
ASSEMBLY BILL NO. 221—ASSEMBLYMEN CHOWNING, BUCKLEY, COLLINS, GIBBONS, MCCLEARY, ANDERSON, ANDONOV, ANGLE, ARBERRY, CHRISTENSEN, CLABORN, CONKLIN, GIUNCHIGLIANI, GOICOECHEA, GRADY, GRIFFIN, GUSTAVSON, HETTRICK, HORNE, KNECHT, KOIVISTO, MANENDO, MCCLAIN, MORTENSON, OCEGUERA, PARKS, PERKINS, PIERCE, SHERER, WEBER AND WILLIAMS

FEBRUARY 28, 2003

Referred to Committee on Commerce and Labor

SUMMARY—Revises requirements concerning consignment of vehicles. (BDR 43-215)

FISCAL NOTE: Effect on Local Government: Yes.
Effect on the State: No.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to motor vehicles; requiring the consignee of a vehicle to assist the consignor in completing a financing statement to create a purchase-money security interest of the consignor in the vehicle; requiring the consignee to file the financing statement with the Secretary of State; requiring the consignee to display a particular sign; providing a penalty; and providing other matters properly relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 **Section 1.** NRS 482.31776 is hereby amended to read as
2 follows:
3 482.31776 1. A consignee of a vehicle shall, upon entering
4 into a consignment contract or other form of agreement to sell a
5 vehicle owned by another person ~~open~~ :
6 (a) *Open* and maintain a separate trust account in a federally
7 insured bank or savings and loan association that is located in this
8 state, into which the consignee shall deposit all money received



1 from a prospective buyer as a deposit, or as partial or full payment
2 of the purchase price agreed upon, toward the purchase or transfer
3 of interest in the vehicle. A consignee of a vehicle shall not:

4 ~~[(a)]~~ (1) Commingle the money in the trust account with any
5 other money that is not on deposit or otherwise maintained toward
6 the purchase of the vehicle subject to the consignment contract or
7 agreement; or

8 ~~[(b)]~~ (2) Use any money in the trust account to pay his
9 operational expenses for any purpose that is not related to the
10 consignment contract or agreement.

11 *(b) Assist the consignor in completing, with respect to the*
12 *consignor's purchase-money security interest in the vehicle, a*
13 *financial statement of the type described in subsection 5 of NRS*
14 *104.9317 and shall file the financial statement with the Secretary*
15 *of State on behalf of the consignor. If a consignee has previously*
16 *granted to a third party a security interest with an after-acquired*
17 *property clause in the consignee's inventory, the consignee*
18 *additionally shall assist the consignor in sending an authenticated*
19 *notification, as described in paragraph (b) of subsection 1 of NRS*
20 *104.9324, to each holder of a conflicting security interest. The*
21 *consignee must not receive delivery of the vehicle until the*
22 *consignee has:*

23 *(1) Filed the financing statement with the Secretary of*
24 *State; and*

25 *(2) If applicable, assisted the consignor in sending an*
26 *authenticated notification to each holder of a conflicting security*
27 *interest.*

28 2. Upon the sale or transfer of interest in the vehicle, the
29 consignee shall forthwith:

30 (a) Satisfy or cause to be satisfied all outstanding security
31 interests in the vehicle; and

32 (b) Satisfy the financial obligations due the consignor pursuant
33 to the consignment contract.

34 3. Upon the receipt of money by delivery of cash, bank check
35 or draft, or any other form of legal monetary exchange, or after any
36 form of transfer of interest in a vehicle, the consignee shall notify
37 the consignor that the money has been received or that a transfer of
38 interest in the vehicle has occurred. Notification by the consignee to
39 the consignor must be given in person or, in the absence of the
40 consignor, by registered or certified mail addressed to the last
41 address or residence of the consignor known to the consignee. The
42 notification must be made within 3 business days after the date on
43 which the money is received or the transfer of interest in the vehicle
44 is made.



1 4. The provisions of this section do not apply to an executor, an
2 administrator, a sheriff or any other person who sells a vehicle
3 pursuant to the powers or duties granted to or imposed on him by
4 specific statute.

5 5. Notwithstanding any provision of NRS 482.423 to 482.4247,
6 inclusive, to the contrary, a vehicle subject to a consignment
7 contract may not be operated by the consignee, an employee or
8 agent of the consignee, or a prospective buyer in accordance with
9 NRS 482.423 to 482.4247, inclusive, by displaying a temporary
10 placard to operate the vehicle unless the operation of the vehicle is
11 authorized by the express written consent of the consignor.

12 6. A vehicle subject to a consignment contract may not be
13 operated by the consignee, an employee or agent of the consignee,
14 or a prospective buyer in accordance with NRS 482.320 by
15 displaying a special plate unless the operation of the vehicle is
16 authorized by the express written consent of the consignor.

17 7. A consignee shall maintain a written log for each vehicle for
18 which he has entered into a consignment contract. The written log
19 must include:

20 (a) The name and address, or place of residence, of the
21 consignor;

22 (b) A description of the vehicle consigned, including the year,
23 make, model and serial or identification number of the vehicle;

24 (c) The date on which the consignment contract is entered into;

25 (d) The period that the vehicle is to be consigned;

26 (e) The minimum agreed upon sales price for the vehicle;

27 (f) The approximate amount of money due any lienholder or
28 other person known to have an interest in the vehicle;

29 (g) If the vehicle is sold, the date on which the vehicle is sold;

30 (h) The date that the money due the consignor and the lienholder
31 was paid;

32 (i) The name and address of the federally insured bank or
33 savings and loan association in which the consignee opened the trust
34 account required pursuant to subsection 1; and

35 (j) The signature of the consignor acknowledging that the terms
36 of the consignment contract were fulfilled or terminated, as
37 appropriate.

38 8. *Each consignee shall display conspicuously in those areas*
39 *of his place of business frequented by persons seeking to enter into*
40 *a consignment contract a sign, not less than 22 by 28 inches in*
41 *size and including a replica of the great seal of the State of*
42 *Nevada that is at least 2 inches in diameter and centered on the*
43 *face of the sign directly above the words "STATE OF NEVADA."*
44 *The sign must set forth in boldface type the following:*



1 **READ THIS NOTICE:**
2 **BEFORE YOU LEAVE YOUR VEHICLE HERE FOR SALE!**

3
4 *If you are considering entering into a consignment contract*
5 *under which you would entrust the operator of this business to act*
6 *as your agent to sell your vehicle for you:*

7
8 *You need to know that, unless you file a form with the Office of*
9 *the Secretary of State, YOU MAY LOSE YOUR VEHICLE*
10 *THROUGH NO FAULT OF YOUR OWN. The form is necessary*
11 *to protect your vehicle from forfeiture as a part of the operator's*
12 *inventory of vehicles if the operator's creditors find it necessary to*
13 *seize the operator's property.*

14
15 *You need to know that BEFORE the operator of this business*
16 *may legally enter into a consignment contract with you, THE*
17 *OPERATOR IS REQUIRED TO HELP YOU fill out the*
18 *necessary paperwork and help you file it with the Office of*
19 *the Secretary of State to protect your vehicle.*

20
21 *This sign is required by law (NRS 482.31776) to be posted in*
22 *this location because Nevada residents have lost their vehicles*
23 *because they did not file the required paperwork to protect their*
24 *rights. It could happen to you if you leave your vehicle here*
25 *without filing the paperwork correctly. The operator of this*
26 *business has the paperwork you need to fill out and is required to*
27 *help you. FOR MORE INFORMATION PLEASE CONTACT:*

28
29 *The Office of the Secretary of State*
30 *Uniform Commercial Code Division*
31 *775.684.5708*

32
33 **9.** A person who:

34 (a) Appropriates, diverts or otherwise converts to his own use
35 money in a trust account opened pursuant to *paragraph (a) of*
36 subsection 1 or otherwise subject to a consignment contract or
37 agreement is guilty of embezzlement and shall be punished in
38 accordance with NRS 205.300. The court shall, in addition to any
39 other penalty, order the person to pay restitution.

40 (b) *Violates paragraph (b) of subsection 1 is guilty of a*
41 *misdemeanor. The court shall, in addition to any other penalty,*
42 *order the person to pay restitution.*



1 (c) Violates any other provision of this section is guilty of a
2 misdemeanor.

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