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May 25, 2007

Honorable A. William Maupin
Chief Justice
Supreme Court of Nevada
Supreme Court Building
201 South Carson Street, Suite 300
Carson City, NV 89701-4702

Re: Deposit of Jury Fees

Dear Justice Maupin:

I was out of the office for a couple days and it was not until Wednesday, May 23, that I read Judge Kathy Hardcastle's letter to you dated May 15, 2007 relative to the deposit of jury fees and the trust account. I had a meeting late Wednesday with staff and reviewed the letter and all of the enclosures.

I certainly take issue with some of the comments and allegations contained in the documents submitted by Judge Hardcastle, but I feel it would not only be extremely impractical at this point to try and address each issue in writing, but it would also be prohibitive since neither I nor my staff have unfettered access to all of the records necessary to either confirm or dispute the accusations levied by District Court. However, having said that, I would like to state that I wholeheartedly would join in the request for a formal audit of the trust account by the County's Internal Audit department and, in fact, had discussed with Clark County Internal Audit on several occasions during my term many concerns regarding the trust account, including the inability to reconcile the manual records and the electronic records maintained in Blackstone with the bank statements, holding one final meeting the week prior to the transition by District Court. However, since the outcome will reflect upon me, my former administration and the staff formerly responsible for the trust account, I would respectfully request that we be included in discussions with Internal Audit. I make this request not only in the interest of fairness but, more importantly to the future of the trust account, in the interest of accuracy upon which conclusions will be drawn. A formal audit would provide the opportunity to sit down with the auditors and review all of the issues with all of the

Ex-Officio Clerk of:

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Clark County Water Reclamation District Board of Trustees • Clark County Debt Management Commission
Big Bend Water District Board of Trustees • Clark County Redevelopment Agency

Honorable A. William Maupin
May 25, 2007
Page Two

records readily available for review and reference. By calling for this audit, I am not attempting to suggest that errors were not made. When you combine the historically unreliable manual and electronic tools available with the human factor, I could not make that statement with sincerity; however, I do strongly believe that the May 15 letter uses isolated errors as the basis to exaggerate the magnitude of the situation. I join in calling for the audit because I, too, strongly agree that systems, thus processes, need changing and improvement, just as I have felt and lobbied for since shortly after taking office in 1999.

Back in January of this year when District Court first made their request regarding the possible waiver of jury fee deposits, I was asked by Janette Bloom to provide my opinion on this issue. I did not realize when responding via e-mail that the Supreme Court wanted to make my response a part of the public record, but unfortunately, due to the transition and actual move that was underway at that time, I did not have the opportunity to put the response in memo form. I subsequently told Janette that I had no problem with my e-mail being made a part of the record. I enclose herewith a copy of that January e-mail to Janette. I submit this to you to provide you with some background information concerning the trust account. As you'll note, my office had been attempting to get District Court to support the implementation of a new case management system since early in my administration but it was not until several years later, approximately 2004, that the Court finally agreed to move forward with replacing the archaic system. As of this writing in 2007, the implementation of the new case management system is finally underway although still not fully completed. We have known for years of the inefficiencies and unreliability of both the Blackstone financial program and the inherited manual ledger card system. The County Audit department was aware of these deficiencies, as well.

Although it is impractical, as previously stated, to address each item in writing, there are a few key issues that warrant immediate comment. The report submitted by Judge Hardcastle speaks of the potential risk to Clark County of \$4.9 million which was scheduled to be escheated to the State on checks which had previously been paid. Without the ability to review records now in the possession of District Court, I cannot verify the total amount that had been identified for possible escheatment. However, I will state that the actual escheatment of funds to the State is not due until the end of October of each year. I will also confirm that once the volume of old deposits were identified in late 2006, as a result of a report created by our I.T. manager that was previously not available through Blackstone, there was a priority placed on cleaning up these newly discovered discrepancies. Therefore, there was tremendous effort placed on this project during the few months prior to the transition. This was done to ensure the trust account would reflect the most current information possible when turned over to District Court. As I've previously noted, the amount that was identified for escheatment and subsequently left in the escheatment file was not due to the state until

Honorable A. William Maupin
May 25, 2007
Page Three

the end of October. It certainly would not have been our intent to simply take that amount and escheat it to the state without further verification, especially considering the high volume of transactions included in this process. Therefore, I do take exception to the exaggerated statement made in District Court's May 15 letter. The potential risk would only have existed if District Court did not verify the monies prior to being escheated in October.

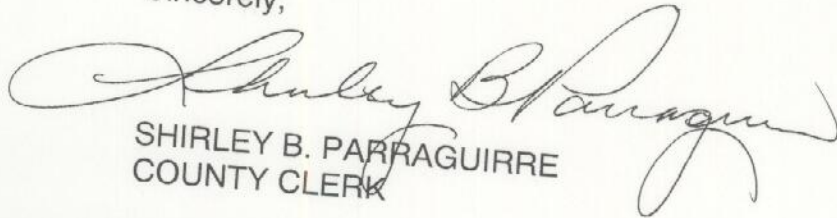
As for the overall volume of transactions handled prior to the transition, I can assure you that the employees who assisted in this process worked tirelessly and conscientiously to research each questionable discrepancy using the tools available, the antiquated computer system and the less than reliable manual card system. And even though some of these employees transitioned to the new Clerk's Office, most of the employees who committed themselves to this process remain with the Court today. Were mistakes made; I would have to say, given the tools available, that it is possible. Has CMC, the Blackstone vendor, been cooperative in providing corrections to the financial reporting capabilities of the Blackstone system for the Court that had previously been denied to the Clerk; apparently. Could there have been tighter controls, more intricate oversight, greater emphasis placed on these processes; absolutely, but certainly at a cost to other operational areas. Could the Clerk's Office have developed a fool-proof process for the trust with the tools provided; no. Can the Court provide a fool-proof system now that they have this responsibility; no, not without the proper tools as clearly stated in their May 15 letter. The tools currently in place cannot support this critical need for the Court any more than it could for the Clerk. We agree that the current system needs replacement. That had been one of my main objectives as clerk of the court. However, without the right funding, staffing and systems, unfortunately, the Clerk could not ensure perfect processes with the trust account any more than the Court could do with their own fiscal responsibilities, as was recently brought to light by the PSI consultants who discovered that Justice Court's failure to collect fines over an eight-year period resulted in an actual loss of over \$61 million. Perhaps if District Court had dedicated resources to improve oversight of their own financial records, they may have discovered before the media did that the Court had been allowing duplicate billings from and overpayments to contract attorneys. I've no doubt that the limited resources and manual process that exist in each of these areas contributes to actual and potential losses of revenue. All the more justification to have the experts in Internal Audit review and all the more reason that a new case management system should have been implemented long before this time, long before the volume of cases had grown to such unprecedented levels and long before the corresponding deposits to the trust account increased exponentially.

I recognize that the Supreme Court can and will make whatever determination it deems appropriate and may choose to authorize actions completely independent of any

Honorable A. William Maupin
May 25, 2007
Page Four

involvement of me and my staff. I simply wanted to state that there is much more to the nearly 20 year old Blackstone financials that cannot be gleaned, even by the most astute individuals, within a few short months. If the most accurate information is needed in order to make the best decisions for the future of the trust, I feel strongly that internal auditors would benefit by including me and my staff in their review process. Therefore, I would be willing to offer whatever reasonable assistance I can in this process. If mistakes were made, which for the reasons I've previously stated are very possible, I certainly accept responsibility for the same. I also recognize the contributions of the staff, both current Clerk and current Court, who made a conscientious and admirable effort to do the best they could with the tools provided.

Sincerely,



SHIRLEY B. PARRAGUIRRE
COUNTY CLERK

SBP/mcw

cc: Eighth Judicial District Court Judges
Virginia Valentine, County Manager
Jeremiah Carroll, Director, Clark County Internal Audit
Elizabeth Quillin, Assistant County Manager