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MAY 29 2018

REAL ESTATE COMMISSIO

Dan R. Reaser Nevada State Bar No. 1170 Allen J. Wilt Nevada State Bar No. 4798 Katherine L. Hoffman Nevada State Bar No. 11991 FENNEMORE CRAIG, P.C. 300 E. Second Street, Suite 1510 Reno, Nevada 89501 (775) 788-2200

Attorneys for Respondents

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#### BEFORE THE REAL ESTATE COMMISSION

#### STATE OF NEVADA

SHARATH CHANDRA, Administrator, REAL ESTATE DIVISION, DEPARTMENT OF BUSINESS & INDUSTRY, STATE OF NEVADA,	Case No.: 2016-2901
Petitioner,	
vs.	
ANTHONY D. D'AMBROSIA,	
Respondent.	
SHARATH CHANDRA, Administrator, REAL ESTATE DIVISION, DEPARTMENT OF BUSINESS & INDUSTRY, STATE OF NEVADA,	Case No.: 2017-1473
Petitioner,	
vs.	
JOHN ANTHONY GLASS,  Respondent.	
SHARATH CHANDRA, Administrator, REAL ESTATE DIVISION, DEPARTMENT OF BUSINESS & INDUSTRY, STATE OF NEVADA,	Case No.: 2016-2900
Petitioner,	
vs.	
GLEN D. KUNOFSKY,	
Respondent.	
SHARATH CHANDRA, Administrator, REAL ESTATE DIVISION, DEPARTMENT OF	Case No.: 2016-2904

FENNEMORE CRAIG A LURREYS 300 E. SECOND ST SUITE 1510 RENO, NEWADA 89501 (775) 784-2200

NEVADA,	
Petitioner,	
Vs.	
EDWARD OTOCKA,	
Respondent.	
	Case No.: 2016-2903
Petitioner,	
vs.	
GAURAB REJA,	
Respondent.	
SHARATH CHANDRA, Administrator, REAL ESTATE DIVISION, DEPARTMENT OF BUSINESS & INDUSTRY, STATE OF NEVADA,	Case No.: 2016-2902
Petitioner,	
vs.	
JAMES E. VENTURA,	
Respondent.	
SHARATH CHANDRA, Administrator, REAL ESTATE DIVISION, DEPARTMENT OF BUSINESS & INDUSTRY, STATE OF NEVADA,	Case No.: 2016-1466
Petitioner,	
vs.	
PERRY A. WHITE,	
Respondent.	

#### RESPONDENTS' MOTION TO DISMISS

Respondents Anthony D. D'Ambrosia, John A. Glass, Edward Otocka, Glen D. Kunofsky Garaub Reja, James E. Ventura, and Perry A. White ("Respondents"), acting by and through

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their legal counsel Fennemore Craig, P.C., submit this motion to dismiss pursuant to Section 645.840 of the Nevada Administrative Code.

#### I. INTRODUCTION

The complaints filed against Respondents D'Ambrosia, Glass, Otocka, Kunofsky, Reja, and Ventura (the "Nonresident Brokers"), I each assert two potential grounds for disciplinary action. First, these Nonresident Complaints allege that the Nonresident Brokers violated NRS 645.230(1)(a), which makes it unlawful "for any person . . . to engage in the business of, act in the capacity of, advertise or assume to act as, a . . . (a) Real estate broker, real estate brokersalesperson or real estate salesperson within the State of Nevada" without first obtaining the appropriate license from the Nevada Real Estate Division (the "Division" or "NRED"). Second, the Nonresident Complaints also claim that the Nonresident Brokers are subject to discipline under NRS 645.235(1)(a), which provides that the Nevada Real Estate Commission (the "Commission" or "NREC") may "impose an administrative fine against any person who knowingly . . . [e]ngages or offers to engage in any activity for which a license, permit, certificate or registration or any type of authorization is required pursuant to this chapter, or any regulation adopted pursuant thereto," without holding the required license, permit, certificate or registration or has not been given the required authorization.

The amended complaint filed against Respondent White<sup>2</sup> alleges five violations of NRS 645.235(1)(b), which provides that the Commission may "impose an administrative fine against any person who knowingly . . . assists or offers to assist another person" to engage "in any activity for which a license, permit, certificate or registration or any type of authorization is required pursuant to this chapter, or any regulation adopted pursuant thereto," where the

Anthony D. D'Ambrosia, Complaint, Case No. 2016-2901 (Feb. 15, 2018); John A. Glass, Complaint, Case No. 2017-1473 (Nov. 1, 2017); Edward Otocka, Complaint, Case No. 2016-2904 (Feb. 15, 2018); Glen D. Kunofsky, Amended Complaint, Case No. 2016-2900 (May 7, 2018); Garaub Reja, Complaint, Case No. 2016-2903 (Feb. 15, 2018); and James E. Ventura, Complaint, Case No. 2016-2902 (Feb. 15, 2018), the ("Nonresident Complaints")

See Perry A. White, Amended Complaint, Case No. 2016-1466 (May 7, 2018) (the "Resident Complaint" and together with the Nonresident Complaints, the "Complaints").

person being assisted "does not hold the required license, permit, certificate or registration or has not been given the required authorization; for in this chapter." Thus, these violations alleged against Mr. White are premised upon a determination that the Nonresident Brokers engaged in unlawful conduct and that Mr. White "knowingly... assist[ed]" the conduct.

When the allegations in the various Complaints are read together, the sole factual basis for all the alleged violations appears to be that the Nonresident Brokers cooperated with Mr. White, a Nevada-licensed broker affiliated with Marcus & Millichap's Las Vegas office, with respect to the marketing and sale of Nevada property. As part of this cooperation, the Complaints assert that the Nonresident Brokers' names appeared on "advertising" for Nevada properties without the Nonresident Brokers obtaining a license, certificate or other authorization from NRED or NREC.<sup>3</sup> These claims fail as a matter of law and must be dismissed because NRED's failure to follow statutory procedures and due process requirements in prosecuting these Complaints deprives the Commission of jurisdiction. Furthermore, the cooperative activities alleged in the Complaints are authorized by Nevada law and administrative regulations under which the Commission seeks to impose discipline is both void as *ultra vires* and unconstitutional.

#### II. SUMMARY OF RELEVANT FACTS

While the individual Nonresident Complaints lack specificity as to the exact nature of the allegations, when read together with the Resident Complaint, it appears that NRED's allegations are premised on the assertion that that a Nevada licensed broker, Mr. White, cooperated with the Nonresident Brokers in representing sellers of Nevada commercial property. In each transaction, the seller was a non-Nevada resident. Although the NRED complaints are unclear, it seems from prior NREC hearings that the alleged regulatory violation is that the name of an out-of-state agent appeared on an advertisement for the property. No

There is no license or certificate available from NRED that would allow the Nonresident Brokers to cooperate with the Mr. White to sell Nevada property. Accordingly, the Division's entire case apparently rests upon the theory that the Nonresident Brokers must be licensed as brokers or agents in Nevada.

buyer or seller was harmed in any of the transactions, and no buyer, seller, or consumer made any complaint regarding the agents or the transactions. It appears that the only person to have complained in any manner is former NREC President Richard Johnson, who contends that out-of-state brokers should not be permitted to share commissions that Mr. Johnson believes would otherwise go to a local agent.

#### III. DISCUSSION AND ANALYSIS

### A. THE COMMISSION IS REQUIRED TO MAKE CONCLUSIONS OF LAW REGARDING RESPONDENTS' LEGAL DEFENSES

The defenses raised in this Motion to Dismiss require the Commission to evaluate whether NRED complied with important procedural requirements necessary to establish Commission jurisdiction and whether the regulatory framework under which NRED seeks to impose discipline complies with both state law and the United States Constitution. In prior disciplinary proceedings against Marcus & Millichap agents involving similar legal issues, the Commission has asserted it may only decide "factual allegations" and declined to evaluate a number of legal issues, stating that constitutional, statutory and regulatory defenses to the administrative proceedings are irrelevant and not within its purview. The Commission is not only empowered to make such determinations, a refusal to consider these issues or to allow the Respondents to develop a record of these defenses violates both the Commission's statutory obligations and Respondents' due process rights.

The Nevada Administrative Procedure Act (the "NAPA") mandates that the Commission must, in any order imposing discipline on Respondents, specifically state its conclusions of law.<sup>5</sup> As a fundamental matter, the Commission cannot impose discipline based upon an unconstitutional regulatory framework.<sup>6</sup> Thus, where Respondents' defenses to the

<sup>4</sup> March 20, 2018 Hearing Transcript at 40:5-42:4.

NEV. REV. STAT. § 233B.125; NEV. REV. STAT. § 645.630 (conclusions of law supporting disciplinary decisions are public records); see also Marvin v. Fitch, 126 Nev. 168, 177, 232 P.3d 425, 431 (2010) (state boards and commissions function like judicial officers because they receive evidence, render decisions, and regulate hearings).

<sup>6</sup> See Seaborn v. Wingfield, 56 Nev. 260, 277, 48 P.2d 881 (1935) (unconstitutional law

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- See Nassiri v. Chiropractic Physicians' Bd., 130 Nev. Adv. Op. 27, 327 P.3d 487, 489 (2014)
- See, e.g., Revert v. Ray, 95 Nev. 782, 787, 603 P.2d 262, 265 (1979) (State Engineer "manifestly abused his discretion" by failing to resolve all the crucial issues presented at hearing, which deprived the parties of "a full and fair determination of their claims").
  - Deja Vu Showgirls v. State, Dep't of Tax., 130 Nev. Adv. Op. 73, 334 P.3d 392, 397 (2014).
  - NEV. REV. STAT. § 233B.121(4).

violations implicate constitutionality of the discipline and the Commission's lack of jurisdiction, the Commission cannot avoid these threshold issues. Although a reviewing court must independently evaluate an agency's conclusions of law as to "purely legal issues," there is no support for the Commission's assertion that it is excused from rendering such conclusions as to NRED's procedural compliance or the constitutionality of the discipline NRED is asking it impose.8

Administrative agencies are often called upon to make determinations on constitutional issues as part of contested case proceedings. Notably, the Nevada Supreme Court has specifically concluded that constitutional challenges to an agency's interpretation and administration of its statutes and regulations must first be evaluated by the agency before those constitutional issues can be litigated in court.9 Thus, the Commission cannot decline to address these issues or prevent the Respondents from raising these defenses and presenting evidence and argument on these defenses.10

The Commission is similarly authorized to determine whether its administrative regulations impermissibly conflict with Nevada statutes. Indeed, before a Nevada court may find that a regulation "violates constitutional or statutory provisions or exceeds the statutory authority of the agency," the NAPA requires the promulgating agency first "to pass upon the validity of the regulation in question." NRS 233B.110. As such, a refusal to address the validity of the regulatory prohibition on nearly all cooperative brokerage arrangements violates the obligations imposed on the Commission by the Nevada Legislature.

### B. THE DIVISION'S FAILURE TO COMPLY WITH STATUTES AND ITS OWN REGULATIONS DEPRIVES THE COMMISSION OF JURISDICTION

An administrative agency does not have jurisdiction to act if it fails to comply with the procedural requirements imposed by law, such as notice and due process hearing mandates.<sup>11</sup> The Commission has promulgated regulations requiring the Division "to prepare and require a standard form or affidavit for use in making a citizens complaint."<sup>12</sup> Additionally, regardless of whether an investigation is initiated by complaint or at the Division's request, NAC 645.680 requires the appointed investigator to prepare and submit a written report to the Division Administrator, "which describes the results of the investigation." NAC 645.680(4). These reports and investigations, as well as "all communications . . . affidavits or depositions in possession of the Division relevant to the complaint" must be disclosed to Respondents 30 days prior to the hearing.<sup>13</sup>

Here, based upon information and belief, Respondents understand that the present disciplinary actions were initiated by the complaint of former NREC President Johnson. The Division, however, failed to utilize a standard form or affidavit for Mr. Johnson's complaints, and it has not provided these complaints to Respondents. NRED has also not produced the investigative report mandated by NAC 645.680(4). Thus, the Division either failed to complete the reports in violation of NAC 645.680(4), or withheld the reports in violation of NRS 645.680(4). Either way, these procedural deficiencies necessitate dismissal of the Complaints. Nevada case law interpreting NRED's disclosure requirement is clear; failing to disclose initiating complaints or other documents listed in NRS 645.680(4) constitutes error, and dismissal of the Complaints is required.<sup>14</sup>

Additionally, as indicated by the "gaps" in the Bates number labeling on the documents NRED has provided to Respondents, it appears that the Division also failed to provide to

See <u>Checker. Inc. v. Public Serv. Comm'n</u>, 84 Nev. 623, 634, 446 P.2d 981 (1968).

<sup>12</sup> See NEV. ADMIN. CODE § 645.680(2).

NEV. REV. STAT. § 645.680(4).

Real Estate Div., Dep't of Commerce v. Jones, 98 Nev. 260, 264, 645 P.2d 1371, 1373 (1982) (NRED's failure to provide initiating complaint to respondents was error supporting district court's decision to overturn discipline imposed by NREC).

 Respondents a number of other documents from its investigative files. In previous disciplinary actions brought against Marcus & Millichap agents, NRED has acknowledged withholding certain materials, and the Commission has decided that NRED need only disclose the materials upon which it intends to rely at the hearing.<sup>15</sup> This position is directly contradicted by Commission regulations, which apply an "intended use at hearing" disclosure standard only to Respondents, not NRED. NRED must disclose all materials relevant to the complaint, the statute does not provide that NRED may withhold relevant, exculpatory materials that it would not use at the hearing.<sup>16</sup> Respondents are only required to give to NRED the documents they "reasonably anticipate[] will be used in support of his or her position."<sup>17</sup> The Division cannot apply this "use at hearing" disclosure standard to itself where NRS 645.680(4) plainly establishes a different standard. The Complaints, accordingly, must be dismissed because NRED has not complied with the procedural requirements established in NRS 645.680 and NAC 645.680.

### C. THE REGULATORY PROHIBITION ON NONRESIDENT BROKERS REPRESENTING SELLERS IS ULTRA VIRES AND CONTRARY TO STATUTE

The Nonresident Complaints allege that the Nonresident Brokers are subject to discipline for cooperating with Mr. White with respect to the advertisement and sale of Nevada real property. Similarly, the Resident Complaint alleges that Mr. White should be disciplined for knowingly assisting the Nonresident Brokers in committing the alleged violations. The Complaints must be dismissed because Nevada statutes do not disallow the conduct documented in the Complaints and the Commission's regulation purporting to prohibit these cooperative arrangements conflicts with Nevada Statutes, is *ultra vires*<sup>18</sup> and is void.<sup>19</sup>

December 5, 2017, Hearing Transcript at 29:14-20.

NEV. REV. STAT. § 645.680(4).

<sup>17</sup> NEV. ADMIN. CODE § 645.850.

<sup>&</sup>quot;Beyond ones legal power or authority."

<sup>19</sup> See Roberts v. State, Univ. of Nev. Sys., 104 Nev. 33, 752 P.2d 221, 223 (1988) ("Administrative regulations cannot contradict or conflict with the statute they are intended to implement"); Oliver v. Spitz, 76 Nev. 5, 8, 348 P.2d 158 (1960) (regulations inconsistent with the statutes do not have the force of law); Vill. League to Save Incline Assets. Inc. v. State, 133 Nev. Adv. Op. 1, 388

Far from prohibiting the Respondents' conduct, Nevada statute expressly allows the outof-state cooperation for which NRED seeks a disciplinary finding in these cases. Specifically,
Nevada Revised Statute 645.280(1) provides that "[a] licensed real estate broker may pay a
commission to a licensed broker of another state." A "commission" is "a fee paid to an agent or
employee for transacting a piece of business or performing a service." The Nevada legislature
has thus specified that in-state and out-of-state brokers may cooperate on transactions and
perform services together. The Nevada Legislature placed no restrictions on the types of
transactions for which such interstate cooperation is permitted, nor did it authorize NREC to
pass regulations restricting interstate cooperation to any particular type of transaction.

In 2016, however, this Commission exceeded its statutory authority by creating a regulation that prohibits cooperation between Nevada brokers and out-of-state brokers except in one, narrow circumstance where an out-of-state broker cooperates with a Nevada broker to represent an out-of-state buyer purchasing Nevada property.<sup>21</sup> The regulatory system established by the Nevada Legislature under NRS Chapter 645, however, expressly allows for cooperative arrangements among out-of-state real estate professionals and Nevada real estate licensees:

The Administrator shall have authority to issue certificates authorizing outof-state licensed brokers to cooperate with Nevada brokers, and the Commission shall have authority to promulgate rules and regulations establishing the conditions under which such certificates shall be issued and cancelled, all subject to the provisions and penalties of this chapter.<sup>22</sup>

The Nevada Legislature did not delegate to the Commission rule-making authority to restrict the *scope* of authorized interstate cooperation among licensed real estate professionals. Rather, the Legislature limited the Commission's rule-making authority to "the *conditions* under which . . . [cooperative] certificates shall be *issued and cancelled*" [Emphasis added]. Rules governing the "conditions" of a cooperative certificate's *issuance and cancellation* are not the same as

P.3d 218, 226 (2017) (regulations must be backed up by statutory authority).

<sup>&</sup>quot;Commission," MERRIAM WEBSTER, https://www.merriam-webster.com/dictionary/commission.

<sup>&</sup>lt;sup>21</sup> Nev. Admin. Code § 645.185(11).

<sup>22</sup> NEV. REV. STAT. § 645.605.

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rules limiting the types of transactions in which a cooperative certificate can be used, and NRS 645.605 mentions only the former. Under the rule of expressio unius,23 this specific authorization to regulate "conditions" means that the Commission lacks authority to regulate other aspects of certificates, including the types of transactions for which a certificate may be used.24 Thus, by substantially limiting the use of statutorily authorized cooperative certificates, Subsection 11 of NAC 645.185 is void and ultra vires as a matter of Nevada law.25 This Commission cannot discipline Respondents on the basis of a void and ultra vires regulation.

In essence, the Complaints allege that by engaging in cooperative brokering with Mr. White for sales of Nevada property, the Nonresident Brokers failed to comply with the Commission's restrictive regulatory framework for cooperative brokering. This framework contradicts NRS 645.605, is an invalid exercise of the NREC's regulatory authority, and cannot be used as a basis for disciplining the Nonresident brokers or, by extension, Mr. White. As such, the Complaints must be dismissed.

#### D. THE REGULATORY FRAMEWORK UNDER WHICH NRED SEEKS TO DISCIPLINE RESPONDENTS IS UNCONSTITUTIONAL

As a matter of law, Nevada's licensing and cooperative certificate restrictions violate the United States Constitution's dormant Commerce Clause doctrine. Because the interstate cooperative brokering conduct cited in the Complaints is Constitutionally protected, the Commission cannot discipline Respondents for failing to comply with its unconstitutional licensing and cooperative certificate requirements, and the Complaints must be dismissed.

The Commerce Clause provides that "Congress shall have Power . . . [t]o regulate Commerce . . . among the several States."26 This affirmative grant of power has long been understood to deprive the States of the power unjustifiably to discriminate against or burden

<sup>23</sup> "The expression of one thing is the exclusion of another."

<sup>24</sup> See, e.g., Ramsey v. City of N. Las Vegas, 392 P.3d 614, 619 (Nev. 2017).

See Ruley v. Nevada Bd. of Prison Comm'rs, 628 F. Supp. 108 (D. Nev. 1986) (Commission does not have the power to make law, but rather to adopt regulations to carry out the will of the Legislature expressed in statute).

U.S. CONST., art. I, § 8, cl. 3.

the interstate flow of articles of commerce."<sup>27</sup> "The modern law of what has come to be called the dormant Commerce Clause is driven by concern about economic protectionism—that is, regulatory measures designed to benefit in-state economic interests by burdening out-of-state competitors."<sup>28</sup> For dormant Commerce Clause purposes, unconstitutional economic protectionism, or discrimination, "simply means differential treatment of in-state and out-of-state economic interests that benefits the former and burdens the latter."<sup>29</sup>

The Nevada regulatory system for licensing or certificating the Nonresident brokers is intentionally structured to benefit and protect Nevada brokers by discriminating against the Nonresident brokers and burdening these brokers' ability to engage in interstate commerce. As such, the licensing and certificate framework the Nonresident Brokers stand accused of violating is unconstitutional and cannot be enforced against them. Section 11 of NAC 645.185 provides,

An out-of-state broker may not use a cooperating broker's certificate as authority to sell or attempt to sell real estate in Nevada on behalf of the owner of that real estate. Such a certificate may be used only for the purpose of allowing the out-of-state broker or salesperson to represent a person other than a resident of Nevada in the purchase of real estate in Nevada.

This regulation discriminates by using the broker's location—their "out-of-state" status—as the reason to restrict their permitted brokering activities, even where the broker has obtained a cooperative certificate as authorized by the Nevada legislature.

The specific discriminatory purpose articulated by NREC and NRED in enacting this regulation further demonstrates that the regulatory framework cannot withstand constitutional scrutiny. For example, the 2016 revision to this regulation was drafted by NRED Investigator Jan Holle, who stated stated in his cover email to the regulation that the regulations' purpose was to keep real estate commissions in the hands of local Nevada agents,<sup>30</sup>

Or. Waste Sys., Inc. v. Dep't of Envtl. Quality of State of Or., 511 U.S. 93, 98, (1994).

Dep't of Revenue of Ky. v. Davis, 553 U.S. 328, 338 (2008) (internal citations omitted).

Rocky Mountain Farmers Union v. Corey, 730 F.3d 1070, 1087 (9th Cir. 2013) (internal citations omitted).

See Exhibit 1 to this Motion (Jan Holle Email to Gail Anderson (June 25, 2014)).

#### Coop Cert Regulation Revision

Jan Holle

Sent:

Wednesday, June 25, 2014 9:45 AM

Tot

Gall 1. Anderson

Attachments: Jan - Coop Cert Reg Rev.docx (16 KB)

Gall -

I think this wording change will get it as far as clarifying what we believe and have been enforcing as far as the use and intent of the certificate. It is a great thing when out of state licensees want to bring an out of state buyer they are working with to purchase property as long as they are working through a Nevada broker. What we want to prohibit is out of state licensees listing Nevada property for Nevada property owners whether the property owners are residents of Nevada or not. This activity is taking business away from our Nevada licensees. Also, we do not want out of state licensees to represent Nevada residents in the purchase of Nevada real estate for the same reason. I think the attached wording revision gets this accomplished. There is a similar statement on the actual Coop form that we may also need to clarify/revise if we get the regulation revision approved. Thanks.

Similarly, minutes of a 2014 NREC meeting show former President Johnson linking the near total ban on broker cooperation to a concern that "money is leaving the state and the local agents." In fact, not only was the regulation passed with the intent to protect local broker commissions, the very purpose of these disciplinary proceedings is to protect local broker commissions. When he initiated these complaints, former Commission President Richard Johnson explained to NRED Chief Investigator Jan Holle: "It appears that over \$200,000,000 of sales (\$5,000,000 in commissions) is not going to Nevada at this time just in the Retail listings." <sup>32</sup>

Three weeks later, Mr. Holle wrote to local broker and Respondent Perry White, stating in no uncertain terms that these disciplinary proceedings are themselves intended to keep commissions out of the hands of out-of-state brokers,<sup>33</sup>

From: Jan Hollo (mallo,inolic@red.iv.gov) Sent: Tuesday, April 05, 2016 12:34 PM To: White, Perry Subject: RE: Gordon Allred

We will help fill some of the cracks, but the violators are not going to appreciate it... iol. This business by your out of state associates should have been yours or at least a portion of it.

NREC Meeting Minutes, January 7, 2015.

<sup>32</sup> See Exhibit 2 to this Motion (Dick Johnson Email to Jan Holle (March 14, 2016)) (emphasis added).

See Exhibit 3 to this Motion (Jan Holle Email to Perry White (August 5, 2016)) (emphasis added).

These statements show that the real purpose of the NAC 645.680(11)'s restrictions is to protect in-state brokers and their fees by disadvantaging their out-of-state competitors, in violation of the Constitution. As such, dismissal of the Complaints is necessary because Commission's framework for regulating cooperative brokering is unconstitutional and cannot be enforced against Respondents.

#### IV. CONCLUSION

The Commission must dismiss each of the Complaints because NRED's failure to follow statutory procedures and due process requirements in prosecuting each of the Complaints deprives the Commission of jurisdiction. Moreover, the cooperative activities alleged in the Complaints are authorized by Nevada law and the statutory and regulatory framework under which the Commission seeks to impose discipline is both void as ultra vires and unconstitutional. Nevada law mandates that the Commission is legally obligated to consider and decide these questions of its very authority to act.

DATED and respectfully submitted this 29th day of May, 2018.

FENNEMORE CRAIG, P.C.

Dan R. Reaser (Bar Nid, 1170)

Allen J. Wilt (Bar No. 4798)

Katherine L. Hoffman (Bar No. 11991)

300 E. Second Street, Suite 1510

Reno, Nevada 89501

(775) 788-2200

Attorneys for Respondents

1	<u>CERTIFICATE OF SERVICE</u>	
2	I hereby certify that the foregoing RESPONDENT'S MOTION TO DISMISS was	
3	submitted for filing with the Nevada Real Estate Commission on the 29th day of May, 2018. I	
4	further certify that I served a copy of this document by mailing a true and correct copy thereof,	
5	postage prepaid to the following:	
6 7 8	Sharath Chandra, Administrator Department of Business and Industry Nevada Real Estate Division 3300 W. Sahara Avenue, Suite 350 Las Vegas, Nevada 89102	
9	For the Nevada Real Estate Division	
10	Keith E. Kizer Senior Deputy Attorney General State of Nevada	
11	555 E. Washington Avenue, Suite 3900 Las Vegas, Nevada 89101	
12	Counsel for the Nevada Real Estate Division	
13 14	Administration Section Manager Department of Business and Industry Nevada Real Estate Division	
15	3300 W. Sahara Avenue, Suite 350 Las Vegas, Nevada 89102	
16	For the Nevada Real Estate Commission	
17	Asheesh Bhalla Deputy Attorney General	
18	State of Nevada 555 E. Washington Avenue, Suite 3900 Las Vegas, Nevada 89101	
19	Counsel for the Nevada Real Estate Commission	
20	DATED this 29th day of May, 2018.	
21	Mana of Whandow	
22	An Employee of Fennemore Craig, P.C.	
23		
24		

## EXHIBIT 1

# EXHIBIT 1

Coop Cert Regulation Revision

Page 1 of 1

#### **Coop Cert Regulation Revision**

Jan Holle

Sent:

Wednesday, June 25, 2014 9:45 AM

To:

Gall J. Anderson

Attachments: Jan - Coop Cert Reg Rev.docx (16 KB)

Gall -

I think this wording change will get it as far as clarifying what we believe and have been enforcing as far as the use and intent of the certificate. It is a great thing when out of state licensees want to bring an out of state buyer they are working with to purchase property as long as they are working through a Nevada broker. What we want to prohibit is out of state licensees listing Nevada property for Nevada property owners whether the property owners are residents of Nevada or not. This activity is taking business away from our Nevada licensees. Also, we do not want out of state licensees to represent Nevada residents in the purchase of Nevada real estate for the same reason. I think the attached wording revision gets this accomplished. There is a similar statement on the actual Coop form that we may also need to clarify/revise if we get the regulation revision approved. Thanks.

### EXHIBIT 2

### EXHIBIT 2

#### Jan Holle

From: Sent: Dick Johnson < Dick@johnsongroup.net> Monday, March 14, 2016 10:03 AM

To:

Jan Holle

Subject:

Concern ref CO-OP Broker

Attachments:

WinZip Compressed Attachments.zip

JOHNSON GROUP

5255 Longley Lane, Suite 105, Reno, Nevada 89511
Phone: 775-823-8877, Fax: 1-866-716-8848, <u>Dick@JohnsonGroup.net</u>

Jan,

I did research via CoStar on listings. Results are amazing.

I set perameters as listing of Retail segment, \$300,000 to \$100,000,000, all of Nevada. There were 427 Retail listings. Of these, 65 had out of state contact phone numbers. I made an excel list of these for you as attached.

I did a license search on each of the 65. 51 were not on license search. 4 are being still verified by CoStar "research in progress", 1 had a Out of State Certificate, 7 had Nv licenses (although still questioned a couple of these that appeared to have out of state brokers ??) I did not check if any of these were owners.

Estimated: Using the 51 number, this would mean that 12% of all listings of retail were illegal. It appears that over \$200,000,000 of sales (\$5,000,000 in commissions) is not going to Nevada at this time just in the Retail listings; Much arger when annualized. On top of this, with the other segments included there was a total of 3,129 listings, using the same perameters. Thus 12% equals 375 non licensed listings which extrapulates to over \$1.4 billion of listings at any one time (annualized it probably 2 to 3 times this). Not sure if the extapulation would be identical for all segments...but point is that it is a big number even if 50% error factor.

Do you have access to CoStar or Loopnet? Owned by same company and is basically the MLS for commercial.

Let me know your thoughts.

Thanks

Respectfully Submitted,

Richard K Johnson

Richard K. Johnson

## EXHIBIT 3

## EXHIBIT 3

From: Jan Holle [mailto:jholle@red.nv.gov] Sent: Tuesday, April 05, 2016 12:34 PM

To: White, Perry

Subject: RE: Gordon Allred

We will help fill some of the cracks, but the violators are not going to appreciate it...lol. This business by your out of state associates should have been yours or at least a portion of it.

Mr. Jan R. Holle
Chief Compliance/Audit Investigator
Department of Business & Industry
Nevada Real Estate Division
2501 E. Sahara Avenue, Suite 300
Las Vegas, NV 89104
Phone: 702-486-4326
Fax: 702-486-4067
www.ied.nv.gov

From: White, Perry [mailtq:Perry.White@marcusmillichap.com]

Sent: Tuesday, April 05, 2016 11:57 AM

To: Jan Holle

Subject: Gordon Allred

Jan, thank you for the information in your E-Mail. I forwarded the information to Seth Mott of the General Counsel's office. I will work with him to clamp down on out of state agents. We have strict guidelines but unfortunately with 1500 agents some slip through the cracks. Obviously we need to do a better job filling the cracks.

Perry A. White Vice President Investments National Multi-Housing Group

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