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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,

Petitioner,

vs.

Denise Vargas, aka Denise Johnson,

Respondent.

Case No. 2019-817
REVISED ORDER

FILED

OCT 12 2021

NEVADA COMMISSION FOR
COMMON INTEREST COMMUNITIES
AND CONDOMINIUM HOTELS

Kelley Valadez

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FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER

This matter came on for hearing before the Commission for Common-Interest Communities and Condominium Hotels, State of Nevada (the "Commission"), during a regular agenda set on a three-day stack beginning at 9 am on August 31, 2021 (the "Hearing"). The Respondent, Denise Vargas, aka Denise Johnson ("VARGAS" and/or "RESPONDENT"), did not appear personally or through counsel and did not answer the complaint. Karissa D. Neff, Esq., 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").

Ms. Neff presented testimony from Kelly Valadez, the Commission Coordinator, regarding notices of the Complaint, hearing and documents to RESPONDENT via certified and regular mail. Ms. Neff also admitted documents into evidence and presented a former board member's testimony. The Commission, having considered the evidence introduced by the Division and being fully advised, enters the following Findings of Fact, Conclusions of Law, and Order. Under Nevada Revised Statutes (NRS) and Nevada Administrative Code (NAC) Chapters 116 and 116A, the Commission has legal jurisdiction and authority over this matter.

FINDINGS OF FACT

The Commission, based upon the filed complaint, and the evidence filed by the

1 Division in support of the complaint, finds that the following Findings of Fact are accepted
2 as true in accordance with NAC 116.580.

3 1. RESPONDENT holds a supervising community manager certificate from the
4 Division, license CAM.0007333-SUPR, said license being in "active" status at the time of
5 filing this complaint.

6 2. During all relevant times alleged herein, RESPONDENT was employed by
7 Pinnacle Community Association Management ("Pinnacle") as the community manager
8 for Sierra Madre Homeowners Association ("Association") through August of 2018.

9 3. Epic Association Management ("Epic") took over management of the
10 Association in approximately September of 2018.

11 4. Epic filed a complaint with the Division, alleging in part, that
12 RESPONDENT allowed board member Srdjan Pantic ("Pantic"), and/or his companies, to
13 complete repairs for the Association and to be compensated for his services by
14 RESPONDENT'S or by Pantic's signing Association checks, despite neither being listed as
15 signatories to the Association's bank accounts.

16 5. On June 28, 2019, the Association, through Epic, sent RESPONDENT a
17 letter stating in part, that during her management of the Association, RESPONDENT:

18 (1) permitted board member Pantic to submit proposals to perform work for the
19 Association that he was not licensed to perform, (2) failed to take pertinent steps to ensure
20 Pantic was licensed and insured to perform work for the Association, (3) failed to notify
21 the Board that a board member is not permitted by Nevada law to do work for the
22 association while on the board in exchange for compensation, (4) allowed the Association
23 to pay Pantic \$421,671.04 through his companies Nevada Property Concepts and Tesla
24 Property Concepts over the course of just over a year for work he performed for the
25 Association, (5) signed 31 checks to Pantic despite not being a signatory to the
26 Association's bank account, and (6) allowed Pantic to sign 48 checks while not being a
27 signatory to the Association's bank account.

28 6. On July 31, 2019, the Division properly notified RESPONDENT that it had

1 received a complaint against her and requested a response to the allegations set forth in
2 the Division's letter.

3 7. RESPONDENT responded to the Division's investigation.

4 8. In her response to the Division, RESPONDENT stated that she did not allow
5 Pantic to submit proposals to do work for the Association but obtained three bids from
6 outside vendors and that the Board then made the decision to hire Pantic.

7 9. RESPONDENT further claimed to have informed the Board that a sitting
8 board member was not permitted to perform work for the Association in exchange for
9 compensation, but that the Board chose to hire Pantic anyway because he was much
10 cheaper than the other vendors.

11 10. RESPONDENT stated she did not pay Pantic for the work he performed for
12 the Association, but that the Board did, and that she was allowed to sign checks for the
13 Association because she was a signatory to the Association's bank account as was Pantic.

14 11. Board members claim they relied on RESPONDENT's representation's
15 Pantic was licensed to perform work for the Association and they never approved any of
16 Pantic's invoices because RESPONDENT just paid them.

17 12. RESPONDENT further stated that she is no longer working in the industry,
18 and that because she no longer works for Pinnacle, she could not provide documentation
19 to back up her responses to the Division.

20 13. Association meeting minutes do not reflect that RESPONDENT obtained
21 Board authorization or approval for Pantic's services.

22 14. While managing the Association, RESPONDENT permitted unlicensed
23 contractor Pantic to perform Association work.

24 15. While managing the Association, RESPONDENT signed Association checks
25 payable to board member Pantic (either personally and/or through his companies) for work
26 he performed for the Association, without obtaining Board approval.

27 16. RESPONDENT permitted Pantic to sign multiple checks from Association
28 accounts (including checks to compensate himself for the work he performed for the

1 Association) despite him not being a signatory.

2 17. On September 23, 2020, the Division properly notified RESPONDENT it was
3 commencing disciplinary action against her by filing a complaint for hearing before the
4 Commission.

5 CONCLUSIONS OF LAW

6 Based on the foregoing findings of fact, the Commission concludes by unanimous
7 vote that RESPONDENT committed the following violations of law:

8 18. RESPONDENT violated NRS 116A.630(1)(a) by failing to act as a fiduciary
9 to the Association by permitting board member Pantic (an unlicensed contractor) to
10 perform Association work.

11 19. RESPONDENT violated NRS 116A.630(1)(b) by failing to exercise ordinary
12 and reasonable care in the performance of her duties by permitting board member Pantic
13 (an unlicensed contractor) to perform Association work.

14 20. RESPONDENT violated NRS 116A.630(2)(a) by failing to comply with
15 applicable laws by permitting board member Pantic (an unlicensed contractor) to perform
16 Association work.

17 21. RESPONDENT violated NRS 116.31153(1) by permitting Pantic to sign
18 checks to himself and/or his companies from the Association's reserve account, despite his
19 not being a signatory.

20 22. RESPONDENT violated NRS 116A.630(6) by failing to ensure that the
21 financial transactions of the Association are current, accurate and properly documented.

22 23. RESPONDENT violated NRS 116A.630(15) by failing to maintain internal
23 accounting controls, including, without limitation, segregation of incompatible accounting
24 functions.

25 24. RESPONDENT violated NAC 116A.355(1)(a)(1) (through NAC
26 116A.355(2)(a)(3)) by engaging in unprofessional conduct by violating Nevada law.

27 25. RESPONDENT violated NAC 116A.355(1)(a)(1) (through NAC
28 116A.355(2)(c)) by engaging in unprofessional conduct by engaging in deceitful, fraudulent

1 or dishonest conduct, including, without limitation, knowingly communicating false,
2 misleading or fraudulent information to the Association's board members.

3 29. RESPONDENT violated NAC 116A.355(1)(a)(2) (through NAC 116A.355(3)(a)
4 and (b)) by committing professional incompetence by demonstrating a significant lack of
5 ability, knowledge or fitness to perform a duty or obligation owed to the Association and
6 by failing to exercise reasonable skill and care with respect to a duty owed to the
7 Association.

8 **ORDER**

9 The Commission, being fully apprised in the premises and good cause appearing,
10 ORDERS as follows:

11 1. RESPONDENT shall pay the Division a total of \$47,790.40 ("Amount
12 Due"), consisting of a fine in the amount of \$45,000.00 and the Division's attorney fees
13 and costs in the amount of \$2,790.40. The Amount Due shall be payable to the Division
14 within 90 days of the date of this Order.

15 2. Any certificates issued to RESPONDENT by the Division are hereby
16 revoked for a period of five years from the date of this Order ("Revocation Period") or
17 until such time that Respondent has fully paid the Amount Due, whichever period is
18 longer.

19 3. Following the Revocation Period, provided that RESPONDENT has paid the
20 Amount Due to the Division, should RESPONDENT desire to apply for any certificate
21 from the Division, RESPONDENT shall submit a new application and comply with all
22 Division requirements at that time. The Division shall deny RESPONDENT's
23 application and refer the application denial to the Commission pursuant to NAC
24 116A.135.

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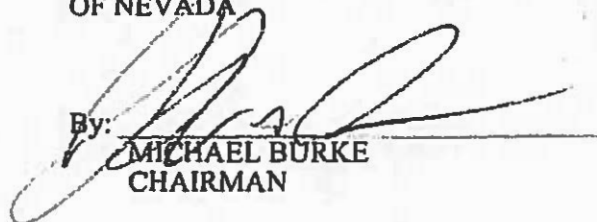
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3 4. The Division may institute debt collection proceedings for failure to timely
4 pay the Amount Due, or any installment thereof. Further, if collection goes through
5 the State of Nevada, then RESPONDENT shall also pay the costs associated with
6 collection.

7 DATED this 11TH day of OCTOBER, 2021.

COMMISSION FOR COMMON-INTEREST
COMMUNITIES AND CONDOMINIUM HOTELS
DEPARTMENT OF BUSINESS & INDUSTRY STATE
OF NEVADA

By: 
MICHAEL BURKE
CHAIRMAN

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Submitted by:

AARON D. FORD
Attorney General

By: /s/ *Karissa Neff*

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