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.

DIANA D. STEGEMAN, (CAM.0009065)

Respondent.

Case No. 2022-756



MAY 0 2 2023

NEVADA COMMISSION FOR COMMON INTEREST COMMUNITIES AND CONDOMINIUM HOTELS



COMPLAINT FOR DISCIPLINARY ACTION AND NOTICE OF HEARING

The Real Estate Division of the Department of Business and Industry, State of Nevada (the "Division"), by and through its counsel, Aaron D. Ford, Attorney General of the State of Nevada, and Christal P. Keegan, Deputy Attorney General, hereby notifies DIANA D. STEGEMAN ("RESPONDENT") of an administrative hearing before the Commission for Common-Interest Communities and Condominium Hotels, State of Nevada, which is to be held pursuant to Chapters 233B and Chapters 116 and 116A of the Nevada Revised Statutes ("NRS") and Chapter 116 and 116A of the Nevada Administrative Code ("NAC"). The purpose of the hearing is to consider the allegations stated below and to determine if an administrative penalty will be imposed on the RESPONDENT pursuant to the provisions of NRS and NAC including, but not limited to NAC 116A.360.

JURISDICTION AND NOTICE

During all relevant times mentioned in this complaint, RESPONDENT held a community manager certificate from the Division (CAM.0009065) 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. RESPONDENT'S certificate is currently in

"active" status.

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FACTUAL ALLEGATIONS

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- As relevant to this Complaint, RESPONDENT held an active community 1. manager certificate from the Division (CAM.0009065) until September 30, 2022. CICC072.
- Starting October 1, 2022, RESPONDENT'S company Heritage Management 2. Group, LLC.'s contract would terminate with The Gables Condominium Owners Association, Inc. ("Association") and transfer to the new management company, Prime Management, LLC ("Succeeding Management Company"). CICC024 - CICC025, and CICC062.
- 3. Prior to the transfer, on or about September 15, 2022, the Succeeding Management Company requested RESPONDENT provide the Association's records no later than October 1, 2022. CICC024 - CICC025.
- On or about October 10, 2022, counsel for the Succeeding Management 4. Company sent a final demand letter to RESPONDENT requesting the Association's records. CICC021 - CICC022.
- 5. As of October 19, 2022, RESPONDENT had not provided the Association's records to the Succeeding Management Company. CICC043 - CICC047.
- On October 31, 2022, the Division received an Intervention Affidavit against 6. RESPONDENT by the Succeeding Management Company. CICC001-CICC020.
- 7. The Intervention Affidavit alleged RESPONDENT failed to turn over the entirety of the Association's records within the 30 days as set forth in NRS 116A.620(6). CICC003.
- 8. On or about November 16, 2022, the Division sent its first Request for Information to the RESPONDENT with a deadline of December 2, 2022. CICC029-CICC034.
- 9. On the deadline date, RESPONDENT acknowledged receipt of the letter but did not provide a response to the Request for Information. CICC035-CICC036.

- 10. On or about December 23, 2022, the Division sent its second Request for Information to the RESPONDENT with a deadline of January 10, 2023. *CICC038-CICC042*.
- 11. On December 27, 2022, RESPONDENT transmitted her response to the Division but did not provide any documentation. *CICC053*.
- 12. As of January 24, 2023, the Division still had not received any documentation. CICC059-CICC060.
- 13. On January 27, 2023, RESPONDENT appeared at the Division in person and dropped off emails from October of 2022. *CICC043-CICC047*.
- 14. The emails demonstrated that RESPONDENT had not provided the documents requested by the Succeeding Management Company. *CICC043-CICC047*.
- 15. As of January 31, 2023, RESPONDENT had not provided all items initially requested by the Succeeding Management Company. *CICC067 CICC070*.
- 16. On or about February 16, 2023, the Division sent RESPONDENT a Compliance Demand Letter requiring proof of compliance by March 3, 2023, that the documents requested by the Succeeding Management Company were provided. CICC048-CICC051.
- 17. As of March 17, 2023, RESPONDENT failed to comply with the Compliance Demand Letter. CICC061-CICC063.
- 18. As a result of RESPONDENT'S inadequate responsiveness to the Division and the Succeeding Management Company, now comes herewith.

VIOLATIONS OF LAW

- 19. RESPONDENT violated NRS 116A.620(6) for failing to provide records or proof thereof that within 30 days of termination such transfer of records occurred to the Succeeding Management Company.
- 20. RESPONDENT violated NRS 116A.630(1)(b) for failing to exercise ordinary and reasonable care in the performance of her duties by not transferring the Association record's timely or completely to the Succeeding Management Company.

- 21. RESPONDENT violated NRS 116A.630(2)(a) by failing to comply with state laws and regulations when she failed to provide the Division and/or the Succeeding Management Company with the requested documents.
- 22. RESPONDENT violated NRS 116A.630(9) by failing to make the financial records of the Association for years 2020, 2021, and 2022 available for inspection by the Division.
- 23. RESPONDENT violated NRS 116A.630(10) when she failed to cooperate with the Division in resolving the complaint filed against her.
- 24. RESPONDENT violated NRS 116A.640(2)(a) for impeding the Division's investigation by failing to comply with requests to provide documents.
- 25. RESPONDENT violated NAC 116A.355(2)(f) when she failed to cooperate with the Division's requests for a response and production of documents.
- 26. RESPONDENT violated NAC 116A.355(1)(a)(1) and (3) by engaging in unprofessional conduct when she failed to provide the Association's records to the Succeeding Management Company impacting the Association's ability to file tax returns and incur additional expenses to recreate records.

DISCIPLINE AUTHORIZED

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

- (a) Revoke or suspend the certificate;
- (b) Refuse to renew or reinstate the certificate;
- (c) Place the community manager on probation;
- (d) Issue a reprimand or censure to the community manager;
- (e) Impose a fine of not more than \$5,000 for each violation of a statute or regulation;
- (f) Require the community manager to pay restitution;

- (g) Require the community manager to pay the costs of the investigation and hearing;
- (h) Require the community manager to obtain additional education relating to the management of common-interest communities; and
- (i) Take such other disciplinary action as the Commission deems appropriate.

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

NOTICE OF HEARING

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

THE HEARING WILL TAKE PLACE at the Commission meeting(s) scheduled for June 13 – June 15, 2023, beginning at approximately 9:00 a.m. each day, or until such time as the Commission concludes its business. The Commission meeting will be held at the Nevada State Business Center, 3300 W. Sahara Avenue, 4th Floor, Nevada Room, Las Vegas, Nevada 89102 with videoconferencing to Department of Business & Industry, Division of Insurance, 1818 E. College Parkway, Suite 103, Carson City, Nevada 89706.

STACKED CALENDAR: Your hearing is one of several hearings that may be scheduled at the same time as part of a regular meeting of the Commission that is expected to take place on June 13 – June 15, 2023. Thus, your hearing may be continued until later in the day or from day to day. It is your responsibility to be present when your case is called. If you are not present when your hearing is called, a default may be entered against you and the Commission may decide the case as if all allegations in the complaint were true. If you need to negotiate a more specific time for your hearing in advance because of coordination with an out of state witness or the like, please call Maria Gallo, Commission Coordinator, at (702) 486-4074.

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YOUR RIGHTS AT THE HEARING: Except as mentioned below, the hearing is an open meeting under Nevada's open meeting law and may be attended by the public. After the evidence and arguments, the commission may conduct a closed meeting to discuss your alleged misconduct or professional competence. You are entitled to a copy of the transcript of the open and closed portions of the meeting, although you must pay for the transcription. As a RESPONDENT, you are specifically informed that you have the right to appear and be heard in your defense, either personally or through your counsel of choice. At the hearing, the Division has the burden of proving the allegations in the complaint and will call witnesses and present evidence against you. You have the right to respond and to present relevant evidence and argument on all issues involved. You have the right to call and examine witnesses, introduce exhibits, and cross-examine opposing witnesses on any matter relevant to the issues involved.

You have the right to request that the Commission issue subpoenas to compel witnesses to testify and/or evidence to be offered on your behalf. In making this request, you may be required to demonstrate the relevance of the witness's testimony and/or evidence. Other important rights and obligations, including your obligation to answer the complaint, you have are listed in NAC 116A.560 through NAC 116A.655, NRS Chapter 233B, and NRS Chapters 116 and 116A and NAC 116 and 116A.

Note that under NAC 116A.585, not less than five (5) working days before a hearing, RESPONDENT must provide to the Division a copy of all reasonably available documents that are reasonably anticipated to be used to support his or her position, and a list of witnesses RESPONDENT intends to call at the time of the hearing. Failure to provide any document or to list a witness may result in the document or witness being excluded from RESPONDENT'S defense. The purpose of the hearing is to determine if the RESPONDENT has violated any of the provisions of NRS and NAC Chapters 116 and

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1	1 116A, and to determine what administra	ative penalty is to be assessed aga	inst
2	RESPONDENT, if any, pursuant to NAC 116A.360.		
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