

**RESPONSE TO COMPLAINT FOR DISCIPLINARY  
ACTION AND NOTICE OF HEARING – CASE NO. 2014-1053**

From: Penny Frederick

To: Common Interest Communities and Condominium Hotel

2501 East Sahara Avenue, Suite 202, Las Vegas, Nevada 89104

Attn: Legal Administrative Officer

Copy to: Michelle D. Briggs, Esq., Senior Deputy General

555 East Washington Avenue, Suite 3900, Las Vegas, NV 89101

May 20, 2016

Responses to allegations to the complaint for disciplinary action and notice of hearing, case no. 2014-1053. The responses are numbered in accordance with the paragraphs in the complaint

1. Deny – I do not engage in the management of any common interest community as defined by NRS 116A.110 in the state of Nevada.
2. Deny – I am not subject to the provisions of Chapters 116 and 116A of both the Nevada Revised Statutes (“NRS”) and the NAC, and subject to the jurisdiction of the Division and the CICC, as I do not hold a certificate as a community manager.
3. Admit – In July of 2011, I did enter into a settlement with the NRED for engaging in the management of multiple common-interest communities in the State of Nevada without a certificate from the Division.
4. Admit – My community manager certificate expired in 2005.
5. Admit –
6. Admit the statement but deny the fact – The Division received a statement of fact alleging that I was performing the services of a community manager for Laurel Canyon HOA.
7. Admit and deny – I agree that the complaint alleged the listed items. I disagree that I controlled board meetings, I agree that I did advise Board members, if asked a question, I dealt with some vendors, did not pay bills (accounting department handled that aspect), I did not refuse to turn over records after the contract was terminated.
8. Deny – I didn’t refuse to turn over records. The records were turned over to Thoroughbred Management on January 24, 2014.
9. Deny – The Association did not pursue litigation to have the records, including the sealed ballots, provided to the new manager. Dov Erlichman, as a lone board member, without benefit of a quorum of a board or a homeowner vote, meeting, etc., filed a temporary restraining order against me to stop an election. Erlichman then went on to

**FILED**

**(MAY 20 2016)**

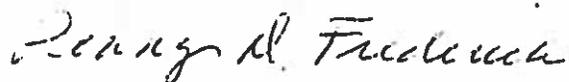
**NEVADA COMMISSION  
COMMON INTEREST COMMUNITIES  
AND CONDOMINIUM HOTELS**

file a lawsuit against James Schumann, Robert Valentine, PWJames and me without benefit of homeowner vote.

10. Admit – I did prepare the ballot for the election (assistants are allowed to prepare ballots). The names provided by the Board president were not included on the ballot as they were not self-nominated as required, and none of the submitted candidates were homeowners or members of a corporation, as indicated in District Court Case # A-14-69456-C.
11. Deny – As indicated in the declaration given by James Schumann in the District Court Case #A-14-69456-C and on page number 99 of this complaint.
12. Admit – The homeowners opened their ballots as directed by the court.
13. Admit – While I did not assist the owners in the election to open the ballots, I did attend an emergency meeting of the duly elected board members at the offices of PWJames Management in March 2014.
14. Admit.
15. Admit.
16. Admit – I attended meetings at the invitation of the Board of Directors and answered questions if asked.
17. Deny – The complainant did not bring any checks to our office.
18. Deny
19. Deny
20. Neither agree nor disagree – The general procedure in the office is that the accounting personnel has a signature stamp so that when preparing checks that are to be mailed to Board members, the checks can be stamped if the manager signer is not available. We now use an electronic signature system.
21. Deny – Allan Frederick was a signer on the account at the time.
22. Deny – It is not my contract
23. Admit
24. Deny
25. Deny

I intend to call former Laurel Canyon HOA Board Member James Schumann and current Laurel Canyon HOA Board Member Robert Valentine as witnesses.

Respectfully Submitted,



Penny D. Frederick

Enclosures



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DECLARATION OF JAMES SCHUMANN

STATE OF NEVADA            )  
  ):ss  
COUNTY OF CLARK         )

I, James Schumann, do hereby swear under penalty of perjury that the following assertions are true to the best of my knowledge and belief:

1. I am over the age of 18, am mentally competent, have personal knowledge of the facts in this matter, and if called upon to testify, could and would testify as set forth herein.

2. I own the property located at 5333 Mountain Garland Lane located within the Laurel Canyon community and Laurel Canyon Homeowners Association ("HOA").

3. I received the Nomination Form ("Nomination Form") for Board of Directors on or about November 1, 2013.

4. I completed the Nomination Form and returned it before November 18, 2013.

5. As a result, my name was placed on the Ballot, which was mailed out on or about December 19, 2013, and received by me on or about December 20, 2013.

6. The Ballots were cast via mail and in person on or before January 9, 2014, and were to be opened at the January 9, 2014 annual meeting of members.

7. Before the January 9, 2014 meeting, Dov Erlichman seized control of the Board of Directors and, procured an Ex Parte Temporary Restraining Order which enjoined opening the Ballots on January 9, 2014.

8. On February 13, 2014 the injunction was nullified and the Ballots remained in the possession of PWJ Management.

9. After the February 13, 2014 hearing, I went to the offices of PWJ Management and met with Penny Fredrick and requested that she turn over the ballots to me and Robert

1 Valentine because we represented the interests of the homeowners. (See, the January 31, 2014  
2 Petition of homeowners, a true and correct copy of which is attached hereto as Exhibit "1").

3 10. On February 15, 2014, I personally placed the notices advising homeowners of  
4 the meeting of owners to take place on February 17, 2014 at 12:30 pm to open the Ballots. The  
5 notices were posted at the public mail boxes, and at the public gazebo in the park located in the  
6 Laurel Canyon community. (A true and correct copy of the Notice is attached hereto as Exhibit  
7 "2").

8 11. Additionally, I went door-to-door to approximately 3 homes and informed  
9 homeowners about the meeting of members on February 17, 2014 to open the Ballots  
10 previously cast.

11 12. On February 17, 2014 at 12:30 pm Alan Fredrick from PWF Management  
12 arrived, turned the Ballots over to me, Robert Valentine and the homeowners who were present  
13 directly and then Mr. Fredrick had no further interactions with us while we conducting our  
14 meeting.

15 11. There were approximately fifteen (15) other homeowners in attendance at the  
16 meeting. Because I was on the Ballot, I asked for three (3) volunteers to open and tabulate the  
17 results.

18 12. Rory Baker, Mr. Wood and Amy Corcoran volunteered to open and tabulate the  
19 33 secret Ballots that were returned. The results of the election were as follows:

20 14 ballots in favor of James Schumann;

21 12 votes in favor of Robert Valentine;

22 3 votes in favor of Stephen Bock;

23 3 votes in favor of Kevin Bechtold; and

24 1 envelope that did not contain a response.

25 13. I am still in possession of the original Ballots.

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*PWJames* Management & Consulting

6029 S. Fort Apache Suite 130  
Las Vegas, Nevada 89148

January 24, 2014

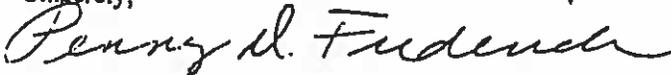
To Whom It May Concern:

The following items are being released to Thoroughbred Management Company under a Reservation of Rights. PWJames Management asserts that it was unlawfully and wrongfully "terminated" as the management company for Laurel Canyon Homeowners Association. That notwithstanding, so as to protect the interests of the HOA, and its constituents, because of the constituents, because the HOA/Board of Directors has caused PWJames Management's existing bank accounts for Laurel Canyon HOA to be closed, PWJames has agreed to turn over the items listed below to Thoroughbred Management Company so that Laurel Canyon HOA may be properly managed during this interim period until the issues pertaining to the appropriate officers/board members is duly determined.

This release of the below items shall in no way be deemed to be a waiver of any of PWJames Management's rights to payment, or any other PWJames Management's rights and defenses with regard to PWJames Management's allegations of wrongful termination.

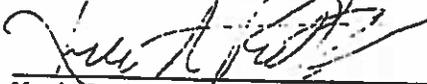
1. Recent utility bills, including water and electric
2. Copy of the November financial statement to include a balance sheet, income and expense report, all current bank statements and reconciliation reports
3. Homeowner payments
4. Electronic copy of a homeowner list in excel format

Sincerely,



Penny D. Frederick, Owner  
PWJames Management & Consulting

I have received the above items on behalf of the Laurel Canyon Homeowners Association



Kevin Ruth Thoroughbred Management  
Interim Authorized Agent to the Laurel Canyon Homeowners Association