

MAY 03 2018

NEVADA LABOR COMMISSIONER-CC

BEFORE THE STATE OF NEVADA DEPARTMENT OF BUSINESS AND INDUSTRY HOUSING DIVISION, MANUFACTURED HOUSING

Б

IN THE MATTER OF:

STIPULATION AGREEMENT AND ORDER REVOKING LICENSE

GREAT BASIN HOME IMPROVEMENT, L.L.C.; and DANIEL KAPETAN, License #B1539

Respondents.

This Settlement Agreement and Order Revoking License ("Agreement") is entered into by the State of Nevada, Housing Division, Manufactured Housing ("Division") through its Administrator STEPHEN AICHROTH ("Administrator"); Attorney General ADAM PAUL LAXALT; and Deputy Attorney General PETER K. KEEGAN, Deputy Attorney General; and Respondents Great Basin Home Improvement, L.L.C. ("GBHI") and DANIEL KAPETAN, License #B1539 ("Kapetan") to resolve the Division's Complaint for Revocation of License & Cease and Desist, dated March 22, 2018 ("Complaint").

JURISDICTION

The Division, through its Administrator, is charged with the administration and enforcement of Nevada Revised Statutes ("NRS") 489, which authorizes licensing, regulation, and discipline of service people who work on and sell Mobile Homes, Manufactured Homes, Commercial Coaches, and similar structures. Kapetan holds a GS2 General Serviceperson License #B1539X through the Division under NRS 489, and by doing so, has availed himself of the jurisdiction of the Division.

PROCEDURAL HISTORY

The Division served its Complaint upon Kapetan on March 22, 2018. A hearing was scheduled in this matter for April 18, 2018. Kapetan retained counsel, Stephen Moss, Esq., for the limited purposes of engaging in settlement negotiations. On or about April 17, 2018, Kapetan responded to the allegations as set forth in the Division's Complaint. On or about April 17, 2018, Kapetan offered to settle this matter in lieu of proceeding to

12 13

14 15

16 17

18

19 20

21 22

23 24

25 26

27 28 the scheduled contested hearing on the Division's Complaint. On April 18, 2018, the date scheduled for the hearing in this matter, the terms of this settlement agreement were placed on the record before Administrative Law Judge Shannon Chambers ("ALJ"). What follows is a recitation of the allegations against Kapetan and the terms of the formal disciplinary settlement against Kapetan.

FACTUAL ALLEGATIONS

- On or about December 7, 2016, the Division issued Kapetan a Notice of **(1)** Violation and Order to Cease and Desist as result of at least five (5) separate, homeowner complaints regarding below standard workmanship, negligence, and incompetence.
- On January 11, 2017, a hearing was held concerning the above-referenced (2)Notice of Violation and Order to Cease and Desist.
- On or about February 8, 2017, the Division and Kapetan entered into a (3)Settlement Agreement whereby Kapetan's GS1 General Serviceperson License was downgraded to a GS2 General Serviceperson License. This precluded Kapetan, until certain agreed-upon terms were met, from engaging in any mobile home installation work or pulling any permits for installations of manufactured homes, mobile homes, commercial coaches, manufactured buildings, or factory-built housing.
- Since entering into the Settlement Agreement on February 8, 2017, the (4)Division has received numerous complaints against GBHI concerning poor workmanship. Upon investigation of these complaints, the Division identified additional violations of NRS 489 and NAC 489, including: (1) failure to obtain permits; (2) below standard workmanship, negligence, and incompetence; (3) acting in the capacity of a dealer without a license; and (4) deceptive advertising.

Α. 2212 COGNAC COURT

On or about November 21, 2016, the Division received Complaint No. P-CC-(5)599-L against Kapetan and GBHI regarding below standard workmanship at the property located at 2212 Cognac Ct., Carson City, Nevada, 89701 ("2212 Cognac Ct."). This Complaint alleged numerous examples of below standard work, negligence, and

 incompetence, including: (a) causing damage to six (6) doors requiring replacement; (b) backward installation of bathroom faucet handles; (c) incorrect piping used to install a toilet; (d) installation of a non-GFI electrical outlet next to a water source; (e) improper installation of a dishwasher requiring reinstallation; (f) erroneously cutting a large hole in the laundry room wall without repairing it; (g) incorrectly plumbing a vanity sink in the master bathroom; (h) incorrectly hanging curtain rods; and (i) incorrectly cutting and installing outdoor carpet on an exterior ramp.

- (6) Upon investigation of Complaint No. P-CC-599-L, and the GBHI service contracts for the work performed at 2212 Cognac Ct., including, plumbing, electrical, and custom door installation/retrofit, it was determined that Kapetan and GBHI never obtained the required permits from the Division.
- (7) On or about November 21, 2016, along with Complaint No. P-CC-599-L, the Division received a copy of a Letter of Concern from John C. Pannell Jr., a foreman for Anywhere Repair, which detailed the substandard work conducted by Kapetan and GBHI at 2212 Cognac Ct.
- (8) On or about November 28, 2016, the Division sent Kapetan and GBHI an investigation opening letter requesting a response to Complaint No. P-CC-599-L.
- (9) On or about December 19, 2016, the Division received Kapetan and GBHI's response to the investigation opening letter.
- (10) On or about December 29, 2016, the Division sent a follow-up letter to Kapetan and GBHI requesting further information.

B. 73 CABERNET PARKWAY

(11) On or about September 25, 2017, the Division received Complaint No. P-CC-696-L against Kapetan and GBHI regarding substandard workmanship at the property located at 78 Cabernet Parkway, #142, Reno, Nevada 89512 ("73 Cabernet Parkway"). This Complaint alleged numerous examples of substandard workmanship, negligence, and incompetence, including: (a) incorrect electrical installation, resulting in outages and necessary correction; (b) incorrect plumbing on drain and water lines for master shower,

 resulting in a leak, larges holes in wall and floor, and necessary reinstall; (c) water damage to existing parquet flooring; (d) incorrect installation of exterior trim and siding, resulting in cracking and necessary repair; (e) incorrect estimate, measure, and purchase of flooring materials; (f) incorrect estimate, measurement, purchase, and installation of interior siding materials on exterior of home; (g) charging for window delivery and installation that was not provided; (h) failure to bring necessary materials and tools to job site.

(12) Upon investigation of Complaint No. P-CC-696-L, and the GBHI service contracts for the work performed at 73 Cabernet Parkway, #142, including, plumbing, electrical, flooring, and window/exterior remodeling, it was determined that Kapetan and GBHI never obtained the required permits from the Division.

C. 1385 HOOTEN DRIVE

- (13) On or about November 14, 2017, the Division received Complaint No. NP-CC-861-L against Kapetan and GBHI regarding below standard workmanship at the property located at 1385 Hooten Drive, Silver Springs, Nevada 89429 ("1385 Hooten Drive"). This Complaint alleged numerous examples of substandard workmanship, negligence, and incompetence, including: (a) incorrect and hazardous installation/conversion of water heater to propane gas, requiring repair and abatement; (b) installation of used materials despite purchase of new materials; (c) erroneous advice concerning conversion of home to real property and attempt to contract for unnecessary installation of pre-existing eight (8) point foundation system; (d) poor craftsmanship and old materials used on stairwell and porch installation; and (e) failure to obtain Division approval plans for attachment of porch and stairs to manufactured home structure as required by NAC 489.470.
- (14) Upon investigation of Complaint No. NP-CC-861-L, it was revealed that Kapetan and GBHI contracted to perform work at 1385 Hooten Drive, including, plumbing, electrical, propane water heater installation, and interior/exterior remodeling.
 - (15) The Division discovered that Kapetan and GBHI never obtained the required

- 2 (16) As part of the work contracted for by Kapetan and GBHI, on or about
 3 September 15, 2017, Kapetan, on item (7) of his Services Contract Addendum I,
 4 contracted to "[i]nstall [an] eight (8) point foundation system for property conversion[;]
 5 [i]nstall perimeter supports for stabilization[;] [e]ngineering not included[;] [h]omeowner
 6 to do the conversion process."
 - (17) The September 15, 2017, contract item for installation of the eight (8) point foundation constitutes a direct violation of the Settlement Agreement entered into by and between Kapetan and the Division on February 8, 2017, precluding Kapetan from engaging in any installation activities.
 - (18) Included with Complaint No. NP-CC-861-L is a notarized letter dated November 15, 2017, from Nevada Journeyperson Plumber Dean R. Ewing, which details the botched installation of a Rheem propane-fired water heater, resulting in a substantial propane leak caused by an irreparably damaged gas valve (cross threading) and burner assembly parts. Mr. Ewing's letter further describes the repairs necessary to correct the propane leak in order to avoid what could have resulted in a catastrophic outcome.
 - (19) Complaint No. NP-CC-861-L also alleges fraudulent charges for materials that were not installed on the project and work that was not completed.

D. 1970 REED STREET

- (20) On or about May 26, 2017, a multi-section manufactured home installation rough inspection was performed by the Division on Permit No. 26807, pulled by KC Concepts (License No. B1508). Kapetan and GBHI assisted KC Concepts with the work under Permit No. 26807. During this inspection, it was determined that the roof on the home located at 1970 Reed Street, Reno, Nevada 89512 ("1970 Reed Street") had been installed without a permit by Kapetan and GBHI. The Division's inspector ordered Kapetan to obtain a permit for the roof installation.
- (21) On or about June 13, 2017, Kapetan obtained a Permit No. 27771 for installation of the roof at 1970 Reed Street.

- (22) On or about December 8, 2017, a final inspection for Permit No. 26807 and Permit 27771 was performed by the Division.
 - (23) Permit No. 27771 passed the final inspection but Permit No. 26807 failed.
- (24) During the December 8, 2017 inspection, the Division's inspector for the home installation for Permit No. 26807 identified a hot water heater that had been installed at 1970 Reed Street without a permit and which was not approved for manufactured homes.
- (25) The inspection for Permit No. 26807 was failed and a Correction Notice No. 04710 was issued to Kapetan ordering a water heater approved for a manufactured home be installed, the electrical wires concealed, and the main water leak be fixed.
- (26) On or about December 15, 2017, the Division received an owner-builder permit application for the re-installation of the original water heater at 1970 Reed Street and issued Permit No. 29516.
- (27) On December 22, 2017, the final inspections of the home installation for Permit No. 26807 and the water heater re-installation for Permit No. 29516 were approved.
 - E. 5590 LEON DRIVE, # 22—ACTING AS A DEALER WITHOUT A LICENSE
- (28) On or about June 27, 2016, the Division received a Complaint from Allison Bollen (the owner) and Pamela Pappas (the manager of Sun Valley Mobile Home Park) regarding Kapetan acting in the capacity of a Dealer without a license by purchasing and selling a 1959 Viking mobile home, Serial No. 1050281368AP ("Viking").
- (29) The June 27, 2016, Complaint also alleges numerous examples of below standard workmanship and incompetence by Kapetan and GBHI. Specifically, the Complaint states that Kapetan was unable to get the title transferred or pass the installation inspections.
- (30) The Bill of Sale, dated April 8, 2016, for the home, reflects the Seller as River Bend Mobile Home Park in Verdi, Nevada, and the Buyer as Sun Valley Mobile

б

- (31) However, a separate handwritten and signed agreement between Dan Kapetan and Pamela Pappas, dated March 31, 2016, shows that GBHI was paid \$3,500.00 for the purchase of the 1959 Viking, which "includes all permits, inspections, setup, moving, and mobile home." This agreement, signed by Dan Kapetan, but not by Caleb Associates, demonstrates that GBHI and Kapetan acted without a license in the capacity of a Dealer, as defined by NRS 489.076.
- (32) A handwritten addendum agreement dated April 8, 2016, which also identifies the purchase of the 1959 Viking for \$3,500.00, does not include any reference to Caleb Associates as the Dealer and is signed only by Kapetan, GBHI, and Pamela Pappas.
- (33) The Dealer's Report of Sale for the home, dated May 3, 2016, identifies Caleb Associates LLC as the name of the Dealer, Dan Kapetan as the Seller, and Sun Valley Mobile Home Park as the Buyer.
- (34) However, the Title Records for the 1959 Viking, with Serial No. 1050281368AP, at no point reflects Dan Kapetan as the owner of the home.
- (35) A typed Purchase Agreement, apparently prepared by Sun Valley Mobile Home Park, dated May 4, 2016, lists Dan Kapetan as the Seller of the 1969 Viking. The Purchase Agreement is signed only by Pamela Pappas of Sun Valley Mobile Home Park and Dan Kapetan of GBHI.
- (36) Kapetan and GBHI acted in the capacity of a Dealer without a license, misrepresented the title status of the sales transaction, and used Caleb Associates, LLC to falsify a Dealer's Report of Sale.
- (37) A title search performed by the Division reflects at least three (3) other instances in which Respondents have acted in the capacity of a Dealer without a license: (1) 3626 N 151 St. E. Ely, Nevada 89301 (no permits); (2) 640 W. Riverview Circle, Reno, Nevada 89509; and (3) HC 10 #3 (KOA), Ely, Nevada 89301.

F. DECEPTIVE ADVERTISING

(38) On February 20, 2007, the Division issued Kapetan a Dealer's License. On

28 | / / /

January 31, 2009, Kapetan's Dealer License expired.

- (39) In or about April 2009, Kapetan's Dealer License Renewal Application for Kapetan Enterprises, Inc., dba GBHI was denied by the Division for failing to supply requested documentation.
- (40) On April 14, 2016, the Division issued Kapetan an Order to Cease and Desist, pursuant to NRS 489.436, for Unlicensed Activity as a Dealer in Case No. NP-CC-774-U, regarding the sale of the 1959 Viking to Sun Valley Mobile Home Park.
- (41) On or about May 6, 2016, the certified mailing receipt for the Cease and Desist Order was returned as "unclaimed, unable to forward" because Kapetan failed to update his address as required by NAC 489.335.
- (42) As of January 2018, GBHI was advertising on Facebook as a Mobile Home Dealer.
- (43) As of January 2018, Dan Kapetan was advertising on LinkedIn as the "Proprietor" of GBHI and offering services, including "Business Manager; Marketing; Purchasing, HR, Employee supervision, Property acquisition and Development; Rentals." Kapetan's LinkedIn page also states that he offers "MH set up installation and repair."
- (44) As of January 2018, GBHI was advertising on Yelp as a General Serviceperson GS1 installer, to "assist in property development for home sites from the ground up."

ALLEGED VIOLATIONS

A. 2212 Cognac Street

- (1) Respondents violated NRS 489.421(6), as set forth in NAC 489.411 and NAC 489.486, by failing to obtain work permits for any of the work completed, or contracted for, at 2212 Cognac Street.
- (2) Respondents violated NRS 489.416 by engaging in workmanship which was not commensurate with the standards of the trade in general and which caused the homeowner additional time and money to correct.

B. 73 Cabernet Parkway, #142

- (3) Respondents violated NRS 489.421(6), as set forth in NAC 489.411 and NAC 489.486, by failing to obtain work permits for any of the work completed, or contracted for, at 73 Cabernet Parkway #142.
- (4) Respondents violated NRS 489.416 by engaging in workmanship which was not commensurate with the standards of the trade in general and which caused the homeowner additional time and money to correct.

C. 1385 Hooten Drive

- (5) Respondents violated NRS 489.806 by submitting a bid, entering into a contract, and/or engaging in manufactured home installation work, requiring a General Serviceperson GS1 license.
- (6) Respondents violated NRS 489.421(6), as set forth in NAC 489.411 and NAC 489.486, by failing to obtain work permits for any of the work completed, or contracted for, at 1385 Hooten Drive.
- (7) Respondents violated NRS 489.416 by incorrectly installing/converting the water heater located at 1385 Hooten Drive, damaging its components and creating a propane leak, which endangered the life and safety of the occupants of the manufactured home.
- (8) Respondents violated NRS 489.421(6) and NAC 489.470 by installing a porch and stairs attached to the manufactured home structure without submitting plans to, and obtaining approval from, the Division.

D. 1970 Reed Street

- (9) Respondents violated NRS 489.421(6), as set forth in NAC 489.411 and NAC 489.486, by failing to timely obtain work permits for the roofing work at 1970 Reed Street.
- (10) Respondents violated NRS 489.421(6), as set forth in NAC 489.411 and NAC 489.486, by failing to advise the homeowner about the requirement to obtain a permit for installation of the water heater at 1970 Reed Street.

б

28 1///

E. 5590 Leon Drive # 22

- (11) Respondents violated NRS 489.716(3)(a)-(e) by failing to enter into a written agreement, before performing any work, with each person for whom the provider of services will perform work pertinent to the sale, installation or occupancy of a mobile home.
- (12) Respondents violated NRS 489.806 by engaging in business as a dealer of manufactured homes without a dealer's license and contracting for a job requiring a dealer's license.
- (13) Respondents violated NRS 489.421(9) by misrepresenting the title status of the 1959 Viking during the sales transaction and cooperating with Caleb Associates, LLC to falsify a Dealer's Report of Sale for the home.
- (14) Respondents violated NRS 489.311 by submitting a bid and engaging in business as a dealer and general serviceperson installer without the required license.

F. Deceptive Advertising

- (15) Respondents violated NRS 489.401(3) by intentionally circulating and displaying advertisements on Facebook and LinkedIn that identified Kapetan and GBHI as an installer and dealer, which constitutes a substantial misrepresentation intended to influence, persuade, or induce customers to hire Kapetan or GBHI.
- (16) Respondents' advertisements also constitute a deceptive trade practice pursuant to NRS 489.401(1) and NRS 589.0923(1) because Kapetan conducted business without possessing a GS1 General Serviceperson license or a Dealer's license as he advertised.
- (17) Respondents violated NRS 489.421(6) and NAC 489.335(4) by failing to update the contract address maintained by the Division.
- (18) Respondents violated NRS 489.421(6) by acting in the capacity of a Dealer despite having been denied renewal of a Dealer's license in April 2009 and having been issued a Cease and Desist Order on April 11, 2016.

- (1) Pursuant to NRS 489.381, the Division may impose an administrative fine of not more than \$1,000 per violation and may deny, suspend, or revoke any license issued under this chapter or reissue the license subject to reasonable conditions upon any of the grounds set forth in NRS 489.391 to 489.421, inclusive, which constitute grounds for disciplinary action. If discipline is imposed pursuant to this section, the costs of the proceeding, including investigative costs and attorney's fees, may be recovered by the Division.
- (2) Pursuant to NRS 489.814, the Administrator of the Division may impose an administrative fine upon any person or combination of persons who violates the provisions of NRS 489.311 or subsection 1 of NRS 489.806, of not less than \$1,000 nor more than \$10,000 for each violation. Such an administrative fine, imposed pursuant to this section, is in addition to any other remedy or penalty authorized, pursuant to this chapter. If the administrative fine is not paid when due, the fine must be recovered in a civil action brought by the Attorney General on behalf of the Administrator.
- (3) Pursuant to NRS 489.806(3)(a)-(d), the Attorney General may seek court costs; reasonable costs of the investigation; damages to the person caused by the violation up to the amount of any pecuniary gain from the violation; or any combination thereof.

SETTLEMENT AGREEMENT

While the Division is prepared to prosecute Kapetan pursuant to its Complaint for Revocation, based upon the allegations contained therein, Kapetan has requested to forego his due process right to a contested hearing and accept the following formal disciplinary action in lieu of the potential disciplinary violations being sought by the Division. Accordingly, Kapetan hereby agrees and desires to compromise and settle the instant controversy upon the below and conditions:

- (1) Kapetan agrees that this Settlement Agreement constitutes formal disciplinary action against him by the Division.
 - (2) Kapetan agrees to the revocation of his GS2 General Serviceperson

 License #B1539, effective as of April 18, 2018.

- (3) Within 30 days of the ALJ's signature on the Order herein, Kapetan and Great Basin Home Improvement agree to remove all advertisements and websites depicting Kapetan as able to work on manufactured homes in the State of Nevada.
- (4) Kapetan agrees to reimburse the below Complainants in lump sum payments, as indicated. Payments shall be made directly to the Complainants through the United States Postal Service and shall be made with certified bank funds within 180 days of the ALJ's signature on the Order herein. A copy of the certified bank check shall be mailed to the Division as confirmation of payment.
 - a. Mary Faulkner \$5,000.00
 - i. 78 Cabernet Parkway, Reno, Nevada 89512
 - b. Alex Jenkins \$5,000.00
 - i. 1385 Hooten Drive, Silver Springs, Nevada 89429
 - c. Pamela Pappas \$1,500.00
 - i. 5590 Leon Drive, Sun Valley, Nevada 89433
- (5) Kapetan agrees to pay the Division \$5,000.00 to cover its attorney's fees and investigation costs in this matter. Payment shall be made within 865 days of the ALJ's signature on the Order herein; however, payments may be made in four installments of \$1,250.
- (6) The Division agrees that upon satisfaction of the terms of this Agreement, the Division will close its case and will not pursue any further action or fines relating to this matter.
- (7) Kapetan agrees and understands that if the terms and conditions of this Agreement are not met, the Division retains jurisdiction to rescind this Agreement, reopen its investigation, and pursue further disciplinary action.
- (8) Kapetan agrees and understands that by entering into this Agreement, he is waiving his rights to a hearing at which he may have presented evidence in his defense,

 as well as his right to a written decision on the merits, his right to reconsideration and/or rehearing, appeal and/or judicial review, and all other rights which may be accorded by the Nevada Administrative Procedure Act, the Division's statutes, and accompanying regulations, including the United States and Nevada Constitutions.

- (9) Kapetan understands that this Agreement is subject to public records laws.
- (10) Kapetan fully understands that that he has the right to be represented by legal counsel in this matter at his own expense.
- (11) Kapetan has signed and dated this Agreement only after reading and understanding all terms herein.

Agreement is Not Evidence

Neither this Agreement nor any statements made concerning this Agreement may be discussed or introduced into evidence at the hearing of a Complaint if the Division must ultimately put on a case based on a Complaint filed in this matter or any matter related thereto.

Release from Liability

In execution of this Agreement, Kapetan for himself, his administrators, executors, heirs, successors and assigns, hereby releases, remises, and forever discharges the State of Nevada, the Board, the Office of the Nevada Attorney General, and each of their members, agents, and employees in their individual and representative capacities, from any and all manner of actions, causes of action, suits, debts, judgments, executions, claims, and demands whatsoever known and unknown, in law or equity, that Kapetan ever had, now has, may have or claim to have against any or all of the persons or entities named in this paragraph, arising out of or by reason of this investigation, any related disciplinary action, and all other matters relating thereto.

Indemnification

In execution of this Agreement, Kapetan for himself, his administrators, executors, heirs, successors, and assigns, hereby indemnifies and holds harmless the State of Nevada, the Board, the Office of the Nevada Attorney General, and each of their

members, agents and employees in their individual and representative capacities against 1 any and all actions, claims, and suits brought against said persons and/or entities by 2 reason of this investigation, any related disciplinary action, and all other matters relating 3 thereto, and against any and all charges, costs, damages, debts, demands, and expenses, 4 including court costs and attorney's fees, which may be sustained by the persons and/or Б entities named in this section as a result of said actions, claims, or suits. 6 7 DATED this 2 day of May, 2018. 8 DANÌEL KAPETAN 9 Respondent 10 DATED this 2 day of May, 2018. 11 STEPHEN AICHROTH 12 Administrator 13 Manufactured Housing Division 14 Approved as to form: 15 ADAM PAUL LAXALT 16 Attorney General 17 By: 18 PETER K. KEEGAN 19 Deputy Attorney General 20 IT IS SO ORDERED. 21 DATED this 3rdday of May 22 SHANNON CHAMBERS 23 Administrative Law Judge 24 25 26 27

28