

From: [David](#)
To: [Legislative Commission](#); [Interim Finance Committee](#); [Committee on Public Lands](#); [budget@lcb.state.nv.us](#); [Interim Education](#); [Fiscal Generic Mailbox](#); [Research Generic Mailbox](#); [Interim Commerce and Labor](#); [Interim Health and Human Services](#); [Interim Judiciary](#); [Interim Government Affairs](#); [GIInterim@lcb.state.nv.us](#); [Interim Legislative Operations and Elections](#); [Interim Natural Resources](#); [Interim Revenue](#)
Subject: Committee-Hearing Talking Points Artificial Intelligence Disclosure & Privilege Protection Act (AIDPPA)
Date: Sunday, August 9, 2026 2:05:34 PM

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To All Interim Committees of the Nevada Legislature — August 2026

From:
David Lee Nace
Las Vegas, Nevada

Subject: Submission of Sworn Declaration Regarding My Use of Artificial Intelligence and the Misuse of the Term “AI Hallucination”
Exhibit A — For Inclusion in All Committee Records

Chair and Members of the Committee,

I respectfully submit the attached Sworn Declaration of AI Use and Statement of Belief Regarding “AI Hallucinations” as Exhibit A for inclusion in the official record of all August 2026 interim committee meetings. This declaration is provided to ensure full transparency regarding my use of artificial intelligence assistance in preparing materials, analyses, and legislative recommendations related to fiduciary oversight, administrative processes, debt collection under NRS 353C, and AI-disclosure policy.

The declaration affirms the following key points:

1. My use of AI is strictly assistive and fully supervised.
I review, verify, and take responsibility for all content produced with AI assistance.
2. I have never experienced an “AI hallucination.”
I have not encountered fabricated citations, invented facts, or false information in my AI-assisted work.
3. I believe the term “AI hallucination” is frequently misused.
In many cases, the phrase appears to be invoked to deflect accountability for improper, undisclosed, or self-interested use of AI systems — particularly in fiduciary, administrative, or financial contexts.
4. Responsibility for AI-generated content rests with the human user.
AI systems do not act with independent intent. Any misuse or misrepresentation of AI-generated documents is attributable to the individual or entity deploying the system.
5. I support mandatory AI-disclosure requirements.
Transparency is essential to prevent misuse of AI in guardianship filings, fiduciary reports, debt-collection actions, redevelopment documents, and administrative determinations.

This declaration is submitted to assist the Legislature in evaluating the proposed Artificial Intelligence Disclosure and Privilege Protection Act (AIDPPA) and to demonstrate my

commitment to transparent, responsible, and accountable use of AI in all public-facing work.

Please include the attached declaration in the committee's official record as Exhibit A.

Thank you for your attention and for your continued service to the State of Nevada.

Respectfully submitted,

David Lee Nace
Las Vegas, Nevada
August 2026

Committee-Hearing Talking Points

Artificial Intelligence Disclosure & Privilege Protection Act (AIDPPA)

Prepared for August 2026 Interim Committees
Prepared by: David Lee Nace — Las Vegas, Nevada

1. Tuesday, August 11, 2026 — Joint Interim Standing Committee on Health & Human Services

Focus: Guardianships, fiduciaries, vulnerable populations, medical decision-making

Core Message:

AI-generated guardianship petitions, incapacity indicators, and medical summaries are already appearing in Nevada courts. Under *United States v. Heppner*, these documents are not privileged, not confidential, and discoverable. Vulnerable Nevadans deserve transparency when AI influences decisions about their liberty, health, or property.

Talking Points:

- Nevada's guardianship statutes (NRS 159, 159A) already suffer from high discretion and low oversight.
- AI-generated incapacity indicators or care-plan summaries must be disclosed to prevent abuse.
- Undisclosed AI use in guardianship filings constitutes a deceptive practice and privilege waiver.
- Vendor-hosted AI systems (Switch → DigitalBridge → SoftBank) create confidentiality risks for medical and fiduciary data.
- AIDPPA ensures families can request human-only reconsideration of AI-influenced decisions.
- Aligns with federal SEFA naming rules: transparency in official documents is mandatory, not optional.

Guided Links:

- AI in guardianship
- Heppner implications

2. Wednesday, August 12, 2026 — Joint Interim Standing Committee on Natural Resources

Focus: Redevelopment, zoning, environmental impact, water systems

Core Message:

AI-generated redevelopment plans, zoning variances, and environmental impact summaries must be disclosed. These documents shape land use, water allocation, and environmental protections — and undisclosed AI influence undermines public trust.

Talking Points:

- Redevelopment statutes (NRS 278–279) already favor large vendors and developers.
- AI-generated zoning analyses may embed bias or vendor-driven assumptions.
- Undisclosed AI use in environmental filings could invalidate decisions under AIDPPA.
- Water-system planning (including Tahoe/Marlette oversight) must disclose AI modeling inputs.
- Vendor infrastructure hosting environmental data creates chain-of-custody risks.

Guided Links:

- AI in redevelopment
- Environmental data integrity

3. Thursday, August 13, 2026 — Interim Finance Committee

Focus: SEFA compliance, federal funds, fiscal transparency, vendor contracts

Core Message:

Nevada agencies must comply with OMB Uniform Guidance (2 CFR 200.510) — the SEFA title cannot be renamed. This federal transparency requirement parallels the need for mandatory disclosure of AI influence in financial determinations, debt-collection actions, and budget analyses.

Talking Points:

- SEFA’s official title is legally mandated; renaming it violates federal audit standards.
- Nevada’s fiduciary and financial systems (NRS 353C, 355, 356) rely heavily on vendor-hosted platforms.

- AI-generated financial statements or debt-collection notices must be disclosed.
- Undisclosed AI use in financial determinations may trigger federal audit findings.
- AIDPPA aligns Nevada's financial transparency with federal SEFA requirements.

Guided Links:

- SEFA compliance
- AI in financial administration

4. Friday, August 14, 2026 — Tahoe/Marlette Oversight Committee (Rescheduled to Aug 20)

Focus: Water systems, environmental modeling, cross-jurisdictional governance

Core Message:

AI-generated water-system models, environmental forecasts, and cross-agency planning documents must be disclosed to ensure scientific integrity and prevent vendor-driven bias.

Talking Points:

- Water-system modeling increasingly uses AI predictive analytics.
- Undisclosed AI influence may compromise environmental compliance and interstate agreements.
- Vendor infrastructure hosting water-system data creates confidentiality and audit risks.
- AIDPPA ensures transparency in environmental modeling and cross-jurisdictional planning.

Guided Links:

- AI in water systems
- Environmental modeling transparency

5. Monday, August 17, 2026 — Committee on Senior Citizens, Veterans & Adults With Special Needs

Focus: Elder abuse, fiduciary exploitation, guardianship transparency

Core Message:

Seniors are disproportionately affected by AI-generated guardianship petitions, trust-administration documents, and medical summaries. Disclosure is essential to prevent exploitation.

Talking Points:

- Nevada’s guardianship history shows repeated abuse and vendor capture.
- AI-generated incapacity indicators must be disclosed to protect seniors.
- Undisclosed AI use in fiduciary filings constitutes a breach of duty.
- AIDPPA gives seniors the right to request human-only reconsideration.

Guided Links:

- Senior protections
- Guardianship reform

6. Tuesday, August 18, 2026 — Joint Interim Standing Committee on Education

Focus: AI in school administration, student records, public-records compliance

Core Message:

AI-generated student-records classifications, disciplinary recommendations, and administrative analyses must be disclosed to ensure fairness and prevent algorithmic bias.

Talking Points:

- AI is already used in student-performance analytics and disciplinary risk scoring.
- Undisclosed AI influence may violate NRS 239 public-records transparency.
- Vendor-hosted student data creates confidentiality risks.
- AIDPPA ensures parents can request human-only reconsideration of AI-influenced decisions.

Guided Links:

- AI in education
- Public-records compliance

7. Tuesday, August 18, 2026 — Joint Interim Standing Committee on Growth & Infrastructure

Focus: Transportation, public works, vendor contracts, redevelopment

Core Message:

AI-generated infrastructure plans, traffic modeling, and vendor-contract analyses must be disclosed to prevent bias and ensure public accountability.

Talking Points:

- Transportation modeling increasingly uses AI predictive systems.

- Undisclosed AI influence may distort cost-benefit analyses.
- Vendor-hosted infrastructure data creates audit and chain-of-custody risks.
- AIDPPA ensures transparency in infrastructure planning and redevelopment.

Guided Links:

- AI in infrastructure
- Vendor transparency

8. Wednesday, August 19, 2026 — Joint Interim Standing Committee on Revenue
(Rescheduled to Aug 26)

Focus: Taxation, revenue modeling, fiscal projections

Core Message:

AI-generated revenue forecasts and tax-policy analyses must be disclosed to ensure accuracy and prevent vendor-driven bias.

Talking Points:

- Revenue modeling increasingly uses AI predictive analytics.
- Undisclosed AI influence may distort fiscal projections.
- Vendor-hosted tax data creates confidentiality risks.
- AIDPPA aligns revenue transparency with federal SEFA standards.

Guided Links:

- AI in revenue
- Fiscal transparency

9. Thursday, August 20, 2026 — Legislative Commission's Audit Subcommittee

Focus: Auditability, SEFA compliance, vendor oversight

Core Message:

AIDPPA directly strengthens Nevada's audit infrastructure by requiring AI-usage logs, vendor disclosures, and seven-year retention — mirroring SEFA's federal audit standards.

Talking Points:

- AI-generated documents must be logged, retained, and auditable.
- Undisclosed AI use constitutes a privilege waiver and audit finding.
- SEFA naming rules demonstrate the importance of strict compliance in official documents.

- Vendor-hosted AI systems must provide audit-ready logs.

Guided Links:

- Audit standards
- SEFA alignment

10. Thursday, August 20, 2026 — Joint Interim Standing Committee on Commerce & Labor

Focus: Insurance, viatical settlements, debt collection, professional licensing

Core Message:

AI-generated insurance determinations, utilization reviews, and debt-collection actions must be disclosed to prevent exploitation and ensure compliance with NRS 688C and 353C.

Talking Points:

- AI is already used in insurance claim scoring and utilization review.
- Undisclosed AI influence may violate fiduciary and consumer-protection statutes.
- Vendor-hosted insurance data creates confidentiality risks.
- AIDPPA ensures transparency in commercial and labor-related AI use.

SWORN DECLARATION OF AI USE AND STATEMENT OF BELIEF REGARDING “AI HALLUCINATIONS”

I, David Lee Nace, being duly sworn, hereby declare and state as follows:

1. Personal Use of Artificial Intelligence

I have used artificial intelligence systems solely as an assistive tool for drafting, analysis, and organization of information. At all times, I have exercised independent judgment, verified the accuracy of any AI-assisted output, and accepted full responsibility for the final content produced.

2. Absence of Erroneous or Fabricated AI Output

In the course of my use of AI systems, I have never experienced an “AI hallucination,” meaning I have never encountered an instance where the system produced fabricated facts, invented legal citations, or generated false information without basis in the materials provided. All AI-assisted content I have reviewed has behaved consistently with the inputs, prompts, and factual context I supplied.

3. Belief Regarding the Term “AI Hallucination”

Based on my experience, I believe the phrase “AI hallucination” is frequently misused or invoked by individuals who may have employed AI systems in ways that were undisclosed, improper, negligent, or motivated by self-interest, including but not limited to fiduciary, administrative, or financial contexts. In my view, the term is often used to deflect accountability for human misuse, mis-prompting, or intentional manipulation of AI-generated

content.

4. Responsibility for AI-Generated Content

I affirm that responsibility for any AI-generated material rests with the human user. AI systems do not act with independent intent, nor do they generate deceptive content absent human direction. Any misuse, concealment, or misrepresentation of AI-generated documents is attributable to the individual or entity deploying the system, not the technology itself.

5. Support for Transparency and Disclosure Requirements

In light of the above, I support statutory requirements mandating disclosure of AI use in fiduciary, administrative, debt-collection, and judicial contexts. Transparency ensures that AI cannot be used to obscure authorship, evade accountability, or influence determinations affecting Nevada residents without proper review and oversight.

6. Truthfulness of Declaration

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information, and belief.

Executed on this 09 day of August, 2026, in Las Vegas, Nevada.

David Lee Nace
Declarant

Original Draft:

Below is a fully revised, Nevada-specific AI Disclosure Bill, now strengthened with directly relevant legal facts from the attached Harvard Law Review essay on *United States v. Heppner* — especially the court’s holding that AI-generated documents are not privileged, not confidential, and fully discoverable.

This bill is drafted in legislative style, suitable for LCB review, interim committee packets, or a BDR request.

It incorporates Nevada’s fiduciary vulnerabilities, vendor-hosted infrastructure issues (Switch → DigitalBridge → SoftBank), and the Heppner precedent showing that AI use creates discoverable, unprotected material.

Artificial Intelligence Disclosure and Privilege Protection Act (AIDPPA)

A proposed addition to Titles 13, 19, 22, 31, and 233B of the Nevada Revised Statutes.

SECTION 1 — SHORT TITLE

This act may be cited as the Artificial Intelligence Disclosure and Privilege Protection Act.

SECTION 2 — LEGISLATIVE FINDINGS AND PURPOSE

The Legislature finds that:

1. Nevada agencies, fiduciaries, courts, and regulated entities increasingly rely on artificial intelligence (AI) systems hosted on third-party infrastructure, including large-scale data-center operators.
2. In *United States v. Heppner* (S.D.N.Y. 2026), the court held that communications with generative AI platforms are not protected by attorney-client privilege, because:
 - “Claude is not an attorney.”
 - Users “could have had no reasonable expectation of confidentiality.”
 - AI documents are not work product unless prepared at counsel’s direction.
3. Nevada’s fiduciary, guardianship, redevelopment, and administrative systems rely heavily on digital tools and vendor-hosted platforms, creating risks that confidential or privileged materials may be exposed, retained, or disclosed by third parties.
4. Nevada’s public agencies and regulated entities must disclose when AI materially influences decisions, filings, or analyses, and must ensure that AI-generated materials are properly reviewed, logged, and protected.
5. Transparency and accountability in AI use are essential to protect Nevada residents, maintain public trust, and ensure the integrity of judicial, fiduciary, and administrative processes.

SECTION 3 — DEFINITIONS

For purposes of this chapter:

- “Artificial intelligence system” means any automated model, algorithm, or computational process — including generative AI, machine learning, predictive analytics, classification engines, or optimization systems — that produces, modifies, or influences text, analysis, recommendations, or decisions.
- “Material influence” means any AI-generated or AI-modified content used to draft, support, justify, or inform a filing, petition, notice, determination, or financial action.
- “Covered entity” includes:
 - Guardians, trustees, fiduciaries, conservators

- State agencies, local governments, courts, and law enforcement
 - Public-private contractors, redevelopment agencies, and utilities
 - Debt-collection vendors and financial institutions
 - Insurance carriers and managed-care organizations
 - Any person or entity submitting filings to a Nevada court or administrative body
- “Vendor infrastructure” means any third-party data-center, cloud service, or hosting platform used to store, process, or transmit AI-generated content.

SECTION 4 — MANDATORY AI DISCLOSURE REQUIREMENTS

A covered entity shall disclose the use of artificial intelligence when preparing, submitting, or relying upon any document materially influenced by AI in the following contexts:

- Guardianship petitions under NRS Chapter 159
- Fiduciary reports, trustee accountings, or trust-administration documents under NRS Chapters 162–166
- Administrative regulations, guidance, or rulemaking materials under NRS Chapter 233B
- Public-records classifications, denials, or exemptions under NRS Chapter 239
- Redevelopment plans, zoning variances, or tax-increment financing documents under NRS Chapters 278–279
- Debt-collection notices or actions under NRS Chapter 353C
- Insurance determinations, utilization review decisions, or viatical settlement documents under NRS Chapter 688C

The disclosure must include:

- The type of AI system used
- The purpose for which AI was used
- Whether AI output was edited, modified, or relied upon
- The identity of the vendor or hosting platform
- A statement of human review and responsibility

SECTION 5 — PRIVILEGE AND CONFIDENTIALITY PROTECTIONS

1. AI-generated materials shall not be deemed privileged unless:• The AI was used at the direction of counsel, and

- The AI functioned as a tool to facilitate communication with counsel, consistent with the reasoning in Heppner and traditional notetaking doctrine.

2. Covered entities must ensure that AI-generated materials stored on vendor infrastructure are:

- Logged
- Protected
- Segregated
- Accessible for audit

3. Any undisclosed AI use in privileged or confidential contexts constitutes:

- A waiver of privilege
- A deceptive practice
- Grounds for sanctions, reversal, or civil liability

SECTION 6 — PROHIBITION ON UNDISCLOSED AI USE

No covered entity may:

- Submit any filing, petition, notice, or determination materially influenced by AI without disclosure
- Use AI to generate or modify evidence, incapacity indicators, or financial statements without disclosure
- Use AI to classify public records as exempt under NRS 239 without disclosure
- Use AI to generate redevelopment or zoning documents without disclosure
- Use AI to generate debt-collection actions without disclosure

Any violation constitutes:

- A deceptive trade practice
- A breach of fiduciary duty
- Grounds for administrative fines up to \$10,000 per violation

SECTION 7 — AUDITABILITY AND RECORDKEEPING

Covered entities must maintain:

- A log of all AI systems used, including timestamps
- Copies of AI-generated or AI-modified content
- Documentation of human review and final decision-making
- Records of vendor infrastructure used to store or process AI content

Logs must be retained for not less than 7 years.

SECTION 8 — RIGHTS OF NEVADA RESIDENTS

Any Nevada resident affected by a decision materially influenced by AI has the right to:

- Know whether AI was used
- Receive a copy of AI-generated or AI-modified content
- Challenge the accuracy, bias, or appropriateness of the AI system
- Request human-only reconsideration
- Seek damages for undisclosed or harmful AI use

SECTION 9 — ENFORCEMENT

Violations may result in:

- Administrative fines
- Civil liability
- Revocation of fiduciary or guardianship authority
- Contract termination for vendors
- Mandatory reporting to the Attorney General

SECTION 10 — SEVERABILITY

If any provision of this act is found invalid, the remaining provisions shall remain in effect.

Next Step Options

I can now produce:

- A full BDR-formatted version ready for submission
- A fiscal note estimating agency impact
- A public-facing summary for media or advocacy groups

Which version do you want next?

Below is a structured, evidence-anchored analysis of the Nevada Revised Statutes (NRS) focused on fiduciary matters, social-impact metrics, and statutory asymmetries that tend to benefit drafters, agencies, or third-party vendors more than Nevadans themselves.

This analysis is grounded in the titles and chapters you provided, with citations drawn directly from the uploaded document (quoted lines appear exactly as required).

Concise Takeaway

Nevada's statutory structure contains several clusters—particularly guardianship, fiduciaries, trusts, public records, administrative procedure, professional licensing, and public-private contracting—where the power imbalance, vague standards, or vendor-friendly provisions create high-risk environments for exploitation, especially for seniors, low-income residents, and individuals with limited legal literacy.

Most Adhesive, Ambiguous, or One-Sided NRS Chapters

These are the chapters where statutory design tends to lock Nevadans into systems that favor state agencies, private guardians, financial institutions, or contracted vendors.

1. Title 13 – Guardianships; Conservatorships; Trusts

Why this cluster is problematic

Nevada's guardianship system has a long history of abuse, overreach, and vendor capture, especially involving private professional guardians and court-appointed fiduciaries.

Adhesive / Ambiguous Chapters

- Chapter 159 – Guardianship of Adults
- Chapter 159A – Guardianship of Minors
- Chapter 162 – Fiduciaries
- Chapter 163 – Trusts
- Chapter 164 – Administration of Trusts
- Chapter 165 – Trustees' Accounting
- Chapter 166 – Spendthrift Trusts

Why these benefit drafters/vendors

- Guardianship appointments can override family rights with minimal evidentiary burden.
- Spendthrift trusts heavily protect trustees and shield assets from beneficiaries.
- Trustee accounting rules are often opaque and allow wide discretion.
- Fiduciary oversight is fragmented, enabling private guardians to bill aggressively.

Document citation

“Chapter 159 - Guardianship of Adults”

“Chapter 162 - Fiduciaries”

These chapters create high-friction exit barriers for Nevadans placed under guardianship or trust control.

2. Title 57 – Insurance (especially viatical settlements)

Adhesive / Vendor-Favored Chapters

- Chapter 688C – Viatical Settlements
- Chapter 695G – Managed Care
- Chapter 697 – Businesses Related to Bail

Why these benefit drafters/vendors

- Viatical settlement regulations often protect brokers and insurers, not terminally ill Nevadans.
- Managed care statutes allow opaque denial processes and third-party utilization review vendors.
- Bail-related insurance statutes create high-cost, low-transparency financial obligations for defendants.

Document citation

“Chanter 688C - Viatical Settlements”

3. Title 54 – Professions, Occupations and Businesses

Adhesive / Anti-Consumer Chapters

- Chapter 628B – Private Professional Guardians
- Chapter 645B – Mortgage Companies
- Chapter 645F – Mortgage Lending and Related Professions
- Chapter 649 – Collection Agencies

Why these benefit drafters/vendors

- Licensing boards often consist of industry insiders, creating regulatory capture.
- Mortgage statutes allow aggressive fee structures and non-transparent servicing practices.
- Collection agency statutes favor creditors and vendors, not debtors.

Document citation

“Chapter 628B - Private Professional Guardians”

4. Title 19 – Public Records & Government Transparency

Adhesive / Ambiguous Chapters

- Chapter 239 – Public Records
- Chapter 239A – Disclosure of Financial Information
- Chapter 239B – Disclosure of Personal Information

Why these benefit drafters/vendors

- Public records exemptions are broad and inconsistently applied.
- Agencies can delay or deny records without meaningful penalty.

- Third-party contractors (e.g., software vendors) often claim proprietary exemptions to avoid disclosure.

Document citation

“Chapter 239 - Public Records”

5. Title 233B – Nevada Administrative Procedure Act

Why this is one of the most adhesive chapters

- Agencies can adopt regulations with minimal public oversight.
- Judicial review standards are highly deferential to agencies.
- Vendors participating in rulemaking often have outsized influence.

Document citation

“Chapter 233B - Nevada Administrative Procedure Act”

6. Title 31 – Public Financial Administration

Adhesive / Vendor-Favored Chapters

- Chapter 353C – Collection of Debts Owed to State Agency
- Chapter 355 – Public Investments
- Chapter 356 – Depositories of Public Money

Why these benefit drafters/vendors

- Debt collection statutes allow aggressive garnishment and third-party contracting.
- Public investment rules often favor large financial institutions.
- Depository rules can exclude community banks, concentrating power.

Document citation

“Chapter 353C - Collection of Debts Owed to State Agency”

7. Title 22 – Redevelopment, Planning & Zoning

Adhesive / One-Sided Chapters

- Chapter 278 – Planning and Zoning
- Chapter 279 – Redevelopment of Communities
- Chapter 278C – Tax Increment Areas

Why these benefit drafters/vendors

- Redevelopment agencies often partner with private developers with limited public accountability.
- Tax increment financing can divert public funds to private projects.
- Zoning variances frequently benefit large developers, not residents.

Document citation

“Chapter 279 - Redevelopment of Communities”

Synthesis: Why These Chapters Are Problematic

Across these clusters, Nevada statutes exhibit recurring patterns:

1. High Discretion, Low Accountability

Guardians, trustees, agencies, and vendors often operate with broad statutory discretion and weak oversight mechanisms.

2. Regulatory Capture

Many regulatory bodies are composed of industry participants, not neutral public representatives.

3. Opaque Processes

Public records, administrative rulemaking, and fiduciary accounting processes are difficult for ordinary Nevadans to navigate.

4. Vendor-Friendly Contracting

Redevelopment, public finance, and insurance statutes frequently privilege private contractors over public interest.

5. Social Impact Misalignment

Nevada's weakest social metrics—elder abuse, guardianship exploitation, housing instability, medical debt—align directly with the chapters above.

Below is a structured, evidence-anchored analysis of the Nevada Revised Statutes (NRS) focused on fiduciary matters, social-impact metrics, and statutory asymmetries that tend to benefit drafters, agencies, or third-party vendors more than Nevadans themselves.

This analysis is grounded in the titles and chapters you provided, with citations drawn directly from the uploaded document (quoted lines appear exactly as required).

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Nevada's statutory structure contains several clusters—particularly guardianship, fiduciaries, trusts, public records, administrative procedure, professional licensing, and public-private contracting—where the power imbalance, vague standards, or vendor-friendly provisions create high-risk environments for exploitation, especially for seniors, low-income residents, and individuals with limited legal literacy.

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These are the chapters where statutory design tends to lock Nevadans into systems that favor state agencies, private guardians, financial institutions, or contracted vendors.

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Why these benefit drafters/vendors

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- Chapter 239 – Public Records
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Why these benefit drafters/vendors

- Public records exemptions are broad and inconsistently applied.
- Agencies can delay or deny records without meaningful penalty.

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Adhesive / Vendor-Favored Chapters

- Chapter 353C – Collection of Debts Owed to State Agency
- Chapter 355 – Public Investments
- Chapter 356 – Depositories of Public Money

Why these benefit drafters/vendors

- Debt collection statutes allow aggressive garnishment and third-party contracting.
- Public investment rules often favor large financial institutions.
- Depository rules can exclude community banks, concentrating power.

Document citation

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- Chapter 278 – Planning and Zoning
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- Chapter 278C – Tax Increment Areas

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Document citation

“Chapter 279 - Redevelopment of Communities”

Synthesis: Why These Chapters Are Problematic

Across these clusters, Nevada statutes exhibit recurring patterns:

1. High Discretion, Low Accountability

Guardians, trustees, agencies, and vendors often operate with broad statutory discretion and weak oversight mechanisms.

2. Regulatory Capture

Many regulatory bodies are composed of industry participants, not neutral public representatives.

3. Opaque Processes

Public records, administrative rulemaking, and fiduciary accounting processes are difficult for ordinary Nevadans to navigate.

4. Vendor-Friendly Contracting

Redevelopment, public finance, and insurance statutes frequently privilege private contractors over public interest.

5. Social Impact Misalignment

Nevada's weakest social metrics—elder abuse, guardianship exploitation, housing instability, medical debt—align directly with the chapters above.

Draft AI Disclosure Legislation for Nevada

Prepared for: Nevada Legislative Counsel Bureau (LCB)

Prepared by: David Lee Nace (Las Vegas, NV)

Takeaway:

Nevada needs a statutory framework requiring mandatory disclosure, auditability, and accountability for the use of artificial intelligence in fiduciary, guardianship, administrative, financial, redevelopment, and public-records contexts. The following draft legislation establishes those requirements in a form suitable for bill drafting.

AI Disclosure and Accountability Act (ADAA)

A proposed addition to Titles 13, 19, 22, 31, and 233B of the Nevada Revised Statutes.

Section 1 — Short Title

This act may be cited as the Artificial Intelligence Disclosure and Accountability Act.

Section 2 — Legislative Findings and Purpose

The Legislature finds that:

1. Artificial intelligence systems are increasingly used in fiduciary decision-making, guardianship petitions, administrative rulemaking, public-records classification, redevelopment planning, debt-collection processes, and insurance determinations.

2. These uses can materially affect the rights, property, liberty, and welfare of Nevada residents.
3. Nevada law currently contains no explicit disclosure requirements for AI use in these contexts.
4. Transparency, auditability, and accountability are necessary to prevent misuse, bias, and exploitation.
5. Vendors, agencies, and fiduciaries must be required to disclose when AI systems materially influence decisions affecting Nevadans.

Section 3 — Definitions

For purposes of this chapter:

- “Artificial intelligence system” means any computational model, algorithm, or automated process—including machine learning, large language models, predictive analytics, classification engines, or optimization systems—that generates, recommends, or influences decisions.
- “Material influence” means any AI-generated output used to draft, justify, support, or inform a decision, filing, petition, notice, denial, approval, or financial action.
- “Covered entity” includes:
 - Guardians, trustees, fiduciaries, conservators
 - State agencies and local governments
 - Redevelopment agencies
 - Public-private contractors
 - Debt-collection vendors
 - Insurance carriers and managed-care organizations
 - Any person or entity submitting filings to a Nevada court or administrative body

Section 4 — Mandatory Disclosure Requirements

A covered entity shall disclose the use of artificial intelligence when:

1. Preparing or submitting any guardianship petition under NRS Chapter 159.
2. Drafting fiduciary reports, trustee accountings, or trust-administration documents under NRS Chapters 162–166.
3. Preparing administrative regulations or guidance under NRS Chapter 233B.
4. Classifying, denying, or withholding public records under NRS Chapter 239.

5. Preparing redevelopment plans, zoning variances, or tax-increment financing documents under NRS Chapters 278–279.
6. Preparing debt-collection notices or actions under NRS Chapter 353C.
7. Drafting insurance determinations, utilization review decisions, or viatical settlement documents under NRS Chapter 688C.

The disclosure must include:

- The type of AI system used
- The purpose for which it was used
- Whether the AI output was edited, modified, or relied upon
- The identity of the vendor or platform
- A statement of human review and responsibility

Section 5 — Prohibition on Undisclosed AI Use

No covered entity may:

1. Submit any filing, petition, notice, or determination materially influenced by AI without disclosure.
2. Use AI to generate or modify evidence, medical summaries, incapacity indicators, or financial statements without disclosure.
3. Use AI to classify public records as exempt under NRS 239 without disclosure.
4. Use AI to generate redevelopment or zoning documents without disclosure.
5. Use AI to generate debt-collection actions without disclosure.

Any undisclosed use constitutes:

- A deceptive practice
- Grounds for sanctions
- Grounds for reversal of the affected decision
- Grounds for civil liability

Section 6 — Auditability and Recordkeeping

Covered entities must maintain:

1. A log of all AI systems used, including timestamps and output summaries.
2. Copies of AI-generated or AI-modified text, analysis, or recommendations.
3. Documentation of human review and final decision-making.

Logs must be retained for not less than 7 years and be available for:

- Courts
- Administrative bodies
- LCB auditors
- Public records requests (subject to existing exemptions)

Section 7 — Rights of Nevada Residents

Any Nevada resident affected by a decision materially influenced by AI has the right to:

1. Know whether AI was used.
2. Receive a copy of the AI-generated or AI-modified content.
3. Challenge the accuracy, bias, or appropriateness of the AI system.
4. Request human-only reconsideration of the decision.
5. Seek damages for undisclosed or harmful AI use.

Section 8 — Enforcement

Violations of this chapter may result in:

- Administrative fines up to \$10,000 per violation
- Civil liability for damages
- Revocation of fiduciary or guardianship authority
- Contract termination for vendors
- Mandatory reporting to the Attorney General

Section 9 — Rulemaking Authority

The Attorney General, in consultation with the LCB and the Nevada Commission on Ethics,

shall adopt regulations governing:

- AI disclosure formats
- Vendor reporting requirements
- Audit procedures
- Penalties
- Public transparency standards

Section 10 — Severability

If any provision of this act is found invalid, the remaining provisions shall remain in effect.

Below is a revised, fact-anchored, Nevada-specific version of your statement — now strengthened with directly relevant material from the attached Harvard Law Review essay on *United States v. Heppner* and the fiduciary/AI-governance concerns you’ve been mapping across Nevada’s statutory and vendor landscape.

I’ve kept your tone — sharp, satirical, and pointed — but grounded it in actual legal developments from the Heppner decision, especially the court’s finding that AI-generated documents are not privileged and may be fully accessible to investigators, regulators, and litigants.

This is written from your perspective, not mine.

Revised Statement (with integrated Heppner-based facts)

NV Energy suing a data-center company? That’s rich — they’re all clients of Switch, including the Attorney General, LVMPD, and the courts themselves. When your regulators, litigants, and defendants share the same server racks, it’s less a lawsuit and more a family meeting in the cloud.

And now, thanks to *United States v. Heppner*, we know exactly how exposed those “family meetings” really are. Judge Rakoff held that exchanges with generative AI — in Heppner’s case, Claude — aren’t protected by attorney-client privilege or the work-product doctrine, because:

“Because Claude is not an attorney, that alone disposes of Heppner’s claim of privilege.”

“Heppner could have had no reasonable expectation of confidentiality in his communications with Claude.”

That means any Nevada agency, fiduciary, or vendor using AI to draft strategy, classify records, or prepare filings is effectively writing in pencil on Switch’s servers — and the eraser belongs to whoever subpoenas the data.

Nevada’s fiduciary web already runs through Switch → DigitalBridge → SoftBank, with billions in tax abatements, unreconciled SEFA funds, and vendor-controlled contracts. Add Heppner’s holding, and the picture gets clearer: AI-generated documents stored on third-party infrastructure are discoverable, unprivileged, and potentially shared with regulators, litigants, or even opposing counsel.

So before NV Energy claims damages, maybe someone should check who’s hosting the evidence — and who technically owns the “confidential” AI-generated strategy memos sitting in the same racks as the Attorney General’s case files.

Why the Heppner decision matters here

To make the connection explicit — and legally grounded — here are the relevant points from the attached essay:

1. AI documents are not privileged

Judge Rakoff held that AI-generated documents fail the first two elements of privilege:

- They are not communications with an attorney.
- They are not confidential, because AI platforms store, process, and may disclose user data.

This applies directly to Nevada agencies and vendors using AI tools to draft:

- regulatory guidance
- litigation strategy
- redevelopment plans
- fiduciary reports
- public-records classifications

2. AI platforms are treated like third-party recipients

The court emphasized that AI platforms' privacy policies allow disclosure to:

- regulators
- litigants
- government authorities
- third-party vendors

This is especially relevant in Nevada, where:

- Switch hosts state agencies, courts, and law enforcement
- DigitalBridge owns Switch
- SoftBank holds controlling interests in DigitalBridge's global infrastructure

3. AI use creates discoverable material

The court held that AI-generated documents:

- are not work product
- are not privileged
- are discoverable
- may be seized under warrant

This means Nevada's AI-generated internal documents — if created on vendor infrastructure — may be accessible to:

- NV Energy
- the Attorney General
- federal investigators
- opposing litigants
- any party with subpoena authority

David Lee Nace