

MINUTES OF MEETING HELD

14th DAY OF MARCH, 1973

The meeting was called to order at 9:00 a.m. Senator Close in the Chair.

PRESENT: Senator Bryan
Senator Dodge
Senator Hecht
Senator Swobe
Senator Wilson

James W. Costello, J.W. Costello Beverage Co.
Robert Kaiser, DeLuce Importing Co.
John Garvin, Montgomery Ward
James Weaver, J.C. Penny Co.
Leonard Mills, Woolworth Co.
Paul O. Driscoll, Woolworth Co.
Pete Kelley, Nevada Retail Association
Ken O'Connell, Las Vegas Chamber of Commerce
EXCUSED: Senator Foley

S.B. 345 - Regulates sale and distribution of alcoholic beverages.

Mr. Costello testified that this bill defines three classes of liquor dealers; suppliers, wholesalers and retailers. It provides that any one type of dealer should not have the ability to also be another type of dealer, so that a wholesaler would not be a retailer as well as a supplier shall not be a retailer. A wholesaler who is also a retailer would be in a more competitive position than other retailers. At a convention where mostly wholesalers were present, they unanimously agreed that this type of legislation would be a benefit to the industry.

Mr. Kaiser stated that the Safeway Chain out of California has a wholesalers license in Northern Nevada, so they make a wholesale and retail profit at the disadvantage of the other retailers in the State.

S.B. 404 - Requires brewers to designate exclusive wholesale dealers for defined territories.

Mr. Kaiser testified that this bill provides that a producer, winery or distiller can designate territories for a distributor that he appoints. The same basic bill is in effect in a number of states, and where it is not in effect, the Federal Trade Commission has taken the position that a producer does not have that authority. The bill makes sense since producers must create a demand and invest money in their product and should be able to provide how the product is sold to consumers.

S.B. 458 - Requires good-faith performance of franchises between liquor suppliers and wholesalers and provides sanctions for any breach.

Mr. Kaiser testified that this bill provides that any wholesaler who has a verbal, written or other kind of contract with a producer, that producer can not voluntarily without reason or just cause terminate, change or fail to renew that contract unless they have reason to support it. It provides rights for the wholesaler and the producer. Any action brought by the wholesaler for failure to renew must be done in good faith and for good cause.

Mr. Costello testified producers presently cancel a franchise because they don't like the wholesaler. The bill would say that in order to cancel a franchise on either side, there must be a just cause and the court would determine what the just cause would be.

S.B. 334 - Makes shoplifters or the parents or guardians of minor shoplifters civilly liable to merchants.

Mr. John Garvin, counsel for Montgomery Ward, testified that today shoplifting is a big time industry - \$5 billion a year is taken by shoplifters. From the standpoint of Montgomery Ward alone, they apprehended 29,055 shoplifters nationally. Of those, 15,000 were juveniles. Of the adults apprehended, 2/3 were convicted. However, they only catch 1 out of every 5 shoplifters. If those figures are correct, Montgomery Ward was picked on by 150,000 shoplifters on a national level.

There is a problem in getting criminal prosecutions since shoplifting is at the lower end of the enforcement spectrum. The district attorneys simply do not have the staff to prosecute shoplifters. Cases are usually dismissed, and the store winds up with a suit for false arrest and imprisonment. This breeds a lot of disrespect for the law, and especially with juveniles.

This bill could be considered self-help legislation. Criminal sanctions are not as helpful in remedying shoplifting as providing civil remedies in favor of the merchant. The idea of this concept is not so much to get the money back for the merchandise and pay the lawsuit, as it is as a deterrent. They felt that with this type of program they could go to public schools and try to educate the younger generation that shoplifting is unlawful and punishable.

The bill would also change the criteria for the merchant to detain a shoplifter from "probable cause" to "reason to believe".

Senator Close noted that subsections 2 and 3 are different in that subsection 2 provides damages of not less than \$250 and subsection 3 provides for damages not exceeding \$250. Mr. Garvin agreed that those two sections should be conformed, and further amended to provide a minimum of not less than \$100 nor more than \$250. Senator Dodge suggested adding wording to the effect that punitive damages could be recovered for the actual market value of the merchandise.

Mr. Ken O'Connell of the Las Vegas Chamber of Commerce stated that he had talked to merchants in Carson City who stated that they are losing \$75,000 a year to shoplifters. He felt this bill would give merchants and retail associations a way to get to the parents by informing them that they would be responsible for the acts of their children.

Mr. O'Connell felt that a sign posted in the store informing shoppers of the penalties for shoplifting is a very important part of this bill.

Mr. James Weaver testified that J.C. Penny Co. has lost \$300,000 in Las Vegas and Reno from shoplifters. The national average is 1.8% of retail sales. The losses are related to retail sales, but it is actually profit dollars that are lost.

Mr. Leonard Mills stated that a typical Woolworth store doing a sales volume of \$1 million suffers \$14,000 tangible loss from shoplifting. The store Mr. Mills is connected with had hired a full time store detective who apprehended 735 shoplifters in 310 shopping days in 1972. However, the cost of hiring that detective was prohibitive.

Mr. Paul O. Driscoll stated that the operators of Park Lane in Reno estimated sales at Park Lane to be in excess of \$10 million. They feel there is an average 2% loss of gross volume due to shoplifting. He felt that this legislation would be a definite benefit not only to the merchants, but an additional means of getting the point across that shoplifting is against the law.

Chairman Close excused the witnesses.

S.B. 427 - Authorizes courts to allow installment payments of fines.

Senator Dodge moved "DO PASS." Motion seconded by Senator Swobe. Motion carried.

S.J.R. 22 - Proposes to amend Section 8 of Article 6 of Nevada Constitution to permit legislature to extend jurisdiction of justice courts.

Senator Hecht moved to amend and "DO PASS." Motion seconded by Senator Wilson. Motion carried.

The meeting was adjourned at 11:05 a.m.

Respectfully submitted,



Eileen Wynkoop
Secretary

APPROVED:



Melvin D. Close, Jr.
Chairman