Members present:

Chairman Jeffrey
Assmblyman Robinson
Assemblyman Bennett
Assemblyman Bremner
Assemblyman Chaney
Assemblyman Horn
Assemblyman Sena
Assemblyman FitzPatrick
Assemblyman Rusk
Assemblyman Tanner
Assemblyman Weise

Chairman Jeffrey called the meeting to order at 2:15 p.m. and stated that the first bill to be heard would be AB 509.

AB 509: Assemblywoman Peggy Westall stated that she had introduced the bill because of a need in her district. She stated that she felt the current age requirement of 21 was discriminatory, since most other professions now allow licensing at 18. She added that the opticians which are covered under the bill only work on the glasses supplied the patient, not on the patients themselves. She introduced Cheryl Demers to the members of the committee.

Cheryl Demers stated that she had been working for her father in his shop since elementary school and that she had graduated high school at 16 and gone through 2 years of optician's school and yet she could not apply for licensure because she has not reached her 21st birthday. She stated that she felt it was unfair to judge maturity and ability on age alone and that she would appreciate passage of the bill so that she and others who were qualified could apply for their licenses.

The committee discussed with Mrs. Westall and Miss Demers the educational aspects and requirements relating to this area and it was brought out that there are many students who now graduate high school at 16 and 17 and who would qualify for licensure before attaining the age of 21, even though it would be difficult at age 18 per se. Miss Demers stated that California and Arizona currently allow licesure based upon similar age and educational requirements.

Mr. Victor Isaacson, President of the Nevada Board of Dispensing Opticians, stated that they had never received an application or known of anyone who was in disagreement with the current age requirement and he did not feel that lowering the age requirement was justified. In answer to a question from Mr. Weise, Mr. Isaacson stated that they do verify all educational and other factual information that is given to the Board when people apply to them for licensure. He also added that even with that, the applicants had to pass an examination to get their license. He stated that his primary concern was that the applicants be old enough to accept the legal responsibilities which would go along with practicing in this field. Chairman Jeffrey pointed out to him that 18 year olds currently have all the legal rights and responsibilities as anyone 21, except they can't gamble or drink.

SB 172: Mr. Harold Myers, Secretary of the State Board of Opticians, stated that this bill would change the educational requirements from 5 years to 4 years and would provide for 12 hours of continuing education per year for relicensure. It would increase the fees which were originally set in 1951, and he added that the board is now made up of five members rather than the three members when the fees were set and that their costs have also increased over the years. He stated that the bill would eliminate the prohibition of advertising to comply with federal regulatory changes which have been made. He stated that it was the opinion of the Board of Opticians that the changes within this bill, if passed, would upgrade the qualifications and requirements for opticians and also benefit the public. Attached as Exhibit "A" are letters of support for the bill from opticians.

Mr. Bob Myers, Nevada State Board of Optometry, stated that they were not opposed the the bill, but that they did believe there should be some change in the wording of parts of the bill. His prepared remarks are attached and marked as Exhibit "B". Chairman Jeffrey asked Mr. Myers if he could resolve the wording problems with Harold Myers and Mr. Rusk and report back to the meeting on their findings. He stated that they would do so.

AB 617: Jim Wadhams, Director of Commerce, on behalf of the Insurance Commissioner, stated that due to recent court decisions there has been a change in the way the insurance companies are calculating risk factors on insurance policies. Mr. Wadhams distributed to the committee copies of the Travelers Ins. Co. v. Lopez case (dealing with stacking of no fault coverage), Cooke v. Safeco Ins. Co. case(dealing with stacking of uninsured motorist coverage), and a information sheet entitled The Consumer's Pocketbook and the Insurand Mechanism as well as a copy of a proposed amendment to NRS Chapter 687B. All of that information is attached and marked as Exhibit "C". He stated that the intent of this bill would be to balance out the effect of those decisions relative to stacking of benefits. He stated that by allowing coverage under multiple policies when an accident occurs, you not only multiply your amount of loss paid out, but you multiply the reported occurances of loss. He explained this by using an example of a family which had several cars insured and how, if an accident occurred with one of the vehicles, it would effect all the policies.

He told the committee that he felt if this bill did not pass, rates on commercial and private policies would increase at a much higher rate than has been previously been seen, even considering inflation factors. He stated that since the insurance companies base their rates on the frequency and severity of loss factors, as well as margins for profit, etc., if unchecked the court decisions will force them to restructure their rating formula so that they will be protected against these types of anticipated losses. He also stated that he felt it was a very short step from stacking no fault and uninsured motorists coverage to stacking liability portions of the policies. At this point he discussed the suggested amendment with the committee.

Margo Piscovich, attorney from Reno, testified in favor of this bill as amended. She explained that "stacking" is the term used by the courts for combining coverage under multiple policies purchased by an insured. Ms. Piscovich explained that she had written the brief in the Cooke v. Safeco case and that she was familiar with the decision and read from a letter she had written to George Schindler of Farmers Insurance Group explaining the stacking decision and its effects on the insurance industry. An excerpt from that letter is attached and marked as Exhibit "D". She stated that she felt if this bill were to pass and there was statute law directing maximum limits of liability, then the statute law, rather than case law, would be dominant.

She also pointed out that in talking to representatives of Safeco and Farmers, that in the states where stacking has been allowed, premiums have increased considerably because of the greater liability being taken on by the insurers. She stated that according to information from Farmers Insurance Company their only areas of profit were those of comprehensive coverage (fire and theft, etc.) She gave statistical information regarding premium income and loss payments for Farmers and in answer to a question from Chairman Jeffrey, Ms. Piscovich stated that she had been told premiums would probably increase by 25-33%, if this bill doesn't pass.

After a brief discussion regarding the two cases in question Ms. Piscovich stated in answer to a question from Mr. Rusk that the primary problem confronting the insurance companies is the fact that their exposure to loss is so much greater now than it had been before the stacking decisions had come down.

Al Pagni, Reno attorney, stated that under the current stacking decisions, he felt that the multi-car discount would be eliminated by most companies because of the higher exposure on each policy. He further pointed out that he had done a quick survey of some of the local insurers and that the results had indicated that if the stacking provisions were left unchecked that there would be an increase of approximately 25% for uninsured mortorist and no fault coverage through Aetna Casualty Company; and an increase of some 25% on uninsured motorist and 33+% increase on no fault coverage through Firemans Fund, in addition to the increases already mentioned through other carriers. He pointed out to the committee that if you were involved in an accident in which you were not the driver, but a passenger, and the vehicle you were in was owned by a company who had a fleet policy on seven vehicles, and you also owned a policy on your own car (not involved in the accident) and on your wife's car (not involved in the accident) you would, under the stacking decisions be covered for uninsured motorist benefits under nine policies. He stated that it was inequitable for your personal policies to have to pay reparation benefits under these circumstances because the vehicles which they were insuring weren't even involved in the accident. He also gave the committee examples of how the current law discriminates between children of a family who may live at home or live away from home, inasmuch as if two children were riding in a parent's car and were involved in an accident, the child living at home would be the only one covered by the

parent's policy and therefore covered for injury. He then extrapolated what the total liability might be in a fleet policy where 50 cars where involved.

In answer to a question from Mr. Weise, Mr. Pagni stated that he felt stacking of liability insurance was definitely a possiblity in the not too distant future. He further stated that the basic difference between the types of coverage currently stacked and liability coverage was that the no fault and the uninsured motorist coverage are first party benefits, in other words that is the protection you buy to protect yourself from being hurt and uncompensated for an injury, whereas liability protects the third party from damage that you may cause. He stated that California has a statute which is similar to this bill and which has been upheld as enforceable by the courts and which allows for stacking only if a premium therefore has been paid by the insured.

Mitchell Cobeage, attorney from Las Vegas, stated that he works primarily in insurance defense work and that though many of the people who will be testifying today would be saying that if a person is injured, he should be able to recover for those injuries and therefore stacking should be permitted, he felt that those people could be so reimbursed if they covered themselves properly with higher coverage in the specific areas of uninsured motorist coverage. He stated that it was opinion, from what he had seen in his own practice, that stacking increases the number of fraudulent claims and he felt that it might be prevalent enough to show need for a fraud division under the insurance commissioner's office.

He stated that he presently has a stacking (of liability) case in his office to defend at this time and if those type of cases are successful, there will be a much greater effect in those rate areas because the third party would get the benefit of a person's premiums and the settlements could be much greater in that area of coverage.

Mr. Bill Thomason, member of the legislative committee for the Nevada Independent Insurance Agents stated that he fully supported the bill because they see that not passing the bill will lead to resctricted market and increased premiums. He said that the felt the 25% estimated increases which had been given in testimony were probably very low estimates and that they would probably be higher because of the elimination of the two or multi-car discounts, and might be as high as a net increase of 50% for some policies.

Virgil Anderson, AAA, stated that their company supports the bill and that he agreed that Nevada is currently facing an insurance crisis relative to market and rising premiums. He stated that due to the broader exposure to loss, brought about by these decisions, the insurance companies are facing severe underwriting problems. He also pointed out that many people now can't afford the premiums and that if they increase further, due to the reasons brought out in testimony, even more people will be unable to afford adequate coverage.

Mr. Darryl Capurro, representing the Motor Transport Association stated that their industry supports the bill as amended. He stated that trucking would be severely jeopardized in Nevada if this bill, or something similar, were not passed because it would result in increased premiums and reduced market.

Mr. Richard Garrod, Farmers Insurance Company, stated that each policy of insurance is targeted to the automobile because of replacement cost, etc., though through some coverage the companies are insuring the individual owning the car. He stated that if the bill were not passed, they would probably be eliminating the multi-car discounts and rates would probably increase some 20-33%.

First to speak in opposition to the bill was Peter Chase Neumann, Nevada Trial Lawyers Association, who stated that he had written the brief against Safeco case for Cooke. Mr. Neumann explained for the committee that case as well as other factors which go into figuring how rates within the insurance companies are figured. He also went into the philosophical reasoning behind allowing stacking of these basic reparation benefits. He gave examples of income from premiums since 1953 compared to stock holders' surpluses for the same periods and stated that they had a much higher surplus currently than they had in the past. Mr. FitzPatrick pointed out, however, that the percentage of profit margin had actually decreased substantially over that same period of time. In answer to a question from Mr. Bremner, Mr. Neumann stated that perhaps in a way stacking does go against contract law, but that the supreme court had stated if the company did not want to allow stacking of policies for which the client had paid multiple premiums, then the insurance company should notify the client of that fact.

Jack Lehmann, attorney from Las Vegas, stated that he felt this bill was an awful bill and that if the committee didn't think it was, that he would suggest they each go home a check their own policies. He stated that most policies are written to adequately protect third parties who are injured; however agents seldom inform the insureds suffieiently in the area of basic reparation benefits and they are commonly, therefore, underinsured in those areas. He also pointed out that AAA is the only company which will not afford its clients higher coverage in these areas of self-protection. He explained the McGlish case to the committee and stated that he felt it was the direct fault of the agent and his company that the injured party in that case was not properly insured. He stated that the only cases which would be effected by this bill would be those which were catastrophic in nature. He stated that he felt the problem would more satisfactorily be taken care of by the Insurance commissioner's office passing rules and regulations which would make sure that the agents were trained in the area of provisions of no fault and uninsured motorist coverage so that they would better inform their clients of the limitations of their coverage in these areas of coverage. In answer to a question from Mr. Bremner, Mr. Lehmann stated that he would agree that there would be some relief if the minimum amounts of uninsured motorists were raised.

Also attached as Exhibit "E" is a letter from Alliance of American Insurers in support of AB 617.

SB 10: Senator Joe Neal, as introducer of the bill, stated that he felt this bill would help to reduce the cost of eyecare to the public by allowing shopping at a greater number of locations. He generally reviewed the various sections of the bill with the committee. Senator Faiss stated that he felt the areas where these new shops would be opening, (in large department stores, etc.) would help the public by adding to competition. Assemblyman Robinson pointed out that advertising has been allowed since July 4, 1978 under the FTC rules and that since that time all optometrists have been required to give to each and every patient a copy of their prescription so that the patient could have their glasses' prescription filled anywhere they wished to. Senator Faiss stated he felt the bill would help the public and business in general and urged support of the bill.

Gerald Prindiville was next to speak on behalf of the bill and his remarks are in text form and attached and marked as Exhibit "F".

Harvey Whittemore spoke next, his remarks and a copy of the Democratic State Platform are attached and marked as Exhibits "G" and "H". In answer to a question from Mr. Tanner, Mr. Rozak of Cole International stated that department stores, such as Sears, Montgomery Ward, etc. are legally considered as mercantile centers or establishments. In concluding his comments, Mr. Prindiville stated that he felt passage of this bill would help everyone and that he felt the advertising provisions of the bill were not unconstitutional, but thought the bill would be severable regarding that point.

Mr. Frank Rozak, Vice President for Government Relations on behalf of Cole National, submitted to the committee Exhibits "I", "J", "K" and "L" which are attached and marked respectively. He drew from these exhibits many statistical points which he stated he felt indicated that eye care would not suffer if this bill were passed, and, indeed, would benefit. He stated that each of the optometrists would be licensed and that practices regarding exams varied from doctor to doctor and if the public wished to protect themselves against "quicky" exams, they should require the national board to develop a checklist of which procedures would have to be followed during the exam. He further added that Cole National had never had a doctor who lost their license for malpractice or for any other reason while working under commercial conditions. He also stated that there are currently other professions which do business within commercial areas and there doesn't seem to be a problem with undue influence in this area and that the amendments to this bill which have been proposed, he felt, provided enough of a safeguard in this area of concern. In answer to a question from Dr. Robinson, Mr. Rozak stated that Sears and Wards were in favor of the legislation because it would allow them to offer another service to their customers. He also stated that the reason they haven't been advertising was that they were waiting for a

decision to be reached on the constitutionality of advertising by the District Court of Nevada. He stated that currently Cole National has approximately 400 locations within the states.

Mr. Ben Knowles, Amercan Federation of Teachers, stated that that organization was in favor of passage of the bill because they felt it would help to stop the increase of cost for eye care and they did not feel that the quality of services or products would be decreased by its passage.

Don Weatherhead stated that he had been an optician in Nevada for seven years and he did not feel passage of the bill would reduce the costs of eyewear to the public because he had called a number of places in Reno and he hadn't found anywhere that was more economical than he was for the same product. He stated that he felt the reason Cole National was supporting the bill was because they sell glasses and they felt this would increase their sales in the state. He also pointed out that any monies collected for sales in the state by Cole National would be going out of the state and not a benefit to Nevada.

Dr. Bill Kanellos and Dr. Bill Van Patten were next to address the committee and Dr. Van Patten's remarks are marked as Exhibit "M" and attached hereto. Dr. Kanellos stated that their primary concern was for quality eye care and they did have a concern that the optometrists working in these establishments would be a captive "employee" of the establishment. They submitted to the committee Exhibit "N" which reviews the sales of Cole National Dr. Kanellos also reviewed for the committee the costs of eye exams in San Francisco and Los Angeles with his own fees, all of which were comparable. He also stated that the optometric association has plans to open a senior service center and they felt this would be a more reasonable approach to decreasing the cost of eye care to elderly. They also provided to the committee an amendment which is attached and marked as Exhibit "O" and a report from the FTC regarding a probe of the Pearle Vision Centers which is attached and marked as Exhibit "P". Dr. Van Patten stated that he felt it would be extremely difficult to police these offices and stated that there would probably be some funds allocated to the board so that these investigations could be done.

SB 232: John Butler, executive secretary of the State Board of Engineers, stated that there are 5000 registered engineers in the state and this bill would provide for staggered registration so that the work load could be taken care of on a more even basis.

SB 233: Mr. Butler stated that this bill would provide that the people qualified in this state as land-surveyors-in-training would be able to apply to take the state board's test the same as a person coming from out of state would be able to take the test. This is a 16 hour test and would allow them to become registered surveyors.

See also Exhibits "Q" and "R" attached for further information on these bills.

SB 234: Mr. Butler stated that this bill would enable engineering company from out of state to do work within Nevada by changing the law so that only the members of the firm who were actually doing work within the state had to be registered engineers. This would eliminate the administrative and clerical personel of those firms.

This concluded the regular meeting of the committee and then the sub-committee on mobile home matters took additional information from those who were present who wished to add further information on that subject. Chairman Robinson stated to the people in attendance that there would be three bills forthcoming for the committee to consider: one on the enabling authority and one covering the tenants position (the eight points together with other portions of AB 525 which the tenants felt necessary) and one containing only the eight points which had been reviewed at the previous sub-committee meeting.

See attachments marked Exhibit "S" which were received during that meeting.

SB 90: There was no testimony on this bill during this meeting and Chairman Jeffrey stated that it would be rescheduled.

There being no further business to come before the committee or sub-committee, the meeting was adjourned at 6:15 p.m.

Respectfully submitted,

Linda D. Chandler
Secretary

See also attached Exhibit "T" which was submitted by Virgil Anderson regarding AB 617.

Date of Hearing 4-18-79

ASSEMBLY COMMERCE COMMITTEE

GUEST LIST

NAME (Please print)	REPRESENTING (organization)	WISH TO SPEAK Yes	No.
HAROLD MYERS	NEV BOARD DISP OPTICIAN	^	
Robert Myers	Nev. State Board of Optometry		
[illegible]			
Al Pasini			
[illegible]	N.T.A.		
HARVEY WHITTEMORE	NSDP	✓	
FRANK [illegible]	[illegible] NATIONAL [illegible]	✓	
Bill Kanellos	Nev. [illegible]	✓	
Bill [illegible]	Nev. [illegible]	✓	
[illegible]	[illegible]		

TELEPHONE 382-7508

NEVADA Optical Company

134 SO. FOURTH STREET
LAS VEGAS, NEVADA 89101

Assembly Commerce Committee
New York State Assembly
Carson City, NV, 89710

Dear Assemblymen,

I urge you to please give favorable consideration to S.B. 172 and give it your "do pass" vote.

Yours truly,

Linda Granzow

Linda Granzow

EXHIBIT "A"

Corporate Offices ▪ 6600 France Avenue South, Minneapolis, MN 55435 ▪ 612-925-3233

4-13-79

Assemblyman John E Jeffrey:

Please put a Do Pass on SB-172 as amended with no further amendments

Sincerely

Roy Blow

EXHIBIT A

11 April 1979

Dear Assemblyman Jeffery,

S.B. 172 is scheduled to appear before your Committee on Wednesday 18 April.

I urge you to give S.B. 172 a "Do Pass" without further ammendments.

Thank you for your consideration.

Sincerely,

Ed Bostic
1329 Arthur Ave.
Las Vegas, Nv. 89101

EXHIBIT A

B

NEVADA STATE BOARD OF OPTOMETRY

3101 MARYLAND PARKWAY SUITE 305 LAS VEGAS, NEVADA 89109

OPTICIANS ARE MAKING STRIDES TO UPGRADE THEIR SERVICES FOR WHICH THEY SHOULD BE COMMENDED, BUT THERE ARE SOME AREAS OF THE PROPOSED LEGISLATION WHERE THE WORDING IS NOT AS CLEAR AND DEFINITE AS IT SHOULD BE AND IS OPEN FOR INTERPRETATION BEYOND ITS ACTUAL INTENDED MEANING.

PAGE 1 LINE 20 & 21:

(a) THE TAKING OF MEASURMENTS TO DETERMINE THE SIZE, SHAPE AND SPECIFICATIONS OF THE LENSES, FRAMES OR CONTACT LENSES:

THE SIZE AND SHAPE OF SPECTACLES AND FRAMES IS ACCEPTABLE BUT THE WORDS DETERMINING THE SPECIFICATIONS of lenses WOULD ENABLE OPTICIANS TO ALTER THE PRESCRIPTION TO WHAT THEY THINK IT SHOULD BE.

PAGE 2 LINE 4 & 5:

(d) THE ADJUSTMENT OF LENSES OR FRAMES TO THE INTENDED WEARER'S FACE OR EYES:

THE ADJUSTMENT OF FRAMES TO THE INTENDED WEARER'S

EXHIBIT "B"

1342

FACE IS ACCEPTABLE AND THIS FRAME ADJUSTMENT WILL POSITION THE LENSES WHERE THEY SHOULD BE; BUT THE ADJUSTMENT OF LENSES TO THE WEARER'S EYES WOULD ALLOW OPTICIANS TO ALTER THE INTENDED PRESCRIPTION.

PAGE 2 LINE 10 & 11:

5. "PRESCRIBER" MEANS A PHYSICIAN OR OPTOMETRIST AUTHORIZED TO EXAMINE EYES AND PRESCRIBE THERAPEUTIC OR CORRECTIVE LENSES.

PRESCRIBER MEANS A PHYSICIAN, OR OPTOMETRIST LECENSED BY THE RESPECTIVE STATE BOARDS HAVING JURISDICTION THEREOF.

PAGE 2 LINE 1 & 2:

(b) THE PREPARATION AND DELIVERY OF WORK ORDERS TO LABORATORY TECHNICIANS ENGAGED IN GRINDING LENSES AND FABRICATION EYEWEAR.

THE WORDS LABORATORY TECHNICIANS IS A NEW TERM AND THERE IS NO DEFINITION OF WHAT HE CAN OR CAN NOT DO. IT IS IMPLIED IN LINES 1 & 2 BUT IS NOT SPECIFIC.

PAGE 4 LINES 18 thru 20:

5. A LICENSED DISPENSING OPTICIAN MAY EMPLOY PERSONS TO ASSIST IN CONSULTING ON OPTICAL FASHIONS AND IN MAKING OPTICAL REPAIRS, AND THESE PERSONS NEED NOT REGISTER AS APPRENTICES.

THE PORTION THAT SAYS " AND IN MAKING OPTICAL REPAIRS" - THIS IS RESTRICTED TO OPTICIANS AS STATED ON PAGE 2 LINE 6.

PAGE 1 LINES 11 thru 16:

3. " OPHTHALMIC DISPENSING" MEANS THE (PRACTICE OF FILLING PRESCRIPTIONS OF LICENSED PHYSICIANS, SURGEONS OR OPTOMETRISTS, AND INCLUDES THE TAKING OF FACIAL MEASUREMENTS, FITTING AND ADJUSTMENT OF LENSES OR FRAMES, DUPLICATION OF LENSES, AND THE MEASUREMENT, FITTING OR ADAPTATION OF CONTACT LENSES TO THE HUMAN EYE UNDER THE DIRECTION AND SUPERVISION OF A PHYSICIAN OR SURGEON.

AS THE LAW STANDS NOW, A DISPENSING OPTICIAN, WHEN FITTING OR ADAPTING CONTACT LENSES, IS UNDER THE DIRECTION AND SUPERVISION OF A PHYSICIAN OR SURGEON. THE CURRENT CHANGES ON PAGE 7 DO NOT REQUIRE ANY DIRECTION AND SUPERVISION FROM A PHYSICIAN OR SURGEON BUT IN THE 2 LETTERS FROM PHYSICIANS

SUPPORTING OPTICIANS IN FITTING CONTACT LENSES, BOTH RECOMMEND DIRECTION AND SUPERVISION FROM AN OPHTHALMOLOGIS

Page 7 LINE 48 & 49:

(b) SINCE THIS IS ALREADY IN THE LAW AND THE OPHTHALMOLOGIST RECOMMENT IT IN THEIR LETTERS AS ITS STATED IN THE LAW, IT SHOULD NOT BE REMOVED FROM THE LAW.

EXHIBIT B

- In 1938 Obrig and Muller, both non-eye professionals, first molded plastic scleral lenses and had a modest degree of success in certain eye conditions.

- The fore-runner of today's successful so-called hard contact lens was perfected and patented by Mr. Kevin Touhy, an optician and contact lens technician.

- In the past 25 years many of the refinements in contact lens design have been made possible by non-professional personnel doing research in the manufacture of contact lenses and technics of fitting.

In light of the above, it is ironic that the dedicated and qualified optician is confronted with legislative and legal challenges to his work by the optometric lobby which seems bent on exercising authority over ancillary opthalmic personnel serving the medical profession.

We are aware that a contact lens, when placed on the eye, may alter tissue and the changes may be permanent. We feel strongly that the physician must exercise direction and supervision of the (technician) optician consistant with the qualifications of the optician and the needs of the patient.

It is not the duty or responsibility of the contact lens technician to advise or recommend therapy concerning pain, redness, use of medications, etc. The patient should be referred back immediately and emphatically to the ophthalmologist for any necessary recommendations. This duty, incidentally, even applies to the optometrist.

Optometry is continually questioning the right of the ophthalmologist to delegate to a contact lens technician what they claim medicine would deny the optometrist. Their argument may appeal to the uninformed but has no merit in fact. What must be clearly understood, is that the qualified optician or contact lens technician is not fitting contact lenses independently but is working under the direction and supervision of the ophthalmologist, thereby insuring a maximum of safety in the fitting and wearing of these lenses.

The technical fitting of the contact lens, (including K readings), the grinding of the intermediate and peripheral curves and their blending, the polishing of the lens, the instruction of the patient in the care of, and in the inserting and removing the lens, the necessary adjustments for lens centering, smoothing and rounding of edges are the technical, time consuming, but important functions that qualified opticians and contact lens technicians can do for us. The final phase of contact lens fitting, however, is the medical examination and approval of the contact lens fitting by the prescribing ophthalmologist and this is a continuing process periodically, as long as the patient wears contact lenses.

In conclusion, it is our recommendation that the medical eye profession and its technical colleagues - the opticians - be kept free to continue their close and useful relationship in their respective fields unfettered by restrictive, restraining rules that only raise costs to the public without any compensatory health-safety factors.

Sincerely,

Maurice D. Pearlman, M.D.
President, Las Vegas Ophthalmological Society

MDP/cs

EXHIBIT B 1346

STEVEN P. SHEARING, M.D., LTD.
OPHTHALMOLOGY

RANCHO-SAHARA MEDICAL CENTER
2320 SOUTH RANCHO DRIVE
SUITE 103
LAS VEGAS, NEVADA 89102

TELEPHONE 384-4740

March 2, 1979

Nevada Legislature 1979

I have been in the practice of Ophthalmology in Las Vegas since January of 1969. It has been my experience during that period of time that contact lens fittings by local Las Vegas Opticians have been quiet satisfactory and that the rate of complications have not been significantly different from that of contact lens fittings by other practioners including Optometrists and Ophthalmologists. It has been my impression that local Opticians have been very cautious about the medical status of the eye and has always referred their contact lens customers for evaluation by a qualified Ophthalmologist both prio to and after having fitted the individual with a contact lens. I see no reason why Opticians should not continue to fit and dispense contact lenses provided that they do so under the supervision of a qualified Ophthalmologist as has been general practice in the Las Vegas community area.

Sincerely,

Steven P. Shearing M.D.

Steven P. Shearing, M.D.

SPS:jc

EXHIBIT B - 1347

IN THE SUPREME COURT OF THE STATE OF NEVADA

TRAVELERS INSURANCE COMPANY, APPELLANT,
v. RAMIRO LOPEZ, RESPONDENT.

No. 9398

August 17, 1977

Appeal from order granting summary judgment, Eighth Judicial District, Clark County; Thomas J. O'Donnell, Judge.

Affirmed.

Thorndal & Liles, Ltd., and *Leland Eugene Backus,* Las Vegas, for Appellant.

Patrick J. Fitzgibbons and *M. Douglas Whitney,* Las Vegas, for Respondent.

OPINION

By the Court, MANOUKIAN, J.:

This is an appeal from an order granting summary judgment in an action for declaratory relief. Following judgment in the court below, appellant, Travelers Insurance Company, was ordered to pay to respondent, Ramiro Lopez, $10,000 under the basic reparation benefits clause contained in the policy of insurance issued by Travelers to Lopez.

The facts are undisputed. On July 12, 1974, respondent insured was seriously injured when his automobile collided with that of an uninsured motorist. His personal automobile being operated by him at the time of the accident was insured by both Ambassador Insurance Company and Travelers. Both policies of insurance contained the standard reparation benefits endorsement as mandated by Chapter 698 of the Nevada Revised Statutes. Both basic reparation benefits endorsements contained "other insurance" clauses stating that the maximum amount recoverable by Lopez under both policies is the amount that would have been payable under the provisions of the insurance policy providing the highest dollar limit. In this case, neither insurance carrier provided a higher limit or added reparation benefits, but both companies provided a limit of $10,000. The Ambassador policy was issued on the accident vehicle. The Travelers policy insured three of respondent's vehicles under a commercial policy and also covered "all

EXHIBIT "C"

1348

owned vehicles." The parties have stipulated that the various medical expenses incurred by respondent exceeded $20,000. Ambassador has paid to respondent the $10,000 limit on its policy under the basic reparation benefits provision and is not a party to these proceedings. Travelers has consistently maintained that it has no obligation to pay the insured under the basic reparation benefits endorsement of its comprehensive policy, due to the $10,000 payment by Ambassador.

Appellant has raised the following issues for our determination. (1) Whether the provisions of the Nevada Motor Vehicle Insurance Act, Nevada Revised Statutes Chapter 698, preclude the stacking of two or more obligations to pay basic reparation benefits; and (2) What is the effect to be given the "other insurance" clause contained in Travelers' basic reparation benefits endorsement? We turn to resolve these questions.

1. Resolution of the first issue involves the interpretation of Chapter 698 of the Nevada Revised Statutes known as the Nevada Motor Vehicle Insurance Act, adopted by the Nevada Legislature in 1973 to implement Nevada's no-fault insurance scheme. The Act reveals that the Legislature intended to provide for the payment of certain benefits referred to as basic reparation benefits, excluding harm to property (NRS 698.040), in an amount not to exceed $10,000 per person per accident for such damages as loss of income, funeral benefits, medical costs and survivor benefits (NRS 698.070). Every policy of insurance issued in this State, except for those policies which provide coverage only for liability in excess of required minimum tort liability coverages, includes basic reparation benefits coverage (NRS 698.200), and these benefits are payable without regard to fault (NRS 698.250).

Appellant contends that NRS 698.070 read in conjunction with the definition of the basic reparation benefits contained in NRS 698.040 and the provisions of NRS 698.260(4) limit the recovery of basic reparation benefits under all applicable policies of insurance to $10,000.

NRS 698.260 is the section of the Motor Vehicle Insurance Act which provides basic reparation insureds with guidance as to which obligor he must look to for recovery of his first party benefits. Since both Ambassador and Travelers are considered respondent's insurer under our statutory scheme, a question arises as to what the respective obligations of each insurer are when multiple coverages are available. Generally, when there are two or more obligations to pay basic reparation benefits to a person injured while operating or occupying a motor vehicle, the insurers will fall into different categories set forth in NRS 698.260(1), and that subsection specifically designates which insurer must be looked to in order to seek

recovery. Subsection (1) indicates that the injured person's claim is to be made to "his insurer", and if he does not have his own insurance "to the insurer of the owner of the motor vehicle", and if neither of the above are insured to "the insurer of the operator of the motor vehicle." It is apparent that conflicts arise under this priority scheme when two or more insurers can be considered as primary obligors under these categories. Appellant posits how this conflict can be resolved, contending that the Nevada Legislature anticipated this dilemma and resolved it by adding subsection (4) to NRS 698.260. NRS 698.260(4) provides:

> If two or more obligations to pay basic reparation benefits are applicable to any injury under the priorities set out in this section, *benefits are payable only once* and the reparation obligor against whom a claim is asserted shall process and pay the claim as if wholly responsible. (Court's emphasis.)

It is Travelers' contention that the "payable only once" language precludes a basic reparation insured from receiving any payments above the $10,000 figure mentioned in NRS 698.070. Respondent contends that NRS 698.260(4) only precludes double recovery for the same items of damage. We are constrained to agree with respondent.

Appellant admits that both it and Ambassador can be considered to be respondent's insurer, and, therefore, are first in order of priority pursuant to NRS 698.260(1)(a). Subsection (4) of NRS 698.260 refers specifically to our type factual setting arising when "two or more obligations to pay basic reparation benefits are applicable to an injury *under the priorities set out in this section.*" (Court's emphasis.) A reasonable interpretation of this language, when read in light of the provisions of subsection (1) of NRS 698.260, is that the Legislature intended to limit the payment of basic reparation benefits to a single level of priority rather than to preclude the "stacking" or "pyramiding" of insurance policies.

Additionally, recognizing that all policies of insurance issued in the State of Nevada must provide for basic reparation benefits (NRS 698.200) and accepting our interpretation of NRS 698.260(4), we perceive NRS 698.460 as supporting the proposition that an insurer must pay basic reparation benefits without regard to payments made from other sources of insurance of the same priority.

Legislative intent supportive of our determination is further reflected in that provision is made to the end that insurers can provide "additional optional coverage for added reparation benefits." NRS 698.360. This section has a chilling effect on

EXHIBIT C

Travelers' contention that it was the intent of the Legislature to limit the recovery of basic reparation damages to $10,000 per accident. Although *arguendo,* the additional reparation benefits contemplated by NRS 698.360 are to be provided only upon the payment of higher corresponding premiums, there is nothing preventing the securing of additional reparation benefits through the purchase of a separate policy of insurance providing for the same basic reparation benefits. Nowhere in our legislation is there evidence that the $10,000 minimum basic reparation benefits need be purchased from the same insurer. Had the Legislature intended a different result, it would have so provided.

We conclude by holding that there exists no legislative prohibition against the "stacking" of insurance policies when both insurers are at the same level of priority, as is the case here. There are public policy and other considerations which support this conclusion. For example, the insured Lopez, paid premiums on two policies of insurance covering the same vehicle. Both policies of insurance provided for the payment of basic reparation benefits. Injuries and expenses sustained by the insured are in excess of $20,000. Requiring the payment by Travelers of the policy limit would not result in a windfall to Lopez, nor would it result in any prejudice to the insurance company, in that the insurance company has accepted the payment of premiums and has, in effect, assumed the risk that injury to the insured may occur. The premiums collected by Travelers are deemed to have comprehended this potential.

2. We now turn to the second question, specifically, the effect to be given the "other insurance" clause of the Travelers insurance policy.

The Travelers' Basic Reparation Benefits Endorsement—Nevada, Symbol FF–388, part I, § E(6), p. 5, provides:

> Non-duplication of Benefits—Other Insurance—No eligible insured person shall recover *duplicate benefits for the same elements of loss* under this or any similar automobile insurance, including self-insurance. In the event the eligible insured person has other similar automobile insurance including self-insurance available and applicable to the accident, the maximum recovery under all such insurance shall not exceed the amount which would have been payable under the provisions of the insurance providing the highest dollar limit, and The Travelers shall not be liable for the greater proportion of any loss to which this coverage bears to the sum of the applicable limits of liability of this coverage and such other insurance.

The trial court interpreted this language and similar language contained in the policy of insurance issued by Ambassador to mean "that the insured shall not collect twice for the same medical bills", noting that such was not the case here since the damages incurred by respondent exceeded the limitations of the combined limits of both policies. Appellant asserts the policy defense that, considering the other insurance available and paid to respondent, it has no duty to pay him. If correct, the clause would constitute a complete defense to the action.

In United Services Auto. Ass'n. v. Dokter, 86 Nev. 917, 478 P.2d 583 (1970), we dealt with the interpretation of an "other insurance" clause contained in two policies issued by the same insurance company. There, this Court held that the purpose of the "other insurance" clause was twofold, "to prorate the loss and to fix the limit thereof." *Id.* at 920, 478 P.2d at 584. This Court then referred to the cases concerned with multiple policies written by different insurers, stating that they were significantly distinguished from the *Dokter* facts. We went on to find the language to be ambiguous and concluded that it was inappropriate to apply the "other insurance" clause to limit recovery when the same insurance company issued both policies because the insured would not reasonably anticipate the construction urged in light of the purpose of the "other insurance" clause. Here, the clause is not ambiguous, and although the facts in *Dokter* and the instant fact "distinctions are significant," *id.* at 919, 478 P.2d at 584, we are not inclined to depart from the result reached therein.

The case now before us is one of first impression in Nevada. Travelers, by its "other insurance" clause, sought to defer or limit its liability if other insurance is available to pay part or all of its insured's loss. In Werley v. United Services Auto. Ass'n., 498 P.2d 112 (Alaska 1972), the court relied heavily on the Oregon decision in Lamb-Weston, Inc. v. Oregon Auto. Ins. Co., 341 P.2d 110 (Or. 1959), and held that the "other insurance" clause contained in one policy of insurance was null and void when it conflicts with a similar clause contained in another policy of insurance. We adopt the Oregon or "Lamb-Weston" rule of insurance law concerning conflicting "other insurance" clauses.

Appellant contends that the *Werley* decision should not be applied to the "other insurance" clause contained in the Travelers policy because it was almost identical to the clause contained in the Ambassador policy. If, however, both clauses were held to apply, the situation could arise where both companies disclaimed liability, relying on the provisions of the

EXHIBIT 1350

"other insurance" clause, thus resulting in inevitable unnecessary litigation. Circularity was one of the major concerns of both the *Werley* and *Lamb-Weston* courts.

We additionally find the "Lamb-Weston" rule to be more valid for the reasons that it avoids arbitrariness in the selection of conflicting clauses and giving effect to it, it discourages litigation between insurers, and it does provide a basis for a uniformity of result. Werley v. United Services Auto. Ass'n., 498 P.2d 112 (Alaska 1972).

Accordingly, the better view favors respondent's position that an insured is entitled to payment in full up to the policy limit, with respect to each policy under which coverage is afforded, and that "other insurance" clauses and similar clauses which purport to limit liability are void. Geyer v. Reserve Insurance Company, 447 P.2d 556 (Ariz. 1968); Sparling v. Allstate Insurance Company, 439 P.2d 616 (Or. 1968); Sellers v. United States Fidelity and Guaranty Company, 185 So.2d 689 (Fla. 1966); Bryant v. State Farm Mutual Auto. Ins. Co., 140 S.E.2d 817 (Va. 1965).

"The original reason for 'other insurance' clauses was to prevent overinsurance and double recovery under property and fire insurance policies. But since there is a greatly diminished risk of fraudulent claims under an automobile liability insurance policy, this original purpose of 'other insurance' clauses is of only limited importance." Werley v. United Services Auto. Ass'n., 498 P.2d 112, 116–117 (Alaska 1972). "Other insurance" clauses "function solely to reduce or eliminate the insurer's loss in the event of concurrent coverage of the same risk."[1] If there ever was a strong rationale for the the use of "other insurance" clauses it has, on facts such as those presently before us, substantially evaporated.

We affirm the summary judgment and hold that the actual damages sustained by respondent are recoverable to the full extent of the combined limits of both policies.

BATJER, C. J., and MOWBRAY, THOMPSON, and GUNDERSON, JJ., concur.

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[1]Note, Concurrent Coverage in Automobile Liability Insurance, 65 Colum.L.Rev. 319, 320 (1965).

SPO, CARSON CITY, NEVADA, 1977

EXHIBIT C

IN THE SUPREME COURT OF THE STATE OF NEVADA

WILLIAM F. COOKE, APPELLANT, *v.* SAFECO INSURANCE COMPANY OF AMERICA, A CORPORATION, RESPONDENT.

No. 10692

December 20, 1978

Appeal from summary judgment; Second Judicial District Court, Washoe County; Peter Breen, Judge.

Reversed and remanded.

Peter Chase Neumann, Reno, for Appellant.

Hibbs and Newton, and *Frank H. Roberts,* Reno, for Respondent.

OPINION

Per Curiam:

Appellant's wife was severely injured in an automobile accident in November, 1976, and as a result of those injuries, she died. Appellant claims to have incurred medical expenses in excess of $23,000.00 on account of his wife's injuries.

Pursuant to the no-fault provisions of an automobile insurance policy covering appellant's two vehicles, respondent paid basic reparation benefits of $10,000.00.

Appellant contends respondent owes an additional $10,000.00 in basic reparation benefits because the policy insured two vehicles and charged a separate premium for each. Respondent on the other hand argues a limits of liability clause precludes this type of "stacking" of no-fault coverage.[1] We disagree.

In Travelers Insurance Co. v. Lopez, 93 Nev. 463, 567 P.2d 471 (1977), we held that the Nevada Motor Vehicle Insurance Act, Chapter 698, NRS, did not preclude stacking two or more obligations to pay basic reparation benefits where two policies insuring the same vehicle were on the same level of priority, but

[1]A provision of respondent's Nevada Basic Reparation Benefits Endorsement reads as follows:

f. LIMITS OF LIABILITY

Regardless of the number of persons insured, policies or bonds applicable, claims made, or insured motor vehicles to which this coverage applies, the company's liability for all basic reparation benefits with respect to bodily injury sustained by any one eligible insured person in any one motor vehicle accident shall not exceed $10,000.00 in the aggregate.

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that the [redacted] merely precluded recovery for the same items of damage. Both policies issued to Lopez provided for payment of basic reparation benefits of $10,000.00 and both contained "other insurance" clauses purporting to limit the maximum amount recoverable from all sources to $10,000.00. Lopez was involved in an accident with an uninsured motorist and incurred medical expenses in excess of $20,000.00. Travelers denied liability on the ground that the insured had already received benefits of $10,000.00 from Ambassador Insurance Co., Lopez' other insurer. We had little difficulty in declaring the "other insurance" clause null and void.[2] Travelers was required to pay $10,000.00 under the basic reparations provision of its policy.

Respondent attempts to distinguish *Lopez* on the grounds that (1) the "limitation of liability" clause herein involved is valid, and (2) the separate premiums Cooke paid were for no-fault coverage on two separate vehicles. These distinctions do not require a contrary result. Compare, Travelers Indem. Co. v. Wolfson, 348 S.2d 661 (Fla.App. 1977); Chappelear v. Allstate Ins. Co., 347 S.2d 477 (Fla.App. 1977); and Fla. Stat. Ann. 627-736 which specifically limits the maximum amount of no-fault benefits recoverable to $5,000.00.

Here, appellant paid two premiums for two separate no-fault coverages. The public policy of this state prevents the insurance company from limiting its liability to a single recovery under such circumstances. Allstate Insurance Co. v. Maglish, 94 Nev. ....., Ad. Op. 200, 586 P.2d 313 (1978); Travelers Insurance Co. v. Lopez, *supra*. The insured is entitled to the protection he may reasonably expect for the premiums he pays.

Recently, in Allstate Insurance Co. v. Maglish, *supra,* we permitted stacking of *uninsured motorist* coverage where a single policy insured two vehicles. Separate premiums were charged for the coverage and we declared the liability limiting clause in that case contrary to public policy.[3] Respondent offers no compelling reason why the same result should not obtain in the instant case regarding no-fault coverage. *See also,*

[2]The Court held:

Accordingly, the better view favors [Lopez'] position that an insured is entitled to payment in full up to the policy limit with respect to each policy under which coverage is afforded, and that 'other insurance' clauses and similar clauses which purport to limit liability are void. [Citations omitted.] Travelers Insurance Co. v. Lopez, *supra,* 93 Nev. at 468.

[3]The clause provided:

The limit of liability stated in the declarations as applicable to 'each person' is the limit of Allstate's liability for all damages . . . suffered by one person as the result of any one accident and, . . . the limit of liability stated in the declarations as applicable to 'each accident' is the total limit of Allstate's liability for all damages . . . sustained by one or more persons as the result of any one accident.

State Farm Mut. Auto. Ins. v. Hinkel, 87 Nev. 478, [redacted] 1151 (1971); United Services Auto. Ass'n v. Dokter, 86 Nev. 917, 478 P.2d 583 (1970).

Accordingly, we reverse the summary judgment and remand to the district court for further proceedings consistent with our opinion.

BATJER, C. J.
MOWBRAY, J.
THOMPSON, J.
GUNDERSON, J.
MANOUKIAN, J.

NOTE—These printed advance opinions are mailed out immediately as a service to members of the bench and bar. They are subject to modification or withdrawal possibly resulting from petitions for rehearing. Any such action taken by the court will be noted on subsequent advance sheets.

This opinion is subject to formal revision before publication in the preliminary print of the Pacific Reports. Readers are requested to notify the Clerk, Supreme Court of Nevada, Carson City, Nevada 89710, of any typographical or other formal errors in order that corrections may be made before the preliminary print goes to press.

C. R. DAVENPORT, *Clerk.*

SPO, CARSON CITY, NEVADA, 1978

EXHIBIT C

E

THE CONSUMER'S POCKETBOOK AND THE INSURANCE MECHANISM

NEVADA LAW PER NRS 686B GIVES DIRECTION IN TWO RELEVANT AREAS: RATES AND AVAILABILITY.

A. INSURANCE RATE MAKING

I. PURE PREMIUM = AMOUNT TO PAY LOSSES

II. PURE PREMIUM = FREQUENCY X SEVERITY

III. RATING METHODS NOW GIVE DISCOUNTS FOR FAMILY/ PERSONS WITH MORE THAN ONE CAR. THE AMOUNT OF DISCOUNT VARIES FROM 15% TO 25%. THE DISCOUNT IS BASED ON 1) ADMINISTRATIVE SAVINGS DUE TO ECONOMIES OF SCALE AND 2) LOWER EXPECTED LOSSES.

B. AVAILABILITY OF HIGHER LIMITS

Section 1. Chapter 687B of NRS is hereby amended by adding thereto a new section which shall read as follows:

Any policy of insurance or endorsement providing coverage under the provisions of NRS 690B.020, chapter 698 of NRS, and NRS 681A.020 may provide that if the insured has coverage available to him under more than one policy or provision of coverage, any recovery or benefits may equal but not exceed the higher of the applicable limits of the respective coverages, and the recovery or benefits must be prorated between the applicable coverages in the proportion that their respective limits bear to the aggregate of their limits.

1. In favor of recovery to the insured.

2. That an insurance policy cannot restrict protection which the insured is statutorily entitled to.

3. That the insured is entitled to payment in full up to the policy limit for which he has paid premiums.

No-fault and uninsured motorist coverages are first-party coverages. However, the same arguments can be set forth for liability coverage, i.e., the insured paid premiums and would reasonably anticipate coverage in the event he is involved in an accident and sued for damages. The rights of an injured person are derivative and secondary and are no greater than those of the named insured. Obviously, if the liability limiting clause is not declared to be void, the injured can recover no more than the limits set forth in the insurance policy. However, the beneficiary of the financial responsibility statute and the resulting policy provisions required thereby, are those who are injured in an automobile accident. The trend of the Nevada Supreme Court seems to favor recovery and the language of Cooke v. Safeco, supra, (copy enclosed) on its face, seems to allow recovery from all policies purchased by the insured.

This "public policy" voiding all clauses limiting an insurance company's liability does not take into consideration the purpose of clauses in an insurance policy establishing an upper limit of liability. If sums over and above the upper limit of liability could be obtained, the inclusion of the upper limit maximum limitation in the contract would be meaningless. The inclusion of a maximum liability clause which is not ambiguous should be upheld under contract law. Any other result would make the company's limit of liability undeterminable and the total limit of the company's potential liability would be incalculable. In addition, the premium structure would be destroyed. These facts somehow must be made known to the court so that the insurance company's rights and the policy considerations involving contracts can be balanced and weighed with the policy announcements set forth in the cases discussed herein.

In addition, the stacking cases to date have required that the insured recover and be entitled to the statutory minimums for each policy purchased. The statutory minimum for liability insurance is $15,000 per person and $30,000 per occurrence. Assuming a controlling public policy is providing the statutory limits of liability coverage established by the financial responsibility laws, $300,000 coverage for an occurrence would

EXHIBIT "D"

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Thomas F Conneely
Regional Vice President

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APRIL 16, 1979

CHAIRMAN AND MEMBERS OF THE ASSEMBLY
COMMITTEE ON COMMERCE
NEVADA STATE LEGISLATURE
LEGISLATIVE BUILDING
CARSON CITY, NEVADA 89701

DEAR ASSEMBLYMAN:

SUPPORT STATEMENT FOR ASSEMBLY BILL 617

THE ALLIANCE OF AMERICAN INSURERS IS A NATIONAL TRADE ASSOCIATION OF PROPERTY AND CASUALTY INSURANCE COMPANIES. SOME 25 OF OUR MEMBER COMPANIES ARE AUTHORIZED TO WRITE INSURANCE IN THE STATE OF NEVADA. I AM WRITING TO YOU TO EXPRESS THE SUPPORT OF THE ALLIANCE MEMBERSHIP TO ASSEMBLY BILL 617 WHICH WILL BE HEARD IN THE ASSEMBLY COMMERCE COMMITTEE ON WEDNESDAY, APRIL 18.

EXISTING DECISIONAL LAW IN NEVADA, IN CERTAIN INSTANCES, PERMITS THE STACKING (THE ADDING TOGETHER) OF AUTOMOBILE INSURANCE COVERAGES WHEN A POLICYHOLDER HAS COVERAGE AVAILABLE TO HIM UNDER MORE THAN ONE POLICY OR PROVISION OF INSURANCE. ASSEMBLY BILL 617 ALLOWS INSURERS TO SPECIFY IN AUTOMOBILE INSURANCE POLICIES AND UNINSURED MOTOR VEHICLE PROVISIONS THAT:

1. IF A POLICYHOLDER HAS COVERAGE AVAILABLE TO HIM UNDER MORE THAN ONE POLICY OR PROVISION OF INSURANCE COVERAGE, HIS RECOVERIES/ BENEFITS MAY EQUAL BUT NOT EXCEED THE HIGHER OF THE APPLICABLE LIMITS OF THE RESPECTIVE COVERAGE; AND THAT

2. THE RECOVERIES/BENEFITS MUST BE PRORATED BETWEEN THE APPLICABLE COVERAGES AND THE PROPORTION THAT THE RESPECTIVE LIMITS BEAR TO THE AGGREGATE LIMITS.

THE ALLIANCE SUPPORTS LEGISLATION WHICH PREVENTS THE STACKING OF AUTOMOBILE INSURANCE COVERAGES, PARTICULARLY UNINSURED MOTORIST VEHICLE COVERAGES. THE PRICING OF AUTOMOBILE INSURANCE BY INSURERS DOES NOT CONTEMPLATE THE STACKING OF AUTOMOBILE INSURANCE COVERAGES. IF THE STACKING OF THESE INSURANCE COVERAGES IS REQUIRED, AUTOMOBILE INSURERS WILL BE COMPELLED TO REFLECT THIS ADDITIONAL EXPOSURE IN THEIR PRICES.

THEREFORE, WE URGE YOUR "YES" VOTE ON ASSEMBLY BILL 617.

VERY TRULY YOURS,

Marialee Neighbours ms

MARIALEE NEIGHBOURS
GOVERNMENT AFFAIRS REPRESENTATIVE

EXHIBIT "E"

MN:MS

~~SENATE~~ EYE GLASSES

My name is Gerald Prindiville. I'm representing the American Assn. of Retired Persons. This organization is respectfully requesting you members of the Nevada State ~~Senate~~ to take a position in favor of SB 129.

1. Over half the people in the United States wear glasses; and they spend more than 2 billion dollars a year on them. (U. S. Statistical Abstract for 1977, $ 2,300,000,000). However, this also includes other appliances.

2. A recent report by the Federal Trade Commission reveals that there seems to be no direct correlation between the prices people pay, and the quality of glasses they get; for the special reason that only a handful of suppliers produce most of the lenses in the U. S. Because these companies, like Bausch & Lomb, or Corning and Schott, maintain relatively high standards, it is possible to buy almost uniformally good quality glasses regardless of price. (Good Housekeeping, Feb.1978, Pp 225-6).

3. According to the Federal Trade Commission, one reason for the high prices of glasses is that consumers cannot comparison shop. It is impossible to go shopping for glasses if the examining doctor doesn't give the patient a copy of his prescription.

4. Dr. Alphonse Cinotti, president of the American Assn. of Opthalmology says that it is unquestionably the right of every patient to be given a copy of his prescription without charge.

5. A comparison of prices between New York and Missippi shows that patients in Mississippi who usually cannot get copies of their prescriptions, pay an average of 25% more for glasses than consumers in New York, where patients are given their prescriptions.

6. A study conducted by the American Assn. of Retired Persons revealed that people who shopped for glasses in states where advertising was permitted, paid an average of 18% less ($58 instead of 71) than consumers in non-advertising states.

7. According to the U. S. National Center for Health Statistics (as quoted in the Statistical Abstracts) over 88% (88.3%) of the people who are 45 or older wear corrective lenses; and the ratio increases as the age goes up. And people usually need a new pair of glasses every five years.

8. Medicare and Medicaid programs cover many health costs, but they do not cover the costs of eye glasses (or drugs, dental, or custodial care).

9. At present, the cost of a pair of glasses ordinarily ranges between $75 to $150. And that is an awfully high price when one considers the fact that the average social security check is less than $250 per month; and that 15% of the elderly live below the poverty line; and 51% of elderly widows and single women live below the poverty line. (Single-$2352, Couple $2956). (You and Your Aging Parent, Barbara Silverstone, N.Y. Pantheon, 1975, 80-81)

10. So, that your approval of SB 129 which will help reduce the cost of glasses will be very much appreciated by the American Assn. of Retired Persons.

Thank you very much,

EXHIBIT "F"

NEVADA STATE DEMOCRATIC PLATFORM

PREAMBLE

Democrats pledge a government that has as its guiding concern, the needs and aspirations of all the people, rather than the prerequisites and special privilege of the few, a government whose basic tenets are fairness, equality and opportunity.

COMMENDATIONS

The Nevada State Democratic Party (NSDP) commends those legislators who honored their pre-election pledges to the public.

The NSDP commends the Nevada Legislature for its initiation and continued support of the Desert Research Institute solar energy development program.

The NSDP is justifiably proud of its party and the elected public officials emanating therefrom, and recognizes that these elected officials deserve our gratitude for their efforts in our behalf, and we therefore commend Senator Howard Cannon, Representative James Santini, Governor Mike O'Callaghan, Lieutenant Governor Robert Rose, Secretary of State William D. Swackhamer, State Treasurer Michael Mirabelli, as well as other Democratic county and city officials for their efforts to foster honest and fair government, as well as honoring the goals of the Democratic Party.

In addition, we extend our sincere thanks to those of our citizens who have labored on behalf of all Nevadans, usually at a loss in both time and money, serving on city, county, state and national boards, committees, councils, as well as federal and state juries.

NATIONAL PLATFORM

WHEREAS, the year 1976 was the first Democratic Presidential victory in 16 years; and

WHEREAS, Democrats of the State of Nevada successfully elected a Democrat, James Santini, to the United States Congress; and

WHEREAS, Democratic voters made possible the election of an overwhelming majority of Democrats to the Nevada State Legislature;

BE IT RESOLVED, that our first priority be party unity and that in the interest of continued Democratic progress locally, statewide and nationally, the Nevada State Democratic Party goes on record in support of the National Democratic Platform of 1976.

National Issues

Economic Justice

Because there has been a shift in the tax burden from the rich to the working people in this Country, the NSDP strongly urges that:

EXHIBIT "G"

President Carter and the Congress move with care on the tax reform proposals restricting business and entertainment expenses, i.e., "three-martini lunches", which may be harmful to the economy of Nevada and all other tourist-oriented states.

Employment and Labor

1. The NSDP declares a commitment to full and vigorous implementation and enforcement of all equal opportunity laws and affirmative action.

2. The NSDP supports a national labor policy and Labor Law Reform (S2467), whose purpose is to encourage the practice and procedure of collective bargaining and the right of workers to organize and bargain collectively.

3. That the NSDP and its State and Congressional representatives oppose in all manner possible the inclusion of Nevada public employees in forced Social Security coverage, and

Be it it further resolved; That the NSDP and its State and Congressional representatives promote the philosophy of continued optional coverage, wherein the public employees can choose to be covered or remain outside of the system.

4. Because heavy trucks and the trucking industry do not pay their fair share of road maintenance and because the industry constantly lobbies both state and national government bodies for increased capacity of trucks, the NSDP urges that no deregulation in the trucking industry be considered by state or congressional bodies.

Lands

1. Because each state is sovereign with all powers and rights reserved to it as intended by the Constitution of the United States, and because the State of Nevada is stifled and unduly burdened by federal ownership and control of 87% of the lands within our boundaries, thereby preventing Nevadans and the State of Nevada from exercising our State's rights and privileges to govern and control our own destiny, we urge that:

(a) The Nevada Legislature declare and exercise sovereign rights over the federal public lands within our border, to which we are constitutionally and inherently entitled.

(b) That priority be given to Nevada citizens for all lands available to the State of Nevada under the Carey Land Act.

(c) Because the Congress of the United States has recently enacted numerous pieces of legislation which involve the administration and management of public lands, and because the United States possesses approximately 87% of all land in Nevada, and because the Federal agencies administering these lands are in the process of promulgating rules and regulations for the administration of the recent land laws enacted by Congress, which rules and regulations will affect the economy and economic growth of the State; the volume and complexity of the rules and regulations being proposed are impossible for any one private industry or group of individuals to review and commend, we urge that the Congress of the United States establish a committee to review proposed rules and regulations as proposed

by the administering Federal agencies to analyze the compliance of the proposals with the Acts as enacted and the effect of the rules and regulations upon the existing industries and residents of the State of Nevada.

State Issues

Health, Welfare and Aging

The NSDP realizes that a commitment of time and resources is necessary to accomplish goals in the area of urgent human needs and because the NSDP esteems its aging citizens, we strongly urge:

1. That the State of Nevada be prohibited from using Social Security increases in determining welfare eligibility.

2. That available federal funds be utilized to meet the medical needs of the working poor through appropriate programs.

3. Expanded programs for detoxification centers, rape crisis centers, drug abuse prevention centers and centers to aid abused spouses and children.

4. That all ADC grants in Nevada be raised to full reflect the cost of living.

5. Funds for AFDC (Aid to Families with Dependent Children) to stop the needless breakup of families because of poverty.

6. That family planning aid be made available to all Nevadans regardless of age or sex.

7. Making grants to Foster Parents commensurate with the cost of living and implementation of a Community Group Foster Home program in addition to the exising foster care programs.

8. That governmental agencies in northern Nevada consider aiding in the development of more paramedical units (only one at present), possibly through the use of direct subsidies.

9. That Nevada Public Mental Health Services be better administered to provide comprehensive in-patient and out-patient services for the chronically mentally ill, the retarded and the elderly.

10. That the Nevada Legislature, when funding welfare and unemployment and financial aid programs require greater emphasis be placed upon job training, community service and work incentives and provide the necessary funding for these programs.

11. The state and local officials and private sector be encouraged to take affirmative action and hire individuals who have received job training.

12. That there be no discrimination based on age as it relates to public employment, nor should retirement be mandatory for those who desire to work beyond

the age of 65, giving consideration to experience, educational achievements and skills.

13. That the Nevada Legislature amend the law which restricts optometrists from practicing on commercial premises in order to reduce the cost of eye glasses.

14. An independent, statewide ombudsman be provided for by legislation to have the authority to investigate and refer complaints made by mental health, mental retardation patients, as well as nursing home, rest home and convalescent center residents, and who shall have the authority to inspect the State Hospital.

15. Support of expanded home health service programs for senior citizens, such as "Meals on Wheels", home nursing, chore services and other alternatives to nursing home placement and care.

16. A study be made of cost of living supplements for senior citizens receiving state and federal assistance, to assure that they maintain an adequate living standard.

17. A State Science and Technology Board for all handicapped persons, both mental and physical, be established which will include representatives from government, industry, health practitioners and consumers. This effort should be viewed as an additional commitment, not one which would adversely affect small programs already in existence.

18. The Legislature is urged to support those efforts being made by the federal administration, particularly by the Women's Bureau of the Department of Labor, to ensure that poor women have ready and special access to jobs being created through the Public Works Administration and the Comprehensive Employment and Training Act (CETA).

19. That, upon the request of a blood test by physician or patient, Nevada State Health laws be amended to require that blood tests for women must be tested to Rheses (RH Factor) type and that the woman tested be notified of the Rheses (RH Factor) typing test results.

20. That available federal funds be utilized to meet the medical needs of the working poor through appropriate state and federal programs.

21. That all Aid to Dependent Children (ADC) grants be raised to fully reflect the cost of living.

22. While recognizing the great increase in emergency medical services available to rural Nevada in the last 4 to 5 years, we urge the Nevada Legislature to further increase the life-saving factor by providing hospital planes and/or helicopters for transport of the injured in isolated areas.

23. That the Nevada Legislature amend the Nevada State Employees Retirement Act to provide that post-retirement increases be computed on current payment instead of base payment.

MY NAME IS HARVEY WHITTEMORE, AND I AM APPEARING ON BEHALF OF THE NEVADA STATE DEMOCRATIC PARTY. THE DEMOCRATIC PARTY IN ITS STATE PLATFORM REALIZED THAT A COMMITMENT OF TIME AND RESOURCES WAS NECESSARY TO ACCOMPLISH GOALS IN MANY AREAS DURING THIS LEGISLATIVE SESSION. I AM APPEARING TODAY TO HOPEFULLY HELP FURTHER THESE GOALS IN ONE SPECIFIC AREA. BECAUSE THE NSDP PARTICULARLY ESTEEMS ITS AGING CITIZENS, THE PARTY IN ITS 1978 STATE PLATFORM STRONGLY URGED THAT THE NEVADA LEGISLATURE AMEND NRS 636.300(11) WHICH RESTRICTS OPTOMETRISTS FROM PRACTICING ON COMMERCIAL PREMISES. THE PARTY FEELS THAT REMOVING THIS RESTRICTION WILL REDUCE THE COST OF EYE-GLASSES FOR NEVADAN'S WITHOUT REDUCING THE QUALITY OF EYECARE.

SENATE BILL 10 IS CLEARLY CONSISTENT WITH THE SPECIFIC PROVI-SIONS OF THE DEMOCRATIC PARTY PLATFORM ADOPTED IN 1978, AND WE COMMEND THE SENATORS AND ASSEMBLYMEN WHO HAVE INTRODUCED THIS AND SIMILAR LEGISLATION. WE STRONGLY RECOMMEND THIS BILL TO ALL LEGISLATORS FOR THE FOLLOWING REASONS:

1) WE BELIEVE THAT NRS 636.300(11), AS IT NOW READS, IS VIEWED BY THE MAJORITY OF CONCERNED INDIVIDUALS AS SPECIAL INTEREST LEGISLATION DISIGNED SIMPLY TO FAVOR SOME OPTOMETRISTS AT THE EX-PENSE OF THE PURCHASER OF OPHTHALMIC GOODS. IF THIS SPECIAL INTER-EST LEGISLATION REMAINS ON THE BOOKS, THE TRUST AND CONFIDENCE THAT INDIVIDUALS HAVE IN THEIR STATE GOVERNMENT WILL BE LOWERED. BY REMOVING THIS RESTRICTION, THIS COMMITTEE WILL TAKE AN ENTIRELY PROPER STEP IN RESTORING THE CONFIDENCE NEVANAN'S HAVE IN THEIR GOVERNMENT.

2) WE BELIEVE THAT SB 10 AS PASSED BY THE SEANTE ADEQUATELY GUARDS AGAINST THE LICENSEE WHO PRACTICES AS A LESSEE IN A MERCANTILE ESTABLISHMENT FROM LOSING HIS INDEPENDENCE.

3) WE BELIEVE THAT THIS VERY STRICT RESTRICTION ON WHERE AN INDIVIDUAL MAY PRACTICE HIS TRADE REDUCES NECESSARY COMPETITION. THE EFFECT OF THIS LACK OF COMPETITION IS THE INCREASED PRICES THAT NEVADAN'S HAVE TO PAY.

IT MAY SAFELY BE SAID THAT THE HARDEST HIT BY THE HIGH PRICES ARE NEVADA SENIOR CITIZENS. MOST SENIORS ARE ON FIXED INCOMES, AND ON EXTREMELY HIGH PERCENTAGE (RANGING FROM 70% to 90%) OF ALL SENIORS REQUIRE CONRRECTIVE EYEWARE. BASED ON THESE TWO FACTS, THIS COMMITTEE CAN SURELY SEE WHY EXPENSIVE EYE CARE IS SO DEVASTATING TO MAY SENIORS.

THE NSDP DOES NOT AND ETHICALLY CANNOT ADVOCATE OR RECOMMEND THAT NEVADANS SHOULD PURCHASE THEIR EYEWEAR FROM ANY OF THE INDIVID-UALS WHO MIGHT OPEN UP OPTOMETRIC OFFICES UNDER THE PROPOSED LAW, RATHER THAN FROM EXISTING OPTOMETRISTS. THIS PARTY SIMPLY RECOG-NIZES THAT THIS EXCELLENT LEGISLATION IS PRO-CONSUMER BY FOSTERING COMPETITION WITHIN THE OPTOMETRIC INDUSTRY, THE NSDP HEARTILY JOINS WITH SENIORS, CITIZENS GROUPS, CONSUMERS, LABOR UNIONS AND TEACHERS IN SUPPORTING THIS LEGISLATION. THANK YOU.

EXHIBIT "H"

Federal Trade Commission

Staff Report on ADVERTISING of OPHTHALMIC GOODS and SERVICES and Proposed Trade Regulation Rule (16 CFR Part 456)

Bureau of Consumer Protection

May 1977

EXHIBIT "I"

as a discount optical chain and a department store. The examination fees ranged from $12.50 to $35.[123]

The survey found that the quality of the eye examinations--in terms of the accuracy of the prescriptions rendered and the numbers and kinds of tests conducted--was independent of the prices charged for those examinations. The surveyors drew the following conclusion from the results of the services portion of the study:

> [M]uch of what goes on in an exam room depends, in the last analysis, on the conscientiousness and efficiency of the individual doctor. Little if anything, is directly affected by the fees charged for such exams or whether the doctor advertises, is located in a professional building, or practices in a discount store. . . . [T]he evidence gathered here does not support the claim that low cost or quickie examinations, or those performed by certain kinds of doctors or doctors in specific locations . . . tend to produce more "erroneous" examination results, as is so often charged.[124]

The SFCA survey of lens quality produced similar results. Fourteen pairs of lenses[125]--obtained from the examining practitioners who dispensed eyeglasses, a variety of opticianries, and a nationally-known laboratory--were examined independently by two laboratories. The lenses were tested for adherence to standards developed by the American National Standards Institute (ANSI), and for conformance to the practitioners' prescriptions. The laboratory analysis found that while 12 of the 14 pairs of lenses did not meet the ANSI Z-80 standards, there were wide variations in quality among the pairs. The prices of the eyeglasses, which ranged from $20 to $37,[126] were found to be unrelated to their quality. The surveyors found that:

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123 Id. at 1654-56. One examination was obtained at no cost, because the subject was a member of the health plan clinic which was part of the survey.

124 Id. at 1658-59.

125 The subject presented similar frames to each dispenser, to be fitted with the prescribed lenses.

126 Id. at 1663-66. Wholesale prices for the three pairs obtained from a laboratory ranged from $9.37 to $11.18.

> [P]oor quality, as defined under the Z-80 Standards and applied by the two testing labs employed here, has no direct relation to the prices charged for the lenses or to the mode or location of the dispenser's practice.[127]

The second SFCA study, conducted in Phoenix, Arizona, took a format similar to the California study and yielded similar results.[128] Sixteen eye examinations, ranging in price from $14 to $35, were purchased from a mix of ophthalmologists and optometrists practicing in both "professional" and "commercial" outlets. Eighteen pairs of lenses, costing from $24.15 to $43.90, were obtained from a variety of dispensing locations which were representative of the modes of practice found in the Phoenix area. The study found that the prices charged for examinations and eyeglasses were not indicative of their quality. The authors summarized their findings as follows:

> The investigation regarding the quality of goods and services purchased in Arizona indicates, once again, that the quality of an eye exam or that of optical materials is not necessarily tied to price or mode of practice. One is as apt to find a good quality pair of glasses in a corporate outlet, an independent opticianry, or a professional optometrist's office. One, however, is also equally apt to find poor quality merchandise in any of these locations.[129]

A third study was conducted in five New Jersey counties by Adam K. Levin, of the New Jersey Division of Consumer Affairs.[130] The purpose of the study, according to Mr. Levin, was to get "a handle on the question that is foremost in all our minds: Is there a meaningful correlation between price and quality?"[131] Mr. Levin purchased 22 eye examinations and 44 pairs of eyeglasses

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127 Id. at 1667.

128 Delia Schletter, There's More Than Meets the Eye, San Francisco Consumer Action (August, 1976), HX 397.

129 Id. at 203-4.

130 Adam K. Levin, A Survey on the Quality of Eye Care and Eye Wear in New Jersey as it Relates to Price, HX 167.

131 Id. at 1.

EXHIBIT I

from equal numbers of optometrists and opticians. The eye examinations ranged in price from $10 to $21, and the eyeglasses from $21 to $48. The three experts who were retained to appraise the accuracy of the examinations and the quality of the eyeglasses found wide variations in the quality of both the goods and services provided. However, as in the two studies described above, Mr. Levin found that there was "scant correlation" between the prices and the quality of the goods and services he purchased:

> [M]any of the more expensive pairs of glasses purchased from the optometrists raised the same questions as some of the less expensive pairs and many of the less expensive pairs were as good a quality as some of the more expensive pairs.[132]

A somewhat different study was conducted by the New York City Department of Consumer Affairs.[133] The survey was confined to eye examinations given by 16 "low-cost" optometrists in New York City. Since the study was not primarily concerned with the relationship between quality and price, and the sample consisted solely of low-cost optometrists, the range of prices was relatively narrow. Except for one practitioner who charged $10 for his examination, the fees ranged from $3 to $7. Within that limited price range, the investigators found that the accuracy of the examination was related to some degree to its price, and that there was a definite correlation between the number of tests performed and the examination fee.

The Commissioner of the Department of Consumer Affairs pointed out that:

> [T]he cost of the examination did not bear the same relationship to its accuracy. Five stores offering examinations ranging in price from $3 to $10 all yielded correct results for each of the subjects examined in the establishments. Apparently, "rock-bottom" prices do not necessarily mean poor quality examinations.[134]

She concluded, on the basis of the data, that "quality is not necessarily related to higher costs."[135]

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132 Testimony of Adam K. Levin, Tr. 1905 at 1918.

133 New York City Department of Consumer Affairs, Survey of Optometric Establishments, January, 1976 - June, 1976, HX 173.

134 Testimony of Elinor Guggenheimer, Tr. 1963 at 1966. (Emphasis in original.)

135 Id. at 1967.

laws. The second involves the net social utility of the proposed Trade Regulation Rules on advertising bans. I will focus here on the second point, dealing primarily with the proposed rule on price advertising of prescription eyeglasses.

To facilitate communication, I would suggest that you think of the proposed rule as one addressed to the advertising of prices for legal services, or prescription drugs, or as a rule designed to increase competition in the sale of milk or television repair services. An appreciation of the soundness of the Commission's program in this area can better be grasped when considerations of our own pocketbooks on the *producer* side of this equation are removed. I suspect that most optometrists can better appreciate the beauty of going after restrictions that TV repairmen, for example, have fashioned for their protection, as compared with restrictions on the advertising of prices of prescription eyeglasses.

Most people believe that advertising increases consumer prices. Advertising costs money and the advertiser must recover those costs somewhere, it is argued. It seems obvious that those costs will be reflected in higher prices for the advertised product. This view, which happens to be wrong, was recently embraced by the president of the American Bar Association.

Proper understanding of the effect of price and quality advertising depends on an appreciation of the role that product information plays in consumer choice. A product about which they do not have any information is utterly worthless to consumers. A product with only partial information attached is like a car without wheels; for it to become fully useful for its intended purpose, wheels (or information) must be obtained somewhere else.

Let us pursue the automobile analogy a bit further. Why do we find that cars are so seldom sold without wheels? Buyers could always get wheels from someone other than the manufacturer or seller of the car, itself. The answer, of course, is that it is cheaper for the manufacturer to put wheels on the car at the plant than it is for car buyers to attend to that detail later on.

And so it is with information. Information about product characteristics and price can almost always be provided more efficiently by manufacturers and/or sellers than it can be obtained by consumers on their own.

Happily, there is a great deal of competition among sellers to provide information to consumers. As a result, in most cases consumers do get the benefit of price and quality information.

This kind of advertising tends to provide consumers with products that give them more satisfaction than they would otherwise get. For it leads them to the best deals in terms of their own price/quality trade-off functions. This tends to reduce the differences in price for products of similar quality and also to reduce

The author, now professor of law at the University of California, in Los Angeles, was director of the Office of Policy Planning for the F.T.C. as it developed its proposed rules favoring price advertising.

EXHIBIT "J"

can raise prices more than it otherwise could and lose fewer customers. Thus, consumers pay more.

Studies by the Federal Trade Commission staff have estimated that consumers could save approximately $150 million dollars per year if prices of prescription drugs were advertised.

It is easy enough to understand why many pharmacists oppose the Commission's proposed Trade Regulation Rule. The airlines are opposed to deregulation in their industry too, as are interstate truckers in theirs and the major TV networks in theirs. Consumers are entitled to ask — and to receive a convincing answer — as to what kind of "regulation" this is that is so ardently supported by those who are supposed to be regulated.

What, specifically, is the situation as to optometrists? Professor Lee Benham has tested the theory of information that I have outlined above by comparing prices of a particular product between states where the product was advertised and states in which such advertising was forbidden. He happened to choose eyeglasses because of the fact that price advertising regulation varies widely from state to state.

Before conducting the study, Benham polled his then colleagues at the University of Chicago as to their predictions on the effect of advertising. The great majority of them thought that advertising would result in *higher* prices.

Well, the majority was wrong! Benham found that *"advertising restriction in this market increased the prices paid by 25 per cent to more than 100 per cent."*

More specifically, he found that in 1963 the average prices paid for eyeglasses by members of his sample in states with complete advertising restrictions was $33.04; in North Carolina, the *most restrictive* state in Benham's classification, that figure was $37.48. The average for states with no advertising restrictions was $26.34; in Texas and the District of Columbia, the *least restrictive* jurisdictions, that figure was $17.98.

Benham also found that prices were correlated with the proportion of optometrists who were members of the A.O.A. As such proportion increased from 43 per cent to 91 per cent (the proportion in Illinois to that in North Dakota), the price of glasses increased by $12. Prices went up at roughly half the rate at which A.O.A. membership increased.

The extent to which states imposed entry restrictions on commercial optometric firms and the proportion of persons receiving their glasses from such firms were also correlated with price. Prices in states which imposed the most entry restrictions on commercial operators were 34 per cent higher than prices in non-restrictive states. And as the proportion of individuals receiving glasses from commercial firms decreased from 79 per cent to none, prices increased by $12.50.

Benham also compared the prices in restrictive and nonrestrictive states according to source of care, i.e., physicians, optometrists and commercial suppliers, finding that prices were higher across the board in restrictive states as

ANALYSIS OF OPTOMETRIC NEEDS BY STATES TO 1980 BASED UPON EXPECTED POPULATION AS ESTIMATED BY THE BUREAU OF CENSUS—Continued

State	A—Percent of practitioners		B—Municipalities served		C—Population 1980 (estimated nearest thousand)	D—Percent population increase 1970–80	E—Approximate number of optometrists 1969	F, G, H—Additional optometrists needed by 1980 to provide a ratio of 1 to 7,000		
	Optometric	Medical	Optometric	Medical				Growth	Attrition	Total
Alabama	68	32	78	22	4,223,000	12	191	413	57	470
Alaska	75	25	6	1	350,000	21	15	36	4	40
Arizona	61	39	28	19	2,469,000	35	129	224	39	263
Arkansas	78	22	68	20	2,319,000	13	159	172	48	220
California	72	28	594	209	27,742,000	32	2,539	1,452	753	2,205
Colorado	62	38	49	21	2,588,000	20	191	178	57	235
Connecticut	64	36	81	37	3,744,000	21	270	265	81	346
Delaware	63	37	11	5	639,000	24	32	66	10	76
Florida	74	26	134	59	9,019,000	36	523	765	157	922
Georgia	66	34	103	35	5,553,000	17	280	436	84	520
Hawaii	65	35	15	6	852,000	13	65	58	20	78
Idaho	77	23	36	9	821,000	15	94	23	28	51
Illinois	80	20	237	92	12,778,000	15	1,927	----------	578	578
Indiana	74	26	143	44	5,831,000	14	546	291	164	455
Iowa	76	24	136	35	2,921,000	6	371	46	111	157
Kansas	75	25	95	35	2,513,000	9	249	110	77	187
Kentucky	71	29	91	30	3,559,000	8	239	269	72	341
Louisiana	58	42	68	24	4,571,000	20	239	414	72	486
Maine	77	23	53	19	1,093,000	9	126	29	38	67
Maryland	54	46	65	27	4,861,000	24	203	490	61	551
Massachusetts	73	27	200	82	6,236,000	12	829	63	248	311
Michigan	71	29	197	75	9,929,000	14	789	629	237	866
Minnesota	71	29	138	39	4,729,000	14	408	193	122	315
Mississippi	65	35	60	22	2,735,000	13	128	263	38	301
Missouri	73	27	144	35	5,172,000	12	480	253	144	403
Montana	71	29	42	12	817,000	13	98	19	29	48
Nebraska	75	25	64	18	1,605,000	8	176	53	53	106
Nevada	72	28	9	4	701,000	28	40	61	15	76
New Hampshire	66	34	26	14	815,000	20	73	43	22	65
New Jersey	70	30	223	108	8,993,000	20	712	573	214	787
New Mexico	65	35	26	14	1,384,000	27	71	127	21	148
New York	64	36	334	163	21,868,000	14	1,837	1,287	561	1,848
North Carolina	65	35	135	64	5,933,000	15	347	509	104	613
North Dakota	78	22	37	9	704,000	7	77	24	23	47
Ohio	71	29	257	93	12,416,000	16	1,027	747	308	1,055
Oklahoma	71	29	90	34	2,793,000	10	262	137	79	216
Oregon	73	27	68	27	2,414,000	16	310	35	93	128
Pennsylvania	69	31	351	156	12,699,000	8	1,342	471	403	874
Rhode Island	82	18	28	10	1,036,000	9	144	----------	43	43
South Carolina	69	31	66	19	3,663,000	14	163	275	49	324
South Dakota	83	17	40	10	730,000	6	99	5	30	35
Tennessee	71	29	93	27	4,639,000	14	322	341	97	438
Texas	65	35	200	91	13,606,000	19	829	1,115	249	1,364
Utah	63	37	26	9	1,546,000	24	89	103	27	130
Vermont	70	30	18	8	472,000	13	37	30	11	41
Virginia	63	37	87	48	5,717,000	19	296	521	89	610
Washington	69	31	98	31	3,587,000	16	397	115	119	234
West Virginia	69	31	63	26	1,772,000	----------	162	91	49	140
Wisconsin	71	29	156	45	4,908,000	14	458	243	137	380
Wyoming	72	28	20	7	386,000	15	39	16	12	28
Total								14,202	6,159	20,361

NEVADA WILL REQUIRE AT LEAST 50% MORE OPTOMETRY LICENSES BY 1980, TO TAKE CARE OF THEIR POPULATION.

EXHIBIT "K"

1368

1926 Survey

how do you measure up?

eries, as well as contact lens deliveries and rechecks.

Some doctors in practice for under two years and those in semi retirements see fewer patients each week.

But despite the size of their practice, many would like to improve the patient flow in their offices.

One way to control patient flow is through appointment-only examinations, and many doctors would like to see the havoc of walk-ins converted to appointment-only exams. But even this has its flaws. Says one California O.D., "I'd like a fool-proof system to avoid last minute cancellations and no-shows."

Another way of insuring a good flow of patients is the patient recall system. It is used consistently by nine out of ten doctors on our National Panel, but some kinds of recall systems work better than others.

The most widely used recall system is the postcard reminder, used by 75 per cent of the doctors polled. However, it's also the least effective patient recall technique, yielding a little over 40 per cent average patient responses of the doctors polled.

The phone call reminder works slightly better. For the 5.5 per cent of our Panelists who use the phone call to remind patients about their checkups, patient response averages around 48 per cent.

The most effective recall system, according to doctors on our National Panel, is the combination of phone call and postcard reminder. The ten per cent of our Panel who use either the phone call followed by a post card, or a card followed by a card report that the average response of patients is 54 per cent.

Says one Minnesota doctor, the real problem is getting patients to plan on a long term about their vision care needs. "There's got to be a better way of planning for vision care and regular checkups."

Visual examinations

Visual examinations in optometric practices are thorough. More than 75 per cent of the doctors polled spend from 30 to 45 minutes in the examination.

Optometrists whose assistants help in the visual examination spend six to ten minutes less on the visual exam. However, assisted O.D.'s don't see any more patients, on the average, than O.D.'s who don't have assistants to help in the exam routine.

In all, 25 per cent of our Panelists have delegated some responsibilities to paraprofessionals, and many more would like to. Some of those who haven't have some good reasons.

Says one O.D. who's been in practice under two years, "Considering my low patient volume at this point, I don't feel as though I need to change management philosophy. Why rush through three exams a day and be bored the rest of the day?"

A North Carolina practitioner agrees. "Until I am besieged by

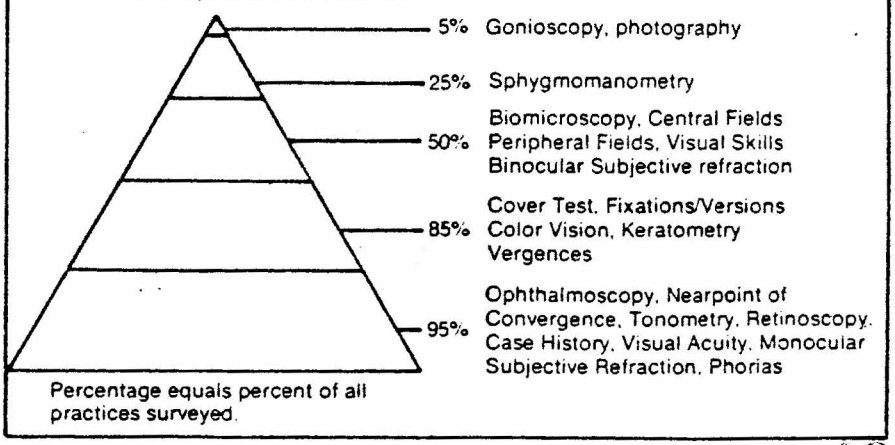
Review of Optometry

Our National Panel of Doctors of Optometry is a fact gathering and experience sharing group of 500 optometrists, geographically distributed to reflect regional attitudes of optometrists nationwide. This month's tally is as follows:

Total Responses: 236
Percent of Panel Responding: 47%
State Responses:

AL—3	KY—5	ND—2
AK—1	LA—2	OH—13
AZ—3	ME—1	OK—2
AR—2	MD—4	OR—5
CA—25	MA—13	PA—14
CO—4	MI—12	RI—0
CT—3	MN—6	SC—3
DE—3	MS—0	SD—1
DC—1	MO—3	TN—4
FL—6	MT—1	TX—10
GA—1	NE—3	UT—0
HI—1	NV—1	VT—1
ID—3	NH—2	VA—2
IL—15	NJ—8	WA—3
IN—7	NM—1	WV—2
IA—3	NY—15	WI—6
KS—5	NC—4	WY—1

Frequency of Use of Optometric Procedures in Optometric Practices



Percentage equals percent of all practices surveyed.

EXHIBIT "L"

1369

Most Recent Visit To An Eye Doctor

An effective patient recall system may be the single most important reason why so many consumers seek vision care. More than any other reason, consumers went to their eye doctor last because it was time for their regular eye examinations.

While the need for regular eye care seems well known, another important thing that prompts consumers to get eye exams is the knowledge that they need new lens prescriptions. In fact, a substantial number of consumers last sought care because they thought they were having eye or vision problems.

What doctor they decide to see—ophthalmologist or optometrist—depends on how educated they are, how much they earn and how old they are.

Not surprisingly—considering the incidence of eye problems besides refractive errors among elderly patients—two thirds of the patients aged 65 or over go to see ophthalmologists. But more than half of the patients under age 34 seek optometric care.

In general, the older a patient gets, the better his education and the more money he makes, the more likely he is to seek medical, not optometric care.

Optometrists' patients, in fact, are generally uninformed about the qualifications of eye doctors, and their own eye doctor in particular. Half of the optometrists' patients, for instance, don't know the difference between O.D.'s and M.D.'s. Men and people who have less than high-school educations are very ignorant of the difference among eye care professionals.

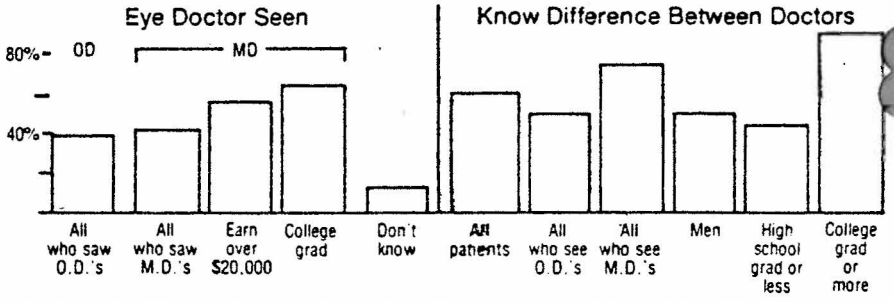
In fact, 14 per cent of the consumers interviewed didn't know what kind of doctor—O.D. or M.D.—they saw on their last visit for an eye exam. Of those who know the difference between professionals, the typical patient was equally likely to visit an O.D. or an M.D.

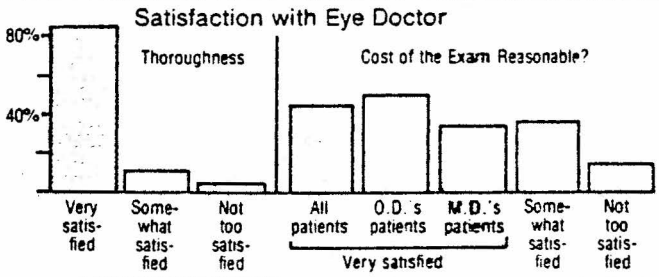
The last exam took place within the last two years and generally took between 16 and 30 minutes. Regardless of how long it took or what professional they saw, though, consumers were satisfied with the thoroughness of the exam and the vision correction provided.

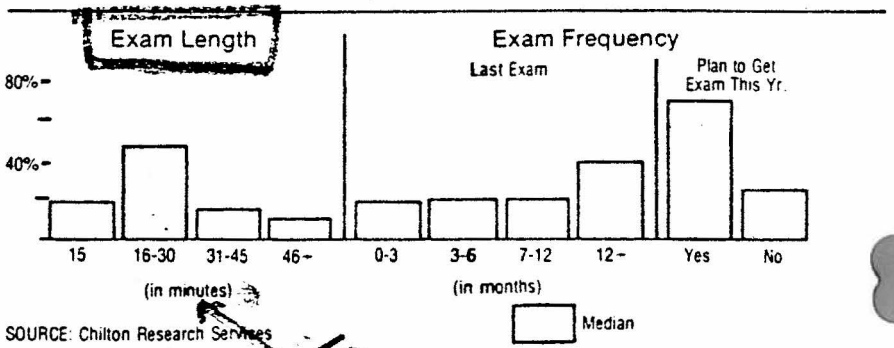
Some 19 per cent of the consumers now have insurance that pays part or all the costs of vision care and eyewear. But the typical consumer paid in the $26 to $35 range for his last eye exam. Optometrists' patients paid a little less—somewhere between $21 and $25. And most patients think these costs were reasonable. Optometrists' patients in particular find the cost of eye examinations very reasonable. Altogether, patients say they get the same value or more from their eye care than from other health care. Almost half of all consumers, in fact, say they get greater value for their money from vision care than other health care.

Today's consumers are confused about eye care providers.

The Consumer and His Eye Doctor







SOURCE: Chilton Research Services

1979

TESTIMONY OF DR. BILL VAN PATTEN, PRESIDENT OF THE NEVADA STATE OPTOMETRIC ASSOCIATION AND PRACTICING OPTOMETRIST IN CARSON CITY.

Gentlemen:

This bill has been brought before every session of the Legislature since 1973. This legislature has comprehended the problem such legislation would bring to Nevada and has seen fit to defeat it every year.

To put it succinctly, the State Association, gentlemen, could not care less where an optometrist practices so long as he is not subservient or under the control of a mercantile establishment, or are able to otherwise remain "their own man". I agree with prior comments that where they actual practice does not effect their performance, in general.

The Senate Commerce Committee and Chairman Wilson have made a sincere and excellent effort to protect the public with the amendments proposed to the bill. However, there is one glaring problem which I feel I must point out.

(submit the FTC Probe of the Pearle Vision Centers at this point)

The Article March, 1979 points out one more time the problems of mercantile practice.

I have talked with optometrist in Michigan, they knew of the problem, but were unable to police such a conglomerate giant.

Our problem, as a board, is that gentlemen. The state board can investigate me, or any other individual O.D. easily, but the resources necessary to take on or investigate conglomerates like Cole National and Pearle Vision Centers is beyond our state board's resources.

The State Assoc. does not oppose SB 10 in present form, in fact, it would solve a lot of problems with consumer groups and hopefully avoid future appearance before this legislature. If this committee could in some way assure the State Board that the resources to see that they do not abuse the public we would have no problem supporting this bill.

We would suggest that the committee provide approximately $11,500 per year for investigatory purposes and this amount is not used in a year, then the balance could be carried over to the next fiscal year. This would provide for fees and costs of investigation, hearings, witness fees, accounting records, legal fees, court reporter fees and travel expenses, etc.

Thank you.

EXHIBIT "M"

Cole National

563P

NYSE Symbol CLE

Price	Range	P-E Ratio	Dividend	Yield	S&P Ranking
Jan. 4'79 11⅞	1978 16¾-10⅛	6	0.64	5.4%	B+

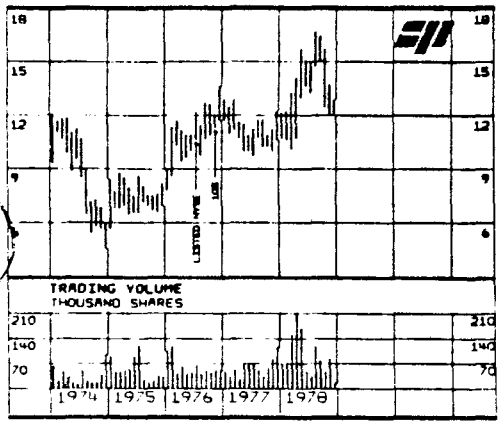
Summary

Following the spin-off of consumer products and Canadian retailing operations to shareholders in March 1978, this company is now solely engaged in the retailing of optical products, personalized gifts, keys, arts and crafts, and cookies.

Business Summary

Following the March, 1978 spin-off of its consumer products and Canadian retailing operations, Cole National is a specialty retailer of prescription eyewear, arts and crafts, engraved gifts, keys and cookies. Sales from continuing operations in fiscal 1977-8:

	Sales
Optical products	46%
Personalized gifts	20%
Keys	19%
Arts and crafts	13%
Cookies	2%



Operated as leased departments in 373 Sears and Montgomery Ward stores in 34 states, retail optical outlets sell prescription eyewear and related optical products. Contact lenses are becoming an increasingly important segment of sales. The optical departments are serviced by seven captive processing laboratories.

Engraved gifts and personalizing services are offered through 256 Things Remembered stores and kiosks (all of which are in major enclosed mall centers) in 38 states. Merchandise categories, all of which are sold with engraving, include pewter, silver and brass, mugs, lighters, pens and pencils, and key chains.

Key duplicating departments are located on the premises of 619 major retailers (primarily Sears and Montgomery Ward) in 42 states. Additional revenues are generated by the sale of key chains and other related merchandise, engraving and rubber stamp making.

The Craft Showcase operates 42 arts and crafts stores in enclosed malls in 17 states. Stores carry a wide range of art, craft and hobby supplies in the areas of macrame, needlepoint, rugmaking, decoupage, stitchery, stained glass, florals, oil painting and watercolor.

The Original Cookie Co., purchased in September, 1977, sells quality homestyle cookies baked on the premises of its 28 stores.

Important Developments

Sep. '78—CLE offered to repurchase, at $17.50 each, all common shares held by stockholders owning 25 shares or less.

Mar. '78—The Cole Consumers Products Group and Canadian retail operations were spun-off to CLE shareholders on the basis of one-half share for each share of CLE held. Including spin-off costs, those operations earned $506,000 ($0.22 per share) on sales of $35,284,000 in 1977-8.

Next earnings report due in mid-March.

Per Share Data ($)

Yr. End Jan. 31[1]	[2]1977	1976	1975	[2]1974	[2]1973	[2]1972	1971	1970	[2]1969	[2]1968
Book Value	8.90	13.12	11.66	11.54	10.03	8.61	7.69	8.05	8.26	7.34
Earnings[3]	1.72	1.90	1.21	1.93	1.77	1.50	1.11	0.55	1.38	1.27
Dividends	0.60	0.55⅞	0.54½	0.47⅛	0.42¾	0.40½	0.40	0.40	0.40	0.35½
Payout Ratio	34%	29%	45%	24%	23%	27%	34%	72%	27%	26%
Prices[4]—High	12⅞	13⅝	8¾	12	24⅜	25⅝	21¾	33⅜	41⅜	44½
Low	9¾	7⅞	5⅝	4½	7⅜	18⅝	10¼	6⅛	28½	19½
P/E Ratio—	7-6	7-4	7-5	6-2	14-4	17-12	20-9	61-11	30-20	34-15

Data as orig. reptd. Adj. for stk. div(s). of 10% Nov. 1976, 50% Oct. 1968. 1. Since 1976 yrs. ended Jan. of fol. cal. yr. prior to 1976 fis. yr. ended Oct. 2. Reflects merger or acquisition. 3. Bef. results of disc. opers. of +0.22 p/s in 1977, +0.11 p/s in 1976, −0.59 p/s in 1975, and spec. item(s) of +0.05 p/s in 1972, −0.73 p/s in 1971; bef. results of disc. opers. and spec. item(s) of −0.20 p/s in 1969. 4. Cal. yr.

EXHIBIT "N"

1271

Background

Cole National Corporation

Income Data (Million $)

Year Ended Jan. 31[1]	Revs.	Oper. Inc.	% Oper. Inc. of Revs.	Cap. Exp.	Depr.	Int. Exp.	Net Bef. Taxes	Eff. Tax Rate	[7]Net Inc.	% Net Inc. of Revs.
[3]1977	117	10.5	9.0%	6.00	2.70	0.62	7.49	46.2%	4.03	3.4%
[3]1976	124	12.2	9.9%	6.25	3.23	[5]0.83	8.26	47.2%	4.36	3.5%
[3]1975	106	9.1	8.6%	4.81	2.90	[5]1.08	5.26	47.3%	2.77	2.6%
[4]1974	111	12.3	11.1%	5.40	2.71	1.28	[6]8.63	49.1%	4.39	4.0%
[4]1973	96	11.2	11.6%	5.68	2.34	0.95	8.19	50.2%	4.08	4.2%
[4]1972	84	9.1	10.9%	3.12	1.88	[5]0.77	6.66	48.6%	3.42	4.1%
1971	70	6.9	9.8%	1.68	1.63	[5]0.90	4.47	44.6%	2.48	3.6%
1970	65	4.3	6.6%	2.66	1.37	[5]0.87	2.26	44.0%	1.28	2.0%
[4]1969	61	6.9	11.4%	2.94	1.12	0.64	5.41	45.8%	2.93	4.8%
[4]1968	49	5.7	11.7%	2.35	0.80	0.39	4.95	48.1%	2.57	5.3%

Balance Sheet Data (Million $)

Jan. 31[1]	Cash	——Current—— Assets	Liab.	Ratio	Total Assets	Ret. on Assets	Long Term Debt	Common Equity	Total Cap.	% LT Debt of Cap.	Ret. on Equity
[2]1977	8.7	26.5	12.8	2.1	47.8	7.7%	12.8	19.7	34.9	36.8%	16.0%
[3]1976	10.2	34.1	13.6	2.5	56.6	8.0%	11.1	29.0	41.6	26.8%	15.4%
[3]1975	1.9	29.6	10.3	2.9	51.7	5.2%	13.1	25.5	40.0	32.7%	10.4%
[4]1974	0.8	33.9	13.5	2.5	55.1	8.3%	13.4	25.2	41.3	32.3%	18.1%
[4]1973	1.6	31.1	12.4	2.5	49.8	9.0%	12.8	21.7	37.3	34.3%	19.6%
[4]1972	1.5	25.8	11.6	2.2	40.8	8.1%	7.8	18.7	29.1	27.0%	18.5%
1971	2.1	25.1	12.4	2.0	39.3	6.0%	8.3	14.8	26.7	31.0%	14.7%
1970	2.1	24.0	13.9	1.7	42.3	3.0%	9.5	15.0	28.3	33.7%	6.8%
[4]1969	1.7	24.2	11.4	2.1	40.8	7.8%	10.9	14.9	29.1	37.4%	19.2%
[4]1968	3.4	19.0	7.1	2.7	32.3	9.3%	10.0	12.4	25.0	39.9%	20.2%

Data as orig. reptd. 1. Since 1976 yrs. ended Jan. of fol. cal. yr. prior to 1976 fis. yr. ended Oct. 2. Excludes discontinued operations and reflects merger or acquisition. 3. Excludes discontinued operations. 4. Reflects merger or acquisition. 5. Net of interest income. 6. Incl. equity in earns. of nonconsol. subs. 7. Bef. results of disc. opers. in 1977, 1976, 1975, and spec. item(s) in 1972, 1971, bef. results of disc. opers. and spec. item(s) in 1969.

Net Sales (Million $)

Quarter:	1978-9	1977-8	1976-7	1975-6
Apr.	32.4	24.8	29.0	22.7
Jul.	33.5	26.1	29.9	24.3
Oct.	34.6	28.9	31.7	28.9
Jan.		37.2	33.1	26.6
		112.5	123.7	102.5

Sales from continuing operations for the nine months ended Oct. 28, 1978 were up 26.0%, year to year. Margins apparently narrowed, and the gain in pretax earnings was held to 21.0%. Following taxes at 47.3%, versus 47.0%, income from continuing operations rose 20.3%. Share earnings were $0.97, up from $0.81 (before income from spun-off operations equal to $0.53 a share).

Common Share Earnings ($)

Quarter:	1978-9	1977-8	1976-7	1975-6
Apr.	0.26	0.22	0.43	0.15
Jul.	0.42	0.35	0.55	0.25
Oct.	0.29	0.24	0.53	[1]0.12
Jan.		0.91	0.39	0.23
		1.72	1.90	0.75

1. Aft. $0.59 write-off of opers.

Dividend Data

Amt. of Divd. $	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
0.15	Feb. 3	Feb. 7	Feb. 14	Mar. 7'78
---	---	Mar. 27	Mar. 8	Mar. 23'78
0.16	Mar. 16	May 15	May 19	Jun. 6'78
0.16	Aug. 4	Aug. 14	Aug. 18	Sep. 5'78
0.16	Nov. 3	Nov. 13	Nov. 17	Dec. 5'78

½ sh. Cole Consumer Products.
Next dividend meeting: Feb. '79.

Finances

Capitalization at October 28, 1978 was 40.6% long-term debt and 59.4% equity.

Capitalization

Long Term Debt: $15,421,000.

$0.45 Series B Conv. Preferred Stock: 289,080 shs. (no par); red. at $11; conv. into 0.38 com. sh.

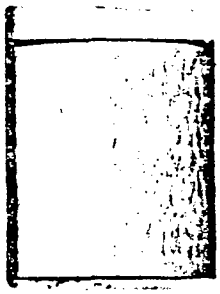
Common Stock: 2,235,001 shs. ($0.50 par). The Cole family owns about 26%. Institutions own 435,000 shares. Shareholders: 2,570.

Office—29001 Cedar Rd., Cleveland, Ohio 44124. Tel—(216) 449-4100. Chrmn & CEO—J. E. Cole. Pres—B. A. Sells. VP-Secy—J. F. Downie. Treas & Investor Contact—J. A. Cole. Dirs—G. N. Aronoff, J. A. Cole, J. E. Cole, D. Coven, W. H. Donaldson, J. F. Downie, L. Lachman, D. F. Leahy, J. P. Maloney, Jr., N. W. Rose, W. J. Salmon, B. A. Sells, S. C. Taft, B. Towbin. Transfer Agent & Registrar—Cleveland Trust Co. Incorporated in Ohio in 1949.

EXHIBIT N

1978

Except that the licensee may practice as a leasee in a mercantile establishment where the space utilized is seperated from (other parts of the establishment) by solid partitions from floor to ceiling and has its entrance and exit only to a street or a public corridor, and he must have an independantly owened practice that provides the usual and customary services of other Nevada Optometric offices. And the only relationship between the licensee, the landlord, or subletor, is that of landlord and tenant and that there-be no realationship between the practitioner, the landlord or any subleasor involving the sale of opthalmic goods, wares, or materials, or that the landlord of subleasor cannot in any way participate in any portion of the fees that the practitioner charges. The licensee may only pay a monthly lease payment and not a percentage of the income for rent.



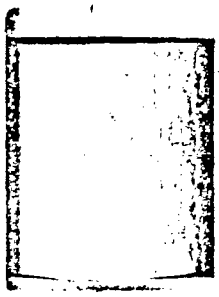


EXHIBIT "O"

P

F.T.C. PROBES PEARLE VISION CENTERS

Charges by one ex-employee lead to federal and state investigations, and a $10,000 counter suit by Pearle.

By Paul Gerber

Pearle Vision Centers in Michigan and possibly elsewhere are under investigation by the Federal Trade Commission. Also investigating Pearle Vision practices is the Michigan Department of Licensing and Regulation. It is acting on a request made by the state Attorney General's Consumer Protection Division and on behalf of the Michigan Board of Examiners in Optometry.

Both the F.T.C. and Michigan state investigations are "non-public". As such, investigators are not permitted to discuss or acknowledge their probes. However, this magazine has verified the investigations through sources interviewed by the investigators, sources within each agency, and obtained copies of official correspondence and legal records.

Optometric Management has also obtained copies of the legal proceedings, evidenciary exhibits, and accompanying sworn affidavits regarding the lawsuit brought by Pearle Vision against a former store manager.

The F.T.C. and Michigan investigations were initiated late last year in response to a

EXHIBIT "P"

complaint filed by Russell L. Smith. A certified optician with 14 years experience, Smith was a Pearle Vision store manager in suburban Detroit for two years prior to Aug. 31, 1978. Both F.T.C. investigator Mike Milgram and Michigan investigator W. Kingston Fryer have conducted numerous interviews with Smith.

There are 23 Pearle Vision Centers in Michigan. All are involved in the corporate practice of optometry, which is legal there.

Smith's Allegations

In an Oct. 18, 1978 letter to the F.T.C. and the Michigan Attorney General's office, Smith stated that "Opticians at Pearle are instructed by the regional managers to fill prescriptions with lenses other than those prescribed by the doctor if the lens (sic) are not available in stock in Pearle's 'in store lab.' According to Pearle's regional managers, it is too expensive to order the correct lenses from the 'regional lab.' Therefore many prescriptions are filled incorrectly. There is little or no quality control."

Smith went on to state in the same letter that Pearle managers "were instructed to report the doctor to the regional managers if he did not prescribe new glasses for a patient, even if the patient had no need for a lens prescription. Apparently Pearle Vision Centers (Searle Optical Group) is (sic) concerned only with profit, and not the patient's welfare."

In November, Smith sent a copy of that same letter to *Optometric Management* and the producers of the CBS-TV news program "60 Minutes."

Smith's Oct. 18 letter may have been the shot heard around the world as far as Pearle Vision's top management was concerned, but it wasn't the first time it had heard of Smith. Pearle had fired Smith on Aug. 31, 1978. The reason why, however, remains unclear.

According to Smith, who presently manages a Naum's optical store, he was asked in Feb. 1978 by his superiors to take over the management of a Pearle store which was, as he described it, a "complete disaster." He accepted.

The former management of the store had produced some unhappy clients, Smith said. At least one former patient was so upset and angry with the services he had received there that, Smith said, he had to call police to get the person out of the store.

Smith said he was determined that the Pearle policies he alleged in his Oct. 18 letter would not go on under him. And he said he turned his new store around and increased business 151.7 per cent the first month.

Despite the successes Smith claims, he said he began getting "hassled" for ordering needed lenses and not relying strictly on those the store had in stock. "If I didn't have the correct lenses in store, I ordered them. I just wasn't not going to. I was told I may lose my bonus if I didn't keep expenses down. But I said I'd rather have happy patients," he told this reporter.

When the hassling continued, Smith said he informed Pearle supervisors he intended to resign. "They got upset because they didn't have anybody to replace me," Smith said. However, on Aug. 31 he was fired.

Smith Fired

Why? Pearle Vision's regional manager, Larry Warshaw, declined to be interviewed

EXHIBIT 9

by me over the telephone. And his boss, Sumner Rand, manager of Pearle's Michigan operations, also declined comment on the question. A Pearle attorney, however, stated the reason for Smith's firing was documented in Pearle's lawsuit against Smith.

It is not. All of the allegations against Smith in the lawsuit concern activities Smith allegedly engaged in *after* the date of his firing.

Having been fired and allegedly told he would not receive holiday and vacation pay he claims were due him, Smith picketed a Pearle Vision Center on Aug. 31 and Sept.1. In a sworn affidavit accompanying Pearle's lawsuit against Smith, regional manager Warshaw stated that "Smith told passersby 'Don't come in; the glasses are made wrong.' "

Smith denies making those statements, but acknowledges he carried signs which read "Don't Shop, Don't Stop at Pearle Vision."

Warshaw's affidavit further states that "he (Smith) admitted to me that 'the problem' which gave rise to his activities... was that customers made complaints from time to time and not 'that the glasses are made wrong' or that prescriptions for glasses were improper or improperly filled by Pearle Optical," which Smith claims he told Warshaw.

On that same day, Sept. 1, Warshaw wrote and signed the following: "Pearle Vision Center agrees to pay Russell Smith all monies due him." A copy of that note is an exhibit in the Pearle-versus-Smith lawsuit.

However, there was a catch to Smith's receiving the monies. On Sept. 17, Warshaw presented Smith with a proposed settlement agreement. In exchange for $596.37 from Pearle, Smith would have to agree "not to make or otherwise cause to be made any derogatory statement concerning the business of Pearle Vision Center."

Smith refused to sign the agreement. His affidavit about the matter states that "he believes that the policies of doing business at Pearle Vision are unethical and immoral and that he considered the proposed Settlement Agreement and Release to be an infringement on his constitutional right of free speech."

Pearle Sues Smith

On Nov. 30, Pearle Vision Centers, having previously learned of Smith's Oct. letters to the F.T.C., Michigan authorities and this magazine, filed a $10,000 libel and slander lawsuit in a Michigan state circuit court against Smith. At the same time, Pearle requested and was granted a Temporary Restraining Order enjoining Smith from communicating with anyone in the ophthalmic community and "any other persons whatsoever" about his experiences with Pearle Vision Centers.

By this time, however, the F.T.C. had already begun its investigation. And the Michigan Department of Licensing and Regulation had an investigator assigned to the complaint within a month.

On Jan. 4, Smith's attorney submitted to the court that Smith "should be able to maintain his constitutional rights, both State and Federal, to speak as to matters he believes affect the public interest, such as the proper treatment of patients' eyes as well as making known any facts which he believes to be illegal or unethical in the

EXHIBIT P

practice of optometrics." On Jan. 12, the "gag order" against Smith was dropped.

A date for a jury trial has not been set. It's not expected the case will come to trial for possibly two years.

Pearle's lawsuit has done more than provide investigators with sworn affidavits concerning Pearle operations. It has also prompted other former Pearle employees to speak out.

Smith Corroborators

George A. Culp, 23, and a certified optician, was a Pearle Vision Center manager from Aug. 77 to Dec. 77. His affidavit about Pearle Vision practices is now part of the Pearle-versus-Smith court record. "I resigned my position at Pearle Optical for what I considered moral reasons," Culp stated. He then went on to list what he claims to be standard Pearle practices and procedures:

"As a manager I was encouraged and told by my supervisors to fill written prescriptions for glasses from stock lenses ... although none of the stock lenses at hand met the requirements of the written prescriptions for glasses which were prescribed for patients. Further, I was told and encouraged by my supervisor to keep expenses down by the filling of written prescriptions with stock lenses at hand located at the Belleville branch, and that this was one of the means to restrict said expenses by the use of the stock lenses at hand, when in fact said lenses did not meet the proper requirements of patient prescriptions. This practice and procedure were, in my opinion, contradictory to the welfare of the patients.

"I was orally told at one of the manager's meetings by one of my supervisors to not contact any other Pearle Optical branch to inquire as to whether or not that other branch had proper lenses in stock to fill a written prescription for glasses which had to be met at the Belleville branch, but instead to use lenses already in stock at the Belleville branch when in fact the in stock lenses did not meet the requirements as set forth in the written prescriptions."

Culp's affidavit speaks to the same concerns raised in Smith's Oct. 18 letter. However, it also speaks of practices not contained in Smith's complaint.

For example, Culp stated that "I was further directed and/or instructed by my supervisors during the month of May, 1977 to charge patients for over-sized lenses when in fact they were not over-sized, but were considered standard size lenses in the profession of optometry."

An O.D.'s Experience

One former Pearle Vision O.D., who is now in private practice, told *Optometric Management* that "Pearle operations are totally unprofessional." The optometrist who requested anonymity, is cooperating with the F.T.C. investigation.

In describing his experience at Pearle Vision, he said, "All they (managers) want you to do is write the Rx. We were not to check the lenses unless a patient came back with complaints."

More than once he said he was asked by a store manager, "How much can we fudge on filling a prescription?" He further stated his opinion that, at least at the store where he worked, if patients' Rx's were checked against their lenses "you'd find over 50 per cent of the lenses way off. The more Rx's a

manager fills with in-store lenses, the lower his expenses are and the greater his chances of promotion are."

The optometrist also confirmed Smith's allegation that "exam-only" reports are kept on doctors. When this reporter asked Pearle supervisor Rand why "exam-only" reports were kept, he denied knowing of any such reports.

Pearle Comments

Pearle's Rand declined to discuss with me many of his company's practices and policies because, he said, they are "confidential business matters" and because of the firm's lawsuit against Smith. He did say, however, that Pearle Vision has a very liberal policy toward handling patient complaints. He described it as being "the patient is always right."

The Investigations

The scope of the Michigan state investigation is not limited to possible violations of the state's optometry licensing laws by Pearle Vision O.D.'s. Smith's complaint was authorized for investigation and referred to the Department of Licensing and Regulation because it was classified as involving health services, an examiner in the Attorney General's office of Complaint Analysis said. The Department of Licensing and Regulation is also the proper investigative agency for the State Board of Examiners in Optometry which also requested the investigation.

Both the state board and Attorney General's office will review for possible further action the yet-to-be-filed investigative report.

Smith's complaint about Pearle Vision is not the first to be authorized for investigation. The Attorney General's Consumer Protection Division investigated three complaints against Pearle in 1977. The F.T.C. requested and has been provided with copies of those 1977 investigative reports.

The scope of the F.T.C. probe remains confidential. But the F.T.C. investigation began before Nov. 30 and has continued through January.

Whether the F.T.C. is investigating Pearle Vision Centers outside of Michigan is also confidential. An F.T.C. investigator, however, has been requesting names of non-Michigan former Pearle Vision employees, according to one source interviewed by the F.T.C.

The American Optometric Student Association is also looking into Smith's charges. An A.O.S.A. task force has been appointed to draft a position paper on commercial optometric practice and has already made numerous contacts with Smith for this purpose, according to A.O.S.A. President Paul Harris.

A.G.D. Searle Company

Pearle Vision Centers are part of the Optical Group of G.D. Searle Company, a leading pharmaceutical producer. It owns and operates approximately 450 Vision Centers in 28 states. Its stores in New York and New Jersey are called Hillman Kohan Vision Centers and in Pennsylvania, Rogers Vision Centers.

G.D. Searle's Optical Group had sales of $71.9 million in 1977 and a 74 per cent increase in operating profit over 1976. The Optical Group's profits accounted for 10 per cent of G.D. Searle's 1977 profits. OM

The meeting was called to order at 1:30 p.m. in Room 213 Senator Thomas R. C. Wilson was in the chair.

PRESENT: Senator Thomas R.C. Wilson, Chairman
Senator Richard E. Blakemore, Vice Chairman
Senator Don Ashworth
Senator Clifford E. McCorkle
Senator Melvin D. Close
Senator C. Clifton Young
Senator William H. Hernstadt

ABSENT: None

OTHERS PRESENT: Fred Daniels, Registration Board for Progessional Engineers
David Hoy, State Board of Engineers
Bonnie McCorkle, Reno, Nevada
Reece Harper, Nevada Associaton of Land Surveyors

Howard Winn, Nevada Mining Association
Stan Warren, Nevada Bell

SB 232 Revises provision on renewal of certificates of registration for engineers and land surveyors.

David R. Hoy, Attorney, State Board of Engineers, stated that Senate Bill 232 is a Board bill, and that its purpose is to stagger the registration, in order to more efficiently handle the work load. Mr. Hoy explained to Senator McCorkle that the two-year expiration provision would be the most workable. He added that 5,000 certificates are processed annually.

Chairman Wilson closed the public hearing on SB 232.

SB 233 Provides for certification of land surveyors-in-training.

David R. Hoy, Attorney, State Board of Engineers, stated that Senate Bill 233 is a Board bill, and its purpose is to provide the statutory authority to license a land surveyor-in-training.

Mr. Hoy explained that this legislation would provide that a land surveyor-in-training could take a test and, after passing it, receive a certificate. Then, after passing the second part of the test, he would become a land surveyor. Land surveyor applicants would have to have four years on-the-job training or have completed four years of college and two years on-the-job training. He explained that these types of provisions are the trend in other states. Mr. Hoy clarified that land surveyors are distinctly different from engineers. He continued that four years of college in a subject other than engineering would count as two years experience.

Mr. Hoy agreed with Senator Blakemore that on Page 1, Line 9, the words "of" and "standing" be deleted.

Discussion followed, from which resulted the decision to entitle the test "The Land Surveyor-in-Training Examinations".

Reece Harper, on behalf of the Nevada Association of Land Surveyors, testified that the Association supports SB 233.

Chairman Wilson closed the public hearing on SB 233.

SB 234 Provides requisites for practice of professional engineering by certain organizations.

David R. Hoy, Attorney, State Board of Engineers, stated that Senate Bill 234 would protect the consumer from out-of-state engineers. However, he explained, it would allow out-of-state engineers who are licensed in other states to practice in Nevada. He continued that the Board, this morning, had decided that the language of the bill is too broad.

Discussion followed from which resulted the decision that Mr. Hoy would try to work out satisfactory amendments and report back to the Committee.

Stan Warren, Nevada Bell, asked to be notified of the date of a later hearing on SB 234.

Chairman Wilson closed the public hearing on SB 234.

SB 233 Provides for certification of land surveyors-in-training.

Chairman Wilson stated that on Page 1, Line 9, "of" and "standing" should be deleted.

Chairman Wilson also stated that sub-sections 1 and 2 of Section 3 conform.

Senator Blakemore moved that SB 233 be passed out of Committee with an "Amend and Do Pass" recommendation.

Seconded by Senator Hernstadt.

Motion carried unanimously.

SB 232 Revises provision on renewal of certificates of registration for engineers and land surveyors.

Senator Young moved that SB 232 be passed out of Committee with a "Do Pass" recommendation.

Seconded by Senator Blakemore.

Motion carried unanimously.

EXHIBIT Q

LAHONTAN CHAPTER

NEVADA ASSOCIATION OF LAND SURVEYORS

March 27, 1979

Assembly Committee on Commerce
Room 240
Nevada State Legislature
Carson City, Nevada 89701

re: Senate Bills 232 and 233

Dear Mr. Chairman and Committee members,

The Nevada Association of Land Surveyors would like to take this opportunity to give its support to both Senate Bills 232 and 233. As we had previously testified in the Senate committee, our Association has a definate need for the registration of the "Land Surveyor In Training"(L.S.I.T.). This catagory of surveyor would be of great value to us in evualations of surveyors for various job opportunities and our state association would be able to recognize people registered as an L.S.I.T. from other states.

It should be noted for the committee that this does not affect the total requirements for registration as a Land Surveyor but is simply an intermediate step in the present process.

Thank you very much for your time and considersation of these bills.

Sincerely,

Reece C. Harper, R.L.S.
Lobbyist- Nevada Association of Land Surveyors

EXHIBIT "R"

S

STATE OF NEVADA

PUBLIC EMPLOYEES RETIREMENT SYSTEM
P.O. Box 1569
CARSON CITY, NEVADA 89701
TELEPHONE (702) 885-4200

April 18, 1979

The Honorable Nicholas J. Horn
Assemblyman, State of Nevada
Legislative Building
Carson City, Nevada 89710

Dear Assemblyman Horn:

This will confirm two recent discussions we held regarding the Retirement System's position on rent control and mortgages for mobile home parks. We are enclosing a letter dated June 27, 1978 from Valley Bank of Nevada which brings the rent control situation to our attention, our letter to Mr. Ron Richardson dated July 5, 1978 which advises him of Board action denying his proposed loan, my letter dated July 17, 1978 to Ross Culbertson regarding a discussion with the Chairman of the Clark County Commissioners, and our letter dated July 17, 1978 to Mr. Ron Richardson advising him that Mrs. Dondero had resolved our concern regarding rent controls and that we would be pleased to consider his proposal. Mr. Richardson has never resubmitted his request for a loan with the Retirement System, although our letter dated July 17 clearly states that Clark County rent controls will not be a consideration and that his loan will be considered on its merits. I have met with Mr. Richardson on one occasion since that time to discuss other loans which he may have under consideration.

The Retirement System was advised at the time we considered the loan that the rent control matter was very serious and that it could affect the soundness of a loan because utilities and taxes could increase but income would be frozen. We were also advised that it would be beneficial for the System to deny the loan on the basis of the rent control situation. The Retirement Board was very pleased to reconsider the loan when we were assured by Mrs. Dondero that strong rent control measures would not be enacted. We have also placed loans to mobile home parks on our criteria as a desireable type of loan that we will consider. Therefore, I can assure you that the Retirement System will presently give full and objective consideration to any mobile home park loan submitted in Nevada, provided it meets our normal mortgage and real estate criteria.

Please advise if we can be of further assistance regarding this matter.

Sincerely

Vernon Bennett

VERNON BENNETT
Executive Officer

Encls:
c.c.: Assemblyman Robert E. Robinson
Assemblyman Robert F. Rusk
VB:bb

1382

EXHIBIT "S"

The Best

VALLEY BANK OF NEVADA

REAL ESTATE DEPARTMENT
300 SOUTH 4TH STREET
P. O. BOX 15427
LAS VEGAS, NEVADA 89114

June 27, 1978

Public Employees Retirement System
Post Office Box 1569
Carson City, Nevada 89701

Attention: Vernon Bennett, Executive Officer

Gentlemen:

We enclose a draft of a proposed county ordinance establishing rent control over mobile home parks.

We believe this would be detrimental if enacted and feel that mobile home park lenders would be reluctant to do business where such an ordinance is in effect.

Would you please provide me with your comments as to the effect it would have on mobile home park loans through your system.

Yours sincerely,

R. J. Bissett
Senior Vice President

nc
enclosures.

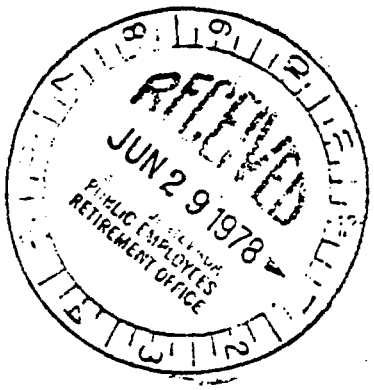


EXHIBIT S

1383

July 5, 1978

Mr. Ron Richardson
826 North Lamb Boulevard
Las Vegas, Nevada 89110

RE: Ballerina Mobile Home Park

Dear Mr. Richardson:

Your mortgage proposal for the Ballerina Mobile Home Park was submitted to the Retirement Board at their meeting held June 30, 1978. After considering the proposal, the Retirement Board passed a motion rejecting your proposal due to the current situation in Clark County where an ordinance is proposed to regulate rent ceilings on mobile home parks. We are enclosing a copy of the proposed ordinance for your information and assistance. The Retirement Board indicated that the passage of this ordinance would jeopardize the investment soundness of mobile home parksmortgages because the owner would have no guarantee that he could increase rentals to reflect increases in operating expenses such as utilities and taxes. Therefore, we regret that we could not be of assistance regarding this matter. We are enclosing our check number 206051 in the amount of $10,050.00 to reimburse you for the one point good faith deposit which you submitted.

We regret that we could not be of assistance regarding this matter.

Sincerely,

Vernon Bennett
Executive Officer

VB:11

Enclosures

bcc: Mr. R. J. Bissett

EXHIBIT S -- 1384

July 17, 1978

Mr. L. Ross Culbertson, Chairman
Public Employees Retirement Board
1513 James Street
Las Vegas, Nevada 89101

Dear Ross:

Thalia Dondero, Chairman of the Clark County Commissioners, telephoned me regarding the Board's refusal to consider a mobile home park mortgage at the June meeting because of their current proposed ordinance which would regulate rentals for mobile home parks. Mrs. Dondero advised that she was very concerned about the Board's action regarding this matter. She stated emphatically that the Clark County Commission had no intention to regulate mobile home park rentals. This ordinance has been presented to a subcommittee for study with major emphasis on creating a laymans group of mobile home park owners to regulate abuses. She assured me repeatedly that she was certain that the Commission would not approve any type of rental regulation for mobile home parks. Mrs. Dondero requested that I express this information to the Retirement Board and reconsider our position regarding Mr. Richardson's proposal. I assured Mrs. Dondero that I would advise Mr. Richardson of this development and give him the opportunity to submit his proposal for reconsideration at the July meeting.

Please advise if you or any member of the Board have any questions regarding this information.

Sincerely

VERNON BENNETT
Executive Officer

c.c.: Retirement Board
Mrs. Thalia Dondero
Mr. Ron Richardson
VB:bb

EXHIBIT S

Linda

July 17, 1978

Mr. Ron Richardson
826 North Lamb Boulevard
Las Vegas, Nevada 89110

Dear Mr. Richardson:

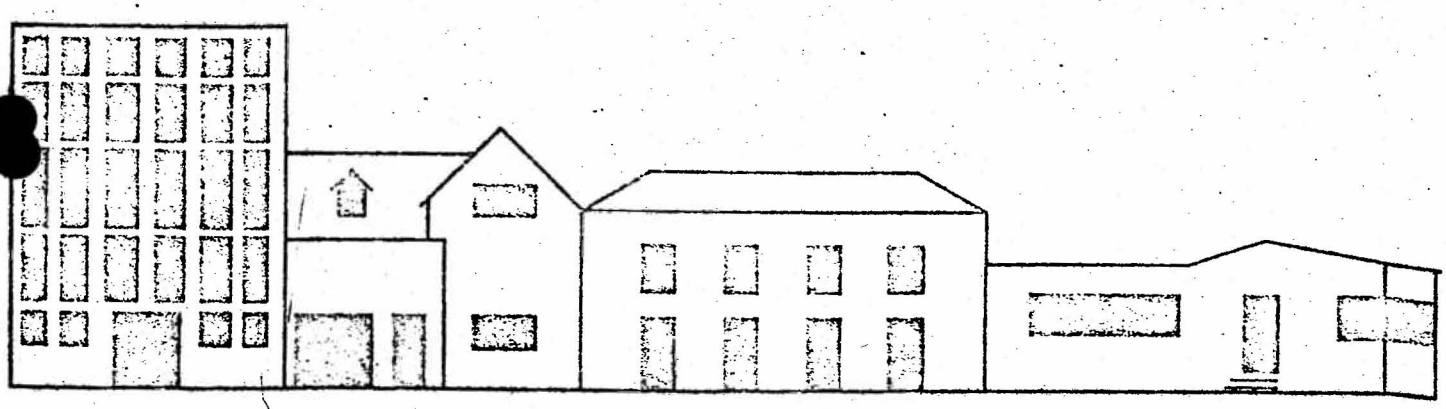
I am enclosing a letter to my Board which summarizes a discussion held with Mrs. Thalia Dondero, Chairman of the Clark County Commission. Based upon the verbal clarification provided to me by Mrs. Dondero, we would be pleased to reconsider your proposal at our next meeting scheduled July 25 through 27, 1978, should you so desire. The Board did not take a close look at the merits of your proposal at the June meeting due to their concern regarding the proposed Clark County ordinance. Therefore, I would like you to understand that the recommendation by the Board at the July meeting will be equivalent to a new consideration. Staff and Board will be evaluating your proposal on its merits without any consideration given to the proposed Clark County ordinance. However, I would like you to clearly understand that the Board may deny your proposal if they do not feel that it is in the best interest of the Retirement System or that it is equivalent to other proposals also being considered. Please advise whether or not you would like this proposal reconsidered by the Board at the July meeting and submit the necessary information. We require a letter of intent that summarizes, in layman's terms, all mortgage factors regarding your proposal such as current appraisal, amount requested, term, rate, estimated closing date, and any other relevant information which would assist the Board in making a decision. Please contact our Investment Analyst, Linda Lofgren, at this office if you have any questions regarding this matter.

Sincerely

VERNON BENNETT
Executive Officer

c.c.: Retirement Board
Mrs. Thalia Dondero
VB:bb

EXHIBIT S



COALITION FOR FAIR HOUSING

April 18, 1979

To Whom it May Concern:

The following MOBILE HOME SPACE SURVEY was conducted in February 1979, for the Reno, Sparks and Washoe County Area.

The survey condluded there were 1997 spaces in Reno and a total of 2062 in Sparks and Washoe County, for a TOTAL of 4059 SPACES.

Attached is a letter from the City of Reno Building Dept. relative to new mobile home spaces that will be available in the Greater Reno area in 1979 & 1980.

The following is applicable to Reno individually and to Reno, Sparks and Washoe County collectively on a percentage basis.

Permit issued: Donner Springs Mobile Home Park
4400 Sierra Madra
Reno, Nevada 232 SPACES

Permit to be issued in 1980:
College Terrace Mobile Home Park
S.W. Corner of McCarran Blvd. & Sutro
Reno, Nevada 220 SPACES

TOTAL SPACES AVAILABLE PER CITY OF RENO BUILDING DEPT. 1979 & 1980 CURRENTLY ISSUED AND/OR SUBMITTED TO CITY OF RENO BUILDING DEPT PER ATTACHED LETTER
452 SPACES TOTAL

452 ÷ 1997 (existing City of Reno) = 23% NEW SPACES

452 ÷ 4059 (existing Reno, Sparks & Washoe County) = 11% NEW SPACES

The Coalition for Fair Housing contends that a minimum of 11% to 23% individually and collectively of new mobile home spaces will be available in the next twelve months. This does not include spaces proposed on Pyramid Lake Highway or at Lockwood & I-80. Both parks are proposed using a package sewage treatment plant.

A SHORTAGE DOES NOT EXIST!!!!

By: Bill Fleiner
M.W. "Bill" Fleiner, Chairman
Coalition for Fair Housing
Dated: April 18, 1979

EXHIBIT S

CITY OF RENO

From the Office of:

April 18, 1979

To Whom it may concern:

The following permits have been issued or will be issued in 1980. The permits relate to new mobile home spaces in the City of Reno.

Permit issued: Donner Springs Mobile Home Park
4400 Sierra Madra
Reno, Nevada

TOTAL SPACES 232 - currently under construction.

Permit to be issued in 1980, Subject to sewer abeyance list and final plan check and approval.
College Terrace Mobile Home Park
S.W. Corner of McCarran & Sutro
Reno, Nevada

TOTAL SPACES 220 -currently on abeyance list.

TOTAL NEW SPACES 1979 & 1980 = 452

City of Reno Building Department:

By: _____ Dated: April ,1979

NO RELIANCE OR PRIORITY FOR SEWER ALLOCATION SHALL BE ASSUMED BY THIS STATEMENT

DEPARTMENT OF BUILDING & SAFETY

EXHIBIT S

1388

Mobile Home Park Rental Survey
1 City of Reno
2 Reno - Sparks & Washoe County

The attached survey was made in February 1979.

Each of the parks on the attached list were phoned or visited. The rental rates shown include any pending increases.

We believe this survey represents the majority of the spaces available for rent in the Reno/Sparks/Washoe County area.

Two sets of data is available in this survey. One for the entire Reno - Sparks Washoe County area and one for the City of Reno. The parks that have check marks on the attached list are in the City of Reno.

The highest rent included in the survey is $237.00. The lowest is $65.00/. An approximate average was made for each park. There will be spaces in most parks renting for more than the average and some that rent for less than the average. This usually depends on the size, location of the space and size of the trailer coach.

The average was obtained by dividing the total income of the parks surveyed, by the total number of spaces.

Total number of spaces in City of Reno	1997
Average monthly rent in City of Reno	$127.26

Total number of spaces in Reno-Sparks-Washoe County	4059
Average monthly rent in Reno/Sparks/Washoe County	$125.46

This survey was made by the Norther Nevada Mobile Park Owners Association. Committee Al & Mary Fischer.

Mobile Home Spaces Available in Reno, Sparks and Vicinity

Park	#Spaces		Average rent	Total income/mo
Airway 825-3400	36		$135	4,860
A-1 Mobile Village 747-4326	50		$97	4,850
Cozy 825-0337	52		$115	5,980
Carmelita 323-8330	47		$65	3,055
Chism 322-2281	97		$100	9,700
C-Mor 972-1204	100		$135	13,500
Country Mobile Estates 358-6824	70	(Sparks)	$100	7,000
Covered Wagon 329-7300	44		$101	4,444
[redacted]arls 825-2446	56		$130	7,280
Evergreen 825-1774	24	(County)	$85	2,040
Fairview	92		$180	16,560
Green Acres 825-0489	75		$80	6,000
JL Trailer Park 786-9218	66		$95	6,270
La Ramble 825-0779	50		$120	6,000
Lucky Lane 825-5239	187	(County)	$130	24,310
Northgate 359-2500	211		$177	37,347
[redacted]Oasis 358-3169	80	(County)	$105	8,400
Pony Express 358-8354	125	(Sparks)	$90	11,250
Triple C [redacted]	80	Sparks)	$110	8,800

EXHIBIT S

Park	#Spaces	Average rent	Total income/mo
[redacted]o Cascade (Sparks) 673-2202	245	$137	33,565
Rolling Wheel 825-5745	66	$125	8,250
Sierra Royal (Sparks) 358-4704	191 (includes 40 uncompleted)	$175	26,424
Skyline 972-1666	230	$150	34,500
Tiki Village 825-1507	44	$155	6,820
Town & Country (County) 972-0140	25	$75	1,875
Keystone 786-9135	40	$90	3,600
Traveler 825-3868	223	$110	24,530
[redacted]llman's (County) 825-2896	43	$100	4,300
Starlite 825-1090	31	$110	3,410
Sanders (Sparks) 358-7974	32	$95.	3,040
Arrowhead (County)	63	$100	6,300
Thunderbird 358-8100	169	$133	22,477
Woodland 825-0202	20	$100	2,000
Wood's (Sparks) 358-4155	98	$85	8,330
Spice Spaces	195	$115.00	22,425.00
~~Skyline (Duplicate)~~	~~40~~	~~$130~~	~~5,200~~

[redacted]

EXHIBIT S

Reno Area Parks

Park	# Spaces	Average Ret	Total income/mo
Bonanza-Lemon Valley 825-0337	43	$125.00	5,375
Crystal-Verdi 345-0104	31	$85.00	2,635
Glen Meadows 345-0533	239	$207.00 ($199-$237)	49,473
Lemon Valley 972-0266	105	$100.00	10,500
Longridge 358-4310	22	$65.00	1,430
Mar Don-panther Valley 329-1871	20	$95.00	1,900
Riverbelle 345-0163	71	$88.00	6,248
Sierra Shadows 972-7184	198	$120.00	23,760
Silver Crown 673-2026	38	$95.00	2,660
Sun Valley 673-2100	32	$105.00	3,360

EXHIBIT S

AMENDMENTS TO CHAPTER 118 OF 1985 — Underlined = Additions; ( ) = Deletion

Chapter 118.243 is hereby amended to read as follows:

118.243 Rental Agreements.

(Any) A Written rental contract or lease (to be used in renting or leasing any mobile home lot) may be executed between a landlord and tenant to rent or lease any mobile home lot. If such contract or lease is not offered by the landlord, the tenant may request a written agreement for a term agreed upon by both the landlord and the tenant. The written rental contract or lease (shall) must contain but is not limited to provisions relating to the following subjects.

2. Amount of rent, the manner and time of it's payment and the amount of any charges for late payment and dishonored checks.

3. Restrictions (on) and charges for occupancy by children or pets.

7. Maintenance which the tenat is required to perform (,) and any appurtenances he is required to provide.

9. Any subletting restrictions.

10. The number of and charges for persons who are to occupy a mobile home on the lot.

11. Any recreational facilities and other amenities provided to the tenant.

Chapter 118.249 is hereby amended to read as follows:

118.249 Deposits.

3. All deposits are refundable and upon termination of the tenancy the landlord may claim from a deposit only such amounts as are reasonably necessary to remedy tenant defaults in the payment of rent, utility charges or service fees to repair damage to the park caused by the tenant. The landlord shall provide the tenant with an itemized written accounting of the disposition of the deposit. Any refund shall be sent to the tenant within 21 days after the tenancy is terminated.

6. Deposit may not be charged unless included in original occupancy agreement.

Chapter 118.251 is hereby amended to read as follows:

118.251 Responsibility of Landlord for common areas, facilities, appliances.

2. Maintain in good working order all electrical, plumbing and sanitary facilities and appliances which he furnishes (,). (except that repeated damage from misuse or vandalism is grounds for suspension of maintenance or repair of a facility or appliance.)

EXHIBIT S

Chapter 118.260 is hereby amended to read as follows:

118.(?0 Rules, regulations concerning use, occupancy by tenant.

2. (?) each rules or regulations (shall) must not conflict with provisions of 118.241 and must be:

(c) Adopted in good faith and not for the purpose of evading any obligation of the landlord arising under the law (; and) or exterior conduct or activity which the landlord or his authorized agent had approved; and

(d) Uniformly enforced against all tenants in the park, including the (resident) managers.

3. Except as provided in subsection 4, such a rule or regulation is enforcible against the tenant only if he has notice of it at the time he enters in the rental agreement is not enforcible unless the tenant consents to it or is given (60) 120 days' notice of it in writing.

4. A rule or regulation pertaining to recreational facilities in the mobile home park is not enforcible unless the tenant has been (may be amended and enforced by the landlord without the tenants consent if the tenant is given 10 days's written notice of the amendment.) given 10 days written notice of the ruling or its' change to all tenants.

5. The landlord may not adopt or enforce rules or regulations that

(a) Prohibits a tenant from having a guest, except where the presence of the guest constitutes a nuisance; or

(b) Establishes areas for adults only in parks which allow children, unless the restriction is clearly posted in those areas.

(c) Evict a family tenant on the basis that the park has been changed to an all adult park.

(d) Deny the tenant access privleges to his mobile home -16b.

6. The landlord may adopt any rules or regulations which are not inconsistent with the provisions of this chapter.

1. Chapter 118.270 is hereby amended to read as follows:

118.270 Prohibited charges, practices by landlord. The landlord shall not:

1. Charge:

(a) Any entrance or exit fee to a tenant occupying or leaving occupancy of a mobile home lot. Such violation shall constitute a felony, does not [illegible]

(b) Any transfer or selling fee or commission as a condition to permitting a tenant to sell his mobile home within the mobile home park even if the mobile home is to remain within the park, unless the landlord has acted as the mobile home owner's agent in the sale pursuant to a written contract (,) provided this is not a condition of the sale; or

(c) Any (security or damage) deposit the purpose of which is to avoid compliance with the provisions of subsection 5.

(d) Additional fees for immediate members of the family.

(e) A tenant shall not be charged a fee for keeping a pet in the park unless the management actually provides special facilities or services for pets. If special pet facilities are maintained by the management, the fee charged shall reasonably relate to the cost of maintenance of the facilities or services and the number of pets kept in the park.

(f) Additional fees for use of the recreational facilities as provided in the rental agreement at the time of occupancy.

2. Increase rent or service fees unless:

(a) The increase applies to rent in a uniform manner to all tenants or, if it is a service fee, to a given circumstance, except that a landlord may give discounts to disabled persons or senior citizens 55 years of age or over.

(b) Written notice advising the tenant of the increase is sent to the tenant (60) 90 days in advance of the first payment to be increased. New tenants shall be given written notice of any pending rent increase on or before the commencement of their tenancy.

4. Prohibit any tenant desiring to sell his mobile home or other personal property within the park from advertising the location of the mobile home and name of the mobile home park or prohibit the tenant from displaying at least one sign of a reasonable size, advertising the sale of the mobile home or other property.

5. Prohibit any meetings held in the park's community or recreation facility by the tenants or occupants of any mobile home in the park to discuss mobile home living and

affairs, if those meetings are held at reasonable hours (and when the facility is not otherwise in use.)

6. Interrupt, with the intent to terminate occupancy, a utility service furnished the tenant except for nonpayment of utility charges. Any landlord who violates this subsection is liable to the tenant for actual damages and $100.00 in exemplary damages for each day that the tenant is deprived of utility service.

Chapter 118.280 is hereby amended to read as follows:

118.280 Rights of landlord upon sale of mobile home located in park.

1. The landlord may require approval of a prospective buyer and tenant prior to the sale of a tenant's mobile home, if the mobile home will remain in the park. The landlord shall base his decision on the prospective buyer's previous record as a tenant elsewhere, his financial responsibility and if the landlord does not approve the prospective buyer he must give the tenant written notice stating his reasons.

2. If a tenant sells his mobile home and there has been no harassment or unreasonable hinderance or obstruction of the sale by the landlord, the landlord may require that the mobile home be removed from the park if the mobile home is:

((a) Less than 12 feet wide;

(b) More than 10 years old;

(c) Deemed by the landlord to be in a random condition or in disrepair;)

(a) Deemed by the local inspection agency to be a health and safety hazard and buyer fails to eliminate the hazard within 60 days after receiving written notice from the landlord advising him of the conditions found by the inspecting agency to be a health or safety hazard; or

((d) (b) Unoccupied for more than 120 consecutive days before the sale.

Chapter 118.291 is hereby amended to read as follows:

118.291 Termination of rental agreement by landlord: Notice requirements; holding over with landlord's consent.

1. Except as provided in subsection 4, an oral or written agreement between a landlord and tenant for a mobile home lot in a mobile home park in this state shall not be terminated by the landlord except upon notice in writing to the tenant served in the manner provided

EXHIBIT S

In NRS 40.280.

(a) (Thirty) Sixty days in advance. (if the mobile home does not exceed 16 feet in width.)

Delete ((b)) Forty five days if the mobile home exceeds 16 feet in width.)

((c)) (b) Five days in advance if the termination is because the conduct of the tenant constitutes a nuisance as described in Subsection 6 of NRS 118.295.

(c) Ten days in advance if the terminationis due to nonpayment of rent and utilitie

Chapter 118.295 is hereby amended to read as follows:

118.295 Termination of rental agreement by landlord: Grounds. The rental agreement described in NRS 118.291 may not be terminated except for:

5. Condemnation or a change in land use of the mobile home park unless the tenant is given 12 month notice of the condemnation or land use change or the landlord assumes the costs of moving the mobile home and relocates the mobile home.

Chapter 118.310 is hereby amended to read as follows:

118.310 Alternative remedies when tenant's mobile home made unfit for occupancy.

1. If a mobile home is made unfit for occupancy for any period in excess of 48 hours by any cause for which the landlord is responsible or over which he has control, the rent sall be at the tenant's option proportionately abated, from the first day of outage and refunded or credited against the following month's rent. The tenant need not abandon the mobile home as a prerequisite to seeking relief under this subsection.

2. As an alternative to such abatement of rent, the tenant may procure reasonable substitute housing for occupancy while his mobile home remains unfit and may:

(a) Recover the actual reasonable cost of the substitute housing from the landlord (,) (but not more than an amount equal to the rent for the mobile home lot;), or

(b) Deduct the cost from future rent.

Chapter 118.340 is hereby amended to read as follows:

118.340 Any landlord who violates any of the provision of NRS 118.241 to 118.310 inclusive, NRS 118.330 is guilty of (a misdemeanor.) :

(a) For a first or second offense, a misdemeanor;

(b) For a third or subsequent offense, a gross misdemeanor.

EXHIBIT S - 1397

Chapter 118 is hereby amended to read as follows:

Add new Section - No vacant mobile home space may be rented or leased to any person who will not personally occupy said space. Violation shall constitute a gross misdemeanor.

Add new section - Children under 18 years of age residing in a mobile home park will comply with all state and local laws and ordinances.

Add new section - A mediation Board shall be established by the local governments to include members of the local park owners and local mobile home park tenants associations to mediate landlord tenant grievances and evictions.

For further iinformation call Vickie Demas, 876-4973 or Shannon Zivic 873-6226

EXHIBIT S 1398

LAS VEGAS SUN Monday, April 16, 1979

Seen As Social Cause, Politicial Issue

Rent Control Phenomenon Makes Major Inroads in West

NY Times News Service

SANTA MONICA, Calif. — Rent control, for decades a New York" phenomenon, has begun to make significant inroads elsewhere in the nation, especially in the West.

For many young veterans of the antiwar, consumer and environmental movements, limiting rents has become a new social cause, and some are beginning to forge successful political coalitions of renters from three groups — minorities, the elderly and young adults of the so-called baby boom generation.

Meanwhile, the calls for rent control appear to be accelerating a countertrend in urban housing — the conversion of more and more rental apartment units into condominiums. Landlords assert that such conversions are inevitable if they are not allowed to receive what they consider to be fair rents.

This past week, in this coastal city where almost 80 percent of the 93,000 residents live in apartments, voters approved one of the strictest rent-control laws in the nation. Among the people who campaigned for its passage were Tom Hayden, the antiwar activist, and Ralph Nader, the consumer advocate.

Ten weeks ago, Los Angeles became the nation's second largest city, after New York, to establish long-term rent controls, after an emotional battle by renters that reminded some city councilmen of the popular explosion that led last year to passage of Proposition 13, California's law limiting property taxes.

Since November, four other California cities, including Beverly Hills, have imposed some sort of controls on apartments or on mobile home parks that rent spaces. The issue is on the ballot of at least four other communities.

The spread of rent controls has not been limited to California. The Montgomery County, Md., council voted last month to limit rent increases to 10 percent annually for about half the 25,000 apartments in that county.

State legislatures in Oregon, New Mexico and Nevada are considering bills that would allow rent controls, and in numerous cities such as Philadelphia, Minneapolis and Seattle, tenant groups are pushing for enactment of controls.

The proponents of rent control, however, have not won every battle. In Chicago, for example, a special city commission last year rejected the concept, declaring rent control would stop construction of new apartments and lead to abandonment of old ones.

In several cities such as Madison, Wis., and Long Beach, Calif., voters have rejected rent control, often after well-financed campaigns by property owners that have almost inevitably cited the decay of the South Bronx as an example of what rent control would bring.

In other cities, such as Miami and Somerville, Mass., rent control measures have been tried and dropped. Nonetheless, with California leading the way, pressure to enact rent controls has grown strong enough to worry major apartment owners, who have established a group called the National Rental Housing Council to lobby against controls.

"Just as California has proven to be the trend-setter for the rest of the country for a wide variety of issues such as Proposition 13, the current interest in controls there threatens to spread across the nation," Richard L. Fore, president of the group, said recently.

Proposition 13 slashed property taxes in California an average of almost 60 percent. After the election last June 6, leaders of several organized groups appealed to apartment owners to pass on a portion of their tax savings to tenants. But, while some did so, many tenants complained that, instead of being reduced after the election, their rents were raised. The failure of more landlords to share their tax savings has been cited by Hayden and others as the major impetus for the explosion of interest in rent controls in this state.

Nationally, housing experts cite other reasons for the growing pressure to impose rent controls.

A tight market for apartments — the average vacancy rate for apartments in the United States last month was only 5 percent, according to a federal study — has tilted the supply-and-demand ratio to the side of landlords and encouraged many to raise their rents.

Apartment owners usually contend that higher rents are needed to offset inflation and to obtain a reasonable rate of return on their investment, while many tenants, faced with the same inflationary pressures, accuse landlords of using their supply-and-demand advantage to profiteer.

There are several reasons, housing specialists say, why the apartment market is tight in many communities.

The postwar baby boom children, now in their 20s and early 30s, are bidding against one another for the same apartments, while proportionately more people than in the past have chosen to live alone, adding to the demand for living units.

Moreover, soaring prices for new houses have given many people, old and young, no choice but to live in apartments, further aggravating the imbalance in supply and demand.

For older people, especially in the Sun Belt states, there is a different problem. Many retired people who, for a variety of reasons, have not purchased their own houses, have bought mobile homes instead, and they are complaining of skyrocketing rental rates for spaces, another reflection of the tight supply.

Builders in many parts of the nation have not kept up with the demand for apartments; apartment construction never rebounded from a deep slump that began in 1975, and in many cities builders say that construction costs are too high now to erect buildings that offer apartments at rents middle-income people can afford. This has led to a rapid rise in the market value of existing apartment buildings, and subsequently higher rents; meanwhile, "slow growth" laws pushed by environmentalists have added to the shortage in many areas.

Aggravating the shortages still more in many communities is the increasing conversion of rental apartments to condominiums, apartments sold to individual owners who then hold the mortgage.

In New York City, the more familiar form of tenant ownership is cooperatives, where purchasers buy stock in the corporation that holds the mortgage and get proprietary leases on apartments.

Both forms are frequently more profitable to investors because they provide not only immediate cash, but also certain tax advantages, and the owners no longer have to worry about maintenance, tenant problems or the threat of rent-control legislation.

In Cambridge, Mass., which has a rent control law, more than 2,000 tenants have been evicted over the past three years when apartments were converted to condominiums, a situation that has been repeated in many communities across the country.

In some communities, such as Brookline, Mass., laws have been passed banning eviction because of condominium conversions and the political pressures for rent control are being matched increasingly by a call for laws to ban such conversions.

Here in Santa Monica, city planners estimate that almost 10 percent of the city's 36,000 apartment units were converted to condominium units over the last year alone. The initiative measure passed this week imposes a 180-day freeze on rents, then a rollback to the rates in effect in April 1978; a ban on demolition of existing apartment buildings; and a ban on conversion of any additional units to condominiums without the approval of a new rent control board.

Cary Lowe, co-director of the California Public Policy Center, one of the groups that campaigned for the initiative, said in an interview that he thought rent control was luring young activists from the 1960s like himself because it had a common denominator with many causes of the past: It was an effort to stop what is seen as exploitation of a relatively weak group by a stronger force, in this case "the big corporations" that own the apartments.

"Just about everybody in society has laws to protect them except tenants; while laws have given working people rights and consumers have rights, the tenants have hardly any protection," he said. "The relationship between the landlord and the tenant is probably the most primitive economic relationship left in this society, a carry over from the time when the landlord was really the lord of the land."

Professional Mobile Home Locators

2221 PARADISE ROAD
Corner of Paradise and Sahara
LAS VEGAS, NEVADA 89104
(702) 733-1526

April 17, 1979

To Whom it May Concern:

Inasmuch as we are in the business of providing in-park mobile home resale opportunities to many people in this community, we as licensed mobile home dealers must in good conscience support the endeavors of the Mobile Home Owners League of the Silver State and their Vice President Vicki Demas in concern for those who own and live in mobile homes.

Park rents continue to rise and rules and occupancy restrictions continue to change with no regard for the rights of those already in residence in the mobile home park. Some who have been arbitrarily evicted may be forced to take a loss on homes purchased in compliance with past rules and regulations. Such practices are a detriment to the mobile home business as people hear the stories of financial loss and physical hardships of moving families on short notice and tragedy of destroying family pets as park conditions change without regard to its' residents well-being.

Many retirees are forced to sell as the space rents take larger portions of their non-increasing incomes. As many as two, three and even four rent increases per year in many parks are mandated with no added facilities or amenities to the park resident.

If mobile home communities are to grow and improve, the rights and quality of the mobile home owner must be respected as highly as the profit gain of mobile home park owners.

Perhaps legislation is the answer - we at Professional do now know/but are ready and willing to assist, if possible, and the Mobile Home Owners League of the Silver State and/or mobile home park owners in any way to help stabilize conditions and bring about harmony for all concerned with mobile home living.

Sincerely yours,

Douglas D. Leever

DDL:mah

EXHIBIT S

Dear Sirs:

Just recently I purchased a Mobile home from a private party here in Las Vegas, after I had, I found out that unless I bought my mobile home through a dealer I would not find a space to put it in. At first I didn't really believe this, but for the last three weeks I have been looking for a park to put it in and I still don't have any place to put it. Not only has this happened to me but it has happened to about three families that I know personally.

There should be a law that no Mobile home dealer will have a monopoly on mobile home spaces or a bill of some type to control this type of transaction. If this procedure keeps up, families will start putting their Mobile homes anywhere they can, because they have no other choice, which will result only in more problems in the future.

EXHIBIT S 1401

If there is anything I
can possibly do to change
this please notify me at
once.
The Mobile home dealer that
I am primarily talking about
is Yuma American Mobile Homes.

The Mobile Home park are
Golden Valley Acres and Casa
Linda Mobile Home park.

I know for a fact that
there are more dealers doing
this but there are to many
to list.
Please help if at all
possible.

Sincerely

My Phone # is Robert L. Burden
area code 702-1-648-5959 207 Anderson Ln.
call collect if you Las Vegas Nev
have to. 89106

P.S. If unable to reach me at this address
call 645-1188 and leave a message.

EXHIBIT S - 1462

To Whom it May Concern

On Friday April 13, 1979, My Husband and I went with some friends to The Casa Linda Mobile Home Park to enquire about a space to park our new mobile Home. We were looking for two spaces together, one for us and one for our friends. We bought our Mobile Home from Young American Mobile Home Sales And our friends bought theirs from a private party. We were told we could get a space but our friends couldn't because Young American Mobile Home Sales had bought rights to all the spaces in Casa Linda. Our fiends can not find a ~~place~~ space in any park in town, because all the spaces have been bought by the dealers. We feel this is agaist our rights and the

EXHIBIT S

rights of other people. It is unfair to keep people from being able to ~~live~~ buy or sell a mobile home because there aren't any spaces available. Sellers can't sell if there are no place for the people to park the mobile home. Buyers can't buy for the same reason. We feel that there should be a law stopping the Mobile Home dealers from doing this.

Signed or Dated
4-17-1979
Marcia Macobor
1935 Aldrich Apt D
Las Vegas, Nev.
89106

EXHIBIT S — 1404

California State Automobile Association

SERVING THE MOTORIST SINCE 1900

199 EAST MOANA
MAILING ADDRESS: P.O. BOX 7020 · RENO, NEVADA 89510
(702) 826-8800

RENO DISTRICT OFFICE

April 19, 1979

The Honorable Robert F. Rusk
Assemblyman - Washoe No. 28
Legislature Building
Carson City, Nevada

RE: AB617

Dear Mr. Rusk:

As we discussed, the Nevada Division of the California State Automobile Association does not voluntarily make available to its insured members uninsured motorist insurance coverage above the $15,000/$30,000 limits required by Nevada law.

We do, however, make Basic Reparations Benefits (No-Fault) available to them in amounts up to $50,000. This is in addition to the basic $15,000/$30,000 benefits available under uninsured motorist coverage.

The net result is the availability of a combination $65,000 package of benefits for payment of our insured's medical and hospital expenses, wage loss and pain and suffering in the event of injury sustained in an accident with an uninsured driver.

Providing a combination of coverages in this manner eliminates or greatly reduces the potential of litigating with our own members on the availability of benefits. Furthermore, the $50,000 BRB benefits is paid directly to the member which eliminates any lawyers contingency fees (usually 33 1/3 per cent or more) from his share.

We believe that this total package provides more benefits directly to the member without the necessity of his retaining a lawyer to represent him.

Sincerely,

Virgil P. Anderson
Governmental Affairs

EXHIBIT "T"

Bernard J. Smith
Public Services, Nevada