

February 29, 2016

Federal Trade Commission  
400 7<sup>th</sup> Street SW  
Washington DC 20024

Ladies & Gentlemen;

My name is Buddy Dearman, and I am a Tax Partner in the public accounting firm of Dixon Hughes Goodman LLP. Our firm currently has approximately 1,900 employees in 30 offices, and within our firm we have a dealership niche practice that serves close to 2,000 dealership rooftops across all 50 states. I have personally been providing accounting, tax and general consulting services to dealerships and their owners since 1986 – my work in this space comprises almost 100% of my professional time in any given year.

I am writing in reference to the workshop that the FTC hosted on January 19, 2016, to explore the role between dealership retailers, automobile manufacturers and state franchise laws. From all that I have read about the workshop, it seems that the speakers' conclusions were that state franchise laws were outdated and unnecessary. It also appears that such speakers have very little day-to-day contact with dealerships, their owners, etc. – other than on occasion to purchase a vehicle or to have their vehicle serviced. They simply do not know what it is like to “walk a mile in a dealer’s shoes.”

Dealers most certainly need the protection from state franchise laws. Without such protection manufacturers could wield even more financial control and pressure over dealers. Even with the laws in place today, the manufacturers have substantial economic control over dealers in ways such as;

- Restrictions on inventory availability, or worse, forcing dealers to accept undesirable inventory.
- Mandates on facility image, size, capital investment, etc.
- Frequency of warranty, incentive and other audits.
- Ability to virtually charge any expense to the dealer through their open account.
- Requirements to use certain vendors (often more expensive and less practical than equivalent local options) for construction & design, software, marketing, furniture & fixtures, etc.
- Mandates of approval for family succession – sometimes resulting in unreasonable denials.

I hope that as you deliberate on these matters you will enlist the assistance of those who work closely with dealers. Thank you for your consideration of my thoughts and comments.

Very truly yours,



R. M. “Buddy” Dearman, Jr.  
Partner