Nevada Secretary of State
Ross Miller

Quarterly Business Report

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First Quarter 2009

Thank you for visiting the latest edition of the Secretary of State's quarterly Business Report. As with each quarterly report, we are working to bring you pertinent information that will help you in making business decisions, and understanding how the activities of the State of Nevada, and in particular, the office of the Secretary of State may affect those decisions.

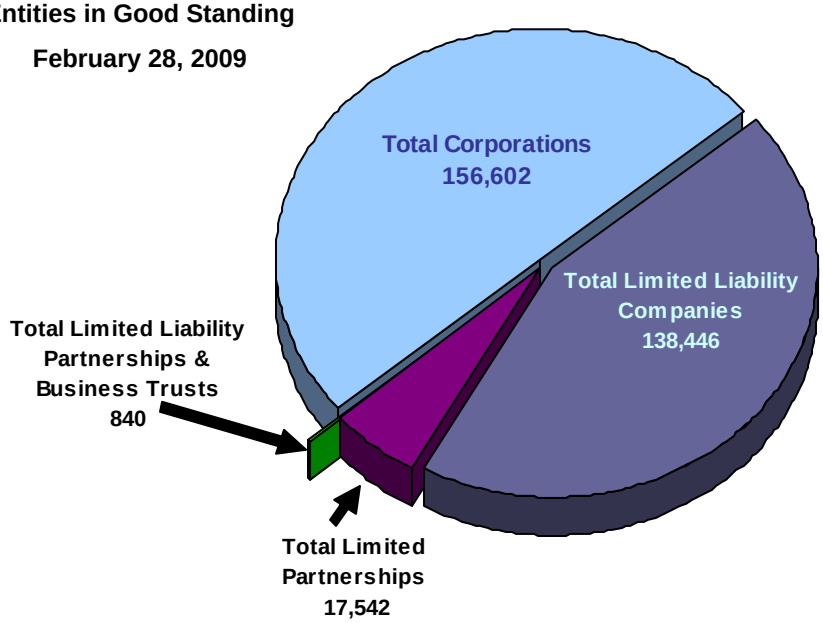
In this edition, we are addressing not only changes in regulations and services available through my office, but also pending legislation currently being considered in the 75th Session of the Nevada Legislature. I encourage you to pay particular attention to Assembly Bill (AB) 146, which essentially is a proposal to establish the Nevada Business Portal. The Business Portal will be a one stop shop for business to conduct transactions with state agencies. Ideally, a business will be able to access licensing, permitting, regulatory, and taxation requirements through one common website, increasing the convenience and efficiency on both ends of the transaction.

A cost benefit analysis has concluded that establishment of the Business Portal could have a net benefit to the state of $28 million to $49 million in its first five years, and that doesn't take into account the convenience and savings to our Nevada businesses. The Secretary of State's office is the origination point for most entities wishing to do business in the State of Nevada, so it's a natural fit for the Portal to be administrated by my office. The investment we've already made in establishing the award winning eSoS (electronic Secretary of State) processing system provides the initial applications for the portal, and we're using already planned upgrades to existing information systems, with some costs being absorbed by existing staff to make the Portal affordable for the state.

As always, we encourage you to actively participate in the legislative process, and to use this Quarterly Report and other resources at www.nvsos.gov to your businesses best advantage.

Entities in Good Standing

February 28, 2009



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Commercial Recordings

SOS/RA'S TEAM UP ON BEST PRACTICES

In December, 2008 the Secretary of State and the Nevada Registered Agents Association presented seminars in Carson City and Las Vegas to introduce registered agents and the public to an important document entitled **"***Best Practices Recommendations to Prevent the Exploitation of Nevada Business Entities for Criminal Activities and for the Protection of the Nevada Registered Agent Industry."*

These recommendations were developed from within the registered agent community in response to increased federal scrutiny of Nevada business entities and registered agents and the potential for federal legislation concerning filing office and registered agent practices.

Recommendations included in the best practices document cover issues such as Risk Assessment, Written Policies, Training, Customer Identification Programs, OFAC Compliance, Identifying Potentially Suspicious Activities, Marketing Practices and other Industry Practices.

The Secretary of State supports the efforts of the Nevada Registered Agents Association in its development of these "Best Practices." For more information on the Registered Agents Best Practices Document, please visit www.nraa.biz.

NEW SEAL, SIGNATURES AND DELIVERY OF DOCUMENTS

The Secretary of State's office now provides an electronic seal and certification signature in lieu of the imprinted silver state seal and "wet" signature for Commercial Recordings documents. This improvement provides for greater efficiency and economizes administrative processes, ultimately allowing us to serve more businesses in less time. You may now also elect to receive documents via email by including that request on the Customer Order form. Additionally, the receipt and acknowledgment pages have been combined into a single document. Benefits include savings in postage, paper, envelopes and processing time. Each certification has its own verification number that may be verified on the Secretary of State's web site.

The imprinted silver state seal and "wet" signature will continue to be provided on apostilles, authentications, ceremonial certificates and notary certificates.

With the implementation of electronic seals and signatures, the office is now able to offer additional methods of delivery of documents. Charters, certificates, certified copies and other documents may now be delivered via e-mail or fax, in-lieu of the traditional mail and pick-up services. These new services will further reduce resource costs through decreased postage, envelopes, paper usage and document assembly, while providing the customer almost immediate access to their documents.

There is no additional fee for this new service. The customer need only provide the e-mail address or fax number and mark the appropriate delivery method on the customer order instruction form. For more information on this and other services, please contact us at 775-684-5708 or visit our website at www.nvsos.gov.

EXPANDED SERVICES FOR TRUST ACCOUNT CUSTOMERS

Trust accounts are a popular payment option for customers utilizing the Secretary of State's Commercial Recordings service and until recently, trust account customers received weekly and monthly paper statements outlining account activity. This quarter, the Secretary of State launched a new Online Trust Account System (OTAS) giving customers enhanced access to their account information any time or day of the week.

OTAS provides account holders with a secure web site where they can view current trust balances, review current and past weekly and monthly invoices and statements, and even electronically replenish their account via electronic check or, pin-less debit or credit card. A big step for customer and office efficiency, OTAS will save resources and staff time and improve customer service. Features to be added to OTAS include email notification of an account's weekly transactions and monthly statements, as well as the ability to administer the email account associated with a trust.

WEBSITE BROWSER OPTIONS

Please note that the Secretary of State's website has been tested to work with Microsoft Internet Explorer 6 or newer; Mozilla Firefox 2 or newer; and Netscape Navigator 7 or newer. Web statistics show that these three browser options represent 92.96% of web traffic to the site. Whether your operating system is Windows, OS X, or Linux, one of those browser options should work for you.

Securities

SECURITIES DIVISION REGULATORY UPDATES

Administrative Actions:

Summit Brokerage Services, Inc. – Administrative Consent Agreement regarding failure to adequately supervise registered representative Gregory Kinkead. Payment of Civil Penalty in the amount of $1,000.00.

Wachovia Securities LLC and Wachovia Capital Markets, LLC – Administrative Consent Order regarding the sale of auction rate securities. Civil Penalty paid in the amount of $839,326.74 and firm will buy back eligible auction rate securities from eligible investors on an agreed upon schedule.

Citigroup Global Markets Inc. – Administrative Consent Order regarding the sale of auction rate securities. Civil Penalty paid in the amount of $ 776,862.35, and firm will buy back eligible auction rate securities from eligible investors on an agreed upon schedule.

Sports Dimensions, Inc. and Marc Hubbard, its President – Cease and Desist Order regarding the offer to sell unregistered securities in violation of Nevada law.

MML Investors -- Administrative Consent Order regarding compliance issues. Payment of Civil penalty in the amount of $2,000 paid.

Criminal Enforcement Cases Investigated by Securities Division and Prosecuted by the Attorney General:

State of Nevada v. Bradley Keith Vercnocke and Iradj Hessabi d/b/a Intercontitech Corporation. (Securities Fraud) Defendants were arrested and are currently awaiting trial.

State of Nevada v. Robert Todd Calvert d/b/a Pacific Payment Exchange (Securities Fraud and Theft) Defendant was arrested in Texas on a court issued warrant and extradition proceedings are pending.

State of Nevada v. Nikki Pomeroy d/b/a Southwest Exchange, Inc. (Qualified Intermediary Violations and Embezzlement) Defendant was indicted on March 27, 2009 after the Grand Jury indicted her on twenty-two felony counts involving the failed 1031 exchange business, Southwest Exchange. The trial date will be set by the court.

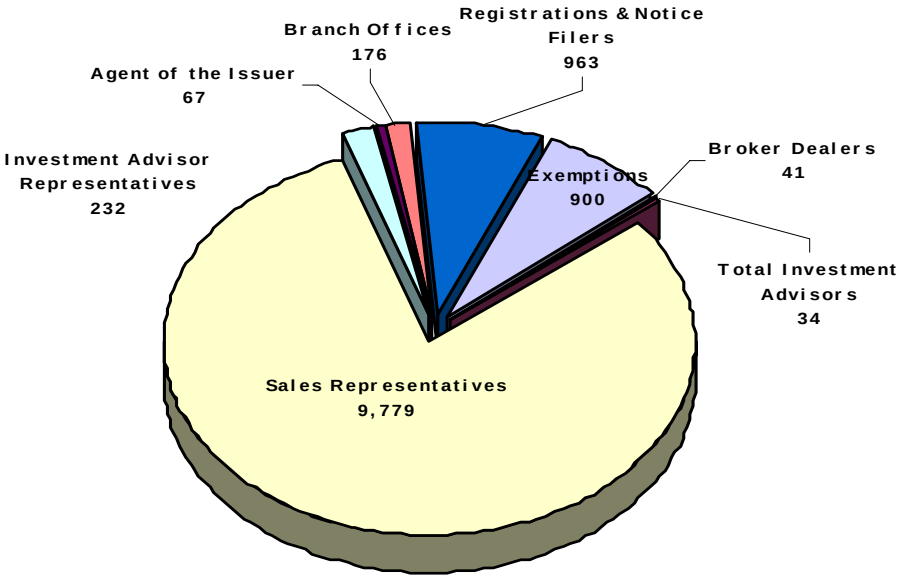
State of Nevada v. Paul Peiffer (Securities Fraud and Sale of Unregistered Security)

Defendant was sentenced on March 26, 2009 to a term of 12 to 48 months in prison with the prison sentence to be served concurrently with a federal prison sentence to be served at the Federal Correctional Institution in Englewood, Colorado.

Compliance Activities:

In addition to the formal Administrative Actions taken as a result of the Division's Compliance Investigations, Compliance Investigators conducted regulatory investigation inspections of 14 investment advisory Firms and 24 broker-dealer firms.

On March 23, 2009, Secretary of State Ross Miller received recognition as a Patriotic Employer by the National Committee for Employer Support of the Guard and Reserve (ESGR)



Notaries

DID YOU KNOW?

The fees a notary may collect to perform a notarization are set by law.

A notary may collect between $5.00 - $2.50 for each notary act.

Check out NRS 240.100 for more details:

http://www.leg.state.nv.us/NRS/NRS-240.html#NRS240Sec100

UPCOMING NOTARY CLASSES

Carson City Nugget (507 N. Carson Street):

- April 30, 2009, 8 A.M – 12 Noon

Las Vegas Gold Coast Hotel (4000 W. Flamingo Road):

- April 8, 2009, 1 p.m.. – 5 p.m.
- April 9, 2009, 8 a.m. – noon
- May 6, 2009, 1 p.m.. – 5 p.m.
- May 7, 2009, 8 a.m. – noon
- June 3, 2009, 1 p.m.. – 5 p.m.
- June 4, 2009, 8 a.m. – noon

Class size is limited register soon!

http://www.nvsos.gov/NotaryTraining/Schedule/ScheduleList.aspx

More information available at www.nvsos.gov

Elections

2009 CITY ELECTIONS

In case you are wondering why you are seeing campaign signs, commercials, and increased candidate news articles so soon after 2008's recent presidential election, it is because of primary city elections in the cities of Las Vegas, North Las Vegas, Ely, Henderson, and Boulder City. In addition to these municipalities, cities such as Mesquite, Yerington, Elko, Fallon, Wells, Caliente, Carlin will hold a general election on the first Tuesday of June, June 2.

During these elections, electors will be able to vote on candidates for positions such as Mayor, Councilmen, and Municipal Judge. Like even-year federal/state/county elections, odd-year municipal elections require that you be a registered voter in order to cast an absentee ballot, early vote, or vote on Election Day. With so many options, please exercise your right to vote and make sure your voice is heard in electing city officials.

Voter registration will close at 9 p.m. on the third Tuesday preceding any primary city election or general city election. Contact your local election official for more information on how to register, polling locations and important dates.

Las Vegas
http://www.lasvegasnevada.gov/

North Las Vegas
http://www.cityofnorthlasvegas.com/

Ely
http://www.whitepinechamber.com/city_of_ely.htm

Henderson
http://www.cityofhenderson.com/

Boulder City
http://www.bcnv.org/

Mesquite
http://www.mesquitenv.com/

Yerington
http://www.yerington.net/

Elko
http://www.ci.elko.nv.us/administration/elections.htm

Fallon
http://www.cityoffallon.com/

Wells
http://www.wellsnevada.com/

Caliente
http://www.lincolncountynevada.com/Lincoln-County-Nevada-Caliente.html

Carlin
http://www.explorecarlinnv.com/

Legislation of Interest

The 75th Session of the Nevada State Legislature is currently in session, and is scheduled to end on June 1, 2009. Listed below are pending bills that are of specific interest to the Secretary of State's office and that may affect you and your business.

We encourage you to click on the bill number to be linked to the Nevada Legislature's website or visit www.leg.state.nv.us to access the Legislature's homepage.

- ***SB 53:*** One main component of this bill would give the SoS authority to establish the Nevada Lockbox. The NV Lockbox would be a virtual safety deposit box for the electronic storage of wills, birth certificates, marriages licenses and other valuable documents. Modeled after the Nevada Living Will Lockbox , it would be an online secure and accessible system whereby Nevadans could file copies of these documents for retrieval when needed for instance in the case of a natural disaster, while traveling or if the original documents were somehow destroyed or altered. The copies could not be used in place of an original document.

- ***SB 55:*** The bill relates to **Commercial Recordings and** contains four main provisions. The bill allows for the Secretary of State to charge for the cancellation of a filing before the filing has been processed; standardizes the annual report and the default and revocation notice provisions to allow for alternate means of delivery, including e-mail and other forms of electronic delivery; allows for a single-step filing process for the registration of a limited liability limited partnership; and clarifies who is required to maintain a state business license.

- ***AB 146:*** Introduced Assembly Majority Leader John Oceguera in cooperation with Secretary Miller, AB 146 provides for the creation of **the Nevada Business Portal**. The Portal will revolutionize Nevada state government by allowing those doing business with participating agencies to do so through a single, one-stop service and payment point, thus eliminating the need to visit multiple offices or sites.

- **AB 115:** Revises provisions of the trademark statutes and adopts certain. provisions of the Model State Trademark Act and federal trademark provisions.

- **SB 5:** Requires the publication of the written opinions of a business court.

- **SB 153:** Requires organizations soliciting charitable contributions to register annually with the Secretary of State.

- **SB 169:** Adopts the Uniform Unincorporated Nonprofit Association Act (currently does not create a new entity type or e-SoS process.)

- **SB 334:** Eliminates the formation of new corporations sole.

- ***AB 82:*** This is **the Secretary of State's omnibus election bill and** includes provisions to improve transparency in Nevada's campaign finance and elections laws, strengthen penalties for election fraud and voter intimidation and enhance voter accessibility. The bill requires mandatory electronic filing of campaign contribution and expense reports, authorizes the Secretary of State to establish a system whereby citizens can register to vote electronically; prohibits a "voter registration agency" from employing a person whose duties include voter registration if the person has been convicted of felony theft, fraud, or dishonesty, increases the penalty for intimidating voters from a gross misdemeanor to a category E felony; provides that if a person tampers or interferes with (or attempts to tamper or interfere with) a mechanical voting system, voting device, or any computer program used to count ballots, the act is punishable as a category B felony (term 2-10 years), or a category A felony if the intent was to influence the outcome of an election and revises the definition of a committee for political action to include a person or group of persons organized formally or informally, including a business entity, who advocates the passage or defeat of a question or group of questions on the ballot at an election.

- ***SB 101:*** This is the SOS's **bill relating to the investigation, regulation and enforcement activities of the Securities Division.** Changes include revising the provisions for the imposition of civil penalties to allow for up to a $25,000 penalty for each violation of securities laws, regulations or orders; authorizing the Securities Administrator to order the reimbursement of the costs of the investigation as part of sanctions which may be imposed in an administrative proceeding; and enabling the court to order a person convicted of securities fraud to pay the costs of investigation and prosecution in the case.

- ***SB 92:*** This bill **would allow notaries to notarize documents electronically**. The electronic notary will be in addition to the currently used standard notary. Before applying for this type of notary, an individual would be required to hold a regular notary appointment for a period of four years. Additional training, surety bonds and application would be required.

- ***SB 130:*** This bill **relates to the appointment of ministers to perform marriages**. By law, the Secretary of State maintains the statewide database of ministers as appointed by each county clerk. SB 130 proposes changes to how the information for the database is collected, in order to manage the information more efficiently, reduce duplicative data entry and processing costs.