

Quarterly Business Report

Volume VI, Issue II
Second Quarter 2013

Dear Business Leader:

During the second quarter, my office worked vigorously through the legislative session to pass bills beneficial to Nevada business customers and continued expanding SilverFlume, Nevada's Business Portal, to encompass state and local agencies for consumer convenience.

Fernley is the first city to join SilverFlume. With automatic access to Common Business Registration data, it is easier than ever before for the city's business licensing department to assist customers expeditiously. As it didn't cost a penny for Fernley to integrate with SilverFlume, both the agency and the customer win.

My office hit the ground running from the first day of the 2013 Legislature and never stopped until the gavel came down at midnight for sine die. All SOS divisions will experience changes from bills that passed into law, and Commercial Recordings may be the division most affected.

Senate Bill 60 makes several changes to Title 7 and Chapter 225 of the Nevada Revised Statutes that further standardizes and refines the filing processes of Commercial Recordings. These changes will curb many of the practices that reflect negatively on Nevada and harm our business-friendly reputation.

Through Assembly Bill 89, Nevadans have the option of setting up a new type of business entity beginning January 1. Benefit corporations consider the society and environment in addition to profit in their decision-making process, making it a practical option for environmentally conscious and business-minded entrepreneurs.

To help curb fraud by organizations that claim to be tax-exempt but aren't, my office lobbied for the passage of Assembly Bill 60. Charities will be required to provide more information to prove their 501(c)(3) status also beginning January 1, which will be posted on www.nvsos.gov. I strongly believe this will greatly reduce the amount of misleading claims made by unqualified charities.

Thank you for allowing me to share our news and continuing to serve as your Secretary of State. We're looking forward to achieving more great accomplishments during the second half of 2013.

Respectfully,



Inside This Issue

- ◆ Fernley Becomes First City to Join SilverFlume
- ◆ SB 60 Standardizes Commercial Recordings Filing Processes
- ◆ Benefit Corporations Coming to Nevada
- ◆ Charities Required to Prove 501(c)(3) Status
- ◆ Commercial Recordings Filings



Secretary of State Ross Miller, National Association of Secretaries of State (NASS) President for 2012-2013 (far right), stands with the new NASS officers for the 2013-2014 cycle.

Fernley Joins SilverFlume; Use of Common Business Registration Data Saves Time, Effort for Customer, Agency

Fernley is the first local agency to integrate with Nevada's Business Portal

As the first city to integrate its business licensing processes with Nevada's Business Portal, SilverFlume, Fernley is bringing time savings and efficiency to its business license customers. Fernley's business licensing division now automatically receives Common Business Registration (CBR) data that SilverFlume customers provide for their profiles, following a system integration that cost the agency nothing.

"Nevada is making significant strides forward in business licensing collaboration, and we are proud to welcome Fernley as the first city to join SilverFlume," said Nevada Secretary of State Ross Miller. "Fernley customers will greatly benefit from the city's participation with SilverFlume."

CBR data is basic information that nearly every Nevada governmental agency requires, such as a doing business as (DBAs)/fictitious firm names (FFNs), industry and business description, physical location addresses, owners list information, and number of employees. Sharing this information among state and local agencies can drastically reduce the amount of redundant paperwork required from businesses. Fernley's business licensing division can select specific CBR information and import it on a scheduled basis appropriate to its needs. Because Fernley's system did not require any software or hardware updates, the cost to import CBR data into Fernley's database was free. Prior to Fernley undertaking the import of CBR data ("Level 2 Integration"), some agencies were concerned that any kind of CBR data integration into external agency systems could reach into the thousands or tens of thousands of dollars.

"It was natural for Fernley to be the first city to integrate into the SilverFlume program," said City of Fernley Mayor LeRoy Goodman. "We have the software and the expertise, and of course, we want to do what it takes to make it easy to do business in Fernley."

The Governor's Office of Economic Development (GOED) also reached "Level 2 Integration" this week, allowing the agency to work with businesses that request information about exports, a feature never before available in any Nevada State or local agency program. Via SilverFlume, more than 300 businesses of all sizes and types, from sole proprietorships to large corporations, have requested to be contacted by GOED, ensuring that Nevada can work at growing its economy and providing additional customer services to its businesses.

"With this information, GOED can better assist local businesses that currently export or want to begin exporting

goods and services outside of the state," said Bob Potts, research director for GOED. "Increasing export activity is central to the mission of GOED because as export dollars flow into our state, Nevada's economy continues to grow."

SilverFlume's website, www.nvsilverflume.gov, gathers all of the agencies involved in starting a business under one digital roof, sequences required tasks, and guides the customer through cross-agency steps via the one-stop shop. Sharing CBR data provides the foundation for SilverFlume's one-stop-shopping experience. The CBR service enables business license customers to enter the information once instead of repeatedly when interfacing with different agencies. SilverFlume became operational in June 2012 and has processed more than \$58 million in cross-agency revenue while assisting more than 120,000 businesses with their licensing and regulatory needs.

Churchill County is also modernizing its processes in conjunction with SilverFlume. While Douglas County began sharing data with SilverFlume earlier in 2013, Churchill is the second Nevada county to begin sharing CBR data to streamline the customer's experience. Douglas and Churchill utilize the free SilverFlume web-based report ("Level 1 Integration"). While this does not demonstrate the same level of efficiency as the Fernley integration, it does have the potential to eliminate some redundant registration steps for Churchill County customers.



The Las Vegas Latin Chamber of Commerce's 11th Annual La Oportunidad Expo is right around the corner on August 10 at Cashman Center. It's free to attend the premier Latin business event in southern Nevada. Pick up a free copy of money management video game "Financial Soccer" while you're there. Visit www.lvcc.com for more information about the expo.

SB 60 Standardizes Commercial Recordings Filing Process

Nevada's corporate filing practices continue to receive intense federal, international and media scrutiny. Nevada has made changes to its statutes during the past several sessions to strengthen the requirements for corporate formation, which provides more regulatory authority to ensure compliance. Many of the adopted provisions are similar to measures enacted in Delaware and Wyoming.

Senate Bill 60 streamlines and further defines filing procedures and requirements and will curb many of the practices that reflect negatively on Nevada and harm our business-friendly reputation.

SB 60 adds provisions relating to sole proprietors and partnerships doing business in Nevada without maintaining a state business license that are similar to provisions added in 2009 for corporations, LLCs and other business entities. Entities must now file a declaration of exemption *annually* on or before the expiration date of the exemption because the conditions making a business eligible for exemption may change from year to year. The Secretary of State will have the authorization to allow a foreign or domestic business entity to select an alternative due date for its list of officers.

SB 60 reinforces provisions related to registered agent (RA) practices. The bill revises the definition of "commercial registered agent" and requires that any RA with 10 or more represented entities register as a commercial RA. The current fee for the registration is eliminated since it is no longer an optional designation. SB 60 prohibits a convicted felon whose civil rights have not been restored from serving as a commercial RA. The bill also prohibits the creation of shell or shelf entities and the creation of entities for unlawful purposes.

Business identity theft is a growing problem reported throughout the U.S. The improper reinstatement of seemingly defunct entities is one method used in committing business identity theft. SB 60 institutes additional requirements that will help minimize improper reinstatements. More information and declarations must be included in applications for reinstatement of revoked entities.

The Nevada Registered Agents Association and the State Bar Association's Business Law Section assisted in crafting this legislation. The provisions of SB 60 take effect October 1, 2013. In addition to form revisions, there will be some regulation changes. To [sign up for notices](#) or for more information, please visit www.nvsos.gov.

Nonprofits Must Provide More Information When Soliciting Contributions

In an effort to better inform the public and reduce instances of fraud, Assembly Bill 60 requires Chapter 82 nonprofit corporations which intend to solicit tax-deductible charitable contributions in Nevada to file certain information and a financial report with the Secretary of State. That information includes the following:

- Provide its name as registered with the IRS
- Federal Tax Identification Number and tax status
- Name(s), if different from legal entity name, under which it will be soliciting tax deductible contributions
- Name and address of executive staff, if applicable
- Financial information from IRS Form 990

The corporation must file this information at the time it files its articles of incorporation and its annual list. This information will be part of the public record that is posted on the SOS website.

The law also requires any nonprofit corporation to make certain disclosures when soliciting any contributions, whether or not the donation is tax-deductible. Entities that fail to comply with the filing or solicitation disclosure requirements may be subject to fines and penalties for violations. Current law already makes it a crime for someone to make false, deceiving and misleading claims in soliciting contributions.

The new law takes effect January 1, 2014. Regulations will be adopted. To [sign up for notices](#) or for more information, please visit www.nvsos.gov.

Best Practices Study: Curtail Unlawful Use of Corporate Entities

In response to scrutiny of their business formation practices, Nevada, Delaware and Wyoming Secretaries of State jointly created a white paper that details the rise of the unlawful use of corporate entities and recommendations for preventing future crimes, while encouraging business formation and growth.

Entitled "[Encouraging Business While Fighting Fraud: States Focus on Changes Made and Changes to Consider.](#)" the white paper highlights new developments in state company formation laws in Delaware, Nevada and Wyoming and sets forth best practices of "company registries" in the United States, which may help other states reduce their susceptibility to the formation of fraudulent businesses.

Nevada Secretary of State Ross Miller, along with representatives from the offices of Delaware Secretary of State Jeffrey Bullock and Wyoming Secretary of State Max Maxfield, presented the white paper to their colleagues at the National Association of Secretaries of State (NASS) 2013 Summer Conference in Anchorage, Alaska.

Benefit Corporations to Become Newest Nevada Business Entity Type

Effective January 1, 2014, a new type of business entity Benefit Corporations or B-Corps may be established. A benefit corporation is a new corporate form designed to allow for-profit entities to consider the society and environment in addition to profit in their decision-making process. Benefit corporations differ from traditional corporations in regard to their purpose, accountability and transparency. Their purpose is to create a general public benefit, which is a material positive impact on society and the environment.

A benefit corporation's directors operate the business with the same authority as in a traditional corporation, and shareholders who have standing can judge the company's financial or qualitative performance. Shareholders determine if the benefit corporation achieves a general public benefit, which is defined as a material positive impact on society and the environment, taken as a whole, as assessed against a third-party standard that satisfies certain requirements.

Securities: SB 28 Prohibits Dishonest Adviser Designations

Senate Bill 28, effective July 1, 2013, prohibits the unethical or dishonest practice in the securities business of utilizing certain "senior designation" certifications, as well as other unethical conduct. SB 28 also modifies the information that may be considered during licensing proceedings, and makes it a specific violation of Nevada securities laws to provide any materially false, fraudulent or fictitious statement during an investigation. For these and other changes to the Nevada Uniform Securities Act, see the complete copy of SB 28 as enrolled, [click here](#).

AB 89 authorizes a benefit corporation to identify in its articles of incorporation one or more specific public benefits as an additional purpose of the benefit corporation. Such specific public benefits include, without limitation, providing low-income or underserved individuals or communities with beneficial products or services; preserving the environment; improving human health and promoting the arts, sciences or the advancement of knowledge.

The added transparency provisions of a benefit corporation require that the company produce an annual benefit report on its overall social and environmental performance using a comprehensive, credible, independent and transparent third-party standard. While they may be certified or audited as meeting third-party requirements, this is not a requirement. Through an annual benefit report to the public, consumers can determine if they agree or disagree with the benefit corporation's methods of achieving a material positive impact on society and the environment.

Find us at these upcoming business expos!

August 28, 2013:

[Governor's Small Business Conference](#)

Grand Sierra Resort (Reno)

September 12, 2013:

[Committed To Our Community 2013](#)

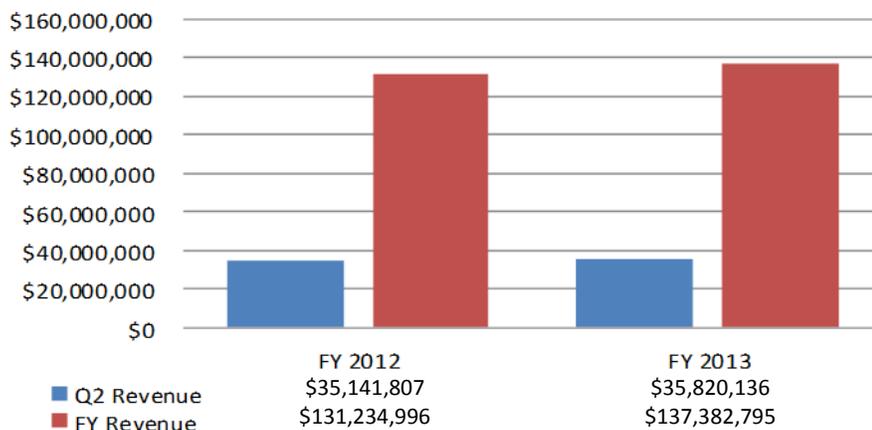
Las Vegas Convention and Visitors Authority

September 27, 2013:

[NCET Entrepreneur Expo](#)

Atlantis Casino Resort (Reno)

Commercial Recordings Revenue Q2 '12 vs. Q2 '13



New and renewing business licenses remained steady during the second quarter of 2013, with a slight increase in revenue compared to the second quarter of 2012. Overall, FY 2013 has generated more revenue than FY 2012 during the same time period.

Upcoming Notary Training Classes

Las Vegas

Gold Coast Casino,

California Ballroom K

4000 W. Flamingo Road

August 22, 2013

8 a.m. to 12 p.m.

Carson City

Carson City Nugget

507 N. Carson Street

August 29, 2013

8 a.m. to 12 p.m.

Pre-registration required at

www.nvsos.gov