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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.

REGENCY VILLAGE OWNER'S ASSOCIATION INC., RALPH GLOVER, KARI CRAMER, and YOLANDA MCANNALY, (Entity Number C2520-1970)

Respondents.

Case No. 2023-713



MAY 10 2024

NEVADA COMMISSION FOR COMMON INTEREST COMMUNITIES AND CONDOMINIUM HOTELS

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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 Phil W. Su, Senior Deputy Attorney General, hereby notifies Regency Village Owner's Association Inc("RESPONDENT ASSOCIATION") and association board members Ralph Glover, Kari Cramer, and Yolanda McAnnaly, ("RESPONDENT BOARD MEMBERS") 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 of the Nevada Revised Statutes ("NRS") and Chapter 116 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 NRS 116.785 and NRS 116.790.

JURISDICTION AND NOTICE

During all relevant times, RESPONDENT is a common-interest community located

FACTUAL ALLEGATIONS

1. RESPONDENT ASSOCIATION is a common-interest community located in Las Vegas, Nevada (Entity Number C2520-1970) with 297 units. *CCIC0017-0025*.

Communities pursuant to the provisions of NRS 116.750.

2. At all times relevant to the Complaint, the Respondent's management company was The Management Trust, and managed by provisional community managers Barbara Hargiss and Crystal Kaufman. *CCIC0004*; 0017.

3. At all relevant times, the RESPONDENT ASSOCIATION was governed by RESPONDENT BOARD MEMBERS Ralph Glover, Kari Cramer, and Yolanda McAnnaly. 1 CCIC0004; 0017-0025.

4. The Office of the Ombudsman for Owners in Common-Interest Communities and Condominium Hotels ("Ombudsman") initiated an audit ("Initial Audit") of RESPONDENT ASSOCIATION in May of 2023, completing the audit on August 24, 2023. *CCIC0001–CCIC0016*.

5. The Audit noted that the RESPONDENTS had initial non-compliance issues including delinquent reserve study, delinquent reserve study form 609, and sole-signed checks. *CCIC 0005; 0007*.

6. The Audit further found that the RESPONDENTS did not have proper policies and procedures for use of petty cash. *CCIC 0008-0010*.

7. The Audit further found that the RESPONDENTS allowed unit owners and family members of unit-owners to be employed or to contract with the Association to provide services, and that some of those services required a license which the contractors did not have. *CCIC* 0009-0010.

¹ Former Board Member Nancy Tresch was a board member during the Audit and the investigation, but by March 2024 was no longer a member of the Board.

- 8. The Audit further found that the RESPONDENTS failed to accurately account in meeting minutes for specific details and board decisions including, but not limited to, approvals for bids on association projects and petty cash and debit card transactions. *CCIC* 0010-0011.
- 9. On September 7, 2023, the Ombudsman referred the Initial Audit to the Division's compliance division for further investigation. *CCIC0001*; 0012.
- 10. On October 20, 2023, the Division issued a Request for Information (RFI) letter via certified mail to the RESPONDENT ASSOCIATION'S CAM, Crystal Kaufman, with cc: to Board Members Ralph Glover, Kari Cramer, Yolanda McAnnaly, and Nancy Tresch, requesting response within ten (10) business days of the letter. *CCIC0024-0026*.
 - 11. The Request for Information letter alleged:

#1, the Association did not perform the required quinquennial Reserve Study after its last one performed in December 2017, and failed to submit the required Reserve Study Summary (Form 609) since January 2018;

#2, the Board failed to establish policies and procedures for petty cash;

#3, the Board used its petty cash fund to hire unit owners and/or family members of unit owners to perform services that require a license (e.g. pool services and landscaping);

#4, the Board took votes on items in Executive Session that need to be voted on in an open meeting, or which were otherwise not permitted under statute and meeting minutes failed to include sufficient specific details of board actions, and

#5, the Board allowed approximately fifty (50) checks to be signed by a single board member, Nancy Tresch, from January 1, 2022, through March 30, 2023.

- 12. Between October 26, 2023, and October 30, 2023, the Division received responses from RESPONDENT BOARD MEMBERS Ralph Glover, Nancy Tresch, and Kari Cramer, and from then-Board Member Nancy Tresch. *CCIC00034-0116*.
- 13. Codi McDermott, Provisional CAM, was assigned to the RESPONDENT ASSOCIATION in October 2023 and requested several extensions of time to respond. The

CAM ultimately never provided a response to the RFI on behalf of the RESPONDENT ASSOCIATION. *CCIC0117-0121*.

14. On February 1, 2024, the Division notified RESPONDENTS in writing that it would pursue disciplinary action in a hearing before the Commission for potential violations of NRS 116. *CCIC0122-0124*.

VIOLATIONS OF LAW

- 1. RESPONDENTS violated NRS 116.3103 pursuant to NRS 116.31152 by failing to perform the required quinquennial Reserve Study and to submit the Reserve Study Form (Form 609) to the Division.
- 2. RESPONDENTS violated NRS 116.3103 pursuant to NAC 116.405(8)(i) by failing to exercise ordinary and reasonable care by establishing policies and procedures to provide reasonable assurances regarding the accuracy of the association's petty cash disbursements.
- 3. RESPONDENTS violated NRS 116.3103 pursuant to NAC 116.405(8)(d) by failing to exercise ordinary and reasonable care in not seeking reputable service providers who possess the proper licensing before purchasing such service for use by the association.
- 4. RESPONDENTS violated NRS 116.3108 pursuant to NRS 116.31083 by failing to provide accurate and specific details regarding actions taken, topics discussed, including, but not limited to, approvals for bids on association projects and petty cash and debit card transactions.
- 5. RESPONDENTS violated NRS 116.3103 pursuant to NRS 116.31153 by failing to exercise ordinary and reasonable care in allowing a single board member to sign off on approximately fifty (50) association checks without the required countersignature.

DISCIPLINE AUTHORIZED

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

1. Issue an order directing Respondent to take affirmative action to correct any conditions resulting from the violation.

- 2. Impose an administrative fine of up to \$1,000 for each violation by Respondent.
- 3. Order the Respondent to pay the costs of the proceedings incurred by the Division, including, without limitation, the cost of the investigation and reasonable attorney's fees.
- 4. Approve application to a court of competent jurisdiction for the appointment of a receiver for the Respondent.

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 of the Nevada Revised Statutes and Chapter 116 of the Nevada Administrative Code.

THE HEARING WILL TAKE PLACE at the Commission meeting(s) scheduled for June 11-13, 2024, 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 on June 11 and 12, 2024with videoconferencing to Department of Business & Industry, Division of Insurance, 1818 E. College Parkway, Suite 103, Carson City, Nevada 89706. The Commission meeting will be held at the Nevada State Business Center. 3300 W. Sahara Avenue, 4th Floor, Tahoe Room, Las Vegas, Nevada 89102 on June 13, 2024, with videoconferencing to Department of Business and 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 11-13, 2024. 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.

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' testimony and/or evidence. Other important rights and obligations, including your obligation to answer the complaint, you have are listed in NRS Chapter 116 and NAC Chapter 116, including without limitation, NRS 116.770 through 116.780, and NAC 116.500 through NAC 116.635 and NRS Chapter 233B.

Note that under NAC 116.575, 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 position, and a list of witnesses RESPONDENT intend 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 the provisions of NRS 116, and to determine what administrative penalty is to be assessed against RESPONDENT.

DATED this <u>1</u> day of May, 2024.

REAL ESTATE DIVISION,
DEPARTMENT OF BUSINESS & INDUSTRY,
STATE OF DEVADA

By: SHARATH CHANDRA, Administrator

3300 W. Sahara Ave. Ste 350 Las Vegas, Nevada 89102 (702) 486-4033

AARON D. FORD Attorney General

By: Is/ Phil W. Su

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