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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
HEARINGS SCHEDULED FOR
FEBRUARY 17, 2015

Date of Hearing: February 17, 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 Hearings Scheduled
22 for February 17, 2015 (the "Status Report").¹ The purpose of the Status Report is to provide the
23 Court with the current status of the administration of the Debtor's bankruptcy estate prior to the
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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 various hearings that are currently scheduled for February 17, 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].

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

23 Within days from the filing of the Debtor's bankruptcy petition, the Trustee met with
 24 Debtor's counsel and the principal of the Debtor to obtain an understanding of the nature of the
 25 case, the extent of the assets and the liabilities, and pressing matters which required immediate
 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 attention.

2 Since the filing of the Debtor's bankruptcy case, the Trustee has actively assisted in
3 numerous real estate closings that originated from purchase and sale agreements that were
4 executed prior to the Petition Date. The Trustee's efforts in facilitating these real estate closings
5 has resulted in the collection of approximately One Hundred Thirty Thousand Dollars (\$130,000)
6 in bankruptcy estate assets.

7 The Trustee has also been in communication with the Nevada Real Estate Division (the
8 "NRED") to develop a strategy in the administration of the proceeds remaining in the Security
9 Deposit Trust Account. The Trustee has been informed by counsel for the Debtor that there is
10 approximately Seven Hundred Thousand Dollars (\$700,000) currently held in trust pursuant to the
11 Property Management Agreements.

12 While operating, the Debtor had over one hundred (100) realtors operating out of its office
13 as independent contractors/vendors. Consequently, the Trustee is in the process of preparing and
14 will be mailing Form 1099 to the independent contractors/vendors of Ameri-Dream Realty, LLC
15 within the next two weeks.

16 Finally, the Trustee has filed applications to employ (i) general bankruptcy counsel and
17 (ii) a claims and noticing agent. The Trustee is also seeking the rejection of the Property
18 Management Agreements and the establishment of an official service list to limit administrative
19 expenses. These pleadings will be discussed in greater detail below.

20 In order to provide daily updates regarding the administration of the Debtor's bankruptcy
21 case to creditors and parties-in-interest, the Trustee has established and is maintaining a website
22 that is devoted to the Debtor's bankruptcy case. General information regarding the Debtor's
23 bankruptcy case can be accessed at the following hyperlink: [http://nelsonhoumand.com/ameri-](http://nelsonhoumand.com/ameri-dream-realty-llc)
24 [dream-realty-llc](http://nelsonhoumand.com/ameri-dream-realty-llc). This webpage will highlight important notices in the Debtor's bankruptcy case
25 and identify all of the upcoming hearings in the Debtor's bankruptcy case as well as the related
26 pleadings. The Trustee has also created a separate webpage that includes all of the docketed
27 entries and pleadings that have been filed in the Debtor's bankruptcy case that can be accessed at
28 the following hyperlink: <http://nelsonhoumand.com/ameri-dream-realty-court-documents>. The

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1 Trustee has made arrangements to have the website devoted to the Debtor’s bankruptcy case
2 updated on a daily basis.

3 **C. Hearings Scheduled for February 17, 2015, at 2:30 p.m.**

4 As of the filing of this Status Report, the following three matters are scheduled for hearing
5 on February 17, 2015: (1) Omnibus Motion of the Chapter 7 Trustee for Entry of Order
6 Authorizing the Rejection of Executory Contracts Pursuant to 11 U.S.C. § 365(a) (the “Motion to
7 Reject”) [ECF No. 77]; (2) Application for Order Limiting Notice and Memorandum of Points
8 and Authorities In Support Thereof (the “Motion to Limit Notice”) [ECF No. 72]; and the Order
9 to Show Cause Why the Bankruptcy Case Should Not Be Dismissed (the “Order to Show Cause”) [ECF No. 70] (the Motion to Reject, Motion to Limit Notice, and Order to Show Cause shall be
10 collectively referred to as the “February 17, 2015 Hearings”).

11
12 The Motion to Reject seeks to reject the Property Management Agreements in order to
13 allow the owners of the real property agreements to obtain new property managers. The
14 deficiency in the Security Deposit Trust Accounts has made it impracticable for the Trustee to
15 transfer the Property Management Agreements to third parties.

16 The Motion to Limit Notice seeks an order from the Court to (i) establish a limited service
17 list (the “Official Service List”); (ii) limit notice of proceedings in this case to the parties on the
18 Official Service List; (iii) approve the form and manner of notice to be transmitted to parties in
19 interest concerning establishment of the Official Service List; and (iv) provide notice to all other
20 parties in interest other than those identified on the Official Service List via a website established
21 and maintained by the Trustee. Given the significant amount of creditors identified in the
22 Debtor’s bankruptcy filing, the Trustee believes it is appropriate to establish an Official Service
23 List in order to limit administrative expenses and increase the distribution to unsecured creditors.

24 On February 2, 2015, the Court entered an Order to Show Cause (the “Order to Show
25 Cause”) [ECF No. 70]. The Order to Show Cause requested that counsel for the Debtor appear
26 and establish why the case should not be dismissed for failure to seek the appointment of a claims
27 and noticing agent. On February 11, 2015, counsel for the Debtor filed a Response to the Order
28 to Show Cause [ECF No. 96].

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1 No later than February 16, 2015, the Trustee will file an Agenda identifying the
2 oppositions, if any, that have been filed relating to the February 17, 2015 Hearings.

3 **D. Trustee’s Proposed Employment of Garden City Group, LLC**

4 On February 9, 2015, the Trustee filed an Application for Order Authorizing Employment
5 of the Garden City Group, LLC As Claims and Noticing Agent (the “Application to Employ
6 GCG”) [ECF No. 88]. On February 9, 2015, Garden City Group, LLC (“GCG”) provided notice
7 via First Class Mail of the February 17, 2015 Hearings and the Application to Employ GCG to all
8 creditors and parties-in-interest. GCG is also in the process of creating a modified proof of claim
9 form to send to all creditors and parties-in-interest, as well as collecting information from the
10 Bankruptcy Court relating to the proofs of claims that have already been filed in the Debtor’s
11 bankruptcy case.

12 **E. Trustee’s Strategy in Administering the Remaining Aspects of the Debtor’s**
13 **Bankruptcy Case**

14 After the scheduled February 17, 2015 Hearings, the Trustee plans on liquidating the
15 remaining personal property located on the former premises of the Debtor. The Trustee will also
16 evaluate the Debtor’s insurance policies in order to analyze and evaluate the likelihood of an
17 additional recovery of assets that can be used to satisfy the Debtor’s creditors. Finally, the
18 Trustee will investigate the financial affairs of the Debtor in order to determine if any avoidance
19 actions should be commenced for the benefit of unsecured creditors.

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1 **F. Debtor's 341 Creditors' Meeting**

2 Debtor's 341 Creditors' Meeting is scheduled to be conducted on February 25, 2015,
3 commencing at 10:00 a.m. Due to the size of the creditor matrix, the Trustee has contacted the
4 Bankruptcy Court Clerk and has made arrangements for the 341 Creditors' Meeting to be
5 conducted at the United States District Court, Jury Assembly Room at the Lloyd George Federal
6 Building, 333 Las Vegas Boulevard South, Las Vegas, Nevada.

7 Dated this 12th day of February, 2015.

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

9 */s/ Jacob L. Houmand*

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