

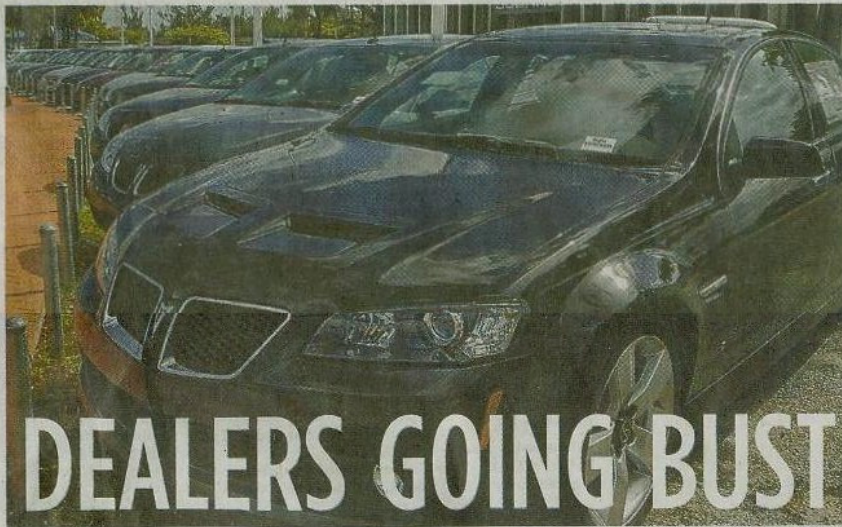
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THE AUTO INDUSTRY



DEALERS GOING BUST

PHOTOS BY MARICE COHN BAND/MIAMI HERALD STAFF



'We really don't have any idea what they are going to do. GM has communicated zero with us.'

WILLIAM LEHMAN JR., owner of Lehman Buick Pontiac GMC in Miami

THE FINANCIAL TOLL ON U.S. AUTOMAKERS GM AND CHRYSLER WILL SOON BE EVIDENT IN SOUTH FLORIDA AS MORE DEALERSHIPS ARE FORCED TO CLOSE.

BY PATRICK DANNER
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South Florida's love affair with shiny new cars is legendary, but for those who have a passion for General Motors and Chrysler vehicles, those bonds could soon be tested.

Financially ailing GM said this week that it will cut 2,600 dealerships — 42 percent of its network. It will begin notifying dealers as early as next month as it decides which will be eliminated. That's in addition to plans to shut down the Saturn brand entirely and over time phase out Pontiac models.

Chrysler, which apparently has

struck a deal with Italian automaker Fiat to try to stave off liquidation through a bankruptcy filing, also wants to shrink its dealer base, though it hasn't revealed its plans yet.

"We're all kind of waiting," said William Lehman Jr., owner and president of Lehman Buick Pontiac GMC in Miami. "We really don't have any idea what they are going to do. GM has communicated zero with us."

Given the number of dealerships GM wants to shed, Alex Kurkin, a Miami lawyer who represents deal-

*TURN TO DEALERS, 4A

PUBLIC HEALTH

Swine flu suspected in S. Florida

■ Twenty 'suspect' swine flu cases have been identified in Miami-Dade, but more testing is needed before they can be confirmed.

BY FRED TASKER
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Twenty possible but unconfirmed swine flu cases have been identified in Miami-Dade County, and an undetermined number in Broward, health officials said Wednesday. But it could be several days before the test results come back to confirm them.

The cases are considered "suspect" because the patients have flu symptoms and have traveled to Mexico or other areas where the

swine flu has been identified, said Dr. Vincent Conte, chief epidemiologist with the Miami-Dade Health Department.

"If they have fever and respiratory symptoms and they've traveled, they meet the definition [for testing]," Conte said.

Also on Wednesday, the World Health Organization took the unprecedented step of raising the infectious disease alert level to Phase 5, setting the stage for increased efforts to combat the infection.

The virus "must be taken seriously because of its ability to spread to every country in the world," WHO

*TURN TO INFLUENZA, 2A

COLD CASE FILES

Police: We've caught the Kendall Rapist

■ Police have charged a Southwest Miami-Dade man with three sexual assaults from the early 1990s and say he may be responsible for more than a dozen attacks.

BY JENNIFER LEBOVICH
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With the help of DNA evidence and Monroe County cops, Miami-Dade cold case detectives say they've caught the Kendall Rapist — an armed man police say terrorized the suburban community in the early 1990s and could be linked to more than a dozen sexual assaults.

The suspect, William Angel Rivera, 42, was arrested and charged with three rapes and an attempted



RIVERA

murder and may be responsible for as many as 14 other sexual assaults, according to police, who called a news

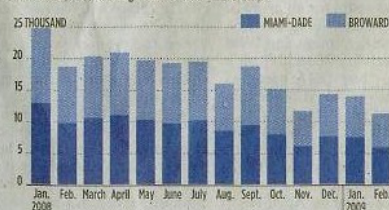
conference to announce the arrest in the nearly two-decades-old mystery.

He was taken into custody Tuesday night after detec-

*TURN TO SUSPECT, 2A

South Florida auto sales

All brands, sold through franchised dealerships



SOURCE: South Florida Automobile Dealership Association, Experian Automotive, Autodata

Number of dealerships

Chrysler and GM brands



U.S. retail sales by manufacturer

March 2009 vs. March 2008



THE MIAMI HERALD

Dealers on chopping block

*DEALERS, FROM 1A

ers, said he expects about 60 percent of GM's South Florida dealerships will disappear.

GM dealers, who invested millions and now face the possibility of losing their businesses, are understandably worried.

Worse yet for dealers who end up on the chopping block, they may receive nothing in return beyond GM's buying back their new-car inventory and parts — which a carmaker is required to do under Florida law.

WHO STAYS, WHO GOES

GM will determine which dealerships it wants to keep by reviewing each market it's in and evaluating dealerships' sales performance, customer satisfaction ratings, capitalization and profitability, said spokeswoman Susan Garontakos.

Dealerships that don't measure up will be targeted for termination and notified as early as May 11, she said.

"Once they get done with the dealer footprint, with fewer dealers, the dealers we end up having will be the best dealers, the best performers," she said.

Some dealers say having fewer dealerships will hurt car buyers.

"Competition is good because it gives consumers the best choices, the best selection, the best service and, most importantly, the best prices," said Mario Murgado, owner of Brickell Motors, which operates Honda, Buick, Pontiac and GMC franchises.

But Fort Lauderdale's AutoNation, the nation's largest vehicle retailer, supports automakers' efforts to shrink their dealer networks.

"We have always said there are too many dealers out there," said AutoNation spokesman Marc Cannon. Fewer dealers, he explained, will give cash-strapped man-

AUTOMAKERS

Sources: Fiat, Chrysler to file for partnership

DETROIT — (AP) — Italian automaker Fiat Group SpA will sign paperwork to become a partner with Chrysler LLC by Thursday as negotiations continue to keep the struggling automaker alive without filing for bankruptcy protection, according to three people briefed on the deal.

The partnership is the last piece of a huge restructuring plan needed for Chrysler to continue opera-

tions as it approaches Thursday's government deadline to cut labor costs, slash debt and take on a partner.

But it was unclear Wednesday whether the struggling Auburn Hills, Mich., automaker will be able to stay out of bankruptcy court. That, according to the people, hinges on whether a group of hedge funds that hold 30 percent of its debt agree to forgive most of what they're owed.

ufacturers more flexibility in providing loans to dealers to buy vehicles to stock showrooms.

Dealers Murgado and Lehman received unsettling news this week when GM announced it would phase out Pontiac, known for such storied models as the GTO and Trans Am. It was only a few years ago that GM consolidated the Pontiac, Buick and GMC brands into single dealer points, Lehman noted.

"They spent time and money putting together a dealer network, so to now unravel it would seem dysfunctional," Lehman said.

The Chevrolet, Cadillac, and the Buick and GMC brands operate under "three different roofs," said Kurkin, the Miami lawyer. GM may be considering having the brands operate under two, or possibly even one roof.

A PERILOUS ECONOMY

Auto sales have been in a tailspin as economy and consumer confidence tumbled. Once topping more than 17 million annually at the beginning of the decade, auto sales

now hover below 10 million on an annualized basis. National sales figures for April will be announced Friday and are expected to be similar to those in March: down about 30 percent from the same month last year.

The precipitous decline already has taken a toll in South Florida. Kelley Chevrolet in Hallandale Beach, Dade Jeep Chrysler Dodge in Miami and Saturn of Doral have closed in recent weeks.

Saturn of Doral was the largest Saturn store in Florida, selling about 75 vehicles a month at its peak, said dealer G. Ed Williamson II. But after GM announced it would end production for the brand in 2012, Williamson said sales dwindled to about 10 a month. He told GM he didn't want the store anymore and closed March 13.

"I didn't see any way around it," Williamson said. "We were losing a lot of money."

Williamson owns a Cadillac and Hummer dealership in Miami and has interests in two other dealerships with GM franchises in Miami and

Pembroke Pines. "I feel fairly comfortable" those stores will not be targeted for closing, he said.

Those GM dealers left standing will see higher sales volume, he predicted. "I'd love to have one less Cadillac competitor in Dade County," he said. "I don't know if it's going to happen. I don't know how you make that decision."

Longtime dealer Al Hendrickson Sr., owner of Hendrickson Toyota in Coconut Creek doesn't believe the consolidations of GM and Chrysler will have much effect on his store.

"The market here is dominated by imports, and I can't see where that's going to change," he said.

Meanwhile, the GM dealers whose stores disappear shouldn't be expecting much from the carmaker.

"We have no money," Garontakos said.

When GM phased out Oldsmobile earlier this decade, dealers were offered \$1,675 to \$3,100 for each Oldsmobile sold in the dealership's best year from 1998 to 2000. Some dealers sued GM because they were unhappy with the offer.

"Oldsmobile was a phasing-out of a brand," Garontakos said. "Right now, it's a restructuring of our business. I wouldn't even draw a correlation."

Richard Sox, a Tallahassee lawyer who represents car dealers around the country, including South Florida, said there is no difference.

"This is a unilateral taking of their franchise that is not permitted, per se, under the dealer agreements or the state franchise law," Sox said. "I expect dealers will be forced into bringing the same type of unfair termination claims that the Oldsmobile dealers brought beginning in 2001."

Miami Herald staff writer Judy Pineiro contributed to this report.