

**Smart In  
Your World**

**It's More Than  
a Tag Line**

**Arent  
Fox  
Is**

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Fox  
Is

# Opening Doors



## **THE COMMITTEE TO RESTORE DEALER RIGHTS.**

**It had been widely anticipated for months. But that expectation did not diminish the shock-waves that reverberated through the economic and political landscape in the spring of 2009 when news came that automakers General Motors and Chrysler – two long-time titans of the business world and symbols of American economic power – had filed for bankruptcy. Chrysler LLC was the first to file on April 30, 2009. Less than two months later, General Motors – the largest automaker in the United States and the world’s second largest – filed a 24-page bankruptcy petition on June 1, 2009. It was the second largest industrial bankruptcy in history.**

Pundits, commentators and auto industry analysts in the media debated the economic and political impact of the bankruptcies.

Also watching – and waiting – to see what the bankruptcies of Chrysler and GM would mean to them were thousands of Americans who earned their living selling GM and Chrysler vehicles to consumers at auto dealerships all across the country, and workers in the auto parts industry who supplied the dealerships.

Even prior to filing for bankruptcy, General Motors had announced plans to shut down 2,600 of its 6,200 dealerships in the United States. Chrysler had already begun to eliminate nearly 800 dealerships. GM and Chrysler claimed that closing the dealerships was necessary for their survival.

Thousands of jobs were being threatened as communities all across the country faced the loss of a large part of their economic base. Dealership owners, salespeople, factory workers, and support staff all faced the loss of their livelihoods as GM and Chrysler threatened to terminate dealer franchise agreements.

Not content to sit back and passively watch the destruction of their way of life without a fight, a group of automobile dealers banded together to battle for their businesses and protect their employees.

Thus, in June 2009, the Committee to Restore Dealer Rights was created. “No other group represents the interests of rejected/terminated dealers,” the group’s newly launched website proclaimed.

One dealer who took a leading role in this effort was Jack Fitzgerald, owner of nine Washington, DC, area dealerships – eight of which were set to be shut down by General Motors and Chrysler.

“We formed the Committee in the wake of the Chrysler and GM bankruptcies to protect the rights of thousands of auto dealerships and the 169,000

employees who may lose their jobs, and the customers and communities they serve,” Fitzgerald told a Congressional committee in July 2009.

Fitzgerald, however, knew he needed to do more than simply criticize the GM and Chrysler plan to shut the dealerships. He needed to offer Members of Congress a solution that would save thousands of American jobs and preserve the economic integrity of hundreds communities.

As he prepared to attend a hearing of the US Senate Commerce Committee, according to *The Washington Post*, Jack Fitzgerald believed he had that solution in a gray envelope bearing the name “Arent Fox.”

Inside that envelope was an ambitious piece of proposed legislation titled the *Automobile Dealer Economic Rights Restoration Act of 2009*. The bill, if enacted, would restore the economic rights of dealers whose businesses had been targeted for elimination by requiring that the automakers honor and reinstate the franchise agreements.

The proposed legislation was the first component of an intricate legal, legislative, and communications strategy that would be waged by Arent Fox to roll back the dealer terminations.

**THE CAMPAIGN.** Teams of Arent Fox attorneys and professionals led by Mary Jo Dowd, a partner in the firm’s bankruptcy practice, and Dan Renberg, co-leader of the Arent Fox government relations department, worked tirelessly with the Committee to Restore Dealer Rights, drafting legislation, advocating on Capitol Hill before Congressional leadership, key committee chairmen and dealer supporters, preparing Congressional testimony, negotiating with GM and Chrysler officials, and researching constitutional issues associated with the legislation.

The Committee  
to Restore  
Dealer Rights

# Hundreds of General Motors dealerships in the United States were saved.



# The media soon took note of Arent Fox's massive efforts on behalf of the beleaguered car dealers.

The multi-pronged Arent Fox strategy began paying dividends almost immediately. The *Automobile Dealer Economic Rights Restoration Act of 2009* garnered 284 co-sponsors in the US House of Representatives and 48 co-sponsors in the US Senate. Arent Fox directed and implemented a government relations effort that involved flying in hundreds of dealers to meet with Congressional leaders and holding a press conference at the Capitol with House Majority Leader Steny Hoyer and numerous other key Members of Congress who supported the dealers in the wake of their rejection by the automakers.

The media soon took note of Arent Fox's work on behalf of the other beleaguered car dealers.

On June 4, 2009, *The Washington Post* ran a lengthy article detailing Jack Fitzgerald's whirlwind of media interviews, strategy meetings and Congressional testimony. Mary Jo Dowd was interviewed at the Fox News studios in Washington, DC, to discuss GM and Chrysler's plans and the federal legislation that Arent Fox had crafted to save the dealerships. The *Washington Times*, *Bloomberg* and *The Hill* also reported on the proposed legislation.

Renberg and Dowd served as the primary negotiators for the Committee to Restore Dealer Rights during three months of behind-the-scenes negotiations with senior executives from Chrysler and General Motors, facilitated by senior Members of Congress.

In December 2009, after months of negotiations and public hearings, Congress approved the legislation to assist more than 3,000 auto dealers terminated earlier in the year by General Motors and Chrysler. President Obama signed the provisions into law as part of a catch-all federal funding bill on December 17, delivering an early and



## The Committee to Restore Dealer Rights

much-needed Christmas present to thousands of American workers who faced the loss of their jobs and businesses.

The legislation established a unique binding arbitration process that would take place in the first half of 2010, giving dealers the opportunity to regain their franchises. Thanks to the legislation designed by Arent Fox, the dealers would have the unprecedented opportunity to make the case to neutral arbitrators that their dealerships should remain open.

**THE “TRIUMPH:”** Passage of the landmark legislation was the result of sustained extraordinary efforts by Arent Fox. Arent Fox’s campaign on behalf of the Committee to Restore Dealer Rights was later selected as one of the “Top 10 Lobbying Triumphs” of 2009 by *The Hill*, the highly respected Washington, DC, newspaper dedicated to covering the US Congress.

On March 5, 2010 – three months after the bill was passed – General Motors announced that it would reinstate 600 of the dealerships it had planned to close.

“I’m very pleased because the dealers have had their property taken from them improperly and now they’re getting it back,” said Jack Fitzgerald. “GM is doing the right thing.”

Upon hearing the news of GM’s plans to reinstate the dealerships, Mary Jo Dowd said, “It was a true honor working on this matter. We were not only working on behalf of a wonderful client who fervently and passionately believed that he needed to tell the world that something very unfair was taking place. We were also working on behalf of thousands and thousands of hard-working Americans who faced an enormous amount of hardship had the original dealership closure plans been enacted.

The fact that we played a role in protecting the jobs and livelihoods of so many people is a source of tremendous pride to all of us at Arent Fox.”

Dan Renberg agreed. “Having been in public service, I know how gratifying it can be to help one’s fellow citizens retain their jobs or improve their quality of life. General Motors and Chrysler had all the funding and lengthy histories of substantial Congressional support. In this David vs. Goliath tale, David came out the winner and it fell to us to help develop the right slingshot. The collegial nature of our firm made it possible to go from zero to 60, to use an automotive phrase, and to provide legal and policy advice in a seamless manner across numerous areas of law, which sets us apart from many other firms or lobbying boutiques.”

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