

16-1406. Changes not made without good cause; when good cause exists. No supplier, directly or through any officer, agent or employee, may terminate, cancel or fail to renew without good cause. Good cause means failure by a retailer to substantially comply with essential and reasonable requirements imposed upon the retailer by the contract if such requirements are not different from those requirements imposed on similarly situated dealers either by their terms or in the manner of their enforcement. In addition, good cause shall exist whenever:

- (a) The retailer has transferred a controlling interest in the retailer business without the supplier's consent;
- (b) the retailer has filed a voluntary petition in bankruptcy or has had an involuntary petition in bankruptcy filed against it which has not been discharged within 30 days after the date of filing, or there has been a closeout or sale of a substantial part of the retailer's assets related to the retailer's business or there has been a commencement or dissolution or liquidation of the retailer's business;
- (c) there has been a change, without the prior written approval of the supplier, in the location of retailer's principal place of business if such approval is required under the retailer's agreement with the supplier;
- (d) the retailer has defaulted under any reasonable and essential term of a chattel mortgage or other security agreement between the retailer and supplier, or there has been a revocation or discontinuance of any guarantee of the retailer's present or future obligations to the supplier;
- (e) the retailer has failed to operate in the normal course of business for seven consecutive days or has otherwise abandoned such retailer's business, except for reasonable and customary closures of business;
- (f) the retailer has pleaded guilty to or has been convicted of a felony affecting the relationship between the retailer and supplier;
- (g) the retailer has engaged in conduct which is injurious or detrimental to the retailer's customers or the public welfare; or
- (h) following receipt of written notices of the supplier's requirements and of written notices of the supplier's determination of the retailer's initial and persisting failures to meet the supplier's requirements, the retailer has consistently failed to meet the supplier's requirements for reasonable market penetration based on the supplier's experience in other identified and comparable market areas.

History: L. 1992, ch. 40, § 6; April 16.