



**State of Louisiana**  
LOUISIANA MOTOR VEHICLE COMMISSION

**Bobby Jindal**  
Governor

**Lessie A. House**  
Executive Director

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**TO: All Manufacturers, Distributors, and New Motor Vehicle Dealer Licensees**

For over 50 years the Louisiana Motor Vehicle Commission (LMVC) has been charged with regulating Louisiana's automotive industry. The Louisiana legislature has declared in R.S. 32:1251 that, "... *the distribution and sale of motor vehicles in the state of Louisiana vitally affects the general economy of the state, the public interest, and the public welfare...*" and that "... *it is necessary to regulate and to license those persons enumerated in R.S. 32:1254 and doing business in Louisiana.*" The LMVC is charged to regulate the automotive industry in such a manner as to "... *avoid undue control of the independent motor vehicle dealer by the motor vehicle manufacturing and distributive organizations and foster and keep alive vigorous and healthy competition, by prohibiting unfair practices by which fair and honest competition is destroyed or prevented ...*"

The LMVC has recently been inundated with inquiries and expressions of concern regarding various documents, policies, agreements and procedures proposed to dealer licensees and/or prospective dealer licensees ("dealers") by manufacturer licensee(s) and/or prospective manufacturer licensee(s) ("manufacturers"). Some of these proposals apparently seek to create contractual agreements between prospective licensees which may be contrary to various Louisiana statutory protections designed to "...avoid undue control of the independent motor vehicle dealer by the motor vehicle manufacturing and distributive organizations and foster and keep alive vigorous and healthy competition, by prohibiting unfair practices by which fair and honest competition is destroyed or prevented ..."

These contracts are purported to include provisions that call for manufacturer-mandated acceptance by dealers of unordered motor vehicles, unilateral manufacturer rights to mandate dealership relocation and/or renovation, manufacturer-mandated waivers of statutory dealer termination rights, manufacturer-mandated non-Louisiana "choice-of-law" selection, manufacturer-mandated prior dealer consent (or waiver of dealer consent) to future manufacturer-created modifications to the automotive franchise, and manufacturer-mandated dealer waiver of statutory protest rights for all matters (past, present and future).

Additionally, it is said that such proposed contracts containing these or similar provisions are subject to NO negotiation between manufacturer and dealer, and are "required" to be signed by dealers subject to a rigid, expedited, deadline. Dealers who seek negotiation and/or avail themselves of protections set forth in Louisiana law are said to be subject to immediate termination, non-renewal or exclusion from consideration for a franchise from the manufacturer, regardless of dealer business considerations including time of service, job performance, monetary investment, indebtedness, lease and other obligations.

Without prejudging the matter, and in an effort to "... *prevent disruption of the system of distribution of motor vehicles to the public and prevent deterioration of facilities for servicing motor vehicles and keeping same safe and properly functioning, and prevent bankrupting of motor vehicle dealers and lessors, who might otherwise be caused to fail because of such unfair practices and competition, thereby resulting in unemployment, disruption of leases, and nonpayment of taxes and loans, and contribute to an inevitable train of undesirable consequences, including economic depression*" and to facilitate the orderly licensing of applicants in this turbulent automotive market through clear and timely communication, the LMVC desires that all licensees and prospective licensees be aware of the following: If the information furnished to the LMVC is accurate as generally presented herein, it appears likely that the methods and/or contractual provisions purportedly contained in such agreements, if determined to be contrary to Louisiana law after due process, will result in a denial of the application for license by such manufacturer(s) and dealer(s), and therefore render them ineligible to conduct such business in the State of Louisiana.

Recognizing that such a denial of license, if it should occur, would cause an interruption or cessation of sales of certain products in Louisiana and thereby result in an **immediate and significant** "... *disruption of the system of distribution of motor vehicles...*", this must be weighed in light of the mandatory statutory requirements for licensing and conducting business, and the **long-term and significant impact** of licensing parties seeking to conduct business in abrogation of those mandatory provisions of Louisiana law.

All impacted parties are advised to govern themselves in light of the foregoing. We remain available to assist all of our licensees at any time.

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Lessie A. House  
Executive Director  
Louisiana Motor Vehicle Commission