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## Arizona State Legislature

March 1, 2023

Via Email: [bkane@naag.org](mailto:bkane@naag.org)

Mr. Brian Kane  
Executive Director  
National Association of Attorneys General  
1850 M Street Northwest  
Washington, D.C. 20036

Dear Brian:

The press has recently brought to light that NAAG has [amassed over \\$250 million in assets from public enforcement settlements](#), which include Arizona public monies. Further, as has been reported previously, the IRS has declared NAAG to be an instrumentality of the States. As such, I am writing to inform you that NAAG is subject to the duties and liabilities set forth under Arizona law for custodians of public monies, *e.g.*, A.R.S. § 35-301, that public monies cannot be appropriated without legislative authorization, *e.g.*, A.R.S. §§ 1-254, 35-154, and that investments must comply with Arizona law, *e.g.*, A.R.S. § 35-310 *et seq.*

Recent revelations in the press raise concerns that NAAG is not complying with Arizona public money laws. For example, it has been reported that NAAG [lost at least \\$37 million last year](#) on a panoply of investments in things like private equity and foreign stocks. Likewise, it has been reported that NAAG utilized assets from public settlements to [secretly support ESG-linked investments](#) and to fly Attorneys General and their families on European holidays.

It appears that NAAG has been operating outside the lines, and the result is millions in public money lost on ESG investments, foreign stocks, and trips to Europe, while millions still sit in the hands of an unaccountable bureaucracy in Washington, D.C.

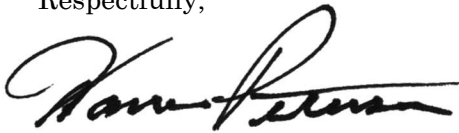
This situation is unacceptable and not consistent with Arizona law. It is time that Arizona's laws and regulations start applying to NAAG and that this unaccountable slush fund activity stop now.

At this point, litigation is reasonably likely between us.

Consider this letter a litigation hold notice.

Preserve all documents and other potentially relevant information within the possession of NAAG and NAAG staff, including communications, contracts, corporate governance documentation, financial records, and investment documentation. NAAG is a distinct legal entity under the laws of Washington, D.C. and it is the actions of NAAG itself and NAAG staff that is the core issue here, particularly as to your financial dealings.

Respectfully,

A handwritten signature in black ink, appearing to read "Warren Petersen". The signature is fluid and cursive, with a long horizontal stroke at the end.

Warren Petersen  
President, Arizona State Senate

A handwritten signature in black ink, appearing to read "Ben Toma". The signature is bold and cursive, with a prominent "B" and a long horizontal stroke at the end.

Ben Toma  
Speaker, Arizona House of Representatives