Securities Division Administrator Charles Moore manages the statewide operations of the Division, including directing a staff of investigators, attorneys and legal assistants.

He received a Juris Doctor Degree from Oklahoma City University School of Law and a Bachelor of Science Degree in Accounting from Central State University in Edmond, Oklahoma. Charles is licensed as an attorney and as a certified public accountant.

Before joining the Securities Division as the Director of Enforcement in 1993, Charles was the Director of Enforcement for the Oklahoma Securities Division.

Charles and his wife and family reside in Las Vegas.



Pamela Ruckel was named **Deputy Secretary of State for Southern Nevada** in August 2001. She had previously been the agency's Education and Information Officer.

In her role as Deputy Secretary for Southern Nevada, Pam conducts educational programs throughout the community. She is responsible for coordinating the administrative functions of the Secretary of State's Las Vegas office.

Pam previously served as Director of Education for the Nevada Hotel, Motel and Restaurant Association, and as Public Information Officer for a California school district.

Pam earned a Bachelor of Arts Degree in Political Science from Kent State University.

She lives in Las Vegas with her husband and son.

As the Secretary of State's **Notary and Digital Signature Administrator, Bru Ethridge** oversees the daily operation of the Notary Division, along with supervising the Secretary of State's Las Vegas office Customer Service Division.

As part of her duties, Bru regularly travels throughout the state organizing and conducting numerous notary public training classes. In fact, she has personally trained many of the state's Notaries Public.

Before serving the past 14 years in the Secretary of State's office, Bru managed a family business with her husband.

Bru has lived in Carson City since 1969.



Administrative Services Officer Bill Reinhard has worked in state government for some 20 years.

Bill is responsible for supervising the agency's budget, providing financial reports, and for supervising the processing of personnel and payroll records. His duties also include overseeing the development and implementation of the information technology systems.

He earned a Bachelor of Science Degree in Accounting from Cal Poly, San Luis Obispo, an MBA from the University of Nevada, Reno, and is currently a doctoral candidate at UNR.

Bill and his wife, Lenore, have been married for 33 years.

Roy Cage was appointed Director of Information Technology (IT) in June 2004. He manages a staff of ten IT specialists who support more than 130 Secretary of State staff members, along with overseeing the agency's website. Roy is also responsible for several new systems, including Election Night Reporting, Statewide Voter Registration and the Commercial Recording Division's *eSoS* project.

Roy obtained a Master of Business Administration degree from the University of Utah and a Bachelor's Degree in Business Administration from Virginia Tech. He is also a Certified Internal Auditor and a Certified Information Systems Auditor. Roy brings 38 years of information technology related experience to his current position.

Roy and his wife live in Reno.



Customer Service Division Supervisor Tamara Rains oversees the daily operation of the Carson City Customer Service Division. She coordinates all internal training of Division representatives, along with working closely with other staff to provide the best service possible to customers.

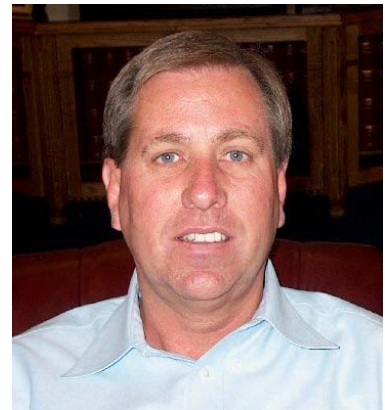
Tami became the Supervisor of the Customer Service Division in March 2004 after previously working in the agency's Floater Division. She spent 5 ½ years with the Nevada Gaming Control Board before joining the Secretary of State's office.

Tami, her husband and their two daughters live in Carson City.

Public Information Officer Steve George joined the Secretary of State's staff in January 2002. His duties include: managing the public relations and information program for the agency; writing news releases, speeches, newsletters and articles; creating informational brochures; answering media and public inquiries; monitoring media outlets; and developing public outreach programs.

He previously worked in the Nevada Attorney General's office as Director of Communications, and as News Director at KNUU News Radio in Las Vegas.

Steve lives in Dayton with his wife and two children.



NEVADA SECRETARY OF STATE DEAN HELLER

Dean Heller got into politics early in life, making daily trips to the Capitol Building to give then Governor Mike O'Callaghan an update on local, national and world events. That is, Dean was delivering the Governor's newspaper as his paperboy at the age of twelve.

Dean grew up in a log cabin---oops, wrong story. After graduating from Carson High School, Dean received a Bachelor's Degree in Business Administration, specializing in finance and securities analysis, from the University of Southern California in 1985.

Dean was first elected Secretary of State in 1994, and re-elected in 1998 and again in 2002. He previously served Carson City as an assemblyman in the Nevada Legislature from 1990-1994. Prior to that, Dean worked as an institutional stockbroker and as a broker/trader on the Pacific Stock Exchange.



Secretary of State Heller is the third highest-ranking constitutional officer in Nevada, serving as the state's Chief Elections Officer. His office includes the Elections Division, Commercial Recordings Division, Securities Fraud Division and the Notary Division. In his official capacity, Dean also is a member of the Board of Examiners (which includes the governor and attorney general), State Prison Board, and the Tahoe Regional Planning Agency. Additionally, he is on the National Association of Secretaries of State (NASS) Executive Committee, serving as Western Region Vice President.

Dean was also a Founding Board Member of the Boys and Girls Club of Western Nevada and the Western Nevada Community College Foundation, and is an Advisory Board Member for Nevada's Foster Grandparent program.

Dean and his wife, Lynne, who met while they were attending the University of Southern California, live in Carson City with their three younger children: Harris (15), Drew (14) and Emmy (9). Their daughter, Hilary, attends Arizona State University.

The Heller family is Carson City's version of the Von Trapp family. Lynne has been a major force in the development of the Western Nevada Musical Theatre Company, and Dean and the children have performed in many of the group's plays. Dean has performed—although that is stretching the definition—as a sailor, baseball player and a 6'4 Chinese gambler. He even performed at Carnegie Hall in 1996. Okay, so all he actually did was serve as narrator for the Sierra Nevada Master Chorale Singing Troop's performance, but his Mom, Janet, who sings with the group, said her "little Dean-o" was just great.

Many people believe politicians are always in a fog, but Dean actually went the extra mile and created fog...during a play that is. Seems he was in charge of the fog machine during a play and kept it going so long that the entire theater was covered.

Dean also enjoys stockcar racing, competing in several races a year throughout Nevada and California. He grew up around the sport following his dad, "Blackjack" Heller, who raced

for many years. That background has led many people to ask the question, “How could someone who always turns left end up as a Republican?”

Dean loves sports, especially basketball, golf and snowboarding, and attending his children’s events.



Secretary Heller with his wife, Lynne, and their children, Hilary, Harris, Drew and Emmy. We could not identify the man in the middle of the picture.

For more information regarding the Nevada Secretary of State's office and its Divisions, please visit the agency's website at <http://secretaryofstate.biz> or contact:

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