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# Attorney Expands To Meet Rep Needs

As the son of a manufacturers' representative for Columbia Records, Capitol Records and other major recording labels, attorney Scott M. Sanders began an association with MANA nearly 15 years ago. Now, he has expanded his area of practice to include manufacturers' representative law in all 50 states.

**A**lthough that family history belies a close relationship to the world of the independent rep, it took a meeting with a MANA member to get him closely involved in rep law.

Sanders, a partner in the Torrance, California-headquartered Sanders & Montalto, LLP, law firm, explains that the firm's rep-law niche developed after he assisted a MANA member in a breach-of-contract case. "While the case was not a rep matter," he explains, "that initial meeting was the beginning of a friendship. Over the course of that friendship he suggested that I learn about and introduce myself to MANA. That's exactly what I've done, and now we've expanded our area of practice to include manufacturers'

representative law in all the states."

From that beginning, the firm, which will shortly have four associates, now specializes in several areas of the law, including:

- Manufacturers' representatives
- Business planning
- Contracts
- Buy and sell agreements
- Incorporations/tax planning

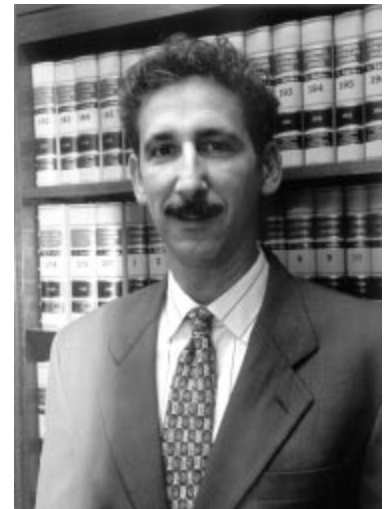
While headquartered in California, the firm has recently opened a satellite office in New York state to meet the growing legal needs of reps on the east coast.

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## The Need for Counsel

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From his beginnings of working with reps, Sanders has developed a mindset concerning how important it is for the rep to not



Scott M. Sanders

only have legal counsel available, but also to have legal counsel that is familiar with the intricacies of rep law. "States uniformly now have their own statutes that address the relationship between the rep and his principals. Many of these state statutes are less-than-clear in a number of their provisions. Here's where the problem can come in: A general contract lawyer may not understand all of the idiosyncrasies or vague areas of these statutes, specifically how and when they apply to reps. In my opinion, I think

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it's very important to be in contact with someone who not only is familiar with the statutes, but also someone who has litigated them. In addition, rep law has its own particular parlance and you'd be better served by an attorney who is familiar with it. For instance, it's important that you don't have to define what the relationship is between rep and principals. There are also specific areas such as commissions where it's just much better to have someone who knows what they're doing."

As an example, Sanders cites the occasion when he sat in on a deposition being given by a MANA member who was suing for wrongful termination and invasion of territory. "It was obvious the other attorney couldn't get the terms straight concerning what a principal and what a customer were. It's critical that attorneys understand the nature of the business, and typically contract attorneys don't always immediately grasp that."

For reps who agree with him, Sanders maintains there are a number of ways reps can feel fairly

competent that the attorneys they contact will possess the necessary expertise. "Aside from the fact there are any number of excellent contract lawyers available, to get the rep expertise you really need, I'd say MANA and the pages of *Agency Sales* magazine obviously are good places to start. Then, take advantage of your networking opportunities with other reps. Ask them whom they would recommend."

In addition to the need for a rep to retain the services of an experienced rep lawyer, Sanders offers his opinions in a few other important areas:

- Contentiousness between principals and reps — While he admits that such feelings often grow during the term of the relationship, Sanders notes that it doesn't have to be that way. "Here's how to avoid it. Make sure that from the very beginning you operate with a contract that is fair to both sides. That's why it's critical to negotiate such a contract at the beginning of the relationship. The real world is that I have one or two reps come to me on a monthly basis looking for assistance in the

negotiation of a contract. That's the way to ensure you have the best possible relationship."

- The most important legal concern reps face today — In answer to this query, the attorney offers a similar answer. "The most important concern is the contract. Here's why. When the economy goes through its ups and downs, who's the first individual at risk in matters of wrongful termination? It's the rep who's first to go. That's why it's important that he have the protection that a fair contract offers. Then, how often have we heard about problems that develop because of modifications to a contract (e.g., the emergence of house accounts, reductions in commission rates, termination when the rep has been 'too successful' in the territory)?

"If thought about ahead of time and dealt with at the very beginning, these problems can all be avoided." □

*For more information concerning Scott Sanders and Sanders & Montalto, LLP, Attorneys at Law, visit [www.sandersmontalto.com](http://www.sandersmontalto.com).*