

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

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5 *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

DECLARATION OF VICTORIA L. NELSON IN SUPPORT OF EX PARTE APPLICATION FOR ORDER AUTHORIZING PURCHASE OF ERRORS AND OMISSIONS TAIL COVERAGE FROM PEARL INSURANCE

Judge: Honorable Laurel E. Davis¹

NELSON & HOUMAND, P.C.
3900 Paradise Road, Suite U, Las Vegas, Nevada 89169
Telephone: (702) 720-3370 Facsimile: (702) 720-3371

17 I, Victoria L. Nelson, declare as follows:

18 1. I am over the age of 18 years and I am competent to make this declaration. I have
19 personal knowledge of the facts set forth herein, except for those facts stated on information and
20 belief and, as to those facts, I am informed and believe them to be true. If called as a witness, I
21 could and would testify as to the matters set forth below based upon my personal knowledge.

22 2. I am the appointed Chapter 7 Trustee in the above-captioned bankruptcy case.

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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." Unless otherwise expressly stated herein,
all undefined, capitalized terms shall have the meaning ascribed to them in the Application.

1 3. I make this declaration in support of the *Ex Parte Application for Order*
2 *Authorizing Purchase of Errors and Omissions Tail Coverage from Pearl Insurance* (the
3 "Application").

4 4. On January 9, 2015, Ameri-Dream Realty, LLC (the "Debtor") filed a voluntary
5 bankruptcy pursuant to Chapter 7 of Title 11 of the United States Code [ECF No. 1]².

6 5. On January 9, 2015, I was appointed as the Chapter 7 Trustee in the Debtor's
7 bankruptcy case [ECF No. 4].

8 6. The Debtor was a real estate brokerage firm that represented clients in the purchase
9 and sale of real property throughout Las Vegas, Nevada.

10 7. The Debtor also had a property management division that managed thousands of
11 rental properties for various landowners and tenants throughout Las Vegas, Nevada. As part of its
12 property management division, the Debtor has executed property management agreements with
13 landowners whereby the Debtor agreed to perform the following services: (a) the monthly
14 collection of rents from tenants, (b) payment of Homeowner Association ("HOA") fees, (c) the
15 general repair and maintenance of the properties at issue, and (d) the segregation of security
16 deposits (the "Security Deposits") pursuant to Nevada Revised Statute ("N.R.S.") Chapter 645.

17 8. At the time of the Debtor's bankruptcy filing it was a party to several hundred
18 property management agreements.

19 9. After the filing of the Debtor's bankruptcy case, I was informed that the spouse of
20 the Debtor's principal improperly transferred approximately \$1,200,000 from the Security
21 Deposits to the Philippines. These actions have resulted in a significant deficiency in the amount
22 of Security Deposits that the Debtor was required to hold in trust pursuant to the various property
23 management agreements and N.R.S. Chapter 645.

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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.

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1 10. Prior to the filing of the Debtor’s bankruptcy case, a claim was made under the
2 Debtor’s Errors and Omissions insurance policy with XL Select Professional Claims via Pearl
3 Insurance (the “Claim”).

4 11. Following the Debtor’s bankruptcy filing, Pearl Insurance sent a notice to the
5 Debtor that the Policy was cancelled for non-payment (the “Cancellation Notice”).

6 12. On April 3, 2015, I filed the *Application to Employ Schwartz Flansburg, PLLC As*
7 *Special Bankruptcy Counsel for Victoria L. Nelson, Chapter 7 Trustee Pursuant to 11 U.S.C. §§*
8 *327(a) and 328(a) and Federal Rule of Bankruptcy Procedure 2014* [ECF No. 150] (the
9 “Schwartz Employment Application”).

10 13. On April 7, 2015, Pearl Insurance and I entered into the *Stipulation to Reinstate*
11 *Errors and Omissions Insurance Policy Issued By Pearl Insurance* [ECF No. 156] (the
12 “Reinstatement Stipulation”). Pursuant to the terms of the Reinstatement Stipulation, Pearl
13 Insurance agreed to reinstate the Policy.

14 14. On April 8, 2015, the Court entered an *Order Approving Stipulation to Reinstate*
15 *Errors and Omissions Insurance Policy Issued By Pearl Insurance* [ECF No. 157].

16 15. On May 7, 2015, an *Order Granting Application to Employ Schwartz Flansburg,*
17 *PLLC as Special Bankruptcy Counsel for Victoria L. Nelson, Chapter 7 Trustee Pursuant to 11*
18 *U.S.C. §§ 327(a) and 328(a) and Federal Rule of Bankruptcy Procedure 2014* [ECF No. 164] to
19 bring action to recover under the Claim.

20 16. On May 21, 2015, I commenced the adversary proceeding titled *Nelson v. Elsie*
21 *Peladas-Brown* (Case Number BK-S-15-01087-LED) (the “Brown Adversary Proceeding”) by
22 filing a complaint alleging the following claims for relief: (1) Breach of Fiduciary Duty and (2)
23 Common Law Misrepresentation.

24 17. I was informed that the cost for the tail coverage for a one year period of time is
25 Twelve Thousand Seven Hundred Seventy-Seven Dollars (\$12,777) and for a two year period the
26 cost would be Nineteen Thousand One Hundred Sixty-Six Dollars (\$19,166).

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18. I was informed by special counsel that it is necessary to obtain tail coverage to make a claim under the errors and omission insurance policy. Special counsel, however, believes that the coverage should be for approximately one and a half years.

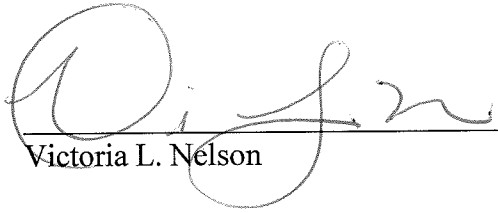
19. I am currently in discussions with Pearl Insurance as to whether the bankruptcy estate can seek a refund for the unused portion of the tail coverage.

20. I believe it would be in the best interest of the bankruptcy estate to obtain the 2-year tail coverage.

21. The balance of the trust account in the Debtor's bankruptcy case is Two Hundred Nine Thousand Four Hundred Fifty-Two and 80/100 (\$209,452.80).

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

Dated this 11th day of June, 2015.


Victoria L. Nelson

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