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To Whom It May Concern:

My name is Adam Neporadny and I am a Senior Tax Manager for DHG Dealerships, the national dealership practice of Dixon Hughes Goodman LLP, a top 20 public accounting and advisory firm. I have been with the firm for over 11 years and I have spent the vast majority of that time working with automotive dealerships and dealers groups around the country. During my 11 years, I have spent time serving my clients in various assurance, tax, internal audit, and consulting roles. Our firm works with more than 2,000 rooftop dealerships in all 50 states, including 6 of the top 10 dealership groups.

I am writing in response to the FTC Workshop that was held in Washington D.C. on Jan. 19, 2016. Our firm sent a representative to the workshop and his feedback, along with many other of our industry friends that were in attendance, concerns me enough to write this letter during the busiest time of the year for us. Based on the comments I have heard, it sounds like many of the speakers feel that it's time to repeal the state level legislation that protects the dealership franchise system due to the fact that many dealers have grown to the size that enables them to sufficiently challenge the OEMs, suggesting they are now equal in negotiations and power. Walk into any dealership that is not a part of a large public or private group and talk with their management team and it is apparent that this is simply not the case.

Based on my years practicing as a CPA in this complex and ever-changing industry, I can attest to the fact that OEMs still exert tremendous influence over the franchised dealers and dealer groups – regardless of size. Dealers are not in a position to negotiate with the OEMs as the OEMs exercise almost complete control over their dealers. A few examples are:

> The franchised dealer's business model is disproportionately capital intensive, as is apparent with the spur of image upgrade programs that almost every manufacturer has instituted over the past decade or so.
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> This business model leads to disproportionately more frozen capital (large single purposes real property) for large and small dealers alike.
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> Just recently, one manufacturer began to form alliances with select dealers of THEIR choosing giving them favorable treatment, sometimes millions of dollars, to help them ramp up and expand sales as well as giving them access to coveted open points or preferential treatment if other stores come up for sale.

The automotive industry is unique in that we rarely see a similar model with our firm's other clients that operate in other industries. Examples of this are:

> Constant pressure to take excess OEM production (e.g. Chrysler immediately pre-bankruptcy)
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> Costly facility upgrade requirements (OEM payments insufficient because of unrealistic ROI)

During upgrades, requirements to follow detailed specs, approved vendors, and materials that may not be suited for the local market

Denial of succession in a family business through first right of refusal; or,

A time consuming, lengthy process when the current dealer seeks approval to begin the transfer of ownership to the next generation

I appreciate your time and hope this information provides a clearer picture of what the franchise dealer network looks like. My goal was to provide practical, real-life examples of what dealers face while working with the OEMs that they represent which is in stark contrast to the opinion of a few college professors, economists and attorneys that don't live and work in the industry every day of their lives.

Thank you,

Adam Nepodradny