

1 Jacob L. Houmand, Esq. (NV Bar No. 12781)
2 Email: jhoumand@nelsonhoumand.com
3 NELSON & HOUMAND, P.C.
3900 Paradise Road; Suite U
4 Las Vegas, Nevada 89169-0903
Telephone: 702/720-3370
Facsimile: 702/720-3371

Electronically Filed On: March 18, 2015

5 *[Proposed] Counsel for Victoria L. Nelson, Chapter 7 Trustee*

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8 **UNITED STATES BANKRUPTCY COURT**
9 **DISTRICT OF NEVADA**

10 In re:
11 AMERI-DREAM REALTY, LLC,
12 Debtor.

Case No. BK-S-15-10110-LED
Chapter 7

STATUS REPORT REGARDING
STATUS CONFERENCE SCHEDULED
FOR MARCH 31, 2015

Date of Hearing: March 31, 2015
Time of Hearing: 2:30 p.m.
Place: Courtroom No. 3, Third Floor
Foley Federal Building
300 Las Vegas Blvd., S.
Las Vegas, NV 89101

Judge: Honorable Laurel E. Davis

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19 Victoria L. Nelson, the appointed Chapter 7 Trustee in the above-captioned bankruptcy
20 case (the "Trustee"), by and through her proposed counsel Jacob L. Houmand, Esq. of the law
21 firm of Nelson & Houmand, P.C., hereby files this Status Report Regarding Status Conference
22 Scheduled for March 31, 2015 (the "Status Report").¹ The purpose of the Status Report is to
23 provide the Court with the current status of the administration of the Debtor's bankruptcy estate
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26 ¹ Unless otherwise indicated, all chapter and section references are to the Bankruptcy Code, 11
27 U.S.C. §§ 101-1532, and to the Federal Rules of Bankruptcy Procedure, Rules 1001-9037. The
28 Federal Rules of Civil Procedure will be referred to as "FRCP" and the Federal Rules of
Bankruptcy Procedure will be referred to as "FRBP." The Local Rules of Practice for the United
States Bankruptcy Court for the District of Nevada shall be referred to as the "Local Rules".

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1 prior to the Status Conference scheduled for March 31, 2015, at 2:30 p.m.

2 **A. General Background of the Debtor's Bankruptcy Filing**

3 Ameri-Dream Realty, LLC (the "Debtor") is a real estate brokerage firm that represented
 4 clients in the purchase and sale of real property throughout Clark County, Nevada. The Debtor
 5 also had a property management division that managed over one thousand real properties located
 6 throughout the valley. As part of its property management division, the Debtor has executed real
 7 property management agreements (collectively, the "Property Management Agreements") with
 8 landowners whereby the Debtor agreed to perform various services including: (a) the monthly
 9 collection of rents from tenants, (b) payment of Homeowner Association ("HOA") fees, (c) the
 10 general repair and maintenance of the properties at issue, and (d) the segregation of security
 11 deposits (the "Security Deposits") pursuant to Nevada Revised Statute ("N.R.S.") Chapter 645.
 12 Despite the fact that the Debtor was required to maintain the Security Deposits in a segregated
 13 trust account for the benefit of the various landowners and tenants (the "Security Deposit Trust
 14 Account"), the Trustee is informed and believes that the spouse of the Debtor's principal, John
 15 Brown, embezzled approximately One Million One Hundred Thousand Dollars (\$1,100,000) of
 16 the Security Deposits. As a result, there is currently an insufficient balance in the Security
 17 Deposit trust account to cover the full amount of the Security Deposits that are required to be
 18 segregated pursuant to the Property Management Agreements.

19 On January 9, 2015 (the "Petition Date"), the Debtor filed a voluntary petition under
 20 Chapter 7 of the United States Bankruptcy Code [ECF No. 1]². On January 9, 2015, Victoria L.
 21 Nelson was appointed as the Chapter 7 Trustee in the Debtor's bankruptcy case [ECF No. 4]. The
 22 deadline for creditors to file proofs of claims is May 14, 2015.

23 **B. Status of the Administration of the Debtor's Bankruptcy Case**

24 Within days from the filing of the Debtor's bankruptcy petition, the Trustee met with
 25 Debtor's counsel and the principal of the Debtor to obtain an understanding of the nature of the
 26 _____

27 ² All references to "ECF No." are to the numbers assigned to the documents filed in the case as
 28 they appear on the docket maintained by the clerk of the court.

1 case, the extent of the assets and the liabilities, and pressing matters which required immediate
2 attention. The Trustee's efforts in administering the Debtor's bankruptcy case are detailed below:

3 1. The Collection of Commissions from Pending Sales of Real Property

4 Since the filing of the Debtor's bankruptcy case, the Trustee has actively assisted in
5 numerous real estate closings that originated from purchase and sale agreements that were
6 executed prior to the Petition Date (the "Real Estate Commissions"). The Trustee's efforts in
7 facilitating the Real Estate Commissions has resulted in the collection of approximately Two
8 Hundred Thirty-Two Thousand Three Hundred Ninety-Six and 01/100 Dollars (\$232,396.01) in
9 bankruptcy estate assets as of the filing of this Status Report. The Trustee has concluded her legal
10 research regarding the status of the Real Estate Commissions and has determined that they are
11 property of the Debtor's bankruptcy estate. *See Halloway v. Hyman (In re Hamilton Real Estate,*
12 *Inc.), 138 B.R. 301 (Bankr. M.D. Fl. 1992); Johnson v. CMT Holding, Limited (In re Taylor &*
13 *Campaigne, Inc.), 149 B.R. 993 (Bankr. M.D. Fl. 1993).* Accordingly, the Trustee has informed
14 counsel for the affected real estate agents of the need to timely file a proof of claim in the
15 Debtor's bankruptcy case.

16 2. Employment of Claims and Noticing Agent

17 On February 9, 2015, the Trustee filed an *Application for Order Authorizing Employment*
18 *of the Garden City Group, LLC as Claims and Noticing Agent* [ECF No. 88] (the "Application to
19 Employ GCG"). On February 27, 2015, the Court entered an *Order Authorizing Employment of*
20 *the Garden City Group, LLC as Claims and Noticing Agent* [ECF No. 128]. Since its
21 employment, Garden City Group, LLC ("GCG") has completed the following activities: (i)
22 coordinated with the Clerk of the Court to collect the proofs of claims that were filed with the
23 Court prior to its retention and (ii) created a template proof of claim form and provided notice of
24 the same to all parties-in-interest and creditors via U.S. Mail. As of the date of the filing of this
25 Status Report, GCG has collected seventy-seven (77) proof of claims that total approximately
26 Two Hundred Seventeen Thousand Two Hundred Forty-Four 61/100 Dollars (\$217,244.61).
27 GCG provides the Trustee with weekly updates regarding the number and amount of proof of
28 claims that have been filed in the Debtor's bankruptcy case.

3. Employment of General Bankruptcy Counsel

On February 2, 2015, the Trustee filed the *Application to Employ the Law Firm of Nelson & Houmand, P.C. As General Bankruptcy Counsel, Nunc Pro Tunc, for Victoria L. Nelson, Chapter 7 Trustee Pursuant to 11 U.S.C. §§ 327(a) and 328(a) and Federal Rule of Bankruptcy Procedure 2014* [ECF No. 16] (the “Application to Employ”). The hearing on the Application to Employ is scheduled for March 31, 2015, at 2:30 p.m.

4. Employment of Accountant and the Filing of 1099 Tax Forms

While operating, the Debtor had over one hundred (100) realtors operating out of its office as independent contractors/vendors. Consequently, on February 10, 2015, the Trustee filed an *Ex Parte Application to Employ Paul M. Healey as Accountant* [ECF No. 91]. Following the employment of the accountant, the Trustee has reviewed the Debtor’s financial records and submitted the relevant 1099 Tax Forms to both the realtors and the Internal Revenue Service.

5. The Auction and Sale of the Debtor’s Personal Property

On February 17, 2015, the Trustee filed an *Application to (1) Employ Nellis Auction as Auctioneer to Sell Personal Property, Pay Commission, Reimburse Expenses and (2) Approve the Sale of Personal Property Free and Clear of Liens, Charges, Interest and Encumbrances Pursuant to 11 U.S.C. Section 363* [ECF No. 106]³ (the “Application to Employ Nellis Auction”). The Application to Employ Nellis Auction sought authority to employ Nellis Auction as auctioneer to sell the personal property located on the premises leased by Ameri-Dream Realty, LLC located at 4875 Nevso Drive, Las Vegas, Nevada 89103 (the “Personal Property”). On February 27, 2015, the Court entered an *Order Granting Trustee’s Application to (1) Employ Nellis Auction as Auctioneer to Sell Personal Property, Pay Commission, Reimburse Expenses and (2) Approve the Sale of Personal Property Free and Clear of Liens, Charges, Interest and Encumbrances Pursuant to 11 U.S.C. Section 363* [ECF No. 129] (the “Sales Order”).

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³ All references to “ECF No.” are to the numbers assigned to the documents filed in the case as they appear on the docket maintained by the clerk of the court.

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1 On March 11, 2015, Nellis Auction conducted an online auction of the Personal Property
2 that generated proceeds in the total amount of Six Thousand Eight Hundred Twenty Dollars
3 (\$6,820). After deducting the expenses incurred by Nellis Auction in connection with the sale,
4 there will be a net gain of Five Thousand One Hundred Fifteen Dollars (\$5,115) to the Debtor's
5 bankruptcy estate. On March 18, 2015, the Trustee filed a Notice of Sale pursuant to FRBP
6 6004(f).

7 6. The Conclusions of the Debtor's Section 341(a) Meeting of Creditors

8 The Debtor's Section 341(a) Meeting of Creditors was conducted on February 25, 2015.
9 Due to the size of the creditor matrix, the Trustee contacted the Bankruptcy Court Clerk and made
10 arrangements for the Section 341(a) Meeting of Creditors to be conducted at the United States
11 District Court, Jury Assembly Room at the Lloyd George Federal Building, 333 Las Vegas
12 Boulevard South, Las Vegas, Nevada. The Trustee concluded the Debtor's Section 341(a)
13 Meeting of Creditors on February 25, 2015.

14 7. The Pursuit of Insurance Proceeds Under the Debtor's Errors and Omissions
15 Insurance Policy

16 The Trustee is currently pursuing a claim against Pearl Insurance under the Debtor's
17 Errors and Omissions Policy (the "Policy") to recover funds based on the alleged embezzlement
18 of the spouse of the Debtor's principal. The Trustee was informed in March 2015 that Pearl
19 Insurance sent a notice to the Debtor's principal that the Policy would be canceled for lack of
20 payment. Accordingly, on March 6, 2015, the Trustee filed a *Motion to Extend the Deadline to*
21 *Assume or Reject Executory Contracts Pursuant to 11 U.S.C. § 365(d)(1)* [ECF No. 134] (the
22 "Motion to Extend") in order to preserve the bankruptcy estate's rights to assume the Policy in the
23 event that it was classified as an executory contract. On March 10, 2015, the Court entered an
24 *Order Granting the Motion to Extend the Deadline to Assume or Reject Executory Contracts*
25 *Pursuant to 11 U.S.C. § 365(d)(1)* [ECF No. 143]. The current deadline for the Trustee to assume
26 or reject executory contracts is May 8, 2015.

27 After extensive negotiations, Pearl Insurance has agreed to reinstate the Policy. The
28 Trustee has also reached a tentative agreement with the law firm of McDonald Carano Wilson

1 LLP (“MCW”) to prosecute any claims against Pearly Insurance on a contingency fee basis. The
2 Trustee will seek authority to employ MCW as special litigation counsel once the terms of the
3 agreement have been finalized.

4 8. Administration of Security Deposit Trust Funds

5 The Trustee has also been in communication with the Nevada Real Estate Division (the
6 “NRED”) to develop a strategy in the administration of the proceeds remaining in the Security
7 Deposit Trust Account. The Trustee has been informed by counsel for the Debtor that there is
8 approximately Seven Hundred Thousand Dollars (\$700,000) (the “Trust Funds”) currently held in
9 trust pursuant to the Property Management Agreements. The Trustee and counsel for the Debtor
10 are discussing whether it would be advisable to seek to have the Trust Funds administered
11 through the Debtor’s bankruptcy estate.

12 9. Maintenance of Devoted Websites to Provide Notice to Creditors and Parties-In-
13 Interest

14 In order to provide daily updates regarding the administration of the Debtor’s bankruptcy
15 case to creditors and parties-in-interest, the Trustee has established and is maintaining a website
16 that is devoted to the Debtor’s bankruptcy case. General information regarding the Debtor’s
17 bankruptcy case can be accessed at the following hyperlink: [http://nelsonhoumand.com/ameri-](http://nelsonhoumand.com/ameri-dream-realty-llc)
18 [dream-realty-llc](http://nelsonhoumand.com/ameri-dream-realty-llc). This webpage will highlight important notices in the Debtor’s bankruptcy case
19 and identify all of the upcoming hearings in the Debtor’s bankruptcy case as well as the related
20 pleadings.

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1 The Trustee has also created a separate webpage that includes all of the docketed entries
2 and pleadings that have been filed in the Debtor's bankruptcy case that can be accessed at the
3 following hyperlink: <http://nelsonhoumand.com/ameri-dream-realty-court-documents>. The
4 Trustee has updated these websites on a daily basis in order to provide creditors with an up-to-
5 date status on the administration of the Debtor's bankruptcy case.

6 Dated this 18th day of March, 2015.

7 **NELSON & HOUMAND, P.C.**

8 */s/ Jacob L. Houmand*

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