



Ohio Revised Code

Section 1333.84 Prohibited acts.

Effective: July 30, 2013

Legislation: Senate Bill 48 - 130th General Assembly

Notwithstanding the terms of any franchise, no manufacturer or distributor engaged in the sale and distribution of alcoholic beverages, or a subsidiary of any such manufacturer, shall:

- (A) Fail to act in good faith or without just cause in acting or purporting to act under the terms of a franchise or in cancelling or failing to renew a franchise;
- (B) Award an additional franchise for the sale of the same brand within the same sales area or territory. No franchise prohibits a retail permit holder having permits at more than one location from buying from one or more B-2 or B-5 permit holders, even if all permit premises are not located in the same franchise area or territory. Nothing contained in this division shall be construed as modifying the provisions of section 4301.241 of the Revised Code. Nothing contained in this division precludes a manufacturer of wine from awarding a franchise, or requires a manufacturer of wine to award a franchise, for the sale of a new brand to any B-2 or B-5 permit holder.
- (C) Require a distributor to submit profit and loss statements, balance sheets, or financial records as a requirement to retain its franchise;
- (D) Without reasonable cause, withhold delivery of alcoholic beverages ordered by a distributor, or change or amend a distributor's quota of a manufacturer's product or brand;
- (E) Coerce a distributor by any means to participate in or contribute to any local or national advertising fund controlled directly or indirectly by a manufacturer;
- (F) Refuse to recognize the rights of surviving partners, shareholders, or heirs and fail to act in good faith in accordance with reasonable standards for fair dealing, with respect to the distributor's right to sell, assign, transfer or otherwise dispose of the distributor's business, in all or in part, except that the distributor shall have no right to sell, assign, or transfer the franchise without the prior consent of the manufacturer, who shall not unreasonably withhold the manufacturer's consent.



(G)(1) On and after the effective date of this amendment, do either of the following:

(a) Award a distribution franchise or territory to itself, to a subsidiary, or to another entity in which it has any financial interest, directly or indirectly, by stock ownership, or through interlocking directors in a corporation, or otherwise, if that franchise, territory, or portion of that territory has been previously awarded, sold, assigned, or transferred to a distributor;

(b) Acquire a franchise or territory if that franchise, territory, or portion of that territory has been previously awarded, sold, assigned, or transferred to a distributor.

(2) Division (G)(1) of this section does not prohibit a manufacturer or subsidiary of a manufacturer from continuing to operate a distribution franchise or distribute alcoholic beverages within a designated territory if prior to the effective date of this amendment the manufacturer either acquired the distribution franchise or territory, or awarded the franchise or territory to itself or a subsidiary.

(3) Division (G)(1) of this section does not, and shall not be construed to, limit the actions that may be taken in accordance with an A-1c permit under section 4303.022 of the Revised Code or a B-2a permit under section 4303.071 of the Revised Code.

(4) Notwithstanding division (G)(1) of this section or any permit requirement under sections 4303.06, 4303.07, 4303.071, 4303.08, 4303.09, and 4303.10 of the Revised Code, if a distribution franchise is canceled or territory is substantially changed by a manufacturer pursuant to either division (A)(1) or (2) of section 1333.85 of the Revised Code, the manufacturer may acquire or award itself the franchise or territory for not longer than one hundred eighty days from the date of cancellation. After the one hundred eighty day period, the manufacturer shall sell or transfer the franchise or territory to a distributor in which the manufacturer does not have any financial interest, directly or indirectly, by stock ownership, or through interlocking directors in a corporation, or otherwise.