

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

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

Case No. 2019-9

FILED

JUL 22 2021

NEVADA COMMISSION FOR
COMMON INTEREST COMMUNITIES
AND CONDOMINIUM HOTELS
Kelly Valadez

7 Petitioner,

8 vs.

9 Michael Sosebee,

Respondent.

10 **STIPULATION AND ORDER**

11 **FOR SETTLEMENT OF DISCIPLINARY ACTION**

12 This matter came on for hearing before the Commission for Common-Interest
13 Communities and Condominium Hotels, State of Nevada (the "Commission"), during a
14 regular agenda on June 1, 2021 (the "Hearing"). Michael Sosebee ("RESPONDENT")
15 appeared through his counsel Andrew H. Pastwick, Esq., and Karissa D. Neff, Esq., Senior
16 Deputy Attorney General with the Nevada Attorney General's Office, appeared on behalf
17 of the Real Estate Division of the Department of Business and Industry, State of Nevada
18 (the "Division"). RESPONDENT and counsel for the Division presented settlement terms
19 to the Commission. The Commission unanimously approved and ordered the following
20 stipulated terms:

21 **JURISDICTION AND NOTICE**

22 1. RESPONDENT holds a community manager certificate from the Division
23 (CAM.0009040) since March of 2018, currently in active status, and also held a temporary
24 certificate (CAM.0008808-TEMP) from March 2017 to March 2018, and is therefore, subject
25 to the jurisdiction of the Division and the provisions of NRS Chapters 116 and 116A and
26 NAC Chapters 116 and 116A.

27 **FACTUAL ALLEGATIONS SET FORTH IN THE COMPLAINT**

28 2. RESPONDENT is the community manager of El Sol Del Pueblo Home Owners

1 Association ("Association") located in Las Vegas, Nevada, consisting of 48 buildings each
2 containing a fourplex.

3 3. The majority of the units in the Association are investor owned.

4 4. In March of 2018, RESPONDENT submitted the Association's Initial
5 Association Registration to the Division along with a check to the Division for the payment
6 of unit fees.

7 5. The check submitted by RESPONDENT was only signed by RESPONDENT.

8 6. During its investigation, the Division also reviewed the Association's bank
9 records that showed that all Association checks were sole signed by either RESPONDENT
10 or his sister, Patricia Dickinson ("Dickinson") from at least 2016 through through Dec.
11 2018.

12 7. At all relevant times, Dickinson was not on the Board, was not an officer, and
13 was not a community manager.

14 8. Dickinson was also being compensated by the Association in the amount of
15 \$1,344.00 per month until January 2017.

16 9. In an April 25, 2019 letter to RESPONDENT, the Division requested that
17 RESPONDENT provide a notarized written response to the following allegations: (1) that
18 RESPONDENT was paid for providing community management services before he
19 obtained his community manager certificate, (2) was not performing yearly audits for the
20 Association and had the Association's financial statements reviewed by an individual who
21 was not a Certified Public Accountant, and (3) that his management agreements contained
22 an auto-renew provision.

23 10. In the Division's April 25th letter to RESPONDENT, RESPONDENT was also
24 asked to provide the Division with the following: (1) information regarding the Association's
25 rental office (specifically, its physical address and how it is used), and (2) audio recordings
26 for Board meetings held on 1/25/18 and 9/14/17.

27 11. RESPONDENT responded to the Division's April 25th letter through his
28 counsel.

1 12. In response to the allegation that RESPONDENT was being paid for
2 community management services prior to obtaining his community manager certificate,
3 RESPONDENT denied the allegation, claiming that he informally began working as an
4 assistant to the Board in July of 2016 and became the community manager after March of
5 2017.

6 13. RESPONDENT further claimed that the Association agreed to pay him
7 retroactively from January 1, 2017 for his performing services of being an assistant to the
8 Board.

9 14. The Association's annual budget required its financial statements to be
10 audited by a CPA every fiscal year.

11 15. In response to the Division's allegation that RESPONDENT did not have a
12 CPA perform a yearly audit, RESPONDENT stated that the Association is in the process
13 of vetting certified public accountants to perform an accounting pursuant to NRS
14 116.31144.

15 16. RESPONDENT admitted that his management agreement with the
16 Association had an auto renewal provision but stated that he and the Association were in
17 the process of amending it to delete the auto renewal provision.

18 17. In response to the Division's investigation, RESPONDENT stated that the
19 Association's office is 2845 Klinger Circle #1, Las Vegas, NV 89121 and is where the
20 RESPONDENT maintains the HOA's records, security cameras, logs and conducts tenant
21 relations, tenant registration and meetings.

22 18. The Association pays rent for the use of this unit.

23 19. In response to the Division's investigation, RESPONDENT stated that the
24 Board did not have audio recordings for the 1/25/18 and 9/14/17 meetings, that NRS
25 116.31083 does not set forth a specific time that the Board is required to keep audio
26 recordings, and that going forward the Board will keep audio recordings in a digital format.

27 20. While managing the Association, RESPONDENT sole signed Association
28 checks from March 2017 through December 2018.

1 21. While managing the Association, RESPONDENT permitted Dickinson (his
2 sister) to sole sign Association checks.

3 22. The Association's 2018 reserve study indicates that the Association's reserve
4 account was underfunded and states it was only 27.4 percent funded.

5 23. While managing the Association, RESPONDENT failed to inform the Board
6 that the Association was required to have its financial statements audited by a CPA every
7 fiscal year and thus no audits were performed from 2016 through 2018.

8 24. While managing the Association, RESPONDENT did so under a 2017
9 management agreement that contained an auto-renewal provision.

10 25. The Division's counsel requested that RESPONDENT provide certain
11 documents, including proof of the Association's funding plan, audits, meeting minutes for
12 2020, audio for meetings in 2020, bank records, budget, proof of the Association's adoption
13 of the Rules and Regulations and the Association's authority to enforce them ("Requested
14 Documents)."

15 26. RESPONDENT agreed to provide the Requested Documents to the Division's
16 counsel by November 20, 2020 but failed to do so.

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

18 27. RESPONDENT violated NRS 116.31153 by sole signing Association checks
19 from March 2017 through May 2019.

20 28. RESPONDENT violated NRS 116.31153 by permitting Dickinson (his sister)
21 to sole sign Association checks.

22 29. RESPONDENT violated NRS 116A.630(1)(b) through NRS 116.31144 by
23 failing to inform the Board that the Association was required to have an audit performed
24 by a CPA every fiscal year such that no audits were performed from 2016 through 2018.

25 30. RESPONDENT violated NRS 116A.620 by entering into a management
26 agreement with the Association that had an auto renewal clause.

27 31. RESPONDENT violated NRS 116A.630(2)(a) by failing to comply with state
28 laws.

SETTLEMENT

1
2 1. RESPONDENT admits to the factual allegations set forth in the complaint in this
3 matter.

4 2. RESPONDENT agrees not serve on the Association's board for a period of no less
5 than 10 years from the date of the Commission's order approving this settlement.

6 3. RESPONDENT agrees to surrender the community management certificate he
7 holds from the Division for at least 10 years beginning on the date of the Commission's
8 order approving this settlement. Following the 10-year period, should RESPONDENT
9 apply for a certificate from the Division, RESPONDENT shall be required to submit a new
10 application and comply with all Division requirements in place at the time of his
11 application.

12 4. RESPONDENT shall pay the Division a total of \$5,193.82 ("Amount Due")
13 consisting of a Division imposed fine of \$2,500.00 and the Division's incurred costs and
14 attorneys' fees in the amount of \$2,693.82.

15 5. The Amount Due shall be paid as follows: Beginning on July 1, 2021 and on the
16 first day of each month thereafter for twenty-four months, RESPONDENT shall pay the
17 Division \$216.41 until the Amount Due is paid in full.

18 6. The Division agrees to close Case Nos. 2021-265 and 2021-167 against
19 RESPONDENT.

20 7. RESPONDENT and the Division agree that by entering into this Stipulation
21 and Order, the Division does not concede any defense or mitigation RESPONDENT may
22 assert and that once this Stipulation and Order is approved and fully performed, the
23 Division will close its file in this matter and this matter will be resolved in full.

24 8. RESPONDENT agrees that if the terms and conditions of this Stipulation and
25 Order are not met, the Division may, at its option, rescind this Stipulation and Order and
26 proceed with prosecuting the Complaint before the Commission.

27 9. RESPONDENT agrees and understands that by entering into this Stipulation
28 and Order, RESPONDENT is waiving his right to a hearing at which RESPONDENT may

1 present evidence in his defense, his right to a written decision on the merits of the
2 Complaint, his right to reconsideration and/or rehearing, appeal and/or judicial review, and
3 all other rights which may be accorded by the Nevada Administrative Procedure Act, the
4 Nevada Common Interest Ownership statutes and accompanying regulations, and the
5 federal and state constitutions. RESPONDENT understands that this Stipulation and
6 Order and other documentation may be subject to public records laws. The Commission
7 members who review this matter for approval of this Stipulation and Order may be the
8 same members who ultimately hear, consider and decide the Complaint if this Stipulation
9 and Order is either not approved by the Commission or is not timely performed by
10 RESPONDENT. RESPONDENT fully understands that he has the right to be represented
11 by legal counsel in this matter at his own expense.

12 10. Each party shall bear their own attorney's fees and costs.

13 11. Stipulation and Order is Not Evidence. Neither this Stipulation and Order
14 nor any statements made concerning this Stipulation and Order may be discussed or
15 introduced into evidence at any hearing on the Complaint, if the Division must ultimately
16 present its case based on the Complaint filed in this matter.

17 12. Release. In consideration of execution of this Stipulation and Order,
18 RESPONDENT for himself, his heirs, executors, administrators, successors, and assigns,
19 hereby releases, remises, and forever discharges the State of Nevada, the Department of
20 Business and Industry and the Division, and each of their respective members, agents,
21 employees and counsel in their individual and representative capacities, from any and all
22 manner of actions, causes of action, suits, debts, judgments, executions, claims, and
23 demands whatsoever, known and unknown, in law or equity, that RESPONDENT ever had,
24 now has, may have, or claims to have, against any or all of the persons or entities named
25 in this section, arising out of or by reason of the Division's investigation, this disciplinary
26 action, and all other matters relating thereto.

27 13. Indemnification. RESPONDENT hereby indemnifies and holds harmless the
28 State of Nevada, the Department of Business and Industry, the Division, and each of their

1 State of Nevada, the Department of Business and Industry, the Division, and each of their
2 respective members, agents, employees and counsel in their individual and representative
3 capacities against any and all claims, suits, and actions brought against said persons and/or
4 entities by reason of the Division's investigation, this disciplinary action and all other
5 matters relating thereto, and against any and all expenses, damages, and costs, including
6 court costs and attorney fees, which may be sustained by the persons and/or entities named
7 in this section as a result of said claims, suits, and actions.

8 14. The Division may institute debt collection proceedings for failure to timely
9 pay the Amount Due, including an action to reduce this Order to a judgment. Further, if
10 collection goes through the State of Nevada, then RESPONDENT shall also pay the costs
11 associated with collection.

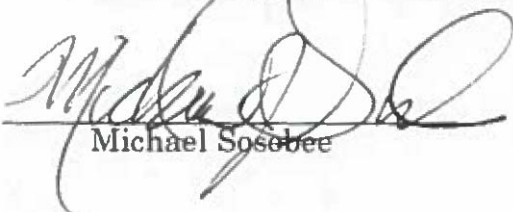
12 15. RESPONDENT has signed and dated this Stipulation and Order only after
13 reading and understanding all terms herein.

14
15 DATED: ~~June~~ ^{July} 20, 2021.

16 REAL ESTATE DIVISION,
17 DEPARTMENT OF BUSINESS &
18 INDUSTRY, STATE OF NEVADA

19 By: 
20 Sharath Chandra, Administrator

21 DATED: ~~June~~ ^{July} 13, 2021.

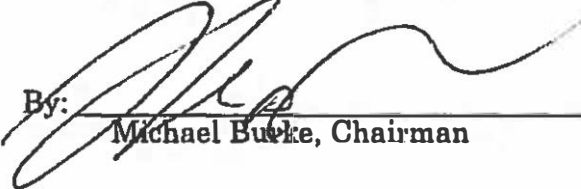
22 
23 Michael Sosabee

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3 **ORDER**

4 **IT IS ORDERED** that the foregoing Stipulation and Order for Settlement of
5 Disciplinary Action is approved in full.

6 Dated: ~~June~~ ^{July 20TH}, 2021.

7 **COMMISSION FOR COMMON-INTEREST**
8 **COMMUNITIES AND CONDOMINIUM**
9 **HOTELS, DEPARTMENT OF BUSINESS**
10 **& INDUSTRY, STATE OF NEVADA**

11 By: 
12 Michael Burke, Chairman

13 Submitted by:

14 **AARON D. FORD**
15 **Attorney General**

16 By: */s/ Karissa Neff*

17 **Karissa D. Neff**
18 **Senior Deputy Attorney General**
19 **555 E. Washington Ave. Ste 3900**
20 **Las Vegas, Nevada 89101**
21 **(702) 486-3894**
22 **Attorneys for Real Estate Division**