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

YOAV EGOSI	
Appellant,	No.: 83454
VS.	
PATRICIA EGOSI, N/K/A	District Court Case No.: D-16-540174-
PATRICIA LEE WOODS,	D
Respondent.	

#### JOINT APPENDIX

## VOLUME 8 OF 19

### **INDEX TO JOINT APPENDIX**

Filing date	Document	Volume	Page
9/26/2016	Complaint for Divorce	1	1-8
10/19/2016	Answer and Counterclaim to Complaint for Divorce	1-2	9-28
10/19/2016	Prenuptial Agreement (exhibit to Answer and	2	15-28
	Counterclaim to Complaint for Divorce)		
10/28/2016	Reply to Counterclaim for Divorce	3	31
1/18/2017	Stipulation and Order for Referral Order for	3	35
	Outsourced Evaluation Services		
7/14/2017	Transcript of June 13, 2017 Evidentiary	3	38
	Hearing re Prenuptial Agreement		
7/14/2017	Transcript of June 14, 2017 Evidentiary	4-5	217-428
	Hearing re Prenuptial Agreement		
9/20/2017	Order re Child Custody	6	429-430
11/3/2017	Clarifying Order re Prenuptial Agreement	6	431-432
11/22/2017	Motion to Clarify or Correct Order of	6	433-439
	11/3/2017		
12/18/2017	Opposition to Motion to Clarify of Correct	6	440-454
	Order of 11/3/2017		
1/5/2018	Order re Motion to Clarify or Correct Order of	6	455-456
	11/3/2017		
9/4/2018	Findings of Fact, Conclusions of Law and	6-7	457-467
	Orders following June 13-14 Evidentiary		
	Hearing re Prenuptial Agreement		
9/10/2018	Notice of Appeal to Nevada Supreme Court	7	468-471
3/26/2018	Motion to Reconsider June 14, 2017 decision	7-11	474-508
	re Prenuptial Agreement		
9/18/2018	Motion to Certify Order as Final and Stay	12	520-535
	Proceedings Pending Appeal		
10/5/2018	Opposition to Motion to Certify Order as Final	13-14	536-545
	and Stay Proceedings Pending Appeal		
10/15/2018	Order re Motion to Certify Order as Final and	14	546-548
	Stay Proceedings Pending Appeal		
7/29/2020	Nevada Supreme Court Judgment and Order	14	549-554

5/14/2021	List of Witnesses	14	555-57
7/22/2021	Closing Brief of Patricia Egosi	14	558-562
7/23/2021	Closing Brief of Yoav Egosi	14	563-572
7/26/2021	Findings of Fact, Conclusions of Law and	14-15	573-649
	Decree of Divorce		
8/24/2021	Notice of Appeal	15	650

# INDEX TO JOINT APPENDIX REQUESTED SEALED

Filing date	Document	Volume	Page
5/9/2017	John Paglini Report	16	651-715
12/1/2021	Transcript of Evidentiary Hearing April 13,	17	716-875
	2021		
12/1/2021	Transcript of Evidentiary Hearing April 14,	17-18	876-
	2021		1013
12/1/2021	Transcript of Evidentiary Hearing May 20,	19	1014-
	2021		1251

court, that's not a fatal flaw or -- or a defective point that would create a basis for this Court to invalidate the prenuptial agreement and the -- the Defendant has acknowledged that that would be her sole and separate property and he's not trying to argue that -- that it wouldn't be because there was no disclosure form.<sup>11</sup>

Upon aforementioned findings, among others, this Court rendered the following

conclusions of law (though framed as findings):

So I do find based on the sheer factors that there was -- that -- that the Defendant has satisfied his burden to demonstration that the antenuptial agreement was not the result of fraud, duress, mistake, misrepresentation, or non-disclosure of material facts...Similarly, I -- I find that he's demonstrated that the agreement is not unconscionable.<sup>12</sup>

Despite this, however, the Court went on to conclude that:

What I do find and given the discretion that I do have <u>is there should be a limiting</u> <u>aspect to the enforceability of the terms of the prenuptial agreement.</u> First, the only assets I view as being protected by the prenuptial agreement <u>are the four</u> <u>assets listed in the -- in the exhibit attached to the prenuptial agreement.</u> There has been debate and discussion about bank accounts not being disclosed on both sides. I -- I don't view -- and -- and so I don't view this prenuptial agreement and I would not apply it given that discretion that I have to approve in whole or part. <u>I don't view the agreement as protecting bank accounts or bank account</u> <u>information.</u> A -- and as far as the Court's division of assets and debts or view of what should be divided by the Court and the final -- final division of assets. It's limit - limited to the specific assets that -- that have been referenced and no other assets are included as part of my -- the protection that's offered by the prenuptial agreement.<sup>13</sup>

The operative effect of this ruling is that any after acquired asset is presumed to

be community property, essentially gutting the prenuptial agreement and neutering it. As

the discussion below demonstrates, this is clear legal error which this Court should

reverse - in part because the Court failed to state any equitable grounds upon which to

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<sup>11</sup> AE 391, lines 1-16. <sup>12</sup> Id., lines 1-23. <sup>13</sup> Page 394-395.

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base its exercise of discretion, aside from concluding that it can exercise discretion, which is not legally sufficient.

c. Facts Specific to Joe's Motion for Partial Summary Judgment

Hawk Communications, LLC ("Hawk") is a single member limited liability company registered in the State of Georgia on December 8th, 1999. Joe is the sole managing member of Hawk. Hawk holds business accounts with Chase Bank. Hawk Communications is a telecommunications services provider – it provides web hosting, it is an internet service provider, and a VOIP provider. Hawk is registered with the Federal Communications Commission.

Customers purchase services online through www.joiphone.com, where they register for an account, add items to a shopping cart, and purchase online. Hawk accepts online debit and credit card payments through a merchant account which is linked to Hawk's Chase business accounts.

Hawk has multiple brands, domains, and registered trademarks for use in different markets, and with different products and services, such as:

- Joi Internet brand to use for dialup Internet service. .
- JoiPhone brand telephony services for the residential market. .
- JoiBiz brand telephony services for the business and SMB market. •
- Hawk VoIP to use with wholesale VoIP. .
- JOI is a registered trademark of Hawk Communications LLC. .
- Hawk Communications has domain such as Joi Phone, Joi Internet, JoiBiz. .
- Hawk Communications has products such as Joi Fax, Joi SMS, and Joi CRM.

JoiBiz ("JoiBiz"), LLC is also a single member limited liability company

established in 2009.<sup>14</sup> JoiBiz is not registered with the FCC.<sup>15</sup> Rather, it is a reseller

<sup>14</sup> AE 596.

15 Id. at 602-603.

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which provides Hawk products. When JoiBiz makes a sale, it goes to a merchant account, then an internal transfer to Hawk's business accounts is made through the same bank (Chase).

JoiBiz conducts no physical transactions: everything occurs online, through Hawk's equipment/software. JoiBiz uses the domain www.joibiz.com which is owned by Hawk. JoiBiz's website, email, and all other IP services utilize Hawk owned IP addresses, 16 and are run by Hawk employees and automated software on Hawk owned equipment.

Nor does JoiBiz have any ability to bill customers independent of Hawk: JoiBiz does not send bills or invoices, nor does it have a billing system. Without a telephony billing engine, the company cannot rate, charge, or route calls. The billing engine, and platform which bills, rates, routes, and invoice customers are all owned and operated by Hawk.

JoiBiz does not own Telecom equipment.<sup>17</sup> Such equipment provides telephone services including dial tone, and inbound and outbound voice, fax, and sms. All these services/products are owned by Hawk and Hawk VoIP LLC. Joe and others invested over a million dollars in the telecom network and equipment owned by Hawk between 1999-2006 - obligations that remain outstanding.

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<sup>&</sup>lt;sup>16</sup> AE 605. See also AE at 610-612.

<sup>&</sup>lt;sup>17</sup> JoiBiz cannot legally provide any telecom services such as telephony VoIP because it does not have an FCC license. Without that, it cannot provide 911 emergency services as all telephony providers are required to carry by the FCC. See https://www.fcc.gov/consumers/guides/voip-and-911-service (The FCC requires that providers of interconnected VoIP telephone services using the Public Switched Telephone Network (PSTN) meet Enhanced 911 (E911) obligations. E911 systems automatically provide to emergency service personnel a 911 caller's call back number and, in most cases, location information). Hawk Communications license with the FCC required it to enter into a contract with Intrado (AE 613-655) for the provision of those services.

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Finally, JoiBiz Terms of Service (its contract with customers) is on its website, located at <u>http://www.joibiz.com/tos.html</u>.<sup>18</sup> It provides clearly that the "Agreement is between JoiBiz, a Hawk Communications LLC company ("We", "Us", "Our" or "JoiBiz")." The about us on JoiBiz website http://www.joibiz.com/aboutus.htm states that "Headquartered in Nevada, JoiBiz, a Hawk Communications LLC company" and, furthermore, it says "Since 1999, Hawk Communications LLC has built an unparalleled IP and Voice network, and has the technical experience not found with other IT companies."<sup>19</sup>

In short, under no circumstances can JoiBiz operate independent of Hawk.-As such, it is a wholly owned subsidiary and alter ego of Hawk. Therefore, as the discussion below elaborates on, JoiBiz is an extension of Hawk and not a separate entity which should be protected under the prenuptial agreement.

d. Facts Specific to Joe's Motion to Dismiss Under NRCP 12(b)(5)

In Plaintiff's complaint, she makes the following conclusory statements:

During the course of the marriage, Defendant's personal conduct has resulted in the waste, erosion, dissipation, depletion, loss, and/or destruction of marital assets. Among other relief, Plaintiff, in accordance with equity and justice, should be awarded a greater share of the marital estate based upon Defendant's conduct which has caused the waste of marital property and the loss of financial opportunities.<sup>20</sup>

The complaint further alleges:

Plaintiff and Defendant are fiduciaries in the management and control of community assets, and are fiduciaries as to each other's interests in the community estate. By Defendant's conduct and behavior, he has breached his community management and fiduciary duties, causing economic waste to the community estate. In accordance with equity and justice, Plaintiff

<sup>18</sup> AE 656-661.

<sup>19</sup> AE 608.

<sup>20</sup> Plaintiff's Complaint, paragraph 15.

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LEX B. GHIBAUDO, PC

should be aware a greater share of the marital estate based upon Defendant's breach of his fiduciary duty.<sup>21</sup>

In Ashcroft v. Iqbal, 556 U.S. 662 (2009), the Unites States Supreme Court explained that the complaint must contain more than just conclusory accusations: "[t]o survive a motion to dismiss, a complaint must contain sufficient factual matter, accepted as true, to 'state a claim to relief that is plausible on its face ... [a] claim only has facial plausibility when the plaintiff pleads factual content that allows the court to draw the reasonable inference that the defendant is liable for the misconduct alleged."22

These are exactly the "labels and conclusions" and "[t]hreadbare recitals of the elements of a cause of action, supported by mere conclusory statements"23 the Iqbal court held would not suffice. As such, and as more fully discussed below, Plaintiff fails to state a claim upon which relief may be granted.

II. Legal Analysis

a. Reconsideration is Appropriate

Under E.D.C.R. 5.512:

(a) A party seeking reconsideration and/or rehearing of a ruling (other than an order that may be addressed by motion pursuant to NRCP 50(b), 52(b), 59, or 60), must file a motion for such relief within 14 calendar days after service of notice of entry of the order unless the time is shortened or enlarged by order. A motion for reconsideration does not toll the period for filing a notice of appeal.

(b) If a motion for reconsideration and/or rehearing is granted, the court may make a final disposition without hearing, may set it for hearing or resubmission, or may make such other orders as are deemed appropriate under the circumstances.

<sup>21</sup> Id. paragraph 16.

<sup>22</sup> Ashcroft v. Iqbal, 556 U.S. 662, 678 (2009).

<sup>&</sup>lt;sup>23</sup> Iqbal, 556 U.S. at 678. (Internal citations omitted).

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In this matter, no order has issued. As such, no notice of entry of order has been filed. Thus, the time bar provided for in EDCR 5.512(a) has not run and the matter is ripe for reconsideration under the standard is met under the rule. Under EDCR 5.512, "points or contentions not raised, or passed over in silence on the original hearing, cannot be maintained or considered on petition for rehearing."<sup>24</sup> Once a petition for rehearing has been denied, further consideration of the underlying issue is precluded, even as to points or contentions not raised.<sup>25</sup> "This rule is equivalent to holding that matters so waived cannot be entertained later, and good reasons exist for its enforcement."<sup>26</sup> Here, Mr. Egosi has not challenged the decision reached by this Court at the challenged evidentiary hearing, though Plaintiff has, without any countermotion having been filed by Mr. Egosi (though an opposition to that motion was filed). Therefore, Mr. Egosi is not precluded from requesting that this court reconsider its decision.

A district court may reconsider a previously decided issue if substantially different evidence is subsequently introduced or the decision is clearly erroneous.<sup>27</sup> Furthermore, this Court may reconsider a previously decided matter if new issues of fact or law are raised supporting a ruling contrary to the ruling already reached.<sup>28</sup> Here, Mr. Egosi contends that this Court clearly erred in the application of its equitable authority and that new law presented in this motion will compel this court to reach a different

<sup>24</sup> Chowdhry v. NLVH, Inc., 893 P.2d 385, 387, (Nev., 1995); citing Belanger v. Leonard, 68 Nev. 258, 262, 229 P.2d 153, 155 (1951) (quoting Brandon v. West, 29 Nev. 135, 85 P. 449, 88 P. 140 (1906)). 25 Id.

<sup>&</sup>lt;sup>26</sup> Id.; citing Brandon, 29 Nev. at 141, 88 P. at 140 (emphasis added).

<sup>27</sup> <sup>27</sup> Masonry and Tile Contractors Ass'n of Southern Nevada v. Jolley, Urga & Wirth, Ltd., 941 P.2d 486, 489, 113 Nev. 737 (Nev., 1997); See Little Earth of United Tribes v. Department of Housing, 807 F.2d 28 1433, 1441 (8th Cir.1986).

<sup>&</sup>lt;sup>28</sup> Moore v. City of Las Vegas, 551 P.2d 244, 245 92 Nev. 402 (Nev., 1976).

LEX B. GHIBAUDO, PC

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ruling in the matter at issue; i.e., that the Prenuptial Agreement should be enforceable in whole.

#### b. This Court Erred In the Application of Its Equitable Powers

In this matter, what was asserted, though it was not stated, was an equitable defense; i.e., this Court declined to enforce the prenuptial agreement in whole out of fairness to the Plaintiff, though that is not explicitly, indeed not even implicitly, stated in the decision - one must glean that conclusion from consideration of the whole transcript. In other words, this court *reformed* the parties' agreement. As the following discussion shows, application of equitable defenses, equitable maxims, and grounds of equitable relief in contract enforcement is well understood. Thus, this Court could have, and should have, based its decision on firmer ground - and if its equitable powers were better understood, this Court should have reached a different result in the matter.

#### i. In General

Though it is unclear from the record, this Court's June 14th, 2017 decision concerning the parties' prenuptial agreement can be construed as a "fairness defense" against the application of an otherwise enforceable agreement, imposed by this Court upon Joe. Though this Court should have based its decision on existing, well-settled, and well understood equitable grounds (see the discussion below), to the extent the defense was raised by this Court sua sponte in exercising its discretion, a discussion of the fairness of allowing such a defense follows:

The values that drive equitable defenses are values of fairness and justice between parties.<sup>29</sup> Dean Robert Stevens found in equity "a more particularized justice" that

<sup>29</sup> Emily L. Sherwin, Law and Equity in Contract Enforcement, 50 Md. L. Rev. 253 (1991).

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relieves against individual hardship.<sup>30</sup> Professor Ralph Newman, another advocate of equitable principles, called equity "the force by which law becomes humanized."<sup>31</sup> Equity represents "ideal justice," "standards of decent and honorable conduct," "human brotherhood, '<sup>32</sup> and "the duty to share the burdens of unanticipated misfortune."<sup>33</sup> But they express the basic idea of the fairness defense, that one party should not be allowed to profit from a bargain that resulted from the other's error or lack of sophistication and imposes considerable hardship on the promisor.<sup>34</sup> (Emphasis Added). Another way to look at equitable defenses is to fit them into Professor Duncan Kennedy's dialectic conception of contract law. In Kennedy's view, contract law is subject to polar forces of individualism and altruism.<sup>35</sup> The fairness defense is an expression of altruism, because it requires individuals to share wealth and sacrifice self-interest for others *who are less* astute bargainers.<sup>36</sup> (Emphasis Added).

Similarly, "the ideal of corrective justice may belong in the equity column."<sup>37</sup> Professor James Gordley has proposed that the principle of corrective justice supports

<sup>&</sup>lt;sup>30</sup> Stevens, A Plea for the Extension of Equitable Principles and Remedies, 41 CORNELL L. REV. 351, 353 (1956).

<sup>&</sup>lt;sup>31</sup> Sherwin, supra.

<sup>&</sup>lt;sup>32</sup> Emily L. Sherwin, Law and Equity in Contract Enforcement, 50 Md. L. Rev. 253 (1991).

<sup>&</sup>lt;sup>34</sup> Id.

<sup>&</sup>lt;sup>35</sup> Id.

 <sup>&</sup>lt;sup>36</sup> The fairness defense also fits Kennedy's description of the relation between substance and form. Throughout his article, Kennedy traces connections between individualism and the use of rules, and between altruism and the use of standards.
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<sup>&</sup>lt;sup>37</sup> Emily L. Sherwin, Law and Equity in Contract Enforcement, 50 Md. L. Rev. 253 (1991). For a sample of different conceptions of corrective justice, see Coleman, Corrective Justice and Wrongful Gain, I IJ. LEGAL STUD. 421, 423-28 (1982) (rectification based on fault or taking); Epstein, A Theory of Strict Liability, 2 J. LEGAL STUD. 151, 160-89 (1973) (liability based on causation); Fletcher, Fairness and Utility in Tort Theory, 85 HARV. L. REV. 537, 540-42 (1972) (reciprocity); Nickel, Justice in Compensation, 18 WM. & MARY L. REV. 379, 387-88 (1976) (protection of just holdings); Posner, The Concept of Corrective Justice in Recent Theories of Tort Law, 10 J. LEGAL STUD. 187, 201-06 (1981) (wealth maximization); Schroeder, Corrective Justice and Liability for Increasing Risks, 37 UCLA L. REV. 439, 451-69 (1990) (liability based on personal responsibility, ex ante; compensation based on harm

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judicial relief against unequal exchange. In Gordley's view, any exchange for less than market value is an unjust enrichment, which should be rectified.<sup>38</sup> Corrective justice is purely a remedial principle that requires correction of wrongful gain and loss.<sup>39</sup>.

Finally, the fairness defense can be identified with paternalism. Stated favorably, a fairness defense allows the judge to identify cognitive defects or gaps in information that distorted the promisor's decision to enter into the contract, and to give relief against subsequent regret. Stated less sympathetically, a fairness defense allows the judge to question the competence of the promisor's expressed choice on an individual basis.

Here, this Court made detailed findings of fact that directly contradict the application of any "fairness defense." In other words, the prenuptial agreement procedurally and substantively fair, as this court made clear in its findings. (See Fact Summary, supra). Stated more succinctly, a finding that the prenuptial agreement is not unconscionable necessarily means that this Court implicitly found that any notions of fairness necessitating the application of any fairness defense are nullified: i.e., a) this Court found no error or lack of sophistication on the part of Plaintiff such that enforcing the contract in whole would impose a considerable hardship on Plaintiff, b) Plaintiff was not found to be a less astute bargain - rather, Plaintiff was very knowledgeable and sophisticated when it came to her understanding of the operation of the business, the existence of the prenuptial agreement and its meaning, and even had the assistance of counsel in interpreting it, and c) there was no cognitive defect Plaintiff labored under nor

<sup>26</sup> caused, ex post); Simons, Corrective Justice and Liability for Risk-Creation: A Comment, 38 UCLA L. REV. 113 (1990) (a reply to Schroeder)." 27

<sup>&</sup>lt;sup>38</sup> The fairness defense usually rests on a combination of circumstances, including defects in the bargaining process as well as inequality in the values exchanged. Gordley's argument goes further, because it treats an 28 unequal result as unjust in itself without regard to the contract process. <sup>39</sup> See ARISTOTLE, Nicomachean Ethics, bk. V, ch. 4, at \*1132.