

Quarterly Business Report

Volume V, Issue IV
Fourth Quarter 2012

Dear Business Leader:

A presidential election in which more than one million Nevadans cast ballots; a sentencing for a scam artist who committed securities fraud; a program honoring veterans and active-duty service members; and developments to Nevada's Business Portal are highlights of the 4th quarter of 2012 in my office.

The Elections Division worked hand-in-hand with county registrars, overseeing a smooth election during a year when the Battle Born State became a battleground state. The more than one million voters turning out at the polls was an all-time record high for the Silver State, and the nation's highest increase in voter turnout compared to the 2008 general election. Our new "I Vote to Honor a Service Member" gave Nevada voters an opportunity to pay tribute to veterans or active-duty military, and reminds us that our right to vote is protected by the service members who put themselves in harm's way to protect that right.

But even while focusing many of our resources on the election, we maintained our aggressive approach to enforcing Nevada's securities regulations. One scam artist in particular served as a warning of future potential "crowdfunding" scams. As a result of the work of investigators from my office, the Colorado man was sentenced to four years in prison and ordered to pay more than \$130,000 in restitution. We expect to see more of this type of activity, and the article included in this edition offers some early insight into what may become a new wave of securities fraud.

SilverFlume, Nevada's Business Portal, continues to develop steadily with more state agencies and Nevada municipalities signing on to become partners. Completing the Common Business Registration profile will make SilverFlume a valuable resource for your business, saving you time and the aggravation of dealing with multiple bureaucracies.

Thank you for allowing me to share our news from the 4th quarter of 2012 and continuing to serve as your Secretary of State. We're looking forward to a great 2013, and wish you and your business a healthy and prosperous new year.

Respectfully,



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Members of the Nevada Election Integrity Task Force monitor Election Day activity at the Command Center.

Record Number of Voters, Record Percentage of Eligible Voters Cast Ballots in 2012 General Election

Voting process, aided by early voting, runs smoothly throughout the state despite high turnout

More than one million voters cast ballots in the 2012 general election, an all-time record high turnout for the Silver State. The 1,013,195 voters who turned out at the polls also created a record turnout percentage of 80.56%. Nevada had its largest number of active registered voters for this election at 1,257,621.

Nevada voters also distinguished themselves nationally by achieving the nation's highest increase (4.5%) in voter turnout compared to the 2008 general election. This is particularly notable since national voter turnout was down from 2008.

Of the 1,257,621 active registered voters, a total of 1,013,195 voters, or 80.56%, turned out during early voting and on Election Day. Both the number and percentage of voters exceed the 2008 general when 970,019 voters, or 80.27% of active registered voters, cast ballots.

On Election Day, several commonplace issues arose at the polls, but all were immediately addressed by poll workers and members of the multi-jurisdictional Election Integrity Task Force.

Leading up to the general election, agents from Nevada's multi-jurisdictional Elections Integrity Task Force arrested a Southern Nevada woman charged with attempting to vote twice in the presidential election.



Bonnie Moore, chief compliance audit investigator for the Secretary of State's office, tests voting machines that were randomly pulled from different precincts to demonstrate their accuracy for media.

A criminal complaint alleges that on or about October 29, 2012, Roxanne Rubin voted in the 2012 Clark County General Election at a polling station at The Anthem Community Center in Henderson. Later the same day Rubin appeared at a Las Vegas polling station at 9725 S. East-

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Save Time, Effort By Completing SilverFlume Common Business Registration Profile

SilverFlume, Nevada's Business Portal, collects Common Business Registration Data, which is basic information that nearly every Nevada governmental agency requires. If you haven't completed your Common Business Registration profile, it is important that you log in to SilverFlume and finish the process. The integrated service enables you to enter the information once when interacting with different agencies, helping all parties save time and effort.

Future services within SilverFlume will allow you to process licenses from municipal to state governmental agencies throughout Nevada. Current partners include the following:

- Nevada Department of Taxation
- Nevada Department of Business and Industry
- Nevada Governor's Office of Economic Development
- Nevada Department of Health and Human Services
- Nevada Department of Motor Vehicles

- Nevada Office of the State Treasurer
- Nevada Department of Administration
- Douglas County, Nevada

Steps to setting up your Common Business Registration:

1. At www.nvsilverflume.gov, find your existing business using the **Nevada Business Search**.
2. When your business displays in the search results, click the **Manage this Business** button.
3. Your **SilverFlume Dashboard** opens. Click on the business to open it.
4. From your business checklist, click the **Start** button next to **Common Business Registration**. This step results in a completed Common Business Registration and Workers' Compensation eAffirmation of Compliance that satisfies local business licensing requirements for the D-25 form.

If you have any questions, contact customer support at (775) 684-5708 or support@nvsilverflume.gov.

Theft Related to the Sale of Securities Results in Prison Sentence and Fines for One Man, Two Others Awaiting Sentencing

Potential trend in illegal crowdfunding draws warning from Nevada Secretary of State

One man faces four years in prison, fines and restitution in a case alleging the illegal offer or sale of securities, utilizing the internet to offer or promote securities. The Secretary of State's Securities Division investigated Mark D. Jones of Pagosa Springs, Colo., who was ordered to pay \$130,000 in restitution, plus expenses related to the investigation, and banned from the securities industry by the Clark County District Court on December 5, 2012.

Secretary of State Ross Miller says the case demonstrates the need for continued investor awareness and caution due to the potential for internet scams, and the fact that crowdfunding for securities that are not registered with the Securities and Exchange Commission (SEC) is not yet legal.

Crowdfunding is generally defined as a method of financing or funding a project with relatively small contributions from a large group of individuals, often conducted online through dedicated crowdfunding sites. Although the Crowdfund Act was signed into federal law in April 2012 as part of the JOBS Act, the SEC has not yet passed regulations governing crowdfunding, so the process may not

be utilized by those issuing or selling unregistered securities. Nonetheless, numerous internet sites have cropped up since April poised to offer crowdfunding investment opportunities.

"Until the SEC promulgates regulations, crowdfunding as contemplated by the Crowdfund Act is a completely unregulated and illegal process," said Miller. "When the regulations from the SEC do go into effect, they may be fairly restrictive, and there's a reason for that. When something new like this comes along, it's natural for people to want to get in early, but these are often high-risk investments and should be left to sophisticated investors who can afford the inherent risks."

In other cases investigated by the Secretary of State's office, perpetrators were believed to have used internet sites to either promote or sell illegal securities or to attract investors:

- Robert Burke of Hurst, Tex. is set for sentencing after pleading guilty to one count of securities fraud and one count of conspiracy to commit a crime. He was arrested in Tarrant County, Tex. on October 26, 2010 and extradited to Las Vegas to face charges investigated by the Secretary of State. Burke failed to appear at the sentencing and a bench warrant has been issued for his arrest.
- Thomas O'Donnell, previously from Las Vegas, Nev., pled guilty to one count of securities fraud. He was extradited to Las Vegas from a Florida prison on a warrant issued June 20, 2011 to face charges investigated by the Nevada Secretary of State.

The Nevada Attorney General's office is the prosecuting agency for all three cases.

Secretary Miller urges investors to learn the warning signs of investment fraud and independently verify any investment opportunity, as well as the background of the person and company offering the investment. "The Securities Division can provide detailed background information about licensed individuals who sell securities or give investment advice, and verify the registrations of the products being offered. Investors should do business only with licensed brokers, investment advisers, and issuers complying with the law and should report any suspicion of investment fraud to us."

Additional information on how to protect yourself from investment fraud is available on the Secretary of State's website, www.nvsos.gov. The Securities Division's telephone number is (702) 486-2440.



LEARN TO SPOT AND AVOID FINANCIAL FRAUD

Securities Administrator Diana Foley and Chief of Enforcement Mike O'Callaghan were part of a panel workshop titled "Learn to Spot and Avoid Financial Fraud" held in Las Vegas this month. Hosted by the FINRA Investor Education Foundation, the program covers the following topics:

- How to recognize the red flags of financial scams;
- How to outsmart investment fraud;
- The resources available to you at no charge; and
- How to protect your assets in these uncertain economic times.

The FINRA workshop was held at Sun City Summerlin on Wednesday, Jan. 23 and at Sun City Anthem on Friday, Jan. 25 by a total of nearly 400 attendees.

Nevadans Recognized Those Who Protect Democracy in "I Vote to Honor a Service Member" Program

The Secretary of State's office launched a new program to honor veterans and active duty service members during the 2012 general election. The "I Vote to Honor a Service Member" program recognizes the service and dedication of the women and men of the United States Armed Forces by encouraging Nevada voters to cast their ballots in honor of the service member of their choice.



Participants submitted a message on an application form and received a limited edition lapel pin with the "I Vote to Honor a Service Member" logo. Messages are published on a special testimonial section of the Secretary of State's website at <http://www.nvsos.gov/index.aspx?page=1281>. Messages are accepted all year round.

The program allowed voters to honor individuals who served decades ago to active duty military members and who have protected our democratic system for more than 200 years.

"After making a trip to the Middle East to meet some of the troops firsthand and discuss elections and balloting issues with them, it reinforced to me the importance of what they're doing 24 hours a day, seven days a week, 365 days a year," said Miller.

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ern Ave. and attempted to vote a second time. The poll worker conducted a routine computer database search which indicated that Rubin had already voted and informed Rubin as such. Rubin allegedly responded that she had not already voted, but a search of the computer database reconfirmed that she had already voted at the Anthem polling place. The complaint also alleged that Rubin insisted the database was incorrect, continued to claim that she had not voted, and further insisted that she be allowed to vote. Poll workers did not allow Rubin to vote and reported the incident to the Clark County Registrar's office, which notified the Secretary of State's office.

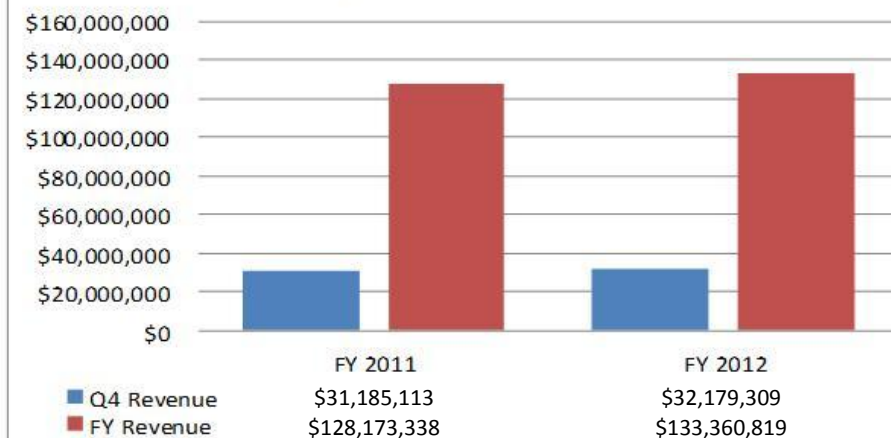
Rubin was taken to the Clark County Detention Center, and charged with one count of voting more than once in the same election, a Category "D" felony.

"There are two important points worth noting in this case," said Secretary of State Ross Miller. "First, is that as we've said and demonstrated in the past, we take all elections complaints very seriously and investigate them thoroughly. Second, this demonstrates the integrity of the system. Someone thought that by going to two different locations they'd be able to cast two ballots. The system immediately caught that, the Task Force responded, and an arrest was made. It's also worth noting that the Task Force has at least one other case of voting or attempting to vote twice in an election presently under investigation. We will pursue all such cases and complaints aggressively."

Final race results and a breakdown of voter turnout are posted on the Secretary of State's Election Night Reporting website at www.silverstateelection.com.

County and local races were canvassed to their respective county commissions by November 15, 2012. Statewide races were canvassed to the Nevada Supreme Court on November 27, 2012, and all six of Nevada's electors cast their ballots for President Barack Obama and Vice President Joe Biden on December 17, 2012.

Commercial Recordings Revenue Q4 '11 vs. Q4 '12



New and renewing business licenses generate an increase in revenue during the fourth quarter and fiscal year of 2012 compared to the same period in 2011.

Upcoming Notary Training Classes

Las Vegas
Gold Coast Casino,
California Ballroom
4000 W. Flamingo Road
February 13, 2013
1 to 5 p.m.

Pre-registration required at
www.nvsos.gov