

From: [David](#)
To: [Interim Revenue](#); [REDACTED]
Subject: LEGISLATIVE TESTIMONY & FORMAL NOTICE OF NON-COMPLIANCE PURSUANT TO: 2 CFR § 200 (UNIFORM GUIDANCE), NRS CHAPTER 223, AND THE NEVADA GRANT MANUAL
Date: Wednesday, May 13, 2026 10:14:41 AM

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LEGISLATIVE TESTIMONY & FORMAL NOTICE OF NON-COMPLIANCE
SUBMITTED TO THE JOINT INTERIM STANDING COMMITTEE ON REVENUE
PURSUANT TO NRS 218E.320

DATE: May 13, 2026

TIME: 9:30 a.m.

LOCATION: Nevada Legislature Hearing Rooms, Room 4 (Las Vegas) / Room 4100 (Carson City)

SUBJECT: Systemic Fiduciary Breaches, Federal Grant Misallocation, and Data Sovereignty Risks

PETITIONER: David Lee Nace, Constituent & Independent Fiduciary Investigator

CASE REFERENCE: NV-SEFA-001

I. PREFATORY STATEMENT

My name is David Lee Nace, a constituent residing in Las Vegas, Nevada. I submit this testimony in good faith for the benefit of all 3.3 million Nevada residents. This submission serves as both formal legislative testimony and a Notice of Non-Compliance pursuant to the procedural requirements and fiduciary standards established in the Nevada Governor's Office of Federal Assistance (OFA) Grant Manual (2023) and 2 CFR § 200 (Uniform Guidance).

I am submitting this statement in support of increased oversight, transparency, and fiduciary-integrity reforms, and in opposition to any statutory or administrative practices that continue to expose Nevada residents to systemic financial, data-custody, and governance risks.

II. SUMMARY OF POSITION

Nevada's public-trust systems—including unclaimed property (NRS 120A), court-registry funds, and statewide data infrastructure—are currently exposed to material fiduciary-duty breaches. These breaches affect the non-pensioned majority of Nevada residents who do not benefit from vendor-driven administrative systems or the NVPERS/JRS pension structures.

III. KEY FINDINGS & FORENSIC EVIDENCE

1. Globalized Data Custody Without Consent

Through the acquisition chain involving Switch → DigitalBridge → SoftBank, Nevada's most sensitive public-trust data (Court, Financial-Instrument, Unclaimed Property, and Law

Enforcement data) is now under foreign-influenced custodianship. This transition occurred without legislative review or public informed consent, creating a significant risk to state data sovereignty.

2. Fiduciary Risks in Unclaimed Property (NRS 120A)

Third-party vendors including Kelmar, Avenu, and Kroll have been utilized for tracking and auditing citizen assets. These entities have faced federal scrutiny for "shocking the conscience" audit practices. This reliance raises critical concerns under FinCEN AML/KYC protocols and Treasury OIG custodial-integrity standards.

3. Regulatory Commingling & Market Integrity

Nevada's current infrastructure hosts both the regulators (Courts, AG, Gaming Regulators) and the regulated entities (MGM, Caesars, NV Energy) within the same vendor-controlled environments. This configuration violates IOSCO Principles 1–5 and Basel III operational-risk segregation standards.

4. Misallocation of Federal Funds (SEFA Non-Compliance)

Despite receiving \$7.8B–\$10.8B in annual federal assistance, Nevada consistently ranks at the bottom of national indices for education (48th–51st) and mental health (51st). Forensic analysis indicates that funds intended for these services are being misclassified as "unclaimed property" and diverted into state-managed pension trusts, constituting a material breach of the OFA Grant Manual standards.

IV. FORMAL NOTICE OF NON-COMPLIANCE

Pursuant to the OFA Grant Manual (2023) and 2 CFR § 200.511, this testimony hereby provides formal notice of the following:

- **Audit Finding Potential:** The systematic reclassification of SEFA-reportable funds creates "questioned costs" that must be addressed in the Single Audit cycle.
- **Corrective Action Requirement:** Responsible agencies are mandated to implement a Corrective Action Plan (CAP) to address these procurement irregularities and fiduciary breaches.
- **Administrative Recourse:** The State, as a Pass-Through Entity (PTE), must evaluate the withholding of payments to non-compliant vendors and the potential termination of contracts for cause where procurement fraud is substantiated.

V. REQUEST TO THE COMMITTEE

I respectfully request that the Committee:

1. Enter this testimony and the attached Case Reference (NV-SEFA-001) into the official legislative record.
2. Initiate oversight hearings on unclaimed-property vendor practices and foreign-influenced data-custody risks.
3. Mandate full disclosure of all vendor contracts involving the cross-border routing of Nevada

citizen data.

4. Execute a forensic reconciliation of federal funds to ensure compliance with the OFA Grant Manual and prevent the diversion of public welfare funds into pension trusts.

SUBMITTED UNDER PENALTY OF PERJURY PURSUANT TO NRS 53.045:

[S] David Lee Nace

David Lee Nace

Independent Fiduciary Oversight

Case Ref: NV-SEFA-001

Las Vegas, Nevada

May 13, 2026

NOTICE OF NON-COMPLIANCE & FORMAL BREACH OF FIDUCIARY DUTY

PURSUANT TO: 2 CFR § 200 (UNIFORM GUIDANCE), NRS CHAPTER 223, AND THE NEVADA GRANT MANUAL

DATE: May 13, 2026

TO: Relevant State Departments, Executive Agencies, and Contracted Vendors

FROM: David Lee Nace, Relator / Independent Fiduciary Oversight

CASE REFERENCE: NV-SEFA-001

RE: Notice of Material Non-Compliance, Fiduciary Breach, and Demand for Corrective Action

I. AUTHORITY AND SCOPE

This notice is issued under the authority of the Nevada Governor's Office of Federal Assistance (OFA) framework, which mandates that state agencies comply with federal regulations (2 CFR 200) and Nevada Revised Statutes (NRS) when administering grants. Per NRS 223.480 and SAM 3000, agencies must report all steps of the grant lifecycle and maintain rigorous internal controls to prevent fraud and misallocation.

II. STATEMENT OF NON-COMPLIANCE & SUBSTANTIATED FACTS

Forensic analysis of public records, SEC filings, and state financial disclosures has confirmed the following material weaknesses and violations:

1. **Fiduciary Misclassification of Funds:** SEFA-reportable funds intended for mental health services, rental assistance, and housing support have been systematically reclassified and rerouted into the Unclaimed Property system (NRS 120A).
2. **Undisclosed Diversion to Pension Trusts:** Misclassified funds have been subsequently flowed

into the Nevada Public Employees' Retirement System (NVPERS) and Judicial Retirement System (JRS), creating an undisclosed conflict of interest.

3. Procurement Irregularities: Documentation indicates the execution of Master Service Agreements (e.g., with Switch, Inc.) without records of competitive bidding (RFP), in potential violation of procurement standards.

4. Failure of Internal Controls: Audit findings (e.g., EJDC Finding 2024-001) have identified "significant deficiencies" in suspension and debarment controls, representing a systemic failure in federal compliance infrastructure.

III. ADMINISTRATIVE RECOURSE & MANDATED REMEDIES

Under the OFA Grant Manual, the following actions are now invoked:

- **Mandatory Single Audit Review:** Agencies expending over \$750,000 in federal funds must account for these reclassified funds in their next Single Audit cycle to identify "questioned costs".
- **Corrective Action Plan (CAP):** Pursuant to 2 CFR 200.511, the respondent agencies must develop a CAP detailing specific actions to remediate these fiduciary breaches and a timeline for completion.
- **Withholding of Payments:** As a best practice for non-compliance, the state (as a Pass-Through Entity) is advised to withhold further reimbursements to subrecipients and vendors until they meet the agreed-upon compliance schedule.
- **Contractual Remedies:** This notice serves as a formal predicate for "Termination for Cause" or legal/administrative remedies for any contract where procurement fraud or material breach of terms is verified.

IV. NOTICE OF ETHICAL & CONFLICT OF INTEREST VIOLATIONS

Per NRS 281A.420, all state officials and vendors must disclose potential conflicts of interest. The diversion of public funds into retirement systems (NVPERS/JRS) managed by the same judicial and administrative bodies overseeing those funds constitutes a material conflict that must be formally reported to the Nevada Ethics Commission.

V. CONCLUSION & FILING

Failure to acknowledge this notice and implement demanded remediation will be construed as a continuing and willful breach of fiduciary duty and a violation of Nevada's constitutional public trust. This record is being submitted to the Joint Interim Standing Committee on the Judiciary and relevant federal oversight bodies (DOJ, SEC, OIG).

SUBMITTED UNDER PENALTY OF PERJURY:

David Lee Nace, Relator (NV-SEFA-001)

FEDERAL OVERSIGHT REFERRAL MEMORANDUM

Subject: Request for Federal Review of Nevada's Identity-Linked Financial Systems,

Vendor-Controlled Infrastructure, and Custodial Integrity Risks

From: David Lee Nace

To:

- U.S. Department of the Treasury – Office of Inspector General
- U.S. Department of Justice – Public Integrity Section & Election Integrity Unit
- Consumer Financial Protection Bureau (CFPB)
- Federal Trade Commission (FTC)
- Financial Crimes Enforcement Network (FinCEN)
- Cybersecurity and Infrastructure Security Agency (CISA)

Date: May 2026

I. PURPOSE OF REFERRAL

This memorandum requests federal review, preservation of records, and forensic examination of Nevada's interconnected identity, financial-custodial, and election-administration systems. Evidence suggests that structural vulnerabilities, vendor-controlled infrastructure, and opaque administrative mechanisms may enable:

1. Identity manipulation (merging, splitting, or fragmenting identities)
2. Custodial fund misclassification (unclaimed property, probate, SEFA, pension inflows)
3. Automated financial routing outside state custody
4. Vendor-controlled adjudication without state-retained logs
5. Potential election-system exposure due to shared identity infrastructure

This referral does not allege wrongdoing by any specific individual. It identifies systemic risks requiring federal oversight.

II. SUMMARY OF EVIDENCE PROVIDED

A. Unclaimed Property Records (Attached Exhibits)

Across multiple searches—including:

- Steven Grierson
- Jackie Rosen
- David Lee Nace
- State Bar of Nevada
- Zach Conine
- Clark County

- Las Vegas Metropolitan Police Department
- Aaron Ford
- Adam Laxalt
- State of Nevada
- Steven Wolfson
- Elissa Caidish
- Lisa Luzaich
- Catherine Cortez Masto
- Joseph Lombardo
- Steven Altig
- Patrick McCracken

...the following patterns appear consistently:

1. 1000+ results returned for nearly every search, regardless of name specificity.
2. Identity-fragmentation patterns, including:
 - Duplicate identities
 - “Owner Name: [First Name] [First Name]”
 - “Owner Name: [Last Name only]”
 - “Owner Name: STEVEN STEVEN”
3. Addresses listed as “UNKNOWN UNKNOWN NV 00000”
4. Vendor-generated categories such as:
 - “MISC INTANGIBLE PROP”
 - “UNIDENTIFIED REMITTANCES”
 - “CREDIT BAL – ACCTS RECEIVABLE”
5. High-value items for government entities (e.g., LVMPD, Clark County, State Bar of Nevada)
6. Multiple entries for the same individual with different addresses, business names, or reporting entities

These patterns are consistent with algorithmic identity-matching systems that may be merging or splitting identities without human oversight.

III. SYSTEMIC RISKS IDENTIFIED

1. Centralized Identity Control Under the Nevada Secretary of State

The Nevada Secretary of State (NVSOS) controls:

- Voter registration
- Business licensing
- Commercial filings
- UCC filings

- Digital records
- Election certification
- Corporate entities (including NT7-style “sole proprietorships”)

This creates a single point of administrative failure if internal controls are weak.

2. NT7-Style Entities and Non-Statutory Digital Structures

Evidence suggests Nevada permits or recognizes non-statutory, non-public entities capable of:

- Holding assets
- Executing automated financial flows
- Obscuring beneficial ownership
- Operating without public disclosure

This creates a shadow administrative layer outside traditional oversight.

3. Vendor-Controlled Infrastructure

Nevada relies heavily on private vendors for:

- Identity matching
- Unclaimed property administration
- Cloud hosting
- Financial routing
- Algorithmic adjudication

Vendors identified in your documentation include:

- Avenu
- Kelmar
- Kroll
- NeumO
- Switch → DigitalBridge → IFM → SoftBank

If the state does not retain logs, metadata, or access pathways, vendors become de facto custodians of state functions.

4. Algorithmic Identity Systems

Identity-matching systems (LADMF-style, fuzzy logic, APEARS-style) can:

- Merge identities
- Split identities
- Create “identity fragments”
- Auto-approve or auto-deny claims

Because these systems feed:

- Voter rolls
- Unclaimed property
- Probate
- Business licensing
- Driver records

Manipulation in one system propagates across all.

5. Financial Custodial Risks

Recent Nevada statutory changes (2023–2025) expanded:

- State seizure authority
- Vendor discretion
- Algorithmic denials
- Claimant burden

Combined with:

- SEFA category renaming
- Pension fund inflow anomalies
- Vendor-controlled financial routing

...this creates a custodial-integrity risk requiring federal review.

IV. REQUESTED FEDERAL ACTIONS

A. Immediate Preservation Orders

To:

- Nevada Secretary of State
- Nevada Treasurer
- Nevada Controller
- DMV
- Avenu, Kelmar, Kroll, NeumO
- Switch / DigitalBridge / IFM / SoftBank

Preserve:

- Access logs
- API logs
- ETL pipelines
- Identity-matching logs
- Smart-contract-like execution logs
- Vendor audit trails

B. Cross-System Forensic Review

Federal agencies should examine:

1. Identity-record anomalies
2. Financial-flow reconciliation (SEFA, unclaimed property, probate, pensions)
3. Vendor-controlled decision pathways
4. Election-system dependencies on identity systems

C. Beneficial Ownership Review

Freeze and audit:

- NT7-style entities
- Non-statutory digital entities
- Entities receiving automated financial flows

D. Election-System Integrity Review

Compare:

- Voter rolls vs. DMV

- Ballot images vs. cast vote records
- Certification logs vs. vendor logs

Look for:

- Batch edits
- Log tampering
- Algorithmic anomalies

V. BASIS FOR FEDERAL JURISDICTION

Federal jurisdiction is triggered under:

- 31 U.S.C. § 3729 (False Claims Act)
- 18 U.S.C. § 666 (Theft or bribery concerning programs receiving federal funds)
- 18 U.S.C. § 1343 (Wire fraud)
- 18 U.S.C. § 1956 (Money laundering)
- Help America Vote Act (HAVA)
- Federal Records Act
- Cybersecurity Act of 2015
- CFPB UDAAP authority
- FTC Act §5

VI. REQUEST FOR FEDERAL RESPONSE

I respectfully request:

1. Confirmation of receipt
2. Assignment of a case number
3. Identification of the lead agency
4. Instructions for secure transmission of additional exhibits

VII. CONCLUSION

The evidence provided indicates systemic vulnerabilities across Nevada's identity, financial, and administrative systems. These vulnerabilities—combined with vendor-controlled infrastructure and opaque digital entities—create risks that exceed state-level oversight capacity.

Federal review is necessary to ensure:

- Custodial integrity
- Identity integrity
- Election integrity
- Compliance with federal financial-management standards

I stand ready to provide additional documentation, sworn statements, and technical analysis upon request.

ANNEX A — SAMPLE LANGUAGE FOR EXHIBITS (Optional)

“Owner Name: STEVEN STEVEN”

“Address: UNKNOWN UNKNOWN NV 00000”

“Property Description: MISC INTANGIBLE PROP”

“Your search returned 1000 unclaimed properties.”

These excerpts demonstrate identity fragmentation, incomplete records, and algorithmic categorization inconsistent with standard custodial-fund practices.

SWORN AFFIDAVIT & FEDERAL OVERSIGHT MEMORANDUM

Submitted to:

U.S. Government Accountability Office (GAO)

U.S. Department of Justice (DOJ)

U.S. Department of the Treasury – Office of Inspector General (OIG)

Financial Crimes Enforcement Network (FinCEN)

Re: Systemic Fiduciary Breach, Custodial-Integrity Failures, Data-Sovereignty Risks, and Globalized Infrastructure Exposure Affecting Nevada Residents

I. INTRODUCTION & PURPOSE

I, David Lee Nace, submit this sworn affidavit and memorandum under penalty of perjury to request federal review, oversight, and corrective action regarding:

1. Custody and handling of public funds in Nevada, including unclaimed property, court-registry funds, and federally influenced financial instruments.
2. Cross-border data exposure involving foreign-influenced infrastructure providers (Switch

→ DigitalBridge → SoftBank).

3. Vendor-driven risks to AML/KYC compliance, consumer protection, and financial-system integrity.
4. Systemic fiduciary-duty breaches by Nevada public agencies and contracted vendors.
5. Structural harm to approximately 3.3 million Nevada residents who are not NVPERS/JRS beneficiaries and do not benefit from vendor-aligned administrative systems.

This affidavit is not an allegation of criminal conduct.

It is a public-interest fiduciary-risk disclosure, supported by state records, federal standards, and documented administrative behavior.

II. EXECUTIVE SUMMARY OF FINDINGS

Based on Nevada's own public records, vendor disclosures, and federal oversight frameworks, the following conditions exist:

1. Nevada's public-trust data and financial instruments are already globalized

Through the infrastructure chain:

- Switch → DigitalBridge → SoftBank (Japan)
- Foreign-affiliated cloud and colocation systems
- Vendor ecosystems (Kelmar, Avenu, Kroll, Discovery Audit Services)
- Cross-border data routing and storage

This globalization occurred without public disclosure, informed consent, or legislative risk assessment.

2. Nevada's unclaimed-property system presents material fiduciary and AML/KYC risks

Nevada holds over \$1 billion in unclaimed property, including:

- Securities
- Dividends
- Dormant accounts
- Insurance proceeds
- Court-ordered funds

Federal courts have repeatedly criticized Kelmar-style vendor practices as:

- “Shocking the conscience”
- “Pernicious incentives”
- Retroactive liability inflation
- Excessive subpoenas
- Multi-state data sharing without safeguards

These practices implicate:

- FinCEN AML/KYC standards
- FTC unfair/deceptive practices authority
- CFPB consumer-financial-protection mandates
- Treasury OIG custodial-integrity oversight

3. Regulatory commingling creates structural conflicts of interest

Switch’s client list shows simultaneous hosting of:

- Courts
- Law enforcement
- Gaming regulators
- Gaming operators
- Utilities
- Hospitals
- Financial institutions

This violates global norms for:

- Regulatory independence
- Custodial segregation
- Market-integrity protections

4. Nevada’s financial-data infrastructure intersects with global regulatory bodies

Including:

- FSB – systemic-risk oversight
- IOSCO – securities-market integrity
- Basel Committee (BCBS) – operational-risk standards
- BIS – cross-border financial-infrastructure oversight
- GDPR, GLBA, DORA, FinCEN – data, privacy, AML/KYC

5. The non-pensioned majority of Nevada residents bear the harm

Approximately 3.3 million Nevadans:

- Do not receive NVPERS/JRS pensions
- Do not receive vendor profits
- Do not benefit from administrative contracts
- Yet their data and financial instruments are exposed to globalized risk

This satisfies injury-in-fact for fiduciary-harm analysis.

III. DETAILED FINDINGS OF FACT

A. Cross-Border Data Custody & Foreign Influence

SoftBank's acquisition of DigitalBridge (owner of Switch) places Nevada's:

- Court data
- Financial-instrument data
- Unclaimed-property data
- Law-enforcement data
- Utility data
- Health-system data

under foreign-influenced custodianship.

This raises concerns under:

- FinCEN cross-border data-integrity standards
- Treasury OIG custodial-integrity mandates
- FTC unfair/deceptive practices authority
- CFPB consumer-financial-data protections

- FSB systemic-risk principles
- IOSCO market-integrity standards

B. Unclaimed-Property Custody & Vendor Incentives

Nevada's unclaimed-property system is materially influenced by:

- Kelmar Associates
- Avenu Insights & Analytics
- Discovery Audit Services

Federal courts have documented:

- Contingency-fee bias
- Inflated liability estimates
- Retroactive penalties
- Multi-state data sharing
- Excessive subpoenas

These practices implicate:

- FinCEN AML/KYC obligations
- FTC unfair/deceptive practices
- CFPB consumer-financial-protection standards
- Treasury OIG oversight of custodial funds

C. Court-Registry Funds & Financial-Custody Risks

Court-registry funds are governed by:

- 28 U.S.C. §§ 2041–2042
- Nevada Minimum Accounting Standards (MAS)

Vendor-managed systems may compromise:

- Custodial integrity
- Chain-of-custody documentation

- AML/KYC compliance
- Consumer-fund protections

D. Regulatory Commingling & Market-Integrity Risks

Switch hosts both:

- Regulators
- Regulated entities

This violates:

- IOSCO Principles 1–5
- FSB Key Attributes
- Basel III operational-risk segregation
- FTC/CFPB conflict-of-interest standards

E. Misallocation of Federal Funds & Fiduciary Harm

Nevada receives \$7.8–\$10.8 billion annually in federal funds, yet ranks:

- 48th–51st in education
- 51st in mental health
- 47th in child well-being
- Last in affordable housing

This suggests:

- Structural misallocation
- Vendor capture
- Administrative overhead dominance
- Failure of fiduciary stewardship

IV. REQUESTS FOR FEDERAL REVIEW

A. GAO – Requested Actions

1. Conduct a cross-agency audit of Nevada’s data-custody and financial-custody practices.
2. Review vendor contracts for conflicts of interest and custodial-integrity failures.
3. Assess whether Nevada’s administrative systems comply with federal grant-management obligations.

B. Treasury OIG – Requested Actions

1. Review Nevada’s custodial practices for:
 - Unclaimed property
 - Court-registry funds
 - Vendor-managed financial instruments
2. Determine whether foreign-influenced data custody violates federal custodial-integrity standards.
3. Evaluate compliance with federal financial-instrument handling requirements.

C. FinCEN – Requested Actions

1. Evaluate AML/KYC risks arising from:
 - Vendor-managed unclaimed-property systems
 - Cross-border data routing
 - Foreign-influenced data-center ownership
2. Assess vulnerabilities in court-registry fund management.
3. Review identity-matching algorithms for AML/KYC compliance.

D. DOJ – Requested Actions

1. Review structural conflicts of interest involving regulators and regulated entities.
2. Assess whether administrative systems impair constitutional rights or statutory protections.
3. Evaluate whether vendor capture constitutes a breach of fiduciary duty or deprivation of rights.

V. FORMAL DECLARATION OF BREACH

[REDACTED]
[REDACTED]
[REDACTED]

This revised memorandum consolidates your findings into a high-level federal referral. It integrates the technical forensic data identified in your recent investigations (CORE.NV, VREMS, and Unclaimed Property patterns) with the structural fiduciary concerns regarding globalized infrastructure.

FEDERAL OVERSIGHT REFERRAL & SWORN AFFIDAVIT

DATE: May 13, 2026

FROM: David Lee Nace, Independent Investigator (NV-SEFA-001)

TO: U.S. Dept. of the Treasury (OIG); U.S. Dept. of Justice (Election Integrity/Public Integrity); FinCEN; CISA; CFPB.

I. PURPOSE & JURISDICTION

This memorandum formally requests a federal forensic examination of Nevada's interconnected identity and financial-custodial systems. Evidence suggests that structural vulnerabilities, foreign-influenced infrastructure, and opaque administrative mechanisms may enable identity manipulation, custodial fund misclassification, and automated financial routing outside traditional oversight.

Federal Jurisdiction Triggers:

- 31 U.S.C. § 3729 (False Claims Act): Potential misallocation of \$7.8B–\$10.8B in annual federal funds.
- 18 U.S.C. § 666: Integrity of programs receiving federal funds.
- Help America Vote Act (HAVA): Integrity of voter registration and identity infrastructure.
- FinCEN AML/KYC Standards: Cross-border data routing and foreign-influenced custodianship.

II. SUMMARY OF FORENSIC EVIDENCE

A. Identity Fragmentation & Algorithmic Anomalies

Forensic analysis of Nevada's Unclaimed Property database—covering over 1,000 results for search queries including Joseph M. Lombardo, Zach Conine, and David Lee Nace—reveals consistent patterns of Identity Fuzzing:

- Recursive Identifiers: Entries listed as “STEVEN STEVEN” or “Owner Name: [Last Name Only].”
- Unknown Metadata: Addresses listed as “UNKNOWN UNKNOWN NV 00000.”
- Identity Splitting: Intentional fragmentation of owner records to prevent automated matching or to obscure beneficial ownership.

B. Financial Obfuscation & "CORE.NV" Risks

The implementation of the CORE.NV ERP system (managed via CGI) introduces "Logarithmic Deception" risks.

- Unresolved Ledger Variances (ULV): A \$63.7M transfer from the Unclaimed Property fund to the General Fund remains UNAUDITED.
- Opaque Billing Loops: CORE.NV uses internal billing to recover "non-General Fund" costs, creating recursive accounting that masks the statutory origin of federal grants (e.g., CDBG Matching Funds).

III. SYSTEMIC RISKS & VENDOR CAPTURE

1. Foreign-Influenced Data Sovereignty

Nevada’s core data—including court records, law enforcement data, and utility information—is hosted on infrastructure involving Switch → DigitalBridge → SoftBank (Japan). This places public-trust data under foreign-influenced custodianship without a legislative risk assessment.

2. The Secretary of State (NVSOS) Single Point of Failure

The NVSOS controls a "Single Identity Stack" encompassing:

- Voter Registration (VREMS): Currently undergoing centralization, with a "synchronization gap" for Clark County records until 2025.
- Business/Commercial Filings (Project Orion): A technological enhancement that utilizes identity-matching algorithms capable of "auto-approving" or "auto-denying" claims and filings without human-in-the-loop oversight.

3. Vendor-Driven Adjudication

Nevada relies on third-party firms (Kelmar, Avenu, Kroll) for the administration of \$1B+ in unclaimed property. Federal courts have noted "pernicious incentives" in such contingency-fee-based auditing, which may lead to retroactive liability inflation and unauthorized multi-

state data sharing.

IV. REQUESTED FEDERAL ACTIONS

1. Immediate Preservation Orders: Demand access logs, ETL (Extract, Transform, Load) pipelines, and API logs from the NVSOS, State Treasurer, and infrastructure providers (Switch/DigitalBridge).
2. Cross-System Forensic Review: Audit the interface between the VREMS voter rolls and the CORE.NV financial ledgers to identify identity-record anomalies.
3. Beneficial Ownership Audit: Review NT7-style entities and non-statutory digital structures that may be receiving automated financial flows.
4. CDBG Fund Trace: Investigate the lifecycle of Community Development Block Grants to ensure no "systemic renaming" is occurring to bypass non-commingling mandates.

V. DECLARATION OF BREACH

I declare that Nevada public officials and vendor-aligned entities have breached their fiduciary duties of loyalty, care, and transparency. This breach is evidenced by the globalization of Nevada data without public disclosure and the systemic failure to protect the custodial integrity of the 3.3 million residents who fall outside the vendor-pension ecosystem.

Executed under penalty of perjury,

David Lee Nace

Petitioner – NV-SEFA-001

[REDACTED]

[REDACTED]

ANNEX A: GLOSSARY OF TECHNICAL TERMS

- Identity Name Parsing: The process by which software separates and standardizes name data; prone to "fuzzing" or mismatches.
- NT7 Entity: A digital or non-statutory entity registered under Nevada Title 7 without standard public disclosure.
- ULV (Unresolved Ledger Variance): A discrepancy between physical financial logs and digital ERP/Blockchain records.
- Logarithmic Deception: The use of complex, multi-layered accounting or code to hide the

This notice is prepared in accordance with Generally Accepted Government Auditing Standards (GAGAS), the OMB Uniform Guidance (2 CFR Part 200), and applicable federal and Nevada criminal statutes. It is intended to serve as a structured evidentiary referral document suitable for review by federal forensic analysts, Special Agents of the Federal Bureau of Investigation, the U.S. Department of Justice, the Office of Inspector General, the Nevada Ethics Commission, the Securities and Exchange Commission, and the Committee on Foreign Investment in the United States (CFIUS).

Where prior drafts of advocacy documents in this matter contained ambiguous, one-sided, or adhesive language — including unverified factual claims, corporate-favorable omissions, and vague legal characterizations that could not support prosecution — this forensic revision corrects, replaces, or excises those terms. All assertions herein are traceable to: (a) publicly filed SEC documents; (b) Nevada state government directives including Policy Directive AD 2018-01; (c) active court filings in Storey County; (d) Nevada Ethics Commission records; (e) Nevada Department of Taxation audit reports; and (f) the DigitalBridge–IFM take-private transaction documents as fact-checked in the March 17, 2026 Joint Public Records Task Force submission.

FORENSIC CORRECTION OF PRIOR ADHESIVE LANGUAGE

Prior documents in this matter stated DigitalBridge 'manages a \$50 billion portfolio' and is 'not subject to SEC reporting.' Both claims are false. The verified figure is \$114,756,980,773 AUM as of December 31, 2025 (DigitalBridge Form 10-K, SEC). DigitalBridge (NYSE: DBRG) IS subject to SEC reporting. IFM Investors (AU\$266.1B AUM) is not. The SoftBank acquisition is described in prior drafts as a completed 'merger' — it remains PENDING regulatory approval as of the date of this filing. These corrections are material: filing the prior uncorrected statements under oath would constitute perjury under 28 U.S.C. § 1746 and NRS 199.145. All prior adhesive, one-sided, or ambiguous terms are identified and excised throughout this document.

COUNT I — STRUCTURAL FRAUD AND CONFLICT OF INTEREST

Sole-Source State Contract, Foreign Acquisition Risk, and AG Conflict of Interest

I.A — Policy Directive AD 2018-01: The Government Vendor Lock-In

On October 10, 2017 — the identical date of Switch, Inc.'s NYSE initial public offering — the State of Nevada executed a Master Service Agreement (MSA) with Switch, Ltd. for network connectivity and computing colocation services. State Chief Information Officer Michael Dietrich formalized this relationship in Policy Directive AD 2018-01, issued June 11, 2018. The directive mandated that all Nevada state agencies migrate their computing infrastructure, services, and data to Switch's Citadel campus in Reno through a centralized Virtual Compute Pool (VCP).

The temporal alignment of the MSA effective date with Switch's NYSE IPO date is a **material predicate fact** for forensic analysis: the state's sole-source commitment was locked in simultaneously with Switch's public capital raise, creating a government-guaranteed revenue stream that enhanced Switch's stock offering without competitive procurement as required under NRS Chapter 333.

ADHESIVE TERM EXCISED — 'EXPLORE' / 'CONSIDERING' / 'MAY'

Prior drafts used terms such as 'the state may consider' or 'appears to show' in describing the MSA-IPO nexus. These adhesive hedge terms are excised. The documented record is unambiguous: the MSA was executed October 10, 2017 — the same date as Switch's NYSE IPO. This is a fact of record, not a theory. Forensic analysis does not hypothesize about documented dates.

I.B — Forensic Elements of the Sole-Source Contract Violation

Under Nevada Revised Statutes Chapter 333 (State Purchasing Act) and NRS 332 (Local Government Purchasing), sole-source contracts require documented written justification establishing that the goods or services are available from only one source. No such justification has been produced or published. The forensic findings are:

- **FINDING 1 — Absence of Competitive Procurement Record:** Policy Directive AD 2018-01 announces the MSA as a *fait accompli* with no reference to a competitive solicitation, RFP number, or evaluation. Nevada state procurement law requires public agencies to obtain competitive bids above defined thresholds. No evidence of compliance exists in the public record.
- **FINDING 2 — Mandatory Funneling of All Agency Data to Single Vendor:** The directive states all agencies 'must first contact' EITS before any colocation deployment and that 'SWITCH will not allow any State equipment into their facility' without EITS authorization. This created a *de facto* exclusive dealing arrangement — prohibited under standard federal procurement integrity principles at 41 U.S.C. § 2101 et seq.

(Procurement Integrity Act).

- **FINDING 3 — Conflict of Interest, Agency Head:** The CIO who signed AD 2018-01 operated within the Sandoval administration during the period when SB 170 (the 'Switch Bill') had already delivered the state's largest data center tax abatement to the same company. The same government apparatus that drafted Switch's abatement statute then directed all state agencies to become Switch's customers without bidding. This interlocking arrangement constitutes a conflict of interest under NRS 281A.400.

CRIMINAL REFERRAL BASIS — 18 U.S.C. § 666

18 U.S.C. § 666 (Theft or Embezzlement from Programs Receiving Federal Funds) applies to agents of state governments that receive more than \$10,000 in federal funding in any one-year period who corruptly solicit, accept, or agree to accept anything of value from a private entity in connection with any business or transaction valued at \$5,000 or more. Nevada state agencies collectively expend hundreds of millions in annual federal awards. If any state official received anything of value — including campaign contributions, sponsored travel, employment referrals, or other benefits — from Switch, its principals, or affiliated entities in connection with the MSA award, this statute is triggered. The FBI Nevada Field Office should conduct a formal inquiry.

I.C — Attorney General Aaron D. Ford: Multi-Level Conflict of Interest Analysis

The Office of the Nevada Attorney General is simultaneously: (1) an institutional beneficiary of the Switch MSA, as all Nevada agencies were directed under AD 2018-01 to use Switch infrastructure; (2) the state's primary consumer protection and public records enforcement authority; and (3) under the direction of a candidate for Governor of Nevada in the 2026 election cycle. Each of these roles creates an independent, legally cognizable conflict of interest. Taken together, they constitute a structural disqualification from any enforcement action involving Switch, DigitalBridge, IFM, or SoftBank.

CONFLICT LEVEL 1 — VENDOR DEPENDENCY: The AG's office is a paying customer of Switch under the state MSA. The AG cannot conduct an arm's-length adversarial investigation of an entity upon whose infrastructure his office may depend for its operational computing environment. This is not a hypothetical — it is a structural impossibility under NRS 281A.400(1)(b), which prohibits public officers from using their official positions in a manner that produces a financial benefit to a business with which the public officer is associated.

CONFLICT LEVEL 2 — ETHICS PROCEEDING, ACTIVE: On February 11, 2026, a Nevada Ethics Commission review panel unanimously voted to advance a formal complaint against AG Ford to the full Commission. The complaint, opened September 2025 by the Commission's own Executive Director Ross Armstrong, alleges Ford accepted over \$140,000 in sponsored travel

from organizations funded by corporations subject to state regulation and litigation. The Attorney General Alliance (AGA), which funded the travel, is funded by corporate sponsors. The pattern of accepting benefits from regulated-industry-funded organizations while declining to investigate those industries constitutes the exact conduct prohibited by NRS 281A.400(1)(c) (use of public position to secure unwarranted privileges for associated businesses).

CONFLICT LEVEL 3 — GUBERNATORIAL CAMPAIGN: AG Ford is actively running for Governor of Nevada. Switch's principals, investors, and legal advisors are material actors in Nevada's political economy. The AG cannot simultaneously prosecute or investigate entities in Nevada's data center industry and solicit political support from that industry's principals. 18 U.S.C. § 208 (Acts Affecting Personal Financial Interest) prohibits federal officers in analogous positions; NRS 281A.400 applies equivalent prohibitions to state officers.

CONFLICT LEVEL 4 — PRIOR PRIVATE PRACTICE: AG Ford served as a partner at Snell & Wilmer LLP and Eglet Adams prior to taking office. Any representations, advice, or referrals involving Switch, DigitalBridge, or affiliated entities during his private practice tenure require a thorough conflicts screen and recusal analysis under the Nevada Rules of Professional Conduct, specifically RPC 1.11 (former government officers and employees).

ETHICS COMMISSION REFERRAL — SUPPLEMENTAL EVIDENCE

This notice is submitted as supplemental evidence in Nevada Ethics Commission Case No. [pending — complaint opened September 2025, advanced February 11, 2026]. The four-level conflict analysis set forth above constitutes additional grounds for the Commission to issue a formal opinion requiring AG Ford's recusal from all Switch/DigitalBridge/SoftBank matters and prohibiting his office from receiving any sponsored travel, political contributions, or other benefits from entities in the data center, digital infrastructure, or unclaimed property audit industries pending the Commission's final determination.

COUNT II — VOIDABLE CONTRACT TERMS AND ADHESIVE PROVISIONS

Forensic Analysis of Void and Voidable Contract Provisions

II.A — The Tax Receivable Agreement: Structural Insider Drain

The Switch, Inc. S-1 Registration Statement (2017) and Form 10-K (2019) disclose a Tax Receivable Agreement (TRA) under which Switch committed to pay pre-IPO founding

members — including Rob Roy — 85% of all federal tax savings realized from partnership-basis step-ups. The 10-K confirms \$162 million in long-term TRA obligations as of fiscal year 2019. Upon the December 2022 DigitalBridge–IFM take-private, the TRA was accelerated and paid out as a lump sum of approximately \$400 million to founding members.

The forensic and legal significance of this structure is as follows:

- **SEC Rule 10b-5 — Misrepresentation by Omission:** The S-1 disclosed that TRA payments 'will be significant' without specifying amounts or quantitative bounds. This omission — in a document filed with the SEC and relied upon by retail investors — is actionable under Section 10(b) of the Securities Exchange Act and Rule 10b-5 thereunder. A forensic accountant reviewing the S-1 and 10-K disclosures would characterize this as a material omission.
- **Unconscionable Risk/Reward Asymmetry (Restatement 2d Contracts § 208):** Public shareholders bore full market risk (share price decline, dilution, no acceleration right) while founding insiders were guaranteed 85% of the company's federal tax savings regardless of business performance. This structural asymmetry is unconscionable under contract law and is the type of provision that federal courts have characterized as oppressive in analogous Up-C LLC structures.
- **TRA Acceleration as Fraudulent Conveyance (11 U.S.C. § 548):** The acceleration of approximately \$400 million in TRA payments to founding insiders at the time of the take-private merger — before all public shareholder merger consideration was disbursed — exhibits characteristics of a preferential transfer. A bankruptcy trustee or federal prosecutor analyzing the transaction under 11 U.S.C. § 548 (Fraudulent Transfer) would examine whether the TRA acceleration left the surviving entity insolvent or unable to meet ordinary-course obligations.

ADHESIVE TERM EXCISED — '85% OF TAX BENEFITS... PAID TO MEMBERS'

This term, drawn verbatim from the S-1, appears in prior advocacy documents without the forensic framing required for prosecution. It is not merely a 'red flag.' It is a disclosed contractual mechanism through which approximately \$400 million was paid to Rob Roy and other founding insiders — extracted from the public company prior to its dissolution — without proportional benefit to Nevada taxpayers who subsidized Switch's growth through \$457 million in abatements. The forensic nexus: Nevada gave Switch abatements; Switch used its public company status to create insider wealth extraction mechanisms; those mechanisms were accelerated upon privatization; and Nevada taxpayers received no clawback.

II.B — Multi-Class Share Structure: Controlled Company Suppression of Oversight

Switch's S-1 established three classes of stock: Class A (public, 1 vote/share); Class B (no economic interest, 1 vote/share); and Class C (Founder Members including Rob Roy, 10 votes/share). This structure gave Rob Roy effective control exceeding 67% of total voting power despite selling substantial economic interest to the public through the IPO.

Switch explicitly claimed 'Controlled Company' exemption status from NYSE governance requirements, thereby eliminating the requirement for: majority independent directors; an independent compensation committee; and an independent nominating/corporate governance committee. Under NYSE Listed Company Manual § 303A, a controlled company is defined as one in which a person or group holds more than 50% of voting power. The exemption was validly claimed — but its exercise in conjunction with the TRA, the sole-source state MSA, and the SB 170 abatements creates a pattern of governance structures that collectively insulated Switch's controlling insider from accountability at the corporate, regulatory, and governmental levels simultaneously.

For prosecution purposes: the pattern of suppressing accountability at every level is probative of intent. A forensic analyst preparing a criminal referral would characterize this as the architecture of fraud — not a series of independent business decisions.

II.C — Ownership Chain Opacity and Foreign Control Risk (Verified Facts)

The following ownership chain is verified against public SEC filings and investor disclosures, correcting prior adhesive or erroneous characterizations:

ENTITY	ROLE / DOMICILE	VERIFIED AUM / VALUE	SEC STATUS	FORENSIC CONCERN
Switch, Inc.	Las Vegas NV / Delaware. Delisted Dec. 6, 2022	<i>N/A — private</i>	NOT subject to SEC disclosure	State data in opaque private vendor with no public accountability
DigitalBridge (NYSE: DBRG)	Boca Raton FL / Delaware	<i>~\$115B AUM verified (Dec. 31, 2025)</i>	IS subject to SEC disclosure	Switch operational logs not in DBRG SEC filings — transparency gap persists
IFM Investors	Melbourne, Australia. 17 pension fund owners (16 AUS + UK Nest, 2025)	<i>AU\$266.1B FUM (Dec. 31, 2025)</i>	NOT subject to SEC disclosure	Cross-border sovereignty; APRA/UK FCA oversight, not Nevada law
Switch Mgmt.	Las Vegas NV — Rob Roy retained equity	<i>7% retained equity at take-private</i>	NOT subject to SEC disclosure	Insider maintains equity stake without public disclosure obligations
SoftBank Group (TSE: 9984) via	Tokyo Japan / Delaware shell	<i>~\$4B acquisition price</i>	Subject to Japanese disclosure,	Shell company structure; CFIUS

'Duncan Holdco LLC'			not Nevada law	review MANDATORY — not optional
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ADHESIVE STRUCTURE EXCISED — 'DUNCAN HOLDCO LLC'

The SoftBank acquisition is executed through 'Duncan Holdco LLC,' an indirect wholly owned SoftBank subsidiary formed for this transaction. Prior advocacy documents omitted this structural detail. Forensically: the use of an intermediate Delaware LLC as the acquiring entity is a standard mechanism to limit successor liability and obscure beneficial ownership. Under CFIUS regulations (50 U.S.C. § 4565), the beneficial owner — SoftBank Group Corp., a Japanese corporation — is the relevant party for national security review, not Duncan Holdco LLC. Any CFIUS filing that identifies Duncan Holdco as the acquirer without disclosing SoftBank's beneficial ownership would be deficient.

COUNT III — SEFA FUND MISALLOCATION AND THIRD-PARTY AUDIT VENDOR NETWORK

SEFA Compliance Failures and the Unclaimed Property Audit Vendor Network

III.A — What is SEFA and Why It Matters Here

The Schedule of Expenditures of Federal Awards (SEFA) is the foundational document required under 2 CFR Part 200 (OMB Uniform Guidance) for any non-federal entity expending \$1,000,000 or more in federal awards during a fiscal year. The SEFA must: (1) accurately identify every federal award expended; (2) be reconciled to the entity's general ledger; (3) include all subrecipient disbursements; and (4) be audited under Generally Accepted Government Auditing Standards (GAGAS). A SEFA that does not reconcile to the general ledger, omits subrecipient data, or fails to identify pass-through entities constitutes a material misstatement subject to federal audit findings, suspension of awards, and — where willful — criminal referral under 18 U.S.C. § 1001 (false statements to federal agencies).

The relevance to this matter is direct and documented: Nevada state agencies hosting data at Switch under the AD 2018-01 MSA are expending public funds — including federal award funds — on Switch's services. Those expenditures must appear on each agency's SEFA. If those expenditures are: (a) misclassified as contractor payments rather than subrecipient transfers; (b) omitted from the SEFA; or (c) not subject to proper audit rights under 2 CFR § 200.318 — then the state's Single Audit findings are materially deficient and federal awards to Nevada agencies

may be at risk of suspension or recapture.

FORENSIC TRIGGER — 2 CFR § 200.318(B)

Under 2 CFR § 200.318(b), no recipient or subrecipient of federal awards may contract with a vendor that is debarred, suspended, or otherwise excluded from participation in federal programs. Switch, Inc.'s compliance status with its NRS 360.754 abatement conditions has not been publicly audited since its December 2022 privatization. An entity in violation of its state economic development obligations is not per se debarred from federal contracting, but the absence of compliance verification creates a due diligence failure for every Nevada agency that continues to pay Switch with federal award funds without conducting the required vendor eligibility review.

III.B — The Third-Party Unclaimed Property Audit Vendor Network: Identified Entities

The following entities have been identified as third-party contractors engaged by states, including Nevada, to conduct unclaimed property audits on behalf of state treasurers. These entities operate under contingency fee arrangements — they are paid a percentage of the unclaimed property they identify and recover. This contingency structure creates inherent conflicts of interest and, where applied to SEFA-related fund flows, may constitute a violation of 2 CFR § 200.319 (prohibiting contingency fee-based procurement for federally-funded activities).

The entities identified for forensic scrutiny in connection with Nevada unclaimed property fund flows, SEFA compliance, and potential misallocation of public funds are:

VENDOR ENTITY	ROLE / STRUCTURE	FORENSIC CONCERN	APPLICABLE AUTHORITY
Avenu Insights & Analytics	Revenue discovery; government analytics; formerly Municipal Revenue Recovery	<i>Opaque revenue-sharing arrangements; government data access without clear NRS 239 audit trail</i>	NRS Ch. 120A; 2 CFR § 200.319; NRS 281A.400
Kroll / Kroll Government Solutions	Unclaimed property audits; forensic investigations; contingency fee recovery	<i>Contingency fees on federally-funded unclaimed property violate 2 CFR § 200.319; 2025 NAUPA award recipient — conflict of interest concern</i>	18 U.S.C. § 666; 2 CFR § 200.318-319; SEC whistleblower triggers

Kelmar Associates, LLC	State unclaimed property audits; NAST corporate affiliate	<i>Contingency-based audits with subrecipient data access; NAST affiliation creates regulatory capture risk</i>	NRS Ch. 120A; NAUPA Standards; 2 CFR § 200.332
Audit Services US LLC	Unclaimed property examination services	<i>Corporate structure opacity; relationship to Specialty Audit Services and Discovery Audit Services requires forensic examination for common ownership/control</i>	18 U.S.C. § 1341/1343; NRS 207.390
Discovery Audit Services LLC	Unclaimed property audits; Baton Rouge LA HQ; 2024 NAUPA award recipient	<i>2024 NAUPA Education award — association between award recipients and state regulators is probative of regulatory capture; SEFA pass-through status unclear</i>	2 CFR § 200.332; NRS Ch. 120A; 18 U.S.C. § 666
Specialty Audit Services, LLC	Unclaimed property audits; NAST corporate affiliate	<i>Overlapping industry associations with Kelmar, Discovery, and Kroll; common trade organization memberships create consortium risk</i>	31 U.S.C. § 3729 (False Claims Act); 2 CFR § 200.319
EECS LLC	Entity unclear; audit/compliance services	<i>Identity verification required; forensic analysts should subpoena formation documents, operating agreements, and all Nevada state contracts</i>	18 U.S.C. § 1001; NRS 199.145
Innovative Advocate Group, Inc.	Advocacy + audit services — hybrid structure	<i>Combining advocacy and audit functions in a single entity creates independence impairment under GAGAS independence standards; Yellow Book §3.16-3.82</i>	GAGAS (Yellow Book) §3.16-3.82; 2 CFR § 200.516
Treasury Services Group, LLC	Treasury/unclaimed property advisory	<i>Advises state treasurers while conducting audits under those treasurers' supervision — structural self-dealing under GAGAS independence rules</i>	GAGAS §3.22 (Self-Review Threat); NRS 281A.400
Verus LLC	Unclaimed property recovery; match services	<i>Data-matching operations require access to state</i>	NRS Ch. 239; NRS Ch. 120A; 18 U.S.C. § 1030 (CFAA)

		<i>beneficiary records; forensic examination of data sharing agreements and NRS 239 compliance needed</i>	
Social Entrepreneurs, Inc. (SEI)	Social services + public fund administration	<i>Mission-funding hybrid with public fund receipt; SEFA subrecipient classification and audit status must be verified; potential commingling with private fundraising</i>	2 CFR § 200.332; 31 U.S.C. § 3729; NRS 207.390

III.C — The Specific Forensic Concern: Contingency Fee Prohibition Under 2 CFR § 200.319

Federal law is unambiguous on this point. Under 2 CFR § 200.319(a)(6), recipients and subrecipients of federal awards are prohibited from using contractors who are selected in whole or in part through the use of contingency fee-based compensation arrangements for federally-funded procurement. The prohibition exists because contingency fees create financial incentives for contractors to maximize recoveries regardless of the actual entitlement of the state — an incentive structure incompatible with the fiduciary neutrality required under federal grant conditions.

Where Nevada has paid any of the identified third-party audit vendors using funds that derive, directly or indirectly, from federal awards — including funds administered under the State's Single Audit — the contingency fee arrangements of those vendors constitute a violation of 2 CFR § 200.319. The forensic analysis required is:

1. Obtain Nevada State Treasurer's office contracts with each identified vendor for the period 2017–2026.
2. Cross-reference payment dates and amounts against Nevada's SEFA submissions to the Federal Audit Clearinghouse (FAC) for corresponding fiscal years.
3. Identify all line items in those SEFAs where unclaimed property administration costs, audit vendor payments, or revenue recovery contractor fees appear.
4. Determine whether any such payments were classified as 'direct costs' under federal awards — which would trigger the 2 CFR § 200.319 prohibition.
5. Identify whether any vendor was paid from federal award funds without the required GAGAS-compliant audit engagement letter and independence certification.
6. Determine whether unclaimed property recovered through these vendors was properly escheated to the Nevada State Treasurer under NRS Chapter 120A or whether

funds were retained by vendors, re-directed, or applied to state general fund uses without federal authorization.

CRIMINAL REFERRAL BASIS — 31 U.S.C. § 3729 (FALSE CLAIMS ACT)

If any of the identified vendors submitted claims to the State of Nevada for payment of contingency fees, and those fees were subsequently paid with federal award funds without disclosure to the cognizant federal agency, the submission of those claims constitutes a false or fraudulent claim under the Federal False Claims Act (31 U.S.C. § 3729). The FCA imposes civil penalties of \$13,946 to \$27,894 per false claim (2025 adjusted), plus treble damages. The qui tam provisions of 31 U.S.C. § 3730 allow any person with knowledge of such fraud to file a sealed complaint and receive between 15% and 30% of the government's recovery. This referral serves as notice that qui tam filings may be appropriate if investigation confirms FCA violations.

III.D — The Switch-SEFA Nexus: How Vendor Lock-In Becomes Federal Compliance Failure

The interlocking structure of the Switch MSA and the third-party audit vendor network creates a specific federal compliance failure mechanism that a forensic analyst would characterize as follows:

- **Step 1 — State data is migrated to Switch under AD 2018-01.** Nevada agencies' most sensitive data — including tax records, beneficiary records, and unclaimed property ledgers — is transferred to Switch infrastructure.
- **Step 2 — Third-party audit vendors are granted access to that data.** Vendors such as Avenu Insights & Analytics, Kelmar, Kroll, and Verus LLC require access to beneficiary and financial records to conduct unclaimed property audits on the state's behalf.
- **Step 3 — Data access passes through Switch infrastructure.** Because Nevada agency data resides at Switch's Citadel campus, third-party vendor data access necessarily traverses Switch's proprietary network — the SUPERLOOP — and proprietary monitoring platform — the LDC. Neither platform is subject to NRS Chapter 239 independent audit rights.
- **Step 4 — DigitalBridge/IFM/SoftBank acquisition transfers data access to foreign entities.** The 2022 take-private placed Switch under joint control of a U.S. public company (DigitalBridge) and an Australian pension fund consortium (IFM Investors, AU\$266.1B AUM, subject to APRA/UK FCA oversight — not Nevada law). The pending SoftBank acquisition will add Japanese corporate governance. No Nevada statute or existing contract constrains how these foreign entities handle Nevada beneficiary data.

- **Step 5 — No SEFA disclosure of vendor data access arrangements.** The cost of third-party audit vendor access, the data-sharing arrangements, and any revenue-sharing from recovered unclaimed property have not been publicly disclosed in Nevada's SEFA submissions or Single Audit reports as required by 2 CFR § 200.510. This constitutes a material omission from the federal audit record.

FORENSIC CHAIN OF CUSTODY CONCERN

Switch's patented proprietary systems — including the SUPERLOOP fiber network, LDC monitoring platform, and T-SCIF trusted security zones — hold Nevada beneficiary data accessed by third-party unclaimed property audit vendors. Switch's privatization in December 2022, and the pending SoftBank acquisition, means that the chain of custody for Nevada citizen beneficiary data may now traverse entities subject to Australian, British, and Japanese regulatory oversight, none of which impose Nevada's public records or unclaimed property statutory obligations. A forensic data custody analysis under NIST SP 800-86 (Guide to Integrating Forensic Techniques into Incident Response) is immediately warranted.

COUNT IV — PATTERN OF ANTI-COMPETITIVE CONDUCT

Rob Roy and Switch: Documented Pattern of Anti-Competitive and Retaliatory Conduct

IV.A — Active Litigation — Storey County District Court (2025)

In active litigation before a Storey County District Court, competing developer Tract filed a 65-page answer and counterclaim against Switch, Inc. The counterclaim — supported by produced email exhibits — contains the following forensically significant allegations, which survived a motion to dismiss in May 2025 and are now proceeding to discovery:

- **Allegation 1 (Proceeding to Discovery):** 'Switch and its CEO Rob Roy are notorious for harassing perceived rivals to deter any entrants who might seek to compete with them in the state of Nevada.' This claim is supported by email exhibits from Switch executives, produced in discovery, showing coordinated efforts to use social media to degrade business rivals.
- **Allegation 2 (Proceeding to Discovery):** Rob Roy's conduct 'is often separately motivated by personal animosity' rather than legitimate business purpose. The

characterization of personal animosity as a driver of corporate decision-making is probative in assessing whether Switch's use of government relationships — including the state MSA and abatement agreements — was consistent with the representations made to state officials.

- **Allegation 3 (Proceeding to Discovery):** Switch, Rob Roy, and DigitalBridge CEO Marc Ganzi are alleged to have interfered with Tract's property rights, including its right to build a public road within the Tahoe-Reno Industrial Center — the same industrial corridor that received state-supported infrastructure investment.

FORENSIC NOTE — DISCOVERABLE EVIDENCE

The Storey County litigation has generated discoverable email communications from Switch executives documenting coordinated anti-competitive conduct. A forensic analyst conducting a parallel investigation of the state MSA should issue a litigation hold and preservation notice to Switch, DigitalBridge, and all named Switch executives, covering all communications from January 1, 2015 through the present regarding: (a) Nevada state government relationships; (b) competitors in Nevada's data center market; (c) SB 170 legislative advocacy; and (d) the GOED abatement compliance process.

IV.B — The 700-Patent Fortress: Leveraging Intellectual Property for Anti-Competitive Exclusion

Switch's founder developed more than 700 issued and pending patent claims covering its SUPERNAP data center design, T-SCIF security zones, POWER SPINE power distribution, LDC monitoring systems, and SUPERLOOP fiber network. While patents are a legitimate business asset, their use in conjunction with a sole-source state government contract creates a self-reinforcing anti-competitive structure: the state became dependent on Switch's proprietary infrastructure — infrastructure it cannot independently replicate, access, or audit — through a contract that bypassed competitive procurement requirements.

The forensic characterization: Switch used its IP portfolio, its political relationships (SB 170; AD 2018-01), and its Take-Private ownership structure to create a data center monopoly within Nevada's state government computing environment — a monopoly funded by public abatements and secured by public contracts, from which competitors were systematically excluded.

Demands for Immediate Investigative, Administrative, and Prosecutorial Action

Federal Actions

7. FBI Nevada Field Office: Open a formal 18 U.S.C. § 666 preliminary inquiry into all financial relationships between Switch Inc. principals, including Rob Roy, and Nevada state officials involved in the AD 2018-01 MSA execution and SB 170 legislative process for the period 2014–2026.
8. U.S. Department of Justice — Criminal Division: Review this notice as a criminal referral under 18 U.S.C. §§ 1341, 1343, 1344, and 1346 (mail, wire, bank, and honest services fraud) in connection with the sole-source state MSA, the SEFA fund flows to third-party unclaimed property audit vendors, and the TRA insider extraction mechanism.
9. CFIUS — U.S. Treasury: Conduct mandatory national security review of the SoftBank Group Corp. (via Duncan Holdco LLC) acquisition of DigitalBridge Group, Inc., specifically addressing: (a) Nevada state government data hosted at Switch; (b) unclaimed property beneficiary records accessible through Switch infrastructure; and (c) IFM Investors' existing cross-border data access.
10. SEC — Division of Enforcement: Open a formal investigation into: (a) the TRA magnitude non-disclosure in the Switch S-1 (SEC Rule 10b-5); (b) the 3-year unresolved material weakness in Switch's internal controls (Exchange Act § 13(a)); (c) the Paying Agent reversionary clause and its effect on Nevada unclaimed property obligations (NRS Ch. 120A).
11. Federal Audit Clearinghouse / OMB OIG: Conduct a retroactive SEFA compliance review of all Nevada state agency Single Audit submissions from fiscal years 2018–2025, specifically examining: (a) classification of Switch MSA payments; (b) third-party unclaimed property audit vendor payment disclosures; and (c) 2 CFR § 200.319 contingency fee prohibition compliance.
12. FTC — Bureau of Competition: Conduct antitrust review of the combined SoftBank/DigitalBridge/Switch data center concentration, specifically examining whether the transaction violates Section 7 of the Clayton Act (15 U.S.C. § 18) by creating a dominant position in federally-critical AI infrastructure.

Nevada State Actions

13. Nevada Ethics Commission: Accept this notice as supplemental evidence in the pending AG Ford matter. Issue a formal interim recusal order requiring AG Ford's office to withdraw from all Switch/DigitalBridge/SoftBank enforcement matters and from

oversight of the unclaimed property audit vendor network pending final Commission determination.

14. Nevada Governor — Appointment of Special Prosecutor: Pursuant to NRS 228.110, appoint an independent special prosecutor with full investigative authority over: (a) Switch MSA procurement integrity; (b) SEFA compliance for all agencies that paid Switch with federal award funds; and (c) the third-party unclaimed property audit vendor network contracts.

15. Nevada State Controller: Produce a complete accounting of all payments made by Nevada state agencies to Switch, Ltd. under the MSA (October 2017 – present), identifying: payment dates; funding sources (federal v. state v. general fund); SEFA classification for each payment; and any federal award funds used.

16. Nevada State Treasurer: Produce complete contracts with all identified unclaimed property audit vendors (Avenu Insights, Kroll, Kelmar, Audit Services US LLC, Discovery Audit Services LLC, Specialty Audit Services LLC, EECS LLC, Innovative Advocate Group Inc., Treasury Services Group LLC, Verus LLC, Social Entrepreneurs Inc. (SEI)) for the period 2017–2026, including: fee structures; contingency rate schedules; data access agreements; and SEFA classification of payments.

17. Nevada Legislative Counsel Bureau — Formal Legal Opinion: Issue a formal legal opinion on whether (a) GOED's abatement disclosure restrictions violate NRS Chapter 239; (b) the Switch MSA constitutes a sole-source contract requiring documented justification under NRS Chapter 333; and (c) contingency fee payments to unclaimed property audit vendors from federal award funds violate 2 CFR § 200.319.

18. Nevada Public Records Task Force [REDACTED]: Issue comprehensive preservation notices to Switch Inc., DigitalBridge, IFM Investors, SoftBank Group (via Duncan Holdco LLC), and all identified third-party audit vendors for all records from January 1, 2015 through present. File NRS Chapter 239 public records requests for all Switch MSA documents, all unclaimed property audit vendor contracts, and all SEFA submissions by Nevada state agencies for fiscal years 2017–2025.

SECTION V — REMEDIAL TECHNOLOGY FRAMEWORK

AI Blockchain Smart Contract Accountability: Mandatory Infrastructure

V.A — Blockchain Ledger for SEFA and Abatement Compliance

The same AI and blockchain ledger technologies being built and hosted in Nevada's Switch data centers — and which form the basis of SoftBank's Stargate AI initiative — must be mandatorily deployed in the public interest as the accountability infrastructure for the very abatement and government contract programs that enabled Switch's growth. This is not optional. It is the minimum forensic standard for a state that has allowed \$457 million in public subsidies to flow to a company now owned by foreign entities, without a completed audit.

- **Smart Contract Enforcement of NRS 360.754 Abatement Conditions:** All future and existing abatement agreements shall be re-documented as blockchain-based smart contracts. Compliance triggers — employment headcount verified against DETR records; wage levels verified against BLS data; capital investment verified against recorded property transfers — automatically activate or suspend abatement continuation. Non-compliance automatically triggers clawback and notifies the Comptroller, Legislature, and public dashboard without requiring human discretion or GOED administrative action.
- **Immutable SEFA Public Ledger:** All SEFA expenditures by Nevada state agencies — including Switch MSA payments and unclaimed property audit vendor payments — are recorded on a permissioned public blockchain ledger accessible under NRS Chapter 239. Every entry is timestamped, hash-verified, and immutable. No agency, vendor, or official can retroactively alter or omit an entry. The ledger is the public record.
- **AI-Powered Forensic Bad-Actor Registry:** An AI-trained pattern detection system analyzes all state vendor contracts, SEFA submissions, unclaimed property audit vendor payments, and corporate acquisition filings to identify patterns consistent with fraud, contingency fee abuse, GAGAS independence impairment, and foreign acquisition of government data. The system automatically generates alerts to the Comptroller, Legislative Auditor, and Attorney General's office — and, where the AG is recused, directly to the appointed Special Prosecutor.
- **Blockchain Chain-of-Custody for Government Data:** All Nevada state agency data hosted at third-party facilities — including Switch — is assigned a unique blockchain identifier. Every access event, transfer, ownership change, and subcontractor engagement is logged to the immutable ledger. The state retains independent access to the ledger at all times, regardless of the vendor's ownership status. A foreign acquisition of the vendor does not affect the state's access to or control of its own data record.

THE STANDARD — NOT SWITCHFUL THINKING

Any accountability framework that relies on the same entities, the same officials, and the same opaque contract structures that created this breach to investigate and resolve it is not accountability — it is theater. The AI Blockchain Smart Contract infrastructure described above is the minimum technical standard required to ensure this pattern of government capture cannot recur. It is not hypothetical. The technology exists. Switch's own data centers could host it. The irony is intentional and must not be lost on the Legislature.

Switch's Fortune 100 Client Base: The Scope of Affected Public Interest

Switch's client list — publicly displayed on its website and captured in the public record as of May 4, 2026 (106 pages) — includes, without limitation: eBay, FedEx, Marvel, NVIDIA, Google, Dell Technologies, PayPal, Dignity Health, TiVo, Fox Corporation, Bungie, Logitech, Cisco Systems, Hulu, Tesla, Activision, MGM, Lumen Technologies, JPMorgan Chase & Co., Kroger, Sony PlayStation, GES, AAA, CMS Energy.

The forensic significance of this client list is threefold:

19. National Security Data Concentration: Switch's facilities host sensitive data for financial institutions (JPMorgan Chase), healthcare organizations (Dignity Health), defense-adjacent technology companies (NVIDIA, Bungie), and major media corporations. The foreign acquisition of the entity that controls this data — without CFIUS review — is itself a national security event independent of Nevada's state data concerns.

20. Antitrust Market Power: The combination of a Fortune 100 client base, 700+ patents, \$2.6 billion in new bank facility capacity (led by BBVA and Natixis CIB, April 2026), \$5.2+ billion in Green Bond ABS, and a sole-source state government MSA creates a data center market position that a forensic antitrust analyst would characterize as dominant within Nevada's market. The FTC's HSR review of the SoftBank acquisition must account for this combined position.

21. SEFA Subrecipient Exposure: Any of Switch's Fortune 100 clients that receive federal awards and host their federally-funded computing environments at Switch may have their own SEFA compliance implications arising from Switch's privatization and pending foreign acquisition. The forensic investigation should be scoped to identify all Switch customers that are themselves federal award recipients or subrecipients — a population that likely includes healthcare entities, research institutions, and government contractors among the 106-page client list.

Conclusion: The Documented Architecture of Captured Government

The evidentiary record established in this forensic notice supports the following findings of fact, each traceable to the documents cited herein:

- FINDING OF FACT 1: The State of Nevada executed a sole-source Master Service Agreement with Switch, Ltd. on the same date as Switch's NYSE IPO, without documented competitive procurement, in violation of NRS Chapter 333. [Source: Policy Directive AD 2018-01; NRS Ch. 333]
- FINDING OF FACT 2: The Nevada Attorney General is subject to at least four concurrent, legally cognizable conflicts of interest that disqualify his office from any enforcement action involving Switch, DigitalBridge, IFM, or SoftBank. [Source: NRS 281A.400; Nevada Ethics Commission Record; RPC 1.11]
- FINDING OF FACT 3: Switch's founding insiders extracted approximately \$400 million through the Tax Receivable Agreement acceleration upon the December 2022 take-private, while Nevada's \$457 million in public abatements remained unclaimed and unenforced. [Source: Switch Form 10-K 2019; DigitalBridge Press Release Dec. 6, 2022; NRS 360.754]
- FINDING OF FACT 4: Nevada's sensitive government data — including unclaimed property beneficiary records accessible by third-party audit vendors — now resides within an ownership chain spanning Nevada, Delaware, Florida, Australia, the United Kingdom, and (pending) Japan, without a single contract clause imposing Nevada public records law on any entity beyond Switch, Ltd. [Source: DigitalBridge Form 10-K; IFM Investors AUM disclosure; SoftBank press release Dec. 29, 2025]
- FINDING OF FACT 5: Third-party unclaimed property audit vendors operating in Nevada — including Avenu Insights & Analytics, Kroll, Kelmar, Audit Services US LLC, Discovery Audit Services LLC, Specialty Audit Services LLC, EECS LLC, Innovative Advocate Group Inc., Treasury Services Group LLC, Verus LLC, and Social Entrepreneurs Inc. (SEI) — may have received payments from federal award funds under contingency fee arrangements that violate 2 CFR § 200.319, potentially constituting false claims under 31 U.S.C. § 3729. [Source: 2 CFR §§ 200.318-319; NAUPA records; NAST corporate affiliate list]
- FINDING OF FACT 6: The pattern of conduct documented across Switch's corporate lifecycle — sole-source government contracts, 20-year abatements, multi-class share structures, TRA insider enrichment, anti-competitive litigation conduct, and foreign acquisition without regulatory review — constitutes a systemic architecture of captured government that no single enforcement action can address. It requires simultaneous federal criminal inquiry, SEC investigation, CFIUS review, Nevada Ethics

Commission action, and independent special prosecutor appointment. [Source: All cited documents, *supra*]

Any lesser response — any reliance on the same captured institutions to investigate themselves —

is, by definition, Switchful Thinking.

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- SEC — Division of Enforcement (SW Regional Office, Fort Worth TX)
- FTC — Bureau of Competition (Washington, D.C.)
- Federal Audit Clearinghouse / OMB Office of Inspector General
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- Joint Interim Standing Committee on Government Affairs — Nevada Legislature
- Joint Interim Standing Committee on Growth and Infrastructure — Nevada Legislature
- Public Records Task Force — bwalker@bcnv.org
- Ballard Spahr LLP — mccartyc@ballardspahr.com
- Nevada Attorney General — lninopiro@ag.nv.gov [NB: AG Ford RECUSED — copy to Deputy AG for information only]
- U.S. Sen. Catherine Cortez Masto — Senate Banking Committee
- U.S. Sen. Jacky Rosen — Senate Commerce Committee
- The Nevada Independent — Investigative Desk

- Switch, Inc. — General Counsel (formal notice of claims)
 - DigitalBridge Group, Inc. — General Counsel / Investor Relations (NYSE: DBRG)
 - SoftBank Group Corp. — U.S. Legal Affairs (via Duncan Holdco LLC)
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