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TESTIMONY OF DAN L. WULZ, ESQ.

Mr. Chairman, thank you for the opportunity to address the Committee.

My name is Dan Wulz and I am an attorney practicing in Las Vegas. Although I work at Clark County Legal Services, I am appearing here as an interested citizen.

My work has brought me into contact with many Nevada consumers adversely affected by the actions of car dealers. AB 417 is needed to address an unforeseen consequence from amending NRS 482.345 in the 2001 Legislative session. The law was changed in 2001 to remove the limitation that recovery on a bond be limited to the value of the car. At that time, we did not foresee that this could create a situation where the first person to collect on the bond could exhaust the bond. This would leave other, deserving consumers without a source of funds to compensate them. AB 417 will correct that problem. In that regard, the bill provides for pro rata distribution.

This bill also provides that claims of consumers have priority. It corrects the problem of non-consumers making claims to and exhausting the bond before consumers are compensated. I believe it was always the legislative intent in requiring a bond that it be available for the claims of consumers cheated by car dealers. However, the law is silent in that respect and as a result the Nevada Supreme Court had struggled with its interpretation.

Further, in order to insure that the bond will be available for consumer claims, the bill provides for a 3 year time limit to make a claim and provides that non-consumer claims will not be paid before that time expires.

Lastly, the bill amends the dealer bond statute to more closely track the procedures provided by the contractor's bond statute, NRS 624.273. The bill provides for notification to claimants of competing claims, provides for good faith payments without court action, and provides that in the event there are competing claimants, an interpleader action may be filed in court. All of this is current practice under the contractor's bond statute.

This bill is good for consumers. It does not impact car dealers or their sureties as it does not increase the amount of the bond. Rather, the bill provides greater clarity and for a fair procedure when multiple claims may exceed the bond amount.

Thank you, and I urge passage of AB 417.