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1 Jacob L. Houmand, Esq. (NV Bar No. 12781)
Email: jhoumand@houmandlaw.com
2 Bradley G. Sims, Esq. (NV Bar No. 11713)
Email: bsims@houmandlaw.com
3 HOUMAND LAW FIRM, LTD.
9205 West Russell Road, Building 3, Suite 240
4 Las Vegas, NV 89148
Telephone: 702/720-3370
5 Facsimile: 702/720-3371

6 *Counsel for Shelley D. Krohn, 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-GS
Chapter 7

DECLARATION OF SHELLEY D. KROHN IN SUPPORT OF FOURTH AND FINAL APPLICATION OF HOUMAND LAW FIRM, LTD. FOR ALLOWANCE OF COMPENSATION FOR SERVICES RENDERED DURING THE PERIOD FROM JANUARY 13, 2015 THROUGH DECEMBER 1, 2020, 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 7, 2021
Time of Hearing: 9:30 a.m.
Place: Courtroom No. To Be Determined
Foley Federal Building
300 Las Vegas Blvd., S.
Las Vegas, NV 89101

Judge: Honorable Gary Spraker

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19 I, Shelley D. Krohn, declare as follows:

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

HOUMAND LAW FIRM, LTD.
9205 West Russell Road, Building 3, Suite 240 Las Vegas, NV 89148
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1 2. I am the appointed Chapter 7 Trustee in the above-captioned bankruptcy case.

2 3. I make this declaration in support of *Fourth and Final Application of Houmand*
3 *Law Firm, Ltd. for Allowance of Compensation for Services Rendered During the Period From*
4 *January 13, 2015 Through December 2, 2020 and For Reimbursement of Expenses Pursuant to*
5 *11 U.S.C. §§ 330 and 331 and Federal Rule of Bankruptcy Procedure 2016* (the “Fee
6 Application”).¹

7 4. Pursuant to Guideline 2.2.2 of the Region 17 United States Trustee Guidelines, I
8 have been provided a copy of the billing entries and itemization of expenses that are attached as
9 **Exhibit “1”** to the *Declaration of Jacob L. Houmand in Support of the Fourth and Final*
10 *Application of Houmand Law Firm, Ltd. for Allowance of Compensation for Services Rendered*
11 *During the Period From January 13, 2015 Through December 1, 2020 and For Reimbursement*
12 *of Expenses Pursuant to 11 U.S.C. §§ 330 and 331 and Federal Rule of Bankruptcy Procedure*
13 *2016* and approve the same.²

14 5. The balance of the trust account in the Debtors bankruptcy case is \$598,749.58.

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

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

19 8. Subsequent to the filing of the Debtor’s bankruptcy case, Trustee Nelson was
20 informed by John Brown, the principal of the Debtor and then-spouse of Elsie Peladas-Brown,
21 that it was his belief that Elsie Peladas-Brown had embezzled approximately One Million Two
22 Hundred Thousand Dollars (\$1,200,000) from the Security Deposits Trust Account of the Debtor

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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.”

² Unless otherwise expressly stated herein, all undefined, capitalized terms shall have the meaning
ascribed to them in the Fee Application.

1 and wired these monies to the Philippines between the period of March, 2013 through December,
2 2013.

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

5 **The Debtor's Bankruptcy Filing**

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

9 11. On January 9, 2015, Trustee Nelson was appointed as the Chapter 7 Trustee in the
10 Bankruptcy Case.

11 12. Shortly following her appointment, Trustee Nelson met with Debtor's principal
12 and it's counsel to discuss matters requiring immediate attention including the securing and
13 closing of a 4,861 square foot commercial property located at 4875 West Nevso Drive, Las
14 Vegas, NV, and the administration of approximately Seven Hundred Seven Thousand Dollars
15 (\$707,000) of funds identified as security deposits which were those portion of funds which were
16 not embezzled and placed into the IOLTA bank account of Debtor's bankruptcy counsel.

17 13. Trustee Nelson was also tasked with identifying and closing residential sales of
18 real property which contracts had been entered into pre-petition but closed after the bankruptcy
19 was filed by the Debtor.

20 14. After her appointment, Trustee Nelson sought and obtained Court approval for the
21 turnover of the approximately Seven Hundred Seven Thousand Dollars (\$707,000) of funds
22 identified as security deposits which were those portion of funds which were not embezzled and
23 placed into the IOLTA bank account of Debtor's bankruptcy counsel.

24 15. Due to the fact that the Debtor's bankruptcy case was deemed a mega case, Trustee
25 Nelson sought and obtained court approval to employ Garden City Group, LLC ("GCG") as the
26 claims and noticing agent.

27 16. Upon the expiration of the May 14, 2015, deadline to file proofs of claims, GCG
28 filed the proof of claims with the Court.

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1 17. On January 13, 2018, Trustee Nelson died.

2 18. On January 19, 2018, I was appointed as the successor Chapter 7 Trustee in the
3 Debtor's bankruptcy case.

4 19. Over 900 proof of claims were filed with the Court totaling \$2,497,635.38 in
5 calculated claim value.

6 20. Upon a review and analysis of the claims, I discovered a multitude of issues related
7 to the proofs of claim that were filed in the Debtor's bankruptcy case.

8 21. Specifically, there were duplication of claims wherein both the landlord and the
9 corresponding tenant have filed proofs of claims seeking the same security deposit and or/ various
10 other funds collected and held either for the tenant or the landlord in the Debtor's Security
11 Deposits Trust Account.

12 22. The Trustee also discovered numerous claims wherein landlords improperly
13 claimed priority under § 507(a)(7), and realtors are claiming a priority in excess of the maximum
14 amount allowed under § 507(a)(4).

15 23. The Firm filed fourteen omnibus objections to proofs of claims, as well as
16 additional objections to individual proofs of claims in an effort to ensure correct distribution to
17 creditors in accordance with the bankruptcy code.

18 24. Trustee Nelson also employed the law firm Schwartz Flansburg, PLLC to pursue
19 the recovery of funds embezzled by Elsie Peladas-Brown.

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

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1 26. I believe that the work performed by the Firm benefitted the Debtor's bankruptcy
2 estate in assisting with the administration of a complicated mega case that involved a number of
3 complicated issues.

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

6 Dated this 8th day of December, 2020.

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10 Shelley D. Krohn, Chapter 7 Trustee

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