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TRANSCRIPT OF A MEETING
OF THE
STATE OF NEVADA
PRIVATE INVESTIGATOR'S LICENSING BOARD

Thursday, March 3, 2016
9:00 a.m.

Northern Nevada Location:
Office of the Attorney General
100 North Carson Street
Mock Court Room
Carson City, Nevada

Southern Nevada Location (Videoconferenced):
Grant Sawyer State Office Building
555 East Washington Avenue
Attorney General Conference Room, Suite 4500
Las Vegas, Nevada

REPORTED BY: SHANNON L. TAYLOR, CCR, CSR, RMR
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A P P E A R A N C E S

Board Members Present:

Mark Zane, Chairman (Las Vegas)
Jim Colbert (Carson City)
Raymond Flynn (Las Vegas)
Peter Maheu (Las Vegas)
Jim Nadeau (Carson City)

Also: Kevin Ingram (Las Vegas)
Executive Director

Raelene K. Palmer (Las Vegas)
Deputy Attorney General
Attorney for the Board

Sarah Bradley (Carson City)
Deputy Attorney General
Board Counsel

Lori Irizarry (Las Vegas)
Investigator

Gisela Corral (Las Vegas)
Investigator

Mary Klemme (Carson City)
Investigative Assistant

Other Participants:

J. Robert Smith, Esq. (Carson City)
Holland & Hart, LLP
5441 Kietzke Lane
Suite 200
Reno, Nevada 89511

Mahmoud Hendi (Carson City)

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| 1. Roll Call of Board members | 4 |
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| 3. All attendees and witnesses that will be providing testimony to be sworn in | 5 |
| 4. Agenda items carried over from March 2, 2016 meeting, if any | 6 |
| 5. PILB v. ESI Security Services, Mahmoud Hendi, Owner and Qualifying Agent, License Number 700. Formal Complaint Hearing to determine action against respondent based on alleged violation of NRS 608.190, NRS 648.060(3), NRS 648.140(3), NRS 648.148(2), NRS 648.164(1) and/or NAC 648.525 | 6 |
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1 CARSON CITY, NEVADA, THURSDAY, MARCH 3, 2016, 9:04 A.M.

2 -oOo-

3 BOARD CHAIRMAN ZANE: Okay. The second day
4 meeting of the quarter, or second day of the quarterly
5 meeting of the Nevada Private Investigator's Licensing
6 Board.

7 Let's see. Can we have roll call of the Board
8 members, please?

9 MR. INGRAM: Yes, sir.

10 Board Member Colbert?

11 BOARD MEMBER COLBERT: Here.

12 MR. INGRAM: Board Member Flynn?

13 BOARD MEMBER FLYNN: Here.

14 MR. INGRAM: Board Member Maheu?

15 BOARD MEMBER MAHEU: Here.

16 MR. INGRAM: Board Member Nadeau?

17 BOARD MEMBER NADEAU: Here.

18 MR. INGRAM: And Chairman Zane?

19 BOARD CHAIRMAN ZANE: Here.

20 Item number two on the agenda is a notice
21 regarding public comment. We'll take public comment on
22 items that are not on the agenda but that are of
23 interest to the Board and the public. This is an
24 opportunity for you to bring a matter to the Board's
25 attention or just speak in general about matters that

1 you feel are important.

2 We will also have a public comment section
3 toward the end of the meeting. So if you want to retain
4 your comments for that period, it will also be allowed
5 at that time.

6 Additionally, I'd like to read a special note:
7 In addition to public comment taken at the beginning and
8 the end of the meeting, public comment may be accepted
9 after each agenda item prior to the Board taking action.
10 However, prior to the commencement and conclusion of a
11 contested case or a quasi-judicial proceeding that may
12 affect the due process rights of an individual, the
13 Board will not consider public comment, pursuant to NRS
14 233B.126.

15 Item number three, anyone who is intending to
16 give comment or be a witness in today's proceedings
17 needs to stand, raise your right hand and be sworn,
18 please.

19 BOARD MEMBER NADEAU: Anybody.

20 MS. BRADLEY: I don't think anybody's going to
21 testify today.

22 BOARD MEMBER NADEAU: Okay. All right.

23 BOARD CHAIRMAN ZANE: All right. Thank you.

24 BOARD MEMBER NADEAU: Mark?

25 BOARD CHAIRMAN ZANE: Number four, agenda --

1 BOARD MEMBER NADEAU: Excuse me, Mr. Chairman.
2 I know you read the public comment thing, but did we
3 have any public comment?

4 BOARD CHAIRMAN ZANE: Oh, I'm sorry. Do we
5 have any public comment?

6 Thank you.

7 Is there any public comment in the north?

8 BOARD MEMBER NADEAU: No.

9 BOARD CHAIRMAN ZANE: Thank you.

10 Number four is agenda items carried over from
11 March 2nd, 2016. There were no that I'm aware of, were
12 none that I'm aware of.

13 So we'll proceed to item number five, the PILB
14 versus ESI Security Services.

15 Are the parties present for that matter?

16 MS. BRADLEY: Yes, they are.

17 MR. SMITH: We are.

18 BOARD CHAIRMAN ZANE: Thank you.

19 MR. SMITH: Thank you. Hopefully, you can see
20 us.

21 BOARD CHAIRMAN ZANE: Yes, sir.

22 MR. SMITH: Okay.

23 THE REPORTER: There on the bottom.

24 MR. SMITH: Oh, there we go.

25 BOARD CHAIRMAN ZANE: Could you make your

1 appearance, please.

2 MR. SMITH: Yes. This is Robert Smith with
3 Holland & Hart on behalf of ESI Security Services and
4 Mr. Hendi.

5 BOARD CHAIRMAN ZANE: And -- thank you.

6 And the Private Investigator's Licensing Board
7 is represented?

8 MS. PALMER: Yes. Good morning, Mr. Chairman,
9 members of the Board. My name is Raelene Palmer on
10 behalf of the Private Investigator's Licensing Board.

11 BOARD CHAIRMAN ZANE: Thank you.

12 With that in mind, I believe that it would be
13 appropriate to have Ms. Palmer address the issue.

14 MS. PALMER: Yes, thank you, Mr. Chairman.

15 Before we begin, we believe that we have the
16 matter settled. Of course, it's subject to the approval
17 of the Board. But between staff and Mr. Hendi's
18 counsel, we have been negotiating an approved
19 stipulation. There's one item that is currently in
20 dispute.

21 But before we begin and I present the Board
22 with that information, with copies of the stipulations
23 with the two issues that are still in contention, I
24 would like to have Mr. Hendi waive. There's two
25 provisions. Normally, what would happen is we would

1 present you with an already signed and executed
2 agreement for your approval. But because of the one
3 issue that remains outstanding, the agreement is not
4 signed. And there are provisions in the agreement where
5 Mr. Hendi would be acknowledging that this Board would
6 be the same board that would hear this matter if it were
7 to be adjudicated.

8 So I would ask that before I present you with
9 the material and Board counsel presents the other Board
10 members with their material, that ESI agrees that, and
11 Mr. Hendi understands that the stipulation is a public
12 document and that the public records law may require the
13 PILB to make available for inspection this stipulation
14 and related documents. That's in paragraph 18 on page
15 13. And, also, that ESI and Mr. Hendi agree and
16 understand that the PILB Board members who review this
17 matter for approval of this stipulation may be the same
18 members that ultimately hear the PILB staff's Amended
19 Complaint if this does -- if this stipulation is not
20 accepted by ESI, is not approved by the PILB, or is not
21 timely performed by ESI.

22 BOARD CHAIRMAN ZANE: Thank you.

23 MR. HENDI: I understand.

24 MS. PALMER: And you agree to allow the Board
25 to hear the -- and review the stipulations?

1 MR. HENDI: Yes.

2 MS. PALMER: Okay. Thank you.

3 I guess, it would be appropriate at this time
4 to give the Board members the two copies of the
5 stipulation.

6 MR. SMITH: I have --

7 MS. BRADLEY: So there's two. Well, no, keep
8 those.

9 There's two that are -- they look the same, but
10 there's a provision that's different toward the end. So
11 I wanted to keep my stacks. And I have some for us.

12 MR. SMITH: Wait. Maybe we should clarify for
13 the Board what that issue is.

14 Ms. Palmer, are you still there?

15 MS. PALMER: Yes.

16 MR. SMITH: Okay.

17 MS. PALMER: Sorry.

18 MR. SMITH: Maybe we should clarify just what
19 the two different agreements, what the distinction, or
20 the only difference between the two, is. If you want me
21 to explain it.

22 MS. PALMER: I'll do that as soon as I --

23 MR. SMITH: Oh, go ahead. I'm sorry.

24 MS. PALMER: I was just saying I'll do that
25 after I give that, this to them.

1 MR. SMITH: Okay.

2 MS. PALMER: There's just -- but I'll go ahead
3 and give that to them now.

4 If I may approach, Mr. Chairman?

5 BOARD CHAIRMAN ZANE: Yes.

6 (Ms. Palmer passed out the agreements.)

7 MS. PALMER: Okay. What you have in front of
8 you are two agreements. And the only difference is on
9 the very last page of the documents that I have marked
10 up here -- I've marked one of them ESI and one of them
11 PILB, just with a Post-it note on the top.

12 So the difference, if you could see the one
13 that's marked PILB -- and I'm not sure how it's
14 distinguished up there. But on page --

15 MS. BRADLEY: It's not. They look the same on
16 the top. You just would have to go to the page to see
17 the difference.

18 MS. PALMER: Okay. On page 15 there's an
19 indemnification clause. And that is the one remaining
20 item that is in contention right now between Board staff
21 and between Mr. Hendi and ESI Security.

22 I don't know if we want to just start
23 explaining. Board counsel, how should we do this?
24 Should we go through it and then get to that provision,
25 or how would you like to handle it?

1 MS. BRADLEY: I think, it depends on -- I
2 guess, my question is maybe to you, Mr. Smith. If the
3 Board wants the indemnification clause, does that mean
4 there is no agreement or --

5 MR. SMITH: What counsel, Ms. Palmer, and I
6 discussed is what would happen is if the Board is --
7 wants to have the indemnification clause, or requires
8 it, then we would recess for five or ten minutes --

9 MS. BRADLEY: Okay.

10 MR. SMITH: -- for me to just consult with my
11 client, so my client can decide one way or the other --

12 MS. BRADLEY: Okay.

13 MR. SMITH: -- whether to accept the Board's
14 decision or say, no, we have no agreement, it's off the
15 table.

16 MS. BRADLEY: Okay.

17 MR. SMITH: And then we go to a hearing
18 sometime later this month, full-blown hearing.

19 MS. BRADLEY: Okay. So, then, I think, what
20 makes sense, then, is you go through the agreement in
21 full and then explain to the Board about that when you
22 get there. Because it's the same until we get to that
23 spot.

24 MR. SMITH: Correct.

25 MS. BRADLEY: And, obviously, they'll have to

1 approve all those other terms as well, if they're going
2 to approve it.

3 MR. SMITH: Okay.

4 MS. PALMER: And, counsel, may I ask, how do
5 you propose, do we just, do we read it, do we summarize
6 it, how do we present that?

7 MS. BRADLEY: It's really up to the parties. I
8 mean you can, you can read through it. You can
9 summarize it. I know all the Board members have a copy.
10 So you might want to give them a few minutes maybe to
11 read through it. And then if they have -- and then we
12 can summarize it.

13 Part of the reason, I'm thinking, we have a
14 large crowd here. Granted, I do have copies for them,
15 if anyone here wants to look at it, in the audience.

16 MR. SMITH: Here's what I propose. Maybe we do
17 take a 10-minute kind of break for Board members to read
18 it. I don't think it would take longer than 10 minutes.

19 MS. BRADLEY: No.

20 MR. SMITH: Most of the provisions are basic
21 and pretty simple. There's only a few complex ones, I
22 think. And after that, then maybe, Ms. Palmer, you kind
23 of summarize the terms as we go through them, quickly.

24 MS. PALMER: Okay.

25 MR. SMITH: And then we reach that

1 indemnification clause, we put on our little, you know,
2 two- or three-minute arguments, each side, and see how
3 the Board wants to go on that.

4 MS. PALMER: Okay. That sounds good.

5 BOARD CHAIRMAN ZANE: Yes. Okay. We'll be
6 in -- on a break for 10 minutes.

7 MR. SMITH: Okay. Thank you.

8 * * * * *

9 (A break was taken, 9:15 to 9:29 a.m.)

10 * * * * *

11 BOARD CHAIRMAN ZANE: Okay. We are back on the
12 record.

13 Ms. Palmer.

14 MS. PALMER: Thank you, Mr. Chairman, members
15 of the Board.

16 So I'll begin with the facts that brought us
17 here today, and I'll just summarize them.

18 In May of 2014, the Board issued a revised
19 Notice of Violation for violations of NRS 648.060, which
20 is a licensee employing unregistered persons, and a
21 violation of NRS 648.140, which is a licensee failing to
22 notify the staff of the Private Investigator's Licensing
23 Board by way of the employee roster within three days of
24 new employees beginning their employment.

25 On November 6th, another violation -- of 2014,

1 another violation was issued for the same, just for NRS
2 648.060, which is not having -- or failing to -- I'm
3 sorry -- for employing an unregistered person.

4 Then again on November 10th, 2014, another
5 Notice of Violation was issued for employing people that
6 were not registered and for failing to list an
7 individual on their roster within three days.

8 Then again on January 16th, 2015, another
9 violation for the same two offenses.

10 Then on February 4th, 2015, another violation
11 for the same two offenses.

12 And on March 16th, 2015, another violation for
13 failing to list the individuals on their roster within
14 three days of them commencing employment.

15 And then on May 12th, 2015, they issued a
16 violation for failing to include their state-issued
17 license number on an internet website, in violation of
18 Nevada Administrative Code 648.525.

19 And on June 22nd, 2015, the last Notice of
20 Violation, that brings us here today, was issued for
21 failing to -- or for employing an unregistered person,
22 in violation of NRS 648.060.

23 Each of the notices of violation were sent by
24 certified mail, and they were returned, the receipt was
25 returned signed as having been received.

1 ESI Security did not request an administrative
2 hearing to appeal the violation, and they did not remit
3 payment for the violations.

4 Then, on -- at some point in time last year,
5 staff was notified by the Nevada State Labor
6 Commissioner that there were several employees where a
7 final order had been issued by the Labor Commissioner
8 that had not been paid.

9 Specifically, on March 11th, 2013, there was an
10 order issued for an employee, Rebecca Garoutte, for
11 \$4,963.97. That included both penalties for not paying
12 the actual wages and the wages themselves.

13 Then, on April 2nd, 2013, a Final Order was
14 issued in the amount of \$2,400 for failing to pay
15 another employee, Jordan -- and I'm sorry I can't
16 pronounce his last name, but it's C-H-M-E-L-O-V-S-K-Y.

17 Then, on April 10th, 2013, the Nevada Labor
18 Commissioner issued another Final Order in the amount of
19 \$5,145.70 for failing to pay another employee, John
20 Zsenyuk.

21 And on May 6th, 2013, the State Labor
22 Commissioner issued a Final Order in the amount of
23 \$3,628.25 for failing to pay its employee, Paula Mann.

24 On May 6th, 2013, another Final Order was
25 issued by the Labor Commissioner in the amount of

1 \$2,402.50 for failing to pay its employee, Tobias Mann.

2 On May 21st, 2013, the State Labor Commissioner
3 issued a Final Order in the amount of \$7,299.79 for
4 failing to pay Timothy Wacker wages and penalties due
5 him.

6 And, finally, on December 16th, 2014, the State
7 Labor Commissioner issued a Final Order in the amount of
8 \$2,726.86 for failing to pay its employee, Jacob
9 Drummond, wages and penalties that were due to him.

10 ESI did not appeal or timely remit payment on
11 those orders.

12 On January 9th, 2014, John Zsenyuk withdrew his
13 claim before the Nevada State Labor Commissioner. And
14 when he did so, in writing, he indicated that he was
15 going to pursue that claim in justice court. To our
16 knowledge, he did not do that.

17 On November 9th, we issued a Complaint and
18 Notice of Charges, which the Board was provided with at
19 the December meeting of last year, for the violations
20 that were related to the unpaid notices of violation.
21 So that constituted new violations, the failure to pay.

22 As well as for the Labor Commissioner orders,
23 for the six individuals, not including Mr. Zsenyuk,
24 because we were not aware at that time that there had
25 been a final labor order issued, because he had

1 withdrawn it, and it was no longer before the Labor
2 Commissioner, we brought that forward before the Board
3 in December, and then it was continued to today's date.

4 And since that time, we have negotiated what we
5 believe is a fair settlement to present to this Board.

6 Should I now go through what the proposed
7 settlement is?

8 MS. BRADLEY: I think, I think, unless the
9 Board has questions about the facts, yes, that's what I
10 would say.

11 BOARD MEMBER COLBERT: No.

12 MS. BRADLEY: No.

13 BOARD MEMBER NADEAU: Yeah, I'm fine.

14 MS. BRADLEY: I'm not seeing questions up here.

15 MS. PALMER: Okay. So the proposed settlement
16 is that ESI Security, Mr. Hendi, would agree to a
17 revocation of license number 700. That's the license
18 that belongs to the corporation. And then what would
19 happen is we would stay that revocation pending full
20 compliance with all of the state rules and regulations
21 pertaining to NRS 648.

22 If he were to violate a provision of NRS, he
23 would, of course, have the right to come before the
24 Board and have that violation proven. But if that
25 occurred, then his license would automatically be

1 revoked because it's a state revocation.

2 In addition, there are other terms --

3 MR. SMITH: Wait. Ms. Palmer --

4 MS. PALMER: -- that he would have to comply
5 with.

6 MR. SMITH: Ms. Palmer, I think, you forgot the
7 time.

8 MS. PALMER: Yes.

9 MR. SMITH: The time period for that
10 probationary period is --

11 MS. PALMER: Absolutely.

12 MR. SMITH: -- 18 months.

13 MS. PALMER: Absolutely.

14 So this would be for a period of 18 months.

15 For 18 months, he would have to -- obviously, he's
16 required to comply as a condition of his license. But
17 for purposes of this agreement and triggering the
18 revocation provision, he would have to comply for those
19 18 months.

20 In addition, he agrees to pay the original
21 balance on the eight notices of violation that were not
22 appealed or paid, in the amount of \$5,175.00. He agrees
23 to pay \$1,000.00 each for each of the eight new
24 violations as a result of not paying the notice of
25 violations, for a total of \$8,000.00.

1 They have agreed to pay Mr. Zsenyuk the
2 \$5,145.70, according to the Final Order issued by the
3 State Labor Commissioner, provided that Mr. Zsenyuk
4 executes a release of all claims, which is provided in
5 Exhibit A to both agreements.

6 I think, this is a particularly important
7 provision, because I don't know whether Mr. Zsenyuk did
8 file a claim in justice court or just the claim for
9 relief that he did. And he may not be able to obtain
10 his relief if the agreement isn't accepted.

11 Then, they'll reimburse the Board for its
12 costs, pursuant to NRS 622.400, and the attorney's fees,
13 in an amount not to exceed \$30,000.00.

14 Now, I know what the current amount is as of
15 yesterday's date. I have it here. Well, I had it here.
16 \$28,900.00 approximately. So with the court reporting
17 fees and the additional attorney's fees for Board
18 counsel and for myself, the amount is going to run over
19 30,000.00. But at the time when this provision was put
20 in there, that was not anticipated. It'll probably be
21 somewhere between 30 and 32 thousand will be the actual
22 costs. But they have agreed to pay up to \$30,000.00.

23 They'll pay one-half of the fines and fees
24 assessed. And the remaining half will be paid in 12
25 equal installments over the next year.

1 And there are certain other provisions that
2 because it's possible that there are -- we know for a
3 fact that there are some charges that are currently in
4 dispute. There's not -- a final notice of violation, I
5 don't believe, exists. But there are also the new
6 notices of violation that have been issued in the time
7 since we started this in November that are pending.

8 So if they appeal those and the Board
9 ultimately decides that there was a violation, that will
10 not count against them for purposes of triggering the
11 revocation provision in this agreement. They, of
12 course, would still be accountable for the violation.
13 But for this agreement, it would not trigger the
14 revocation provision.

15 And the idea there is that we would be giving
16 ESI Security and Mr. Hendi a fresh start from the time
17 that the order is filed to comply with all of the rules
18 and regulations.

19 Now, after, whatever decision is made, if he
20 then failed to pay the fines or comply with the Board's
21 order, that, of course, would be a new fact that would
22 trigger the revocation provision.

23 The other thing is, in the NRS 648.150,
24 subsection 4, which is the statute that authorizes
25 disciplinary action and the grounds for disciplinary

1 action, that subsection 4 says that a licensee may be
2 disciplined for any unprofessional conduct or unfitness
3 of any of its employees.

4 Because there's so many things that an employee
5 might do that an employer would not sanction, for
6 purposes of this agreement only, he would not be liable
7 for those things that his employee does, so long as he
8 takes immediate corrective action to address it once
9 becoming aware of it. Of course, he would still be
10 subject to the NRS if one of his employees did that,
11 outside of this agreement. So this only pertains to
12 this agreement and triggering the revocation provision.

13 In addition, Mr. Hendi's counsel, as well as
14 Board's counsel, has agreed that they will communicate
15 and discuss any issues that might arise and to obtain
16 clarification or opinion on matters within the scope of
17 the agreement.

18 We will provide ESI's attorney with a copy of
19 any notice of violation that's issued during the period
20 of the agreement.

21 And Mr. Ingram has agreed to visit ESI
22 headquarters within the first six months of the Board
23 approving the agreement, to speak with ESI's management
24 about the policies and procedures, to try and ensure
25 that everybody's on the same page as to what is

1 expected.

2 Then, ESI and Private Investigator's would
3 agree that by entering into the stipulation, that
4 there's no defense or mitigation that ESI may assert
5 that is conceded, and that once the stipulation's
6 approved and fully performed, the file will be closed in
7 this matter.

8 We already talked about the fact that ESI
9 understands it's a public document, that it's available
10 to the public, and that the Private Investigator's
11 Licensing Board reports all disciplinary actions to
12 appropriate national practitioner databases, the Nevada
13 Legislature, as required by law, and that the PILB may
14 share the contents of this stipulation and related
15 documents with any governmental or professional
16 organization.

17 ESI agrees that if the legal costs and fees
18 assessed above are not paid, or if any of the
19 requirements are not timely completed, the Board may, at
20 its option, rescind this stipulation and proceed with
21 conducting a hearing on this matter, and further
22 recovery actions for fines and reimbursement cost may be
23 instituted by this Board.

24 We've already discussed paragraph 20, which is
25 their agreement that you will ultimately hear that

1 disciplinary action if there is any kind of a violation
2 or if this agreement is not entered into.

3 And other than provided in paragraph seven,
4 everybody will bear their own attorney's fees and costs.

5 Should I continue?

6 MR. SMITH: You can, we can discuss the
7 release, because the release is in there.

8 MS. PALMER: Okay. I didn't know if we wanted
9 to stop there and go through that and then move on.
10 Just keep going?

11 MS. BRADLEY: Unless the Board members have
12 questions, I say keep going.

13 MS. PALMER: Okay.

14 BOARD MEMBER NADEAU: No questions at this
15 point.

16 BOARD MEMBER FLYNN: I don't have any
17 questions.

18 MS. PALMER: Okay. Questions?

19 BOARD CHAIRMAN ZANE: No questions.

20 MS. PALMER: Okay. So the withdrawal of the
21 stipulation is primarily if this agreement had actually
22 been executed. And what this does is that if you reject
23 the stipulation or you suggest terms that are
24 unacceptable to ESI Security and Mr. Hendry -- Hendi,
25 that we can pursue the Amended Complaint at a later

1 date, with at least two weeks' advance notice.

2 The release, ESI has agreed to release the
3 Private Investigator's Licensing Board, members, agents,
4 employees, in both their official and -- their official
5 capacities and their individual capacities, from any,
6 any and all manner of actions, causes of action, suits,
7 debts, judgments, executions, claims and demands
8 whatsoever, and as a result of the staff's investigation
9 in the facts and violations asserted in the Amended
10 Complaint and this disciplinary action.

11 So shall we stop there?

12 MR. SMITH: Yes, I think --

13 MS. PALMER: Or should I move on?

14 MR. SMITH: Well, you can read the
15 indemnification since it's going to be part of, you
16 know, the argument. I think, the Board should know
17 about that.

18 MS. PALMER: Okay.

19 Okay. The indemnification clause, from what I
20 understand, is standard in state contract agreements
21 that are being done now. And my understanding of the
22 purpose of it, what this would do is it would indemnify
23 the Board against any third party that might sue the
24 Board as a result of entering into this agreement. And
25 I understand that this provision came about because that

1 actually happened to a state agency a few years ago.
2 And since then, it has become a standard provision. And
3 that is the reason that we are recommending that that
4 clause be put in there.

5 I understand their concern. And they will have
6 an opportunity to discuss it. And then perhaps your
7 Board counsel may offer you some advice on how you
8 should proceed.

9 MR. SMITH: I don't know if you want to hear
10 from me or Board counsel.

11 BOARD CHAIRMAN ZANE: Mr. Smith?

12 MR. SMITH: Oh.

13 BOARD CHAIRMAN ZANE: Mr. Smith.

14 MR. SMITH: Yes. Well, here's our issue with
15 the indemnification clause. Obviously, just reading it,
16 it is substantially overbroad. It's, frankly,
17 unnecessary. And it's unreasonable.

18 What this indemnification clause does is it
19 requires ESI to indemnify the PILB against any and all
20 claims, of whatever nature, completely undefined. We
21 don't know what those could be. It could be anything
22 under the sun. It's relating to any -- the PILB staff's
23 investigation, this disciplinary action, and all other
24 matters relating thereto. Which, again, "all other
25 matters relating thereto" is very, very broad.

1 It then continues on that it's against any and
2 all expenses, damages, attorney's fees, everything under
3 the sun.

4 So, I believe, the Board has been in, or
5 members of the Board have been in security, private
6 investigation, maybe other businesses. And this
7 indemnification clause, I don't think anybody, anyone
8 would sign or agree to such a broad clause in this
9 circumstances, particularly if we look at what a release
10 and an indemnification, the purpose, what the purpose of
11 those clauses are.

12 Generally and typically, they occur, and
13 they're used by defendants or respondents in an action.
14 The defendant, who is paying money, who's paying money
15 to resolve a suit or to resolve an action, is the one
16 that asks for the release, "I'm giving you money.
17 Release me from the claims that the plaintiff or the
18 petitioner is bringing." That's how it works.

19 What the state normally does in its agreements
20 is when it is being sued by someone else, and the state
21 pays money to resolve that case, they include a release
22 and indemnification clause, as the defendant. Normally,
23 in the settlement agreement, it would be ESI asking for
24 the release. It has not. It actually agreed to a
25 release of all claims, that it will not pursue any

1 claims against the Board or its investigators, its
2 agents, employees relating or rising out of the claims
3 in this case. So it, in fact, is the exact opposite of
4 what normally happens.

5 The plaintiff, i.e. the state, is not asking
6 for a relief, is not giving ESI release. It's the
7 reverse. And that's very strange. The same thing with
8 indemnification, when a party is paying money or giving
9 something to someone else, it's them that wants to be
10 indemnified, the defendant. Not the plaintiff, who's
11 getting the money, being -- saying "I'm getting the
12 money. Now, also, I want you to indemnify me from any
13 claims by anyone, anyone under the sun for anything, for
14 any reason whatsoever, to bring these claims against
15 me."

16 For instance, let me give you an example of
17 what could happen here. If someone sues the state to
18 set aside this settlement agreement -- they don't like
19 it for some reason. Anybody could do it. To bring a
20 petition to set aside the settlement agreement, under
21 this indemnification clause, ESI would have to indemnify
22 it, meaning defendant pay the attorney fees, pay the
23 costs, pay everything associated with that, on something
24 they cannot control at all, some third party who's
25 unhappy.

1 Also, what if there was a disgruntled employee
2 of ESI who knows about this, because it's a public
3 record, and simply wants to claim the agreement is
4 invalid in order to cause ESI harm, knowing that they
5 will have to defend the suit. Even if the suit turns
6 out to be frivolous and/or is dismissed on a motion to
7 dismiss, ESI would still have to cover all those costs,
8 even on frivolous actions.

9 If someone during this investigation claims
10 that one of the investigators -- I'm not saying this
11 happened. But if they did claim that an investigator
12 coerced them, harassed them, threatened them, and then
13 brought suit against the state or the PILB for such
14 conduct, my client would have to pay the defense costs
15 of the state and pay the -- you know, all the attorney's
16 fees for the Attorney General to defend it, or defend it
17 themselves. Entirely, entirely unreasonable.

18 Same with the labor claims. If now, under,
19 particularly under this, if there's an employee who has,
20 you know, an issue with the resolution of the labor
21 claims, they could bring an action again the state,
22 saying "We don't like this provision. We don't like
23 this. We're going to -- we want to set it aside. We
24 want" -- something to that effect.

25 But there's a host of problems with allowing

1 anyone, any third party that we have no control over, to
2 bring a lawsuit and then demand that ESI pay the defense
3 costs associated with such claim, including any
4 attorney's fees or damages that might be awarded.
5 That's just entirely unreasonable.

6 This, this agreement is already, as you could
7 imagine, burdensome. It is a tight agreement. And
8 counsel, both counsel have spent a lot of time, a lot of
9 time, as you could imagine, going through this and
10 preparing it. It is an extensive agreement.

11 I believe, the release protects the state from
12 any claims that at least ESI or any of its employees
13 could possibly bring.

14 There is no need for an indemnification clause
15 when there's so many unknowns about third parties. It's
16 simply, simply unreasonable.

17 So we would ask, respectfully ask the Board
18 that it not include an indemnification clause,
19 particularly, particularly where the state and the PILB
20 is the petitioner or the plaintiff. I could totally
21 understand, if it was a defendant in a case, that it
22 would want an indemnification clause. And that's what
23 normally happens. But when it doesn't normally happen
24 is when it's the reverse.

25 And so we'd ask that the Board allow the

1 agreement to go forward without the indemnification
2 clause.

3 Again, in our opinion, it is entirely
4 unnecessary. The state is completely protected. And if
5 some rogue person brought a claim to set aside the
6 settlement agreement, it shouldn't be my client's
7 responsibility to defend against it. And especially if
8 it was a frivolous claim, the state has resources to
9 defend against those and move to dismiss them or bring
10 an action that it was frivolous. And if they do bring,
11 succeed on that, the state would even get its own
12 attorney's fees paid back. It shouldn't require my
13 client to do that.

14 Thank you.

15 BOARD CHAIRMAN ZANE: Thank you, Mr. Smith.

16 MS. PALMER: May I respond?

17 BOARD CHAIRMAN ZANE: Ms. Palmer, please.

18 MS. PALMER: The Board is making a huge
19 concession. Mr. Hendi is looking at up to approximately
20 \$300,000 in potential fines that this Board could issue,
21 as well as revocation of the license. We argue that
22 it's very likely that he would lose his license.

23 The concession that he's getting is that he's
24 paying slightly over \$13,000, that \$1,000 for ignoring
25 the Board, \$5,000 for the original violations, and an

1 agreed upon \$5,000 for a labor claim that was issued.

2 In exchange for that, we believe that this
3 indemnification clause is very important. The exact
4 scenario that he mentioned, that a former employee may
5 sue, is the most likely thing that would happen, if it
6 were to happen. Now, I'm not saying that it's probable
7 that that would happen. But we know that there were at
8 least seven employees that did not get paid. Who knows
9 how many other employees may be out there with a claim
10 that they have not yet asserted, or perhaps they did and
11 they were similarly situated to Mr. Zsenyuk, where the
12 claim is no longer before the Labor Board, and they
13 later find out and say "Wait, I want my money, too."

14 Now, in terms of the amount of those attorney's
15 fees, if that were to happen, we would argue that that
16 party does not have standing, because they were not a
17 party to this agreement. But, yes, that would entail
18 attorney's fees. It takes time to do that. Now, who
19 should pay those fees if that happens? They should pay
20 the fees. It's their conduct that would have brought
21 the third party before the court in suing this Board.

22 In terms of the state being able to pay for it,
23 he's thinking of the whole state. As you know, the
24 Private Investigator's Licensing Board is self-funded.
25 Your budget is your budget. You don't have the entire

1 state available to you to reach out and grab attorney's
2 fees.

3 In addition, the court doesn't always award
4 those attorney's fees. And I personally handled a case
5 for the Board, and I had to actually show that there was
6 bad faith in bringing forth a lawsuit. And although I
7 believe there was, the court disagreed, and the court
8 did not award the attorney's fees. So, no, you can't
9 automatically go after the party that actually brings
10 you, if the court finds that there's a frivolous
11 lawsuit.

12 And for these reasons, I believe that the
13 indemnification clause should be in there.

14 BOARD CHAIRMAN ZANE: Thank you.

15 Mr. Smith, anything additional?

16 MR. SMITH: Yes, just really, really quickly.
17 And that is, what Ms. Palmer says is part of the big
18 concern, is that let's say there is a former employee
19 who's disgruntled. It may be that, again, it may be a
20 frivolous claim, that it's not because of some conduct
21 that ESI did, it's just because they think now they can
22 use the PILB as the enforcement arm of the Labor Board.

23 I'm finding it very interesting that what now
24 seems to or could possibly start happening is that an
25 employee, not just from ESI, but any employee of any

1 security agency, who wasn't paid and didn't pursue their
2 proper legal channels through the Labor Board, could
3 then come to the PILB and say "You know what, I wasn't
4 paid. Therefore, PILB, bring a claim against the
5 employer so I can get paid my wages."

6 Now, what's happening is, and this is a big
7 concern, I would think, for the PILB, is it's now
8 becoming the enforcement or collection arm of the labor
9 department. And that would be scary, if that's the
10 situation, and why, why, in this case, if this happened
11 with some other employee, why ESI would have to
12 indemnify and pay the defense costs of the Attorney
13 General and ultimately reimburse the Attorney General
14 for claims in which the employee should have gone to the
15 Labor Board and went through the process so we could
16 appeal it or pay it through that process. Instead,
17 they're going -- instead, they would circumvent it in
18 order to cost my client more money.

19 It's entirely unreasonable. In fact, I'm not
20 even sure at this point it would be legal, but, if that
21 happened.

22 But with that said, that's a big concern.
23 Again, it's about fairness, reasonableness. This
24 agreement is, is -- severe penalties result if my client
25 doesn't follow the rules and regulations. He would lose

1 his license. Okay. And this is a very, very serious
2 thing. He has over 400 employees. Okay. If he loses
3 his license, those employees are out of work. It's a
4 big hit to northern Nevada. It's a big company. Okay.

5 This is a serious, serious agreement that we
6 have worked very, very hard to agree. This is the one
7 provision we couldn't reach an agreement on, and if we
8 can't reach an agreement on, you know, then I have to
9 talk to my client about whether this agreement now gets
10 blown up and we go to a hearing on this.

11 So I respectfully request, again, that it's not
12 necessary. It's too onerous. It's too burdensome.
13 It's too vague, too ambiguous on what could happen. And
14 it leaves my client holding the bag even more. And it's
15 not just a few -- we're also agreeing -- I forgot to
16 mention that we're also agreeing to pay \$30,000 to
17 reimburse the Board for its budget in this case. And
18 that's not an insignificant sum. When we add it all up,
19 it's getting close to \$50,000. It's not insignificant.

20 And so, again, we don't believe the
21 indemnification clause should be there if it's not
22 something that was caused by ESI or Mr. Hendi for some
23 third party that we don't know about.

24 Thank you.

25 BOARD CHAIRMAN ZANE: Thank you, Mr. Smith.

1 MS. PALMER: May I make -- respond to one point
2 that he made, please?

3 BOARD CHAIRMAN ZANE: Please.

4 MS. PALMER: Okay. That is, when he mentioned
5 that it may not be legal, what he's not acknowledging is
6 that ESI, Mr. Hendi, they hold a privileged license.
7 There were outstanding violations that the Labor Board
8 sent to the Controller's Office for collection. By law,
9 when his license came up for renewal, if those
10 outstanding claims were unpaid, this Board would have to
11 revoke his license.

12 So as far as the legality of it, it's a
13 privileged license. And that's all I had to say.

14 BOARD CHAIRMAN ZANE: Thank you.

15 MR. SMITH: Just really quick, I'm not saying
16 that the indemnification clause would be illegal. What
17 I was simply saying was that if an employee -- this is
18 theoretically. If some employee did not pursue their
19 claims in the Labor Board, through the Labor Board, or
20 messed them up somehow, and then was trying to
21 circumvent that by going to the PILB to try to get paid,
22 that could be a problem.

23 Using the PILB as an enforcement arm to get
24 paid, that was my point. I was just -- I didn't want to
25 indicate that the indemnification clause is somehow

1 illegal. That's not. Conduct by an employee that's
2 trying to circumvent may. And I'm focusing on the
3 employee's actions, not the Board's or counsel's. I
4 just wanted to clarify that.

5 BOARD CHAIRMAN ZANE: Thank you.

6 Thank you.

7 Could we have everybody silence their cell
8 phones, please. Thank you.

9 Ms. Palmer, can you finalize your presentation?

10 MS. PALMER: I think, that's it.

11 BOARD CHAIRMAN ZANE: Okay.

12 MR. SMITH: Maybe at this point we take a
13 recess for the Board to decide?

14 BOARD CHAIRMAN ZANE: Well, I'd like to ask for
15 any counsel -- or advice from Board counsel.

16 MS. BRADLEY: Sure. So, normally, when you
17 have a settlement agreement, you would review it, which
18 you've done, and you would determine whether or not to
19 accept it. In this case, there's the difference between
20 the provisions. So, I think, you'll have to decide
21 whether or not you think that is a provision you want to
22 include.

23 I made a note. I think, when Mr. Smith was
24 talking, one of his concerns was "and all other matters
25 relating thereto." And it got me thinking that it might

1 be possible to maybe edit the provision slightly to
2 perhaps limit it just to this disciplinary action.

3 So that could be an option for the Board.
4 Because, I think, you have the provision as written,
5 maybe an edited version of the provision, and then not
6 requiring the provision at all.

7 And so it's kind of in the Board's purview.
8 You've heard their reasons why they think it should or
9 should not be included.

10 And, I think, the purpose, of course, is to
11 help protect the Board if there was a claim from an
12 outside person regarding this disciplinary action or
13 these, these facts at least. I mean it should be, I
14 think, related to this case.

15 So. If you have more questions, I mean I can
16 say more, I guess, but.

17 BOARD CHAIRMAN ZANE: Thank you.

18 Do any of the Board members have individual
19 questions?

20 BOARD MEMBER NADEAU: Mr. Chair?

21 BOARD CHAIRMAN ZANE: Yes, sir.

22 BOARD MEMBER NADEAU: Thank you. Thank you,
23 Mr. Chair.

24 I guess, that was my question regarding the
25 indem -- indem -- well.

1 MR. SMITH: Indemnification.

2 BOARD MEMBER NADEAU: This clause. I wanted to
3 make sure. This is, is this clause, the way it's
4 written, and I think it goes to what you said, is it
5 narrowly defined specific to this stipulation and this
6 particular case?

7 And that's my only question. Because I'm just
8 sitting here agreeing that it may be a little overbroad
9 myself. But, you know, you guys, you legal eagles are
10 the ones that have to tell me whether it's narrowly
11 defined in this specific case.

12 MS. BRADLEY: So the way I would read it and
13 construe it myself would be -- it says "this
14 disciplinary action and all other matters relating
15 thereto." So I would read it, as written, as it has to
16 be the disciplinary action, the facts here, the notices
17 of violation, you know, these, these matters. And so
18 that's at least as I read the intention, that it's
19 applying to this case.

20 And then "other matters relating thereto," I
21 think that's just to kind of make sure that it covers,
22 you know, if someone's upset about an investigation or
23 something other than maybe the action the Board takes.
24 It's kind of a catch-all provision. Maybe it's not
25 necessary. I mean I know normally this is how it's

1 written in a settlement agreement. But it doesn't mean
2 that you can't modify it if you think that's warranted,
3 you know.

4 So it's really up to the Board, I guess, number
5 one, whether you want the provision included. And if
6 you do, as written, it may not mean that we have an
7 agreement. Two, perhaps you maybe modify it or look at
8 that. Or, three, you require it as -- I mean, you know,
9 so you have the three options, I think.

10 So it's really the Board's option. I think,
11 you have to look at the facts of the case and decide
12 what you think the risk may be to the Board and what's
13 in the Board's best interest in approving the agreement.
14 And, I guess, what we have to weigh is the risk of a
15 possible hearing, that might be an extra cost and time
16 and things like that, versus the risk of somebody
17 bringing a claim, like what are we more concerned about.

18 And maybe editing it. Maybe if we took out
19 that phrase, that might alleviate some of the concerns.
20 You know, I don't know that.

21 BOARD MEMBER NADEAU: That, that's sufficient.
22 So thank you.

23 Thank you, Mr. Chair.

24 BOARD CHAIRMAN ZANE: Thank you.

25 Any other Board questions or comments?

1 BOARD MEMBER FLYNN: Yes, I've got one.

2 It was mentioned that there were other
3 violations out there that we're not considering. And
4 I'm just curious as to the number and when that hearing
5 might be. Is this something that we're going to hear
6 soon?

7 MS. BRADLEY: I think, there's two.

8 BOARD MEMBER FLYNN: Because I -- you know, you
9 made mention that we might have to meet again if we
10 don't come to an agreement here.

11 MS. BRADLEY: Yeah.

12 BOARD MEMBER FLYNN: And I'm hearing that
13 things are going to get better if this is agreed to, and
14 we'll go forward. So I'm just curious, how many other
15 violations are out there?

16 MS. PALMER: And we have to be careful, because
17 that will ultimately be a contested matter.

18 MR. SMITH: They have been appealed.

19 MS. PALMER: And the Board should be -- if
20 appealed, correct. It's not a final.

21 MR. SMITH: No, I think, they already have been
22 appealed. I think, we've formally appealed those. And
23 there's two, by the way. There's two violations.

24 MS. BRADLEY: If you look at page 12, number
25 12, I see that there's two notices pending. It says

1 "Thus, while there are currently pending violations";
2 NOV numbers 15 and 16, it looks like.

3 So the way I read it, there's two notice of
4 violations that are outstanding. And Mr. Smith is
5 saying that they've been appealed. So, I think, that
6 means they'll be on a future agenda for you to decide.

7 BOARD MEMBER FLYNN: Okay. My question's been
8 answered. Thank you.

9 MR. SMITH: Okay. And one other just
10 clarification --

11 MS. PALMER: I just want to clarify. Yeah, I'm
12 not sure that they are final yet. Because I know that
13 the parties have been going back and forth. And I don't
14 believe that Board staff has necessarily determined that
15 they are final.

16 MR. SMITH: I think, that's correct.

17 MS. PALMER: But if they are, and if they
18 choose to appeal, then those matters will not trigger
19 the revocation provision in the agreement, because they
20 happened before.

21 MR. SMITH: Yeah, I think, that's correct. And
22 there's a chance that the Board could still drop those
23 based on the information that we have provided to the
24 Board. And there's a chance of that. So we don't know
25 what's going to happen with those two claims yet.

1 I also want to --

2 MS. PALMER: That's correct.

3 MR. SMITH: I also think the Board should also
4 be aware that Mr. Hendi did pay all the labor claims
5 that were at issue to the Labor Board and got a release
6 from the Labor Board saying all claims were paid. I
7 just didn't know if the Board was aware of that. But he
8 did. And it was over \$20,000 that he paid to resolve
9 all those outstanding labor claims.

10 MS. PALMER: With the exception of John
11 Zsenyuk.

12 MR. SMITH: With the exception of the one
13 that's in the agreement.

14 MS. PALMER: Because it was not brought.

15 MR. SMITH: Correct.

16 MS. BRADLEY: And that's one thing we haven't
17 really talked about, Board members. But one of the
18 exhibits, well, the only exhibit to the settlement is
19 that release for Mr. Zsenyuk. So just keep that in
20 mind, that as you're approving the agreement, you're
21 also approving that release. And it's my understanding
22 that Mr. Smith prepared it and Ms. Palmer has approved
23 it. So I don't think they have any concerns about it.
24 But that would be part of your settlement, you know,
25 that that would be the form that Mr. Zsenyuk would sign

1 to receive his payment.

2 BOARD CHAIRMAN ZANE: Any other Board questions
3 or comments?

4 BOARD MEMBER MAHEU: Mr. Chairman?

5 BOARD CHAIRMAN ZANE: Yes, sir.

6 BOARD MEMBER MAHEU: Are we in order to ask our
7 counsel to meet with, discuss with Mr. Smith if the
8 removal of the clause "this disciplinary action and all
9 other matters relating thereto" be removed, if that
10 would be satisfactory to his client and to executing
11 this agreement? Could I have an order and ask Board
12 counsel?

13 MS. BRADLEY: Sure, I mean we can ask
14 Mr. Smith. And maybe he'll need to confer with his
15 client.

16 MR. SMITH: Well, I would have to confer with
17 Mr. Hendi. But here's what I would be willing to do.
18 We could go off the record for a few minutes. It won't
19 take long for me and Board counsel to discuss this
20 really quickly to see if we can modify the language,
21 reach an agreement on modified language, run it by
22 Mr. Hendi. If he agrees with it, we're done. If he
23 doesn't agree with it, then we're done, but in a
24 different way.

25 So just give us 10 minutes, and I can -- we can

1 hammer out some language.

2 BOARD CHAIRMAN ZANE: Ten minutes.

3 MS. PALMER: I would like to be a party to that
4 discussion.

5 MR. SMITH: Oh, absolutely.

6 MS. PALMER: Is that okay?

7 MR. SMITH: Yeah, absolutely. I think --

8 MS. BRADLEY: I think, it's really the two of
9 you. I'll just listen in and take notes.

10 MR. SMITH: So here's maybe what -- I don't
11 know how to do it now that you're there on camera with
12 everybody in front of us. But.

13 MS. PALMER: Well, if you'd like, if you'd like
14 to discuss it with your client, then you have my cell
15 phone number.

16 MR. SMITH: Yeah.

17 MS. PALMER: I have my cell phone. I'll go to
18 a private location, and we can discuss it.

19 MR. SMITH: Okay. Great. I'll just give you a
20 call after I --

21 BOARD CHAIRMAN ZANE: Okay. We'll be --

22 MR. SMITH: -- make some scratches on it.
23 Okay.

24 BOARD CHAIRMAN ZANE: We'll be back in at
25 10:25.

1 MR. SMITH: Okay.

2 * * * * *

3 (A break was taken, 10:11 to 10:25 a.m.)

4 * * * * *

5 BOARD CHAIRMAN ZANE: Okay. I think, we're
6 ready. And it's 10:25. So we're back on the record.

7 Can anybody indicate what transpired?

8 MS. BRADLEY: Yes. I'll go ahead and read into
9 the record the changes that we've agreed to, or the
10 parties have agreed to for the indemnification. And
11 then, I think, they can then both say that that's
12 correct, because, hopefully, my notes are right.

13 And then you can then decide to approve the
14 agreement with these changes.

15 So the parties have reviewed the
16 indemnification provision and are modifying it as -- so
17 it'll read this way. Okay. So it will say "ESI hereby
18 indemnifies and holds harmless the PILB and each of its
19 members, agents, and employees in their individual and
20 representative capacities against any and all claims,
21 suits, and actions brought against" -- and this is where
22 the change comes -- "the State of Nevada and/or the
23 PILB, its employees, agents, members or representatives
24 by reason of the PILB staff's investigation" -- and then
25 we add "into the facts giving rise to the notices of

1 violation and claims asserted in the Amended Complaint
2 and this disciplinary action against any and all
3 expenses, damages, and costs, including court costs and
4 attorney's fees, which may be sustained by the State of
5 Nevada and/or the PILB, its employees, agents, members,
6 or representatives as a result of said claims, suits,
7 and actions."

8 I hope that was what.

9 MR. SMITH: I think, that reflects the change.

10 MS. PALMER: There was only -- oh. One word in
11 that was "and" which is on that very last line of page
12 15. I think, you left out the word "and." That's the
13 only thing that I saw.

14 MR. SMITH: Yes, "and this disciplinary
15 action."

16 MS. BRADLEY: "And disciplinary action," that
17 "and" --

18 MS. PALMER: No, no, not that "and."

19 MR. SMITH: Oh.

20 MS. PALMER: No, it wasn't that "and." It was
21 the "and against any and all expenses, damages, and
22 costs."

23 MS. BRADLEY: Yes, "and against any and all
24 expenses," yes.

25 MR. SMITH: Okay.

1 MS. BRADLEY: I do have, well, hopefully, a
2 copy for the court reporter, too, because I'm guessing
3 she might want that.

4 BOARD CHAIRMAN ZANE: Thank you.

5 Are there any other Board comments or
6 questions?

7 BOARD MEMBER FLYNN: I have one. And I direct
8 this to Director Ingram. Is the PILB okay with this?

9 MR. INGRAM: Yes, we are.

10 BOARD MEMBER FLYNN: Okay.

11 MS. BRADLEY: So, then, now that we've read
12 that change, the parties have indicated they agree, I
13 think we have a final agreement for the Board.

14 So I don't know if the Board members have
15 questions about the agreement. I think, normally, at
16 this point, you would actually vote to accept or reject
17 it, unless you want to discuss it or ask questions of
18 staff or others that might be -- I mean it's limited
19 questions usually, since we're not doing a hearing. But
20 you may have like procedural questions or how things
21 might work.

22 BOARD CHAIRMAN ZANE: Are there any Board
23 questions, comments?

24 BOARD MEMBER NADEAU: No. It's been explained.
25 As far as I'm concerned, it's been explained. I think,

1 I understand it.

2 BOARD MEMBER COLBERT: I understand it. No.

3 BOARD MEMBER NADEAU: I do understand it.

4 BOARD MEMBER MAHEU: Okay.

5 BOARD CHAIRMAN ZANE: Anybody have a motion?

6 BOARD MEMBER MAHEU: I make a motion that the

7 Board accept the Stipulation for Settlement of

8 Disciplinary Action --

9 MS. BRADLEY: I would ask --

10 BOARD MEMBER MAHEU: -- entitled the State of
11 Nevada -- I'm sorry.

12 MS. BRADLEY: Oh, I was just going to say "as
13 amended," just make it that your motion includes that
14 the motion is to accept it as amended on the record.
15 That's all. I apologize.

16 BOARD MEMBER MAHEU: I was headed in that
17 direction. As amended, entitled the State of Nevada
18 Private Investigator's Licensing Board vs. ESI Security
19 Services, Mahmoud Hendi, Owner and Qualifying Agent,
20 License Number 700.

21 Is that satisfactory, Board counsel?

22 MS. BRADLEY: That sounds good to me.

23 BOARD MEMBER NADEAU: I'll second.

24 BOARD MEMBER FLYNN: Ray Flynn seconds.

25 BOARD CHAIRMAN ZANE: Okay. We have a motion

1 and a second. Any Board comment or questions on the
2 motion?

3 All in favor, say "aye."

4 (Board members said "aye.")

5 BOARD CHAIRMAN ZANE: Any opposed, say "no."

6 No.

7 BOARD MEMBER FLYNN: Mr. Chairman voted no?

8 BOARD CHAIRMAN ZANE: I voted no.

9 So it'll carry four to one.

10 MS. BRADLEY: And --

11 BOARD CHAIRMAN ZANE: I believe that that's --
12 pardon?

13 MS. BRADLEY: Yes, I was just going to tell
14 Mr. Smith.

15 So, normally, what would happen next is we
16 would, the Board would do an order approving the
17 settlement agreement, and the settlement agreement
18 becomes an exhibit to that order. And I think that the
19 Chairman signs that order on behalf of the Board. So
20 that will -- and that, of course, starts the dates when
21 everything starts becoming due.

22 MR. SMITH: Okay.

23 BOARD CHAIRMAN ZANE: Thank you.

24 That concludes item number five.

25 Item number six, public comment. Any public

1 comment in the south?

2 Any public comment in the north?

3 BOARD MEMBER NADEAU: None here, sir.

4 BOARD CHAIRMAN ZANE: Thank you.

5 Well, I guess, I just need to adjourn. Thank
6 you, everybody, for coming.

7 MR. SMITH: Thank you.

8 Thank you.

9 BOARD CHAIRMAN ZANE: Thank you.

10 * * * * *

11 (The meeting adjourned at 10:31 a.m.)

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REPORTER'S CERTIFICATE

I, SHANNON L. TAYLOR, a Nevada Certified Court Reporter, Nevada CCR #322, do hereby certify:

That I was present at the Office of the Attorney General, 100 North Carson Street, Mock Court Room, Carson City, Nevada, on Thursday, March 3, 2016, at 9:00 a.m., and commencing at 9:04 a.m. took stenotype notes of a meeting of the State of Nevada Private Investigator's Licensing Board;

That I thereafter transcribed the aforementioned stenotype notes into typewriting as herein appears, and that the within transcript, consisting of pages 1 through 51, is a full, true, and correct transcription of said stenotype notes of said meeting;

I further certify that I am not an attorney or counsel for any of the parties, not a relative or employee of any attorney or counsel connected with the actions, nor financially interested in the actions.

DATED: At Carson City, Nevada, this 14th day of March, 2016.

SHANNON L. TAYLOR
Nevada CCR #322, RMR