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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

Date of Hearing: November 3, 2015
Time of Hearing: 11:00 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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18 VICTORIA L. NELSON, the appointed Chapter 7 Trustee in the above-captioned
19 bankruptcy case (the "Trustee"), by and through her counsel of record, Jacob L. Houmand, Esq.
20 of the law firm of Nelson & Houmand, P.C., hereby files this *Status Report* (the "Status
21 Report").¹ The purpose of the Status Report is to provide the Court with the current status of the
22 administration of the Debtor's bankruptcy estate prior to the hearing on the *Motion For (1)*
23 *Turnover of Security Deposits Held In Trust Account of McDonald Carano Wilson Pursuant to 11*
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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 U.S.C. § 542 and (2) Authority to Administer Security Deposits Through the Debtor's Bankruptcy
2 Estate Pursuant to 11 U.S.C. § 105(a) [MECF No. 181]² (the "Motion for Turnover") scheduled
3 for hearing on November 3, 2015, at 11:00 a.m.

4 **A. The Collection and Analysis of the Proofs of Claims Filed in the Debtor's**
5 **Bankruptcy Case**

6 As of the date of the filing of this Status Report, Garden City Group, LLC ("GCG") has
7 collected Nine Hundred Fifty-Five (955) claims totaling approximately Three Million Two
8 Hundred Twenty-Four Thousand Four Hundred Ninety-Eight Dollars and 71/100
9 (\$3,224,498.71). GCG provides the Trustee with weekly updates regarding the number and
10 amount of proof of claims that have been filed in the Debtor's bankruptcy case and provides
11 images relating to the same so that they can be uploaded to the website that has been created to
12 provide creditors and parties-in-interest with information relating to the status of the Debtor's
13 bankruptcy case. The Trustee's review of the proofs of claim that have been filed in the Debtor's
14 bankruptcy case has revealed that the proofs of claim can generally be divided into the following
15 three categories: (1) unpaid security deposits filed by both homeowners and/or tenants; (2) unpaid
16 real estate commissions; and (3) unpaid invoices submitted from various independent contractors.
17 The vast majority of the proofs of claim, however, relate to unpaid security deposits filed by both
18 homeowners and tenants. The Trustee has classified each of the proofs of claim that have been
19 filed into these three general categories and has begun reviewing the same in order to expedite the
20 administration of the Debtor's bankruptcy case. The Trustee has also cross-referenced the proofs
21 of claim that relate to the same property address to identify claims where both the homeowner and
22 tenant are seeking a return of lost security deposits. The Trustee has also conducted a significant
23 amount of research regarding the process to review and object to the proofs of claim on the
24 grounds that there have been improperly asserted priorities or security interests. The Trustee
25 anticipates beginning the process of filing omnibus objections to claims within next thirty (30)

26 _____
27 ² All references to "MECF No." are to the numbers assigned to the documents filed in the
28 Debtor's main bankruptcy case as they appear on the docket maintained by the clerk of the court.

1 days.

2 **B. The Administration of the Remaining Balance of the Security Deposits Held In Trust**
3 **by the Debtor**

4 As set forth in the Motion for Turnover, the Debtor's bankruptcy filing was precipitated
5 by the embezzlement of approximately \$1,200,000 of security deposits (the "Security Deposits")
6 that the Debtor was required to hold in trust for the benefit of various homeowners and tenants as
7 part of its property management business. Prior to the Debtor's bankruptcy filing, the remaining
8 Security Deposit balance of approximately \$707,567.29 was transferred to the IOLTA Account of
9 Mcdonald Carano Wilson (the "MCW Trust Account"), the Debtor's bankruptcy counsel. After
10 discussions with Debtor's bankruptcy counsel, the State of Nevada Real Estate Division
11 ("NRED"), and a forensic accountant employed by the Debtor, the Trustee has determined that it
12 is in the best interests of the Debtor's creditors to have the remaining balance of the Security
13 Deposits administered through the bankruptcy estate. The relief requested in the Motion for
14 Turnover was premised on the fact that the Security Deposits cannot be traced to a particular
15 landowner or tenant, the vast majority of the proof of claims filed in the Debtor's bankruptcy case
16 relate to unpaid security deposits, and the Nevada Real Estate Division has no intention of
17 administering the funds for landowners and tenants.

18 **C. The Prosecution of the Adversary Proceeding Against Elsie Peladas- Brown**

19 On May 21, 2015, the Trustee commenced the adversary proceeding captioned *Nelson v.*
20 *Elsie Peladas-Brown* (Case Number BK-S-15-01087-LED) (the "Brown Adversary Proceeding")
21 by filing a complaint against Elsie Peladas-Brown ("Ms. Brown") alleging the following claims
22 for relief: (1) Breach of Fiduciary Duty and (2) Common Law Misrepresentation. The Brown
23 Adversary Proceeding concerns the alleged embezzlement by Elsie Pelada-Brown, the spouse of
24 the Debtor's principal, of approximately \$1,200,000 in security deposits held in trust by the
25 Debtor. On August 28, 2015, the Trustee filed a *Motion for Summary Judgment* [BA ECF No.
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1 11]³. On October 27, 2015, the Court entered *Findings of Fact and Conclusions of Law On*
 2 *Plaintiff's Motion for Summary Judgment* [BA ECF No. 20] (the “Findings of Fact”) and *Order*
 3 *Granting Plaintiff's Motion for Summary Judgment* [BA ECF No. 21] (the “Summary Judgment
 4 Order”). The Findings of Fact held that, among other things, the Debtor and John Brown, one of
 5 the Debtor’s principals, were innocent of all claims asserted in the Brown Adversary Proceeding
 6 and that Ms. Brown embezzled approximately \$1,174,373.63 in security deposits from the
 7 Debtor.

8 **D. The Commencement of the Adversary Proceeding Against XL America, Inc. And**
 9 **Related Defendants**

10 On October 29, 2015, the Trustee commenced the adversary proceeding captioned *Nelson*
 11 *v. XL America, Inc. et al.* (Case Number BK-S-15-01183-LED) (the “XL Adversary Proceeding”)
 12 by filing a complaint against XL America, Inc., XL Insurance America, Inc., XL Select
 13 Professional, Pearl Insurance Group, LLC, and Greenwich Insurance Company alleging the
 14 following claims for relief: (1) Breach of Contract; (2) Breach of Implied Covenant of Good Faith
 15 and Fair Dealing; (3) Breach of Fiduciary Duty; (4) Violations of N.R.S. §686A.310; and (5)
 16 Declaratory Relief. The XL Adversary Proceeding seeks to recover damages from the
 17 Defendants relating to the Errors and Omissions Policy that was previously held by the Debtor.
 18 There is a Scheduling Conference in the XL Adversary Proceeding scheduled for January 25,
 19 2016.

20 **E. Creation and Maintenance of Websites to Provide Notice to Creditors and Parties-**
 21 **In-Interest**

22 In order to provide daily updates regarding the administration of the Debtor’s bankruptcy
 23 case to creditors and parties-in-interest, the Trustee has established and is maintaining a website
 24 that is devoted to the Debtor’s bankruptcy case. General information regarding the Debtor’s
 25 bankruptcy case can be accessed at the following hyperlink: <http://nelsonhoumand.com/ameri->
 26 [dream-realty-llc](http://nelsonhoumand.com/ameri-dream-realty-llc). This webpage will highlight important notices in the Debtor’s bankruptcy case

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 28 ³ All references to “BA ECF No.” are to the numbers assigned to the documents filed in the
 Brown Adversary Proceeding as they appear on the docket maintained by the clerk of the court.

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1 such as the proof of claim deadline, identify all of the upcoming hearings in the Debtor's
2 bankruptcy case as well as the related pleadings, and information relating to the Brown Adversary
3 Proceeding and XL America Adversary Proceeding.

4 The Trustee has also created a separate webpages that provide specific information
5 relating to the following specific topics in the Debtor's bankruptcy case: (1) a numerical list of all
6 of the proofs of claim that have been recorded by GCG and their images⁴; (2) all the docketed
7 entries and pleadings that have been filed in the Debtor's main bankruptcy case⁵; (3) all of the
8 docketed entries and pleadings that have been filed in the Brown Adversary Proceeding⁶; and (4)
9 all of the docketed entries and pleadings that have been filed in the XL America Adversary
10 Proceeding⁷. The Trustee will continue to update these webpages on a daily basis in order to
11 provide creditors with an up-to-date status on the administration of the Debtor's bankruptcy case.

12 Dated this 2nd day of November, 2015.

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

14 */s/ Jacob L. Houmand*
15 _____
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17 3900 Paradise Road; Suite U
18 Las Vegas, Nevada 89169-0903

19 *Counsel for Victoria L. Nelson, Chapter 7*
20 *Trustee*

21 ⁴ The hyperlink for the webpage related to the proofs of claim filed in the Debtor's bankruptcy
22 case can be accessed at the following link: [http://nelsonhoumand.com/ameri-dream-realty-llc-
23 proof-of-claims/](http://nelsonhoumand.com/ameri-dream-realty-llc-proof-of-claims/)

24 ⁵ The hyperlink for the webpage related to the docketed entries and pleadings that have been filed
25 in the Debtor's main bankruptcy case can be accessed at the following link:
26 <http://nelsonhoumand.com/ameri-dream-realty-court-documents/>

27 ⁶ The hyperlink for the webpage related to the docketed entries and pleadings that have been filed
28 in the Brown Adversary Proceeding can be accessed at the following link:
<http://nelsonhoumand.com/ameri-dream-realty-llc-nelson-peladas-brown-court-documents/>

⁷ The hyperlink for the webpage related to the docketed entries and pleadings that have been filed
in the XI America Adversary Proceeding can be accessed at the following link:
[http://nelsonhoumand.com/ameri-dream-realty-llc-nelson-v-xl-america-inc-et-al-court-
documents/](http://nelsonhoumand.com/ameri-dream-realty-llc-nelson-v-xl-america-inc-et-al-court-documents/)