



# THE WANADA BULLETIN

NEWS AND INFORMATION FOR AND ABOUT FRANCHISED NEW CAR DEALERS IN THE WASHINGTON AREA

WANADA Bulletin # 21-09

Reminder: The Bulletin Goes Electronic Next Week!

May 29, 2009

## A New Order in the Auto World

### Fiat Signs Up to Lead New Chrysler, GM Poised to Become “Government Motors”

As June rolls onto the calendar it appears a certainty that WANADA dealer members holding GM franchises will join their colleagues holding Chrysler franchises and begin the summer with a partner they never expected in their wildest dreams: the U.S. government. (GM is expected to file Chapter 11 bankruptcy as soon as this Monday, June 1.) That’s because the Treasury Department will be a majority shareholder in each firm (35% at New Chrysler and 72.5% at New GM) as they emerge from bank-

ruptcy proceedings in the next few months. Treasury completed the orchestration of the managed bankruptcies this week and though it has said repeatedly it is not interested in running either company, its role in “structuring” the

NADA and its state and metro dealer association partners continue to press for a more reasoned wind down for “unassumed” Chrysler dealers – (See story on Page 2)

bankruptcies for both would seem to indicate that government appointed board members at both companies will influence any major manufacturer dealer relations issues that arise. Indeed, pundits are already calling GM “government motors.”

Until then, however, WANADA dealers will be busy dealing with a landscape few

could have imagined. In progress will be the dissolution of some 798 Chrysler brand outlets and the winding down of as many as 2,000 more GM franchise holders “sacrificed” for the good of the remainder. Fiat remains in the wings, ready to emerge to lead “NewCo” Chrysler. The end of the storied Pontiac franchise

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### WANADA Briefing

#### *The Bankruptcy & Reorganization of Chrysler and GM and the Turmoil Besetting the Auto Industry*

(For All Member Dealers!)

Monday, June 8, 2009

Ritz-Carlton Tysons Corner  
1700 Tysons Boulevard  
McLean, VA 22102

Registration 8:30am - 9:30am  
Meeting 9:30am - 11:30am

WANADA has organized a member briefing on the bankruptcy and reorganization of Chrysler and GM and the turmoil besetting the auto industry in general to ensure that all members are on the same page with these unprecedented, traumatic developments. All dealers holding all brands, should plan to attend this important session to learn where they are and where the industry is headed.

The briefing will be presented by dealer lawyer and WANADA advisor Mike Charapp Esq. and Jason Gold Esq., of the bankruptcy firm, Wiley & Rein, whom WANADA has joined MADA in retaining to field general bankruptcy issues and questions affecting mutual members. They will be joined by members of NADA’s legal and legislative staff.

To register for this event, please call or email Kristina Henry at:

Phone: (202) 237-7200

Email: [kh@wanada.org](mailto:kh@wanada.org)

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will be underway and possibly Hummer, Saturn and Saab as well. GM says no buyer has yet been found for Hummer while Saab is in the first month of reorganization in bankruptcy that may or may not succeed. There are two bidder groups for Saturn, one led by Roger Penske and the other by Teleso Ventures, a group of Saturn dealers and former Chrysler executives who each intend to use the existing dealer network to sell vehicles made outside the U.S. under the Saturn brand.

The Dodge Viper looks to be no more. The company had offered to sell the name, tooling and factory for the powerful sports car for a meager \$10 million, but got no takers.

In a fashion, dealers will be turning to the government for auto financing as well given the fact that Treasury will be a 34.5% owner of GMAC Financial Services as part of the bail-out effort.

Most critically, however, dealers will be looking for an end to the abysmal new vehicle market they have suffered through for the past two years. Sales reports for May indicate that the end was not yet in sight as the industry's annual selling rate remained in the low nine million units range with year-over-year declines of 30% to 45% not extraordinary.

On a positive note, The Conference Board, said the number of Americans who planned on buying a car over the next six months rose to 5.5 percent, the highest in a year. There were also reports that service and used vehicles sales continue to improve in the region.

## Senate to Investigate Dealership Closures

### WANADA Members Urged to Contact Committee

The Senate Commerce Committee will hold a hearing on June 3 at 2:30 pm to investigate the GM and Chrysler dealership closures. Committee chairman John Rockefeller, (D-WVa.) has invited GM CEO Frederick "Fritz" Henderson and Chrysler LLC boss Robert Nardelli to testify as well as NADA chairman John McEneaney. NADA is urging its members to immediately contact any and all of the Commerce Committee members and impress upon them the economic harm that will result from these dealership closures.

From the Washington area, Sen. Mark Warner (D-Va.) is on the committee as are these other Senators:

#### Democrats

Chairman: Jay Rockefeller, West Virginia  
Daniel Inouye, Hawaii  
John Kerry, Massachusetts  
Byron Dorgan, North Dakota  
Barbara Boxer, California  
Bill Nelson, Florida  
Maria Cantwell, Washington  
Frank Lautenberg, New Jersey  
Mark Pryor, Arkansas  
Claire McCaskill, Missouri  
Amy Klobuchar, Minnesota  
Tom Udall, New Mexico  
Mark Warner, Virginia  
Mark Begich, Alaska

#### Republicans

Kay Bailey Hutchison, Texas  
Olympia Snowe, Maine  
John Ensign, Nevada  
Jim DeMint, South Carolina  
John Thune, South Dakota  
Rocker Wicker, Mississippi  
Johnny Isakson, Georgia  
David Vitter, Louisiana  
Sam Brownback, Kansas  
Mel Martinez, Florida  
Mike Johanns, Nebraska

NADA is also asking you to:

- 1) **Get Committee members into dealerships during this week's recess.** Senators need to see and understand the power of the dealership economic model.
- 2) **Put a face on the economic challenges.** Senators should know the most compelling stories at the affected dealerships, based on numbers of jobs, impact on the community, longevity of the business, and specific facts and circumstances about the closure.
- 3) **Encourage dealership employees to engage.** Dealers should urge employees to call their senators in Maryland and Virginia (Ben Cardin (D-Md.), Barbara Mikulski (D-Md.), Mark Warner (D-Va.), and James Webb (D-Va.) and urge them to attend the hearing next week and support the dealers. Affected dealerships might send pictures of dealership employees to the Senate offices.
- 4) **Provide senators with specific questions to ask other witnesses at the hearings.** How were these decisions made? Why is the timing so onerous? Etc.
- 5) **Engage local officials.** Try to initiate letters from local elected officials and local chambers of commerce to senators to document the positive economic contributions of dealerships and the potential harm that dealership closures will inflict. WANADA has already met with Montgomery County Executive Ike Leggett and is working with the Greater Washington Board of Trade.
- 6) **Engage the media.** If a visit is scheduled with a senator, coordinate with the press office of the senator to advise local media.

Maryland and Virginia dealers should contact Sen. Mark Warner on the Commerce Committee ASAP to ensure that he understands the dealer position; (202)-224-2023 or (202)-224-6295 (FAX).

## WANADA Retains Bankruptcy Counsel to Assist and Respond to Chrysler and GM Dealers

WANADA has teamed up with MADA in bringing on bankruptcy lawyers with Wiley & Rein, headquartered in Washington, DC, to counsel association leadership and senior staff on the Chrysler and GM bankruptcy reorganization procedures and related developments. Jason Gold, Esq., will be our principal contact at the firm and will be working in tandem with WANADA's counsel Allen Jones, Esq. and our government relations advisor Mike Charapp, Esq.

Messrs. Gold and Charapp have already staged webinars for WANADA members on the bankruptcy reorganization and are poised to do a WANADA all-members briefing a week from Monday, June 8 (see page 1).

Mr. Gold will operate with WANADA the same way association counsel has for years insofar as he and the firm will be an association resource to sort through general automobile business and industry matters to include individual dealer member questions related to the association. All Chrysler and GM franchise holders, whether they have been notified that they will be continuing with the corporations or not, are well advised to retain their own individual bankruptcy lawyer. Any general lawyer practitioner will advise you that bankruptcy law is an area of the law requiring a lawyer specialist.

WANADA has posted a list of bankruptcy lawyers in this area that members may want to consider when looking to engage bankruptcy counsel. (See [www.wanada.org](http://www.wanada.org))

While this retainer agreement with Mr. Gold and his firm contemplates the Chrysler and GM circumstances, WANADA is available to any member with bankruptcy questions or concerns.

Contact: Gerry Murphy 202-236-4646 (cell) or John O'Donnell at 202-669-8146 (cell). Their e-mails are: [gm@wanada.org](mailto:gm@wanada.org) and [jod@wanada.org](mailto:jod@wanada.org)

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## WANADA Chairman Tamara Darvish Takes Her Seat on the Chrysler Unsecured Creditors Committee Seriously

With the bankruptcy court in New York hurriedly grinding forward on sorting out the many motions and painstaking legal particulars of Chrysler's reorganization under Chapter 11, WANADA chairman Tamara Darvish of DARCARS is one of five members of the unsecured creditors committee which has been established to oversee the proceeding to ensure transparency and fairness. "Like any task Tammy undertakes, she's on this 110%, commuting back and forth to New York and sitting through long days with the bankruptcy judge," said WANADA president Gerard Murphy.

While Ms. Darvish does not officially represent WANADA or NADA- where she is a board member- the dealer associations benefit by her having a seat at the table in these important proceedings.

As is well known, the Chrysler bankruptcy proceedings are moving ahead at a fast, if not breakneck, pace at the behest of the Obama administration's Auto Task Force, which is directing unprecedented government involvement in the Chrysler and General Motors corporate reorganizations.

WANADA commends its chairman for working to keep up with these historic unfoldings.



# ADEI Entry-Technician Training Program Needs Your Best Candidates

WANADA dealer members with promising technicians working at their dealerships are invited to enroll them in the association's NATEF certified fall semester technician training program. We'd also like to hear from you if you are interested in hiring graduating high school students who have been studying auto repair.

ADEI's technician training program, is designed by dealers for dealers and has over the past five years graduated 200+ productive technicians for area dealerships. The ADEI program is a two-year study plan that covers all the auto repair basics and is a blend of mentored, in-dealership training and in-classroom studies at either Montgomery College in Rockville, Md., or NOVA College in Alexandria, Va. ADEI guarantees participating dealers a productive employee within the first 30 days of participation.



ADEI Spring Semester Graduate Michael Farrell and his proud grandparents.

participation.

See [www.wanada.org/ADEI](http://www.wanada.org/ADEI) for more information or call: 202-237-7200 and ask for Bill Belew or Jake Kelderman.

## -NADA Webinars- Helping Dealers Handle New Challenges

### *Maximize Your Business in a Challenging Environment,*

June 4, 11, and 18. The sessions will cost \$199 per computer connection—the regular NADA price—if purchased separately. Participants can also register for all three sessions for just \$448, a savings of nearly \$150. The series will be presented by Howard Polirer, director of industry relations for AutoTrader.com.

### *Dealer Survival: Improving Your Cash Flow in Tough Times*

(June 18, 1–3 p.m.). NADA Dealer Academy Instructor Steve Lane will teach participants how to measure and reduce frozen capital and free up cash in the dealership.

Register at [www.nada.org](http://www.nada.org)



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## A Thought for The Week...

I think the government is going to want us to build the kind of cars Americans want to buy.

Bob Lutz, GM Vice Chairman