

LAWFUL TERMINATION OF FRANCHISE AGREEMENTS

Services have been suspended at APCO service stations at both Epping and Thomastown following a legal dispute between APCO Service Stations Pty Ltd and one of its former franchisees, Mr Frank Eid of Mouzaya Pty Ltd.

Since January 2018, APCO has raised concerns with Mouzaya and Mr Eid regarding Mouzaya's financial position and its conduct of the two franchised operations. These matters went to the heart of the Franchise Agreements, including Mouzaya's financial position, and its performance under those agreements.

These matters were also critical to the preservation of the company's good corporate standing and reputation.

Over many months, and despite the efforts of APCO to allow Mouzaya to resolve these serious issues, Mouzaya failed to address them, which led to the automatic termination of the Franchise Agreements on 24 May 2018.

APCO also had other grounds to terminate the agreements at that time. In particular APCO had appointed an independent human resources firm to investigate serious workplace breaches by Mr Eid. APCO takes very seriously its responsibility to ensure that its franchisees comply with all relevant legal requirements, including those arising under the *Fair Work Act 2009* (Cth).

Upon termination of the Franchise Agreements, and in line with its legal rights, APCO sought to re-enter and repossess both sites. These sites are owned by companies associated with APCO, which also owns all the plant, equipment and fuel on each of these premises. Mr Eid owns the convenience store stock.

In order to protect its assets, APCO had temporary fencing put up around the sites and installed security guards.

On 25 May, Mr Eid and an associate claiming to act on his behalf broke back into the sites and refused to leave. In the interests of avoiding further conflict, APCO suspended its efforts to physically re-enter the sites at that time, relying on the legal process to run its course.

During his occupation of the APCO sites, Mr Eid led an inflammatory social media campaign in which he made false accusations against APCO and its senior management. In comments posted on social media and national television, Mr Eid claimed that:

- An APCO director attacked him, punched him and pushed him to the ground
- APCO management was kicking him out for no reason
- APCO was trying to take control of the businesses without paying for them

These claims are untrue.

Despite Mr Eid's conduct, APCO has made significant attempts to resolve the dispute amicably without resorting to legal action. Unfortunately, those efforts have not been successful.



APCO Director Robert Anderson said he was disappointed the dispute had reached this point and apologised to customers who have been inconvenienced.

“We want to let APCO employees from Thomastown and Epping know that we are doing all we can to represent their interests in our negotiations with their employer, Mouzaya,” Mr Anderson said.

“APCO is a family business that has always acted with integrity. We are proud of the strong relationships we have developed with our network of 25 franchisees over more than 25 years. We want our valued APCO customers to know we were forced to remove this franchisee because his lack of solvency endangered our relationships with suppliers and threatened to destroy APCO’s brand and reputation. We did not want it to come to this, but Mr Eid’s failure to act honestly left us no choice.”

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