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1	BEFORE THE REAL ESTATE COMMISSION		
2	STATE OF NEVADA		
3	SHARATH CHANDRA, Administrator, REAL ESTATE DIVISION,	Case No. 2024-364	
4	DEPARTMENT OF BUSINESS & INDUSTRY,		
5	STATE OF NEVADA, Petitioner,	FILED	
6		JAN 1 0 2025	
7	VS.	REAL ESTATE COMMISSION	
8	DANE C. BROOKS, (B.0062410.LLC-Expired, PM.0163550.BKR- Expired),	BY Kelly Valader	
9	Respondent.		
10			
11	COMPLAINT AND NOTICE OF HEARING		
12	The REAL ESTATE DIVISION OF THE DEPARTMENT OF BUSINESS AND		
13	INDUSTRY OF THE STATE OF NEVADA ("Division") hereby notifies RESPONDENT		
14	DANE C. BROOKS ("RESPONDENT") of an administrative hearing before the STATE OF		
15	NEVADA REAL ESTATE COMMISSION ("Commission"). The hearing will be held		
16	pursuant to Chapter 233B and Chapter 645 of the Nevada Revised Statutes ("NRS"), and		
17	Chapter 645 of the Nevada Administrative Code ("NAC"). The purpose of the hearing is to		
18	consider the allegations stated below and to determine if the RESPONDENT should be		
19	subject to an administrative penalty as set forth in NRS 645.806 (3), and the discipline to		
20	be imposed, if violations of law are proven.		
21	JURISDICTION		
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23	RESPONDENT, at all relevant times mentioned in this Complaint, was actively licensed as a Broker (B.0062410.LLC) and held a property management permit		
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25	(PM.0163550.BKR). ¹ RESPONDENT is, therefore, subject to the jurisdiction of the		
26	Division and the Commission, and the provisions of NRS Chapter 645 and NAC Chapter		
27	645.		
28	¹ Respondent allowed both his broker license and PM	nermit to expire on October 31, 2024	

¹Respondent allowed both his broker license and PM permit to expire on October 31, 2024.

FACTUAL ALLEGATIONS

1. At all times relevant to this Complaint, RESPONDENT was registered as a broker of record with Valleywide Properties and Management. [NRED0087-0088, Exh. B].

2. On April 16, 2024, the Division received a Statement of Fact from COMPLAINANT Carolyn McClanahan ("COMPLAINANT"), alleging that she had not received her rents for two properties, 3425 E. Russell Rd. #228 ("Russell") and 101 Luna Way #152 ("Luna") in a timely manner since April 2023, totaling eighteen (18) months of unremitted rent. [NRED0001-0003, Exh. A].

9 3. The COMPLAINANT'S Bank of America statements showed inconsistent
10 payment activity despite tenant-occupied units, including no deposits to her account for six
11 months in 2023: Jan 2023-April 2023, September 2023 and November 2023. [NRED005512 0060, Exh. A].

4. On April 28, 2024, the Division issued an open investigation letter to
 RESPONDENT regarding the Statement of Fact and requesting his response via affidavit,
 with deadline for response by May 2, 2024. [NRED0089-0090, Exh. B].

16 5. On May 9, 2024, RESPONDENT notarized a responsive affidavit to support
17 that COMPLAINANT was paid and that there were no missing payments. [NRED016518 0167, Exh. C].

19 6. RESPONDENT contended that since work was required for the Russell
20 property, they entered into a rental deferment agreement for the cost of the work to be
21 performed. [NRED0165-0167, Exh. C].

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The rental deferment agreement was never reduced to a written agreement.

8. RESPONDENT further contended that due to this rental expense deduction
process, two months of rent, for August and November 2023, were not paid, but that all
other rent in 2023-2024 were paid. [NRED0165-0167, Exh. C].

9. RESPONDENT'S Trust Account Reconciliations submitted to the Division on
 October 30, 2023, showed a balance in the Operating Account of \$-26.72, as substantiated
 on the accompanying Bank Statement, which was inconsistent with his "Rent Roll Report,"

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which showed a balance of \$176.075.75. [NRED0093-0119; specifically 0096 and 0110, Exh.
 B].

10. RESPONDENT'S Trust Account Reconciliations showed a balance in his
Security Deposit Account with a \$15.00 balance, as substantiated on the accompanying
Bank Statement, which was inconsistent with his "Security Deposits Build Review," which
showed a balance of \$185,343.00. [NRED0093-0119; specifically 0114 and 0119, Exh. B].

7 11. RESPONDENT'S Trust Account Reconciliations submitted Oct 2024 were
8 incomplete and unreconciled. [NRED0128-0156, Exh. B].

9 12. On October 2, 2024, COMPLAINANT emailed Division Investigator Goddard
10 to report that RESPONDENT "paid all the money that he owe[d] [her]" and inquiring how
11 to "drop [her] case" against RESPONDENT. [NRED0082, Exh. A].

12 13. On October 16, 2024, Division Investigator Goddard had a phone call with the
13 COMPLAINANT, who stated that she felt she was subsequently made whole by
14 RESPONDENT and "didn't really want to get Dane in trouble." [NRED0157-0158, Exh. B].

15 14. During their call, COMPLAINANT reported to Investigator Goddard that
16 RESPONDENT had managed the Luna property for seven years and had always paid her
17 by check with a statement, but that he stopped that practice in 2021 when check payments
18 became inconsistent, and that his company then went to an electronic payment system
19 through ApFolio. [NRED0157, Exh. B].

20 15. COMPLAINANT also reported that RESPONDENT experienced issues with 21 maintaining accurate accounting records and did not consistently follow-up on 22 commitments to provide COMPLAINANT with accounting details. [NRED0158, Exh. B].

16. Investigator Goddard explained that while COMPLAINANT'S request to
"drop her case" would be noted, the Division's investigation would nevertheless continue.
[NRED0157, Exh. B].

26 17. Also on October 16, 2024, Investigator Goddard sent a follow-up email to
27 RESPONDENT, requesting owner statements and tenant statements showing rent
28 payments for the entire time of management; to confirm that he transferred the security

deposit on the Luna property to the new management company; and to provide proof that
 COMPLAINANT owed RESPONDENT a balance of \$1,569.31, per RESPONDENT'S
 affidavit. [NRED0125-0126, Exh. B].

18. On or about October 22, 2024, RESPONDENT mailed the requested
documents to Investigator Goddard, but did not respond to her questions regarding the
Luna property security deposit or balance of \$1,569.21. [NRED0170, Exh. C; NRED0125,
Exh. B].

8 19. The owner's statement for the Russell property showed rent of \$1,250.00 paid 9 for the months of Feb 2023, March 2023, April 2023, August 2023 and November 2023, but 10 did not reflect owner disbursements made to the owner for those months. [NRED0307-11 0309, Exh. C].

12 20. The balance on 11/2/2023 in the Russell owner's account Apfolio report was
13 \$4,870.00. [NRED0412-0414, Exh. C].

14 21. After the Complaint's Statement of Fact/Complaint was filed and the
15 Respondent was notified of the open investigation, three payments were made in May 2024:
16 5/10/24 \$1,175 paid (for 8/2023); 5/15 \$1,175 paid (for 11/2023); and 5/18 \$1,065 paid (for
17 1/2023) which put the owner statement into a negative balance of \$-114.31. [NRED0414,
18 Exh. C].

19 22. The Owner statement shows an "Owner held Security Deposit" of \$1,295 on
20 9/23/22 for tenant Kyle Sheets for the Luna property, which contradicts Sec 4.C of the
21 Property Management Agreement, which states that the property manager would hold
22 deposits in a trust account [NRED0259; NRED0240, Exh. C].

23. On or about October 25, 2024, RESPONDENT emailed COMPLAINANT to communicate that the security deposit for the Luna property was transferred to Brady Realty Group and stated that he was still looking into the balance owed, opining that he "believes it has to do with the Russell property." [NRED0081, Exh. A].

24. Per COMPLAINANT'S phone call with Investigator Goddard, however, the
 Russell property had already been moved to Brady Realty Group for management by July
 2024. [NRED0128, Exh. B].

25. On or about October 30, 2024, RESPONDENT emailed Investigator Goddard to report that the Luna property security deposit had been transferred and claiming that an owner-held security deposit in December 2022 contributed to a deficit of \$1,920.84. [NRED0124, Exh. B.]

26. On November 12, 2024, the Division mailed an NRS 233B letter via certified mail to RESPONDENT, stating the Division's intent to file a complaint with the Commission for violations of NRS 645.630(1)(f); NRS 645.633(1)(i) pursuant to NAC 645.605(1); and NRS 645.310(5). [NRED0159-0161, Exh. B].

VIOLATIONS OF LAW

RESPONDENT has committed the following violations of law:

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 1. RESPONDENT violated NRS 645.630(1)(f) on two distinct and separate

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 occasions, by failing, within a reasonable time, to account for or to remit rents on the Luna

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 and Russell properties.

2. RESPONDENT violated NRS 645.633(1)(i) pursuant to NAC 645.605(1) by engaging in deceitful, fraudulent and dishonest dealing by holding security deposits for tenants under conflicting tenant and property management agreements and withholding relevant accounting information from his client owner.

3. RESPONDENT violated NRS 645.310(5) by submitting incomplete and/or
unreconciled trust account reports in 2023 and 2024.

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DISCIPLINE AUTHORIZED

Pursuant to NRS 645.630, the Commission is empowered to impose an administrative fine of up to \$10,000 per violation and suspend, revoke, or place conditions on RESPONDENT'S license if warranted.

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Additionally, under NRS 622.400, the Commission is authorized to impose costs of the proceeding upon RESPONDENT, including investigative costs and attorney's fees, if the Commission otherwise imposes discipline on RESPONDENT.

Therefore, the Division requests that the Commission take such disciplinary action as it deems appropriate under the circumstances.

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NOTICE OF HEARING

PLEASE TAKE NOTICE, that a disciplinary hearing has been set to consider the
Administrative Complaint against the above-named Respondent in accordance with
Chapters 233B and 645 of the Nevada Revised Statutes and Chapter 645 of the Nevada
Administrative Code.

THE HEARING WILL TAKE PLACE on February 11, 2025, commencing at 9:00 a.m., or 11 as soon thereafter as the Commission is able to hear the matter, and each day thereafter 12 commencing at 9:00 a.m. through February 13, 2025, or earlier if the business of the Commission 13 is concluded. The Commission meeting will be held on February 11, 2025, and February 12, 2025, 14 at the Nevada State Business Center, 3300 W. Sahara Avenue, 4th Floor – Nevada Room, Las 15 Vegas, Nevada 89102 with video conferencing to the Nevada Division of Insurance, 1818 E. College 16 17 Parkway, Suite 103, Carson City, Nevada 89706. The Commission meeting will continue February 13, 2025, at the Nevada State Business Center, 3300 W. Sahara Avenue, 4th Floor - Tahoe Room, 18 Las Vegas, Nevada 89102 with video conferencing to the Nevada Division of Insurance, 1818 E. 19 College Parkway, Suite 103, Carson City, Nevada 89706 until the business of the Commission is 20concluded.STACKED CALENDAR: Your hearing is one of several hearings 21 22scheduled at the same time as part of a regular meeting of the Commission that 23is expected to last from February 11, 2025, through February 13, 2025, or earlier 24if the business of the Commission is concluded. Thus, your hearing may be 25continued until later in the day or from day to day. It is your responsibility to be 26present when your case is called. If you are not present when your hearing is 27 called, a default may be entered against you and the Commission may decide the 28case as if all allegations in the complaint

were true. If you have any questions, please call Kelly Valadez, Commission
 Coordinator, at (702) 486-4606.

YOUR RIGHTS AT THE HEARING: except as mentioned below, the hearing is an open meeting under Nevada's open meeting law and may be attended by the public. After the evidence and arguments, the commission may conduct a closed meeting to discuss your alleged misconduct or professional competence. You are entitled to a copy of the transcript of the open and closed portions of the meeting, although you must pay for the transcription.

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

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

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1	The purpose of the hearing is to determine if the Respondent has violated NRS 645	
2	and/or NAC 645 and if the allegations contained herein are substantially proven by	
3	the evidence presented and to further determine what administrative penalty is to be	
4	assessed against the RESPONDENT, if any, pursuant to NRS 645.235, 645.633 and or	
5	645.630.	
6	DATED the <u>8</u> day of January, 2025.	
7	State of Nevada Department of Business and Industry	
8 9	Real Estate Division	
10	By:	
11	3300 West Sahara Avenue, Suite 350	
12	Las Vegas, Nevada 89102	
13	AARON D. FORD	
14	Attorney General	
15	By: /s/ Phil W. Su	
16	PHIL W. SU (Bar No. 10450) Senior Deputy Attorney General	
17	1 State of Nevada Way, Ste. 100	
18	Las Vegas, Nevada 89119 psu@ag.nv.gov	
19	(702) 486-3655 Attorneys for Real Estate Division	
20	11101 negs for near Division	
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