

GENERAL ASSEMBLY OF NORTH CAROLINA  
1989 SESSION

CHAPTER 506  
HOUSE BILL 162

AN ACT TO PROTECT THE RIGHTS OF SALES REPRESENTATIVES TO POST-  
TERMINATION SALES COMMISSIONS.

The General Assembly of North Carolina enacts:

Section 1. Chapter 66 of the General Statutes is amended by adding a new Article to read:

"ARTICLE 27.

"Sales Representative Commissions.

**"§ 66-190. Definitions.**

The following definitions apply in this Article:

- (1) 'Commission' means compensation accruing to a sales representative for payment by a principal, the rate of which is expressed as a percentage of the amount of orders or sales or as a specified amount per order or per sale.
- (2) 'Person' means an individual, corporation, partnership, association, estate, or trust.
- (3) 'Principal' means a person who does not have a permanent or fixed place of business in this State and who:
  - a. Manufactures, produces, imports, or distributes a tangible product for sale at wholesale;
  - b. Contracts with a sales representative to solicit orders for the product; and
  - c. Compensates the sales representative, in whole or in part, by commission.
- (4) 'Sales representative' means a person who:
  - a. Contracts with a principal to solicit wholesale orders;
  - b. Is compensated, in whole or in part, by commission;
  - c. Does not place orders or purchase for his own account or for resale;
  - d. Does not sell or take orders for the sale of products at retail; and
  - e. Is not an employee of the principal.

**"§ 66-191. Payment of commissions.**

When a contract between a sales representative and a principal is terminated for any reason other than malfeasance on the part of the sales representative, the principal shall pay the sales representative all commissions accrued under the contract to the sales representative within 45 days after the effective date of the termination.

**"§ 66-192. Civil liability.**

(a) A principal who fails to comply with the provisions of G.S. 66-191 is liable to the sales representative in a civil action for (i) all amounts due the sales representative plus exemplary damages in an amount not to exceed the amount of commissions due the sales representative, (ii) attorney's fees actually and reasonably incurred by the sales representative in the action, and (iii) court costs.

(b) Where the court determines that an action brought by a sales representative against a principal under this Article is frivolous, the sales representative is liable to the principal for court costs and for attorney's fees actually and reasonably incurred by the principal in defending the action.

(c) A principal who is not a resident of this State who contracts with a sales representative to solicit orders in this State shall be subject to personal jurisdiction as provided in G.S. 1-75.4.

(d) Nothing in this Article shall invalidate or restrict any other or additional right or remedy available to a sales representative or preclude a sales representative from seeking to recover in one action on all claims against a principal.

**"§ 66-193. Contracts void.**

A provision in any contract between a sales representative and a principal purporting to waive any provision of this Article, whether by expressed waiver or by a contract subject to the laws of another state, is void."

Sec. 2. This act shall become effective October 1, 1989, and applies to contracts entered into or renewed on or after that date.

In the General Assembly read three times and ratified this the 29th day of June, 1989.