IN THE SUPREME COURT OF THE STATE OF NEVADA

APCO CONSTRUCTION, INC.,

Appellant.

vs.

ZITTING BROTHERS CONSTRUCTION, INC, Case No. 75197 District Court Case No. 08A571228 Electronically Filed Nov 23 2020 03:40 p.m.

Elizabeth A. Brown Clerk of Supreme Court

Respondent.

PETITION FOR REHEARING

Marquis Aurbach Coffing

Cody S. Mounteer, Esq. Nevada Bar No. 11220 10001 Park Run Drive Las Vegas, Nevada 89145 Telephone: (702) 382-0711 Facsimile: (702) 382-5816 cmounteer@maclaw.com

Fennemore Craig, P.C.

John Randall Jefferies, Esq. Nevada Bar No. 3512 Christopher H. Byrd, Esq. Nevada Bar No. 1633 300 S. Fourth Street, Suite 950 Las Vegas, NV 89101 Telephone: (702) 692-8000 Facsimile: (702) 692-8099 rjefferies@fclaw.com cbyrd@fclaw.com

Attorneys for Appellant, APCO Construction, Inc.

NRAP 26.1 DISCLOSURE

The undersigned counsel of record certifies that the following are persons and entities as described in NRAP 26.1(a), and must be disclosed. These representations are made in order that the Justices of this Court may evaluate possible disqualification or recusal.

1. APCO Construction, Inc. (APCO), is not a publicly traded company, nor is it owned by a publicly traded company.

2. APCO was represented in the district court by Gwen Rutar-Mullins, Esq. and Wade Gochnour, Esq. of Howard & Howard; Micah Echols, Esq., Cody Mounteer, Esq., and Jack Juan, Esq. of Marquis Aurbach Coffing; and John Mowbray, Esq., John Randall Jefferies, Esq., and Mary Bacon, Esq. of Spencer Fane LLP.

3. Cody Mounteer, Esq., and Kathleen Wilde, Esq. of Marquis Aurbach Coffing; John Randall Jefferies, Esq., of Fennemore Craig; and Christopher H. Byrd, Esq. of Fennemore Craig represent APCO in this Court.

Dated this 23rd day of November, 2020.

FENNEMORE CRAIG, P.C.

By <u>/s/ Christopher H. Byrd, Esq.</u> John Randall Jefferies, Esq. (Bar No. 3512) Christopher H. Byrd, Esq. (Bar No. 1633) 300 S. Fourth Street, Suite 950 Las Vegas, NV 89101 rjefferies@fclaw.com cbyrd@spencerfane.com

TABLE OF CONTENTS

I.	PRELIMINARY STATEMENT IN SUPPORT OF REHEARING1
II.	ISSUES OF FACT OR LAW OVERLOOKED OR MISAPPREHENDED3
III.	CONCLUSION
IV.	CERTIFICATE OF COMPLIANCE19
V.	CERTIFICATE OF SERVICE

TABLE OF AUTHORITIES

CASES

Lehrer McGovern Bovis, Inc. v. Bullock Insulation, Inc., 124 Nev. 1102,1117, 197
P.3d 1032, 1042 & n. 50 (2008)
D.R. Horton, Inc. v. Eighth Jud. Dist. Ct. ex rel. County of Clark, 123 Nev. 468,
476, 168 P.3d 731, 738 (2007)6
Harris Assoc. v. Clark County School Dist. 119 Nev. 638, 642, 81 P.3d 532, 534
(2003)
Siloam Springs Hotel, LLC v. Century Sur. Co., 392 P3d 262, 268 (Okla. 2017)
Pina v. Gruy Petroleum Mgmt. Co., 136 P.3d 1029, 1033 (N.M. Ct. App. 2006)
In Re Manhattan West Lien Litigation, 359 P.3d 125 (2015)11
Leasepartners Corp. v. Robert L. Brooks Tr. Dated November 12, 1975, 113 Nev.
747, 756, 942 P.2d 182, 187 (1997)11
Padilla Constr. Of Nevada v. Big D Constr. Corp., Docket Nos. 67397 & 68683
(Order of Affirmance, November 18, 2016)13
Breithaupt v. USAA Prop. & Cas. Ins. Co., 110 Nev. 31, 35, 867 P.2d 402, 405
(1994)14

Chevron Oil Co. v. Huson, 92 S.Ct. 349, 355 (1971)	14
SASCO 1997 NI, LLC v. Zudkewich, 767 A.2d 469, 477 (N.J. 2001)	16, 17
RULES AND STATUTES	
NRAP 40	1
NRS 108.22136	
NRS 108.222(1)(a)	
NRS 108.239(12)	
NRS 624.624-626	1, 3
NRS 624.624	1, 7
NRS 624.624(1)	4,9
NRS 624.624(1)(a)	4, 5, 7
NRS 624.624(1)(b)	7
NRS 624.626	7, 10
NRS 624.626(1)(b)1, 4	5, 7, 8, 9
NRS 624.626(2)1,	, 5, 8, 10
NRS 624.626(3)(a)	3
NRS 624.628(3)	1, 4
NRS 624.628(3)(a)1, 4, 5, 7	7, 10, 18
NRS Chapter 108	12

1 I. PRELIMINARY STATEMENT IN SUPPORT OF REHEARING

2 Pursuant to NRAP 40 Respondent APCO Construction Inc. ("APCO") 3 moves for rehearing of the Panel's decision, entered October 8, 2020 4 ("Decision"). The Decision holds paid if paid clauses, which require a 5 subcontractor to forgo its right to prompt payment under NRS 624.624 when 6 payment would otherwise be due, are void and against public policy under 7 NRS 624.628(3). This result is a material departure from prior 8 pronouncements of this Court about the enforceability of paid if paid 9 clauses.

10 The Decision's de novo analysis of the Prompt Payment Act (NRS 624.624-626 hereafter the "Act") also misinterprets the plain language and 11 12 purpose of the Act. The Decision overlooks sections of the Act, that 13 expressly authorize paid if paid clauses (NRS 624.626(1)(b)) and treat 14 differently subcontracts with those clauses for purposes of stop work and 15 termination for non-payment (NRS 624.626(2)). Because paid if paid 16 clauses are permitted under NRS 624.626(1)(b), they cannot be void as 17 violating public policy under NRS 624.628(3)(a) as the Decision held, 18 particularly, when Zitting's lien rights were not impaired. And, if paid if 19 paid clauses cannot be void under NRS 624.628(3)(a), then APCO was not 1 required to pay Zitting for the work under NRS 624.624(1) (a).

2 The Decision also overlooks the harmful effects to APCO and the construction industry from the Decision's attempt to clarify the law 3 4 surrounding paid if paid clauses. Based upon the Act's acceptance of paid if 5 and this Court's prior pronouncements paid clauses about their 6 enforceability after the Act, general contractors, including APCO. reasonably relied on paid if paid clauses for protection from unpredictable 7 8 and potentially catastrophic losses when, as in this case, the owner stops 9 paying and there is no equity in a half finished project. The Decision's interpretation of the Act, however, transfers to APCO all of the owner's 10 losses arising from the owner's bad business decisions and the lender's 11 12 decision to cut off funding. Thus, the Decision overlooks that it made 13 APCO the owner's de-facto partner or lender for the failed project. The 14 Act's provisions do not support such an unfair result.

15 Finally, even if the Court does not overturn the Decision, fairness and
16 equity require prospective application of the Decision because of the
17 unanticipated shift in the law regarding the enforceability of paid if paid
18 clauses.

19 ||///

1 II. ISSUES OF FACT AND LAW OVERLOOKED OR 2 MISAPPREHENDED

3 The Decision overlooked or misapprehended the following facts and
4 points of law:

The Decision holds that NRS 624.626(3)(a) makes the paid if 5 1. 6 paid schedule in the Zitting subcontract unenforceable because it limits Zitting's right to be paid promptly under 624.624(1)(a) for work performed. 7 8 Decision p. 2. However, the purpose of all paid if paid clauses is to limit the 9 subcontractor's right to payment for work performed when an owner does 10 not pay the general contractor. Because of the purpose of paid if paid clauses, the Decision makes essentially all paid if paid clauses 11 12 unenforceable, regardless of whether a subcontractor's lien rights are 13 impaired. Therefore, on its face the Decision is a material departure from 14 Lehrer McGovern Bovis, Inc. v. Bullock Insulation, Inc., 124 Nev. 15 1102,1117, 197 P.3d 1032, 1042 & n. 50 (2008), which concluded that paid 16 if paid clauses could be enforceable under limited circumstances after the enactment of NRS 624.624-626 ("Prompt Payment Act"). Decision p. 2. 17 18 Furthermore, because of the purpose of paid if paid clauses, the Decision's 19 efforts to clarify Lehrer by holding "paid if paid provisions are not per se

3

void and unenforceable" cannot be reconciled with the holding that paid if
 paid clauses are void and unenforceable under NRS 624.628(3), particularly
 when Zitting's lien rights were not impaired. Compare Decision p. 2 with p.
 9.

5 2. The Decision's de novo analysis of the Act fails to give effect 6 to all of the provisions of the Act. APCO Opening Brief ("AOB") p. 35. 7 First, NRS 624.624(1)(a) must be interpreted to mean what it says: the 8 parties can agree to a schedule of payments. The language of NRS 9 624.624(1)(a) does not limit the parties' right to contractually agree when 10 payment will be due, including making payment due when the owner pays the general contractor. AOB p. 36. There is nothing in the language of NRS 11 12 624.624(1) that requires a "schedule of payments" to contain a date certain. 13 APCO Reply Brief ("ARB") p 22. The Decision's interpretation of NRS 14 624.624(1), which makes a paid if paid schedule unenforceable under NRS 15 624.628(3)(a), turns the Act into a payment guaranty act for subcontractors; 16 and is inconsistent with the Act's acceptance of paid if paid clauses as 17 discussed below. Furthermore the Decision disregards the parties' bargained 18 for payment terms in the subcontract, including Zitting's agreement to 19 assume with APCO the same risk of owner insolvency. See, Zitting 1

Subcontract 9 AA 1920-1921.

2 Second, the Decision's de novo analysis of the Act overlooked the 3 stop work/termination sections of the Act, notably NRS 624.626(1)(b), which expressly authorizes paid if paid clauses in a subcontract, and NRS 4 5 624.626(2), which does not provide a termination remedy for non payment 6 when a subcontract contains a paid if paid provision. The Court failed to consider how paid if paid provisions can be void and unenforceable under 7 8 NRS 624.628(3)(a) for determining the right to payment under NRS 9 624.624(1)(a), but also be enforceable under NRS 624.626(1)(b) for 10 determining when a subcontractor can stop work and whether a 11 subcontractor can terminate its subcontract for nonpayment under NRS 12 624.626(2). If paid if paid clauses are enforceable to determine when a 13 subcontractor has the right to stop work or whether a subcontractor has the 14 right to terminate the subcontract, they cannot violate NRS 624.628(3)(a), 15 as the Decision held, nor can they be interpreted as impermissibly denying a 16 subcontractor the right to prompt payment under NRS 624.624(1)(a).

By failing to reconcile the provisions of NRS 624.626(1)(b) and NRS
624.626(2) with the Decision's interpretation of NRS 624.624(1)(a) and
NRS 624.628(3)(a), the Court violated a fundamental principle of statutory

1	construction that legislative enactments are read as a whole. D.R. Horton,
2	Inc. v. Eighth Jud. Dist. Ct. ex rel. County of Clark, 123 Nev. 468, 476, 168
3	P.3d 731, 738 (2007). "No part of the statute [may] be rendered
4	meaningless and language should not be read to produce absurd results." Id.
5	(Internal citations omitted)(Internal quotations omitted). When interpreting
6	a statue, the Court "shall read each sentence, phrase and word to render it
7	meaningful within the context of the purpose of the legislation." Harris
8	Assoc. v. Clark County School Dist. 119 Nev. 638, 642, 81 P.3d 532, 534
9	(2003). "The Court must look to will of the Legislature as embodied in the
10	statutes to determine the public policy of the state". Siloam Springs Hotel,
11	LLC v. Century Sur. Co., 392 P3d 262, 268 (Okla. 2017) (Internal citations
12	omitted). "Courts will exercise their power to nullify contracts made in
13	contravention of public policy only rarely, with great caution and in cases
14	that are free from doubt." Id. "Where the Legislature has directly addressed
15	the questionon grounds of public policy the court is bound to carry out the
16	legislative mandate with respect to the enforceability of the term." Pina v.
17	Gruy Petroleum Mgmt. Co., 136 P.3d 1029, 1033 (N.M. Ct. App.
18	2006)(Internal quotations omitted). Thus, because the Legislature provided
19	separate treatment for subcontracts with paid if paid provisions, the Decision

was not free to ignore the express language of NRS 624.626(1)(b) accepting
 paid if paid clauses and hold those clauses violate public policy under NRS
 624.628(3)(a) without giving meaning to all portions of the Act.

4 By providing separately for subcontracts with paid if paid clauses in the stop work section of the Act, the Legislature recognized that payment 5 6 would not be due to a subcontractor, like Zitting, under NRS 624.624(1)(a)7 if the general contractor has not been paid, even if the subcontractor's work 8 was performed and accepted.¹ To deal with non payment of a subcontractor 9 because of a paid if paid clause and the owner's refusal to pay the general 10 contractor, NRS 624.626(1)(b) created a statutory date after which the 11 subcontractor can nonetheless stop work even though payment is not due 12 from the general contractor. NRS 624.626 provides in pertinent part as 13 follows:

14

1. If:

15

16

(a) A higher-tiered contractor fails to pay the lower-tiered subcontractor within the time provided in subsection 1 or 4 of NRS 624.624;
(b) A higher-tiered contractor fails to pay the lower-tiered subcontractor within 45 days after the 25th day of the month in which the lower-tiered subcontractor submits a request for

18

17

19 $\begin{bmatrix} 1 & \text{Zitting's argument that paid if paid provisions require the Court to apply} \\ \text{NRS } 624.624(1)(b) \text{ to determine a date for payment fails for the same reason. See Decision p. 10.} \end{bmatrix}$

1	payment, even if the higher-tiered contractor
2	has not been paid and the agreement contains a provision which requires the higher-tiered contractor to pay the lower-tiered
3	subcontractor only if or when the higher-tiered
4	contractor is paid; the lower-tiered subcontractor may stop
5	work under the agreement until payment is received if the lower-tiered subcontractor gives
6	written notice to the higher-tiered contractor at least 10 days before stopping work. (emphasis added)
7	
8	But after stopping work under NRS 624.626(1)(b), an unpaid subcontractor
9	with a paid if paid clause does not have a termination right like other unpaid
	subcontractors because NRS 624.626(2) specifically excludes work stopped
10	under subsection (1)(b) above:
11	
12	2. If a lower-tiered subcontractor stops work pursuant to paragraph (a), (c) or (d) of
13	subsection 1, the lower-tiered subcontractor may terminate the agreement with the higher-
14	tiered contractor by giving written notice of the termination to the higher-tiered contractor after
15	stopping work but at least 15 days before the termination of the agreement. (emphasis added)
16	By deliberately denying a subcontractor with a paid if paid provision the
17	right to terminate after stopping work under NRS 624.626(1)(b), the
18	Legislature recognized that when the owner has not paid the general
19	contractor, there is no breach of the subcontract to justify termination. If

paid if paid clauses are not enforceable as the Decision held, there would be
no need for NRS 624.626(1)(b) to establish a separate time frame for
stoppage of work when a subcontract contains paid if paid provisions, or to
exclude such subcontracts from the termination remedy. In effect, when
applied in the stop work/termination context, the Decision would afford
Zitting a termination remedy not permitted by the Act. ARB p. 27 fn.14.

The Legislature's separate treatment of subcontracts that contain paid if paid clauses demonstrates that paid if paid clauses do not violate the provisions of Act or its underlying public policy. If paid if paid clauses are enforceable to determine when a subcontractor has the right to stop work or whether a termination right exists, they cannot violate NRS 624.628(3)(a), as the Decision held, nor can such clauses be interpreted to impermissibly deny a subcontractor the right to prompt payment under NRS 624.624(1).

14 If paid if paid clauses are invalid under NRS 624.628(3)(a) they 15 would have to be invalid for all purposes under the Act. Instead, the 16 Legislature struck a balance between the right of the subcontractor to stop 17 work and the right of the general contractor to use paid if paid clauses for 18 protection from claims when owner does not pay. The right to stop work 19 under NRS 624.626(1)(b) provides the subcontractor leverage to induce the

9

owner to pay the general contractor, and, at the same time, by denying the
 right to terminate under NRS 624.626(2), the Act protects the general
 contractor from a suit for payment by the subcontractor, which would turn
 the general contractor into owner's partner or lender.

5 The Legislature approved the use of paid if paid clauses when it 6 enacted NRS 624.626. Therefore, because the Decision's de novo review of 7 the Act fails to reconcile the Act's separate treatment of subcontracts 8 containing paid if paid clauses with the holding that paid if paid clauses are 9 void under NRS 624.628(3)(a), the Decision should be reversed.

3. The Decision's holding that APCO was liable under NRS
108.239(12) as the party "legally liable" when proceeds from the sale of
property are insufficient is the result of Decision's refusal to enforce the paid
if paid provisions of Zitting's subcontract. Decision pp. 14-15; 4 AA 801804. Thus, this portion of the Decision must be reversed for the reasons
above.

The Decision also overlooks that by not enforcing paid if paid clauses
and holding APCO "legally liable" under NRS 108.239(12) it makes APCO
the owner's partner or guarantor when the project fails. The Decision's
reasoning that APCO should be liable to Zitting despite the paid if paid

10

1	clause because APCO had recourse against the owner overlooks that the
2	owner was insolvent. Decision p. 14-15. The Decision makes APCO
3	responsible for the owner's bad business decisions and the lender's decision
4	to stop funding and to take all of the equity in the property through
5	foreclosure. As the Decision correctly noted, the Court's decision in In Re
6	Manhattan West Lien Litigation, 359 P.3d 125 (2015), awarded all of
7	proceeds from the sale of the partially completed project to Scott Financial,
8	leaving APCO and Zitting unpaid. Decision fn. 1 p.4. As a result, APCO
9	lost nearly \$8,000,000 on this project, not including claims totaling more
10	than \$1,000,000 by Zitting and other subcontractors. ² 17 AA 368-369; AOB
11	p.15.
12	Moreover, the Decision's suggestion that public policy requires
13	APCO, as the general contractor, to be liable to its subcontractor, Zitting,
14	because APCO can pursue the owner for recovery fails to consider that

- 15 Zitting also had the right to pursue the owner for non-payment under a
- 16 theory of unjust enrichment. Leasepartners Corp. v. Robert L. Brooks Tr.
- ¹⁷ ² APCO went to trial against other subcontractors and prevailed. Opening
 ¹⁸ Brief p.4 fn 4. Case 77320 *Helix Electrical v. APCO* is currently on appeal.
 ¹⁹ The Helix subcontract was similar to Zitting's subcontract. Helix seeks to
 ¹⁹ overturn the judgment in favor of APCO based, in part, on the holding of the
 ¹⁹ Decision. A reversal in the Helix case would add to APCO's already
 ¹⁰ substantial losses on this project.

Dated November 12, 1975, 113 Nev. 747, 756, 942 P.2d 182, 187 (1997). 1 2 Thus, there is no public policy that is served by shifting the burden of an 3 insolvent owner to APCO based upon APCO's right to recover from the 4 owner. ARB p. 29. Zitting had the same right to recover from the owner, 5 just under a different legal theory and Zitting agreed in the subcontract to 6 accept the same risk of owner insolvency as APCO. 9 AA 1920-1921. 7 4. The Decision holds that the paid if paid provisions in Zitting's subcontract impaired Zitting's mechanics' lien rights, but offers no 8 9 explanation for the finding. Decision p. 10. However, the Decision 10 overlooks that unlike the subcontract in *Lehrer*, Zitting's subcontract did not 11 require Zitting to waive its lien rights. Compare, Lehrer, 197 P.3d 1040-12 1044 (subcontractor promised not to have any liens filed against the 13 property) with Zitting Subcontract 9 AA 1918-1950; AOB p. 35.

The Decision also overlooks that NRS Chapter 108 does not require money to be immediately "due" in order to record a mechanics' lien. NRS 16 108.22136 defines "lienable amount" as "the principal amount of a lien to 17 which lien claimant is entitled pursuant to subsection 1 of 108.222." NRS 18 108.222(1)(a) defines the amount of the lien to be the "unpaid balance of 19 the price agreed upon" for the work. Thus, in order to record its lien Zitting

1	only had to be able to calculate the agreed upon price for the work for which
2	it had not been paid. The fact that a paid if paid clause resulted in
3	nonpayment to Zitting when APCO was not paid by the owner for work
4	performed, would not affect Zitting's calculation of the lien amount or
5	preclude Zitting from recording its lien. In concluding that Zitting's lien
6	rights were impaired the Court also overlooked the fact that Zitting, as well
7	as other subcontractors, recorded and pursued their lien rights in this case.
8	5. The Decision represents a material shift from Lehrer, the
9	express provisions of the Act, as discussed above, and the case cited in the
10	Decision, Padilla Constr. Of Nevada v. Big D Constr. Corp., Docket Nos.
11	67397 & 68683 (Order of Affirmance, November 18, 2016)(Court held
12	Padilla's negligence per se claim failed. Non-payment of Padilla did not
13	violate NRS 624.624(1)(a) because the subcontract contained a paid when
14	paid clause and owner did not accept the work.). ARB p. 27. Based upon
15	this Court's prior pronouncements and the terms of the Act, contractors were
16	entitled to rely on the enforceability of paid if paid provisions as long as the
17	subcontractor's lien rights were not impaired.

18 The Decision overlooks the damage to general contractors and the19 construction industry as a whole caused by its departure from prior

1	precedent. Thus, the Court's public policy analysis, should also have
2	considered whether fairness and equity require that the Decision be given
3	only prospective application and not apply to the parties in this case.
4	In determining whether the Decision should be limited to prospective
5	application, this Court considers three factors:
6	(1) the decision to be applied non-retroactively
7	must establish a new principle of law, either by overruling clear past precedent on which litigants may have relied, or by deciding an issue of first
8	may have relied, or by deciding an issue of first impression whose resolution was not clearly foreshadowed: (2) the court must "weigh the
9	foreshadowed; (2) the court must "weigh the merits and demerits in each case by looking to the prior bistomy of the multiple in question, its purpose and
10	prior history of the rule in question, its purpose and effect, and whether retrospective operation will further or retord its operation, and (2) courts
11	further or retard its operation; and (3) courts consider whether retroactive application "could produce substantial inequitable results
12	produce substantial inequitable results.
13	Breithaupt v. USAA Prop. & Cas. Ins. Co., 110 Nev. 31, 35, 867 P.2d 402,
14	405 (1994) (internal quotations omitted) citing Chevron Oil Co. v. Huson, 92
15	S.Ct. 349, 355 (1971). Each of the three factors weighs heavily in favor of
16	prospective application of this Decision.
17	The first factor requires that the new ruling either overrules prior
18	precedent or is one of first impression that was not clearly foreshadowed.
19	The Decision itself outlines the history affecting paid if paid clauses and the

need for clarification. Decision p.2. The effect of the Decision declaring
essentially all paid if paid provisions void represents a material departure
from *Lehrer*, and the plain language of the Act. Given that the Act permits
paid if paid clauses, and *Lehrer* indicated that after the Act such clauses
were enforceable unless lien rights were impaired, no one could have
anticipated a decision that made paid if paid clauses void and against public
policy. Thus, factor one is satisfied.

8 The second factor requires the Court to analyze each case individually to determine whether retroactive application will further operation of the 9 10 rule announced. The Decision's stated purpose was to clarify the rule on 11 paid if paid clauses in construction contracts, thus providing guidance for 12 drafting construction contracts in the future. Decision p. 2. Parties with 13 existing contracts cannot change their agreements. Retroactive application 14 would only lead to more inequitable results for general contractors with 15 existing contracts containing paid if paid clauses, who reasonably relied 16 upon this Court's prior decisions and the terms of the Act. Thus, retroactive 17 application will not further the purposes of the rule announced in the 18 Decision.

19

The third factor is whether the results of the Decision are inequitable.

The Decision makes every general contractor the financial partner of the 1 2 owner, even though the general contractor has no equity in the project and 3 no financial upside if the project is successful. Without the protection of a 4 paid if paid clause, when the owner runs out of money and does not pay the 5 general contractor, the Decision forces the general contractor to step into the 6 owner's shoes and pay for all the completed work on a project even though 7 the general contractor has not been paid. The Act was not intended to make 8 owners and general contractors business partners and to make general 9 contractors pay for the owners' mistakes in either building or financing the 10 project. Without paid if paid clauses in a subcontract, a general contractor 11 has no protection from such a result and the extraordinary, unpredictable 12 losses that follow.

Prospective application of a ruling is particularly appropriate when the court clarifies an area of the law or issues affecting a practice reasonably relied upon by an entire industry. *SASCO 1997 NI, LLC v. Zudkewich*, 767 A.2d 469, 477 (N.J. 2001) (clarified statute of limitations for claims under Uniform Fraudulent Transfer Act). The *SASCO* Court applied its ruling prospectively because it was unfair to penalize a party for a reasonable interpretation of the law:

1	///
2	
3	Prospective application is proper when a court renders a first-instance or clarifying decision in a murky or uncertain area of the law,' or when a
4	member of the public could reasonably have 'relied on a different conception of the state of the
5	law. Penalizing SASCO, which relied on a reasonable interpretation of the law, is inequitable.
6	Id. (Internal citations and quotations omitted). In this case, the Decision's
7	efforts to clarify the law unfairly exposed APCO to substantial damages that
8	APCO could not have anticipated when it executed its subcontract with
9	Zitting. As discussed above, the notion that APCO could protect itself from
10	substantial damage by suing the owner or filing its own lien on the property
11	are rights with no practical remedy in this case. Decision p 15. In this case,
12	the project was half finished, the owner was broke, the lender stopped
13	funding and this Court held that the lender was entitled to all of the sale
14	proceeds.
15	The Decision also unfairly permits Zitting to disregard the bargained
16	for terms of its subcontract and force APCO to pay when the project failed,
17	even though Zitting agreed to a subcontract with a paid if paid clause and
18	agreed to assume the risk of owner insolvency with APCO. The Decision
10	asteed to assume the fisk of owner motivency with M CO. The Decision

unfairly shifts that risk solely to APCO. If the Court decides that the

Decision should not be reversed, equity and fairness, nevertheless, require
 that it be applied prospectively and not to these parties so that APCO and
 Zitting share the risk of the project's failure as they agreed in the
 subcontract.

5

15

16

17

18

19

III. <u>CONCLUSION</u>

6 The Court should either reverse the Decision and find that the paid if 7 paid clauses in Zitting's subcontract are enforceable and not void under NRS 8 624.628(3)(a). In the alternative, the Court should apply the Decision 9 prospectively, and not in this case. Under either result, the Court should find 10 that APCO is not liable to Zitting because the owner did not pay APCO and 11 reverse the Judgment accordingly. 12 Dated this 23rd day of November, 2020. 13 FENNEMORE CRAIG, P.C. 14 /s/Christopher H. Byrd, Esq.

John Randall Jefferies, Esq. (No. 3512) Christopher H. Byrd, Esq. (No. 1633) -and-Marquis Aurbach Coffing Cody S. Mounteer, Esq. (No. 11220) Kathleen A. Wilde, Esq. (No.12522) *Attorneys for Appellant*

IV. <u>CERTIFICATE OF COMPLIANCE</u>

2	1. I hereby certify that this brief complies with the formatting
3	requirements of NRAP 32(a)(4), the typeface requirements of NRAP
4	32(a)(5) and the type style requirements of NRAP 32(a)(6) because this brief
5	has been prepared in a proportionally spaced typeface using Microsoft Word
6	2007 in 14-point Times New Roman font.
7	2. I further certify that this brief complies with the page- or type-
8	volume limitations of NRAP 40(b)(3) because, excluding the parts of the
9	brief exempted by NRAP 32(a)(7)(C), it is either:
10	X proportionally spaced, has a typeface of 14 points or more
11	and contains 3,792 words; or
11 12	and contains 3,792 words; or does not exceed 10 pages.
12	does not exceed 10 pages.
12 13	 does not exceed 10 pages.3. Finally, I hereby certify that I have read this brief, and to the
12 13 14	 does not exceed 10 pages. 3. Finally, I hereby certify that I have read this brief, and to the best of my knowledge, information and belief, it is not frivolous or
12 13 14 15	 does not exceed 10 pages. 3. Finally, I hereby certify that I have read this brief, and to the best of my knowledge, information and belief, it is not frivolous or interposed for any improper purpose. I further certify that this brief
12 13 14 15 16	does not exceed 10 pages. 3. Finally, I hereby certify that I have read this brief, and to the best of my knowledge, information and belief, it is not frivolous or interposed for any improper purpose. I further certify that this brief complies with all applicable Nevada Rules of Appellate Procedure, in

1	any claim that the court has overlooked a material question of law or has
2	overlooked or misapprehended or failed to consider controlling authority
3	shall be supported by a reference to the page of the brief where petitioner
4	raised the issue. I understand that I may be subject to sanctions in the event
5	that the accompanying brief is not in conformity with the requirements of
6	the Nevada Rules of Appellate Procedure.
7	Dated this 23rd day of November, 2020.
8	FENNEMORE CRAIG, P.C.
9	/s/Christopher H. Byrd, Esq.
10	John Randall Jefferies, Esq. (No. 3512) Christopher H. Byrd, Esq. (No. 1633)
11	300 South Fourth St. 14 th Floor Las Vegas, NV 89101 -and-
12	Marquis Aurbach Coffing
13	Cody S. Mounteer, Esq. (No. 11220) 10001 Park Run Drive
14	Las Vegas, NV 89145 Attorneys for Cross-
15	Appellant/Respondent
16	
17	
18	
19	
	20

1	V. <u>CERTIFICATE OF SERVICE</u>
2	I hereby certify that this document was filed electronically with the
3	Nevada Supreme Court on the 23rd day of November, 2020 and was served
4	electronically in accordance with the Master Service List and via the United
5	States Mail, first class, postage prepaid, addressed as follows:
6	WILSON ELSER MOSKOWITZ SPENCER FANE LLP
7	EDELMAN & DICKER LLP Mary Bacon
8	Jorge A. Ramirez (<u>mbacon@fclaw.com</u>) (jorge.ramirez@wilsonelser.com)
9	I-Che Lai (<u>I-Che.Lai@wilsonelser.com</u>)
10	MARQUIS AURBACH COFFING
11	Cody S. Mounteer
12	(<u>cmounteer@macklaw.com</u>)
13	/s/Trista Day
14	An employee of Fennemore Craig P.C.
15	
16	
17	
18	
19	
	21