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Via U.S. Mail & Email

Re: Alleged Violation of Election Law
File C15-01 SOS

Dear Mr. Otto,

I am in receipt of your February 13, 2015 letter, responding to Mr. Gilles' February 2, 2015 letter inquiring about allegations that CRC PAC and/or Dane & Associates violated NRS 294A.112. The matter has been referred to me for further action, so please continue to direct all future communications regarding this matter to me.

First, I will briefly note that the *Citizen Outreach* case is not applicable here. As noted in the *Citizen Outreach* decision, Nevada law was amended in 2011. NRS 294A.0025 now defines "express advocacy" and explicitly states that magic words are not required. Therefore the *Citizen Outreach* case, which arose prior to the 2011 amendment, is not applicable here and the fact that the Hambrick mailer did not contain any magic words is not material. Furthermore, since CRC PAC received more than \$1,000 in contributions, its report was required irrespective of whether the mailer was an expenditure. See NRS 294A.140.

In any event, CRC PAC did make a report, showing a contribution of \$200,000 from Dane & Associates, Inc. This gave rise to the allegation in the complaint of a potential conduit contribution in violation of NRS 294A.112.

You reference *Citizens United v. FEC* for the proposition that corporations have a constitutional right to engage in political speech. However, the allegation in this case is not that some entity violated the law by engaging in political speech, but instead that you, CRC PAC, and/or Dane & Associates used a conduit to conceal the real source of the \$200,000 contribution to CRC PAC. As you are aware, the Court in *Citizens United* held that, even though the corporation had a right to engage in political speech, the disclosure requirements still apply. 558 U.S. 310, 369-70.

Therefore I am seeking your response as to why Dane & Associates, and not the “several clients” you referenced in the media reports, was reported as the contributor on CRC PAC’s annual contribution and expense report.

Second, you confirm that Dane & Associates is no longer registered as an active Nevada Corporation, and state that it “has set up its structure outside the State of Nevada.” The Secretary of State’s inquiry with regard to the corporate status of Dane & Associates was to determine why it appears that you and/or Dane & Associates are conducting business in Nevada without a State Business License and while the corporation is in revoked status. See NRS Chapters 76 and 78. Please provide us with information or documentation regarding the organization or incorporation of Dane & Associates in Virginia (e.g., corporate filings, corporation number, etc.). If you, or Dane & Associates, has a State Business License in Nevada, please provide documentation to that effect.

Please submit your response by no later than the close of business on **Friday, February 20, 2015**. Your prompt attention to this matter would be greatly appreciated.

Sincerely,

ADAM PAUL LAXALT
Attorney General

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