

To whom it may concern,

My name is David Baggett, and I am a partner with DHG Dealerships, the national industry practice of Dixon Hughes Goodman, a top 20 accounting firm serving more than 1,500 rooftops nationwide in all 50 states. As I work with dealers on a daily basis, I feel compelled to address my concerns regarding the FTC workshop that was conducted in Washington, D.C. on January 19, 2016.

Based on the feedback of colleagues and industry friends that attended, it is my understanding that many of the workshop's speakers asserted that dealers are now on a level playing field with the OEMs – arguing 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 a size that enables them to sufficiently challenge the OEMs. It is my opinion that this assertion may be misplaced by professionals who may not be as familiar with the industry as those who live and breathe it every day. OEMs still exert a tremendous influence and control over franchised dealers and dealer groups - regardless of the fact that many have grown considerably in size. For example:

- The owners of many larger dealership groups have too much corporate exposure to challenge the manufacturer
- The owners of many smaller dealerships have too much of their total personal wealth tied up in the dealership to challenge the manufacturer
- The franchised dealer's business model is disproportionately capital intensive
- Dealers – even the largest ones – are heavily dependent on credit
- This business model has disproportionately more frozen capital for large and small dealers alike

The third party perspective and speculation of economists, academics and lawyers who have not spent the better portion of their careers navigating the ins and outs of the dealership industry may lack the appropriate awareness regarding the far-reaching and, at times, heavy-handed nature of the OEMs. Thank you for your consideration of my comments. I hope that the information I have provided will be of assistance to the FTC.

Best,



David Baggett