

IN THE UNITED STATES COURT OF FEDERAL CLAIMS

Alley's of Kingsport, Inc.; Axelrod Chrysler Dodge Jeep, Inc.;  
Axelrod Chrysler, Inc.; Barry Dodge Inc.; Bennett AutoPlex  
Inc.; Benson Motor Inc.; Bob Taylor Jeep, Inc.; Bondy's Ford,  
Inc.; Brother's Motors, Inc.; Cardenas Motors, Inc.; Carson  
Automotive Inc.; Colonial Dodge, Inc.; Crain CDJ, LLC;  
Cunningham Chrysler Jeep, Inc.; Curfin Investments, Inc.; DJ  
Mack Inc.; Douglas Automotive Group, Inc.; Ertley Chrysler  
Jeep Dodge, LLC; Fitzgerald Auto Mall, Inc.; FT Automotive  
II, LLC; FT Automotive IV, LLC; G.K. Alcombrack, Inc.;  
Golden Motors Inc.; Hahn Motor Company; Hoover Chrysler  
Jeep Inc.; Hoover Dodge Inc.; Jeff Hunter Motors, Inc.;  
Johnson County Motors, L.C.; Lakeforest Chrysler Jeep, Inc.;  
Mancari's of Orland Hills, Inc.; Melchiorre Inc.; Miller-  
Campbell Company; Miller Motor Car Corp.; Milner O'Quinn  
Chrysler Dodge Jeep, Inc.; Morong Brunswick; Ogden  
Chrysler Plymouth Inc.; Painter Sales and Leasing; Painter's  
Sun Country Chrysler, Inc.; Pen Motors, Inc.; Preston  
Chrysler Jeep, Inc.; Pride Chrysler Jeep, Inc.; Reuther Dodge  
LLC; Reuther's Investment Company; RFJS Company, LLC;  
SCK, Inc.; Scotia Motors, Inc.; Shoemaker's Jeep Inc.; South  
Shore Chrysler Plymouth Inc.; Star Chrysler, Inc.; Tarbox  
Chrysler Jeep, LLC; Tarbox Motors Inc.; Tenafly Chrysler  
Jeep, Inc.; The Union Sales Co.; Thomas Sales & Service Inc.;  
Verona Motor Sales Inc.; Waco Dodge Sales, Inc.; Walker  
Motors Inc.; Westminster Dodge, Inc.; Wheaton Dodge City,  
Inc.; Wheeler Leasing Co. II, Inc.; Whitey's Inc.; William T.  
Pritchard, Inc.; Wyckoff Chrysler, Inc.; Young Volkswagen,  
Inc.,

Plaintiffs,

v.

United States of America,

Defendant.

Case No. \_\_\_\_\_

Judge: \_\_\_\_\_

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## COMPLAINT FOR JUST COMPENSATION

This is a suit under the Fifth Amendment by the former owners of 64 franchised Chrysler auto dealerships for the uncompensated taking of their property rights (including their franchise contracts, ongoing auto businesses, and state statutory auto dealer rights) resulting from the Government-imposed requirement that Chrysler, as a condition of its restructuring, terminate approximately 25% of its existing franchised dealers. This taking served the public purpose of promoting stability to the financial system of the United States, preventing a significant disruption of the American automotive industry that would pose a systemic risk to financial market stability and have a negative effect on the United States economy. This is a loss that should not, however, be borne by a few individual auto dealers but, by reason of its broad and salutary public purpose, must in fairness and justice be borne by the public as a whole.

In taking Plaintiffs' property without just compensation, the United States acted under the authority granted to it by Congress under the Troubled Asset Relief Program ("TARP"), 12 U.S.C. § 5211(a)(1).

### **The Parties**

1. Plaintiff Alley's of Kingsport, Inc., doing business as Alley's Chrysler Dodge World ("Alley") was at all relevant times a for-profit corporation properly organized and existing under the laws of the State of Tennessee and during all relevant times operated an automotive dealership business in Kingsport, Tennessee 37660 by engaging in the sale and service of automobiles manufactured by Chrysler under to a franchise with Chrysler. Alley's automotive dealership franchise was protected in

Tennessee by state statute, T.C.A. § 47-25-604, that prohibits the manufacturer from canceling or failing to renew a Tennessee dealer's franchise without proof of the dealer's substantial breach of a provision of its dealer agreement and by T.C.A § 47-25-605, that allowed Alley's to bring an action to recover damages and penalties from a manufacturer who violated § 47-25-604.

2. Plaintiff Axelrod Chrysler Dodge Jeep, Inc. ("Axelrod CDJ") is a for-profit corporation properly organized and existing under the laws of the State of Ohio and during all relevant times operated an automotive dealership business in Wadsworth, Ohio 44282 by engaging in the sale and service of automobiles manufactured by Chrysler under a franchise from Chrysler. Axelrod CDJ's automotive dealership franchise was protected in Ohio by state statute, R.C. § 4517.54 that prohibits the manufacturer from canceling or failing to renew an Ohio dealer's franchise without good cause as determined by the applicable Ohio board. R.C. § 4517.45 further prohibits the franchisor from terminating the dealer franchise before the holding of a hearing on the dealer's filed protest, or after the hearing, if the board determines that good cause does not exist to terminate the franchise. R.C. § 4517.542 provides that the franchisor must pay the terminated franchisee upon the termination of a franchise the franchisee's cost of new unsold motor vehicles, the fair market value of signage, special tools, automotive service equipment, dealership facilities assistance, and under certain circumstances, the fair market value of the dealership.

3. Plaintiff Axelrod Chrysler, Inc. ("Axelrod Chrysler") is a for-profit corporation properly organized and existing under the laws of the State of Ohio and

during all relevant times operated an automotive dealership business in Parma, Ohio 44129 by engaging in the sale and service of automobiles manufactured by Chrysler under a franchise from Chrysler. Axelrod Chrysler's automotive dealership franchise was protected in Ohio by state statute, R.C. §§ 4517.54 and 4517.542, as described in ¶ 2.

4. Plaintiff Barry Dodge, Inc. ("Barry") is a for-profit corporation properly organized and existing under the laws of the State of New York and during all relevant times operated an automotive dealership business in Brockport, New York 14420 by engaging in the sale and service of automobiles manufactured by Chrysler under a franchise from Chrysler. Barry's automotive dealership franchise was protected in New York by state statute, McKinney's Vehicle and Traffic Law § 463, that prohibits the manufacturer from canceling or failing to renew a New York dealer's franchise without proof of the dealer's substantial breach of a provision of its dealer agreement. Under McKinney's Vehicle and Traffic Law § 469, a franchised motor vehicle dealer aggrieved by a violation § 463 can request an adjudicatory proceeding or sue for injunctive relief and damages in any court of the state having jurisdiction over the parties.

5. Plaintiff Bennett AutoPlex Inc. ("Bennett") is a for-profit corporation properly organized and existing under the laws of the State of Kansas and during all relevant times operated an automotive dealership business in Salina, Kansas 67401 by engaging in the sale and service of automobiles manufactured by Chrysler under a franchise from Chrysler. Kansas state statute K.S.A. 8-2414 protects Bennett's automotive dealership franchise by prohibiting the manufacturer from canceling or failing to renew a Kansas dealer's franchise without proof of good cause determined by the

applicable Kansas agency. Depending on whether the termination was voluntary or involuntary, K.S.A. 8-2414 requires the manufacturer to pay a terminated Kansas dealer for inventory, parts, supplies, accessories, tools, computers and data systems, and the fair market value of its place of business.

6. Plaintiff Benson Motor, Inc. (“Benson”) is a for-profit corporation properly organized and existing under the laws of the State of Iowa and during all relevant times operated an automotive dealership business in Ames, Iowa 50010 by engaging in the sale and service of automobiles manufactured by Chrysler under a franchise from Chrysler. Benson’s automotive dealership franchise was protected in Iowa by state statutes, I.C.A. §§ 322A.2 and 322A.7, that prohibits the manufacturer from terminating a dealer’s franchise without first filing an application with the applicable Iowa department for permission to terminate and establishing good cause for the termination at a hearing.

7. Plaintiff Bob Taylor Jeep, Inc. (“Taylor”) is a for-profit corporation properly organized and existing under the laws of the State of Florida and during all relevant times operated an automotive dealership business in Naples, Florida 34109 by engaging in the sale and service of automobiles manufactured by Chrysler under a franchise from Chrysler. Taylor’s automotive dealership franchise was protected in Florida by state statute, the Florida Dealer Protection Act, Fla. Stat. §§ 320.60, et seq., including § 320.641 that prohibits the manufacturer from canceling or failing to renew a Florida dealer’s franchise without proof of good cause determined by the applicable Florida agency, and further prohibits the manufacturer from terminating the franchise of the Florida dealer until a final determination. Under § 320.697, any Florida dealership

adversely affected by a manufacturer's violation of the Florida Dealer Protection Act may bring an action against the manufacturer for damages in any court of competent jurisdiction in an amount equal to three times the pecuniary loss, together with costs and a reasonable attorney's fee to be assessed by the court.

8. Plaintiff Bondy's Ford Inc., doing business as Bondy's Jeep ("Bondy's"), is a for-profit corporation properly organized and existing under the laws of the State of Alabama and during all relevant times operated an automotive dealership business in Dothan, Alabama 36303 by engaging in the sale and service of automobiles manufactured by Chrysler under a franchise from Chrysler. Bondy's automotive dealership franchise was protected in Alabama by state statute, Ala. Code 1975 § 8-20-4, that prohibits the manufacturer from canceling or failing to renew an Alabama's dealer's franchise without proof of "good cause," including proof that the dealer has failed after notice within six months to substantially comply with the reasonable performance provisions of the franchise. A terminated automotive dealer in Alabama, as provided by Ala. Code 1975 § 8-20-5, has the right to bring an action in a court of competent jurisdiction to challenge the termination of its franchise by a manufacturer, and the dealer retains all rights and remedies under the terms and conditions of such franchise, including the right to sell or transfer the dealer's ownership interest until a final determination by a court of competent jurisdiction, including appeal. Upon termination for "good cause," the statute also requires the manufacturer to pay a terminated Alabama dealer fair compensation for inventory, parts, supplies, accessories, tools, computers and data

systems, and the net cost of any upgrades or alterations made by the dealer to the dealership facilities recommended in writing by the manufacturer.

9. Plaintiff Brother's Motors Inc., doing business as Diamond Dodge-Chrysler-Plymouth ("Brother's") is a for-profit corporation properly organized and existing under the laws of the State of Arizona and during all relevant times operated an automotive dealership business in Flagstaff, Arizona 86001 by engaging in the sale and service of automobiles manufactured by Chrysler under a franchise from Chrysler. Brother's automotive dealership franchise was protected in Arizona by state statute, A.R.S. §§ 28-4452 and 28-4457, that prohibits the manufacturer from canceling or failing to renew a dealer's franchise without proof of good cause, as determined by an administrative law judge.

10. Plaintiff Cardenas Motors, Inc. ("Cardenas") is a for-profit corporation properly organized and existing under the laws of the State of Texas and during all relevant times operated an automotive dealership business in Brownsville, Texas 78521 by engaging in the sale and service of automobiles manufactured by Chrysler under a franchise from Chrysler. Cardenas's automotive dealership franchise was protected in Texas by state statute, V.T.C.A., Occupations Code § 2301.453, that prohibits the manufacturer from canceling or failing to renew a dealer's franchise without proof of good cause submitted to the Texas motor vehicle board ("the Texas board") and prohibits, after a timely protest by a franchised dealer, the manufacturer from terminating the franchise until the board issues its final order or decision. V.T.C.A., Occupations Code § 2301.455, requires the Texas board to consider in determining good cause all

existing circumstances, including inter alia the dealer's investment and obligations, injury or benefit to the public, and the parties' compliance with the franchise. V.T.C.A., Occupations Code § 2301.465 required the manufacturer, after the termination of a franchise, to pay a franchised dealer for its automotive inventory, parts, signage, supplies, special tools, data processing equipment, and automotive service equipment. Another Texas statute, V.T.C.A., Occupations Code § 2301.454, prohibits a manufacturer from modifying or replacing a franchise if the modification or replacement would adversely affect to a substantial degree the dealer's sales, investment, or obligations to provide service to the public. Finally, V.T.C.A., Occupations Code § 2301.478 imposes on the manufacturer and dealer a duty of good faith and fair dealing that is actionable in tort.

11. Plaintiff Carson Automotive, Inc., doing business as Carson Jeep ("Carson") is a for-profit corporation properly organized and existing under the laws of the State of Nevada and during all relevant times operated an automotive dealership business in Carson City, Nevada 89701 by engaging in the sale and service of automobiles manufactured by Chrysler under a franchise from Chrysler. Carson's automotive dealership franchise was protected in Nevada by state statute, 47 N.R.S. 482.36355 that prohibits the manufacturer from canceling or failing to renew a dealer's franchise without proof of good cause submitted to the Nevada motor vehicle director, which may include proof of the extent of the dealer's failure, if any, to comply with the terms of the franchise. Under 47 N.R.S. 482.363521, upon the termination of a Nevada franchise, the manufacturer must compensate the dealer for new automotive inventory,



parts, equipment, furnishings, signage, special tools, and the fair rental value of the premises for at least a three month period.

12. Plaintiff Colonial Dodge, Inc. (“Colonial”) is a for-profit corporation properly organized and existing under the laws of the State of Maryland and during all relevant times operated an automotive dealership business in Kensington, Maryland 20895 by engaging in the sale and service of automobiles manufactured by Chrysler under a franchise from Chrysler. Colonial’s automotive dealership franchise was protected in Maryland by state statute, MD Code, Commercial Law, § 19-101, that prohibits the manufacturer from canceling or failing to renew a dealer’s franchise without proof of good cause which is defined to mean “failure by a dealer to comply with requirements imposed on the dealer by a contract.” Under MD Code, Commercial Law § 19-301, a supplier cannot terminate its dealer agreement based on the results of any circumstance beyond the dealer’s control, including high unemployment in the dealer market area. And under MD Code, Transportation § 15-209, a manufacturer that terminates the franchise of a dealer in violation of this statute is required to pay to the dealer the fair value of his business as a going concern.

13. Plaintiff Crain CDJ, LLC (“Crain”) is a for-profit limited liability company properly organized and existing under the laws of the State of Arkansas and during all relevant times operated an automotive dealership business in Little Rock, Arkansas 72209 by engaging in the sale and service of automobiles manufactured by Chrysler under a franchise from Chrysler. Crain’s automotive dealership franchise was protected in Arkansas by state statute, Ark. Code Ann. § 4-72.201, et seq., that prohibits the

manufacturer from canceling or failing to renew a dealer's franchise without proof of "good cause." Under Ark. Code Ann. § 4-72-208, an Arkansas dealer may recover actual damages in a civil action and, where appropriate, obtain injunctive relief in addition to reasonable attorney's fees and costs of litigation.

14. Plaintiff Cunningham Chrysler Jeep, Inc. ("Cunningham") is a for-profit corporation properly organized and existing under the laws of the State of Pennsylvania and during all relevant times operated an automotive dealership business in North East, Pennsylvania 16428 by engaging in the sale and service of automobiles manufactured by Chrysler under a franchise from Chrysler. Cunningham's automotive dealership franchise was protected in Pennsylvania by state statute, 63 P.S. § 818.13, that prohibits the manufacturer from terminating a dealer's franchise without due regard to the equities of the dealer and without just cause, and the manufacturer must also prove that its own acts, in whole or in significant part, did not cause the dealer to be unable to comply substantially with the reasonable and material requirements of the franchise. Under 63 P.S. §§ 818.17 and 818.18, upon the termination of a Pennsylvania franchise, the manufacturer must compensate the dealer for new automotive inventory, parts, and special tools, and for a specified period, rental costs for the dealer's facility.

15. Plaintiff Curfin Investments, Inc., doing business as Currie Motors of Forest Park ("Curfin"), is a for-profit corporation properly organized and existing under the laws of the State of Illinois and during all relevant times operated an automotive dealership business in Forest Park, Illinois 60310 by engaging in the sale and service of automobiles manufactured by Chrysler under a franchise from Chrysler. Curfin's

automotive dealership franchise was protected in Illinois by state statute, the Motor Vehicle Franchise Act, 815 ILCS 710/9, that prohibits the manufacturer from terminating a dealer's franchise without good cause, until the franchisee receives fair and reasonable compensation for the value of the business and business premises.

16. Plaintiff DJ Mack Inc., doing business as Claxton Chrysler Dodge Jeep ("DJ Mack") is a for-profit corporation properly organized and existing under the laws of the State of Georgia and during all relevant times operated an automotive dealership business in Claxton, Georgia 30417 by engaging in the sale and service of automobiles manufactured by Chrysler under a franchise from Chrysler. DJ Mack's automotive dealership franchise was protected in Georgia by state statute, Georgia Motor Vehicle Dealer's Day in Court Act (GDDCA), Ga. Code Ann., § 10-1-623, that prohibits the manufacturer from terminating a dealer's franchise without good cause, and if the franchisor is terminated for lack of good cause, a Georgia dealer may bring an action in any court of competent jurisdiction for damages and equitable relief including injunctive relief and the dealer may recover damages in any amount equal to the greater of (1) the actual pecuniary loss or (2) three times the actual pecuniary loss, not to exceed \$750,000.00, and costs and reasonable attorney's fees. Under the GDDCA, Ga. Code Ann. § 10-1-651, the manufacturer must pay the terminated dealer for automotive inventory, unused parts, supplies, equipment, and special tools.

17. Plaintiff Douglas Automotive Group, Inc., formerly known as St. Pete Jeep, Inc. and formerly doing business as St. Pete Jeep Chrysler ("Douglas Automotive"), is a for-profit corporation properly organized and existing under the laws of the State of

Delaware and during all relevant times operated an automotive dealership business in St. Petersburg, Florida 33713 by engaging in the sale and service of automobiles manufactured by Chrysler under a franchise from Chrysler. Douglas Automotive's dealership franchise was protected in Florida by state statutes, the Florida Dealer Protection Act, Fla. Stat. §§ 320.60, et seq., including § 320.641 and § 320.697, as described in ¶ 7.

18. Plaintiff Ertley Chrysler Jeep Dodge, LLC ("Ertley") is a for-profit limited liability company properly organized and existing under the laws of the State of Pennsylvania and during all relevant times operated an automotive dealership business in Dallas, Pennsylvania 18162 by engaging in the sale and service of automobiles manufactured by Chrysler under a franchise from Chrysler. Ertley's automotive dealership franchise was protected in Pennsylvania by state statutes, 63 P.S. §§ 818.13, 818.17 and 818.18, as described in ¶ 14.

19. Plaintiff Fitzgerald Auto Mall, Inc. ("Fitzgerald Auto Mall") is a for-profit corporation properly organized and existing under the laws of the State of Maryland and during all relevant times operated an automotive dealership business in Frederick, Maryland 21702 by engaging in the sale and service of automobiles manufactured by Chrysler under a franchise from Chrysler. Fitzgerald Auto Mall's automotive dealership franchise was protected in Maryland by state statutes, MD Code, Commercial Law, §§ 19-101 and 19-301, and Transportation § 15-209 as described in ¶ 12.

20. Plaintiff FT Automotive II, LLC, doing business as United Dodge, LLC ("FT Automotive II") is a for-profit limited liability company properly organized and

existing under the laws of the State of Nevada and during all relevant times operated an automotive dealership business in Las Vegas, Nevada 89104 by engaging in the sale and service of automobiles manufactured by Chrysler under a franchise from Chrysler. FT Automotive II's automotive dealership franchise was protected in Nevada by state statutes, 47 N.R.S. §§ 482.36355 and 482.363521 as described in ¶ 11.

21. Plaintiff FT Automotive IV, LLC, doing business as United Chrysler Jeep ("FT Automotive IV") is a for-profit limited liability company properly organized and existing under the laws of the State of Nevada and during all relevant times operated an automotive dealership business in Las Vegas, Nevada 89104 by engaging in the sale and service of automobiles manufactured by Chrysler under a franchise from Chrysler. FT Automotive IV's automotive dealership franchise was protected in Nevada by state statutes, 47 N.R.S. §§ 482.36355 and 482.363521 as described in ¶ 11.

22. Plaintiff G. K. Alcombrack, Inc., doing business as Liberty Motors Dodge Chrysler ("Alcombrack") is a for-profit corporation properly organized and existing under the laws of the State of California and during all relevant times operated an automotive dealership business in Grass Valley, California 95949 by engaging in the sale and service of automobiles manufactured by Chrysler under a franchise from Chrysler. Alcombrack's automotive dealership franchise was protected in California by state statute, West's Ann. Cal. Vehicle Code § 3060, that prohibits the manufacturer from terminating a dealer's franchise without proof submitted to the California New Motor Vehicle Board of "good cause," such as the extent of franchisee's failure to comply with

the terms of the franchise. After a timely protest by a franchised dealer, the manufacturer may not terminate the franchise until the board makes its findings.

23. Plaintiff Golden Motors Inc., doing business as Venice Chrysler (“Golden”) is a for-profit corporation properly organized and existing under the laws of the State of Florida and during all relevant times operated an automotive dealership business in Osprey, Florida 34429 by engaging in the sale and service of automobiles manufactured by Chrysler under a franchise from Chrysler. Golden’s automotive dealership franchise was protected in Florida by state statutes, the Florida Dealer Protection Act, Fla. Stat. §§ 320.60, et seq., including §320.641 and § 320.697, as described in ¶ 7.

24. Plaintiff Hahn Motor Company (“Hahn”) is a for-profit corporation properly organized and existing under the laws of the State of Washington and during all relevant times operated an automotive dealership business in Yakima, Washington 98901 by engaging in the sale and service of automobiles manufactured by Chrysler under a franchise from Chrysler. Hahn’s automotive dealership franchise was protected in Washington by state statute, West’s RCWA 46.96.040 that prohibits the manufacturer from terminating a dealer’s franchise without proof submitted to the Board of “good cause,” such as the extent of franchisee’s failure to comply with the terms of the franchise. The statute also provides that after a timely protest by a franchised dealer, the manufacturer may not terminate the franchise until the administrative law judge’s decision, or if an appeal is taken, until the appeal to superior court is finally determined or until the expiration of one hundred eighty days from the date of issuance of the administrative law judge's written decision, whichever is less. As provided by West’s

RCA 46.70.180, a manufacturer is prohibited from canceling the franchise of any Washington vehicle dealer without fairly compensating the dealer at a fair going business value for his or her capital investment, which shall include but not be limited to the dealer's tools, equipment, and parts inventory, if the cancellation was not done in good faith.

25. Plaintiff Hoover Chrysler Jeep, Inc. ("Hoover CJ") is a for-profit corporation properly organized and existing under the laws of the State of South Carolina and during all relevant times operated an automotive dealership business in Summerville, South Carolina 29483 by engaging in the sale and service of automobiles manufactured by Chrysler under a franchise from Chrysler. Hoover CJ's automotive dealership franchise was protected in South Carolina by state statute, S.C. Code 1976 § 56-15-90, that prohibits the manufacturer from terminating a dealer's franchise without "good cause." As provided by S.C. Code 1976 § 56-15-90, if the manufacturer terminates a South Carolina franchised dealer, without due cause, the franchisee must receive fair and reasonable compensation for the value of the business, including the dealer's inventory, signage, special tools, automotive service equipment, and compensation for its dealership facilities or location.

26. Plaintiff Hoover Dodge Inc. ("Hoover Dodge") is a for-profit corporation properly organized and existing under the laws of the State of South Carolina and during all relevant times operated an automotive dealership business in Summerville, South Carolina 29483 by engaging in the sale and service of automobiles manufactured by Chrysler under a franchise from Chrysler. Hoover Dodge's automotive dealership

franchise was protected in South Carolina by state statute, S.C. Code 1976 § 56-15-90, as described in ¶ 25.

27. Plaintiff Jeff Hunter Motors, Inc. (“Jeff Hunter”) is a for-profit corporation properly organized and existing under the laws of the State of Texas and during all relevant times operated an automotive dealership business in Waco, Texas 76711 by engaging in the sale and service of automobiles manufactured by Chrysler under a franchise from Chrysler. Jeff Hunter’s automotive dealership franchise was protected in Texas by state statutes, V.T.C.A., Occupations Code §§ 2301.453, 2301.454, 2301.455, 2301.465, and 2301.478, as described in ¶ 10.

28. Plaintiff Johnson County Motors, L.C., doing business as McGurk Meyers Chrysler (“Johnson County”) is a for-profit limited liability company properly organized and existing under the laws of the State of Iowa and during all relevant times operated an automotive dealership business in Coralville, Iowa 52241 by engaging in the sale and service of automobiles manufactured by Chrysler under a franchise from Chrysler. Johnson County’s automotive dealership franchise was protected in Iowa by state statutes, I.C.A. §§ 322A.2 and 322A.7, as described in ¶ 6.

29. Plaintiff Lakeforest Chrysler Jeep, Inc. (“Lakeforest CJ”) is a for-profit corporation properly organized and existing under the laws of the State of Delaware and during all relevant times operated an automotive dealership business in Gaithersburg, Maryland 20879 by engaging in the sale and service of automobiles manufactured by Chrysler under a franchise from Chrysler. Lakeforest CJ’s automotive dealership



franchise was protected in Maryland by state statutes, MD Code, Commercial Law, §§ 19-101 and 19-301, and Transportation § 15-209 as described in ¶ 12.

30. Plaintiff Mancari's of Orland Hills, Inc. ("MOHI") is a for-profit corporation properly organized and existing under the laws of the State of Illinois and during all relevant times operated an automotive dealership business in Oak Forest, Illinois 60452 by engaging in the sale and service of automobiles manufactured by Chrysler under a franchise from Chrysler. MOHI's automotive dealership franchise was protected in Illinois by state statute, the Motor Vehicle Franchise Act, 815 ILCS 710/9, as described in ¶ 15.

31. Plaintiff Melchiorre, Inc. ("Melchiorre") is a for-profit corporation properly organized and existing under the laws of the State of Pennsylvania and during all relevant times operated an automotive dealership business in Hummelstown, Pennsylvania 17036 by engaging in the sale and service of automobiles manufactured by Chrysler under a franchise from Chrysler. Melchiorre's automotive dealership franchise was protected in Pennsylvania by state statutes, 63 P.S. §§ 818.13, 818.17 and 818.18, as described in ¶ 14.

32. Plaintiff Miller-Campbell Company ("Miller-Campbell") is a for-profit corporation properly organized and existing under the laws of the State of Missouri and during all relevant times operated an automotive dealership business in Kansas City, Missouri 64118 by engaging in the sale and service of automobiles manufactured by Chrysler under a franchise from Chrysler. Miller-Campbell's automotive dealership franchise was protected in Missouri by state statute, Mo. Ann. Stat. V.A.M.S. 407.825,

that prohibits the manufacturer from terminating a dealer's franchise without "good cause," and from failing to pay the terminated franchisee compensation for the fair market value of the franchise, the dealer's inventory, signage, special tools, data processing programs, equipment and automotive service equipment, and specified compensation for the cost of leasing its dealership facilities or location.

33. Plaintiff Miller Motor Car Corporation ("Miller Motor") is a for-profit corporation properly organized and existing under the laws of the State of New York and during all relevant times operated an automotive dealership business in Vestal, New York 13850 by engaging in the sale and service of automobiles manufactured by Chrysler under a franchise from Chrysler. Miller Motor's automotive dealership franchise was protected in New York by state statutes, McKinney's Vehicle and Traffic Law §§ 463 and 469, as described in ¶ 4.

34. Plaintiff Milner O'Quinn Chrysler Dodge Jeep, Inc. ("Milner") is a for-profit corporation properly organized and existing under the laws of the State of Missouri and during all relevant times operated an automotive dealership business in Harrisonville, MO, 64071 by engaging in the sale and service of automobiles manufactured by Chrysler under a franchise from Chrysler. Milner's automotive dealership franchise was protected in Missouri by state statute, Mo. Ann. Stat. V.A.M.S. 407.825, as described in ¶ 32.

35. Plaintiff Morong Brunswick ("Morong") is a for-profit corporation properly organized and existing under the laws of the State of Maine and during all relevant times operated an automotive dealership business in Brunswick, Maine 04011 by engaging in the sale and service of automobiles manufactured by Chrysler under a franchise from

Chrysler. Morong's automotive dealership franchise was protected in Maine by state statute, 10 M.R.S.A. § 1174, that prohibits the manufacturer from terminating a dealer's franchise without good cause and from failing to pay the terminated franchisee compensation for the fair market value of the franchise, the dealer's inventory, signage, supplies, equipment and furnishings, parts, special tools, and automotive service equipment, and specified compensation for the dealer's rental obligation or if dealer owned, for the reasonable rental value of the facilities. In the event that the manufacturer fails to prove there was good cause for the termination, or fails to prove that it acted in good faith, then the manufacturer may pay the new motor vehicle dealer fair and reasonable compensation for the value of the dealership as an ongoing business.

36. Plaintiff Ogden Chrysler, Inc., doing business as Bill Kay Chrysler of Downers Grove ("Ogden") is a for-profit corporation properly organized and existing under the laws of the State of Delaware and during all relevant times operated an automotive dealership business in Downers Grove, Illinois 60515 by engaging in the sale and service of automobiles manufactured by Chrysler under a franchise from Chrysler. Ogden's automotive dealership franchise was protected in Illinois by state statute, the Motor Vehicle Franchise Act, 815 ILCS 710/9, as described in ¶ 15.

37. Plaintiff Painter Sales and Leasing, doing business as Painter Chrysler Dodge Jeep ("Painter"), is a for-profit corporation properly organized and existing under the laws of the State of Utah and during all relevant times operated an automotive dealership business in Nephi, Utah 84648 by engaging in the sale and service of automobiles manufactured by Chrysler under a franchise from Chrysler. Painter's

automotive dealership franchise was protected in Utah by state statute, the New Automobile Franchise Act, U.C.A. 1953 §§ 13-14-305 and 13-14-307, that prohibits the manufacturer from terminating a dealer's franchise without "good cause," and from failing to pay the terminated franchisee upon the termination of a franchise the franchisee's cost of new unsold motor vehicles, the fair market value of signage, special tools, equipment, and furnishings, reasonable compensation to the franchisee for any cost incurred pertaining to the unexpired term of a lease agreement for the dealership's existing location, and fair market value of the dealership premises as formulated by the statute.

38. Plaintiff Painter's Sun County Chrysler, Inc. ("Painter's Sun County") is a for-profit corporation properly organized and existing under the laws of the State of Utah and during all relevant times operated an automotive dealership business in St. George, Utah 84770 by engaging in the sale and service of automobiles manufactured by Chrysler under a franchise from Chrysler. Painter's Sun County automotive dealership franchise was protected in Utah by state statutes, New Automobile Franchise Act, U.C.A. 1953 §§ 13-14-305 and 13-14-307, as described in ¶ 37.

39. Plaintiff Pen Motors, Inc., doing business as Miller Hill Chrysler Jeep ("PMI") is a for-profit corporation properly organized and existing under the laws of the State of Minnesota and during all relevant times operated an automotive dealership business in Hermantown, Minnesota 55811 by engaging in the sale and service of automobiles manufactured by Chrysler under a franchise from Chrysler. PMI's automotive dealership franchise was protected in Minnesota by state statute,

M.S.A. § 80C.14, that prohibits the manufacturer from terminating a dealer's franchise without "good cause," meaning the failure by the franchisee to substantially comply with the material and reasonable franchise requirements imposed by the franchisor. Under M.S.A. § 80C.17, the Minnesota franchisee may bring an action to recover the actual damages sustained by a violation of § 80C.14 together with costs and disbursements plus reasonable attorney's fees.

40. Plaintiff Preston Chrysler Jeep, Inc. ("Preston CJ") is a for-profit corporation properly organized and existing under the laws of the State of Delaware and during all relevant times operated an automotive dealership business in Dallas, Texas 75240 by engaging in the sale and service of automobiles manufactured by Chrysler under a franchise from Chrysler. Preston CJ's automotive dealership franchise was protected in Texas by state statutes, V.T.C.A., Occupations Code §§ 2301.453, 2301.454, 2301.455, 2301.465, and 2301.478, as described in ¶ 10.

41. Plaintiff Pride Chrysler Jeep, Inc. ("Pride CJ") is a for-profit corporation properly organized and existing under the laws of the State of Massachusetts and during all relevant times operated an automotive dealership business in Seekonk, Massachusetts 02771 by engaging in the sale and service of automobiles manufactured by Chrysler under a franchise from Chrysler. Pride CJ's automotive dealership franchise was protected in Massachusetts by state statutes, MA St. 93B §§ 5 and 15 that prohibits the manufacturer from terminating a dealer's franchise without "good cause," requires the manufacturer to pay the terminated Massachusetts dealer for the dealer's new automotive inventory, parts and accessories, signage, special tools and manuals, and allows the

Massachusetts dealer to file a complaint in the superior court to enjoin a termination, seek damages, and, pending a decision by the court on any motion for an injunction, the manufacturer and motor vehicle dealer are required in good faith to perform all obligations incumbent upon them under the franchise agreement and applicable law.

42. Plaintiff Reuther Dodge LLC (“Reuther Dodge”) is a for-profit limited liability company properly organized and existing under the laws of the State of Missouri and during all relevant times operated an automotive dealership business in Creve Coeur, Missouri 63141 by engaging in the sale and service of automobiles manufactured by Chrysler under a franchise from Chrysler. Reuther Dodge’s automotive dealership franchise was protected in Missouri by state statute, Mo. Ann. Stat. V.A.M.S. 407.825, as described in ¶ 32.

43. Plaintiff Reuther’s Investment Company, doing business as Reuther’s Jeep-Chrysler-Plymouth (“RIC”), is a for-profit corporation properly organized and existing under the laws of the State of Missouri and during all relevant times operated an automotive dealership business in Creve Coeur, Missouri 63141 by engaging in the sale and service of automobiles manufactured by Chrysler under a franchise from Chrysler. RIC’s automotive dealership franchise was protected in Missouri by state statute, Mo. Ann. Stat. V.A.M.S. 407.825, as described in ¶ 32.

44. Plaintiff RFJS Company, LLC, formerly doing business as Frederick Chrysler Jeep Dodge (“RFJS”), is a for-profit limited liability company properly organized and existing under the laws of the State of Ohio and during all relevant times operated an automotive dealership business in Boardman, Ohio 44512 by engaging in the

sale and service of automobiles manufactured by Chrysler under a franchise from Chrysler. RFJS' automotive dealership franchise was protected in Ohio by state statutes, R.C. §§ 4517.54 and 4517.542, as described in ¶ 2.

45. Plaintiff SCK, Inc., doing business as Brewer Mitsubishi ("SCK"), is a for-profit corporation properly organized and existing under the laws of the State of New Mexico and during all relevant times operated an automotive dealership business in Clovis, New Mexico 88101 by engaging in the sale and service of automobiles manufactured by Chrysler under a franchise from Chrysler. SCK's automotive dealership franchise was protected in New Mexico by state statutes, NM St. § 57-16-5, that prohibits the manufacturer from terminating a dealer's franchise without "good cause," meaning a material breach by a dealer, due to matters within the dealer's control, of a lawful provision of a franchise agreement, and § 57-16-9.2 that requires the manufacturer to pay the terminated New Mexico dealer for the inventory, vehicle brand-specific tools, signage and other specialized systems, equipment and real estate required by the manufacturer, and the economic loss to the dealer resulting from idled or underused dealer facility real estate due to the involuntary termination.

46. Plaintiff Scotia Motors, Inc. ("Scotia") is a for-profit corporation properly organized and existing under the laws of the State of New York and during all relevant times operated an automotive dealership business in Scotia, New York 12302 by engaging in the sale and service of automobiles manufactured by Chrysler under a franchise from Chrysler. Scotia's automotive dealership franchise was protected in New

York by state statutes, McKinney's Vehicle and Traffic Law §§ 463 and 469, as described in ¶ 4.

47. Plaintiff Shoemaker's Jeep Inc. ("Shoemaker's") is a for-profit corporation properly organized and existing under the laws of the State of Pennsylvania and during all relevant times operated an automotive dealership business in Allentown, Pennsylvania 18104 by engaging in the sale and service of automobiles manufactured by Chrysler under a franchise from Chrysler. Shoemaker's automotive dealership franchise was protected in Pennsylvania by state statutes, 63 P.S. §§ 818.13, 818.17 and 818.18, as described in ¶ 14.

48. Plaintiff South Shore Chrysler Plymouth Inc. ("South Shore") is a for-profit corporation properly organized and existing under the laws of the State of Massachusetts and during all relevant times operated an automotive dealership business in Braintree, Massachusetts 02184 by engaging in the sale and service of automobiles manufactured by Chrysler under a franchise from Chrysler. South Shore's automotive dealership franchise was protected in Massachusetts by state statutes, MA St. 93B §§ 5 and 15 as described in ¶ 41.

49. Plaintiff Star Chrysler, Inc., doing business as Bill Kay Chrysler of Naperville ("Star") is a for-profit corporation properly organized and existing under the laws of the State of Illinois and during all relevant times operated an automotive dealership business in Naperville, Illinois 60515 by engaging in the sale and service of automobiles manufactured by Chrysler under a franchise from Chrysler. Star's



automotive dealership franchise was protected in Illinois by state statute, the Motor Vehicle Franchise Act, 815 ILCS 710/9, as described in ¶ 15.

50. Plaintiff Tarbox Chrysler Jeep, LLC (“Tarbox CJ”) is a for-profit limited liability company properly organized and existing under the laws of the State of Massachusetts and during all relevant times operated an automotive dealership business in Attleboro, Massachusetts 02703 by engaging in the sale and service of automobiles manufactured by Chrysler under a franchise from Chrysler. Tarbox CJ’s automotive dealership franchise was protected in Massachusetts by state statutes, MA St. 93B §§ 5 and 15 as described in ¶ 41.

51. Plaintiff Tarbox Motors, Inc. (“Tarbox Motors”) is a for-profit corporation properly organized and existing under the laws of the State of Rhode Island and during all relevant times operated an automotive dealership business in North Kingston, Rhode Island 02852 by engaging in the sale and service of automobiles manufactured by Chrysler under a franchise from Chrysler. Tarbox Motors’ automotive dealership franchise was protected in Rhode Island by state statute, Gen. Laws 1956, § 31-5.1-4, that prohibits the manufacturer from terminating a dealer’s franchise without “good cause,” and requires the manufacturer to pay the terminated Rhode Island dealer for the dealer’s new automotive inventory, parts and accessories, signage, special tools and automotive services equipment and compensation for the dealer’s rental obligation or if dealer owned, for the reasonable rental value of the facilities. The statute also provides that in the event that the manufacturer fails to prove there was good cause for the termination, or fails to prove that it acted in good faith, then the manufacturer may pay the new motor

vehicle dealer fair and reasonable compensation for the value of the dealership as an ongoing business.

52. Plaintiff Tenaflly Chrysler-Jeep, Inc. (“Tenaflly CJ”) is a for-profit corporation properly organized and existing under the laws of the State of New Jersey and during all relevant times operated an automotive dealership business in Tenaflly, New Jersey 07670 by engaging in the sale and service of automobiles manufactured by Chrysler under a franchise from Chrysler. Tenaflly CJ’s automotive dealership franchise was protected in New Jersey by state statutes N.J.S.A. § 56:10-5 that prohibits the manufacturer from terminating a dealer’s franchise without good cause and N.J.S.A. § 56:10-10 that permits a New Jersey franchisee to bring an action against its franchisor for violation of § 56:10-5 in the Superior Court of the State of New Jersey to seek damages and injunctive relief. Under N.J.S.A. § 56:10-13, the franchisor is required to repurchase from the terminated New Jersey franchisee the dealer’s inventory, parts, supplies and accessories, special tools and signs.

53. Plaintiff The Union Sales Company, Inc. (“Union Sales”) is a for-profit corporation properly organized and existing under the laws of the State of West Virginia and during all relevant times operated an automotive dealership business in Martinsburg, West Virginia 25401 by engaging in the sale and service of automobiles manufactured by Chrysler under a franchise from Chrysler. Union Sales automotive dealership franchise was protected in West Virginia by state statute, W. Va. Code § 17A-6A-4, that prohibits the manufacturer from terminating a dealer’s franchise without good cause and requires the manufacturer to demonstrate termination is necessary due to a material breach of a

reasonable term or terms of the agreement by a dealer when weighed against the interests of the dealer and the public. Under W. Va. Code § 17A-6A-8, upon the termination of any dealer agreement, the manufacturer is required to pay the West Virginia new motor vehicle dealer for the dealer's new motor vehicle inventory, supplies and parts inventory, equipment, furnishings and signs purchased from the manufacturer, special computer software, hardware, license fees and other programs mandated by the manufacturer, and compensation relating to rental owed or the rental value of the premises, if the premises are dealer owned.

54. Plaintiff Thomas Sales & Service, Inc., doing business as Subaru of Bend ("Thomas Sales") is a for-profit corporation properly organized and existing under the laws of the State of Oregon and during all relevant times operated an automotive dealership business in Bend, Oregon 97708 by engaging in the sale and service of automobiles manufactured by Chrysler under a franchise from Chrysler. Thomas Sales automotive dealership franchise was protected in Oregon by state statutes, O.R.S. § 650.140, that prohibits the manufacturer from terminating a dealer's franchise without "good cause" and O.R.S. § 650.170, that allows any Oregon dealer injured by a manufacturer's violation of § 650.140 to sue to enjoin such illegal conduct and the court, in an action brought under may award damages to a dealer who demonstrates an actual loss of money as a result of illegal conduct by a manufacturer.

55. Plaintiff Verona Motor Sales Inc., doing business as Verona Jeep ("Verona Jeep") is a for-profit corporation properly organized and existing under the laws of the State of Pennsylvania and during all relevant times operated an automotive dealership

business in Verona, PA 15147 by engaging in the sale and service of automobiles manufactured by Chrysler under a franchise from Chrysler. Verona Jeep's automotive dealership franchise was protected in Pennsylvania by state statutes 63 P.S. §§ 818.17 and 818.18, as described in ¶ 14.

56. Plaintiff Waco Dodge Sales, Inc. ("Waco Dodge") is a for-profit corporation properly organized and existing under the laws of the State of Delaware and during all relevant times operated an automotive dealership business in Waco, Texas 76710 by engaging in the sale and service of automobiles manufactured by Chrysler under a franchise from Chrysler. Waco Dodge's automotive dealership franchise was protected in Texas by state statutes, V.T.C.A., Occupations Code §§ 2301.453, 2301.454, 2301.455, 2301.465, and 2301.478, as described in ¶ 10.

57. Plaintiff Walker Motors Inc. ("Walker") is a for-profit corporation properly organized and existing under the laws of the State of Vermont and during all relevant times operated an automotive dealership business in Montpelier, Vermont 05601 by engaging in the sale and service of automobiles manufactured by Chrysler under a franchise from Chrysler. Walker's automotive dealership franchise was protected in Vermont by state statute, 9 V.S.A. § 4089, that prohibits the manufacturer from terminating a dealer's franchise without "good cause," and requires the manufacturer to demonstrate to the Vermont transportation board that the termination was for "good cause." The statute also provides that if a dealer protest is filed to challenge the termination, the franchise agreement remain in effect until a final determination by the board and any appeal. As provided by 9 V.S.A. § 4091, the manufacturer must pay the

terminated Vermont new motor vehicle dealer for the dealer's new motor vehicle inventory, parts and accessories inventory, the fair market value of all special tools owned by the dealer, and the fair market value of signage.

58. Plaintiff Westminster Dodge Inc. ("Westminster") is a for-profit corporation properly organized and existing under the laws of the State of Massachusetts and during all relevant times operated an automotive dealership business in Dorchester, Massachusetts 02122 by engaging in the sale and service of automobiles manufactured by Chrysler under a franchise from Chrysler. Westminster's automotive dealership franchise was protected in Massachusetts by state statutes, MA St. 93B §§ 5 and 15, as described in ¶ 41.

59. Plaintiff Wheaton Dodge City, Inc. ("Wheaton Dodge") is a for-profit corporation properly organized and existing under the laws of the State of Delaware and during all relevant times operated an automotive dealership business in Wheaton, Maryland 20902 by engaging in the sale and service of automobiles manufactured by Chrysler under a franchise from Chrysler. Wheaton Dodge's automotive dealership franchise was protected in Maryland by state statutes, MD Code, Commercial Law, §§ 19-101 and 19-301, and Transportation § 15-209 as described in ¶ 12.

60. Plaintiff Wheeler Leasing Co. II, Inc., doing business as Wheeler Jeep ("Wheeler") is a for-profit corporation properly organized and existing under the laws of the State of California and during all relevant times operated an automotive dealership business in Yuba City, California 95991 by engaging in the sale and service of automobiles manufactured by Chrysler under a franchise from Chrysler. Wheeler's

automotive dealership franchise was protected in California by state statute, West's Ann. Cal. Vehicle Code § 3060, as described in ¶ 22.

61. Plaintiff Whitey's, Inc. ("Whitey's") is a for-profit corporation properly organized and existing under the laws of the State of Ohio and during all relevant times operated an automotive dealership business in Mansfield, Ohio 44909 by engaging in the sale and service of automobiles manufactured by Chrysler under a franchise from Chrysler. Whitey's automotive dealership franchise was protected in Ohio by state statutes, R.C. §§ 4517.54 and 4517.542, as described in ¶ 2.

62. Plaintiff William T. Pritchard, Inc. ("WTPI") is a for-profit corporation properly organized and existing under the laws of the State of New York and during all relevant times operated an automotive dealership business in Ithaca, New York 14850 by engaging in the sale and service of automobiles manufactured by Chrysler under a franchise from Chrysler. WTPI's automotive dealership franchise was protected in New York by state statutes, McKinney's Vehicle and Traffic Law §§ 463 and 469, as described in ¶ 4.

63. Plaintiff Wyckoff Chrysler, Inc. ("Wyckoff") is a for-profit corporation properly organized and existing under the laws of the State of New Jersey and during all relevant times operated an automotive dealership business in Tenafly, New Jersey 07670 by engaging in the sale and service of automobiles manufactured by Chrysler under a franchise from Chrysler. Wyckoff's automotive dealership franchise was protected in New Jersey by state statute, N.J.S.A. §§ 56:10-5 and 56:10-13, as described in ¶ 52.

64. Plaintiff Young Volkswagen, Inc. (“Young”) is a for-profit corporation properly organized and existing under the laws of the State of Pennsylvania and during all relevant times operated an automotive dealership business in Easton, Pennsylvania 18045 by engaging in the sale and service of automobiles manufactured by Chrysler under a franchise from Chrysler. Young’s automotive dealership franchise was protected in Pennsylvania by state statutes, 63 P.S. §§ 818.13, 818.17 and 818.18, as described in ¶ 14.

### **Operative Facts**

#### **Chrysler and Its Authorized Dealers**

65. The Chrysler Corporation was founded on June 6, 1925 by Walter Chrysler, the result of the reorganization of the Maxwell Motor Company. The first Chrysler vehicle was the 1924 Chrysler Six, featuring two significant innovations: a light, high compression six-cylinder engine and the first time four-wheel hydraulic brakes came standard on a passenger car. Through the decades, Chrysler would be responsible for significant breakthroughs such as replaceable oil filters, downdraft carburetors, one-piece curved windshields, safety cushion dashboards, push-button transmissions, and power steering. By 1936, the company held the second-place position in United States sales, a position it held until 1949. After expanding into Europe in the 1960s, Chrysler faced some of its most tumultuous times in the 1970s due to restrictive anti-trust laws and the burgeoning oil crisis. CEO Lee Iacocca rejuvenated the brand in 1984 with the introduction of the Town and Country minivan. The Chrysler Corporation would also

undergo several name changes approaching and into the 21st century: DaimlerChrysler AG in 1998, to Chrysler LLC in 2007, to the current Chrysler Group LLC in 2009.

66. Over the years, Chrysler brands have included Plymouth, DeSoto, Fargo, Imperial, and Valiant. Today, Chrysler manufactures automobiles under the Chrysler, Dodge, Jeep, and Ram brands.

67. Chrysler does not sell its automobiles directly to consumers. Instead, throughout its history, Chrysler has sold its new automobiles to the public exclusively through authorized retail auto dealers, such as Plaintiffs. The rights and obligations of Plaintiffs and Chrysler were at all times governed by franchise agreements that imposed numerous obligations on dealers including the dealer's obligation to establish facilities, sell the company's vehicles, provide service to owners of Chrysler vehicles, and maintain a substantial inventory of parts to fulfill its service obligation.

68. Over the years, each Plaintiff has expended substantial sums in reliance on its Chrysler franchise to construct showrooms and shop facilities, purchase and finance inventory, train and employ sales, service and accounting staff, purchase parts and repair equipment, and advertise the dealership. For example, a group of four plaintiff dealers in Maryland (see, ¶¶ 12, 18, 28, and 59) expended almost nine million dollars in improvements of facilities, furniture, signage, equipment, and parts. One of the Maryland dealerships invested \$1.2 million alone to expand and improve the service lane, customer lounge, internet offices, and service advisor experience. The Chrysler franchise agreement also requires a dealer to invest extensively in furniture, signs, and equipment to sell vehicles. As of 2008, this Maryland dealer had invested for the dealership group



almost \$2.5 million in furniture, signs, and equipment. A Chrysler dealer was required to provide service to Chrysler vehicle owners. To do that, as of 2008 the Maryland dealer invested about \$2.6 million in service equipment and company and service vehicles of more than \$800,000. To meet its service requirements, a dealer must have a substantial and active parts department. By December 2008, this Maryland dealer invested almost \$1.5 million in parts and accessories equipment.

### **The Financial Crisis Of 2008**

69. A global credit crisis dried up the financial liquidity markets in the fall of 2008. What had begun as the United States subprime mortgage crisis spread to the primary and secondary credit markets globally and to the banking system as a whole. By October 2008, the credit crisis had effectively frozen the secondary asset-backed securities credit market worldwide and caused several major financial institutions to fail. Because of this unprecedented global credit crisis, other major financial institutions became dependent upon substantial emergency government financing or were forced into liquidation or sales to other entities. In this global economic downturn, despite the monumental efforts of the U.S. Treasury and the Federal Reserve System—not to mention the efforts of other governments around the world—to inject capital and create liquidity in the financial markets, there was little, if any, credit available to most businesses.

70. The sales of all automobiles plummeted as securitizations of wholesale loans (i.e., loans to auto dealers) and retail loans (i.e., loans to consumers) came to an abrupt halt in the fall of 2008. Because the credit market was not functioning, there was

little market for new auto loans, and thus limited access to capital for the auto finance companies.

71. The credit crisis also eroded consumer confidence. In the second half of 2008 and the beginning of 2009, consumers and small businesses dramatically reduced their spending, leading to a collapse in demand for light-duty vehicles and the lowest United States automobile sales in decades. Automobile sales in 2009 were 9.8 million units compared to a 2008 figure of 15.6 million units, representing a more than 37% decrease and the lowest level in 26 years.

**The Troubled Asset Relief Program (TARP)  
Commits Funding to the Auto Industry**

72. In response to the global financial crisis, on October 3, 2008, Congress enacted the Emergency Economic Stabilization Act of 2008 (“EESA”) to restore liquidity and stability to the American “financial system.” 12 U.S.C. § 5201(1). Under the EESA, Congress created the Troubled Asset Relief Program (“TARP”), which granted the Secretary of the Treasury broad authority to purchase troubled assets from financial institutions. 12 U.S.C. § 5211(a)(1). Specifically, Congress authorized the Secretary of the Treasury “to purchase, and to make and fund commitments to purchase, troubled assets from any financial institution, on such terms and conditions as are determined by the Secretary, and in accordance with this Act and the policies and procedures developed and published by the Secretary.” 12 U.S.C. § 5211(a)(1). Congress funded TARP with approximately \$787 billion in federal funds, and invested the President with broad powers to disburse these funds.

73. Although TARP was aimed at financial institutions, the Secretary of the Treasury determined that TARP funds could also be used to aid automobile manufacturers that (like Chrysler) provided credit to auto purchasers. On December 19, 2008, Treasury Secretary Paulson made the determination that

thrift and other holding companies engaged in the manufacturing of automotive vehicles and the provision of credit and financing in connection with the manufacturing and purchase of such vehicles are “financial institutions” for purposes of section 3(5) of the Act . . . .

Secretary Paulson further determined that

the obligations of such financial institutions are financial instruments the purchase of which is necessary to promote stability to the financial system of the United States, and, as such, are “troubled assets,” as that term is defined in section 3(9)(B) of the Act, and eligible to be purchased under the TARP. . . .

74. Relying on his December 19, 2008 determination that the auto industry qualified for TARP funds, that same day the Secretary of the Treasury created the Automotive Industry Financing Program to permit Treasury to invest in the automakers and their financing arms. The program’s stated goal was to prevent a significant disruption of the American automotive industry that would pose a systemic risk to financial market stability and have a negative effect on the United States economy. To date, the United States has committed \$80.7 billion through the Automotive Industry Financing Program to facilitate restructuring and to support the automotive manufacturing companies and their financing arms to “avoid a disorderly bankruptcy of one or more automotive companies.”

75. That same day, President Bush announced that the United States would invest \$4 billion TARP funds in Chrysler. The United States provided those funds on January 2, 2009. On January 16, 2009, Chrysler Financial, the company's retail financing division, received an additional \$1.5 billion in TARP funds from the United States to provide automobile loans for purchasers of its cars.

76. Over the ensuing months, the Government ultimately committed \$12.5 billion in TARP funds to Chrysler and \$49.5 billion to General Motors, in addition to the \$1.5 billion for Chrysler Financial (Chrysler's financing arm) and \$17.2 for GMAC LLC (General Motors's financing arm) for a total Government commitment to the automobile industry of \$80.7 billion.

77. On March 20, 2009, the U.S. Treasury announced that it had created the Auto Supplier Support Program, to provide up to \$5 billion in support for automotive suppliers of Chrysler and General Motors, of which \$1.5 billion was designated for Chrysler suppliers. The Government also announced a Federal Warranty Commitment Program to back warranties for cars purchased during Chrysler's restructuring period.

**The Government Requires Chrysler To Terminate Plaintiffs' Dealer Franchises**

78. On February 20, 2009, President Obama established the President's Auto Task Force to oversee the restructuring of Chrysler (and General Motors as well). Co-chaired by Treasury Secretary Timothy Geithner and National Economic Council Director Lawrence Summers, the members of the Auto Task Force included other cabinet and cabinet-level officials, including the Secretary of Transportation, the Secretary of

Commerce, the Secretary of Labor, the Secretary of Energy, the Chair of the President's Council of Economic Advisers, the Director of the Office of Management and Budget, the Environmental Protection Agency Administrator, and the Director of the White House Office of Energy and Climate Change.

79. On February 17, 2009, as required by the Government, Chrysler submitted to the Auto Task Force its proposed restructuring plan. The Chrysler Restructuring Plan did not call for the termination of Plaintiffs' dealer franchises or the filing of bankruptcy.

80. To provide day-to-day support for the Auto Task Force, a Treasury Department Auto Team was created. Appointed to lead the Auto Team was Steven Rattner, the co-founder of the Quadrangle Group, a private-equity firm. The Auto Team launched seven-day-a-week negotiations with all parties that would ultimately result in a thorough restructuring of Chrysler (and General Motors).

81. But the Government rejected Chrysler's proposed restructuring plan and instead required that Chrysler "rationalize" its dealer network by terminating a substantial number of dealer franchises using Section 363 of the Bankruptcy Code.

82. Therefore, on April 30, 2009, Chrysler and its affiliated companies filed a petition for bankruptcy in the District Court for the Southern District of New York.

83. And on May 14, 2009, in compliance with the Government-announced restructuring plan, Chrysler moved the Bankruptcy Court for rejection (termination) of the franchise agreements it had with 789 Chrysler dealers including Plaintiffs—about 25% of all Chrysler dealer franchises—and on June 9, 2009, the U.S. Bankruptcy Court

issued the Rejection Order, providing that rejected dealers “shall have no further rights (direct, indirect, contractual or otherwise) to act as an Authorized Dealer . . . .”

84. By July 1, 2009, Plaintiffs had ceased doing business as franchised Chrysler dealers, having been deprived by the Government’s actions of all contractual and statutory rights as Chrysler dealers.

### **FIRST CLAIM FOR RELIEF**

#### **TAKING OF DEALER FRANCHISES IN VIOLATION OF THE FIFTH AMENDMENT TO THE UNITED STATES CONSTITUTION**

85. Plaintiffs reallege and incorporate by reference herein paragraphs 1 through 84.

86. The Constitution of the United States requires that Defendant United States pay just compensation for all property taken for public use.

87. To date, Defendant United States has paid Plaintiffs nothing as compensation for Plaintiffs’ automobile dealer franchises that it has taken for public use, in violation of the Constitution of the United States.

88. As a direct, foreseeable, and proximate result of the acts of Defendant, United States, Plaintiffs have been damaged in the amount of at least \$130 million, equal to the just compensation due them under the Fifth Amendment, including interest thereon at a rate to be established by this Court.

89. As a further direct, foreseeable, and proximate result of the taking of their property without just compensation, Plaintiffs have been required to retain the services of counsel to prosecute this action. Plaintiffs have incurred, and will incur, attorneys’ fees,

appraiser and expert witness fees, and costs and expenses of litigation in an amount as yet unascertained.

## **SECOND CLAIM FOR RELIEF**

### **REGULATORY TAKING OF STATE STATUTORY DEALER RIGHTS IN VIOLATION OF THE FIFTH AMENDMENT TO THE UNITED STATES CONSTITUTION**

90. Plaintiffs reallege and incorporate by reference herein paragraphs 1 through 89.

91. In addition to the Chrysler franchises, each of the Plaintiffs possessed a property right under the state motor vehicle dealer laws (“State Dealer Laws”) enacted by the legislatures of the States in which Plaintiffs were operating their Chrysler dealerships—Alabama, Arizona, Arkansas, California, Florida, Georgia, Illinois, Iowa, Kansas, Maine, Maryland, Massachusetts, Minnesota, Missouri, Nevada, New Jersey, New Mexico, New York, Ohio, Oregon, Pennsylvania, Rhode Island, South Carolina, Tennessee, Texas, Utah, Vermont, Washington and West Virginia. The applicable State Dealer Laws are compiled in the attached Appendix I.

92. The State Dealer Laws were enacted in recognition of the disparity of bargaining power between automobile manufacturers and their dealers and specifically prohibit manufacturers from canceling or failing to renew a dealer’s franchise without good cause or its equivalent. In the States of Maine, Maryland, Massachusetts, Minnesota, New Jersey, New Mexico, New York, Oregon and Tennessee, good cause or the equivalent for a franchise termination, expressly requires proof of the dealer’s failure to comply with a provision of the dealer agreement. In Alabama, Arizona, Arkansas,

California, Florida, Georgia, Illinois, Iowa, Kansas, Missouri, Nevada, Ohio, Pennsylvania, Rhode Island, South Carolina, Texas, Utah, Washington, and West Virginia, good cause or its equivalent is determined by the applicable agency or judicial fact-finder based on a consideration of the existing circumstances, which may include, but are not limited to, whether the dealer has failed to comply with the provisions of the franchise.

93. The Constitution of the United States requires that Defendant United States pay just compensation for all property taken for public use.

94. To date, Defendant United States has paid Plaintiffs nothing as compensation for the state statutory dealer rights it has taken for public use, in violation of the Constitution of the United States.

95. As a direct, foreseeable, and proximate result of the acts of Defendant, United States, Plaintiffs have been damaged in the amount of at least \$130 million, equal to the just compensation due them under the Fifth Amendment, including interest thereon at a rate to be established by this Court.

96. As a further direct, foreseeable, and proximate result of the taking of their property without just compensation, Plaintiffs have been required to retain the services of counsel to prosecute this action. Plaintiffs have incurred, and will incur, attorneys' fees, appraiser and expert witness fees, and costs and expenses of litigation in an amount as yet unascertained.

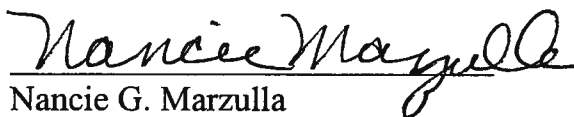


## RELIEF REQUESTED

WHEREFORE, Plaintiffs demand judgment against Defendant United States of America as follows:

1. A money judgment equal to the just compensation owing to each Plaintiff for the permanent taking of its property for public use, together with interest thereon at the legal rate from the date of taking;
2. Reasonable attorneys' fees and costs incurred in the prosecution of this action;
3. The expenses of appraisers and other experts reasonably required to prosecute this action, together with other costs of this suit; and
4. Such other and further relief as the Court may deem to be just and proper.

Respectfully submitted,



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Dated: February 17, 2011

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## Appendix I to the Complaint

List of States in Which Plaintiffs Conducted Their Chrysler Dealership Franchise and the Statutes Which Would Have Protected Them From Losing their Franchise But for the Government's Actions

	State	State Dealer Protection Statute	Plaintiffs Losing Statutory Protections
1	Alabama	Ala. Code 1975 § 8-20-4; § 8-20-5	Bondy's Ford, Inc.
2	Arizona	A.R.S. §§ 28-4452; §§ 28-4457;	Brother's Motors, Inc.
3	Arkansas	Ark. Code Ann. § 4-72.201 et seq.	Crain CDJ, LLC
4	California	West's Ann. Cal. Vehicle Code § 3060	G. K. Alcombrack, Inc. and Wheeler Leasing Co. II, Inc.
5	Florida	Florida Dealer Protection Act, Fla. Stat. §§ 320.60 et seq.; 320.641; 320.697	Bob Taylor Jeep, Inc., Golden Motors Inc., Douglas Automotive Group, Inc.
6	Georgia	Ga. Code Ann., §§ 10-1-631 and 10-1-651	DJ Mack Inc.
7	Illinois	815 ILCS 710/9	Curfin Investments, Inc., FT Automotive II, LLC, FT Automotive IV, LLC, Mancari's of Orland Hills, Inc., Ogden Chrysler, Inc., Star Chrysler, Inc.
8	Iowa	I.C.A. §§ 322A.2 and 322A.7	Johnson County Motors, LLC and Benson Motor, Inc.
9	Kansas	K.S.A. 8-2414	Bennett AutoPlex, Inc.
10	Maine	10 M.R.S.A. § 1174	Morong Brunswick
11	Maryland	MD Code, Comm. L., §§ 19-101 and 19-301, Transp. § 15-209	Colonial Dodge, Inc., Fitzgerald Auto Mall, Inc., Lakeforest Chrysler Jeep, Inc. and Wheaton Dodge City, Inc.
12	Massachusetts	MA St. 93B §§ 5 and 15	Pride Chrysler Jeep, Inc., South Shore Chrysler Plymouth Inc., Tarbox Chrysler Jeep, LLC and Westminster Dodge Inc.
13	Minnesota	M.S.A. §§ 80C.14 and 80C.17	Pen Motors, Inc.
14	Missouri	Mo. Ann. Stat. V.A.M.S. 407.825	Miller-Campbell Company, Milner O'Quinn Chrysler Dodge Jeep, Inc., Reuther Dodge LLC and Reuther's Investment Company

15	Nevada	47 N.R.S. 482.36355, 482.36352	Carson Automotive, Inc.
16	New Jersey	N.J.S.A. 5610-5, 5610-10, 5610-13	Tenaflly Chrysler-Jeep, Inc. and Wyckoff Chrysler, Inc.
17	New Mexico	NM St.§§ 57-16-5, 57-16-9.2	SCK, Inc.
18	New York	McKinney's Vehicle and Traffic Law §§ 463 and 469	Barry's Auto Center, Inc., Miller Motor Car Corporation, Scotia Motors, Inc. and William T. Pritchard, Inc.
19	Ohio	R.C. §§ 4517.54, 4517.542	Axelrod Chrysler Dodge Jeep, Inc., Axelrod Chrysler, Inc., RFJS Company, LLC and Whitey's, Inc.
20	Oregon	O.R.S. §§ 650.140, 650.170	Thomas Sales & Service, Inc.
21	Pennsylvania	63 P.S. §§ 818.13, 818.17, and 818.18	Cunningham Chrysler Jeep, Inc., Ertley Chrysler Jeep Dodge, LLC, Melchiorre, Inc., Shoemaker's Jeep Inc., Verona Motor Sales Inc., and Young Volkswagen, Inc.
22	Rhode Island	Gen. Laws 1956, § 31- 5.1-4	Tarbox Motors, Inc.
23	South Carolina	S.C. Code 1976 § 56- 15-90	Hoover Chrysler Jeep, Inc. and Hoover Dodge Inc.
24	Tennessee	T. C. A. §§ 47-25- 604; 47-25-605	Alley's of Kingsport, Inc.
25	Texas	V.T.C.A., Occupations Code §§ 2301.453, 2301.454, 2301.455, 2301.465, and 2301.478	Cardenas Motors Inc., Jeff Hunter Motors, Inc., Preston Chrysler Jeep, Inc., and Waco Dodge Sales, Inc.
26	Utah	U.C.A. 1953 §§ 13- 14-305 and 13-14-307	Painter's Sun County Chrysler, Inc., Painter Sales and Leasing
27	Vermont	9 V.S.A. §§ 4089, 4091	Walker Motors Inc.
28	Washington	West's RCWA 46.93.040 and 46.70.180	Hahn Motor Company
29	West Virginia	W. Va. Code, §§ 17A- 6A-4, 17A-6A-8	The Union Sales Company, Inc.