

Las Vegas Review-Journal

EDITORIAL

HOA abuse

Posted: Mar. 9, 2011 | 2:04 a.m.

One corruption scandal always seems to segue into another in Southern Nevada, where abuses of trust and public office are as common as foreclosed homes.

The latest embarrassment to the community: the federal government's 2½-year fraud investigation into valley homeowner associations. The Review-Journal's Jeff German reported Sunday that the Justice Department has identified 75 to 100 co-conspirators including lawyers, judges and former police officers, and that plea deals are being finalized this week for some of them to shore up the prosecution of two-dozen high-level targets.

The inquiry surrounds a scheme to place conspirators on the boards of local homeowner associations through rigged elections, then have those conspirators vote to initiate construction defect lawsuits against builders. The legal work and resulting repairs then would be farmed out to lawyers and companies in on the plot.

The conspiracy was wide-ranging enough before Washington-based prosecutors took over the case from Nevada's U.S. attorney's office in response to suspected leaks to suspects. Local prosecutors and other officials are now the subject of a separate Justice Department criminal investigation, sources told Mr. German.

It's not surprising that such a cabal was concocted around construction defect claims, a legal specialty that's long been ripe for abuse. Using a handful of legitimate cases as a selling point, aggressive attorneys persuade homeowners with routine, easily fixable repairs that their problems result from developer greed and corner-cutting. Such litigation tied up entire District Court departments for years during the valley's construction boom.

The entire Justice Department case strikes at the heart of the judicial system's inability to police frivolous litigation and the lawyers who shake down businesses for quick riches. Every claim has merit; every attorney is righting a wrong. No cases are dismissed. It's incredibly expensive insanity.

And it's a prime example of why tort reform advocates seek a loser-pays civil litigation process, so attorneys with flimsy arguments will think long and hard before dedicating their resources to a bogus action, and businesses won't be compelled to get out their checkbooks to settle every claim.

We've all paid handsomely for this alleged abuse and others like it through increased burdens on investigators, prosecutors, courts and businesses. At some point it has to stop.

Comments:

Concerned Homeowner wrote on March 10, 2011 08:40 PM: HOA abuse article comments on the type of scam where corrupt board elections produce corrupt boards who cooperate with corrupt attorneys and others to pursue bogus construction defects claims. But, there is a parallel tactic also in play by some of the same people. These criminal violators work to corrupt board elections who create and sustain corrupt boards (year-after-year) who favor developer and attorney interests over the resident owners. These corrupt boards conspire with the attorneys to block certain developers from having to pay legitimate construction defects claims. And, the resident owners have to pay more dues to make up for the money not collected from the developers. It appears

that some of the same attorneys and local government officials have a win-win strategy to serve their self-interests. Favored developers are protected from having to pay honest obligations. Unfavored developers have to defend themselves against bogus construction defects claims unless or until they capitulate and become one of the favored ones. Does this remind you of the old Mafia Protection Rackets? Is it any wonder that the FBI is mentioning the possibility of RICO prosecutions of over a hundred people who appear to be cooperating and benefiting from the crimes?

Otto de Fay wrote on March 09, 2011 09:25 PM: "The entire Justice Department case strikes at the heart of the judicial system's inability to police...Frivolous Litigation????!!" NOT frivolous litigation, no, but it does threaten local corrupt developers, local corrupt builders and subcontractors, local corrupt attorneys, local corrupt "retired" law enforcement and finally, the local JD investigation itself. 'Frivolous litigation'? The Justice Department's case now holds this nest of local corruption in its very capable cross hairs. German's Sunday story begs the question, Who are the 75 to 100...and does the JD's investigation have the distance and aim to finally get this clean-up done right.

Fausto wrote on March 09, 2011 09:11 PM: "Safe Homes of Nevada"- Blast from the past! Should be interesting to see how many people from that organization are indicted in the Quon/Benzer scam.

jr1960 wrote on March 09, 2011 09:16 AM: most construction defects are due to illegal immigrant labor and home builders rushing to slop together a house as fast as possible.

Mitch_Cumstein wrote on March 09, 2011 09:12 AM: First of all, construction defect claims are not "torts." They're a species of contract litigation. "Tort reform" doesn't really apply. What you're talking about is judicial reform. The problem results from elected judges who have to pander to campaign donors if they want to retain their seats on the bench.

Deebo.James wrote on March 09, 2011 08:01 AM: The Democrats in Carson City have taken vast monies, trips, and luxury travel supported by Scott Canepa, Nancy Quon, and many others. John Ocegulara, and Dina Titus (when she served locally) have been the recipient of much of these fruits, and should be in jail. In the meantime, such liberal Judges as Nancy Saitta have continued this travesty by allowing the nonsense to continue. Instead of tossing out the frivolous claims immediately, and awarding court costs for the frivolous claims of the trial lawyers, Nancy advocates such nonsense with her insane policies. To me personally, (after racking up over 20k in attorney fees on a project CD claim that I never even worked on), she stated " Mr. _____ I can see that you have been harmed, and the opposing attorney now has admitted that your firm was not involved in this project, however, I have a policy of NEVER giving Attorney fees on the first appearance before me". Until these liberal judges, politicians, and fake organizations (such as Safe Homes of Nevada) are somehow held accountable for their actions, this silliness will continue, and at the end of the day... the PUBLIC pays....

John F wrote on March 09, 2011 07:58 AM: "Loser pays" is about the only aspect of tort reform I can get behind as it will limit frivolous lawsuits without limiting the damages people can receive if they truly have been wronged.

Ivanhoe wrote on March 09, 2011 06:40 AM: Excellent point, Wedo in the Barrio. While I totally agree with the editorial, it is sheer hypocrisy for the RJ to print such an editorial while their pitbull lawsuit crazy company, Righthaven, continually files frivolous and bullying lawsuits.

RHG wrote on March 09, 2011 05:45 AM: You can forget "tort reform" as long as lawyers have the Democrat Party in their back pockets.

wedo in the barrio wrote on March 09, 2011 05:15 AM: The entire Justice Department case strikes at the heart of the judicial system's inability to police frivolous litigation and the lawyers who shake down businesses for quick riches. Every claim has merit; every attorney is righting a wrong. No cases are dismissed. It's incredibly

expensive insanity. And it's a prime example of why tort reform advocates seek a loser-pays civil litigation process, so attorneys with flimsy arguments will think long and hard before dedicating their resources to a bogus action, and businesses won't be compelled to get out their checkbooks to settle every claim. Hopefully the rj and righthaven read their own editorials .

dbl wrote on March 09, 2011 04:53 AM: No mention is ever made of the homeowners who could not sell their properties because of pending "defect" litigation. More victims.