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8  
9 **UNITED STATES BANKRUPTCY COURT**  
**FOR THE DISTRICT OF NEVADA**

10  
11 In re: ) CASE NO.: 15-10110-LED  
12 )  
13 AMERI-DREAM REALTY, LLC, ) Chapter 7  
14 )  
Debtor. )  
15 )  
16 \_\_\_\_\_ )  
VICTORIA NELSON, In Her Capacity As The )  
17 Chapter 7 Trustee Of AMERI-DREAM ) ADVERSARY PROCEEDING NO.  
18 REALTY, LLC, )  
19 Plaintiff, )  
20 )  
21 vs. )  
22 )  
23 ELSIE PELADAS-BROWN, )  
24 Defendant. )  
25 \_\_\_\_\_ )

26 **COMPLAINT**

27  
28 The Chapter 7 Trustee, Victoria L. Nelson (the “**Trustee**”), by and through her  
29 attorneys, Schwartz Flansburg PLLC, sues Elsie Peladas-Brown (the “**Defendant**”) for breach  
30 of fiduciary duty, common law misrepresentation, and negligent misrepresentation and states:  
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**JURISDICTION, PARTIES AND VENUE**

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2 1. In 2014, the Defendant was a member, manager and property manager of Ameri-  
3 Dream Realty, LLC (the “**Company**”), a real estate sales and property management company,  
4 which was based in Las Vegas, Nevada, prior to filing for relief under Chapter 7 of the United  
5 States Bankruptcy Code. The Company was family owned and operated prior to its collapse.  
6 The Defendant was a member and manager for all time periods that are the subject of this  
7 lawsuit.  
8

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11 2. The Company is a resident of the State of Nevada and conducted significant  
12 business activities in the District of Nevada. The Defendant is believed to be a resident of the  
13 State of Nevada, but upon information and belief, fled to Philippines.  
14

15 3. The Plaintiff is the Court-appointed Trustee over the Company in Case No. 15-  
16 10110-LED, United States Bankruptcy Court, for the District of Nevada (the “**Action**”).  
17

18 4. This Court has supplemental jurisdiction over all claims in this case because they  
19 are asserted in connection with the Trustee’s duties to recover assets on behalf of the estate, and  
20 because the allegations in this lawsuit share a common nexus of facts with those in the Action.  
21

22 5. This Court has personal jurisdiction over the Defendant and venue is proper in  
23 the Bankruptcy Court for the District of Nevada because: a) the Defendant engaged in  
24 significant business in this District; b) the Defendant’s wrongful conduct occurred in significant  
25 part in this District; and c) the Company is a debtor before this Court, and holds the claims  
26 asserted in this Complaint.  
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**General Overview**

1  
2 6. As part of its business, the Company managed residential rental properties (the  
3 “**Business**”). In the normal course of its Business, the Company received and held rental  
4 security deposits on behalf of its customers’ tenants. At the time of the wrongful actions  
5 asserted herein, the Company held in excess of \$1,200,000 of tenant security deposit money  
6 (the “**Security Deposits**”).  
7  
8

9 7. Under Nevada Revised Statutes Section 645.310(1), security deposits for tenants  
10 are to be retained until the termination of the underlying lease or rental transaction.  
11

12 8. In late March of 2014, the Company discovered that significant funds were  
13 missing from the bank account designated to hold tenant security deposits. At the time of the  
14 theft, the Company held security deposits for more than 1,000 tenants.  
15

16 9. The Trustee asserts the Defendant orchestrated various unauthorized  
17 transactions, unbeknownst to the Company or her co-manager and husband, John M. Brown  
18 (“**Brown**”), which transactions included the wire transfers of the majority of the Security  
19 Deposits to the Philippines.  
20  
21

22 10. The Trustee understands the Security Deposits were disbursed in the Philippines  
23 and are not recoverable. The Defendant apparently disbursed the Security Deposits to friends  
24 and family in need after the damage caused by Typhoon Haiyan in November of 2013.  
25 Typhoon Haiyan was reported to be one of the strongest storms ever recorded, with winds  
26 reaching or exceeding 195 miles per hour.  
27  
28

29 11. Mr. Brown had no knowledge of the Defendant’s scheme, and on May 4, 2015,  
30 was divorced from the Defendant. The divorce decree, which was uncontested, requires the  
31 Defendant to indemnify Mr. Brown and the Company from any claims of embezzlement or theft  
32  
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1 relating to the loss of the Security Deposits. Mr. Brown has not been charged with a crime in  
2 this matter, and is available to testify if called as a witness.

3  
4 **Defendant's Knowledge**

5 12. At all times relevant to this Complaint, the Defendant was a member, manager  
6 and the property manager for the Company. The Defendant was also a licensed real estate agent  
7 and property manager in the State of Nevada, and a member of the Greater Association of Las  
8 Vegas Realtors.  
9

10  
11 13. As a licensed realtor and property manager in the State of Nevada, the Defendant  
12 is charged with the knowledge and responsibility of safeguarding the Security Deposits. It is  
13 undeniable in light of the Defendant's licenses that she knew sending the Security Deposits to  
14 the Philippines would be a violation of the law, and would cause her to lose her real estate  
15 licenses, which licenses are now inactive. The Defendant also knew she had a duty to manage  
16 the Security Deposits prudently and in a fashion that minimized risk.  
17

18  
19 14. In sum, the Defendant had the knowledge and the motive to breach her fiduciary  
20 duties to the Company, its customers and its tenants, and in fact did breach by secretly  
21 transferring the Security Deposits to the Philippines. The transfers of the Security Deposits  
22 were made for no consideration at all, and the Defendant understood the Security Deposits  
23 could not possibly be repaid.  
24

25  
26 15. As a result of the foregoing, the Trustee retained counsel and agreed to pay her  
27 counsel a reasonable fee for their services.  
28

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30 16. All conditions precedent to the institution of this action have been performed,  
31 waived or excused.  
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**Count I, Breach of Fiduciary Duty to the Company**

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2 17. The Plaintiff hereby realleges the allegations set forth in paragraphs 1 through  
3 16, as if fully set forth herein.

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5 18. As a manager of the Company, Defendant owed fiduciary duties to the  
6 Company.

7  
8 19. Through improper action or wrongful conduct and without privilege, the  
9 Defendant breached her fiduciary duties to the Company.

10  
11 20. The Defendant had knowledge she was breaching her fiduciary duties, and acted  
12 purposely and with malice and the intent to injure the Company.

13  
14 21. The tortious conduct of the Defendant proximately caused the damage to the  
15 Company because the Security Deposits were transferred for no consideration, and the  
16 Defendant knew it.

17  
18 WHEREFORE, Plaintiff, as the Trustee for the Company, demands judgment against the  
19 Defendant for the total amount of the Security Deposits, plus prejudgment and post-judgment  
20 interest, and such further relief that this Court deems to be appropriate and just.

21  
22 **Count II, Common Law Misrepresentation to the Company**

23  
24 22. The Plaintiff hereby realleges the allegations set forth in paragraphs 1 through  
25 16, as if fully set forth herein.

26  
27 23. The Defendant had a duty to the Company to use ordinary care when  
28 representing the reasons for transferring the Security Deposits.

29  
30 24. The Defendant breached her duty of care to the Company by falsely representing  
31 the transfer of the Security Deposits was an appropriate transaction for the Company to  
32 undertake.

1 25. In particular, under Nevada law, the Defendant is required to safeguard the  
2 Security Deposits on behalf of the tenants.

3 26. As a result of the Defendant's false representations of the appropriateness of the  
4 wire transfers of the Security Deposits, the Company transferred the Security Deposits for no  
5 consideration.  
6

7 27. The Company suffered damages as a result of the transfer of the Security  
8 Deposits, and those damages were proximately caused by Defendant's misrepresentations.  
9

10 WHEREFORE, Plaintiff, in her capacity as the Trustee for the Company, hereby  
11 demands judgment against the Defendant for the total amount of the Security Deposits, plus  
12 prejudgment and post-judgment interest, and any additional relief that this Court deems to be  
13 appropriate and just.  
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16 **Count III, Negligent Misrepresentation**  
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18 28. The Plaintiff hereby realleges the allegations set forth in paragraphs 1 through  
19 16, as if fully set forth herein.  
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21 29. The Defendant had a duty to the Company to use ordinary care when  
22 safeguarding the Security Deposits. The Defendant breached her duty of care to the Company  
23 by falsely transferring the Security Deposits.  
24

25 30. In particular, the tenants managed by the Company relied on the representations  
26 of the Defendant that the Security Deposits were safe. As a result of these false representations  
27 of the safety of the Security Deposits, nearly 1,000 tenants transferred their money to the  
28 Company, even though the Defendant knew or should have known that those payments would  
29 never be repaid, given the Defendant's plan to abscond with the money.  
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1 31. The Company suffered damages as a result of the transfer of the Security  
2 Deposits and those damages were proximately caused by the Defendant's misrepresentations  
3 regarding the safety of the Security Deposits.  
4

5 WHEREFORE, Plaintiff, in her capacity as the Trustee for the Company, hereby  
6 demands judgment against the Defendant for the total amount of the Security Deposit, plus  
7 pre-judgment and post-judgment interest, and any additional relief that this Court deems to be  
8 appropriate and just.  
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10  
11 **Count IV, Declaration the Company and John M. Brown are Innocent**

12 32. The Plaintiff hereby realleges the allegations set forth in paragraphs 1 through  
13 16, as if fully set forth herein.  
14

15 33. The Company was unaware at all times relevant to this Complaint the Defendant  
16 conspired to abscond with the Security Deposits to the Philippines.  
17

18 34. Mr. Brown was unaware at all times relevant to this complaint the Defendant  
19 conspired to abscond with the Security Deposits to the Philippines.  
20

21 WHEREFORE, Plaintiff, in her capacity as the Trustee for the Company, hereby  
22 demands a declaration from the Court that both the Company and Mr. Brown were unaware of  
23 the Defendant's plan to transfer the Security Deposits to the Philippines, and are innocent of the  
24 claims asserted in this Complaint.  
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**JURY WAIVER**

The Plaintiff hereby waives trial by jury with respect to all issues so triable.

Respectfully submitted, May 21, 2015.

SCHWARTZ FLANSBURG PLLC

/s/ Samuel A. Schwartz

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