NO. 76639 1 IN THE SUPREME COURT OF THE STATE OF NEVADA 2 **Electronically Filed** Dec 26 2018 08:29 a.m. 3 Elizabeth A. Brown NEVADA DEPARTMENT OF EMPLOYMENT, TRAI 4 REHABILITATION, EMPLOYMENT SECURITY DIVISION, 5 Appellants, 6 vs. 7 SIERRA NATIONAL CORPORATION, dba THE LOVE RANCH, a NEVADA CORPORATION. 8 Respondent. 9 10 On Appeal from the First Judicial District Court of the State of Nevada, in and for Carson City, Hon. James T. Russell 11 District Court Case No. 17 OC 00222 1B 12 APPELLANT'S OPENING BRIEF 13 14 15 LAURIE L. TROTTER, ESQ. Nevada State Bar No. 8696 16 State of Nevada, Dep't. of Employment, Training & Rehabilitation (DETR), 17 Employment Security Division (ESD) 500 East Third Street 18 Carson City, NV 89713 (775) 684-3996 - O/(775) 684-3992 - Fax19 1-trotter@detr.nv.gov 20 Attorney for Appellant Nevada Employment Security Division 21

NRAP 26.1 DISCLOSURE STATEMENT

	The	Nevada	Employment	Security	Division	of	the	Nevada
Department	of Em	ployment	, Training and	Rehabilitat	ion is a "go	overn	ment	al party"
and is theref	fore no	t required	to file a disclo	sure staten	nent under l	NRA	P 26.	1.

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JURISDICTIONAL STATEMENT

This Court has jurisdiction to consider the Appellant's appeal from the First Judicial District Court under the provisions of NRAP 3A(b)(1), which provides that "[a]n appeal may be taken from ... [a] final judgment entered in an action or proceeding commenced in the court in which the judgment is rendered." The Notice of Entry of Order of the District Court granting Petition for Writ of Mandamus was filed on February 14, 2018. (Appellant's Appendix (AA) Volume (V.) 5, p. 567) Respondent ESD's Motion to Reconsider Pursuant to NRCP 59(e) and 60(b) was filed February 16, 2018. (AA V.3, 284-327). The Notice of Entry of Order Denying Reconsideration was filed July 25, 2018. (AA [Part II] V.5, 536-550) The Notice of Appeal was timely filed under Nevada Rule of Appellate Procedure 4(a)(1) on August 3, 2018. (AA V.5, 559) *See*, NRAP 4(a)(1).

ROUTING STATEMENT

This appeal is presumptively retained by the Supreme Court as it involves a challenge to the decision of an administrative agency regarding a tax determination (ESD's finding that services performed by SNC's prostitutes constituted employment, for which SNC is subject to unemployment contributions, or taxes, and its employees likewise may be

LAURE L. TROTTER, ESQ. Senior Legal Counsel STATE OF NEVADA DETR/ESD 500 East Third Street Carson City, NV 89713 (775) 684-3996 (775) 684-3992 FAX eligible for unemployment benefits, under NRS 612.085). See, AA V.1, 002-006; see also, AA V.1, 049, ¶¶ 4-9.

Moreover, this case should be retained by the Supreme Court because the case also involves substantial issues of first impression and issues of statewide public policy regarding the applicability of the NPRA, specifically:

- (1) Whether the Legislature, under NRS 239.010(1), expressly exempted from disclosure all information protected under NRS 612.265 and protected by the attorney-client privilege under NRS 49.095.
- NRS Chapter 612 has been expressly and unequivocally declared absolutely privileged, and shall "not be the subject matter or basis for any lawsuit." NRS 612.265(14). Whether the Legislature, in so declaring, deemed all information prepared pursuant to the requirements of NRS Chapter 612 exempt from disclosure, and must not be the basis of litigation under NRS 239.001, *et seq.*, which expressly excludes NRS 239.011 litigation. *See also*, NRS 239.010(1).
- (3) Whether the Legislature has "declared by law to be confidential" information protected under NRS 612.265 §§ (1), (2) & (14),

and therefore such information is additionally exempted from disclosure under NRS 239.010(1). *See also*, NRS 612.265(13).

- (4) Does the District Court have subject matter jurisdiction to permit a party to a pending (non-final) administrative proceeding to use NRS 239 as a collateral method for discovery, overriding the authority of the Administrative Law Judge (ALJ) to render discovery decisions, in violation of NRS 612.500, NRS 612.510, NAC 612.225 and NAC 612.228, *inter alia*, and which would interrupt and delay the administrative proceeding and open a floodgate of administrative appeals before finality of the administrative process?
- proceeding has a statutory right under NRS 239 (or under NRS 34.170) to an (interlocutory) appeal to the District Court from an ALJ's preliminary decision regarding discovery, before the administrative hearing is final, in violation of the NRS 612.525(1) requirement to exhaust administrative remedies, and when such appeal would also interrupt and delay the administrative proceedings, depriving the parties of a prompt hearing under NRS 612.500(1).
- (6) Whether the District Court has subject matter jurisdiction under NRS 239.011 to issue independent findings of fact in an Order

1	Granting Petition for Writ of Mandamus, regarding the merits of a pending
2	administrative NRS 612 proceeding in which the ALJ has already assumed
3	jurisdiction, but has not yet rendered a final decision.

(7) This case also involves issues where *En Banc* consideration is necessary to maintain uniformity of this Court's decisions.

STATEMENT OF THE ISSUE PRESENTED FOR REVIEW

Did the District Court Err in Granting the Petition for Writ of Mandamus Under the Standards Established Per NRS Chapters 34, 239 & 612, and This Court's Decisions in City of Sparks v. Reno Newspapers, Inc., 133 Nev.Adv.Opn. 56, 399 P.3d 352 (2017); City of Reno v. Reno Gazette-Journal, 119 Nev. 55, 63 P.3d 1147 (2003); and Civil Rights for Seniors v. Administrative Office of the Courts, 129 Nev. 752, 313 P.3d 216 (2013); Benson v. State Engineer, 131 Nev.Adv.Op. 78, 358 P.3d 221 (2015); Goldman v. Bryan, 106 Nev. 30, 38, 787 P.2d 372, 377 (1990); Circus Circus Hotels, Inc. v. Witherspoon, 99 Nev. 56, 61, 657 P.2d 101, 105 (1983); Swan v. Swan, 106 Nev. 464, 469, 196 P.2d 221, 224 (1990); Scott v. Nevada Employment Sec. Dep't, 70 Nev. 555, 278 P.2d 602, 604 (1954)? /// /// ///

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LAURE L. TROTTER, ESQ. Senior Legal Counsel STATE OF NEVADA DETR/ESD 500 East Third Street Carson City, NV 89713 (775) 684-3996 (775) 684-3992 FAX

STATEMENT OF THE NATURE OF THE CASE

After having requested an NRS 612 administrative appeal, and after the Employment Security Division's Administrative Law Judge (ALJ or referee) had assumed jurisdiction over the appeal, but before an evidentiary hearing could be held, Sierra National Corporation, *dba* The Love Ranch, a Nevada Corporation (SNC), submitted an NRS Chapter 239 Public Records Act (NPRA) request seeking NRS Chapter 612 unemployment insurance information in support of SNC's appeal. SNC's request stated: "the public records requested are necessary for the proper presentation of a proceeding pursuant to NRS Chapter 612, and are not sought for any other purpose." (AA V.1, 037-40)

Employment Security Division (ESD) served a timely response to SNC's NPRA request, respectfully declining, stating the reasons therefore, preserved its objections, and noted that the information sought is discoverable in the ongoing administrative matter under NRS Chapter 612.¹ (AA V.1, 041)

Before the administrative hearing could be held, SNC filed a Petition for Writ of Mandamus in the First Judicial District Court, under NRS 239.011, essentially appealing the ALJ's interlocutory decision

LAURE L. TROTTER, ESQ. Senior Legal Counsel STATE OF NEVADA DETR/ESD 500 East Third Street Carson City, NV 89713 (775) 684-3996 (775) 684-3992 FAX concerning the scope of discovery for the administrative hearing. The District Court, devoid of jurisdiction, erroneously considered and granted the Petition for Writ of Mandamus under NRS 239. Even though the Legislature expressly exempted and declared absolutely privileged the requested NRS 612.265 information from the Nevada Public Records Act under NRS 239.010, the First Judicial District Court, in and for Carson City, erroneously issued an Order Granting the Petition for Writ of Mandamus. (AA V.3, 255-275) In so doing, the Court inappropriately ordered ESD to comply with SNC's NPRA request, in violation of NRS 239.010,² and superseded the authority of the ALJ over the scope of discovery in the pending administrative proceeding. (The administrative proceeding has been stayed pending this appeal.)

STATEMENT OF THE FACTS

ESD conducted an audit and determined on May 12, 2017 that the prostitutes working for SNC were employees rather than independent contractors and, as such, would be eligible for unemployment insurance

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¹ ESD has provided SNC with all relevant discovery in the process of the administrative proceeding, and as directed by the Administrative Law Judge.

² The Court's Order also violates NRS Chapter 612 and NRS Chapter 34.

benefits³ and SNC would accordingly be subject to unemployment insurance taxes under NRS 612.085. (AA V.1, 002-007) May 23, 2017, SNC appealed ESD's determination⁴ and requested a hearing before ESD's Appeal Tribunal (referee or ALJ). (AA V.1, 008) SNC requested the issuance of a subpoena for production of documents and witnesses, and asked that the administrative hearing be delayed until the fall of 2017 (the documents SNC requested were the same or similar to what appears to be sought is sought in the October 10, 2017 NPRA request). (AA V.1, 022-24; 026; 039-040) SNC sent a June 6, 2018 letter addressed to ESD asking that the Appeal Tribunal (ALJ or referee) issue a subpoena for ESD's production of records. (AA V.3, 305-307) SNC was informed that its questions regarding the discovery in this administrative case should be directed to the referee at the prehearing conference. (AA V.1, 035) SNC's appeal was assigned to Referee Larsen who assumed jurisdiction over the appeal; prehearing communications between Referee Larsen and the parties transpired concerning the date of the hearing and instructions concerning the discovery process for the administrative hearing. (AA V.1, 030-31; 042) ESD's

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As employees, the prostitutes would be eligible for unemployment insurance benefits if otherwise eligible under NRS Chapter 612.

⁴ See, NRS 612.495 which provides statutory authority for an appeal to the ESD Appeal Tribunal.

prehearing conference. (AA V.1, 029; 034-36)

counsel invited SNC's counsel to confer regarding discovery before the

Despite Referee Larsen providing SNC with initial instruction regarding the discovery process for the administrative hearing (AA V.1, 030-31; 042), and after being advised by ESD's counsel regarding the administrative discovery process that SNC should request any subpoena it seeks at the October 19, 2017 prehearing conference (AA V.1, 035), SNC did not proffer any subpoena at the October 17, 2017 conference. (AA V.3, 323, Il. 10-13) SNC does not dispute that it proffered no subpoena to Referee Larsen.

Before the evidentiary hearing was held, before the referee's final decision regarding the requested evidence could be rendered, and before an appeal of the referee's decision to the Board of Review⁵ could be submitted, SNC sidestepped the referee's authority regarding the scope of discovery⁶ and presented ESD with a collateral NRS 239 Public Records Act (NPRA) request seeking NRS Chapter 612 unemployment insurance

⁵ See, NRS 612.525 which provides statutory authority for an appeal to the Board of Review.

⁶ See, NRS 612.500(3) which provides the referee statutory authority to develop the record with material evidence.

information.⁷ SNC's request under the NPRA was the same or similar to the information requested in the NRS 612 administrative proceeding; and SNC does not dispute this fact. (*See*, AA V.1, 008; 022-24) SNC's request stated: "the public records requested are necessary for the proper presentation of a proceeding pursuant to NRS Chapter 612, and are not sought for any other purpose." (AA V.1, 0378)

Employment Security Division (ESD) served a timely response to SNC's NPRA request, respectfully declining and noting that the information sought is discoverable in the ongoing administrative matter under NRS Chapter 612, and preserved its objections.⁹ (AA V.1, 041) Referee Larsen presided over the October 19, 2017 prehearing conference concerning the date of the evidentiary hearing and the discovery of evidence

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The Petition for Writ of Mandamus also states, "[h]aving had its requests for discovery stonewalled by DETR in the administrative proceeding, and ignored (and ultimately denied) by the Appeals Referee, The Love Ranch issued a formal public records request ("Public Records Request") to DETR for documents that are necessary for the proper resolution of its appeal of

DETR's Determination." (Petition for Writ of Mandamus, p. 7, ll. 13-14 (AA V.1, 047-055)).

⁸ There can be no dispute that SNC requested the records in furtherance of SNC's pending appeal to ESD's Appeal Tribunal re: the NRS 612.085 determination, as evidenced by the fact that SNC asked that the Order granting writ relief be admitted into the administrative record. *See*, AA V.4, 365.

⁹ ESD has provided SNC with all relevant discovery in the process of the administrative proceeding, and in accordance with the presiding referee's direction. *See*, AA V.2, 140, 149, 151, 153, 155, 160-161; V.3, 323.

relevant to the hearing. (AA V.1, 042) *See*, NRS 612.500(3). Before the administrative hearing could be held and before a final decision could be rendered regarding what evidence may have been relevant that SNC seeks, and before any appeal of the referee's decision could be made to the Board of Review and thereafter to the District Court, ¹⁰ SNC refused to exhaust its administrative remedies under NRS 612.525, and filed an errant Petition for Writ of Mandamus under NRS 239.011 in the First Judicial District Court, causing interruption and significant delay in the pending NRS 612 administrative matter, violating NRS 612.500(1). (AA V.1, 045-69)

ESD filed an Answer to Petition for Writ of Mandamus on November 21, 2017. (AA V.1-2, 071-163) SNC filed a Motion for Leave to File Reply in Support of Petition for Writ of Mandamus on or about December 5, 2017. (AA V.2, 176-179) ESD's Opposition to Motion for Leave to File Reply was filed on December 29, 2017. (AA V.2, 171-175) SNC's Request for Submission of Motion for Leave was filed January 2, 2018. (AA V.2, 181) The Court's Order granting leave to file the Reply in Support of Petition for Writ of Mandamus was entered January 4, 2018. *Before* the Court's Order was entered, SNC's Reply in Support of Petition for Writ of Mandamus was filed January 2, 2018. (AA V.2, 184-221)

See, NRS 612.530 which is the statutory authority to appeal the Board's

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SNC's Reply contained new issues and legal arguments that were not contained in the Petition for Writ of Mandamus and deprived ESD of an opportunity to respond; NRS Chapter 34 does not grant a respondent an opportunity respond to a petitioner's Reply. *See*, NRS 34.260.

Even though the Legislature expressly and unequivocally exempted the NRS 612 information that SNC sought under the presumed authority of the NPRA pursuant to NRS 239.010, declaring such requested information absolutely privileged and confidential, and despite SNC's refusal to exhaust its administrative remedies under NRS 612, the First Judicial District Court exceeded its jurisdiction and issued an Order Granting the Petition for Writ of Mandamus. (AA V.3, 255-275) In so doing, the Court ordered ESD to comply with SNC's NPRA request, in violation of NRS 239.010,¹¹ superseding the referee's authority to make discovery decisions, develop evidence and issue a final decision, and superseding the authority of Board of Review, as well as that of the appropriate reviewing district court¹² on a Petition for Judicial Review

decision to District Court with a Petition for Judicial Review.

The Court's (Judge Russell's) Order also violates NRS Chapter 612 and NRS Chapter 34.

¹² The First Judicial District Court could never have jurisdiction to review a Petition for Judicial Review in this administrative matter, as prostitution is illegal in Carson City, CCMC 8.04.110, and therefore, Carson City would

LAURE L. TROTTER, ESQ.
Senior Legal Counsel
STATE OF NEVADA DETR/ESD
500 East Third Street
Carson City, NV 89713
(775) 684-3996
(775) 684-3992 FAX

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not have been "the county where the employment . . . was performed" which is necessary to establish jurisdiction. NRS 612.530(1) (although the ALJ has not yet held a hearing or issued a decision -- no findings of fact have yet been established.) SNC's Petition admits that SNC operates its business in

regarding the scope of discovery. (AA [Part II] V.5, 567) The Court acted in excess of its statutory authority when it reviewed the preliminary discovery decisions of the ALJ, made findings of fact regarding the pending administrative matter, even before the hearing could be held and a decision could be issued and become final. (AA V.5, 567-593) The Notice of Entry of Order was entered February 14, 2018. (AA V.5, 567-593)

SNC submitted the NPRA request in support of the NRS Chapter 612 administrative case (Docket No. V-17-A-04041-TX). Because SNC's NPRA request is inextricably intertwined with the underlying administrative case, judicial review is controlled by NRS 612.525 and 612.530. The discovery sought by SNC must be addressed administratively and judicial review is strictly limited -- requiring finality and confinement to the administrative record. See, Lellis v. Archie, 89 Nev. 550, 552-53, 516 P.2d 469, 470 (1973); Ranieri v. Catholic Community Services, 111 Nev. 1057, 1061, 901 P.2d 158, 1061 (1995). Judicial review of the administrative proceedings in this particular case would inevitably be held by the Third Judicial District Court, as SNC is located in Lyon County,

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LAURE L. TROTTER, ESQ. Senior Legal Counsel STATE OF NEVADA DETR/ESD ATE OF NEVADA DETRIES 500 East Third Street Carson City, NV 89713 (775) 684-3996 (775) 684-3992 FAX

Nevada. NRS 612.530(1). (AA V.1, 001, 048, 1. 5) SNC took the additional step of advising the ALJ of the District Court's Order during a prehearing conference, *delivering* the "Order Granting Petition for Writ of Mandamus" to *the ALJ*. SNC requested same to be admitted into the administrative record, in a clear attempt to override the ALJ's initial discovery decision(s) and to direct the ALJ to comply with the District Court's specific Findings of Fact, despite the Legislature reserving such authority to make findings of fact exclusively with the ALJ. *See*, NRS 612.500 and NRS 612.510. (AA V.3, 325; AA V.5, 567-592)

During the February 9, 2018 prehearing conference, Referee Larsen presiding, SNC's counsel advised Referee Larsen that the District Court granted writ relief. *See*, AA V.3, 325. Remarking upon this information, Referee Larsen requested a copy of Order granting writ relief. *See*, AA V.3, 325. Counsel for SNC immediately thereafter emailed Referee Larsen with the Order and requested that the Order granting writ relief be admitted as an exhibit into the administrative record in Docket No. V-17-A-04041-TX. (AA V.3, 325)

On February 16, 2018, ESD filed with the First Judicial District Court, a Motion to Reconsider Pursuant to NRCP 59(e) and 60(b). (AA V.3,

Lyon County, Nevada. Carson City is not located within Lyon County (AA

1	284-335) SNC filed an untimely "Opposition to Motion for
2	Reconsideration" on March 14, 2018. (AA V.4, 409-423) The District
3	Court ordered that ESD's Motion to Reconsider was denied on July 11,
4	2018. (AA V.4, 445) The NRS 612 administrative proceeding before
5	Referee Larsen has been stayed pending this appeal. The District Court
6	proceedings have likewise been stayed. (AA V.5, 551-555)
7	SUMMARY OF ARGUMENT
8	When SNC unreasonably believed it was being "stonewalled"
9	regarding its discovery requests in the NRS 612 administrative proceeding,
10	SNC submitted an NPRA request to ESD seeking privileged and
11	confidential information protected under NRS Chapter 612.265 and NRS
12	49.095. SNC's request stated, in part:
13	the public records requested are necessary for the
14	proper presentation of a proceeding pursuant to NRS Chapter 612, and are <u>not</u> sought for <u>any</u> other purpose. (Emphasis added) (AA V.1, 037-

40; 049, 11. 11-13)

ESD responded with a letter respectfully declining to provide SNC the information. The letter explained that the requested information was discoverable in the ongoing NRS 612 administrative matter described in

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V.1, 048, 11. 5)

AURE L. TROTTER, ESQ. Senior Legal Counsel ATE OF NEVADA DETR/ESD 500 East Third Street Carson City, NV 89713 (775) 684-3996 (775) 684-3992 FAX

SNC's request.¹³ After the October 19, 2017 prehearing conference in the administrative matter. Referee Larsen presiding (AA V.1, 42), SNC apparently disagreed with Referee Larsen's initial discovery decision. (AA V.1, 049, Il. 12) Before any evidentiary hearing could be held, and absent statutory authority, SNC filed an errant Petition for Writ of Mandamus with the First Judicial District Court, seeking the same or similar information requested in the NRS 612 administrative proceeding, citing to the NPRA as authority. (AA V.1, 022-024; 045-69) Superseding the authority of the referee concerning the scope of discovery, the District Court erroneously granted the Petition for Writ of Mandamus, under NRS Chapter 239; and in so doing, it acted in excess of its jurisdiction and infringed the authority of the Legislature. See, NRS 612.500.

In 2013, the Legislature expressly and unequivocally exempted information protected under NRS 612.265 from the Nevada Public Records Act. 2013 Statutes of Nevada, Page 2268; NRS 239.010(1); see also, NRS 612.265 & NRS 49.095. The District Court erred, as a matter of law, when it incorrectly presumed that the NPRA granted it statutory authority to order

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ESD has supplied SNC with all discovery relevant to its pending NRS Chapter 612 administrative appeal, and in accordance with the direction of 19 the presiding Administrative Law Judge (ALJ) or referee. See, AA V.2, 140, 149, 151, 153, 155, 160-161, V.3, 323.

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the release of information protected under NRS 612.265. See, NRS 239.010(1); and see also, NRS 612.265(1),(2),(13) & (14). Since NRS 239.010(1) carved out exceptions under NRS 612.265 (and NRS 49.095) the information sought in SNC's request is expressly exempt from the NPRA; the District Court, therefore, had no authority to take any action other than to dismiss the Petition for Writ of Mandamus. See, NRS 239.010(1); see also, Scott vs. Nevada Employment Security Department, 70 Nev. 555, 278 P.2d 602 (1954) ("When a court lacks subject matter jurisdiction, it can enter only one order and that is an order dismissing the Petition for Judicial Review.")

The District Court's Order must be reversed and the Petition dismissed. The Court exceeded its jurisdiction when it permitted SNC to abuse the discovery process by using the NPRA as a tool to *interrupt*, disrupt, and delay the NRS Chapter 612 administrative hearing which must be promptly afforded to all parties under NRS 612.500(1). If the District Court's Order is permitted to stand, it will open the floodgates to new administrative litigation and overload the dockets of Nevada's District Courts and Appellate Courts by parties using the NPRA request to *interrupt*, disrupt, and delay the NRS 612 (and NRS 233B) administrative process. In such case, SNC along with any party who disagrees with an ALJ's discovery decision will obtain the right to an immediate appeal via the NPRA, in

violation of the clear intent of the Legislature regarding the authority of the ALJ concerning the scope of discovery, and contrary to the requirement for a party to exhaust all administrative remedies before seeking judicial review. See, NRS 612.500 and NRS 612.525; see also, Washoe County v. Otto, 282 P.3d at 724-25; see also, e.g., Benson v. State Engineer, 131 Nev. Adv. Op. 78, 358 P.3d 221 (2015); Maleon Tobacco, LLC v. State ex rel. Dept. of Taxation, 118 Nev. 837, 59 P.3d 474 (2002); Gray Line Tours of So. Nevada, Inc. v. Eighth Judicial Dist. Court, 99 Nev. 124, 659 P.2d 304 (1983).

The First Judicial District Court acted contrary to law when it exempted SNC from the mandatory requirement to exhaust its NRS §§ 612.515 and 612.525 administrative remedies before seeking District Court review of the ALJ's initial discovery decisions (when the ALJ's authority regarding discovery is mandated in NRS 612.500, NAC 612.225 or NAC 612.228), and when SNC may ultimately prevail¹⁵ at the administrative level

Generally, the writ of mandate is not properly used to review pretrial orders granting or denying discovery. *Mears v. State*, 83 Nev. 3, 7-8 422 P.2d 230, 233 (1967); *Franklin v. Eighth Judicial Dist. Court In and For Clark Cty.*, 85 Nev. 401, 403-04, 455 P.2d 919, 921 (1969).

SNC may prevail concerning its perceived discovery dispute regarding SNC's request that the ALJ issue subpoenas; and it may also prevail regarding any other perceived discovery disputes. Moreover, SNC may actually proffer subpoenas for the ALJ to issue before the administrative evidentiary hearing; the ALJ may order that SNC receive the additional

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LAURE L. TROTTER, ESQ. Senior Legal Counsel STATE OF NEVADA DETR/ESD 500 East Third Street Carson City, NV 89713 (775) 684-3996 (775) 684-3992 FAX after the administrative hearing is conducted and once the ALJ's decision is rendered.

Categorically, the First Judicial District Court erred in granting the Writ of Mandamus when an NRS Chapter 34.170 plain, speedy, and adequate remedy is clearly available regarding SNC's perceived discovery dispute in the NRS Chapter 612 administrative proceeding, since the proceedings in this administrative matter are still pending, and the decision of the ALJ has not yet been rendered, and SNC may still prevail.

In NRS Chapter 34 proceedings, the Legislature has granted authority for SNC to file *one* brief: The Petition for Writ of Mandamus; Respondent is granted authority to file *one* brief: an Answer. SNC requested leave to file a Reply under NRS 34.160 (AA V.2, 176), which ESD opposed (AA V.2, 171-175). The District Court almost immediately granted SNC leave to file a Reply. (AA V.2, 169) The District Court erred when it allowed the Petitioner to raise *new* issues and *new* legal argument in a Reply in Support of the Petition for Writ of Mandamus; and the Court further erred

discovery it seeks. Discovery had been provided to SNC before SNC's filing of the errant Petition for Writ of Mandamus. (AA V.1, 045, V.2, 140-161) Since the hearing has not yet been held, and no ALJ decision has been rendered, it is entirely possible that SNC may ultimately prevail in the underlying administrative matter concerning whether or not the prostitutes working for SNC are employees or independent contractors, and whether

when it adopted these new issues into its Order Granting Petition for Writ of Mandamus. (See, AA V.5, 567-592)

SNC incorrectly argued that ESD's failure to provide a log justifies the granting of the Writ of Mandamus, even though the holding in *Reno Newspapers v. Gibbons, infra.*, does <u>not</u> require a log, and the information SNC seeks is **exempt** under NRS Chapter 612, NRS 49.095 and NRS 239.010. SNC also incorrectly argued that ESD should have produced *redacted* documents in response to the NPRA request. *See*, NRS 239.010; NRS 612.265 §§ (13) and (14).

Not only is NRS Chapter 612 and NRS 49.095 information absolutely exempt from the NPRA under NRS 239.010(1) for reasons of statutory confidentiality and privilege, the First Judicial District Court should not have ordered release of the information because SNC's NPRA request failed to satisfy the requirements of NRS 239.

Since the First Judicial District Court erred in granting the Petition for Writ of Mandamus, the decision to award SNC costs and attorneys' fees is likewise inappropriate.

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their wages are reportable for the purpose of determining eligibility for

STATEMENT OF THE STANDARD OF REVIEW

"A writ of mandamus is available to compel the performance of an act that the law requires as a duty resulting from an office, trust, or station, or to control an arbitrary or capricious exercise of discretion." *Civil Rights for Seniors v. AOC*, 129 Nev. 752, 757313 P.3d 216 (2013)(citing *Int'l Game Tech., Inc. v. Second Judicial Dist. Court*, 124 Nev. 193, 197, 179 P.3d 556, 558 (2008)(footnote omitted). A "writ will only issue where 'there is not a plain, speedy and adequate remedy in the ordinary course of law.' NRS 34.170." *Diaz v. Eighth Judicial Dist. Court ex rel. Cty. of Clark*, 116 Nev. 88, 93, 993 P.2d 50, 54 (2000).

"When reviewing a district court order resolving a petition for mandamus relief, this court considers whether the district court abused its discretion." City of Sparks v. Reno Newspapers, Inc. 399 P.3d 352, 354 (2017)(citing Kay v. Nunez, 122 Nev. 1100, 1105, 146 P.3d 801, 805 (2006)). "However, questions of statutory construction, including the meaning and scope of statute, are questions of law, which this court reviews de novo." City of Reno v. Reno Gazette Journal, 119 Nev. 55, 58, 63 P.3d 1147, 1148 (2003). Here, the issue of whether the NRS Chapter 612 and NRS 49.095 information requested by SNC is expressly exempted from

unemployment insurance benefits.

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NRS 239.010 and whether the First Judicial District Court had jurisdiction to consider and grant the Petition for Writ of Mandamus are questions of law which this Court reviews *de novo*.

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ARGUMENT

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A.

THE FIRST JUDICIAL DISTRICT COURT LACKED JURISDICTION WHEN IT GRANTED THE PETITION FOR WRIT OF MANDAMUS.

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The First Judicial District Court acted in excess of its jurisdiction, infringing the authority of the Legislature when it granted the Petition for Writ of Mandamus, and ordered ESD's compliance with SNC's NPRA request, and denied ESD's Motion To Reconsider. The First Judicial District Court's Order must be reversed and the Petition for Writ of Mandamus must be dismissed.

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In 2010, this Court explained that it "will presume that all public records are open to disclosure unless . . . the Legislature has expressly and unequivocally created an exemption or exception to statute." *Reno*

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Newspapers, Inc. v. Haley, 126 Nev. 211, 234 P.3d 922 (2010). With

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respect to records of the Employment Security Division, that is exactly what

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the Legislature did - it unequivocally created an exemption to statute. In

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2013, the Legislature amended NRS 239.010 to expressly and unequivocally

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exempt information protected under NRS Chapter 612 and NRS 49.095 from

the Nevada Public Records Act.¹⁶ 2013 Nev. Stat. ch. 414, § 1 at 2268; NRS 239.010(1); *see also*, NRS 612.265. The protected information that SNC seeks is absolutely privileged as a matter of law; and as such, is not open to the public. NRS 612.265.

Indeed, in 2013, the Nevada Legislature substantively amended NRS 239.010(1) to include a broad range of statutory exceptions to the NPRA.¹⁷ The First Judicial District Court's Order Granting the Petition for Writ of Mandamus relied heavily upon Nevada Supreme Court opinions issued before the Legislature so profoundly amended NRS 239.010(1) in 2013. For example, the Court interpreted NRS Chapter 239 in *Gibbons*, *Haley*, and *DR Partners*, ¹⁸ inter alia, which were all issued by the Supreme Court before the Legislature made such substantive amendments to the NPRA.¹⁹ Moreover, SNC failed to inform Court below of the holding in *City of Sparks v. Reno Newspapers, Inc., supra* -- that the Second Judicial District Court's order granting the petition for writ of mandamus was

^{16 2013} Statutes of Nevada, Page 2268 (Chapter 414, AB 31).

^{17 | 17 2013} Statutes of Nevada, Page 2268 (Chapter 414, AB 31).

¹⁸ Reno Newspapers v. Gibbons, 266 P.3d 623 (2011); Reno Newspapers v. Haley, 126 Nev. 211, 234 P.3d 922 (2010); DR Partners v. Bd. Of County Comm'rs, 6 P.3d 465 (2000).

¹⁹ See also, City of Reno v. Reno Gazette-Journal, 119 Nev. 55, 63 P.3d 1147 (2003)(holding that "the records in question are confidential. They are therefore exempt from the Nevada Public Records Act.")

LAURE L. TROTTER, ESQ. Senior Legal Counsel STATE OF NEVADA DETR/ESD 500 East Third Street Carson City, NV 89713 (775) 684-3996 (775) 684-3992 FAX

reversed because Nevada law expressly prohibited the disclosure of information Reno Newspapers requested under purported NPRA authority. 399 P.3d 352, 357 (2017)(holding that information concerning MME business license holders was expressly and unequivocally confidential. "The Nevada Legislature intended to expand the grant of confidentiality beyond the then-existing medical marijuana-related statutes to include information of MME business license holders.")

Because NRS 239.010(1) expressly and unequivocally exempted the information requested by SNC, the District Court was absent jurisdiction to act under the NPRA. *See*, *Swan v. Swan*, 106 Nev. 464, 469, 196 P.2d 221, 224 (1990). The First Judicial District Court had no statutory or common law authority to mandate that ESD release records which are protected under NRS 612.265 or NRS 49.095. *See*, *City of Sparks*, *supra*. As this Court explained in *Civil Rights for Seniors v. AOC*, *supra*, absent a legislative authority, the common law affords no right to inspect public records. 129 Nev. 752, 313 P.3d 216. ("The public's 'general right to inspect and copy records' is not absolute and courts have inherent authority to deny public access to its records when justified.")

The District Court clearly erred when it found that the NPRA has authority over records protected under Chapter 612.265. See, NRS

239.010(1); and see also, NRS 612.265(1),(2),(13) & (14). (AA V.5, 567-592) Because records protected under NRS 612.265 and NRS 49.095 are expressly exempt from the NPRA, the district court had no authority to take any action other than to dismiss the Petition for Writ of Mandamus. See, NRS 239.010(1); see also, e.g., Scott vs. Nevada Employment Security Department. 70 Nev. 555, 278 P.2d 602 (1954) ("When a court lacks subject matter jurisdiction, it can enter only one order and that is an order dismissing the Petition for Judicial Review.")

SNC has inappropriately argued that ESD waived privilege -without citation to any legal support and without any legal analysis for how such waiver purportedly occurred.²⁰ (AA V.1, 053) SNC's waiver argument fails for multiple reasons. Lack of subject matter jurisdiction can be raised at any time; it can even "be raised for the first time on appeal." Swan, supra. "Subject matter jurisdiction is <u>not</u> waivable." Id. Since the First Judicial District Court lacked jurisdiction under NRS 239.010(1), any order entered by that Court, save an order of dismissal, should properly be a nullity. Scott

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a Reply. ESD was denied a meaningful opportunity to respond to this

¹⁸ ²⁰ SNC alleged for the first time in the Reply in Support of Petition for Writ of Mandamus, that ESD waived any privileges. The Petition for Writ of 19 Mandamus did not contain relevant legal support for the waiver argument. The NRS Ch. 34 Writ of Mandamus process does not grant a respondent another opportunity to respond to new legal arguments a petitioner raises in

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v. Nevada Employment Sec. Dep't, 70 Nev. 555, 559, 278 P.2d 602, 604 (1954)("[t]he conclusive answer is that if the court did not have jurisdiction it could not have made an effective order of any kind except the order of dismissal.") And, lastly, even though NRS 239.010(1) confers no authority over privileged information which is protected under NRS 612.265 and NRS 40.095, ESD nonetheless preserved its objections. (AA V.1, 041)

1. All information protected under NRS 612.265 is unequivocally exempt from release under NRS Chapter 239.

All information and records protected under NRS 612.265 are exempt and are therefore <u>not</u> open for public inspection or disclosure under NRS Chapter 239. The Legislature enacted broad and dual protections for NRS 612.265 information, and in so promulgating, ensured that such information would be shielded from public inspection or disclosure. First, the Legislature decreed that NRS 612.265 information is categorically exempt pursuant to NRS 239.010(1); and secondly, NRS 612.265 information is additionally exempt as it has been expressly "declared by law to be confidential." NRS 239.010(1). Indeed, the Legislature declared the protected information absolutely privileged and confidential in NRS

argument. ESD was denied any opportunity to challenge this erroneous allegation.

LAURE L. TROTTER, ESQ. Senior Legal Counsel STATE OF NEVADA DETR/ESD 500 East Third Street Carson City, NV 89713 (775) 684-3996 (775) 684-3992 FAX

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LAURE L. TROTTER, ESQ.

LAURE L. TROTTER, ESQ. Senior Legal Counsel STATE OF NEVADA DETR/ESD 500 East Third Street Carson City, NV 89713 (775) 684-3996 (775) 684-3996 612.265. The analysis will start with the categorical exemption followed by the confidentiality and privilege exemptions.

NRS 239.010(1) provides, in pertinent part: "Except as otherwise provided in this section and . . . NRS 612.265 . . . and unless otherwise declared by law to be confidential, all public records of a government entity must be open at all times during office hours to inspection by any person." NRS 239.010(1) additionally states that "unless otherwise declared by law to be confidential, all public books and public records of a government entity must be open" to the public. (Emphasis added) (As explained below, the information sought by SNC is exempt from the NPRA as having been declared confidential and privileged under NRS 612.265 §§ (1), (2), (13), and (14)).

NRS 612.265(14) forbids release to the public of "[a]ll letters, reports or communications of any kind, oral or written from the employer or employee to each other or to the Division or any of its agents, representatives or employees." NRS 612.265(1) prohibits release of "information obtained from any employing unit or person pursuant to the administration of this chapter and any determination as to the benefits rights of any person." NRS 612.265(13) established criminal penalties for the release of information in violation of NRS 612.265. Open access to public

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L. TROTTER, ESQ

LAURE L. TROTTER, ESQ. Senior Legal Counsel STATE OF NEVADA DETR/ESD 500 East Third Street Carson City, NV 89713 (775) 684-3996 (775) 684-3992 FAX records is limited in Nevada by statute. NRS 239.010. Conversely, when the Legislature declared NRS 612.265 records and communications confidential, it declined to include an exception for the public to obtain access to information it deemed confidential and privileged. NRS 612.265.

Given the expansive shield against release of NRS 612.265 information, and the obvious direction from the Legislature that <u>ALL</u> information protected under NRS 612.265 is exempt from the NPRA, the District Court clearly acted in excess of jurisdiction when it granted the Petition for Writ of Mandamus ordering ESD to release the requested information. NRS 230.010(1).

2. The information SNC requested under the NPRA is absolutely privileged and unequivocally exempt, as a matter of law.

The information that SNC requested in its October 10, 2017 letter is exempt and unequivocally protected from public release under NRS 239.010(1) and NRS 612.265. (See, AA V.1, 037-040) Since the information SNC requested is expressly exempt under NRS 239.010(1), the District Court was absent any lawful authority to take any action, or order the release of the information SNC requested under NRS Chapter 239, when it granted the Petition for Writ of Mandamus.

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LAURE L. TROTTER, ESQ. Senior Legal Counsel STATE OF NEVADA DETR/ESD 500 East Third Street Carson City, NV 89713 (775) 684-3992 FAX All of the information that SNC sought under the NPRA falls squarely within the information protected from release under NRS 612.265(14), which provides:

All letters, reports or communications of any kind, oral or written, from the employer or employee to each other or to the Division or any of its agents, representatives or employees are privileged and must not be the subject matter or basis for any lawsuit if the letter, report or communication is written, sent, delivered or prepared pursuant to the requirements of this chapter.

NRS 612.265(14), see also, NRS 612.265(1) which provides that "...information obtained from any employing unit or person pursuant to the administration of this chapter..." is "...confidential and may not be disclosed or be open to public inspection in any manner..."

This Court explained in *Circus Circus Hotels, Inc. v.*Witherspoon, that "[t]he purpose of [NRS 612.265(14)²¹] is to encourage employers and employees to submit any and all potentially relevant information to the Employment Security Department that might bear on an employee's right to receive unemployment compensation, without fear of civil liability." The statute also promotes the vigorous contesting of grants of benefits. 99 Nev. 56, 61, 657 P.2d 101, 105 (1983)(internal citations

1	omitted). A contested unemployment hearing may involve the taking of
2	evidence which is confidential in nature, including trade secrets,
3	commercial, financial, proprietary, personal, medical, sensitive, classified, or
4	disciplinary, which are some of the reasons such hearings are declared
5	confidential and closed to the public. ²² NAC 612.252; see also, NRS
6	612.265(14).
7	A summary of the information that SNC requested in its
8	October 10, 2017 letter (SNC's NPRA request) is set forth below, in
9	pertinent part:
10	1. "[E]vidence obtained by DETR in connection with DETR's audit and May 12, 2017
11	determination concerning The Love Ranch."
12	2. "[D]ocuments prepared, relied upon, consulted, or reviewed by DETR in connection with its
13	audit and May 12, 2017 determination."
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3. "[R]ecords of communications between DETR's investigators/auditors and other DETR employees regarding the preparation for the audit of The Love Ranch, the status of the audit, and the result of the audit."

4. "[D]ocuments concerning DETR's initiation and implementation of the audit of The Love

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AURE L. TROTTER, ESQ. Senior Legal Counsel ATE OF NEVADA DETR/ESD 500 East Third Street Carson City, NV 89713 (775) 684-3996 (775) 684-3992 FAX

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The exact language found in NRS 612.265(14) was previously under NRS 612.265(7). Only the section number has changed.

For example, SNC explains that some of the prostitutes want to keep details of their work secret. (AA V.1, 026, ¶ 3)

1		Ranch, and directing or framing the scope of the audit."
2		the audit.
3		"R]ecords concerning the methodology used by DETR, if DETR claims it randomly selected The Love Ranch to be audited ."
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5		"[R]ecords and any other evidence obtained by DETR in connection with any of its prior audits and determinations concerning The
6		Love Ranch."
7		"[R]ecords and any other evidence obtained by DETR in connection with any of its prior
8		audits and determinations concerning The Love Ranch.
9		
10		"[D]ocuments prepared, relied upon, consulted, or reviewed by DETR in connection with its prior audits and determinations concerning
11		The Love Ranch, including the decisions to conduct the audits, or directing the framing and
12		scope of the audits."
13		"[R]ecords and evidence obtained by DETR in connection with any of its audits and
14	11	determinations concerning other brothels."
15		"[D]ocuments in connection with its audits and determinations concerning other brothels.
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17		"[R]ecords of communications between DETR's investigators/auditors and other DETR employees regarding the preparation for its
18		audits of other brothels, and directing or framing the scope of such audits."
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20	12.	"[R]ecords concerning DETR's initiation and implementation of its audits of other brothels, directing or framing the scope of such audits ."
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LAURE L. TROTTER, ESQ. Senior Legal Counsel STATE OF NEVADA DETR/ESD 500 East Third Street Carson City, NV 89713 (775) 684-3996 (775) 684-3992 FAX 13. "[D] ocuments ... concerning the methodology used by DETR, if it claims it randomly selected other brothels to be **audited**." (Emphasis added) (AA V.1, 037-040)

The information that SNC requested would have been, by necessity, prepared under the requirements of NRS Chapter 612 and NAC 612. The Legislature charged ESD's Administrator with expansive duties under NRS Chapter 612. NRS 612.220(1). Of these duties, the Administrator must determine if the worker is an employee under NRS 612.085; determine whether the services performed by the putative employee constitute employment under NRS 612.245(1); whether an employee is eligible for benefits under NRS 612.375; and whether contributions (taxes) are payable under NRS 612.535. The subject matter of all 13 paragraphs of information that SNC requested concerns either an "audit" or "determination" purportedly conducted by ESD. (AA V.1, 037-040) The information that SNC seeks concerning the purported audits and determinations would have, by necessity, included "communications of any kind, oral or written [which is] sent, delivered or prepared pursuant to the requirements of this chapter." NRS 612.265(14).

The performance of an audit and the issuance of a determination are both responsibilities the ESD Administrator is charged

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with executing under NRS Chapter 612. See, NRS 612.220(1), and NRS 612.245. Since these are duties that the ESD Administrator must carry out under NRS Chapter 612, all communication with respect to the execution of these duties is not open to the public, but is expressly protected under NRS 612.265(14). Accordingly, the information that SNC seeks pursuant to its NPRA request is therefore exempt from NRS 239.001, et seq., and the District Court had no authority to grant the Petition for Writ of Mandamus or to grant attorney's fees or costs under NRS 239.011.

Likewise, under the circumstances of this absolute statutory exemption, any requirements directed by the NPRA to meet any NRS 239.0113(2) burdens of proof are irrelevant; there is likewise no obligation for any NRS 239.010(3) redaction or *Vaughn* index preparation, nor was there any NRS 239.0113(2) requirement to conduct a balancing test regarding the interests of nondisclosure against the need for an open and accessible government. The District Court erred when it made contrary findings in this case.

SNC makes much of its waiver argument, which fails as a matter of law. Since the NPRA created an absolute statutory exemption for information protected under NRS 612.265, any alleged waiver on ESD's part is of no legal significance or consequence since the NPRA exercises no

AURE L. TROTTER, ESQ. Senior Legal Counsel ATE OF NEVADA DETR/ESD 500 East Third Street Carson City, NV 89713 (775) 684-3996 (775) 684-3992 FAX

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legal	authority	whatsoever	over	NRS	612.265	or	NRS	49.095
comm	unications.	See, NRS 23	9.010(l). Mo	reover, NF	RS 61	2.265 p	provides
that al	l communi	cations of any	kind fr	om an '	'employer	or en	nployee	to each
other o	or to the Di	vision or any o	of its ag	gents, re	presentativ	es o	r emplo	yees are
privile	ged and m	ust not be the	subject	matter	or basis of	any	lawsuit	" which
obviou	isly exclud	les NPRA liti	gation.	NRS	612.265(1	4).	Addition	nally, if
NRS	612.265 d	eclares the in	ıformat	ion SN	IC seeks	as c	onfident	tial and
subjec	t to crimin	nal penalties (under §	3) if	improper	ly di	sclosed,	waiver
cannot	t work to so	omehow conve	ert the o	confide	ntial inforn	natio	n into o	pen and
public	informatio	n.						

3. The information SNC requested under the NPRA is *expressly exempt* for yet another reason; it has been *declared confidential*.

The information and records protected under NRS 612.265 are exempt from public inspection or disclosure under NRS Chapter 239, for an additional reason: the Legislature expressly declared such records confidential.

The Legislature fundamentally protected and declared confidential NRS 612.265 §§ (1) and (2) information.

(a) NRS 612.265(1) information has been declared confidential.

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NRS 612.265(1) provides, in pertinent part, "...information obtained from any employing unit or person pursuant to the administration of this chapter and any determination as to the benefits rights of any person is *confidential* and *may not be disclosed or open to public inspection* in any manner which would reveal the person's or the employing unit's identity." (Emphasis added) The mere act of deleting the names and Social Security numbers or employer identification numbers of the parties would be insufficient to shield the identities of the parties, as other personal identifying information is readily available by combining the publicly available information with collective evidence in the contested case, especially in a small industry such as legal prostitution, for example. *See*, *e.g.*, NRS 205.4617; *see also*, 2 CFR § 200.79 & § 200.80.

Here, SNC requested information concerning purported ESD audits and determinations. (AA V.1, 036-40) The Legislature declared confidential "information obtained from any person under the administration of this chapter." NRS 612.265(1). Information obtained from an employer or "employing unit," whether it be for the purpose of an audit or for the purpose of issuing a determination, can be combined with other information to identify a person or an employing unit, even if names and Social Security numbers are redacted. *See*, *e.g.*, NRS 205 §§ 461 & 463, *et seq.*; *see also*, 2

CFR § 200.79 & § 200.80. NRS 612.265(1) declared determinations issued by ESD confidential and closed to the public if persons or employers can be identified. Moreover, communication about an audit or determination would necessarily include information regarding the employer or the person seeking benefits, and as such, the information is protected to "promote the vigorous contesting of grants of benefits." *Witherspoon*, *supra*. Accordingly, the information that SNC requested has been declared confidential under NRS 612.265(1), and is therefore exempt from the NPRA. *See*, NRS 239.010(1).

(b) NRS 612.265(2) information has been declared confidential.

The information SNC requested has also been declared confidential under section 2 of NRS 612.265, which provides, in pertinent part, "...an employing unit is not entitled to information from the records of the Division for any other purpose" other than "to the extent necessary for the proper presentation of a proceeding pursuant to this chapter." NRS 612.265(2). Here, SNC is an employer or an employing unit,²³ and, as such,

NRS 612.055 defines "employer" as "any employing unit for which any calendar quarter has paid or is liable to pay wages of \$225 or more, and which employs during that period one or more persons in an employment subject to this chapter." SNC prematurely filed a Petition for Writ of

would only be entitled to records from ESD for the specific purpose of "presentation of its administrative appeal." SNC is therefore "not entitled to records from the Division for any other purpose" which obviously excludes the purpose of *public inspection* and public disclosure under the NPRA. See, NRS 612,265(2). SNC has adequate remedies under the NRS 612 administrative process. The Chapter 612 statutory and regulatory schemes both clearly provide that the administrative process must remain closed to public inspection and disclosure in order to foster "vigorous contesting of grants of benefits" and to ensure that "all potentially relevant information [be submitted to ESD] that might bear on the employee's right to receive unemployment compensation, without fear of civil liability." Witherspoon, supra. See, NAC 612.252 (declaring that "hearings and reviews are confidential proceedings under NRS 612.265 and are closed to the public.")²⁴ SNC's request for information would clearly fall within the NRS 239 confidentiality exemption and has been expressly declared confidential under NRS 612.265(2); it has also been declared confidential under NRS

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Mandamus, overriding the authority of the referee regarding discovery and authority to render a decision on SNC's appeal.

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For example, if the proceedings were *not* confidential, a prostitute working for SNC may decline to exercise her right to apply for unemployment benefits or participate in hearings so that her work as an SNC prostitute would not be exposed or open to the public. (AA V.1, 026, \P 1)

LAURE L. TROTTER, ESQ. Senior Legal Counsei 57ATE or NEVADA DETR/ESD 500 East Third Street Carson City, NV 89713 (775) 684-3992 (775) 684-3992 FAX 612.265(13) as the release of same would subject the disclosing party to criminal penalties. *See*, NRS 612.265(2) and NRS 612.265(13). The information that SNC requested is therefore expressly exempt from the requirements of the NPRA for reasons of confidentiality. *See*, NRS 239.010(1).

Given the statutory exemptions from the NPRA, and the confidentiality declared in NRS 612.265, the District Court clearly acted in excess of jurisdiction when it granted the Petition for Writ of Mandamus and ordered that ESD release information protected under NRS 612.265.

B. SNC FAILED TO EXHAUST ITS ADMINISTRATIVE REMEDIES, VIOLATING THE SEPARATION OF POWERS DOCTRINE.

The First Judicial District Court invaded the province of the Legislature in granting writ relief. The District Court violated the separation of powers doctrine when the District Court granted the Petition for Writ of Mandamus. See, Article 3, Section 1 of the Nevada Constitution; K-Kel, Inc. v. State, Department of Taxation, 412 P.3d 15, 17 (2018)(a district court has no authority to review the decision of an administrative agency except when the legislature has granted such statutory authority); and see, Tate v. State, Board of Medical Examiners, 356 P.3d 506, 508 (2015); see also, State

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Department of Health and Human Services v. Samantha, Inc., 407 P.3d 327 (2017).

Exhaustion of administrative remedies must be completed

before jurisdiction can be conferred in administrative law cases; see, NRS 4 5 6 7 8 9

612.500 and NRS 612.525(1); see also, Otto, 282 P.3d at 724-25; see also, e.g., Benson v. State Engineer, 131 Nev.Adv.Op. 78, 358 P.3d 221 (2015); Maleon Tobacco, LLC v. State ex rel. Dept. of Taxation, 118 Nev. 837, 59 P.3d 474 (2002); Gray Line Tours of So. Nevada, Inc. v. Eighth Judicial Dist. Court, 99 Nev. 124, 659 P.2d 304 (1983); Allstate Ins. Co. v. Thorpe, 123 Nev. 565, 170 P.3d 989 (2007); exhaustion is specifically required in this case. Under NRS 612.515, any aggrieved party may appeal the referee's Decision to the Board of Review. The District Court can only exercise judicial review after the Board of Review has reached a decision. See, NRS 612.500, NRS 612.510, NRS 612.515, NRS 612.525(1) and NRS 612.530.

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612.495(1); NRS 612.510(2).

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SNC submitted the NPRA request to advance its ongoing NRS Chapter 612 administrative case (Docket No. V-17-A-04041-TX). SNC's

Judicial review "is permitted only after any party claiming to be aggrieved

thereby has exhausted administrative remedies as provided by this chapter."

NRS 612.525(1)(Emphasis added); see also, NRS 612.485 (1); NRS

AURE L. TROTTER, ESQ. enior Legal Counsel 500 East Third Street arson City, NV 89713 (775) 684-3996 (775) 684-3992 FAX

NPRA request and Petition for Writ of Mandamus is inextricably intertwined with the underlying administrative case, judicial review is controlled by NRS 612.525 and 612.530. ²⁵ The discovery sought by SNC must be addressed administratively and judicial review is strictly limited -- requiring finality and confinement to the administrative record. Judicial review would inevitably be conducted by the Third Judicial District Court, as mentioned above and further explained below.

The referee has yet to take the following actions: conclude the prehearing conference, hold an evidentiary hearing, and render a Decision in this administrative matter. Likewise, the Board of Review could not have received an appeal of the referee's decision before it is written. NRS 612 §§ 500 & 510. SNC could not have lawfully appealed to the District Court without a decision from the Board of Review. NRS 612 §§ 525(1) & 530. SNC failed to exhaust its administrative remedies before using the writ of mandate as a collateral remedy for its discovery issue; the ALJ currently presides over the scope of discovery in the administrative case.

SNC's Petition for Writ of Mandamus states, "[h]aving had its requests for discovery stonewalled by DETR in the administrative proceeding, and ignored (and ultimately denied) by the Appeals Referee, The Love Ranch issued a formal public records request ("Public Records Request") to DETR for documents that are necessary for the proper resolution of its appeal of DETR's Determination." Petition for Writ of Mandamus, p. 7, ll. 13-14.

The District Court erroneously and unlawfully excused SNC from its statutory duties to exhaust its administrative remedies before seeking judicial review of this (interlocutory) administrative decision regarding discovery. See, NRS 612.515(1). SNC appealed ESD's determination (AA V.1, 002) under NRS 612.495 because it ultimately seeks to overturn ESD's Determination that the prostitutes working for SNC are employees and therefore may qualify for unemployment benefits, and SNC, accordingly, would be subject to unemployment taxes, pursuant to NRS 612.085. (AA V.1, 008) SNC's appeal of ESD's Determination and request for a hearing is the reason that SNC seeks the information and documents that it requested through the administrative discovery process, and also requested via the NPRA. (AA V.1, 008, 022-24) No final decisions have been made regarding discovery in this administrative matter and no final decisions as to SNC's request to overturn the Determination have been issued, as required by NRS 612.510, because SNC interrupted and delayed this process with the improper Petition for Writ of Mandamus. Because SNC clearly has an NRS 612.515(1) right to appeal the referee's decision regarding discovery to the Board of Review, in the event SNC disagrees with the Decision of the referee (and thereafter the right to appeal to the

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District Court in *Lyon County*, ²⁶ if it disagrees with the decision of the Board of Review, pursuant to NRS 612.515 and NRS 612.530), the District Court had *no* authority to consider any evidentiary issues or grant the writ of mandate.

Despite the District Court having no subject matter jurisdiction to decide any evidentiary issues or take any action in this administrative matter, the District Court nonetheless erroneously issued findings of fact and conclusions of law regarding SNC's pending administrative appeal in its Order Granting Petition for Writ of Mandamus. (AA V.5, 567-592) SNC's counsel immediately directed the District Court's Order to Referee Larsen's attention, and requested its admission into the administrative record, so that the First Judicial District Court's Order would serve to override the referee's decisions. *See*, NRS 612.515. (AA V.3, 325) Due to the compilation of egregious errors, including the violation of the separation of powers doctrine, and the denial of the Motion To Reconsider, this Court must

The First Judicial District Court cannot invoke jurisdiction to review a Petition for Judicial Review in this administrative matter, as prostitution is illegal in the Carson City, CCMC 8.04.110, and therefore, Carson City would *not* have been "the county where the employment . . . was performed" which is necessary to establish jurisdiction. NRS 612.530(1) (the ALJ has not yet held a hearing or issued a decision -- no findings of fact have yet been established, however, Love Ranch is presumably located in Mound House, Lyon County, Nevada, within the jurisdiction of the Third Judicial District Court, SNC does not dispute this). (AA V.1, 001; 048, 1.5)

reverse the District Court's Order, and the Petition for Writ of Mandamus must be dismissed.

C. SNC HAS A PLAIN, SPEEDY, AND ADEQUATE REMEDY TO REDRESS ITS CONCERNS. WRIT RELIEF WAS INAPPROPRIATE.

The District Court should have denied the Petition for Writ of Mandamus and granted the Motion To Reconsider because SNC has a plain, speedy and adequate remedy in the pending NRS 612 administrative hearing before ESD's referee. (See, AA V.1, 042) SNC sought discovery of information and documents "necessary for the proper presentation of a proceeding pursuant to NRS Chapter 612." (AA V.1, 037) In its Petition, SNC reaffirmed that because "its requests for discovery [were] stonewalled. . . and ignored (and ultimately denied) by the Appeals Referee, The Love Ranch issued a formal public records request ... for documents that are necessary for the proper resolution of its appeal of DETR's [ESD's] Determination" and currently under the jurisdiction of the presiding referee. (AA V.1, 049, 11. 11-14) As such, SNC inappropriately used the NRS Chapter 34 writ of mandate to override the ALJ's statutory authority under NRS 612.500 to make decisions regarding the scope of discovery in SNC's pending NRS 612.495 appeal.

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The issuance of the writ of mandate was clearly improper under the circumstances of this case. NRS 34.170 provides, in pertinent part: "This writ shall be issued in all cases where there is *not* a plain, speedy and adequate remedy in the ordinary course of law." (Emphasis Added) This Court recently articulated "[w]e have long held that the right to an appeal is generally a plain, speedy, and adequate remedy that precludes writ relief." Rawson v. Ninth Judicial Dist. Court in & for Cty. of Douglas, 396 P.3d 842, 844, 2017 (2017). Here, SNC has an administrative appeal currently pending which is adequate to address its discovery concerns, and the appeal is readily available. The District Court should have refrained from issuing writ relief.

This Court has also explained that the writ of mandate should **not** be granted when the issue is currently pending before another judicial officer, as in this case:

> [T]he remedy of mandamus is available to compel performance of an act that the law especially enjoins as a duty resulting from an office, the extraordinary remedy of mandamus is neither available nor appropriate where an otherwise speedy and adequate remedy exists in the ordinary course of law. See NRS 34.170. As the Governor observes, appellant failed to establish below that the Commission's assumption of jurisdiction over the question of appellant's entitlement to enhanced disability retirement, combined with appellant's right to appeal any adverse decision of the

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21 AURE L. TROTTER, ESQ. Senior Legal Counsel
TE OF NEVADA DETR/ESD 500 East Third Street Carson City, NV 89713 (775) 684-3996 (775) 684-3992 FAX

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LAURE L. TROTTER, ESQ.
Senior Legal Counsel
STATE OF NEVADA DETRIESD
500 East Third Street
Carson City, NV 89713
(775) 684-3996
(775) 684-3992 FAX

Commission to this court, would deprive appellant of an adequate remedy to vindicate any prejudicial error that might occur in the Commission proceedings. *Goldman v. Bryan*, 106 Nev. 30, 38, 787 P.2d 372, 377(1990).

It is improper for SNC to bypass the administrative process by seeking authority from another judicial forum to decide its discovery issues. The First Judicial District Court did not have jurisdiction to consider a matter properly before ESD's referee, as a district court's jurisdiction is limited in this Chapter 612 special statutory proceeding. See, NRS 612.525(1); see also, Bd. of Review, Nevada Dep't of Employment, Training & Rehab., Employment Sec. Div. v. Second Judicial Dist. Court in & for Cty. of Washoe, 396 P.3d 795, 797 (2017) ("We have consistently held that the requirements of statute are jurisdictional and mandatory"). This Court should grant this appeal, so that the First Judicial District Court's clearly erroneous decision can be reversed, and the writ of mandate be dismissed.

D. SNC's REQUEST WAS INAPPROPRIATE UNDER NRS CHAPTER 239.

This Court held in *Civil Rights for Seniors, supra*, that there is no common law right to inspect public records. Without the Legislative enactment of the NPRA, the public has no general right to inspect public records. *See*, *Id*. This Court cited to *Nixon v. Warner Communications*,

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LAURE L. TROTTER, ESQ. Senior Legal Counsel STATE OF NEVADA DETR/ESD 500 East Third Street Carson City, NV 89713 (775) 684-3996 (775) 684-3992 FAX Inc., 435 U.S. 589, 597-99 (1978) for the proposition that 'the public's general right to inspect and copy public records is not absolute and courts have inherent authority to deny public access to its records when justified'")

Id.

The Legislature carved out numerous exceptions to the NPRA in 2013, which significantly changed the scope of the NPRA after this Court's holding in *Gibbons*, *supra*, and *Haley*, *supra*. Indeed, the NPRA did not confer jurisdiction upon the District Court to consider SNC's Petition for Writ of Mandamus under NRS 239. 2013 Statutes of Nevada, Page 2268; NRS 239.010(1); see also, NRS 612.265. Notwithstanding the above, the District Court also erred in granting the Petition because SNC failed to follow the NRS Chapter 239 statutory mandates for such request. The Public Records Request failed to identify *specific* records as required by NRS 239.008 and NAC 239.869 (which incorporates the "Nevada Public Records Act: A Manual for State Agencies, 2014 edition and any subsequent edition").

The Legislature declared that specific forms and specific procedures would be followed by persons who seek information under the NPRA. SNC's request failed to follow such statutory obligations and failed to identify specific records as mandated by NRS 239.008 and NAC 239.869

1	(incorporating the Nevada Public Records Act: A Manual for State
2	Agencies). NRS 239.008(3)(1) provides, in pertinent part:
3	the State Library, Archives and Public Records
4	Administrator, in cooperation with the Attorney General, shall prescribe:
5	(a) the form for a request by a person to inspect or copy a public book or record of an agency of the
6	Executive Department pursuant to NRS 239.0107; and,
7	(c) By regulation the procedures with which a records official must comply in carrying out his or her duties."
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9	Accordingly, the Nevada Public Records Act: A Manual for State Agencies,
10	2016 edition provides, in pertinent part, that "[a] public record is any record
11	that is prepared, used, or maintained by any state agency in the course of
12	governing or performing a governmental function. A public records request
13	should be for an <i>identifiable record</i> that exists at the time of the request. An
14	identifiable record is a contract, an invoice, a letter, a final report, etc."
15	(Emphasis added) Moreover, the manual further provides:
16	The Act does not require an agency to create data
17	or generate new documents to respond to a public records request. A request applies only to existing
18	records. An agency is not required to organize data to create a record that doesn't exist at the time
19	of the request. There is no requirement to reconstruct a record that was lawfully destroyed prior to receipt of the request.

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As set forth in NRS 239.008, DETR's Public Records Request form contains the following language: "Records Requested: ... Please be specific and include as much detail as possible regarding the records you are requesting." (Petition, Exh. 2; AA V.1, 061-064) As such, the regulation and manual of which the Legislature obligated the state to issue, provides that the requesting party must provide a description of the public record that is sufficient to identify the record (specific). Indeed, NRS 239.0107 explains that the agency only has five (5) business days to respond to a request for a public record, it is reasonable that the Legislature obligated the request to sufficiently articulate and identify the specific record sought, for the requester to clarify which record is being sought and not to create an undue burden. See, NRS 239.008 and NAC 239.869 (incorporating the Nevada Public Records Act: A Manual for State Agencies, 2016 edition).

SNC made *no* effort whatsoever to comply with its responsibility to specifically identify the document(s) it requested under the Public Records Act. (AA V.1, 37-40) Because the scope of SNC's request was cast so broadly SNC's request failed to satisfy the direction in NRS 239.008, NAC 239.869, incorporating the *Nevada Public Records Act: A Manual for State Agencies*, 2016 edition, the District Court erred in granting writ relief. SNC's request was so vague and overly broad it created

ambiguity -- when it was obligated to specify identifiable documents. Such request was so overly broad it appeared to include NRS 49.095 attorneyclient privilege material, inter alia, which is categorically exempt from the NPRA under NRS 239.010; SNC's request appeared to inappropriately encompass confidential documents containing deliberative process privilege and confidential work product. Id. The timing of SNC's October 10, 2017 non-specific NPRA request also created ambiguity, as it was submitted after its appeal of ESD's NRS 612.085 administrative determination, after SNC's request for a delayed evidentiary hearing in October or November 2017, after its administrative discovery requests, after ESD's counsel contacted SNC's counsel on September 20, 2017 and September 27, 2017, inviting discussion regarding discovery and informing SNC that the standard discovery deadlines that one might expect in civil proceedings are not applicable in NRS Chapter 612 administrative proceedings, and after the ALJ's September 20, 2017 email providing direction concerning discovery, and after discovery was provided, but immediately before the October 19, 2017 prehearing conference during which the presiding ALJ was to exercise his statutory authority concerning the scope of discovery.

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See, NRS

612.500. (AA V.1, 008, 022, 029, 030-31, 025-25, 035, 037, 042; V.2, 133, 140-161) NRS 612.500.²⁷

The instant request was inadequate because it was overly broad and non-specific. *Id.* The instant request contained 13 paragraphs. Each paragraph in SNC's request started with the phrase "Any and all records" or "Any and all documents." AA V.1, 039-40 (Emphasis added) This "any and all" approach, which is common to discovery requests, was not what the Legislature intended, but rather the request for specific document(s) must be sufficiently identified so that the scope of the search for such documents can be reasonably narrowed and understood. See, NRS 239.008 and NAC 239.869 (incorporating the Nevada Public Records Act: A Manual for State Agencies, 2016 edition). Additionally, SNC's request was exceedingly vague in that only three (3) of the thirteen (13) paragraphs in SNC's request contain any date. (AA V.1, 039-040) Provision of an approximate date for the documents sought is reasonable and necessary to specify the identifiable For example, in the case LVMPD v. Blackjack Bonding, the record.

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LAURE L. TROTTER, ESQ. Senior Legal Counsel STATE OF NEVADA DETR/ESD 500 East Third Street Carson City, NV 89713 (775) 684-3995 (775) 684-3992 FAX

Also confusing is SNC's unfounded allegation that its requests for discovery were stonewalled by DETR in the administrative hearing, and ignored (and ultimately denied) by the Appeals Referee, and considering that SNC did not proffer any subpoena at the 10/19/17 Prehearing Conference for the ALJ's approval (AA V.3, 323) because the NRS 612.500 hearing was not yet scheduled or conducted, and because ESD had provided SNC with a

requester appropriately "narrowed the scope" to 'all telephone numbers listed on the various bail bond agent jail lists posted in CCDC in 2011 and 2012." 131 Nev.Adv.Op. 10, 343 P.3d 608, 611 (2015). In Gibbons, supra, the requester sought "email communications sent over a six-month timeperiod between Governor Gibbons and ten individuals." 127 Nev. 873, 875 (2011). In contrast to Gibbons, supra, and LVMPD v. Blackjack Bonding. supra, SNC's request was absent pertinent dates and was exceedingly general in nature.

Moreover, the manner in which the request was written is clearly beyond the scope of what was intended by NRS 239 and NAC 239 (the Nevada Public Records Act: A Manual for State Agencies). NAC 239.705 explains that the term "record" "does not include nonrecord materials. Nonrecord materials include, without limitation, ... informal notes, ... drafts, convenience copies, ad hoc reports, reference materials not relating to a specific project." DETR's Public Records Request form provides, in pertinent part: "Records Requested: ... Please be specific and include as much detail as possible regarding the records you are requesting." (Petition, Exh. 2; AA V.1, 061-064) For example, Paragraph 9 of SNC's request, is an example of the overly generalized request:

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copy of the entire audit file. (AAV.2, 137,140, 149, 151, 153, 155, 160-

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records,

correspondence, notes, audio or video recordings or other records of conversations or interviews

with any witnesses and any documents or other tangible evidence obtained by DETR (such as

photographs, film, recordings, text messages, and emails), and any other evidence obtained by DETR

connection with any of its audits

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8 || included in a public record, ESD is not required to create a record to satisfy

SNC's request. See, NAC 239.867; Nevada Public Records Act: A Manual

10 || for State Agencies, 2016 edition.

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determinations

(Emphasis added)

all

1. The District Court improperly ordered release of records which are protected as the attorney work product.

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SNC's request was non-specific as to the identifiable records it

14 seeks. It was so overly broad that, apparently, SNC's request sought internal

15 work product which is confidential and protected from discovery. This

16 Court explained in Wardleigh v. Second Judicial Dist. Court that

17 | communications concerning mental impressions, conclusions, opinions, and

18 | legal theories in anticipation of litigation are not discoverable. 111 Nev.

345, 891 P.2d 1180 (1995). In order to overcome the work product doctrine,

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LAURE L. TROTTER, ESQ. Senior Legal Counsel STATE OF NEVADA DETRIESD 500 East Third Street Carson City, NV 89713 (775) 684-3996 (775) 684-3992 FAX the party seeking the work product must demonstrate relevancy, and that the evidence is unavailable without undue hardship. *Id.* Here, it is for the ALJ to determine what evidence is material and relevant and if the information is available elsewhere without undue hardship. NRS 612.500(3). SNC has not yet shown why the records it requested are relevant and what attempts it has made to locate the records it seeks elsewhere. The District Court, therefore, lacks subject matter jurisdiction to consider and make findings of fact and conclusions regarding such discovery issues. It was error to grant writ relief concerning evidence protected under the work-product doctrine.

2. The District Court erred when it ordered release of records protected by the deliberative process privilege.

To the extent the request predates the issuance of ESD's Determination, the information requested by SNC is confidential under the deliberative process privilege. This Court has explained:

[T]he deliberative process or 'executive privilege' is one of the traditional mechanisms that provide protection to the deliberative and decision-making process of the executive branch of government" This privilege 'shields from mandatory disclosure inter-agency or intra-agency memorandums or letters which would not be available by law to a party other than an agency in litigation with an agency[.]' *Paisley v. C.I.A.*, 712 F.2d 686, 697 (D. C. Cir. 1983)(quoting 5 U.S.C. § 552(b)(5)). It also permits 'agency decision-makers to engage in frank exchange of opinions and recommendations

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necessary to the formulation of policy without being inhibited by fear of later public disclosure,' Id. at 698, and thus protects materials or records that reflect a government official's deliberative or decision-making process. ... The privilege is not, at least in general, designed to protect purely Id. More particularly, purely factual matters. factual protected matters are not 'inextricably intertwined' with the policy-making process. DR Partners v. Board of County Com'rs of Clark County, 116 Nev. 616, 622-23, 6 P.3d 465, 469 (2000).

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"To qualify for non-disclosure under [the deliberative process] privilege, the requested documents must be both predecisional and deliberative." *Id.* To establish that the information and documents requested by SNC are "predecisional," ESD must identify an agency decision to which the documents contributed. *See*, *Id.* "To qualify as part of the 'deliberative' process, the materials requested must consist of opinions, recommendations, or advice about agency policies." *See*, *DR Partners v. Board of County Commissioners of Clark County*, 166 Nev. 616, 623-24, 6 P.3d 465, 469-70 (2000).

Here, the deliberative process privilege applies in this situation as information SNC seeks in its overly broad and vague request (and beyond the extent of entire audit file) includes predecisional and deliberative communications which predates ESD's May 12, 2017 Determination. (AA

V.1, 002-005) Beyond the audit file, a copy of which has been provided to SNC (AA V.2, 140, 149, 151, 153, 155, 160-161; V.3, 323), the additional documentation requested by SNC is protected because it involves ESD's decision making, interagency communication, deliberation, work product, opinion, and/or policy formation process and is not therefore discoverable. *Id.* The District Court unreasonably declined to hold a hearing in this case.

3. SNC'S request was vague and overly broad. To the extent that the request included attorney-client privileged information, such information is *absolutely exempt* under NRS 239.010.

Similar the deliberate privilege, to all attorney-client communications and attorney work product are privileged. NRS 49.035, et seq.; Upjohn Co. v. United States, 449 U.S. 383, 389, 101 S.Ct. 677, 682, 66 L.Ed.2d 584 (1981) ("The attorney-client privilege is the oldest of the privileges for confidential communications known to the common law.") citing, 8 J. Wigmore, Evidence § 2290 (McNaughton rev. 1961); Hickman v. Taylor, 329 U.S. 495 (1947); Wardleigh v. Second Jud. Dist. Ct., 111 Nev. 345, 891 P.2d 1180 (1995); Soeder v. Gen. Dynamics Corp., 90 F.R.D. 253 (D. Nev. 1980). Given that the attorney-client privilege is the oldest of privileges known to the common law, the Legislature accordingly carved out an additional exception, among many others, which excludes NRS 49.095 attorney-client information from the NPRA under NRS 230.010(1).

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The information that SNC seeks is overly broad and vague such that it would obviously include attorney-client privileged information which is categorically exempt from the NPRA. As such, the District Court clearly erred in ordering that ESD release NRS 49.095 information to SNC under the writ of mandate. The District Court lacked jurisdiction to order release of NRS 49.095 information.

CONCLUSION

ESD respectfully requests this Court grant the appeal, reverse the First Judicial District Court's Order granting writ relief, *in toto*, and Order that the Petition for Writ of Mandamus be dismissed.

The District Court manifestly erred under NRS 239, NRS 612, and NRS 34; and under City of Sparks v. Reno Newspapers, Inc.; City of Reno v. Reno Gazette-Journal, supra; Civil Rights for Seniors v. Administrative Office of the Courts, supra; Benson v. State Engineer, supra; Goldman v. Bryan, supra; Circus Circus Hotels, Inc. v. Witherspoon, supra; Swan v. Swan, 106 Nev. supra; Scott v. Nevada Employment Sec. Dep't, supra, as the District Court lacked jurisdiction and infringed upon Legislative authority when it granted writ relief, ordered the issuance of the writ, and awarded attorneys' fees and costs; when the proper course of

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LAURE L. TROTTER, ESQ.. Senior Legal Counsel STATE OF NEVADA DETR/ESD 500 East Third Street Carson City, NV 89713 (775) 684-3996 (775) 684-3992 FAX

action for the District Court was to dismiss the Petition for Writ of 1 Mandamus or grant the Motion To Reconsider. 2 DATED this 24th day of December, 2018. 3 4 LAURIE L. TROTTER, ESO. 5 Nevada State Bar No. 8696 Division Senior Legal Counsel Nevada DETR, ESD 6 500 East Third Street 7 Carson City, Nevada 89713 (775) 684-3996 8 (775) 684-3992 - Fax Attorney for Appellant ESD 9 10 11 12 13 14 15 16 17 18 19 20

Senior Legal Counsel FATE OF NEVADA DETR/ESD 500 East Third Street Carson City, NV 89713 (775) 684-3996 (775) 684-3992 FAX

LAURE L. TROTTER, ESQ.

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LAURE L. TROTTER, ESQ. Senior Legal Counsel STATE OF NEVADA DETR/ESD 500 East Third Street Carson City, NV 89713 (775) 684-3996 (775) 684-3992 FAX

ATTORNEY'S CERTIFICATE OF COMPLIANCE

- 1. I hereby certify that this Opening Brief complies with the formatting requirements of NRAP 32(a)(4), the typeface requirements of NRAP 32(a)(5) and the type style requirements of NRAP 32(a)(6) because this Opening Brief has been prepared in a proportionally spaced typeface using Microsoft Word 2010 in 14 point Times New Roman.
- 2. I further certify that this Opening Brief complies with the page- or type-volume limitations of NRAP 32(a)(7) because, excluding the parts of the Opening Brief exempted by NRAP 32(a)(7)(C), it contains 11,072 words.
- 3. Finally, I hereby certify that I have read this appellate brief, and to the best of my knowledge, information, and belief, it is not frivolous or interposed for any improper purpose. I further certify that this Opening Brief complies with all applicable Nevada Rules of Appellate Procedure, in particular NRAP 28(e)(1), which requires every assertion in the brief regarding matters in the record to be supported by a reference to the page and volume number, if any, of the transcript or appendix where the matter relied on is to be found.

LAURE L. TROTTER, ESQ. Senior Legal Counsel STATE OF NEVADA DETR/ESD 500 East Third Street Carson City, NV 89713 (775) 684-3995 (775) 684-3992 FAX

I understand that I may be subject to sanctions in the event that the accompanying Opening Brief is not in conformity with the requirements of the Nevada Rules of Appellate Procedure.

DATED this 24th day of December, 2018.

LAURIE L. TROTTER, ESQ.
Nevada State Bar No. 8696
Division Senior Legal Counsel
State of Nevada DETR/ESD
500 East Third Street
Carson City, Nevada 89713
(775) 684-3996
(775) 684-3992 - Fax
Attorney for Appellant ESD

CERTIFICATE OF SERVICE

Pursuant to NRAP 25(d)(1)(B), I hereby certify that I am an employee of the State of Nevada, over the age of 18 years; and that on the date hereinbelow set forth, I electronically filed the foregoing APPELLANT'S OPENING BRIEF with the Clerk of the Nevada Supreme Court; and, as a consequence thereof, electronic service was made in accordance with the Master List as follows:

ANTHONY HALL, ESQ.

RICO CORDOVA, ESQ.

And by mailing within an envelope which was deposited with the State of Nevada Mail for postage and mailing from Carson City, Nevada, addressed as follows:

Anthony Hall, Esq. Rico Cordova, Esq. Holland & Hart LLP 5441 Kietzke Lane, Second Floor Reno, NV 89511

DATED this 24th day of December, 2018.

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LAURE L. TROTTER, ESQ. Senior Legal Counsel STATE OF NEVADA DETR/ESD 500 East Third Street Carson City, NV 89713 (775) 684-3996 (775) 684-3992 FAX