

Quarterly Business Report

Volume VII, Issue I
First Quarter 2014

Dear Business Leader:

During the first quarter of 2014, my office's Commercial Recordings and Elections Divisions received national accolades. Meanwhile, both divisions stayed busy with the responsibilities of instituting new compliance efforts to protect unsuspecting consumers, and preparing for the upcoming midterm election.

I am proud to announce that Nevada's Digital Operating Agreement (OA) is one of four finalists for the National Association of Secretaries of State (NASS) 2014 IDEAS Award, which recognizes innovation, dedication, excellence and achievement in state member programing. Digital OA is a free and useful tool available to all Nevada limited-liability companies to set up their internal structure. The winner will be announced at the NASS summer meeting in July.

The Commercial Recordings Division reports new and renewing business license filings are up during the first quarter of 2014 compared to the same time in 2013. We've also seen the lowest number of entities in default or revoked status since 2010 – a sign that Nevada is climbing back from the recession.

To protect consumers from those who engage in unlicensed practice of the law and who take advantage of unsuspecting individuals, my office implemented new rules for document preparation services on March 1. These rules regulate individuals and businesses that perform services and provide advice beyond their scope of legal authority. More is available in this report.

Nevada ranked fifth nationwide for our 2012 election performance, according to the PEW Charitable Trusts' Election Performance Index study released during the first quarter. We leapt from 22nd in 2008 and are the most improved state in the rate of military and overseas ballot returns.

Speaking of elections, the primary election is right around the corner. Make sure you are registered to vote or request your absentee ballot by meeting key election deadlines listed on page 4, where you'll also find a link to online registration.

Thank you for sharing in our news. As always, I look forward to continuing to serve you.

Respectfully,



Inside This Issue

- ◆ Document Preparation Services Regulations in Full Effect
- ◆ Nevada Ranks 5th Nationwide for Election Performance
- ◆ 2014 Primary Election Deadlines
- ◆ Digital Operating Agreement Finalist for National Award
- ◆ Commercial Recordings Filings
- ◆ Sign up for The Advocate



Secretary of State Ross Miller filmed a public service announcement with UFC's Forrest Griffin for Nevada's Big Give. Students from Advanced Technologies Academy donated their time and resources for the spot.

Digital Operating Agreement One of Four Finalists for NASS IDEAS Award

The National Association of Secretaries of State (NASS) recently honored Nevada's Digital Operating Agreement (OA) software as one of four finalists in its annual IDEAS Award, which seeks to recognize innovation, dedication, excellence and achievement in state member programming.

SilverFlume, Nevada's Business Portal, and Digital OA work hand-in-hand to provide tools for business success. SilverFlume provides the tools to start and manage business filings and licenses, while the Digital OA provides businesses with the capability to set up the internal structure regarding who is authorized to make decisions on behalf of the LLC; who contributed how much time, financial and/or other assets; how to distribute the profits of the LLC; and other governance decisions that become increasingly important as a small business becomes a profitable long-term business. Small businesses are especially at risk for not having the needed structures in place to ensure long-term success.

Digital Corporate Governance has the following advantages and benefits:

- Provides users with a template for basic operating agreements that they can adapt for their own use and file in digital format.
 - Allows organizers of LLCs to use customized software to discuss, vote on, and accept or reject the key provisions and terms of an operating agreement.
 - Allows members or managers to provide written consent to adopt operating agreements in electronic format.
 - Provides a digital record of discussions and has customized decision-making features based on the type of decision being proposed.
 - Allows LLCs to conduct corporate communications through the most recent technology available, including a variety of electronic communications, such as teleconference, videoconference, webinar, or even Twitter – fast, modern communication platforms that have increasingly replaced pen and paper.
 - Allows certain non-profit board of directors meetings to be conducted through electronic means, including simultaneous or sequential communications channels such as instant messaging.
 - After agreement has been reached on all terms, the original agreement is stored electronically for future retrieval and modification, again using the decision-making features of the software.
- Allows the Secretary of State to adopt regulations further interpreting references to "meeting," "writing," and other terms.

The Digital OA lowers barriers to entry, streamlines

execution, and imports better institutions to side-step local limitations, making a whole new cooperative relationship possible. The Digital OA is a viable option for entrepreneurs worldwide who might not have or be able to afford legal counsel when starting an LLC. Developers who have never met but want to collaborate on something as simple as an iPhone app, could meet via chat room, agree to terms on how to set up their business, form that entity online, and run the company without having met – all through the Digital OA.

The Nevada Secretary of State's office shares the honor of being a finalist with the following states and their programs: the Office of the Colorado Secretary of State's eLearning Program; the Office of the Oregon Secretary of State's Records Management Solution; and the Office of the South Dakota Secretary of State's TotalVote Election Management System.

Finalists were revealed during the association's annual winter meeting in February in Washington, D.C. NASS members will vote to select the national honoree of the 2014 IDEAS Award during the summer meeting in Baltimore, Md., from July 13-16.

New, Renewing Business License Filings Are Up; Noncompliant Registered Agents Face Fines, Penalties

New filings are up 5.1 percent for the first quarter of 2014, as compared to the first quarter of 2013.

Annual list filings are up 6.46 percent in the same time period. For the fiscal year, annual list filings are up 5.3 percent thus far.

Since September 2010, the Secretary of State's office has seen the lowest numbers of entities in default (40,613) and the lowest number of entities in revoked status (244,137).

In January 2014, the Secretary of State's office issued the most business license issued (32,213) since 2010. March 2014 was the second highest month with 30,616 business licenses issued, and it was also the month that saw the highest number of business licenses issued online (24,326).

The Compliance Division contacted nearly 850 registered agents (RA) for being noncompliant with the law. Nearly 400 represent 10 or more entities and must register as commercial RAs. More than 450 RAs do not maintain a physical Nevada address staffed with one or more natural persons authorized to receive service of legal process. Noncompliant RAs face strict fines and penalties.

Secretary of State's Office Ready to Protect Consumers from Fraud by Regulating Document Preparation Services

AB 74 protects consumers from individuals and businesses engaging in unlicensed practice of the law

Effective March 1, 2014, the Secretary of State's office began administering and enforcing the rules and regulations for document preparation services, as set forth by Assembly Bill 74/NRS Chapter 240A.

Some individuals and businesses have been engaging in unlicensed practice of the law, and performing services and providing legal advice well beyond their scope of legal authority. AB 74 was passed to prevent such activity, and to regulate businesses providing document preparation services in order to protect consumers.

A document preparation service is a person who, for compensation and at the direction of a client, provides assistance to the client in a legal matter, including:

- Preparing or completing any pleading, application or other document for the client,
- Translating the client's answer to a question posed in such a document,
- Securing any supporting document, such as a birth certificate, required in connection with the legal matter,
- Submitting a completed document on behalf of the client to a court or administrative agency.

According to NRS 240A.040, document preparation services include preparing documents for any will or trust; any proceeding, filing or action affecting the immigration or citizenship status of a person; or any proceeding filing or action otherwise affecting the legal rights, duties, obligations or liabilities of a person.

The application to register as a document preparation service is available online at the Secretary of State's website, www.nvsos.gov. Applicants submit their business information and undergo a fingerprinting and background check. They must meet certain requirements that will be outlined on the Secretary of State's website. Once the individual's application and background check have been reviewed and approved, the applicant must provide a cash or surety bond in the amount of \$50,000 before the Certificate of Registration will be issued. The registration is valid for one year after the date of issuance of the Certificate of Registration, unless the registration is cancelled, suspended or revoked.

Application processing time takes between four to six weeks depending on the volume of applications and receipt of the background report from the Central Repository for Nevada Records of Criminal History. All employees who work at a business and prepare legal documents must be registered and bonded.

The Secretary of State's office has a toll-free telephone

number for any person to make a complaint about a registrant or an alleged violation. Anyone who believes a document preparer has committed a violation is encouraged to call (800) 450-8594, option 6. A complaint form is also available online.

If after an investigation the Secretary of State finds that a document preparation service is not registered, the individual has 15 business days to submit an application. The law provides the Secretary of State's office, along with the Attorney General's office, with statutory authority for enforcement. If a violation is found, the Secretary of State's office can revoke or suspend an individual's registration, and/or impose civil and/or criminal penalties.

Nevada Ranks 5th Nationally for 2012 Election Performance, Jumps from 22nd in 2008

Nevada is one of only seven states to raise its overall Election Performance Index (EPI) average by more than 10 percentage points, and is the most improved in the nation in the rate of military and overseas ballots returned, according to the PEW Charitable Trusts' EPI study released on April 8, 2014. Nevada's performance ranking leaped from 22nd to 5th between the 2008 and 2012 elections, putting it in the top 10 percent of states.

The EPI study shows that Nevada's rate of rejected military and overseas ballots fell by more than 8.5 percent from the 2008 to 2012 elections, and Nevada had the third-largest drop – almost 20 percentage points – in the rate of unreturned military and overseas ballots. Nevada was one of the first states to enact the Uniform Military and Overseas Voters Act in 2011 to simplify and improve the process for military and overseas voters.

Nevada also had the lowest residual vote rate – the discrepancy between the number of ballots cast and the number of voters counted for an office – in 2008 and the second-lowest in 2012.

"The 2008 election was the first I oversaw as Nevada's chief elections officer, and I'm proud that these rankings show some of the most significant improvements in the country during that time period," said Secretary of State Ross Miller. "We've implemented many measures to improve the efficiency and accessibility of elections for all Nevadans, and we're proud that the counties do a fine job running elections on the local level, and the PEW study reinforces the fact that we run clean and secure elections in Nevada."

To view Nevada's Election Performance Index on the PEW Charitable Trusts' website, [click here](#).

Important Deadlines for June Primary Election Approaching

May 10: Last day to register to vote by mail

May 10: Last day for military and overseas citizens to register to vote via the Federal Post Card Application (FPCA). Military and overseas citizens are encouraged to fill out the Federal Post Card Application (FPCA) to register and request an absent ballot at the same time. The FPCA can be accessed [here](#) and at www.fvap.gov.

May 20: Last day to register to vote electronically at www.registertovotenv.gov or in person. Applications for registration must be submitted in person by the end of the business day at all county clerk and voter registrars' offices throughout the state. A complete list of county clerks and voter registrars can be found [here](#).

May 24 to June 6: Early voting

June 3: Last day for registered voters to request an absentee ballot. The Absent Ballot Request Form can be found [here](#).

June 10: Primary Election Day

Information about registered voter status and polling location is easily accessible through My Voter File at nvsos.gov/votersearch. Registered voters with Department of Motor Vehicle-issued identification can update their address or change their party affiliation online at www.registertovotenv.gov.

Sign Up for Department of Business & Industry's Newsletter, The Advocate

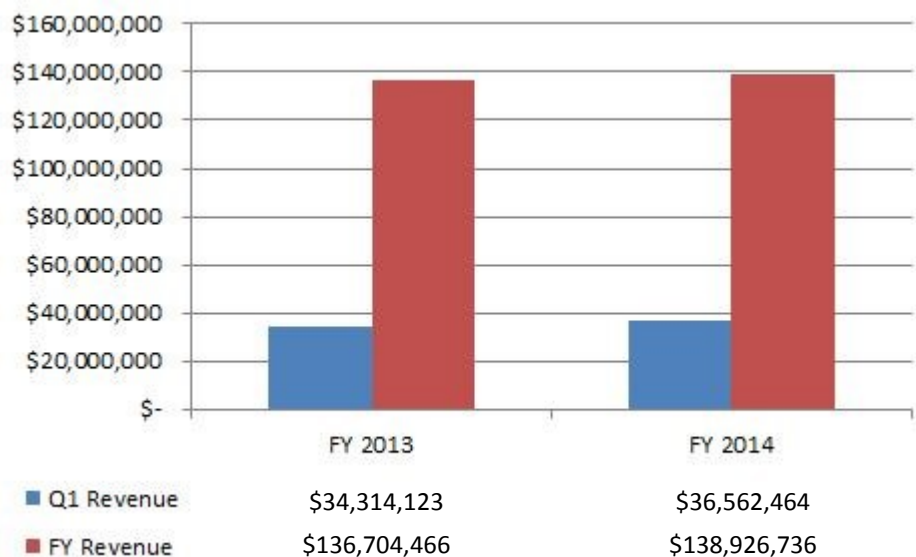
The Department of Business and Industry is the State of Nevada's small business advocate. Our objective is to grow business in Nevada by fostering an environment for new business creation and expansion to take place. We accomplish this through the administration of a number of programs aimed at assisting small businesses and working closely with community resource partners and other state agencies, like the Secretary of State's office.

The Department hosts a quarterly roundtable with small business service providers to address the unique needs of entrepreneurs and home-grown businesses, and to ensure better coordination of services. Through these roundtable sessions, we have learned much about the amazing resources in our community and the people that are committed to equipping Nevada's entrepreneurs with the tools necessary to succeed.

We want to share this information with you. We are happy to announce the launch of The Advocate, a newsletter dedicated to bringing timely and relevant information to business owners and entrepreneurs. The newsletter will highlight relevant national and local issues, programs and services offered by the Department and shine a spotlight on the mentoring groups, lenders, small business development centers, government entities and others that are working to help grow business in Nevada!

To be added to The Advocate newsletter distribution list, and receive the Summer 2014 issue, email twilliams@business.nv.gov or call (702) 486-2750.

Commercial Recordings Revenue Q1 '13 vs. Q1 '14



New and renewing business licenses increased during the first quarter of 2014, with revenue also increasing compared to the first quarter of 2013. Overall, FY 2014 has generated more revenue than FY 2013 during the same time period.

Upcoming Notary Training Classes

Carson City
Carson City Nugget
507 N. Carson Street
June 11, 2014
8 a.m. to 12 p.m.

Las Vegas
Gold Coast Casino,
Arizona Ballroom F
4000 W. Flamingo Road
June 18, 2014
1 to 5 p.m.

Pre-registration required at
www.nvsos.gov