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### IN THE SUPREME COURT OF THE STATE OF NEVADA

1	IN THE SUPREME COURT OF	THE STATE OF NEVADA
2	PETER GARDNER AND CHRISTIAN	)
3	GARDNER, ON BEHALF OF MINOR	) Case No.: 70823
4	CHILD, LELAND GARDNER,	Electronically Filed
5	Petitioners,	Nov 29 2016 10:35 a.m. Elizabeth A. Brown
6		) Clerk of Supreme Court
7	V.	)
8	EIGHTH JUDICIAL DISTRICT COURT	, )
9	OF THE STATE OF NEVADA, IN AND FOR THE COUNTY OF CLARK; AND	)
10	THE HONORABLE JERRY A.	)
	WIESE II, DISTRICT COURT JUDGE	
11	and	)
12		)
13	HENDERSON WATER PARK, LLC DBA COWABUNGA BAY WATER PARK, A	
14	NEVADA LIMITED LIABILITY	)
15	COMPANY; WEST COAST WATER	
16	PARKS, LLC, A NEVADA LIMITED LIABILITY COMPANY; and DOUBLE	)
17	OTT WATER HOLDINGS, LLC, A UTAH	
18	LIMITED LIABILITY COMPANY,	)
19	Real Parties in Interest	)
20	PETER GARDNER AND CHRISTIAN	_)
21	GARDNER, ON BEHALF OF MINOR	) Case No.: 71562
22	CHILD, LELAND GARDNER,	
23	Appellants,	)
24		ĺ.
25	V.	)
26	HENDERSON WATER PARK, LLC dba	)
27	COWABUNGA BAY WATER PARK, A NEVADA LIMITED LIABILITY	
28	COMPANY; WEST COAST WATER	)
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PARKS, LLC, A NEVADA LIMITED	)
LIABILITY COMPANY; AND DOUBLE	)
OTT WATER HOLDINGS, LLC, A UTAH	ĺ)
LIMITED LIABILITY COMPANY,	)
	)
Respondents.	)
•	Ź

# PETITIONERS'/APPELLANTS' REPLY IN SUPPORT OF MOTION TO CONSOLIDATE APPEAL WITH PENDING ORIGINAL WRIT PROCEEDING AND TO REVISE BRIEFING

### I. INTRODUCTION

In their Opposition, the Cowabunga Bay entities exhibit a clear willingness to adopt patently inconsistent positions in the interest of convenience. Indeed, many of the Cowabunga Bay entities' arguments as to why consolidation and a revised briefing schedule would be inappropriate are directly contradicted by their prior representations to the district court. Moreover, the Cowabunga Bay entities' claim that granting the relief requested by the Gardners would defeat judicial economy is simply counterintuitive. The Gardners will address the Cowabunga Bay entities' substantive arguments below.

### II. ARGUMENT

A. The Cowabunga Bay Entities' Own Statements Confirm That The Issues Presented By The Writ Proceeding And Appeal Are Identical.

The Cowabunga Bay entities oppose the Gardners' request for consolidation and a revised briefing schedule by asserting that "the issues raised in the writ differ from those raised on this appeal." See Opp. at 4. More specifically, the

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 Cowabunga Bay entities draw a distinction between the writ proceeding and appeal by noting that the writ proceeding, on one hand, involves "managers [who make] decisions on behalf of the company" while the appeal, on the other, involves "passive members [] of a manager-managed LLC." *Id.* at 6. Based on this alleged distinction, the Cowabunga Bay entities describe the two proceedings as "related but not identical" and attack the Gardners for "incorrectly assum[ing] the issues are the same." *Id.* at 5.

But the Cowabunga Bay entities adopted a completely different position in the district court when they requested summary judgment on behalf of the LLC members. Indeed, the Cowabunga Bay entities unequivocally stated that "this very same issue has already been decided in this very same case," and referenced the district court's ruling on the Gardners' motion for leave to amend, which is the subject of the writ proceeding. *See* Exhibit "1," Defendants' Reply in Support of MSJ at 3. In fact, the Cowabunga Bay entities even went so far as to claim that the district court had "previously ruled in favor of upholding the protections to members of LLCs, making that law of the case." *See* Exhibit "2," Defendants' MSJ at 4. As such, the Court should disregard the Cowabunga Bay entities' duplicitous claim that the issues presented by the writ proceeding and appeal are not identical.<sup>1</sup>

The Cowabunga Bay entities' argument also fails from a substantive standpoint. Neither NRS 86.371 nor NRS 86.381 distinguishes between members or managers. Moreover, the Cowabunga Bay entities did not mention this purported distinction between members and managers in the underlying briefing

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### The Different Standard Of Review Between The Writ Proceeding Β. And Appeal Is A Red Herring.

Next, the Cowabunga Bay entities claim that consolidation and a revised briefing schedule would be improper because the writ proceeding is evaluated under an abuse of discretion standard while the appeal is subject to de novo review. Setting aside that this Court is perfectly capable of applying the appropriate standard of review to the writ proceeding and appeal if the matters are consolidated. the Cowabunga Bay entities' position ignores the realities of the common issue presented by both matters. To that end, the Cowabunga Bay entities previously acknowledged that the question of whether LLC members and managers are "proper defendants in light of the protections of NRS Chapter 86 is purely a legal issue..." Ex. 2 at 5.

In other words, the resolution of the writ proceeding and appeal involves a discrete legal question that does not require an assessment of the facts or evidence in the underlying case. It is, therefore, irrelevant that the de novo standard of review applies to the appeal as the Court is solely tasked with deciding whether the district court erred by ruling that LLC members and managers are immune from

before the district court. Exs. 1-2. While the alleged difference between active individual managers and allegedly passive LLC members could conceivably relate to the ultimate liability of said individuals and/or entities, it is completely irrelevant to the threshold question of whether LLC members and managers can ever be held personally liable for their own tortious conduct.

personal liability for their own tortious conduct under NRS Chapter 86.<sup>2</sup> Simply put, that "purely legal" question should be answered in the affirmative under any standard of review.

# C. The Gardners' Request For Consolidation And Revised Briefing Is Not Untimely Nor Would It Lessen Judicial Economy.

The Cowabunga Bay entities allege that consolidation would be inappropriate because the parties already completed the briefing on the writ proceeding. The Cowabunga Bay entities do not, however, provide any legal authority to support their position that the Court must deny consolidation because one proceeding is more advanced than the other. In addition, the Gardners previously addressed the many reasons why consolidation and a revised briefing schedule would advance judicial economy by obviating the need for duplicative briefing and ensuring the same panel rules on the common legal issue. *See* Mot. at 3-5. If anything, these considerations are even more applicable where, as here, the parties have fully briefed the common legal question in both proceedings.

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Should this Court determine additional briefing is necessary on the appropriate standard of review, the Gardners request that the Court limit the briefing to that narrow issue and impose an expedited schedule.

# CAMPBELL & WILLIAMS

## III. CONCLUSION

Based on the foregoing, the Gardners respectfully request that the Court grant the Motion to Consolidate Appeal with Pending Original Writ Proceeding and to Revise Briefing in its entirety.

DATED this 28th day of November, 2016.

### CAMPBELL & WILLIAMS

### By /s/ Donald J. Campbell

DONALD J. CAMPBELL, ESQ. (1216) PHILIP R. ERWIN, ESQ. (11563) SAMUEL R. MIRKOVICH, ESQ. (11662) 700 South Seventh Street Las Vegas, Nevada 89101

Attorneys for Petitioners/Appellants

# CAMPBELL & WILLIAMS ATTORNEYS AT LAW 700 SOUTH SEVENTH STREET, LAS VEGAS, NEVADA 89101

### CERTIFICATE OF SERVICE

Pursuant to NRAP 25, I hereby certify that, in accordance therewith and on
this 28th day of November 2016, I caused true and correct copies of the foregoing
Reply in Support of Motion to Consolidate Appeal with Pending Original Writ
Proceeding and to Revise Briefing to be delivered to the following counsel and
parties:

### VIA ELECTRONIC AND U.S. MAIL:

Paul F. Eisinger, Esq. Alexandra B. McLoed, Esq. 1100 E. Bridger Ave. Las Vegas, NV 89125

/s/ Lucinda Martinez

An employee of Campbell & Williams

# EXHIBIT 1

# EXHIBIT 1

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THORNDAL ARMSTRONG DELK CLERK OF THE COURT BALKENBUSH & EISINGER

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Attorneys for Defendants,

HENDÉRSON WATER PARK, LLC dba COWABUNGA BAY WATER PARK, 10 WEST COAST WATER PARKS, LLĆ

DOUBLE OTT WATER HOLDINGS, LLC 11

### DISTRICT COURT

### CLARK COUNTY, NEVADA

PETER GARDNER and CHRISTIAN 15

Plaintiffs.

GARDNER, on behalf of minor child, LELAND DEPT, NO. XXX GARDNER,

CASE NO. A-15-722259-C

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VS,

inclusive.

HENDERSON WATER PARK, LLC dba COWABUNGA BAY WATER PARK, a Nevada limited liability company; WEST COAST WATER PARKS, LLC, a Nevada limited liability company; DOUBLE OTT WATER HOLDINGS, LLC, a Utah limited liability company; DOES I through X, inclusive; ROE CORPORATIONS I through X, and ROE Limited Liability Company I through X.

REPLY IN SUPPORT OF MOTION FOR SUMMARY JUDGMENT AS TO CLAIMS AGAINST DEFENDANTS WEST COAST AND DOUBLE OTT

Time of Hearing: 9:00 a.m.

Date of Hearing: Sept. 13, 2016

Defendants.

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Defendants, HENDERSON WATER PARK, LLC dba COWABUNGA BAY WATER PARK, WEST COAST WATER PARKS, LLC (hereinafter "West Coast"), DOUBLE OTT WATER HOLDINGS, LLC (hereinafter "Double OTT"), (also collectively "Defendants" or the "Water Park Defendants"), by and through their counsel of record, THORNDAL,



ARMSTRONG, DELK, BALKENBUSH & EISINGER, do herein submit their Reply in Support of Motion for Summary Judgment as to Claims against Defendants West Coast and Double OTT in the above-entitled action pursuant to Nevada Rules of Civil Procedure 56, and Nevada Revised Statutes §§86.371 and 86.381.

This Reply is made and based upon all of the papers and pleadings on file herein, the Points and Authorities hereinafter to follow, and such oral argument as this Honorable Court may entertain at a hearing of the subject Motion, if so desired.

RESPECTFULLY SUBMITTED this That of September, 2016.

THORNDAL, ARMSTRONG, DELK, BALKENBUSH & EISINGER

PAUL F. EISINGER, ESQ. Nevada Bar No. 1617

ALEXANDRA B. McLEOD, ESQ.

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Attorneys for Defendants,

HENDERSON WATER PARK, LLC dba COWABUNGA BAY WATER PARK, WEST COAST WATER PARKS, LLC, DOUBLE OTT WATER HOLDINGS, LLC

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### POINTS & AUTHORITIES

### NRS 86.381 PROTECTS MEMBERS OF LLC'S AND SUPPORTS SUMMARY JUDGMENT AS TO WEST COAST AND DOUBLE OTT

Pursuant to Plaintiffs' footnote 2, there are no disputed facts bearing on the question of whether West Coast and Double OTT are proper defendants in the case at bar. Nevertheless, Plaintiffs' insist that they are not making any attempt to pierce the statutory protections to members of LLCs, but to hold these LLCs liable for their own allegedly tortuous acts and "personal wrongdoings." Plaintiffs mistakenly set forth that they would be "entitled to bring these claims for negligence against West Coast and Double Ott even if the Cowabunga Bay entities were not named defendants in the underlying action." (Opposition at 4:21-23.)

Importantly, this very same issue has already been decided in this very same case. (See this Court's July 5, 2016 Order Denying Plaintiffs' Motion for Leave to Amend Complaint, attached hereto as Exhibit A; hearing transcript attached as Exhibit B). An issue becomes the law of the case only if presented, considered, and deliberately decided. Sherman Gardens Co. v. Longley, 87 Nev. 558, 565, 491 P.2d 48, 53 (1971).

"All the propositions assumed by the court to be within the case, and all questions presented and considered, and deliberately decided by the court, leading up to the final conclusion reached, are as effectually passed upon as the ultimate questions solved. The judgment is authority upon all points assumed to be within the issues which the record shows the court deliberately considered and decided in reaching it."

State of Nevada v. Loveless, 62 Nev. 312, 319, 150 P.2d 1015, 1018 (1944) (internal citations omitted) (emphasis supplied) (cited with approval in Sherman Gardens Co. v. Longley, 87 Nev. 558, 565, 491 P.2d 48, 53 (1971)). In deciding to prohibit Plaintiffs' from amending their complaint to add individual defendants, this Court already considered the questions of absolute protections of members of an LLC from liabilities incurred by the LLC, and the lack of any alter ego exception to the LLC statutes. In fact, Plaintiffs cite the exact same case law as they did when the issue was previously before the Court. (Compare Plaintiffs' Reply in Support of Motion for Leave to File Amended Complaint, filed June 9, 2016, at pp. 5-8 with Plaintiffs' Opposition to Motion for Summary Judgment as to Claims against Defendants West Coast and

THORNOUL ARMSTRONG DEIN ELEMENBUSH & EISINGER Double OTT, filed August 29, 2016, at pp. 6-9.) Following the Court's June 16, 2016 hearing on this issue. His Honor took the matter under advisement and the record therefore reflects that the Court "deliberately considered and decided" these exact same issues.

Despite exhaustive briefing, extensive oral argument, and this Court's deliberation on these issues, Plaintiffs continue to ignore the plain and unambiguous meaning of NRS Chapter 86. Our Nevada Supreme Court instructed in *Weddell v. H20, Inc.*, 271 P.3d 743, 748 (Nev. 2012) that "[I]imited-liability companies (LLCs) are business entities created 'to provide a corporate-styled liability shield with pass-through tax benefits of a partnership." (citing *White v. Longley*, 2010 MT 254, 358 Mont. 268, 244 P.3d 753, 760 (Mont. 2010); *Gottsacker v. Monnier*, 2005 WI 69, 281 Wis. 2d 361, 697 N.W.2d 436, 440 (Wis. 2005) (stating that "[f]rom the partnership form, the LLC borrows characteristics of informality of organization and operation, internal governance by contract, direct participation by members in the company, and no taxation at the entity level. *From the corporate form, the LLC borrows the characteristic of protection of members from investor-level liability*." (internal citation omitted) (emphasis added)). The protection of LLC members from investor-level liability was codified at NRS 86.381: "A member of a limited-liability company is not a proper party to proceedings by or against the company, except where the object is to enforce the member's right against or liability to the company."

Substituting the names of the parties in interest into that statute drives home the point: "A member [West Coast or Double OTT] of a limited-liability company [Henderson Water Park, LLC] is not a proper party to proceedings by or against the company [Henderson Water Park, LLC]..." Compare NRS 86.381. Plaintiffs cannot argue with a straight face that this lawsuit for Leland's non-fatal drowning at Cowabunga Bay is not a "proceeding against Henderson Water Park, LLC." Yet, what Plaintiffs are asking this Court to do is render the statute meaningless and usurp the role of legislator to re-write the statutes. As it stands, the member-LLCs are not proper parties under the plain meaning of the statute.

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## II. NRS 86.371 AND THE UNDISPUTED FACTS FURTHER SUPPORT SUMMARY JUDGMENT AGAINST PLAINTIFFS' DIRECT CLAIMS

Plaintiffs' alternate argument – that they are entitled to bring these claims for negligence directly against West Coast and Double OTT even if Cowabunga Bay were not named – is misguided when viewed in light of NRS 86.371 and the factual record in the case at bar. NRS 86.371 makes it clear that, "[N]o member or manager of any LLC formed under the law of this State is individually liable for the debts or liabilities of the company." Again substituting the names of the parties in interest into this statute is instructive: "No member or manager [West Coast or Double OTT] of any LLC formed under the law of this State [Henderson Water Park, LLC] is individually liable for the debts or liabilities of the company [Henderson Water Park, LLC]." Under the absolute protections of NRS Chapter 86, there is simply no basis to break through the protections of Henderson Water Park, LLC to maintain a direct action against West Coast or Double OTT.

Should the Court have any inclination to consider Plaintiffs' direct claims as falling outside the scope of NRS Chapter 86, any such direct claims are solidly refuted by the undisputed factual record in this lawsuit. Plaintiffs' allegations of negligence in this matter are clearly stated in the Complaint as follows:

Defendants breached their duties to Plaintiffs when they failed to provide adequate lifeguard coverage and otherwise failed to take reasonable steps to protect Leland from drowning.

See Complaint on file herein at p. 7, ll 7-8. However both West Coast's and Double OTT's answers to interrogatories reveal their lack of involvement in the daily operations of the water park:

### **INTERROGATORY NO. 3:**

Identify and set forth in detail West Coast's policies and procedures in any way related to the operation of the Wave Pool, including but not limited to lifeguard staffing, from April 1, 2013 through the present.

RESPONSE TO INTERROGATORY NO. 3:

West Coast is simply an owner/investor in Henderson Water Park, LLC and has no involvement in the policies, procedures or daily operations of Cowabunga Bay Water Park.

\* \* \*

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1	INTERROGATORY NO. 3: Identify and set forth in detail Double Ott's policies and procedures in any
2	way related to the operation of the Wave Pool, including but not limited to lifeguard staffing, from April 1, 2013 through the present.
3	RESPONSE TO INTERROGATORY NO. 3:
	Double OTT is simply an owner/investor in Henderson Water Park, LLC and has no involvement in the policies, procedures or daily operations
4 5	of Cowabunga Bay Water Park. (See EXHIBITS C & D, attached.)
6	Likewise, the undisputed and unrefuted testimony of Cowabunga Bay General Manager Shane
7	Huish conclusively establishes that no members of the LLC, neither West Coast nor Double
8	OTT, took any role in the operations of the water park and that he, as an employee of
9	Henderson Water Park, LLC, unilaterally made all such operational decisions:
	BY MR. CAMPBELL:
10	Q. So the most that you would have there on any given day, irrespective of the amount of people, would be seven persons would be designated
11	A. Correct.
12	Q as lifeguards? Okay. And once again, that was your unilateral decision, correct?
13	A. Yes. Q. And you accept responsibility for that?
14	MR. EISINGER: Object to the form. You can answer. BY MR. CAMPBELL:
15	Q. Is that "yes"? A. Yes.
16	Q. Okay. And what was the management committee's position on that? Did they agree with you in that regard?
17	A. They weren't aware of it. Q. They weren't aware of it?
18	A. No. Q. Okay. Why weren't they aware of it?
19	A. Because they are not involved in that sort of thing, the day-to-day stuff
	like that. Q. Why aren't they? Isn't that their job?
20	A. Which management are you talking about?
21	Q. The management committee, the owners that sit on the management committee that you answer to and you are responsible to.
22	MR. EISINGER: Object to the form. Go ahead.  THE WITNESS: No, they are not involved in the day-to-day operation.
23	They don't know how many people are doing cashiers or guarding or that's my job.
24	BY MR. CAMPBELL: Q. Well, why aren't they involved in that? In, for example, not necessarily
25	cashiers, but life and death matters such as lifeguards, why have they exhibited no interest in being involved in that process?
26	A. Well MR. EISINGER: Object to the form.
27	THE WITNESS: They are just investors. They are not involved in doing those sort of things.
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2 Well, I think it's a management of the partnerships, not of the park. Q. So they have nothing to do with the management of the park at all? 3 Ā. But that's not what your documents say, is it? 4 I'm, I'm not sure about that. But, no, they are not involved in the day-today operation. The management committee votes on things if we are going to 5 sell the park or if we're going to divide the partnerships or... (Deposition of Shane Huish, taken March 22, 2016, attached as EXHIBIT E, at б 156:15-158:25) (emphases added) 7 Plaintiffs concede that there is no Nevada case on point. (Opposition at 6:3.) Plaintiffs 8 are eager to point out all of the federal case law and case law from other states because there's 9 no Nevada state case law on this point. Yet, the creation of business entities is strictly a state 10 function, and the nuisances and differences from state to state are meaningful and significant. States make intentional decisions in their statutory constructions to lure businesses to their state, 11 and Nevada and Delaware are both very popular states for business formation precisely because 12 13 of those protections. Plaintiffs would do away with all of those protections in order to allow 14 them to maintain their suit against the members of a Nevada LLC. Plaintiffs repeat that they 15 have brought direct claims against the member-LLCs but can offer no factual basis to support 16 those claims, as required by NRCP 11, especially in light of the undisputed evidence above. 17 Plaintiffs' interpretation of the Nevada statutes would do away with the statutory protections in Chapter 86 that were specifically intended to protect the LLCs, and its members. 18 19 /// 20 /// 21 111 22 111 23 111 24 111 25 /// 26 III27 III28 111

You understand that they are members of the management committee,

BY MR. CAMPBELL:

right?



### III. <u>CONCLUSION</u>

This Court has previously ruled in favor of upholding the protections to members of LLCs, making that the law of the case. Defendants respectfully request that the Court extend those protections by releasing West Coast and Double OTT via summary judgment, in accordance with NRS 86.381.

RESPECTFULLY SUBMITTED this day of September, 2016.

THORNDAL\ ARMSTRONG, DEŁK, BALKENBUSH & EISINGER

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ALEXANDRA B. McLEOD, ESQ.
Nevada Bar No. 8185
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Attorneys for Defendants,
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COWABUNGA BAY WATER PARK,
WEST COAST WATER PARKS, LLC,
DOUBLE OTT WATER HOLDINGS, LLC

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DELK BULKENBUSH & EISINGER

### **CERTIFICATE OF SERVICE**

Pursuant to NRCP 5(b)(2)(D) and EDCR 7.26(a)(4) I hereby certify that on the day of September, 2016, I served a copy of the above and foregoing REPLY IN SUPPORT OF MOTION FOR SUMMARY JUDGMENT AS TO CLAIMS AGAINST DEFENDANTS WEST COAST AND DOUBLE OTT to the following parties via electronic service through the Eighth Judicial District Court's Odyssey E-File and Service System:

Donald J. Campbell, Esq. Samuel R. Mirkovich, Esq. CAMPBELL & WILLIAMS 700 South Seventh Street Las Vegas, NV 89101 Attorneys for Plaintiffs, PETER and CHRISTIAN GARDNER on behalf of minor child, LELAND GARDNER

An Employee of THORNDAL, ARMS' DELK, BALIKENBUSH & EISINGER



LAW OFFICES

## THORNDAL ARMSTRONG DELK BALKENBUSH & EISINGER

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# EXHIBIT A

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CLERK OF THE COURT

ORDR THORNDAL ARMSTRONG DELK BALKENBUSH & EISINGER PAUL F. EISINGER, ESQ. 3 Nevada Bar No. 1617 PHILIP GOODHART, ESO. 4 Nevada Bar No. 5332 ALEXANDRA B. MCLEOD, ESQ. 5 Nevada Bar No. 8185 1100 East Bridger Avenue Las Vegas, NV 89101-5315 Mail To: P.O. Box 2070 Las Vegas, NV 89125-2070 Tel: (702) 366-0622 Fax: (702) 366-0327 E-Mail: peisinger@thorndal.com E-Mail: pgoodhart@thorndal.com 10 E-Mail: amcleod@thorndal.com Attorneys for Defendants. HENDERSON WATER PARK, LLC dba COWABUNGA BAY WATER PARK, 12 WEST COAST WATER PARKS, LLC. DOUBLE OTT WATER HOLDINGS, LLC 13 DISTRICT COURT 14

CLARK COUNTY, NEVADA

16

PETER GARDNER and CHRISTIAN GARDNER. on behalf of minor child, LELAND GARDNER,

Plaintiffs.

¥5.

HENDERSON WATER PARK, LLC dba COWABUNGA BAY WATER PARK, a Nevada limited liability company; WEST COAST WATER PARKS, LLC, a Nevada limited liability company: DOUBLE OTT WATER HOLDINGS, LLC, a Utah limited liability company; DOES I through X, inclusive; ROE CORPORATIONS I through X, and ROE Limited Liability Company I through X,

Defendants.

CASE NO. A-15-722259-C DEPT, NO, XXX

ORDER DENYING PLAINTIFFS' MOTION FOR LEAVE TO AMEND COMPLAINT

Page 1 of 4

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inclusive,

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Date of Hearing:

June 16, 2016 at 9:00 a.m.

For Plaintiffs:

Donald J. Campbell, Esq. and Samuel R. Mirkovich, Esq. of CAMPBELL & WILLIAMS

For Defendants:

Paul F. Eisinger, Esq. and Alexandra B. M°Leod, Esq. of THORNDAL ARMSTRONG DELK BALKENBUSH & EISINGER

Plaintiffs' Motion for Leave to Amend Complaint, having come on for hearing before the above-entitled Court on the 16<sup>th</sup> day of June, 2016, at the hour of 9:00 a.m.; and this Honorable Court having considered all of the papers and pleadings on file herein, as well as the argument of counsel for the parties hereto; and good cause appearing therefor;

THE COURT HEREBY FINDS as follows:

### I. FINDINGS OF FACT

- Plaintiff seeks to add various individuals, who make up the Defendant's Management Committee, as Defendants.
- 2. This Court finds that the Nevada Revised Statutes protect members of an LLC, not only from debts incurred by an LLC, but also from liabilities incurred by the LLC. NRS 86.371 indicates that "...no member or manager of any limited-liability company formed under the laws of this State is individually liable for the debts or liabilities of the company." (emphasis added).
- 3. This Court finds further that although the Nevada corporation statutes include an alter ego exception to the corporate protections, the LLC statutes do not contain a similar exception, creating a negative inference that the Nevada legislature did not intend for it to apply to LLCs. (Suing the Man Behind the Curtain: Can Nevada LLC Members be Liable Under the Alter Ego Doctrine? by Ryan Lower, Esq., NEVADA LAWYER, November, 2014, pg. 16, citing to Dep't. of Taxation v. Daimler Chrysler, 121 Nev. 541, 548, 119 P.3d 135, 139 [2005]).

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DENIED without prejudice.

Respectfully submitted by:

THORNDAL ARMSTRONG

DELK BALKENBUSH & EISINGER

ALEXANDRA B. M°LEOD, ESQ.

Las Vegas, Nevada 89125

Attorneys for Defendants

1100 E. Bridger Avenue, P.O. Box 2070

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This Court concludes that the requested amendment and inclusion of the individuals who make up the Defendant's Management Committee would be futile, as such individuals are

Therefore, THE COURT HEREBY CONCLUDES as follows:

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improper Defendants. See Halcrow, Inc. v. Eighth Judicial Dist. Court of the State, 302 P.3d 1148, 129 Nev. Adv. Rep. 42 (2013); Allum v. Valley Bank of Nev., 109 Nev. 280, 287, 849

CONCLUSIONS OF LAW

P.2d 297, 302 (1993); Soebbing v. Carpet Barn, Inc., 109 Nev. 78, 84, 847 P.2d 731, 736 (1993).

IT IS HEREBY ORDERED that the Motion for Leave to Amend is hereby

DATED this D day of

HON. JERRY

DISTRICT COURT JUDGE, DEPARTMENT 30

Approved as to form and content by:

CAMPBELL & WILLIAMS

DONALD J. CAMPBELL, ESQ. SAMUEL R. MÆKKÖVICH, ESQ.

700 South Seventh Street Las Vegas, Nevada 89101 Attorneys for Plaintiffs

Page 3 of 4

Page 4 of 4



LAW OFFICES

## THORNDAL ARMSTRONG DELK BALKENBUSH & EISINGER

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# EXHIBIT B

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1	CASE NO. A-15-722259-C	
2		
3	IN THE DISTRICT COURT OF LAS VEGAS	
4	CLARK COUNTY, NEVADA	
5	-000-	
6 7	PETER GARDNER and CHRISTIAN ) GARDNER, on behalf of minor child, ) LELAND GARDNER,	
8	Plaintiffs,	
9	Department No. XXX	
10	HENDERSON WATER PARK, LLC dba COWABUNGA BAY WATER PARK, a Nevada	
	limited liability company; WEST ) COAST WATER PARKS, LLC, a Nevada )	
	limited liability company; DOUBLE / OTT WATER HOLDINGS, LLC, a Utah )	
	limited liability company; DOES I ) through X, inclusive; ROE )	
14	CORPORATIONS I through X; and ROE ) limited liability company I through)	
15	X, inclusive,	
16	Defendants. )	
17		
18	i OF	
19	MOTION FOR LEAVE TO AMEND COMPLAINT	
20	BEFORE THE HONORABLE JERRY A. WIESE,	
21		
22	200 0 20 3 34	
23		
24		
25	Reported by: Leah Armendariz, RFR, CCR No. 921	

### APPEARANCES 2 For the Plaintiff: Donald J. Campbell, ESQ. Samuel R. Mirkovich, ESQ. Campbell & Williams 700 South Seventh Street Las Vegas, Nevada 89101 djc@campbellandwilliams.com For the Defendants: Paul F. Eisinger, ESQ. Alexandra B. McLeod, ESQ. Thorndal, Armstrong, Delk, Balkenbush & Eisinger 1100 East Bridger Avenue Las Vegas, Nevada 89101 peisinger@thorndal.com

LAS VEGAS, CLARK COUNTY, NV, THURSDAY, JUNE 16, 2016 1 9:46 A.M., 2 PROCEEDINGS 3 THE COURT: Gardner versus Henderson Water 4 Park. 5 MR. CAMPBELL: Good morning, Your Honor, 6 7 Donald Jim Campbell on behalf of plaintiff. MR. MIRKOVICH: Good morning. Samuel 8 Mirkovich appearing on behalf of the plaintiff. MR. McLEOD: Good morning, Your Honor, 10 11 Alexandra McLeod from Thorndal Armstrong on behalf of defendants. 12 MR. EISINGER: Paul Eisinger, Bar 13 Number 1617, of Thorndal Armstrong on behalf of 14 defendants. 15 THE COURT: Good morning, guys. 16 So two things. The first one I All right. 17 18 want to address with you is my calendar is showing on 19 June 23rd Water Park's motion to quash subpoenas of 20 nonparties. Shouldn't that be in front of Commissioner 21 22 Bulla? MR. MIRKOVICH: It should, Your Honor. I 23 24 didn't realize it would be set for your calendar. 25 When she made me aware of that, that's when I

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1 advised -- but in any case, Ms. McLeod and I have
  worked it out. That motion is going to be taken off
   calendar. There's no pending dispute.
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             THE COURT: All right. That's vacated. I
4
   can just vacate it now.
5
            MR. McLEOD: Yes, Your Honor. Even -- we
6
7 believe we resolved the issue. Even if we haven't, we
8 believe it should be reset on the discovery calendar.
             THE COURT: All right. I'm going to vacate
 9
   it.
10
             All right. So today we're here for
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  plaintiff's motion for leave to file amended complaint.
             I understand you want to bring in the
13
  individuals?
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             MR. CAMPBELL: Yes, Your Honor.
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             THE COURT: Who are the members of the LLC,
16
17 but don't you have to prove alter ego before you get
18
   there?
             MR. CAMPHELL: No, you don't, Your Honor.
19
20 There's an abundance of case law on this very issue.
21 You can sue individual members of a LLC, not for the
22 liability for deaths, but you can sue them
23 individually for their individual torts with respect
24 to their operation of the LLC if they committed
25 individual torts. That's what we are suing them for,
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the manner in which they operated. They're complete violations of the law with respect to the structures that were put on by the law by the counter.

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And this isn't something new or novel, Your This is adopted by substantial case law that has existed for over, like almost 100 years with respect to corporations. If you'll see our citations to Fletcher on corporations it says exactly that, Your Honor, in our brief. These rules have been applied to principals of 10 limited liability companies.

You'll also see the case that we cited that's 12 here locally, Your Honor, the USA Mortgage Company by the United States Supreme Court across the street on that very issue. If you're talking about a corporate officer that commits a tort, you can sue them for that.

I was involved in a case directly on point in that regard with respect to Trump versus Wynn. Mr. Wynn sued Mr. Trump individually in the corporation that he was operating because he committed a personal tort or alleged the same.

There's no difference now that we have an LLC, 22 Your Honor. And all of the case law - all of the case law holds that standard. For example, if I can just 24 read you just one part of USA Commercial Mortgage.

"As managing members of Compass,

Pinkton [phonetic] and Black are 1 personally liable for engaging in the 2 conversion that plaintiff's proved 3 was committed by Compass." 4 Citing Pocahontas First Corporation versus 5 Venture Planning, also a Nevada case on that very issue. 6 "There is no doubt that an 7 individual who commits a tort while 8 acting in the capacity of a corporate 9 officer may be personally liable." 10 Citing Marina [phonetic]. Now this was 11 dealing with an LLC. They went on to say: 12 13 "Officers are liable for their tortious conduct even if they were 14 15 acting officially for the entity." Your Honor, and that's exactly what you have 16 17 here. Quite frankly, this isn't even a close case. There's literally no jurisdiction that we are aware of 19 anywhere, anywhere, whether it's federal or state, who 20 has adopted the position that's being advanced to you by 21 the defense here. 22 The simple fact of the matter is if you engage 23 in a tort, you engage in a tort, and you can be sued 24 personally for engaging in that tort. This is not a 25 situation - I want to make this absolutely clear to the

Court. This is not a situation where we are seeking to hold them liable for a debt of the corporation insofar as an act of the corporation or the LLC with respect to a contract. Contracts are different. We're not claiming contracts here. We are claiming torts and not only torts but intentional torts.

And you'll see one of the cases that I think we also cited was one that was decided in that regard 9 was then Judge Markell, now Professor Markell, one of 10 the leading bankruptcy scholars in the country, saying 11 exactly that same thing where they tried to advance that 12 argument in front of him in bankruptcy court saying, 13 Wait a second, we're not talking about a corporation, okay, being responsible for an individual debt.

We're talking about the individuals that run that corporation, not in a contract sense, but we're talking about them operating in a tortious sense, not a contract action, but a tort action. That makes all the difference in the world. We're not claiming any sort of a contract action whatsoever, Your Honor. None.

THE COURT: Okay.

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MR. CAMPHELL: Thank you, Your Honor.

THE COURT: Thank you.

MR. McLEOD: Plaintiff's are eager to point

25 out all of the federal case law and case law from

other states because there's no Nevada state case law on this point. The creation of business entities is strictly a state statutory provision, and that is why they differ from state to state.

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States intentionally make decisions in those statutory constructions to lure businesses to their state, and as we know, Nevada and Delaware are both very popular states for businesses to do their formation in precisely because of the protections.

Plaintiff would have us do away with all of those because they want to sue the members of the 12 managing committee. They said that they want to sue for individual torts, that these are for a person who engages in a tort then, they can be sued for a tort.

Their proposed amended complaint at Paragraph 48 links all of the duties of these 17 individuals to their position as a management company, 18 not that they have individual duties and that they 19 individually committed torts.

They want to sue the management committee of 21 an LLC. They want to do away with the statutory 22 protections in Chapter 86 of our revised statutes that 23 specifically are intended to protect the LLCs, and its 24 members.

Specifically NRS 86.381 says:

"A member of a limited liability company is not a proper party to proceedings by or against the company." That's exactly what they want to get around.

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6 And Paragraph 14 of their proposed amended complaint, they basically recite the standard for piercing a corporate veil under Chapter 78 of the Nevada Revised Statutes, which pertains to corporations, not to limited 10 liability companies.

We have confidence in our legislature, and if 12 the legislature wanted those same exceptions to the protections to apply in Chapter 86, they would put them in there. They are notably absent.

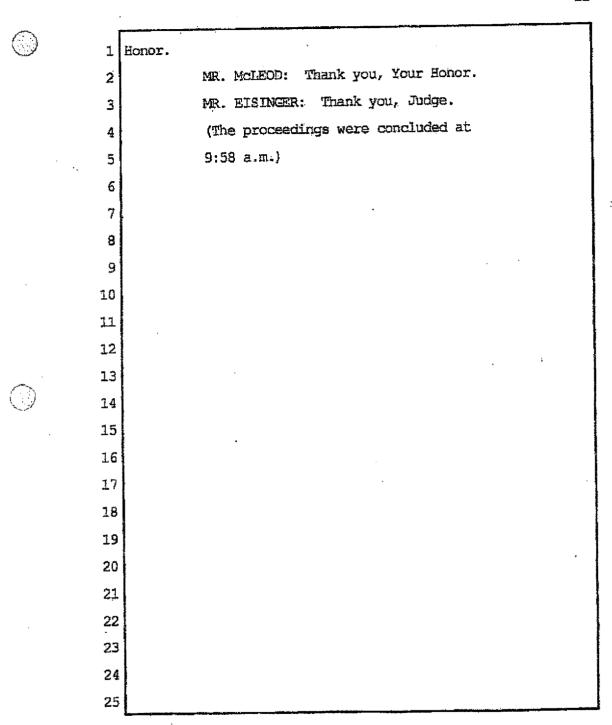
And plaintiff's argument that they are suing individuals is disingenuous because what they want to do is sue the managing -- the management committee, the members of the LLC, and get around these protections. 19 That is an essential flaw that submits their petition --20 excuse me, their amended complaint to a motion to 21 dismiss the minute it's filed, and that's what makes that amendment futile and why we believe that motion for 23 leave to amend should be denied here.

THE COURT: Okay. Last word.

MR. CAMPBELL: Last word, Your Honor.

case that I wanted to cite to the Court was an In Re: Giampetro decided by Judge Markell, and in that he specifically made a finding that there may not be a 3 Nevada case that says that, but every other case in the country is that way so Nevada would decide it the same way. 6 And I also would advise the Court if you look 7 at one of our footnotes -- and I can't think of it right now. Yes, Your Honor, if you look at our Footnote Number 3 in our reply, Your Honor, we cite the 11 legislative history of this, which likewise is the same 12 wise application of the corporate law to LTCs with 13 respect to limits of liabilities and the differentiation 14 of the standards with respect to contract and with respect to torts. This is a tort action. They keep on talking about contract cases. This is not a contract 16 17 case. This is a tort action. THE COURT: All right. I'm not comfortable 18 with this one yet, so. MR. CAMPBELL: Just one thing, Your Honor. 20 THE COURT: I'm going to do a little bit 21 22 more research on my own, and then I'll --MR. CAMPBELL: In that regard, they're 23 24 suggesting that if it is somehow contract related, we 25 are going to demonstrate through discovery in this

1 matter -- we're going to demonstrate through discovery 2 in this matter of their individual liability on all this. 3 It's one thing to come in and argue at a 4 motion for summary judgment after you have a body of 5 evidence upon which the Court can reply, but to suggest 7 that in a case right up front you don't get to do it at 8 all when we're entitled to every single inference, and 9 the Court is saying in Rule 15, even in the most 10 borderline of cases, you allow the amendment and 11 they can move to dismiss or move for summary judgment at 12 a later point in time. And that's what we're doing 13 here. We want you to remember this. We were 14 15 grossly, grossly misled by the testimony of the 16 individual that was running the company that said that 17 he was running the company, that no one else was 18 involved. We have determined absolutely that they were involved. All of these other individuals were guilty of 19 the same tort. 20 Thank you, Your Honor. 21 THE COURT: Thank you. 22 All right. I'll get you a decision probably 23 in the next couple weeks. MR. CAMPBELL: Thank you very much, Your 25



### REPORTER'S CERTIFICATE 1 2 STATE OF NEVADA ) 3 COUNTY OF CLARK ) 4 I, Leah Armendariz, CCR 921, RPR, CRR, do 5 hereby certify that I took down in Stenotype all of the 6 7 proceedings had in the before-entitled matter at the time and place indicated and that thereafter said shorthand notes were transcribed into typewriting by me 9. 10 and that the foregoing transcript constitutes a full, true, and accurate record of the proceedings had. 11 IN THE WITNESS WHEREOF, I have hereunto 12 set my hand and affixed my signature in the County of 13 Clark, State of Nevada, this 12th day of July, 2016. 14 15 16 Lean D. Armendariz, RPR, CRR, CCR 921 17 18 19 20 21 22 23 24 25



LAW OFFICES

# THORNDAL ARMSTRONG DELK BALKENBUSH & EISINGER

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# EXHIBIT C

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9	Fax: (702) 366-0327			
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10	Attorneys for Defendants,			
11	HENDERSON WATER PARK, LLC dba COWABUNGA BAY WATER PARK,			
12	WEST COAST WATER PARKS, LLC and			
13	DOUBLE OTT WATER HOLDINGS, LLC			
14	DISTRICT	COURT		
15	CLARK COUN	TV. NEVADA		
16				
17	PETER GARDNER and CHRISTIAN			
18	GARDNER, on behalf of minor child, LELAND GARDNER,	CASE NO.	A-15-722259-C	
19	Plaintiffs,	DEPT NO.	XXX	
20	vs.			
21	HENDERSON WATER PARK, LLC dba COWABUNGA BAY WATER PARK, a	<u>DEFENDANT, WEST COAST</u> WATER PARKS, LLC'S ANSWERS		
22	Nevada limited liability company; WEST COAST WATER PARKS, LLC, a Nevada	TO PLAINT	TFFS' FIRST SET OF	
2000	limited liability company; DOUBLE OTT WATER HOLDINGS, LLC, a Utah limited	INTERROG	ATORIES	
23	liability company: DOES I through X, inclusive:			
24	ROE CORPORATIONS I through X, and ROE Limited Liability Company I through X,			
25	inclusive,			
26	Defendants.			
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# <u>DEFENDANT, WEST COAST WATER PARKS, LLC'S ANSWERS</u> <u>TO PLAINTIFFS' FIRST SET OF INTERROGATORIES</u>

Defendant, WEST COAST WATER PARKS, LLC ("West Coast"), by and through its counsel of record, Paul F. Eisinger, Esq. and Philip Goodhart, Esq., of the law firm of THORNDAL, ARMSTRONG, DELK, BALKENBUSH & EISINGER, does herein respond, in accordance with Rule 33 of the Nevada Rules of Civil Procedure, to Plaintiffs' Interrogatories.

This Defendant objects to the number of Interrogatories propounded by the Plaintiffs as they exceed forty (40) in total including subparts.

### **INTERROGATORY NO. 1:**

Identify and describe in detail all claims, complaints, arbitration proceedings and/or lawsuits filed against Defendant during the five (5) year period prior to the Subject Incident.

### RESPONSE TO INTERROGATORY NO. 1:

Objection. This Interrogatory is vague, ambiguous, overbroad and compound. This Defendant also objects to said Interrogatory on the grounds that it calls for several legal conclusions. Finally, this Interrogatory also seeks to invade Attorney-Client Privilege and/or Attorney Work-Product. Subject to and without waiving said objections, the response is as follows: Splash Management, LLC v. West Coast Water Parks, LLC, Henderson Water Park, LLC, et al. - Case No.: A-13-689506-B.

### **INTERROGATORY NO. 2:**

Identify and set forth in detail, including by name, address and telephone number, any individual that performed any type of investigation in any way related to the Subject Incident.

### RESPONSE TO INTERROGATORY NO. 2:

None on behalf of West Coast.

### INTERROGATORY NO. 3:

Identify and set forth in detail West Coast's policies and procedures in any way related to the operation of the Wave Pool, including but not limited to lifeguard staffing, from April 1, 2013 through the present.

### RESPONSE TO INTERROGATORY NO. 3:

West Coast is simply an owner/investor in Henderson Water Park, LLC and has no involvement in the policies, procedures or daily operations of Cowabunga Bay Water Park.

### INTERROGATORY NO. 4:

Identify and set forth in detail West Coast's policies and procedures in any way related to the training of its lifeguards from April 1, 2013 through the present.

### RESPONSE TO INTERROGATORY NO. 4:

See West Coast's Response to Interrogatory No. 3 above.

### INTERROGATORY NO. 5:

Identify West Coast employees or personnel, agents, representatives, consultants, vendors or contractors that were on duty and/or present at the Premises on May 27, 2015.

## RESPONSE TO INTERROGATORY NO. 5:

Objection: Vague and ambiguous. Subject to and without waiving said objections, the response is as follows: None. See West Coast's Response to Interrogatory No. 3 above. It is noted that Shane Huish, the general manager of the Cowabunga Bay Water Park was working on May 27, 2015.

### **INTERROGATORY NO. 6:**

If you claim that any other person(s) or entity(ies) contributed to the Subject Incident, please state the name of each such person(s) or entity(ies) and the manner in which he/she/it contributed to the alleged occurrence.

### RESPONSE TO INTERROGATORY NO. 6:

As noted above, West Coast is simply an owner/investor in Henderson Water Park, LLC and has no involvement in the policies, procedures or daily operations of Cowabunga Bay Water Park. West Coast would defer to Henderson Water Park, LLC dba Cowabunga Bay Water Park. Furthermore, formal discovery has just commenced. No depositions have been taken. Discovery is ongoing and therefore this Defendant reserves the right to supplement this resnouse.



LAW OFFICES

# THORNDAL ARMSTRONG DELK BALKENBUSH & EISINGER

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# EXHIBIT D

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v	Fax: (702) 366-0327	
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10	E-Mail: png@thorndal.com	
10	Attorneys for Defendants,	
11	HENDERSON WATER PARK, LLC dba	
40	COWABUNGA BAY WATER PARK,	
12	WEST COAST WATER PARKS, LLC and	
13	DOUBLE OTT WATER HOLDINGS, LLC	
	Table 1	
14	DISTRICT	COURT
	•	COURT
15		
}	CLARK COUNT	
16	CLARK COUNT	
15 16 17	CLARK COUNT PETER GARDNER and CHRISTIAN	fy, nevada
16 17	CLARK COUNT PETER GARDNER and CHRISTIAN GARDNER, on behalf of minor child, LELAND	
16 17	CLARK COUNT PETER GARDNER and CHRISTIAN GARDNER, on behalf of minor child, LELAND GARDNER,	FY, NEVADA  CASE NO. A-15-722259-C
16 17	CLARK COUNT PETER GARDNER and CHRISTIAN GARDNER, on behalf of minor child, LELAND GARDNER, Plaintiffs,	fy, nevada
16 17 18	CLARK COUNT PETER GARDNER and CHRISTIAN GARDNER, on behalf of minor child, LELAND GARDNER,	FY, NEVADA  CASE NO. A-15-722259-C
16 17 18	PETER GARDNER and CHRISTIAN GARDNER, on behalf of minor child, LELAND GARDNER,  Plaintiffs, vs.  HENDERSON WATER PARK, LLC dba	FY, NEVADA  CASE NO. A-15-722259-C  DEPT NO. XXX  DEFENDANT, DOUBLE OTT
16 17 18 19	PETER GARDNER and CHRISTIAN GARDNER, on behalf of minor child, LELAND GARDNER,  Plaintiffs, vs.  HENDERSON WATER PARK, LLC dba COWABUNGA BAY WATER PARK, a	TY, NEVADA  CASE NO. A-15-722259-C  DEPT NO. XXX  DEFENDANT, DOUBLE OTT WATER HOLDINGS, LLC'S
16 17 18 19 20	PETER GARDNER and CHRISTIAN GARDNER, on behalf of minor child, LELAND GARDNER.  Plaintiffs, vs.  HENDERSON WATER PARK, LLC dba COWABUNGA BAY WATER PARK, a Nevada limited liability company: WEST	CASE NO. A-15-722259-C DEPT NO. XXX  DEFENDANT, DOUBLE OTT WATER HOLDINGS, LLC'S ANSWERS TO PLAINTIFFS'
16 17 18 19 20	PETER GARDNER and CHRISTIAN GARDNER, on behalf of minor child, LELAND GARDNER.  Plaintiffs, vs.  HENDERSON WATER PARK, LLC dba COWABUNGA BAY WATER PARK, a Nevada limited liability company; WEST COAST WATER PARKS, LLC, a Nevada limited liability company; DOUBLE OTT	FY, NEVADA  CASE NO. A-15-722259-C  DEPT NO. XXX  DEFENDANT, DOUBLE OTT WATER HOLDINGS, LLC'S ANSWERS TO PLAINTIFFS' FIRST SET OF
16 17 18 19 21 22	PETER GARDNER and CHRISTIAN GARDNER, on behalf of minor child, LELAND GARDNER,  Plaintiffs, vs.  HENDERSON WATER PARK, LLC dba COWABUNGA BAY WATER PARK, a Nevada limited liability company; WEST COAST WATER PARKS, LLC, a Nevada limited liability company; DOUBLE OTT WATER HOLDINGS, LLC, a Utah limited	CASE NO. A-15-722259-C DEPT NO. XXX  DEFENDANT, DOUBLE OTT WATER HOLDINGS, LLC'S ANSWERS TO PLAINTIFFS'
16 17 18 19 20 21 22	PETER GARDNER and CHRISTIAN GARDNER, on behalf of minor child, LELAND GARDNER,  Plaintiffs, vs.  HENDERSON WATER PARK, LLC dba COWABUNGA BAY WATER PARK, a Nevada limited liability company; WEST COAST WATER PARKS, LLC, a Nevada limited liability company; DOUBLE OTT WATER HOLDINGS, LLC, a Utah limited liability company; DOES I through X, inclusive:	FY, NEVADA  CASE NO. A-15-722259-C  DEPT NO. XXX  DEFENDANT, DOUBLE OTT WATER HOLDINGS, LLC'S ANSWERS TO PLAINTIFFS' FIRST SET OF
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16 17 18 19 20 21 22 23 24	PETER GARDNER and CHRISTIAN GARDNER, on behalf of minor child, LELAND GARDNER,  Plaintiffs, vs.  HENDERSON WATER PARK, LLC dba COWABUNGA BAY WATER PARK, a Nevada limited liability company; WEST COAST WATER PARKS, LLC, a Nevada limited liability company; DOUBLE OTT WATER HOLDINGS, LLC, a Utah limited liability company; DOES I through X, inclusive; ROE CORPORATIONS I through X, and ROE Limited Liability Company I through X, inclusive,	FY, NEVADA  CASE NO. A-15-722259-C  DEPT NO. XXX  DEFENDANT, DOUBLE OTT WATER HOLDINGS, LLC'S ANSWERS TO PLAINTIFFS' FIRST SET OF
16 17 18 19 20 21 22 23 24 25 26	PETER GARDNER and CHRISTIAN GARDNER, on behalf of minor child, LELAND GARDNER,  Plaintiffs, vs.  HENDERSON WATER PARK, LLC dba COWABUNGA BAY WATER PARK, a Nevada limited liability company; WEST COAST WATER PARKS, LLC, a Nevada limited liability company; DOUBLE OTT WATER HOLDINGS, LLC, a Utah limited liability company; DOES I through X, inclusive; ROE CORPORATIONS I through X, and ROE Limited Liability Company I through X, inclusive,  Defendants.	FY, NEVADA  CASE NO. A-15-722259-C  DEPT NO. XXX  DEFENDANT, DOUBLE OTT WATER HOLDINGS, LLC'S ANSWERS TO PLAINTIFFS' FIRST SET OF
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### DEFENDANT, DOUBLE OTT WATER HOLDINGS, LLC'S ANSWERS TO PLAINTIFFS' FIRST SET OF INTERROGATORIES

Defendant, DOUBLE OTT WATER HOLDINGS, LLC, ("DOUBLE OTT") by and through its counsel of record. Paul F. Eisinger, Esq. and Philip Goodhart, Esq., of the law firm of THORNDAL, ARMSTRONG, DELK, BALKENBUSH & EISINGER, does herein respond. in accordance with Rule 33 of the Nevada Rules of Civil Procedure, to Plaintiffs' Interrogatories.

This Defendant objects to the number of Interrogatories propounded by the Plaintiffs as they exceed forty (40) in total including subparts.

### INTERROGATORY NO. 1:

Identify and describe in detail all claims, complaints, arbitration proceedings and/or lawsuits filed against Defendant during the five (5) year period prior to the Subject Incident.

### RESPONSE TO INTERROGATORY NO. 1:

Objection. This Interrogatory is vague, ambiguous, overbroad and compound. This Defendant also objects to said Interrogatory on the grounds that it calls for several legal conclusions. Finally, this Interrogatory also seeks to invade Attorney-Client Privilege and/or Attorney Work-Product. Subject to and without waiving said objections, the response is as follows: None.

### **INTERROGATORY NO. 2:**

Identify and set forth in detail, including by name, address and telephone number, any individual that performed any type of investigation in any way related to the Subject Incident.

### RESPONSE TO INTERROGATORY NO. 2:

None on behalf of Double Ott.

### INTERROGATORY NO. 3:

Identify and set forth in detail Double Ott's policies and procedures in any way related to the operation of the Wave Pool, including but not limited to lifeguard staffing, from April 1, 2013 through the present.

#### RESPONSE TO INTERROGATORY NO. 3:

Double Ott is simply an owner/investor in Henderson Water Park, LLC and has no involvement in the policies, procedures or daily operations of Cowabunga Bay Water Park.

#### **INTERROGATORY NO. 4:**

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Identify and set forth in detail Double Ott's policies and procedures in any way related to the training of its lifeguards from April 1, 2013 through the present.

### **RESPONSE TO INTERROGATORY NO. 4:**

See Double Ott's Response to Interrogatory No. 3 above.

#### **INTERROGATORY NO. 5:**

Identify Double Ott employees or personnel, agents, representatives, consultants, vendors or contractors that were on duty and/or present at the Premises on May 27, 2015.

#### **RESPONSE TO INTERROGATORY NO. 5:**

None. See Double Ott's Response to Interrogatory No. 3 above.

### **INTERROGATORY NO. 6:**

If you claim that any other person(s) or entity(ies) contributed to the Subject Incident, please state the name of each such person(s) or entity(ies) and the manner in which he/she/it contributed to the alleged occurrence.

#### RESPONSE TO INTERROGATORY NO. 6:

As noted above, Double Ott is simply an owner/investor in Henderson Water Park, LLC and has no involvement in the policies, procedures or daily operations of Cowabunga Bay Water Park. Double Ott would defer to Henderson Water Park, LLC dba Cowabunga Bay Water Park. Furthermore, formal discovery has just commenced. No depositions have been taken. Discovery is ongoing and therefore this Defendant reserves the right to supplement this response.

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## LAW OFFICES

# THORNDAL ARMSTRONG DELK BALKENBUSH & EISINGER

A PROFESSIONAL CORPORATION

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# EXHIBIT E

			156
02:10:16	5 1	Q.	Okay. And under WP1 through WP8, that
	2	means the n	umber of lifeguards that would be assigned
	3	to the wave	pool, correct?
02:10:25	4	A.	Correct.
02:10:26	5 5	Q.	All right. Again, so the absolute maximum
	6	under your	plan, unilaterally adopted by you and put
	7	into effect	, was that there would never be more than
	8	17, correct	never more than 8; is that correct?
02:10:41	. 9		MR. EISINGER: Object to the form.
02:10:42	10		You can answer.
02:10:43	11		THE WITNESS: I believe that there would
	12	never be mon	re than 7. On busy days, the 8th guard was
	13	at the life	jackets, assisting passing out the life
	14	jackets.	
02:10:51	15	BY MR. CAMPI	BELL:
02:10:52	16	Q.	So the most that you would have there on
	17	any given da	ay, irrespective of the amount of people,
	18	would be sev	ren persons would be designated
02:11:01	19	A.	Correct.
02:11:02	20	Q.	as lifeguards? Okay.
02:11:11	21		And once again, that was your unilateral
	22	decision, co	rrect?
02:11:16	23	A.	Yes.
02:11:16	24	Q.	And you accept responsibility for that?
02:11:18	25		MR. EISINGER: Object to the form.
	Į.		

		157
02:11:19	1	You can answer.
02:11:20	2	BY MR. CAMPBELL:
02:11:21	3	Q. Is that "yes"?
02:11:21	4	A. Yes.
02:11:25	5	Q. Okay. And what was the management
	б	committee's position on that? Did they agree with you
	7	in that regard?
02:11:33	8	A. They weren't aware of it.
02:11:34	9	Q. They weren't aware of it?
02:11:35	10	A. No.
02:11:36	11	Q. Okay. Why weren't they aware of it?
02:11:39	12	A. Because they are not involved in that sort
	13	of thing, the day-to-day stuff like that.
02:11:44	14	Q. Why aren't they? Isn't that their job?
02:11:47	15	A. Which management are you talking about?
02:11:50	16	Q. The management committee, the owners that
	17	sit on the management committee that you answer to and
	18	you are responsible to.
02:11:56	19	MR. EISINGER: Object to the form.
02:11:57	20	Go ahead.
02:11:57	21	THE WITNESS: No, they are not involved in
	22	the day-to-day operation. They don't know how many
	23	people are doing cashiers or guarding or that's my
	24	jeb.
02:12:04	25	///

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158
 02:12:04 1 BY MR. CAMPBELL:
 02:12:04 2
                        Well, why aren't they involved in that?
                 Q.
          3 In, for example, not necessarily cashiers, but life and
          4 death matters such as lifeguards, why have they
          5 exhibited no interest in being involved in that
          6 process?
02:12:17
                 A.
                        Well --
02:12:17
                        MR. EISINGER: Object to the form.
02:12:19 9
                        THE WITNESS: They are just investors.
         10 They are not involved in doing those sort of things.
02:12:24 11 BY MR. CAMPBELL:
02:12:24 12
                 0.
                        You understand that they are members of the
         13 management committee, right?
02:12:28 14
                        Well, I think it's a management of the
                 Α.
        15 partnerships, not of the park.
02:12:32 16
                 Q.
                        So they have nothing to do with the
           management of the park at all?
02:12:35 18
                A.
                        No.
02:12:35 19
                       But that's not what your documents say, is
                Q.
        20 lit?
02:12:38 21
                       I'm, I'm not sure about that. But, no,
                Α.
        22 they are not involved in the day-to-day operation.
        23 management committee votes on things if we are going to
        24 sell the park or if we're going to divide the
        25 partnerships or...
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# EXHIBIT 2

# EXHIBIT 2

	11			
1	MSJD THORNDAL ARMSTRONG DELK	Electronically Filed		
2	BALKENBUSH & EISINGER	08/12/2016 03:28:47 PM		
3	PAUL F. EISINGER, ESQ. Nevada Bar No. 1617	Stone to Chum		
4	ALEXANDRA B. M <sup>c</sup> LEOD, ESQ. Nevada Bar No. 8185	CLERK OF THE COURT		
5	1100 East Bridger Avenue   Las Vegas, NV 89101-5315			
6	Mail To:   P.O. Box 2070			
7	Las Vegas, NV 89125-2070 Tel: (702) 366-0622			
8	Fax: (702) 366-0327 E-Mail: peisinger@thorndal.com			
	E-Mail: amcleod@thorndal.com			
9	Attorneys for Defendants, HENDERSON WATER PARK, LLC dba			
10	COWABUNGA BAY WATER PARK, WEST COAST WATER PARKS, LLC,			
11	DOUBLE OTT WATER HOLDINGS, LLC			
12	DISTRICT	COURT		
13	CLARK COUNTY, NEVADA			
14	PETER GARDNER and CHRISTIAN GARDNER, on behalf of minor child, LELAND	CASE NO. A-15-722259-C		
15	GARDNER,	DEFI. NO. XXX		
16	Plaintiffs,	AMANYON FOR CURRENT WINGS OF COMME		
17	VS.	MOTION FOR SUMMARY JUDGMENT AS TO CLAIMS AGAINST		
18	HENDERSON WATER PARK, LLC dba COWABUNGA BAY WATER PARK, a	DEFENDANTS WEST COAST AND DOUBLE OTT		
19	Nevada limited liability company; WEST COAST WATER PARKS, LLC, a Nevada			
20	limited liability company; DOUBLE OTT WATER HOLDINGS, LLC, a Utah limited			
21	liability company; DOES I through X, inclusive; ROE CORPORATIONS I through X, and ROE	Date of Hearing:		
22	Limited Liability Company I through X, inclusive,	Time of Hearing:		
23	Defendants.			
24				
25	Defendants, HENDERSON WATER PA	RK, LLC dba COWABUNGA BAY WATER		
26	PARK, WEST COAST WATER PARKS, LLC	(hereinafter "West Coast"), DOUBLE OTT		
27	WATER HOLDINGS, LLC (hereinafter "Double	OTT"), (also collectively "Defendants" or the		
28	"Water Park Defendants"), by and through	their counsel of record, THORNDAL,		



ARMSTRONG, DELK, BALKENBUSH & EISINGER, do herein submit their Motion for Summary Judgment as to Claims against Defendants West Coast and Double OTT in the aboveentitled action pursuant to Nevada Rules of Civil Procedure 56, and Nevada Revised Statutes §§86.371 and 86.381.

This Motion is made and based upon all of the papers and pleadings on file herein, the Points and Authorities hereinafter to follow, and such oral argument and testimony as this Honorable Court may entertain at a hearing of the subject Motion, if so desired.

RESPECTFULLY SUBMITTED this \ day of August, 2016.

THORNDAL, ARMSTRONG, DELK, BALKENBÚSH & EISINGER

PAUL F. EISINGER, ESO.

Nevada Bar No. 1617

ALEXANDRA B. McLEOD, ESQ.

Nevada Bar No. 8185

1100 East Bridger Avenue, P.O. Box 2070

Las Vegas, NV 89125

Attorneys for Defendants,

HENDÉRSON WATER PARK, LLC dba COWABUNGA BAY WATER PARK, WEST COAST WATER PARKS, LLC, DOUBLE O'T WATER HOLDINGS, LLC

1	NOTICE OF MOTION
2	TO: ALL PARTIES HERETO; and
3	TO: COUNSEL OF RECORD FOR ALL PARTIES HERETO:
4	YOU, AND EACH OF YOU, WILL PLEASE TAKE NOTICE that the undersigned will
5	bring the above and foregoing MOTION FOR SUMMARY JUDGMENT AS TO CLAIMS
6	AGAINST DEFENDANTS WEST COAST AND DOUBLE OTT on for hearing before the
7	above-entitled Court on the $\frac{13}{2}$ day of $\frac{SEPTEMBER}{2016}$ , 2016, at the hour of
8	9:00 A.m./p.m. said day, or as soon thereafter as counsel can be heard.
9	RESPECTFULLY SUBMITTED this 10 day of August, 2016.
10	TELOPATE A PARCETTO DATE TO
11	THORNDAL, ARMSTRONG, DELK, BALKENBUSH & EISINGER
12	(Tauet Em
13	PAUL F. EISINGER, ESQ.
14	Nevada Bar No. 1617 ALEXANDRA B. McLEOD, ESQ.
15	Nevada Bar No. 8185 1100 East Bridger Avenue, P.O. Box 2070
16	Las Vegas, NV 89125 Attorneys for Defendants,
17	HENDÉRSON WATER PARK, LLC dba COWABUNGA BAY WATER PARK,
18	WEST COAST WATER PARKS, LLĆ, DOUBLE OTT WATER HOLDINGS, LLC
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### I. <u>INTRODUCTION AND SUMMARY OF ARGUMENT</u>

Plaintiffs' July 28, 2015 Complaint named Henderson Water Park, LLC which does business as Cowabunga Bay, and oversees the park's operations. Plaintiffs also named two other limited liability companies that are each members of Henderson Water Park, LLC: West Coast Water Parks, LLC and Double OTT Water Holdings, LLC. Defendants West Coast and Double OTT seek summary adjudication that they are improper defendants in light of longstanding Nevada law and statutory protections for managers and members of limited-liability companies found at NRS 86.371 and 86.381.

POINTS & AUTHORITIES

In order for any of Plaintiffs to maintain this action against West Coast and Double OTT, Plaintiffs MUST overcome the absolute protections of NRS Chapter 86, which they cannot do. Unlike corporations, which may be pierced under very limited circumstances, there are no statutory exceptions which allow one to "pierce" a limited-liability company. While the protections under Chapter 78 (pertaining to corporations) are extremely strict—in fact, piercing a corporation has only been allowed one time in Nevada in the past 20 years—the protections under Chapter 86 pertaining to LLC's are absolute. NRS 86.381 unambiguously sets forth that. "A member of a limited-liability company is not a proper party to proceedings... against the company..." Furthermore, an analysis of the statutory construction shows that while Chapter 78 provides specific statutory authority to "pierce" the corporate veil, there is no such statutory authority within NRS Chapter 86.

This Court has previously ruled in favor of upholding the protections to members of LLCs, making that the law of the case. (See this Court's July 5, 2016 Order Denying Plaintiffs' Motion for Leave to Amend Complaint, not attached here pursuant to EDCR 2.27[e]). Furthermore, all material facts weighing on the question of LLC-member liability are undisputed: namely that Henderson Water Park, LLC is a NRS Chapter 86 limited liability company, made up of a Washington LLC (West Coast Water Park, LLC) and a Utah LLC (Double OTT Water Holdings, LLC). See EXHIBIT A, Business Entity Information Print-Out from the Nevada Secretary of State. The question whether West Coast and Double OTT are

THE PERSON NAMED IN

 proper defendants in light of the protections of NRS Chapter 86 is purely a legal issue, ripe for the Court's determination.

### II. BACKGROUND STATEMENT OF RELEVANT FACTS

This lawsuit was brought on July 28, 2015 by Peter and Christian Gardner on behalf of their son, Leland Gardner. Leland was a six-year-old kindergarten student who was not wearing a life vest at the time of a near drowning in the wave pool at the Cowabunga Bay Water Park on May 27, 2015. The Complaint describes the incident as occurring during an after school playdate with a classmate hosted by the classmate's father, William Ray, but states a sole cause of action for negligence against the Water Park Defendants.

# III. WHEN NO ISSUE OF MATERIAL FACT EXIST, THE MOVING PARTY IS ENTITLED TO JUDGMENT AS A MATTER OF LAW

Summary judgment is proper if the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to a judgment as a matter of law. NRCP 56(c); see also Dermody v. City of Reno, 113 Nev. 207, 931 P.2d 1354 (1997); Bish v. Guaranty Nat'l Ins. Co., 109 Nev. 133, 848 P.2d 1057 (1993); Butler v. Bogdanovich, 101 Nev. 449, 451, 705 P.2d 662, 663 (1985); and Wiltsie v. Baby Grand Corp., 105 Nev. 291, 774 P.2d 432 (1989). Furthermore, since Nevada substantially has adopted the Federal Rules of Civil Procedure, federal case law interpreting the operation of those rules becomes persuasive. Here, the movant is the Defendant and, accordingly, the procedure set forth by NRCP 56 is as follows:

(a) For defending party. A party against whom a claim, counterclaim, or crossclaim is asserted or a declaratory judgment is sought may, at any time move with or without supporting affidavits for a summary judgment in his favor upon all or any part thereof.

As the Nevada Supreme Court reminded us in *Wood v. Safeway, Inc.*, 121 Nev. 724, 121 P.3d 1026 (2005), Rule 56 should not be regarded as a "disfavored procedural shortcut." Most importantly, the Court dispelled the notion that even the "slightest doubt as to the operative facts" can preclude summary judgment by explicitly abrogating the slightest doubt standard from Nevada jurisprudence. *Id.* at 1031. "While the pleadings and other proof must be construed in a light most favorable to the nonmoving party, that party bears the burden to 'do more than

THORNMAL ARBESTHONG
I HALMENBURG & FISHNEEN

simply show that there is some metaphysical doubt' as to the operative facts in order to avoid summary judgment being entered in the moving party's favor." *Id.* 

Wood v. Safeway is also instructive that "the substantive law controls which factual disputes are material and will preclude summary judgment; other factual disputes are irrelevant" Id. (quoting Liberty Lobby, 477 US at 248). Since the substantive law which controls here is NRS 86.371 and 86.381 and no facts about the company structure are in dispute, it is deferentially submitted that Defendants West Coast and Double OTT are entitled to judgment as a matter of law.

# IV. BECAUSE LLCs EXPRESSLY PROTECT MEMBERS FROM LIABILITY FOR COMPANY OBLIGATIONS, WEST COAST AND DOUBLE OTT ARE IMPROPER DEFENDANTS

When Plaintiffs named West Coast and Double OTT in addition to Henderson Water Park, LLC, they failed to recognize longstanding Nevada law which insulates the member companies from direct liability. Specifically, NRS 86.381's absolute protection of members of an LLC is clear: "A member of a limited-liability company is not a proper party to proceedings by or against the company, except where the object is to enforce the member's right against or liability to the company." (emphasis added) Moreover, NRS 86.371 similarly sets forth that, "Unless otherwise provided in the articles of organization or an agreement signed by the member or manager to be charged, no member or manager of any LLC formed under the law of this State is individually liable for the debts or liabilities of the company." Under the absolute protections of NRS Chapter 86, there is simply no basis to break through the protections of Henderson Water Park, LLC to maintain an action against West Coast or Double OTT.

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III

### V. <u>CONCLUSION</u>

WHEREFORE, because it is for the Nevada Legislature, not its courts, to rewrite the LLC statute to allow piercing of the company veil, Defendants West Coast and Double OTT are protected from direct liability by NRS Chapter 86 as members of Henderson Water Park, LLC. For these reasons, summary judgment in favor of Defendants West Coast and Double OTT is warranted in the case at bar.

RESPECTFULLY SUBMITTED this 12 day of August, 2016.

THORNDAL, ARMSTRONG, DELK, BALKENBUSH & EISINGER

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DOUBLE OTT WATER HOLDINGS, LLC

THOUNDAR ARMSTHOMG DELK BREKENBLSH & ESSINGER

### CERTIFICATE OF SERVICE

Pursuant to NRCP 5(b)(2)(D) and EDCR 7.26(a)(4) I hereby certify that on the day of August 2016, I served a copy of the above and foregoing MOTION FOR SUMMARY JUDGMENT AS TO CLAIMS AGAINST DEFENDANTS WEST COAST AND DOUBLE OTT to the following parties via electronic service through the Eighth Judicial District Court's Odyssey E-File and Service System:

Donald J. Campbell, Esq.
Samuel R. Mirkovich, Esq.
CAMPBELL & WILLIAMS
700 South Seventh Street
Las Vegas, NV 89101
Attorneys for Plaintiffs,
PETER and CHRISTIAN GARDNER on
behalf of minor child, LELAND GARDNER

An Employed by THORNDAL, ARMSTRONG, DELK, BALKENBUSH & EISINGER



# LAW OFFICES THORNDAL ARMSTRONG DELK BALKENBUSH & EISINGER A PROFESSIONAL CORPORATION

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# EXHIBIT A

## **HENDERSON WATER PARK, LLC**

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(CorpSearch.	aspx)		E I Hack h (1950)		ctok=c8zOhesqHcnP0SF7uteftWQ9	
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Qualifying Sta	ite: NV	NV		s Due:	8/31/2016	
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Registered Agent I	nformation					
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Address	2			City:	LAS VEGAS	
Sta	te: NV		Zip	Code:	89113	
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No stock records four	d for this company					
- ☐ Officers ☐ Include Inactive Officers						
Managing Member - DOUBLE OTT WATER HOLDINGS, LLC						
Address 1: CX N.	O ORLUFF OPHEIKE	NS 1025 E. 2100	Address 2:			
City: NO	ORTH OGDEN		State:	UT		
Zip Code: 84	414		Country:	USA		
Status: Ac	tive	<i>1</i> 6				
Managing Member - WEST COAST WATER PARKS, ILC						
Address 1: C/O SCOTT HUISH 7300 FUN CENTER			Address 2:			
City: TU	KWILA		State:	WA		
Zip Code: 981	188		Country:	USA	***************************************	
Status: Ac	tive		Email:			
				THE PERSON NAMED IN COLUMN 1		