

Automotive News

THE FRANCHISE FIGHT

Dealers ask arbitrators for local hearings

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Dozens of rejected dealerships are asking arbitrators to hold hearings in their hometowns, not the central locations picked by the American Arbitration Association.

The association has set up a single location for hearings in each of 42 of the 49 states -- no cases have been filed in Hawaii. Six states have two locations and California has three.

Dealer lawyers say arbitrators need to eyeball the showrooms, as well as dealers' competitors and communities, to assess the impact of the dealership on the public, as required by the law setting up the arbitration process.

Arbitrators also need to see unusual burdens on a dealership's sales performance caused by construction projects or other local conditions, the lawyers said.

In addition, the hearing locale may be several hundred miles from a dealership, imposing travel and lodging costs on a dealer who calls local witnesses to testify, the lawyers said.

"The best way to learn about a dealer is to be somewhat knowledgeable about the community," said Robert Byerts, a Tallahassee, Fla., lawyer whose firm represents more than 70 dealerships in arbitration. "If you don't go to that community, how do you come to understand those circumstances?"

Byerts and other lawyers said they have asked a number of arbitrators to change the locations selected by the association.

Another Florida lawyer said an arbitrator rejected his request last week. "She felt there were efficiencies in having a central place," the dealer lawyer said. "She did agree that we could have witnesses testify by phone or by affidavit."

Legislation signed by President Barack Obama in December requires the arbitrator to "balance the economic interest" of the dealership, the automaker and the public at large.

About 1,550 rejected General Motors Co. and Chrysler Group dealerships have filed for reinstatement through arbitration. GM says it has offered reinstatement to 661 of its stores.

The arbitration association, which is overseeing the arbitrations, set its policy of centralized state locales in a Feb. 18 message to dealers' lawyers.

"Arbitrators would have to travel all over the place if it were in dealers' hometowns," India Johnson, an association vice president, said in an interview. "We decided that the best thing is to have uniformity, consistency, familiarity."

She said an arbitrator who deems it important to view local circumstances could move the hearing temporarily to a dealer's hometown.

Where the action is
Arbitration hearing locations, state by state
Alaska: Anchorage
Alabama: Birmingham
Arkansas: Little Rock

Arizona: Phoenix
California: Los Angeles, San Francisco, Fresno
Colorado: Denver
Connecticut: Hartford
Delaware: Wilmington
Florida: Orlando, Miami
Georgia: Atlanta
Iowa: Des Moines
Idaho: Boise
Illinois: Chicago
Indiana: Indianapolis
Kansas: Wichita
Kentucky: Louisville
Louisiana: New Orleans
Massachusetts: Boston
Maryland: Baltimore
Maine: Portland
Michigan: Detroit, Grand Rapids
Minnesota: Minneapolis
Missouri: St. Louis
Mississippi: Jackson
Montana: Billings
North Carolina: Charlotte
North Dakota: Fargo
Nebraska: Omaha
New Hampshire: Manchester
New Jersey: Somerset
New Mexico: Albuquerque
Nevada: Las Vegas
New York: Westchester County, Syracuse
Ohio: Cincinnati, Cleveland
Oklahoma: Oklahoma City
Oregon: Portland
Pennsylvania: Philadelphia, Harrisburg
Rhode Island: Providence
South Carolina: Columbia
South Dakota: Sioux Falls
Tennessee: Nashville
Texas: Houston, Dallas
Utah: Salt Lake City
Virginia: Richmond
Vermont: Burlington
Washington: Seattle
Wisconsin: Milwaukee
West Virginia: Charleston
Wyoming: Cheyenne
Source: American Arbitration Association

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