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BRIAN SANDOVAL
Attorney General

STATE OF NEVADA
OFFICE OF THE ATTORNEY GENERAL

1325 Airmotive Way, Suite 340
Reno, Nevada 89502
Telephone (775) 688-1818
Fax (775) 688-1822
ag.state.nv.us
E-Mail: aginfo@ag.state.nv.us

ANN WILKINSON
Assistant Attorney General

April 14, 2003

The Honorable Randolph Townsend, Chairman
Senate Committee on Commerce and Labor
Nevada State Legislature
401 S. Carson Street
Carson City, NV 89701-4747

Re: A.B. 140, Misdemeanor Penalty for Failing to Close a Business
Hearing April 17, 2003

Dear Chairman Townsend and Members of the Committee:

Assembly Bill 140, introduced on behalf of the Attorney General, seeks to add a misdemeanor penalty to NRS 616D.110.

Workers Compensation Fraud Unit [WCFU] investigators often join with Division of Industrial Relations [DIR] investigators to conduct joint investigations into uninsured businesses. The WCFU investigators will either issue a citation for failure to have industrial insurance or begin an investigation to be submitted to a Deputy Attorney General for prosecution. The DIR investigators, who are not peace officers, have the authority to shut the business down until insurance is obtained. This is generally done as a safety measure or in the face of long-term noncompliance. All employees are required to leave the premises and the business owner must close the business until he obtains insurance.

If the employees refuse to leave or the owner refuses to close the business, the only recourse is an administrative penalty under the statute. We have on occasion confronted combative owners or have merely returned to the business an hour later to see it open again. The misdemeanor will allow WCFU investigators to criminally charge uncooperative employees or owners, or in extreme cases make an arrest. The threat of criminal charges may be the only way to force some employers to insure their businesses.

The Division of Industrial Relations joins with the Workers Compensation Fraud Unit in

Chairman Goldwater and Members of the Committee

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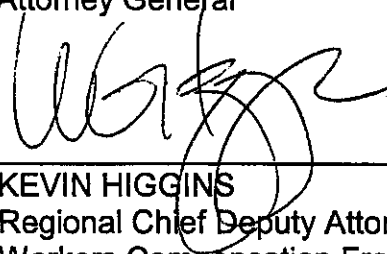
supporting A.B. 140. The addition of the misdemeanor will give the WCFU another tool to use in the fight against fraud.

I look forward to testifying before your Committee on Thursday. Please call or email me if I can provide any further information.

Sincerely yours,

BRIAN SANDOVAL

Attorney General



By:

KEVIN HIGGINS

Regional Chief Deputy Attorney General

Workers Compensation Fraud Unit

(775) 688-1818