

1 Kent Steffes
2 366 N. Skyewiay Rd
3 Los Angeles, Ca. 90049
4 310 991-5368 ph
5 310 388-4658 fax
6 info3@kentsteffes.com

7
8 In Pro Per for Protestant McConnell Chevrolet Buick, Inc.

9 STATE OF CALIFORNIA
10 NEW MOTOR VEHICLE BOARD

11 In the Matter of the Protest of
12 MCCONNELL CHEVROLET BUICK, INC.

13 Protestant,

14 v.

15 GENERAL MOTORS, LLC,

16 Respondent.

Protest No. PR-2382-14 and PR-23-83-14

**PROTESTANT'S OPPOSITION TO
RESPONDENT'S MOTION TO
DISMISS FOR LACK OF
JURISDICTION**

Hearing Date: March 17, 2014
Hearing Time: 10:00 a.m.

17
18
19 Protestant MCCONNELL CHEVROLET BUICK, INC. ("Protestant" or
20 "McConnell Chevrolet") hereby files its Opposition to the Motion to
21 Dismiss for Lack of Jurisdiction and an Award of Sanctions filed by
22 respondent GENERAL MOTORS, LLC ("Respondent" or "GM") as follows:

23 **LACK OF JURISDICTION**

24 **INTRODUCTION AND BACKGROUND**

25 Contrary to GM's assertions, the Board clearly has jurisdiction
26 to hear these Protests pursuant to Vehicle Code Section 3050. GM's
27 claim that the Board lacks jurisdiction to hear these Protests is
28 improper, as further detailed below.

ARGUMENT

PROTESTANT'S OPPOSITION TO RESPONDENT'S MOTION TO DISMISS FOR LACK OF
JURISDICTION

1 1. The Board has Jurisdiction to consider these Protests. GM's
2 motion purports to be one to dismiss for lack of Board jurisdiction.
3 The Vehicle Code clearly provides the Board with jurisdiction to hear
4 termination Protests. V.C. Section 3060 entitles McConnell Chevrolet
5 to file Protests to prevent its termination and V.C. Section 3066
6 entitles it to a merits hearing on such Protests.

7 2. The Board as an administrative agency, has the power to
8 determine its own jurisdiction. Thus, the Board may decide it has
9 jurisdiction here.

10 CONCLUSION

11 The Board has jurisdiction over these Protests pursuant to V.C.
12 Section 3050 and GM's motion to dismiss for lack of jurisdiction must
13 be denied.

14 AWARD OF SANCTIONS

15 This request for sanctions by the Respondent is completely
16 without merit. Respondent offers no proof that Protestant or Kent
17 Steffes acted in bad faith and claims without the knowledge of
18 discovery, depositions or even testimony that our Protest has no
19 merit.

20 Page 5 of Respondent's Motion to Dismiss starting with line 1
21 states "Thus, contrary to his flagrant misrepresentation in the New
22 Protest, Mr. Steffes cannot dispute that it... does not have any
23 [italics in the original], let alone 'adequate,' 'motor vehicle sales
24 and service facilities, equipment, vehicle parts and qualified
25 service personnel.'" Protestant most certainly can dispute that.
26 Protestant has two people who have decades of experience as Dealer
27 Operators for Chevrolet and a Parts and Service Manager with 17 years
28 experience in the wings. We not only have one facility but two
facilities. The original facility at 1646 Hwy 99E has all the

1 business equipment, personal property and parts and accessories
2 stored at it. There are 5-five gallon drums of oil, brand new
3 pencils and pens and the DMV slips. Turn on the lights and you could
4 sell cars today. The other facility at 1722 Hwy 99E Protestant has
5 had on lease-option and assumes would be "adequate" as GM approved
6 its use as a motor vehicle sales and service facility on March 23,
7 2013 (see Attachment A)

8 CONCLUSION

9 The Board should dismiss Respondents request for sanctions.

10 GENERAL STATEMENT

11 1. Protestant believes that we have adequately addressed the
12 issue of jurisdiction and that we will prevail. However given the
13 nature of Respondent's Motion and the arguments made, we feel it
14 necessary to offer a brief statement in order to give the Board a
15 fuller understanding of the issues.

16 2. Respondent unreasonably withheld approval for a change of
17 ownership for Protestant. Respondent even went so far as to inject
18 themselves into what at the time was a minor shareholder dispute
19 going so far as to determine a remedy for that dispute (and a remedy
20 that was patently unworkable). This egregious interference in the
21 corporation's internal affairs was the proximate cause of the failure
22 of the Dealership and the destruction of corporate value. Respondent
23 after having caused this havoc, began termination proceedings under
24 Veh. Code §3060(a)(1)(B)(v). Protestant believes that notice of the
25 termination was improperly delivered or not delivered at all and
26 Protestant will argue that the proceedings should rightly proceed
27 under Veh. Code § 3060(a)(1)(B)(i). Protestant twice more brought
28 qualified Dealer Operator candidates to Respondent and was twice

1 unreasonably rejected. After having exhausted all reasonable methods
2 to work with Respondent we were forced to file this Protest.
3 Protestant is not unaware of the previously filed Protest but
4 believes it was highly problematic. The supposed counsel for that
5 Protestant had a laughably inexcusable conflict of interest which in
6 any other profession would have precluded him from participating. In
7 order to successfully protest the termination counsel would have had
8 to show that a concurrent and continuing personal client of his was
9 involved in fraud.

10 3. In the Fall of 2011 the sole shareholder of McConnell
11 Chevrolet, Mr. Mike McConnell sold 25% of the stock of the
12 corporation to Mr. Terry Libbon ("Libbon") pursuant to an oral
13 agreement. While there was never a signed purchase/sale agreement
14 between Mr. McConnell and Libbon, there exist parole evidence in the
15 form of emails, handwritten notes (in the hand of Mr. McConnell) and
16 subsequent Purchase/Sale agreements (unsigned) that all evince that
17 some form of sale of stock occurred.

18 4. On November 12, 2012 Mr. McConnell agreed to sell 90% of the
19 stock of McConnell Chevrolet to Mr. Billy L. Marker Jr. ("Marker")
20 for the sum of \$349,999 (See **Stock Purchase Agreement of McConnell**
21 **Chevrolet Buick, Inc.** Attachment B). Mr. McConnell retained 10% of
22 the outstanding stock subject to an option (held by Marker) to
23 purchase those shares for \$1 (this would later be amended to a sale
24 of 85% of the stock with 15% retained by Mike McConnell subject to
25 the same option to purchase of \$1).

26 5. On December 22, 2012 Messrs. McConnell and Marker signed
27 **OPERATIONAL AGREEMENT BETWEEN MICHAEL McCONNELL AND BILLY MARKER, JR.**
28 (see Attachment C) transferring "OPERATIONAL and FINANCIAL control,

1 authority and responsibilities" to Marker and included an **OPTION**
2 **AGREEMENT BETWEEN MICHAEL MCCONNELL and BILLY MARKER, JR.**

3 6. On January 14, 2013 Mike McConnell as the sole owner,
4 Director, and Officer transferred 137,500 shares of McConnell
5 Chevrolet stock to Marker (55%), 75,000 shares of McConnell Chevrolet
6 stock to Kent Steffes (30%), and retained 37,500 shares for himself
7 (15%). He also removed himself as an Officer and Director and
8 appointed new Officers and Directors as approved in the signed
9 **MINUTES OF THE SPECIAL MEETING DIRECTOR/PRESIDENT/SECRETARY/TREASURER**
10 **OF MCCONNELL CHEVROLET, BUICK, INC.** (See Attachment D).

11 7. On January 16, 2013 Messrs. Marker and McConnell signed
12 **AMENDMENT TO STOCK PURCHASE AGREEMENT** (see Attachment E). As of
13 January 16, 2013 Mr. McConnell was no longer an officer or a Director
14 of McConnell Chevrolet and his economic interest was only a 15% share
15 of the corporation's stock subject to an option to purchase of \$1.

16 8. GM was informed of the transfer of ownership and control. A
17 Dealer Operator Change Request was initiated under CR#56434. Mr.
18 Marker and Kent Steffes prepared various documents and a GM
19 Application in coordination with request received from Ms. Angela
20 Helt, *Sr. Contract Manager/Consultant, Channel Vantage, Inc. Onsite*
21 *at General Motors.*

22 9. On April 10, 2013 in a letter to Mike McConnell, GM denied
23 Protestant's Change Request stating "during its review of the
24 Proposal, GM has received information from Mr. Terry Libbon
25 ("Libbon") and his attorney, representing that Libbon is currently a
26 25% owner of the Dealer Company and that Libbon's current
27 negotiations with Dealer Company to buy him out are incomplete.
28 Based on the foregoing, it appears that GM does not have the true and
accurate shareholder information necessary to evaluate and process

1 the Proposal under Article 12.2 of the Dealer Agreement and therefore
2 does not approve the Proposal." (See Attachment F). The denial of
3 the Change Request was unreasonable by GM. Furthermore GM's
4 insertion of a solution to Dealer Company's shareholder issue, to
5 wit, that Libbon's "buy out is incomplete" was unreasonable and
6 egregious. A simpler solution would have been to just recognize
7 Libbon's 25% interest.

8 10. After April 10, 2013, Mr. Michael Stinson, *Zone Manager*
9 *General Motors LLC.*, and other GM representatives, in violation of
10 the **Dealer Sales & Services Agreement** between GM and McConnell
11 Chevrolet, stated that GM would only "deal" with the Dealer Operator
12 Michael McConnell instead of the authorized Officers and Directors of
13 the Dealer Company. The **Dealer Sales & Services Agreement** in article
14 2 states clearly that "Although this Agreement is entered into in
15 reliance on the personal services of the Dealer Operator, the Dealer
16 entity specified in this Agreement is the only party to this
17 Agreement with General Motors." General Motors confirmed this
18 position of theirs in the letter sent to the company on March 26,
19 2013 (see Attachment A Point 17) in which it was stated "Although
20 this Letter Agreement is entered into in reliance upon the personal
21 services, business experience and financial qualifications of the
22 Dealer Operator, Dealer Company is the only party to the Dealer
23 Agreements with GM."

24 11. GM's failure to abide by the **Dealer Sales & Services**
25 **Agreement** Article 2 and the uncertainty caused by the egregious
26 intrusion of GM into the McConnell Chevrolet's minor stockholder
27 dispute was the direct cause of the financial crisis experienced by
28 McConnell Chevrolet.

1 12. In the Summer of 2013 GM filed a notice of termination
2 under Vehicle Code §3060(a)(1)(B)(v). Protestant will offer proofs
3 and testimony that statutory notice was not properly served on
4 Protestant. Protestant will argue that GM improperly filed notice
5 under Vehicle Code §3060(a)(1)(B)(v) when they should have filed
6 notice under Vehicle Code § 3060(a)(1)(B)(i). It is improper that
7 GM's failure to perform under the **Dealer Sales & Services Agreement**
8 that directly led to the financial crisis at Protestant would allow
9 them to terminate the franchise agreement on the basis of the
10 financial state of Protestant which GM had caused.

11 13. Protestant then twice brought qualified candidates to GM
12 (including Mr. Libbon who was the subject of the denied first
13 proposed Change in Ownership) and was twice unreasonably denied the
14 opportunity to propose a change in the Dealer Operator. Protestant
15 attempted numerous times to resolve this issue with GM, including
16 requesting mediation under Article 16 of the **Dealer Sales & Services**
17 **Agreement** and was denied (see Attachment G). On January 17, 2014
18 Protestant received a letter from Mr. Oxford (see Attachment H) that
19 stated that Protestant's Dealer Agreements had been terminated.
20 Although improperly noticed, in order to protect our rights,
21 Protestant filed a timely Protest on February 14, 2014.

22 14. Protestant in not unaware of Protest Nos. PR-2369-13 and
23 PR-2370-13 however, Respondent's assertion that we were "fully aware"
24 would have the Board believe that Respondent can read Protestant's
25 mind. We look forward to their proofs. Exhibit A to RESPONDENT'S
26 MOTION TO CONSOLIDATE AND DISMISS PROTESTS FOR LACK OF JURISDICTION,
27 AND FOR AN AWARD OF SANCTIONS on page 2 of the PROPOSED DECISION,
28 point 8 (lines 11-13), contains the most extraordinary statement that
"Protestant McConnell Chevrolet Buick, Inc. (herein "McConnell" or

1 "Protestant" [of Protest PR-2368-13 and PR-2370-13 and not Protest
2 PR-2382-14 and PR2383-14]) is a Chevrolet and Buick dealership
3 located at 1646 Highway 99E, Gridley, California. It is a California
4 corporation **owned by Michael A. McConnell** ⁴" [Emphasis Added].
5 Protestant (this Protest) knows of no California corporate form where
6 the owner is an individual. Under California Corporations Code,
7 California corporations are owned by their shareholders (or
8 stockholders). So either the corporation "owned" by Michael A.
9 McConnell is a separate entity than the corporation here at Protest
10 or the PROPOSED DECISION displays an utter ignorance of California
11 Corporate Law. This fact alone is so prejudicial to Protestant as to
12 demand that the Board "start over" in the words of Mr. Oxford.
13 McConnell Chevrolet is a California corporation owned by its
14 shareholders and contrary to the assertion in the footnote to Page 2
15 PROPOSED DECISION of the Attachment A to RESPONDENT'S MOTION TO
16 CONSOLIDATE AND DISMISS PROTESTS FOR LACK OF JURISDICTION, AND FOR AN
17 AWARD OF SANCTIONS which states "Note discussion on the record
18 regarding the disputed corporate ownership of protestant", the
19 ownership is not in dispute. Again the corporation is owned by its
20 shareholders and while there is dispute surrounding percentage shares
21 owned, that dispute is moot as California Corporation Code Section
22 5210 is clear that corporations are not controlled by their
23 shareholders or their "owners" but by their Board of Directors. Mr.
24 McConnell is not a member of the Board of Directors of McConnell
25 Chevrolet (see again Attachment D) and so had no standing.

25 15. Mr. Carter claimed to be Counsel for McConnell Chevrolet.
26 Protestant has reason to believe that Mr. Carter is also counsel for
27 Mike McConnell, Mary Mooney McConnell and Ms. McConnell's business,
28 Mooney Farms. McConnell Chevrolet has certain causes of action

1 against Mike McConnell, Mary Mooney McConnell and Mooney Farms that
2 they will proceed with in due time. A proper defense of McConnell
3 Chevrolet to GM's notice to terminate would require Mr. Carter to
4 provide evidence and testimony that would be detrimental to his other
5 clients. He would also need to determine on his own which evidence
6 he was aware may or may not be covered by Attorney Client privilege
7 with his "other clients". In addition Mr. McConnell having at best a
8 15% stock ownership of McConnell Chevrolet and that interest subject
9 to an option to purchase of \$1 had no real interest at stake in the
10 Protest. In fact Mr. McConnell and Mr. Carter personally benefited
11 from the speedy termination of the dealership. This conflict is so
12 prejudicial against Protestant as to again demand a "start over" of
13 the Protest. Justice and common sense demand that the parties in
14 dispute have conflicting goals and wish for conflicting outcomes.

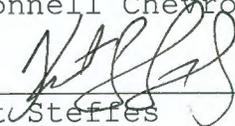
15 15. Respondent makes much of when and if Protestant should or
16 should not have entered into this process. Irrespective of
17 Respondent's assertions, Protestant is here now before the New Motor
18 Vehicle Board and is prepared to proceed as the true party at
19 interest with the goal of challenging GM's termination and continuing
20 to provide Chevrolet and Buick Sales and Service to the customers of
21 Gridley, California.

22 **CONCLUSION**

23 Protestant Prays that the New Motor Vehicle Board will deny
24 Respondent's Motion.

25 Dated: March 12, 2014

26 Kent Steffes
27 President and Chairman of the Board
28 McConnell Chevrolet Buick, Inc.

By: 
Kent Steffes
In Pro Per for Protestant

McConnell Chevrolet Buick, Inc.

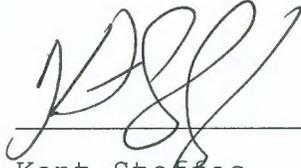
Declaration of Kent Steffes

I, Kent Steffes, hereby declare as follows:

1. I am an officer and director of McConnell Chevrolet Buick, Inc. I am appearing In Pro Per for Protestant in this matter. All facts stated in this declaration are true of my own personal knowledge and if called as a witness I could and would competently testify thereto.

2. Attached hereto and marked as Exhibits A thru H are true and correct copies of letters, correspondence, emails and other exhibits between McConnell Chevrolet and other parties.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this declaration was executed on March 12, 2014.



Kent Steffes

1 **PROOF OF SERVICE**

2 **LOS ANGELES COUNTY**

3 **STATE OF CALIFORNIA**

4
5 In the Matter of the Protest of
6 MCCONNEL CHEVROLET BUICK, INC.,

7 Protestant,

8 v.

9 GENERAL MOTORS, LLC.,

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11
12

Protest No. PR-2382-14 and PR-23-83-14

**PROTESTANT'S OPPOSITION TO
RESPONDENT'S MOTION TO
DISMISS FOR LACK OF
JURISDICTION**

Hearing Date: March 17, 2014

Hearing Time: 10:00 a.m.

13
14 I, Adan Higgins declare:

15 I am a citizen of the United States, a resident of Los Angeles County, California, and over 18
16 years of age. I am not a party to the above-entitled action. I am employed by Kent Steffes at 7801
17 Alabama Ave. #19. Canoga Park California. 91304. On 3-12-14, in the above-entitled
18 action, I served a copy of the attached document(s):

19 **1. PROTESTANT'S OPPOSITION TO RESPONDENT'S MOTION TO DISMISS FOR**
20 **LACK OF JURISDICTION**

21 by placing the document(s) listed above in a sealed envelope with postage thereon fully prepaid,
22 in the United States Mail at Los Angeles, California addressed as set forth below. I am readily
23 familiar with the business' practice for collection and processing correspondence for mailing
24 with the U.S. Postal Service. Under that practice it would be deposited with the U.S. Postal
25 Service on that same day with postage thereon fully prepaid in the ordinary course of business.
26 I am aware that on motion of the party served, service is presumed invalid if postal cancellation
27 date or postage meter date is more than one day after date of deposit for mailing contained in
28 the affidavit.

- 1 by following ordinary business practices, the envelope was sealed and placed for collection by
2 **(fill in)** on this date, and would, in the ordinary course of business, be retrieved by **(fill in)** for
3 overnight delivery on this date, addressed as set forth below.
- 4 by transmitting via electronic mail the document(s) listed above to the person(s) at the e-
5 mail address(es), as set forth below on this date before 5:00 p.m. (Pacific Time) and the
6 transmission was reported as complete and without error.
- 7 by transmitting via facsimile the document(s) listed above to the person(s) at the fax number(s),
8 as set forth below on this date before 5:00 p.m. (Pacific Time) and the transmission was
9 reported as complete and without error.
- 10 by personally delivering the document(s) listed above to the person(s) at the address(es) set
11 forth below.

12 Mr. Michael Stinson, Zone Manager
13 General Motors, LLC
14 Dealer Contractual Group
15 Mail Code 482-A16-C66
16 100 GM Renaissance Center
17 Detroit, MI 48265-1000
18 michael.j.stinson@chevrolet.com

19 Mr. William Brennan, Executive Director
20 California New Motor Vehicle Board
21 1507 21st Street, suite 330
22 Sacramento, Ca. 95811
23 nmvb@nmvb.ca.gov

24 Mr. Gregory Oxford
25 21515 Hawthorne Blvd
26 Suite 950
27 Torrance, Ca. 90503
28 goxford@icclawfirm.com

I declare under penalty of perjury under the laws of the State of California that the foregoing is
true and correct.

Date March 12, 2014


Signature

Adam Higgins
Type or Print Full Name

Attachment A



General Motors LLC
Dealer Contractual Group
Mail Code 482-A16-C66
100 GM Renaissance Center
Detroit, MI 48265-1000

FEDEX OVERNIGHT MAIL # 7993 6583 6038

PERSONAL & CONFIDENTIAL

March 26, 2013

McConnell Chevrolet Buick, Inc.
1646 Hwy 99 E
Gridley, CA 95948

Attention: Michael A. McConnell, Dealer Operator

Dear Mr. McConnell,

General Motors ("GM") understands that McConnell Chevrolet Buick, Inc. ("Dealer Company") proposes relocating Dealer Company's Chevrolet and Buick sales and service operations from 1646 Hwy 99 E, Gridley, CA 95948, to 1722 Hwy 99 E, Gridley, CA 95948 (the "Proposal"). Dealer Company and Michael A. McConnell ("Dealer Operator") are together referred to in this letter as the "Applicants".

GM approves the Proposal, subject to and conditioned upon Applicants' acceptance of the terms, conditions, and requirements set forth in this letter agreement ("Letter Agreement"). If Applicants do not accept these terms and conditions by signing and returning an unaltered copy to the attention of Angie Helt, 100 Renaissance Center, M/C 482-A16-C66, Detroit, MI 48265, **within 30 days of receipt**, then the offer made in this Letter Agreement is revoked and this Letter Agreement will be null and void.

After Applicants fulfill the requirements described below and subject to all terms, conditions, and requirements of this Letter Agreement, GM will amend Dealer Company's General Motors Dealer Sales and Service Agreements for Chevrolet and Buick ("Dealer Agreements") to reflect 1722 Hwy 99 E, Gridley, CA 95948 ("New Location") as the approved location for Dealer Company's Chevrolet and Buick dealership operations. In order to carry out their intention to relocate dealership operations to the New Location, the parties agree as follows:

1. **Site Approval:** This Letter Agreement pertains only to the relocation of Chevrolet and Buick dealership operations to the New Location and constitutes GM's approval of the New Location. GM's approval extends only to the New Location.
2. **Milestone Commitments:** Applicants will satisfy each and every one of the following conditions in a timely manner:
 - (a) **Acquire the Location:** Dealer Company will acquire the right, by purchase or by lease, to conduct dealership operations at the New Location. In the event that Dealer Company enters into a lease for the New Location, the lease must be acceptable to GM, in its sole discretion.
 - (b) **Facility Change Proposal:** Please refer to Paragraph 3 for information regarding the GM Facility Image Program and Paragraph 4 for Facility Space/Premises Requirements. Once the proposed construction documents are finalized consistent with the requirements in paragraphs 3 and 4, Dealer is required to submit a Facility Change Proposal to GM for its review and approval via the DCICR application which is available under the Business Administration workbench in Global Connect. Applicants will not award any construction contracts until GM has approved the facility proposal, and agrees not to make any substantial changes to the approved proposal without obtaining GM's prior written approval.

- (c) **Commencement of Operations:** Dealer Company will occupy the dealership premises and commence Chevrolet and Buick dealership operations at the New Location no later than **April 1, 2013**, unless this date is extended as provided in Paragraph 9, Terms and Extensions, below. Dealer will notify Angie Helt at 313-667-4521 at that time and provide final facility information so that GM can update its records, begin shipping products to the New Location and issue a new Facility Premises Addendum to the Dealer Sales and Service Agreements.

The dates in Paragraph 2 are called the "Milestone Commitments". Time is of the essence in this Letter Agreement. GM has the right to revoke its approval of the Proposal if Applicants fail to satisfy any of the Milestone Commitments by the dates specified.

3. **Facility Image:** Applicants will provide and maintain facilities at the New Location satisfactory to GM in both appearance and layout. The facilities and premises will be adequate in size for a Chevrolet and Buick dealer to effectively conduct dealership operations at the New Location. The facility will satisfy GM's facilities requirements as set forth at www.gmfacilityimage.com and will be completed in accordance with the GM Facility Image Program, including appropriate product identification signage. Please refer to the GM facility website for image and product identification signage requirements at www.gmfacilityimage.com.
- Note:** If Dealer Company has an open facility image project for its current location, Dealer Company will need to enroll in the GM Facility image Program for the New Location and provide Gensler with the necessary site plan or as built documentation to start a new project.
4. **Facility (Space/Premises) Requirements:** GM facility requirements are detailed at www.gmfacilityimage.com. These include minimum space requirements. Based upon average historical dealership performance/ operations in similar size markets, the New Location must meet the following minimum space requirements:

<u>SPACE REQUIREMENTS (Estimates)</u>		<u>GM Use</u>
New Vehicle Display - Interior	1	Stalls
New Vehicle Display-Exterior	1	Stalls
Used Vehicle Display	8	Stalls
Productive Service – Mechanical	5	Stalls
Service-Reception	1	Stalls
Parking-Customer	12	Stalls
New Vehicle Storage	13	Stalls
Employee Parking & Miscellaneous	11	Stalls
Total Building (Includes Gen Office & Parts)	8,767	square feet
General Office (Memo)	1,400	square feet
Parts (Memo)	1,814	square feet
Usable Lot (less any required green space)	22,320	square feet
Total Usable Premises (Total Bldg. + Usable Lot)	31,087	square feet
(Specific space standards by category are available at www.gmfacilityimage.com)		

If Applicants want to propose changes to these minimum space requirements based upon their specific dealership operations, Applicants must submit a written request to GM containing a detailed explanation of the circumstances and reasons for such changes. The space requirements for the proposed dealership operations at the New Location are as set forth above, except for any changes approved in writing by GM.

5. **Non-GM Dual Policy/Excess Facilities Policy:** Dealer Company will not be entitled to any special consideration with respect to distribution of vehicles or any other aspect of its relationship with GM due to an excessively large or expensive facility. Furthermore, GM's policy (refer to GM Dealer Bulletin GM 01-19, Non-GM Dual Policy, dated October 1, 2001) is that non-GM products should not be sold or serviced from GM dealerships, and Applicants represent and agree that the

dealership premises and facilities for Chevrolet and Buick dealership operations at the New Location will not be utilized for any unauthorized non-GM dealership operations.

6. **Net Working Capital:** Applicants will cause Dealer Company to make available and maintain for use in its GM sales and service business, an unencumbered amount of net working capital as set forth in the minimum Capital Standard Addendum to the Dealer Agreements.
7. **Independent Analysis:** Applicants acknowledge, represent and agree that the Proposal is based upon their independent analysis of a business opportunity they wish to pursue. Applicants further represent and agree that in determining to enter into this Letter Agreement and to pursue the underlying business opportunity, they are not relying upon any representation, promise, guarantee or information provided by GM or by any employee, agent or representative of GM, except as expressly set forth in this Letter Agreement.
8. **Premises Liability Disclaimer:** Nothing in this Letter Agreement, including GM's space requirements, or GM's approval of facility plans, creates or imposes upon GM any obligations or liabilities with respect to the dealership premises and/or facility beyond those specifically set forth in Article 15 of the Dealer Agreements.
9. **Term and Extensions:** This Letter Agreement, unless executed by Applicants prior to that time, will expire automatically **30 days from Dealer Company's receipt of this letter** or, at GM's option, if Dealer Company does not meet any one of the Milestone Commitments set forth in Paragraph 2. In its sole discretion, GM may extend any date set forth in this Letter Agreement if Applicants request an extension of time in writing prior to such date and GM determines that additional time is necessary as a result of circumstances beyond Applicants' reasonable control. In the event that protest litigation is filed by one or more dealers challenging the establishment of a Chevrolet or Buick dealership at the New Location, and the litigation is still pending at the expiration of this Letter Agreement, this Letter Agreement will be automatically extended until either (i) the litigation is resolved in a manner which prevents the relocation of dealership operations to the New Location, or (ii) six months after resolution of such litigation in a manner permitting the relocation of dealership operations to the New Location.
10. **Licenses:** Applicants will obtain all necessary licenses to conduct Chevrolet and Buick dealership operations at the New Location. It is Dealer Company's sole responsibility to take all necessary steps in a timely manner to obtain such licenses under the provisions of any applicable statutes and regulations. GM is not responsible for any costs, expenses, damages or delays incurred as a result of any delay in securing these licenses.
11. **Third Party Protest:** GM's approval of the relocation of Chevrolet and Buick dealership operations to the New Location is subject to and conditioned upon the satisfactory and final resolution of all disputes, protests and complaints arising out of or related to the relocation. Accordingly, GM is not responsible or liable for the consequences, including any costs, expenses, or damages, resulting from actions taken by any government entity or other third party which results in the delay or prevention of the relocation of Chevrolet and Buick dealership operations to the New Location, including any such costs, expenses or damages resulting from actions or proceedings filed or commenced by one or more GM dealers or others in any administrative, judicial or other governmental forums, under the GM Dispute Resolution Process (copy attached), or as a result of adverse rulings in such proceedings. Applicants agree to cooperate fully and use their best efforts to assist GM in any litigation filed or action taken by GM or others concerning the relocation of Chevrolet and Buick dealership operations to the New Location, including but not limited to actions filed by third parties seeking to prevent or delay the relocation of Chevrolet and Buick dealership operations to the New Location. GM has the sole right and discretion to determine whether and to what extent it will pursue, defend or join any litigation, arbitration or other action necessary to relocate dealership operations to the New Location, including whether to appeal or challenge any court or government agency order or decision.

12. **General Liability Disclaimer:** GM is not responsible or liable for any obligations or liabilities incurred by the Applicants which arise out of or are connected with Applicants' compliance with any term, condition or requirement contained in this Letter Agreement.
 13. **Dispute Resolution:** Applicants consent to use the GM Dispute Resolution Process to resolve any disputes under this Letter Agreement.
 14. **Attorney Fees:** Applicants recognize that one or more Chevrolet or Buick dealers may contest the relocation of Chevrolet or Buick dealership operations to the New Location. If such a contest occurs and cannot be resolved through the GM Dispute Resolution Process, GM may incur substantial expenses, including attorney fees, expert witness fees, and other litigation costs in reliance upon Applicants' commitment to fulfill their obligations under this Letter Agreement. Therefore, if such a contest is successfully resolved, but Applicants do not fully comply with their obligations under this Letter Agreement, then Applicants agree to reimburse GM for all GM's expenses incurred in connection with any such contest, including but not limited to attorney fees, expert witness fees and other litigation and dispute resolution costs.

If, and only if, Applicants' failure to comply with their obligations under this Letter Agreement is the result of either (i) labor strikes, material shortages, fires or acts of God, or (ii) a final, unappealable order or decision from a court, governmental agency or other third party preventing Chevrolet or Buick dealership operations at the New Location, this paragraph will not apply.
 15. **Accurate Representations/Data:** Applicants represent that all information and written materials submitted in connection with their Proposal and to be submitted under this Letter Agreement are complete, true and accurate. GM's obligation to amend the Dealer Agreements with Dealer Company and approve the New Location is contingent upon (i) Applicants' satisfying the terms, conditions and requirements set forth above, and (ii) the accuracy of the representations contained in the Proposal and related materials. Therefore, Applicants agree that should either (a) Dealer Company or Dealer Operator fail or refuse to fulfill all of the terms and conditions set forth herein, or (b) GM determine that the Proposal or any related materials were inaccurate, untrue or incomplete, or (c) GM be prevented in any way from appointing Dealer Company as a Chevrolet and Buick dealer at the New Location, then GM may, at its option, revoke this Letter Agreement and terminate all of its commitments described herein, without any obligation or liability whatsoever to Dealer Company or Dealer Operator.
 16. **Dealer Agreements:** Applicants will fulfill all of the terms and conditions set forth in the Dealer Agreements. Upon Dealer Company's execution of the amendment to the Dealer Agreements, all of the obligations set forth in this Letter Agreement are incorporated by reference into the Dealer Agreements.
 17. **Dealer Operator/Assignment Limitations:** GM executes this Letter Agreement in reliance upon the personal services, business experience and financial qualifications of Michael A. McConnell as Dealer Operator. Accordingly, Applicants may not assign, transfer or convey this Letter Agreement, in whole or in part, without the express written consent of GM. Moreover, GM is not obligated, under any circumstances, to amend the Dealer Agreements with Dealer Company, unless Dealer Operator is named dealer operator thereof in accordance with the terms of this Letter Agreement. Although this Letter Agreement is entered into in reliance upon the personal services, business experience and financial qualifications of the Dealer Operator, Dealer Company is the only party to the Dealer Agreements with GM. Upon execution of the amendment to the Dealer Agreements as contemplated by this Letter Agreement, the provisions of the Dealer Agreements will supersede the inconsistent terms, conditions and requirements of this Letter Agreement, except that GM may continue to rely upon Applicants' representations and promises in this Letter Agreement.
-

There are no other agreements or understandings, written or verbal, between the parties regarding the matters covered by this Letter Agreement, aside from the documents referenced and contemplated herein. The parties acknowledge and represent that: 1) this Letter Agreement will be construed according to the laws of the State of Michigan, 2) this Letter Agreement cannot be modified, except by a writing executed by an authorized individual of behalf of each of the parties, and 3) no representative of GM is authorized to orally modify this Letter Agreement or any of its terms, conditions or requirements.

If Applicants agree to the terms, conditions and requirements set forth in this Letter Agreement, please sign the two attached duplicates. One signed Letter Agreement should be maintained for your records and the other should be returned to Angie Helt, 100 Renaissance Ctr., M.C. 482-A16-C66 within the time frame set forth above.

Any documents and information that Applicants are to provide to GM as set out in this Letter Agreement, should be sent to the attention of **Angie Helt, 100 Renaissance Center, M/C 482-A16-C66, Detroit, MI 48265.**

Very truly yours,

Mike Stinson

Mike Stinson
General Motors LLC

Acknowledged and agreed this _____ day of _____, 2013.

McConnell Chevrolet Buick, Inc.

Michael A. McConnell

By: _____

Title: _____

Individually

Attachments: Dispute Resolution Process
GM Dealer Bulletin: GM 01-19

cc: Chris Gapczynski (Facility Image Group)

CR# 56712

Attachment B

Stock Purchase Agreement of McConnell Chevrolet Buick, Inc.

This Stock Purchase Buy-Sell agreement entered into between Billy L. Marker Jr and Assignees, (in the aggregate the "Purchaser") and , hereinafter referred to as BUYER, and McConnell Chevrolet Buick, Inc, a California Corporation, dba McConnell Chevrolet Buick ("Seller" and/or "Company"), Mike McConnell, President, hereinafter collectively referred to as SELLER.

1. Subject to the conditions hereinafter set forth, BUYER agrees to buy and SELLER agrees to sell 90% of the Common Stock of McConnell Chevrolet Buick, Inc. a C Corporation and substantially all of the corporate assets of SELLER'S automobile business known as McConnell Chevrolet Buick, whose principal place of business is located at 1646 Highway 99-E, Gridley, CA 95948 under the following terms and conditions.

1.1 The purchase price for 90% interest of McConnell Chevrolet Buick shall be \$349,999. The purchase price for the outstanding 10% stock shall be \$1.00. \$175,500 to be paid as follows: \$50,000 as referred to in item 1.2. \$125,500.00 to be paid on January 1, 2013. The outstanding balance in the amount of \$174,499, the SELLER has agreed to carry in the form of a note with \$50,000 of the \$174,499.00 to be paid no later than 7/1/2013. The remaining balance of \$124,499.00 to be paid out in monthly payments interest free at \$5187.45 for 24 months beginning 1/1/2014

1.2 On or before January 1, 2013 SELLERS to transfer 90% of the common stock to BUYER, (Billy L. Marker Jr.) at such time Billy L. Marker Jr. shall assume controlling interest of McConnell Chevrolet Buick, Inc. as General Manager under the following conditions: On the date this STOCK PURCHASE AGREEMENT is signed, and prior to Billy L. Marker assuming controlling interest, BUYER'S Deposit Check in the amount of \$50,000 shall be placed with and held by Engills, Payne, Kmetz & Daley CPA's. The deposit check shall be cashed/deposited on December 15, 2012 by the SELLER and at that time the deposit shall become non-refundable and useable as Working Capital in the COMPANY as long as all CONTIGINCIES listed below have been met. The \$50,000 deposit shall also be applied towards the PURCHASE price of McConnell CHEVROLET BUICK, Inc.

1.3 In the event that McConnell Chevrolet Buick, Inc sustains financial losses between December 1, 2012 and January 1, 2013 The BUYER and SELLER's agree to share the losses equally at 50% to the BUYER and 50% to the SELLER's. The SELLER shall carry back the BUYERS 50% loss, which shall be added to the note referenced in 1.1 above.

1.4 SELLER agrees to the extent SELLER is a shareholder of the COMPANY, SELLER will not compete in any other new car or used car automotive sales and service business, either personally or through third parties within a Fifty (50) mile radius surrounding the DEALERSHIP premises.

1.5 SELLER agrees to hold harmless and indemnify the BUYER of any and all corporate legal and financial liabilities prior to close.

2. The terms and conditions of this STOCK PURCHASE BUY SELL agreement shall be contingent on the following conditions:

2.1 SELLER assigning its parts return rights to BUYER or his nominee; at time

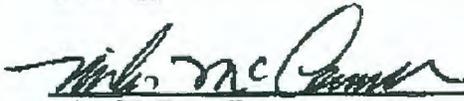
BUYER is approved by all entities as dealer.

- 2.2 **BUYER or his nominee assuming the current lease and or obtaining a new facility lease, (Two-Five Year Lease with the Right of First Refusal to purchase the Property) with regard to the dealership facilities and real properties used in the dealership operations, which is satisfactory to Landlord and BUYER**
- 2.3 **SELLER and COMPANY for any reason loses the ability to operate as a franchised dealer for Chevrolet and Buick.**
- 2.4 **SELLER and COMPANY is not in possession of a floor plan financing arrangement.**
- 2.5 **SELLER is made aware through disclosure or discovery of any potential litigation, claim or assessment that SELLER And COMPANY has not made BUYER aware.**

3. This Agreement, including any appendixes or Addendum hereto, may be executed in any number of counterparts, each and all of which shall be deemed for all purposes to be one Agreement.

In witness whereof, the parties have entered into this Stock Purchase Buy-Sell agreement on this date 11-12-12 at Gridley, California.

SELLER:



Mike McConnell

BUYER:



Billy L. Marker, Jr

Attachment C

OPERATIONAL AGREEMENT BETWEEN

MICHAEL McCONNELL and BILLY MARKER, JR.

This document shall serve as an OPERATIONAL AGREEMENT between BILLY L. MARKER, JR. ("BUYER" herein) and MICHAEL McCONNELL ("SELLER" herein) relating to the DAILY OPERATION'S of McCONNELL CHEVROLET BUICK, INC. ("Corporation" herein). Effective date, January 1, 2013.

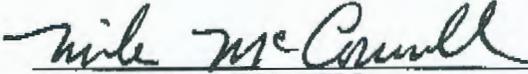
Recitals

WHEREAS, SELLER assigns all OPERATIONAL and FINANCIAL control, authority and responsibilities to BUYER, including but not limited to the following:

- Hiring and Terminations
- Advertising and Marketing
- Ordering of New Cars and Trucks
- Purchasing and Liquidation of Used Vehicles
- Purchasing of Equipment
- The SALE and SERVICE of all vehicles internally and externally
- Dealership name change to DBA, MARKER CHEVROLET, BUICK
- Any and all other authority, responsibilities ~~deemed necessary by the BUYER~~ ^{AND LIABILITIES}

Dated: 12-22, 2012


BILLY MARKER, JR.


MICHAEL McCONNELL

OPTION AGREEMENT BETWEEN
MICHAEL McCONNELL and BILLY MARKER, JR.

This Option is granted to BILLY MARKER, JR. ("Optionee" herein) by MICHAEL MCONNELL ("Optionor" herein) relating to the purchase of common stock of McCONNELL CHEVROLET BUICK, INC. ("Corporation" herein) owned by Optionor.

Recitals

WHEREAS, Optionor desires to grant an Option to Optionee herein to acquire remaining 10 percent (10%) of the common stock of Corporation that Optionor owns.

Price

1. The purchase price for said 10% interest in the common stock of the Corporation herein shall be One Dollar (\$1.00). Optionee may exercise option at any anytime after January 1, 2012 and shall not expire, so long as Optionee and Optionor have completed the transfer of stock in accordance with the previously executed Stock Purchase Agreement.

Payment

2. The Optionee shall make a payment in any form agreeable by Optionor. Such interest shall transfer upon delivery of purchase price and copy of this agreement to Optionor.

Dated: 12-22, 2012


BILLY MARKER, JR.


MICHAEL McCONNELL

Attachment D

**MINUTES OF THE
SPECIAL MEETING
DIRECTOR/PRESIDENT/SECRETARY/TREASURER
OF
MCCONNELL CHEVROLET, BUICK, INC.**

Pursuant to waiver of notice (copies of which are attached), a special meeting of the Director/President/Secretary/Treasurer of the above corporation was held on January 14, 2013 at 12:00 noon at the corporation's place of business.

The purpose of the meeting: The Sale of Shares/Transfer of Stock and Election of new Officers

I. QUORUM. A quorum was declared present based on the presence of Director/President/Secretary/Treasurer, Michael McConnell

The following corporate actions were taken by appropriate motions duly made, seconded, and adopted by the unanimous vote of the Director/President/Secretary/Treasurer entitled to vote (unless a higher voting approval is stated).

II. ELECTION OF DIRECTORS. The following persons were elected as Directors for the terms provided in the bylaws:

Name: David Schoonover
Term: 12 Months
Address: 1646 Hwy 99E
Gridley, California 95948

Name: Billy Leon Marker, Jr.
Term: 12 Months
Address: 1646 Hwy 99E
Gridley, California 95948

Name: Kent Steffes
Term: 12 Months
Address: 366 N. Skyewiay Rd.
Los Angeles, California 90049

Name: Michele Steffes
Term: 12 Months
Address: 366 N. Skyewiay Rd.
Los Angeles, California 90049

III. ELECTION OF OFFICERS. The following Officers were elected:

Name: Billy Leon Marker, Jr.
Office: Chief Executive Officer
Address: 1646 Hwy 99E
Gridley, California 95948

Name: Kent Steffes
Office: President and Chairman of the Board
Address: 366 N. Skyewiay Rd.
Los Angeles, California 90049

Name: Michele Steffes
Office: Secretary
Address: 366 N. Skyewiay Rd.
Los Angeles, California 90049

Name: David Schoonover
Office: Treasurer
Address: 1646 Hwy 99E
Gridley, California 95948

IV. APPROVAL OF ACTIONS SECTION. The actions and undertakings of the Directors, Officers, Employees, and Agents of the corporation were approved with respect to:

- All actions subsequent to the last meeting of the Director/President/Secretary/Treasurer.
- Transactions between the corporation and related entities, including The Sale of Stock and Election of New Officers
- Transactions between the corporation and its Shareholders and/or Officers.

V. ISSUANCE OF STOCK. The issuance of stock was approved as follows:

Name: Billy Leon Marker, Jr.
Shares: 137,500
Amount: \$0.00

Name: Kent Steffes
Shares: 75,000
Amount: \$0.00

Name: Michael McConnell
Shares: 37,500
Amount: \$0.00

TOTAL:	Shares:	250000
	Amount:	\$0.00

There being no further business, the meeting was duly adjourned.



Michael McConnell

Director/President/Secretary/Treasurer

WAIVER OF NOTICE OF ANNUAL MEETING OF SHAREHOLDERS OF:

We, the undersigned, being all the shareholders of the named corporation, consent and agree that the annual meeting of the shareholders be held

on January 14, 2013

at 12:00 noon time

at Gridley, California location

We do hereby waive all notice whatsoever of a meeting.

We do further consent and agree that any and all business may be transacted at the meeting as any Shareholder presents. Any business transacted at the meeting, shall be as valid and legal and of the same force and effect as if the meeting were held after a notice.

Mike McConnell

Mike McConnell

1/14/13

Shareholder signature

Printed name

Date

Attachment E

AMENDMENT TO STOCK PURCHASE AGREEMENT

The Stock Purchase Agreement of McConnell Chevrolet Buick, Inc. dated November 12, 2012 between McConnell Chevrolet Buick, Inc. and Mike McConnell, as Seller, and Billy L. Marker, Jr. and assignees, as Buyer, is amended as follows:

1. The fourth sentence of Section 1.1, reading "\$125,500.00 to be paid on January 1, 2013," shall be deleted in its entirety and inserted in lieu thereof shall be the following: "\$100,000.00 shall be paid on January 16, 2013, to be applied by Seller first against outstanding indebtedness of the corporation as of December 31, 2012, including, without limitation, corporate indebtedness to its shareholder Michael McConnell. Attached hereto is a schedule of the corporate debts as of December 31, 2012, to which the \$100,000.00 shall be applied. If after application of the \$100,000.00 payment against such there remains outstanding any corporate indebtedness as of December 31, 2012, Seller shall apply future payments of the purchase price by Buyer against such until paid in full.

2. The remainder of Section 1.1 following the fourth sentence thereof, as amended above, shall be deleted in its entirety and inserted in lieu thereof shall be the following:

The outstanding balance in the amount of \$199,999.00 shall be paid as follows:

The sum of \$75,500.00 shall be paid as follows: \$2,500.00 shall be paid on the first day of each and every month commencing February 1, 2013 and continuing on the same day of each and every month thereafter, excepting July 1, 2013, through November 1, 2013. On July 1, 2013, Buyer shall pay Seller the sum of \$50,000.00, and on December 1, 2013, Buyer shall Seller the sum of \$3,000.00.

The remaining balance of \$124,999.00, together with an amount equal to one-half of the loss experienced by the corporation as a result of its operations during December, 2012, shall be paid in 36 equal monthly installments commencing January 1, 2014, and continuing on the same day of each and every month thereafter until such sum is paid in full. The corporation experienced a loss for December, 2012 of \$34,984.00. One-half of this amount, or \$17,492.00, shall be added to the remaining balance of \$124,999.00, for a total of \$142,491.00, which shall be paid in 36 monthly installments of \$3,958.08 each.



A late payment penalty shall be assessed any payment not paid within five days of its due date and thereafter, interest at the rate of ten percent per annum shall accrue on the amount of such late payment until paid in full. All payments due hereunder shall be made to Mike McConnell.

3. Section 1.5 shall be amended by adding thereto the following: "...prior to close, including any claim of Terry Libbon to all or any part of the purchase price due to any interest he may have in the equity of the corporation."

Amended as set forth above, the Stock Purchase Agreement of McConnell Chevrolet Buick, Inc. shall remain in full force and effect and be binding on the parties.

Executed at Gridley, California on January 16, 2013.

Seller:

Mike McConnell

Mike McConnell 1/16/13

Buyer:

Billy L. Markot, Jr. 1/16/13

Attachment F



General Motors LLC
Dealer Contractual Group
Mail Code 482-A18-C88
100 GM Renaissance Center
Detroit, MI 48285-1000

FEDERAL EXPRESS: 7994 0914 7850
VIA EMAIL
PERSONAL & CONFIDENTIAL

April 10, 2013

McConnell Chevrolet Buick, Inc.
1646 Hwy 99 E
Gridley, CA 95948-2611

Attention: Michael A. McConnell, President

Dear Mr. McConnell,

General Motors LLC ("GM") acknowledges receipt of Change Request # 56434 initiated on January 31, 2013 by Billy Leon Marker on behalf of Michael McConnell ("Dealer Operator") and McConnell Chevrolet Buick, Inc. ("Dealer Company") requesting (1) the addition of Billy Leon Marker ("Marker") as 55% investor and Kent Steffes ("Steffes") as 30% investor in Dealer Company, (2) naming Marker on the successor addendum, and (3) a change in the Dealer Company's fictitious name to Marker Chevrolet Buick (the "Proposal"). GM assesses the qualifications of the proposed owners and management of GM dealerships under the criteria set forth in Article 12.2 of the General Motors Dealer Sales and Service Agreement ("Dealer Agreement"), and in the Policies for Changes in GM Ownership/Management (GM Dealer Bulletin, GM 04-09, dated April 23, 2004), a copy of which is attached for your reference.

Article 12.2 provides in relevant part:

Article 12.2 – Other Changes in Ownership or Management

"If Dealer proposes a change in Dealer Operator, a change in ownership, or a transfer of the dealership business or its principal assets to any person conditioned upon General Motors entering into a Dealer Agreement with that person, General Motors will consider Dealer's proposal and not unreasonably refuse to approve it, subject to the following."

Article 12.2.2

"General Motors agrees to consider Dealer's proposal, taking into account factors such as (a) the personal, business, and financial qualifications of the proposed dealer operator and owners, and (b) whether the proposed change is likely to result in a successful dealership operation with acceptable management, capitalization, and ownership which will provide satisfactory sales, service, and facilities at an approved location, while promoting and preserving competition and customer satisfaction"

The Proposal submitted to GM by Dealer Company and Marker represents that Dealer Operator is currently the sole owner of Dealer Company and is proposing to sell 85% of the ownership to Marker and Steffes. GM's records indicate that Dealer Operator is sole owner of Dealer Company. However, during its review of the Proposal, GM has received information from Mr. Terry Libbon ("Libbon") and his attorney, representing that Libbon is currently a 25% owner of Dealer Company and that Libbon's current negotiations with Dealer Company to buy him out are incomplete. Based on the foregoing, it appears that GM does not have the true and accurate shareholder information necessary to evaluate and process the Proposal under Article 12.2 of the Dealer Agreement and therefore does not approve the Proposal.

Further, it appears there has been a change in Dealer Company ownership without prior notice to GM and without GM's approval, and therefore, in violation of Article 12.2 of the Dealer Agreements.

Article 12.2 provides in relevant part:

Article 12.2

"If Dealer proposes a change in Dealer Operator, a change in ownership, or a transfer of the dealership business or its principal assets to any person conditioned upon General Motors entering into a Dealer Agreement with that person, General Motors will consider Dealer's proposal and not arbitrarily refuse to approve it, subject to the following:"

Article 12.2.1

"Dealer agrees to give General Motors prior written notice of any proposed change or transfer described above. Dealer understands that if any such change is made prior to General Motors approval of the proposal, termination of this Agreement will be warranted and General Motors will have no further obligation to consider Dealer's proposal."

GM reserves the right to administer the dealer network to ensure that dealerships are owned and operated by qualified persons who are able to meet the requirements of the Dealer Agreement. Due to McConnell Chevrolet Buick, Inc.'s failure to provide prior written notice, GM has not had the opportunity to review this change of ownership. In addition, this unapproved change in ownership seems to have created a dispute amongst the owners of McConnell Chevrolet Buick, Inc. and is of great concern to GM.

Article 2 provides in relevant part:

Article 2

"This is a Personal Services Agreement, entered into in reliance on the qualifications, integrity and reputation of Dealer Operator identified in Paragraph Third, and on Dealer's assurance that Dealer Operator will provide personal services by exercising full managerial authority over Dealership Operations."

Michael McConnell does not appear to be "exercising full managerial authority over Dealership operations". These violations of Article 2 and 12 are addressed in Article 13 of the Dealer Agreement.

Article 13 provides in relevant part:

Article 13.1

"The following acts or events, which are within the control of Dealer or originate from action taken by Dealer or its management or owners, are material breaches of this Agreement. If General Motors learns that any of the acts or events has occurred, it may notify the Dealer in writing. If notified, Dealer will be given the opportunity to respond in writing within 30 days of receipt of the notice, explaining or correcting the situation to General Motors satisfaction."

Article 13.1.3

Any change, whether voluntary or involuntary, in the record or beneficial ownership of Dealer as set forth in the Dealer Statement of Ownership furnished by Dealer, unless permitted by Article 12.2.5 or pursuant to General Motors written approval.

Article 13.1.6

"Any dispute among the owners or management personnel of Dealer which, in General Motors opinion, may adversely affect the Dealership Operations or the interests of Dealer or General Motors."

Based on these breaches of the Dealer Agreements, GM is providing McConnell Chevrolet Buick, Inc. with thirty (30) days from its receipt of this letter to correct the breaches, or otherwise explain them to General Motors' satisfaction. If McConnell Chevrolet Buick, Inc. fails to do so, GM may elect to terminate the Dealer Agreements and cease all business relationships with the dealership.

Please be assured that in the meantime, GM will continue to conduct business with McConnell Chevrolet Buick, Inc. according to the Dealer Agreements; and will expect the dealership to likewise fulfill its responsibilities and obligations under its Dealer Agreements. Should you have any questions regarding this matter please feel free to call me at 303.549.1395.

Very truly yours,



 Michael Stinson
Zone Manager
General Motors LLC

Enclosure: GM Dealer Bulletin, GM 04-09

c: Steve Griffin -- Dealer Network Area Manager
GFSS, Vehicle Invoicing and Receivables
Dealer Contractual Group
Michael McConnell



General Motors

Date: April 23, 2004

To: General Motors Dealers

From: Peter R. Gerosa
Vice President and General Manager
Field Sales, Service and Parts

Re: Dealer Bulletin GM 04-09
Policies for Changes in GM Ownership/Management

The purpose of this Bulletin is to state GM's written policies as they relate to GM dealership ownership and/or management changes, and this Bulletin supercedes GM Dealer Bulletin 01-17, dated October 1, 2001.

The success of GM dealers, and ultimately GM itself, rely on many factors including customer demand for GM products and customer enthusiasm throughout the shopping, purchase and ownership experience. Therefore, the quality of GM's dealer network is critical to the success of GM and the GM dealer network as a whole. It is for that reason GM has developed these best practices to use in the evaluation of dealer proposals for changes in ownership and/or management.

The objective of this bulletin is to review these policies and explain both their usage and how they are to be uniformly applied. These policies are designed to assure that GM customers receive quality and convenience in both their sales and service experiences at GM dealers.

A proposed change in ownership or management at a GM dealership requires consideration and weighing of many factors. The weight and importance of these factors vary, depending upon many issues. These include, but are not limited to, the size and expense structure of the dealership opportunity under review. It is impossible to anticipate every issue which may arise in connection with the review of such proposed changes, and factors other than those contained in this Bulletin may have a substantial impact on the outcome of GM's review of a proposal. There is no precise formula or abstract calculation which can be used to make the determination; the application of business judgment is essential.

This Bulletin addresses only the GM policies applicable to proposed changes to the ownership and management structure of GM dealerships. Dealer ownership changes are often accompanied by independent requests for dealership relocation, or proposed new dualling arrangements or other network planning considerations. These requests should be evaluated separately in light of the applicable dealer network plan, and GM policies concerning those issues.

Of course, these policies must be applied consistent with any applicable law.

Section I. POLICIES APPLICABLE TO ALL PROPOSED OWNERSHIP/MANAGEMENT CHANGES

A. CAPITALIZATION SOURCE OF FUNDS

MINIMUM INVESTMENT:

When considering the minimum investment required for a dealer change proposal, Dealer's total investment must be equal to or greater than the Net Working Capital Standard, plus the net cost of all fixed (includes land and facilities less depreciation and any applicable mortgages) and other assets.

NET WORKING CAPITAL STANDARD:

The Net Working Capital Standard is established by General Motors as a minimum working capital necessary for each Dealer to adequately conduct dealership operations and should be provided by the owners through capital stock/ownership interest, other investment and earnings. Dealers who have actual net working capital equal to the Standard established should have sufficient net working capital to effectively operate through normal variation in the business cycle, provided its management prudently maximizes the use of those funds.

The Net Working Capital Standard will be computed for an individual dealer change by taking into consideration the factors listed below and will be set forth in the Capital Standard Addendum to the GM Dealer Sales and Service Agreement ("Dealer Agreement"):

1. The Sales and Profit Forecast prepared by the incoming dealer. In preparing the forecast, the incoming dealer must take into consideration and address the incoming dealer's obligation to achieve satisfactory sales performance under the Dealer Agreement;
2. The opportunity available in the dealer's Area of Primary Responsibility;
3. Financial operational requirements of similar dealers based upon applicable composite financial reports; and
4. Outgoing dealer's current standard, if outgoing dealer's operation is:
 - a) Satisfactorily performing its obligations under the Dealer Agreement, and
 - b) The incoming dealer's Dealer Sales and Profit Forecast does not reflect a material change from the satisfactory sales performance achieved by the current dealership operation.

ACTUAL NET WORKING CAPITAL:

The actual dealer net working capital, as defined by General Motors, is equal to the sum of Total Current Assets plus Driver Training Vehicles, Lease and Rental Units and Total Accumulated LIFO Writedown (if applicable) minus Total Liabilities, excluding those listed below.

Those liabilities which are not subtracted are:

1. Long term notes payable which are qualified long term debt. Qualified long term debt is defined by the following criteria:
 - a. The note must be payable to an owner of Dealer,
 - b. Principle payments must be restricted to be paid only from profits, and,
 - c. The amount of qualified long-term debt that can be excluded is limited to 50% of the Net Working Capital Standard.

This exception is made because an owner would be less inclined to collect on a note payable at maturity than an outside creditor when payment of such a note may place the dealership in financial jeopardy.

2. Long term notes payable (mortgages) secured by real property.

This exception is made because dealers are not required to own land and buildings that are used for dealership operations. Many dealers, however, elect to acquire and hold title to all or a portion of such real property, thereby investing a portion of the total equity capital in land and buildings that would otherwise be available for working capital purposes.

MINIMUM OWNERSHIP REQUIRED FOR DEALER OPERATOR:

To qualify to be newly named in Paragraph Third as a Dealer Operator, an individual must personally and directly own an unencumbered voting ownership interest of at least 15% of the Dealer. For the purposes of this document, "unencumbered" means that the Dealer Operator's ownership interest, whether it be in the form of stock shares or other ownership rights, not be encumbered by any legal rights or restrictions by others and may not be borrowed funds.

UNENCUMBERED FUNDS:

It is a General Motors policy that the proposed owners of the dealership will make available sufficient unencumbered funds to enable the proposed dealership to meet a minimum of 100% of the Net Working Capital Standard. (Actual equity and/or borrowed capital in excess of the Net Working Capital Standard amount may be required to provide funds for fixed and other assets.)

The exceptions to this policy, which may be considered by General Motors, are:

1. In the event the applicant(s) do not have sufficient unencumbered funds to provide for the minimum investment, including the total Net Working Capital requirements, General Motors may consider a proposal involving corporate borrowing as a portion of their investment, provided:
 - a. Long Term Debt of the Dealer Company may not exceed 42.5% of the Total Capital Investment.

TOTAL CAPITAL INVESTMENT equals the sum of the proposed Dealer Company's Net Worth (including LIFO, if applicable), and Long Term Debt.
 - b. The total of borrowed and unencumbered funds must equal or exceed the sum of the Net Working Capital Standard plus the cost of fixed and other assets;
 - c. Repayment obligations must be reasonable and in line with anticipated profit results from Sales and Profit Forecast; and
 - d. Stock or ownership rights of Dealer Company cannot be pledged or surrendered to obtain borrowed funds.
2. Personal borrowing used to obtain investment funds:
 - a. Must be secured by personal assets outside of investment in the dealership and be in an appropriate relationship to these assets. If the loan is unsecured it should not exceed 50% of the value of the applicant's total net worth outside the investment in the dealership;
 - b. Repayment of principal and interest is reasonable and in line with applicant's resources including anticipated income from the dealership; and
 - c. Dealership assets, ownership rights or stock may not be pledged or surrendered as a security for the loan.

3. Qualified Long Term Debt is money borrowed by the Dealer Company from an owner/investor of the Dealer Company, and the loan is to be repaid by the Dealer Company from Dealer Company profits. The Dealer Company's borrowing (long term debt) permitted under Paragraph 1 may be considered all or partially "qualified" if it complies with the following criteria, which are also described in the Capital Standard Addendum:
 - a. The note must be payable to an owner of the Dealer Company;
 - b. Principle payments must be restricted to profits; and
 - c. The qualified long term debt may not exceed 50% of the Net Working Capital Standard.

SALES AND PROFIT FORECAST:

A detailed Sales and Profit Forecast must be prepared in support of a proposal and must:

1. Be completed by the proposed Dealer Operator;
2. Be reasonable and attainable;
3. Reflect any changes contemplated by the proposed Dealer Operator in dealership operations; and
4. Take into consideration and address the incoming dealer's obligation to achieve satisfactory sales performance under the Dealer Agreement.

PRO FORMA BALANCE SHEET:

A specific pro-forma balance sheet must be prepared in support of a proposal and must:

1. Be completed by the proposed Dealer Operator;
2. Accurately reflect the "first day" condition of the operation's financial structure; and
3. Reflect the net working capital requirements and meet 100% of the expected capital needs of the operation as contemplated by the Sales and Profit Forecast.

B. PERSONAL BACKGROUND AND EXPERIENCE

Personal background requirements for dealer candidates are set forth in the Standard Provisions of the Dealer Agreement. The requirements are specified in Article 2. Dealer Operator.

A proposed GM Dealer Operator must have experience or educational background that demonstrates he/she:

1. Is competent in business;
2. Is an effective manager;
3. Has a caring attitude toward customers; and
4. Has a successful record as a merchandiser of automotive products and services, or has otherwise demonstrated the ability to successfully manage a dealership.

The experience necessary may vary with the market opportunity and potential available to a dealer location.

Applicants for a Dealer Operator, successor Dealer Operator, financial investor or Executive Manager of a GM dealership must have established a personal and business reputation and background that will not negatively impact the reputation of the dealership company, or GM. All applicants will need to complete an application regardless of their status as investor in any dealer company.

C. CRIMINAL OR CIVIL LEGAL PROCEEDINGS

Because the reputation of GM and the dealer network is dependent upon the personal qualifications of GM dealership owners and operators, GM has set the following policies relative to criminal or civil legal proceedings involving the proposed owners or management of a GM dealership. For purposes of this section, an "Affiliated Business Entity" is any corporation, partnership or other business entity where a proposed Dealer Operator, successor Dealer Operator, financial investor or Executive Manager is or was a majority owner, officer or principal manager.

1. General Motors will not approve any proposed Dealer Operator, successor Dealer Operator, financial investor or Executive Manager who has been convicted or plead guilty in a court of original jurisdiction of any felony, or who has pending against him/her at the time of his/her application any charges or indictments that could result in a felony conviction. General Motors may consider exceptions to this policy in its sole business judgment where the applicant has received a formal pardon and/or expungement of any such felony conviction or plea.
2. General Motors will not approve any proposed Dealer Operator, successor Dealer Operator, financial investor or Executive Manager if an Affiliated Business Entity has committed any crime that resulted in a felony conviction against the Affiliated Business Entity, or a felony charge or indictment that remains pending at the time of the application. General Motors may consider exceptions to this policy in its sole business judgment where the Affiliated Business Entity has received a formal pardon and/or expungement of any such felony conviction or plea.
3. If a proposed Dealer Operator, successor Dealer Operator, financial investor, Executive Manager or Affiliated Business Entity (i) has been convicted or found guilty of a misdemeanor or an unfair or deceptive business practice, whether civil or criminal in nature, (ii) has entered into a settlement arising from such charges, or (iii) has pending against them at the time of the application such charges or allegations, General Motors will request an explanation from the applicant and will review other relevant matters, including but not limited to the findings of any applicable state or federal authority. If the facts are such that GM determines, in its sole business judgment, that the matter will not adversely affect the reputation of GM, GM's dealer network, or the relationship between GM and the proposed dealership company, then GM may elect to approve the applicant's proposal.

D. SPECIAL OWNERSHIP (TRUST/HOLDING COMPANY)

Occasionally, General Motors receives requests from a Dealer requesting authorization to have some of the ownership interest in the dealer entity held by or assigned or transferred to a trust or holding company. The holding of ownership interest in the dealer entity by such groups could create operating problems and other difficulties in the dealer company's business operations, due in part to the conflict between trustees in case of a trust or holding company owners not fully familiar with the automobile business and desiring maximum short term returns as opposed to maintenance of long term gains and objectives. Such types of ownership would, in many instances, be inconsistent with the intent and purpose of the successor and replacement dealer provisions of the Dealer Agreement.

For reasons such as these, it is General Motors operating policy to review each proposal involving a transfer of ownership interest into a trust or a holding company on a case-by-case basis. In the case of a Trust, General Motors will evaluate the proposed Trustee consistent with Section B above. In addition, General Motors will evaluate the proposed Beneficiaries for consistency with the successor and replacement dealer provisions of the Dealer Agreement, taking into consideration the age and relationship of the beneficiary/ies to the Dealer Operator and/or Grantor of the Trust.

Trust: Neither the actual nor the beneficial ownership interests in the dealership held by the trust or any other owners, will be changed without the express and prior specific written approval of GM. GM's approval will be evidenced solely by means of a replacement "Dealer Statement of Ownership" and a special trust letter of understanding duly signed on behalf of, and accepted by, GM. Once a transfer of shares to a trust has been approved by GM, the following events shall require additional prior written approval by GM:

1. The trust transfers the shares to the current beneficiary/(ies) of the trust or to anyone other than the current beneficiary/(ies).
2. The trust terminates and the shares are transferred to the current beneficiary/(ies) of the trust or to anyone other than the current beneficiary/(ies).
3. The trust is amended to change the beneficiary/(ies) of the trust.
4. The trust is amended to change the trustee/(s) of the trust.

Holding Company: The composition of ownership interest in the holding company cannot be changed without the express and prior written approval of GM. GM's approval will be evidenced solely by means of a replacement "Dealer Statement of Ownership" and a special holding company letter of understanding duly signed by the dealer company and accepted by GM.

It is further provided that these requirements, along with the provisions of the Dealer Agreement pertaining to successor and replacement dealerships and termination, be made clear to all proposed holding company investor(s) or trustee(s) of a proposed trust.

E. OTHER CONSIDERATIONS

When reviewing applications for a proposed Dealer Operator, successor Dealer Operator, financial investor or Executive Manager, General Motors will also give consideration to the following additional items:

CUSTOMER NEEDS

The proposal must be responsive to the fundamental needs of GM customers, particularly their need for:

1. Convenient and accessible location
2. Adequately sized and structured facilities
3. Prompt and effective sales and service
4. Promoting and preserving competition

GENERAL MOTORS NEEDS

The following address certain specific needs at any particular dealership location and should be balanced against the unique qualifications of the proposed candidate(s) and these may include:

1. Customer satisfaction
2. Effective sales performance
3. Facility appearance that promotes and preserves the image of the General Motors Brand(s)
4. Land and Facilities (size, location and channel strategy)
5. Maintain uninterrupted representation
6. Diversity considerations

F. MISREPRESENTATION

The relationship between General Motors and its dealers requires full and complete disclosure in connection with a variety of matters. Therefore, any false, incorrect or misleading statement or omission, whether intentional or unintentional, in the information submitted to GM by a proposed Dealer Operator, successor Dealer Operator, financial investor or Executive Manager in connection with an Application for a Dealer Agreement or any related application or proposal package materials shall be grounds for rejection of the application; or for termination of any subsequently executed Dealer Agreement.

G. DEALER SALES AND SERVICE AGREEMENT ("DEALER AGREEMENT")

GM will not approve any proposed Dealer Operator, successor Dealer Operator, financial investor or Executive Manager unless the proposed dealership corporation can demonstrate it is presently able to fulfill all of the terms of, and meet all the requirements of, the then existing standard Dealer Agreement for GM.

Section II. POLICIES FOR MULTIPLE DEALER INVESTORS/OPERATORS

In addition to the requirements outlined in Section I, the following additional policies apply to proposed changes in GM dealership ownership or management involving a Multiple Dealer Investor or Multiple Dealer Operator as defined below:

A. DEFINITIONS

A Multiple Dealer Investor (MDI) is a person who holds, or is applying to hold, an ownership interest in more than one GM dealership.

A Multiple Dealer Operator (MDO) is a person who has, or is applying to have, an ownership interest in more than one GM dealership and who is named, or is applying to be named, as Dealer Operator in more than one GM dealership.

B. NUMBER OF DEALERSHIPS

General Motors in its sole business judgment may refuse to approve an MDI/MDO if it would result in the proposed MDI/MDO owning or having an investment in an unreasonable number of GM dealerships.

C. MULTIPLE DEALER OPERATOR

An investor may apply to be named as Dealer Operator at any GM dealership at which the investor owns a minimum 15% of the record and/or beneficial ownership of the Dealer Company. Should the investor wish to be named as Dealer Operator at more than one dealership location (MDO), execution of a Multiple Dealer Operator Addendum, including the designation of a qualified Executive Manager(s), is required at all dealership locations, with the following exception: *The MDO has the option of running the day-to-day operations of one of his/her GM dealerships or designating separate Executive Managers at all of his/her GM dealerships.*

MDO applicants must comply with selection criteria applicable to all Dealer Operator candidates, and must be able to meet all of the performance, operational and other requirements set forth in the Dealer Agreement.

It is strongly suggested that prospective Multiple Dealer Operators and Investors establish adequate successor arrangements at all dealerships in which they are involved. These arrangements will serve to facilitate any dealership transition in the event of death or incapacity of the Multiple Dealer Operator.

D. EXECUTIVE MANAGER CRITERIA

Executive Manager applications must be submitted for review as part of a Multiple Dealer Operator proposal. Each Executive Manager must:

1. Have and demonstrate sufficient experience and competence to meet all of the qualifications of a Dealer Operator other than the personal financial and dealership investment qualifications.
2. Exercise full managerial authority and responsibility for the dealership operations on a day-to-day basis.
3. Have permanent residency in the APR of the dealership location and devote full time to operating the GM dealership.
4. An executive manager may only have responsibility for one dealership. Any change in an Executive Manager must have the prior approval of GM. Such approval will be reflected by the execution of a new and superseding Multiple Dealer Operator Addendum.

E. GM DEALER AGREEMENT REQUIREMENTS

The Dealer Agreement establishes requirements regarding sales performance, customer satisfaction and working capital. A dealer is achieving satisfactory performance of its sales obligations if its Retail Sales Index ("RSI") is equal or greater than 100. For customer satisfaction, Dealer agrees to conduct its dealership operations in a manner which will promote customer satisfaction with the purchase and ownership experience. In assessing customer satisfaction performance, GM compares the dealer's performance to the average performance of other same line-make dealers in the Region. A dealer is achieving satisfactory performance of its customer satisfaction obligations if its PDS and SSS ratings are at or above the region averages. The Dealer Agreement also establishes the minimum net working capital requirement for each dealership that must be maintained, and each dealership is expected to operate its dealership operations profitably.

If an applicant is proposing to be named as Dealer Operator and/or an investor in a GM dealership, GM will review the performance of all existing GM dealerships where the candidate is a dealer operator and/or investor. GM will review all the dealerships' performance with respect to sales, customer satisfaction, net working capital, and profitability.

If one or more of the existing GM dealerships are not meeting all of the standards under the Dealer Agreement as set forth above, GM will exercise its business judgment in deciding whether to approve the applicant. In making this business judgment, GM will make an assessment of the applicant's dealership portfolio performance. This portfolio assessment will include a review of the sales performance, CSI performance, working capital, and profitability of these dealerships, as well as an assessment of the overall portfolio performance.

In assessing a proposal, GM also will consider any other relevant considerations. These relevant considerations may include, for example, the trend in dealership performance for other GM dealerships, length of time of the applicant's ownership and/or performance as dealer operator in other GM dealerships, GM's dealer network plan, the proposed alignment of line-makes, any circumstances beyond the control of the applicant concerning the performance of other GM dealerships, and diversity considerations. Where applicable, GM may also take into consideration the performance of any non-GM dealerships.

Attachment G

kent@kentsteffes.com

From: Milan Golusin [milan.golusin@gm.com]
Sent: Tuesday, December 10, 2013 11:37 AM
To: Kent Steffes
Subject: RE: DCICR Access Request (3).docx

Hi Kent,

Pursuant to the November 12, 2013, Decision of the California New Motor Vehicle Board, General Motors' Dealer Sales and Service Agreements with McConnell Chevrolet Buick, Inc. have been terminated. Thus, Change Request #58256 is moot and has been deactivated by GM.

Thank you,

Milan Golusin
Team Lead - West Region
ChannelVantage
General Motors
100 Renaissance Center, Mail Code 482-A16-C66
Detroit, MI 48265-1000
Phone: 313.667.5482
Fax: 313.483.0546

From: Kent Steffes [mailto:kent@kentsteffes.com]
Sent: Tuesday, December 10, 2013 1:10 PM
To: Milan Golusin
Subject: RE: DCICR Access Request (3).docx

Milan,

The change request #58256 was inactivated. Can we have it reactivated or a new one issued so we can complete?

Regards,

Kent

From: Milan Golusin [mailto:milan.golusin@gm.com]
Sent: Wednesday, October 09, 2013 7:44 AM
To: Kent Steffes
Subject: RE: DCICR Access Request (3).docx

Kent,

Sorry for the delay, I was out on Friday and have been in all day training since Monday, and through today most likely.

Please access GlobalConnect using the ID and Password below

ID 58256
PW: Fall2013

Once in Global Connect, there will be a drop down box on the DCICR main page named "Existing Change Requests" highlight CR 58256 and click continue to proceed. If you have any question or need assistance filling out the online forms, please contact me at the number below. In addition, I need the names and email addresses of all the proposed investors as a background check will need to be performed on each candidate. I will also send you a list of what additional documentation I will need.

Thank you,

Milan Golusin
Team Lead - West Region
ChannelVantage
General Motors
100 Renaissance Center, Mail Code 482-A16-C66
Detroit, MI 48265-1000
Phone: 313.667.5482
Fax: 313.483.0546

From: Kent Steffes [<mailto:kent@kentsteffes.com>]
Sent: Wednesday, October 09, 2013 3:36 AM
To: Milan Golusin
Subject: FW: DCICR Access Request (3).docx

Milan,

Just checking in to see where we are on getting the ID and password in order to access Global Connect. When do you think you will be able to get that to me?

Regards,

Kent

From: Kent Steffes [<mailto:kent@kentsteffes.com>]
Sent: Thursday, October 03, 2013 10:19 PM
To: 'Milan Golusin'
Subject: DCICR Access Request (3).docx

Milan,

Here is the form filled out. Please let me know if there is anything else I need to provide.

Also I need your help finding a contact regarding my previous email. It has come to my attention that a Mr. Carter is negotiating with GM on behalf of the Dealer Company without the authorization of the Board. Please let me know who I should contact.

Regards,

Kent Steffes

Nothing in this message is intended to constitute an electronic signature unless a specific statement to the contrary is included in this message.

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kent@kentsteffes.com

From: Kent Steffes [kent@kentsteffes.com]
Sent: Thursday, January 16, 2014 12:00 PM
To: Milan Golusin
Cc: Kent Steffes
Subject: Re: Dispute Resolution

Milan,

After re reviewing your email it appears that you believe as if something is "in process" between GM and our company. Please be advised that only authorized officers or directors can act on behalf of the corporation and there has been no contact between GM and the officers and directors of the corporation.

If GM would like to contact our authorized representatives please contact me via email or by phone 310 991-5368 or I can give you the contact info for our corporate counsel.

Regards,

Kent

Sent from my iPhone

On Jan 16, 2014, at 11:06 AM, Milan Golusin <milan.golusin@gm.com> wrote:

Kent,

As is apparent from my previous email message to you, GM disagrees with your characterization of the proceedings before the California New Motor Vehicle Board. Records of those proceedings unequivocally show that McConnell Chevrolet Buick's Dealer Sales and Service Agreements with GM have been terminated. Except for required termination assistance (which, again, is in process), GM does not have a contractual or other business relationship with McConnell Chevrolet Buick, has no rights or responsibilities with respect to the ownership interests in McConnell Chevrolet Buick, and does not intend to engage in mediation over any of the issues you have raised.

Milan Golusin
Team Lead - West Region
ChannelVantage
General Motors
100 Renaissance Center, Mail Code 482-A16-C66
Detroit, MI 48265-1000
Phone: 313.667.5482
Fax: 313.483.0546

From: kent@kentsteffes.com [mailto:kent@kentsteffes.com]
Sent: Thursday, January 16, 2014 12:02 PM
To: Milan Golusin
Subject: RE: Dispute Resolution

Milan,

I was under the impression when I contacted you that by sending you the letter we were seeking approval for Mr. Excell to acquire an ownership position in McConnell Chevrolet Buick, Inc. and to become dealer operator. If that was unclear then let this be the notification that we are so seeking that and so request.

The situation with the New Motor Vehicle Board was between GM and Mike McConnell and not the Corporation who was not informed or represented in the matter. The Dealer Sales and Services Agreement is quite clear in Article 2 that "Although this Agreement is entered into in reliance on the personal services of the Dealer Operator, the Dealer entity specified in this Agreement is the only party to this Agreement with General Motors." General Motors confirmed this position of theirs in a letter sent to the company on March 26, 2013 in which it was stated "Although this Letter Agreement is entered into in reliance upon the personal services, business experience and financial qualifications of the Dealer Operator, Dealer Company is the only party to the Dealer Agreements with GM."

Our position on the matter has been consistent and General Motors refusal to work with us as the Dealer entity/Dealer Company has been unreasonable. If you wish to dispute our position or present your own than it can certainly be done in front of the Dispute Resolution mediator.

We again request mediation under Article 16 of the Dealer Sales and Services Agreement which is mandatory on both parties.

Thank you,

Kent Steffes
President and Chairman of the Board McConnell Chevrolet Buick, Inc.

From: Milan Golusin [<mailto:milan.golusin@gm.com>]
Sent: Thursday, January 16, 2014 8:42 AM
To: kent@kentsteffes.com
Subject: RE: Dispute Resolution

Kent,

Pursuant to the November 12, 2013, Decision of the California New Motor Vehicle Board, General Motors' Dealer Sales and Service Agreements with McConnell Chevrolet Buick, Inc. have been terminated. Except for providing the required termination assistance (which is in process), GM no longer has a contractual or other business relationship with McConnell Chevrolet Buick.

GM received a request by Mr. Excell to re-establish Chevrolet dealership operations in Gridley, California, which was evaluated and considered by GM. As you and Mr. Excell have been advised, GM does not believe the re-establishment of Chevrolet dealership operations in Gridley is warranted at this time.

To the best of my knowledge, GM has not received a request from McConnell Chevrolet Buick, or any other party, for the approval of Mr. Excell's acquisition of an ownership interest in the company. Indeed, GM no longer has any right to approve or disapprove of the ownership structure of McConnell Chevrolet Buick, Inc.

Finally, the parties no longer have any agreement regarding the mediation of any disputes, and GM declines to voluntarily mediate any dispute regarding its earlier decisions concerning the ownership of McConnell Chevrolet Buick.

Thank you,

Milan Golusin
Team Lead - West Region
ChannelVantage
General Motors
100 Renaissance Center, Mail Code 482-A16-C66
Detroit, MI 48265-1000
Phone: 313.667.5482
Fax: 313.483.0546

From: kent@kentsteffes.com [<mailto:kent@kentsteffes.com>]
Sent: Wednesday, January 15, 2014 7:18 PM
To: Milan Golusin
Subject: Dispute Resolution

Milan,

We are in receipt of GM's letter dated January 14, 2014 addressed to Mr. Excell denying our request to change ownership of the McConnell Chevrolet Buick, Inc. franchise.

Under our Dealer Sales & Service Agreement, Article 16: Dispute Resolution Process we are required to mediate our dispute under the General Motors Dispute Resolution Process before using other remedies under Federal, State or Local laws.

We hereby request mediation under Article 16 which is mandatory upon GM. Our dispute is that GM has unreasonably withheld its approval of the change of Dealer Operator From Mike McConnell to Bill Marker, Terry Libbon and now Mr. Excell.

Please let us know if this notice will suffice or if there is something else that we must provide. As GM has cut off our access to Global Connect we no longer have access to the General Motors Dispute Resolution Process referenced in the Dealer Sales & Service Agreement. Would you please send us a copy.

Regards,

Kent Steffes
President & Chairman of the Board
McConnell Chevrolet Buick, Inc.

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Attachment H

LAW FIRM OF

ISAACS CLOUSE CROSE & OXFORD LLP

21515 HAWTHORNE BLVD
SUITE 950
TORRANCE, CA 90503

TELEPHONE (310) 316-1990
FACSIMILE (310) 316-1330

January 16, 2014



VIA U.S. MAIL

Donald F. Woods, Jr.
McKool Smith Hennigan LLC
865 South Figueroa Street
Suite 2900
Los Angeles, California 90017

Re: McConnell Chevrolet – Kent Steffes

Dear Don:

I represent General Motors LLC (“GM”) and, as you may recall, we spoke last October concerning your client, Kent Steffes, and various disputes concerning the former McConnell Chevrolet Buick dealership. I write at my client’s request in response to e-mail messages GM received from Mr. Steffes. I understand that you still represent Mr. Steffes in ongoing litigation involving the former dealership company, but if I am misinformed please let me know so that this communication can be redirected.

As you know, McConnell Chevrolet Buick, Inc. (“Dealer Company”) formerly operated a Chevrolet and Buick dealership in Gridley, California pursuant to General Motors Dealer Sales and Service Agreements (“Dealer Agreements”). In June 2013, GM sent termination notices to the Dealer Company and the California New Motor Vehicle Board (“Board”) based on Dealer Company’s material breach of the Dealer Agreements. In response, the Dealer Company through counsel filed protests with the Board under Veh. Code § 3060 *et seq.* that subsequently came on regularly for hearing before Administrative Law Judge Diana Woodward Hagle. Following the hearing, Judge Hagle wrote a proposed decision overruling the protests that the Board adopted as its final decision on November 12, 2013 (“Decision”). The Dealer Agreements terminated immediately thereafter.

Mr. Steffes now has inquired, purportedly on behalf of the Dealer Company, about procedures for requesting a parts return pursuant to Article 15 of the Dealer Agreements. In response to that inquiry, the pertinent provisions of Articles 15.2.1 and 15.2.2 are

summarized in the next two paragraphs of this letter.

Under Article 15.2.1, Dealer Company must submit a list of “[u]nused and undamaged Parts and Accessories that (i) are still in the original, re-salable merchandising packages and, in unbroken lots (in the case of sheet metal, a comparable substitute for the original package may be used); (ii) are listed for sale in the then current Dealer Parts and Accessories Price Schedules (except for those items marked **NOT ELIGIBLE** Parts and Accessories); and (iii) were purchased by Dealer either directly from General Motors or from an outgoing dealer as part of Dealer’s initial Parts and Accessories inventory.”

Assuming the list includes Parts or Accessories that are eligible for repurchase, GM would provide shipping instructions to the Dealer Company. Within thirty days of receipt of these instructions, the Dealer Company would be required to ship the eligible Parts and Accessories to GM, shipping charges prepaid, to the destination(s) specified in the instructions. GM would then review and inspect the parts in order to determine final eligibility for repurchase. As a condition of payment, however, Dealer would be required to “take action and execute and deliver such instruments as necessary to (a) convey to General Motors good and marketable title to all [Parts and Accessories] to be purchased, (b) comply with the requirements of any applicable state law relating to bulk sales or transfer, and (c) satisfy and discharge any liens or encumbrances on [such Parts and Accessories] prior to their delivery to General Motors.” Dealer Agreements, Art. 15.2.2 (final paragraph).

In August 2013, the Dealer Company submitted a Data Authorization Form that permitted GM to access and assess the Dealer Company’s parts inventory records in conjunction with a proposed buy-sell agreement that was never consummated. That assessment indicated that the Dealer Company at that time may have had an inventory of parts that may have been eligible for repurchase by GM. GM does not know whether the Dealer Company currently has possession of these parts (or some of them) and, if it does, GM also does not know whether the parts are in acceptable condition or whether the Dealer Company can provide GM with clear title to such parts, as required by Article 15.2.2 of the former Dealer Agreements, summarized above. GM is currently conducting a lien search and is awaiting a response from the State of California.

I hope this letter clarifies the process and status for the Dealer Company’s parts return. Should you have any further questions, please do not hesitate to contact me.

Very truly yours,



Gregory R. Oxford

Isaacs Clouse Crose & Oxford LLP

cc: Jeffrey J. Carter