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10 Attorneys for Respondent
ROADTREK MOTORHOMES, INC.

11 THE STATE OF CALIFORNIA
12 NEW MOTOR VEHICLE BOARD

13	Mega RV CORP dba)	Protest Nos. 2198-10, 2209-10, 2211-10
14	MCMAHONS RV,)	
15	Protestant,)	RESPONDENT ROADTREK
16	v.)	MOTORHOMES, INC.'S FINDINGS OF
17	ROADTREK MOTORHOMES, INC.)	FACT
18	Respondent.)	

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20 Respondent Roadtrek Motorhomes, Inc. ("Roadtrek") submits the following findings of
21 fact:

22 ***Parties***

23 1. Roadtrek is a Class B motorhome manufacturer headquartered in Kitchener,
24 Ontario, Canada. (11/14/2011 Hanemaayer-Tr. at 12-13). Roadtrek was previously known as
25 Home & Park Motorhomes. (1/10/2012 Crowe-Tr. at 148-149). Roadtrek was founded by
26 Jacques Hanemaayer. (11/14/2011 Hanemaayer-Tr. at 12-13). His son, Jeff Hanemaayer,
27 started running the company in 1985 and built the company to what it is today. (*Id.* at 12-15).
28 Jim Hammill ("Hammill") is the president of Roadtrek. (9/22/11 Hammill-Tr., at 73).

RESPONDENT'S FINDINGS OF FACT

1 2. Roadtrek maintains a website. A part of the website is dedicated for use by
2 Roadtrek dealers. (8/12 McMahon-Tr. at 31).

3 3. Mega is an RV dealer with locations in Westminster, Colton and Palm Desert,
4 California, and Mesa, Arizona. (8/9/11 McMahon-Tr. at 77; 2/26/12 Schilperoort-Tr. at 31).
5 Mega has temporary locations in Yuma and Quartzite, Arizona. (*Id.*) Mega was founded by
6 Brent McMahon (“McMahon”). (8/9 McMahon-Tr. at 87). McMahon runs the company today.
7 (*Id.* at 76).

8 4. Mega’s Irvine location was Mega’s primary location until March 31, 2012.
9 (4/26/12 Schilperoort-Tr. at 31). Mega’s Irvine location closed on March 31, 2012. (*Id.*) Mega
10 now has a dealership location at Westminster. (*Id.*) Westminster is located 19 miles from
11 Mega’s former Irvine. (Map, Exhibit A).

12 5. Mega sells over 60 different brands, or line-makes, from 10 different
13 manufacturers. (8/9/11 McMahon-Tr. at 77). Roadtrek sales represented approximately 10-12
14 % of Mega’s total new RV annual sales from 2001 to 2009. (*Id.* at 243). Starting in 2008 and
15 2009, this percentage began to dwindle. (*Id.*) In 2009, Mega’s sales revenue was more than two
16 times more than Roadtrek. (Ex. 66 at McMahon 699, Ex. 606 at RMI 10875).

17 6. It was common for RV manufacturers to send stock units to Mega. (8/18/11
18 Schilperoort-Tr. at 151:17-23). These stock units were not ordered by Mega. (*Id.*)

19 7. Between 2001 and 2007, the relationship between Roadtrek and Mega was
20 mutually beneficial and McMahon and Hammill became friends. (8/9/11 McMahon-Tr. at 104-
21 105; 113-116).

22 8. On June 9, 2006, Roadtrek awarded McMahon with the “key” to the 20,000th
23 Roadtrek motorhome ever built. (8/9/11 McMahon-Tr. at 144, Ex. 601).

24 9. Although the RV industry was known for some “informal procedures” with
25 regard to ordering motorhomes, Roadtrek was “pretty organized.” (8/10/11 McMahon-Tr. at 74).

26 10. From 2001 to 2008, Roadtrek was an important product for Mega. However,
27 Mega started to diversify its offerings and offered other Class B motorhomes, including
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1 Pleasure-Way and Great West. (8/9/11 McMahon-Tr. at 112). As of October 2008, McMahon
2 attributed the importance of the Roadtrek to the fact that he took Roadtreks when he went on
3 vacation. (*Id.* at 210).

4 11. McMahon believes it is important for dealers to meet with other manufacturers to
5 understand their product offerings even if Mega never sells them. (8/11/11 McMahon-Tr. at
6 251).

7 12. RV manufacturers have an interest in ensuring that its distribution network of
8 dealers is financially sound and able to continue to deliver products on an ongoing basis.
9 (8/11/11 McMahon-Tr. at 266).

10 13. McMahon generally claims that he had a “handshake relationship” with Roadtrek
11 on many if not all matters. (8/11/11 McMahon-Tr. at 263). However, California law requires a
12 written dealer agreement between the parties. (Cal. Veh. Code § 11713.22). Further, the
13 absence of a written agreement means that the NMVB has no jurisdiction to hear any dispute
14 from a dealer. (May 5, 2010 Order dismissing Palm Desert Protest).

15 ***Dealer Agreements***

16 14. On April 22, 2006, Roadtrek and Mega entered into a dealer agreement (the
17 “2006 Agreement”). (Ex. 600). McMahon claims he read the 2006 Agreement before he signed
18 it. (8/11/11 McMahon-Tr. at 253). Before signing the 2006 Agreement, McMahon raised
19 certain issues regarding the agreement, proposed changes to it and signed it. (8/12/11
20 McMahon-Tr. at 13-15).

21 15. The 2006 Agreement allowed Mega to sell Roadtreks from locations in Irvine,
22 Colton and Stanton, California. (Ex. 600 at §108). Pursuant to the 2006 Agreement, Roadtrek
23 assigned Mega territory “limited to an area within 60 mile radii of Irvine, California, Colton,
24 California and Stanton, California.”

25 16. Roadtrek agreed not to place another dealer in Mega’s territory, covered by the
26 2006 Agreement, “so long as [Mega] remains in good standing during the terms of this
27 Agreement.” (Ex. 600 at §108). Schilperoort understood that the exclusivity would only last as
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1 long as Mega was in good standing under the 2006 Agreement. (8/18/11 Schilperoort-Tr. at
2 163:5-8).

3 17. To be in good standing under the 2006 Agreement, Mega was required to stock
4 certain types of Roadtrek motorhomes at Irvine, Colton and Stanton. (Ex. 600 at §109). Each
5 location was required to stock a total of 22 Roadtrek motorhomes.

6 18. On February 8, 2008, Roadtrek and Mega entered into a dealer agreement (the
7 “2008 Agreement”). (Ex. 604). Before signing the 2008 Agreement, McMahon raised certain
8 issues regarding the agreement, proposed changes to it and signed it. (8/12/11 McMahon-Tr. at
9 10-11).

10 19. The 2008 Agreement allowed Mega to sell Roadtreks from a location in Scotts
11 Valley, California. (Ex. 604 at §108). Pursuant to the 2006 Agreement, Roadtrek assigned
12 Mega territory “limited to an area within 50 mile radius of Scotts Valley, California.”

13 20. Roadtrek agreed not to place another dealer in Mega’s territory, covered by the
14 2008 Agreement, “so long as [Mega] remains in good standing during the terms of this
15 Agreement.” (Ex. 604 at §108). Schilperoort understood that the exclusivity would only last as
16 long as Mega was in good standing under the 2006 Agreement. (8/18/11 Schilperoort-Tr. at
17 165:9-12)

18 21. To be in good standing under the 2008 Agreement, Mega was required to stock 20
19 Roadtrek motorhomes at Scotts Valley. (Ex. 600 at §110).

20 22. McMahon identified three investments that Mega purportedly made to perform its
21 sales and service obligations under the Dealer Agreements: (1) Mega leased property; (2) Mega
22 ordered parts; and (3) Mega purchased equipment. (8/9/11 McMahon-Tr. at 141:21-142:2).

23 23. Roadtrek does not require dealers to make special investments in their facilities.
24 (9/22/11 Hammill-Tr. at 94). McMahon agreed that no specific investment to sell Roadtrek was
25 made at any location. (8/12/11 McMahon-Tr. at 205:15 - 207:6; 8/15/11 McMahon-Tr. at 94:23-
26 95:5).

1 24. Mega has not provided any Roadtrek services to the public in over two years, and
2 the service that Mega provided to the public was poor. (9/23/11 Hammill-Tr. at 171-172; Exs.
3 682, 683).

4 25. When asked about the effect of losing the Roadtrek franchises on Mega's
5 investment in its dealership, McMahon only identified lost sales and lost profits. (8/9/11
6 McMahon-Tr. at 136).¹ After being asked several times, McMahon could not specifically
7 identify any other impact on Mega of losing the Roadtrek franchises. (*Id.* at 136-137).

8 ***Roadtrek Provides Flooring to Mega***

9 26. Starting in approximately 2005, Roadtrek began providing floor plan financing to
10 Mega for Roadtrek motorhomes. (8/10/11 McMahon-Tr. at 77). Prior to this program, Roadtrek
11 provided Mega, and all of its dealers, a program whereby it would pay or reimburse Mega for the
12 first 90 days of floor plan interest. (8/10 McMahon-Tr. at 79-81). This continued during the
13 period of the oral agreement for floor plan financing between Roadtrek and Mega. (*Id.*)

14 27. Mega maintained a logbook of all RV's delivered to Mega. (Ex. 767). Part of the
15 logbook identifies the Roadtrek units received at Mega.

16 28. Hammill and McMahon discussed the payment of interest as a part of the floor
17 plan program. (9/22/11 Hammill-Tr. at 157:1-158:1).

18 29. In December 2007, Hanemaayer met with McMahon and Hanemaayer told
19 McMahon that Mega owed Roadtrek past interest pursuant to the floor plan financing program.
20 (Ex. 608; 8/18/11 Schilperoort-Tr. at 169:19-24).

21 30. Mega understood that interest was owed at least after the first 90 days pursuant to
22 Roadtrek's 90 day interest free program that existed prior to the March 2008 meeting. (8/18/11
23 Schilperoort-Tr. at 174:9-16).

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27 ¹ Mega filed a counterclaim in federal court to record these damages.

1 ***March 2008 Meeting at Roadtrek in Kitchener***

2 31. McMahon and Schilperoort traveled to Kitchener for a meeting with Hammill and
3 Hanemaayer on March 28, 2008. (Ex. 609). Cassidy also participated in this meeting. (Ex.
4 612).

5 32. Prior to the meeting, in a letter dated March 20, 2008, McMahon and Schilperoort
6 prepared a letter for Roadtrek setting forth Mega's positions prior to the meeting. (8/10/11
7 McMahon-Tr. at 25-26; Ex. 608). In part, McMahon expressed the following:

- 8 a. McMahon "had a difficult time accepting the fact that [Roadtrek] feels
9 that all Roadtrek dealers are equal and need to be treated as such."
10 b. McMahon was "stunned" in December 2007 when Hanemaayer "informed
11 me that I owed back flooring interest."

12 33. Mega prepared an agenda in anticipation of the March 2008 meeting. (8/10/11
13 McMahon-Tr. at 92-93; Ex. 609). McMahon expected that there would be a discussion at the
14 meeting about what the holdback agreement would be for 2008. (8/12/11 McMahon-Tr. at 77).

15 34. At the time of this meeting, Mega was suffering financially. Schilperoort
16 testified: "By March of '08, we had reduced our staff almost in half by eliminating a hundred
17 positions. And when this happened, some upper management positions had been also
18 eliminated." (8/16/11 Schilperoort-Tr. at 139:18-21).

19 35. Mega told Roadtrek that it had other options for Class B RV's if it could not reach
20 agreement with Roadtrek regarding the holdback payment. (Ex. 611; 8/16/11 Schilperoort Tr. at
21 210-211).

22 36. At the meeting, the parties reached a number of agreements. Hanemaayer
23 circulated a memorandum reflecting the agreements and asked for comments. (8/10/2011
24 McMahon-Tr. at 139-146, Ex. 613). Mega did not send a written response correcting any of the
25 points in the memorandum. (8/12/2011 McMahon-Tr. at 81). The following are the most
26 significant agreements reached at the meeting:
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- a. Roadtrek to pay McMahon \$166,000 for 2007 holdbacks;
 - b. Mega RV to pay Roadtrek \$70,000 for interest for 2006 and 2007 (this was calculated based only on the time period between when Mega RV received payment from a customer and the time it took to pay Roadtrek);
 - c. Mega RV agreed to sign a legal agreement if it wanted Roadtrek to continue providing wholesale financing to Mega RV; and
 - d. Roadtrek agreed to provide a holdback for 2008 to match Pleasure-Way's program. Roadtrek to pay \$1,000 per unit "assuming contracted retail sales of 100 for Irvine, Colton and Stanton and 50 for Scotts Valley are achieved."

9 (Ex. 612).

10 37. On April 7, 2008, Roadtrek sent McMahon a check for \$166,000 satisfying the agreement regarding the 2007 holdback payment reached on March 28. (Ex. 615).

11 38. On April 3, 2008, Mega and Roadtrek executed a Security Agreement and Power of Attorney satisfying another one of the agreements reached on March 28. (Ex. 614).

12 39. In April 2008, Mega sent Roadtrek \$35,000 in partial satisfaction of its agreement to pay Roadtrek \$70,000 for past due interest. (1/10/2012 Tr. at 6). Mega never paid Roadtrek the remaining \$35,000 due on this obligation. (*Id.*)

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16 ***The Security Agreement***

17 40. The Security Agreement signed on April 3, 2008 formalized a program that Roadtrek offered Mega in 2006. (Ex. 614). The Security Agreement allowed Mega to floor plan Roadtrek units through Roadtrek without using traditional flooring sources, like Bank of America or GE. (8/16/2011 McMahon-Tr., at 32-33). A written flooring agreement was a standard in the industry that a floor plan financier required a dealer to sign. (8/11/11 McMahon-Tr. at 214).

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23 41. McMahon claims that he did not want to sign the Security Agreement, but did so anyway. (8/11 McMahon-Tr. at 183-184). Either Schilperoort or Fosdick read the Security Agreement before they gave it to McMahon. (8/18/11 Schilperoort-Tr. at 179:22-25). Mega had the Security Agreement reviewed by its attorney before it was signed. (9/22/11 Hammill-Tr. at 234:1-6).

1 According to McMahon, holdbacks were not accounted for in the books and records of Mega.
2 (*Id.* at 42).

3 53. There is no evidence that the parties discussed, or reached, any agreement for
4 holdbacks in 2009. (8/12/11 McMahon-Tr. at 89-90). Moreover, there is no requirement under
5 the Dealer Agreements or California law for Roadtrek to pay Mega or McMahon a holdback.

6 ***Short Payments and Offsets***

7 54. Although Mega was required to pay the total invoice to Roadtrek for each
8 motorhome, Mega routinely short paid invoices. This practice started as early as October of
9 2007. (Ex. 603). This was when Mega began offsetting obligations between the parties.
10 Fosdick implemented this system by short-paying invoices because of consumer cash back
11 incentives that she believed Mega earned. (1/09/12 Fosdick-Tr. at 197:11-197:19; 1/10/12
12 Fosdick-Tr. at 27:19-28:1). Schilperoort knew about this practice. (8/17/11 Schilperoort-Tr. at
13 182:11-24; 8/18/11 Schilperoort-Tr. at 182:17-24; 1/10/12 Fosdick-Tr. at 84:21-85:4).

14 55. Mega's practice of short-paying motorhome invoices violated Roadtrek's
15 consumer cash back policy because payment of the consumer cash back incentive required
16 approval by Roadtrek. (Ex. 516 at RMI 7367-68). Roadtrek reviewed and, approved or
17 declined, each incentive request. (Exs. 382, 385, 497).

18 56. At some point that Mega does not know, Mega stopped the practice of offsetting
19 at the direction of McMahon. (8/18/11 Schilperoort-Tr. at 202:2-14). McMahon gave no reason
20 to Schilperoort for stopping the practice. (*Id.* at 202:15-16).

21 57. Mega's offset practice created an accounting mess for Roadtrek. (Ex. 729;
22 8/19/11 Schilperoort-Tr. at 185:23-186:14). This forced the parties to communicate on multiple
23 occasions solely to understand what Mega was purporting to do with respect to offsets. (Exs.
24 725, 729, 735).

25 58. Because Mega began offsetting against Roadtrek, and because of Mega's poor
26 payment record, Roadtrek began offsetting liabilities against Mega. Exhibit 496 shows all of the
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1 offsets made by Roadtrek. After all offsets are applied, Mega still owes Roadtrek over \$599,000
2 for motorhomes, parts and interest. (Ex. 496).

3 ***Payment Delays and Other Defaults***

4 59. Starting shortly after the March 2008 meeting in Kitchener, Roadtrek spent
5 considerable time chasing Mega for payments. (See e.g, Exs. 617, 623, 632, 637, 641). Pursuant
6 to Section 7(b) of the Security Agreement, Mega was required to pay for each Roadtrek
7 motorhome upon the sale of the motorhome to a purchaser. (Ex. 614 at §7(b)).

8 60. It is a fundamental obligation of a dealer to pay the manufacturer or the floor plan
9 lender for motorhomes that it buys from the manufacturer. (8/11/11 McMahon-Tr. at 246). In
10 the RV business, a failure by an RV dealer to, after receiving funds from a purchaser, pay a floor
11 plan lender within a specified period of time is considered being “out-of-trust.” (8/17/11
12 Plomin-Tr. at 71:12-17; 8/18/11-Schilperoort Tr. at 198:4-198:22).

13 61. Ken Mitchell, a former Mega sales manager, testified that he would routinely
14 receive calls from RV manufacturers complaining about late payments from Mega. (9/30/11
15 Mitchell-Tr. at 51:15-52:20). While Mitchell was a Pleasure-Way representative, he often
16 “chased” payments from Mega. (9/30/11 Mitchell-Tr. at 271:7-15).

17 62. Mega did not maintain any records regarding the timeliness of its payments to
18 Roadtrek. (8/18/11 Schilperoort-Tr. 200:7-10).

19 63. In the period between when Mega received funds for the sale of a Roadtrek and
20 the time it paid Roadtrek, Mega used those funds in Mega’s day-to-day business. (8/18/11
21 Schilperoort-Tr. at 187:2-6).

22 64. The relationship between Roadtrek and Mega reached a boiling point on August
23 22, 2008 after Mega failed to provided Roadtrek with financial statements for 2007. (Ex. 619).
24 Mega was required to submit financial statements to Roadtrek pursuant to the Dealer
25 Agreements and the Security Agreement. (Ex. 600 at §350; Ex. 604 at §350; Ex. 614 at §12(h)).
26 However, by August 2008, Mega failed to send its 2007 financial statements to Roadtrek after
27 many requests. (Ex. 619; 9/23/11 Hammill-Tr. at 95:4-17, 97:5-15). Hammill used strong

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1 language in an email to McMahon requesting the statements after numerous previous requests
2 failed. (Ex. 619). The next day, McMahon sent Roadtrek the 2007 financial statements which
3 were finalized on April 24, 2008. (Ex. 621).

4 65. McMahon viewed Hammill's August 22, 2008 email as a "strongarm" tactic to
5 get something that he wanted. (8/10/11 McMahon-Tr. at 185). McMahon and Hammill teased
6 each other at times. (*Id.* at 182-185). Sometimes, Hammill teased McMahon about giving the
7 "Roadtrek line" to Mike Thompson's RV while McMahon tweaked Hammill about Mega's
8 relationship with Pleasure-Way. (*Id.* at 184). Mike Thompson's RV and Pleasure-Way were
9 Mega's and Roadtrek's strongest competitors, respectively. (*Id.*)

10 66. Mega understood that it was important to share accurate financial statements with
11 Roadtrek, GE and Bank of America. (*Id.* at 14:6-11). Mega understood that Mega's financial
12 statements were used by these floor plan lenders to make decisions about whether to extend
13 credit or to continue to extend credit to Mega. (*Id.* at 14:1-5). Despite this, Mega charged
14 expenses to another company owned by McMahon to make Mega's financial statements look
15 better. (8/19/11 Schilperoort-Tr. at 17:4-18:10, 27:2-13).

16 67. On multiple occasions, Mega promised to improve its payment record with
17 Roadtrek. On August 25, 2008, Schilperoort sent Hammill a letter committing to a process to
18 improve payment timing and Schilperoort guaranteed "that from this point forward there will be
19 little or no complaints regarding this issue." (Ex. 622).

20 68. Schilperoort's August 25 promise was broken two weeks later when four
21 additional units were out-of-trust. (Ex. 626).

22 69. By October 30, 2008, McMahon acknowledged the difficulties his dealerships
23 were facing when he told Hammill that McMahon was required to infuse \$2 million into Mega.
24 (Ex. 629). From 2007 to 2009, Mega reduced the number of employees it had from 200 to 100.
25 (8/11/11 McMahon-Tr. at 252).

26 70. By January 2009, Roadtrek was again having problems getting financial
27 statements from Mega. (Ex. 532).

1 75. Roadtrek was not alone in payment issues with Mega. Pleasure-Way stopped
2 sending motorhomes to Mega on the “arm” because of non-payment problems. (9/30/11
3 Mitchell-Tr. at 100:5-23).

4 ***Anaheim Ducks Advertising***

5 76. Mega entered into a sponsorship agreement with the Anaheim Ducks because it
6 was part of Mega’s “overall marketing strategy to brand our dealership throughout Orange
7 County, California.” (8/10 Tr. at 18).

8 77. Mega invited Roadtrek to participate in the Anaheim Ducks program and “co-op”
9 part of the annual fee. (*Id.* at 20).

10 78. Roadtrek paid Mega \$50,000 pursuant to an oral agreement between McMahon
11 and Hammill to support Mega’s advertising program with the Anaheim Ducks. (Ex. 605; 8/10
12 Tr. at 21).

13 79. Although McMahon believed that Roadtrek breached its “obligation” to pay
14 \$50,000 for the 2008 sponsorship year, Mega canceled the sponsorship agreement after the 2007
15 season. (Ex. 773 at ¶ 7). Roadtrek was not obligated to pay Mega anything more for the
16 Anaheim Ducks Program.

17 ***Relationship Continues to Suffer Because of Slow Payments***

18 80. Roadtrek continued to hound Mega for payments on motorhomes in early 2009.
19 Cassidy was primarily responsible for communicating with Mega about this. (Ex. 632). By mid-
20 2009, the payment problems were significant enough that Hammill traveled to Irvine to meet
21 with Mega. (9/23/11 Hammill-Tr. at 1431).

22 81. On May 6, 2009, Mega prepared an invoice to Roadtrek purportedly outlining
23 amounts owed by Roadtrek to Mega. (Ex. 639). This was given to Hammill at a meeting in the
24 Irvine Millhouse. (9/23/11 Hammill-Tr. at 143:6-9). Mega never before prepared such an
25 invoice. (*Id.*) The invoice was incorrect in many respects. First, the invoice purported that
26 Roadtrek owed Mega \$50,000 for the 2007-2008 Anaheim Ducks sponsorship. (Ex. 639).
27 However, McMahon testified that this amount was paid. (8/12/11 Tr. at 169: 4-178:12; Ex. 657).

1 Second, the invoice purports to require payment in the amount of \$140,000 for 2008 holdbacks.
2 (Ex. 639). However, any holdback payment was to be made to McMahon, individually, not
3 Mega. As McMahon testified, the holdback was the way he got paid. (8/10/11 McMahon-Tr. at
4 27-28). In any event, Mega only sold 83 Roadtrek motorhomes in 2008.² (Ex. 709 at McMahon
5 275). So, the most McMahon, not Mega, would be owed for holdback is \$83,000 for 2008.

6 Third, the invoice suggests that \$11,000 was owed for 2009 holdback. However, there was no
7 evidence presented of any holdback agreement between Roadtrek and McMahon for 2009.

8 82. Mega continued to suffer financially in 2009. Mega cut back on show expenses.
9 (Ex. 640; 8/11 Tr. at 28-29). Mega borrowed \$200,000 from Pleasure-Way. (Ex. 687).

10 83. Unbeknownst to Roadtrek, Mega implemented a policy of not paying certain
11 Roadtrek units. This was done at the suggestion of Conrad Plomin, a consultant for Mega.
12 (8/17/11 Plomin-Tr. at 47)..

13 84. Mega's deliberate failure to pay Roadtrek caused Roadtrek significant financial
14 problems. (9/23/11 Hammill-Tr. at 192:15-193:16).

15 85. The parties had another meeting at the Mill House in June 2009. (9/23/11
16 Hammill-Tr. at 183). The parties discussed the devastating effect that Mega's \$1.3 million in
17 out-of-trust units was having on Roadtrek. (9/23/11 Hammill-Tr. at 184-185). Mega promised
18 to become current at this meeting. (9/23/11 Hammill-Tr. at 184-185). However, this did not
19 happen.

20 86. On August 7, 2009, Hammill sent Mega an email stating that Mega's "payment
21 record has disintegrated from 20 days average to 45 days average." (Ex. 644). Hammill made
22 clear that Roadtrek would accept payments on motorhomes within 14 days of sale or the retail
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25 ² During the hearing, McMahon and Schilperoort contended that holdback payments were due
26 upon the shipment of a motorhome by Roadtrek to Mega. (8/10/11 Tr. at 32:11-33:16; 8/16/11
27 Tr. at 153:11-155:7) Hammill testified that it was due upon the retail sale. (9/22/11 Tr. at
146:17-147:6). McMahon's and Schilperoort's interpretation of "holdback" makes no sense.
However, even if their contention is accepted, Mega only accepted delivery of 68 Roadtreks in
2008. (Ex. 765).

1 funding date. (*Id.*) The retail funding date is the date that Mega receives funds from the
2 customer or the customer's bank for the purchase of the motorhome. (9/21/11 Schilperoort-Tr. at
3 102:2-103:2). In other words, it is the date that Mega receives 100% of the funds for the sale,
4 including the cost of the unit and any profit for the dealership. (*Id.*) In the August 7 email,
5 Hammill expressed the urgency in Mega becoming current with its payments. (Ex. 644).

6 87. On August 12, in apparent response to Hammill's August 7 email, Mega's
7 attorney, Michael Sieving ("Sieving"), sent Roadtrek's attorney, Lou Chronowski
8 ("Chronowski"), a letter characterizing the parties' disputes as only involving Roadtrek's failure
9 to pay Mega certain amounts outlined in the letter. (Ex. 645). Similar to the May 2009 invoice
10 (Ex. 639), Sieving's letter noted amounts owed for warranty, holdbacks for 2008 and 2009,
11 incentives, and "additional aged incentives and warranty claims." (Ex. 645). The letter did not
12 mention anything about an alleged amount owing for the Anaheim Ducks sponsorship. The
13 letter also did not include any support for any amounts set forth in the letter. The letter never
14 mentioned the amounts owed by Mega to Roadtrek or Mega's policy of holding back funds from
15 Roadtrek.

16 88. Exhibit 645 also contains amounts that are unsupported by any accounting records
17 of Mega. (8/18/11 Schilperoort-Tr. at 141:20-142:7). Schilperoort had no idea where the
18 \$55,000 amount identified as "Additional Aged Incentives and Warranty Claims" came from.
19 (*Id.* at 142:8-11).

20 89. On September 2, 2009, Sieving sent Chronowski an email. In the email, Sieving,
21 as counsel for Mega, stated "My client just opened a new flooring line, and will put the Roadtrek
22 units on within the next 30 days. The SOTs will be taken care of at that time." (Ex. 651).
23 Despite Sieving's promises, Mega never put all of its Roadtrek units on the flooring line. Mega
24 never took care of the SOTs, or sold out of trusts, because four motorhomes remain out of trust
25 and are not paid.

26 90. On September 3, 2009, Hanemaayer sent Mega an email expressing the urgency
27 of Mega's poor payment record. (Ex. 654 at RMI 6393). Hanemaayer told Mega that

1 “[Roadtrek’s] new financing source and accounts receivable insurer are now well aware of your
2 worsening payment record including your failure to meet your last two commitments to pay for
3 out-of-trusts and stay on time thereafter. We can no longer get insurance and therefore financing
4 for our AR with you (even if you get flooring from BOA). We cannot afford to carry your AR
5 on our own.” Hanemaayer also expressed his interest in “pick[ing] up the remaining Roadtrek
6 stock.” (Ex. 654 at RMI 6393).

7 91. Roadtrek continued its efforts to try to get Mega to timely pay for motorhomes
8 purchased pursuant to the Security Agreement. The parties spent considerable time in phone
9 conferences discussing payments between the parties. (Ex. 657; 8/18/11 Tr. at 59:13-60:13).
10 Mega continued to promise to make prompt payments to Roadtrek, but this never happened.
11 (Exs. 727, 737, 740, 742).

12 92. In late September or early October 2009, Mega hired Conrad Plomin (“Plomin”)
13 to bring financial and accounting discipline to Mega. (8/17/11 Plomin-Tr. at 14, 16-17). Bank
14 of America asked Mega to hire Plomin. (*Id.* at 37:11-12). Plomin investigated Mega and
15 determined that Mega’s “accounting practices needed improvement.” (*Id.* at 23:9).

16 93. As part of Mega’s efforts in late 2009 to improve its financial performance, it
17 hired a full time chief financial officer. (*Id.* at 38:3-8). This was done at the suggestion of Bank
18 of America to upgrade Mega’s financial department. (*Id.* at 38:3-5). Mega was designated by
19 Bank of America as being under a special “watch” status at the time Plomin was hired as a
20 consultant. (*Id.* at 59:14-60:3, 81:11-15).

21 94. Plomin was hired by Mega to help it negotiate increases in its flooring lines. (*Id.*
22 at 100:15-19). To receive increased flooring lines, McMahon was required to invest personal
23 funds into Mega. (*Id.* at 104:4-11).

24 95. McMahon infused \$7 million into Mega in 2009. (*Id.* at 105:23-25).

25 96. Indeed, at about this same time, Mega and its consultant, Plomin, decided to not
26 pay Roadtrek for certain motorhomes because of their purported concern that Roadtrek would
27 file bankruptcy. (8/17/11 Plomin-Tr. at 46:21-47:25; 8/19/11 Tr., at 92:4-92:19). Plomin

1 advised Mega “that until [it] was able to reach a satisfactory agreement with Roadtrek, that [it]
2 not pay them the money that was purportedly owed to them, and encouraged [it] to attempt to
3 reach an agreement.” (8/17/11 Plomin-Tr. at 47:3-7). Plomin conducted no analysis of
4 Roadtrek’s finances before giving this advice. (*Id.* at 47:14-15). Plomin never analyzed, or
5 asked anyone to analyze, the amounts owed between Roadtrek and Mega. (*Id.* at 61:19-22).
6 Plomin never reviewed any documents to substantiate the amounts owed between Roadtrek and
7 Mega. (*Id.* at 61:23-62:1). Plomin never reviewed any agreements between Roadtrek and Mega.
8 (*Id.* at 63:25-64:2).

9 97. Bank of America and GE require prompt payment for motorhomes under their
10 security agreements with Mega. (*Id.* at 64:14-17). Bank of America and GE require financial
11 statements from Mega pursuant to their security agreements. (*Id.* at 64:20-24). Both of these
12 requirements are reasonable in the RV industry. (*Id.* at 64:18-19, 64:25-65:1).

13 98. Bank of America and GE expressed concern about the financial condition of
14 Mega in 2009. (*Id.* at 65:2-5).

15 99. In late 2009, RV dealers were experiencing financial problems and Roadtrek had
16 reason to be concerned about Mega’s financial condition. (*Id.* at 68:16-69-1).

17 100. There is, of course, no legal justification for Mega’s policy of not paying
18 Roadtrek and its violation of Mega’s agreements with Roadtrek. Mega did not inform Roadtrek
19 that it was implementing this policy. (11/14/11 Tr., at 91:1-91:11). Moreover, Mega continued
20 to tell Roadtrek that it would catch up in payments, but it had no plan to do so based on the
21 policy it implemented with Plomin. (Exs. 727, 737, 740, 742).

22 101. On September 8, 2009, Hanemaayer sent Mega an email outlining discussions and
23 “next steps” that the parties agreed to regarding Mega paying Roadtrek for past due motorhomes.
24 (Ex. 654). Hanemaayer asked Mega to let him know if any of the “understandings” were
25 different than what they agreed. Mega agreed to clear floor plan space for Roadtrek units. (Ex.
26 654). Roadtrek agreed to find other dealers to buy some of Mega’s inventory. Mega also agreed

27
28

1 to “explain its payment record” to Roadtrek’s accounts receivable insurer and “to convince them
2 that [Mega] is a good credit risk.” (Ex. 654 at RMI 6389).

3 102. On September 9, 2009, McMahon wrote Roadtrek a letter acknowledging that
4 Roadtrek was concerned about Mega’s delay in payment. (Ex. 655). In the letter, McMahon
5 committed to send payment to Roadtrek within 3 days after receipt of payment for a cash sale,
6 and 3 days after retail funding for a financed deal. (*Id.*) Again, McMahon committed to pay all
7 past due amounts within 3 weeks. (*Id.*) (emphasis added). Again, McMahon never mentioned
8 Mega’s policy of not paying for all Roadtrek motorhomes.

9 103. On September 18, 2009, McMahon provided the explanation to Roadtrek’s
10 accounts receivable insurer that was promised in earlier discussions. (Exs. 654, 658). In the
11 letter, McMahon explained that “[Mega has] over the last 30-days incorporated new procedures
12 that have brought our accounting system up to and above industry standards processing
13 transactions and payoff. These procedures were first implemented and have been proven to be
14 extremely successful with GE Commercial Finance and Bank of America . . . We are now
15 incorporating those same procedures with regards to Roadtrek Motor Homes [sic].” (Ex. 658).
16 Then, paradoxically, McMahon says that Mega delayed unit payments to Roadtrek were the
17 result of a “disagreement between both parties in regards to outstanding receivables . . . We
18 delayed payment to Roadtrek to protect our interest.” (Ex. 658).

19 104. Mega withheld payment from Roadtrek upon the advice of its financial
20 consultant, Conrad Plomin, so that Mega had leverage with Roadtrek. (8/11/11 McMahon-Tr. at
21 139).

22 105. Roadtrek informed Mega in September that it would no longer provide floor plan
23 financing to Mega. (Ex. 654). Pursuant to the Dealer Agreements, Mega was required to
24 maintain sufficient floor plan financing to stock the minimum number of Roadtreks required
25 under the Dealer Agreements. (Exs. 600 and 604, § 330). Although Mega claims that it had full
26 control over its floor plan financing and that it could have taken on Roadtrek units at any time,
27 Mega did not floor plan with GE or Bank of America a sufficient number of Roadtreks. (8/16/11

1 McMahan-Tr. at 106:3-109:12). As John Print noted, there is a difference between being
2 allowed to floor plan a unit and having credit to do so. (Print Dep. at 17:9-18:23).

3 ***Advertising Co-op***

4 106. Roadtrek offered an advertising co-op policy to its dealers. (Ex. 515). The co-op
5 policy provided a way for dealers to recover part of its local advertising expense for Roadtrek
6 motorhomes. (*Id.*) Roadtrek programs allowed each dealer \$200 per motorhome sold. (*Id.*)
7 Roadtrek's co-op advertising program was discussed with McMahan and Schilperoort at the
8 March 2008 meeting in Kitchener. (8/18/11 Schilperoort-Tr. at 176:1-3).

9 107. Roadtrek issued two \$100 coupons for each unit sold to a dealer. (*Id.* at RMI
10 11918). Roadtrek's program required Mega to submit an application and supporting documents
11 for reimbursement. (8/18/11 Schilperoort-Tr. at 44:25-45; Ex. 515 at RMI 11918). Schilperoort
12 asked Jennifer Fresh to submit advertising co-op applications to Roadtrek. (8/18/11
13 Schilperoort-Tr. at 89:11-17). Interestingly, Fresh testified that she never had anything to do
14 with advertising co-op applications at Mega, just warranty claim submissions. (1/9/12 Fresh-Tr.
15 at 9:15-23, 65:16-18). In any event, no applications were ever submitted. (8/18/11 Schilperoort-
16 Tr. at 89:11-17).

17 108. Mega never complied with Roadtrek's program requirements and never submitted
18 any application for advertising co-op reimbursement. (8/18/11 Schilperoort-Tr. at 51:20-52:8).

19 109. In an effort to get Mega to pay Roadtrek on a more timely basis and resolve
20 pending disputes, Roadtrek attempted to reach an agreement with Mega, as part of a global
21 settlement, to pay Mega for certain advertising co-op claims for prior years even though
22 Roadtrek was not obligated to do so pursuant to its policy. (8/18/11 Schilperoort-Tr. at 51:20-
23 52:8, 63:8-12). In order to pay these co-op claims, Roadtrek required documentation, which
24 Mega agreed to provide. (Ex. 661). Schilperoort understood that Mega needed to provide
25 support in order to receive any reimbursement from Roadtrek for past advertising co-op.
26 (8/18/11 Schilperoort-Tr. at 96:1-6). Schilperoort testified that a September 2009 letter sent
27 from him to Roadtrek, never produced in discovery or shown at the hearing, contained such
28

1 support. (*Id.* at 96:7-8). Paradoxically, Schilperoort also testified that the September 2009 letter
2 contained no such support. (*Id.* at 93:18-20).

3 ***The Repossession of Roadtrek Inventory After Pomona RVIA Show***

4 110. At the beginning of the Pomona RVIA Show in October 2009, Hammill met with
5 McMahan and Hammill told him that they needed to discuss payments for unpaid motorhomes.
6 (11/7/11 Hammill-Tr. at 127:7-127:19). McMahan told Hammill to work with Schilperoort and
7 Lankford because he needed to focus on show sales. (11/7/11 Hammill-Tr. at 127:7-127:19).
8 Hammill then met with Schilperoort and Lankford and told him that if an agreement regarding
9 payment was not reached, Roadtrek would repossess Mega's Roadtrek inventory at the end of
10 the show. (11/7/11 Hammill-Tr. at 129:12-130:1; 11/18/11 Lankford-Tr. at 104:6-104:25).

11 111. Mega will undoubtedly make much of its claim that McMahan did not know
12 about the repossession before it happened. However, this is incredible given the unquestioned
13 notice given to at least Schilperoort and Lankford. But, most importantly, Roadtrek was not
14 required to give Mega notice. Section 14 of the Security Agreement provides that Roadtrek may
15 repossess the inventory without notice after a default by Mega. (Ex. 614 at § 14). Mega
16 defaulted under Section 13(a) of the Security Agreement for failing to pay for units when due.

17 112. Section 330 of the Dealer Agreement requires Mega to "at all times maintain and
18 employ in connection with his dealership operations, separately from any other business of
19 Dealer, such total investment, net working capital, adequate lines of wholesale credit and
20 competitive retail financing plans for Roadtreks, that will enable Dealer to fulfill his
21 responsibilities under this agreement." (Exs. 600 at §330, 604 at §330).

22 113. Numerous times during the hearing, Mega representatives insisted that Mega had
23 sufficient flooring with GE Capital to meet the requirements of its Dealer Agreements. (*See e.g.*,
24 8/16/11 McMahan-Tr. at 111, 112). However, Barbara Andino of GE testified during her
25 deposition that when Mega tried to floor pre-sold Roadtrek units through GE in November of
26 2009, Mega was already nearing or near above its \$10 million flooring limit. (Andino Dep. at
27 36:1-37:5). Andino also testified that, at the time Mega requested funding from GE, it was out-

1 of-trust on units funded under its GE floor planning line and could not fund any additional units
2 until it remitted payment to GE. (Andino Dep. at 68:3-69:16). Andino testified that Mega's
3 practice of holding units out-of-trust was "more frequent" than other dealers. (Andino Dep. at
4 77:17-77:24).

5 114. Because of the financial uncertainty surrounding Mega in October 2009, Mitchell
6 took a Pleasure-Way RV unit to Mike Thompson's RV at the request of Phil Martinelli. (9/30/11
7 Mitchell-Tr. at 102:2-103:14).

8 115. With respect to Bank of America, Mega contended that Bank of America refused
9 to floor Roadtrek units. (Ex. 630; 8/10/11 McMahon-Tr. at 212:14-217:3). However, Bank of
10 America financed between 150-175 units for other Roadtrek dealers in 2009. (Ex. 630; 1/18/12
11 Cassidy-Tr. at 104:12-104:24).

12 ***December 2009 Attempt at Settlement***

13 116. On November 24, 2009, prior to the 2009 RVIA Show in Louisville, Schilperoort
14 sent Roadtrek an email informing Roadtrek that Mega was still trying to floor certain Roadtrek
15 units with GE. (Ex. 663).

16 117. On November 26, 2009, Roadtrek responded to Schilperoort's November 24
17 email. (Ex. 664). In that email, Roadtrek discussed the matters that the parties needed to resolve
18 before Roadtrek could begin shipping units to Mega. They included: paying for the four out-of-
19 trust units; committing to a stocking level for each location; and the resolution of other matters.

20 118. At the December 2009 RVIA Show in Louisville, the parties met at dinner and
21 discussed a framework to settle all of their disputes. After the dinner meeting on December 1,
22 Hanemaayer and Mike Lankford ("Lankford") were assigned to hammer out the details and
23 create a written settlement agreement. (11/14/11 Hanemaayer-Tr. at 91:12-93:2).

24 119. On December 3, 2009, Hanemaayer sent a draft settlement agreement to Mega.
25 (Ex. 668). The settlement agreement reflected agreements reached at the December 1 dinner
26 meeting and other matters discussed between Hanemaayer and Lankford on December 2. At the
27 December 1 meeting, the parties agreed to the following:

- 1 a. Mega to pay Roadtrek for the four out-of-trust units, an amount totaling
2 approximately \$294,000;
- 3 b. Mega to stock 39 Roadtrek motorhomes at its locations;
- 4 c. Mega to secure floor plan financing for all units in stock;
- 5 d. Roadtrek to accept orders from Mega as soon as Mega paid for the four
6 out-of-trust units and the \$35,000 in unpaid interest from the agreement
7 reached in March 2008 and deliver the units as soon as they were
8 approved for by GE;
- 9 e. Roadtrek to credit Mega in the amount of \$162,000 for co-op and show
10 assistance; and
- 11 f. Mega to pay Roadtrek an additional \$93,000 to Roadtrek by allowing
12 Roadtrek to apply future accounts payable amounts for incentives,
13 warranty, interest reimbursements, advertising and show co-op.

14 (Ex. 668 at RMI 9070)³.

15 120. Between December 4 and 11, the parties exchanged additional versions of the
16 settlement agreement. (Exs. 27, 421, 668, 672). The above terms never changed. Hanemaayer
17 and Lankford worked on the language for the settlement agreement. Roadtrek informed Mega
18 throughout the settlement discussions that concluding the settlement agreement was an urgent
19 matter. (Ex. 674; 11/14/11 Hanemaayer-Tr. at 121:13-122:6).

20 121. On December 3, Lankford announced to Jim Eberhardt (“Eberhardt”), Mega’s
21 salesperson at Scotts Valley, that Mega and Roadtrek “agreed in principle to move forward . . .
22 Nothing but great news with an inventory budget of 11 for Scots [sic] Valley.” (Ex. 670).

23 122. By December 7, the parties’ settlement agreement was nearly final, or so
24 Roadtrek thought. (11/14/11 Hanemaayer-Tr. at 111:17-22, Ex. 27-4). Lankford told
25 Hanemaayer that McMahon was fine with these terms. (*Id.*) Nonetheless, Mega continued to
26 raise other issues. (Ex. 674).

27 123. Ultimately, Mega refused to sign the settlement agreement and Roadtrek
28 demanded adequate assurances from Mega, discussed below.

³ After netting the amounts owed to each party in Exhibit 27-7, Mega owed a net \$260,000 to Roadtrek. (Ex. 27-7).

1 ***Demand for Adequate Assurances***

2 124. On December 15, 2009, Roadtrek demanded adequate assurances from Mega
3 pursuant to the California Uniform Commercial Code. (Ex. 676 at RMI 6291). Roadtrek
4 identified adequate assurances that must be provided before Roadtrek sent Mega any more
5 motorhomes or parts. (*Id.*)

6 125. McMahon’s response to Roadtrek’s demand for adequate assurance was: “Good
7 luck.” (Ex. 674). Mega did not respond to Roadtrek’s demand for adequate assurances in any
8 other way.

9 126. Pursuant to Cal. U. Comm. Code § 2-609(1), Mega repudiated its agreements with
10 Roadtrek as of January 15, 2010.

11 127. On December 16, Schilperoort sent a letter to Roadtrek stating that “[t]his letter is
12 to inform you that all settlement negotiations between Roadtrek Motorhomes, Inc. and
13 McMahon’s RV have been terminated.” (Ex. 677).

14 ***Appointment of Mike Thompson’s RV***

15 128. On January 29, 2010, Roadtrek entered into a dealer agreement with Mike
16 Thompson’s RV. (Ex. 685).

17 129. McMahon characterized Southern California as the “premier market in the
18 country.” (8/12/11 McMahon-Tr. at 229:3-229:5). Yet, it is undisputed that, in the past two
19 years, Mega has not sold enough Roadtreks in Southern California to maintain a presence in that
20 market. In 2009, Mega sold only 49 Roadtreks from its Colton and Irvine locations, combined.
21 (Ex. 508). As Hanemaayer testified regarding the urgency of the parties’ December, 2009
22 settlement discussions, “Southern California is a huge market to us and [Mega’s lack of sales]
23 was really hurting Roadtrek financially.” (11/7/11 Tr. at 197:9-197:18).

24 130. To be in good standing under the Colton/Irvine Agreement, Mega was required to
25 stock a minimum of 22 Roadtrek motorhomes at each of its locations, for a total of 44 Roadtrek
26 units. Mega consistently failed to meet that requirement from November of 2008 to December
27 of 2009. (Exs. 506, 600 at § 109).

28

1 (Exs. 382, 385, 497, 516). Mega's policy was to get each customer to sign each CCB. (8/19/11
2 Schilperoort-Tr. at 60:14-61:3).

3 137. Mega understood that it was not typical for Roadtrek to pay incentives directly to
4 a customer. (8/19/11 Schilperoort-Tr. at 64:1-5). Schilperoort was not aware of any situation
5 where Roadtrek paid an incentive to a customer. (*Id.* at 64:6-10).

6 ***Warranty Claims***

7 138. Mega alleges that Roadtrek did not pay it \$58,522.10 in warranty claims. In
8 support of its claims, Mega submitted an exhibit. (Ex. 708).

9 139. Mega's evidence in support of its warranty claims are unreliable and fails to
10 support Mega's claims. For example, Exhibit 708 identifies a claim with Roadtrek Control No.
11 20978 in the amount of \$357.96. (Ex. 708 at RMI 10725; 8/18/11 Schilperoort-Tr. at 113).
12 However, Mega's records also show that the vast majority of this claim should have been
13 written-off pursuant to a discussion that Fresh had with Mega's Dave Barry. (Ex. 697 at
14 McMahan 72; 8/18/11 Schilperoort-Tr. at 113).

15 140. A number of purported warranty claims were not warranty claims, but instead,
16 recall claims. (Ex. 697 at McMahan 73-77). Recall claims are not covered by VC §3075.
17 Further, Roadtrek processes recall claims differently than warranty claims. (11/29/11 Deakins-
18 Tr. at 115:15-116:8).

19 141. Mega did not produce or enter as evidence any of the claim files that support
20 Mega's warranty claims to Roadtrek. (8/18/12 Schilperoort-Tr. at 112:22-113:2). Indeed, Mega
21 never entered any supporting records of its warranty claims. However, Schilperoort admitted
22 that Fresh's claim files were necessary to determine the exact status of each warranty claim. (*Id.*
23 at 117:4-12).

24 ***Mega's Bad Faith Conduct***

25 142. McMahan encouraged Mitchell to use "constant anti-Roadtrek propaganda" in his
26 sales efforts in early 2010. (9/30/11 Mitchell-Tr. at 120:13-121:7, Ex. 687 at RMI 9117).

1 leads. And legally, contractually, the leads are ours in the dealer agreement, and we say that, and
2 the dealer signs off on that when they sign the dealer agreement. They're not allowed to take our
3 leads to other products. We invested a lot of money to generate these leads." (9/22/11 Hammill-
4 Tr. at 124:4-124:13).

5 151. Before every recreational vehicle show, Roadtrek conducts email marketing
6 campaigns in which it reminds its leads that one of its dealers will have a booth and will be
7 selling its products onsite. (9/22/11 Hammill-Tr. at 130:19-131: 2).

8 152. Since as early as 2005, Mega has used leads developed and maintained by
9 Roadtrek to sell Pleasure-Way vehicles. (9/22/11 Hammill-Tr. at 110:8-110:24). When asked
10 why Mega engaged in this practice, Marshall Maresh, Sales Manager for Mega, testified
11 "[b]ecause I have 20 [Pleasure-Way's] on my lot as well and they're just as pretty." (1/12/12
12 Maresh-Tr. at 22:24-23:6).

13 ***Mega Closes Irvine Dealership Location***

14 153. There is no dispute that Mega's Irvine location was its flagship location. This is
15 the location where it received all Roadtrek motorhomes for Southern California, and distributed
16 them to Colton as necessary. (8/18/11 Hammill-Tr. at 87:9-88:10). Mega's Irvine location was
17 at "Traveland." (8/10/11 Hammill-Tr. 203:22-203:24). Traveland was a multi-dealer RV park.
18 Mega's lease for the Irvine location ended on March 31, 2012. (4/26/12 Schilperoort-Tr. at 31:1-
19 3).

20 154. On March 5, 2012, Mega opened a new location in Southern California. (*Id.* at
21 31:7-12). The new location in Westminster is 19 miles from Irvine. (Roadtrek Reply at Ex. A).
22 It is undisputed that Mega does not have a Roadtrek dealership agreement for Westminster.
23 There is no reference in Exhibit 600 to the Westminster location.

24 155. The lease for the Westminster location is a lease for only one year. (Ex. 539 at §
25 1.5). Mega has an option after the first year to extend the lease for 14 years. (*Id.*) Mega also
26 has the option to terminate the lease prior to the end of the first year. (4/26/12 Schilperoort-Tr. at
27 38:10-13). Mega has not decided whether or not it will terminate the lease before the end of the

1 first year or whether it will extend the lease for 14 years after the end of the first year. (*Id.* at
2 74:13-20).

3
4
5
6 Respectfully submitted,
7 ROADTREK MOTORHOMES, INC.

8 
9 _____
One of Its Attorneys

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EXHIBIT A



Notes

Trip to:

5400 Garden Grove Blvd

Westminster, CA 92683-1801

19.32 miles / 22 minutes



6441 Burt Rd, Irvine, CA 92618-0901



1. Start out going **southeast** on **Burt Rd** toward **Sand Canyon Ave.** [Map](#)

0.08 Mi

0.08 Mi Total



2. Take the 1st **right** onto **Sand Canyon Ave.** [Map](#)

1.6 Mi

1.6 Mi Total



3. Merge onto **I-405 N.** [Map](#)

17.4 Mi

19.0 Mi Total



4. Take the **CA-22 E** exit, **EXIT 21**, toward **Valley View St.** [Map](#)

0.3 Mi

19.3 Mi Total



5. Turn **right** onto **Garden Grove Blvd.** [Map](#)

0.03 Mi

19.3 Mi Total



6. **5400 GARDEN GROVE BLVD** is on the **right.** [Map](#)



5400 Garden Grove Blvd, Westminster, CA 92683-1801

Total Travel Estimate: 19.32 miles - about 22 minutes



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