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## **NEWS RELEASE**

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### **VAN HOLLEN ASKS GM BANKRUPTCY JUDGE TO PRESERVE PROTECTIONS FOR WISCONSIN DEALERS**

*“GM is free to take advantage of federal bankruptcy laws to reorganize its business. However, I won’t stand by and let it do so on the backs of Wisconsin dealerships.”*

**MADISON** — Attorney General J.B. Van Hollen has joined Nebraska and 40 other states in opposing efforts by General Motors Corporation to use federal bankruptcy law to circumvent state statutes designed to protect automobile dealers from heavy handed practices by manufacturers. On June 30, 2009, Bankruptcy Judge, Robert E. Gerber, of the United States District Court for the Southern District of New York will conduct a hearing to consider objections from 42 state attorneys general regarding GM’s attempts to enforce terms of new agreements proposed to GM dealerships across the United States. Many of the particular provisions of these agreements run contrary to Wisconsin law and leave dealers and consumers unfairly disadvantaged and without remedy. Earlier this month Van Hollen also objected to a similar maneuver attempted by Chrysler.

As a part of its efforts to restructure under Chapter 11, GM sent letters on June 1, 2009, to dealerships it intended to retain and dealerships it decided to terminate. In both cases, the letters indicated that the dealerships must agree to modify current agreements with GM in order to assist GM in its bankruptcy process. The new agreements required retained dealers to either sign the modified arrangement or risk being terminated as a GM dealership. Under Wisconsin law, automobile manufacturers are not allowed to unilaterally modify dealership arrangements or present these kinds of ultimatums. Van Hollen and other objecting Attorneys General are asking the bankruptcy court to rule that that federal law does not permit GM to avoid these state law protections merely because it has sought bankruptcy protection.

Commenting on the objection, Van Hollen stated: “GM is free to take advantage of federal bankruptcy laws to reorganize its business. However, I won’t stand by and let it do so on the backs of Wisconsin dealerships.”

The Wisconsin Automobile & Truck Dealers Association estimates that approximately 140 Wisconsin dealerships are currently operating under one or more agreements to sell GM vehicles.

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