

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

3 SHARATH CHANDRA, Administrator,
4 REAL ESTATE DIVISION, DEPARTMENT
5 OF BUSINESS AND INDUSTRY, STATE
6 OF NEVADA,

6 Petitioner,

7 vs.

8 TURNBERRY TOWERS EAST UNIT-
9 OWNERS' ASSOCIATION, TONY
10 RECTOR, JAMES ORR, LAWRENCE
11 (LARRY) KARP; MANU SETHI, and
12 TAMRA TRAINER,

11 Respondents.

Case No. 2023-309

FILED

JAN 17 2025

NEVADA COMMISSION FOR
COMMON INTEREST COMMUNITIES
AND CONDOMINIUM HOTELS

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13 **FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER**
14 **FOR RESPONDENT TONY RECTOR**

15 This matter came on for hearing before the Commission for Common-Interest
16 Communities and Condominium Hotels, State of Nevada (the "Commission") on
17 Tuesday, December 3, 2024, and Thursday, December 5, 2024. (collectively, "the Hearing")
18 Respondent Tony Rector ("RESPONDENT") appeared in-person and was represented by
19 counsel Jacqueline Nichols, Esq. Phil W. Su, Esq., Senior Deputy Attorney General,
20 appeared on behalf of the Real Estate Division of the Department of Business and
21 Industry, State of Nevada (the "Division").

22 On December 3, 2024, the parties stipulated to the admission of all documents filed
23 with the Division, including from the Division, Respondent Rector, and the other
24 Respondents (who settled with the Division prior to the continuation of Respondent
25 Rector's hearing).

26 Respondent Rector's hearing was reconvened on Thursday, December 5, 2024, and
27 proceeded as a contested case, where the Commissioners heard testimony from the
28 Division's auditor, Noel Thornton, and investigator, Christina Pitch. The Commission,

1 having heard testimony and reviewed the evidence presented in this matter and for good
2 cause appearing, hereby enters the following Findings of Fact, Conclusions of Law, and
3 Order as follows:

4 **FINDINGS OF FACT**

5 Based on a preponderance of the evidence in the record and the documents admitted
6 at the Hearing, the Commission hereby finds that the following factual allegations were
7 proven:

8 1. RESPONDENT ASSOCIATION is a common-interest community located in
9 Las Vegas, Nevada (Entity Number 0069772007-3) consisting of 318 units, and a sub-
10 association of Turnberry Towers Community Association. CIC0001-0003; 0070-0071.

11 2. At all times relevant to the Complaint, the Respondent's management
12 company was PINNACLE COMMUNITY ASSOCIATION MANAGEMENT, represented
13 by Supervising Community Manager Francesca Stevenson CAM. CIC0001-0003; CIC0070-
14 0071.

15 3. As of the date of this Complaint, RESPONDENT BOARD MEMBERS TONY
16 RECTOR,¹ JAMES ORR, LAWRENCE (LARRY) KARP, MANU SETHI, and TAMRA
17 TRAINER currently serve as board members of RESPONDENT ASSOCIATION.²
18 CIC0068-0069.

19 4. The Office of the Ombudsman for Owners in Common-Interest Communities
20 and Condominium Hotels ("Ombudsman") initiated an audit ("Initial Audit") of
21 RESPONDENT ASSOCIATION on July 13, 2023, which was completed and submitted on
22 November 23, 2023. CIC0001-CIC0067.

23 5. The Audit was initiated based on a referral from the Division's compliance
24 section, which identified employee incentives and Board expenses that exceeded the
25 approved and ratified budgets, and which appeared excessive. CIC0004-0005.

26 _____
27 ¹ RESPONDENT BOARD MEMBER RECTOR was subject of a recall petition [CIC0148] but voluntarily
28 resigned on or about May 9, 2024. The Division has, as of the date of filing of this Complaint, not received
any 562 or 623 forms updating the Board of Directors roster, and the Secretary of State still shows RECTOR
as a director.

² Board Members Tony Rector and Tamra Trainer also served as board members during the Audit period.

1 6. The Audit noted, among other irregularities, that the reporting of the Reserve
2 balances from 2020 and 2021 were identical, which is atypical, and warranted further
3 review. CIC0005.

4 7. The Audit identified numerous non-compliance issues, including with
5 Financial Reporting, Bank Accounts and Commingling of Association Funds; Missing and
6 Omitted Records; CPA Audits submitted to the Board in draft, rather than final, form;
7 repeated failure to timely and accurately reconcile security and lease deposit refunds;
8 repeated failure to meet Due-to liability balances between operating and reserve accounts;
9 unadjusted and inaccurate budget preparation; unsupervised petty cash transactions;
10 excessive board expenses and reimbursements; inaccurate records for employee and
11 community manager bonus incentives; issues with employee payroll and vendor services;
12 sole-signed checks; missing and incomplete meeting minutes and vendor bids; funds held
13 in excess of FDIC-insurance deposit limits; and delinquent assessments by board members.
14 CIC0004-0026.

15 8. The Audit specifically noted that the Board Members at the time of the audit,
16 including RESPONDENTS RECTOR and TRAINER, neglected their duty of care in
17 ensuring adherence to internal controls related to accounting and business practices.
18 CIC0026.

19 9. The Audit further stated that RESPONDENT RECTOR “appear[ed] to act
20 unilaterally for many of the association’s business practices and Board process, such as
21 reimbursements, issuance of bonuses, and investment account practices. CIC0027.

22 10. The Audit further stated that “the lack of care and attention to the Board’s
23 fiduciary and business responsibilities suggest an intentional disregard for NRS 116.3103,
24 the results of which may serve to imperil the association as a going concern,” and warranted
25 further investigation by the Division’s compliance section. CIC0029.

26 11. The Audit specifically stated that, in the auditor’s opinion, RESPONDENT
27 RECTOR’S actions were “willful and neglectful” and recommended that the Commission
28 “seek to reimburse the association for the monies found to be used for personal gain by the

1 Board.” CIC0029.

2 12. On January 11, 2024, Division Investigator Christina Pitch sent an opening
3 investigation letter/request for information to the RESPONDENTS, asserting allegations
4 regarding the commingling of funds from various bank accounts; missing and/or omitted
5 records regarding cash disbursements; untimely and preliminary draft versions of 2020
6 and 2021 CPA audits; lack of controls and documentation of petty cash disbursements; the
7 mis-assignment of Association employees for the personal benefit of RESPONDENT
8 RECTOR, and over fifty (50) sole-signed checks from the 2021 and 2022 sample received
9 by the auditor. CIC0075-0080.

10 13. On or about February 2, 2024, CAM Stevenson emailed the Division a
11 response, indicating that, regarding the allegation of commingled funds, those bank funds
12 were “deposited into Merrill Lynch... against the advice of management.” CIC0082.

13 14. The February 2, 2024, response from CAM Stevenson stated that regarding
14 the allegation of missing and/or omitted records regarding cash disbursements, “some bank
15 records [were] sent to the former Boad President directly” and were sometimes not provided
16 to management despite requests from management, and that “registers, receipts, and
17 documentation for the petty cash box are supposed to be kept by onsite office staff and were
18 not made available to management.” CIC0082-0083.

19 15. The February 2, 2024, response from CAM Stevenson included final versions
20 of the 2020 and 2021 audit reports, each of which was dated February 22, 2023. CIC0082-
21 0120.

22 16. The February 2, 2024, response from CAM Stevenson noted that
23 RESPONDENT ASSOCIATION would draft and adopt policies and resolutions to address
24 internal controls for use of association funds and to define reimbursable expenses; that
25 duties for employees of the tower would be limited to association work and not for personal
26 matters; and did not address allegations that some BOARD ASSOCIATION employees on
27 payroll were performing non-Board related work on behalf of RESPONDENT RECTOR.
28 CIC0082-83; 0132-0146.

1 17. On May 7, 2024, newly-elected Board Treasurer, RESPONDENT KARP,
2 provided an additional response to her January 11, 2024, letter and request for information.
3 CIC0147-0155.

4 18. The May 7, 2024, letter did not deny any of the allegations, but noted that
5 they were each being addressed by the newly elected executive board. CIC0147-0155.

6 19. The May 7, 2024, letter noted that bank accounts have been reactivated and
7 funded appropriately; that petty cash has been completely eliminated and Venmo electronic
8 payments are now utilized to ensure payment is made by homeowners directly to the
9 Association's operating account; and that the board members are verifying the status of
10 prior-year audits to resolve any outstanding issues and to ensure no future delays in
11 issuance; that board members could no longer hire personal assistants with Association
12 funds, and that all checks will now be counter-signed and reviewed by the office manager
13 to ensure that there are two signatures. CIC0147-0155.

14 20. The May 7, 2024, letter further noted that the Board of Directors held an
15 emergency meeting to remove RESPONDENT RECTOR from his position as Vice-
16 President of the RESPONDENT ASSOCIATION, and a petition for RESPONDENT
17 RECTOR'S recall as a board member was received by the community manager and was
18 being processed pursuant to NRS 116. CIC0148.

19 21. Lastly, the May 10, 2024, letter included a copy of a new resolution proposed
20 by the Board to ensure that the issues raised in the audit and investigator Pitch's January
21 11, 2024, letter would not reoccur. CIC0149; 0153-0155.

22 22. The Division's investigation separately identified that a November 15, 2023,
23 a lawsuit was filed by RESPONDENT ASSOCIATION against RESPONDENT RECTOR,
24 individually, seeking injunctive and declaratory relief against RECTOR. CIC0156-0158.

25 23. The parties appear to have settled the lawsuit and stipulated for dismissal of
26 that case in May of 2024. CIC0158.

27 **CORROBORATING WITNESS STATEMENTS**

28 24. On February 7, 2024, Jacqueline Phillips, a unit owner in RESPONDENT

1 ASSOCIATION, sent investigator Pitch an email detailing, among other things, her
2 discussions with former Association employee Sonya Clemons about RESPONDENT
3 RECTOR'S practice of using Association money for his own personal benefit, including
4 bringing cash to Clemons for her to wire to women in the Philippines from her personal
5 accounts. CIC0165-0167.

6 25. On February 20, 2024, RESPONDENT TRAINER emailed investigator Pitch
7 to corroborate Phillips' statements and provided supporting documentation. CIC0159-0242.

8 26. Among the documents provided by RESPONDENT TRAINER was an order
9 granting Petition for Temporary Restraining Order against RESPONDENT RECTOR in
10 the A-23-881671-C matter. CIC0159; 0169-0180.

11 27. On March 19, 2024, RESPONDENT TRAINER provided her own personal
12 response to the allegations in Investigator Pitch's January 11, 2024, initial request for
13 information, outlining details she discovered during her time on the board about
14 RESPONDENT RECTOR'S extensive use of HOA funds to pay for his own personal
15 expenses, and his complete control over petty cash handling and disbursement of funds.
16 CIC0243-0249.

17 28. In the March 19, 2024, letter, RESPONDENT TRAINER also asserted that
18 RESPONDENT ASSOCIATION employee Sandra Watkins served as RESPONDENT
19 RECTOR'S personal assistant and worked out of his personal condo, even as she
20 simultaneously serves as the on-site office manager for both RESPONDENT
21 ASSOCIATION and Turnberry Towers Community Association on behalf of Pinnacle
22 Community Management. CIC0247-0249.

23 29. On March 31, 2024, Crysta Willis, a former employee of RESPONDENT
24 ASSOCIATION, emailed Investigator Pitch regarding how although she had been hired by
25 RESPONDENT ASSOCIATION, her only job was to help complete the personal taxes for
26 RESPONDENT RECTOR. CIC0250-0252.

27 30. Willis stated that while helping RESPONDENT RECTOR with his taxes she
28 saw items that the board reimbursed RESPONDENT RECTOR for, but which he wrote off

1 on his taxes, including cell phone bills for employees at his Colorado ranch, and meals when
2 traveling and visiting his Colorado ranch. CIC0250-0252.

3 31. Willis asserted that RESPONDENT RECTOR paid employees through board
4 funds to perform tasks personal to him, such as accompanying him to doctors appointments
5 or to view his out-of-state properties, and that RESPONDENT RECTOR would have them
6 falsify their timecards and would cut "bonus" checks for them rather than pay overtime.
7 CIC0252.

8 32. Investigator Pitch also obtained an April 18, 2023, letter from former
9 Association employee Marissa Kevilus where she also accuses RESPONDENT RECTOR of
10 embezzling Association funds and of sending money from petty cash to send to women in
11 the Philippines, and that former board members and/or associates of RESPONDENT
12 RECTOR owed money to the association, to which collection efforts were not pursued.
13 CIC0253.

14 33. On May 29, 2024, the Division notified RESPONDENTS via an NRS 233B
15 letter sent via certified mail that it obtained sufficient evidence to pursue disciplinary
16 action in a hearing before the Commission for potential violations of NRS 116. CIC0255-
17 0257.

18 CONCLUSIONS OF LAW

19 Based on the foregoing factual findings and the preponderance of the evidence, the
20 Commission voted, that the following violations of law occurred:

21 1. RESPONDENT BOARD MEMBERS violated NRS 116.3103 pursuant to
22 NAC 116.405(8)(i) by failing to exercise ordinary and reasonable care by establishing
23 policies and procedures to provide reasonable assurances regarding the accuracy of the
24 association's petty cash disbursements and other financial records.

25 2. RESPONDENT BOARD MEMBERS violated NRS 116.31144 and NRS
26 116.3103 pursuant to NAC 116.405 and NAC 116.457 by failing to exercise ordinary and
27 reasonable care when they failed to ensure the financial statements of the Association
28 were audited by a CPA for fiscal years 2020 and 2021, and the final audits timely provided

1 to the Division within 210 days of the end of each fiscal year.

2 3. RESPONDENT BOARD MEMBERS violated NRS 116.3103 pursuant to
3 NAC 116.405(3) by committing acts or omissions constituting incompetence, negligence or
4 gross negligence when they allowed for the use of petty cash without established controls
5 or retention of receipts.

6 4. RESPONDENT TONY RECTOR willfully and knowingly violated NRS
7 116.3103 pursuant to NAC 116.405(2) by acting for reasons of self-interest and gain in
8 repeatedly using the Association's funds, including, but not limited to, petty cash
9 disbursements, for his own personal benefit, unrelated to Association business.

10 5. RESPONDENTS violated NRS 116.3103 pursuant to NRS 116.31153 by
11 failing to exercise ordinary and reasonable care in allowing a single board member to sign
12 off on more than fifty (50) association checks without the required countersignature.

13 **ORDER**

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

16 1. RESPONDENT Tony Rector is hereby removed from any director/officer
17 position he presently holds with Turnberry Tower East Unit-Owners Association and/or
18 any executive board as defined by NRS 116.045.

19 2. RESPONDENT is prohibited from serving on any executive board as defined
20 by NRS 116.045, for a period of ten (10) years from the effective date of this Order, and
21 must first petition for Commission approval if he seeks such position after the expiration
22 of this period.

23 3. RESPONDENT shall pay to the Division a total amount of Three Thousand
24 Seven Hundred Ninety Eight Dollars and 96/100 cents (\$3,798.96), which consists of an
25 administrative fine of \$1,000.00 and the Division's pro-rated prehearing costs and hearing
26 fees in the amount of \$2,798.96. The total amount is payable within ninety (90) days of the
27 effective date of this Order.

28 4. If payment of the total amount due is not actually received by the Division

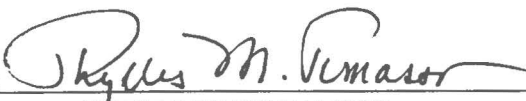
1 on or before its due date, it shall be construed as a default by RESPONDENT. In the event
2 of default, the unpaid balance of the administrative fine and costs, together with any
3 attorney's fees and costs that may have been assessed, shall be due in full to the Division
4 within ten (10) calendar days of the date of default, and the Division may obtain a
5 judgment for the amount owed, including collection fees and costs.

6 5. RESPONDENT shall pay Turnberry Towers East Unit-Owners' Association
7 restitution in the amount of total of Six Thousand Five Hundred Dollars (\$6,500.00) and
8 provide the Division with written proof of payment of restitution within ninety (90) days
9 of the effective date of this order.

10 6. The Commission retains jurisdiction for correcting any errors that may have
11 occurred in the drafting and issuance of this document.

12 DATED this 17th day of January, 2025.

13 COMMISSION FOR COMMON-INTEREST
14 COMMUNITIES AND CONDOMINIUM HOTELS

15 By: 
16 PHYLLIS TOMASSO
17 Chairperson of the Commission

18 Submitted by:

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