NO. 75783

IN THE SUPREME COURT OF THE STATE OF NEVADA

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i		Electronically Filed
	SPAR BUSINESS SERVICES, INC.,	Nov 08 2018 09:17 a.m. Elizabeth A. Brown Clerk of Supreme Court
	Appellant,	
	vs.	
DIVISION; STA	ADMINISTRATOR OF THE EMPLOYN TE OF NEVADA, DEPARTMENT OF E FRAINING & REHABILITATION; et al.	EMPLOYMENT,
	Respondents.	
**	Order Granting Motion to Dismiss Petition of the Eighth Judicial District Court of he State of Nevada, in and for Clark Count District Court Case No. A755501	
RE	SPONDENT ESD'S ANSWERING BRI	ŒF

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NRAP 26.1 DISCLOSURE STATEMENT

	The	Nevada	Employment	Security	Division	of the	Nevada
Department	of E	mploymer	nt, Training an	d Rehabil	itation; Re	nee Olso	n, in her
official capa	acity a	s Adminis	trator, are "gov	ernmental	parties" an	d are the	refore not
required to	file a c	lisclosure	statement unde	r NRAP 26	5.1.		

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JURISDICTIONAL STATEMENT

This Court has jurisdiction to consider this appeal from the Eighth Judicial District Court under the provisions of Nevada Revised Statute 612.530(6). The final order of the District Court Granting Motion to Dismiss the Petition for Judicial Review was filed on November 14, 2017. (Joint Appendix (JA), 119) The Notice of Entry was filed with the District Court on November 15, 2017. (JA, 117) The District Court Ordered that Appellant's Motion to Reconsider be denied on April 10, 2018. (JA, 125) The Notice of Entry was filed on April 11, 2018. (JA, 128) The Notice of Appeal was filed timely under Nevada Rule of Appellate Procedure 4(a)(1) on April 30, 2018. (JA, 133)

Appellant incorrectly observed in its Jurisdictional Statement that the "district court found that Spar failed to file a motion to enlarge the deadline;" this statement is not supported by the administrative record. See, Opening Brief (OB), iv; JA, 71. Rather, the District Court appropriately found that "Petitioner failed to make a showing of good cause for effectuating service of the Petition for Judicial Review after the statutory deadline in this case." JA, 71.

ROUTING STATEMENT

Pursuant to NRAP 17(a) the matter is retained by the Supreme Court because it is an administrative agency's case involving taxes (unemployment insurance taxes), and because it is a matter of first impression, under NRAP 17(a).

STATEMENT OF THE ISSUES

- 1. Did the District Court Err When it Granted Respondent's Motion to Dismiss Petition for Judicial Review for Lack of Subject Matter Jurisdiction, Without Prejudice, for Untimely Service of the Petition?
- 2. Whether the District Court Appropriately Found That Appellant Failed to Show Good Cause for Untimely Serving the Petition for Judicial Review?
- 3. Whether Relevant Nevada Law Requires a Hearing on the Merits in this Special Statutory Proceeding, When Jurisdiction is Absent?

STATEMENT OF THE NATURE OF THE CASE

The Eighth Judicial District Court, Dept. XXXII, Hon. Rob Bare, appropriately dismissed, without prejudice¹, Appellant's Petition for Judicial Review for lack of subject matter jurisdiction. Appellant failed to timely serve the Petition for Judicial Review within the 45-day statutory deadline, under NRS 233B.130(5).

Appellant, Spar Business Services (formerly Spar Marketing Services, LLC), a Florida Limited Liability Company, filed a Petition for Judicial Review on May 15, 2017. Spar Business Services (hereafter, Spar) appealed the administrative decision of the Appeal Tribunal (referee), affirmed by the Board of Review,

finding that its Nevada merchandisers performing services for Appellant were indeed employees and therefore their wages are subject to unemployment tax, *inter alia*. (JA, 55-60; Supplemental Appendix (SA), 1-12) At the administrative hearing below, Appellant contended that its Nevada merchandisers were independent contractors and thus were not entitled to unemployment insurance benefits. (SA, 001-002)

Appellant filed a Petition for Judicial Review in the Eighth Judicial District Court on May 15, 2017, appealing the referee's administrative decision. (JA, 1) ESD filed a Motion to Dismiss Petition for Judicial Review on July 21, 2017, as the District Court lacked subject matter jurisdiction. (JA, 26) Under NRS 612.530(2), the Petition must be served upon ESD's Administrator. Under the provisions of NRS 233B.130(5), the Petition must be served within 45 days of filing in the District Court.² Appellant, admittedly, made no attempt whatsoever to serve the Administrator of ESD with a copy of the Petition for Judicial Review before July 14, 2017. (JA, 34, Il. 13-16) Service upon the ESD Administrator must have been accomplished by Thursday, June 29, 2017, pursuant to NRS

Appellant admitted in its opposition that dismissal was without prejudice. (JA 37, 1. 23)

The Nevada Administrative Procedures Act (APA) (Chapter 233B of NRS) applies absent special provisions in Chapter 612 of NRS to the contrary. NRS 233B.039(3)(a). NRS 612.530(2) is silent as to when the Petition must be served upon ESD's Administrator. Accordingly, Chapter 233B of NRS requires it to be served within 45 days of filing.

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612.530(2) and NRS 233B.130(5); and thus, the Petition was personally served fifteen (15) days *after* the statutory deadline. The District Court was therefore deprived of subject matter jurisdiction to hear the Petition for Judicial Review.

On August 1, 2017, Appellant filed Petitioner's Opposition to Motion to Dismiss. (JA, 33) In its opposition, Appellant incorrectly argued that the District Court was vested with subject matter jurisdiction by the sole act of filing the Petition, despite untimely service of the Petition; that NRCP 4(i) prevails over NRS 233B.039(5) and NRS 233B.130(5) regarding the service deadline; and that dismissal was unwarranted under *Domino v. Gaughin*, 103 Nev. 583, 747 P.2d 236 (1987). (JA, 33-40)

ESD's Reply to Opposition to Motion to Dismiss Petition for Judicial Review was filed August 4, 2018. (JA, 42) In the reply, ESD argued that subject matter jurisdiction was absent as the statutory requirements necessary to confer jurisdiction were not satisfied; the Petition must be served upon ESD's Administrator within 45 days of filing, among other statutory requirements which are necessary to establish jurisdiction. NRS 612.530 §§ (1)&(2); and see, NRS 233B.130(5). (JA, 42-60)

A hearing on the Motion to Dismiss was held on October 10, 2018 before the Hon. Rob Bare. (JA, 149; 165) The Court invited counsel for Appellant to provide a good cause basis for extending the NRS 233B.130(5) 45-day service

deadline. (JA, 151-52; 159) The undersigned argued that NRS 233B.130(5) prevails over NRCP 4(i) in this special statutory proceeding, and that Appellant has failed to provide a justifiable excuse to establish good cause to extend the time for service in this case. (JA, 153-54) According to Whale, 792 F.2d 951 (9th Cir. 1986), which is cited by *Domino*, supra, a counsel's mistaken interpretation of the service statute is not a justifiable excuse or good cause for untimely service. Appellant was represented by out-of-state counsel, Thomas Vollbrecht, Esq., at the hearing, who erroneously argued that the District Court was vested with subject matter jurisdiction once the Petition was timely filed, because NRS 612.530 is silent as to the service deadline; thus NRCP 4 controls concerning the 120-day (JA, 156-58) Mr. Vollbrecht responded to Judge Bare's service deadline. invitation to show cause by arguing that "NRS 233B.130(5) does not apply at all." (JA, 159) The undersigned reminded the Court that NRCP 4 cannot control because NRCP 81(a) and 82 provide that the general rules cannot apply when in conflict with statute, and cannot apply to extend jurisdiction. (JA, 153; 161)

The District Court appropriately found that the Petition for Judicial Review was untimely served upon ESD, that the deadline for service was June 29, 2018. (JA, 142) The Court found that service of the Petition was not effectuated until July 14, 2018, and that Appellant failed to make a showing of good cause for effectuating service of the Petition for Judicial Review after the statutory deadline

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in this case. (JA, 142) The Court noted that "[w]hen the legislature creates a specific procedure for review of administrative agency decisions, such procedure is controlling." *Crane v. Cont'l Tel. Co. of California*, 105 Nev. 399, 401, 775 P.2d 705, 706 (1989). "When a party seeks judicial review of an administrative decision, strict compliance with the statutory requirements for such review is a precondition to jurisdiction by the court of judicial review, and [n]oncompliance with the requirements is grounds for dismissal." *Kame v. Emp't Sec. Dep't*, 105 Nev. 22, 25, 769 P.2d 66, 68 (1989). The Court appropriately dismissed the Petition for Judicial Review, without prejudice, for lack of subject matter jurisdiction. (JA, 140-142)

The District Court's Order noted Appellant's *purported* good cause argument contained in Appellant's opposition and repeated at oral argument: that NRCP 4(i) prevails over NRS 233B.130(5) and that the deadline for service of the Petition should be interpreted as 120 days after the filing of the Petition for Judicial Review. (JA, 39-37; 39, 1. 13-15;141; 158-159) The Court appropriately found Appellant's reliance upon NRCP 4(i) for a 120-day deadline misplaced. (JA, 70) The Court also made the factual finding that Petitioner did not ask Respondent to stipulate to an extension of time or move the Court for an extension of time for service before the service deadline on June 29, 2018. (JA, 71) Accordingly, the

Court aptly found that Appellant failed to establish good cause for untimely service of the Petition for Judicial Review.

Appellant inappropriately infers in the Statement of the Case that the District Court failed decide whether or not Appellant made showing of good cause for the delay in service. (OB, 2) To the contrary, the District Court Order specifically referenced Appellant's arguments and found that "Petitioner failed to make a showing of good cause for effectuating service of the Petition for Judicial Review after the statutory deadline in this case." (JA, 121-122)

Appellant also incorrectly inferred in the Statement of the Case that in special statutory proceedings, such as this administrative case, Nevada law expressly favors matters to be heard on the merits, but failed to cite any legal citation supporting this legal proposition. (OB, 2)

On April 30, 2018, Appellant filed the Notice of Appeal in the District Court, appealing the Order Granting Motion to Dismiss Petition for Judicial Review and the Order Denying Motion for Reconsideration entered April 11, 2018. (JA, 133-34)

STATEMENT OF THE FACTS

The Eighth Judicial District Court, Dept. XXXII, Hon. Rob Bare, appropriately dismissed, without prejudice, Appellant's Petition for Judicial Review for lack of subject matter jurisdiction. (JA, 68-71) Appellant failed to

timely serve the Petition for Judicial Review within the 45-day statutory deadline. (JA, 71)

Appellant, Spar Business Services (formerly Spar Marketing Services, LLC), a Florida Limited Liability Company, appealed the decision of the referee which was affirmed by Board of Review by filing a Petition for Judicial Review on May 15, 2017, finding that its Nevada merchandisers were indeed employees and therefore their wages are subject to unemployment tax, *inter alia*. (JA, 55-60; SA, 001-012) At the agency administrative hearing below, Appellant asserted that its Nevada merchandisers were not employees and thus not entitled to unemployment insurance benefits. (SA, 008-009)

The Summons was electronically issued on the same day as the filing of the Petition for Judicial Review, May 15, 2017. (JA, 1) The Clark County District Court's Register of Actions confirms same. (JA, 165)

After the statutory service deadline had expired by fourteen (14) days, it is undisputed that the undersigned received a voicemail message from Gina Bongiovi, Esq., on July 13, 2017, requesting that the undersigned accept service of the Petition for Judicial Review, without offering any good faith reason (or any reason at all) for the service delay. (JA, 29-30) Since Appellant's counsel made no attempt to request that the undersigned stipulate to extend time for service of the Petition for Judicial Review before expiration of the statutory deadline, and no

reasons were provided to justify the delay, ESD declined to stipulate to Appellant's request. (JA 29-30)

It is undisputed that on January 11, 2012, in the Eighth Judicial District Court Case No. A652992, a similar Petition for Judicial Review was timely served upon the ESD Administrator on behalf of Spar Marketing Services, Inc. (Appellant's former name), in which Gina Bongiovi, Esq. was also counsel of record and Thomas Vollbrecht, Esq. was also out-of-state associate counsel. (SA, 013, Register of Actions) Given their previous compliance with the same service requirements in Case No. A652992, Ms. Bongiovi and Mr. Vollbrecht are very familiar with such requirements. Appellant cannot show good cause for failure to timely serve the Petition for Judicial review based upon a "good faith" mistake or misapprehension since Appellant's counsel has previously served the ESD Administrator successfully.

Under NRS 612.530(2), the Petition must be served upon ESD's Administrator. Under the provisions of NRS 233B.130(5), the Petition must be served within 45 days of filing in the District Court. Appellant, admittedly, did not serve the Administrator of ESD with a copy of the Petition for Judicial Review until July 14, 2017. (JA, 34) Service upon the ESD Administrator must have been accomplished by Thursday, June 29, 2017, pursuant to NRS 612.530(2) and NRS 233B.130(5) and thus the Petition was served fifteen (15) days *after* the statutory

deadline. The District Court was therefore deprived of subject matter jurisdiction to hear the Petition for Judicial Review.

The District Court appropriately found that the Petition for Judicial Review was untimely served upon ESD, that the deadline for service was June 29, 2017. (JA, 142) The Court found that service of the Petition was not effectuated until July 14, 2017, and that Appellant *failed* to make a *showing of good cause* for effectuating service of the Petition for Judicial Review after the statutory deadline in this case. (JA, 142) The Court appropriately dismissed the Petition for Judicial Review, without prejudice, for lack of subject matter jurisdiction. (JA, 140-142)

The Court's Order appropriately noted that it considered Appellant's purported good cause arguments contained in Appellant's opposition and at oral argument: that NRCP 4(i) prevails over NRS 233B.130(5) and that the deadline for service of the Petition should be interpreted as 120-days after the filing of the Petition for Judicial Review. (JA, 39-37; 39, ll. 13-15; 141; 158-159) The Court appropriately found Appellant's reliance upon NRCP 4(i) for a 120-day deadline misplaced. (JA, 70) The Court made a factual finding that Petitioner did not request that Respondent stipulate to an extension or move the Court for an extension of time for service before the service deadline on June 29, 2017. (JA, 70-71) Accordingly, the Court aptly found that Appellant failed to establish good cause for untimely service of the Petition for Judicial Review. (JA, 68-71)

Appellant inaccurately informs this Court in the Statement Of Facts that ESD "omitted" any reference to the "good cause" exception to NRS 233B.130(5) in its briefing, in a purported attempt to misguide the District Court. (OB, 5) ESD mentioned "good cause" as it relates to NRS 233B.130(5) *fifteen* (15) times in its Motion to Dismiss, the attached Affidavit, Reply, and at oral argument. (JA, 26-32, 42-52; 154) As such, Appellant's argument that ESD repeatedly attempted to misguide the District Court regarding the good cause exception in NRS 233B.130(5) is belied by the record. (OB, 5) Most importantly, the District Court was not misguided – in fact, the Court invited Appellant at oral argument to present a good cause justification for the service delay; the Court specifically concluded that Appellant failed to show good cause in its Order Granting Motion to Dismiss. (JA, 151)

Appellant incorrectly argues in the Statement Of Facts, and for the first time on appeal, that the NRS 233B.130(5) service requirement, standing alone, is sufficient to invoke subject matter jurisdiction.³ (See, OB, 5) Appellant argued: "if service itself established the court's jurisdiction, the district court could never enlarge the time for service, rendering this provision for service worthless."

(OB, 5) Not only does this circular argument lack legal merit, this Court must decline to consider this argument since it was raised for the first time on appeal.

Schuck v. Signature Flight Support of Nevada, Inc., 126 Nev. 434, 436, 245 P.3d 542 (2010)("'[p]arties 'may not raise a new theory for the first time on appeal, which is inconsistent or different from the one raised below."") (internal citations omitted).

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In the Statement Of Facts, Appellant incorrectly attempts to shift Appellant's burden to demonstrate a justifiable excuse for untimely service of the Petition for Judicial Review to Respondents. (OB 7) The issue is not whether Respondents suffered prejudice from the 15-day delay. See, NRS 233B.130(5); see also, Whale v. United States, 792 F.2d 951 (9th Cir. 1986) ("defect in service in the case at bar was due solely to the failure of Whale's counsel to pay attention to the requirements of Rule 4(d)(4)." "The district court did not abuse its discretion when it concluded that Whale had failed to demonstrate justifiable excuse" for defective service.) This Court must refuse to shift the burden of proof; it is Appellant's burden to prove good cause for the delay. It would be legally inappropriate to analyze whether Respondents were prejudiced by the delay in special statutory proceedings such as this, when the Appellant failed to properly invoke the jurisdiction of the District Court.

Appellant inaccurately asserts in the Statement Of Facts that dismissal of the Petition for Judicial Review robbed Spar an opportunity to be heard and

ESD has never argued that the sole act of serving the Petition for Judicial

represented an error of law (OB, 7), but fails to provide any legal citation for this conclusion. Despite Appellant's incorrect representation in the Statement Of Facts (OB, 7), Respondents corrected the record to reflect that although Appellant did not pay any unemployment insurance taxes from at least 2004 - 2011 for its Nevada-based merchandisers, Appellant reported two employees through 2012, one employee through 2014, and (under a new business name) began reporting Nevada-based merchandiser wages for at least 50 employees in 2017. (JA, 94) Appellant did not dispute such facts in Petitioner's Reply in Support of Motion to Reconsider Pursuant to NRCP 59(e) and NRCP 60(b) and Appellant did not make a record of any objection to these facts at oral argument. (JA, 103-112; 155-161) Contrary to Appellant's assertion (OB, 7), at no time did Respondent mention during oral argument whether or not Appellant was paying unemployment taxes in Nevada. (JA, 152-55; 161-62)

Lastly, in the Statement Of Facts, Appellant mistakenly argues that Fitzpatrick v. State ex rel. Dep't of Commerce, Ins. Div., 107 Nev. 486, 487, 813 P.2d 1004 (1991) applies to support the specious proposition that once a Petition is timely filed, the District Court is vested with jurisdiction. (JA, 7-8) As indicated in ESD's Opposition to Motion for Reconsideration, Fitzpatrick lends no relevant legal support and is distinguishable from this case as it does not analyze NRS

Review is sufficient to vest the district court with subject matter jurisdiction.

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612.530(2) or NRS 233B.130(5), which are the statutory requirements for timely service of a Petition for Judicial Review. (JA, 92-93) *Fitzpatrick* only explains that a court may consider the late filing of a Points and Authorities (or Opening Brief) under NRS 233B.133, which is an entirely different statutory reference. *See*, *Fitzpatrick*, *supra*; *see also*, JA, 93. Here, Appellant did not attempt to file Points and Authorities (or Opening Brief) in this case. (JA, 165-166) The District Court properly denied reconsideration. (JA, 119-122)

On April 30, 2018, Appellant filed the Notice of Appeal in the District Court, appealing the Order Granting Motion to Dismiss Petition for Judicial Review and the Order Denying Motion for Reconsideration entered April 11, 2018. (JA, 133-34)

STATEMENT OF THE STANDARD OF REVIEW

"Courts have no inherent appellate jurisdiction over official acts of administrative agencies except where the [L]egislature has made some statutory provision for judicial review." *K-Kel, Inc. v. State, Dep't of Taxation,* 134 Nev.Adv.Op. 10, 412 P.3d 15 (2018) citing, *Crane v. Cont'l Tel. Co. of Cal.,* 105 Nev. 399, 401 P.2d 705, 706 (1989). "Statutory construction is a matter for de novo review. *J.D. Constr., Inc. v. IBEX Int'l Grp., LLC,* 126 Nev. 366, 375, 240 P.3d 1033, 1039 (2010). If a statute is clear and unambiguous, this court gives effect to the plain and ordinary meaning of its language without examining the

other rules of construction. *Id.* at 375, 240 P.3d at 1039–40." *Board of Review,* Nev. Dep't of Emp't, Training & Rehab., Emp't Sec. Div. v. Second Jud. Dist. Ct. in and for Cty. of Washoe, 133 Nev.Adv.Op. 35, 396 P.3d 795, 797 (2017).

ARGUMENT

1. THE DISTRICT COURT DID NOT ERR WHEN IT GRANTED RESPONDENT'S MOTION TO DISMISS PETITION FOR JUDICIAL REVIEW FOR LACK OF SUBJECT MATTER JURISDICTION, WITHOUT PREJUDICE, FOR UNTIMELY SERVICE OF THE PETITION.

This special statutory proceeding was appropriately dismissed, as the District Court was divested of subject matter jurisdiction. Petitioner failed to meet

the mandatory statutory requirements necessary to confer jurisdiction upon the

District Court. Appellant is incorrect in its contention that upon timely filing the

Petition for Judicial Review, alone, the District Court acquired subject matter

jurisdiction over this administrative case. (OB, 8) Appellant's jurisdictional

responsibilities did not end after the Petition for Judicial Review was merely filed.

In order to obtain judicial review of a decision issued by ESD's Board of Review, as in any other special statutory proceeding under Chapter 612 of NRS, a petitioner must take several steps before jurisdiction is conferred upon the district court. See, "NRS 612.530 – Judicial review of decision of Board of Review:

Commencement of action in district court; parties; service of petition;" see

also, NRS Chapter 233B. For example, petitioner must timely file the petition for judicial review, the petition must be filed in the appropriate district court, the petition must name all parties to the proceedings below, and the petition must be served upon the Administrator, inter alia. NRS 612.530 §§ (1)&(2).4

Because this is a special statutory proceeding and not a general civil action, timely service of the petition for judicial review is a mandatory precondition to the District Court's jurisdiction for judicial review. NRS 612.530(2); NRS 233B.130(5); See, Washoe Cty. v. Otto, 128 Nev.Adv.Op. 40, 282 P.3d 719, 725 (2012)(noncompliance with statutory requirements necessitates dismissal; "[c]ourts have no inherent appellate jurisdiction over official acts of administrative agencies except where the legislature has made some statutory provision for judicial review.' Thus, [w]hen the legislature creates a specific procedure for review of administrative agency decisions, such procedure is controlling.")(internal citations omitted); see also, Bd. of Review, Nev. Dep't of Emp't, Training & Rehab., Emp't Sec. Div. v. Second Judicial Dist. Court of State in & for Cty. of Washoe, 396 P.3d 795, 797 (Nev. 2017) (reversing the denial of ESD's motion to dismiss because petitioner failed to properly name a party as

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⁴ Provisions of Nevada's Administrative Procedure Act (Ch. 233B of NRS) apply absent special provisions in Chapter 612 of NRS to the contrary. NRS 233B.039(3)(a). NRS 612.530(2) is silent as to when the Petition must be served upon ESD's Administrator. Accordingly, Chapter 233B of NRS requires it to be served within 45 days of filing.

required by NRS 612.530(1), holding that "[w]e have consistently held that the requirements of the statute [NRS 612.530] are jurisdictional and mandatory"); see also, Scott v. Nev. Emp't Sec. Dep't, 70 Nev. 555, 559, 278 P.2d 602, 604 (1954)(affirming dismissal of a petition for judicial review where petitioner had failed to file petition in the proper district court); Caruso v. Nevada Emp. Sec. Dept., 103 Nev. 75, 76, 734 P.2d 224, 225 (1987)(affirming the dismissal of petition for lack of subject matter jurisdiction for failing to file in the appropriate district court; holding that "[t]he legislature has, by explicit language, directed claimants to file their petitions for judicial review in the county wherein the appealed claim was filed. While this legislative mandate may occasionally result in hardship, it is not the function of this court to substitute is judgment for that of the legislature.").

The relevant statutes⁵ are clear and unambiguous; the rules of construction need not be examined under these circumstances. *Board of Review, Nev. Dep't of Emp't, Training & Rehab., Emp't Sec. Div., supra.* A district court is deprived of subject matter jurisdiction when a petition for judicial review is not properly *served* within 45-days. *See*, NRS 612.530(3); NRS 233B.130(5). An examination of NRS 612.530(2) provides that "a petition ... must be served upon the Administrator." NRS 233B.130(5) provides that a "petition for judicial review

... <u>must</u> be <u>served</u> upon the agency ... within <u>45</u> days after the filing of the petition." Appellant's failure to timely <u>serve</u> ESD's Administrator with the Petition within the 45-day statutory deadline divested the District Court of subject matter jurisdiction to hear this administrative appeal. The District Court had no other option than to dismiss the Petition for Judicial Review. <u>See</u>, <u>Scott</u>, <u>supra</u> ("if the court did not have jurisdiction it could not have made an effective order of any kind except the order of dismissal"). The District Court appropriately granted the motion to dismiss because the Court lacked subject matter jurisdiction to hear the case.

NRCP 4(i) cannot work to extend jurisdiction in this administrative proceeding. NRS 233B.039(3) and NRS 233B.130(5) control concerning the 45-day deadline to serve the Petition for Judicial Review.

Since the instant matter is a special statutory proceeding, NRS 233B.039(3) and NRS 233B.130(5) prevail over NRCP 4(i) concerning the 45-day statutory deadline for service of the Petition for Judicial Review upon ESD's Administrator. *See also*, NRCP 81(a). Petitioner's reliance upon NRCP 4(i) for the service deadline is misplaced and not supported by Nevada law. NRCP 81(a) explains that the Nevada Rules of Civil Procedure "do not govern procedure and practice in any special statutory proceeding insofar as they are inconsistent or in conflict with the procedure and practice provided by applicable statute." As such,

⁵ NRS 612.530(2), NRS 233B.039(3)(a) and NRS 233B.130(5) are the relevant

because NRS 233B.130(5) contains a specific statutory provision regarding the <u>45-day deadline</u> for service of a petition for judicial review, NRS 233B.130 clearly prevails over NRCP 4(i). *See* fn 1, *supra*; *see also*, *Crane v. Continental Tel. Co. of Ca.*, 105 Nev. 399, 401, 775 P.2d 705, 707 (1989)(holding that "when the legislature creates a specific procedure for review of administrative agency decisions, such procedure is controlling.").

The provisions of NRS Chapter 233B apply to the review of unemployment insurance cases except where specific provisions of NRS Chapter 612 regarding judicial review conflict with NRS Chapter 233B. NRS 233B.039(3)(a) provides, in pertinent part: "[t]he special provisions of Chapter 612 of NRS for the distribution of regulations by and the judicial review of decisions of the Employment Security Division of the Department of Employment, Training and Rehabilitation . . . prevail over the general provisions of this chapter." The statutory provisions contained in NRS Chapter 612.530(2) and NRS Chapter 233B.130(5) control, as they are in conflict with NRCP 4(i).

Moreover, NRCP 4(i) has <u>no</u> application to this case because NRCP 4(i) only applies to the service of a *summons* and *complaint* in a civil action. Petitioner untimely served its *Petition for Judicial Review* in this administrative matter. *See*, *Crane*, *supra* (holding that the district court had no jurisdiction over a

statutes.

complaint, when a complainant should have filed a petition for judicial review).

It would have been reversible error for the District Court to find that NRCP 4(i) may work to *extend jurisdiction* in this special statutory proceeding. NRCP 82 provides that "[t]hese rules shall not be construed to extend ... [the] jurisdiction of the district courts." The District Court properly granted the Respondent's Motion To Dismiss.

Appellant cited to Domino v. Gaughin, supra, in its Opposition to Motion to Dismiss, in support of its theory that dismissal constitutes error. (JA, 36) Domino provided the District Court with no authority to extend jurisdiction in this matter after defective service of the Petition for Judicial Review. It would have been reversible error for the District Court to deny Respondent's Motion to Dismiss and consider the merits of this administrative proceeding. The facts and law in Domino are clearly distinguished from this case. Domino involved a personal injury action. Domino v. Gaughin, 103 Nev. at 583, 747 P.2d. at 237. The appellant in *Domino* failed to effect service of a summons and a *complaint* within 120 days. *Id.* Because *Domino* involved a personal injury action and not an administrative proceeding, the Supreme Court's analysis regarding the extension of time for service of a *complaint* under NRCP 4(i) has no application to this case. A civil complaint is radically different from a petition for judicial review of an administrative decision; the two pleadings are not interchangeable.

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Supreme Court held in Crane, supra, "Instead of filing a petition for judicial review . . [the appellant] filed a new *complaint*. Therefore, the district court lacked jurisdiction and properly dismissed . . . the complaint." The Crane Court went on to explain that "[t]he time for taking an administrative appeal, as prescribed by statute, is jurisdictional and delay beyond the statutory time is fatal." (internal citations omitted)(emphasis added). Here, Appellant's misguided attempt to apply NRCP 4(i) and *Domino* to this case obviously fails, as *Domino* and NRCP 4(i) only apply to a civil action, rather than an administrative action; a plaintiff has different legal responsibilities than a petitioner. The District Court would have acted contrary to Nevada law if it were to apply NRCP 4(i), as in *Domino*, to extend jurisdiction in this case. The District Court correctly declined to consider NRCP 4 (i) and *Domino*, as they have no relevance whatsoever to the facts and law in this case.

The evidence in the record clearly supports the District Court's decision that Appellant's failure to timely serve the Petition for Judicial Review deprived the Court of jurisdiction.

2. THE DISTRICT COURT APPROPRIATELY FOUND THAT APPELLANT FAILED TO SHOW GOOD CAUSE FOR UNTIMLEY SERVING THE PETITION FOR JUDICIAL REVIEW.

Since Appellant failed to serve the Petition for Judicial Review prior

to expiration of the 45-day deadline, Petitioner has the burden to show it has good cause for serving the Petition 15 days after the statutory deadline. See, NRS 233B.130(5). Appellant did not meet its burden to show good cause for its failure. The only purported good cause justification the Appellant gave the District Court for serving the Petition late is that Appellant's counsel failed to properly comply with NRS 233B.130(5) because counsel mistakenly relied upon NRCP 4(i). (See, JA 35-37; 39) NRCP 4(i) only applies to service of a complaint, not a Petition for Judicial Review. NRCP 4(i) provides no relevant authority in this special statutory proceeding.

The only justification that Appellant offered to the District Court concerning good cause was that NRCP 4(i) controls because the service deadline and NRS 233B.130(5) do not apply, and counsel's purported misapprehension of same. Respondent must accordingly repeat this analysis in order to review whether Appellant had good cause. Unfortunately, the argument becomes repetitive because it is the only "good cause" lodged by Appellant.

NRCP 4(i) and *Domino* provide no authority to extend the service deadline to cure this jurisdictional defect, it is worth noting that *Domino* cites to only one case: *Whale v. United States*, 792 F.2d 951 (9th Cir. 1986). The *Whale* Court held that the "defect in service in the case at bar was due solely to the failure of Whale's counsel to pay attention to the requirements of Rule 4(d)(4)." *Id*.

(Emphasis added) "The district court did not abuse its discretion when it concluded that Whale had failed to demonstrate justifiable excuse" for defective service. *Id.* Just as in *Whale*, Appellant's counsel cannot demonstrate good cause for untimely service based solely on the failure to pay attention to the statutory deadlines for service. (JA, 37) Appellant's alleged "justification" for defective service is especially unreasonable since Petitioner's counsel had timely effectuated service of a Petition for Judicial Review upon ESD's Administrator in Case No. A652992 on January 11, 2012. *See*, Register of Actions for *Spar v. Zicarelli*, A-11-652992-J, Dept. 18 (SA, 013).

Appellant's counsel asked the District Court to examine the definition of good cause based upon the analysis in *Domino*, *supra*. The District Court appropriately refrained from considering the "good cause analysis" in *Domino*, as it only relates to the failure to timely serve a *complaint* in a personal injury action. The circumstances of serving a complaint in a civil action are dissimilar to the service of a Petition for Judicial Review in an NRS Chapter 612 administrative case: In an administrative case, the parties are known, the contact information for the parties have been known for some time as the parties most likely participated in the administrative proceedings before the Administrative Tribunal and the Board of Review. Hence, it is logical that the legislature would set a 45-day statutory

deadline for service of a petition in an administrative matter. *See*, NRS 612.530(2) and NRS 233B.130(5).

Appellant Inappropriately Asked the District Court to Shift the Burden of Proof and Require Respondent's to Demonstrate Prejudice.

The District Court properly rejected the invitation by Appellants to incorrectly shift the burden of proof to Respondents, and to reject the *Domino* analysis concerning whether the delay in service occasioned prejudice to Respondents. *See*, NRS 233B.130(5). Whether Respondents suffered prejudice was not dispositive in *Whale*. Indeed, in light of the forgoing, the appropriate issue is whether Appellant demonstrated a justifiable excuse for failure to timely serve the Petition, not whether Respondents suffered prejudice from the 15-day delay. *See*, *Whale*, *supra*.

The analysis in *Arnold v. Kip* is persuasive and supports the contention that the moving party is <u>not</u> required to show prejudice for the delay in service, given that Appellant carries the burden of showing good cause for the delay. *Arnold v. Kip*, 123 Nev. 410, 168 P.3d 1050 (2007). The *Arnold* Court held that the district court did not abuse its discretion by failing to consider whether Dr. Kip had been prejudiced by appellant's delay in filing the NRCP 16.1 case conference report. The *Arnold* Court held that "a party moving for dismissal under NRCP 16.1(e)(2) is not required to demonstrate prejudice, and the district court is

not required to consider whether the defendant has suffered prejudice because of the delay in filing the case conference report." *Id.*, 123 Nev. at 415, 168 P.3d at 1053.

NRS 233B.130(5) is similarly absent any language which requires that the party seeking dismissal show prejudice. NRS 233B.130(5) states, "[a] petition for judicial review . . . <u>must</u> be served upon the agency . . . within 45 days after filing of the petition, unless, upon *showing of good cause*, the district court extends the time for such service." *Arnold*, too, explains that "[n]othing in the language of NRCP 16.1 (e)(2). . . requires the defendant to demonstrate prejudice or the district court to determine whether the defendant has suffered prejudice as a condition to granting a dismissal . . . To hold otherwise would largely eviscerate the rule because it would allow plaintiffs to exceed the deadline for filing a case conference report so long as the defendant could not demonstrate prejudice." *Id*.

That being said, while Respondents carry <u>no</u> burden of proof to show prejudice for defective service, Appellant incorrectly argues that Respondents were not prejudiced from the delay in service of the Petition in this case. Respondents, as any other party, have an interest in finality of actions.

Appellant inappropriately suggested that it is "the only party that can legitimately complain about delay in this matter – which originated with Petitioner's filing of a Petition for Readjustment in 2007." (JA, 37) Any alleged

delay in this matter is attributable to Appellant. January 23, 2007, Appellant withdrew its administrative appeal of the determination issued on October 20, 2006, finding that Michael DeBoard, and other similarly situated individuals working for Appellant were employees and therefore Appellant was subject to pay unemployment tax for its merchandisers. (JA, 57) The October 20, 2006, determination was upheld by the Appeal Tribunal (referee) and affirmed by the Board of Review. (JA, 55-60) Appellant petitioned the District Court for review of the Board's decision. (JA, 1)

The good-cause analysis in *Domino* is <u>not</u> relevant to the facts of this case; but even if the District Court had held that *Domino* applies (it does not), Appellant nonetheless failed to show good cause for its delay in serving the Petition. The following facts in *Domino* are clearly distinguished from this case: plaintiff's out-of-state counsel was unable to arrange for substitution of counsel, counsel was an inexperienced attorney with only two years of experience, plaintiff's counsel suffered difficulty with the summons and difficulty in communication with co-counsel, counsel was absent from the office due to illness, service of the complaint was repeatedly attempted within the NRCP 4(i) timeline, counsel continued to attempt service until service was effectuated after the deadline. It is undisputed that none of the foregoing factors was present in the instant case.

Most importantly, no attempt was made to serve ESD's Administrator within the statutory deadline. No request to stipulate to an extension of time to serve ESD's Administrator was presented to Respondent ESD before the expiration of the statutory deadline. Appellant was not proceeding in *pro per*, was not misled by a court official, and cannot attribute the delay in service to anyone but Petitioner's counsel. *See*, *Whale*, *supra*. Even assuming, *arguendo*, the District Court should have considered the *Domino* analysis (it could not) Appellant nonetheless failed to show good cause (under the *Domino* factors) for failing to serve the Petition within the statutory deadline.

3. NEVADA LAW CONFERS NO AUTHORITY FOR JUDICIAL REVIEW WHEN JURISDICTION IS ABSENT, AND WHEN THE COURT HAS FOUND THAT APPELLANT FAILED TO SHOW GOOD CAUSE; APPELLANT'S VARIOUS ARGUMENTS TO THE CONTRARY ARE UNAVAILING.

Appellant inaccurately <u>argues for the first time on appeal</u> that ESD attempted to misdirect the District Court in its Motion to Dismiss that "NRS 233B.130(5) divested the district court of jurisdiction to address whether the failure of Petitioner herein to timely serve was done so with good cause." (OB, 9) This nonsensical argument is clearly belied by the record.

In ESD's Motion to Dismiss, Respondent analyzed whether Appellant could show good cause for the service delay, given that Appellant had successfully and timely served the ESD Administrator once before in 2012, in a predecessor case handled by the same two attorneys as the instant case; therefore, Appellant's argument cannot stand. (OB, 9) Respondent would not have entered into a detailed good cause analysis if Respondent had also argued that the District Court must refrain from considering good cause. The two arguments are patently illogical and inconsistent. As part of the good cause factual analysis, Respondent points to the following facts which show Appellant's absence of good cause for the delay in service: the Summons was issued the same day the Petition was filed (JA, 165); the belated voicemail message from Appellant's counsel requesting Respondent accept service was devoid of any factual reason which might establish good cause for Respondent to overlook Appellant's belated request after the statutory deadline had run (JA, 30); that Appellant's current counsel, Gina Bongiovi, Esq., and Thomas Vollbrecht, Esq., had successfully effectuated service on the ESD Administrator in a predecessor proceeding in 2012, in which Appellant (under a previous business name) successfully and timely served the Petition for Judicial Review, therefore, counsel clearly do understand the law concerning service. (SA, 013, Register of Actions 2011-12)

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This Court must decline to consider this new argument, as it is raised for the

Next, Appellant incorrectly argues that the Nevada Supreme Court has held that "failure to timely serve" a Petition is "not jurisdictionally fatal under NRS 233B.130(5)," citing to *Fitzpatrick*, *supra*. (JA, 10) This argument directly contradicts the argument proposed by Appellant's counsel at oral argument, in which he contended, "NRS 233B.130 does not apply at all." (JA, 159, l. 10) For

this reason alone, Appellant's argument must fail.

Moreover, Appellant erroneously relies on *Fitzpatrick*, *supra*, which is absent any law or analysis regarding NRS 612.530(2) and NRS 233B.130(5), the statutory requirement for timely service of a Petition for Judicial Review. (JA, 10) *Fitzpatrick* is clearly distinguished because it only holds that a court may consider the late filing of *Points and Authorities* (or Opening Brief), pursuant to NRS 233B.133 (a different statutory reference). *Fitzpatrick* is clearly distinguished from the circumstances of this case as it does not consider untimely service of a Petition for Judicial Review; further, no Points and Authorities (or Opening Brief) have been filed by Appellant in this matter. As such, *Fitzpatrick* provides this Court no legal support whatsoever; Respondent had no duty to inform the District Court of the *Fitzpatrick* case since it has no factual or legal relevance to this case.

first time on appeal. Schuck, supra.

At no time did the District Court hold "that Spar was required to file a motion for leave to serve late in advance of service," as Appellant incorrectly contends. (JA, 11; and see, JA, 68-70)

Appellant inaccurately suggests that "[o]nce Spar timely and strictly complied with the filing requirements of NRS 612.530(1), this Court obtained and maintained jurisdiction to consider Spar's good cause for delayed service and was, in fact, required to consider good cause." (OB, 11) This argument directly conflicts with the oral argument presented by counsel for Appellant in which he argued that the Petition for Judicial Review "must be served" (JA, 158, 1. 7), and there must be a "time limit on service" of the Petition. (JA, 158, 1. 11)

That being said, the District Court appropriately considered whether Appellant demonstrated good cause for untimely service, and concluded that good cause was <u>not</u> shown. (JA, 119-122) The District Court aptly considered Appellant's good cause argument that NRCP 4(i) prevails over NRS 233B.130(5), and found Appellant's reliance upon NRCP 4(i) misplaced. (JA, 121-122) The Court also went through a chronological analysis of the facts of this case, and concluded that Appellant failed to make a showing of good cause. (JA, 122, ll. 6-12) Appellant's argument that "[t]here was absolutely no consideration of good cause," is patently false. (OB, 12)

Appellant invites this Court to consider a new case (not presented in District Court) which purportedly holds that the "Supreme Court requires the weighing of ten factors in determining if good cause exists for delayed service of a complaint." (OB, 12) Appellant's argument immediately fails without review of

this case as the rule concerning service of a *complaint* is clearly irrelevant; the applicable service statute only concerns a Petition for Judicial Review, under NRS 233B.130(5). Furthermore, the case which Appellant cites, *Saavedra-Sandoval v. Wal-Mart Stores, Inc.*, 126 Nev. 592, 245 P.3d 1198 (2010), is clearly distinguished from the facts of this case for multiple reasons.

First, Wal-Mart, supra. considered NRCP 4(i) regarding the service of a complaint, which clearly does not apply to the service of a Petition, as explained in detail above. Next, Wal-Mart, supra, provides that "[i]f a party fails to move to enlarge the time for service within the 120 day period, 'the court shall take that failure into consideration in determining good cause for an extension of time." Id. Even if, arguendo, Wal-Mart did apply under the circumstances of this case (it does not), Appellant never filed a Motion for Extension of Time to serve the Petition for Judicial Review. As such, based on the holding in Wal-Mart, the Petition for Judicial Review was appropriately dismissed for Appellant's failure to move the court for an extension of time for service. The District Court therefore fittingly refrained from weighing any of the factors found in Wal-Mart, supra.

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4. NO RELEVANT NEVADA LAW REQUIRES A HEARING ON THE MERITS WHEN SUBJECT MATTER JURISDICTION IS ABSENT DUE TO FAILURE TO FOLLOW THE STATUTORY PROCEDURE.

Nevada law does not require "that cases be heard on the merits" when the mandates of statute are not satisfied in special statutory proceedings such as this, as explained more fully below. See, OB, 13; and see, Kame, supra; Otto, supra; Bd. of Review, Nev. Dep't of Emp't, Training & Rehab., Emp. Sec. Div., supra. Appellant inaccurately infers that the District Court erred for denying its Motion to Reconsider, citing to AA Primo Builders, LLC v. Washington, 126 Nev. 578, 245 P.3d 1190 (2010). (See, OB, 13) It was not an abuse of discretion for the District Court to deny Appellant's Motion to Reconsider. (See, OB, 13) The reasons, set forth in Washington, to grant such motion have no application here: there was no manifest injustice, no change of controlling law, no excusable neglect, or need to correct manifest errors of law or fact. See, Id. The District Court committed no error of law or fact. Moreover, Washington has no relevance here, as it interpreted an unrelated statute regarding the reinstatement of a revoked charter. Id.

The thrust of Appellant's argument in its Motion to Reconsider was that the Appellant had failed to bring the *Fitzpatrick* case to the attention of the District Court, and that such case allegedly provides that if a Petition for Judicial

Review is timely filed, subject matter jurisdiction is conferred as long as Appellant can establish good cause. (JA, 131-32) The District Court correctly found that Appellant had failed to establish that the District Court's decision was "clearly erroneous"; and found the *Fitzpatrick* decision not on-point because it addresses the deadline for the points and authorities under NRS 233B.133, which is distinguished from service of a Petition as set forth in NRS 612.530(2) and NRS 233B.130(5). (JA, 131-32) The Court also found that such case should have been raised in briefing or at the hearing on the Motion to Dismiss, and was not. (JA, 132) The fact that counsel for Appellant conducted additional research *after* the hearing on the Motion to Dismiss and belatedly found a case that is *not* relevant clearly cannot amount to good cause.

Appellant next incorrectly proposes that this High Court has announced that in administrative proceedings such as this, which are governed by statute and *not* the Nevada Rules of Civil Procedure, Nevada policy dictates matters be heard on their merits. (OB, 13) Appellant erroneously cites to *Kahn v. Orme*, which does not support this contention. 108, Nev. 510, 835 P.2d 790 (1992). *Kahn* concerned a civil action (not an administrative proceeding) for battery, defamation, and malicious prosecution in which a default judgment was entered. *Id. Kahn* renders Appellant no relevant support for this argument because it does not interpret NRS 612.530(2), NRS 233B.130(5), nor any other special statutory

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procedures which are necessary to vest the court with subject matter jurisdiction. Assuming, arguendo, that Kahn applies here (it does not) Appellant cannot satisfy the Kahn requirement that Appellant's counsel lacked knowledge of the procedural requirements. Here, like in Kahn, supra, counsel for Appellant "had sufficient knowledge" of the procedural requirements for service of the Petition for Judicial Review because Appellant timely served a Petition for Judicial Review upon ESD's Administrator in 2012 in the predecessor proceeding, Spar v. Zicarelli; et al., A-11-652992-J, on behalf of Appellant, as referenced above. Spar's delay, therefore, cannot be considered a good faith effort to promptly comply, as counsel's previous successful compliance with the relevant statutory procedure demonstrates counsel's knowledge and understanding of same. See also, Whale, supra. As such, Appellant is unable to show "excusable neglect" as described in Kahn for untimely service for failure to follow the procedural requirements set forth in statute.

The argument that dismissal was unwarranted because the District Court dismissed the case with prejudice is futile. (OB, 14) The District Court's Order contains no language that the matter was dismissed with prejudice. Nonetheless, the Petition could not be refiled, in any event, because the 11-day

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statutory deadline had long since passed. See, NRS 612.530(1); and see, e.g., Liberty Mut. v. Thomasson, 130 Nev. Adv. Op 4, 317 P.3d 831, 836 (2014). The delay is attributable to Appellant, alone.

Turning to Appellant's citation to Hotel Las Frontier Corp. v. Frontier Properties, 79 Nev. 150, 380 P.2d 293 (1963) and Banks v. Heater, 95 Nev. 610, 600 P.2d 245 (1979), both cases involve civil actions and not administrative proceedings, and they lend no support for the proposition that cases should be decided on their merits when subject matter jurisdiction is lacking for failure to follow the mandatory statutory procedure in administrative matters. In fact, earlier this year, this Court held that "pro se litigants cannot use . . . alleged ignorance as a shield to protect . . . from the consequences of failing to comply with basic procedural requirements." Rodriguez v. Fiesta Palms, LLC, 134 Nev. Adv.Op.78, P.3d (2018). In the case at bar, Appellant was represented by two attorneys; these attorneys, like pro se litigants, cannot use alleged ignorance as a shield against the consequences for failure to comply with statutory mandates, in light of the circumstances of this case.

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CONCLUSION

Therefore, Respondent ESD respectfully requests that this appeal be denied and that the Court affirm the decision of the Eighth Judicial District Court dismissing the Petitioner's Petition for Judicial Review.

AFFIRMATION Pursuant to NRS 239B.030:

The undersigned does hereby affirm that the preceding document does not contain confidential information; including, but not limited to: the Social Security number or employer identification number of any person or party.

DATED this 6th day of November, 2018.

LAURIE L. TROTTER, ESQ.

Attorney for Respondent ESD

ATTORNEY'S CERTIFICATE OF COMPLIANCE

- 1. I hereby certify that this Answering Brief complies with the formatting requirements of NRAP 32(a)(4), the typeface requirements of NRAP 32(a)(5) and the type style requirements of NRAP 32(a)(6) because this Answering Brief has been prepared in a proportionally spaced typeface using Microsoft Word 2010 in 14-point Times New Roman.
- 2. I further certify that this Answering Brief complies with the page- or type-volume limitations of NRAP 32(a)(7) because, excluding the parts of the Answering Brief exempted by NRAP 32(a)(7)(C), it contains 7,988 words.
- 3. Finally, I hereby certify that I have read this appellate brief, and to the best of my knowledge, information, and belief, it is not frivolous or interposed for any improper purpose. I further certify that this Answering Brief complies with all applicable Nevada Rules of Appellate Procedure, in particular NRAP 28(e)(1), which requires every assertion in the brief regarding matters in the record to be supported by a reference to the page and volume number, if any, of the transcript or appendix where the matter relied on is to be found.

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I understand that I may be subject to sanctions in the event that the accompanying Answering Brief is not in conformity with the requirements of the Nevada Rules of Appellate Procedure.

DATED this 6th day of November, 2018.

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CERTIFICATE OF SERVICE

Pursuant to NRAP 25(d)(1)(B), I hereby certify that I am an employee
of the State of Nevada, over the age of 18 years; and that on the date hereinbelow
set forth, I electronically filed the foregoing RESPONDENT ESD'S
ANSWERING BRIEF with the Clerk of the Nevada Supreme Court; and, as a
consequence thereof, electronic service was made in accordance with the Master
List as follows:
GINA BONGIOVI, ESQ. gina@bongiovilaw.com
THOMAS J. VOLLBRECHT, ESQ. Fabyanske, Westra, Hart & Thomson, P.A. tvollbrecht@fwhtlaw.com
And by mailing within an envelope which was deposited with the State of Nevada
Mail for postage and mailing from Carson City, Nevada, addressed as follows:
GINA BONGIOVI, ESQ. 2620 Regatta Drive, Suite 102 Las Vegas, NV 89128
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DATED thisday of November, 2018.

SHERI C. IHLER