State of Nevada
Office of the Secretary of State

Annual Report

Fiscal Year 2002

DEAN HELLER
Secretary of State

August 1, 2002

OFFICE OF THE SECRETARY OF STATE

DEAN HELLER
Secretary of State

To the Governor, Legislature and Citizens of Nevada:

DEAN HELLER
Secretary of State

The following is an account of fiscal year 2002, including reports from each division and a close look at revenues versus expenditures. Our goal is to continue to deliver the best service possible to residents and businesses alike. I feel very strongly that the Secretary of State's office has made tremendous strides in providing more efficient and timely service through the enhanced use of technology, including providing a web site that gets about three million hits per month.

During fiscal year 2002, agency revenue climbed to more than $52.2 million, an increase of more than 30% over fiscal year 2001. Expenditures were held to approximately $8.5 million. Over six dollars in revenue was generated for each dollar spent, and revenue per full-time employee rose to more than $414,400.

Despite trying economic times brought about by the tragic events of September 11, 2001, and the downturn in the nation's economy, Nevada's business climate remains inviting. While the Secretary of State's, Commercial Recordings Division, experienced only a slight gain in business in fiscal year 2002, other states have experienced decreases from 5 – 33%, including Delaware, which reported a decrease of more than 33% in new corporations. In fact, Nevada was ranked first among the 50 states for its policy climate for small business an entrepreneurship.

Much of the credit for the agency's strong fiscal showing is a direct reflection of the expanded use of technology, and an increase mandated by the Legislature on several fees charged by the Commercial Recordings Division. The greater use of technology has permitted the agency to grow revenue, control costs and increase employee productivity, while at the same time improving service.

In fiscal year 2003, the Secretary of State's office will experience another year of growth and challenges. It will also be a year marked by important elections at nearly every level of government. I am confident this office will have a great deal of new activity to report at the end of fiscal year 2003.

I thank you for your attention to our 2002 Annual Report. We welcome your comments regarding the Nevada Secretary of State's office.

Sincerely,

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.

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, 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.

The Secretary of State's office also receives business entity filings and maintains records for corporations, limited liability companies, limited partnerships, limited liability 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; and licenses and regulates athletes agents.

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, and business trusts.

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

Records 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.

Official custodian of the Seal of Nevada.

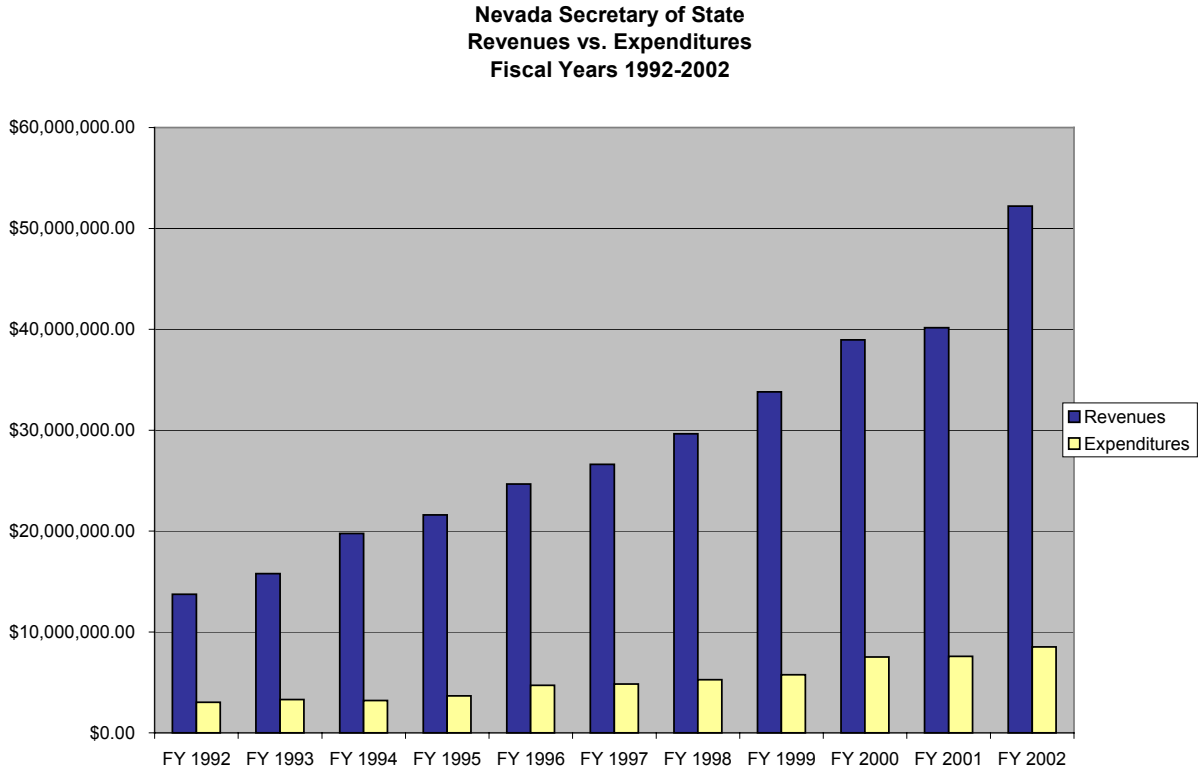
- **Licenses and regulates athletes' agents.**

Executive

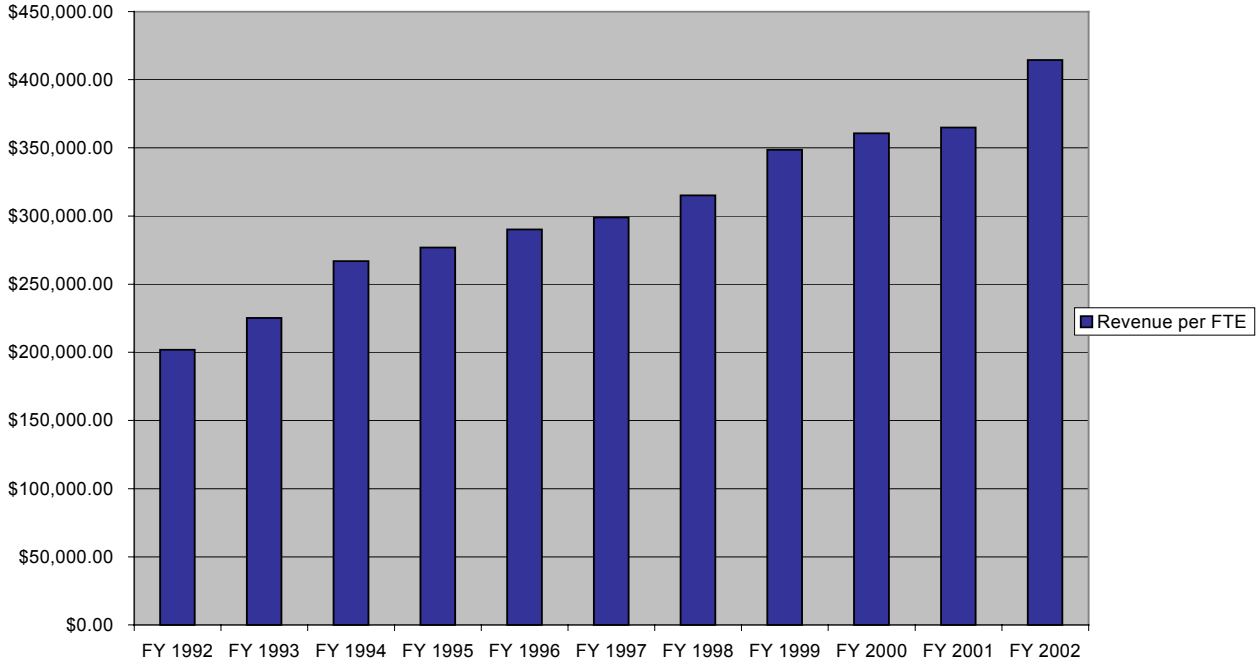
Summary

The Secretary of State's office experienced continued growth during fiscal year 2002. Revenues outpaced the previous year's record-setting figures by nearly $12 million, an increase of 30% over fiscal year 2001. Much of this increase is attributable to increases in business filing fee schedules as authorized by the 2001 Legislature.

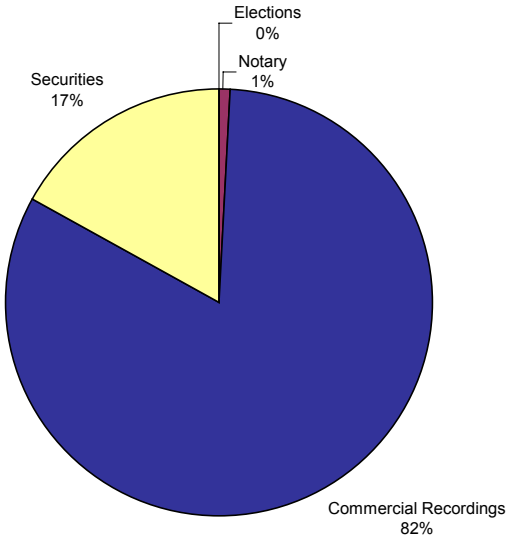
The expanded use of efficient and cost-effective technology, coupled by a reevaluation of office procedures and comprehensive employee training, has resulted in increased staff productivity. More than $414,470 in revenue was generated per employee during fiscal year 2002, an increase of 14% over the previous fiscal year. While revenues rose impressively from fiscal year 2001, expenditures during fiscal year 2002 were only 11% over the prior year.



Nevada Secretary of State
Revenue per Full-Time Employee (FTE)
Fiscal Years 1992-2002



Nevada Secretary of State
Revenue by Division
Fiscal Year 2002



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 web site has become a valuable tool by which individuals and businesses interact with the agency. Generating in excess of 3.5 million hits per month, the web site attracts an average of more than 80,000 visitors per day. Approximately 200 forms, including investor complaint forms, corporation filing forms, election forms and Notary Public application forms, are available online from the Secretary of State. In addition to providing more expedient service, the web site has had the added advantage of reducing the number of incoming telephone calls to the office's Customer Service Division.

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 the very near future, additional e-commerce opportunities will be available to customers.

These developments and the many others that have affected the Secretary of State's office during fiscal year 2002 are discussed in further detail in the following Division Profile sections of this report.

Division Profile

Commercial Recordings

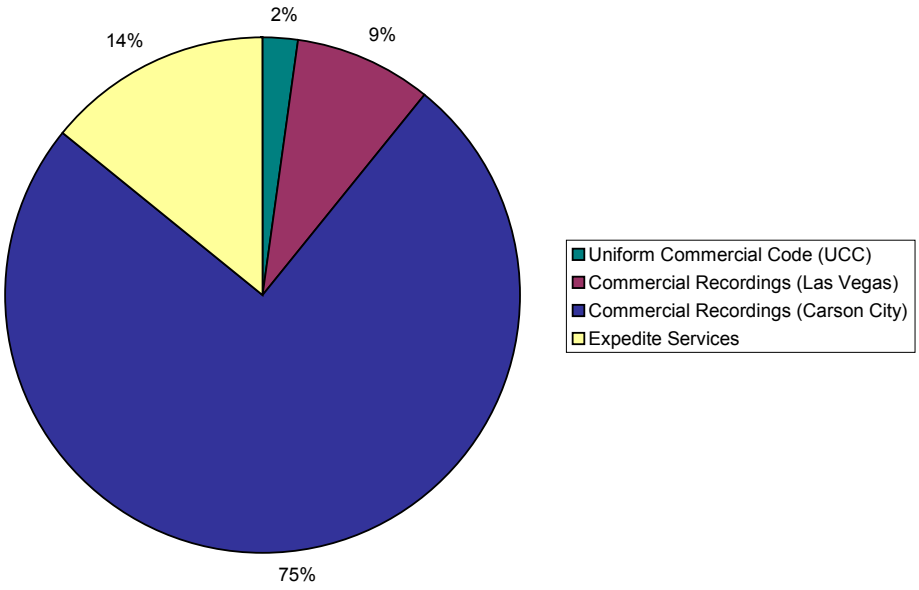
The Secretary of State, Commercial Recordings Division, is responsible for processing and filing the organizational and amendatory documents of entities organized under the laws of the State of Nevada. These entities include for-profit and nonprofit corporations, limited partnerships, limited liability companies, limited liability partnerships, professional corporations and associations, and business trusts. The Division is also charged with reviewing, filing and processing 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 and Uniform Commercial Code (UCC). The Floater Division was created in 1998 to train staff in all areas of the Commercial Recordings Division. 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.

In early 2002, the Carson City Commercial Recordings Division and Copies Division completed a relocation into new office space located at 202 N. Carson Street (the old Meyer's Hardware Building) that began in 1999. A Customer Service counter was also relocated to this site. The relocation has significantly reduced foot traffic in the Secretary of State's Capitol office and in the Capitol Building. The new office also offers better parking facilities and creates a convenient, one-stop shop for customers.

In May 2002, the Division relocated its Las Vegas offices from Suite 2900 to Suite 4000 in the Grant Sawyer Building. This new office space provides for the continued growth and the expansion of service provided in this office. In addition to Commercial Recordings and Customer Service staff, our Las Vegas Information/Techonology staff is located in this new space.

The Commercial Recordings Division and its various sections generated nearly $43 million in revenue during fiscal year 2002. The Division's Carson City office is the largest revenue-producer, with receipts in excess of $32 million during fiscal year 2002. The Las Vegas Commercial Recordings office generated more that $3.7 million in revenue. Expedite fees for all Division offices exceeded $6.1 million compared to $3.6 million in 2001. UCC receipts totaled over $973,000 during fiscal year 2002, an increase of 58% from fiscal year 2001.



The tragic events of September 11, 2001, have impacted many businesses and government agencies, including our office. We have been fortunate in that while Nevada's Commercial Recordings Division has experienced only a slight gain in business (approximately 1% over fiscal year 2001 new filings), other states have experienced decreases from 5 – 33%, including Delaware, which reported a decrease of more than 33% in new corporations. Other factors, such as the economic downturn in the past two

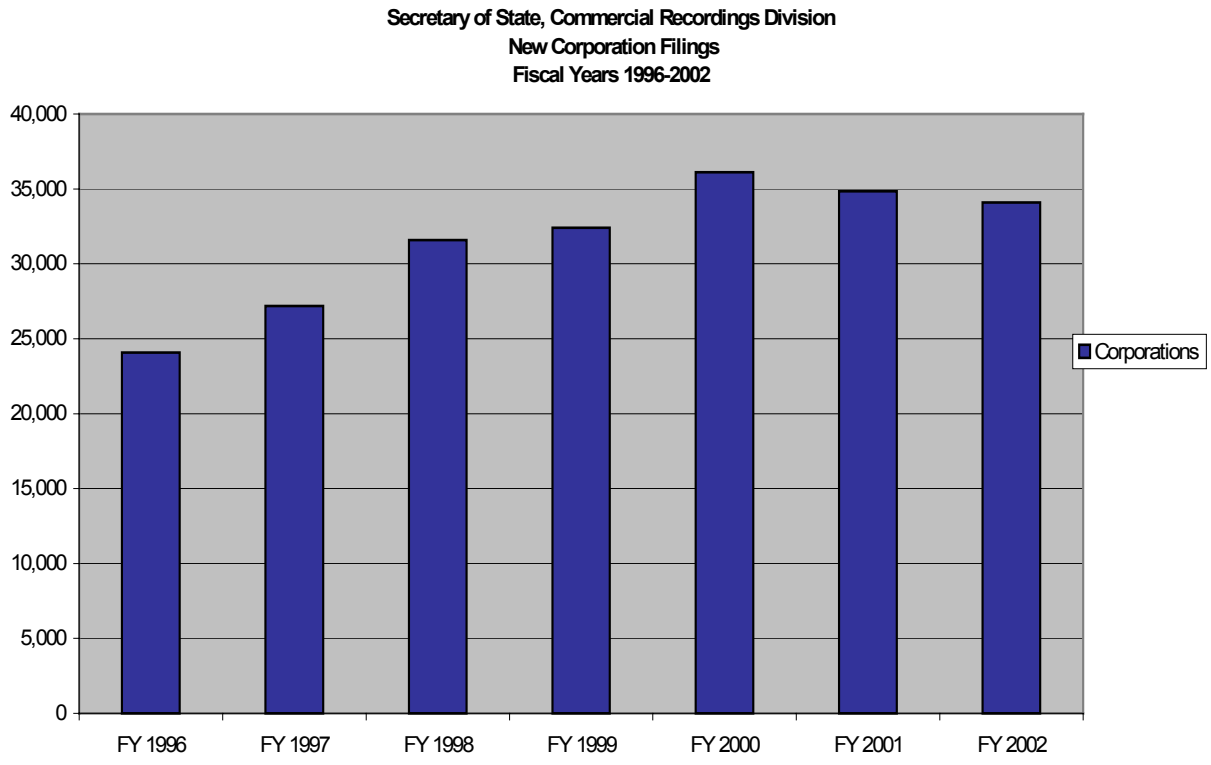
years and the business fee increases, have also played a role in the slowdown in new business filings in Nevada.

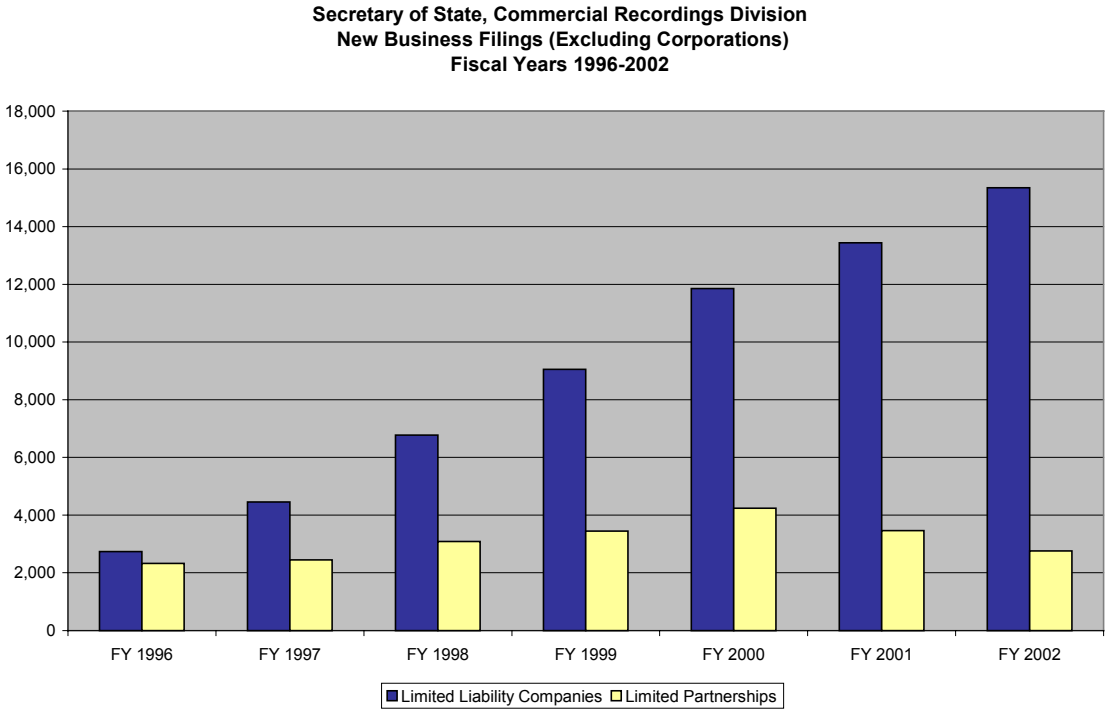
The 2001 Nevada Legislature increased the fees charged for most services provided by the Commercial Recordings Division. As a result, during a period of relatively flat filing activity, the Commercial Recordings Division has increased revenue collected by more than $13 million. The added requirements of filing initial lists for Limited Liability Companies, Limited Partnerships and Limited Liability Partnerships has also contributed to the increase in revenue collected.

In 2001, conversions and domestications, were added to those services already provided by the Secretary of State. Conversions allow business entities to convert from one entity type to another and from another state to Nevada or from Nevada to another state. Domestications allow foreign (non-U.S.) business entities to convert from their jurisdiction of origin to a Nevada entity.

On July 1, 2001, Revised Article 9 (RA9) of the Uniform Commercial Code (UCC) became effective. This was the first major revision of the UCC since the 1970s. To become RA9 compliant, it was necessary to change long-standing procedures and implement an entirely new software program, scheduled for final completion by Fall 2002. Increases in the number of filings and the associated revenue are a direct result of RA9. Many filings that were previously county-based are now filed in our office. Additionally, business entities organized under the laws of this state but located elsewhere now file UCC documents in this office.

In March 2002, the Floater Division was reorganized. While still supporting the different divisions within the Commercial Recordings Division, the Floater Division's role has expanded to include other divisions: Receipting/Mailroom, Copies and Customer Service Divisions. This reorganization, coupled with better and more efficient practices, has resulted in consistently lower turnaround times for customers.


Secretary of State, Commercial Recordings Division
New Corporation Filings
Fiscal Years 1996-2002
40,000
35,000
30,000
25,000
20,000
15,000
10,000
5,000
0
FY 1996
FY 1997
FY 1998
FY 1999
FY 2000
FY 2001
FY 2002
Corporations


Secretary of State, Commercial Recordings Division
New Business Filings (Excluding Corporations)
Fiscal Years 1996-2002
18,000
16,000
14,000
12,000
10,000
8,000
6,000
4,000
2,000
0
FY 1996
FY 1997
FY 1998
FY 1999
FY 2000
FY 2001
FY 2002
Limited Liability Companies
Limited Partnerships

Division Profile

Elections Division

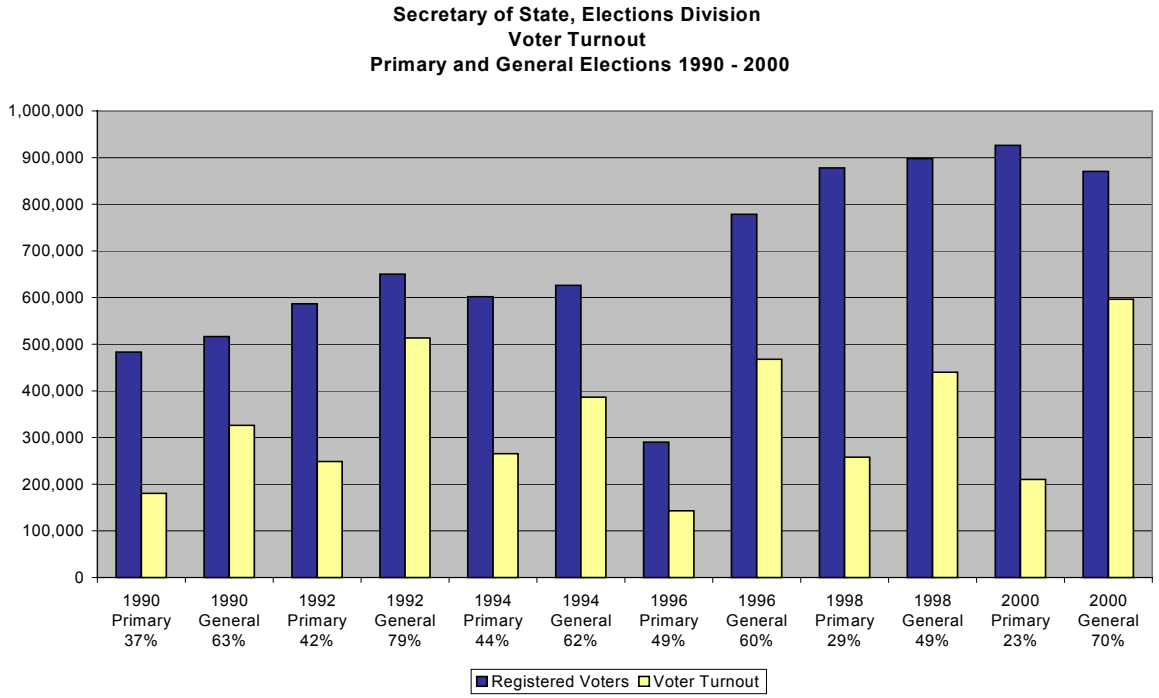
The Secretary of State is the Chief Elections Officer for the State of Nevada. Through the Elections Division, the Secretary of State provides technical information and enforces the state's election laws and procedures.

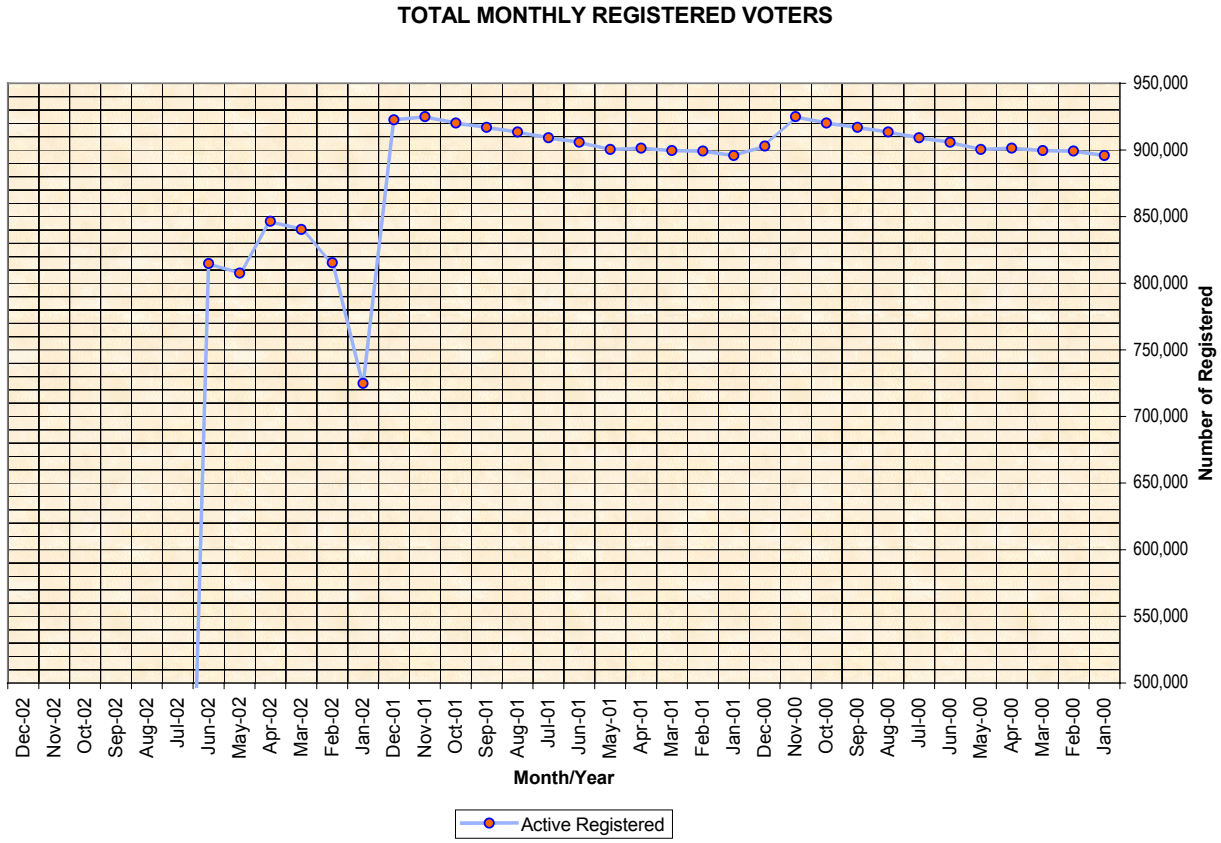
The Elections Division oversees candidate filings, prepares forms and documents, recommends legislation and regulations relevant to the electoral process, and provides information to the public regarding candidates and elections. The Elections Division also publishes informational election materials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

The Elections Division section of the Secretary of State's web site has grown to include a Contributions and Expenses Reports pilot program, a list of candidates filed with the Secretary of State's office and a list of candidates filed in each county, an election calendar and frequently asked questions regarding the electoral process section.

In April 2002, the Division published its first monthly *Elections Update* newsletter. The newsletter is distributed to members of the Legislature, political parties, media and other interested parties. The newsletter provides information on voter registration, important election dates, statewide initiatives and referendums petitions being circulated, and a section referred to as Hot Topics, which highlights interesting facts and information regarding politics and elections in and around Nevada and the nation.

The Division also published two informative brochures in 2002 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


Secretary of State, Elections Division
Voter Turnout
Primary and General Elections 1990 - 2000
1,000,000
900,000
800,000
700,000
600,000
500,000
400,000
300,000
200,000
100,000
0
1990 Primary 37%
1990 General 63%
1992 Primary 42%
1992 General 79%
1994 Primary 44%
1994 General 62%
1996 Primary 49%
1996 General 60%
1998 Primary 29%
1998 General 49%
2000 Primary 23%
2000 General 70%
Registered Voters
Voter Turnout


TOTAL MONTHLY REGISTERED VOTERS
950,000
900,000
850,000
800,000
750,000
700,000
650,000
600,000
550,000
500,000
Number of Registered
Dec-02
Nov-02
Oct-02
Sep-02
Aug-02
Jul-02
Jun-02
May-02
Apr-02
Mar-02
Feb-02
Jan-02
Dec-01
Nov-01
Oct-01
Sep-01
Aug-01
Jul-01
Jun-01
May-01
Apr-01
Mar-01
Feb-01
Jan-01
Dec-00
Nov-00
Oct-00
Sep-00
Aug-00
Jul-00
Jun-00
May-00
Apr-00
Mar-00
Feb-00
Jan-00
Month/Year
Active Registered

registering to vote in Nevada. These brochures can be found on our web site at http://sos.state.nv.us.

In 1998, for the first time in Nevada, election results were posted on the Internet on election night, providing the state's residents with swift and accurate voting results. The Division will again work with each of the state's seventeen counties to provide electronic links to report election results in 2002, including the outcome of local races.

Dean Heller completes his filing for re-election with Deputy Secretary of State for Elections Susan Bilyeu looking on.

CANDIDATE FILING IN 2002

A total of 97 candidates for elected office filed with the Secretary of State's office during the filing period of May 6-20, 2002. Sixteen candidates filed for governor, six for lieutenant governor, five for secretary of state, three for attorney general, three for state treasurer and four for state controller. Due in part to each constitutional office being up for election in 2002, the Secretary of State's office recorded an increase of 38 candidate filings from 2000.

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

The Secretary of State's office developed and is utilizing a pilot program in 2002 that allows candidates to file their required Contributions and Expenses Reports with the office via the Internet. The program is available to all candidates and Committees for Political Action, free of charge. The web-based program allows a candidate to go online to enter contributions and expenses as they occur. The program also keeps a running total. It is a secure program, with each candidate/PAC utilizing a personal password for entry into the system. As of July 20, 2002, a total of 29 candidates and four PACs are utilizing the program. Due to the fact it is a pilot program, candidates are still required and responsible for filing a hard copy with their filing officer. With the assistance of the Legislature, the Secretary of State hopes to expand the number of candidates and PACs using the program in the next few years.

MOTOR VOTER DEVELOPMENT COMMITTEE

Created by the Elections Division, the committee is designed to ensure proper implementation of the National Voter Registration Act (NVRA) in Nevada. In January 2002, the newly formed Motor Voter Development Committee held its first meeting. Representatives from the Department of Motor Vehicles, County Clerks/Registrars and the Secretary of State's office met to address issues arising from the 2000 General Election.

Signed into law in 1993, the objectives of the NVRA were to establish procedures that would increase the number of registered voters, protect the integrity of the electoral process by ensuring accurate rolls are maintained, and increase voter participation in the elections process. Among other things, the NVRA requires that individuals be given an opportunity to apply for voter registration when they are applying at certain other public assistance offices and by mail.

Specifically, the committee has discussed DMV transmittal sheets, how voter registration applications are collected, how the DMV assists the public when completing applications, and the coordination of application delivery to County Clerks/Registrars.

The committee has determined that customized voter registration training needs to be implemented for DMV. Training issues include the process flow between the DMV

and the applicant, recognizing when to offer the applicant the voter registration application, how to answer an applicant's questions, and when it might be necessary to assist an applicant, while at the same time avoiding any processes that would impede on the time needed to perform their DMV responsibilities.

Where appropriate, training schedules have been implemented to ensure all DMV locations receive appropriate training. Clark County, with five DMV branches, was the first to adopt the training schedule, which has included 47 classes (at DMV locations) and 442 DMV employees (Field Service Managers, Supervisors, DMV Training Staff and DMV agents).

In addition, methods for tracking and reviewing all DMV applications were added. All applications containing incorrect and/or missing information are copied and returned to DMV. Each application is also noted with the correct procedure and/or information. A detailed monthly report is provided (along with the copied applications) to appropriate DMV supervisors. The report also includes the total number of applications taken at each location, percentage of errors and type of errors. These items are reviewed with DMV staff.

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 substitute 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 2001-2002, participation in CAP by Nevada citizens increased by 55%. Currently there are 49 participants statewide. Growth is expected to continue, with approximately 91 participants expected by the end of fiscal year 2004.

The number of certified agencies has increased from sixteen to nineteen, including the addition of one private domestic violence shelter and two law enforcement

related agencies (Reno City Attorney's office and the Washoe County District Attorney's office).

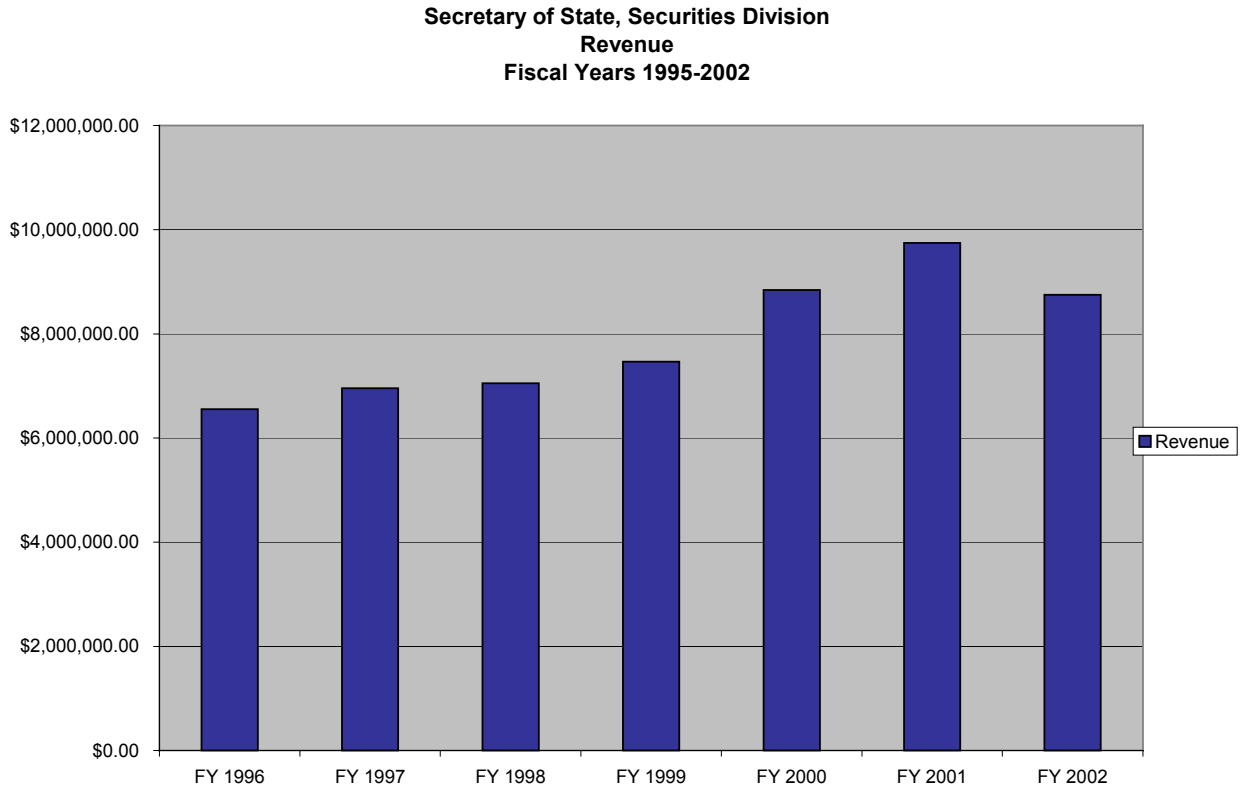
Additionally, with the passage of Senate Bill 586 during the 71st legislative Session, victims of sexual assault may now participate in CAP.

Certified domestic violence advocacy groups and shelters are now providing 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 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 six criminal investigators.

At the end of fiscal year 2002, the Securities Division had recorded annual revenue in excess of $8.7 million.

Fiscal Year End	2000	2001	2002
Broker-Dealers	2,015	2,171	2,126
Total Investment Advisers	623	714	773
Total Nevada Licensed:	232	122	119
Federal Covered:	NA	592	654
Sales Representatives	84,722	94,956	90,682
Investment Adviser Reps	628	964	961
Agent of Issuer	94	139	121
Branch Offices	778	1,093	1,118
Registrations and Notice Filings	259	3,186	2,764
Exemptions	8,915	5,905	5,634
Total:	9,174	9,091	8,398

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.

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.

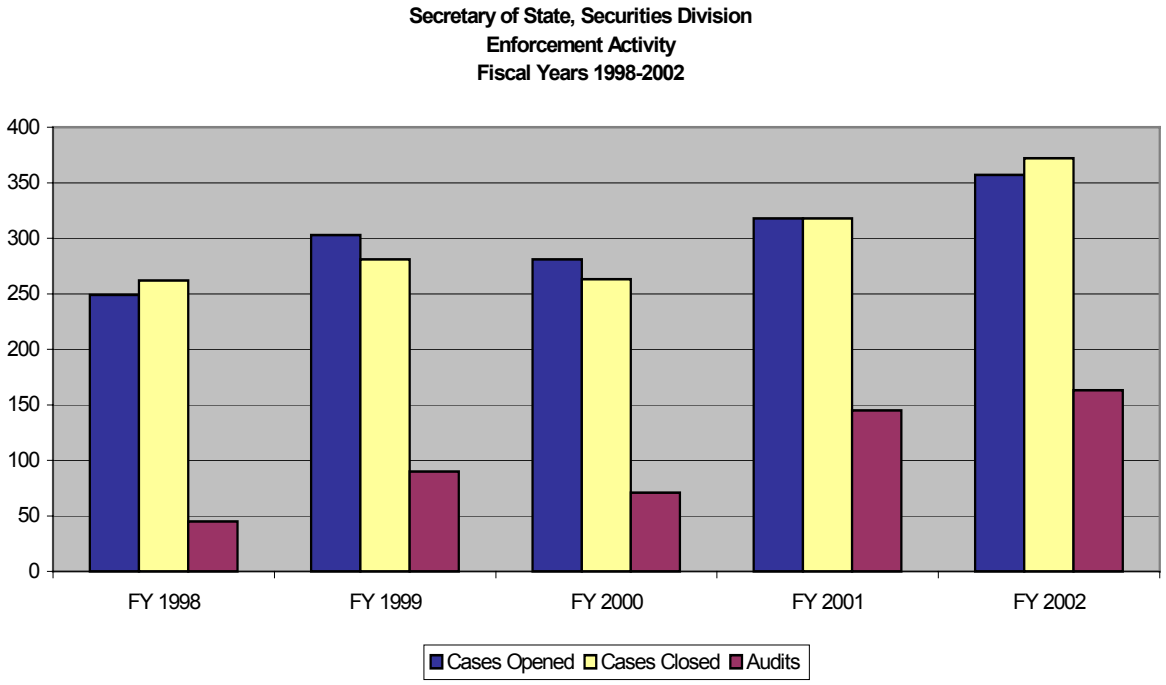
ENFORCEMENT

The Securities Division began fiscal year 2002 with 156 active cases open. An additional 357 cases were opened during the course of the year. Fiscal year 2002 concluded with 141 cases pending.

During fiscal year 2002, cases investigated by the Securities Division resulted in seven criminal convictions. Over $2.7 million in restitution was ordered paid to victims.

Other enforcement actions brought by the Securities Division during fiscal year 2002 include three cease and desist orders, three license suspensions and revocations, four consent agreements and the assessment of more than $146,000 in fines. In excess of $81,000 in fines was collected during the fiscal year. Monies recovered for investors totaled more than $2.1 million.

At the start of fiscal year 2002, the Securities Division was granted access to the National Crime Information Center (NCIC). An important tool for conducting criminal investigations, NCIC allows designated investigators to perform criminal background checks. Previously, Division investigators had to rely on other law enforcement agencies, such as the state Attorney General's office or local police, for information on a suspect's criminal history. After demonstrating that a significant amount of Division resources are devoted to law enforcement, the Securities Division was provided an NCIC terminal for use at both its Las Vegas and Reno offices.



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 National Association of Securities Dealers (NASD) Conduct Rules. During fiscal year 2002, Securities Division investigators conducted 163 examinations. Inspection fees collected totaled more than $37,000.

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. During fiscal year 2002, one Division investigator completed peace officer training. Other 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.

ATHLETES' AGENTS

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

At the close of fiscal year 2002, four Nevada athletes' agents were registered with the Securities Division, which administers the act.

EDUCATION

The Securities Division's fiscal year 2002 investor education programs and initiatives are detailed in the Education and Outreach section of this report.

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 29,233 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 2002, 4,268 new notaries were appointed and 3,271 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 2002, the Notary Division issued 8,752 apostilles, a jump from 7,386 in fiscal year 2001.

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.

The Notary Division offers regularly scheduled training classes statewide for Nevada's Notaries Public and individuals seeking notary appointments. Generally, 12 to 15 training classes are offered each year throughout the state's seventeen counties. Any business with 20 or more notaries public on staff can also arrange for Notary Division personnel to conduct an in-house training class at their place of business.

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 2002, the number of current active ministers in the state stood at 3,576. During fiscal year 2002, 231 individuals were granted temporary minister licenses, and an additional 213 individuals received general licenses as ministers.

ELECTRONIC AUTHENTICATION OF DOCUMENTS

With the passage of legislation in 1997 and 1999, Nevada became one of the first of sixteen states in the nation to recognize electronic authentication of documents through the use of digital signatures as legal and binding instruments. In April 2000, the Secretary of State, Notary Division, licensed California-based *VeriSign, Inc*., as Nevada's first digital signature certifying authority. In 2002, *Digital Signature Trust* was also licensed as a signature certifying authority. Additional companies have since applied with the Division for licensing. The Notary Division has also adopted regulations pertaining to digital signatures and their use in Nevada. During the 2001 legislative session, the Uniform Electronic Transactions Act was passed, authorizing other forms of electronic authentication of documents (voice recognition, retinal scan, fingerprint scan, etc.), as well as digital signatures.

A digital signature is an encoded message used to identify the sender or signer of an electronic message or document. Utilizing the latest in cryptography and encryption technology, digital signatures afford electronic communication the same level of legal recognition as notarization of paper documents. Thus, digital signatures provide an electronic means of proving identity online. Digital signatures are also used to confirm that a document has not been altered, and to resolve disputes should one party deny a transaction occurred. The identification offered by digital signature technology will greatly enhance the security of electronic documents and transactions, opening the door for the expanded use of e-commerce in the State of Nevada.

In the Secretary of State's office, the most immediate application of digital signature technology will allow entities seeking to organize under Nevada law to file online. Online incorporation will save businesses valuable time and money and will make Nevada an even more attractive state in which to conduct business.

Division Profile

Administrative Services

The Administrative Services Division of the Secretary of State is responsible for: budgeting; accounting; human resources; records retention, retrieval and reproduction; and information technology.

The Accounting Section handles the Secretary of State's daily bank deposit, maintains the pre-paid trust accounts for more than 800 customers, and processes all refunds and overpayments. All money received in the office must be deposited within 24 hours. A typical daily deposit includes more than 1,000 monetary instruments.

The Budget Section prepares the Secretary of State's biennial budget request for the Nevada State Legislature. The section is also responsible for preparing supplemental requests to the Interim Finance Committee, and works closely with the Governor's Budget Division and Legislative Counsel Bureau in projecting and monitoring general fund revenues.

The Records Retention, Retrieval and Reproduction (4-R) section of the Administrative Services Division processes requests for copies, certified copies of official documents and various certificates, and performs searches of current and historical records. This section plays a vital role in the Secretary of State's efforts to make every document related to a Nevada business entity available via the Internet or by requesting a hard copy.

The Human Resources section processes all personnel and payroll documents, assists in the recruitment of employees, provides employee orientation, maintains all employee training records, and keeps employees informed of changes in insurance and benefits.

It is worth noting that as the workload of the Secretary of State's operating divisions increases, so does that of the Administrative Services Division. During fiscal year 2002, the Division processed the increased revenues generated by the Secretary of State's office while successfully holding spending within budget.

INFORMATION TECHNOLOGY

Information Technology is clearly the most important area in which the Secretary of State's office and its Divisions can improve efficiency and the 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 seven full-time professionals.

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 web site, the most frequented in Nevada state government. Between its unveiling in early 1998 and the end of fiscal year 2002, the Secretary of State's web site has received more than 108 million hits. More than 4.5 million of these hits involved "sessions" in which customers engaged in interactive communication with the office, the equivalent of a telephone call.

In addition to providing customers needed information in a timely and efficient manner, increased web traffic has led to a reduction in incoming telephone calls to the Customer Service Division. As a result, abandoned or unanswered calls have been reduced to fewer than 10 percent.

The SOSTEK Division has placed nearly 200 forms used in conducting business with the Secretary of State's office online. While many of these forms are from the Commercial Recordings Division, customers of all divisions of the Secretary of State's office increasingly utilize this online service.

The Nevada Secretary of State competes in a global market place. 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 web site. In May 2002, the web site generated more than 4.3 million hits from more than 100 countries. Expanded e-government capabilities will allow the Secretary of State to further tap this global market.

The Secretary of State's first e-commerce venture, developed by SOSTEK, was online corporate name reservation. First available in late December 1999, customers are able to reserve a corporate name and pay the requisite fees online. Corporate name reservation is generally the first step in the incorporation process, allowing a name to be reserved for 90 days while organizational documents are prepared. An increasing

number of corporate names are reserved each month via the Internet with the Secretary of State.

Additional e-government applications are currently under development. Some of these projects include online filing of new business entities, online filing of annual lists of officers, e-government links for online applications and submission of UCC and Trademarks 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

Customer Service

The Customer Service Division of the Secretary of State's office serves a vital role by directly assisting the public, thus allowing other Divisions and staff members the ability to focus on their duties. This has resulted in increased productivity and customer satisfaction.

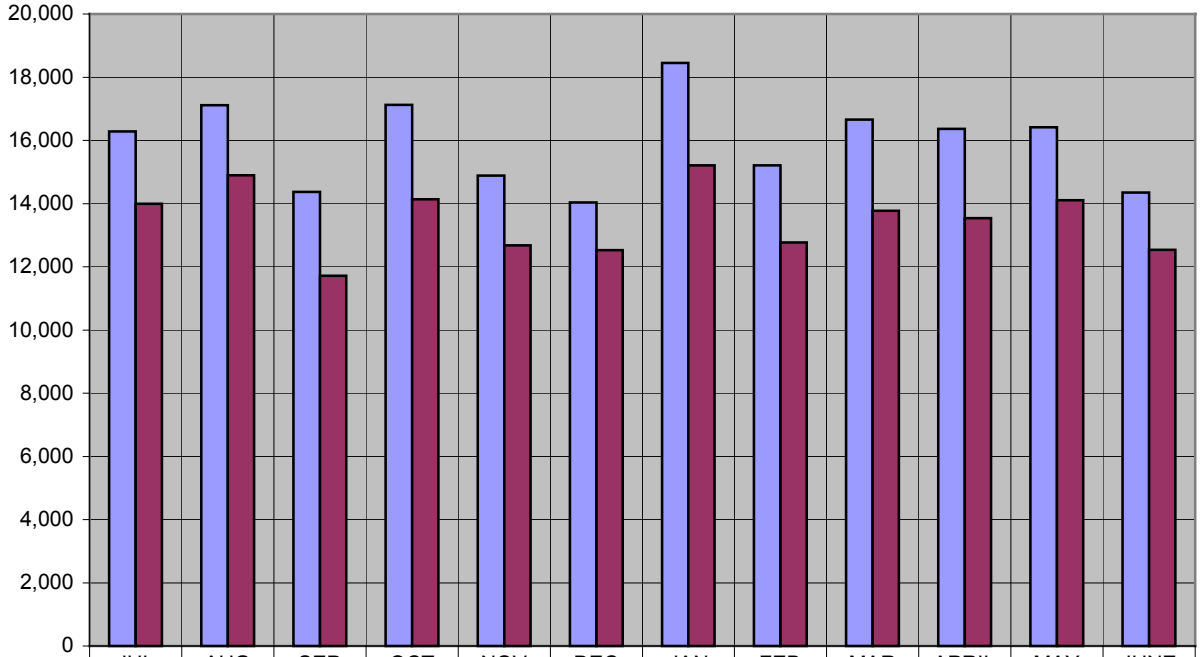
The Customer Service Division is responsible for answering public inquiries through telephone calls, e-mails, written requests and by often being the first point of contact when someone visits one of the Secretary of State's offices. Since the Division is typically a customer's first encounter with the agency, a strong public image demonstrating professional courtesy, knowledge and expediency is a priority.

The Division's representatives are trained to assist customer's in a wide variety of areas, including how to: navigate through the agency's web site, complete a new business filing, answer questions regarding Nevada business entities, reply to basic questions concerning Notary, Election and Securities Division issues, direct a customer to the appropriate Division within the agency. Although Customer Service representatives are prohibited by law from giving legal advice, the staff is trained to direct customers to specific statutes addressing their issue(s).

The Division is comprised of eleven customer service representatives in the Carson City office, and three representatives in the Las Vegas office. Staff answers approximately 800 inquiries per day, along with assisting an average of 150 walk-in customers per day and answering e-mail inquiries.

SECRETARY OF STATE
2001-2002 TELEPHONES

series 1=incoming
series 2=answered



	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APRIL	MAY	JUNE
Series1	16,288	17,111	14,368	17,119	14,886	14,040	18,455	15,215	16,661	16,368	16,414	14,353
Series2	14,000	14,893	11,717	14,138	12,679	12,524	15,215	12,774	13,768	13,543	14,108	12,534

Education and

Outreach

The Nevada Secretary of State strives to increase public awareness of the office and its duties through a variety of educational and informational programs. During fiscal year 2002, the Secretary of State sponsored or participated in numerous community activities and educational programs throughout the State of Nevada.

INVESTOR EDUCATION

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. Fiscal year 2002 witnessed the Securities Division's continued commitment to educating Nevada residents on investing and how to prevent investment fraud.

Secretary of State Dean Heller presents awards to students and teachers from Greenspun Middle School in Henderson, the first place team in the Spring 2002 Stock Market Simulation game.

During fiscal year 2002, the Nevada Securities Division contributed $8,000 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 17,000 elementary, middle and high school students statewide participated in the Internet-based game during the 2001-2002 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. More than 45 Southern Nevada classrooms participated in the 2001-2002 Entrepreneurship Program.

In addition to financially supporting the Nevada Council on Economic Education's student focused program, the Secretary of State and his Southern Nevada Deputy serve on the Council's Board of Directors and Executive Committee. 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 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 2002, the Securities Division co-sponsored the Fifth 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 Elko, Reno, Carson City, Laughlin, Boulder City, Henderson and Las Vegas. 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 400 personnel at Nellis Air Force Base during fiscal year 2002. For many of the recruits who participate in the workshop, "The Savvy Investor" represents their first in-depth discussion of saving and investing.

The Securities Division also expanded its investor education publications and its web site resources during fiscal year 2002. New materials available include *Understanding Your Brokerage Account Statements*; an online tutorial titled, *Investing for Your Future;* a *Callable CD Checklist; Before You Buy a Callable CD-Take Notes!;* and fabricated web sites that alert investors to the potential of online fraud and what a fraudulent site might look like. Online versions of all Division publications are available on the Secretary of State' web site.

Staff

Profiles

Renee Parker was named **Chief Deputy Secretary of State** in December 2000. She is responsible for the daily operation of the agency. In conjunction with Secretary Heller, Renee administers the agency's budget, implements policies, supervises personnel and proposes legislative changes.

She holds a Juris Doctor Degree from Santa Clara University School of Law, and is a member of the Nevada and California State Bars.

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 Commerical Recordings**, a position he has held since 1997, **Scott Anderson** oversees the Division that processes and maintains the documents of close to 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 2nd 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. Scott is involved in various community, school and social activities.

Susan Bilyeu was named **Deputy Secretary of State for Elections** in June 2000. She is responsible for the daily operations of the Elections Division, which includes a staff of five.

Susan, who earned a Juris Doctor Degree from Santa Clara University School of Law, is a member of the State Bar of Nevada and the Washoe County Bar Association.

Before assuming her current position, Susan worked as clerk to Chief Federal District Judge Howard D. McKibben of Reno, and as clerk for First Judicial District Court Judge Michael Fondi of 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 Ashworth 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 spent several years in the educational development and community relations arena before coming to the Secretary of State's office, including serving 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 resides in Las Vegas.

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 12 years in the Secretary of State's office, Bru managed a family business with her husband.

Bru has lived in Carson City since 1969. She is active in many community organizations, including the Girl Scouts of America.

Chief of Finance and Administrative Services Officer Bill Reinhard has worked in state government for some 20 years.

Bill is responsible for overseeing the agency's budget, providing financial reports, and for processing 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.

Timothy Horgan was named **Chief Information Officer** in March 2002. He is responsible for the daily operation of the agency's technology department, including all systems and networks, the agency's web site, all technology projects, staffing and budgeting.

Tim earned a Bachelor of Science Degree from the University of Nevada, Reno in Computer Information Systems.

He is a fourth generation Nevadan, having been born in Reno in 1970.

Customer Service Division Supervisor

Jo-Anne Brown 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.

Jo-Anne has worked for the Secretary of State's office for more than eight years.

Born in England, Jo-Anne has been a Carson City resident for more than sixteen years, where she lives with her husband.

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.

Steve is the coordinator of Nevada *Bully-Free for Me!* Task Force, and serves on the state's Organ and Tissue Donation Task Force.

He previously worked in the Nevada Attorney General's office as Director of Communications. Before that he was News Director at KNUU News Radio in Las Vegas.

Steve lives in Carson City with his wife and two young 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. 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 is the current Chair of 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, and is Chair of NASS' Securities Committee.

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 four children: Hilary, 16; Harris, 13; Drew, 12; and Emmy, 6.

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.

For more information regarding the Nevada Secretary of State's office and its Divisions, please visit the agency's web site at http://sos.state.nv.us or contact:

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