

# **Exhibit 2**

**REALTORS® ERRORS & OMISSIONS CLAIM REPORT**

Notice of each and every incident, claim, or suit is to be sent immediately to XL Insurance Company at the address shown below. Tips and procedures on reporting claims can be found on the enclosed form. Any claims questions can be answered by contacting the Claim Helpline at 1-877-791-3777.

Firm Name: Ameri-Dream Realty, LLC ("Ameri-Dream")

Broker: John M. Brown

Contact Name: Ryan Works, Esq., Kristen T. Gallagher, Esq., McDonald Carano Wilson LLP

Address: 2300 W. Sahara Avenue, Suite 1200

City: Las Vegas

State: NV

Zip: 89102

Phone: 702-873-4100

Fax: 702-873-9966

E-mail: rworks@mcdonaldcarano.com;  
kgallagher@mcdonaldcarano.com

Policy #: PEG9145932-6

Policy Period: 06-14-2013 to 06-14-2014

Name of Claimant: Insured

Date of Occurrence/Closing: Discovered late March 2014

Address of Property Involved: N/A

Name of Agent Involved: Elsie Peladas-Brown

Type of Agent:

Listing Selling Buyers Dual 

Has the suit been received:

Yes No 

Date of Service:

Specific Nature of Incident: 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).

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 counsel for Ameri-Dream 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.

A lawsuit has not yet been initiated; however, on April 10, 2014, the Nevada Division of Real Estate ("NRED") issued a Notice of Violation in connection with Ameri-Dream's late filing of its 2013 annual trust account reconciliation. See attached. The violation carries a \$1,000 penalty. On April 10, 2014, counsel for Ameri-Dream and Mr. Brown obtained a two-week extension from NRED, up to and including April 25, 2014, to submit its 2013 trust account reconciliation. Additionally, payment to satisfy the \$1,000 penalty has been remitted to NRED.

Note: Include type of demand (verbal or written) for damages that may result and a copy of all written demands/legal documents if a lawsuit has been initiated/served.

Requested by: Ryan Works, Esq.

Signature: /s/ Ryan Works

Date: 4/10/2014

## REALTORS® CLAIM REPORT TIPS & PROCEDURES

- Your policy requires that immediate written notice be given to the insurance company as soon as possible after receiving notification of a claim or potential incident.
- Please complete the enclosed Claim Report and forward with all demands, suits or other papers immediately to the address on the Claim Report. If reporting an "incident" the following information should be available but there is no need to include it with your initial report or letter.
- Create a claims/incident file consisting of the following for use by the claim department and its representatives:
  - Listing Agreement
  - Sales Contract
  - Closing Documents
  - Any correspondence, notes, and phone messages related to the incident
  - Copies of any written/oral side agreements with the claimant or codefendant
- All parties involved with the claim/incident should prepare a chronological history of their participation and their understanding of the activities surrounding the claim/incident.
- Do not discuss the matter with anyone other than representatives of your insurer.
- Do not produce any of your records relative to this incident for inspection without clearance and/or approval from the insurer.
- The insurance company will retain appropriate counsel and will communicate with the named insured for all information regarding the claim/incident.

If you currently have the Deductible Reduction Endorsement JPP116 on your policy declarations page, please send the following documents in order for the endorsement to apply:

- A copy of the seller disclosure form that was signed by the seller and acknowledged in writing by the buyer prior to closing.
- Proof that a home warranty policy was purchased between the time the residential property was listed and up to and including 30 days after closing.
- A copy of the accredited written property inspection report that was performed on the property or a waiver of inspection in writing from the buyer.
- A copy of the sales contract that was utilized.

