

## Part 2 Termination

### **32B-14-201 Termination of distributorship agreements.**

- (1) Except as provided in Subsection (2) or (3), a supplier or wholesaler may not:
  - (a) terminate a distributorship agreement; or
  - (b) fail to renew a distributorship agreement.
- (2) A supplier or wholesaler may take an action prohibited by Subsection (1) if:
  - (a) the supplier or wholesaler has good cause for the action; and
  - (b) if notification is required by Section 32B-14-202:
    - (i) the terminating party provides the affected party prior notification in accordance with Section 32B-14-202; and
    - (ii) the affected party has not eliminated the reasons specified in the notification as the reasons for the action within 90 days after the date the notification is mailed in accordance with Section 32B-14-202.
- (3) A supplier may take an action prohibited by Subsection (1) if:
  - (a) the supplier gives the wholesaler 30 days written notice before termination or nonrenewal;
  - (b) the supplier discontinues production or discontinues distribution throughout the state of all brands of beer sold by the supplier to the wholesaler; and
  - (c) the termination or nonrenewal does not violate the distributorship agreement.

Enacted by Chapter 276, 2010 General Session

### **32B-14-202 Notice of termination.**

- (1) Except as provided in Subsection (3), a terminating party may not take an action described in Subsection 32B-14-201(1) unless the terminating party provides prior notification in accordance with Subsection (2) to the affected party.
- (2)
  - (a) A terminating party shall provide the notification required under Subsection (1):
    - (i) in writing;
    - (ii) by registered mail, return receipt requested; and
    - (iii) to the affected party not less than 90 days before the date on which the distributorship agreement will be terminated or not renewed.
  - (b) A terminating party shall state in the notification required under Subsection (1):
    - (i) the intention to terminate or not renew;
    - (ii) the reasons for the termination or nonrenewal; and
    - (iii) the date, not less than 90 days from the date of mailing, on which the termination or nonrenewal shall take effect if the reasons for the action are not eliminated by that date.
- (3) A supplier or wholesaler may take an action described in Subsection 32B-14-201(1) without furnishing prior notification if:
  - (a) the affected party is insolvent, bankrupt, in dissolution, or in liquidation;
  - (b) the affected party makes an assignment for the benefit of creditors or similar disposition of substantially all of the assets of the affected party's business; or
  - (c) the affected party or a person owning more than 10% of the stock or other ownership interest in the affected party:

- (i) is convicted of, pleads guilty to, or pleads no contest to a felony under federal law or a law of this state that in the reasonable, good faith judgment of the terminating party materially and adversely affects the good will or business of the terminating party;
  - (ii) has its license or permit revoked or suspended for a period of 31 days or more; or
  - (iii) engages in intentional fraudulent conduct in its dealings with the terminating party that in the reasonable, good faith judgment of the terminating party materially and adversely affects the good will or business of the terminating party.
- (4) Notwithstanding Subsection (3)(c)(i), a supplier may not take an action under Subsection (3)(c)
- (i) because of a conviction or plea by an owner of the affected party, if:
    - (a) any other approved owner of the affected party purchases the ownership interest of the offending owner;
    - (b) the offending owner was not materially involved in the management of the affected party; and
    - (c) the purchase described in Subsection (4)(a) is completed within 90 days after the conviction or plea.
- (5) Subsection (3)(c)(iii) does not apply to conduct by a non-owner employee or representative of the affected party if the conduct occurred without the prior knowledge or consent of an owner of the affected party.

Enacted by Chapter 276, 2010 General Session