

Quarterly Business Report

Volume 1, Issue 11
Fourth Quarter 2010

Dear Business Leader:

Happy New Year! We hope you had a prosperous Holiday season and are looking forward to a robust year in 2011. We've all read the news about how Nevada's economic recovery will lag behind the rest of the nation, but we're already seeing some small signs of improvement in taxable sales, convention activity, and even in gaming revenue. I'm confident that while our recovery will likely be slow, it will be steady throughout 2011. Ramping up our efforts to diversify will be key.

I was honored on November 2 to be elected to a second term as your Secretary of State and I look forward to continuing to serve you for another term. Although my office will surely be impacted by what is shaping up to be another significant cut in the state's budget, my staff and I remain committed to our plan to further streamline and modernize our business services.

At the same time, I want to make sure that all entities registered with my office, and especially those that contract with the state, are competing fairly in the free market. My office is taking new steps to make sure all businesses that are subject to state business license statutes are in compliance. At my request, the Board of Examiners is now requiring agencies to confirm that any business being considered for a state contract is properly registered with my Commercial Recordings Division. I believe that compliance with state and federal law is simply good business.

Again, I wish you a Happy New Year.

Respectfully,



File Your Articles ONLINE!



Secretary of State Ross Miller's office has reached another milestone in its goal to provide more convenient, streamlined online services for Nevada businesses. New companies can now file their Articles of Incorporation/ Organization online at www.nvsos.gov. Upon successful completion of the online filing, companies will get immediate confirmation and a copy of their new documents. The public information about the new entity will also be immediately available on the Secretary of State's website.

Domestic (Nevada), corporations and Limited Liability Companies (LLCs) can now file their Articles of Incorporation/Organization online. All new corporations and LLC's can also file their initial list of officers or members and apply for and receive their annual business license in the same online visit. All filing fees remain the same.

Wizard technology will guide users through the quick and simple process of filing online articles of incorporation or organization. Users who have taken advantage of other online services offered by the Secretary of State's office may have to create a new user name and password, depending on how recently they have used the system. The filing fees may be paid by credit/debit card or with an established trust account. E-checks will no longer be accepted.

News from the

Notary Department

Upcoming classes:

Carson City

January 27 — 8 AM, Carson City Nugget

Las Vegas

March 23 — 1 PM, Gold Coast Casino

March 24 — 8 AM, Gold Coast Casino

Did you know...?

Notary journals are public records and can be inspected by anyone at their request. Journals should not contain any personal financial information or identification numbers.

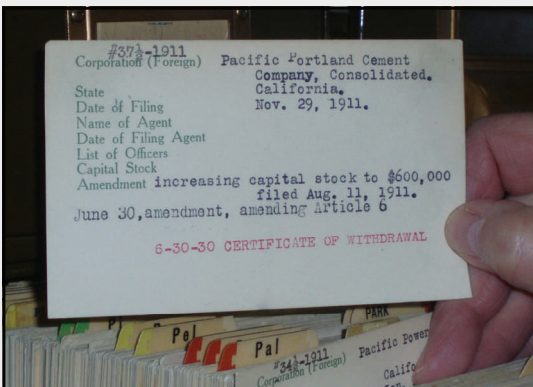


The Nevada Business Portal hasn't even been launched yet (still on track for this spring), but already several local governments are looking to sign up for the project's next phase. While the Secretary of State's office is closely monitoring progress in the current phase, which focuses on integrating other state agency transactions, namely the Department of Taxation's sales and use tax permits, the office is also looking ahead to subsequent phases by entering into discussions with several local governments. The professional team developing the Portal received excellent feedback from the business community in focus groups held during the last quarter. The goal is to create a true "one-stop shop" where businesses can conduct all of their transactions with state and local governments in one online visit and with one online payment.

Secretary of State Ross Miller is encouraging Nevada employers to voluntarily use the federal E-Verify® program to ensure that their newly hired employees are eligible to work for them. The program, authorized by the Illegal Immigration Reform and Immigrant Responsibility Act of 1996, compares information from a new hire's Form I-9 to other federal records to determine if the employee is eligible to work in the United States. Federal officials say the system is fast and accurate, matching data to millions of records kept by the Social Security Administration (SSA) and the U.S. Citizenship and Immigration Services (USCIS) and providing results within seconds. About 1,400 Nevada employers already use the system, which is administered by the U.S. Department of Homeland Security and the Social Security Administration.

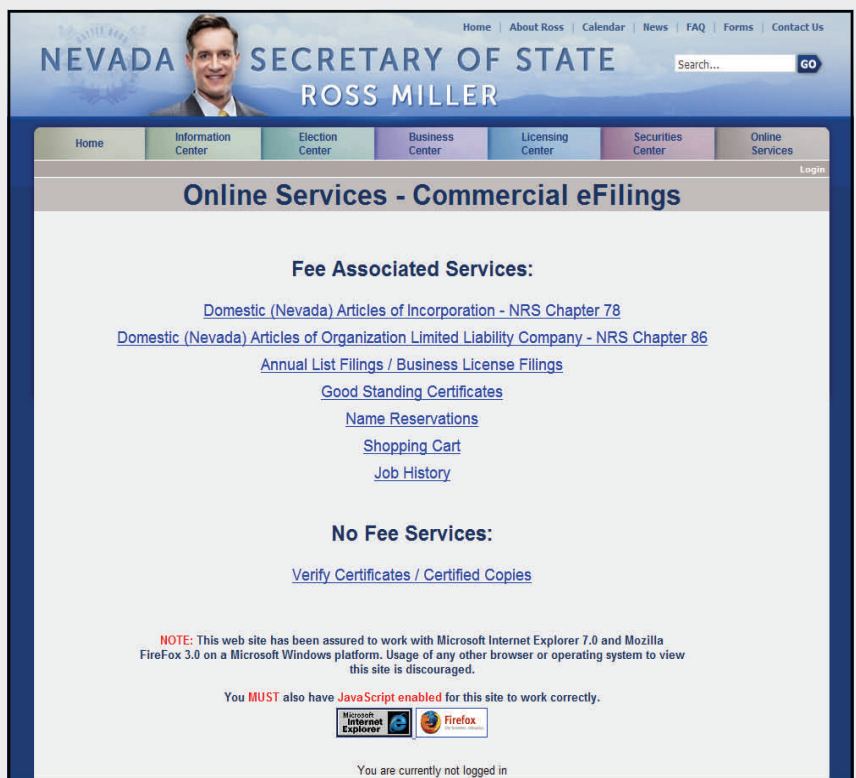
Commercial Recordings

THEN...



Much has changed since Patti Isaman came to work in the Commercial Recordings Division 40 years ago. In 1970, the Division was located right inside the main door of the Capitol, in what is now the Secretary of State's office. Staff entered everything by hand, using typewriters, carbon paper, and card files. Patti says she's glad that every administration since then has improved upon the old system. Now, under Secretary of State Ross Miller, the Division has come nearly full circle by providing the option of filing all but a handful of required documents online...no paper, no hassle, no wait.

...and NOW



News from the Elections Division



Secretary of State Miller and local elections officials reported that the 2010 General Election was one of the smoothest and most incident-free elections in recent history.

Despite allegations of a variety of irregularities involving the highly-watched U.S. Senate race, there were no incidents that resulted in a voter being disenfranchised. The Election Integrity Task Force, made up of law enforcement officials from the Secretary of State's office, the Attorney General's office, the U.S. Department of Justice, the FBI, and local agencies, was called on to look into several allegations, but found nothing that interfered with the administration of a fair and secure election.

The U.S. Senate race attracted tens of thousands of people from all over the world to the Secretary of State's election results reporting website, generating more than 34 million hits and saturating the state's 150 megabits of internet connectivity. The Secretary of State's IT Team, working with the Department of Information Technology, had prepared well in advance for election night. The team carefully built all Nevada races into the computer program and then conducted rigorous internal and external testing to measure the system's capacity. The office also used innovative software architecture that calculated election results as data came in from county elections officials.

David Gustafson, Acting Director of the Nevada Department of Information Technology, said on a typical night, less than 5 megabits of the state's 150 megabits of internet capacity would be used. "Almost twice as much data was used on election night than on election day in 2008. That's a tremendous amount of data," Mr. Gustafson said. "The level of use we experienced on November 2 was unprecedented in Nevada."



State law requires the Secretary of State to meet with members of the Nevada Supreme Court to canvass election results. The 2010 General Election canvass occurred on Nov. 23. Pictured around the table, clockwise, are Secretary of State Miller, and Nevada Supreme Court Justices Nancy Saitta, James Hardesty, Ron Parraguirre, Michael Douglas, and Michael Cherry.

News from the Securities Division



The Secretary of State's Securities Division is cautioning investors to be mindful of potential risks of online loan "matchmaking," which is known as peer-to-peer lending or P2P. Peer-to-peer lending is on the rise as borrowers and lenders find traditional loans harder to come by and so turn to the Internet to locate one another.

In many cases, the lending organization may be selling securities that come within the state securities laws. Would-be borrowers should contact the Securities Division to make sure the securities are authorized for sale in Nevada and to obtain the licensing information on the company facilitating the loan.

Potential lenders also should consider the risk of the borrower defaulting on the loan. Since peer-to-peer loans are unsecured, investors may have no legal ability to pursue the borrower in the event the borrower fails to pay. The Secretary of State's office also advises investors to be aware that the identity of the borrower is often not available to the lender, making it impossible to independently verify the status of the borrower's finances and business prospects.



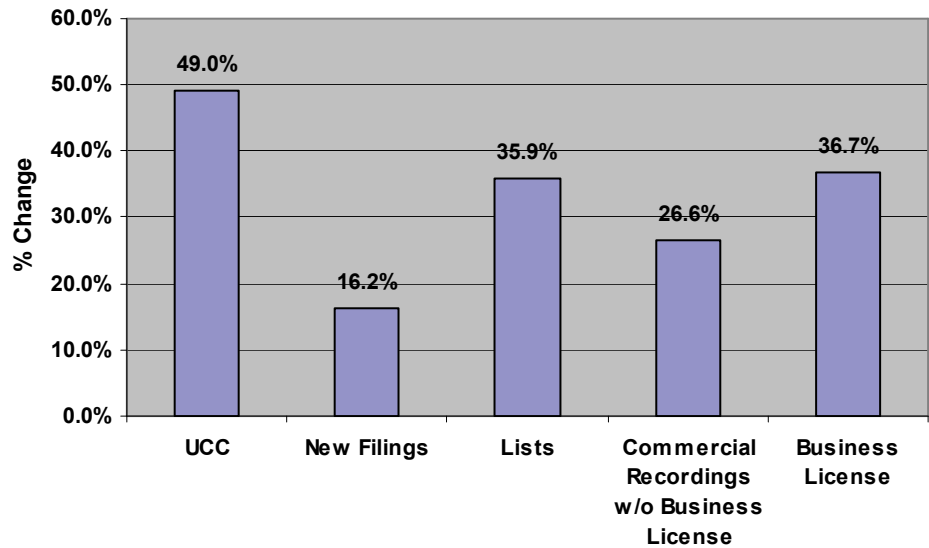
Secretary of State Ross Miller has credited every Nevadan who responded to the 2010 U.S. Census with securing new representation in the U.S. House of Representatives and another Presidential electoral vote. The U.S. Census Bureau announced in December that Nevada's population grew by 35.1% over the decade to 2,700,551 people, the highest growth rate of any state over the last ten years. Despite a loss of population in the last three years, Nevada still earned a fourth Congressional seat and a sixth Presidential electoral vote.

The Census count is also used to determine how federal funding for a number of projects and services is apportioned to the states. The Governor's SAGE Commission estimates that for every person counted, the state will receive \$917 a year in federal funds for school lunch programs, family support programs, senior centers, job training, and new construction for projects from highways to hospitals. For more information on the 2010 Census, visit www.2010.census.gov.

Year-End Numbers from Commercial Recordings

The significant increase in revenue generated by the Commercial Recordings Division from 2009 to 2010 is a result of a slight (2.7%) increase in new filings and a significant reduction in the backlog of filings to be processed. The revenue generated by this Division of the Secretary of State's office is deposited in the general fund of the State of Nevada.

Relative Revenue Change: Q4'09 vs Q4 '10



Revenue Comparison (in millions): 4Q '09 vs 4Q '10

