BEFORE THE REAL ESTATE COMMISSION

STATE OF NEVADA

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Case Nos. 2021-1230 and 2021-1227

STIPULATION AND ORDER FOR SETTLEMENT OF DISCIPLINARY

**ACTIONS** 

This Stipulation for Settlement of Disciplinary Action ("Stipulation") is entered into by and between the State of Nevada, Department of Business and Industry, Real Estate Division ("Division"), through its Administrator Sharath Chandra ("Petitioner"), by and through their attorney of record, Karissa D. Neff, Senior Deputy Attorney General, and Kenneth R. Calder ("RESPONDENT"), by and through his attorney Nicholas M. Wooldridge, Esq.

RESPONDENT, at all relevant times mentioned in this Complaint, was licensed by the Division as a broker and also holds property management permits from the Division. He is therefore subject to the jurisdiction of the Division and the Commission and the provisions of NRS chapter 645 and NAC chapter 645.

### CASE NO. 2021-1230

SHARATH CHANDRA, Administrator, REAL ESTATE DIVISION, DEPARTMENT

Petitioner,

Respondent.

OF BUSINESS & INDUSTRY,

STATE OF NEVADA,

KENNETH R. CALDER,

#### SUMMARY OF FACTUAL ALLEGATIONS SET FORTH IN THE COMPLAINT

- 1. RESPONDENT is licensed by the Division as a broker with the Division under licenses B.1001776.LLC and B.1001777.INDV and holds property management permits PM.0165690.BKR and PM.0166724.BKR.
- 2. At all relevant times, RESPONDENT was a manager and broker for Addicted Realty LLC, a Nevada limited liability company ("Addicted Realty").
  - 3. Addicted Realty is a real estate brokerage and provides property management services.

- 4. George Anderson III ("Anderson") is also listed as a manager of Addicted Realty according to the Nevada Secretary of State's records.
- 5. Anderson is licensed by the Division as a broker with the Division under licenses B.1001398.LLC and B.1001399.INDV.
- 6. Anderson also held property management permits from the Division, however, said property management permits were revoked by the Commission's order effective August 5, 2021.
- 7. The Division began its investigation after Addicted Realty failed to submit its trust account reconciliations to the Division for 2019, 2020, and 2021.
- 8. As background, on August 1, 2019, the Division notified Anderson that he had failed to submit his June 2019 trust account reconciliations to the Division as required by NRS 645.310(5) pursuant to NAC 645.805(3), requested that Anderson also pay a fine in the amount of \$1,000.00 ("Fine"), and remit his trust account reconciliations to the Division by September 3, 2019.
- 9. On September 3,2019 Anderson paid the Fine but failed to submit the 2019 trust account reconciliations to the Division.
- 10. The Division then filed a complaint against Anderson to be heard by the Commission at its meeting beginning on December 7, 2020, regarding Anderson's failure to submit the trust account reconciliations to the Division.
- 11. Despite the Commission's continuing Anderson's hearing multiple times and RESPONDENT retaining legal counsel, Anderson failed to appear at the hearing personally, or through legal counsel, such that the Commission entered its Findings of Fact, Conclusions of Law, and Order by default ("Default Order") against Anderson on July 6, 2021.
- 12. The Default Order fined Anderson \$10,000.00, ordered him to pay the Division's costs in the amount of \$738.72, and ordered that all property management permits held by him be revoked.
- 13. On December 27, 2021, the Division properly notified RESPONDENT that it had opened an investigation against him regarding Addicted Realty's trust accounts and requested that RESPONDENT provide copies of documents from April 2020 to June of 2020 including the following: (1) residential management agreements, (2) owners statements, (3) residential lease agreements, (4) tenant ledgers, (5) a sworn affidavit, and (6) an explanation regarding why his name appeared on certain bank account

27. By transferring this money and/or permitting this transfer from Addicted Realty's Operating

Rental Trust Account into Addicted Realty's Short-term Rental Trust Account, RESPONDENT improperly co-mingled money.

- 28. In June of 2020, approximately \$3,000.00 was transferred from Addicted Realty's Short-term Rental Trust Account into its business brokerage account ending in 8780.
- 29. By transferring and/or permitting this transfer, RESPONDENT improperly co-mingled money between Addicted Realty's Short-Term Rental Trust Account and its business brokerage account.
- 30. In June of 2020, approximately \$5,000.00 was transferred from Addicted Realty's business brokerage account ending in 8780 into the Operating Rental Trust Account.
- 31. By transferring and/or permitting the transfer of these funds, RESPONDENT improperly comingled money between Addicted Realty's business brokerage account and its Operating Rental Trust Account.
- 32. In April, May and June of 2020, approximately \$64,000.00 was transferred from Addicted Realty's business brokerage account ending in 8780 to its Operational Rental Trust Account.
- 33. By transferring and/or permitting the transfer of this money, RESPONDENT improperly comingled money between Addicted Realty's business brokerage account and its Operational Rental Trust Account.
- 34. In April and May of 2020, approximately \$55,000.00 was transferred from Addicted Realty's Operating Rental Trust Account to its business brokerage account ending in 8780.
- 35. By transferring and/or permitting said transfer, RESPONDENT improperly co-mingled money between Addicted Realty's Operating Rental Trust Account and its business brokerage account.
- 36. On June 12, 2020, approximately \$2,200.00 in cash was withdrawn from Addicted Realty's Operating Rental Trust Account.
- 37. By making and/or permitting a cash withdrawal, RESPONDENT co-mingled Addicted Realty's Operating Rental Trust Account with personal funds.
- 38. In April of 2020, approximately \$3,000.00 was transferred from Addicted Realty's Security Deposit Trust Account to its business brokerage account ending in 8780.
- 39. By transferring/and or permitting this transfer, RESPONDENT improperly co-mingled money between Addicted Realty's Security Deposit Trust Account and its business brokerage account.

- 40. On approximately June 10, 2021, the Division's investigator emailed RESPONDENT, enclosing the Division's follow-up letter and requested a response and the Requested Documents.
- 41. In response, RESPONDENT stated, "I'm not sure how I missed this, but will start getting this over to you ASAP."
- 42. On or around June 21, 2021, the Division properly notified RESPONDENT that it was bringing a complaint against him for disciplinary action to be heard by the Nevada Real Estate Commission.
- 43. On or about July 10, 2022, RESPONDENT signed a sworn declaration submitted to the Division regarding another case against him- Case No. 2021-1227- and also provided certain documents to the Division in his response.
- 44. The documents RESPONDENT provided to the Division included, among other things, a residential property management agreement dated July 16, 2019, a copy of a tenant check dated August 18, 2021, a lease agreement dated August 17, 2021, a lease agreement dated July 2, 2020, a lease agreement dated August 26, 2019, a security deposit transmittal dated April 24, 2020, and owners' statements from 2019, 2020, and 2021.
- 45. On or around July 29, 2022, RESPONDENT provided additional documents to the Division, including leases, property management agreements, owners statements, and tenant ledgers for properties Addicted Realty managed.
- 46. RESPONDENT also submitted an affidavit to the Division stating that with respect to Addicted Realty's bank accounts ending in 8440, 8437, and 9663, that he filed a 546A form for the years 2019 and 2021, claiming that he did so because he did not handle the money in those accounts and was only listed on Addicted Realty's bank's signature cards, "strictly as a back up in case something happened to George Anderson."

# SUMMARY OF VIOLATIONS OF LAW ALLEGED IN THE COMPLAINT

- 47. RESPONDENT violated NRS 645.310(3) by comingling and/or permitting the co-mingling of money or other property of a client on multiple occasions by improperly transferring and/or permitting the transfer of money from the accounts as set forth in Paragraphs 24 to 39 of the complaint in this matter.
  - 48. RESPONDENT violated NRS 645.630(1)(h) by comingling and/or permitting the co-mingling

of money of his own or converting the money of others to his own, on multiple occasions by improperly transferring and/or permitting the transfer of money from accounts as set forth in Paragraphs 24 to 39 of the complaint in this matter.

- 49. RESPONDENT violated NRS 645.630(1)(f) by failing, within a reasonable time, to account for or to remit any money which comes into his possession which belongs to others.
- 50. RESPONDENT violated NRS 645.630(1)(e) by failing to maintain for review and audit by the Division, each brokerage agreement and property management agreement.
- 51. RESPONDENT violated NRS 645.630(1)(g) by failing to balance the trust account at least monthly and by failing to submit to the Division an annual accounting of the trust accounts on multiple occasions.
- 52. RESPONDENT violated NRS 645.633(1)(h) pursuant to NAC 645.605(6) by breaching his obligation of absolute fidelity to his principal's interest.
- 53. RESPONDENT violated NAC 645.655(2) by failing to produce documents which a broker is required to keep complete real estate transaction and property management records for.
- 54. RESPONDENT violated NAC 645.806(1) by failing to turn Addicted Realty's annual trust account reconciliations into the Division on multiple occasions.

## Case No. 2021-1227

### SUMMARY OF FACTUAL ALLEGATIONS SET FORTH IN COMPLAINT

- 55. At all relevant times, RESPONDENT was a manager of Addicted Realty LLC, a Nevada limited liability company ("Addicted Realty").
  - 56. Addicted Realty is a real estate brokerage and provides property management services.
- 57. RESPONDENT is licensed as a broker under B.1001776.LLC and B.1001777.INDV and holds property management permits PM.0165690.BKR and PM.0166724.BKR.
- 58. George L. Anderson III ("Anderson") is also listed as a manager of Addicted Realty according to the Nevada Secretary of State's records.
- 59. Anderson is licensed by the Division as a broker with the Division under licenses B.1001398.LLC and B.1001399.INDV.

- 60. Anderson formerly held property management permits from the Division; however, said property management permits were revoked by the Commission's order effective August 5, 2021.
- 61. On or around December 21, 2021, an individual ("Complainant") signed a complaint submitted to the Division, stating that she owned property located at 75 N. Valle Verde, Unit 412 in Henderson Nevada ("Property") that was managed by Addicted Realty.
- 62. The Complainant stated that Addicted Realty sent monthly payments to her late with no monthly statements, that the payments were made in varying amounts, and that even though she had requested owner's statements, they were never provided.
- 63. The Complainant further stated that in October of 2021, she gave written notice to Addicted Realty that she was terminating her property management agreement with them and had hired Las Vegas TurnKey Rentals ("TurnKey") to manage the Property beginning on November 1, 2021.
- 64. The Complainant stated that Addicted Realty failed to transfer the security deposit to TurnKey within the legal timeframe, and to date, had made no attempt to transfer the security deposit to TurnKey.
- 65. On or around December 27, 2021, the Division's investigator emailed RESPONDENT, stating that she had enclosed an opening letter for a case against him, and a sworn declaration/affidavit to be returned to the Division.
  - 66. RESPONDENT responded to the Division's investigator that he had "received" her email.
- 67. On or around January 4, 2022, RESPONDENT was properly notified by the Division that it had opened an investigation and requested that RESPONDENT provide the complete broker's transaction file for the Property and requested a sworn declaration regarding his knowledge of all matters set forth in complainant's complaint ("Requested Documents.")
- 68. The Division also opened an investigation against Anderson stemming from the Complainant's complaint that was submitted to the Division.
- 69. After receiving no response or the Requested Documents from RESPONDENT, on or around April 12, 2022, the Division sent RESPONDENT a follow-up letter requesting a response by January 19, 2022.

- 70. On April 12, 2022, the Division's investigator emailed the Complainant and asked if she had received the 1099 documents from Addicted Realty, the complete security deposit and transmittal, and the owner's statements.
- 71. The Complainant responded that she had never received owner's statements from Addicted Realty for the Property for 2019, 2020, and 2021, despite her requests for them and an explanation why the amounts paid to her each month varied.
- 72. The Complainant also stated that she had not received 1099's for the Property for 2019, 2020, or 2021.
- 73. The Complainant also stated that TurnKey had received a partial security deposit back from Addicted Realty but not the full amount, despite TurnKey's broker making several attempts to obtain it.
- 74. The Complainant further stated that she sold the Property in February of 2022 and that she was responsible for transferring the remaining amount of the security deposit [not received from Addicted Realty] to the new owners/property management company.
  - 75. TurnKey's broker also responded to the Divisions investigation.
- 76. He stated that he made multiple attempts to collect funds held on account from Addicted Realty, eventually received \$1,750.00 from it thirty days after management of the Property was transitioned to Turnkey, that a \$300.00 cleaning fee was never transferred from Addicted Realty to TurnKey, that the original lease, application, and back up keys for the Property were not turned over to TurnKey until more than three weeks after TurnKey took over management.
- 77. TurnKey's broker further stated when the Complainant sold the Property in March of 2022, she incurred damages in the amount of \$300.00 to fulfill the transfer of funds [i.e. the tenant deposits] to the new buyer under the original lease agreement made between the tenant and Addicted Realty on Complainant's behalf.
- 78. After not receiving any response from RESPONDENT to its initial letter or its follow-up letter, on May 6, 2022, the Division properly notified RESPONDENT it would be filing a complaint for hearing before the Commission.

- 79. On or around July 10, 2022, RESPONDENT untimely signed a response affidavit to the Division's investigation and provided the Division with certain documents related to the management of the Property.
- 80. In response to Claimant's contention that Addicted Realty failed to provide her owner's statements and made payouts to her in varying amounts, RESPONDENT stated in part, that the Complainant was a real estate agent with George Anderson Brokerage and that her owner's statements were available on the owner portals.
- 81. RESPONDENT stated in response to Claimant's contention that she received different payouts monthly, that "payments may differ due to maintenance issues, move/in/move out costs, the amount of tenant payment, collected late fees etc."
- 82. In response to Claimant's contention that Addicted Realty failed to transfer the security deposit timely to Turnkey, RESPONDENT stated that the Complainant informed them she would be transferring management of the Property to TurnKey effective November 1, 2021, and that Addicted Realty transferred the security deposit to TurnKey by check that cleared Addicted Realty's bank on November 30, 2021.
- 83. RESPONDENT also provided the Division with a copy of a check issued on November 22, 2021 in the amount of \$1,750.00 to Turn Key.
  - 84. RESPONDENT failed to timely respond to the Division's investigation.
- 85. Although RESPONDENT transferred a portion of the security deposit to TurnKey in the amount of \$1,750.00, RESPONDENT failed to transfer the \$300.00 cleaning tenant deposit to TurnKey, and thus failed to timely transfer the entirety of the tenant deposits to TurnKey.

# SUMMARY OF VIOLATIONS OF LAW ALLEGED IN THE COMPLAINT

- 86. RESPONDENT violated NRS 645.633(1)(h) pursuant to NAC 645.605(11)(a) by impeding or attempting to impede the Division's investigation by failing to timely provide the Division with the Requested Documents.
- 87. RESPONDENT violated NRS 645.630(1)(f) by failing, within a reasonable time, to account for or remit money in his possession belonging to others, by failing to timely transfer the entirety of the tenant deposits for the Property to TurnKey.

### PROPOSED SETTLEMENT

In an effort to avoid the time and expense of litigation these issues before the Commission, the parties desire to compromise and settle the instant controversies upon the following terms and conditions:

# CASE No. 2021-1230

- 1. RESPONDENT agrees to pay the Division a total amount of \$11,295.86 ("Amount Due"), consisting of a \$8,000.00 fine imposed by the Division and the Division's pre-hearing costs and attorneys' fees in the amount of \$3,295.86.
- 2. The Amount Due shall be payable to the Division within 90 days of the Effective Date of the order approving this settlement.

# CASE No. 2021-1227

- 3. RESPONDENT agrees to pay the Division a total amount of \$2,629.80 ("Amount Due"), consisting of a \$500.00 fine imposed by the Division and the Division's pre-hearing costs and attorneys' fees in the amount of \$2,129.80.
- 4. The Amount Due shall be payable to the Division within 90 days of the Effective Date of the order approving this settlement

## TERMS APPLICABLE TO SETTLEMENT OF BOTH CASES

- 5. RESPONDENT shall surrender any and all property management permits issued to him by the Division for a period of five years from the Effective Date of the order approving this settlement and shall not be permitted to engage in any type of activity constituting property management during the time said permits are surrendered.
- 6. RESPONDENT and the Division agree that by entering into this Stipulation, the Division does not concede any defense or mitigation RESPONDENT may assert and that once this Stipulation is approved and fully performed, the Division will close its file in this matter. Further, RESPONDENT does not concede the violations of law nor the factual allegations set forth in the complaints other than those already admitted in his Answers on file with the Division.

- 7. RESPONDENT agrees and understands that by entering into this Stipulation, RESPONDENT is waiving his right to a hearing at which RESPONDENT may present evidence in his defense, his right to a written decision on the merits of the complaint, his rights to reconsideration and/or rehearing, appeal and/or judicial review, and all other rights which may be accorded by the Nevada Administrative Procedure Act, the Nevada Real Estate Brokers and Salespersons statutes and accompanying regulations, and the federal and state Constitutions. RESPONDENT understands that this Agreement and other documentation may be subject to public records laws. The Commission members who review this matter for approval of this Stipulation may be the same members who ultimately hear, consider, and decide the Complaint if this Stipulation is either not approved by the Commission or is not timely performed by RESPONDENT. RESPONDENT fully understands that he has the right to be represented by legal counsel in this matter at his own expense.
- 8. Each party shall bear their own attorney's fees and costs, except as provided above.
- 9. Approval of Stipulation. Once executed, this Stipulation will be filed with the Commission and will be placed on the agenda for approval at its next public meeting. The Division will recommend to the Commission approval of the Stipulation. RESPONDENT agrees that the Commission may approve, reject, or suggest amendments to this Stipulation that must be accepted or rejected by RESPONDENT before any amendment is effective.
- 10. Withdrawal of Stipulation. If the Commission rejects this Stipulation or suggests amendments unacceptable to RESPONDENT, RESPONDENT may withdraw from this Stipulation, and the Division may pursue its Complaint before the Commission. This Stipulation then shall become null and void and unenforceable in any manner against either party.
- 11. <u>Release</u>. In consideration of the execution of this Stipulation, RESPONDENT for himself, his heirs, executors, administrators, successors, and assigns, hereby releases,

remises, and forever discharges the State of Nevada, the Department of Business and Industry, and the Division, and each of their respective members, agents, employees, and counsel in their individual and representative capacities, from any and all manner of actions, causes of action, suits, debts, judgments, executions, claims, and demands whatsoever, known and unknown, in law or equity, that RESPONDENT ever had, now has, may have, or claim to have against any or all of the persons or entities named in this section, arising out of or by reason of the Division's investigation, this disciplinary action, and all other matters relating thereto.

In consideration of execution of this Stipulation, and subject to the RESPONDENT's performance of the terms and conditions set forth in Paragraphs 1-5 above, inclusive, the State of Nevada, the Department of Business and Industry and the Division, and each of their respective members, agents, employees and counsel in their individual and representative capacities, hereby release, remise and forever discharges RESPONDENT from any and all actions, causes of actions, suits, debts, judgments, executions, claims and demands whatsoever known or unknown, in law or in equity, that the State of Nevada, the Department of Business and Industry and the Division, and each of their respective members, agents, employees and counsel in their individual and representative capacities, ever had, now have, may have, or claim to have, against RESPONDENT arising out of or by reason of the Division's investigation, this disciplinary action and all other matters relating hereto.

12. Indemnification. RESPONDENT hereby agrees to indemnify and hold harmless the State of Nevada, the Department of Business and Industry, Petitioner, the Division, and each of their respective members, agents, employees, and counsel, in their individual and representative capacities, against any and all claims, suits, and actions brought against said persons and/or entities by reason of the Division's investigation, this disciplinary action, and all other matters relating thereto, and against any and all expenses, damages, and costs, including court costs and attorney fees, which may be sustained by the persons and/or entities named in this section as a result of said claims,

	suits, and actions.		
2	13. Default. In the event of default under this Stipulation, RESPONDENT agrees		
3	that his licenses and/or permits shall be immediately suspended, and the unpaid balance		
4	of the administrative fine and costs, together with any attorneys' fees and costs that may		
5	have been assessed, shall be due in full to the Division within ten calendar days of the date		
6	of default. Debt collection actions for unpaid monetary assessments in this case may be		
7	instituted by the Division or its assignee.		
8	14. RESPONDENT has signed and dated this Stipulation only after reading and		
9	understanding all terms herein.		
10	An area and a second a second and a second a		
11	DATED this /2 day of December, 2022. DATED this 2 day of December, 2022.		
12			
13	NEVADA DEPARTMENT OF BUSINESS & INDUSTRY, REAL ESTATE DIVISION		
14			
15	By: By: SHARATH CHANDRA		
16	Administrator		
17	Approved to as form:		
18			
19 20	AARON D. FORD Attorney General		
21			
22	By: Jansa Jalla		
23	Karissa D. Neff (Bar No. #233) Senior Deputy Attorney General		
24	555 E. Washington Avenue, Suite 3900 Las Vegas, NV 89101		
25	Attorneys for Real Estate Division		
26			
	LV Criminal Defense		

1	suits, and actions.		
2	13. <u>Default</u> . In the event of default under this Stipulation, RESPONDENT agrees		
3	that his licenses and/or permits shall be immediately suspended, and the unpaid balance		
4	of the administrative fine and costs, together with any attorneys' fees and costs that may		
5	have been assessed, shall be due in full to the Division within ten calendar days of the date		
6	of default. Debt collection actions for unpaid monetary assessments in this case may be		
7	instituted by the Division or its assignee.		
8	14.RESPONDENT has signed and dated this Stipulation only after reading and		
9	understanding all terms herein.		
10			
11	DATED this 12 <sup>th</sup> day of December, 2022.	DATED this 🔼 day of December, 2022.	
12			
13	// .	NEVADA DEPARTMENT OF BUSINESS & INDUSTRY, REAL ESTATE DIVISION	
14		EINDOSTILI, ALLAS ESTATO DIVISION	
15		By: YWWeres	
16	KENNETH R. CALDER	SHARATH CHANDRA Administrator	
17			
18	Approved to as form:		
19	AARON D. FORD Attorney General		
20	Triborney denotal		
21	By:		
22	Karissa D. Neff (Bar. No. 9133)		
23	Senior Deputy Attorney General 555 E. Washington Avenue, Suite 3900		
24	Las Vegas, NV 89101 Attorneys for Real Estate Division		
25			
26	LV Criminal Defense		
27			

1	By:Nicholas M./Wooldridge	
2	400 S. 7 <sup>th</sup> St., #401	
3	Las Vegas, NV 89101 (702) 359-8494	
4		
5	ORDER	
6		
7	IT IS ORDERED that the foregoing Stipulation and Order for Settlement of	
8	Disciplinary Action, submitted by Petitioner and Respondent, is approved in full.	
9	IT IS FURTHER ORDERED that the foregoing Stipulation and Order for	
10	Settlement of Disciplinary Action shall become effective December 16,2022 "Effective	
11	Date").	
12	Dated: December <u>Jb</u> , 2022.	
13		
14	REAL ESTATE COMMISSION STATE OF NEVADA	
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17		
18	By: President, Nevada Real Estate Commission	
19	Submitted by:	
20		
21	AARON FORD, Attorney General	
22	By:	
23	Isl Karissa Neff	
24	Karissa D. Neff Senior Deputy Attorney General	
25	555 E. Washington Ave. Ste 3900 Las Vegas, Nevada 89101	
26	Attorneys for Real Estate Division	
27		
28		