

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 SILVER STATE CONDOMINIUM  
11 OWNERS' ASSOCIATION, INC.,  
(Entity Number C5957-1985)

12 Respondent.

Case No. 2024-106

**FILED**

OCT 29 2024

NEVADA COMMISSION FOR  
COMMON INTEREST COMMUNITIES  
AND CONDOMINIUM HOTELS

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 Silver State Condominium Owners' Association, Inc. ("RESPONDENT") of an  
19 Administrative Hearing before the Commission for Common-Interest Communities and  
20 Condominium Hotels, State of Nevada, which is to be held pursuant to Chapters 233B and  
21 Chapters 116 of the Nevada Revised Statutes ("NRS") and Chapter 116 of the Nevada  
22 Administrative Code ("NAC"). The purpose of the hearing is to consider the allegations  
23 stated below and to determine if an administrative penalty will be imposed on the  
24 RESPONDENT pursuant to the provisions of NRS and NAC including, but not limited to  
25 NRS 116.785 and NRS 116.790.

26 **JURISDICTION AND NOTICE**

27 During all relevant times, RESPONDENT is a common-interest community of  
28 about 72 condominium units located in Sparks, Nevada (Entity Number C5957-1985) and

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

#### 6 **FACTUAL ALLEGATIONS**

7 1. On or about September 22, 2023, the Division sent the RESPONDENT an  
8 audit engagement letter. Exhibit 1-A, NRED 000111–000113.

9 2. On or about February 2, 2024, the Division informed the RESPONDENT  
10 that the audit was completed, and the report was forwarded to Compliance.  
11 Exhibit 1-A, NRED 000114.

12 3. On or about February 20, 2024, the Division’s Compliance Section informed  
13 the RESPONDENT in a detailed six-page letter alleging five (5) violations of law and  
14 eleven (11) bullet pointed items with an opportunity for response by no later than  
15 March 6, 2024. Exhibit 2, NRED 000125–000130.

16 4. On or about April 1, 2024, the RESPONDENT supplied its response with  
17 exhibits. Exhibit 3, NRED 000425–000434.

#### 18 **A. Inconsistent 2022 Budget / Financial Information Provided** 19 **to Unit Owners**

20 5. The RESPONDENT provided the 2022 budget to actual financial  
21 information which was a different budget than what was presented and reflected in the  
22 approved and ratified budget sent to the unit owners on or about November 17, 2021.  
23 Exhibit 1, NRED 000011.

24 6. Specifically, utilities, management fees, legal expenses, landscaping  
25 contracts, maintenance labor, security and/or postage which were included in the budget  
26 to actual financial statements were omitted from the financial packets presented to the  
27 board and unit owners. Exhibit 1, NRED 000011.

1           7.     To be clearer, the December of 2022 Budget Comparison sheet identified the  
2 following items as having \$0 funds budgeted, which was inconsistent with the 2022 Budget  
3 Ratification document which identified allocated funding:

- 4           a.     Maintenance Labor: (Code 6180, Actual \$11,329.42, Budget 0.00)  
5                 Proposed budget \$29,355.00 and difference in Ratified budget  
6                 \$29,320.00; and  
7           b.     Maintenance Supplies: (Code 6285, Actual \$108.70, Budget 0.00)  
8                 Proposed/Ratified budget at \$2,361.43; and  
9           c.     Landscape Contract: (Code 6170, Actual at \$5,229.00, Budget 0.00)  
10                Proposed at 0.00, not included in the Ratified Budget at all; and  
11           d.     Legal Expenses: (Code 6130, Actual at \$11,671.50, Budget 0.00) at  
12                Proposed / Ratified Budget at \$5,500.00; and  
13           e.     Management Fee: (Code 6110, Actual \$20,317.000, Budget 0.00)  
14                Proposed / Ratified Budget at \$18,500.00; and  
15           f.     Management Extras: (Code 6111, Actual \$18,190.00, Budget 0.00) Not  
16                included in the Proposed or Ratified Budget at all; and  
17           g.     Utilities: (Codes 6200 Trash Removal, Actual \$121.38, Budget 0.00;  
18                6410 Electricity, Actual \$1,177.34, Budget 0.00; 6420 Natural Gas,  
19                Actual \$110.88, Budget 0.00; 6430 Water, Actual \$5,074.26,  
20                Budget 0.00; and 6450 Sewer, Actual \$511.77, Budget 0.00)  
21                Proposed / Ratified Budget for total utilities expense \$6,527.00,  
22                which did not include Natural Gas at all; and  
23           h.     Security Services/Payroll: (Code 6230, Actual \$8,135.58, Budget 0.00)  
24                Proposed / Ratified budgets at \$7,725.00.

25 Exhibit 2, NRED 000156–000159, and Exhibit 3, NRED 000434–000447.

26 ...

27 ...

28 ...

1                   **B.     Use of Unlicensed Vendors**

2           8.     In 2023, Felix Torres completed roof repairs to a condominium  
3 unit located at 1521 Shannon Way owned by Board member Carol A. Pompe.  
4 Exhibit 3, NRED 000429–000430.

5           9.     Prior to the necessary roof repairs, the Board initiated the process of  
6 obtaining bids from a licensed contractor. Exhibit 3, NRED 000429.

7           10.    The Property's listing agent contacted Board member Rick Mayer and  
8 advised Felix Torres, with allegedly CTR Roofing, could complete the necessary work to  
9 the roof. Exhibit 3, NRED 000429.

10          11.    The RESPONDENT allowed circumvention of the appropriate process for the  
11 roof repair. Exhibit 1, NRED 000012–000013.

12          12.    On or about February 2, 2023, an invoice for the roof repair work performed  
13 by Mr. Torres indicated the RESPONDENT with attention to Rick Mayer.  
14 Exhibit 2, NRED 000190.

15          13.    Board member Rick Mayer then allegedly requested the management  
16 company issue payment. Exhibit 3, NRED 000430.

17          14.    On or about February 13, 2023, the RESPONDENT'S management company  
18 requested a copy of Mr. Torres' general liability insurance, workers compensation  
19 insurance, and a W-9 prior to issuing payment. Exhibit 3, NRED 000430.

20          15.    The invoice pre-dates the formation of the vendor being a licensed company  
21 according to the Nevada Secretary of State. Exhibit 2, NRED 000130.

22          16.    Further, a Nevada contractor's license was not found for this vendor  
23 providing roofing repair services. Exhibit 2, NRED 000191.

24                   **C.     Inaccurate Reflections in its Accounting Procedures and**  
25                   **Failure to Adequately Fund the Reserves**

26          17.    In 2022 and 2023, RESPONDENT repeatedly deferred funds that should  
27 have gone to the Reserve Account. Exhibit 1, NRED 000010–000011.



1 18. Further, these deferred Reserve contributions did not accurately reflect the  
2 'Due-to' account of funds that are due to the Reserves when preparing financial  
3 statements. Exhibit 1, NRED 000010–000011.

4 19. The January 2, 2021, Reserve Study indicated the Association  
5 Annual Reserve Assessment balance amount of \$236,630.20 (at 33.78% funded).  
6 Exhibit 1, NRED 000042.

7 20. The April 20, 2022, Reserve Study indicated the Association Annual Reserve  
8 Assessment balance amount should be \$292,325.00, which included the annotation that  
9 "Failure to follow the proposed schedule of payments (for the next five years) may result  
10 in inadequate reserve funds." Exhibit 1, NRED 000056–000057.

11 21. Instead, in 2022, only \$22,500 was transferred to the Reserves.  
12 Exhibit 1, NRED 000017.

13 22. In 2023, through September 30, 2023, only \$48,096 was transferred to the  
14 reserves. Exhibit 1, NRED 000017.

15 23. RESPONDENT admitted to mounting unforeseen events, from fires, water  
16 leak issues, to building repairs and related legal expenses in 2021 and 2022, that resulted  
17 in great financial expense to the Reserve Account. Exhibit 3, NRED 000430–000431.

18 24. Yet, the RESPONDENT decidedly forwent a reserve assessment in  
19 2023 claiming its insurance premium for 2023–2024 allegedly went up due to the  
20 unforeseen issues in 2021. Exhibit 3, NRED 000431.

21 **D. Failure to Inform the Division Regarding Changes to its**  
22 **Management Company**

23 25. The RESPONDENT claimed it remitted the Form 623 Registration  
24 Filing Addendum on January 26, 2024, and represented it as its Exhibit 11.  
25 Exhibit 3, NRED 000431.

26 26. But Exhibit 11 was not the Form 623, but instead the Associa Sierra North  
27 contract. Exhibit 3, NRED 000626–000640.  
28

1           27. In fact, the Division did not receive the Form 623 until July 18, 2024,  
2 which was well-beyond the thirty (30) days of its management company change.  
3 Exhibit 2, NRED 000141–000142.

4                   **E. Failure to Cooperate with the Division and Impeded**  
5                   **or Otherwise Interfered with its Investigation.**

6           28. The RESPONDENT failed to provide responsive information or documents  
7 during the Division’s investigation despite its unambiguous requests for the items  
8 listed below:

9                   a. “Please provide the Western Nevada Management contract for services  
10 with Silver State Condominium Owners' Association and all Board  
11 Meeting Minutes from when the contract for Western Nevada  
12 Management was discussed for approval.” Exhibit 2, NRED 000128.

13                   i. In its response, the RESPONDENT alleged Western  
14 Nevada Management had not managed the Association for  
15 over two years and apparently decided it would therefore not  
16 provide the items requested by the Division’s Investigator.  
17 Exhibit 3, NRED 000432.

18                   b. “Please explain why King Bee Construction was paid from the  
19 operating account for items that should have been from the Reserves.”  
20 Exhibit 2, NRED 000128.

21                   i. In its response, the RESPONDENT denied it had any  
22 records showing payment to King Bee Construction. Exhibit 3,  
23 NRED 000432.

24                   ii. But, there is a check #4484 on or about February 10, 2021, to  
25 this very vendor in the amount of \$4,320.00 for siding trim  
26 replacement, which should have been paid from the Reserves.  
27 Exhibit 2, NRED 000197.

- 1                   iii.     There were other checks for the same vendor for similar services  
2                   paid from the Reserves. Exhibit 2, NRED 000197–000211.
- 3                   iv.     Importantly, the Division’s Auditor obtained confirmation of  
4                   these payments during the audit and therefore the  
5                   RESPONDENT’S claim that it had no records of any payments  
6                   to this vendor was inconsistent. Exhibit 1, NRED 000012.
- 7                   c.     “Please provide the 2022 and 2023 Silver State Condominium Owners’  
8                   Association CPA audits.” Exhibit 2, NRED 000129.
- 9                   i.     In its response the RESPONDENT provided the 2021 Audit  
10                  instead, alleged it had not received the 2022 or 2023 Audit, nor  
11                  did it make any indication it would supply it when available,  
12                  which is non-responsive. Exhibit 3, NRED 000433.
- 13                  d.     “Please explain why the 2022 budget to actual presentation provided  
14                  to the Division auditor for review has an entirely different budget  
15                  than what was presented and reflected in the approved and ratified  
16                  budget sent to unit owners on 11/7/2021. (See allegation #1 for  
17                  details.) What is being done to correct this and provide the identical  
18                  financial information to both the unit owners and the Division?”  
19                  Exhibit 2, NRED 000129.
- 20                  i.     In its response, the RESPONDENT claimed the information  
21                  presented, approved and ratified was identical, “They are  
22                  identical” and pointed to its Exhibits 1 and 2 representing the  
23                  Annual Budget Ratification mailer sent to the Owners in  
24                  November 2021, including the proposed 2022 budget, then  
25                  thereafter, the ratified 2022 budget mailed to the Owners.  
26                  Exhibit 3, NRED 000433.
- 27
- 28

ii. But RESPONDENT completely failed to address why the 2022 budget to actual sheet did not correlate to the 2022 ratified budget document. Exhibit 3, NRED 000433.

iii. Specifically, the Budget Comparison sheet from 12/1/2022 to 12/31/2022 identified the following items as having \$0 funds budgeted which was inconsistent with the 2022 ratified budget, with absolutely no explanation presented. Exhibit 2, NRED 000156-000159, and Exhibit 3, NRED 000434-000447.

iv. The RESPONDENT also made no indication on what it was doing to correct this discrepancy to ensure identical information was being presented to both the unit owners and the Division. Exhibit 3, NRED 000433.

29. Therefore, on or about August 16, 2024, the Division informed the RESPONDENT it intended to proceed formally for the outstanding violations. Exhibit 2, NRED 000139–000140.

30. Despite such plain notice of continued deficiencies, there is no indication that the RESPONDENT supplied any subsequent additional documentation or other evidence to support its position to the Division's Investigator. Exhibit 2, NRED 000139-000140.

## VIOLATIONS OF LAW

31. Violation #1. RESPONDENT violated NRS 116.3103(1) through its fiduciary shortcomings when it failed to provide accurate information to the unit owners and to the Division, failed to fund the daily operation of the Association adequately, and/or make adjustments to its funding plan.

32. Violation #2. RESPONDENT violated NRS 116.3108(6) as there were no Meeting Minutes to support the Board was proceeding in a legitimate manner to complete the roof work repair.

1           33.    Violation #3. RESPONDENT violated NRS 116.3115(1) by failing to  
2 accurately reflect the "Due-To" from the Operating Account to the Reserves Account for  
3 proper accounting procedures to be met.

4           34.    Violation #4. RESPONDENT violated NRS 116.3115(2)(b) by failing  
5 to adequately fund its Reserves and maintain its budget in accordance with the  
6 Reserve Study.

7           35.    Violation #5. RESPONDENT violated NRS 116.3115(1) for failing to create,  
8 retain and/or maintain proper and accurate record keeping.

9           36.    Violation #6. RESPONDENT violated NRS 116.3115(1)(b) for failing  
10 adequately fund the Reserves as indicated by the Reserve Studies.

11           37.    Violation #7. RESPONDENT violated NRS 116.3115(2)(c) for failing, at  
12 least annually, to make adjustments to its funding plan necessary to provide adequate  
13 funding for the required reserves.

14           38.    Violation #8. RESPONDENT violated NRS 116.3117(2) by failing to make  
15 available to the Division its books and records.

16           39.    Violation #9. RESPONDENT violated NAC 116.385(2) by failing to report  
17 changes to its community management company to the Division within thirty (30) days.

18           40.    Violation #10. RESPONDENT violated NAC 116.405(5)(a) by impeding or  
19 otherwise interfering with the Division's investigation by failing to comply with the  
20 Division's multiple requests to provide information or documents.

21           41.    Violation #11. RESPONDENT violated NAC 116.405(5)(b) for impeding or  
22 otherwise interfering with the Division's investigation when it concealed supplied false or  
23 misleading information to the Division's investigator regarding the payments to King Bee  
24 Construction which were otherwise included in the Division's Auditor's review.

25           42.    Violation #12. RESPONDENT violated NAC 116.405(8)(d) for failing to  
26 obtain at least three bids from reputable vendors with proper licensing prior to the roof  
27 repair work.

43. Violation #13. RESPONDENT violated NAC 116.405(8)(g) in lacking its duties when it failed to maintain current, accurate and/or properly documented financial records.

44. Violation #14. RESPONDENT violated NAC 116.405(8)(i) for failing to demonstrate any established policies and procedures designed to provide reasonable assurances in the reliability of its financial reporting.

45. Violation #15. RESPONDENT violated NAC 116.405(8)(k) for failing to make the requested financial records of the Association available for inspection by the Division.

46. Violation #16. RESPONDENT violated NAC 116.415 by failing to have proper recordkeeping and regularly transferring reserves.

**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 cease and desist from continuing to engage in the unlawful conduct that resulted in the violation.

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

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

4. If Respondent is found to have knowingly and willfully committed a violation of NRS or NAC 116 AND it is in the best interest of the Association, such RESPONDENT may be removed from his/her position as a director and/or officer.

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

6. Require 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.

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

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

## 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 **December 3-5, 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 December 3-4, 2024, with videoconferencing to Department of Business and 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 December 5, 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 December 3-5, 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



1 the case as if all allegations in the complaint were true. If you need to negotiate  
2 a more specific time for your hearing in advance because of coordination with  
3 an out-of-state witness or the like, please call Maria Gallo, Commission  
4 Coordinator, at (702) 486-4074.

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

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

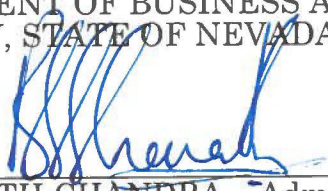
24 Note that under NAC 116.575, not less than five (5) working days before a hearing,  
25 RESPONDENT must provide to the Division a copy of all reasonably available documents  
26 that are reasonably anticipated to be used to support his position, and a list of witnesses  
27 RESPONDENT intends to call at the time of the hearing. Failure to provide any document  
28 or to list a witness may result in the document or witness being excluded from



1 RESPONDENT'S defense. The purpose of the hearing is to determine if the  
2 RESPONDENT has violated the provisions of NRS 116, and to determine what  
3 administrative penalty is to be assessed against RESPONDENTS.  
4


5 DATED this 28 day of October 2024.

6 REAL ESTATE DIVISION,  
7 DEPARTMENT OF BUSINESS AND  
8 INDUSTRY, STATE OF NEVADA

9 By:   
10 SHARATH CHANDRA, Administrator  
11 3300 W. Sahara Avenue, Suite 350  
12 Las Vegas, Nevada 89102  
13 (702) 486-4033

DATED this 24th day of October 2024.

AARON D. FORD  
Attorney General

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