IN THE SUPREME COURT OF THE STATE OF NEVADA

VALJO, INC., A NEVADA CORPORATION, Appellant, vs. EUPHORIA WELLNESS, LLC, A NEVADA LIMITED LIBILITY COMPANY; E MANAGEMENT, LLC, A NEVADA LIMITED LIBILITY COMPANY; JOSEPH LAMARCA, AN INDIVIDUAL; DARLENE PURDY, AN INDIVIDUAL; LARRY DOYLE, AN INDIVIDUAL; AND BONNIE CHU, AN INDIVIDUAL, Respondents.	No. 87929
VALJO, INC., A NEVADA CORPORATION, Appellant, vs. EUPHORIA WELLNESS, LLC, A NEVADA LIMITED LIABILITY COMPANY; E MANAGEMENT, LLC, A NEVADA LIMITED LIABILITY COMPANY; JOSEPH LAMARCA, AN INDIVIDUAL; DARLENE PURDY, AN INDIVIDUAL; LARRY DOYLE, AN INDIVIDUAL; AND BONNIE W. CHU, AN INDIVIDUAL, Respondents.	No. 88137

FILED

AUG 14 2025

ELIZABETH A. BROWN
CLERK OF SUPREME COURT
BY
DEPUTY CLERK

ORDER OF AFFIRMANCE

Consolidated appeals from a district court order of dismissal and post-judgment award of attorney fees and costs. Eighth Judicial District Court, Clark County; Timothy C. Williams, Judge.

This appeal originated in a related but separate contract dispute. Respondent Euphoria Wellness, LLC (Euphoria), operates a

cannabis production facility in Las Vegas. In 2017, Euphoria contracted with non-party E&T Ventures, LLC (E&T), for use of equipment in its facility. In March of 2019, Euphoria alleged a default under the service contract, changed the locks to its facility, and prohibited E&T's principals from entering its facilities to recover the equipment. That same month, non-party Joseph Kennedy, who was involved with E&T in some capacity and would later become its sole owner, formed appellant entity Valjo, Inc. (Valjo). Mere weeks later, Valjo purportedly loaned E&T $500,000, secured by the disputed equipment as collateral. Valjo and E&T memorialized the agreement on June 4, 2019, with a UCC financing statement filing. E&T did not make any payments on the loan.

In May of 2019, Euphoria issued E&T a notice terminating the contract. E&T filed suit against Euphoria in June 2019, alleging various causes of action and seeking a preliminary injunction for the return of the equipment. The injunction was denied and Euphoria retained possession of the equipment.

Days after the preliminary injunction hearing in July of 2019, Valjo initiated litigation against E&T for its failure to make payments on the loan. Valjo and E&T entered into a confession of judgment, which stipulated that (1) Valjo had loaned E&T $500,000 secured by the equipment, (2) E&T defaulted on this loan, and (3) Valjo had a right to repossess the equipment. Euphoria was not a party to, nor notified of, this action. With this judgment in hand, Kennedy appeared in-person at Euphoria's facility and unsuccessfully attempted to repossess the equipment on July 27, 2019.

On June 21, 2023, Valjo initiated the underlying litigation against Euphoria for conversion, intentional interference with contractual

relations, declaratory relief, and unjust enrichment. Euphoria moved to dismiss, arguing that E&T and Valjo—both owned by Kennedy and represented by the same counsel—were precluded from claiming ownership over the same equipment in two separate actions against Euphoria. The next day, August 10, 2023, Valjo and E&T re-opened their previous action—including the confession of judgment—and they entered into a "stipulation agreement" that stated Valjo owned the equipment. On August 22, 2023, Valjo amended its complaint against Euphoria, keeping all claims unchanged but adding an allegation that Valjo gained ownership of the equipment as of August 10, 2023 (i.e. the date of the "stipulation agreement"). The amended complaint also noted the failed attempt at repossession on July 27, 2019.

Ultimately, the district court dismissed Valjo's claims against Euphoria for failure to state a claim under NRCP 12(b)(5) because they were time-barred by the three-year statute of limitations in NRS 11.190(3)(c). The district court also awarded attorney fees and litigation costs to Euphoria as a sanction against Valjo for bringing claims it should have known were untimely.

Valjo argues that the district court erred by dismissing its complaint because its claims did not accrue until it entered into the stipulation agreement on August 10, 2023. A complaint should be dismissed under NRCP 12(b)(5) if, accepting the allegations of the complaint as true and drawing all reasonable inferences in favor of the non-moving party, no set of facts can be proven which would entitle that party to relief. *See Buzz Stew, LLC v. City of North Las Vegas*, 124 Nev. 224, 228, 181 P.3d 670, 672 (2008). An order dismissing claims as time-barred by the statute of limitations is treated as a dismissal for failure to state a claim under NRCP

12(b)(5). *See Bemis v. Estate of Bemis*, 114 Nev. 1021, 1024, 967 P.2d 437, 439-40 (1998).

Here, the district court determined that each of Valjo's claims were time-barred because Valjo's claims arose out of the same events and concerned the same rights to the same disputed property. Considering the substance of the claims, the district court concluded that the claims for unjust enrichment and declaratory relief were duplicative of the claims for conversion and intentional interference with contractual relations. As a result, the court found them all subject to the three-year statute of limitations that governs conversion and interference with contractual relations claims. *See* NRS 11.190(3)(c); *Bemis*, 114 Nev. at 1025, 967 P.2d at 440 (noting that claims for conversion are governed by NRS 11.190(3)(c)); *Stalk v. Mushkin*, 125 Nev. 21, 27, 199 P.3d 838, 842 (2009) (holding that claims for intentional interference with contractual relations are governed by NRS 11.190(3)(c)). Finding that the claims all accrued in July of 2019, the district court concluded that the statute of limitations expired before Valjo filed its complaint in August of 2023.

Valjo's argument is focused on the accrual date. It argues that the district court should have used August 10, 2023, as the date of accrual for its claims. Valjo claims that the stipulation with E&T gave it a new set of claims as the outright owner of the equipment, rather than as a secured creditor, and that the statute of limitations on these new ownership claims did not begin to run until August 10, 2023. We conclude that this argument lacks merit.

Exactly when a statute of limitations begins to run for a given claim turns on when the facts underlying that claim occurred, as well as when they were discovered for claims subject to discovery tolling, which

includes claims for conversion. *See Clark v. Robison*, 113 Nev. 949, 951, 944 P.2d 788, 789 (1997); *see also Bemis*, 114 Nev. at 1024, 1028, 967 P.2d at 440, 442 (holding that claims for conversion are subject to the discovery rule). The facts underlying Valjo's claims, and Valjo's knowledge of them, were established on July 27, 2019, at the very latest. At that point, Valjo had a property interest in the equipment and knew that Euphoria was interfering with said interest. Thus, at the *latest* the claims based on this interference accrued and the statute of limitations began to run on July 27, 2019. As a result, the three-year statute of limitations expired on July 27, 2022, but Valjo did not file the complaint until June 21, 2023, well after the time to file had run out. To hold otherwise would allow litigants to circumvent the statute of limitations by simply requesting a confirmation of a prior ruling from years past, or by making a new assignment of the disputed contract or property. Thus, we affirm the district court's dismissal of Valjo's claims as untimely.

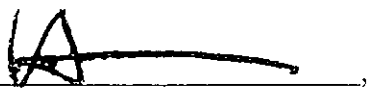
Valjo also argues that Euphoria was not entitled to an award of attorney fees and costs. We review an award of attorney fees and costs for abuse of discretion. *See Gunderson v. D.R. Horton, Inc.*, 130 Nev. 67, 80, 319 P.3d 606, 615 (2014) (attorney fees); *Logan v. Abe*, 131 Nev. 260, 267, 350 P.3d 1139, 1144 (2015) (costs). An abuse of discretion occurs "when the district court bases its decision on a clearly erroneous factual determination or it disregards controlling law." *MB Am., Inc. v. Alaska Pac. Leasing Co.*, 132 Nev. 78, 88, 367 P.3d 1286, 1292 (2016).

NRS 18.010(2)(b) authorizes an award of reasonable attorney fees to a prevailing party who defeats a claim that was brought without reasonable grounds. The statute is to be liberally construed in favor of awarding attorney fees to the prevailing party with the intent to "punish

and deter frivolous or vexatious claims and defenses[.]" NRS 18.010(2)(b). "Prevailing party" means one who "succeeds on any significant issue in litigation" and achieves its intended benefit. *Valley Elec. Ass'n v. Overfield*, 121 Nev. 7, 10, 106 P.3d 1198, 1200 (2005) (quoting *Women's Fed. Sav. & Loan Ass'n v. Nev. Nat. Bank*, 623 F. Supp. 469, 470 (D. Nev. 1985)).

Here, the district court found that Valjo brought its claims without reasonable grounds because Valjo filed suit knowing that its claims were time barred. Because the record supports the district court's findings, and NRS 18.010(2)(b) is to liberally construed to deter frivolous claims, we discern no abuse of discretion and therefore affirm the award of attorney fees and costs.[1] Accordingly, we

ORDER the judgments of the district court AFFIRMED.



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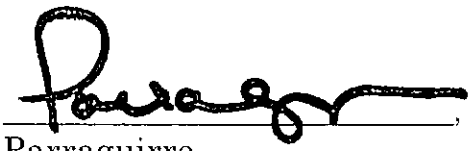

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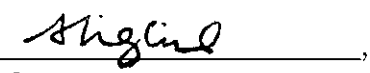

_____, J.
Stiglich

cc: Hon. Timothy C. Williams, District Judge
Paul S. Lychuk, Settlement Judge
Law Office of Mitchell Stipp
Champion Lovelock Law
Eighth District Court Clerk

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[1]Because we affirm the district court, we deny Valjo's request to reassign this case to a different district court judge on remand.