PRINCE & KEATING ATTORNEYS AT LAW 3230 South Buffalo Drive SUITE 108 LAS VEGAS, NEVADA 89117 PHONE: (702) 228-6800 FAX: (702) 228-0443

Page 1 of 2 Docket 65755 Document 2014-17386

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### **CERTIFICATE OF MAILING**

I hereby certify that on the day of May, 2014, I caused service of the foregoing NOTICE OF APPEAL to be made by depositing a true and correct copy of same in the United States Mail, postage fully prepaid, addressed to the following:

Jeffrey Olster, Esq.
LEWIS BRISBOIS BISGAARD & SMITH, LLP
6385 South Rainbow Boulevard, Suite 600
Las Vegas, Nevada 89118
Facsimile: (702) 893-3789
Attorneys for Defendants

An employee of Prince & Keating

PRINCE & KEATING ATTORNEYS AT LAW 3230 South Buffalo Drive SUTE 108 LAS VEGAS, NEVADA 89117 PHONE: (702) 228-6800 FAX: (702) 228-0443

Respondents WILLIAM H. HEATON; and NITZ, WALTON & HEATON, LTD. are represented by the following counsel:

Jeffrey Olster, Esq.
LEWIS BRISBOIS BISGAARD & SMITH, LLP
6385 South Rainbow Boulevard, Suite 600
Las Vegas, Nevada 89118
Facsimile: (702) 893-3789
Attorneys for Defendants/Respondent

- 6. Appellant was represented by retained counsel in the District Court.
- 7. Appellant is represented by retained counsel on Appeal.
- 8. The District Court did not grant Appellant leave to proceed in forma pauperis.
- 9. This action commenced in the District Court on June 12, 2012 with the filing of the Complaint.
- 10. Brief Description of the Nature of the Action and Results in the District Court:

This is a legal malpractice action arising out of the failure of attorney William Heaton ("Heaton"), and the law firm of Nitz, Walton & Heaton, Ltd. ("NWH") (collectively referred to as "Defendants") to properly provide legal services to their clients Rodney C. Yanke (hereinafter "Yanke") and Plaintiff Tower Homes, LLC ("Tower") in the drafting of Purchase Contracts for the sale of condominium units in compliance with Nevada law.

Yanke is a licensed contractor in the State of Nevada who invested and developed real property in and around Clark County, Nevada. On or about April 3, 2004, at the request of Yanke, NWH caused or assisted in the formation of Tower Homes, LLC ("Tower"). Yanke was the managing member of Tower. At that time, Yanke informed Heaton and NWH of his intent to construct a residential common interest ownership project known as Spanish View Towers Project (hereinafter referred to as the "Project"). Yanke, in his capacity as the manager of Tower, informed Heaton and NWH that the Project was to consist of three (3) 18-story condominium towers combining for a total of 405 units located generally at the southwest corner of Interstate 215 and South Buffalo Drive in Las Vegas, Nevada.

In addition to other legal services, Yanke requested that Heaton and NWH draft Purchase Contracts for the sale of the individual condominium units. Prior to and during the initial phases of construction, Tower marketed the individual units for sale to members of the public prior to the completion of construction. Accordingly, Tower entered into written Purchase Contracts with numerous individual investors (collectively referred to as the "Tower Homes Purchasers") prior to the completion of construction. Each purchaser was to give Tower a significant earnest money deposit. The agreement between Tower, and the Tower Home Purchasers, called for the Project to be completed within two (2) years of the date of the Purchase Contract.

Unfortunately, there was insufficient financing available for the Project's completion and thus, the Project failed. As a result of the Project's failure, there were over twenty five million dollars in mechanic's liens filed for the work on the Project. In addition, many of the Tower Homes Purchasers lost millions of dollars of their money deposits.

Heaton and NWH were obligated to properly advise Tower of all applicable legal requirements concerning the sale of the individual units, including the applicability of Chapter 116 of the Nevada Revised Statutes. In the manner in which Heaton and NWH drafted the contracts, Tower was in violation of NRS 116.411. In addition, Heaton and NWH failed to carry out their legal obligation to each individual purchaser to properly safeguard the earnest money deposits from mismanagement, theft, or unlawful use as required by Chapter 116 of the Nevada Revised Statutes.

On February 18, 2014, Defendants Heaton and NWH filed their Motion for Summary Judgment. On March 7, 2014, Plaintiff Tower Homes, LLC filed its Opposition to Defendants' Motion for Summary Judgment; Defendants filed their Reply on March 14, 2014.

On March 25, 2014, the District Court issued a Minute Order Granting Defendants' Motion for Summary Judgment. On May 15, 2014, the District Court signed the Order

Granting Defendants' Motion for Summary Judgment. Notice of Entry of Order Granting Defendants' Motion for Summary Judgment was entered on May 15, 2014.

- 11. This case has not previously been a subject of an appeal to an original writ proceeding in the Supreme Court.
- 12. This appeal does not involve a child custody or visitation issue.
- 13. This is a civil case on appeal, with the possibility of settlement.

DATED this 20 day of May, 2014.

### PRINCE & KEATING

DENNIS M. PRINCE

Nevada Bar No. 5092

ERIC N. TRAN

Nevada Bar No. 11876

3230 South Buffalo Drive

Suite 108

Las Vegas, Nevada 89117

Attorneys for Plaintiff/Appellant

Tower Homes, LLC

### **CERTIFICATE OF MAILING** I hereby certify that on the Aday of May, 2014, I caused service of the foregoing CASE APPEAL STATEMENT to be made by depositing a true and correct copy of same in the United States Mail, postage fully prepaid, addressed to the following: Jeffrey Olster, Esq. LEWIS BRISBOIS BISGAARD & SMITH, LLP 6385 South Rainbow Boulevard, Suite 600 Las Vegas, Nevada 89118 Facsimile: (702) 893-3789 Attorneys for Defendants

### CASE SUMMARY CASE No. A-12-663341-C

Tower Homes LLC, Plaintiff(s) vs.
William Heaton, Defendant(s)

Location: Department 26
 Judicial Officer: Sturman, Gloria
 Filed on: 06/12/2012

Case Number History:

Cross-Reference Case A663341

Number:

Case information

8

Statistical Closures Case Type: Negligence - Other

05/15/2014 Summary Judgment Case Flags: Appealed to Supreme Court

Jury Demand Filed

Arbitration Exemption Granted

DATE CASE ASSIGNMENT

Current Case Assignment

Case Number A-12-663341-C
Court Department 26
Date Assigned 09/05/2012
Judicial Officer Sturman, Gloria

Party Information

Plaintiff Tower Homes LLC Lead Attorneys
Prince, December 1. Princ

Prince, Dennis M Retained 7022286800(W)

Defendant Heaton, William H Cass, Vincent A

Retained 7028933383(W)

Nitz Walton and Heaton Ltd Cass, Vincent A

*Retained* 7028933383(W)

EVENUS & ORDERS OF THE COURT LATE NAME & 06/12/2012 (a) Complaint Filed By: Plaintiff Tower Homes LLC Complaint Case Opened 06/12/2012 Summons 06/18/2012 Filed by: Plaintiff Tower Homes LLC Summons 06/18/2012 Summons Filed by: Plaintiff Tower Homes LLC Summons 07/19/2012 🔄 Initial Appearance Fee Disclosure Filed By: Defendant Heaton, William H Initial Appearance Fee Disclosure (NRS Chapter 19) 07/19/2012

	CASE No. A-12-663341-C
	Motion for Summary Judgment  Filed By: Defendant Heaton, William H  Motion to Dismiss or Alternatively Motion for Summary Judgment
07/20/2012	Notice of Hearing  Filed By: Defendant Heaton, William H  Notice of Hearing on Motion to Dismiss or Alternatively Motion for Summary Judgment
08/17/2012	Stipulation and Order Filed by: Defendant Heaton, William H Stipulation and Order to Continue Hearing on Defendants' Motion to Dismiss, or Alternatively, Motion for Summary Judgment
08/21/2012	Notice of Entry of Stipulation and Order  Filed By: Defendant Heaton, William H  Notice of Entry of Stipulation and Order to Continue Hearing on Defendants' Motion to  Dismiss, or Alternatively, Motion for Summary Judgment
09/04/2012	Minute Order (3:00 AM) (Judicial Officer: Allf, Nancy)  Minute Order: Recusal
09/04/2012	Opposition Filed By: Plaintiff Tower Homes LLC Tower Homes, LLC's Opposition to Defendants' Motion to Dismiss or in the Alternative, Motion for Summary Judgment
09/05/2012	Notice of Department Reassignment
09/06/2012	Motion Filed By: Plaintiff Tower Homes LLC Plaintiff's Motion to Enlarge Time to File Opposition to Defendants' Motion to Dismiss or in the Alternative, Motion for Summary Judgment on Order Shortening Time
09/07/2012	Receipt of Copy Filed by: Plaintiff Tower Homes LLC Receipt of Copy
09/11/2012	Motion to Dismiss (3:00 AM) (Judicial Officer: Sturman, Gloria)  Plaintiff's Motion to Enlarge Time to File Opposition to Defendants' Motion to Dismiss or in the Alternative, Motion for Summary Judgment on Order Shortening Time
09/19/2012	Reply  Filed by: Defendant Heaton, William H  Reply to Opposition to Motion to Dismiss or Alternatively Motion for Summary Judgment
09/26/2012	Motion to Dismiss (10:00 AM) (Judicial Officer: Sturman, Gloria) 09/26/2012, 10/03/2012 Defendant's Motion to Dismiss or Alternatively Motion for Summary Judgment
09/28/2012	Stipulation and Order Filed by: Plaintiff Tower Homes LLC Stipulation and Order to Continue Hearing on Defendants' Motion to Dismiss or in the Alternative, Motion for Summary Judgment
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	CASE NO. A-12-663341-C				
10/01/2012	Notice of Entry of Order  Filed By: Plaintiff Tower Homes LLC  Notice of Entry of Order				
10/11/2012	Transcript of Proceedings  Transcript of Defendant's Motion to Dismiss or Alternatively Motion for Summary Judgment				
11/01/2012	Order Denying  Filed By: Defendant Heaton, William H  Order Regarding Defendants' Motion to Dismiss or Alternateively Motion for Summary  Judgment				
11/02/2012	All Notice of Entry of Order Filed By: Defendant Heaton, William H Notice of Entry of Order Regarding Motion to Dismiss or Alternatively Motion for Summary Judgment				
04/08/2013	Notice of Entry of Order Filed By: Plaintiff Tower Homes LLC Notice of Entry of Order				
04/30/2013	Motion to Stay Filed By: Defendant Nitz Walton and Heaton Ltd Defendants' Motion to Stay Pending Completion of Writ Proceedings				
05/01/2013	Notice of Hearing Filed By: Defendant Heaton, William H Notice of Hearing on Defendants' Motion to Stay Pending Completion of Writ Proceedings				
05/15/2013	Non Opposition Filed By: Plaintiff Tower Homes LLC Non-Opposition to Defendants' Motion to Stay Pending Completion of Writ Proceedings				
06/04/2013	Motion to Stay (3:00 AM) (Judicial Officer: Sturman, Gloria) Events: 04/30/2013 Motion to Stay Defendants' Motion to Stay Pending Completion of Writ Proceedings				
06/21/2013	All Order Granting Motion Filed By: Defendant Heaton, William H Order Granting Defendants' Motion to Stay Pending Completion of Writ Proceedings				
06/25/2013	Notice of Entry of Order Filed By: Defendant Heaton, William H Notice of Entry of Order Granting Defendants' Motion to Stay Pending Completion of Writ Proceedings				
07/23/2013	Notice of Early Case Conference Filed By: Plaintiff Tower Homes LLC Notice of Early Case Conference				
07/26/2013	Motion to Dismiss Filed By: Plaintiff Tower Homes LLC Renewed Motion to Dismiss				

	CASE NO. A-12-663341-C
07/30/2013	Notice of Hearing Filed By: Defendant Heaton, William H Notice of Hearing on Renewed Motion to Dismiss
08/16/2013	Q Opposition Filed By: Plaintiff Tower Homes LLC Plaintiff Tower Homes, LLC's Opposition to Defendants' Renewed Motion to Dismiss
08/20/2013	Reply to Opposition Filed by: Defendant Heaton, William H Reply to Plaintiff's Opposition to Renewed Motion to Dismiss
08/28/2013	Motion to Dismiss (9:00 AM) (Judicial Officer: Sturman, Gloria)  Defendants' Renewed Motion to Dismiss
09/04/2013	Order Denying Motion Filed By: Plaintiff Tower Homes LLC Order Denying Defendants' Renewed Motion to Dismiss
10/07/2013	Notice of Entry Filed By: Plaintiff Tower Homes LLC Notice of Entry of Order Denying Defendants' Renewed Motion to Dismiss
10/14/2013	Notice of Early Case Conference Filed By: Plaintiff Tower Homes LLC Notice of Early Case Conference (2nd Notice)
10/18/2013	Q Demand for Jury Trial Filed By: Plaintiff Tower Homes LLC Plaintiff's Demand for Jury Trial
10/24/2013	Answer Filed By: Defendant Nitz Walton and Heaton Ltd Defendants' Answer to Complaint
11/27/2013	Joint Case Conference Report Filed By: Plaintiff Tower Homes LLC Joint Case Conference Report
12/30/2013	And Motion to Compel Filed By: Plaintiff Tower Homes LLC Plaintiff's Motion to Compel Production of Documents
12/30/2013	QI Certificate of Mailing Filed By: Plaintiff Tower Homes LLC Certificate of Mailing
01/15/2014	© Opposition and Countermotion  Filed By: Defendant Heaton, William H  Defendants' Opposition to Plaintiff's Motion to Compel Production of Documents and  Counter-Motion for Protective Order
01/16/2014	Opposition and Countermotion Filed By: Defendant Heaton, William H

	CASE NO. A-12-003341-C
	Defendants' Opposition to Plaintiff's Motion to Compel Production of Documents and Counter-Motion for Protective Order
01/22/2014	Commissioners Decision on Request for Exemption - Granted  Commissioner's Decision on Request for Exemption - Granted
01/24/2014	Reply in Support Filed By: Plaintiff Tower Homes LLC Plaintiff's Reply in Support of Motion to Compel Production of Documents; And Plaintiff's Opposition to Defendants' Countermotion for Protective Order
01/29/2014	Scheduling Order Scheduling Order
01/30/2014	Arbitration File Arbitration File
01/30/2014	Reply to Opposition Filed by: Defendant Heaton, William H Defendants' Reply to Plaintiff's Opposition to Counter-Motion for Protective Order
01/31/2014	Motion to Compel (9:00 AM) (Judicial Officer: Bulla, Bonnie) 01/31/2014, 02/26/2014 Pltf's Motion to Compel Production of Documents
01/31/2014	Opposition and Countermotion (9:00 AM) (Judicial Officer: Bulla, Bonnie) 01/31/2014, 02/26/2014 Defis' Opposition to Plif's Motion to Compel Production of Documents and Counter-Motion for Protective Order
01/31/2014	Opposition and Countermotion (9:00 AM) (Judicial Officer: Bulla, Bonnie) 01/31/2014, 02/26/2014 Defis' Opposition to Pltf's Motion to Compel Production of Documents and Counter-Motion for Protective Order
01/31/2014	All Pending Motions (9:00 AM) (Judicial Officer: Bulla, Bonnie)  Pltf's Motion to Compel Production of Documents Defis' Opposition to Pltf's Motion to  Compel Production of Documents and Counter-Motion for Protective Order Defis'  Opposition/Counter-Motion for Protective Order
02/18/2014	Motion for Summary Judgment Filed By: Defendant Heaton, William H Defendants' Motion for Summary Judgment
02/18/2014	Order Setting Civil Jury Trial, Pre-Trial, and Calendar Call  Order Setting Civil Jury Trial
02/20/2014	Supplement Filed by: Defendant Heaton, William H Defendants' Supplement to Records for Counter-Motion for Protective Order
02/26/2014	All Pending Motions (10:00 AM) (Judicial Officer: Bulla, Bonnie)  Pltf's Motion to Compel Production of Documents Defis' Opposition to Pltf's Motion to  Compel Production of Documents and Counter-Motion for Protective Order (two Motions)
03/07/2014	(S.) Opposition to Motion For Summary Judgment

	CASE NO. A-12-663341-C
	Filed By: Plaintiff Tower Homes LLC Plaintiff's Opposition to Defendants' Motion for Summary Judgment
03/14/2014	Reply to Opposition  Filed by: Defendant Heaton, William H  Defendants' Reply to Plaintiff's Opposition to Motion for Summary Judgment
03/21/2014	Supplemental Filed by: Defendant Heaton, William H Defendants' Supplemental Exhibit in Support of Motion for Summary Judgment
03/21/2014	Motion for Summary Judgment (9:30 AM) (Judicial Officer: Sturman, Gloria)  Defendant's Motion for Summary Judgment
03/25/2014	Minute Order (3:00 AM) (Judicial Officer: Sturman, Gloria)  Minute Order: Defendant's Motion for Summary Judgment of 3/21/14
03/26/2014	Objection to Discovery Commissioners Report and Recommend Filed By: Defendant Heaton, William H Defendants' Objections to Discovery Commissioner's Report and Recommendations
03/28/2014	CANCELED Status Check: Compliance (11:00 AM) (Judicial Officer: Bulla, Bonnie)  Vacated - per Commissioner
04/03/2014	Reporters Transcript  Recorder's Transcript Re: Plaintiff's Motion to Compel Production of Documents; Defendants'  Opposition to Plaintiff's Motion to Compel and Countermotion for Protective Order,  Wednesday, February 26, 20147
04/10/2014	Signature of Entry Filed By: Plaintiff Tower Homes LLC Notice of Entry of Discovery Commissioner's Report and Recommendations
04/10/2014	Discovery Commissioners Report and Recommendations Filed By: Plaintiff Tower Homes LLC Discovery Commissioner's Report and Recommendations
04/30/2014	Memorandum of Costs and Disbursements  Filed By: Defendant Heaton, William H  Defendants' Memorandum of Costs
04/30/2014	Motion for Costs  Filed By: Defendant Heaton, William H  Defendants' Motion for Prevailing Party Costs
05/15/2014	Notice of Entry of Order Filed By: Plaintiff Tower Homes LLC Notice of Entry of Order
05/15/2014	Order Granting Summary Judgment Filed By: Plaintiff Tower Homes LLC Order Granting Defendants' Motion for Summary Judgment
05/15/2014	Summary Judgment (Judicial Officer: Sturman, Gloria) Debtors: Tower Homes LLC (Plaintiff)

	CASE NO. A-12-663341-C	
	Creditors: William H Heaton (Defendant), Nitz Walton and Heaton Ltd (Defendant) Judgment: 05/15/2014, Docketed: 05/22/2014	
05/16/2014	All Motion to Retax Filed By: Plaintiff Tower Homes LLC Motion to Retax Defendants' Verified Memorandum of Cosis	
05/16/2014	© Opposition to Motion  Filed By: Plaintiff Tower Homes LLC  Plaintiff's Opposition to Defendants' Motion for Prevailing Party Costs	
05/16/2014	Stipulation Filed by: Defendant Heaton, William H Stipulation to Vacate Hearing on Defendants' Objections to Discovery Commissioner's Report and Recommendations	
05/20/2014	Notice of Entry of Stipulation and Order Filed By: Defendant Heaton, William H Notice of Entry of Stipulation to Vacate Hearing on Objections to Discovery Commissioners Report and Recommnedations	
05/21/2014	CANCELED Objection to Discovery Commissioner's Report (9:00 AM) (Judicial Officer: Sturman, Gloria)  Vaccited - per Stipulation and Order	
05/27/2014	Reply Filed by: Defendant Heaton, William H Reply to Plaintiff's Opposition to Defendants' Motion for Prevailing Party Costs	
05/28/2014	Signature of Appeal Filed By: Plaintiff Tower Homes LLC Notice of Appeal	
05/28/2014	Q] Case Appeal Statement Filed By: Plaintiff Tower Homes LLC Case Appeal Statement	
06/03/2014	Motion for Costs (9:00 AM) (Judicial Officer: Sturman, Gloria)  Defendants' Motion for Prevaiting Party Costs	
06/17/2014	Motion to Retax (9:00 AM) (Judicial Officer: Sturman, Gloria)  Motion to Retax Defendants' Verified Memorandum of Costs	
12/04/2014	Calendar Call (11:00 AM) (Judicial Officer: Sturman, Gloria)	
01/12/2015	Jury Trial (9:00 AM) (Judicial Officer: Sturman, Gloria)	
Bate	Esnacional, Informa noci	
	Defendant Heaton, William H Total Charges Total Payments and Credits Balance Due as of 5/29/2014	623.00 623.00 <b>0.00</b>
	Defendant Nitz Walton and Heaton Ltd Total Charges Total Payments and Credits Balance Due as of 5/29/2014	30.00 30.00 0.00

Plaintiff Tower Homes LLC	
Total Charges	294.00
Total Payments and Credits	294.00
Balance Due as of 5/29/2014	0.00

### CIVIL COVER SHEET

Clark County, Nevada

A-12-663341-C

Case No. \_\_\_\_\_(Assigned by Clerk's Office)

XXVII

I. Party Information			
Plaintiff(s) (name/address/phone): Tower Hom	es, LLC	Defendant(s) (name/address/phone): William H. Heaton, individually; Nitz, Walton & Heaton, LTD.	
Attorney (name/address/phone): Dennis M. Prince, 3230 S. Buffalo Drive, S Las Vegas, Nevada 89117 (702) 228-680		Attorney (name/address/phone):	
II. Nature of Controversy (Please che applicable subcategory, if appropriate)	eck applicable bold	category and	Arbitration Requested
	Civ	il Cases	
Real Property		Tı	orts
☐ Landlord/Tenant ☐ Unlawful Detainer ☐ Title to Property ☐ Foreclosure ☐ Liens	☐ Negligence – Au ☐ Negligence – Mo ☐ Negligence – Pr	edical/Dental emises Liability (Slip/Fall)	☐ Product Liability ☐ Product Liability/Motor Vehicle ☐ Other Torts/Product Liability ☐ Intentional Misconduct ☐ Torts/Defamation (Libel/Slander) ☐ Interfere with Contract Rights
<ul> <li>☐ Quiet Title</li> <li>☐ Specific Performance</li> <li>☐ Condemnation/Eminent Domain</li> <li>☐ Other Real Property</li> <li>☐ Partition</li> <li>☐ Planning/Zoning</li> </ul>	Negligence – Other		☐ Employment Torts (Wrongful termination) ☐ Other Torts ☐ Anti-trust ☐ Fraud/Misrepresentation ☐ Insurance ☐ Legal Tort ☐ Unfair Competition
Probate		Other Civil	Filing Types
□ Summary Administration □ General Administration □ Special Administration □ Set Aside Estates □ Trust/Conservatorships □ Individual Trustee □ Corporate Trustee □ Other Probate	Insurance Commerce Other Cod Employm Guarantee Sale Cont Uniform Civil Petition fo	efect  ract  Construction Carrier  ial Instrument intracts/Acet/Judgment in of Actions ient Contract  tract  Commercial Code	□ Appeal from Lower Court (also check applicable civil case box) □ Transfer from Justice Court □ Justice Court Civil Appeal □ Civil Writ □ Other Special Proceeding □ Compromise of Minor's Claim □ Conversion of Property □ Damage to Property □ Employment Security □ Enforcement of Judgment □ Foreign Judgment — Civil □ Other Personal Property □ Recovery of Property □ Stockholder Suit □ Other Civil Matters
III. Business Court Requested (Ple	ase check applicable of	category; for Clark or Was	
☐ NRS Chapters 78-88 ☐ Commodities (NRS 90) ☐ Securities (NRS 90)	☐ Investments (N☐ Deceptive Trad☐ Trademarks (N☐ Deceptive Trademarks	e Practices (NRS 598)	☐ Enhanced Case Mgmt/Business ☐ Other Business Court Matters
06/12/12			W
Date	···	Signature of	of initiating party or representative

ORDR 1 DENNIS M. PRINCE CLERK OF THE COURT 2 Nevada Bar No. 5092 ERIC N. TRAN 3 Nevada Bar No. 11876 PRINCE & KEATING 4 3230 South Buffalo Drive 5 Suite 108 Las Vegas, Nevada 89117 6 Telephone: (702) 228-6800 Facsimile: (702) 228-0443 7 E-Mail: DPrince@PrinceKeating.com E-Mail: ETran@PrinceKeating.com 8 Attorneys for Plaintiffs 9 Tower Homes, LLC 10 DISTRICT COURT 11 CLARK COUNTY, NEVADA 12 13 TOWER HOMES, LLC, a Nevada limited CASE NO.: A-12-663341-C 14 liability company; DEPT. NO.: XXVI 15 Plaintiff, ORDER GRANTING DEFENDANTS' 16 MOTION FOR SUMMARY JUDGMENT VS. 17 WILLIAM H. HEATON, individually; NITZ, WALTON & HEATON, LTD., a domestic professional corporation; and DOES I 19 through X, inclusive, Defendants. l Stio Dis I Stio Jognit I Default Jugnit Jdgmt on Arra Aware Defendants William H. Heaton and Nitz, Walton & Heaton, Ltd.'s Motion for Summary Judgment came on for hearing before the Hon. Gloria Sturman on March 21, 2014. Jeffrey D. Olster of Lewis Brisbois Bisgaard & Smith, LLP appeared on behalf of Defendants. Dennis Prince appeared on behalf of plaintiff Tower Homes, LLC. 27 28

oth Buffalo Drive SUTTE 108 SUTTE 108 S VEGAS, NEVADA 89117 PHONE: (702) 228-6800 FAX: (702) 228-0443

Involuntary (stat) Dis-

### I. FACTS

- 1. This case arises out of an attorney-client relationship between Defendants and Plaintiff Tower Homes, LLC ("Tower Homes") in connection with a residential common interest ownership development known as Spanish View Tower Homes (the "Development"). Defendants handled transactional and litigation matters on behalf of Tower Homes in connection with the Development.
- 2. Many of the individuals and entities that agreed to purchase units in the Development (the "Tower Homes Purchasers") paid earnest money deposits. The Development was not successful, and construction was never completed. The earnest money deposits were not returned to the Tower Homes Purchasers. Consequently, many of the Tower Homes Purchasers filed lawsuits in Clark County District Court against Tower Homes, Rodney Yanke (Tower Homes' sole owner and manager) and other individuals and entities involved in the sale of the units.
- 3. On May 31, 2007, various creditors of Tower Homes initiated involuntary Chapter 11 bankruptcy proceedings against Tower Homes in the United States Bankruptcy Court, District of Nevada (Case No. BK-S-07-13208-BAM).
- 4. On December 8, 2008, the Bankruptcy Court entered an "Order Approving Disclosure Statement and Confirming Plan of Reorganization." See Defendants' Exhibit A to MSJ. Pursuant to the Order, "the Trustee and the Debtor's (Tower's) bankruptcy estate shall retain all Claims or Causes of Action that they have or hold against any party . . . whether arising pre- or post-petition, subject to the applicable state law statutes of limitation and related decision law, whether sounding in tort, contract or other theory or doctrine of law or equity."
- 5. On June 3, 2010, during the bankruptcy proceeding, the Bankruptcy Court entered an "Order Granting Motion to Approve Stipulation to Release Claims and Allow

Marquis & Aurbach, as Counsel for the Tower Homes Purchasers, To Pursue Claims on Behalf of Debtor" (hereinafter referred to as the "Marquis Aurbach Order" attached as Defendants' Exhibit B to MSJ).

- 6. Pursuant to the Marquis Aurbach Order,
  - a. The "Trustee has determine that he does not intend, and in any event, does not have sufficient funds in the Estate to pursue claims on behalf of the Debtor against . . . any other individual or entity later identified through discovery which has or may have liability to Debtor or others for the loss of earnest money deposits provided by purchasers for units in the Spanish View Tower Homes condominium project."
  - b. The "Trustee has determine that the claims against . . . any other individual or entity later identified through discovery which has or may have liability to Debtor other others for the loss of the earnest money deposits provided by purchasers for units in the Spanish View Tower Homes condominium projects are or may be direct claims held by the Tower Homes Purchasers, and therefore, are not claims held solely and exclusively by the Estate."
  - c. The "Trustee hereby stipulates and agrees to release to the Tower Homes Purchasers any and all claims on behalf of the Debtor against . . . any other individual or entity later identified through discovery which has or may have liability or owed any duty to Debtor or others for the loss of the Tower Homes Purchasers earnest money deposits and all claims to any and all earnest money deposits provided by purchasers for units in the Spanish View Tower Homes Condominium projects."
  - d. The "Trustee hereby stipulates and agrees to allow Marquis & Aurbach, as counsel for the Tower Homes Purchasers, to pursue any and all claims on

behalf of the Debt against ... any other individual or entity later identified though discovery which has or may have any liability or owed any duty to Debtor or others for the loss earnest money deposits provided by purchasers for units in the Spanish View Tower Homes condominium project."

- e. The "Trustee hereby stipulates and agrees to allow Marquis & Aurbach, as counsel for the Tower Homes Purchasers, to recovery any and all earnest monies deposits, damages, attorney's fees and costs, and interest thereon on behalf of Debtor and the Tower Homes Purchasers with respect to those claims release to the Tower Homes Purchasers herein."
- 7. On April 2, 2013, the Bankruptcy Court issued an "Order Granting Motion to Approve Amended Stipulation to Release Claims and Allow Marquis Aurbach Coffing, as Counsel for the Tower Homes Purchasers, To Pursue Claims on Behalf of Debtor" (hereinafter referred to as "Amended Marquis Aurbach Order"). See Defendants' Exhibit D to MSJ.
  - 8. Pursuant to the Amended Marquis Aurbach Order:
    - a. The Order "authorizes the Trustee to permit the Tower Homes Purchasers to pursue any and all claim on behalf of Tower Homes, LLC (the "Debtor") against any individual or entity which has or may have liability or owed any duty to Debtor or others for the loss of the earnest money deposits provided by purchasers for units in the Spanish View Tower Homes condominium project which shall specifically include, but may not be limited to, pursuing the action currently filed in the Clark County District Court styled as Tower Homes, LLC v. William H. Heaton et. al. Case No. A-12-663341-C."

b. "[T]his Court hereby authorizes the law firm of Marquis Aurbach Coffing, and/or Prince & Keating, LLP or successive counsel, retained on behalf of Tower Homes Purchasers to recover any and all earnest money deposits, damages, attorney's fees and costs and interest thereon on behalf of Debtor and the Tower Homes Purchasers and that any such recoveries shall be for the benefit of the Tower Homes Purchasers."

### II. LEGAL CONCLUSIONS

- As a general rule legal malpractice claims may not be assigned. Chaffee v Smith,
   Nev. 222 (1982).
- 10. The Bankruptcy Orders at issue herein did not assign the alleged malpractice claims to the Tower Homes Purchasers. Rather, the Plan approved by the Bankruptcy Court recognized that the Trustee lacked funds to pursue various claims related to the loss of earnest money deposits which the Trustee had the right to pursue upon the effective date of the Plan. See Bankruptcy Plan dated 12/08/08, Section X Miscellaneous Provisions, Paragraph C, Litigation.
- 11. Subsequently, pursuant to the June 2, 2010 Marquis Aurbach Order, the Trustee "releases" to the Tower Homes Purchasers the right to pursue any person or entity who "may have any liability or owed any duty" to Tower Homes for loss of the earnest money deposits made by the Tower Homes Purchasers.
- 12. The Amended Marquis Aurbach Order dated April 2, 2013 clarified that the Bankruptcy Court authorized the Trustee to "permit the Tower Homes Purchasers, to pursue any and all claims on behalf of Tower Homes, LLC (the "Debtor") . . . which shall specifically include, but may not be limited to, pursuing" the instant action, with any recovery being for the benefit of the Tower Homes Purchasers. The Trustee specifically authorized the Tower Homes Purchasers to pursue the claim in the name of Tower Homes, LLC.

13. The California Supreme Court has addressed the prohibition against assignment of malpractice claims from a Bankruptcy estate. A legal malpractice claim obtained by assignment in bankruptcy was dismissed when filed in the name of the third party assignee.

Baum v. Duckur, Spradling & Metzger, 72 cal. App. 4<sup>th</sup> 54,69, 84 Cal.Rptr.2d 703,712 (1999).

14. Plaintiff argues that the instant case is distinguishable as it is brought in the name of Tower Homes, LLC. A similar attempt to sue in the name of the Debtor was disallowed in Curtis v Kellogg & Andelson, 73 Cal.App. 4th 492, 86 Cal.Rptr. 2d 536 (1999), as the Debtor was not pursuing the claim on behalf of the trustee for the benefit of the estate; instead any proceeds recovered would go directly to Dr. Curtis. In the instant claim, any recovery is expressly for the benefit of the Purchasers.

15. Plaintiff also relies on In re AgriBioTech, Inc, 319 BR 216 (D.Nev. 2004) for the holding that a Trustee can pursue a claim which would ultimately benefit creditors, as doing so is for the benefit of the estate. Here, the Trustee is not pursuing the claim. The Trustee did not retain counsel to bring the claim in the name of the Estate for the benefit of all creditors as allowed in the Plan. The Marquis Aurbach Orders approving the agreement between the Trustee and the Towers Homes Purchasers purports to release the claim to the Tower Homes Purchasers instead of assigning the rights, which is a distinction without a difference.

16. Recently the California Supreme Court has recognized a narrow exception to the prohibition against assignment of malpractice claims, see White Mountains Reinsurance Company v. Borton Petrini, LLP, 221 Cal. App. 4th 890 (2013), wherein the Court allowed the assignment as a small incidental part of a larger commercial transfer; the transfer was for all assets, rights, obligations and liabilities and did not treat the malpractice claim as a distinct commodity; the transfer was not to a former adversary; the malpractice claim arose from the insurance carrier's retention of defense counsel for an insured; and all communication

1	between the carrier and counsel had been conducted through a third party claims			
2	administrator. None of the factors giving rise to the exception are present here.			
3	17. Based on a review of the Bankruptcy Orders, it cannot be said that the Tower			
4	Homes Purchasers are pursuing the legal malpractice claim in the name of the Debtor and for			
5	the benefit of the Bankruptcy estate. Rather the sole benefit appears to be for the Purchasers.			
6 7	The assignment/release was not incidental to a larger transfer of assets and liabilities,			
8	therefore, the exception does not apply. The Nevada Supreme Court has stated the assignment			
9	of legal malpractice claims is against public policy. The release at issue herein violates the			
10	general principal articulated in Chaffee v Smith, 98 Nev. 222 (1982).			
11				
12	18. Defendant's Motion for Summary Judgment is, therefore, GRANTED.			
13	DATED this day of May, 2014.			
14	MAT			
15	DISTRICT COURT JUDGE			
16	Respectfully submitted by:			
17	Prince & Keating			
18	Can Mh. Par			
19	DENNIS M. PRINCE			
20	Nevada Bar No. 5092 ERIC N. TRAN			
21	Nevada Bar No. 11876 3230 South Buffalo Drive, Suite 108			
22	Las Vegas, Nevada 89117 Attorneys for Plaintiff			
23	Tower Homes, LLC			
24	Approved as to Form and Content by:			
25				
26	Jeffrey Olster, Esq.			
27	LEWIS BRISBOIS BISGAARD & SMITH, LLP 6385 South Rainbow Boulevard, Suite 600			
28	Las Vegas, Nevada 89118			
	Attorneys for Defendants			

PRINCE & KEATING ATTORNESS AT LAW 3230 South Buffalo Drive SUITE 108 LAS VEGAS, NEVADA 89117 PRONE: (702) 228-6800 FAX: (702) 228-0443

Electronically Filed 05/15/2014 11:59:24 AM

		_ •
1	NEOJ	Alm to Sum
2	DENNIS M. PRINCE	CLERK OF THE COURT
	Nevada Bar No. 5092 ERIC N. TRAN	
3	Nevada Bar No. 11876	
4	PRINCE & KEATING	
5	3230 South Buffalo Drive Suite 108	
	Las Vegas, Nevada 89117	
6	Telephone: (702) 228-6800	
7	Facsimile: (702) 228-0443  E-Mail: DPrince@PrinceKeating.com	
8	E-Mail: ETran@PrinceKeating.com	
	Attorneys for Plaintiffs	
9	Tower Homes, LLC	
10		
11	DISTRICT	COURT
12	CLARK COUN	TY, NEVADA
13		ŕ
	TOWER HOMES, LLC, a Nevada limited	CASE NO.: A-12-663341-C
14	liability company;	DEPT. NO.: XXVI
15	Plaintiff,	
16	Plantill,	
17	vs.	NOTICE OF ENTRY OF ORDER
18	WILLIAM H. HEATON, individually; NITZ,	
	WALTON & HEATON, LTD., a domestic professional corporation; and DOES I	
19	through X, inclusive,	
20		
21	Defendants.	
22	TO: WILLIAM H. HEATON individually and I	NITZ, WALTON & HEATON, Defendants;
	and .	
23	TO: JEFFREY OLSTER ESQ., attorney for De	efendants:
24		
25	/ / /	
26	111	
27		
28		

PRINCE & KEATING ATTORNEYS AT LAW 3230 South Buffato Drive SOUTE 100 LAS VEGAS, NEVADA 89117 PHONE: (702) 228-6800 FAX: (702) 228-0443

1	PLEASE TAKE NOTICE that the attached Order Granting Defendants' Motion for		
2	Summary Judgment was entered on May 12, 2014, a copy of which is attached hereto.		
3	DATED this <u>/5</u> day of May, 2014.		
4	PRINCE & KEATING		
5	$\epsilon$		
6 7	Cu Von Jon		
8	DENNIS M. PRINCE Nevada Bar No. 5092		
9	ERIC N. TRAN		
10	Nevada Bar No. 11876 3230 South Buffalo Drive, Suite 108		
11	Las Vegas, Nevada 89117 Attorneys for Plaintiff		
12	Tower Homes, LLC		
13			
14	<u>CERTIFICATE OF MAILING</u>		
15	I hereby certify that on the 15 day of May, 2014, I caused service of the foregoing		
16	NOTICE OF ENTRY OF ORDER to be made by depositing a true and correct copy of same		
	11011CE OF ENTRY OF ORDER to be made by depositing a title and confect copy of same		
17			
17 18	in the United States Mail, postage fully prepaid, addressed to the following:		
	in the United States Mail, postage fully prepaid, addressed to the following:  Jeffrey Olster, Esq.  LEWIS BRISBOIS BISGAARD & SMITH, LLP		
18	in the United States Mail, postage fully prepaid, addressed to the following:  Jeffrey Olster, Esq.		
18 19	in the United States Mail, postage fully prepaid, addressed to the following:  Jeffrey Olster, Esq. LEWIS BRISBOIS BISGAARD & SMITH, LLP 6385 South Rainbow Boulevard, Suite 600 Las Vegas, Nevada 89118 Facsimile: (702) 893-3789		
18 19 20	in the United States Mail, postage fully prepaid, addressed to the following:  Jeffrey Olster, Esq. LEWIS BRISBOIS BISGAARD & SMITH, LLP 6385 South Rainbow Boulevard, Suite 600 Las Vegas, Nevada 89118		
18 19 20 21	in the United States Mail, postage fully prepaid, addressed to the following:  Jeffrey Olster, Esq. LEWIS BRISBOIS BISGAARD & SMITH, LLP 6385 South Rainbow Boulevard, Suite 600 Las Vegas, Nevada 89118 Facsimile: (702) 893-3789		
18 19 20 21 22	in the United States Mail, postage fully prepaid, addressed to the following:  Jeffrey Olster, Esq. LEWIS BRISBOIS BISGAARD & SMITH, LLP 6385 South Rainbow Boulevard, Suite 600 Las Vegas, Nevada 89118 Facsimile: (702) 893-3789		
18 19 20 21 22 23	in the United States Mail, postage fully prepaid, addressed to the following:  Jeffrey Olster, Esq. LEWIS BRISBOIS BISGAARD & SMITH, LLP 6385 South Rainbow Boulevard, Suite 600 Las Vegas, Nevada 89118 Facsimile: (702) 893-3789 Attorneys for Defendants		
18 19 20 21 22 23 24	in the United States Mail, postage fully prepaid, addressed to the following:  Jeffrey Olster, Esq. LEWIS BRISBOIS BISGAARD & SMITH, LLP 6385 South Rainbow Boulevard, Suite 600 Las Vegas, Nevada 89118 Facsimile: (702) 893-3789 Attorneys for Defendants		

Electronically Filed 05/15/2014 10:31:51 AM

ORDR 1 DENNIS M. PRINCE 2 CLERK OF THE COURT Nevada Bar No. 5092 ERIC N. TRAN 3 Nevada Bar No. 11876 PRINCE & KEATING 3230 South Buffalo Drive 5 Suite 108 Las Vegas, Nevada 89117 6 Telephone: (702) 228-6800 Facsimile: (702) 228-0443 7 E-Mail: DPrince@PrinceKeating.com E-Mail: ETran@PrinceKeating.com 8 Attorneys for Plaintiffs 9 Tower Homes, LLC 10 DISTRICT COURT 11 CLARK COUNTY, NEVADA 12 13 TOWER HOMES, LLC, a Nevada limited CASE NO.: A-12-663341-C 14 DEPT. NO.: XXVI liability company; 15 Plaintiff, ORDER GRANTING DEFENDANTS' 16 MOTION FOR SUMMARY JUDGMENT VS. 17 WILLIAM H. HEATON, individually; NITZ, O Sun Jegent
O Non-Juny Trial
O Juny Trial WALTON & HEATON, LTD., a domestic professional corporation; and DOES I through X, inclusive, Defendants. ' Stic Dis Sho Jogani Default Jogani John on Ario Aware. Defendants William H. Heaton and Nitz, Walton & Heaton, Ltd.'s Motion for Summary Judgment came on for hearing before the Hon. Gloria Sturman on March 21, 2014. Jeffrey D. Olster of Lewis Brisbois Bisgaard & Smith, LLP appeared on behalf of Defendants. رة ط ۵ ت Dennis Prince appeared on behalf of plaintiff Tower Homes, LLC.

Involuntary (stat) Dis

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### I. FACTS

- 1. This case arises out of an attorney-client relationship between Defendants and Plaintiff Tower Homes, LLC ("Tower Homes") in connection with a residential common interest ownership development known as Spanish View Tower Homes (the "Development"). Defendants handled transactional and litigation matters on behalf of Tower Homes in connection with the Development.
- 2. Many of the individuals and entities that agreed to purchase units in the Development (the "Tower Homes Purchasers") paid earnest money deposits. The Development was not successful, and construction was never completed. The earnest money deposits were not returned to the Tower Homes Purchasers. Consequently, many of the Tower Homes Purchasers filed lawsuits in Clark County District Court against Tower Homes, Rodney Yanke (Tower Homes' sole owner and manager) and other individuals and entities involved in the sale of the units.
- On May 31, 2007, various creditors of Tower Homes initiated involuntary Chapter
   bankruptcy proceedings against Tower Homes in the United States Bankruptcy Court,
   District of Nevada (Case No. BK-S-07-13208-BAM).
- 4. On December 8, 2008, the Bankruptcy Court entered an "Order Approving Disclosure Statement and Confirming Plan of Reorganization." See Defendants' Exhibit A to MSJ. Pursuant to the Order, "the Trustee and the Debtor's (Tower's) bankruptcy estate shall retain all Claims or Causes of Action that they have or hold against any party... whether arising pre- or post-petition, subject to the applicable state law statutes of limitation and related decision law, whether sounding in tort, contract or other theory or doctrine of law or equity."
- 5. On June 3, 2010, during the bankruptcy proceeding, the Bankruptcy Court entered an "Order Granting Motion to Approve Stipulation to Release Claims and Allow

Marquis & Aurbach, as Counsel for the Tower Homes Purchasers, To Pursue Claims on Behalf of Debtor" (hereinafter referred to as the "Marquis Aurbach Order" attached as Defendants' Exhibit B to MSJ).

- 6. Pursuant to the Marquis Aurbach Order,
  - a. The "Trustee has determine that he does not intend, and in any event, does not have sufficient funds in the Estate to pursue claims on behalf of the Debtor against . . . any other individual or entity later identified through discovery which has or may have liability to Debtor or others for the loss of earnest money deposits provided by purchasers for units in the Spanish View Tower Homes condominium project."
  - b. The "Trustee has determine that the claims against ... any other individual or entity later identified through discovery which has or may have liability to Debtor other others for the loss of the earnest money deposits provided by purchasers for units in the Spanish View Tower Homes condominium projects are or may be direct claims held by the Tower Homes Purchasers, and therefore, are not claims held solely and exclusively by the Estate."
  - c. The "Trustee hereby stipulates and agrees to release to the Tower Homes Purchasers any and all claims on behalf of the Debtor against . . . any other individual or entity later identified through discovery which has or may have liability or owed any duty to Debtor or others for the loss of the Tower Homes Purchasers earnest money deposits and all claims to any and all earnest money deposits provided by purchasers for units in the Spanish View Tower Homes Condominium projects."
  - d. The "Trustee hereby stipulates and agrees to allow Marquis & Aurbach, as counsel for the Tower Homes Purchasers, to pursue any and all claims on

behalf of the Debt against . . . any other individual or entity later identified though discovery which has or may have any liability or owed any duty to Debtor or others for the loss earnest money deposits provided by purchasers for units in the Spanish View Tower Homes condominium project."

- e. The "Trustee hereby stipulates and agrees to allow Marquis & Aurbach, as counsel for the Tower Homes Purchasers, to recovery any and all earnest monies deposits, damages, attorney's fees and costs, and interest thereon on behalf of Debtor and the Tower Homes Purchasers with respect to those claims release to the Tower Homes Purchasers herein."
- 7. On April 2, 2013, the Bankruptcy Court issued an "Order Granting Motion to Approve Amended Stipulation to Release Claims and Allow Marquis Aurbach Coffing, as Counsel for the Tower Homes Purchasers, To Pursue Claims on Behalf of Debtor" (hereinafter referred to as "Amended Marquis Aurbach Order"). See Defendants' Exhibit D to MSJ.
  - 8. Pursuant to the Amended Marquis Aurbach Order:
    - to pursue any and all claim on behalf of Tower Homes, LLC (the "Debtor") against any individual or entity which has or may have liability or owed any duty to Debtor or others for the loss of the earnest money deposits provided by purchasers for units in the Spanish View Tower Homes condominium project which shall specifically include, but may not be limited to, pursuing the action currently filed in the Clark County District Court styled as Tower Homes, LLC v. William H. Heaton et. al. Case No. A-12-663341-C."

b. "[T]his Court hereby authorizes the law firm of Marquis Aurbach Coffing, and/or Prince & Keating, LLP or successive counsel, retained on behalf of Tower Homes Purchasers to recover any and all earnest money deposits, damages, attorney's fees and costs and interest thereon on behalf of Debtor and the Tower Homes Purchasers and that any such recoveries shall be for the benefit of the Tower Homes Purchasers."

### II. <u>LEGAL CONCLUSIONS</u>

- As a general rule legal malpractice claims may not be assigned. Chaffee v Smith,
   Nev. 222 (1982).
- 10. The Bankruptcy Orders at issue herein did not assign the alleged malpractice claims to the Tower Homes Purchasers. Rather, the Plan approved by the Bankruptcy Court recognized that the Trustee lacked funds to pursue various claims related to the loss of earnest money deposits which the Trustee had the right to pursue upon the effective date of the Plan.

  See Bankruptcy Plan dated 12/08/08, Section X Miscellaneous Provisions, Paragraph C, Litigation.
- 11. Subsequently, pursuant to the June 2, 2010 Marquis Aurbach Order, the Trustee "releases" to the Tower Homes Purchasers the right to pursue any person or entity who "may have any liability or owed any duty" to Tower Homes for loss of the earnest money deposits made by the Tower Homes Purchasers.
- 12. The Amended Marquis Aurbach Order dated April 2, 2013 clarified that the Bankruptcy Court authorized the Trustee to "permit the Tower Homes Purchasers, to pursue any and all claims on behalf of Tower Homes, LLC (the "Debtor") . . . which shall specifically include, but may not be limited to, pursuing" the instant action, with any recovery being for the benefit of the Tower Homes Purchasers. The Trustee specifically authorized the Tower Homes Purchasers to pursue the claim in the name of Tower Homes, LLC.

13. The California Supreme Court has addressed the prohibition against assignment of malpractice claims from a Bankruptcy estate. A legal malpractice claim obtained by assignment in bankruptcy was dismissed when filed in the name of the third party assignee.

Baum v. Duckur, Spradling & Metzger, 72 cal. App. 4th 54,69, 84 Cal.Rptr.2d 703,712 (1999).

14. Plaintiff argues that the instant case is distinguishable as it is brought in the name of Tower Homes, LLC. A similar attempt to sue in the name of the Debtor was disallowed in Curtis v Kellogg & Andelson, 73 Cal.App. 4th 492, 86 Cal.Rptr. 2d 536 (1999), as the Debtor was not pursuing the claim on behalf of the trustee for the benefit of the estate; instead any proceeds recovered would go directly to Dr. Curtis. In the instant claim, any recovery is expressly for the benefit of the Purchasers.

15. Plaintiff also relies on In re AgriBioTech, Inc, 319 BR 216 (D.Nev. 2004) for the holding that a Trustee can pursue a claim which would ultimately benefit creditors, as doing so is for the benefit of the estate. Here, the Trustee is not pursuing the claim. The Trustee did not retain counsel to bring the claim in the name of the Estate for the benefit of all creditors as allowed in the Plan. The Marquis Aurbach Orders approving the agreement between the Trustee and the Towers Homes Purchasers purports to release the claim to the Tower Homes Purchasers instead of assigning the rights, which is a distinction without a difference.

16. Recently the California Supreme Court has recognized a narrow exception to the prohibition against assignment of malpractice claims, see White Mountains Reinsurance Company v. Borton Petrini, LLP, 221 Cal. App. 4th 890 (2013), wherein the Court allowed the assignment as a small incidental part of a larger commercial transfer; the transfer was for all assets, rights, obligations and liabilities and did not treat the malpractice claim as a distinct commodity; the transfer was not to a former adversary; the malpractice claim arose from the insurance carrier's retention of defense counsel for an insured; and all communication

PRINCE & REATING ATTORNEYS AT LAW 3230 South Beffalo Drive SUITE 103 LAS VEGAS, NEVADA 89117 PHONE; (701) 225-6800 Eng. (701) 226-680

Negligence - Other	COU	RT MINUTES	September 04, 2012
A-12-663341-C	Tower Homes Livs. William Heaton,	,,	
September 04, 2012	3:00 AM	Minute Order	
HEARD BY: Allf, N	lancy		COURTROOM:
COURT CLERK: Ni	cole McDevit <b>t</b>		
RECORDER:			
REPORTER:			
PARTIES PRESENT:			
		IOUDNIAL ENT	DIEC

#### JOURNAL ENTRIES

- As this Court is familiar with one of the parties, in accordance with Rule 2.11(a), and to avoid the appearance of impropriety and implied bias, this Court hereby disqualifies itself and ORDERS, this case be REASSIGNED at random.

PRINT DATE: 05/29/2014 Page 1 of 12 Minutes Date: September 04, 2012

Negligence - Other	COURT	MINUTES	September 11, 2012
A-12-663341-C	Tower Homes LLC, vs. William Heaton, De		
September 11, 2012	3:00 AM M	lotion to Dismiss	
HEARD BY: Sturm	an, Gloria	COURTR	COOM:
COURT CLERK: Lo	orna Shell		
RECORDER:			
REPORTER:			
PARTIES PRESENT:			

### JOURNAL ENTRIES

- COURT ORDERED, Plaintiff's Motion to Extend Time to File Opposition to Motion to Dismiss GRANTED pursuant to EDCR 7.25. Court noted the parties stipulated to move the Motion to Dismiss to September 20, 2012 and subsequently the matter was reassigned to this Court which does not hold a motion calendar on Thursdays, therefore, the matters have been re-calendared to September 26, 2012; further, the Order should provide a briefing schedule that allows for filing the Opposition and Reply briefs in accordance with the scheduled hearing date and EDCR 2.20.

CLERK'S NOTE: A copy of this minute order was placed in the attorney folder(s) of: Dennis Prince, Esq. (Prince & Keating, LLC) and Vincent Cass, Esq. (Lewis, Brisbois, Bisgaard & Smith, LLP)./ls 9-11-12

PRINT DATE: 05/29/2014 Page 2 of 12 Minutes Date: September 04, 2012

Negligence - Other	COURT MINUTES	September 26, 2012
A 40 ((00 H) C	T	
A-12-663341-C	Tower Homes LLC, Plaintiff(s)	
	vs.	
	William Heaton, Defendant(s)	

September 26, 2012 10:00 AM Motion to Dismiss

HEARD BY: Sturman, Gloria COURTROOM: RJC Courtroom 10D

COURT CLERK: Lorna Shell

RECORDER: Rosalyn Navara

REPORTER:

PARTIES PRESENT:

#### **JOURNAL ENTRIES**

- There being no parties present at the call of the case, COURT ORDERED, motion CONTINUED.

CONTINUED TO: 10/10/12 9:00 AM

CLERK'S NOTE: A copy of this minute order was placed in the attorney folder(s) of: Dennis Prince, Esq. (Prince & Keating) and Vincent Cass, Esq. (Lewis, Brisbois, B, S)./ls 09-27-12

PRINT DATE: 05/29/2014 Page 3 of 12 Minutes Date: September 04, 2012

Negligence - Other	COURT MINUTES	October 03, 2012	
	T		
A-12-663341-C	Tower Homes LLC, Plaintiff(s)		
	vs.		
	William Heaton, Defendant(s)		

October 03, 2012 9:00 AM Motion to Dismiss

HEARD BY: Sturman, Gloria COURTROOM: RJC Courtroom 10D

COURT CLERK: Lorna Shell

RECORDER: Rosalyn Navara

REPORTER:

**PARTIES** 

PRESENT: Heaton, William H Defendant

Nitz Walton and Heaton Ltd Defendant Olster, Jeffrey D. Attorney Prince, Dennis M Attorney

#### JOURNAL ENTRIES

- Mr. Olster argued Tower Homes lacked the capacity to bring action based on federal bankruptcy law, the statute of limitations, Plan Confirmation Order, the Marquis Aurbach Order does not authorize Tower to bring this action as the claims were released to the Tower Homes Purchasers, Gonzales, and NRS 11.207. Mr. Prince argued after the lawsuit was filed, all claims were stayed and the assets became the property of the bankruptcy estate, pursuant to NRS 11.207 the statute of limitations does not commence until the litigation concluded, under Kopicko the statute of limitations commenced when Pltf. sustained damages, and the amount of damages was unknown until after the bankruptcy action was completed. Further arguments by counsel regarding the statute of limitations, NRS 114.1333, attorney transactional work versus attorney dispute work, the extent of damages not the existence of damages, and when the parties were on notice. COURT ORDERED, motion DENIED as it was not clear the correct entity brought this motion and it was necessary to determine if Tower Homes had the authority to pursue this litigation; Mr. Prince to prepare the Order and Mr. Olster to approve as to form and content prior to submitting to the Court.

PRINT DATE: 05/29/2014 Page 4 of 12 Minutes Date: September 04, 2012

Negligence - Other	: COI	JRT MINUTES	June 04, 2013
A-12-663341-C	Tower Homes L vs. William Heaton		
June 04, 2013	3:00 AM	Motion to Stay	
HEARD BY: Stu	rman, Gloria		COURTROOM:
COURT CLERK:	Linda Denman		
RECORDER:			
REPORTER:			
PARTIES PRESENT:			

### JOURNAL ENTRIES

- DEFENDANTS' MOTION TO STAY PENDING COMPLETION OF WRIT PROCEEDINGS came before the Court on the June 4 Chamber calendar. There being a written non-opposition and good cause appearing, COURT ORDERED motion GRANTED pursuant to NRCP 8 and EDCR 2.20.

Mr. Cass to prepare proposed Order. Court will set a status check upon request of parties or notification from Supreme Court that a decision has been made.

CLERK'S NOTE: A copy of this minute order was placed in the attorney folders of Dennis Prince, Esq. (Prince and Keating); and Vincent Cass, Esq. (Lewis Brisbois Bisgaard)./ld 6.6.13

PRINT DATE: 05/29/2014 Page 5 of 12 Minutes Date: September 04, 2012

Negligence - Other	COURT MINUTES	August 28, 2013
	T	
A-12-663341-C	Tower Homes LLC, Plaintiff(s)	
	vs.	
	William Heaton, Defendant(s)	

August 28, 2013 9:00 AM Motion to Dismiss

HEARD BY: Sturman, Gloria COURTROOM: RJC Courtroom 03H

COURT CLERK: Linda Denman

RECORDER: Kerry Esparza

REPORTER:

**PARTIES** 

PRESENT: Heaton, William H

Olster, Jeffrey D. Prince, Dennis M Defendant

Attorney Attorney

#### **JOURNAL ENTRIES**

- Argument by counsel on DEFENDANTS' RENEWED MOTION TO DISMISS based on whether the bankruptcy trustee authorized Tower-Homes LLC or Tower Homes purchasers to maintain this action and whether this Court has jurisdiction. Court noted its original concern was whether the bankruptcy trustee had notice of this lawsuit or if it was a fugitive action and Mr. Prince referenced the trustee's hearing and Order acknowledging the case of Tower Homes LLC vs Heaton that shows notice of this litigation and assigned to the purchasers the right to pursue collections on behalf of the debtor. COURT STATED ITS FINDINGS that legal capacity of Prince and Keating and Tower-Homes LLC to bring this lawsuit is moot. COURT ORDERED Defendant's Renewed Motion to Dismiss DENIED.

Mr. Prince then made an oral motion to have the Stay Order previously entered by this Court lifted. COURT ORDERED stay LIFTED; defendants have ten (10) days from notice of entry of Order to answer or otherwise respond.

PRINT DATE: 05/29/2014 Page 6 of 12 Minutes Date: September 04, 2012

Negligence - Other COURT MINUTES January 31, 2014

A-12-663341-C Tower Homes LLC, Plaintiff(s)
vs.
William Heaton, Defendant(s)

January 31, 2014 9:00 AM All Pending Motions

HEARD BY: Bulla, Bonnie COURTROOM: RJC Level 5 Hearing

Room

COURT CLERK: Jennifer Lott

RECORDER: Richard Kangas

REPORTER:

**PARTIES** 

PRESENT: Keating, John T. Attorney
Olster, Jeffrey D. Attorney

### JOURNAL ENTRIES

- Pltf's Motion to Compel Production of Documents......Defts' Opposition to Pltf's Motion to Compel Production of Documents and Counter-Motion for Protective Order......Defts' Opposition / Counter-Motion for Protective Order

COMMISSIONER RECOMMENDED, matter CONTINUED based on agreement by counsel.

2/21/14 9:30 a.m. same as above

PRINT DATE: 05/29/2014 Page 7 of 12 Minutes Date: September 04, 2012

Negligence - Other COURT MINUTES February 26, 2014

A-12-663341-C Tower Homes LLC, Plaintiff(s)
vs.
William Heaton, Defendant(s)

February 26, 2014 10:00 AM All Pending Motions

HEARD BY: Bulla, Bonnie COURTROOM: RJC Level 5 Hearing

Room

COURT CLERK: Jennifer Lott

**RECORDER:** Richard Kangas

REPORTER:

**PARTIES** 

PRESENT: Olster, Jeffrey D. Attorney
Prince, Dennis M Attorney

Tran, Eric N. Attorney
Attorney

#### JOURNAL ENTRIES

- Pltf's Motion to Compel Production of Documents ....... Defts' Opposition to Pltf's Motion to Compel Production of Documents and Counter-Motion for Protective Order ....... Defts' Opposition to Pltf's Motion to Compel Production of Documents and Counter-Motion for Protective Order

Arguments by counsel. Colloquy re: status of Rodney Yanke. COMMISSIONER RECOMMENDED, the Transactional file must be produced; if Mr. Yanke retained the Law Firm in any individual capacity, it's PROTECTED; separation is needed if the transactional file and litigation file are joined. Argument by Mr. Olster; counsel requested to defer ruling until after Deft's Motion for Summary Judgment. COMMISSIONER RECOMMENDED, Pltf's Motion to Compel Production of Documents is GRANTED within parameters; the file that pertains to Tower Homes with the Defense Firm will be produced as it relates to claims in this case; any representation of Mr. Yanke in his individual capacity not related to this case is PROTECTED; issue on litigation file is DEFERRED to another day; 2.34(e) relief is GRANTED, but produce the file within three business days after Court signs

PRINT DATE: 05/29/2014 Page 8 of 12 Minutes Date: September 04, 2012

#### A-12-663341-C

recommendation. Mr. Prince requested a privilege log on 42,000 documents. COMMISSIONER RECOMMENDED, RULING is DEFERRED; Commissioner may Recommend alternative relief for an in camera file review (re: separating file).

Upon Mr. Prince's request, Commissioner agreed Pltf is entitled to billing records related to preparation of documents at issue. Argument by Mr. Olster. Commissioner did not receive the courtesy copy. Mr. Olster was assured a courtesy copy was provided; counsel requested revisiting issues after Commissioner receives the exhibits. COMMISSIONER RECOMMENDED, Request is DENIED; Defts' Counter-Motion for Protective Order is GRANTED IN PART; litigation portion of file is PROTECTED for now. Colloquy re: language; counsel may argue issue to the District Court Judge. Mr. Prince prepare recommendation; Mr. Olster approve form and content; submit report within ten (10) days of this hearing, otherwise, counsel will pay a CONTRIBUTION for failure to comply; status check SET; Mr. Prince must appear if report is not timely submitted.

3/28/14 11:00 a.m. Status Check: Compliance

PRINT DATE: 05/29/2014 Page 9 of 12 Minutes Date: September 04, 2012

Negligence - Other	C	OURT MINUTES	Marc	ch 21, 2014
A-12-663341-C	vs.	s LLC, Plaintiff(s) on, Defendant(s)		
March 21, 2014	9:30 AM	Motion for Sur Judgment	nmary	
HEARD BY: Sturman, Gloria		COURTROOM:	RJC Courtroom 03H	
COURT CLERK: Lind a Denman				
RECORDER: Kerry Esparza				
REPORTER:				

**PARTIES** 

PRESENT: Olster, Jeffrey D. Prince, Dennis M

Attorney Attorney

#### JOURNAL ENTRIES

- Argument by Counsel on DEFENDANT'S MOTION FOR SUMMARY JUDGMENT as to whether Tower Home Purchasers are the real parties-in-interest and if they are pursuing this case through an assignment of rights from Tower Home LLC, which is contrary to Nevada law and public policy in a legal malpractice case. Mr. Osler cited two California cases as controlling on these very points and stated allowing a corporate shell to pursue this case is in reality a way to sidestep prohibitive assignment of rights. Mr. Prince argued this case is unique since the bankruptcy trustee ordered the company to pursue the claims as a debtor and not a creditor. Defendant's did not oppose or appeal the trustee's order but have raised this same issue three times and been denied by this Court and the Nevada Supreme Court. Following argument, COURT STATED matter TAKEN UNDER ADVISEMENT in order to review the California cases.

PRINT DATE: 05/29/2014 Page 10 of 12 Minutes Date: September 04, 2012

Negligence - Other	CC	OURT MINUTES	March 25, 2014	
A-12-663341-C	vs.	LLC, Plaintiff(s) n, Defendant(s)		
March 25, 2014	3:00 AM	Minute Order		
HEARD BY: Sturn	nan, Gloria		COURTROOM:	
COURT CLERK: L	inda Denman			
RECORDER:				
REPORTER:				
PARTIES PRESENT:				

#### **JOURNAL ENTRIES**

- DEFENDANT'S MOTION FOR SUMMARY JUDGMENT came before the Court for oral argument on March 21, 2014. The Court having taken this matter under advisement to review the US Bankruptcy Court orders in the context of two California opinions relied upon by Defendant, finds as follows: As a general rule legal malpractice claims may not be assigned. Chaffee v Smith, 98 Nev. 222 (1982). Defendant contends the real party in interest in this lawsuit is the Tower Home Purchasers. NRCP 17. The Bankruptcy Orders at issue herein do not assign the alleged malpractice claims to the Tower Homes Purchasers. Rather the Plan approved by the Bankruptcy Court recognized that the Trustee lacked funds to pursue various claims related to the loss of earnest money deposits (Plan dated 12/08/08, Section X Miscellaneous Provisions, Paragraph C, Litigation) which the Trustee had the right to pursue upon the effective date of the Plan. Subsequently by Order of June 2, 2010 the Trustee "releases" to Tower Homes Purchasers the right to pursue any person or entity who "may have any liability or owed any duty" to Tower Homes for loss of the earnest money deposits made by Purchasers. The Order dated April 2, 2013 clarified that the Court authorized the Trustee to "permit the Tower Homes Purchasers, to pursue any and all claims on behalf of Tower Homes, LLC (the "Debtor")... which shall specifically include, but may not be limited to, pursuing" the instant action, with any recovery being for the benefit of the Tower Homes Purchasers. The Trustee specifically authorized the Purchasers to pursue the claim in the name of Tower Homes, LLC.

PRINT DATE: 05/29/2014 Page 11 of 12 Minutes Date: September 04, 2012

#### A-12-663341-C

The California Supreme Court has addressed the prohibition against assignment of malpractice claims from a Bankruptcy estate. A legal malpractice claim obtained by assignment in bankruptcy was dismissed when filed in the name of the third party assignee. Baum v. Duckur, Spradling & Metzger 72 cal. App. 4th 84 Cal.Rptr.2d 702 (1999). Plaintiff argues that the instant case is distinguishable as it is brought in the name of Tower Homes LLC. A similar attempt to sue in the name of the Debtor was disallowed in Curtis v Kellogg & Andelson 73 Cal.App. 4th 492, 86 Cal.Rptr. 2d 536 (1999), as the Debtor was not pursuing the claim on behalf of the trustee for the benefit of the estate; instead any proceeds recovered would go directly to Dr. Curtis. In the instant claim, any recovery is expressly for the benefit of the Purchasers.

Plaintiff also relies on In re AgriBioTech, Inc, 319 BR 216 (D.Nev. 2004) for the holding that a Trustee can pursue a claim which would ultimately benefit creditors, as doing so is for the benefit of the estate. Here the Trustee is not pursuing the claim, he did not retain counsel to bring the claim in the name of the Estate for the benefit of all creditors as allowed in the Plan. The Order approving the agreement between the Trustee and the Purchasers purports to release the claim to the Purchasers instead of assigning the rights, which is a distinction without a difference.

Recently the California Supreme Court has recognized a narrow exception to the prohibition against assignment of malpractice claims, see White Mountains Reinsurance Company v Borton Petrini, LLP 221 Cal. App. 4th 890 (2013), wherein the Court allowed the assignment as a small incidental part of a larger commercial transfer; the transfer was for all assets, rights, obligations and liabilities and did not treat the malpractice claim as a distinct commodity; the transfer was not to a former adversary; the malpractice claim arose from the insurance carrier's retention of defense counsel for an insured; and all communication between the carrier and counsel had been conducted through a third party claims administrator. None of the factors giving rise to the exception are present here.

Based on a review of the Bankruptcy Orders it cannot be said that the Purchasers are pursuing the legal malpractice claim in the name of the Debtor and for the benefit of the Bankruptcy estate, rather the sole benefit appears to be for the Purchasers. The assignment/release was not incidental to a larger transfer of assets and liabilities, therefore, the exception does not apply. The Nevada Supreme Court has stated the assignment of legal malpractice claims is against public policy. The release at issue herein violates the general principal articulated in Chaffee v Smith, 98 Nev. 222 (1982. Defendant's Motion for Summary Judgment is, therefore, GRANTED.

Counsel for defendant is directed to submit a proposed Order consistent with the foregoing and which sets forth the factual and legal underpinnings of same in accordance herewith and with counsel's briefing and argument.

CLERK'S NOTE: A copy of this minute order was placed in the attorney folder(s) of: Jeffrey D. Olster, Esq. (LEWIS BRISBOIS BISGAARD & SMITH) and Dennis M. Prince, Esq. (PRINCE & KEATING)./ld 3/25/14

PRINT DATE: 05/29/2014 Page 12 of 12 Minutes Date: September 04, 2012



# EIGHTH JUDICIAL DISTRICT COURT CLERK'S OFFICE NOTICE OF DEFICIENCY ON APPEAL TO NEVADA SUPREME COURT

DENNIS M. PRINCE 3230 S. BUFFALO DR., SUITE 108 LAS VEGAS, NV 89117

> DATE: May 29, 2014 CASE: A663341

RE CASE: TOWER HOMES, LLC vs. WILLIAM H. HEATON; NITZ, WALTON & HEATON, LTD.

NOTICE OF APPEAL FILED: May 28, 2014

### YOUR APPEAL HAS BEEN SENT TO THE SUPREME COURT.

PLEASE NOTE: DOCUMENTS NOT TRANSMITTED HAVE BEEN MARKED:

	\$250 — Supreme Court Filing Fee**  - If the \$250 Supreme Court Filing Fee was not submitted along with the original Notice of Appeal, it must be mailed directly to the Supreme Court. The Supreme Court Filing Fee will not be forwarded by this office if submitted after the Notice of Appeal has been filed.
	\$24 – District Court Filing Fee (Make Check Payable to the District Court)**
X	\$500 - Cost Bond on Appeal (Make Check Payable to the District Court)** - NRAP 7: Bond For Costs On Appeal in Civil Cases
	Case Appeal Statement - NRAP 3 (a)(1), Form 2
	Order
	Notice of Entry of Order

### NEVADA RULES OF APPELLATE PROCEDURE 3 (a) (3) states:

"The district court clerk must file appellant's notice of appeal despite perceived deficiencies in the notice, including the failure to pay the district court or Supreme Court filing fee. The district court clerk shall apprise appellant of the deficiencies in writing, and shall transmit the notice of appeal to the Supreme Court in accordance with subdivision (e) of this Rule with a notation to the clerk of the Supreme Court setting forth the deficiencies. Despite any deficiencies in the notice of appeal, the clerk of the Supreme Court shall docket the appeal in accordance with Rule 12."

Please refer to Rule 3 for an explanation of any possible deficiencies.

<sup>\*\*</sup>Per District Court Administrative Order 2012-01, in regards to civil litigants, "... all Orders to Appear in Forma Pauperis expire one year from the date of issuance." You must reapply for in Forma Pauperis status.

### **Certification of Copy**

State of Nevada
County of Clark
SS

I, Steven D. Grierson, the Clerk of the Court of the Eighth Judicial District Court, Clark County, State of Nevada, does hereby certify that the foregoing is a true, full and correct copy of the hereinafter stated original document(s):

NOTICE OF APPEAL; CASE APPEAL STATEMENT; DISTRICT COURT DOCKET ENTRIES; CIVIL COVER SHEET; ORDER GRANTING DEFENDANTS' MOTION FOR SUMMARY JUDGMENT; NOTICE OF ENTRY OF ORDER; DISTRICT COURT MINUTES; NOTICE OF DEFICIENCY

TOWER HOMES, LLC,

Plaintiff(s),

VS.

WILLIAM H. HEATON; NITZ, WALTON & HEATON, LTD.,

Defendant(s),

now on file and of record in this office.

Case No: A663341 Dept No: XXVI

> IN WITNESS THEREOF, I have hereunto Set my hand and Affixed the seal of the Court at my office, Las Vegas, Nevada This 29 day of May 2014.

Steven D. Grierson, Clerk of the Court

Heather Ungermann, Deputy Clerk

05/28/14 152 Clerk of the Nevada State Supreme Court Notice of Appeal - Tower Homes/Nitz 1500,415

250.00

250.00

05/28/14

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LAS VEGAS, NEVADA 89117
(702) 228-6800

PRINCE & KEATING, LLP

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NUMBER

94-177/1224

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DATE

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\*\*\* TWO\_HUNDRED FIFTY & 00/100 DOLLARS

**Q**Shield

ORDER OF 

Clerk of the Nevada State Supreme Court

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