

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

Annual Report

Fiscal Year 2006



DEAN HELLER
Secretary of State

September 1, 2006

Office of the Secretary of State

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

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

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

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

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

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

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

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

Constitutional and Statutory Duties

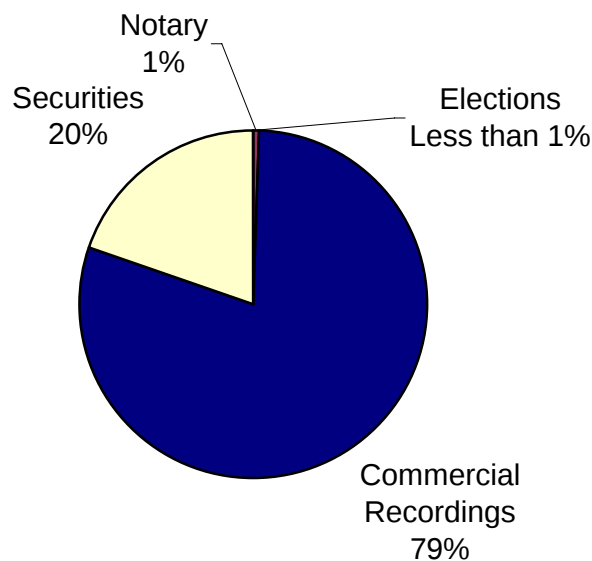
- ◆ **Certifies all statewide candidates and ballot questions and reports and certifies primary and general election results.**
- ◆ **Supervises state and local elections and enforces state and federal election laws.**
- ◆ **Registers and files Campaign Contributions and Expenses Reports.**
- ◆ **Registers corporations, limited partnerships, limited liability companies, limited liability partnerships, limited liability limited partnerships, business trusts, and professional corporations and associations.**
- ◆ **Registers trade names, trademarks, professional corporations and associations, and rights of publicity.**
- ◆ **Records and searches Uniform Commercial Code statements and documents.**
- ◆ **Appoints, trains, and regulates Notaries Public.**
- ◆ **Administers the Confidential Address Program for victims of domestic violence.**
- ◆ **Regulates the state's securities industry and enforces securities law.**
- ◆ **Licenses and regulates athletes' agents.**

Executive

Summary

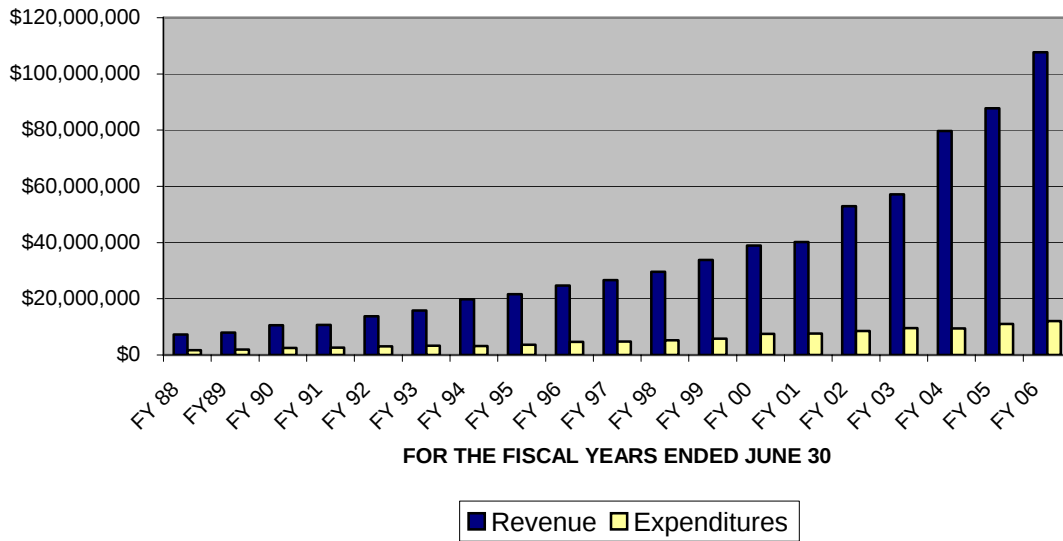
The Secretary of State's office experienced continued growth during fiscal year 2006. Revenues outpaced the previous years by more than \$18 million, an increase of over 20% compared to fiscal year 2005.

**Nevada Secretary of State
Revenue by Division
Fiscal Year 2006**

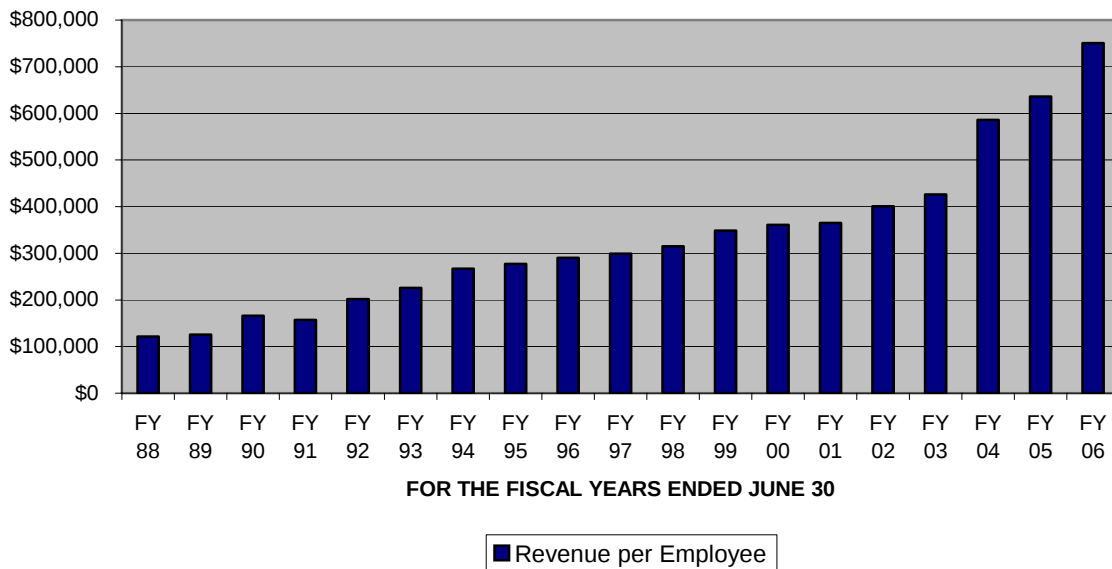


The continued implementation of efficient and cost-effective technology, coupled with reengineering of office procedures and comprehensive employee training, has resulted in increased staff productivity. While the number of employees grew by five from 138 in 2005 to 143 in 2006, the agency registered an increase of almost 16% over the previous fiscal year in revenue generated per employee (\$753,478) during fiscal year 2006.

**Secretary of State
Revenue vs. Expenditures
Fiscal Years 1988-2006**



**Secretary of State
Revenue per Employee
Fiscal Years 1988-2006**



One of the primary goals of the Secretary of State's office continues to be 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 employee satisfaction.

Since its unveiling in 1998, the Secretary of State's award-winning website has become a valuable tool by which individuals and businesses interact with the agency. Generating in excess of four million hits per month, the website attracts an average of more than 135,000 visitors per day. More than 200 forms, including investor complaint forms, commercial filing forms, election forms, and Notary Public application forms, as well as information on the Secretary of State's business entity database, are available online. Expanded online services offered on the website allow customers to file and retrieve documents immediately from their home or business.

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:

- Remained an e-government leader in the state of Nevada.
- Expanded online services to include initial, amended, and annual list filings. Over 20% of all lists filed with the Secretary of State are processed online.
- Promoted use of the improved web-based electronic candidate filing of Contribution and Expenditure Reports with the Secretary of State.
- Completed implementation of the fourth largest IT project in the state: the statewide voter registration system, NevVoter, which was operational by April 2006 in compliance with federal law.
- Expanded the full service Uniform Commercial Code (UCC) e-government application to include online filing services. Over 70% of UCC services are provided by this application.
- Developed an online Certificate of Good Standing application scheduled for implementation by October 1, 2006.

These developments and the many others that have affected the Secretary of State's office during fiscal year 2006 are discussed in further detail in the following Division Profile sections of this report.

Division Profile

Commercial Recordings

The Secretary of State's 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 liability companies, limited partnerships, limited liability partnerships, limited liability limited partnerships, business trusts, and professional corporations and associations. The Division is also charged with reviewing, filing, and processing: (1) trademarks, trade names, service marks, and rights of publicity; and (2) Uniform Commercial Code financing statements, changes, and lien searches, as well as federal tax liens and utility filings.

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

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

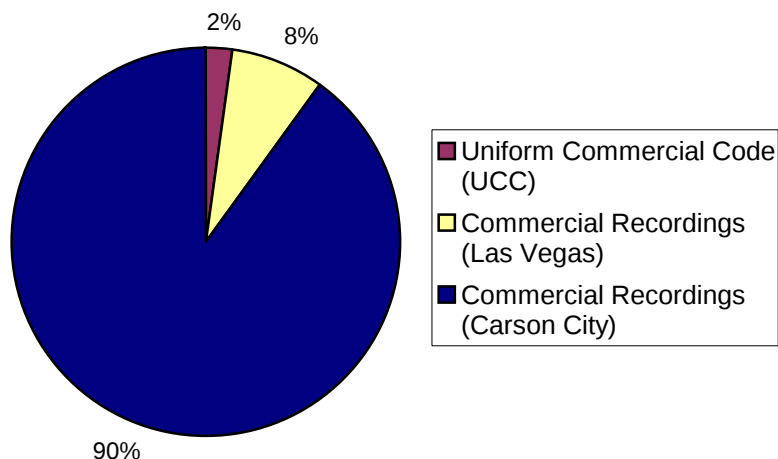
The Las Vegas Commercial Recordings Division is located in Suite 4000 of the Grant Sawyer State Office Building. This office space provides for the continued growth and the expansion of services provided to the Las Vegas area. In addition to Commercial Recordings and Customer Service staff, our Las Vegas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

REVENUE

The Commercial Recordings Division and its various sections generated revenue in excess of \$87 million during fiscal year 2006. The Division's Carson City office was the largest revenue-producer, with receipts of more than \$68 million during fiscal year 2006, while the Las Vegas Commercial Recordings office generated nearly \$6 million in revenue. Additionally, expedite fees for all Division offices exceeded \$11.4 million, compared to about \$11.2 million in 2005. UCC receipts totaled more than \$1.6 million during fiscal year 2006.

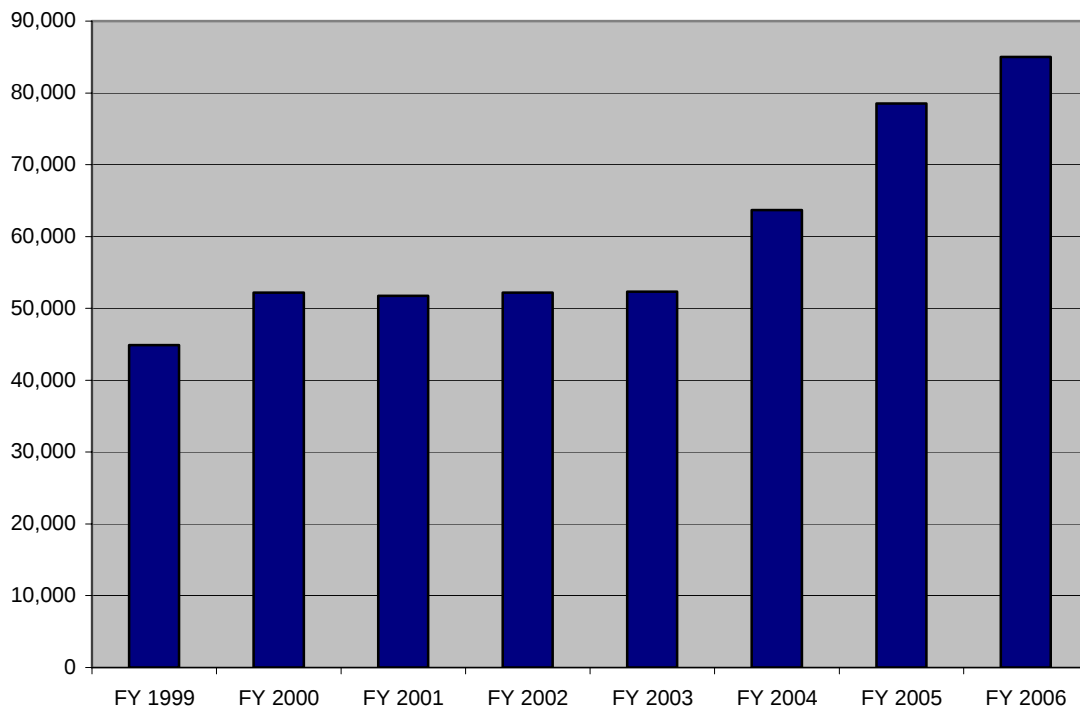
Fiscal year 2006 was another record year for increases in filings over the previous year. New entity filings increased by more than 8% during fiscal year 2006, with 85,001 new entity filings processed versus 78,516 during the same period in 2005. As of June 30, 2006, more than 290,000 business entities were on file and in current standing with the Secretary of State's office.

**Secretary of State, Commercial Recordings Division
Revenue by Source
Fiscal Year 2006**



Nevada is one of the top ten filing jurisdictions in North America, and as such, the Nevada Secretary of State's office is viewed as a leader in business filings. Nevada has had a presence on the governing board of the International Association of Commercial Administrators (IACA) for seven years, with Deputy Secretary of State Scott Anderson serving as the Association President for 2005-2006. In May of 2006, Nevada had the honor of hosting over 200 members and guests from the United States, Canada, and a number of other countries at the IACA Annual Conference held at Lake Tahoe.

**Secretary of State, Commercial Recordings Division
New Business Filings
Fiscal Years 1999-2006**



NEW SERVICES

In January 2005, the Secretary of State implemented its new e-SoS filing system. This system replaced the outdated Cobol-based filing system developed in the mid-1970s. It integrates a number of separate functions, including electronic imaging, receipting, accounting, document preparation, database update, image retrieval, and correspondence into one fully-integrated system. Annual and initial lists can now be filed online using a

credit card or trust account number. This online service allows for the processing of lists with minimal staff interaction.

At the 2006 IACA Annual Conference, the Nevada Secretary of State received first place awards in two categories for its e-SOS processing system:

“Best Action” *Achieving Effective Mission Critical Change*, and

“Win-Win” *Secured Transactions, Getting Results Through Innovative Partnering*.

The efficiencies of this system have allowed the office to decrease turnaround times, increase customer service, enhance reporting capabilities, and otherwise improve on an already high level of service without the addition of new staff, all while processing an increased volume of filings. Over 20% of all list filings and 70% of all UCC filings and data requests are performed by online services.

During the next two years, the agency will work with the developer to maintain and further enhance the system. Future enhancements will include online filing of most documents, electronic certificate preparation, and electronic availability of document copies. In excess of 60% of UCC financing statements and their amendments and more than 80% of search and copy requests are now performed via the website by customers.

Division Profile

Elections Division

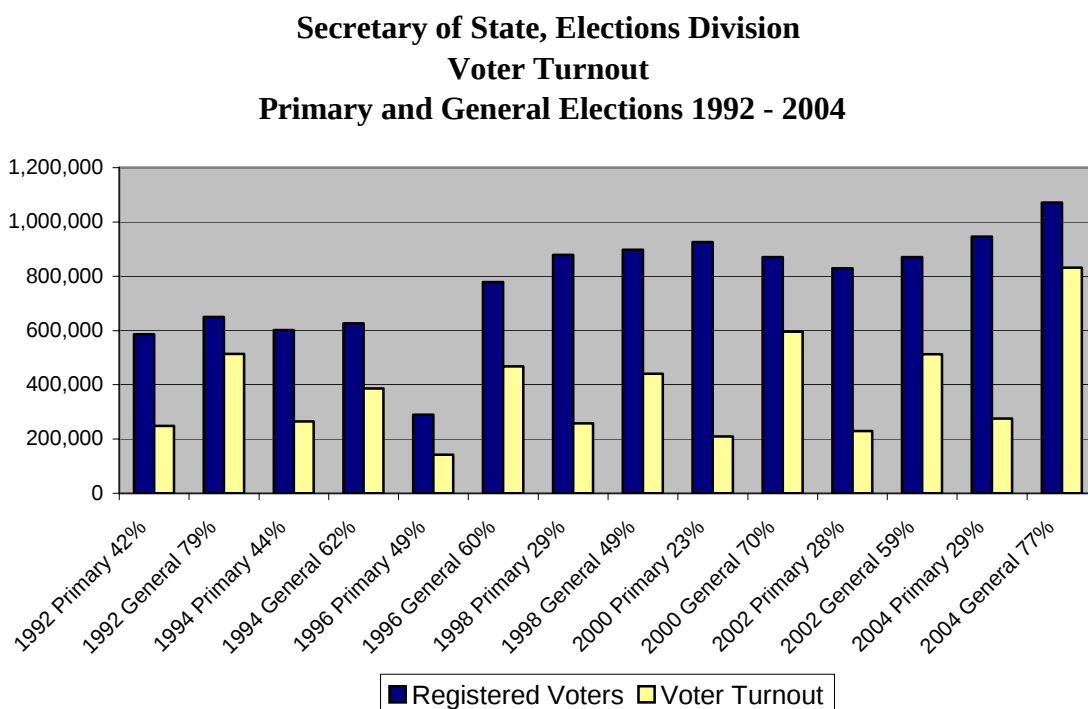
The Secretary of State is the Chief Elections Officer for the state of Nevada. Through the Elections Division, the Secretary of State provides technical information and enforces state and federal election laws.

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

HELP AMERICA VOTE ACT

The *Help America Vote Act of 2002* (HAVA) was enacted by Congress and signed into law by President Bush on October 29, 2002. HAVA was a response to the irregularities in voting systems and processes unveiled during the 2000 Presidential Election. To address these irregularities, HAVA provided federal funding to the states to implement a statewide voter registration system, replace punch card voting machines, improve voter education and poll worker training, require provisional ballots, and require at least one voting machine per polling place be available to voters with disabilities. To be eligible to receive HAVA funding, each state was required to submit a State Plan to the federal government that would serve as a blueprint for that state in meeting the ambitious timelines and requirements contained within the Act. As required by the Act, Secretary of State Heller, as Chairman of Nevada's HAVA Advisory Committee, and the members thereof, updated and submitted Nevada's State Plan to the United States Election Assistance Commission (EAC).

By the end of fiscal year 2006, Nevada received approximately \$21 million in federal funds under HAVA. A portion of these funds were used to refine the statewide voter registration system. In addition, through the efforts of the Advisory Committee for Participatory Democracy (ACPD), HAVA funds were used for a host of voter outreach education efforts. For more information on HAVA and the Nevada State Plan, please go to the Secretary of State's website at <http://secretaryofstate.biz>, and click on the *Elections* icon.



STATEWIDE VOTER REGISTRATION SYSTEM

NevVoter, Nevada's statewide voter registration system maintained by the Secretary of State's office, allows Nevada's 17 County Clerks/Registrars of Voters to verify in one all-inclusive system the registration status of all eligible citizens throughout the state. NevVoter became operational in the spring of 2006. Under NevVoter, eligible citizens continue to register to vote with their County Clerk/Registrar of Voters. The registration information is then electronically sent to NevVoter for verification against the Department of Motor Vehicles and the Department of Vital Statistics' records to identify those persons who may be potentially ineligible to vote according to federal and state law. After a successful verification, the person is then added to NevVoter.



Secretary of State Elections Division staff members Raji Rai-Nielson and Kelly Chouinard work late into the night on Primary Election Day, August 15, 2006.

WEBSITE

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

Beginning in 1998, Secretary of State Heller's office began posting election results on the Internet on Election Night. Through a collaborative partnership with each of the state's seventeen counties, which provided election results in 2004 to the Secretary of State's office, Nevada citizens were once again afforded the ability to view the outcome of federal, state, and local races via the Internet.

EDUCATION AND PUBLIC OUTREACH

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

ADVISORY COMMITTEE ON PARTICIPATORY DEMOCRACY (ACPD)

The Advisory Committee on Participatory Democracy (ACPD) was first established in 1997 by the Legislature under the office of the Department of Cultural Affairs. The Committee was given the task of creating a repository of information and reporting back to the Legislature about recommendations on "programs, activities and events related to the participation of citizens in the development of public policy and the improvement of the operation of government."

The 2003 Legislature placed the ACPD under the auspices of the Secretary of State's office with the passage of Senate Bill 309 (now codified in NRS 225.240,et.seq). The 2003 Legislature established very specific goals to reach by the 2008 General Election: attaining 75% voter registration in the state and a voter turnout rate of at least 70% of those registered voters in the 2008 General Election. During the 2006 election season, the ACPD and election officials throughout the state worked together in a collaborative effort to achieve these goals.

The ACPD is comprised of ten members selected by the Secretary of State's office. The Committee's purpose is to assist the Secretary of State in: identifying and proposing programs that promote citizen participation in governance; establishing a Jean Ford Democracy Award; and working with partner organizations at the local, state, and national level to increase voter participation.

During the 2006 election season, the ACPD recommended several programs to the Secretary of State's office, including Newspapers in Education; High Sierra Industries/Hispanic Chamber of Northern Nevada/Latino Empowerment, Advancement and Development; Foundation for Relevant Education about the Law; and League of Women Voters, all of which seek to increase voter participation throughout the state.

As required by NRS 225.250, ACPD selected two people as recipients of the first Jean Ford Democracy Awards: Community College of Southern Nevada political science professor Mark Peplowski and former ACPD Chair and longtime community activist, Reno resident Larry Struve. Both men were recognized by the 2005 Legislature during floor sessions of both Houses in ceremonies that took place in conjunction with the reading of a Resolution declaring April 27, 2005 *Democracy Day in Nevada*.

For more information on the ACPD, go to the Secretary of State's website at <http://www.acpd.org>.

CONFIDENTIAL ADDRESS PROGRAM (CAP)

The Secretary of State's Elections Division also administers the State's Confidential Address Program (CAP). Created in 1997, Nevada became the second state in the nation to adopt such a program. CAP provides assistance to victims fleeing abusive situations and attempting a fresh start for themselves and their children. Two services are provided to participants: use of a CAP fictitious mailing address and confidential voter registration. When both services are applied, participants greatly reduce the risk of being located through public records.

During fiscal year 2006, a total of 429 people participated in CAP in Nevada, up from 312 at the conclusion of fiscal year 2005. The additional 117 participants represent an increase of more than 37% in just one year. Growth in the program is expected to continue.

The number of certified agents in CAP has increased to 31 and includes a private domestic violence shelter, several law enforcement agencies, Washoe Legal Services, and two state agencies (Welfare and Corrections Departments). To be deemed as "certified," an agency must include at least one certified domestic violence counselor.

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

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 educating the public through community forums and presentations. The Division also administers and enforces Nevada's Athletes' Agent Act.

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

The Securities Division recorded annual revenue of just under \$19 million in fiscal year 2006.

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 by the Division 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.

**Secretary of State, Securities Division
Licensing and Registration Statistics
Fiscal Years 2003-2006**

FISCAL YEAR END	2003	2004	2005	2006
Broker-Dealers	2,083	1,959	1,991	2,041
Total Investment Advisers	924	891	963	1,097
Total Nevada Licensed:	130	151	159	184
Federal Covered:	794	740	804	913
Sales Representatives	87,121	89,075	92,458	96,749
Investment Adviser Reps	944	1,911	2,107	2,448
Athletes' Agents (Effective in 2001)	13	18	23	18
Agent of Issue	99	103	112	94
Branch Offices	1,250	1,322	1,393	1,486
Registrations and Notice Filings	3,856	4,023	4,717	4,883
Exemptions	4,172	4,735	3,568	3,989

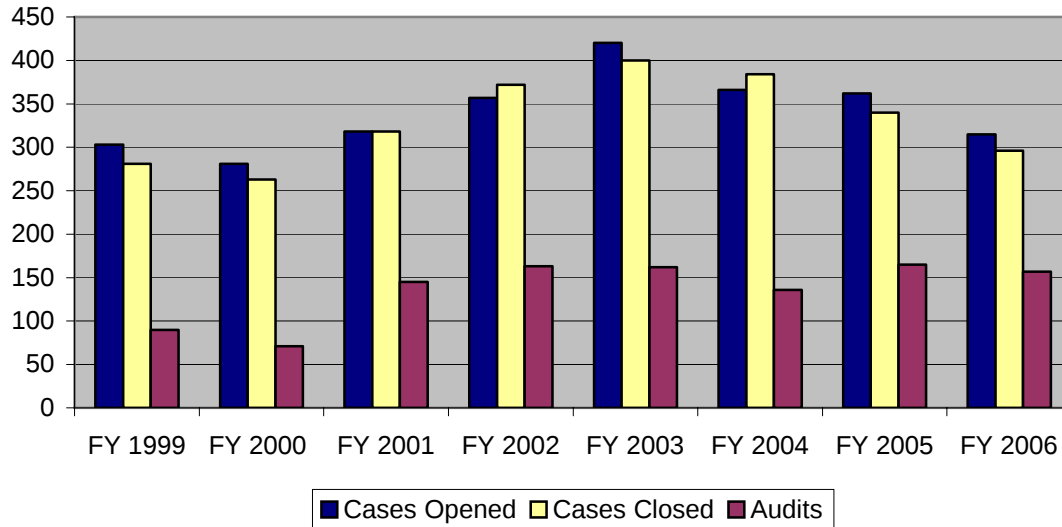
ENFORCEMENT

The Securities Division began fiscal year 2006 with 182 active cases open. An additional 315 cases were opened during the course of the year. Fiscal year 2006 concluded with 201 cases pending.

During fiscal year 2006, cases investigated by the Securities Division resulted in 14 criminal convictions. Criminal charges were filed against nine individuals. More than \$5 million in restitution was ordered paid to victims.

Other enforcement actions brought by the Securities Division during fiscal year 2006 included three cease and desist orders and five consent agreements. Monies recovered for investors totaled more than \$700,000.

**Secretary of State, Securities Division
Enforcement Activity
Fiscal Years 1999-2006**



In addition to investigating criminal cases, the Securities Division conducts routine and for-cause examinations of Nevada's broker-dealers and investment advisers. Currently, Nevada-based firms are examined approximately every two years in order to ensure compliance with the statutory requirements for conducting a securities business in the state of Nevada. Division investigators also review the securities firms' procedures for compliance with SEC rules and the NASD Conduct Rules. During fiscal year 2006, Securities Division investigators conducted 157 examinations. Inspection fees collected totaled more than \$48,000.

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 operation the Securities Division. Investigators and other staff members pursued various training opportunities during the fiscal year, including those offered by the 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 (CFE) Association, 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) and National Association of Securities Dealers (NASD), which offer 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 were required to register with the Secretary of State.

At the close of fiscal year 2006, 18 Nevada athletes' agents were registered with the Securities Division, which administers the act.

INVESTOR EDUCATION AND PUBLIC OUTREACH

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

During fiscal year 2006, the Nevada Securities Division contributed \$13,180 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. More than 7,100 elementary, middle, and high school students statewide participated in the Internet-based game during the 2005-06 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, teachers, or students.

In addition to financially supporting the Nevada Council on Economic Education's student focused program, the Secretary of State serves on the Council's Board of Directors and Executive Committee (the Deputy Secretary of State for Southern Nevada is his designee on the



Secretary of State Dean Heller stands with 2005 Stock Market Simulation Game winners Sam Barton and Michael Souza and their Spring Valley High School mentor Robert Bloom.

Board). The Council's mission parallels that of the Secretary of State: "To increase financial and economic literacy among Nevada's young people by providing information and training on finance and economics that can be utilized by teachers and students in the classroom."

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

During fiscal year 2006, the Securities Division continued its active involvement in the Nevada Jump\$tart Coalition. Deputy Secretary of State for Southern Nevada Pamela Ruckel serves as President of the Coalition's Board of Directors. The Jump\$tart Coalition for Personal Financial Literacy is a national organization that seeks to improve the personal financial literacy of young adults by evaluating financial literacy among school-aged youth; developing, disseminating, and encouraging the use of standards for grades K-12; and promoting the teaching of personal finance. Now in its fourth year in Nevada, the state Coalition held three financial

literacy training classes for Clark County School District (CCSD) teachers during fiscal year 2006, including its first full-day training in June of 2006, and participated at the CCSD's annual new teacher orientation program prior to the start of the 2005-2006 school year. The Nevada JumpStart Coalition also received a Proclamation from Governor Kenny Guinn declaring April 2006 "Financial Literacy for Youth Month."

The Securities Division continued its participation in the Taxpayer Assistance Program for Nevada (TAP for Nevada). TAP is a Northern Nevada coalition that seeks to financially empower low-income and working families by encouraging use of the appropriate income tax credits available to tax filers, along with promoting improved financial literacy and asset building. Now entering its fourth year, the group sponsored Volunteer Income Tax Assistance (VITA) sites at more than ten locations in Northern Nevada and offered various financial education programs simultaneously at those sites. The Securities Division provided numerous financial literacy materials for VITA sites and is actively involved in the creation of a similar partnership in Southern Nevada. That new partnership is expected to be in business during the 2007 income tax filing season.

The Securities Division participated in various events during fiscal year 2006 that allowed it to communicate its message of fraud prevention and financial literacy to the public. The Securities Division displayed booths and presented information at more than ten senior fairs sponsored by the Clark County Senior Advocate Program and the City of Las Vegas. Also during fiscal year 2006, the Securities Division presented investor education programs at Washoe County Library District locations, Reno's Community Services Agency, and CCSD classrooms.

The Nevada Securities Division also continued its participation in the NASAA Senior Outreach Project Group. Staffed by investor education coordinators from seven states, including Deputy Secretary of State Pamela Ruckel, the Senior Outreach Project Group develops investor education and fraud prevention programs targeting the senior population, which is frequently victimized by investment con artists. Nevada has been represented on the Project Group for four years and has assisted in the creation of the Seniors Against Investment Fraud (SAIF) program and the interactive Investment Fraud Bingo game, both of which are now a part of several states' investor education programs. The Project Group has also presented at two NASAA Investor Education Trainings, where the group's work is made available for use by investor education coordinators from across the United States and Canada.

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 now almost 36,000 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 2006, 6,514 new notaries were appointed and 3,669 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 2006, the Notary Division issued 13,548 apostilles.

WEBSITE

The Notary Division posts forms and information on its section of the agency's website. The Notary Division section of the website 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 pertinent information to clients has helped the Notary Division maintain a five-day turnaround for signature authentication and a seven-day timeframe for the processing of notary applications.

EDUCATION AND OUTREACH

The Notary Division offers regularly scheduled training classes statewide for Nevada's Notaries Public and individuals seeking notary appointments. The classes are also offered to any business with 30 or more Notaries Public on staff that wishes to arrange an in-house training at their place of business. During fiscal year 2006, more than 2,200 people took part in the volunteer instructional program.

For fiscal year 2006, the instructional program was modified and improved to include an interactive work section that allows Notaries Public to view examples of commonly notarized documents and to practice proper notarization techniques under the supervision of Notary Division staff.



Notary Division Administrator Bru Ethridge teaches one of her notary training classes.

REGISTRATION OF MINISTERS

The Notary Division also maintains a list of ministers in the state of Nevada who have been licensed and approved, or who have been temporarily licensed, by the state's county clerks. At the close of fiscal year 2006, the number of current active ministers in the state stood at 4,416. During fiscal year 2006, 416 individuals were granted temporary minister licenses, and an additional 307 individuals received general licenses as ministers.

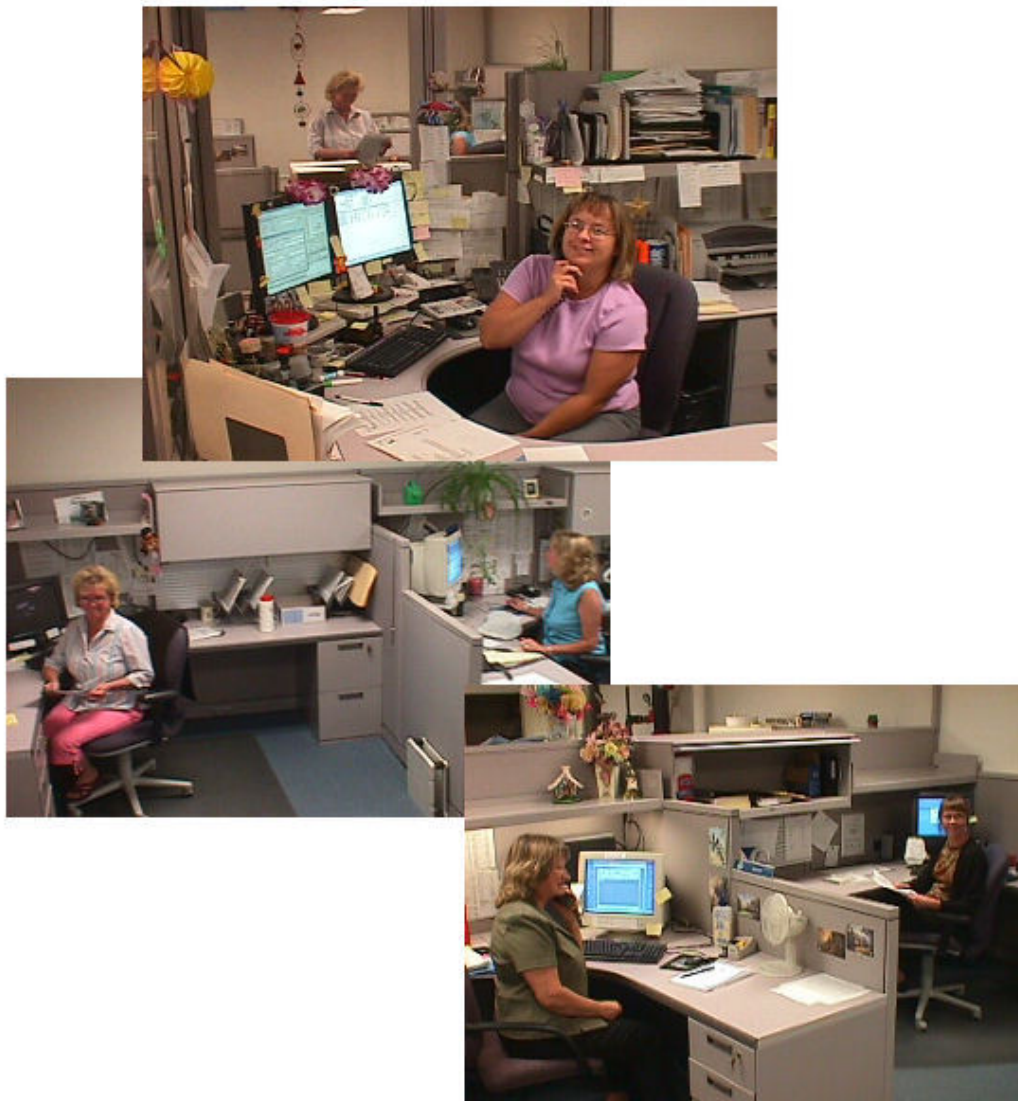
NOTARY FINES

By law, the Secretary of State's office is charged with imposing fines for violations of NRS Chapter 240. The average fine for a notary who does not follow correct procedures is \$200. Failure to maintain a notary journal- a requirement since 1864- or notarizing the signature of a document signer who does not appear in-person are both subject to maximum fines of \$2,000. Fines collected by the Notary Division during fiscal year 2006 totaled \$16,420.

Division Profile

Customer Service

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

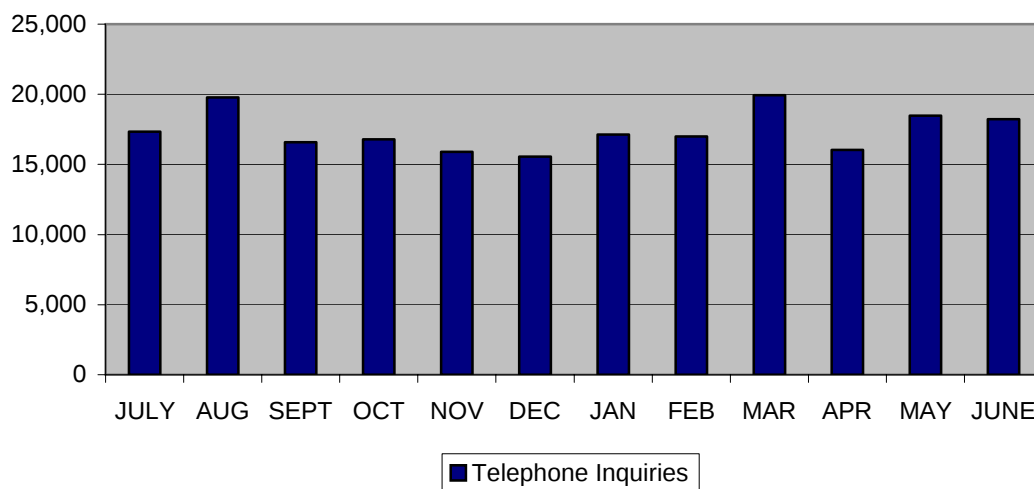


The Division's representatives are trained to assist customers by responding to complex inquiries and concerns and by providing accurate information covering a wide variety of issues, such as navigating the agency website, filing entities, calculating fees, and obtaining forms. This Division also answers general questions regarding the Notary and Election Divisions and directs customers to the appropriate Divisions within the agency, and to other state agencies, when necessary. Although Customer Service representatives are prohibited by law from giving legal advice, they are trained to direct customers to specific Nevada Revised Statutes that may address their issues.

The Customer Service Division is comprised of 12 customer service representatives in the Carson City office and three additional representatives in the Las Vegas office. While the public increasingly uses email as a method of communicating their inquiries, staff continues to answer approximately 900 telephone calls and assists an average of 150 walk-in customers on a daily basis. During fiscal year 2006, Customer Service staff responded to 208,739 telephone inquiries.

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

**Secretary of State, Customer Service Division
Customer Call Volume
Fiscal Year 2006**



Division Profile

Information Technology

A part of the Administrative Services Division, the Secretary of State's Information Technology (IT) Division is staffed by 14 full-time professionals. Secretary of State Heller's investment in technology has allowed the agency to improve customer service and control expenditures while growing its market share and accompanying revenue.

Technology in the Secretary of State's office provides critical behind-the-scenes support for the agency's automated business processes. The level of responsibility and scope of services provided by the agency create a challenging and thriving IT environment. Staff continually meet with other Divisions within the agency to analyze business processes and recommend methods to further streamline services and improve information provided.

Many automated services and a variety of public information can be found at the Secretary of State's website (<http://www.sos.state.nv.us>), the most frequented in Nevada state government for conducting business transactions. Since its deployment in early 1998, many Nevada business owners and their representatives, political candidates and observers, and the general public have taken advantage of online communication with the Secretary of State's office. Customers from more than 100 countries utilize the website, as well. A combined business and technology goal for the agency is the ability of our customers to submit virtually all documents filed with the Secretary of State's office via the Internet.

The Secretary of State's office fully implemented a \$2.4 million system in the first quarter of 2005 to automate the daily business functions of the Commercial Recordings Division and allow certain transactions to be completed via the Internet. The electronic Secretary of State (e-SOS) application generated revenue of \$72,127,729 during the 2005 calendar year and is projected to exceed \$100 million in revenue for the 2006 calendar year.

The Secretary of State's office is now in the transitional support and enhancement stage of its e-SOS Project. The Information Technology Division is working with the system vendor to implement system enhancements and gradually assume in-house operational support of the e-SOS application, thereby reducing the costly maintenance agreement with the system vendor.

The Elections Division has generated a need for higher IT support levels during fiscal year 2006. Under the Help America Vote Act of 2002 (HAVA), the Secretary of State's office was required to implement, no later than January 1, 2006, a single, centralized statewide voter registration list to be administered and maintained at the state level. In November 2004, Secretary of State Dean Heller awarded a \$4.6 million contract to Covansys Corporation and PCC Technology Group to build a statewide voter registration system (SVRS) for the state of Nevada. The completion date for the project was December 2005.

The project suffered several set-backs and delays in the projected time-line. The Secretary of State's office, in conjunction with the Department of Justice, made a decision in December 2005 to implement a contingency plan to ensure HAVA compliance. The contingency plan consisted of a system, developed in-house, that operates as a bottom-up batch feed from each county's voter registration database. With cooperation from the state's County Clerks/Registrars of Voters and their local Election Management System vendors, the system became fully operational in April 2006.

Developed as an interim solution for the 2006 primary and general elections, this system serves as the production SVRS, allowing Nevada's 17 County Clerks/ Registrars of Voters to validate and verify, in one all-inclusive system, the registration status of all Nevada residents. Eligible citizens continue to register to vote with their County Clerk/Registrar of Voters, but that registration information is included in a centralized database maintained by the Secretary of State's office. The SVRS is used to compare records from the Department of Motor Vehicles and the Department of Vital Statistics to identify persons who may be potentially ineligible to vote according to federal laws and regulations.

Since gaining an Internet presence in 1998, the Secretary of State's office has been posting election results on the Internet on election night. Through a collaborative partnership with each of Nevada's 17 counties, election results are posted to a website for public and media view but can also be e-mailed to specified individuals or agencies. The Secretary of State's Election Night Reporting provides updated information on all federal, statewide, and local races via the Internet. The Election Night Reporting software, developed internally, compiles information provided by the counties and places that information on the website in near real-time. Election Night 2004 saw the agency's website receive close to 200,000 hits from the public seeking the latest information on political contests throughout the state.

The latest development from the IT staff has been the ability of candidates for political office to file their Campaign Contributions and Expenses (CC&E) Reports online. This new service was scheduled for deployment to coincide with the first legislatively mandated filing date. The online availability not only provided an option for immediate filing and posting of the candidates CC&E Reports, but the candidate was also afforded the ability to instantly view the filed report online, ensuring compliance with the filing deadline.

Some of the information and services available on the Election Division section of the Secretary of State's website include: online filing of Campaign Contributions and Expenses Reports; results from current and previous elections; statewide and county voter registration figures; filed CC&E and Financial Disclosure Reports; a list of candidates filed with the Secretary of State's office and in each county; an election calendar; candidate, party, election, and ballot initiative information; and a frequently asked questions section. Information on the Help America Vote Act is also available on the website.

A current project of the Secretary of State's IT Division is the evaluation and complete redesign of the Securities Division's automated systems. The current systems are outdated and were developed with now unsupported, legacy software. Joint application design sessions with Securities Division staff are currently taking place to analyze which processes will be rewritten for the greatest improvement in workflow and customer satisfaction.

The Secretary of State's Notary Division received a complete rewrite of its notary tracking system during fiscal year 2006. This rewrite allowed the Notary Division to take advantage of the integrated single sign-on security system recently developed by the IT Division. Several other manual Notary Division processes are now being reviewed to determine the feasibility of developing automated systems for those, as well.

An automated, integrated complaint tracking system is planned for development to reduce and eventually eliminate the paper processes currently used by the agency. The Customer Service Division of the Secretary of State's office will likely witness the greatest return from the investment in an automated system, but all agency Divisions will benefit from the system.

The Secretary of State's IT Division is also working cooperatively with another state agency to utilize an internally developed employee evaluation tracking system for the office's Administrative Services Division. This system will be used in conjunction with Nevada

Employee Action and Timekeeping System (NEATS) to provide an upgraded personnel system.

The Secretary of State's office maintains five locations in Carson City, Reno, and Las Vegas. The IT Division provides development, desktop, and application support to all employees in each of these five locations.

Division Profile

Administrative Services

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

The Accounting Section processes the daily bank deposits while ensuring compliance with essential internal controls. Accounting also maintains the popular pre-paid Trust Accounts for more than 1,000 customers. Secretary of State Trust Accounts allow customers to deposit funds for use with subsequent requests for service, eliminating the need to have a negotiable instrument accompany each request.

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

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

Staff Profiles

Kim Huys was named **Chief Deputy Secretary of State** in April 2006. She is responsible for carrying out Secretary Heller's mandates, including implementing agency policies, administering the agency's budget, supervising all agency personnel, and representing the Secretary of State at various office-related functions when necessary. She drafts and proposes legislative changes and testifies on behalf of the Secretary and the agency before the Legislature.

Kim has more than 26 years of public service experience. She holds an M.B.A. degree from Pacific Lutheran University in Tacoma, Washington, and a B.A. degree in accounting from Evergreen State College in Olympia, Washington. Kim has previously served as the Secretary of State's Deputy for Operations and has also been Chief Deputy in the Nevada Controller's Office.

Kim and her husband live in Reno.



Stacy Woodbury was named **Deputy Secretary for Operations** in May 2006. She is responsible for overseeing the Administrative Services Division of the Secretary of State, which includes accounting, budgeting, human resources, information technology, and purchasing. The Division also manages and monitors all agency contracts to ensure compliance with state and federal law. Stacy previously served as Executive Director of the Nevada Commission on Ethics and as Executive Director of the Nevada Dairy Commission. She has a B.A. degree in public relations from Northern Arizona University, and a M.P.A. degree from Arizona State University.

Stacy was named one of northern Nevada's Women of Achievement by the *Reno Gazette-Journal* in 1999. She has served in various public policy capacities, including positions with the Nevada and Arizona legislatures and the Arizona Governor's office.

Stacy lives in Carson City with her husband and son.



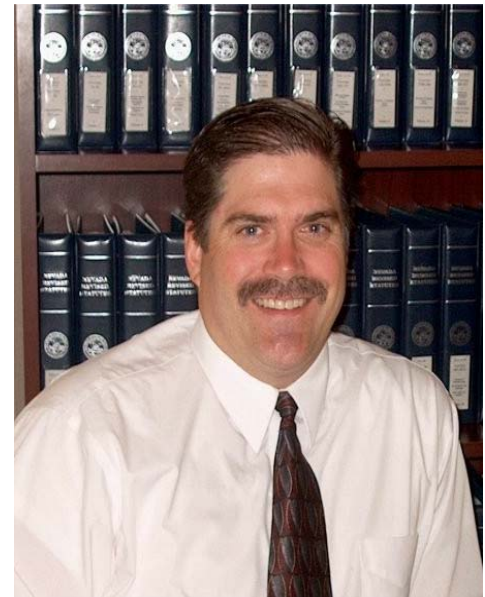
As **Deputy Secretary of State for Commercial Recordings**, a position he has held since 1997, **Scott Anderson** oversees the Division that processes and maintains the documents of more than 290,000 business entities on file with the Secretary of State's office. Scott was instrumental in the development and implementation of the Secretary of State's award-winning e-SoS processing system.

Scott has served on the governing board of the International Association of Commercial Administrators (IACA) for seven years. He served as the Association's President in 2005-2006, an honor that brought the 2006 IACA Conference to Nevada.

Scott 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.



Ellick Hsu was named **Deputy Secretary of State for Elections** in January 2005. He is responsible for planning, directing, and supervising Elections Division operations and overseeing functions relating to the elections process in Nevada, including enforcing state and federal election laws and procedures.

Ellick graduated Cum Laude from the California Western School of Law, receiving his Juris Doctor degree in 2000. He attained his bachelor of science degree in neuroscience/animal physiology from the University of California, San Diego.

Ellick is a member of the National Association of State Election Directors and the National Association of Secretaries of State. He is also a member of the Washoe County Bar Association and the American Bar Association.

Ellick joined the Secretary of State's office after spending more than four years with the prestigious law firm Lionel, Sawyer and Collins, practicing corporate, commercial, and real estate/land use law.

Charles Moore began his employment with the Secretary of State's **Securities Division** as Chief of Enforcement in 1993. Charles was named **Securities Administrator** in 1999. He is responsible for managing the operations of the Securities Division, including the licensing of investment professionals, the registration of securities offerings, and the enforcement of the securities statutes and regulations. He supervises a staff of 25 employees including attorneys, investigators, accountants, and support staff. The Securities Division is a law enforcement agency with statewide jurisdiction.

Charles has more than 26 years of experience regulating the securities industry. He holds a bachelor of science degree in accounting from Central State University in Edmond, Oklahoma and a Juris Doctor degree from Oklahoma City University School of Law. He is licensed as both a certified public accountant and as an attorney. Charles was previously employed with the Oklahoma Department of Securities for over 13 years.

Charles and his family reside in Las Vegas.



Pamela Ruckel was named **Deputy Secretary of State for Southern Nevada** in August 2001. She joined the agency in January 2000 as the Secretary of State's Education and Information Officer.

In her role as Deputy Secretary for Southern Nevada, Pam conducts investor education and fraud prevention programs throughout the state. She is responsible for coordinating the administrative functions of the Secretary of State's Las Vegas office.

Pam previously served as Director of Education for the Nevada Hotel & Motel and Restaurant Associations, and as Public Information Officer for the Murrieta Valley Unified School District in Riverside County, California. She graduated Magna Cum Laude from Kent State University with a bachelor of arts degree in political science and business administration.

She lives in Las Vegas with her husband and two children.

As the Secretary of State's **Notary and Digital Signature Administrator, Bru Ethridge** oversees the daily operation of the Notary Division.

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

Bru has served as a member and officer of the Notary Public Administrator's section of the National Association of Secretaries of State, serving the past three years as its President.

Prior to her 17 years of service in the Secretary of State's office, Bru managed a family business with her husband.

Bru has lived in Carson City since 1969.



Lani Smith was appointed **Director of Information Technology (IT)** in March 2006. She manages 14 IT specialists who support the Secretary of State's staff members in five offices statewide. Along with overseeing the agency's website, Lani is responsible for the Secretary of State's computer systems, including Election Night Reporting, Statewide Voter Registration, and the e-SOS system. Her duties also include interfacing with various vendors and contractors and participating on several state IT committees.

A native Nevadan, Lani has been in state service for 17 years, previously providing IT support to the Department of Public Safety and the Welfare Division. She holds several technology certifications, including Microsoft, Cisco, and Novell.

Lani and her family reside in Carson City. When away from the office, she enjoys traveling, shopping with her daughter, riding dirt bikes with her son, and taking her dogs to the lake.



Customer Service Division Supervisor Tami Rains oversees the daily operation of the Carson City Customer Service Division. She coordinates all internal training of Division representatives, along with working closely with other staff to provide the best service possible to customers. Some of her duties include supervising a 12-member staff; assisting customers in researching filing discrepancies; and maintaining statistical information regarding the Customer Service Division. Tami is also the office coordinator for the March of Dimes Committee and assists with the annual Muscular Dystrophy Association fundraiser.

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

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

Executive Assistant Sallie Lincoln provides secretarial support to the Secretary of State and the Chief Deputy, including: responding to constituent inquiries received via mail, email, and telephone; scheduling and coordinating executive office meetings; serving as a liaison between the Secretary of State and the agency's Deputies and other staff; and scheduling travel for the Secretary of State and Chief Deputy.

Sallie previously worked in the agency's Customer Service Division. Before joining the Secretary of State's office in 2002, she was employed in the Legislative Counsel Bureau's Media Services Division.

Outside the office, Sallie is a beekeeper and holds a Master Gardner's certificate. She has earned a Private Pilot's license, as well.

Sallie and her husband reside in Carson City and have an alfalfa farm in Dixie Valley, Nevada.





Administrative Services Officer Doug Perry has worked in state government for more than 16 years. Doug is responsible for the creation and maintenance of the Secretary of State's budget, providing financial information, maintaining agency internal controls, and supervising the accounting, personnel, and payroll staff.

Doug earned a bachelor of science degree in accounting from the University of Nebraska, Omaha. He was also awarded a Nebraska Certified Public Accountant Certificate.

Doug served in the United States Air Force, where he was awarded an Air Medal with one Oak Leaf Cluster.

Doug and his wife, Janice, reside in Reno.

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 delivered the Governor's newspaper as his paperboy at the age of twelve.

After graduating from Carson High School, Dean received a Bachelor's Degree in business administration, specializing in finance and securities analysis, from the University of Southern California in 1985.

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



Secretary of State Heller is the third highest-ranking constitutional officer in Nevada, serving as the state's Chief Elections Officer. His office includes the Elections Division, Commercial Recordings Division, Securities Division, and the Notary Division. In his official capacity, Dean also is a member of the Board of Examiners (which includes the governor and attorney general), State Prison Board, and the Tahoe Regional Planning Agency, and is Chair of the State Records 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. They have four children: Hilary, Harris, Drew, and Emmy.

The Heller family is well recognized and very active in the Carson City community. 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 as a sailor, baseball player, and a 6'4" Chinese gambler. He even performed at Carnegie Hall in 1996 as narrator for the Sierra Nevada Master Chorale Singing Troop's performance. His mother, Janet, sings with the group.

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

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



**Secretary Heller with his wife, Lynne,
and their children, Harris, Drew, Hilary, and Emmy.**

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

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