

MINUTES
PRIVATE INVESTIGATORS LICENSING BOARD
HEARING
MARCH 19, 2009

MEMBERS PRESENT:

DAVID SPENCER: BOARD CHAIRMAN

DANIEL CRATE: BOARD MEMBER

LOIS WILLIS: BOARD MEMBER

ROBERT UITHOVEN: BOARD MEMBER

RICHARD PUTNAM: BOARD MEMBER (CARSON CITY)

OTHERS:

MECHELE RAY: EXECUTIVE DIRECTOR

JEFF MENICUCCI: BOARD COUNSEL

BLAKE DOERR: ACTING BOARD COUNSEL

TAMMY WHATLEY: INVESTIGATOR (CARSON CITY)

ELAINE TRENT: ASSISTANT (CARSON CITY)

Chairman Spencer opened the meeting. Executive Director Ray called the roll.

SWEARING IN: Acting Board Counsel Doerr swore in all those present who were to testify during the course of the meeting.

An update and review was given of the 30-day status for Michael Yepko of Vegas Legal Support Services, Inc.

(988 and 988A) on the status and/or resolution of complaints set forth during the December 10, 2008 meeting.

Mr. Yepko sent a message to Cheryl Schultheis on the negotiated settlement. Executive Director Ray asked him

if he sent the message on the 18th. Mr. Yepko said it was the 17th. He noted that Mr. Hanratty was out sick on

January 30th. On March 16th, Mr. Hanratty phoned back and requested and requested copies of what Mr. Yepko

had provided to the Board. They discussed a timeframe of 40-60 days to pay all amounts owed in full. Mr. Yepko said he could not control the date payments would be made, but the day should be around May 10th. The office in San Diego provided the check. He said that should allow him to pay everyone in full. He left 2 voicemails for Lynn Kirsch. He called again on February 27th and March 16th. Claudia, a paralegal, called him on the 17th and advised her of the same terms he had discussed with Mr. Hanratty. Ms. Kirsch wanted the terms in writing. He explained to her he was trying to do the best he could under the circumstances. He thought Lynn Kirsch was very rude when he told her he was doing his best. He said he was unable to contact Liz Pelletier, as the number he had was disconnected. Executive Director Ray said she had the correct number for her. With regards to Certified Legal, he sent a check February 20th for \$153.00 to settle the issue with Beverly Taylor. He had not received a receipt yet. Executive Director Ray asked him to clarify the day he sent the check for Ms. Taylor. He again said it was sent first class mail on February 20th. She questioned Mr. Yepko's report regarding the information that the first check was returned. Executive Director Ray said she had an address for Mr. Yepko to use. Executive Director Ray followed up with Liz Pelletier, who reported she had received nothing from Mr. Yepko. She then gave Executive Director Ray her address. Chairman Spencer asked Mr. Yepko about his wife's health. Mr. Yepko said she was in the early stages of M.S. Mr. Yepko said he hadn't performed any asset searches and was working 7 days a week. He was attempting to keep people happy. He said the economy was bad and had experienced many angry people who used foul language in the course of his work. Chairman Spencer told Mr. Yepko to take time for his wife. Mr. Yepko did make one request that items should be faxed to him, as he was experiencing problems with his e-mail server. Executive Director Ray said Mr. Yepko must report every 30 days. Mr. Yepko agreed. He asked about the June meetings, set for June 17th and 18th, 2009. Executive Director Ray said he would be notified.

APPEAL HEARINGS:

Andrew Katakis (Global Discoveries LTD) appealed Citation C-144-08. Mr. Carroll was the attorney representing Mr. Katakis. Board Counsel Menicucci offered Exhibits A-K to the Board. For the record,

Mr. Carroll said he offered to send the legislative history documents to Executive Director Ray, but she said that was not necessary. Board Counsel Menicucci said they could be offered now and numbered. Additional documents were faxed to Carson City for Board Member Putnam.

Board Counsel Menicucci asked Investigator Whatley to speak. She had been sworn to testify. She stated her name and position for the Board, and that she was a law enforcement officer. She had the exhibits in front of her. Exhibit A was the unlicensed activity citation. She had sent it to Global Discoveries LTD. The date was September 8, 2008. There was a USPS certified mail receipt that the citation had been delivered, Exhibit B. Investigator Whatley explained why the citation had been written. The PILB had received a complaint from Beverly Salhanick, the attorney for Christine Davis, stating that Global Discoveries LTD was operating in Nevada without a license. She repeated her statement via telephone (speaker), as there were audio difficulties with the video-conferencing equipment. Board Counsel Menicucci asked how Investigator Whatley proceeded to investigate the complaint. Investigator Whatley said documents were provided and most of the exhibits were provided by Ms. Davis. She spoke to Ms. Salhanick, who arranged to have Ms. Davis contact Investigator Whatley. Investigator Whatley also accessed the Secretary of State's website for information about Global Discoveries LTD. She also accessed Global Discoveries LTD's website. Board Counsel Menicucci asked about the exhibit which provided the website address Investigator Whatley accessed for Global Discoveries LTD. The date on the document was 12-3-08, which was the date Investigator Whatley printed the pages. Investigator Whatley searched the web prior to that date, but did not print the pages until 12-3-08. Board Counsel Menicucci asked if she remembered when she first searched the web for Global Discoveries LTD. She asked for permission to refer to her files. Mr. Carroll did not object. She performed the initial web search 11-26-08. Board Counsel Menicucci asked if Investigator Whatley noticed any differences between the time she first accessed the website and the date she actually printed the documents, but she did not. Board Counsel Menicucci asked about Exhibit D, which was a letter from Global Discoveries LTD to Ms. Davis dated July 25, 2006. He asked when Investigator Whatley first saw the letter. She said it was included in the packet of documents that Ms. Davis sent to the office. Board Counsel Menicucci directed her attention to E-1 and E-2. She was familiar with the exhibits. Both were sent to the PILB office by Ms. Salhanick and Ms. Davis. Board Counsel Menicucci noted asked if both exhibits were true and correct copies of the documents provided to Investigator Whatley. She agreed. Board

Counsel Menicucci said Exhibit F was a letter to Ms. Davis from Global Discoveries LTD dated August 9, 2006. There were a number of attached documents. Investigator Whatley stated those documents were also from her file. She had reviewed them. All were included in the documents provided by Ms. Davis. The document regarding the sale and assignment of rights was provided by Ms. Salhanick. Exhibit G was a print-out of an e-mail from Mr. Katakis. Investigator Whatley agreed. It was also a part of her files. Board Counsel Menicucci noted that Mr. Katakis applied at one time for a Private Investigator license with the Board. Investigator Whatley said that was correct. Board Counsel Menicucci said in the course of processing an application, must an applicant show to the Board certain Private Investigator employment history. Investigator Whatley said 10,000 hours of investigative experience were required to be considered for a Private Investigator license. She said applicants must provide certified proof of their experience. Board Counsel Menicucci asked if the Board checked Mr. Katakis's application to insure he had the adequate experience he provided in his paperwork. Investigator Whatley said that was correct. Board Counsel Menicucci then discussed Exhibit H, a letter dated June 8, 2007 entitled Employment Verification sent from the PILB to Jed Byerly of Global Discoveries LTD. Investigator Whatley had a copy of the letter. It was a copy of a document that was provided in Mr. Katakis's application. He asked if the purpose of the letter was to verify Mr. Katakis's employment and experience. Investigator Whatley said the letter was to help determine part of the 10,000 of investigative experience. Board Counsel Menicucci asked if, under Item 9 on the document, the question was asked if the duties qualified the person to meet the definition of Private Investigator as defined by statute. He asked if the block next to "Yes" was checked and Investigator Whatley said that was correct. Board Counsel Menicucci said the information was verified by Mr. Byerly. Board Counsel Menicucci asked if the employment verification form was sent out routinely for any type of applicant. Investigator Whatley agreed. Board Counsel Menicucci moved to Exhibit K. Board Counsel Menicucci noted that Investigator Whatley stated that Mr. Katakis had been scheduled a number of times to take the Private Investigator license exam. She said he had been scheduled three times. Board Counsel Menicucci discussed the documents in Exhibit K. He asked if those documents were part of the application file belonging to Mr. Katakis. Board Counsel Menicucci said Pages 2, 3, and 4 were letters notifying Mr. Katakis of the exam dates, and Investigator Whatley agreed. Board Counsel Menicucci asked if Investigator Whatley spoke to Ms. Davis in the course of the investigation prior to writing the citation. Investigator Whatley said she had done so, as

well as speaking to Ms. Salhanick. He asked if they told Investigator Whatley on what date Global Discoveries LTD was going to obtain money for Ms. Davis. Mr. Carroll said that called for hearsay and also there was a written contract explaining the matter that he had provided. Board Counsel Menicucci rephrased his question. He asked if Ms. Davis or Ms. Salhanick told Investigator Whatley the terms of the agreement with Global Discoveries LTD. Mr. Carroll again noted there was definitely an agreement, but the testimony would be hearsay and lacking foundation. Board Counsel Menicucci said the information received by the investigator was relevant and the Board was not bound by hearsay. If any discrepancies existed between the documents, it would be helpful to bring those to light. Mr. Carroll said a witness could not testify in variance with the written contract. Board Counsel Menicucci did not believe that would be an applicable rule. Board Member Crate asked Investigator Whatley if she received the complaint on November 4, and she agreed. Board Member Crate asked about the nature of the complaint. Investigator Whatley explained the complaint was that Ms. Davis and Global Discoveries LTD had entered into a contract for that company to accept funds on behalf of Ms. Davis. Later, she was informed that Global Discoveries LTD, as an heir finding company, was supposed to hold a Private Investigator license, but they did not. Board Member Crate asked if that was the total sum of the complaint. Investigator Whatley could not hear, so Board Counsel Menicucci restated the question. He stated that Board Member Crate wanted to know if the substance of the complaint was that someone had worked for Ms. Davis and was not licensed appropriately. Investigator Whatley clarified by saying the company itself needed to be licensed and was not. Investigator Whatley did have the letter in the file and asked to look at that letter. Board Member Crate said he would appreciate that. Investigator Whatley said the letter basically stated what she had already explained (Ms. Davis entered into a contract with Global Discoveries LTD without realizing they needed a Private Investigator license). Board Member Crate asked if recovery was jeopardized in any way because an unlicensed company was involved. Investigator Whatley said she was not aware of that and the complaint did not state that. Board Member Crate stated that the only reason for the complaint was that Ms. Davis became aware that a license was needed by Global Discoveries LTD. Board Counsel Menicucci asked Investigator Whatley if she received the documents from Ms. Davis and Ms. Salhanick as a result of her investigation, and she agreed. Board Counsel Menicucci turned to Exhibit J. It was a copy of an AG opinion dated June 15, 1987 to Richard Murray. Investigator Whatley explained the reason a copy of the opinion letter was included in her

documentation. The letter was included in the complaint documentation provided by Ms. Salhanick, which was the first time Investigator Whatley saw it. Investigator Whatley verified the opinion with Board staff. The opinion has been kept on file at the Board office and do follow the opinion, which was provided by then-Attorney General McKay. The opinion states that heir finders must hold a Private Investigator license in Nevada. It was an informal opinion. Board Counsel Menicucci said one exhibit could not be authenticated by Investigator Whatley. It was a copy submitted to a meeting held May 10, 2007 involving an Assembly committee on Taxation. Board Counsel Menicucci said Mr. Carroll had included documentation on legislative history, but did not include this particular hearing document. Mr. Carroll stated for the record that he thought he had included the information with his submitted documentation. Mr. Carroll introduced himself to Investigator Whatley. He directed attention to Exhibit C, which were 3 screen captures of Global Discoveries LTD website. Mr. Carroll noted she printed those December 3, 2008. She agreed. Mr. Carroll said the contracts which were the subject of the complaint were executed September 2006. He referred to Exhibit F, which showed Ms. Davis's signature on the first contract. Mr. Carroll asked if Investigator Whatley had researched whether or not the same information captured on the website from December 3, 2008 existed September 2006. Investigator Whatley did not. Mr. Carroll asked if the names shown on the web capture were employed by Global Discoveries LTD in 2006. Investigator Whatley said she had not done that. She printed the pages as they appeared. Mr. Carroll asked whether or not Investigator Whatley knew that Global Discoveries LTD was offering heir locating in September 2006. Investigator Whatley said she believed they were performing that service. She referred to Exhibit C, which was a profile of the company showing its employees had been performing that service for many years. With regards to the employees, she could only attest to the names on the contracts signed with Ms. Davis and e-mails she had received. Mr. Carroll discussed heir finding. Investigator Whatley referred to Exhibit D and read the third paragraph, which stated "*this agreement must be signed and dated where checked. Upon receipt of the signed agreement, we will promptly disclose to you the source of the funds.*" Global Discoveries LTD had obviously found monies due to Ms. Davis of which she was unaware and offered to provide the source for a fee. Mr. Carroll asked if a fee was requested for the service or an offer was made to purchase it from her. Investigator Whatley said that would be a matter of opinion, as it was a contingency fee agreement. Mr. Carroll referred to Exhibit D-1 (Estate Purchase Agreement), which said she was selling all rights, titles, and interest to Global Discoveries

LTD. Investigator Whatley agreed. Mr. Carroll noted Global Discoveries LTD paid Ms. Davis \$100. Investigator Whatley read the part of the agreement where Global Discoveries LTD agreed to pay Ms. Davis \$100. Mr. Carroll asked if Investigator Whatley verified with Ms. Davis that Global Discoveries LTD had paid her that amount. Investigator Whatley said she did have proof of a receipt of \$200, which she assumed was \$100 per estate. Board Counsel Menicucci referred to the last page of Exhibit F. Investigator Whatley said that was correct. Mr. Carroll reiterated that the page was the actual check from Global Discoveries LTD to Ms. Davis for \$200. Investigator Whatley thought the document was the second portion to an actual check. Mr. Carroll referred to paragraph 2F which stated that Global Discoveries LTD would agree to advance probate costs and legal expenses to collect the funds. Investigator Whatley agreed. Mr. Carroll asked if Investigator Whatley was aware Global Discoveries LTD had hired and paid a lawyer to collect the funds for Ms. Davis. Investigator Whatley was aware that Global Discoveries LTD did hire an attorney to act as an administrator to probate the estate of Ms. Davis's parents. Mr. Carroll asked if Investigator Whatley had seen a letter dated March 28, 2007 from Nikki Bryan to Mr. Carroll. Investigator Whatley reviewed her files for the letter and found it. Mr. Carroll referred to the second paragraph. He asked Investigator Whatley to read it for the record. The letter stated that Nikki Bryan would disburse excess proceeds from the estate to Ms. Davis. Mr. Carroll asked if Investigator Whatley verified with Ms. Davis that she had received the funds. Investigator Whatley said her focus was not on the disbursement of the funds. Mr. Carroll asked if Investigator Whatley knew Ms. Davis had paid any fee to Global Discoveries LTD. Investigator Whatley was not certain and could not answer. Mr. Carroll asked Investigator Whatley if Global Discoveries LTD had received any portion of the excess proceeds, which was the subject of the contract. Investigator Whatley was not certain. Mr. Carroll asked if Investigator Whatley had spoken to Mr. Katakis. She thought perhaps she had spoken to him once via telephone. Mr. Carroll asked if Investigator Whatley had discussed the transaction involving Ms. Davis with Mr. Katakis. Investigator Whatley had not. Mr. Carroll asked if Investigator Whatley had discussed the transaction with Ms. Davis with Jed Byerly. She had not. She did not discuss the transaction regarding Ms. Davis with Ali Wrest. Mr. Carroll referred to Exhibit J, the letter dated June 15, 1987 sent to Richard Murray. Mr. Carroll asked if that letter had been provided to Mr. Katakis in 2006 before the contract was written between Global Discoveries LTD and Ms. Davis. Investigator Whatley did not know. Mr. Carroll said the letter specifically dealt with the locating of persons on the unclaimed property list. Investigator

Whatley said the letter stated the activity in question clearly involved the ascertaining of the whereabouts of any person and covered by NRS 648.0121. Mr. Carroll again said the activity in question involved the locating of persons on the unclaimed property list. Investigator Whatley said that was correct. Mr. Carroll said the unclaimed property list was maintained by the State Treasurer for lost or abandoned funds. Investigator Whatley said it sounded reasonable, but she did not know that for a fact. Mr. Carroll again asked Investigator Whatley if Global Discoveries LTD had received a fee for serving as the administrator of the estate of Ms. Davis's parents. Again, she said she did not know. Mr. Carroll asked Investigator Whatley about Exhibit C and asked if she knew if the website existed in September 2006. She did not.

Board Counsel Menicucci asked Jed Byerly to speak. Board Counsel Menicucci directed attention to Exhibit H. He asked if in 2007, Mr. Byerly was employed by Global Discoveries LTD. Mr. Byerly said he was employed as Chief Operating Officer, the position he had held since March 2003. Board Counsel Menicucci asked about the copy of Global Discoveries LTD's webpage, which showed Mr. Byerly's photo and a brief biography. Board Counsel Menicucci asked if Global Discoveries LTD still maintained its website. Mr. Byerly said that was correct. Board Counsel Menicucci asked how long the company had maintained a website. Mr. Byerly said there had been two website; the current one had been in place since some time after March 2008. Mr. Byerly said the previous website was very different from the current one. The previous one didn't provide the company's services, didn't have the level of detail about the people and services in the company, there was no mention of profiles, no customer surveys, and there was no mention of locating missing heirs. Board Counsel Menicucci asked if there had been a significant change in business provided by Global Discoveries LTD since 2006. Mr. Byerly said the company had expanded the areas where they collect money. They had expanded to different states and different business models. Prior to the first quarter of 2008, the company focussed solely on excess proceeds collection in 3-4 states, including Nevada. Board Counsel Menicucci asked if Mr. Byerly was aware that Mr. Katakis had applied for a Private Investigator license with this Board in 2007. Mr. Byerly said that was correct. Board Counsel Menicucci asked if Mr. Byerly had received Exhibit H, an employment verification form. Mr. Byerly agreed he had received the form, signed it, and returned it to the Board. Board Counsel Menicucci asked about Question 9 on the form, which asked if the applicant's duties would qualify to meet the definition of Private Investigator as defined by statute, to which Mr. Byerly checked "Yes" on the form. Mr. Byerly agreed.

Board Counsel Menicucci said Mr. Byerly was telling the Board that Mr. Katakis's work qualified as Private Investigator experience. Mr. Byerly said that was correct. Board Counsel Menicucci asked for Mr. Katakis's exact duties at Global Discoveries LTD. Mr. Byerly said he founded the firm, for many years located people and money, investigated complex business transactions, complex real estate transactions, complex mortgage transactions, and locations of additional assets. Board Counsel Menicucci asked if Mr. Katakis did any of that work in Nevada. Mr. Byerly said to a small extent. He said 95% to 98% of the firm's business at that time existed in California, where the office was located. Board Counsel Menicucci asked Mr. Byerly if the firm had testified before the Nevada Legislature in 2007 regarding two bills, and he agreed that had occurred. Board Counsel Menicucci asked if Mr. Byerly was aware of that pending legislation and the testimony he would provide, and he said he was. Board Counsel Menicucci noted Mr. Carroll was legal representation for Global Discoveries LTD at the time, to which Mr. Byerly agreed. Board Counsel Menicucci referred to the May 10, 2007 minutes of the Assembly Committee on Taxation which showed Mr. Carroll as legal representation for Global Discoveries LTD at that time. Mr. Byerly agreed. Board Counsel Menicucci said Global Discoveries LTD, a locator firm, was the original proponent of the bill. Mr. Byerly agreed. Board Counsel Menicucci asked if it was correct that Global Discoveries LTD was indeed a locator firm. Mr. Byerly said there were many terms used. He said typically Global Discoveries LTD was not a locator firm. He said the firm strictly at that time tracked property tax options as excess proceeds. Board Counsel Menicucci asked if the firm located funds. Mr. Byerly said that was correct, in the form of tax options. Board Counsel Menicucci said the firm located people who may be able to claim those funds, and Mr. Byerly agreed. Board Counsel Menicucci said Ms. Davis was one of those people who had a claim to certain excess property tax funds. Mr. Byerly said her deceased parents had rights to them. Board Counsel Menicucci said she was the heir to the claims. Mr. Byerly said once the estate was probated, she would be the heir. Board Counsel Menicucci asked if Mr. Byerly ever had contact with Ms. Davis or Ms. Salhanick. He had no contact with them. Board Counsel Menicucci asked if Mr. Katakis worked at the Modesto office with him. Mr. Byerly said that was true. Neither supervised the other. The work environment was very independent. Mr. Byerly was responsible for the day-to-day operation and supervised the entire company. He would have signed off on any activity by any of the employees. In essence, the work done by Mr. Katakis fell within the firm's guidelines. Board Counsel Menicucci said Mr. Byerly had the knowledge that Mr. Katakis was performing work

that would qualify as Private Investigator experience for his application. Mr. Byerly said as he read it, that was correct. There were no further questions for Mr. Byerly.

Board Counsel Menicucci asked Mr. Katakis to speak. Board Counsel Menicucci asked if Mr. Katakis had any specific contact with Ms. Davis or Ms. Salhanick, but he had none. Mr. Katakis did know Ali Wrest, who signed some of the documents provided in the exhibits. She was a claims manager with Global Discoveries LTD. She had the authority to enter into contracts. Board Counsel Menicucci asked about the specific contract and that it was a purchase to a claim. Mr. Katakis said he was not a party to the contract. Board Counsel Menicucci asked if Mr. Katakis was familiar with the estate purchase agreement, Exhibit D. Mr. Katakis said the documents had been compiled by counsel and he was familiar with them. Board Counsel Menicucci asked if that same type of exhibit had been used with other people in the state. Mr. Katakis said he did not know. Board Counsel Menicucci asked if it was common for the company to purchase a claim of \$25,495 for \$100. Mr. Katakis said that was a partial amount. There were probate fees and the risk involved, but Global Discoveries LTD did not charge administrative fees. It was very involved. Board Counsel Menicucci said the person from whom the company purchased the claim received \$100 upfront. Mr. Katakis said that was an initial amount; the probability of being paid and the risk factor must be considered. Board Counsel Menicucci asked if the risk was taken by the claimant, with expenses taken. Mr. Katakis disagreed and said Global Discoveries LTD took the risk. Board Counsel Menicucci read from the contract under 2B, which stated that legal expenses advanced by Global Discoveries LTD would first be reimbursed to Global Discoveries LTD when the claim was paid, then the balance would be disbursed pursuant to the agreed percentages. Mr. Katakis said there were situations where substantial litigation was involved which would minimize the amount to zero. He said Global Discoveries LTD would discuss the situation with the clients before that occurred. The company did not spend the money if the client was not going to get their money. He said they were very fair to their clients. They often absorbed costs. Mr. Katakis said the firm fronted money quite often. Board Counsel Menicucci said, after expenses, under the agreement, the client receives half the money. Mr. Katakis said the amounts differed, and sometimes the client received 100% of the funds. There were also 70%-30% splits of funds. Company policy was to take less if the agreement strayed. Board Counsel Menicucci asked if Mr. Katakis followed the pending legislation in the 2007 Nevada session. Mr. Katakis said his company was involved in initiating the proposed legislation. Board Counsel

Menicucci said Global Discoveries LTD initially proposed that the company would be licensed as real estate agents. Mr. Katakis said the intent was to find a means to legislate the type of work done by Global Discoveries LTD. He noted there were firms that were very unprofessional that were taking advantage of people. If licensure was required, it would prevent those who should not be conducting business from doing so. There was a need for bonding and insurance to protect the public. He felt that was an important piece of legislation. Global Discoveries LTD had an insurance policy in place. Board Counsel Menicucci said Mr. Katakis was not opposed to licensure. Mr. Katakis said his firm proposed the legislation to require Private Investigator licensure, as well as the need for insurance. Mr. Katakis applied for a Private Investigator license at the time, as it was believed the proposed legislation would pass. Mr. Katakis felt he had the necessary 10,000 hours of Private Investigator experience. He was licensed in other states. Board Counsel Menicucci asked when Mr. Katakis decided not to pursue the Private Investigator license in Nevada, if he had provided correspondence to withdraw his application. Mr. Katakis said he still wished to obtain a Nevada Private Investigator license, but personal issues occurred. The licensure requirement was taken out of the legislation. Global Discoveries LTD did not work with the unclaimed funds with the State. If his company did so, he would already be licensed by the Board. Global Discoveries LTD hired attorneys before beginning work in new states. They talked to county officials and no one ever mentioned the need for Private Investigator licensure. Board Counsel Menicucci noted that before the dispute with Ms. Davis, Lyon County notified Mr. Katakis that heir finders required Private Investigator licensure. Mr. Katakis said the first time he saw that was when he received the package. According to their research, the Private Investigator license was not needed by them in Nevada, based on the definitions of excess proceeds and unclaimed funds. He said they were completely separate. Board Counsel Menicucci was referring to Exhibit 3, the notice to heir finders. Board Counsel Menicucci noted Exhibit K, which were three notices from the Board that Mr. Katakis was scheduled to take the Private Investigator license exam. Mr. Katakis said he called each time to defer the exam date. The legislature removed the need for a Private Investigator license, so he wished to wait to take the exam. If Global Discoveries LTD decided to begin to handle state funds, he would immediately obtain licensure. Board Counsel Menicucci noted the need for licensure was removed from a proposed bill, but the bill was never enacted. Mr. Katakis said modifications were made. The reason given why Private Investigator licensure was removed from the proposed legislation was that it was too limiting in terms of who could collect

funds on behalf of others. He disagreed with that reason. His company purchased the funds. Board Counsel Menicucci said Global Discoveries LTD disagreed with the 10% fee limit on funds to be obtained. Mr. Katakis said the overhead was more than that. He said it was impossible to run a business on that amount. Board Counsel Menicucci noted that the purchase of claims was a legal way to avoid the 10% limit. Mr. Katakis said it was a legal way to do business. Mr. Katakis said his company helped people. He explained that money that goes to the State would be available for years for people to claim. He said the money his company located was available for a limited amount of time, and once that 1-2 year timeframe passed, the money would be gone and no longer available to be claimed. Mr. Katakis said the argument was that Global Discoveries LTD was taking money away from people. He argued that without the aid of his company, those people would not have known about the money in the first place. Chairman Spencer asked about the amounts of money Mr. Katakis mentioned that were posted for a year. Mr. Katakis said the money his company located was not usually posted anywhere. Global Discoveries LTD took complete risk. They hired legal counsel to insure they were doing business properly. Global Discoveries LTD found fraud where companies took money from people. Global Discoveries LTD sued those companies on behalf of the clients to recover the money. If Global Discoveries LTD were unable to collect money, their clients were not at risk. He had stories about people who were completely unaware that assets were owed to them. He told a story of how he helped return money to Val Kilmer's mother due her from her husband's business. He said his company followed every single tax sale. He explained how tax sales worked. He said property was sold at auction for a fraction of what it was really worth. He said his company paid for all the title work and found out if there was a legal owner or heir. Board Member Uithoven asked about the status of the property. Mr. Katakis said it could be vacant land or a house. He said there was no notification to the rightful owners. If it weren't for the service provided by Global Discoveries LTD, those rightful owners would have nothing. The company hired other companies to do title work. They subscribed to Merlin, a skip-tracing company. Board Member Crate had no further questions.

Mr. Carroll directed attention to Exhibit 3. He asked if Mr. Katakis had ever seen the document before the Ms. Davis claim. He said he hadn't seen it until the packet was given to him. Mr. Katakis had also never seen Exhibit J, the Attorney General opinion letter until it arrived in the packet of information. Mr. Carroll asked when Mr. Katakis applied for a Private Investigator license in Nevada. He said it was during the time the company had

proposed legislation to add the Private Investigator license requirement to state law. Mr. Carroll asked if he applied for a Private Investigator license because that was negotiated in the proposed bill. Mr. Katakis believed the bill would pass. He was not before the Board because he stole money. His company had an A+ rating. His company prosecuted those companies who fraudulently collected money that belonged to others. He believed the licensure requirement would protect the public, but it was removed from the bill. As he was very busy, he did not finish the application process. Mr. Carroll asked if Mr. Katakis's company had ever received one penny from Ms. Davis. Mr. Katakis said that had not occurred. The claimant was paid directly, Global Discoveries LTD paid all attorney's fee, the estate was probated free of charge, Mr. Katakis paid his employee for what she didn't receive. His company had not approached Ms. Davis for any money. Mr. Carroll noted Global Discoveries LTD spent over \$5,000 on the matter, not including the fees Mr. Carroll was incurring defending the citation. Mr. Katakis said the amount was well over \$5,000. Mr. Carroll had no further questions for Mr. Katakis and Board Counsel Menicucci had no further witnesses.

Mr. Carroll wished to further discuss the legislative history. He was asked to testify before the Nevada Senate Committee on Taxation in 2007. There was a bill proposed by Senator Hardy for which Global Discoveries LTD was a proponent which would require locator firms to be licensed as real estate brokers and have insurance and bonding in place. The genesis of the bill stemmed from a 2006 bill proposed in California. California attempted to impose a 10% cap on excess proceeds. Mr. Carroll agreed with Mr. Katakis's previous statement that there was a distinction between excess proceeds and unclaimed property. It was suggested that people providing the service should be licensed, bonded, and insured. The bill was not passed in California, nor did was the 10% cap passed. Nevada did pass the 10% cap. Mr. Carroll was asked to testify when the proposed bill was being discussed in Nevada. Mr. Carroll testified as to the way Global Discoveries LTD conducted business. He again told the story about Val Kilmer's mother. She received over a million dollars due to the work done by Global Discoveries LTD. Mr. Carroll also noted other cases in California where Global Discoveries LTD had helped a couple in their eighties. Global Discoveries LTD hired Mr. Carroll to sue a chiropractor who bought their property for \$5,000, when it was actually sold at the tax sale for \$600,000. The chiropractor was forced to return the \$600,000 to the elderly couple. This prompted the proposed legislation in California for licensing, which failed. In Nevada, Senator Hardy proposed a real estate license. Al Frammer from the State Tax Collectors Association

attended the committee meeting. Patrick Foley from the State Treasurer's Office was also in attendance and objected to the real estate broker license. He felt the work was closer to heir finder work and the Private Investigator license would be more appropriate, as well as the bonding and insurance. After the committee meeting, Mr. Framer, Mr. Foley, and Mr. Carroll crafted language in the hallway to impose a Private Investigator license on excess proceeds locators and require insurance. There were two proposed bills, AB 585 and SB 375. A proposal was offered to amend SB 375 to include the Private Investigator license requirement. Mr. Kramer drafted the bill, Mr. Foley and Mr. Carroll approved it, it went back to Senator Hardy and the Committee on Taxation. Mr. Carroll testified before that committee as well. They thought the licensing requirement was a good idea. He also testified before an Assembly committee. The committee chair for the assembly did not like the Private Investigator license requirement, as it seemed anti-competitive. The bill died in the Assembly committee. During that time Mr. Carroll suggested Mr. Katakis should seek a Private Investigator license. Mr. Carroll erroneously assumed the bill would be passed, but it was not. The other bill was passed, which did not propose the need for Private Investigator licensure. Mr. Carroll said he had provided all the pertinent documentation, a timeline of all the dates of the hearings, as well as the minutes, and his testimony. The bill was introduced March 19, 2007. It died in committee May 15, 2007. Mr. Carroll directed attention to Exhibit 6, a letter he discussed with Investigator Whatley from the Lyon County treasurer which stated that office was going to pay the money to Ms. Davis directly. Board Member Crate noted that no ground was gained or lost when the bill did not pass. Mr. Carroll said that was correct. Mr. Carroll noted the two bills had nothing to do with NRS 648. There were substantial changes made to the procedures for claiming excess proceeds. The requirement for a Private Investigator license and insurance was not included in the bill that was passed. Board Member Crate said he understood that Global Discoveries LTD identified property that potentially had heirs and tracked the distribution of funds to the rightful owners. Mr. Carroll said that was somewhat limiting. Mr. Carroll said Global Discoveries LTD monitored every tax sale. Board Member Crate understood that. He said the company identified potential sales of property to find if anyone had claims on that property. Through contract negotiations, the company attempted to alert the rightful heir of what was rightfully theirs. Mr. Carroll said it was not only heirs. Board Member Crate wanted to focus on the nature of the complaint. At some point, the appropriate regulation would be under the Private Investigator licensure. . He felt the real estate broker license was a compromise for

regulation. Mr. Carroll said it was not currently regulated. Board Member Crate said the work was private investigative in nature. Mr. Carroll disagreed. He noted that the legislature did not feel the licensure requirement was important enough to enact legislation to provide, as the bill was killed. Board Member Crate said Mr. Carroll was surmising that point. Board Member Uithoven asked about the May 10, 2007 minutes and that the point didn't appear in those minutes. Board Counsel Menicucci said he submitted an exhibit with May 10, 2007 testimony to the Board and Mr. Carroll submitted a much larger package which the Board may not have for perusal. Mr. Carroll sent what he thought was the entire legislative history to Executive Director Ray. He left out Exhibit 5. The Assembly minutes were in the packet submitted to Executive Director Ray. The Senate committee took no action. Mr. Carroll explained that the chairman of the committee (Senator McClain) asked why a Private Investigator license was required to perform the work. Board Member Uithoven said it appeared no one offered testimony in opposition to 375. Mr. Carroll said there were two reasons; one was to establish criteria for those actually finding heirs and assets to keep con artists from defrauding the public. Heir finders require a Private Investigator license, so that avenue was pursued. The second reason involved the fact that county treasurers were bombarded by individuals and companies with questions on excess proceeds to learn how to contact people who are owed assets. Mr. Carroll referred to Exhibit 9 in the packet he provided to Executive Director Ray. Mr. Carroll said his final point was that excess proceeds and tax sales were very different from unclaimed funds. He explained how the process worked in California. He said people were unaware of assets sold at tax sales that belonged to them. He said nowhere in Nevada law did it state that people who located excess proceeds needed to be licensed. Mr. Carroll said he felt it was a good idea, but the legislature chose not to do so. Mr. Katakis had been prepared to obtain a Private Investigator license if the legislature moved forward with that requirement, but it did not.

Board Counsel Menicucci said the Board was not alleging that Global Discoveries LTD was a bad firm or that the service it provided was not valuable. He said the focus should remain on the work done by the firm as Private Investigative in nature. It was the position of the Attorney General that with regard to unclaimed property and those who found it for others needed Private Investigator licenses. He said there was no rational basis to distinguish the work done for unclaimed property from that done by Global Discoveries LTD. The basis for requiring a Private Investigator license for heir finders was contained within the definition of Private Investigator

itself. There was no specific statute for heir finders, which was the identical situation with the work done by Global Discoveries LTD. He said a locator function was taking place; therefore, a Private Investigator license was needed. Board Counsel Menicucci said the discussion about the proposed legislation to require licensure offered by Mr. Carroll was beside the point. He said the fact that a law was not enacted did not change the fact that Private Investigator license was required by existing statute. Board Counsel Menicucci said that when Mr. Katakis attempted to apply for a Private Investigator license, he had to show 5 years of Private Investigator experience and those hours were attested by Global Discoveries LTD. He said if a person was finding his own money, he would not need to be licensed. If a person was finding money for others for a fee, then a license would be required. He said Global Discoveries LTD's intention was to be compensated for its service. He read through the information to search for the 10% cap for Global Discoveries LTD in its presentation to the legislature. He could not find it. He said Mr. Katakis should have held a Private Investigator license. Mr. Carroll disagreed. He said there was a very specific charge regarding the matter with Ms. Davis in September 2006. He said the work done by Global Discoveries LTD was not contained in NRS 648. He said the funds were not lost or stolen. They were held by the county treasurer. He read NRS 648.012(2). The owner had a right to collect the funds. Global Discoveries LTD did not offer its services for consideration. Global Discoveries LTD received no consideration. Ms. Davis kept all the money she received. He noted that Ms. Davis acknowledged to Lyon County in a letter that she sold her interest in excess proceeds to Global Discoveries LTD. He said no other statute applied in the situation, and neither did NRS 648.012. He said no consideration was paid. He noted that there was no law requiring heir finders to be licensed. He said the opinion said a license "may" be required. He said that Investigator Whatley acknowledged that the opinion was an informal letter that was kept on file at the Board. Mr. Carroll said the Constitution required fair warning that a law had been violated. He said the informal letter did not address excess proceeds. He said the first time Global Discoveries LTD heard that a Private Investigator license may be needed was when the May 8, 2007 letter was sent from Lyon County District Attorney to Global Discoveries LTD. He said that was three days before he testified before the legislative committee. He again said Mr. Katakis did not receive fair warning. Mr. Katakis would apply for a Private Investigator license if the Board determined a license was required. He suggested the citation should be discharged. He suggested the Board should enact a regulation which clearly stated that finding unclaimed

property from the State Treasurer, a Private Investigator license would be required. He said if a person or company was in the business of finding excess proceeds, Private Investigator licenses should be required. Board Counsel Menicucci referred to the letter of opinion regarding heir finders. He said clearly Private Investigator work was being done. He said Mr. Carroll could not claim that they did not know a Private Investigator license was needed, as they characterized their work as Private Investigative in nature. He said the fact that the committee did not believe a Private Investigator license was necessary did not hold much weight, as everyone had his or her own opinion. The fact remained that no specific statute existed for unclaimed property or excess funds that required a Private Investigator license. He said the definition of a Private Investigator allowed the Board to construe that such licensure was needed to provide those services.

Mr. Carroll disagreed once again. He repeated NRS 648.012 and said it did not apply to either Mr. Katakis or Global Discoveries LTD. He said Mr. Katakis did hold a Private Investigator license in other states.

Board Member Putnam asked if Ms. Davis contacted Global Discoveries LTD or if Global Discoveries LTD contacted her initially. Mr. Carroll said Global Discoveries LTD contacted Ms. Davis. Board Member Putnam said it seemed to him that Ms. Davis had to be identified as an heir to the property before she was contacted. Mr. Carroll said Global Discoveries LTD identified her as a potential claimant to excess proceeds. Board Member Putnam said her identity had to be established and that work was done in Nevada, as covered in NRS 648.012(1). Mr. Carroll re-read NRS 648.012 again. He said it was correct that Ms. Davis was identified. Board Member Putnam said there had to be contact with someone in Nevada to identify that Ms. Davis was an heir. Mr. Carroll said that was correct. Board Member Putnam said the establishing of Ms. Davis as an heir fell under NRS 648.012. Mr. Carroll said Global Discoveries LTD was not hired to do that. Ms. Davis verified her own identity with Global Discoveries LTD. Board Member Putnam said her identity had to be known first before the company contacted her. Mr. Carroll offered an analogy. He said if he wished to purchase a car from Chairman Spencer and looked in the phone book to find his phone number, that act would be Private Investigative work, according to what Board Member Putnam was saying. Board Member Crate said if Mr. Carroll contacted Chairman Spencer with a buyer for that car, and would provide the buyer for consideration, an auto dealer's license would be required. Mr. Carroll argued that it would require a Private Investigator license. Board Member Crate asked if cars or information was being sold. Mr. Carroll said information was not being sold. He again said Mr. Katakis

bought Ms. Davis's interest in the excess proceeds. Board Member Crate noted Board Member Putnam's point that Global Discoveries LTD first had to perform an investigation to determine from whom the interest would be purchased. Mr. Carroll conceded that was done. He said that still did not require a Private Investigator license. Board Member Crate asked if the complainant had not agreed to sell the rights for \$100-\$200, what would Global Discoveries LTD do next. Mr. Carroll said the company would walk away at that point. He said there was risk involved with the intent to recover the cost. Board Member Crate said the intent of Global Discoveries LTD was to make a profit. Mr. Carroll said Global Discoveries LTD was not offering a service. Board Member Crate said at that point, some investigative work had to be done. Mr. Carroll still maintained that did not require a Private Investigator license.

Board Counsel Menicucci responded by saying that Mr. Carroll called the transaction a "purchase". Board Counsel Menicucci described the transaction offered by Global Discoveries LTD as telling the client that a specific amount could not be given, but Global Discoveries LTD and the client would split the difference with regards to the excess proceeds. Mr. Carroll took exception to Board Counsel Menicucci's analogy. The client was under no obligation to lose money, but was guaranteed dollars upfront.

Board Member Willis asked if Mr. Katakis or Global Discoveries LTD was licensed in other states. Mr. Carroll said Mr. Katakis held a Private Investigator license in Oregon and was licensed realtor in California.

Board Member Willis commented that the question was not whether or not Mr. Katakis should have a Private Investigator license, but whether or not the citation should be upheld. The legislative history showed where attempts were made for licensure. She said she could almost understand where the assumptions were made by Mr. Katakis. Chairman Spencer said the entity as a whole should hold a Private Investigator license. He was not sure a license was needed in this particular effort. He asked for an explanation of the procedure.

Mr. Katakis said property was sold at auctions. He noted that one year was often not enough time for lien holders to track down properties. Chairman Spencer asked for Mr. Katakis's title. He said he was a service provider. Mr. Katakis described the way his company worked with banking institutions. Chairman Spencer said if someone asked him as a Private Investigator how to recover funds, he would need direction on how to proceed. Chairman Spencer said a Nevada politician questioned why a Private Investigator license was needed to provide the services under discussion. He said that did not necessarily mean a license was not required. Chairman

Spencer likened the need for licensure by those who located excess proceeds to the need for mystery shoppers and tenant screeners to also obtain licensure. The legislature decided the groups would need Private Investigator licenses. He said he did not know if Mr. Katakis had the necessary qualifications to obtain a Private Investigator license in Nevada. Mr. Katakis said he did have the experience to become a licensed Private Investigator. Board Member Crate said it was obvious that at some point licensure was required in the overall process, whether the client sought Global Discoveries LTD's assistance or if that company searched for clients. He said Global Discoveries LTD acknowledged the nature of their business in their anticipated legislative action to have their work identified as Private Investigative in nature. He felt the company had adequate knowledge that a Private Investigator license was necessary. He had a problem with the lapse of time. He said a cease and desist letter would have typically been sent first and not a citation. Chairman Spencer agreed. Board Member Uithoven agreed that a Private Investigator license should be required.

Board Member Putnam, in response to the discussion about the lapse of time, noted the complaint was not received until November 4, 2008. He said the Board's representatives acted very expeditiously on the matter. Executive Director Ray said the Attorney General's opinion was offered in 1987. Chairman Spencer said he was still upset that a legislator clearly was unaware that a Private Investigator license was required and didn't bother to learn about it. He did feel Global Discoveries LTD tried to do the right thing.

Board Member Willis moved to dismiss the citation. Board Member Crate seconded the motion. He clarified that he was more concerned with the lapse of time from when the service was provided and when the complaint was filed. He noted there were cases where judges were unaware of NRS 648. Chairman Spencer again noted the company attempted to do the right thing. . Board Member Putnam stated that, regardless of the passage of time, Private Investigative work was done by an employee of Global Discoveries LTD, who was compensated for that work. The motion carried, with Board Member Putnam voting against it.

Executive Director Ray advised the company to obtain the licensing application online. Chairman Spencer advised the company to hire licensed Nevada companies to do work during the time Global Discoveries LTD was becoming licensed. Board Member Crate advised the company that from this point forward, the company should make sure they used the services of a licensed Private Investigator. Mr. Carroll noted there may be pending work in Nevada. Executive Director Ray asked how many cases were pending, but Mr. Carroll was

uncertain. Executive Director Ray again advised them to access the online application. The earliest the company could appear before the Board for licensure would be September 2009. Executive Director Ray informed Mr. Carroll and Mr. Katakis that a new investigator was now working for the Board.

Randy Pethtel/Mad Dog Repo appealed Citation C-006-09. Board Member Crate handed out the packets of exhibits. Board Counsel Menicucci asked Investigator Whatley if she was the investigator for the Board. She agreed. She had the exhibits available to her. Exhibit A was the citation she issued to Mr. Pethtel. Exhibit B was the proof of service of the citation. Exhibit C was a letter Investigator Whatley received from Mr. Pethtel after the citation was issued and served. Board Counsel Menicucci asked how Investigator Whatley first became aware of the potential violation by Mr. Pethtel and Mad Dog Repo. Investigator Whatley said the PILB office received a phone call from a car dealer and a copy of the business card was faxed to the office. Exhibit E contained a copy of the business license for Mad Dog Repo, which Investigator Whatley explained was included in documents provided by Shannon Cook, which she received at a later date. The second page of Exhibit E was a copy of the business card. Investigator Whatley had all this information before she issued the citation. Board Counsel Menicucci asked if the car dealer sent her the Mad Dog Repo business card, and Investigator Whatley said that was correct. She explained that she was not the person who received the phone call or fax that was placed on her desk. She contacted the car dealer and spoke with Glenda. Investigator Whatley was contacted by Shannon Cook, who made arrangements to meet at the PILB office. After all the evidence was in place, she issued the citation. Mr. Cook had been an employee of Mr. Pethtel/Mad Dog Repo at one point. Mr. Cook provided documentation for Investigator Whatley. Exhibit D was a letter of complaint dated January 27, 2009 from Shannon Cook with attachments. These documents were provided by Mr. Cook. Board Counsel Menicucci noted there were Repossession Authorization Affidavits and Investigator Whatley agreed. Board Counsel Menicucci asked if those same forms were called Hold Harmless forms in the trade. Investigator Whatley agreed. They were forms authorizing Mr. Pethtel and Mad Dog Repo to repossess cars on behalf of dealerships. After she received the information from Mr. Cook, Investigator Whatley then issued a citation to Mr. Pethtel. After he received the citation, Mr. Pethtel responded with a letter marked Exhibit C. Investigator Whatley checked to see if Mr. Pethtel was a licensed Repossessor. It was determined at the time the call was placed to the PILB office

and a fax of the business card was sent that Mr. Pethtel was not a licensed Repossessor in Nevada. At that time, the complaint was opened as an investigation. Board Counsel Menicucci asked if a Repossessor license was needed by a person to repossess cars on behalf of a dealership. Investigator Whatley said that was correct. Board Counsel Menicucci said it was Mr. Pethtel's opportunity to ask Investigator Whatley any questions he may have, but he had none.

Brian Turley then was called to speak. Board Counsel Menicucci asked if he had any contact with Mr. Pethtel with regards to whether or not he was repossessing vehicles. Mr. Turley said on January 11 his workplace received an order of repossession from Pro-Tect Auto for a 2002 Suburban belonging to Michael Brannon. He spent time on the account. He went to a residence, knocked on the door, and spoke to the mother of the man who owned the Suburban. She said Michael did not live there. Mr. Turley then phoned the individual. He informed Mr. Turley that on January 11, Mr. Pethtel of Mad Dog Repo had repossessed his Suburban. Mr. Turley asked if the individual had a contact number for Mr. Pethtel. He gave Mr. Turley a phone number. Mr. Turley called Mr. Pethtel out of curiosity, as he was not familiar with Mad Dog Repo. Mr. Pethtel explained to Mr. Turley that he had repossessed the vehicle. The owner was behind on the payments. Mr. Turley asked how long Mr. Pethtel had been repossessing cars, and he said he had done it for some time. Mr. Turley asked Mr. Pethtel what steps needed to be taken to enter into the repossession field. Mr. Pethtel said there was much investigative work, a background check done by the State and the FBI, and an individual must be licensed, insured, and bonded. Board Counsel Menicucci asked if, when Mr. Pethtel mentioned "licensing", he was referring to a license as a Repossessor. Mr. Turley said he did not go into detail with Mr. Pethtel, but assumed that was the case. Board Counsel Menicucci asked if Mr. Turley was a licensed Repossessor. Mr. Turley said he worked for Zane Investigations. Board Counsel Menicucci asked if Mr. Turley had further contact with Mr. Pethtel after that initial phone call. Mr. Turley said he had not. Mr. Turley received a call three weeks later from Mr. Brannon, who told him Mr. Pethtel had repossessed a fifth wheel from a mobile home park for Christine Davis. He guessed that phone call occurred either the early part of February or mid-February.

Mr. Pethtel had no questions for Mr. Turley. Board Counsel Menicucci had no further witnesses.

Mr. Pethtel said he had no means to repossess a fifth wheel travel trailer. With regards to the Suburban, he did repossess that. He did not deny he was repossessing vehicles for car lots. He got the order to cease and desist, and that is what he did. He was under the impression he had all the paperwork he needed to repossess cars.

Board Counsel Menicucci asked if Mr. Pethtel had the exhibits. Mr. Pethtel said he hadn't brought any documentation with him. Board Counsel Menicucci asked Investigator Whatley to provide copies of the exhibits for Mr. Pethtel. Board Counsel Menicucci directed Mr. Pethtel to look at Exhibit D, the letter from Mr. Cook.

Board Counsel Menicucci said there were Repossession Authorization Affidavits attached to the document. He asked if Mr. Pethtel denied that he was repossessing the vehicles indicated on the paperwork. Mr. Pethtel said he had repossessed the vehicles. Mr. Pethtel said the only vehicle he had not repossessed was the travel trailer that Mr. Turley stated had been repossessed, since he was unable to do that.

Chairman Spencer asked how Mr. Pethtel began working in the repossession field. He asked if Mr. Pethtel had hired a lawyer to advise him. Mr. Pethtel said he had not hired a lawyer. He went to the city office in Reno. He told them what he intended to do, and they provided paperwork for a fee. He then went to the police department, where a background check was performed on Mr. Pethtel. He was also told the FBI would run a background check. He was issued a license after the investigations were completed. He had no idea further licensure was needed or that he needed to contact the PILB. Chairman Spencer asked about insurance. Mr. Pethtel said he had insurance and was bonded. The insurance company did not inform Mr. Pethtel he needed to be licensed. Mr. Pethtel said no one at the city told him he needed to be licensed by the PILB. He told Investigator Whatley that if he knew licensure was needed, he would either have obtained the license or not begun his repossession business at all. Chairman Spencer asked if Mr. Pethtel had been repossessing under a licensee. Mr. Pethtel said he had not, but then said he worked for a licensed person in the 1980s for 2-3 years. The insurance company was Farmers and his agent was John Jasper. Mr. Jasper knew the reason for the insurance. He also obtained the bond for Mr. Pethtel.

Board Member Willis asked if Mr. Pethtel received a cease and desist letter before he received the citation. Mr. Pethtel said he received the cease and desist letter and stopped repossessing. Investigator Whatley clarified that Mr. Pethtel received a citation. Board Member Willis asked if Mr. Pethtel was referring to Exhibit A, the citation, as a cease and desist letter. Mr. Pethtel said that was correct. He said he was just trying to make a living.

Board Member Putnam asked what Mr. Pethtel was currently doing for a living. Mr. Pethtel said he was doing nothing. He said he was selling everything he owned and was unemployed.

Board Member Crate summarized if there was any ambiguity in the previous agenda topic, there was none for the current topic. The Repossessor portion of NRS 648 was crystal clear. Mr. Pethtel said on the repossession orders he received from car lots, he went to the addresses to repossess the vehicles. He did not use a computer himself to find the people for repossession purposes. Board Counsel Menicucci said that, given Mr. Pethtel's current situation, the Board should give him some consideration with regards to payment of the fine. Chairman Spencer asked him whose truck he used in his work. Mr. Pethtel used his own truck. He had two tow trucks.

Board Member Willis moved to uphold the citation given to Mr. Pethtel of Mad Dog Repo. Board Member Putnam asked Mr. Pethtel if he would be capable of paying the fine if the Board upheld it. Mr. Pethtel said he would be unable to pay anything. He had only a truck and tools. Board Member Putnam asked if it was procedurally correct to uphold the citation and the cease and desist letter order, but suspend the fine. Board Counsel Menicucci said the fine was a fixed amount and there was no statutory authority to lessen it. The Board had the capability of arranging for payments. Mr. Pethtel again said he had no way to pay the fine until he could return to work. He had several applications and had submitted resumés. He was not receiving any phone calls for work. Chairman Spencer asked if Mr. Pethtel was aware of the application process and the necessary requirements to be a Repossessor. Mr. Pethtel didn't learn of it until he spoke to Investigator Whatley. She told him he needed 10,000 hours (5 years) of experience. Board Member Crate was concerned that a specific entity was authorizing people to perform repossessions. He said he wished for a way to fine the city \$2,500 dollars for allowing the activity. Board Counsel Menicucci said he was certain the city wouldn't want to be responsible for knowing all the licenses required before issuing business licenses. Chairman Spencer said lack of knowledge of the need for licensure was a frequent occurrence.

Board Member Willis asked if the Board could give the ability to hold the payments in abeyance for 12 months. Board Counsel Menicucci said the Board could defer the discussion of the payment schedule to a future meeting. Mr. Pethtel had lived in the area most of his life. Chairman Spencer asked him what type of work he was seeking. Mr. Pethtel said any type of work. Board Member Willis asked Mr. Pethtel if he had applied to work for licensed Repossessors. Mr. Pethtel said he had not. He assumed the state of the economy meant there

would be no work for Repossessors. Board Member Willis said the opposite was true. Mr. Pethtel said all the car lots for which he worked was pleased with his work and demeanor. Board Member Willis said Mr. Pethtel would be a wonderful applicant for a Repossessor license. Mr. Pethtel said he had been told that, but needed money to proceed with licensure. Chairman Spencer advised him to contact the Board to obtain names of licensed Repossessor. Board Member Willis modified her motion to include as much flexibility as possible to revisit the issue in 12 months to develop a payment schedule, to allow the Board to be as liberal as possible statutorily for the payment of the fine. Board Member Crate said he was having trouble upholding the citation, as the City of Reno's involvement. When Chairman Spencer applied for a business license, he was asked if he was properly licensed at that time. Board Member Crate said Clark County routinely did not issue paperwork until proof of a PILB license for guard or investigation work.

Board Counsel Menicucci said the city was not responsible for enforcement of licensure by other entities. There was no legal defense that the city did not inform Mr. Pethtel he needed a Repossessor license. The second point was that there was a limit to the evidence that could be presented to the Board when considering upholding or dismissing citations. A city clerk could not be called, for instance, to appear before the Board in such matters. He said Board Member Crate's concerns were valid, but there was a limit to the evidence which could be presented. Board Member Willis stated that the phrase "Licensed business to be conducted in conformity with and subject to the provisions of the ordinances of the State of Nevada" appeared on the City of Reno business license for Mad Dog Repo and Mr. Pethtel. She said the licensee was obliged to research what was legally necessary to perform the work shown on the license.

Chairman Spencer said similar situations had occurred in the past where a city employee had not told a person applying for a business license that further licensure was required. Board Counsel Menicucci suggested that Mr. Pethtel's matter could be rescheduled for a later time. Chairman Spencer asked Mr. Pethtel if he would be willing to reappear at a later date if the citation and the \$2,500 fine were upheld. He said he would reappear to revisit the issue.

Board Member Willis restated her motion to uphold the citation with the understanding that the fine payment would be held in abeyance, and the Board would revisit the issue 8 months later. Board Member Crate seconded the motion, which passed. Chairman Spencer noted the citation was upheld, but the Board was not imposing a

fine for payment at this meeting. Mr. Pethtel said he would inform the Board if he moved or any of his contact information changed.

Board Member Crate questioned if, under Robert's Rules of Order, he could request to reopen the previous agenda topic (Global Discoveries LTD). Acting Board Counsel Doerr said that was not possible, as the parties were gone. He said doing so would be problematic as a notice issue.

Board Counsel Menicucci said John Arrascada requested a continuance of Item #7, **E. Dwayne Tatalovich/Tatalovich & Associates, Inc.**'s appeal of Citation C-142-06 to June 18 or 19, 2009. Board Member Willis moved to continue the item until June 18 or 19, 2009. Chairman Spencer seconded the motion, which carried.

DISCIPLINARY HEARING:

Quality Security, Inc. (#1307) and Richard Bouldin appeared on the agenda for discipline.

No one was present to represent Mr. Bouldin or Quality Security at either location. Board Counsel Menicucci prepared a packet of exhibits that Executive Director Ray distributed. Exhibit A was a copy of the complaint. Investigator Murphy said there were 2 counts involved in the matter. One was that Mr. Bouldin did not have valid general liability insurance in place. The second count was the failure on Mr. Bouldin's part to submit a quarterly report for Quality Security, Inc. Investigator Murphy sent an audit request letter (Exhibit D) to Quality Security, Inc. on August 25th. He did not receive a response to that letter. He sent a second request to audit Quality Security, Inc.'s records on September 23rd. He received a response to that letter and conducted an audit October 16, 2008. He did not meet with Mr. Bouldin at that time, but met with Sheryl Ballard of Quality Security, Inc. One of the items included in Investigator Murphy's audits requested a copy of the general liability policy, as well as proof of workers compensation insurance. Ms. Ballard provided a copy of the insurance certificate from Wilcox Ltd., which was included in Exhibit D. Ms. Ballard said she was unsure as to the status of the insurance, which was a red flag for Investigator Murphy. He then contacted Ashton at Burns & Wilcox, who told him the policy had been cancelled June 25, 2008. He sent a 10-day notice on November 7, 2008 to Mr. Bouldin that proof of

general liability insurance must be provided to the Board (Exhibit E). He did not receive a response to that letter. He mailed a letter of suspension on November 24, 2008 (Exhibit A) to Mr. Bouldin at Quality Security, Inc. He personally went to the last known address once the agenda was set, but the business was no longer there. Quality Security, Inc. failed to provide a quarterly report on June 30, 2008. Investigator Murphy said a Notice of Violation (Exhibit G) was sent from the Carson City Board office on August 18, 2008 to Quality Security, Inc. via certified mail. It was returned as "Unclaimed" on October 7, 2008 by the USPS. Investigator Murphy personally hand-delivered the letter to Ms. Ballard on October 16, 2008 during the audit. For the record, Board Counsel Menicucci noted that the Exhibit G was the certified letter, Exhibit H was the Notice of Violation, and Exhibit I was the unclaimed envelope. Board Counsel Menicucci clarified that the company had not corrected the problems that no insurance coverage was in place for Quality Security, Inc. and no quarterly report for June 30, 2008 was provided by the company. Investigator Murphy concurred. Board Counsel Menicucci asked if Mr. Bouldin had contacted Investigator Murphy, but he had not done so. Their phone had been disconnected and the business was no longer located at the last known address.

As no representatives were present from Quality Security, Inc. to speak, Board Counsel Menicucci asked Executive Director Ray to answer questions. He asked if the complaint had been properly served. She said it was sent via certified mail to the last known address for Quality Security, Inc. The certified letter was returned to the office as unclaimed. She noted that the forwarding order for Quality Security, Inc. had expired. She then asked Investigator Murphy to personally deliver the letter. Board Counsel Menicucci said the Board had done all it could to notify Mr. Bouldin and Quality Security, Inc. Board Member Crate asked for Ms. Ballard's relationship to Quality Security, Inc. Investigator Murphy said she was the office manager. She said the company had fallen on hard times and only had one client left and two employees. She indicated that Mr. Bouldin was aware of the problems. Investigator Murphy attempted to impress upon Ms. Ballard that Mr. Bouldin, as the qualifying agent, should be responsible for meeting with Investigator Murphy. She had no explanation why Mr. Bouldin was not present to meet with Investigator Murphy other than he was ill. Board Member Crate asked if Investigator Murphy knew the whereabouts of Mr. Bouldin. Investigator Murphy believed Mr. Bouldin lived in Las Vegas, but he could be living out-of-state. Mr. Bouldin never contacted Investigator Murphy personally. Board Counsel Menicucci stated that any information Mr. Bouldin received would have been relayed through Ms. Ballard.

Investigator Murphy last spoke to Ms. Ballard in October, which was the day of the audit. He had attempted to visit the business approximately two weeks ago, but it was no longer located at that address. Ms. Ballard said she would contact Executive Director Ray regarding the general liability insurance issue the next day after Investigator Murphy advised her to do so, but she never contacted the Board. Board Member Crate asked if Quality Security, Inc. had a corporate license or operated as a DBA. Executive Director Ray explained that it held a corporate license. Mr. Bouldin no longer had an individual license, as he had not paid his abeyance fee. She said an individual license was not required. Board Member Crate asked how the Board could insure that Mr. Bouldin's failure to respond was tied to Quality Security, Inc. Executive Director Ray said Board action could be reflected under both records for the corporate license and the qualifying agent. Chairman Spencer asked about possible clients of the corporation who would need to know the license was no longer valid. Executive Director Ray said the Board wouldn't know Quality Security, Inc.'s clients. She believed the location of the corporation had been rented to another entity. Board Member Crate asked if there were corporate officer, but Executive Director Ray said Mr. Bouldin was the only one. Chairman Spencer asked if it would be proper as a service to the public to place a newspaper advertisement that Mr. Bouldin was no longer properly licensed. Executive Director Ray said the website would show Mr. Bouldin's license was revoked and that disciplinary action had occurred. Board Counsel Menicucci noted that few people would read newspaper notices, but may be more inclined to research the company on the Board's website. Executive Director Ray noted that few people read the Board newsletter, either. She said the industry effectively policed itself and she would be informed if clients Quality Security, Inc. was still attempting to service clients. Board Member Crate asked how a motion should be made and if fines would be levied against the corporation or the qualifying agent. Executive Director Ray said the fines would be tied to the qualifying agent. Board Member Crate said the corporation was the licensed entity, but the qualifying agent was responsible. Executive Director Ray said a \$100 fine was tied to the record. Board Member Crate advised to name both in the motion. Board Member Crate said if the individual attempted to be licensed under another name, the disciplinary fine should be cleared. Executive Director Ray said the Board database did not have the entire history, as it occurred prior to the current database. She said the current database would have the history of today's discipline should he ever return for licensing. Executive Director Ray noted an instance of discipline in December where a person also had an outstanding fine. Should that person

ever return for licensing, that matter would be apparent. Executive Director Ray said the person was operating as a DBA. She further explained that the corporation belonged to Mr. Bouldin and he was the qualifying agent. Board Counsel Menicucci recommended the revocation of the license. Board Member Putnam asked if Mr. Bouldin's license was already suspended due to lack of insurance. Executive Director Ray said that was correct. Investigator Murphy noted that qualifying agents should provide an actual address and not a post office box in the contact information. Executive Director Ray said the Board staff could insure that both a physical and a mailing address were provided.

Board Member Crate moved to acknowledge that Mr. Bouldin and Quality Security, Inc. did not comply with statutes to maintain general liability insurance or the requirements of quarterly reporting, that they both be fined for the full amounts to three quarters of non-registration of employees, be fined to the maximum amount for not maintaining statutory insurance, as well as any fines appropriate for not responding to the requests made by the investigator, that the current license for Quality Security, Inc. be revoked, subject to all statutory and regulatory requirements. Board Member Putnam seconded the motion. Board Member Uithoven asked if the motion's intent was to revoke the license and issue the fines should the individual reapply. Board Counsel Menicucci said there were two counts of \$5,000 each. Board Member Crate amended his motion to \$300 for the quarterly reports. Executive Director Ray said there were administrative fines. Board Member Crate said he did not know if fines could be levied for lack of registrations. He said the fine would be \$600 for failure to submit a quarterly report and \$5,000 for failure to maintain general liability insurance. Board Counsel Menicucci said that was justified. Board Member Crate said administrative fines were different. Board Member Crate noted that the insurance expired in June 2008. The company was still in business for 4 months without insurance, which put the public at risk. Board Member Putnam said it seemed the insurance was inadequate even when it was in place, as employment-related practices were not covered. Board Member Willis seconded Board Member Crate's motion, which carried.

The Board revisited Item #30 from the previous day, which was discussion and approval to dismiss Citation #C-023-07 for **Jonathan Beecham DBA Captains of the Guard**. Staff requested Mr. Beecham to pay the balance owed on the background that was completed prior to his application withdrawal. Executive Director Ray explained Mr. Beecham had provided security at an NBA event in February 2007. The bottom line was there

was no record of the mailing of the citation or received by Mr. Beecham. Chairman Spencer moved to dismiss the citation, and Board Member Crate seconded it, which carried. Board Member Crate then offered a second motion. Chairman Spencer said the dismissal was subject to the payment due from Jonathan Beecham for the background costs. Board Member Crate seconded the motion, which carried.

Board Comment:

Board Member Crate a topic he would like to pursue was the certificate of insurance issue. He felt a workshop was needed to discuss third party liability. More exclusions were being included on the certificates than in years past. Board Counsel Menicucci read from the statute regarding liability insurance for licensees. Board Member Crate said the third party excluded the client. The insurance was in place for the general public. Board Counsel Menicucci read further from the statute. Executive Director Ray said if armed security service was provided, the company should have that service insured. Chairman Spencer discussed a case where a security company may have stolen from its own safe where it placed proceeds from a gaming establishment. Executive Director Ray said most insurance companies would not provide policies for \$200,000. Most policies were written for \$500,000 to \$1,000,000 of coverage. She could provide the research that was done previously on the topic.

Board Member Crate had a second concern. He wanted to provide investigators clearer guidelines to know when a cease and desist letter was more appropriate than a citation. Executive Director Ray planned to bring back the directives and include the history with them. Board Member Crate mentioned that the Board had been challenged on a number of cases with regards to due process. Board Member Crate believed that the investigators had been directed to report to the Board when issuing citations with the understanding the Board would take responsibility. Board Member Crate said there was a place for cease and desist letters and then a place for citations. He felt a cease and desist letter would be appropriate when the Board learned of unlicensed activity. An actual complaint could result in a citation. Executive Director Ray talked about tenant/employments screeners and mystery shoppers as opposed to Repossessors who were physically present in the state. Cease and desist letters were typically sent first. Chairman Spencer said a cease and desist letter should be copied to other states where that individual or company was licensed. Executive Director Ray stated there was a question on the application asking if that person had conducted unlicensed activity and the issue of why a citation was not issued to those who had done so. Executive Director Ray said each case was considered on an individual basis.

She said staff weighed the issues to decide when a cease and desist letter was appropriate or whether or not to issue a citation. She said she contacted Board Counsel whenever there was any question regarding cease and desist matters or citations. Chairman Spencer said there was a difference between people who immediately respond to the Board for cease and desist letters or citations. Board Member Crate said the Board did not hold the cease and desist order against anyone who obeyed the letter and stopped operation upon consideration of licensing. There were two very similar appeals today, at face value, with two different findings. He noted that staff was caught in the middle of such situations when deciding between sending a cease and desist letter or issuing a citation. He felt a workshop or a discussion on the subject would be helpful. Chairman Spencer said the Board typically held workshops to handle issues as needed. Board Member Crate said Investigator Whatley was putting in many hours and much effort to make cases for the citations she issued. Investigator Whatley said much of the decision-making in whether a cease and desist letter or a citation were issued depended on the amount of public risk that was involved. Investigator Whatley said she thought she had two good citations. She noted the second citation was issued because the activity put the citizens of Nevada greatly at risk. The purpose of the Board was to protect the citizens of Nevada. Chairman Spencer asked her to clarify the case to which she was referring. It was the citation sent to Mad Dog Repo. Board Member Crate said there was more immediate risk involved. Investigator Whatley said Executive Director Ray could inform the Board of the sensitive information. Investigator Whatley felt the character references would need to be made in a closed meeting, rather than an open meeting. Executive Director Ray said that Repossession business was booming because of the downturn in the economy. Board staff was receiving complaints daily regarding about unlicensed Repossessors who accessed people's personal information. Some of these unlicensed Repossessors were not eligible to work for a licensee, yet were out conducting repossessions. Executive Director Ray took a proactive step by having Investigator Whatley draft a letter which was sent to a mailing list provided by DMV. The letter advised auto dealerships of the requirements of Repossessors and their need for licensure in NRS 648. The Attorney General also issued a press release to warn the general public of unlicensed Repossessors and unlicensed Repossession companies. Chairman Spencer asked about Investigator Whatley's statement regarding sensitive information that was not disclosed at the hearing. Investigator Whatley said the matter in question did not involve the person present at the hearing, but concerned a person who perhaps was employed by him and the sort of

information in that employee's possession. Board Counsel Menicucci said some information could not be presented at a hearing. He noted that matter of due process and that some statements could be seen as slander. Chairman Spencer said the disclosing of such information would be helpful for the Board to reach its conclusions. Board Counsel Menicucci said any information presented to the Board became public information. Board Member Crate did not want to dampen the investigators in the decision-making process to issue citations or not. He would rather see the investigators be more aggressive in the citation process and take the risk of having the citations appealed than allow the general public to be left at risk by unlicensed activity. Board Member Crate asked if the Board had communicated in the past the need for licensure and the requirements, for example, to the City of Reno. Executive Director Ray said that was correct. She felt the entities in Clark County and Las Vegas were well aware of licensing requirements. She said the same issue on an appeal which occurred with the Secretary of State's office. A person went to that office, became incorporated, received the corporate documents, and then assumed that was all that was required and they could immediately open for business. Investigator Whatley said the City of Las Vegas and Clark County were extremely proactive. In the last two days, she had sent both bodies definitions of the professions the PILB regulated. She planned to send the same information to all business licensing entities. The City of Las Vegas and Clark County were so proactive, they even recommended that people call the Board who planned to be pet sitters. Board Member Crate said Clark County was known for being the most stringent and frequently contacted Executive Director Ray with questions. They included the PILB's contact information on the check list given to applicants of the necessary steps for business licensure. The City of Reno had the sentence requiring that the business licensee must comply with other ordinances. Chairman Spencer said he could meet with the mayor of Reno to explain the Board's concerns that people believed a business license was all that was needed to do business, when licensure by the PILB was also required. Executive Director Ray said Board staff could contact the City of Reno with the information sheets outlining all necessary licensure information as required by statute. Board Member Crate said it seemed the Board should do its part to make licensing entities aware of the PILB's requirements. Executive Director Ray a good relationship had developed between Tammy and the NTA regarding repossession work. Chairman Spencer said that, even with the struggling economy, there was a recent increase

in the amount of work available to be done in the categories licensed by the Board. Executive Director Ray said the sharing of information was a good practice.

FUTURE AGENDA ITEMS:

Board Member Putnam said some thought should be given regarding the timeliness of complaints. Part of the justification in overturning the citation for Global Discoveries LTD was the fact that the event had happened so far in the past. He wanted the Board to address the timeliness of complaints and establish a timeframe. Board Member Putnam said the complaint wasn't filed until November 2008. The action concerning the complaint occurred three years ago. Chairman Spencer agreed. Board Member Putnam said the requirement could be contained in the statutes or the regulations saying a complainant must make a complaint within a certain amount of time of the event for the Board to take action. Executive Director Ray asked if the request would be a matter of policy or would require a regulation addition. She said it could be placed on a workshop agenda. Investigator Whatley said the original case began in 2006, but was still in litigation. Ms. Davis was noticed at the same time Global Discoveries LTD was noticed in 2007 that the company should be licensed. Board Member Crate observed that the complaint was only filed in order to obtain leverage in making a collection. Had the matter worked out to the complainant's satisfaction originally, no complaint would have been filed, even though the complainant knew the company was unlicensed. That was part of Board Member Crate's decision in setting aside the citation. He said if the citation had been upheld, Global Discoveries LTD would have understood the reason. He recalled another complaint where an improper investigation had occurred. He said it was obvious that complaint was being used as leverage to settle another union situation. Board Member Putnam said there was a statute of limitations on crimes, and there should be one for filing complaints with the Board. Board Member Crate said in the particular case from today, there was still pending legislation.

Board Member Uithoven said he had learned a lot during the two meetings. He was proud to be a member of the Board. The Board welcomed him. He said the government must bend over backward to be business friendly. He was on the City of Reno's business license task force and ran his own small business. Chairman Spencer said the Board worked for the protection of the citizens of Nevada. Board Member Uithoven referenced the second appeal and said the Board should assist people to earn a living and allow them to protect their reputations.

PUBLIC COMMENT:

Mark Zane of Zane Investigations (#830A, B, C) was not speaking directly to any issue that occurred at the meeting. He addressed the handling of appellant matters by the Board. The staff was required when it presented a citation to produce the necessary evidence. The appellant brought nothing forward but spoken mitigating factors that were not easily verified at the time of the appeal. He understood the sympathy and patience given by the Board to the appellant. He spoke from a licensee's perspective, as well as an employer who must deal with people in the wake of the actions of unlicensed people. He was not referencing any particular people at today's meeting. The Repossession business was quite busy. The banks were waiting longer to issue repo orders. More work was required to repossess vehicles. He wanted to caution the Board to hold the appellants of citations to the same standard they would hold appellants who were licensees. He agreed that the Board's job was to protect the publics. He did not know some of the licensing requirements either, but had to learn. He found it difficult to hear the excuse used that he or she just didn't know. They had to ability to learn, as Mr. Zane did. He said the basic premise that a state license was required was not difficult to learn. He sincerely hoped the Board would leave the issue of cease and desist letter versus violations as a discretionary function in the hands of staff, so long as there was not a due process violation. He noted one aspect could be more important to public safety than another. He said staff already determined if a cease and desist letter was more appropriate. He had no problem with the Board's decision. If the appellants were not handled with a certain amount of severity, there wouldn't be much of a deterrent for others who either were committing unlicensed activity or considering it. Mr. Zane said there were many others who were committing unlicensed activity who never appeared before the Board. Mr. Zane had not brought a complaint against the individual today. He said he would only bring a complaint before the Board when he felt comfortable that enough evidence existed, and not because he didn't want the competition. He understood the Board did not want to be too harsh with people. He noted an individual said he had applied everywhere and yet couldn't find a job, but neglected to apply with the very people for whom he could actually be hired. He appreciated the Board's hard work.

Board Member Willis moved that to adjourn. Board Member Putnam seconded the motion, which passed. The meeting was adjourned.