

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
6 OF BUSINESS AND INDUSTRY,
7 STATE OF NEVADA,

8 Petitioner,

9 vs.

10 CENTERTOWNE SUBDIVISION
11 ASSOCIATION
(Entity Number C4164-1978)

12 Respondent.

Case No. 2024-183

FILED

AUG 01 2024

NEVADA COMMISSION FOR
COMMON INTEREST COMMUNITIES
AND CONDOMINIUM HOTELS

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13 **COMPLAINT FOR DISCIPLINARY**
14 **ACTION AND NOTICE OF HEARING**

15 The Real Estate Division of the Department of Business and Industry, State of
16 Nevada (the "Division"), by and through its counsel, Aaron D. Ford, Attorney General of
17 the State of Nevada, and Christal P. Keegan, Deputy Attorney General, hereby notifies
18 Centertowne Subdivision Association ("RESPONDENT") of an administrative hearing
19 before the Commission for Common-Interest Communities and Condominium Hotels,
20 State of Nevada, which is to be held pursuant to Chapters 233B and Chapters 116 of the
21 Nevada Revised Statutes ("NRS") and Chapter 116 of the Nevada Administrative Code
22 ("NAC"). The purpose of the hearing is to consider the allegations stated below and to
23 determine if an administrative penalty will be imposed on the RESPONDENT pursuant
24 to the provisions of NRS and NAC including, but not limited to NRS 116.785 and
25 NRS 116.790.

26 **JURISDICTION AND NOTICE**

27 During all relevant times, RESPONDENT is a common-interest community of
28 about 44 units located in Gardnerville, Douglas County, Nevada (Entity Number

1 C4164-1978) and is, therefore, subject to the provisions of Chapter 116 of each the Nevada
2 Revised Statutes (“NRS”) and the Nevada Administrative Code (“NAC”) (hereinafter
3 collectively referred to as “NRS 116”) and are subject to the jurisdiction of the Division,
4 and the Commission for Common-Interest Communities and Condominium Hotels
5 pursuant to the provisions of NRS 116.750.

6 FACTUAL ALLEGATIONS

7 1. On or about September 22, 2023, the Division initiated an audit for the
8 Centertowne Subdivision Association (“RESPONDENT”). *Exhibit 1, CICC 000001.*

9 2. The RESPONDENT’S latest Annual Registration Form 562 dated July 25,
10 2023, technically demonstrated only two executive board members. *Exhibit 6,*
11 *CICC 000045.*

12 3. The RESPONDENT’S prior Annual Registration Forms 562 demonstrate it
13 has not been operating with the statutorily required three board members for many years.
14 *Exhibit 6, CICC 000051, CICC 000053, CICC 000055, and CICC 000060.*

15 4. From about 2021 through August of 2022, the aging reports indicated Board
16 President, Terri Billman, was delinquent in paying assessments for two units. *Exhibit 1,*
17 *CICC 000020.*

18 5. During which time, there was no indication the Board held Executive session
19 meetings, nor were compliance violations imposed. *Exhibit 1, CICC 000009.*

20 6. Further, the September 2022 General Ledger regarding owner Billman listed
21 \$3,800 in delinquent assessments that were reversed, which was more than what was
22 outstanding (\$2,400). *Exhibit 1, CICC 000020.*

23 7. On or about January 11, 2022, Check Nos. 1001 and 1002, were signed only
24 by Board President Billman. *Exhibit 1, CICC 000021.*

25 8. Additionally, the Annual Association Registration Form 562 dated August
26 10, 2021, demonstrated only one board member, Billman as Vice President, available to
27 sign checks. *Exhibit 6, CICC 000060.*

28 . . .

1 9. For 2021, RESPONDENT provided only the meeting minutes for September
2 14, 2021. *Exhibit 1, CICC 000010.*

3 10. The September 14, 2021, Meeting Minutes indicated the sole acting
4 Board member and the community manager, approved financial statements, opened
5 bids, approved work to be performed, and/or made decisions on behalf of the Association.
6 *Exhibit 1, CICC 000010.*

7 11. While RESPONDENT'S 2022 and 2023 agendas indicated Executive
8 Board meetings, those meeting minutes were not submitted to the Division. *Exhibit 1,*
9 *CICC 000011.*

10 12. The RESPONDENT did not provide the Division with the following
11 meeting minutes:

- 12 a. January 25, 2022;
- 13 b. September 6, 2022;
- 14 c. December 16, 2022;
- 15 d. All 2023 meetings; and
- 16 e. The Annual and Budget Ratification meeting minutes for those years.

17 *Exhibit 1, CICC 000010.*

18 13. RESPONDENT'S latest Annual Registration Form 562 reported the 2023
19 budget as \$51,840 which did not include the Reserve assessment in place. *Exhibit 6,*
20 *CICC 000044.*

21 14. The RESPONDENT did not provide the Division with the 2020, 2021, and
22 2022 CPA review, instead it provided the tax filing engagement letters. *Exhibit 1,*
23 *CICC 000011.*

24 15. RESPONDENT did not provide the Division with the requested 2022 and
25 2023 approved and ratified budgets. *Exhibit 1, CICC 000012.*

26 16. From the records provided, the Division's audit findings determined
27 RESPONDENT'S budgeting practices resulted in variances and net losses each year.
28 *Exhibit 1, CICC 000012.*

1 17. In 2022, the Budget-to-Actual Statements revealed the RESPONDENT
2 budgeted a net loss. *Exhibit 1, CICC 000012.*

3 18. In 2023, the Budget included the Reserve Assessment under the Operating
4 budget as total income received; however, the Reserve assessment is not listed as a
5 planned Reserve contribution, resulting in a significant positive net balance and an
6 incorrect budget reporting. *Exhibit 1, CICC 000012.*

7 19. The net losses for 2021, 2022, and January 1, 2023, through July 31, 2023,
8 were approximately \$6,656.16, \$11,250.89, and \$6,312.82, respectively. *Exhibit 1,*
9 *CICC 000012.*

10 20. Additionally, the balance sheets revealed low Operating account balances
11 and high account payables, indicating inability to afford Operating expenses. *Exhibit 1,*
12 *CICC 000012.*

13 21. The 2023 Reserve Study Update indicated the Operating Account owed the
14 Reserve account approximately \$54,629.61. *Exhibit 1, CICC 000013.*

15 22. While the Association's Reserve fund appeared to be fully funded at 121%,
16 the account would actually be negatively funded according to the reported Reserve account
17 balance of \$54,062 as of July 31, 2023, and approximately \$86,803.12 of deferred
18 maintenance of between 2021 and 2023. *Exhibit 1, CICC 000014 – CICC 000015.*

19 23. RESPONDENT'S Certificate of Liability Insurance through Michael Miller
20 Insurance covering dates March 8, 2023, through March 8, 2024, indicated the policy
21 purchased only covered bodily injury/property damage and premises medical payments.
22 *Exhibit 1, CICC 000024.*

23 VIOLATIONS OF LAW

24 24. RESPONDENT violated NRS 116.31034(1) for operating without the
25 statutorily required three board members.

26 25. RESPONDENT violated NRS 116.31031(9)(a), without proof otherwise, that
27 Board President Billman participated in Association matters or hearings relating to his
28 delinquencies in paying assessments.

1 26. RESPONDENT violated NAC 116.405(5) for failing to provide the Division
2 with proof that the assessments in 2021 to 2022 were actually paid by Board
3 President Billman.

4 27. RESPONDENT violated NRS 116.31153 for failing to demonstrate two
5 approved signers on its checks.

6 28. RESPONDENT violated NRS 116.3103 by failing its fiduciary duties
7 regarding the Association's missing or omitted documents and records.

8 29. RESPONDENT violated NRS 116.31083(9)(c) for failing to produce any or all
9 meeting minutes and/or summaries of meetings in years 2021, 2022, and/or 2023.

10 30. RESPONDENT violated NRS 116.31083(11) for failing to maintain any or all
11 meeting minutes and/or summaries of meetings in years 2021, 2022, and/or 2023.

12 31. RESPONDENT violated NRS 116.3108(8) for failing to maintain its
13 recordkeeping with regards to the requested meeting minutes.

14 32. RESPONDENT violated NRS 116.3115 by failing to adequately fund its
15 Reserves and maintain its budget in accordance with the Reserve Study.

16 33. RESPONDENT violated NRS 116.31151(1)(a) for failing to create, retain
17 and/or maintain proper record keeping.

18 34. RESPONDENT violated NAC 116.405(8), specifically subsections:

19 a. NAC 116.405(8)(e) for failing to consult with the appropriate
20 professionals as suggested by the 2023 Reserve study update
21 to address the Operating account obligations to the Reserve
22 Account (\$54,629.61);

23 b. NAC 116.405(8)(g) for failing to maintain current, accurate, and
24 properly documented financial records; and

25 c. NAC 116.405(8)(j) for failing to prepare financials, including but not
26 limited to missing interim financials and bank statements for April
27 and October 2021, and August and September 2023.

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1 35. RESPONDENT violated NAC 116.415 by failing to have proper
2 recordkeeping and regularly transferring reserves.

3 36. RESPONDENT violated NAC 116.425 for failing to prove the Board verified
4 the accuracy of the information contained within the Reserve Study.

5 37. RESPONDENT violated NRS 116.3113 for failing to obtain all insurance
6 coverages as required by law.

7 38. RESPONDENT violated NRS 116.31144 for failing to provide proof of
8 performance of its annual audits for the years 2020, 2021, and/or 2022.

9 **DISCIPLINE AUTHORIZED**

10 Pursuant to the provisions of NRS 116.615; NRS 116.755; NRS 116.785; and NRS
11 116.790, the Commission has discretion to take any or all of the following actions:

12 1. Issue an order directing RESPONDENT to cease and desist from continuing
13 to engage in the unlawful conduct that resulted in the violation.

14 2. Issue an order directing RESPONDENT to take affirmative action to correct
15 any conditions resulting from the violation.

16 3. Impose an administrative fine of up to \$1,000 for each violation by
17 RESPONDENT.

18 4. IF RESPONDENT IS FOUND TO HAVE KNOWINGLY AND WILLFULLY
19 COMMITTED A VIOLATION of NRS or NAC 116 AND it is in the best interest of the
20 Association, such RESPONDENT may be removed from his/her position as a director
21 and/or officer.

22 5. Order an audit of the ASSOCIATION, at the expense of the ASSOCIATION.

23 6. Require RESPONDENT to pay the costs of the proceedings incurred by the
24 Division, including, without limitation, the cost of the investigation and reasonable
25 attorney's fees.

26 7. Take whatever further disciplinary action the Commission
27 deems appropriate.

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1 The Commission may order one or any combination of the discipline described
2 above. If the Commission finds that the RESPONDENT knowingly and willfully violated
3 the provisions of NRS or NAC 116, the Commission may order that RESPONDENT be
4 personally liable for all fines and costs imposed.

5 **NOTICE OF HEARING**

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

10 **THE HEARING WILL TAKE PLACE** at the Commission meeting(s) scheduled
11 for **September 10-12, 2024**, beginning at approximately 9:00 a.m. each day, or until such
12 time as the Commission concludes its business. The Commission meeting will be held at
13 the Nevada State Business Center, 3300 W. Sahara Avenue, 4th Floor, Nevada Room, Las
14 Vegas, Nevada 89102 on September 10-12, 2024, with videoconferencing to Department of
15 Business and Industry, Division of Insurance, 1818 E. College Parkway, Suite 103, Carson
16 City, Nevada 89706.

17 **STACKED CALENDAR:** Your hearing is one of several hearings that may
18 be scheduled at the same time as part of a regular meeting of the Commission
19 that is expected to take place on September 10-12, 2024. Thus, your hearing may
20 be continued until later in the day or from day to day. It is your responsibility
21 to be present when your case is called. If you are not present when your hearing
22 is called, a default may be entered against you and the Commission may decide
23 the case as if all allegations in the complaint were true. If you need to negotiate
24 a more specific time for your hearing in advance because of coordination with
25 an out of state witness or the like, please call Maria Gallo, Commission
26 Coordinator, at (702) 486-4074.

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

13 You have the right to request that the Commission issue subpoenas to compel
14 witnesses to testify and/or evidence to be offered on your behalf. In making this request,
15 you may be required to demonstrate the relevance of the witness’ testimony and/or
16 evidence. Other important rights and obligations, including your obligation to answer the
17 complaint, you have are listed in NRS Chapter 116 and NAC Chapter 116, including
18 without limitation, NRS 116.770 through 116.780, and NAC 116.500 through NAC
19 116.635 and NRS Chapter 233B.

20 Note that under NAC 116.575, not less than five (5) working days before a hearing,
21 RESPONDENT must provide to the Division a copy of all reasonably available documents
22 that are reasonably anticipated to be used to support his position, and a list of witnesses
23 RESPONDENT intends to call at the time of the hearing. Failure to provide any document
24 or to list a witness may result in the document or witness being excluded from
25 RESPONDENT’S defense. The purpose of the hearing is to determine if the

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1 RESPONDENT has violated the provisions of NRS 116, and to determine what
2 administrative penalty is to be assessed against RESPONDENT.

3 DATED this 15th day of August 2024.

REAL ESTATE DIVISION,
DEPARTMENT OF BUSINESS AND
INDUSTRY, STATE OF NEVADA

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5
6 By: 

Charvez Fogar, Deputy Administrator
3300 W. Sahara Avenue, Suite 350
Las Vegas, Nevada 89102
(702) 486-4033

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9
10 DATED this 30th day of July 2024.

AARON D. FORD
Attorney General

11
12 By: 

CHRISTAL P. KEEGAN
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