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GM tries to oust dealers

Automaker takes control of car lot

BY DOUGLAS HANKS III
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General Motors dispatched guards Thursday to seize Dadeland Chevrolet from its local owners, who claim the Cadillac maker secretly wants to sell the dealership's valuable real estate.

Lawyers for Antonio Garcia and Ricardo Vadia will ask a judge to bar GM from taking over the dealership, which the automaker started two years ago as part of a campaign to increase the number of Hispanic GM dealers. GM owns most of the shares in the Kendall-area dealership.

Garcia and Vadia are represented by two high-profile Miami politicians, former U.S. attorney Kendall Coffey and campaign donor Stanley Tate, who have joined the skirmish against the world's top automaker. The dispute is being framed around one of the most incendiary accusations available in South Florida: discrimination against Cuban Americans.

"This reminds me of 1961 when Castro's militia came in and took my mother's business in Cuba. I never thought this could happen in America," Garcia, 56, said in a news release issued late Thursday, which compared GM's move to the 1929 St. Valentine's Day Massacre mob hit.

GM spokesman Jay Cooney dismissed the allegations of discrimination, saying General Motors decided problems were so severe at Dadeland Chevrolet that headquarters had to take over "immediately."

"Why would GM ever want a dealer to fail?" he asked. "GM is not going to sell the land. What we want to do is sell great cars and trucks."

Cooney would not offer specific complaints, though the court papers

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GM fires owners of Miami dealership

GM FROM 1C

filed against GM noted corporate auditors took charge of the dealership's finances last May.

To launch the Hispanic-owned dealership in 2000, GM put up about \$11 million, an investment to be repaid from future profits over 10 years, according to Coffey. The idea was to provide franchise opportunities to minorities who might otherwise have trouble obtaining financing.

But the Cuban-born owners, who said together they invested about \$500,000

as minority partners in the dealership, claim GM tried to get control of the land almost immediately. The six-acre lot sits across U.S. 1 from the Dadeland Mall, an area the county has targeted for revitalization. Coffey claims the lot bought for \$9 million three years ago is now worth at least \$12 million.

Judge Jennifer Bailey will hear arguments today in Miami-Dade Circuit Court on whether she should intervene in the dispute. The 23-page complaint Coffey filed Thursday claims GM set out to sabotage the dealership from the

beginning. Cars weren't delivered as promised, showroom renovations weren't completed, and the automaker began favoring competing dealerships over Dadeland Chevrolet.

Garcia and Vadia said they tried to negotiate solutions with GM, including an offer to buy out the automaker's majority interest in the business. Tate, a wealthy developer once nominated by Bill Clinton to head the federal Resolution Trust Corp., was one of the investors willing to put a total of \$5 million to buy GM's stake, Garcia said.

GM refused, according to Garcia and Vadia. The standoff reached an abrupt head Thursday when GM summoned the two and Tate to a Boca Raton office for a meeting. Garcia and Vadia said they were stunned when a GM official fired them on the spot, then warned against returning to the Dadeland lot. Garcia and Vadia went anyway, and said they negotiated with the security guards there to clear out their office of photos, mementos and trophies including, they said, an award from a local trade group for "Outstanding Latin Business."

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FEBRUARY 16, 2002

Judge blocks GM takeover

Partners back at dealership

BY DOUGLAS HANKS III
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A judge Friday reversed General Motors' attempt to take over the Dadeland Chevrolet dealership, ordering the automaker to run the business with its local partners while they resolve their dispute.

Miami-Dade Circuit Judge Jennifer Bailey's order temporarily restores Antonio Garcia and Ricardo Vadia to the helm of the Kendall-area dealership GM created for them in 1999 as part of the automaker's effort to increase its ranks of Hispanic dealers.

General Motors had dispatched guards Thursday to seize the business, accusing Garcia and Vadia of financial mismanagement that a GM official said bordered on criminal.

GM attorney Marilyn Hollifield asked Bailey to let the automaker protect its \$5 million initial investment in the dealership from further damage by Garcia and Vadia. The two had put up less than \$500,000 for a 15 percent share in the business. But the judge questioned General Motors' ability to dismiss even minority partners so easily.

"You're asking me to consider GM's dollar equity and ignore Garcia and Vadia's sweat equity over the last

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Garcia and Vadia's lawyer, former U.S. Attorney Kendall Coffey, has cast the dispute as one pitting a Big Three automaker against small Hispanic businessmen. At Friday's hearing, he briefly called as a character witness Luis Sabines, president of Camacol, the Latin chamber of commerce.

But Coffey said GM was less interested in his clients succeeding than in reclaiming the dealership's valuable land near the Dadeland Mall.

Judge restores partners at GM car lot

GM FROM 1C

Thursday, Bailey said during the four-and-a-half-hour emergency hearing in circuit court.

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Latin chamber of commerce.

Bailey's injunction orders the two sides of an increasingly bitter battle to jointly manage the troubled dealership during a 30-day arbitration period. While Garcia will return as president, General Motors will have a monitor at the Chevrolet lot off South

Dixie Highway with veto authority over all expenditures.

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ceeding than in reclaiming the dealership's valuable land near the Dadeland Mall.

"He even threatened the dismissal of the two on Thursday as 'nothing short of devastating,'" as did Garcia when testified.

"I've never been put to such shame as I was put yesterday. My daughter called me to see if I had a job," Garcia said. "My life I wanted to be a dealer."

Murdock testified Friday that since September, Dadeland Chevrolet let failed to pay off the liens of 40 cars according to the terms of the financing agreement. He also testified that he called former owners of the dealership to get missed loan payments and in inquiry of the dealership by late regulators. More troubling, Chevrolet sold 25 of the cars — vehicles it legally did not own.

GM executive Steven Mur-

MARCH 29, 2002

Partners give up share of GM dealership

GM FROM 1C

Friday reached a settlement last Friday that ended the mediation process, officials on both sides said. Neither side would say how much General Motors will pay Garcia and Vadia for their 15 percent share of the

"It was an amicable settlement," said Kendall Coffey, the former U.S. attorney who represented Garcia and Vadia in their lawsuit against GM.

million to start the dealership on South Dixie Highway, near the Dadeland Mall. Garcia and Vadia — backed by the prominent and politically connected developer Stanley Tate — put up less than \$800,000 for the 15 percent share in the business, according to court testimony.

The partnership was strained from the beginning, according to court testimony. Garcia said General Motors never delivered on promised inventory or renovations for the dealership, while GM said

the two were sloppy when it came to finances. The dealership consistently lost money, but a General Motors executive testified the most critical problem came last year when Dadeland failed to pay off the liens on 25 used cars before reselling them.

The day after GM ousted Garcia and Vadia, a Miami-Dade Circuit judge briefly restored them to the helm. GM said it would manage the business together during a court-ordered arbitration

by retired federal judge Edward Davis. But an appeals court later ruled General Motors was free to take over the dealership while Davis considered the dispute.

Garcia and Vadia had accused GM of wanting to sell the land under the dealership, which they claimed had shot up in value in recent years. Spokeswoman Elaine Roidl said Thursday that GM would run the dealership with its own management and "continue to do business in the area."

"It was an amicable settlement," said Kendall Coffey, the former U.S. attorney who represented Garcia and Vadia in their lawsuit against GM.