

February 23, 2016

To Whom It May Concern:

My name is Tim York, and I am the Managing Partner of DHG Dealerships, the national industry practice of Dixon Hughes Goodman serving more than 1,500 rooftops nationwide in all 50 states. I am very passionate about the automotive retail industry and would like to address a recent FTC workshop conducted in Washington, D.C. on January 19, 2016.

Many of the workshop's speakers argued that dealers have grown in stature and size to the point that they have sufficient power in the marketplace to protect themselves, and – as a result – any manufacturer over-reach is a thing of the past. The implications of this assertion concerns me, as 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 fear challenging the manufacturer (OEM) on a variety of topics, including vehicle allocation, required purchases, training, and facilities
- The owners of many smaller dealerships have an excessive amount of their total personal wealth tied up in the dealership to challenge the manufacturer
- The franchised dealer's business model is disproportionately capital intensive. Even today I was noticing how many of our clients have rapidly increased rental fleets (or, customer loaner vehicles) that are a requirement of the OEM
- Dealers – even the largest ones – are heavily dependent on credit from a variety of sources
- This business model has disproportionately more frozen capital for large and small dealers alike

Without spending the better portion of your career working in, with and for dealership groups of all sizes, one may lack the appropriate awareness regarding the far-reaching impact of the OEMs and the related relationships.

Whatever the outcome of this workshop, it should be based on the actual realities of the market, and the fact is, the dealers are tremendously influenced by (and occasionally fearful of) the relationships with the OEMs. We trust that the information provided here – from people whose jobs involve them in that market every day of the week – will be of assistance to the FTC.

Thank you for your consideration of our comments.

Best,

Timothy W. York, CPA/ABV