Press Release

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WLF Urges Supreme Court to Uphold Federal Preemption in Auto-Lessor Liability Case

(*Malco Enterprises of Nevada, Inc. v. Woldeyohannes*)

> *"Nevada's defiance of the Graves Amendment invites chaos in the auto-leasing industry and undermines federal supremacy.."*
> —Cory Andrews, WLF General Counsel & Vice President of Litigation

WASHINGTON, DC—Washington Legal Foundation (WLF) today urged the U.S. Supreme Court to review (and ultimately reverse) a Nevada Supreme Court decision that flouts the Graves Amendment's preemption of state laws imposing vicarious liability on auto-rental and leasing companies.

The case stems from a 2018 accident in Las Vegas, where an intoxicated driver, operating a vehicle leased from Malco Enterprises, caused a rear-end collision. The injured plaintiff ultimately sued Malco under Nevada Revised Statutes § 482.305, which holds lessors vicariously liable for lessee-caused damages. The Nevada Supreme Court upheld the law, misreading the Graves Amendment's saving clause to preserve this vicarious liability scheme, despite the federal law's clear intent to preempt such state-imposed liability.

In its amicus brief supporting review, WLF argues that Nevada's ruling distorts the Graves Amendment's text and purpose, which shields lessors from liability for lessee actions absent negligence or criminal conduct. By mischaracterizing a tort law as a "financial responsibility" regulation, Nevada undermines Congress's goal of a uniform national auto-leasing market. This decision risks higher costs, reduced vehicle availability, and a resurgence of baseless lawsuits, harming consumers and businesses alike. WLF urges the Court to grant review to restore federal supremacy and protect interstate commerce.

Celebrating its 48th year, WLF is America's premier public-interest law firm and policy center advocating for free-market principles, limited government, individual liberty, and the rule of law.

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