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Electronically Filed On: December 2, 2016

6 *Counsel for Victoria L. Nelson, Chapter 7 Trustee*

7
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 THIRD INTERIM APPLICATION OF NELSON & HOUMAND, P.C. FOR ALLOWANCE OF COMPENSATION FOR SERVICES RENDERED DURING THE PERIOD FROM NOVEMBER 12, 2015, THROUGH DECEMBER 1, 2016 AND FOR REIMBURSEMENT OF EXPENSES PURSUANT TO 11 U.S.C. §§ 330 AND 331 AND FEDERAL RULE OF BANKRUPTCY PROCEDURE 2016

Date of Hearing: January 3, 2017
Time of Hearing: 10:30 a.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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24 I, VICTORIA L. NELSON, declare as follows:

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26 1. I am over the age of 18 years and I am competent to make this declaration. I have
27 personal knowledge of the facts set forth herein, except for those facts stated on information and
28 belief and, as to those facts, I am informed and believe them to be true. If called as a witness, I

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1 could and would testify as to the matters set forth below based upon my personal knowledge.

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

3 3. I make this declaration to support the *Third Interim Application of Nelson &*
4 *Houmand, P.C. for Allowance of Compensation for Services Rendered During the Period From*
5 *November 12, 2015, Through December 1, 2016, and For Reimbursement of Expenses Pursuant*
6 *to 11 U.S.C. §§ 330 and 331 and Federal Rule of Bankruptcy Procedure 2016 (the “Fee*
7 *Application”).*¹

8 4. Pursuant to Guideline 2.2.2 of the Region 17 United States Trustee Guidelines, I
9 have been provided a copy of the billing entries and itemization of expenses that are attached as
10 **Exhibit “1”** to the *Declaration of Jacob L. Houmand in Support of Third Interim Application of*
11 *Nelson & Houmand, P.C. for Allowance of Compensation for Services Rendered During the*
12 *Period From November 12, 2015, Through December 1, 2016, and For Reimbursement of*
13 *Expenses Pursuant to 11 U.S.C. §§ 330 and 331 and Federal Rule of Bankruptcy Procedure 2016*
14 and approve the same.

15 5. The balance of the trust account in the Debtor’s bankruptcy case is Seven Hundred
16 Nine Thousand Five Hundred Four Dollars and 52/100 (\$709,504.52).

17 6. I am a member of the Firm and regularly employ the Firm to represent bankruptcy
18 estates in other unrelated bankruptcy cases in which I am the Trustee. I did not personally bill
19 any legal fees in the above-captioned bankruptcy case.

20 7. No agreement or understanding exists between the Firm and any other entity for
21 the sharing of compensation received or to be received for services rendered in connection with
22 this case, except as permitted under Section 504(b)(1).

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25 ¹ Unless otherwise indicated, all chapter and section references are to the Bankruptcy Code, 11
26 U.S.C. §§ 101-1532, and to the Federal Rules of Bankruptcy Procedure, Rules 1001-9037. The
27 Federal Rules of Civil Procedure will be referred to as “FRCP” and the Federal Rules of
28 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 Fee Application.

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1 8. Much work has been accomplished by the Firm between the periods from
2 November 12, 2015 through December 1, 2016. Set forth below is a narrative of the work
3 performed by the Firm following the filing of the bankruptcy case.

4 **Events Preceding the Filing of the Debtor's Bankruptcy Case**

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

7 10. The Debtor also had a property management division that managed over one
8 thousand rental properties for various landowners and tenants throughout Las Vegas, Nevada.

9 11. Subsequent to the filing of the Debtor's bankruptcy case, I was informed by John
10 Brown, the principal of the Debtor and then-spouse of Elsie Peladas-Brown, that it was his belief
11 that Elsie Peladas-Brown had embezzled approximately One Million Two Hundred Thousand
12 Dollars (\$1,200,000) from the Security Deposits Trust Account of the Debtor and wired these
13 monies to the Philippines between the period of March, 2013 through December, 2013.

14 12. It is the belief of John Brown that Elsie Peladas-Brown left the United States for
15 the Philippines in January, 2014, and has not returned to the United States since that time.

16 **The Debtor's Bankruptcy Filing**

17 13. On January 9, 2015, the Debtor filed a voluntary bankruptcy pursuant to Chapter 7
18 of Title 11 of the United States Code (Case No. BK-S-15-10110-LED) in the United States
19 Bankruptcy Court for the District of Nevada (the "Bankruptcy Case").

20 14. On January 9, 2015, I was appointed as the Chapter 7 Trustee in the Bankruptcy
21 Case.

22 15. Shortly following my appointment, I met with Debtor's principal and it's counsel
23 to discuss matters requiring immediate attention including the securing and closing of a 4,861
24 square foot commercial property located at 4875 West Nevso Drive, Las Vegas, NV, and the
25 administration of approximately Seven Hundred Seven Thousand Dollars (\$707,000) of funds
26 identified as security deposits which were those portion of funds which were not embezzled and
27 placed into the IOLTA bank account of Debtor's bankruptcy counsel. I was also tasked with
28

1 identifying and closing residential sales of real property which contracts had been entered into
2 pre-petition but closed after the bankruptcy was filed by the Debtor.

3 16. Since my appointment, I also sought and obtained Court approval for the turnover
4 of the approximately Seven Hundred Seven Thousand Dollars (\$707,000) of funds identified as
5 security deposits which were those portion of funds which were not embezzled and placed into
6 the IOLTA bank account of Debtor's bankruptcy counsel.

7 17. Due to the fact that the Debtor's bankruptcy case was deemed a mega case, I
8 sought and obtained court approval to employ Garden City Group, LLC ("GCG") as the claims
9 and noticing agent.

10 18. Upon the expiration of the May 14, 2015, deadline to file proofs of claims, GCG
11 filed the proof of claims with the Court.

12 19. Pursuant to the claims register over 900 proof of claims have been filed with the
13 Court totaling \$2,497,635.38 in calculated claim value.

14 20. Upon a review and analysis of the claims, the Firm has discovered that there is a
15 duplication of claims wherein both the landlord and the corresponding tenant have filed proofs of
16 claims seeking the same security deposit and or/ various other funds collected and held either for
17 the tenant or the landlord in the Debtor's Security Deposits Trust Account.

18 21. The Firm has also discovered numerous claims wherein landlords are improperly
19 claiming a priority under § 507(a)(7), tenants are claiming a priority in excess of the maximum
20 amount allowed under § 507(a)(7), and realtors are claiming a priority in excess of the maximum
21 amount allowed under § 507(a)(4).

22 22. I anticipate the commencement of claim objections in the ensuing months.

23 23. I also employed Schwartz Flansburg, PLLC to pursue the recovery of funds
24 embezzled by Elsie Peladas-Brown.

25 24. Since the employment of Schwartz Flansburg, PLLC, a summary judgment was
26 obtained against Elsie Peladas-Brown for the embezzlement of the \$1.2 million from the Security
27 Deposits Trust Account of the Debtor and a second adversary action was filed against the insurers
28 of the errors and omissions insurance policy held by the Debtor.

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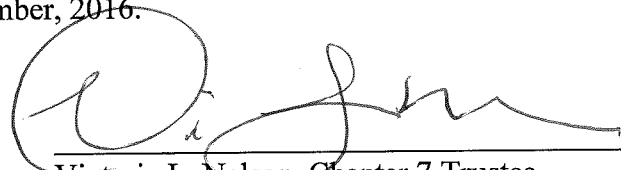
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25. On January 8, 2016, the defendants in the adversary proceeding filed *Defendants' Motion to Withdraw the Reference of this Adversary Proceeding Pursuant to 28 U.S.C. § 157(d) and Federal Rule of Bankruptcy Procedure 5011, Jury Demand, and Supporting Memorandum of Law* with the United States District Court for the District of Nevada (the "District Court").

26. On November 14, 2016, the District Court entered an *Order Withdrawing Reference*.

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

Dated this 2ND day of December, 2016.



Victoria L. Nelson, Chapter 7 Trustee

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