

Subj: **From Don Signer, Signer Buick-Cadillac, Newark, California**
Date: 3/7/2006 3:14:34 PM Pacific Standard Time
From: DRSBC
To: ludlow_ramsey@gm.com
CC: keith.constantine@gm.com, gary.spinella@gm.com, jim.gentry@gm.com, william.e.powell@gm.com

The following text was inadvertently omitted from an e-mail sent approximately 15 minutes ago. The same attachment is included again.))

Dear Ludlow –

Attached is a letter that should be self-explanatory.

Please e-mail me back confirmation that you received that e-mail, and were able to download and read the attachment. If not, I will send it in a different format.

Thank you.

Don Signer

Via e-mail

March 7, 2006

Mr. Ludlow Ramsey
Area Manager
GMAC
1620 E. Roseville Parkway, Suite 200
Roseville, CA 95661

Dear Ludlow:

It is indeed unfortunate that GMAC has put me in the position that I must write this letter. First, GMAC's February 21 list of 15 audit items requested by Tammie Kerr is an absolute insult to me considering my 25 years of perfect wholesale and mortgage performance with GMAC, and a current loan to value ratio of barely 30% in both areas.

The second, and even more astounding action taken by GMAC is the seemingly malicious restriction put on our flooring line. It is my understanding that my account has been flagged by GMAC, thus forcing a company selling us a car to call GMAC for flooring approval on a car-by-car basis. This apparent attempt to create false negative rumors about the financial condition of my company is nothing short of unbelievable. Worse yet, GMAC never notified me of this unjustified action!

Last week, Jarred Wells of Enterprise Rent-A-Car informed me that when attempting to transfer flooring on a car we had bought from him he received a message on his computer: "Error Floor plan limit currently restricted. Call floor plan office for buying limit." The first time, he called and got approval. It happened a second time a few days later, at which time he called again, and was referred to Tammie Kerr. Having concerns about my financial condition this time he asked her what caused the flooring restriction, to which she replied that GMAC does a formal review on all its dealers every two years, and puts dealers on flooring restriction for six months while the review is being completed. Jarred said he has only ever seen one other dealer on restriction, Billings Chevrolet, which closed last year after having financial difficulties.

From my experience, I know Ms. Kerr's statement is not true. We have never been on flooring restriction, and we have not had a formal review every two years, if ever than I can recall. If the absurd statement about putting a dealer on flooring restriction six months every two years were true, then at any given time 25% of dealers would be on restriction. Furthermore, if GMAC has any concern about its security with me, it is free to conduct a flooring audit on my dealership at any time. During the audit would also be an excellent time to confirm that my building is still here as well.

Following is an account of GMAC's request of 15 audit items mentioned at the outset. On February 21 at between 1:00 and 2:00, our Business Manager, Vickie Gill, received a call from somebody at GMAC, whose name she didn't catch. The GMAC lady said she

needed new and used vehicle inventory schedules as of the close of February business. Vickie described the lady's request presentation as babbling and vague, seeming to give a lengthy explanation of reasons for what is actually a simple request. Due to the confusing nature of the lady's explanation, Vickie asked again what she needed, to which she replied "new and used car schedules." Vickie then asked her to fax something showing the request so she would know what to send.

Vickie later received a fax from Melissa Walker, with a time stamp of 3:32 that same afternoon. The faxed letter from T. D. Kerr was addressed to me, and in addition to the new and used vehicle inventory schedules, there was a request for thirteen other items, including tax returns for 2004 and 2005. Vickie brought the letter to me, which became my first knowledge of the request. She also described the lady's babbling request to me, which Vickie in retrospect considered a very strange conversation, especially since the original request was only for a fraction of the 15 items that later appeared on the fax.

I immediately drew a connection to an e-mail letter I had sent DNID representative Jim Gentry at 8:49AM that morning, February 21, a copy of which is attached following this letter. In my strong opinion, GMAC's request for schedules and tax returns is clearly intended to determine my staying power, and is not "a normal course of business" as stated in the request letter. Plus, it is yet another pressure tactic on me added to a long history of such actions. The request may have been prompted by the last sentence of my letter to Jim Gentry: "If the [Fremont Auto Mall] project is carried out, thus leaving me in a neighborhood of abandoned dealership facilities, it could squeeze out what little air remains in the box I am in." "Air" represents profit potential, not retained capital or net worth. Although below expectations and only through my long hours and tight expense control, my dealership is profitable, as you will note the \$280,126 YTD in account 80 "rent" on the December 2005, financial statement. This is a bookkeeping adjustment that we make each month to show a more realistic rent factor, rather than leave only the depreciation and relatively low interest. This "rent" is added back to income as a "Schedule M" item for tax purposes. The need for this adjustment was caused by Motors Holding's requirement that the real estate be included in the corporation, as opposed to the structure used by the vast majority of dealers whereby the dealer owns the real estate and rents to his operating corporation.

Later that day, I received an e-mail from Jim Gentry time stamped 2/21/2006 4:39:23 PM Pacific Standard Time. The message was as follows:

- Don:

Received you (sic) letter. I have been in meetings all day. I would like a little time to review your points and will get back with you later in the week.

Thank you,
Jim

The reference to “meetings all day” is what I consider an unsuccessful attempt to make it appear that GMAC’s actions that day were done prior to Jim’s reading of my e-mail. It is obvious to me that Jim read the e-mail prior to the lady’s phone call to Vickie. So, it seems that the babbling and confused call, followed by a greatly expanded list of requested items two hours later, clearly indicate a hastily assembled plan to precede Jim’s 4:39 e-mail back to me. In summary, here is the sequence of events that day, February 21:

- 8:49 AM My e-mail to Jim Gentry with attached letter
- 1:30 PM (approx) GMAC call to Vickie Gill requesting two schedules
- 3:32 PM Fax from T. D. Kerr of GMAC requesting fifteen items
- 4:39 PM Jim Gentry e-mail to me, “meetings all day”

I have been a loyal GMAC dealer for a total of 35 years, including the 10 years at my mother’s dealership in Oregon prior to my opening my current dealership. In all those years we have never had a late wholesale payoff or flooring audit discrepancy that I can remember, and are so trusted that GMAC has only done flooring audits once every other year in recent years. Our mortgage payments have always been 100% on time. For security, our mortgage balance is down to \$1,926,959 on a 10.5 year old facility that is worth at least three times that much. Even using Jim Gentry’s salvage value estimate of \$3,376,508 assuming GM’s planned abandonment of Newark, the balance is only 57% of value. The only used cars we floor are Smart Auction and Enterprise cars we purchase, which we pay off immediately when billed. In new car inventory, we normally have approximately \$1,000,000 equity after floored balances have been paid down to \$500 per car using our excess cash. When adding real estate and new and used car inventories together, my equity is in the area of 70% of value, leaving GMAC’s exposure somewhere in the area of 30% of total value. I doubt that you have very many dealers that are this low a risk.

In 2002, two banks approached me for my business almost simultaneously on cold calls, and then subsequently presented me with proposals. The terms of their offers were close to each other, with the better of the two saving me roughly one percentage point on both flooring and mortgage, thus amounting to a sizable sum. I mentioned the offers to GMAC Sales Purchase Branch Manager Gary Spinella, who reacted in near panic, pleading with me to allow him to see what he could do to improve on my current GMAC plan. Gary promptly returned to me with GMAC Area Manager Kevin Wrate, and presented some improvement in GMAC’s program, thus saving me about one third of what the bank would save me. Even though I would still be paying considerably more to GMAC than I would have to the bank, I appreciated the effort and continued with my loyalty to GMAC.

Additionally at the time, at my request Gary gave me prompt approval for a \$1,000,000 second mortgage at prime rate. The purpose for the money would have been to buy my mother’s dealership in Oregon as a second operation, a purchase I ultimately decided not to go forward with. I tell you this because all of this was done by GMAC in a matter of days without a “formal review!” Additionally, my mortgage today is paid down by over

\$500,000 from that time, and my Owned Net Working Capital has increased by over \$400,000 even after the mortgage reduction. But now, GMAC chooses to offend me with its current actions. Adding to the insult is the fact that since that 2002 bank proposal I have spent over \$100,000 more to GMAC in interest than I would have by switching to the bank.

So, in light of what I consider offensive, malicious, and dishonest acts by GMAC, I have no choice but to change lenders. Last week I contacted various banks, and am currently awaiting proposals that should arrive by next week. When I receive them and decide on the most favorable package, I will inform you of the changeover date. Since the lender transition will come after the close of February, we will forward the extensive list of items requested in Ms. Kerr's February 21 letter, even though I know of nothing in my GMAC agreement that requires me to do so. I welcome the opportunity to confirm my strong financial position, which may come as a disappointment to General Motors considering its demonstrated goals.

In the interim period before flooring changeover, I insist that the flooring restriction be removed immediately, as well as a letter, approved by me in advance, be written by you or your office to Jarred Wells of Enterprise Rent-A-Car containing the following:

- Acknowledgement that the statement made by Ms. Kerr was false.
- Language confirming my strong financial position and perfect wholesale and mortgage performance with GMAC.
- Acknowledgement that placement on flooring restriction was done without my knowledge and without cause.
- A reason for putting my dealership on flooring restriction. My suggested wording is as follows:

“The placement of Mr. Signer's dealership on flooring restriction and the false statements made by Ms. Kerr were the result of serious mis-judgment by General Motors, which has attempted to exert influence on Mr. Signer to concede to its wishes on channeling and relocation issues. General Motors deeply regrets this gross error in judgment, and apologizes to Mr. Signer for its actions.”

Again, I wish to approve the letter before it goes to Mr. Wells. Once approved, the letter may be sent to:

Mr. Jarred K. Wells
Enterprise Rent-A-Car
3635 Pearl Ave.
San Jose, CA 95136

Please DO NOT respond to this letter with denials of my interpretations of GM's actions. Such denials would only further anger me and insult my intelligence yet another time, thus serving no positive purpose. In fact, it would most assuredly do just the opposite.

In conclusion, it is indeed unfortunate that GM forces what I consider to be good, honest, hard-working employees into these adversarial acts against good, honest, hard-working dealers. At the Maui breakfast meeting, after telling you what I have endured with GM over many years concerning channeling and relocation issues, I said that I knew you couldn't comment. You agreed, but replied that you were able to say that GM doesn't do everything right. Based on GMAC's recent actions described herein, truer words were never spoken.

Sincerely,

Donald R. Signer
President
Signer Buick-Cadillac

cc: Keith Constantine
Gary Spinella
Jim Gentry
Bill Powell

Attachment follows (February 21 letter to Jim Gentry)

Following is my letter e-mailed to Jim Gentry on February 21:

February 21, 2006

Via e-mail to jim.gentry@gm.com

Mr. James M. Gentry
Regional Operations Manager
General Motors Corporation
Dealer Network Planning & Investments
Thousand Oaks, CA

Dear Jim:

Since I have not heard from you since our January 25 breakfast meeting, I am hoping it is because General Motors has decided to abandon the Fremont Auto Mall project. By the way, you will be relieved to know that after leaving the meeting I was able to keep my breakfast down in spite of the appalling scenario you presented to me. While you had prepared me for the bad news of \$35 per square foot in our November 4, 2005 telephone conversation, I had expected an offer of compensation for the loss of value of my current facility built in the location of GM's insistence. There was no offer, and you responded to my Newark facility value question by stating that GM's real estate brokers estimated a value of \$20 - \$25 per square foot, to be sold as a teardown for non-automotive use. So, the highest value of my 10.5-year-old real estate investment is reduced to that of salvage.