

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,

7 Petitioner,

8 vs.

9 Michael Steven Skahill,

10 Respondent.

Case No. 2021-903

FILED

AUG 11 2022

NEVADA COMMISSION FOR
COMMON INTEREST COMMUNITIES
AND CONDOMINIUM HOTELS

Kelly Valadez

11 **COMPLAINT FOR DISCIPLINARY**
12 **ACTION AND NOTICE OF HEARING**

13 The Real Estate Division of the Department of Business and Industry, State of
14 Nevada (the "Division"), by and through its counsel, Aaron D. Ford, Attorney General of
15 the State of Nevada, and Virginia T. Tomova, Deputy Attorney General, hereby notifies
16 Respondent Michael Steven Skahill ("RESPONDENT" or "Skahill") of an administrative
17 hearing before the Commission for Common-Interest Communities and Condominium
18 Hotels, State of Nevada, which is to be held pursuant to Chapters 233B and Chapters 116
19 and 116A of the Nevada Revised Statutes ("NRS") and Chapter 116 and 116A of the Nevada
20 Administrative Code ("NAC"). The purpose of the hearing is to consider the allegations
21 stated below and to determine if an administrative penalty will be imposed on the
22 RESPONDENT pursuant to the provisions of NRS and NAC including, but not limited to,
23 NAC 116A.360.

24 **JURISDICTION AND NOTICE**

25 1. During all relevant times mentioned in this complaint, RESPONDENT held
26 an active supervising community manager certificate from the Division (CAM.0007489-
27 SUPR) and is, therefore, subject to the jurisdiction of the Division and the provisions of
28 NRS Chapters 116 and 116A and NAC Chapters 116 and 116A.

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FACTUAL ALLEGATIONS

2. RESPONDENT was a supervising community manager for Spring Meadows Homeowners Association (the "Association"), located in Clark County, Nevada from 2015 to September 18, 2019.

3. The Association consists of thirty (30) condominium units.

4. RESPONDENT holds a supervisory community manager certificate (CAM.0007489-SUPR) issued by the Division which is currently in "active" status.

5. During all relevant times mentioned in this complaint, the RESPONDENT was employed with AMS Management Group, LLC ("AMS").

6. AMS performed community management services for the Association from approximately 2015 to December 31, 2019.

7. On or about September 18, 2019, the board of directors for the Association, sent correspondence to the RESPONDENT, notifying him that the board voted unanimously to terminate its community management agreement with AMS.

8. In that correspondence, the board also requested that the RESPONDENT provide all records and checkbooks, meeting minutes and/or audio recordings of minutes to Wanda Osborne ("Ms. Osborne"), the Association's secretary or Darlene Dickinson ("Ms. Dickinson"), the president of the Association.

9. The RESPONDENT did not provide the requested documents to the board.

10. From approximately January 1, 2020, to April 30, 2020, the Association was self-managed.

11. Ballard Realty Group took over the community management of the Association on May 1, 2020.

12. Debra Ballard ("Ms. Ballard") became the new community manager for the Association.

13. On or about February 8, 2021, the Division sent correspondence to the board and the Association, advising them that the Division was auditing the Association's records (the "Audit").

1 14. The reasons for the Audit were that:

- 2 a. the Association was in revoked status with the Secretary of State since
- 3 b. the Reserve Study Summary forms submitted to the Division indicated
- 4 that the last CPA audit had been conducted on the Association's 2016
- 5 financial statements, when it appeared no such audit had been
- 6 performed.

7 15. In its February 8, 2021 correspondence, the Division requested the following

8 documents to be provided by March 1, 2021, to complete the audit:

- 9 a. Copy of Recorded Covenants, Conditions & Restrictions (Declaration),
- 10 the Bylaws, Collection Policy, Violations Policy, Rules & Regulations;
- 11 b. Current Certificate of Insurance for all policies issued to the
- 12 Association;
- 13 c. Copies of all association meeting minutes and Agendas, including
- 14 financial review package, special meetings, budget ratification
- 15 packages from January 1, 2017 to December 31, 2020;
- 16 d. Copy of the most recent reserve study with site visit, including the 2013
- 17 Reserve Study;
- 18 e. Copies of the 2017, 2018 and 2019 CPA audits and/or reviews;
- 19 f. Copies of the 2018, 2019, 2020 and 2021 budgets for the Association;
- 20 g. Copies of the interim financial statements including balance sheets and
- 21 comparative budget to actual income statements for 2017, 2018, 2019
- 22 and 2020;
- 23 h. Copies of the general ledger from 2017 to 2020;
- 24 i. Copies of the statements of association accounts including but not
- 25 limited to operating, reserve, contingency, investment, credit card, and
- 26 loan accounts from 2017 to 2020;
- 27 j. Copies of the fronts and backs of checks issued from the operating and
- 28 reserve accounts from 2017 to 2020;
- 29 k. Copies of the Association's policies and procedures related to the check
- 30 approval and signing process of checks, invoice approval and payment
- 31 register for all disbursements from 2017 to 2020;
- 32 l. Copies of bank signature cards for all open association accounts from
- 33 2017 to the present;
- 34 m. Copies of all invoices, receipts for reserve fund expenses from 2017 to
- 35 2020;
- 36 n. Copies of all vendor agreements from 2017 to 2020 including
- 37 management and vendor contracts;
- 38 o. Copies of W9s and 1099s from 2017 to 2020.

39 Collectively, the "Association Documents."

40 16. The RESPONDENT did not respond to the Division's request for documents.

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1 17. On or about February 23, 2021, Ms. Ballard requested an extension until
2 March 15, 2021, to submit the Association Documents.

3 18. The Division granted the extension.

4 19. Ms. Ballard submitted the majority of the Association Documents to the
5 Division by March 15, 2021.

6 20. Ms. Ballard was not able to submit all the Association Documents due to
7 RESPONDENT's failure to provide such documents when the transition from AMS to
8 Ballard Realty Group occurred.

9 21. On or about August 23, 2021, the Association was reinstated with the
10 Secretary of State and is currently in good standing with the Division.

11 22. On or about September 2, 2021, Ms. Dickinson informed the Division that the
12 board terminated the agreement with AMS because the RESPONDENT had depleted the
13 Association's accounts and would not return phone calls.

14 23. The audit was completed by the Division on June 17, 2021.

15 24. The audit's findings were as follows:

- 16 a. in 2017, RESPONDENT failed to file the required annual list of officers
17 with the Secretary of State's Office such that the Association went into
18 "revoked" status in 2018;
- 19 b. RESPONDENT did not transition all Association records to the
20 board after being terminated in early 2020, including, but not limited,
21 meeting minutes;
- 22 c. RESPONDENT's management agreement did not comply with Nevada
23 law as it contained an autorenewal provision;
- 24 d. On April 18, 2016, RESPONDENT paid \$1,500.00 (check #3505) and on
25 June 3, 2019, paid \$700.00 (Check #3518) to Margarito Gonzales for
26 "roof repair," even though roofs were not a common element;
- 27 e. The RESPONDENT failed to disclose his affiliation and/or a conflict of
28 interest with Maintenance & More (whose status with the Secretary of
 State was revoked in 2017);
- f. Steve Morrill was a managing member of AMS and was also a
 managing member of Maintenance & More;
- g. Maintenance & More provided vendor services until August 31, 2019
 for the Association without a written contract;
- h. Maintenance & More was paid for services without providing an invoice
 for the work performed for the Association;

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- i. RESPONDENT failed to disclose affiliation and/or a conflict of interest with Unlimited Contracting, a vendor that provided services to the Association from December 1, 2016 through March 4, 2019;
- j. Unlimited Contracting was performing vendor services without a written contract with the Association;
- k. While managing the Association, RESPONDENT transferred and/or permitted the transfer of reserve funds electronically in the amount of \$13,500.00 from the Association's reserve account to its operating account without the required signatures; and
- l. While managing the Association, RESPONDENT permitted checks to be issued from the Association's operating account having only one of the required two signatures.

25. On or about September 14, 2021, the Division properly notified RESPONDENT that it was opening an investigation against him regarding his actions:

- a. allowing the Secretary of State filing regarding the Association to lapse into a revoked status and to remain revoked during the transition to the new management company in May of 2020;
- b. paying Margarito Gonzales, via two checks in the amounts of \$1,500.00 and \$700.00 respectively for roof repair, even though roofs are not considered part of the common element of the Association;
- c. failing to transition all Association's records including meeting minutes and/or audio recordings to the executive board after being terminated in 2020;
- d. failing to disclose the relationship between AMS, Maintenance & More and Unlimited Contracting;
- e. transferring funds electronically from October 2018 through December 2019 in the amount of \$13,500.00 without the required two signatures;
- f. failing to prepare interim financial statements of the Association using the accrual method of accounting from at least January 2017 through May 2020.

26. The RESPONDENT was given until September 24, 2021, to provide certain documents to the Division and to answer the allegations set forth in the Division's letter.

27. The RESPONDENT failed to provide such documents to the Division and to respond to the allegations.

28. On or about October 5, 2021, the Division sent its second request for the documents.

29. The RESPONDENT was given until October 15, 2021, to provide the documents.

1 39. RESPONDENT violated NRS 116A.640 (2)(a) by impeding or interfering with
2 the investigation of the Division when he failed to comply with a request of the Division to
3 provide documents.

4 40. RESPONDENT violated NRS 116A.630(2)(a) by failing to comply with state
5 and local laws when he failed to provide the Division with the requested documents.

6 **DISCIPLINE AUTHORIZED**

7 Pursuant to the provisions of NAC 116A.360 the Commission has discretion to
8 impose discipline as it deems appropriate, including, but not limited to one or more of the
9 following actions:

- 10 1. Revoke or suspend the certificate;
- 11 2. Refuse to renew or reinstate the certificate;
- 12 3. Place the community manager on probation;
- 13 4. Issue a reprimand or censure to the community manager;
- 14 5. Impose a fine of not more than \$5,000 for each violation of a statute or
15 regulation;
- 16 6. Require the community manager to pay restitution;
- 17 7. Require the community manager to pay the costs of the investigation and
18 hearing;
- 19 8. Require the community manager to obtain additional education relating to
20 the management of common-interest communities; and
- 21 9. Take such other disciplinary action as the Commission deems appropriate.

22 The Commission may order one or any combination of the discipline described above.

23 **NOTICE OF HEARING**

24 **PLEASE TAKE NOTICE**, that a disciplinary hearing has been set to consider this
25 Administrative Complaint against the above-named RESPONDENT in accordance with
26 Chapters 233B and 116 and 116A of the Nevada Revised Statutes and Chapters 116 and
27 116A of the Nevada Administrative Code.

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1 **THE HEARING WILL TAKE PLACE** at the Commission meeting(s) scheduled for
2 September 13 – September 15, 2022, beginning at approximately 9:00 a.m. each day, or
3 until such time as the Commission concludes its business. The Commission meeting will
4 be held at the Nevada State Business Center, 3300 W. Sahara Avenue, 4th Floor, Nevada
5 Room, Las Vegas, Nevada 89102 with videoconferencing to Department of Business &
6 Industry, Division of Insurance, 1818 E. College Parkway, Suite 103, Carson City, Nevada
7 89706.

8 **STACKED CALENDAR: Your hearing is one of several hearings that may**
9 **be scheduled at the same time as part of a regular meeting of the Commission**
10 **that is expected to last from September 13-15, 2022. Thus, your hearing may be**
11 **continued until later in the day or from day to day. It is your responsibility to be**
12 **present when your case is called. If you are not present when your hearing is**
13 **called, a default may be entered against you and the Commission may decide the**
14 **case as if all allegations in the complaint were true. If you need to negotiate a**
15 **more specific time for your hearing in advance, please call Kelly Valadez,**
16 **Commission Coordinator, at (702) 486-4606.**

17 **YOUR RIGHTS AT THE HEARING:** Except as mentioned below, the hearing is
18 an open meeting under Nevada’s open meeting law and may be attended by the public.
19 After the evidence and arguments, the commission may conduct a closed meeting to discuss
20 your alleged misconduct or professional competence. You are entitled to a copy of the
21 transcript of the open and closed portions of the meeting, although you must pay for the
22 transcription.

23 As a **RESPONDENT**, you are specifically informed that you have the right to appear
24 and be heard in your defense, either personally or through your counsel of choice. At the
25 hearing, the Division has the burden of proving the allegations in the complaint and will
26 call witnesses and present evidence against you. You have the right to respond and to
27 present relevant evidence and argument on all issues involved. You have the right to call
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1 and examine witnesses, introduce exhibits, and cross-examine opposing witnesses on any
2 matter relevant to the issues involved.

3 You have the right to request that the Commission issue subpoenas to compel
4 witnesses to testify and/or evidence to be offered on your behalf. In making this request,
5 you may be required to demonstrate the relevance of the witness's testimony and/or
6 evidence. Other important rights and obligations, including your obligation to answer the
7 complaint, are listed in NAC 116A.560 through NAC 116A.655, NRS Chapter 233B, and
8 NRS Chapters 116 and 116A and NAC 116 and 116A. Note that under NAC 116A.585, not
9 less than five (5) working days before a hearing, RESPONDENT must provide to the
10 Division a copy of all reasonably available documents that are reasonably anticipated to be
11 used to support his or her position, and a list of witnesses RESPONDENT intends to call
12 at the time of the hearing. Failure to provide any document or to list a witness may result
13 in the document or witness being excluded from RESPONDENT'S defense. The purpose of
14 the hearing is to determine if the RESPONDENT has violated any of the provisions of

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1 NRS and NAC Chapters 116 and 116A, and to determine what administrative penalty is
2 to be assessed against RESPONDENT, if any, pursuant to NAC 116A.360.

3 DATED this 9 day of August, 2022.

4 REAL ESTATE DIVISION,
5 DEPARTMENT OF BUSINESS &
6 INDUSTRY, STATE OF NEVADA

7 By: 

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12 AARON D. FORD
13 Attorney General

14 By: /s/ Virginia T. Tomova

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