



New Jersey Gasoline, C-Store, Automotive Association (NJGCA)

(Formerly New Jersey Gasoline Retailers Association)

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FOR IMMEDIATE RELEASE

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June 3, 2010

LAWSUIT FILED AGAINST LUKOIL FOR FAILING TO OBSERVE FIRST RIGHT OF REFUSAL

Big Oil company ignores established law and sells locations from under small business owners;

Behavior blatantly disregards new law designed to protect small businesses.

Sal Risalvato, Executive Director of the New Jersey Gasoline, Convenience, Automotive Association (**NJGCA**), made the following remarks concerning the recent behavior of Lukoil in dismissing the recently passed First Right of Refusal law:

“Last year, **NJGCA** and small business franchise dealers banded together to advocate for a First Right of Refusal law that would protect their interests. We did this because several oil companies were bearing down on independent Shell and Exxon franchisees, threatening to bundle stations together, and sell them to mega-distributors. Recent history has shown us that when a similar situation emerged in South Jersey, those lessees were eventually forced to give up their franchises due to rate hikes and discriminatory pricing practices employed by their new landlords. As such, we couldn't allow Big Oil to divest these locations without giving dealers an opportunity to purchase their locations. To do otherwise would be simply unfair, especially since many of these small business owners had worked those locations for years, invested large sums of capital for improvements, and added value to their leased properties”, said Risalvato.

“However, in June 2009 the Legislature overwhelming passed the First Right of Refusal Act and Governor Corzine signed into law. Without a doubt, it is the most comprehensive protection for small businesses offered in decades. In implementing this legislation, then current lessees finally had the chance to own the site their businesses were built upon”, Risalvato continued.

Since the measure was enacted, the protections afforded small business lessees have helped halt the sale of leased locations to mega-distributors and shield small business owners from being utterly wiped out. Unfortunately, Lukoil - who also owns the Getty motor fuel brand - has chosen to ignore the First Right of Refusal Act. The real estate at many Lukoil stations was actually owned by Getty. Since Lukoil owns Getty, the properties should have been first offered for sale to the current franchisee that operates the location. Lukoil clearly violated the law that **NJGCA** worked so hard to pass last year.

“This past November, Lukoil blatantly disregarded an established law designed to protect small business owners and sold multiple locations out from under a group of lessee dealers. I’m not talking about pending transactions; deeds were exchanged and money changed hands, despite what the law clearly has said since June of last year. Not only has Lukoil’s actions harmed these small business owners and robbed them of the opportunity to own their locations, but it has put their employees and their businesses at grave risk”, Risalvato said.

Several months ago, in order to oppose these sales, **NJGCA** banded a number of Lukoil dealers together to take action. The franchised lessees have filed a lawsuit against their Lukoil landlords.

“We believe that Lukoil mistakenly calculated that we wouldn’t catch their offense or, if we did catch their offense that these dealers would be powerless to respond. We intend to see that Lukoil is property brought to justice and made to obey the law. These small business owners deserve nothing less for all the time and sacrifice they have invested in these locations,” continued Risalvato.

Risalvato ended by saying, “Lukoil’s behavior is appalling and demands a response. But this isn’t really news to any Lukoil franchisee, many of whom we believe have also been victims of predatory and discriminatory pricing tactics. Selling the locations out from under owners who were already guaranteed a Right of First Refusal is bad enough. But I have had my eye on Lukoil for a while now. Learning that inequitable motor fuel sale practices were also endured by these small businesses truly underscores what kind of characters we’re dealing with. I anticipate further legal action will be needed to remedy these claims, but first we must address how the rights of these entrepreneurs were violated and why Lukoil ignored established law.”

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