

1 BEFORE THE REAL ESTATE COMMISSION

2 STATE OF NEVADA

3 SHARATH CHANDRA, Administrator,  
4 REAL ESTATE DIVISION, DEPARTMENT  
5 OF BUSINESS & INDUSTRY,  
6 STATE OF NEVADA,

7 Petitioner,

8 vs.

9 CHELSEA SCHEPPMANN,

10 Respondent.

Case No. 2021-580

**FILED**

NOV 10 2022

REAL ESTATE COMMISSION

BY *Kelley Valadez*

11 **COMPLAINT AND NOTICE OF HEARING**

12 The REAL ESTATE DIVISION OF THE DEPARTMENT OF BUSINESS AND INDUSTRY  
13 OF THE STATE OF NEVADA (“Division”) hereby notifies RESPONDENT CHELSEA  
14 SCHEPPMANN (“RESPONDENT”) of an administrative hearing before the STATE OF NEVADA  
15 REAL ESTATE COMMISSION (“Commission”). The hearing will be held pursuant to Chapters 233B  
16 and Chapter 645 of the Nevada Revised Statutes (“NRS”) and Chapter 645 of the Nevada Administrative  
17 Code (“NAC”). The purpose of the hearing is to consider the allegations stated below and to determine  
18 if the RESPONDENT should be subject to an administrative penalty as set forth in NRS 645.633, NRS  
19 645.630 and NRS 622.400, and the discipline to be imposed, if violations of law are proven.

20 **JURISDICTION**

21 RESPONDENT, at the time of the alleged violation, was licensed by the Division as a Broker,  
22 Broker/Salesperson, and held a Property Management permit. RESPONDENT is therefore subject to the  
23 jurisdiction of the Division and the Commission, and the provisions of NRS chapter 645 and NAC chapter  
24 645.

25 **FACTUAL ALLEGATIONS**

26 1. RESPONDENT was licensed with the Division as a Broker under license  
27 B.0143576.LLC, and Property Manager under permit PM.0164592 with the brokerage Plaza Realty from  
28 May 23, 2016 to February 18, 2021. (NRED 0001, 0063)

1           2.       RESPONDENT is currently licensed with the Division as a Broker/Salesperson and  
2 Property Manager under license BS.0143576 and permit PM.016459 with the brokerage Keller Williams  
3 Southern Nevada. (NRED 0002, 0063)

4           3.       Fei Zhong, along with husband Ray Zhong, the COMPLAINANTS herein, own at least  
5 two residential rental properties located in Boulder City, Nevada, specifically: (1) 1520 Mancha Drive,  
6 Boulder City, NV, 89005 (MANCHA PROPERTY), and (2) 1312 Marita Drive, Boulder City, NV,  
7 89005 (MARITA PROPERTY). (NRED 0006, 0008, and 0020).

8           4.       COMPLAINANTS have owned the MANCHA PROPERTY since 2013 and have had the  
9 same tenant since September 1, 2018. COMPLAINANTS have owned the MARITA PROPERTY since  
10 2015 and have had the same tenants since March 1, 2015. (NRED 0006).

11          5.       COMPLAINANT, entered into a Residential Property Management Agreement with  
12 RESPONDENT wherein the parties agreed RESPONDENT would act at the Property Manager for the  
13 MANCHA PROPERTY and the MARITA PROPERTY. (NRED 0032-0043).

14          6.       RESPONDENT failed to renew the Lease Agreement for the MARITA PROPERTY for  
15 the period from March 1, 2019, to September 30, 2020. (NRED 0006).

16          7.       RESPONDENT failed to renew the Lease Agreement for the MANCHA PROPERTY for  
17 the period from August 31, 2019, to October 12, 2019. (NRED 0006, 0019).

18          8.       On September 1, 2019, RESPONDENT, on behalf of COMPLAINANT, but without the  
19 knowledge or consent of COMPLAINANT, entered into a Residential Lease Agreement (“Lease  
20 Agreement”) for the MANCHA PROPERTY with five tenants. (NRED 0008-0019).

21          9.       On October 1, 2019, RESPONDENT, on behalf of COMPLAINANT, but without the  
22 knowledge or consent of COMPLAINANT, entered into a Residential Lease Agreement (“Lease  
23 Agreement”) for the MARITA PROPERTY with one tenant. (NRED 0020-0031).

24          10.       RESPONDENT entered into the above discussed Lease Agreements without informing  
25 COMPLAINANTS of the renewal or discussing the renewal terms. (NRED 0006).

26          11.       The Lease Agreement for the MARITA PROPERTY expired on July 31, 2020.  
27 RESPONDENT failed to have the tenant enter into a new Lease Agreement. (NRED 0020).

1           12.     The Lease Agreement for the MANCHA PROPERTY expired on August 31, 2020.  
2 RESPONDENT failed to have the tenant enter into a new Lease Agreement. (NRED 0008).

3           13.     COMPLAINANT alleged RESPONDENT failed to submit his rental income in a timely  
4 manner. The Owner Statement for the MARITA PROPERTY shows missing owner funds due to a  
5 misdirected ACH payment on 02/20/2020 and 04/30/2020 in the amount of \$1,200.00 dollars. The  
6 statement shows RESPONDENT collected rents in the amount of \$1,200 dollars on 09/01/2020,  
7 10/15/2020 and 11/01/2020. The statement shows owner payments in the amount of \$2,208.00 dollars  
8 for the months in October and November 2020. Payment for September 2020 in the amount of \$1,564.00  
9 dollars was not distributed. The statement showed February missing owner funds due to misdirected  
10 ACH payment from the owner account in the amount of \$1,104.00 dollars. (NRED 0045 – 0048).

11           14.     The Owner Statement for the MANCHA PROPERTY shows missing owner funds due to  
12 ACH theft, diverted funds missing, Appfolio. ACH payment on 04/03/2020 in the amount of \$1,564.00  
13 dollars. The statement shows respondent collected rents in the amount of \$1,700.00 dollars on 08/01/2020  
14 was distributed on 09/17/2020. Rents in the amount of \$1,700.00 dollars on 09/01/2020 were not  
15 distributed. Rents in the amount of \$1,700.00 dollars on 10/01/2020 and 11/01/2020 were distributed on  
16 11/02/2020. September's rent was distributed on 11/05/2020. The funds for April 2020 were never  
17 distributed. (NRED 0045 – 0048).

18           15.     On November 30, 2020, COMPLAINANT and RESPONDENT entered an Agreement  
19 for Termination of Residential Property Management Agreement. RESPONDENT agreed to provide  
20 certain documents to COMPLAINANT by 4:00 pm on December 1, 2020. (NRED 0044).

21           16.     COMPLAINANT alleged he requested his Residential Lease Agreements on 11/21/2020,  
22 11/23/2020 and 11/25/2020 but he did not receive a response from RESPONDENT. On 11/30/2020,  
23 COMPLAINANT alleged he drove to Las Vegas, met with RESPONDENT and she provided the lease  
24 agreements. COMPLAINANT requested the applications, inspections and 1099's for the above-  
25 mentioned properties. COMPLAINANT stated respondent eventually provided some of the documents.  
26 To date, respondent still has not provided the 1099's and his February 2020 owner distribution. (NRED  
27 0049 – 0055) (NRED 0005 – 0007).

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1 YOUR RIGHTS AT THE HEARING: except as mentioned below, the hearing is an open meeting  
2 under Nevada’s open meeting law, and may be attended by the public. After the evidence and arguments,  
3 the commission may conduct a closed meeting to discuss your alleged misconduct or professional  
4 competence. A verbatim record will be made by a certified court reporter. You are entitled to a copy of  
5 the transcript of the open and closed portions of the meeting, although you must pay for the transcription.

6 As the Respondent, you are specifically informed that you have the right to appear and be heard  
7 in your defense, either personally or through your counsel of choice. At the hearing, the Division has the  
8 burden of proving the allegations in the complaint and will call witnesses and present evidence against  
9 you. You have the right to respond and to present relevant evidence and argument on all issues involved.  
10 You have the right to call and examine witnesses, introduce exhibits, and cross-examine opposing  
11 witnesses on any matter relevant to the issues involved.

12 You have the right to request that the Commission issue subpoenas to compel witnesses to testify  
13 and/or evidence to be offered on your behalf. In making the request, you may be required to demonstrate  
14 the relevance of the witness’ testimony and/or evidence. Other important rights you have are listed in  
15 NRS 645.680 through 645.990, NRS Chapter 233B, and NAC 645.810 through 645.875.

16 The purpose of the hearing is to determine if the Respondent has violated NRS 645 and/or NAC  
17 645 and if the allegations contained herein are substantially proven by the evidence presented and

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1 to further determine what administrative penalty is to be assessed against the RESPONDENT, if any,  
2 pursuant to NRS 645.235, 645.633 and or 645.630.

3 DATED this 10 day of November, 2022.

4 State of Nevada  
5 Department of Business and Industry  
6 Real Estate Division

7 By:   
8 SHARATH CHANDRA, Administrator

9 3300 West Sahara Avenue, Suite 350  
10 Las Vegas, Nevada 89102

11 AARON D. FORD  
12 Attorney General

13 By: /s/Matthew Feeley  
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