

FILED

JUN 16 2017

REAL ESTATE COMMISSION  
BY *[Signature]*

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7 BEFORE THE REAL ESTATE COMMISSION

8 STATE OF NEVADA

9 SHARATH CHANDRA, Administrator,  
10 REAL ESTATE DIVISION, DEPARTMENT  
11 OF BUSINESS & INDUSTRY, STATE OF  
12 NEVADA,

) Case No. 2015-2027

13 Petitioner,

) ANSWER TO COMPLAINT

14 vs.

15 DANE C. BROOKS,

16 Respondent.

17 Respondent, Dane C. Brooks ("Respondent" or "Brooks"), by and through his attorneys  
18 of the law firm of JOHNSON & GUBLER, P.C., hereby answers the Complaint, filed October  
19 27, 2016, in the above-referenced matter ("Complaint"), as follows:

20 JURISDICTION

21 Brooks admits that at all relevant times mentioned in the Complaint, that he was  
22 licensed by the Division as a broker under license number B.0062410.LLC, and as a property  
23 manager under permit number PM.0163550.BKR, and is therefore subject to the jurisdiction of  
24 the Division and the Commission and the provisions of NRS chapter 645 and NAC chapter  
25 645.

26 FACTUAL ALLEGATIONS

27 1. Answering paragraphs 1, 2, 3, 4, and 8 of the Complaint, Brooks admits each  
28 and every allegations contained in said paragraphs.

2. Answering paragraph 5 of the Complaint, Brooks admits that Cox notified  
Brooks that she would be ending the lease on December 31, 2014. However, Brooks denies

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1 each and every remaining allegation in said paragraph. Cox did not end the subject lease under  
2 or in accordance with her obligations under the lease. Cox anticipatorily repudiated the lease.

3 3. Answering paragraph 6 of the Complaint, although Brooks had believed that a  
4 written accounting had been given within the 30-day period, Brooks admits that the written  
5 accounting had not been given within the 30-day period, but also asserts that Brooks did  
6 provide a written accounting to Cox. A true and correct copy of the accounting is attached  
7 hereto as Exhibit "A". Further, Brooks asserts that he had scheduled a walk-through and  
8 itemization with Cox, wherein Brooks had planned to give Cox an accounting. However, Cox  
9 did not appear at the scheduled walk-through, and Brooks later gave the itemized accounting.

10 4. Answering paragraph 7 of the Complaint, Brooks denies that any security  
11 deposit was owed to Cox. Cox had breached the subject lease by failing to remain at the  
12 property for the full term of the lease. Further, Cox had caused approximately \$2,000 in  
13 damages to the property. Brooks denies any other remaining allegations in said paragraph.

14 5. Answering paragraph 9 of the Complaint, Brooks admits that Valleywide had a  
15 Security Deposit Account, XXXXXX8740, since October 23, 2007. Brooks denies any  
16 remaining allegations in said paragraph.

17 6. Answering paragraph 10 of the Complaint, Brooks admits that Valleywide had  
18 an Owner's Trust Account, XXXXXX6835, since October 23, 2007. Brooks denies any  
19 remaining allegations in said paragraph.

20 7. Answering paragraph 11 of the Complaint, Brooks admits that Brooks had a  
21 personal checking account, XXXXXX0622, since approximately October of 2007. Brooks  
22 denies any remaining allegations in said paragraph.

23 8. Answering paragraph 12 of the Complaint, Brooks admits that after any tenant  
24 had notified Brooks that the tenant would vacate a property, Brooks would notify the owner of  
25 the property, who generally held the Security Deposit. Brooks would request the security  
26 deposit from the owner to close out the account and would deposit the funds upon receipt.  
27 These deposits were generally deposited into the Security Deposit Account. If the deposit was  
28 initially placed into the Owner's Trust Account, the deposit was moved to the Security Deposit  
Account. After the inspection and account was closed for a specific tenant, Brooks would

1 transfer the remaining security deposit to the tenant. True and correct records are attached  
2 hereto as Exhibit "B", showing the transfer of the security deposit to the tenants. This process  
3 was followed for several years and reported to an auditor of the Division in a letter, dated in  
4 approximately September 2014, who accepted the process. A true and correct copy of the letter  
5 is attached hereto as Exhibit "C". The process changed in January 2017. Brooks denies any  
6 remaining allegations in said paragraph.

7 9. Answering paragraph 13 of the Complaint, Brooks admits that after any tenant  
8 had notified Brooks that the tenant would vacate a property, Brooks would notify the owner of  
9 the property, who generally held the Security Deposit. Brooks would request the security  
10 deposit from the owner to close out the account and would deposit the funds upon receipt.  
11 These deposits were generally deposited into the Security Deposit Account. If the deposit was  
12 initially placed into the Owner's Trust Account, the deposit was moved to the Security Deposit  
13 Account. After the inspection and account was closed for a specific tenant, Brooks would  
14 transfer the remaining security deposit to the tenant. True and correct records are attached  
15 hereto as Exhibit "B", showing the transfer of the security deposit to the tenants. This process  
16 was followed for several years and reported to an auditor of the Division in a letter, dated in  
17 approximately September 2014, who accepted the process. A true and correct copy of the letter  
18 is attached hereto as Exhibit "C". The process changed in January 2017. Brooks denies any  
19 remaining allegations in said paragraph.

20 10. Answering paragraph 14 of the Complaint, Brooks admits that on or about  
21 January 20, 2017, Brooks mistakenly paid for a pizza with a credit card associated with the  
22 Owner's Trust Account, XXXXXX6835, as the two cards for the Owner's Trust Account and  
23 the business account are virtually identical. A true and correct copy of the cards is attached  
24 hereto as Exhibit "D". After learning of the mistake, Brooks put an identifier of the card in  
25 place and memorized the last 4 digits to ensure that this did not happen again. Notwithstanding,  
26 Brooks denies that he converted the money of others to his own use.

27 11. Answering paragraph 15 of the Complaint, Brooks denies the allegation. Further,  
28 Brooks asserts that Brooks is entitled to between approximately \$17,000 to \$18,000 in property

1 management fees. Further, Brooks is entitled to other fees as outlined in each and every  
2 management agreement, including application fees, commission fees, eviction fees, and late  
3 fees. Further, Brooks has + or - 230 properties that he manages, with an agreement for each  
4 property. A true and correct copy of each management agreement from January 2015 through  
5 June of 2015 is attached hereto as Exhibit "E". Depending on the status of the property at any  
6 given time, any of these fees may or may not apply.

7 12. Answering Paragraph 16 of the Complaint, Brooks admits that Valleywide was  
8 paid \$24,616.85 in property management fees, application fees, commission fees, eviction fees,  
9 and/or late fees from the Owner's Trust Account for the month of January 2015, as allowed  
10 under each management agreement. However, Brooks denies each and every remaining  
11 allegation and further asserts that Valleywide was owed \$25,507.00 for said month. A true and  
12 correct copy of Valleywide's Profit & Loss statement for January of 2015 is attached here to as  
13 Exhibit "F". A true and correct copy of an accounting survey for the fees owed to Valleywide  
14 for the month of January 2015 is attached hereto as Exhibit "G". A true and correct statement  
15 showing the accounting and amounts paid to each individual owner for the month of January  
16 2015 is attached hereto as Exhibit "H". A true and correct statement showing the fees/amounts  
17 that were actually taken by Valleywide in or for January 2015 is attached hereto as Exhibit "I".

18 13. Answering Paragraph 17 of the Complaint, Brooks admits that Valleywide was  
19 paid \$16,600.00 in property management fees, application fees, commission fees, eviction fees,  
20 and/or late fees from the Owner's Trust Account for the month of February 2015, as allowed  
21 under each management agreement. However, Brooks denies each and every remaining  
22 allegation and further asserts that Valleywide was owed \$24,775.00 for said month. A true and  
23 correct copy of Valleywide's Profit & Loss statement for February of 2015 is attached here to as  
24 Exhibit "J". A true and correct copy of an accounting survey for the fees owed to Valleywide  
25 for the month of February 2015 is attached hereto as Exhibit "K". A true and correct statement  
26 showing the accounting and amounts paid to each individual owner for the month of February  
27 2015 is attached hereto as Exhibit "L". A true and correct statement showing the fees/amounts  
28

1 that were actually taken by Valleywide in or for February 2015 is attached hereto as Exhibit  
2 "M".

3 14. Answering Paragraph 18 of the Complaint, Brooks admits that Valleywide was  
4 paid \$12,400.00 in property management fees, application fees, commission fees, eviction fees,  
5 and/or late fees from the Owner's Trust Account for the month of March 2015, as allowed  
6 under each management agreement. However, Brooks denies each and every remaining  
7 allegation and further asserts that Valleywide was owed \$25,174.86 for said month. A true and  
8 correct copy of Valleywide's Profit & Loss statement for March of 2015 is attached here to as  
9 Exhibit "N". A true and correct copy of an accounting survey for the fees owed to Valleywide  
10 for the month of March 2015 is attached hereto as Exhibit "O". A true and correct statement  
11 showing the accounting and amounts paid to each individual owner for the month of March  
12 2015 is attached hereto as Exhibit "P". A true and correct statement showing the fees/amounts  
13 that were actually taken by Valleywide in or for March 2015 is attached hereto as Exhibit "Q".

14 15. Answering Paragraph 19 of the Complaint, Brooks admits that Valleywide was  
15 paid \$12,100.00 in property management fees, application fees, commission fees, eviction fees,  
16 and/or late fees from the Owner's Trust Account for the month of April 2015, as allowed under  
17 each management agreement. However, Brooks denies each and every remaining allegation and  
18 further asserts that Valleywide was owed \$26,151.90 for said month. A true and correct copy of  
19 Valleywide's Profit & Loss statement for April of 2015 is attached here to as Exhibit "R". A  
20 true and correct copy of an accounting survey for the fees owed to Valleywide for the month of  
21 April 2015 is attached hereto as Exhibit "S". A true and correct statement showing the  
22 accounting and amounts paid to each individual owner for the month of April 2015 is attached  
23 hereto as Exhibit "T". A true and correct statement showing the fees/amounts that were actually  
24 taken by Valleywide in or for April 2015 is attached hereto as Exhibit "U".

25 16. Answering Paragraph 20 of the Complaint, Brooks admits that Valleywide was  
26 paid \$34,000.00 in property management fees, application fees, commission fees, eviction fees,  
27 and/or late fees from the Owner's Trust Account for the month of May 2015, as allowed under  
28 each management agreement. However, Brooks denies each and every remaining allegation and  
further asserts that Valleywide was owed \$34,693.00 for said month. A true and correct copy of

1 Valleywide's Profit & Loss statement for May of 2015 is attached here to as Exhibit "V". A  
2 true and correct copy of an accounting survey for the fees owed to Valleywide for the month of  
3 May 2015 is attached hereto as Exhibit "W". A true and correct statement showing the  
4 accounting and amounts paid to each individual owner for the month of May 2015 is attached  
5 hereto as Exhibit "X". A true and correct statement showing the fees/amounts that were actually  
6 taken by Valleywide in or for May 2015 is attached hereto as Exhibit "Y".

7 17. Answering Paragraph 21 of the Complaint, Brooks admits that Valleywide was  
8 paid \$20,050.00 in property management fees, application fees, commission fees, eviction fees,  
9 and/or late fees from the Owner's Trust Account for the month of June 2015, as allowed under  
10 each management agreement. However, Brooks denies each and every remaining allegation and  
11 further asserts that Valleywide was owed \$24,499.50 for said month. A true and correct copy of  
12 Valleywide's Profit & Loss statement for June of 2015 is attached here to as Exhibit "Z". A true  
13 and correct copy of an accounting survey for the fees owed to Valleywide for the month of June  
14 2015 is attached hereto as Exhibit "AA". A true and correct statement showing the accounting  
15 and amounts paid to each individual owner for the month of June 2015 is attached hereto as  
16 Exhibit "BB". A true and correct statement showing the fees/amounts that were actually taken  
17 by Valleywide in or for June 2015 is attached hereto as Exhibit "CC".

18 18. Answering paragraph 22 of the Complaint, Brooks admits that on or about June  
19 8, 2015, Brooks mistakenly transferred \$1,000 from the Owner's Trust Account into his  
20 personal checking account, instead of transferring the funds to the business account first. On the  
21 bank website for the accounts, Brooks mistakenly clicked on the wrong drop down account and  
22 chose his personal account, and has since, put in a process to verify that the correct account is  
23 chosen. Notwithstanding, Brooks denies that he converted the money of others to his own use.

24 19. Answering paragraph 23 of the Complaint, Brooks admits that he submitted a  
25 trust account reconciliation report for the month of September 2015 to the Division indicating  
26 that he had \$20.98 in Security Deposit Account, XXXXXX8740. Notwithstanding, Brooks  
27 submits that prior to January of 2017, owners of the properties generally held the Security  
28 Deposits. Before the process was changed, tenant would notify Brooks that the tenant would  
vacate a property, and Brooks would notify the owner of the property, who was holding the

1 Security Deposit. Brooks would request the security deposit from the owner to close out the  
2 account and would deposit the funds upon receipt. After the inspection and account was closed  
3 for a specific tenant, Brooks would transfer the remaining security deposit to the tenant. True  
4 and correct records are attached hereto as Exhibit "B", showing the transfer of the security  
5 deposit to the tenants. This process was followed for several years and reported to an auditor of  
6 the Division in a letter, dated in approximately September 2014, who accepted the process. A  
7 true and correct copy of the letter is attached hereto as Exhibit "C". This process changed to  
8 holding the security deposits in the Security Deposit Account in January 2017 for new  
9 customers. Brooks denies any remaining allegations in said paragraph.

10 20. Answering paragraph 24 of the Complaint, Brooks is without knowledge and  
11 therefore denies the allegation that a Division audit determined that Brooks should have had  
12 approximately \$144,570.00 in Security Deposit Account, XXXXXX8740, in the month of  
13 September 2015. Further, Brooks denies that he should have had approximately \$144,570.00 in  
14 Security Deposit Account, XXXXXX8740, in the month of September 2015. Further, Brooks  
15 submits that prior to January of 2017, owners of the properties generally held the Security  
16 Deposits. Before the process was changed, tenant would notify Brooks that the tenant would  
17 vacate a property, and Brooks would notify the owner of the property, who was holding the  
18 Security Deposit. Brooks would request the security deposit from the owner to close out the  
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20 for a specific tenant, Brooks would transfer the remaining security deposit to the tenant. True  
21 and correct records are attached hereto as Exhibit "B", showing the transfer of the security  
22 deposit to the tenants. This process was followed for several years and reported to an auditor of  
23 the Division in a letter, dated in approximately September 2014, who accepted the process. A  
24 true and correct copy of the letter is attached hereto as Exhibit "C". This process changed to  
25 holding the security deposits in the Security Deposit Account in January 2017 for new  
26 customers. Brooks denies any remaining allegations in said paragraph.

#### VIOLATIONS

27 21. Answering paragraphs 25, 26, 27, 28, 29, and 30 of the Complaint, Brooks  
28 denies each and every allegation contained in said paragraphs.

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**DISCIPLINE AUTHORIZED**

22. Answering paragraphs 31 and 32 of the Complaint, Brooks asserts that these paragraphs call for a legal conclusion, and therefore, an answer is unnecessary. Nevertheless, Brooks denies the allegations contained in said paragraphs.


23. Answering paragraph 33 of the Complaint, Brooks denies each and every allegation contained in said paragraph.

WHEREFORE, Respondent requests that the Division take the following actions:

1. Petitioner takes nothing against Respondent(s), by way of its Complaint for damages;
2. The Complaint be dismissed, with prejudice;
3. Respondent(s) be awarded costs and attorney fees incurred in defending this action;
4. Respondent(s) be awarded such other relief as this Division deems just.

DATED this 15<sup>th</sup> day of June ~~May~~ 2017.

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