

## Testimony of Alan Spitzer before the Sub-Committee on Oversight and Investigations

Distinguished members of this subcommittee, I want to thank you for the honor of appearing before you today. I would especially like to thank Congresswoman Sutton for her role in providing me this opportunity to tell my story.

We are losing seven dealerships because Chrysler, the bankruptcy court, and the Executive Branch have acted precipitously to deny us our economic rights. This is a public policy issue worthy of your time and worthy of Congressional legislation, since without your prompt intervention to restore our rights as franchisees under state law, 2,000 small businesses and approximately 100,000 jobs will be lost. As a nation, can we really afford to let this take place? I urge Congress to enact H.R. 2743, the bipartisan Automobile Dealer Economic Rights Restoration Act, next week.

We have a long and proud history with Chrysler and GM. The majority of our stores sell only these brands. We have a combined 374 years of business relations with Chrysler alone.

We are passionate about both Chrysler and GM and we want both companies to succeed. We remain committed to helping them do so. That is why we are both disappointed and perplexed by their recent actions to terminate us and over 2000 other dealers. We're not perfect. During those 374 years of operations we've made mistakes. Like Chrysler's managers, our managers aren't perfect either. Nevertheless, we have stood shoulder to shoulder with Chrysler during good times and bad. In fact, my Uncle Del, as the President of the Dodge National Dealer Council, lobbied this very Congress for funds to bail out Chrysler the first time. We never quit on them and they should not quit on us and the hundreds of other dealers who remain committed to Chrysler.

This issue is not about the Spitzer family, our seven dealerships or even the 300-plus employees who work there. It is about destroying the entire net worth and life's work of hundreds of entrepreneurs and the thousands of people they employ. I fear that these actions by Chrysler and GM will lead to their demise. And all of it is unnecessary.

First, our dealerships do not cost auto manufacturers a dime. All products and services which Chrysler and GM provide are charged back to the dealership at a profit. Whether it be special tools, training or even those colorful brochures, we pay for it all. We build our own facilities; provide our own operating capital; and hire our own people. If we lose money it comes out of our pocket.

Second, Chrysler has argued that the 789 dealerships terminated were for performance reasons or to put all brands under one roof.

As demonstrated by the sworn testimony of myself and dozens of other dealers in the bankruptcy court, most of the terminated dealerships were high performing or Project Genesis stores or both.

Chrysler did not terminate dealers for the stated reasons, but rather to rid themselves of outspoken dealers and will now redistribute their franchises to other dealers while skirting around the laws of all 50 states; laws which otherwise prohibit this type of arbitrary and capricious action. Profitable, high performing dealerships will be given to our fellow remaining dealers with no due process and no compensation whatsoever.

It is unconscionable for a failed private business to bankrupt another private business which was succeeding, but when our government uses its power, influence and our money to aid and abet such action, it is downright un-American.

At a time when our government is spending billions of dollars to stimulate the economy and create new jobs, this action will destroy 37,000 jobs with Chrysler dealers and quite likely another 60,000 or more at GM dealerships and millions of local tax dollars will be lost. All for no good reason.

In fact, this plan may ultimately destroy the new Chrysler and severely damage GM's hope of survival. Dealers are their only customers. We are the face of these once proud car companies in our communities. The fact that we have survived and prospered over the last 100 years, even as they produced vehicles American consumers did not want, proves that independent entrepreneurs find ways to survive and create employment opportunities even in tough times.

If Congress does not step in, dealers will be unwilling to invest in new facilities, purchase millions of dollars in inventory and otherwise risk their capital if state law protections are meaningless and if it all can be taken away in the next downturn. Fewer dealers today means fewer sales of Chrysler and GM products tomorrow leading to a further erosion of market share for both companies.

Allow the market place to select who lives and who dies, not some committee in Detroit. As of today, approximately 350 of the 789 rejected dealers have accepted their fate by not objecting to their terminations. Thus, the accelerated reduction of dealerships has already occurred for those who believe such a reduction was necessary. There is no need to eliminate those of us who remain committed to Chrysler and GM's success.