

# **Exhibit 1**



McDONALD · CARANO · WILSON

PRIVILEGED AND CONFIDENTIAL

Ryan J. Works  
rworks@mcdonaldcarano.com

Reply to Las Vegas

April 9, 2014

Via Overnight Delivery

XL Select Professional Claims  
100 Constitution Plaza  
17th Floor  
Hartford, CT 06103

**Re: Notice of Claim - Real Estate Professionals Errors and Omissions Policy**  
**Named Insured: Ameri-Dream Realty, LLC**  
**Policy No.: PEG9145932-6**  
**Policy Period: June 14, 2013 – June 14, 2014**

To Whom It May Concern:

Ameri-Dream Realty, LLC (“Ameri-Dream”) and John M. Brown (“Mr. Brown”), an Ameri-Dream member, have engaged McDonald Carano Wilson LLP to act as counsel and on their behalf in connection with recently discovered theft of certain security deposits held in trust in connection with the provision of certain real estate services. The information in this letter is being provided with the understanding that XL Select Professional Claims (“XL Select”), Ameri-Dream and Mr. Brown, an Insured under the above-referenced Real Estate Professionals Errors and Omissions Policy, Policy No. PEG9145932-6 (the “Policy”), have a common legal interest in the resolution of the circumstances described herein and, as such, this letter and its contents are and shall remain protected by the attorney-client privilege and work product doctrine and will be kept strictly confidential to extent permissible by law.

This correspondence constitutes written notice of Ameri-Dream and Mr. Brown’s claim under the Policy and is also intended to satisfy Policy Section VI(B)(2) Conditions, Insured’s Duties in the Event of a Claim or Potential Claim.

In connection with Ameri-Dream’s provision of real estate services, Mr. Brown, a licensed Nevada real estate broker, accepts and holds tenant security deposits on behalf of his clients. Under Nevada statute, the security deposits are required to be retained until the termination of the underlying lease or rental transaction. *See Nev. Rev. Stat. 645.310(1).*

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In late March 2014, Mr. Brown discovered that significant funds have been stolen from a bank account that is designated to hold those tenant security deposits. The funds represent security deposits given by as many as 1,000 tenants to be held by Ameri-Dream on behalf of its landlord/owner clients until the conclusion of the respective lease terms, subject to the provisions of the operative lease agreements.

Specifically, Mr. Brown has reason to believe that Elsie Peladas-Brown (“Ms. Peladas-Brown”), his spouse and Ameri-Dream member, orchestrated various unauthorized wire transfers from the security deposit bank account to financial institutions located in the Philippines. Just prior to Mr. Brown’s discovery, Ms. Peladas-Brown fled the country and is believed to be in the Philippines. In response to demands for her to return the stolen funds, Ms. Peladas-Brown has informed me that the funds have been disbursed and cannot be recovered. Mr. Brown asserts that, until he discovered that security deposits were missing, he had no knowledge, nor did he consent to Ms. Peladas-Brown’s acts. Ameri-Dream and Mr. Brown, therefore, constitute “Innocent Insureds” under Section VI(D) of the Policy.

Pursuant to the terms of the Policy, Greenwich Insurance Company (“Greenwich”) agreed to pay for claims resulting from an act or omission in the performance of real estate services for which the Insured is obligated to pay. Although the Policy excludes coverage under Section IV(C) for claims “based on or arising out of any dishonest, intentionally fraudulent, criminal or malicious act or omission by the Insured,” under the facts described herein, Ameri-Dream and Mr. Brown constitute “Innocent Insureds” under Section VI(D) of the Policy:

**D. Innocent Insureds**

If coverage of this policy would not apply because of Exclusion C. or because of noncompliance with Condition B., *such Exclusion or Condition will not apply to any Insured who did not commit, participate in, or have knowledge of any of the acts described in Exclusion C. and whose conduct did not violate Condition B.*

Accordingly, Ms. Peladas-Brown’s theft has triggered Greenwich’s obligation to indemnify Ameri-Dream and Mr. Brown for the loss of security deposit funds.

Ameri-Dream is in the process of ascertaining the identity of potential claimants, the amount of each claimant’s potential claim and the full scope of the possible damages stemming from Ms. Peladas-Brown’s wrongful acts. Ameri-Dream is also in the process of reviewing its books and records to ascertain the amount of security deposit funds that have been wrongfully taken by Ms. Peladas-Brown; however, as a preliminary estimate, Ameri-Dream has informed me that the theft may amount to more than \$500,000.00.



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I also note that the Policy provides supplementary payments in connection with disciplinary proceedings. I am currently unaware of any disciplinary proceeding that has been initiated against Ameri-Dream or Mr. Brown by the Nevada Real Estate Division. I will inform you if this changes. However, we intend to report our findings to the Real Estate Division based on my clients' obligations under Nevada law no later than Friday, April 18, 2014.

Finally, Ameri-Dream and Mr. Brown respectfully request that Greenwich provide its written consent to my Firm's continued representation of them, as contemplated by Endorsement #3, Section I(B), Defense and Settlement.

Based on the foregoing, Ameri-Dream and Mr. Brown now provide Greenwich and XL Select written notice of their claim under the Policy as well as the information required by Condition B(2). If you contend that the information provided herein does not satisfy Condition B(2), please let me know immediately so that my clients may supplement accordingly.

If you have any questions or comments, please let me know. Otherwise, I look forward to hearing from you.

Sincerely,

A handwritten signature in black ink, appearing to read 'Ryan J. Works', written over the typed name.

Ryan J. Works

From: (702) 873-4100  
Brian Wilson  
McDonald Carano Wilson LLP  
2300 W. Sahara Ave., Suite 1200

Origin ID: BLDA



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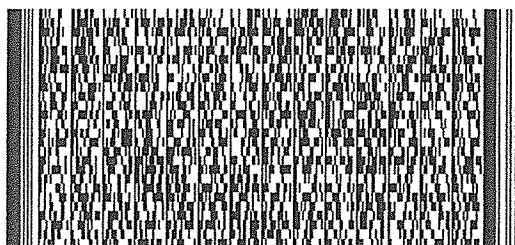
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**100 Constitution Plaza**  
**17th Floor**  
**HARTFORD, CT 06103**

Ref # Ameri-Dream Realty (c/m pend)  
Invoice #  
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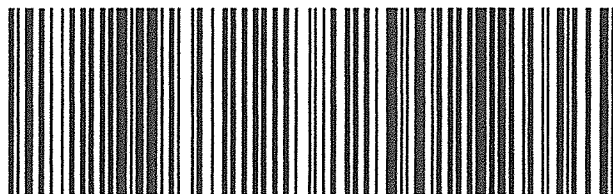
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