IN THE SUPREME COURT OF THE STATE OF NEVADA

LAUGHLIN NATIONAL BANK, A NATIONAL CORPORATION,
Appellant/Cross-Respondent,
vs.
PRIMADONNA RESORTS, INC., A NEVADA CORPORATION D/B/A PRIMADONNA RESORT AND CASINO; AND WHISKEY PETE'S CASINO,
Respondents/Cross-Appellants.

No. 40629

FILED

SEP 0 2 2004

JANETTE M. BLOOM
CLERK OF SUPREME COURT
BY J. Ruhade
CHIEF DEPUTY CLERK

ORDER OF AFFIRMANCE

This is an appeal from a district court order concluding that respondent/cross-appellant, Primadonna Resorts, Inc. (Primadonna), substantially complied with the linen service contract it entered into with Dutch Dry Cleaners & Linen Supply (Dutch) and a cross-appeal by Primadonna from a district court order denying its motion for attorney fees and excess expert witness expenses. Eighth Judicial District Court, Clark County; Jeffrey D. Sobel, Judge.

On September 17, 1993, Primadonna entered into a linen service contract with Dutch. The contract provided that Dutch agreed to supply and rent to Primadonna, "all of [Primadonna's] requirements in [Primadonna's] business of clean, laundered rental articles, in the quantities and at the service charges specified." The contract also provided that:

> In the event that during the term of this AGREEMENT (or any renewal term) CUSTOMER has any objections or complaints about the services or service charges being charged, CUSTOMER shall immediately notify COMPANY in writing of its objections or complaints and

> COMPANY shall have a reasonable time after delivery of such notice in which to take such corrective action as may be necessary. The failure of CUSTOMER to notify COMPANY in writing of an objection or complaint within fifteen (15) days after the occurrence of the facts giving rise to any such objection or complaint shall constitute a waiver of such objection or complaint by CUSTOMER and shall not thereafter be the basis for termination, off-set or counterclaim.

On December 2, 1993, Primadonna sent Patrick DeClue, Dutch's owner, a letter confirming a discussion Primadonna conducted with DeClue on November 19, 1993, regarding problems Primadonna had "with the quality of [Dutch's] service." The letter addressed specific complaints Primadonna had with Dutch's services and recorded Dutch's responses to those complaints. On February 3, 1994, Primadonna sent DeClue a letter notifying Dutch that Primadonna "is hereby demanding that you immediately improve your services under the Dutch Dry Cleaners & Linen Supply agreement." On February 23, 1994, Primadonna sent DeClue a letter canceling the contract. Primadonna stated in the letter that since the beginning of the contract, Dutch had been informed of many problems and had failed to correct these problems. Primadonna stated its dissatisfaction with the substandard and declining quality of Dutch's services despite repeated assurances that quality would be improved.

In 1996, DeClue filed for bankruptcy and appellant/cross respondent Laughlin National Bank (Laughlin) purchased DeClue's breach of contract claims against Primadonna. Laughlin filed a complaint for breach of contract in the district court against Primadonna. The district court conducted a bench trial, concluding that Primadonna substantially complied with the contract and gave Dutch proper notice that it was canceling the contract.

Laughlin contends that the district court erred in concluding that Primadonna was only required to substantially comply with the notice provision in the contract. We disagree.

We have held that the "[i]nterpretation of a contract is a question of law" subject to de novo review.[1] "On appeal, this court will not disturb a district court's findings of fact if they are supported by substantial evidence."[2] "Substantial evidence is that which a 'reasonable mind might accept as adequate to support a conclusion.'"[3] We have suggested that the general rule for contracts is substantial compliance rather than strict compliance.[4]

In this case, Primadonna sent Dutch two letters, notifying Dutch that it was unhappy with its service, before canceling the contract. On December 2, 1993, Primadonna sent DeClue a letter addressing the problems it addressed at a November 19, 1993 meeting concerning the quality of Dutch's service. The letter outlined Primadonna's specific

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[1]Farmers Ins. Exch. v. Neal, 119 Nev. 62, 64, 64 P.3d 472, 473 (2003).

[2]Keife v. Logan, 119 Nev. 372, 374, 75 P.3d 357, 359 (2003).

[3]Edison Co. v. Labor Board, 305 U.S. 197, 229 (1938) quoted in Las Vegas Downtown Redev. Agency v. Pappas, 119 Nev. 429, 446, 76 P.3d 1, 13 (2003).

[4]See Dunes Hotel v. Schmutzer, 78 Nev. 208, 213, 370 P.2d 685, 687 (1962) (noting that "[t]here was . . . substantial compliance . . . with the terms of the planting and landscaping contract"); see also Sharp v. Twin Lakes Corp., 71 Nev. 162, 166, 283 P.2d 611, 613 (1955) (holding that "[i]t is now well established as the general rule with respect to building contracts that the law implies a substantial rather than a literal or exact performance of the terms of the contract").

complaints and Dutch's responses to those complaints. On February 3, 1994, Primadonna sent DeClue a second letter notifying him that Dutch had not corrected all of the problems. It was not until February 23, 1994 that Primadonna sent DeClue its final letter canceling the contract. We conclude that the meetings and letters Primadonna conducted with Dutch provide substantial evidence that Primadonna substantially complied with the termination provision of the contract. Therefore, we conclude that the district court did not abuse its discretion in concluding that Primadonna properly terminated the contract.

We have reviewed Laughlin's remaining arguments and conclude that they are without merit. We have also reviewed Primadonna's cross-appeal and conclude that the district court did not err in denying its motion for attorney fees and excess expert witness expenses. Accordingly we,

ORDER the judgment of the district court AFFIRMED.

Shearing, C.J.

Agosti, J.

Becker, J.

cc: Eighth Judicial District Court Dept. 5, District Judge
John Peter Lee Ltd.
Gugino Law Firm
Clark County Clerk