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Case No. CV-1308115

IN THE SEVENTH JUDICIAL DISTRICT COURT OF THE STATE OF NEVADA IN AND FOR THE COUNTY OF WHITE PINE

John Lampros,

Plaintiff,

VS.

Cheryl Noriega, James Adams, and Timothy McGowan, Ely Jet Center, Does I through 10, And Does Inc., 1 through 10,

Defendants.

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ORDER GRANTING SPECIAL MOTION TO DISMISS

This matter comes before the court on Defendant's special motion to dismiss based on Nevada's anti-SLAPP¹ statute in a defamation action. The Nevada Supreme Court defined a SLAPP lawsuit as "a meritless suit filed primarily to chill the defendant's exercise of First Amendment rights." *John v. Douglas County School District*, 125 Nev. 746, 752, 219 P.3d 1276, 1281 (2009) (quoting *Dickens v. Provident Life and Acc. Ins. Co.*, 117 Cal. App. 4th 705, 11 Cal. Rptr. 3d 877, 882 (Ct. App. 2004)). An anti-SLAPP motion strikes at "malicious prosecution" and protects constitutionally ordained freedom of speech. *Id.*

A special motion to dismiss under the anti-SLAPP statute is treated as a motion for summary judgment. NRS 41.660(3)(a). Thus, this court may only grant the special motion to

¹ "SLAPP" is an acronym for strategic lawsuits against public participation.

dismiss if there is no genuine issue of material fact and the moving party is entitled to judgment as a matter of law. *John* (setting forth the summary judgment standard and explaining that "the nonmoving party cannot overcome the special motion to dismiss 'on the gossamer threads of whimsy, speculation and conjecture' ") (quoting *Wood v. Safeway, Inc.*, 121 Nev. 724, 731, 121 P.3d 1026, 1030 (2005)). To avoid summary judgment once the movant has properly supported the motion, the nonmoving party may not rest upon general allegations and conclusions, but must instead set forth by affidavit or otherwise specific facts demonstrating the existence of a genuine issue of material fact for trial. NRCP 56(e); *Wood*, 121 Nev. at 731, 121 P.3d at 1030–31.

Under the Nevada anti-SLAPP statute,² three types of good-faith communications made in furtherance of the right to petition remain protected:

- 1. Communication that is aimed at procuring any governmental or electoral action, result or outcome;
- 2. Communication of information or a complaint to a Legislator, officer or employee of the Federal Government, this state or a political subdivision of this state, regarding a matter reasonably of concern to the respective governmental entity; or
- 3. Written or oral statement made in direct connection with an issue under consideration by a legislative, executive or judicial body, or any other official proceeding authorized by law, which is truthful or is made without knowledge of its falsehood.

Further, "Nevada's anti-SLAPP statute protects good-faith communications if those communications were truthful or made without knowledge of falsehood and regard a matter of reasonable concern..." *John*, 125 Nev. at 761, 219 P.3d at 1286. <u>See NRS 41.637(2)</u>.

In Plaintiff's Amended Complaint, he alleged that Cheryl Noriega, James Adams, Timothy McGowan, and Ely Jet Center ("Defendants") made oral and written defamatory statements, which resulted in harm to his reputation in the community.³ "Defendants published defamatory statements about John – by filing a notice of intent to recall him from his elected office as County Commissioner that contained demonstrably false statements of fact, intending to impute criminal acts to him." Plaintiff alleges the following statements were false and defamatory: (1) Plaintiff committed acts "exploding" county spending, (2) his acts led to a current

² NRS 41.637.

³ On August 29, 2013, Plaintiff dismissed all claims against Ely Jet Center.

budget that had a "1.4+ million short fall not including... building commitments," (3) he was responsible for a "reckless and completely unplanned attempt at replacing the County annex building, with known problems, possibly with as much age and probably with as many problems as the current structure, and again unknown cost to make the building useable, coupled together with other unbudgeted, unplanned expenditures..." and (4) Plaintiff was the "leader of acts forcing the county into insolvency through his mismanagement."

In the Special Motion to Dismiss defendants contend that all statements contained in the Recall Petition are true or, if false, were grounded upon good-faith. Defendants assert that the purchase of the Ely Times Building came before a proper estimate had been obtained, which increased the project budget from \$135,000 to \$350,000. Defendants also assert that the White Pine Aquatic Center encountered planning issues (lack of emergency vehicle access, insufficient parking, ingress and egress to U.S. Highway 6) that resulted in final cost estimates ranging from \$385,000 to \$512,000. Lastly, defendants state that White Pine County suffered from a \$1.3 million shortfall as of April 2013.

NRS 41.637 defines good-faith communication as that "which is truthful or made without knowledge of its falsehood." Defendants showed through affidavits, County Commission meetings, architect meeting notes, budget meeting notes, and newspaper articles, that they made the communications at issue believing them to be true or without knowledge of their falsehood. It appears that Defendants' communications fall within the purview of NRS 41.660, as good-faith communications in furtherance of their right to petition. As such, Defendants met their initial burden of production and persuasion that their communication was in good faith and in furtherance of their right to petition. Thus, the burden of production then shifted to the Plaintiff.

Plaintiff provides a letter by Finance Director Elizabeth Francis to counter Defendants' claim that White Pine County has a 1.4 million plus shortfall. The letter exemplifies how misinformation can be corrected through public debate on public matters. Even though Plaintiff admits that Defendants rely on the minutes from public meetings which discuss the county budget with the department heads, he alleges that they failed to verify their claim with a phone call to the

County Finance Director's office. In sum, Plaintiff asserts that Defendants failed to "correct the lies" disseminated to the public. While Defendants could have called the County Finance Director's office, the statute does not require the moving party to rely on the best source of evidence to support their speech. This court agrees with Finance Director Elizabeth Frances' rebuttal to the recall petition as an appropriate response to correcting good-faith and misconstrued public information, rather than filing a lawsuit.

Plaintiff relies on Defendant McGowan's letter to Ely Times to demonstrate that at least one of the Defendants knew that the Notice of Intent to Recall contained false statements. Yet, Defendant McGowan never admits to intentionally and maliciously publishing false information, instead he states: "The recall statement that appeared in the paper was a rough draft that was *inadvertently* released to the media before it could be checked for mistakes and refined. This error was correction in the final version that is on the recall petition." As such, Defendant McGowan does not admit to any intentional disregard for the truth, and he corrected any misinformation disseminated after receiving knowledge of the incorrect publication of the rough draft recall.

Plaintiff relies upon Scott Gilles' email sent to the County Clerk upon receipt of the Notice of Intent to Recall, which he advised the clerk that it possibly contained false statements of fact. In this email he asks the clerk: "has the petition with the statement (with the alleged incorrect statements) been circulated yet? If yes, then NRS 306.025 could POTENTIALLY be triggered." However it is clear that the release of the earlier draft of the petition was "inadvertent," and that does not rise to the level of knowledge of falsehood.

Persons who engage in a good faith communication in furtherance of the right to petition the government are immune from civil liability for claims based upon those communications. See NRS 41.650. In the opinion of this court, the anti-SLAPP statute applies to the Defendant's communications, which were good-faith communications in furtherance of the right to free speech as defined by NRS 41.637. Plaintiff failed to meet his burden of production and persuasion.

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Accordingly, it is

ORDERED that the Special Motion to Dismiss be and the same is hereby GRANTED.

Dated this // day of October, 2013.

J. CHARLES THOMPSON SENIOR DISTRICT JUDGE

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IN THE SEVENTH JUDICIAL DISTRICT COURT OF THE STATE OF NEVADA IN AND FOR THE COUNTY OF WHITE PINE

Michael Lemich,

Plaintiff,

VS.

Cheryl Noriega, James Adams, and Timothy McGowan, Does I through 10, and Does Inc., 1 through 10,

Defendants.

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DECISION ON SPECIAL MOTION TO DISMISS

This matter comes before the court on Defendant's special motion to dismiss based on Nevada's anti-SLAPP¹ statute in a defamation action. The Nevada Supreme Court defined a SLAPP lawsuit as "a meritless suit filed primarily to chill the defendant's exercise of First Amendment rights." *John v. Douglas County School District*, 125 Nev. 746, 752, 219 P.3d 1276, 1281 (2009) (quoting *Dickens v. Provident Life and Acc. Ins. Co.*, 117 Cal. App. 4th 705, 11 Cal. Rptr. 3d 877, 882 (Ct. App. 2004)). An anti-SLAPP motion strikes at "malicious prosecution" and protects constitutionally ordained freedom of speech. *Id*.

A special motion to dismiss under the anti-SLAPP statute is treated as a motion for summary judgment. NRS 41.660(3)(a). Thus, this court may only grant the special motion to

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¹ "SLAPP" is an acronym for strategic lawsuits against public participation.

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dismiss if there is no genuine issue of material fact and the moving party is entitled to judgment 1 as a matter of law. John (setting forth the summary judgment standard and explaining that "the 2 nonmoving party cannot overcome the special motion to dismiss 'on the gossamer threads of 3 whimsy, speculation and conjecture' ") (quoting Wood v. Safeway, Inc., 121 Nev. 724, 731, 121 4 P.3d 1026, 1030 (2005)). To avoid summary judgment once the movant has properly supported 5 the motion, the nonmoving party may not rest upon general allegations and conclusions, but must 6 7 instead set forth by affidavit or otherwise specific facts demonstrating the existence of a genuine issue of material fact for trial. NRCP 56(e); Wood, 121 Nev. at 731, 121 P.3d at 1030–31. 8 Under the Nevada anti-SLAPP statute, three types of good-faith communications made in 9 furtherance of the right to petition remain protected: 10

- 1. Communication that is aimed at procuring any governmental or electoral action, result or outcome;
- 2. Communication of information or a complaint to a Legislator, officer or employee of the Federal Government, this state or a political subdivision of this state, regarding a matter reasonably of concern to the respective governmental entity; or
- 3. Written or oral statement made in direct connection with an issue under consideration by a legislative, executive or judicial body, or any other official proceeding authorized by law, which is truthful or is made without knowledge of its falsehood.

Further, "Nevada's anti-SLAPP statute protects good-faith communications if those communications were truthful or made without knowledge of falsehood and regard a matter of reasonable concern..." John, 125 Nev. at 761, 219 P.3d at 1286. See NRS 41.637(2).

In Plaintiff's Amended Complaint, he alleged that Cheryl Noriega, James Adams, and Timothy McGowan made oral and written defamatory statements, which resulted in harm to his reputation in the community. "Defendants published defamatory statements about Plaintiff filing a notice of intent to recall Mike from his elected office as County Commissioner that contained demonstrably false statements of fact, intending to impute criminal acts to Mike."

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Times. The difference is extremely minute and does not affect this decision.

estimate had been obtained, which increased the project budget from \$135,000 to \$350,000. Defendants also assert that the White Pine Aquatic Center encountered planning issues (lack of emergency vehicle access, insufficient parking, ingress and egress to U.S. Highway 6) that resulted in final cost estimates ranging from \$385,000 to \$512,000. Lastly, Defendants state that White Pine County suffers from a \$1.3 million shortfall as of April 2013.

NRS 41.637 defines good-faith communication as that "which is truthful or made without knowledge of its falsehood." Defendants showed through affidavits, County Commission meetings, architect meeting notes, budget meeting notes, and newspaper articles, that they made the communications at issue believing them to be true or without knowledge of their falsehood. It appears that Defendants' communications fall within the purview of NRS 41.660, as good-faith communications in furtherance of their right to petition. As such, Defendants met their initial burden of production and persuasion that their communication was in good faith and in furtherance of their right to petition. Thus, the burden of production then shifted to the Plaintiff.

Plaintiff provides a letter by Finance Director Elizabeth Francis to counter Defendants' claim that White Pine County has a 1.4 million plus shortfall. The letter explains that the county does not have a 1.4 plus million dollar shortfall but, rather, has a projected \$13,584,469 general fund balance for the 2013 fiscal year. The letter exemplifies how misinformation can be corrected through public debate on public matters. Even though Plaintiff admits that Defendants relied on the minutes from public meetings which discuss the county budget with the department heads, he alleges that they failed to verify their claim with a phone call to the County Finance Director's office. In sum, Plaintiff asserts that Defendants failed to "correct the lies" disseminated to the public. While Defendants could have called the County Finance Director's office, the statutes do not require the moving party to rely on the best source of evidence to support their speech. This court agrees with Finance Director Elizabeth Frances' rebuttal to the recall petition as an appropriate response to correcting good-faith and misconstrued public information, rather than filing a lawsuit.

Plaintiff relies on Defendant McGowan's letter to Ely Times to demonstrate that at least

one of the Defendants knew that the Notice of Intent to Recall contained false statements. Yet, Defendant McGowan never admits to intentionally and maliciously publishing false information, instead he states: "The recall statement that appeared in the paper was a rough draft that was inadvertently released to the media before it could be checked for mistakes and refined. This error was correction in the final version that is on the recall petition." As such, Defendant McGowan does not admit to any intentional disregard for the truth, and he corrected any misinformation disseminated after receiving knowledge of the incorrect publication of the rough draft recall.

Plaintiff relies upon Scott Gilles' email sent to the County Clerk upon receipt of the Notice of Intent to Recall, which he advised the clerk that it possibly contained false statements of fact. In this email he asks the clerk: "has the petition with the statement (with the alleged incorrect statements) been circulated yet? If yes, then NRS 306.025 could POTENTIALLY be triggered." However it is clear that the release of the earlier draft of the petition was "inadvertent," and that does not rise to the level of knowledge of falsehood.

In the opinion of this court, the anti-SLAPP statute applies to these communications, which were good-faith communications in furtherance of the right to free speech as defined by NRS 41.637. Plaintiff failed to meet his burden of production and the Special Motion to Dismiss should be granted for the communications in paragraphs 14 & 18.

Paragraphs 15 & 16: Intimidation, threatening citizens & being under investigation for assault.

Defendants showed through their individual affidavits and Mr. Chachas's statement submitted to the White Pine County Sherriff's Department, that they made the communications at issue believing them to be true or without knowledge of their falsehood. Plaintiff's opposition motion fails to address a general intimidation statement. Mr. Chachas informed Defendant McGowan that he had filed a complaint with the city and was contemplating filing with the Attorney General's Office. Further, Mr. Chachas's statement to the Sheriff's Department details a potential assault and/or battery. The statement, which in pertinent part states: "Commissioner Lemich then grabbed my camera and tried to rip it out of my hands and off my tripod. I struggled

to get it back and then he punched me in the chest with his finger and stated, 'I'll bust your fucking head.'" While Defendants' evidence does not clearly prove that there is currently a pending assault investigation, it does rise to the level of a communication made without knowledge of its falsehood. It is reasonable for Defendants to believe that based on Mr. Chachas's statements to the Sherriff's Department and Defendants that a pending assault investigation existed.

Plaintiff argues that Defendants' accusation is defamatory *per se*. Plaintiff is correct that false statements involving the imputation of a crime are defamatory *per se*. However, Plaintiff has failed to provide any evidence that a genuine factual issue exists regarding the incident with Mr. Chachas. Therefore, Plaintiff has failed to meet his burden of production.

In the opinion of this court, the anti-SLAPP statute applies to these communications, which were good-faith communications in furtherance of the right to free speech as defined by NRS 41.637. Plaintiff failed to meet his burden of persuasion and production and the Special Motion to Dismiss should be granted for the communications in paragraphs 15 & 16.

<u>Paragraph 17: Plaintiff was under investigation theft...several state and local investigations</u>

Defendants failed to provide any evidence that Plaintiff was subject of several State and local investigations. Furthermore, neither Defendants' special motion to dismiss nor the reply to the motion address the communication at issue. Defendants' affidavits generally declare that all their statements were made without knowledge of falsehood. Assuming arguendo that Defendants' affidavits alone satisfy their burden, the burden shifts to Plaintiff, who must prove through specific factual evidence that a genuine factual issue exists.

Plaintiff's affidavit states that he has not been the subject of investigations by State and local authorities. Plaintiff does concede that two claims have been filed against him: (1) the claim by Mr. Chachas; and (2) a claim filed "years ago" that was "never pursued." The record contains no evidence that "several investigations" have been conducted. Thus, the Special Motion to Dismiss as to this communication should be denied.

Paragraph 17: Plaintiff has taken upon himself to dismantle the County Fire and EMS services, violating and/or subjecting the County to NRS violations and placing outlying communities in grave risks due to the lack of timely services, while simultaneously negotiating land exchanges for the county.

This paragraph really contains three separate statements which require separate treatment.

a. Dismantling the County Fire and EMS services.

Defendants showed through Findings of Fact and Conclusions of Law from the Attorney General's Office, Plaintiff's public statement regarding his position on not consolidating the County Fire and EMS services, and County Commission minutes, that they made the communications at issue believing them to be true or without knowledge of their falsehood. The Findings of Fact from the Attorney General's Office and the County Commission minutes address Plaintiff's position of consolidating the services. Plaintiff contends that the record fails to "demonstrate any actions" by Plaintiff to dismantle the services. While the record does not address specific actions by Plaintiff, it does provide enough support that Defendants' statement in the petition was made without knowledge of its falsehood that Plaintiff participated at some level in the consolidation of the services. Plaintiff's opposition fails to provide specific factual evidence that a genuine factual issue exists. Therefore, the Special Motion to Dismiss should be granted for this communication.

b. Subjecting White Pine County to numerous NRS violations and placing outlying communities in grave risks due to lack of timely services.

Defendants rely solely on Exhibit F for the communication that Plaintiff "subject[ed] the County to numerous NRS violations and placing outlying communities in grave risk." Exhibit F is the Finding of Facts and Conclusions of Law issued by the Attorney General's Office regarding an investigation pertaining to an Open Meeting Law complaint. In it, the Attorney General's Office concluded that the Ely City Council and White Pine County Commission violated NRS 241.020 and NRS 241.015(1) by holding an unnoticed meeting of a quorum on March 21, 2012, but the open meeting on April 6, 2012 "cured" those violations. Further, the Attorney General's

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27 28 Office concluded that it would not take action under NRS 241.040 because there was conflicting evidence as to whether the team members "acted willfully and with knowledge that they were violating the" Open Meeting Law. Defendants do not rely on any other evidence regarding this communication. Plaintiff's opposition motion fails to address this evidence supporting this communication.

Nonetheless, Defendants have failed to meet their burden that the communication was truthful or made without knowledge of its falsehood. Defendants made the communication in regard to Plaintiff's involvement in the dismantling of the County Fire and EMS services, which allegedly subjected the County to numerous NRS violations. Exhibit F demonstrates that the potential NRS violations were not a result of consolidating or dismantling Fire and EMS services. Rather, the alleged NRS violations resulted specifically from NRS 241.040, the Open Meeting Law. Granted, the Attorney General's Office discovered that the quorum made decisions about the consolidation of the Fire and EMS services. However, the NRS violations were not derived from the quorum's discussion and decision, but the fact that the quorum allegedly violated the Open Meeting Law. Therefore, Defendants have failed to meet their burden and the Special Motion to Dismiss for this communication must be denied.

c. Negotiating land exchanges for the County [when Plaintiff had a conflict].

Defendants argue that through affidavits, County Commission minutes, and employee newsletters, they made the communications at issue believing them to be true or without knowledge of their falsehood. Exhibit G shows that Plaintiff revealed during a County Commission meeting that he had an "association with Midway Gold" and that there would be a future hearing regarding the project. The remainder of Exhibit G's documents demonstrates that Plaintiff was present during County Commissioner meetings and participated in discussion of the Midway Gold Pan Project. Defendants rely on District Attorney Kelly Brown's statement that "when someone makes a public disclosure [that they have an association with an applicant before the commission], they shouldn't also make recommendations." Defendants have failed to meet their burden because supporting permit applications is not equivalent to negotiating land

exchanges for the County. Assuming arguendo that Defendants did meet their burden, the Special Motion to Dismiss for this communication should be denied because Plaintiff demonstrated that a genuine factual issue exists.

Plaintiff contends that the record fails to demonstrate that he was "self-dealing" in any land negotiations or transfers with Midway Gold. Furthermore, Defendants' communication in the recall petition was "never tied to Midway Gold" in the petition. Plaintiff concedes that he "advised citizens of the steps to take in order to support Midway Gold in its permitting applications to the BLM." Plaintiff argues, however, that his support did not create a conflict of interest or further his personal interest because of his "association" with Midway Gold. Plaintiff has provided no evidence to show that his "association" with Midway Gold was not benefited by his support for Midway Gold's permit applications to the BLM. Nonetheless, Plaintiff has met his burden because there is a genuine issue of how his "association" with Midway Gold and supporting their permit applications is equivalent to "negotiating land exchanges for the County." Accordingly, the Special Motion to Dismiss should be denied for this communication.

Paragraph 20: <u>Personal vendetta against the private operator at the Airport and members of the Airport Board, and engaging in accusations, intimidation, lies, and threats against both the operator and their customers.</u>

Defendants reference their personal affidavits and Exhibit E. None of Defendants' affidavits specifically address a personal vendetta or accusations, intimidation, lies, or threats against the airport operator. In addition, Exhibit E is an article published by the Ely Times on July 19, 2013. In the article, Plaintiff responded to the public criticism regarding the County's position on permitting camping by glider pilots at the Ely Airport. Plaintiff stated, "My problem is with the county and its liability." Throughout the article Plaintiff addresses the County's potential liabilities if the County allowed for the camping to continue. Additionally, the article states that Plaintiff said "he's not against the gliders but the county can't afford to put itself at risk from an insurance standpoint or put itself in competition with area businesses and deny potential room tax revenue used for various projects." Plaintiff asserts that Defendants failed to meet their

burden because Plaintiff's comments do not demonstrate a personal vendetta against an unnamed private operator at the airport. Plaintiff is correct. In the article, Plaintiff only makes one questionable comment, "The first issue backing up a long ways is, 'I don't fly an airplane or anything like that." The record lacks any support for Defendants' communication, except for their affidavits, that the communications was truthful or made without knowledge of falsehood. Thus, the Special Motion to Dismiss must be denied for this communication.

DIRECTIONS TO COUNSEL

Defendants' counsel is directed to prepare an appropriate order consistent with this decision. After it is reviewed by Plaintiff's counsel, it is to be submitted to this Court for signature and filing.

Because of this decision, it will be difficult for the Defendants to plead to the existing Amended Complaint after the order is filed. Accordingly, if Plaintiff wishes to continue with the action, Plaintiff will have twenty (20) days after receiving a copy of the filed order to file a Second Amended Complaint with allegations consistent with this decision.

If Plaintiff files a Second Amended Complaint, Defendants will have twenty (20) days to file an Answer. The parties are directed to forthwith comply with NRCP 16.1(b) after the answer is filed.

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Dated this $\frac{18}{100}$ day of October, 2013.

J. CHARLES THOMPSON

SENIOR DISTRICT JUDGE

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