

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.

Laguna Palms Homeowners Association,  
Denise Jugenheimer, Stephen Bock, Peter  
Albert, Suzanne Suter,

Respondents.

Case No. 2020-666

STIPULATION AND ORDER FOR  
SETTLEMENT OF DISCIPLINARY  
ACTION

FILED

SEP 28 2022

NEVADA COMMISSION FOR  
COMMON INTEREST COMMUNITIES  
AND CONDOMINIUM HOTELS

*Kelly Valadez*

This Stipulation for Settlement of Disciplinary Action ("Stipulation") is entered into by and between the State of Nevada, Department of Business and Industry, Real Estate Division ("Division"), through its Administrator Sharath Chandra ("Petitioner"), by and through their attorney of record, Virginia T. Tomova, Deputy Attorney General, and Laguna Palms Homeowners Association, Denise Jugenheimer, Stephen Bock, Peter Albert, and Suzanne Suter (collectively "RESPONDENTS.")

RESPONDENTS, at all relevant times mentioned in this Complaint, served as board members and/or officers of LAGUNA PALMS HOMEOWNERS ASSOCIATION (the "Association"), a common-interest community located in Las Vegas, Nevada. RESPONDENTS are subject to the provisions of Chapter 116 of each the Nevada Revised Statutes ("NRS") and the Nevada Administrative Code ("NAC") (hereinafter collectively referred to as "NRS 116") and are subject to the jurisdiction of the Division, and the Commission for Common-Interest Communities pursuant to the provisions of NRS 116.750.

SUMMARY OF FACTUAL ALLEGATIONS SET FORTH IN THE COMPLAINT

1. LAGUNA PALMS HOMEOWNERS ASSOCIATION consists of 268 aggregate units in a planned community located in Las Vegas, Nevada.

2. At all relevant times, the Association was governed by five resident board members, who are Respondents Denise Jugenheimer, Stephen Bock, Peter Albert and

1 Suzanne Suter.

2 3. On or about July 27, 2020, the Division received an intervention affidavit by  
3 the Complainant Mayra Encarnacion, regarding water damage inside the hall bathroom  
4 wall, to her unit, located at 3145 East Flamingo Road, Unit 1092, Las Vegas, Nevada (the  
5 "Unit").

6 4. The Intervention Affidavit prompted the investigation by the Division.

7 5. The date of when the leak first started in the Unit is not known.

8 6. On or about July 26, 2019, the Complainant discovered the leak.

9 7. On or about July 27, 2019, the Complainant notified the Association  
10 Community Manager Joan Ernest of the water damage to the Unit.

11 8. An inspection of the Unit by the Association did not discover the leak.

12 9. On or about July 31, 2019, the Complainant contacted Clean Control, LLC to  
13 perform further investigation into the water leak.

14 10. Clean Control discovered that the source for the damage to the Unit was a  
15 pinhole leak inside Unit's hall bathroom wall.

16 11. At that time, the Association was notified by Clean Control and a plumber  
17 was dispatched to fix the water leak.

18 12. By the time the plumber was dispatched, the Unit had at least four (4) days  
19 of untreated water damage.

20 13. The Complainant approved Clean Control to leave equipment at the Unit but  
21 did not want to proceed with the demolition and water remediation until the asbestos  
22 survey was approved and she received confirmation from the Association's insurance that  
23 the damage will be covered.

24 14. The Complainant was not notified that the Association did not have adequate  
25 insurance to cover her property damage that was caused by the pinhole leak inside the  
26 bathroom wall of the Unit.

27 15. On or about September 25, 2019, Clean Control provided an estimated total  
28 damage to the Unit in the amount of \$58,805.35.

1       16. Based on a correspondence dated January 24, 2020, from Precision Risk  
2 Management, the claims administrator for the Association's insurance policy with Century  
3 National Insurance, the date of loss was July 31, 2019, four days after the Association was  
4 notified by the Complainant of the water damage.

5       17. In that same correspondence, Precision Risk Management attached a check  
6 in the amount of \$11,583.54 after subtracting the \$10,000.00 insurance deductible.

7       18. Precision Risk Management estimated that the water damage was  
8 \$21,583.54 based on reduced coverage for the interior of the unit and non-coverage for the  
9 water line that caused the damage.

10       19. According to that correspondence, the Association's insurance policy did not  
11 cover "costs to repair any defect to a system or appliance from which water, other liquid,  
12 powder or molten material escapes."

13       20. The Association has not provided any evidence showing that the monies  
14 received from Precision Risk Management were applied to the Unit's repair and  
15 restoration, which is the Association's responsibility.

16       21. According to the Certificate of Insurance from October 15, 2018, to October  
17 15, 2019, the Association had a bare walls policy that did not cover the Unit.

18       22. The insurance adjuster determined that the Association did not have the  
19 coverage regarding the water damage to the Unit.

20       23. Had the Association had the proper and required coverage, the water damage  
21 would have been covered.

22       24. Instead, the Complainant paid out-of-pocket costs of \$13,674.00 to bring up  
23 the Unit to a livable condition.

24       25. On or about March 16, 2021, the Division properly gave notice to the  
25 Association and its board members, that it would be filing a Complaint against the  
26 Association for the Association's failure to maintain adequate insurance coverage, for  
27 failing to apply the insurance proceeds towards the repair and restoration of the Unit,  
28 pursuant to NRS 116.3113(1)(a) and (2), NRS 116.31133(1) and (2), and NRS 116.2102(1).

1 (2) and (3).

2 **SUMMARY OF VIOLATIONS OF LAW ALLEGED IN THE COMPLAINT**

3 26. RESPONDENTS violated NRS 116.3113 (1)(a) and (2) by failing to have the  
4 Association carry the required insurance policy to cover the Unit.

5 27. RESPONDENTS violated NRS 116.3113(3) by failing to provide notice of the  
6 fact to the Complainant that the Association did not carry the proper insurance to cover  
7 the Unit.

8 28. RESPONDENTS violated NRS 116.3103(1)(a) through NAC 116.405(3) by  
9 failing to act in good faith and in the best interests of the Association when they committed  
10 an act or omission which amounts to incompetence, negligence, or gross negligence by  
11 failing to comply with Nevada law.

12 **PROPOSED SETTLEMENT**

13 In an effort to avoid the time and expense of litigating these issues before the  
14 Commission, the parties desire to compromise and settle the instant controversy upon the  
15 following terms and conditions:

16 1. RESPONDENTS agree to pay the Division a total amount of \$4,659.88 ("Amount  
17 Due"), consisting of a \$3,000.00 fine imposed by the Division and the Division's pre-  
18 hearing costs and attorneys' fees in the amount of \$1,659.88.

19 2. The Amount Due shall be payable to the Division as follows: RESPONDENTS  
20 shall pay \$4,659.88 within 60 days of date of the order approving this Stipulation.

21 3. RESPONDENTS agree to pay the complainant and homeowner Mayra  
22 Encarnacion the amount of \$13,674.00, as a restitution for the damages she incurred  
23 because of the water damage to her unit and the Association's lack of proper insurance  
24 coverage at the time when the damage occurred ("Complainant's damages.")

25 4. The Complainant's damages shall be payable to Ms. Encarnacion as follows:  
26 RESPONDENTS shall pay \$13,674.00 within 60 days of date of the order approving this  
27 Stipulation.

28

1        5. RESPONDENTS also agree to provide copy of an insurance policy in compliance  
2 with NRS 116.3113.

3        6. RESPONDENTS and the Division agree that by entering into this Stipulation, the  
4 Division does not concede any defense or mitigation RESPONDENTS may assert and that  
5 once this Stipulation is approved and fully performed, the Division will close its file in this  
6 matter.

7        7. RESPONDENTS agree and understand that by entering into this Stipulation,  
8 RESPONDENTS are waiving their rights to a hearing at which RESPONDENTS may  
9 present evidence in their defense, their right to a written decision on the merits of the  
10 complaint, their rights to reconsideration and/or rehearing, appeal and/or judicial review,  
11 and all other rights which may be accorded by the Nevada Administrative Procedure Act,  
12 the Nevada Real Estate Brokers and Salespersons statutes and accompanying regulations,  
13 and the federal and state Constitutions.

14        8. RESPONDENTS understand that this Agreement and other documentation may  
15 be subject to public records laws. The Commission members who review this matter for  
16 approval of this Stipulation may be the same members who ultimately hear, consider, and  
17 decide the Complaint if this Stipulation is either not approved by the Commission or is not  
18 timely performed by RESPONDENTS.

19        9. RESPONDENTS fully understand that they have the right to be represented by  
20 legal counsel in this matter at their own expense.

21        10. Each party shall bear their own attorney's fees and costs, except as provided  
22 above.

23        11. RESPONDENTS agree that if the terms and conditions of this Stipulation and  
24 Order are not met, RESPONDENTS shall appear before the Commission and explain their  
25 failure to comply with the settlement terms. Alternatively, the Division may, at its option,  
26 rescind this Stipulation and Order as to the RESPONDENTS in default and proceed with  
27 prosecuting the Complaint before the Commission.

28

1       12. Once executed, this Stipulation will be filed with the Commission and will be  
2 placed on the agenda for approval at its next public meeting. The Division will recommend  
3 to the Commission approval of the Stipulation. RESPONDENTS agree that the  
4 Commission may approve, reject, or suggest amendments to this Stipulation that must be  
5 accepted or rejected by RESPONDENTS before any amendment is effective.

6       13. Release. In consideration of the execution of this Stipulation, RESPONDENTS  
7 for themselves, their heirs, executors, administrators, successors, and assigns, hereby  
8 releases, remises, and forever discharges the State of Nevada, the Department of Business  
9 and Industry, and the Division, and each of their respective members, agents, employees,  
10 and counsel in their individual and representative capacities, from any and all manner of  
11 actions, causes of action, suits, debts, judgments, executions, claims, and demands  
12 whatsoever, known and unknown, in law or equity, that RESPONDENTS ever had, now  
13 have, may have, or claim to have against any or all of the persons or entities named in this  
14 section, arising out of or by reason of the Division's investigation, this disciplinary action,  
15 and all other matters relating thereto.

16       14. Indemnification. RESPONDENTS hereby agree to indemnify and hold harmless  
17 the State of Nevada, the Department of Business and Industry, Petitioner, the Division,  
18 and each of their respective members, agents, employees, and counsel, in their individual  
19 and representative capacities, against any and all claims, suits, and actions brought  
20 against said persons and/or entities by reason of the Division's investigation, this  
21 disciplinary action, and all other matters relating thereto, and against any and all  
22 expenses, damages, and costs, including court costs and attorney fees, which may be  
23 sustained by the persons and/or entities named in this section as a result of said claims,  
24 suits, and actions.

25       15. Default. In the event of default under this Stipulation, RESPONDENTS  
26 agree that the unpaid balance of the administrative fine and costs, together with any  
27 attorneys' fees and costs that may have been assessed, and the Complainant's damages  
28 shall be due in full within ten calendar days of the date of default to the Division and to

1 Ms. Encarnacion, respectively. Debt collection actions for unpaid monetary assessments  
2 in this case may be instituted by the Division or its assignee.

3 16. RESPONDENTS have signed and dated this Stipulation only after reading and  
4 understanding all terms herein.

5 DATED this 21 day of <sup>July</sup> ~~May~~, 2022.

NEVADA DEPARTMENT OF BUSINESS  
& INDUSTRY, REAL ESTATE DIVISION

By: [Signature]  
SHARATH CHANDRA  
Administrator

10 DATED: this \_\_\_ day of May, 2022.

LAGUNA PALMS HOMEOWNERS  
ASSOCIATION

11 By: [Signature]  
12 Name: Treasurer/Steve Bock  
13 Title: Treasurer

15 DATED: this \_\_\_ day of May, 2022

16 [Signature]  
17 Denise Jugenheimer

19 DATED: this \_\_\_ day of May, 2022

20 [Signature]  
21 Stephen Bock

23 DATED: this \_\_\_ day of May, 2022

22 [Signature]  
23 Peter Albert

25 DATED: this \_\_\_ day of May, 2022

24 [Signature]  
25 Suzanne Suter

ORDER

IT IS ORDERED that the foregoing Stipulation and Order for Settlement of  
Disciplinary Action, submitted by Petitioner and Respondent, is approved in full.

*September*  
Dated: ~~May 26~~, 2022.

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

By:   
Commission's Chairman

Submitted by:

AARON FORD, Attorney General

By:

*tsl* 

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