

GM - DEATH BY 1,000 CUTS

June 3, 2009

After reviewing several GM packets, I believe that there will be some groundswell of opposition to their program. We are monitoring dealer/attorney networks and are in contact with the legal staff at the NADA concerning activities that might occur. At this point in time, I would delay signing the agreements until the picture becomes clearer. Their arrogance is evidenced throughout the agreements, but two items stand out:

(1) For those going forward, you are to agree in advance to a number of standards, as well as potential facilities improvements without knowing what they are. You should also note that the acquiring company (the federal government and unions) intend to levy additional performance standards on top of those existing in the current agreement. Therefore, not only will you be required to meet sales and service standards that in most instances cannot be met because of market conditions, lack of credit and buyers' reluctance for models they don't want, but you will have to meet a government imposed sales standard on top of what you are already technically required to do.

(2) Each page is marked so that the agreement is void if the dealer tries to change any term or condition.

PLEASE RESPOND if you have any information as to the GM criteria. Dealers that I spoke to yesterday, if and when they were able to get in contact with GM personnel, could get no response about the criteria used. They were either told that the GM rep had no idea or that the GM rep could not tell them. GM is using a so-called "facilitator" to be on the telephone line when dealers are contacted. The facilitator is nothing more than a "hammer" for the GM rep and also I'm sure a witness for potential court proceedings. Be careful what you say! Just listen, tell them you are consulting with counsel and you will get back with them.

So much for the American legal principle of the freedom to contract! After looking at these, I came to the conclusion that I must have failed grade school geography. I have believed all these years that we were living and working in the United States of America. But in reality, it's now North Korea. No wonder I had to finish reading these by candlelight.