IN THE SUPREME COURT OF THE STATE OF NEVADA

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MICHAEL EDWARD HATCH, an individual; and ALISHA SUZANNE HATCH, an individual,

Appellants,

v.

KARI ANNE JOHNSON,

Respondent.

Supreme Court No.: 83692

(District Court Case No. CV21-00246)

APPELLANTS' OPENING BRIEF

MARK G. SIMONS, ESQ.
Nevada Bar No. 5132
SIMONS HALL JOHNSTON PC
690 Sierra Rose Drive
Reno, Nevada 89511
T: (775) 785-0088
Email: msimons@shjnevada.com
Attorneys for Appellants

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NRAP 26.1 DISCLOSURE

The undersigned counsel of record certifies that the following are persons and entities described in NRAP 26.1(a) and must be disclosed. These representations are made in order that the justices of this Court may evaluate possible disqualifications or recusal.

The Appellants are individuals and the undersigned counsel at SIMONS HALL JOHNSTON PC appeared in these proceedings on behalf of Appellants.

DATED this day of March, 2022.

SIMONS HALL JOHNSTON PC

690 Sierra Rose Drive

Reno, Nevada 89511

BY: Mark G. Simons, Esq.

Nevada Bar No. 5132

Attorney for Appellant

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JURISDICTIONAL STATEMENT

Pursuant to NRAP 28(a)(4), Appellant provides the following jurisdictional statement. This appeal arises from a district court order granting in part and denying in part a Motion for Attorney's Fees ("Motion") filed by Michael Edward Hatch and Alisha Suzanne Hatch (the "Hatches") against respondent Kari Anne Johnson ("Johnson"). The district court's Order was filed on October 1, 2021 (the "Order"). Notice of Entry of the Order was filed on October 21, 2021. The Hatches' Notice of Appeal was filed on October 21, 2021.

NRAP 17 ROUTING STATEMENT

Pursuant to NRAP 28(a)(5), the Hatches provide the following routing statement. This appeal appears to present an issue governed by NRAP 17(b)(7) since the Order subject to this appeal is a post judgment order in a civil case.

STATEMENT OF THE ISSUES

1. Whether the district court erred in arbitrarily awarding only \$15,165 in attorney's fees when \$68,507.20 were sought?⁴

¹ 5 JA 1234-1238.

² 6 JA 1242-1251

³ 6 JA 1252-1254.

⁴ The district court only awarded 22% of the amount of fees sought.

STATEMENT OF THE CASE⁵

The basic facts of this case, as alleged by Johnson, are that seven (7) years ago she entered into an agreement with the Hatches "to loan" them money to buy the home commonly known as 9845 Firefoot Lane, Reno, Nevada (the "Property"). Johnson alleges this loan was purportedly evidenced by an unsecured installment Note. Johnson terminated her friendship with the Hatches then instituted this litigation as a punitive and vindictive assault on the Hatches seeking to punish them and force them to needlessly incur attorney's fees and costs in defending themselves and protecting their home.

In order to defend against the factually, legally and procedurally baseless lawsuit, the Hatches were forced to engage in extensive litigation practice necessitating the filing of eleven (11) separate briefs⁶; filing two (2) requests for

⁶ The ten motions are as follows: 1-Motion to Dismiss Original Complaint (1 JA)

⁵ For ease of reading, this section will omit appendix citations, but citations will be provided for procedural and factual statements in the body of the brief.

^{22-154); 2-}Motion to Expunge Lis Pendens (1 JA 90-121); 3-Reply in Support of Motion to Expunge Lis Pendens (3 JA 571-586); 4-Motion for Order Shortening Time on Motion to Expunge Lis Pendens (1 JA 86-89); 5-Reply in Motion for Order Shortening Time on Motion to Expunge Lis Pendens (1 JA 159-163); 6-Motion to Dismiss 1st Amended Complaint (3 JA 698 – 4 JA 773); 7-Reply in support of Motion to Dismiss 1st Amended Complaint (4 JA 876-885); 8-Opposition to Johnsons' Motion to File 2nd Amended Complaint (4 JA 823-859); 9-Opposition to Motion for Reconsideration (4 JA 941-944); 10-Motion for Award

of Attorney's Fees (5 JA 1117-1173) and 11-Reply in Support of Motion for Award of Attorney's Fees (5 JA 1198-1214).

⁷These requests for judicial notice were necessitated due to Johnson's contention she was inexperienced in real property transactions, that her signature on an Endorsement removing her from the purchase transaction was a forgery, and that she did not discover her exclusion from the Deed so as to prevent the statutes of limitations from running from the date of the recordation of the Deed. To refute Johnson's self-serving statement, Hatches filed two (2) requests for judicial notice requesting the district court take judicial notice of numerous deeds and commensurate notary public journal entries and other public documents demonstrating Johnson's extensive history of buying and selling real property valued far in excess of \$10 million and her execution of a multitude of deeds and associated documents. 1- Request for Judicial Notice [Deeds] (4 JA 951 - 5 JA 1069) and 2-Requests for Judicial Notice Re: Notary Public Documents and Signatures (5 JA 1074-1096).

⁸ Hearing to Expunge Lis Pendens (4 JA 940); Hearing on Motion to Dismiss 1st Amended Complaint (5 JA 1104-1105).

^{9 5} JA 1174-1182.

After prevailing, the Hatches filed their Motion for Attorney's Fees seeking \$68,507.20 in fees incurred and paid by the Hatches to their counsel. The district court arbitrarily reduced the Hatches' fees from \$68,507.20, to \$15,165.00—a 78% reduction in the amount of fees sought. The district court's reasoning for its arbitrary massive reduction in the fees sought was based on the perceived "unnecessary animus expressed by the Defendants in their pleadings":

The unnecessary animus expressed by the Defendants in their pleadings weighs against a full award. The Court suspects that had the animus been left out, the parties likely could have avoided the volume and tenor of the pleadings actually filed.

5 JA 1236:16-19. The Hatches contend that the district court's "suspicion" and/or the tenor of the pleadings is not the responsibility of the Hatches. It arises from the factually, legally and procedurally baseless nature of Johnson's actions. Further, denying a request for fees based upon an unsubstantiated subjective "suspicion" does not comport with Nevada law.

On the other hand, Johnson's actions were so egregious the district court advised Johnson that should she continue to pursue her baseless claims in district court, the district court would likely grant NRCP Rule 11 sanctions and award "substantial" fees to Hatches as follows:

¹⁰ The Hatches also requested an award of their costs, which was granted and is not part of Hatches' appeal.

If in fact there is a motion to dismiss in the future, as I know there will be, and it is granted, as I fear it may be, the fees that will accrue to the plaintiff may likely be very substantial, because I likely would be in the position of finding that pursuant to Rule 11 there was no good faith basis for the claims factually.

5 JA 1152:11-16.

The Hatches prevailed on every single aspect of the baseless litigation initiated by Johnson. Instead of being made whole with an award of attorney's fees equal to what they were required to incur, the district court punished the Hatches and rewarded Johnson for her abusive conduct. In the face of the district court's arbitrary conduct, this appeal follows.¹¹

PROCEDURAL BACKGROUND

A. JOHNSON'S ORIGINAL VERIFIED COMPLAINT.

On February 10, 2021, Johnson filed her Original Verified Complaint ("Original Complaint") and recorded a Lis Pendens (the "Lis Pendens") against the Hatches' Property. 1 JA 1-67; 68-69. Johnson's Original Complaint attached a copy of the Hatches' Deed for the Property ("Deed"), which Johnson claimed

¹¹ Compare Anderson v. Melwani, 179 F.3d 763, 766 (9th Cir. 1999) (a court "abuses its discretion if it awards . . . attorney's fees under circumstances that make the award inequitable or unreasonable or fails to award such fees in a situation where inequity will not result." (citation omitted)).

¹² Johnson sought to impose a pre-judgment lien via the wrongfully recorded Lis Pendens trying to recover the amount of \$665,838.40. 2 JA 380:21.

wrongfully did not include her as an "owner" of the Property along with the Hatches. 1 JA 40-46. Johnson made this assertion even though she acknowledged her signature on an Endorsement removing herself from the transaction whereby the Hatches solely purchased the home (the "Endorsement").¹³

Johnson affirmed under the penalty of perjury that the Deed attached to her Original Complaint was a "true and correct copy" of the Deed. 1 JA 3:17-18. On August 6, 2015, the Deed was recorded with the Washoe County Recorder's Office as Document Number 4500519. *Id.* Johnson's Original Complaint was filed 5 years, 6 months and 4 days after the recordation of the Deed and facially triggered the applicable statutes of limitations due to Nevada's constructive notice statute and case law (triggering the initiation of all statutes of limitations based upon the recordation of a deed in the public records).¹⁴

Of critical import, Johnson judicially admitted three (3) dispositive facts in her Original Complaint that demonstrated the factually, procedurally, and legally baseless nature of the action. First, Johnson admitted the Note was an installment

¹³ 1 JA 3, 20-25. Johnson factually alleged the following contradictory facts: her signature was a forgery, her signature was valid but obtained by false pretenses; her signature was valid but she did not remember signing it. *Id*.

¹⁴ For an analysis of the bar of the applicable statutes of limitations triggered by the recordation of the Deed, see 1 JA 129-131.

contract and only \$5,614.40 was owed at the time Johnson filed her Original Verified Complaint. 1 JA 5:18.15 Second, Johnson admitted that the Deed was recorded on August 6, 2015, and that she knew of the recordation of the Deed and even specifically requested a copy of the Deed when it was recorded—thereby establishing her claims were barred by the applicable statutes of limitations. 1 JA 4, ¶16. Third, Johnson affirmed under penalty of perjury that she had allegedly made an unsecured "loan" to the Hatches and, therefore, did not have any ownership interest in the Property supporting the wrongful recordation of the Lis Pendens.¹⁶ Lastly, Johnson's Original Complaint did not even allege appropriate

B. HATCHES' MOTION TO DISMISS AND MOTION TO EXPUNGE LIS PENDENS.

subject matter jurisdiction of the district court as required by NRCP 8(a)(1).

In response to Johnson's Original Complaint and the recordation of the Lis Pendens, Hatches were forced to file a Motion to Dismiss the Original Complaint

¹⁵Compare Nev. Const. art. 6, § 6(1); NRS 4.370 (monetary claims in district court must exceed \$15,000).

¹⁶ 1 JA 8, Orig. Comp., ¶53 ("The Property is believed to be the only possible source of repayment of the Loan."). The Nevada Supreme Court has held Johnson's conduct to be abusive and inappropriate litigation activity as follows: "[L]is pendens are not appropriate instruments for use in promoting recoveries in actions for personal or money judgments." *Levinson v. Eighth Judicial Dist. Court*, 109 Nev. 747, 750, 857 P.2d 18, 20 (1993) (emphasis added)).

("1st Motion to Dismiss")¹⁷ and a Motion to Expunge the Lis Pendens ("Motion to Expunge")¹⁸. The Hatches also filed their Motion for Order Shortening Time to ensure that the hearing on the Motion to Expunge was timely addressed by the district court.¹⁹ Subsequently, Hatches filed their corresponding reply briefs in support of their Motion to Expunge and Motion for Order Shortening Time.²⁰

C. JOHNSON'S RESPONSE TO HATCHES' MOTION TO DISMISS AND MOTION TO EXPUNGE LIS PENDENS.

When faced with the Hatches initial Motion to Dismiss and Motion to Expunge Lis Pendens, Johnson then embarked on a course of action of repeatedly amending her verified complaint to assert new and more egregious claims for relief—which claims became more outlandish and contradicted established Nevada law.

When faced with the Motion to Dismiss, Johnson immediately filed her Amended Verified Complaint ("1st Amended Complaint"). 1 JA 185 – 2 JA 254. Johnson's 1st Amended Complaint attempted to plead around the fatal deficiencies identified in Hatch's Motion to Dismiss. Johnson also filed an opposition to the

¹⁷ 1 JA 22-154.

¹⁸ 1 JA 90-121.

¹⁹ 1 JA 86-89.

²⁰ 3 JA 571-586 and 1 JA 86-89 respectively.

Motion to Expunge necessitating further legal fees and costs to be incurred by the Hatches demanding a hearing on the Hatches' motion.

Of critical note, Johnson's 1st Amended Complaint sought to avoid the consequences of pleading the installment note (clearly recognizing the debt on the alleged installment note did not trigger this Court's subject matter jurisdiction) and sought to avoid Nevada's constructive notice statute that recordation of a deed imparts constructive notice triggering the commencement of all statutes of limitation.²¹

Johnson's 1^{st} Amended Complaint removed the non-existent pled claim of "demand on loan documents" and added three (3) new claims including a claim for an alleged breach of the original Purchase and Sale Agreement (the "PSA") under which Johnson had voluntarily removed herself from the purchase via execution of the Endorsement.²² 1 JA 185 – 2 JA 254.

D. HATCHES' MOTION TO DISMISS 1ST AMENDED COMPLAINT.

The Hatches were then forced to file their second motion to dismiss seeking dismissal of Johnson's 1st Amended Complaint demonstrating the original claims

²¹ Bemis v. Bemis, 114 Nev. 1021, 1026, fn.2, 967 P.2d 437, 441 fn. 2 (1998) (reiterating the "well-known principal that the public recording of real estate deeds constitutes constructive notice of the transaction.").

²² Johnson plead this claim to fabricate a claim based on a 6 year statute of limitations so as to avoid dismissal of her action.

and all of Johnson's "new" claims were also factually, legally and procedurally baseless (the "2nd Motion to Dismiss"). 3 JA 698 – 4 JA 773. The Hatches also were forced to file their reply in support of this motion. 4 JA 876-885. The 2nd Motion to Dismiss detailed the abusiveness of the "new" claims and the factual and legal reasoning demonstrating not a single "new" claim survived dismissal.

The Hatches' 2nd Motion to Dismiss demonstrated that Johnson's claim of a breach of the PSA by the Hatches was facially baseless due to seven (7) separate reasons. 3 JA 714-719. In addition, because Johnson continued to argue that the recordation of the Deed did not bar her claims because she did not "discover" she was not on the Deed until only recently, the Hatches had to conduct extensive research and extensively brief the law of constructive notice—since the issue of constructive notice was paramount to resolving the dismissal of Johnson's claims.²³

E. JOHNSON'S SECOND AMENDED VERIFIED COMPLAINT.

When faced with the Hatches' 2nd Motion to Dismiss, Johnson again refused to acknowledge the meritless basis of her claims and instead, doubled-down and filed a Motion for Leave to File Second Amended Complaint ("Motion for Leave") seeking leave to file her third iteration of her complaint adding even more claims.

²³ A review of the application of constructive notice due to the public recordation of the Deed is demonstrated at 3 JA 708-713.

Specifically, Johnson sought leave to file her Second Amended Verified Complaint ("2nd Amended Complaint") alleging three (3) additional and more tenuous claims against the Hatches.²⁴ 3 JA 617-697. The Hatches were again forced to file an opposition to this motion. 4 JA 823-859.

F. HATCHES' OPPOSITION TO JOHNSON'S MOTION FOR LEAVE TO FILE 2ND AMENDED COMPLAINT.

Johnson sought to file her 2nd Amended Complaint alleging a breach and intentional interference with the PSA which again is facially invalid as a matter of law. For instance, Johnson alleged she had an ownership right in the Hatches Property because she originally signed the PSA. Johnson filed this claim even though this contention was specifically rejected by the Nevada Supreme Court in *Dimick v. Dimick*, 112 Nev. 402, 915 P.2d 254 (1996) when the court held: "pursuant to NRS 111.105, merely signing a purchase agreement is insufficient to convey an interest in property." *Id.* at 407, 915 P.2d at 257. Johnson's claim also

²⁴ Specifically, Johnson alleged a claim for breach of the implied covenant of good faith and fair dealing in the PSA (a contract to which she was not a party); a claim for intentional interference with the PSA (which is legally baseless because the Hatches cannot legally interfere with a contract to which they are a party) and a claim for reformation of the Deed to include Johnson as an "owner" (which was baseless because Johnson judicially admitted she made a loan—and, therefore, had no ownership interest in the Hatches' Property). Hatches were forced to research and brief the baseless nature of these "new" claims and to rebrief why the remaining "old" claims were also subject to dismissal. *See* 4 JA 827-837 (baseless natures of "new" claims); 4 JA 837-857 (baseless nature of "old" claims).

ignored her execution of the Endorsement voluntarily removing herself from the transaction. Similarly, Johnson's new claim for reformation was facially barred by Nevada's three-year statute of limitations. Lastly, Johnson's 1st Amended Complaint also failed to comply with NRCP 8(a)(1)'s provision containing the mandatory jurisdictional basis of the action.²⁵

G. THE HEARING ON HATCHES' MOTION TO EXPUNCE.

On March 22, 2021, the district court conducted oral arguments on Hatches' Motion to Expunge. The Court found that Johnson's action was an attempt to collect on a "simple note." 3 JA 613:14. The district court found that Johnson's Lis Pendens sought "to color" the Hatches title in their Property claiming a security interest in the Hatches' Property. *Id.* 613:21. Simply stated, the district court found that Johnson wanted security for repayment of the installment Note. *Id.*, 614:2.

The district court also recognized that Johnson executed the Endorsement removing her from any claim of title to the Hatches' Property and that Johnson

²⁵ Johnson's proposed 2nd Amended Complaint continued to ignore NRCP 8(a)(1)'s mandatory provision even after the Hatches continued to point out this facial deficiency in multiple filings with the district court. 4 JA 824:22-23; 4 JA 825:6-7. Hatches assert that continuing to file and/or seek to file amended complaints which facially violate NRCP 8 demonstrated the abusive conduct by Johnson mandating a full award of attorney's fees in favor of the Hatches.

specifically admitted she asked for a copy of the recorded Deed. *Id.* 614:8-17. In granting the Hatches' motion, the Court found:

[T]he plaintiff is [not] likely to prevail or has a fair chance of success given my understanding of the additional legal could relating to the statute of limitations

I do not find the plaintiff is likely to prevail or even has a fair chance of success

Id., 614:19-615:2 (emphasis added).

H. JOHNSON'S MOTION FOR LEAVE TO FILE MOTION FOR RECONSIDERATION.

On May 21, 2021, the district court issued its order for hearing on the Hatches' 2nd Motion to Dismiss and Johnson's Motion to File a 2nd Amended Complaint. 4 JA 925-927. In response, on May 25, 2021, Johnson filed her Motion for Leave to File Motion for Reconsideration of Order to Set, or, Alternatively, Request for Clarification of Order to Set. 4 JA 928-936. Hatches Opposed this unwarranted motion filed by Johnson. 4 JA 941-944. The district court then entered its Order essentially restating its prior Order and confirming oral argument was scheduled as stated in its prior order. 5 JA 1070-1073.

I. THE HEARING ON HATCHES' 2ND MOTION TO DISMISS AND JOHNSON'S MOTION FOR LEAVE TO FILE 2ND AMENDED COMPLAINT.

On July 8, 2021, the Court conducted oral arguments on Hatches' 2nd

Motion to Dismiss and Johnson's Motion for Leave to file her 2nd Amended

Complaint. 5 JA 1104-1105. The Court granted the Hatches' 2nd Motion to Dismiss seeking dismissal of Johnson's 1st Amended Complaint for failure to contain the mandatory jurisdictional statement required by NRCP 8(a)(1). 5 JA 1106-1107. The district court also denied Johnson's Motion to file her 2nd Amended Complaint because her proposed complaint also failed to include the mandatory jurisdictional statement required by NRCP 8(a)(1). *Id*.

The district court denied Johnson's request to file her proposed 2nd Amended Complaint because it violated NRCP 8(a)(1)'s provisions. 5 JA 1106:27.

However, the district court allowed Johnson to file a revised 2nd Amended Complaint with the clear admonishment that the court believed filing another complaint would result in NRCP Rule 11 sanctions and a "substantial" award of attorney's fees against Johnson stating:

- 1. "I expunged the lien in this case, because I believed there was no legal basis or factual basis for it. I am very deeply concerned all but one of the plaintiff's proposed claims are precluded by the statute of limitations and that all of their claims are precluded by the jurisdiction of the Court." 5 JA 1152:5-7.
- 2. "If in fact there is a motion to dismiss in the future, as I know there will be, and it is granted, as I fear it may be, the fees that will accrue to the plaintiff may likely be very substantial, because I likely would be in the position of finding that pursuant to Rule 11 there was no good faith basis for the claims factually. That is not a statement about the lawyers involved. It is instead a statement about the factual allegations of the client." *Id*, 1152: 11-18.

The district court's August 2, 2021, Order allowed Johnson 14 days to file a second amended complaint. 5 JA 1106-1107. Johnson did not file a 2nd Amended Complaint.²⁶

Accordingly, as of August 2, 2021, Johnson's 1st Amended Complaint was dismissed and no action was pending. Johnson was granted leave to file a second amended complaint, however, Johnson, finally recognizing the factually and legally baseless contentions asserted against the Hatches in her pleadings, conceded the lack of merit. Johnson thereafter filed a putative and facially invalid Notice of Voluntary Dismissal.

FACTUAL BACKGROUND

The factual background of the case is essentially undisputed. A few basic facts gave rise to the litigation initiated by Johnson. The first category of facts detailed below will demonstrate the factually, legally and procedurally baseless

²⁶Rather than file a 2nd Amended Complaint, Johnson filed a purported NRCP 41 Notice of Voluntary Dismissal on August 12, 2021. 5 JA 1114-1116. However, Hatches contend such filing was procedurally improper because no action was pending since the prior complaint had been dismissed by the district court. Next, NRCP 41 requires as a condition precedent to a voluntary dismissal the payment of the Hatches' filing fees incurred in the action. NRCP 41(a)(1)(C). Johnson never paid the Hatches' filing fees as required by NRCP 41(a)(1)(C) to effectuate a NRCP 41 voluntary dismissal. 5 JA 1119, fn. 1. Accordingly, Hatches contend the Notice of Voluntary Dismissal is a legally nullity. However, Hatches do contend that the filing of this document constituted Johnson's recognition her action was frivolous mandating a full award of attorney's fees and costs in the Hatches' favor.

nature of Johnson's lawsuit. The second category of facts will focus upon the extensive attorney's fees incurred in responding to Johnson's egregious and abusive litigation behavior.

A. JOHNSON'S LITIGATION ABUSES.

Johnson's Original Verified Complaint attached the Deed and included Johnson's acknowledgement she was aware of the recordation of the Deed on August 6, 2015. This facially established Johnson's claims were timed barred by the applicable three or four year statutes of limitation except the claim on the installment Note which was six years. 1 JA 129-138. However, the amount claimed under the installment contract was well below the district court's subject matter jurisdiction. 1 JA 132-133. Johnson also asserted as her 2nd claim a claim for "Demand on Loan Documents", which claim was legally nonexistent. 1 JA 126.

Further, Johnson contradictory claimed she was both a lender yet claimed an ownership in the Hatches' Property. 5 JA 1121. Johnson also claimed as contradictory "facts" that the Endorsement removing her from the PSA was a forgery, was valid and obtained by false pretenses and was valid but Johnson just didn't remember signing it. 1 JA 3:20-27. Johnson's Original Verified Complaint also failed to include the mandatory jurisdiction requirement detailed in NRCP 8(a)(1). 4 JA 824:22-23.

Johnson filed her Lis Pendens based upon the foregoing factually, legally and procedurally baseless complaint solely to secure a source of funds upon which she could try to execute in the amount of \$665,838.40. 1 JA 8, ¶53 ("The Property is believed to be the only possible source of repayment of the Loan."); 2 JA 308:21. Johnson's conduct was a clear breach of Nevada law holding the filing of a lis pendens simply to recover in actions for money judgments is abusive. *Levinson v. Eighth Judicial Dist. Court*, 109 Nev. 747, 750, 857 P.2d 18, 20 (1993) ("[L]is pendens are not appropriate instruments for use in promoting recoveries in actions for personal or money judgments." (emphasis added)). The district court agreed that Johnson's conduct was facially abusive and entered its order expunging the Lis Pendens.²⁷

When faced with Hatches' Motion to Dismiss and Motion to Expunge,

Johnson filed an even more aggressive 1st Amended Complaint. 1 JA 185 – 2 JA

254. Demonstrating the abusive nature of Johnson's lawsuit, Johnson then

alleged that the installment note was an accelerated debt because the Hatches had
anticipatorily repudiated the obligation. 1 JA 190:14-21. Johnson's allegations
ignored Nevada law's adoption of the Restatement (Second) of Contracts Section

²⁷ 5 JA 1152:5-7 ("I expunged the lien in this case, because I believed there was no legal basis or factual basis for it.").

243 (holding that an installment loan cannot be accelerated by claiming anticipatory repudiation).²⁸

Johnson's Original Complaint contained 7 causes of action. 1 JA 1-67. Johnson's 1st Amended Complaint dropped the "demand on loan documents" claim and added another 3 new claims for a total of 10 claims having been asserted. 1 JA 185 – 2 JA 254. Johnson's proposed 2nd Amended Complaint sought to add three additional claims. 3 JA 624-642.

B. HATCHES' LEGAL FEES INCURRED.

The Hatches' attorney's fees were detailed at 5 JA 1158-1163 and 5 JA 1214. The fees incurred commenced at the initiation with client meetings and consultation all the way through this appeal. Each activity performed by the Hatches' attorneys was documented with time entries. While there were contentions of duplicate billing, a review of the time entries show no duplicate billing occurred.

Further, Johnson's objection to the requested fees was merely a generalized objection that the amounts sought were excessive and/or certain arguments in briefs were duplicative of prior briefing. 5 JA 1206. While some of the briefing

²⁸ See 3 JA 720-722 for Hatches' analysis of the applicability of §243 barring Johnson's claim of anticipatory repudiation as a basis to accelerate the total debt under an installment contract.

submitted to the district court contained duplication of prior briefing, the billing entries demonstrate that the work performed for each of the various briefs prepared contained distinct legal research and analysis due to Johnson's ever-expanding claims and arguments presented. The district court ignored Johnson's ever-expanding claims and legal theories presented.

SUMMARY OF THE ARGUMENT

The Hatches argue the district court's arbitrary reduction of Hatches' attorney's fees sought from \$68,507.20 to \$15,165 was an abuse of discretion.²⁹

ARGUMENT

I. STANDARD OF REVIEW.

This appeal presents the issue of whether the district court abused its discretion in reducing the attorney's fees awarded to the Hatches by 78% of the amount requested—*i.e.*, from \$68,507.20 to \$15,165.00. The standard of review is abuse of discretion. *Collins v. Murphy*, 113 Nev. 1380, 1383, 951 P.2d 598, 600 (1997) ("It is well settled that an award of attorney's fees to a prevailing party under NRS 18.010(2)(a) is within the discretion of the district court.").

²⁹ The Hatches' Opening Motion requested an award of fees in the amount of \$62,731.50 and noted additional fees incurred would be included in the reply brief would also be supplemented. 5 JA 1135. The Hatches' reply brief included the request for an additional \$5,775.70 in attorney's fees totaling the request of \$68,507.20. 5 JA 1207.

A district court abuses its discretion, however, if it acts arbitrary or capricious in its analysis to award or deny attorney's fees. *See e.g., Schouweiler v. Yancey Co.*, 101 Nev. 827, 833, 712 P.2d 786, 790 (1985) (district court commits error if its "exercise of discretion is arbitrary or capricious."). Further, "where a trial court exercises its discretion in clear disregard of the guiding legal principles" the district court abuses it discretion. *Bergmann v. Boyce*, 109 Nev. 670, 674, 856 P.2d 560, 563 (1993).

II. NRS 18.010(2)(b) ATTORNEY'S FEES INCURRED.

A. NEVADA'S PUBLIC POLICY.

Nevada's Legislature has made it abundantly clear that it is public policy to deter frivolous litigation by *shifting the burden of defending frivolous litigation to the wrongdoer*. This policy was aptly discussed in 2003 when the Legislature enhanced the application of NRS 18.010(2)(b) by instructing Courts to "liberally" award attorney's fees in all "appropriate situations":

to punish for and deter frivolous or vexatious claims and defenses because such claims and defenses overburden limited judicial resources, hinder the timely resolution of meritorious claims and increase the costs of engaging in business and providing professional services to the public.

NRS 18.010(2)(b) (emphasis added); see also Barnes v. Eighth Judicial Dist. Ct., 103 Nev. 679, 682, 748 P.2d 483, 486 (1987) (imperative to have "economic deterrents to filing frivolous lawsuits").

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III. NO OBJECTIVE ANALYSIS OF THE ATTORNEY'S FEES REQUESTED.

approximately 10% of the amount at issue in attorney's fees.

Lis Pendens on the Hatches' Property. The Hatches prevailed and incurred

The district court arbitrarily reduced the Hatches' fees from \$68,507.20, to \$15,165.00 based on the perceived "unnecessary animus expressed by the Defendants in their pleadings":

In the present case, the district court repeatedly held that Johnson's claims

were factually, legally and procedurally baseless.³⁰ Accordingly, the focus then

shifts to the appropriateness of what the consequences are—i.e., the amount of

attorney's fees incurred by the Hatches in defending against the baseless claims

asserted by Johnson. Johnson sought over \$665,000 in damages and to impose a

The unnecessary animus expressed by the Defendants in their pleadings weighs against a full award. The Court suspects that had the animus been left out, the parties likely could have avoided the volume and tenor of the pleadings actually filed.

5 JA 1236:16-19. Further, denying a request for fees based upon an unsubstantiated subjective "suspicion" does not comport with Nevada law or with

³⁰ 5 JA 1152:5-7 ("I expunged the lien in this case, because I believed there was no legal basis or factual basis for it."). The district court also denied Johnson's request to file her proposed 2nd Amended Complaint because it failed to comply with NRCP 8(a)(1)'s mandate. 5 JA 1106:26-27.

the predicates of NRS 18.010(2)(b). In further support, the district court explained that due to Johnson's egregious conduct, it would likely grant NRCP Rule 11 sanctions and award "substantial" fees to Hatches as follows:

If in fact there is a motion to dismiss in the future, as I know there will be, and it is granted, as I fear it may be, the fees that will accrue to the plaintiff may likely be very substantial, because I likely would be in the position of finding that pursuant to Rule 11 there was no good faith basis for the claims factually.

5 JA 1152:11-16.

The Hatches prevailed on every single aspect of the baseless litigation initiated by Johnson. Instead of being made whole with an award of attorney's fees equal to what they were required to incur, the district court punished the Hatches and rewarded Johnson for her abusive conduct necessitating this appeal.

IV. NO SCHOUWEILER ANALYSIS.

The district court found that the Hatches were the prevailing party for purposes of NRS 18.10(2)(b) because "[Johnson's] claims were brought without reasonable grounds" and Johnson wrongfully pursued a lis pendens for use in promoting a recovery for a money judgment. 5 JA 1235:21-26. The district court also found that the Hatches prevailed because they "succeeded in expunging the lien on the property and revealing the defects in the [Johnson's] claims" Id. 1236:5-7.

In determining whether the requested attorney fees and costs are reasonable, the district court is required to consider: (1) the qualities of the advocate; (2) the character of the work to be done; (3) the work actually performed; and (4) the result. *Schouweiler v. Yancy Co.*, 101 Nev. 827, 712 P.2d 786, 790 (1985). The district court did not conduct an analysis of the foregoing factors mandating reversal and remand.

Second, although the district court awarded the Hatches \$10,665.00³¹ in defending against the improper recordation of the Lis Pendens against the Hatches' Property, the district court arbitrarily and subjectively awarded 10 hours at the reduced hourly rate of \$450 per hour for all other activities performed. *Id.*, 5 JA 1237:6-7. The district court's reasoning for its award is facially arbitrary and capricious and was based on pure speculative conduct by the judge.

The district court's reasoning for its arbitrary massive reduction in the fees sought was based on the perceived "unnecessary animus expressed by the Defendants in their pleadings . . . [which] [t]he Court suspects that had the animus been left out, the parties likely could have avoided the volume and tenor of the pleadings actually filed." 5 JA 1236:16-19. The Hatches contend that the district

³¹ 23.7 hours at the reduced rate of \$450.00 per hour. 5 JA 1237:5-6.

court's "suspicion" and/or the court's perceived tenor of the pleadings is not proper grounds to deny the request for fees incurred by the Hatches.

Yes, the Hatches' eleven briefs, two requests for judicial notice, participation in two (2) hearings and the filing of a memorandum of costs were all responsive to conduct initiated by Johnson. The Hatches were not the aggressors. The Hatches simply defended against abusive and baseless claims asserted by Johnson.

Johnson's conduct was so egregious the district court admonished Johnson further litigation would subject her to a "substantial" award of attorney's fees pursuant to NRCP 11. Yet when faced with the Hatches' motion for fees, the district court arbitrarily reduced the Hatches' fee request by 78%. The Hatches sought recovery of their attorney's fees which were merely 10% of the amount of Johnson's total claim of \$665,000. It is suggested that an award of fees in the amount of 10% in successfully defending against a claim is reasonable and justified under NRS 18.010(2)(b) and the basis to deny the requested fees was arbitrary, capricious and in contravention of the procedural safeguards imposed by Nevada law.

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Third, the district court's ruling violates Nevada's public policy supporting a full award of fees in favor of the Hatches. The Nevada Legislature instructed courts to "liberally" award attorney's fees in all "appropriate situations":

to punish for and deter frivolous or vexatious claims and defenses because such claims and defenses overburden limited judicial resources. hinder the timely resolution of meritorious claims and increase the costs of engaging in business and providing professional services to the public.

NRS 18.010(2)(b) (emphasis added); see also Barnes v. Eighth Judicial Dist. Ct., 103 Nev. 679, 682, 748 P.2d 483, 486 (1987) (imperative to have "economic deterrents to filing frivolous lawsuits ").

The district court repeatedly held that Johnson's claims were factually, legally and procedurally baseless.³² Yet, the district court's decision to arbitrarily reduce the award of fees to the Hatches by 78% violates Nevada's public policy and rewarded Johnson for pursuing frivolous and vexations claims against the Hatches. Further, the district court's analysis did not comply with the analysis enunciated in Schouweiler v. Yancy Co., 101 Nev. 827, 712 P.2d 786, 790 (1985).

CONCLUSION

Based upon the foregoing, the Hatches request this Court reverse and remand this matter back to the district court with instructions to award attorney's

³² See footnote 30.

fees in favor of the Hatches consistent with the policy stated in NRS 18.010(2)(b) and the factors enunciated in Schouweiler v. Yancy Co., 101 Nev. 827, 712 P.2d 786, 790 (1985). __ day of March, 2022. DATED this 2 SIMONS HALL JOHNSTON PC 690 Sierra Rose Drive. Reno, Nevada 895/11 (775) 785-0088 Mark G. Simons, Esq. Nevada Bar No. 5132 Attorney for Appellant

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CERTIFICATE OF COMPLIANCE PURSUANT TO RULE 28.2

1. I hereby certify that this 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 brief has been prepared in a proportionally spaced typeface using Microsoft Word in 14 font and Times New Roman type.

- 2. I further certify that this brief complies with the page- or type-volume limitations of NRAP 32(a)(7) because, excluding the parts of the brief exempted by NRAP 32(a)(7)(C), it is proportionately spaced, has a typeface of 14 points or more, and contains 5,827 words.
- 3. Finally, I hereby certify that I have read this 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 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. I understand that I may be subject to

sanctions in the event that the accompanying brief is not in conformity with the requirements of the Nevada Rules of Appellate Procedure.

DATED this _____ day of March, 2022.

SIMONS HALL JOHNSTON PC

690 Sierra Rose Drive

Reno, Nevada 8951/

BY:C

Mark G. Simons, Esq. Nevada Bar No. 5132 Attorney for Appellants

CERTIFICATE OF SERVICE

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Pursuant to NRAP 25, I certify that I am an employee of SIMONS HALL

JOHNSTON PC, and that on this date I caused to be served a true copy of the

APPELLANT'S OPENING BRIEF on all parties to this action by the method(s)

indicated below:

by using the Supreme Court Electronic Filing System:

Kent R. Robison

Clayton P. Brust

Stefanie T. Sharp Hannah E. Winston

Robison, Sharp, Sullivan & Brust

71 Washington St.

Reno, NV 89503

Attorneys for Respondents

DATED: This day of March, 2022.

JODI ALMASAN