

BEFORE THE COMMISSION FOR COMMON-INTEREST  
COMMUNITIES AND CONDOMINIUM HOTELS  
STATE OF NEVADA

Sharath Chandra, Administrator,  
Real Estate Division, Department of  
Business & Industry, State of Nevada,

Case No. 2018-1246

Petitioner,

vs.

Cary DeGrosa,

Respondent.

FILED

JUN 28 2019

NEVADA COMMISSION OF  
COMMON INTEREST COMMUNITIES  
AND CONDOMINIUM HOTELS

JW

STIPULATION AND ORDER

FOR SETTLEMENT OF DISCIPLINARY ACTION

This matter came before the Commission at its regularly scheduled meeting on June 4, 2019. Cary DeGrosa was present and represented by his attorney of record, Ryan Reed, of Leach, Kern, Gruchow, Anderson and Song. Michelle D. Briggs, Senior Deputy Attorney General with the Nevada Attorney General's Office, appeared on behalf of the Real Estate Division of the Department of Business and Industry, State of Nevada (the "Division"). Mr. Reed and Ms. Briggs presented the terms of a settlement of the Complaint as to Mr. DeGrosa. The Commission voted to approve the settlement as stipulated by the parties.

During all relevant times mentioned in the complaint, DEGROSA held, and currently holds, a community manager certificate from the Division (CAM.0000071) and is, therefore, subject to the jurisdiction of the Division and the provisions of NRS Chapters 116 and 116A and NAC Chapters 116 and 116A.

FACTS ALLEGED IN THE COMPLAINT

1. While investigating discrepancies with annual registration forms for Terra Linda Homeowners Association (the "Association"), the Division discovered that the Association's manager, RESPONDENT DEGROSA, was the sole signor on the vast majority of the Association's checks.

- 1           2.     The Division opened an investigation against DEGROSA.
- 2           3.     DEGROSA informed the Division that he had been the Association's
- 3 manager since approximately 1984.
- 4           4.     DEGROSA owned a unit within the Association and lived there.
- 5           5.     DEGROSA does not have a management contract with the Association.
- 6           6.     From December 2016 through May of 2018, DEGROSA received
- 7 approximately \$80,954 from the Association.
- 8           7.     DEGROSA'S invoices to the Association include in addition to a \$1,929 per
- 9 month management fee in 2018, multiple extra charges, for example: "landscape
- 10 supervision" (\$700); "supervise pool start-up" (\$600); "supervise sewer clean out
- 11 clubhouse" (\$100); "supervise roof repair four garages" (\$200), "design, plan & supervise
- 12 new roofs" (\$500); "supervise trash pick up" (\$100); "supervise asphalt alley repairs"
- 13 (\$100); "design, write, print and mail July newsletter" (\$200); and new account set up fees
- 14 of \$295 each.
- 15           8.     To support his charges to the Association, DEGROSA provided the Division
- 16 with unsigned executive session board meeting minutes for 2016, 2017, and 2018.
- 17           9.     The unsigned executive session minutes state various contract modifications
- 18 and renewals for the year are approved.
- 19           10.    All checks payable to DEGROSA were only signed by DEGROSA.
- 20           11.    From December 2016 through May of 2018, only checks payable to the
- 21 Division, the Secretary of State and a reserve study company contained two signatures,
- 22 the rest were signed only by DEGROSA.
- 23           12.    From December 2016 through May of 2018, DEGROSA sole signed
- 24 approximately 188 Association checks.
- 25           13.    The Association's 609 Reserve Study Summary form submitted on May 2,
- 26 2018 states that it was completed by DEGROSA.
- 27           14.    It states a projected year-end balance of \$99,000 and a required balance of
- 28 \$102,000.

1        15.    The reserve study itself shows a fully funded balance of \$381,000 for 2018  
2 and that the Association was 22.5% funded.

3        16.    The Association did not fund the reserves in 2017 or 2018.

4                    **VIOLATIONS OF LAW ALLEGED IN THE COMPLAINT**

5        17.    DEGROSA violated NRS 116A.620 and NAC 116A.325 by performing  
6 community management services for the Association without a signed management  
7 contract.

8        18.    DEGROSA violated NRS 116A.630(1)(a) and NAC 116A.320 by failing to act  
9 as a fiduciary in his relationship with the Association.

10       19.    DEGROSA violated NRS 116A.630(1)(b) and NAC 116A.320 by failing to  
11 exercise ordinary and reasonable care in the performance of his duties.

12       20.    DEGROSA violated NRS 116A.630(2)(a) and NAC 116A.320 by failing to  
13 comply with state laws.

14       21.    DEGROSA violated NRS 116A.640(7) by providing supervision services to  
15 the Association without being properly licensed to provide such supervision.

16       22.    DEGROSA violated NRS 116A.640(10) by collecting fees and other charges  
17 from the Association that is not specified in a management agreement.

18       23.    DEGROSA violated NAC 116A.355(1)(a)(1) (through NAC 116A.355(2)(a)(3))  
19 by committing unprofessional conduct by violating NRS 116.31153 approximately 188  
20 times by being the sole signor on Association checks.

21       24.    DEGROSA violated NAC 116A.355(1)(a)(1) (through NAC 116A.355(2)(a)(3))  
22 by committing unprofessional conduct by violating NRS 116.31085(2) in 2016, 2017 and  
23 2018 by having the Association renew and modify contracts in executive session.

24       25.    DEGROSA violated NAC 116A.355(1)(a)(1) (through NAC 116A.355(2)(c)) by  
25 committing unprofessional conduct by engaging in deceitful, fraudulent or dishonest  
26 conduct by having only checks to the Division, Secretary of State and to the reserve study  
27 specialist countersigned by a board member, but sole signing all other Association checks.

28       26.    DEGROSA violated NAC 116A.355(1)(a)(1) (through NAC 116A.355(2)(i)) by

1 committing unprofessional conduct by exceeding the authority granted to him by the  
2 Association.

3 27. DEGROSA violated NAC 116A.355(1)(a)(2) (through NAC 116A.355(3)(a)) by  
4 committing professional incompetence by demonstrating a significant lack of ability,  
5 knowledge or fitness to perform a duty or obligation owed to a client.

6 28. DEGROSA violated NAC 116A.355(1)(a)(2) (through NAC 116A.355(3)(b)) by  
7 committing professional incompetence by failing to exercise reasonable skill and care with  
8 respect to a duty or obligation owed to a client.

9 29. DEGROSA violated NAC 116A.355(1)(a)(1) and (2) (through NAC  
10 116A.355(4)(g)) by committing unprofessional conduct or professional incompetence by  
11 failing to act in the best interests of the Association.

#### 12 SETTLEMENT

13 1. DEGROSA'S certificate is revoked for a period of ten years or until all fines  
14 and restitution due under this Settlement have been paid in full, whichever is later.

15 2. DEGROSA shall pay an administrative fine in the amount of \$10,000 to the  
16 Division in the amount of \$100 per month to commence on July 1, 2019 until the fine is  
17 paid in full.

18 3. DEGROSA shall pay restitution to the Association in the amount of \$20,000  
19 in the amount of \$200 per month to commence on July 1, 2019 until the full amount is  
20 paid.

21 4. Payments due under this Settlement are due on the first day of each month.  
22 If any payment is made after the 10<sup>th</sup> day of each month, a late fee of \$10 per day until  
23 the payment is made shall be added to the payment due. DEGROSA shall be in default of  
24 the terms of this Settlement if any payment due is more than 60 days late.

25 5. The Division may institute debt collection proceedings against DEGROSA  
26 for his failure to pay the administrative fine. Further, if collection goes through the State  
27 of Nevada, DEGROSA shall also pay the costs associated with collection.

28 6. RESPONDENT and the Division agree that by entering into this Stipulation

1 and Order, the Division does not concede any defense or mitigation RESPONDENT may  
2 assert and that once this Stipulation and Order is approved and fully performed, the  
3 Division will close its file in this matter.

4 7. RESPONDENT agrees that if the terms and conditions of this Stipulation  
5 and Order are not met, the Division may, at its option, rescind this Stipulation and Order  
6 and proceed with prosecuting the Complaint before the Commission.

7 8. RESPONDENT agrees and understands that by entering into this  
8 Stipulation and Order, RESPONDENT is waiving his right to a hearing at which  
9 RESPONDENT may present evidence in his defense, his right to a written decision on the  
10 merits of the Complaint, his right to reconsideration and/or rehearing, appeal and/or  
11 judicial review, and all other rights which may be accorded by the Nevada Administrative  
12 Procedure Act, the Nevada Uniform Common-Interest Ownership Act and accompanying  
13 regulations, and the federal and state constitutions. RESPONDENT understands that  
14 this Stipulation and Order and other documentation may be subject to public records  
15 laws. The Commission members who review this matter for approval of this Stipulation  
16 and Order may be the same members who ultimately hear, consider and decide the  
17 Complaint if this Stipulation and Order is not timely performed by RESPONDENT.  
18 RESPONDENT fully understands that he has the right to be represented by legal counsel  
19 in this matter at his own expense.

20 9. Each party shall bear its own attorney's fees and costs.

21 10. Stipulation and Order is Not Evidence. Neither this Stipulation and Order  
22 nor any statements made concerning this Stipulation and Order may be discussed or  
23 introduced into evidence at any hearing on the Complaint, if the Division must ultimately  
24 present its case based on the Complaint filed in this matter.

25 11. Release. In consideration of execution of this Stipulation and Order,  
26 RESPONDENT for himself, his heirs, executors, administrators, successors, and assigns,  
27 hereby releases, remises, and forever discharges the State of Nevada, the Department of  
28 Business and Industry and the Division, and each of his respective members, agents,



1 employees and counsel in their individual and representative capacities, from any and all  
2 manner of actions, causes of action, suits, debts, judgments, executions, claims, and  
3 demands whatsoever, known and unknown, in law or equity, that the RESPONDENT  
4 ever had, now have, may have, or claim to have, against any or all of the persons or  
5 entities named in this section, arising out of or by reason of the Division's investigation,  
6 this disciplinary action, and all other matters relating thereto.

7 12. Indemnification. RESPONDENT hereby indemnifies and holds harmless  
8 the State of Nevada, the Department of Business and Industry, the Division, and each of  
9 their respective members, agents, employees and counsel in their individual and  
10 representative capacities against any and all claims, suits, and actions brought against  
11 said persons and/or entities by reason of the Division's investigation, this disciplinary  
12 action and all other matters relating thereto, and against any and all expenses, damages,  
13 and costs, including court costs and attorney fees, which may be sustained by the persons  
14 and/or entities named in this section as a result of said claims, suits, and actions.

15 13. The Commission confirmed with RESPONDENT that he understood and  
16 agreed to all terms.

17 IT IS ORDERED that the foregoing STIPULATION AND ORDER FOR  
18 SETTLEMENT OF DISCIPLINARY ACTION is approved in full.

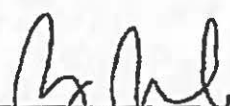
19 Dated: June 28, 2019.

20 Commission for Common-Interest Communities  
21 and Condominium Hotels Department of Business  
& Industry State of Nevada

22 By:   
Michael Burke, Chairman

23 Submitted by:  
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