

**Testimony of Mr. Peter Lopez
Owner/President of Spencer Auto Group
Spencer, West Virginia
Before the U.S. Senate Committee on Commerce, Science and Transportation
June 3, 2009**

Chairman Rockefeller and Ranking Member Hutchison, thank you for the opportunity to appear before the Committee to discuss how dealership closings by GM and Chrysler are drastically hurting small businesses.

My name is Pete Lopez and I'm from Spencer, West Virginia, a small, rural town of approximately 3,800 people about an hour north of Charleston. I'm the owner of Spencer Auto Group which is made up of two dealerships on Main Street in Spencer -- a Chrysler-Jeep-Dodge dealership as well as a Chevrolet-Buick-Pontiac dealership. Our dealerships service a 6-county area in central West Virginia.

Mr. Chairman, within the past three weeks, I have been informed that both of my dealerships will be closed. My Chrysler dealership will be closed within the next 7 days while my Chevrolet dealers franchise agreement will be terminated next year. In fact, I learned about my Chrysler dealership closure from reading the New York Times at 9am on May 14. It wasn't until 6:00 pm that day that someone from Chrysler contacted me.

My investments are approximately \$1 million, having purchased the dealership for \$500,000 two years ago. When I bought the dealership, I put an additional \$500,000 investment to upgrade including the dealership's first computer. When I purchased the dealership two years ago, there

were 9 employees. Currently, I have 18 employees and their families who depend on me. My monthly payroll is approximately \$36,000-38,000 per month.

Being in a small town like Spencer, we don't sell in large volumes like many dealers in suburban or urban areas. Last year, Spencer Auto Group sold 57 Chryslers and 44 GM new vehicles.

Given the size of the market I serve, I also sell used Chrysler and GM vehicles. Approximately 15% of the total tax revenue for the town of Spencer is paid by my dealership.

Like most small town auto dealers, my investment goes beyond the showroom walls. We actively support the community and related charitable causes including the Little League, 4-H Club and school activities, such as drivers' education.

My current vehicle inventory consists of 45 new vehicles with an estimated value of approximately \$1.2 million. Additionally, I have approximately \$128,000 in GM parts and \$138,000 in Chrysler parts in my inventories, as well as \$80,000 in the specialty tools and diagnostic equipment which will be rendered virtually useless once my franchises are terminated.

Mr. Chairman, the recent decisions to close my dealerships simply astounded me. When I purchased the dealership, the companies welcomed me with open arms.

Since that time, I have been a faithful customer of both Chrysler and GM, even purchasing additional vehicle inventories earlier this year, at Chrysler insistence, to help the corporation through this economic recession. In recent months, I have also purchased additional used

vehicles from auctions conducted by Chrysler Financial. I have met every financial obligation put forth by Chrysler and GM.

Now Mr. Chairman, they want to shut me down. What gives the government the right to do that? I'm a taxpayer and they're getting taxpayer dollars. It just doesn't add up.

Auto dealers like me are independent businesses and NOT owned by the manufacturers. We invest our own money to buy a franchise, buy the land, construct the buildings, purchase vehicle inventories and service vehicles. I even pay \$629 every month to Chrysler to hang their sign out front of my dealership. My store does not cost them a penny. It makes them money.

My story is just one example that is unfolding in thousands of towns across this country. What's happening today with America's new car dealerships is tragic and Congress must assert itself. I do have some questions which I'd like to get answered at today's hearing:

- What should I tell my customers?
- Why was my store chosen to be closed?
- Why was so little time given to close Chrysler dealers?
- Will other GM dealers be faced with similar circumstances now that bankruptcy has been declared?
- Why did Chrysler force us to take additional inventories earlier this year and now refuse to pay us?

Mr. Chairman, there's no better way to describe small town America than the term "Main Street"---exactly where my dealerships are located in Spencer. These unfair dealer closings being forced upon us by Chrysler and GM will cause widespread layoffs, force more people onto the unemployment lines, deprive towns of critical tax revenue and will have negative consequences on each and every Main Street in America.

I look forward to answering your questions.