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Telephone: (916) 445-1888

STATE OF CALIFORNIA  
NEW MOTOR VEHICLE BOARD

In the Matter of the Protest of )  
MURRAY'S TRUCK SERVICE, INC., ) Protest No. PR-864-87  
Protestant, )  
vs. )  
IVECO TRUCKS OF NORTH AMERICA, )  
INC., )  
Respondent. )

DECISION

The attached Proposed Decision of the Administrative Law Judge is hereby adopted by the New Motor Vehicle Board as its Decision in the above-entitled matter.

This Decision shall become effective forthwith.

IT IS SO ORDERED this 29th day of September, 1987.

  
FLORENCE S. POST  
President  
New Motor Vehicle Board

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Murray's Truck Service, Inc.	)	
	)	Protest No. PR-864-87
Protestant,	)	
	)	<u>PROPOSED DECISION</u>
vs.	)	
	)	
Iveco Trucks of North America, Inc.	)	
	)	
Respondent.	)	
_____	)	

PROCEDURAL BACKGROUND

1. By letter dated December 1, 1986, Iveco Trucks of North America, Inc. (Iveco), 4 Sentry Parkway, Blue Bell, Pennsylvania, gave notice pursuant to California Vehicle Code section 3060<sup>1</sup> to Murray's Truck Service, Inc. (Murray's), 20944 Itasca Street, Chatsworth, California,

<sup>1</sup>Unless otherwise indicated, all references are to the California Vehicle Code.

of Iveco's intention to terminate Murray's Iveco Z-Range franchise.

2. A protest was filed with the Board on behalf of Iveco on January 5, 1987. A copy of the notice of termination was attached to the protest. On January 9, 1987, the Board gave notice to Murray's that the protest did not comply with the Board's regulations for filing a protest as set forth in Title 13, Chapter 1, Sub-chapter 2, Articles 5 and 6 (commencing with Section 583) of the California Administrative Code. On the same date, January 9, 1987, the Board gave notice of Murray's protest to Iveco. The Board received a protest that conformed with its regulations from Murray's on January 27, 1987. On April 2, 1987, the Board received a copy of the notice of termination from Iveco.

3. On April 24, 1987, Iveco filed with the Board and served on Murray's an amended notice of termination.

4. On May 8, 1987, Murray's filed an amended protest.

5. Pursuant to stipulation of counsel for the parties, the hearing commenced on June 1, 2, 3, 4, 5, July 2, July 20, and August 28, 1987, before Robert S. Kendall, Administrative Law Judge of the Board. The delay in concluding the hearing was due to the unavailability of an witness.

6. Murray's was represented by David J. Hart, 11145 Tampa Avenue, Suite 22-A, Northridge, California, and Michael G. Coder, of Coder and Tuel, 8801 Folsom Blvd., Suite 172, Sacramento, California.

7. Iveco was represented by Stephen J. Meyer, and Sharon K. Sandeen of Downey, Brand, Seymour and Rohwer, 555 Capitol Mall, Tenth Floor, Sacramento, California.

8. The original notice of termination alleged the failure and refusal of Murray's to comply with the provisions of the sales and service agreement in that:

- 1) Murray's has failed to use best efforts to achieve maximum sales performance in its market area for Iveco products,
- 2) Murray's did not have adequate inventory of Iveco vehicles available for sale,
- 3) Murray's did not have a salesperson exclusively assigned to the sale of Iveco Vehicles,
- 4) Murray's failed to maintain and did not have a wholesale line of credit for the purchase of Iveco vehicles.

9. The amended notice of termination filed on April 24, 1987, added the following grounds for termination:

- 5) Murray's has insufficient working capital,
- 6) Murray's has insufficient net worth,
- 7) Murray's is financially insolvent.

#### ISSUES PRESENTED

10. Pursuant to section 3066, Iveco has the burden of proving good cause to terminate the franchise.

11. In determining whether good cause exists for terminating a franchise, section 3061 requires the Board to take into consideration the existing circumstances, including, but not limited to the following:

- (a) Amount of business transacted by the franchisee, as compared to the business available to the franchisee. {3061(a)}

(b) Investment necessarily made and obligations incurred by the franchisee to perform its part of the franchise. {3061(b)}

(c) Permanency of the investment. {3061(c)}

(d) Whether it is injurious or beneficial to the public welfare for the franchise to be modified or replaced or the business of the franchisee disrupted. {3061(d)}

(e) Whether the franchisee has adequate motor vehicle sales and service facilities, equipment, vehicle parts, and qualified service personnel to reasonably provide for the needs of the consumers for the motor vehicles handled by the franchisee and has been and is rendering adequate services to the public. {3061(e)}

(f) Whether the franchisee fails to fulfill the warranty obligations of the franchisor to be performed by the franchisee. {3061(f)}

(g) Extent of franchisee's failure to comply with the terms of the franchise. {3061(g)}

12. The issues raised in the notice of termination and amended notice of termination will be addressed in conjunction with the factors enumerated in section 3061 above.

Amount of Business Transacted by the Franchisee, as Compared to the Business Available {section 3061 (a)}

13. Murray's entered a franchise agreement with Iveco in December 1978. Iveco is a truck distributor which distributes two types of vehicles, the Magirus, a heavy truck, and a line of trucks designated as Z-Range trucks which are medium-duty. Murray's initial Iveco franchise was applicable only to the Magirus line of trucks. At that

time, December 1978, Magirus was the only product line sold by Iveco in the California market.

14. Subsequently, in August 1980, Murray's and Iveco entered into a second franchise agreement for distribution of Iveco Model Z-100 trucks, the first Z-Range vehicles brought to California by Iveco. In September, 1983, Iveco commenced importing the Z-120TA, and thereafter, introduced other Z-Range models, including the Z-220.

15. In September 1983, Iveco, by its General Letter 0198, notified its Z-Range franchisees that the franchises included the current Z-Range model vehicles, as well as any new Z-Range models thereafter produced.

16. Iveco did not serve notice of intention to terminate its franchise agreement for Magirus vehicles. Iveco seeks to terminate only the Z-Range franchise.

17. Iveco ceased importing Magirus vehicles (except in orders for 50 or more) in 1983. Magirus parts are available and are still sold to Magirus franchisees exclusively, pursuant to the terms of the Magirus franchise.

18. Murray's also has franchise agreements with Isuzu, Volvo-White, Autocar, and Trail King.

19. In 1985, Murray's decided to cease selling Iveco Z-Range vehicles. This decision was made because of Murray's belief that the current Iveco models, the Z-100 and later Z-Range models, possessed inadequate braking systems. The brake linings would wear prematurely, sometimes after only 2,500 to 3,000 miles.

20. The apparent cause of the problem was the narrow width of the brake shoes. Initially the Z-100's brake shoes were 80 millimeters(mm) wide. In 1984, Murray's complained to Iveco's District Product Support Manager about the Z-100's brake problem.

21. In response to dealer complaints, Iveco made a brake upgrade kit with 100mm brake shoes. Iveco's cost for the kit was about \$1200. The kits were sold to the dealers for \$400 and Iveco re-imbursed the dealers for approximately eight hours labor for installing the kit.

22. In September 1983, Iveco introduced the Z-120TA into the California market. The Z-120TA had 100 mm brake shoes, however, at least half of the Los Angeles Basin Iveco dealers have had at least one customer complaint of premature brake wear. These complaints were recorded through June 1987.

23. The Z-120TA also had a problem with a device which adjusted the brakes automatically. All Iveco dealers experienced complaints on the adjusters. Iveco is currently instituting a warranty program in which all self-adjusting brake complaints are handled through Iveco without regard to mileage or date of purchase. The warranty program is applicable to the Z-100, Z-120TA and Z-220T model and is free to the vehicle owner.

24. Although Murray's complained to Iveco regarding problems with the Z-Range brakes, there was no evidence presented to show that Murray's ever advised Iveco that it

would cease sales of the Z-Range vehicles on the grounds of safety or warranty repair problems.

25. In 1986, Iveco introduced a new 120 mm brake lining and a new brake adjuster for its 1987 models. These changes were included in technical bulletins and sent to all dealer principals. Iveco's product development managers also hand-carried these bulletins to dealer service departments.

26. In late May 1987, approximately one week before the protest hearing, Murray's owner-principal John Murray was not aware of the increase in size of the brake lining to 120 mm and the development of a new automatic self-adjuster.

27. The following depicts the Los Angeles Basin Iveco Z-Range dealers' sales performance from 1979 through April 1987. As can be seen, Murray's strongest year was in 1984, in which it sold 34 Z-Range trucks. Since then, Murray's sales have dropped to 23 in 1985, 2 in 1986 and no sales thru April 1987.

Z-RANGE SALES BY YEAR

<u>Dealer</u>	<u>Year</u>								<u>Thru</u>
	<u>79</u>	<u>80</u>	<u>81</u>	<u>82</u>	<u>83</u>	<u>84</u>	<u>85</u>	<u>86</u>	<u>4/87</u>
Beach Imports							1	17	2
Crossroads*						1	30	19	-
Foothills Int'l*				5	4	8	2	-	-
Fred Boerner			8	17	18	29	46	37	8
Murray's Iveco		6	23	29	8	34	23	2	-
Orange County	-	2	16	38	39	70	77	40	7
Prince								8	1
Tom's Truck								<u>5</u>	<u>11</u>
TOTAL	-	8	47	89	69	142	179	128	29

\*No longer Iveco franchisees

28. As depicted in the chart on the following page, Murray's percentage of total sales of Z-Range vehicles in the Los Angeles Basin drops from a high of 23.94% in 1984 to 12.85% in 1985 and to 1.56% in 1986.

RECORD OF SALES FOR L.A. BASIN DEALERS  
IVECO Z-Range Vehicles

	<u>1984</u>		<u>1985</u>		<u>1986</u>	
	<u>No.</u>	<u>% of Total</u>	<u>No.</u>	<u>% of Total</u>	<u>No.</u>	<u>% of Total</u>
Beach Imports (New dealer in late 1985)	N/A	N/A	1	.56	17	13.28
Fred Boerner Motor Co.	29	20.42	46	25.70	37	28.91
Crossroads Chevrolet (New dealer in late 1984. Ceased being a dealer in mid-1986.)	1	.70	30	16.76	19	14.84
Murray's Truck Service	34	23.94	23	12.85	2	1.56
Orange County Iveco Trucks	70	49.30	77	43.02	40	31.25
Prince Chrysler-Plymouth (New dealer in late 1986.)	N/A	N/A	N/A	N/A	8	6.25
Tom's Truck Repair (New dealer in late 1986.)	N/A	N/A	N/A	N/A	5	3.91
Foothill International (Ceased being a dealer in early 1985)	8	5.63	2	1.12	N/A	N/A
<hr/>						
TOTAL IVECO SALES	142		179		128	

29. Iveco's overall drop in sales since 1985 is due in part to the entry of the Japanese manufacturers into the medium truck market. Murray's drop in sales is due to its decision not to sell Iveco trucks.

30. The following chart depicts Iveco's percentage of the class 2 through 5 medium truck market share. The market areas measure Iveco's sales performance at the national level, the Western Region, Murray's area of responsibility (AOR), and Los Angeles County. Iveco sustained a drop in market share percentage in all areas.

COMPARISON OF 1985 AND 1986 IVECO SALES FIGURES BY IDENTIFIED MARKET

<u>Area</u>	<u>Iveco % of Market Share</u>		
	<u>1985</u>	<u>1986</u>	<u>% Decrease</u>
United States	1.73	1.37 (-.36)	20.45
Western Region	1.23	.91 (-.32)	26.02
Area of Responsibility: Los Angeles, Orange, Riverside, San Bernardino Counties (Los Angeles Basin)	2.05	1.05 (-1.0)	48.78 <sup>2</sup>
Los Angeles County	2.30	1.24 (-1.06)	53.91 <sup>2</sup>

<sup>2</sup>The decline in the Los Angeles Basin and Los Angeles County is significantly higher than the decline in the national and regional level. This is due primarily to the fact that Murray's sales dropped by 91.3% from 1985 to 1986.

31. Iveco considers a reasonable inventory for a dealer in the Los Angeles region to be six vehicles. At a minimum, Iveco requires that a dealer have at least one of each particular model it distributes in inventory. Currently there are four models, Z-120, Z-220, Z-335, and Z-435.

32. Failure to have at least one of each model on hand eliminates a dealer's ability to demonstrate the vehicles for a potential customer and precludes immediate delivery. This is particularly true where only a cab and chassis is delivered and additional time is required to install a body or flatbed after purchase by the buyer.

33. If Z-Range vehicles are in stock on the West Coast, delivery to the dealer takes 5 to 7 working days. If a vehicle is not in stock, the order can take up to 60 days to fill. Failure of a dealer to have an inventory on hand for immediate delivery to the body manufacturer/installer results in loss of sales to competing truck manufacturers.

34. The following chart depicts the Los Angeles Basin Z-Range dealer's inventories from January 1986 to April 1987. The inventory records reflect that Murray's has carried substantially fewer Z-Range vehicles in inventory than the other Z-Range dealers in the Los Angeles Basin.

Z-RANGE VEHICLES IN INVENTORY

DATE	MURRAY'S		FRED BOERNER	ORANGE	PRINCE*	TOM'S*
	TRUCK SERVICE	BEACH IMPORTS		COUNTY IVECO	CHRYSLER PLYMOUTH	TRUCK SERVICE
1986						
January	1	12	19	35		
February	1	13	16	26		
March	0	8	17	20		
April	0	8	17	23		
May	0	3	15	21		
June	0	3	16	18		
July	0	10	19	17		
August	2	10	12	9		
September	2	9	10	7		
October	0	8	4	3		
November	0	6	11	4		
December	0	1	9	2		
1987						
January	0	6	11	2	5	11
February	0	7	8	2	5	12
March	0	5	15	1	5	9
April	0	4	17	0	5	16

\*Appointed in October 1986

Investments Made and Obligations Incurred  
by the Franchisee to Perform its Part of  
the Franchise. {section 3061 (b)}

35. Murray's fixed asset growth between the years 1979 and 1986 has been minimal. Between 1979-1986 the total fixed asset growth was \$108,745. The majority of this increase was achieved in 1983-1984, when Murray's acquired two new franchises, Volvo-White and Isuzu.

36. The following chart portrays Murray's fixed asset growth through the years 1979-1986. The total expenditures for shop equipment, vehicles, office equipment and leasehold improvements can be found at the bottom of the chart.

MURRAY'S TRUCK SERVICE FIXED ASSET GROWTH 1979-1986

	<u>Shop Equipment</u>	<u>Vehicles</u>	<u>Office Equipment</u>	<u>Leasehold Improvments</u>
1979	\$70,257	\$91,076	\$5,039	\$ --
1980	70,257	107,261	9,089	--
1981	71,400	108,600	12,300	--
1982	71,400	143,700	16,000	--
1983	83,200	93,100	19,200	14,900
1984	100,200	106,700	20,300	21,000
1985	127,100	106,100	21,900	21,000
1986	127,145	106,689	20,283	21,000
 <u>Total Increases</u>				
1979-86	\$56,888	\$15,613	\$15,244	\$21,000

Total Fixed Asset Growth - \$108,745

37. John Murray and his wife are the sole shareholders of Murray's, as well as the sole shareholders of GRM Enterprises Inc.

38. In 1985, Mr. and Mrs. Murray arranged to borrow \$644,000 from Transworld Bank. The money was then loaned by Mr. and Mrs. Murray to GRM Enterprises Inc. which then loaned it to Murray's. The note requires installment payments, is payable in full on August 15, 1988, and is secured by the inventory, receivables, and equipment of Murray's. The debt is also secured by a deed of trust on the property on which Murray's is situated.

39. In 1985, Murray's flooring line with Volvo-White was "out of trust" by \$658,000. In April, 1986, Murray's executed a note for \$591,000 to Volvo-White at Volvo-White's request. This amount represented the then out of trust amount due to Volvo-White and is secured by a second deed of trust on the dealership-real property.

40. In mid-1986, Murray's attempted to auction the property, buildings and businesses which it operates. The auction was not successful, and thereafter, the properties were listed with a broker for sale through at least December 1986.

41. Should Murray's be terminated, Iveco is obligated under the terms of the franchise to repurchase from Murray's all current parts, accessories and signs.

Permanency of the Investment  
{section 3061 (c)}

42. There was no evidence presented on the permanency of the investment except for those findings made under section 3061 (b).

Whether it is Injurious or Beneficial to the Public Welfare for the Franchise to be Modified or Replaced or the Business of the Franchisee Disrupted  
{section 3061 (d)}

43. Iveco intends to open an Iveco sales and service dealer in the general vicinity of Murray's location should Murray's protest be overruled by the Board and the termination permitted.

44. Fred Boerner Motor Company is located approximately 20 miles from Murray's. Boerner is an Iveco dealer who has indicated interest in opening another Iveco sales/service outlet in the greater Los Angeles area.

Boerner is an acceptable candidate to Iveco.

45. Iveco estimates it will take between 60 and 90 days to establish a replacement dealer if Murray's is terminated. During this time period, Iveco plans to authorize the performance of warranty work by other independent truck repair companies in the area. One such company is Studio Truck Service located in North Hollywood, approximately 12 miles from Murray's. Studio Truck Service and other such companies have performed non-warranty work on Iveco vehicles in the past. Alternatively, Iveco will authorize, if necessary, towing at Iveco's expense to another Iveco dealer

for customers whose vehicles are still under warranty and are inconvenienced during the time it takes to establish a replacement Iveco dealer in the area.

46. While Murray's franchise agreement provides for "buyback" of special tools and parts in the event of termination, Murray's may keep any or all of these at its option.

47. In the event Murray's franchise is cancelled, it would not be precluded from doing non-warranty repair work on Iveco Z-Range vehicles previously sold by it or sold by other Iveco Z-Range dealers.

Whether the Franchisee has Adequate Motor Vehicle Sales and Service Facilities, Equipment, Vehicle Parts, and Qualified Service Personnel to Reasonably Provide for the Needs of the Consumers for the Motor Vehicles Handled by the Franchisee and has Been and is Rendering Adequate Service to the Public.

{section 3061 (e)}

48. Murray's carries a \$500,000 inventory of truck parts at the dealership for all five of its franchise lines including some parts for Cummins, Caterpillar and Detroit Diesel engines.

49. Murray's carries an Iveco Z-Range/Magirus parts inventory of approximately \$80,000 and purchases approximately \$10,000 in Iveco parts on a monthly basis.

50. Murray's parts and service sales combined approximate \$25,000 to \$30,000 per month.

51. Murray's employs approximately thirty people. Of these thirty, thirteen or fourteen work as mechanics in the

service area and two are body men. The sales force consists of dealer-principal John Murray and two other employees, one of whom was formerly an Iveco dealer. No evidence was presented as to the amount of time that these individuals devoted to Iveco products, as compared to the other activities conducted by the dealership.

Whether the Franchisee Fails to Fulfill the Warranty Obligations of the Franchisor to be Performed by the Franchisee. {section 3061 (f)}

52. There was no evidence presented at the hearing regarding Murray's fulfillment of its warranty obligations.

Extent of Franchisee's Failure to Comply with the Terms of the Franchise. {section 3061 (g)}

53. Murray's has been in financial difficulties since at least 1985 when it showed a net loss of \$135,900. At years end Murray's total liabilities exceeded its total assets. The financial condition worsened in 1986.

54. Murray's negative net worth has resulted in an inability to obtain a line of credit to purchase Iveco products and otherwise participate in the vehicle sales market.

55. Although required by the franchise agreement to do so, Murray's has refused to sign UCC-1 forms in favor of Iveco. The forms are necessary to protect Iveco's security interest in goods sold to Murray's. The request for UCC-1 forms was part of an overall updating of UCC-1's for all Iveco dealers in the region.

56 Murray's has refused to execute a UCC-1 despite a request made by him in May, 1987, by Iveco's employee, Frank

Gentle. At its own request, Murray's has put itself on a C.O.D. basis for purchase of Iveco parts and accessories.

57. In October, 1986, and again in April, 1987, Iveco consulted with John Murray in regard to the following:

- 1) Murray's refusal to stock vehicles,
- 2) Securing a line of credit dedicated to financing the purchase of Iveco vehicles, and
- 3) Recapitalizing the business to enable it to compete effectively as an Iveco dealer.

58. John Murray refused to respond to Iveco's requests regarding the above.

59. Under the terms of its franchise agreement, Murray's is required to maintain reasonable net working capital, net worth, and wholesale financing commitments.

60. Iveco requires its dealers to have flooring (wholesale financing commitment) in order not to restrict cash flow, and in order to maintain adequate inventories of ~~new~~ ~~vehicles~~ vehicles, which can cost a dealer between \$15,000 to \$20,000 each without bodies.

61. Iveco advises its dealers of each of the special discount/flooring programs by way of General Letters which are sent automatically to all dealers. All special discount/flooring programs are available to all dealers.

62. There is no evidence to support Murray's claim that in 1985, 1986, and 1987, Iveco has given, or made available to certain Iveco dealers, special discounts,

flooring terms, or special allowances while excluding Murray's. Nor was there evidence presented which showed that Iveco sold vehicles to non-dealers at dealer discount, or other favorable terms, thus making it difficult and unrealistic for Murray's to compete for Iveco sales.

63. For each of the incidents claimed by Murray to show special treatment for other entities and Iveco dealers, Iveco established with minor exceptions, attributable to error, that each of these transactions fell under a fleet assistance program, or a special dealer incentive program, or a new dealer stocking order program. Each and all such programs were and are made available to all Iveco dealers, including Murray's.

64. Murray's has had an application for a line of flooring pending with a finance company for approximately one year.

65. Iveco, as is common in the industry, requires a dealer to have a line of credit to purchase vehicles. Iveco will not commit a vehicle to a dealer lacking flooring unless the vehicle is paid for with a cashier's check at the time of order. As a result, a dealer without a flooring line is required to pay for a vehicle as long as 60 days prior to delivery to the dealer.

66. In March 1987, Murray's placed an order for two Z-Range vehicles which were available in the United States. Murray's was advised that because it lacked a dedicated line of flooring, a cashier's check would be required with the

order. Thereafter, Murray's changed the order to vehicles with power steering. Such vehicles were out of stock in the United States. Murray's was advised that Iveco would require a cashier's check in advance to reserve the vehicles or Murray's would risk their prior assignment to a "floored" dealer.

67. Iveco did not discriminate against Murray's by application of this policy, nor was the policy devised to force Murray's into resigning its dealership, or accepting appointment of another dealer in its market area. Iveco's policy was followed numerous times with Orange County Iveco, and another dealer without a flooring line, in both 1986 and 1987.

68. In January 1986, Murray's flooring line of credit was terminated by Deutsche Credit which had provided this service for Iveco dealers. The reason for the termination was the failure of Murray's to "pay-off" floored trucks when they were sold, resulting in an out-of-trust situation.

69. Although John Murray has arranged for a personal line of credit with a local bank, the problem of pre-payment for ordered vehicles has not been solved. This is so because the line of credit is not dedicated to Iveco and therefore, Iveco cannot be assured that the credit will still be available when the invoice and bill of lading are presented to the bank for payment.

70. Under the terms of its franchise, Murray's is required to employ a salesman trained by Iveco to its

standards, and exclusively assigned to the sale of Iveco vehicles. While Murray had such a salesman in past years, that individual left in 1985 and has not been replaced. Thus, Murray's has no trained individual assigned exclusively to the sale of Iveco vehicles.

71. One of Murray's current employees was formerly an Iveco dealer and therefore is knowledgeable about Iveco products.

72. The franchise agreement provides for a cooperative advertising program whereby the dealer and the distributor each pay 50% of the cost of Iveco media ads. During 1986 and 1987, Murray's made no claims for reimbursement under the program.

73. Murray's did place Iveco identification in a regional 1987 Yellow Pages ad which also included logos of its other franchised products.

DETERMINATION OF ISSUES

I

It is determined that:

a) Respondent failed to establish that Protestant does not have adequate vehicle sales and service facilities, equipment, vehicle parts and qualified service personnel to reasonably provide for the needs of the consumers of Iveco vehicles, or that Protestant had not been rendering adequate service to the public. {section 3061(e)}

b) Respondent failed to establish that Protestant has not fulfilled the warranty obligations to be performed by it. {section 3061(f)}

II

Respondent established good cause for terminating the franchise of Protestant. It is determined that:

- a) The franchisee does not transact an adequate amount of business as compared to the business available to it; {section 3061(a)}
- b) The franchisee has made the necessary investment but not incurred the necessary obligations to perform its part of the franchise; {section 3061 (b)}
- c) The investment in the Iveco franchise is not permanent; {section 3061 (c)}
- d) It would not be injurious to the public welfare to replace the franchisee with a franchisee that would maintain adequate levels of

vehicle inventory and aggressively pursue the sale of that inventory; {section 3061 (d)}

e) The franchisee failed to comply with the terms of the franchise which require it to; {section 3061(g)}

1) Use best efforts to achieve maximum sales performance in its area;

2) Maintain an adequate inventory of vehicles for sale;

3) Have a salesperson assigned exclusively to the sale of Iveco vehicles;

4) Maintain a wholesale line of credit for the purchase of vehicles for sale;

5) Have sufficient working capital;

6) Have a sufficient net worth;

7) Remain financially solvent; and

8) Co-operate in protecting Iveco's security

interest in Iveco products sold to Murray's.

THEREFORE, the following proposed decision is respectfully  
submitted:

PROPOSED DECISION

The protest is overruled. Respondent has established  
good cause to terminate the franchise of Protestant.

I hereby submit the foregoing  
which constitutes my proposed  
decision in the above-entitled  
matter, as a result of a  
hearing held before me on the  
above dates and recommend  
adoption of this proposed  
decision as the decision of  
the New Motor Vehicle Board.

Dated: September 9, 1987

*Robert S. Kendall*

ROBERT S. KENDALL  
Administrative Law Judge  
New Motor Vehicle Board

ROBERT S. KENDALL  
Administrative Law Judge  
New Motor Vehicle Board