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PR-1241-91

STATE OF CALIFORNIA
NEW MOTOR VEHICLE BOARD

In the Matter of the Protests of)
JIM LYNCH CADILLAC, INC.,) Protest No. PR-1241-91
Protestants,)
vs.)
GENERAL MOTORS CORPORATION,)
CADILLAC MOTOR CAR DIVISION,)
Respondent.)

DECISION

The attached Proposed Decision of the Administrative Law Judge is hereby adopted by the New Motor Vehicle Board as its Decision in the above entitled matter.

This Decision shall become effective forthwith.

IT IS SO ORDERED THIS 24th day of July, 1992.


MANNING J. POST
President
New Motor Vehicle Board

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In the Matter of the Protest of)
JIM LYNCH CADILLAC, INC.,) Protest No. PR-1241-91-
Protestant,)
vs.) PROPOSED DECISION
CADILLAC MOTOR CAR DIVISION,)
GENERAL MOTORS CORPORATION)
Respondent.)

PROCEDURAL BACKGROUND

1. By letter dated October 7, 1991, Cadillac Motor Car Division, General Motors Corporation, ("Cadillac"), 515 Marin Street, Suite 203, Thousand Oaks, California, gave notice pursuant to California Vehicle Code section 3060^{1/} to Jim Lynch Cadillac, Inc., ("Lynch"), 200 North La Brea Avenue, Inglewood, California, of Cadillac's intention to terminate

^{1/} All statutory references are to the California Vehicle Code unless otherwise indicated.

the Cadillac franchise held by Lynch. The notice of termination was received by the New Motor Vehicle Board ("Board") on October 9, 1991.

2. On October 21, 1991, Lynch filed a protest with the Board pursuant to the provisions of section 3060.

3. On February 10, 1992, Lynch filed an Amended Protest/Petition, Petition No. P-236-92.

4. By order dated April 21, 1992, the protest and petition were bifurcated. The allegations and issues raised by the protest were ordered to be heard independently from and prior to those issues raised in the petition.

5. A hearing on the protest was held on May 12, 13, 14, and 15, 1992, before Marilyn Wong, Administrative Law Judge for the Board.

6. Cadillac was represented by Wallace M. Allan, Esq. of O'Melveny and Myers, 400 South Hope Street, Los Angeles, California, and L. Joseph Lines, General Counsel for Cadillac, 3031 West Grand Boulevard, Detroit, Michigan. Lynch was represented by Murray B. Silverstein, of Battaglia, Ross, Hastings and Dicus, One Tampa City Center, Suite 2555, 201 North Franklin Street, Tampa, Florida, and Michael J. Flanagan of Coder, Tuel and Flanagan, 8801 Folsom Boulevard, Suite 172, Sacramento, California.

ISSUES PRESENTED

7. Section 3066 imposes upon Cadillac the burden of establishing the existence of good cause to terminate or refuse to continue the franchise of Lynch.

8. In determining whether good cause has been established for terminating or refusing to continue a franchise, section 3061 requires the Board to take into consideration the existing circumstances, including, but not limited to:

- (a) Amount of business transacted by the franchisee, as compared as to the business available to the franchisee {section 3061(a)}.
- (b) Investment necessarily made and obligations incurred by the franchisee to perform its part of the franchise {section 3061(b)}.
- (c) Permanency of the investment {section 3061(c)}.
- (d) Whether it is injurious or beneficial to the public welfare for the franchise to be modified or replaced or the business of the franchisee disrupted {section 3061(d)}.
- (e) Whether the franchisee has adequate motor vehicle sales and service facilities, equipment, vehicle parts and qualified service personnel to reasonably provide for the needs of the consumers for the motor vehicles handled by the franchisee and has been and is rendering adequate services to the public {section 3061(e)}.

- (f) Whether the franchisee fails to fulfill the obligations of the franchisor to be performed by the franchisee {section 3061(f)}.
- (g) Extent of franchisee's failure to comply with the terms of the franchise {section 3061(g)}.

CONTENTIONS OF THE PARTIES

9. Cadillac contends that good cause exists to terminate Lynch's Dealer Sales and Service Agreement ("Dealer Agreement" or "franchise") due to Lynch's breach of the terms of this franchise. It is Cadillac's position that Lynch breached the Dealer Agreement by abandoning its sales facility located at 200 North La Brea Avenue ("La Brea"), Inglewood, California, and consolidating its new car sales operation at an unapproved and unauthorized location for sales at 1213 West Centinela Avenue ("Centinela"), Inglewood, California. The abandonment and subsequent relocation of the sales operation by Lynch was accomplished unilaterally without the prior approval of Cadillac.

10. Lynch contends that over the last five years it has, in good faith, attempted to comply with the Dealer Agreement by trying to find possible sites for the relocation of the dealership. Lynch further contends that the current consolidated operation at Centinela is merely a temporary arrangement while it continues to pursue efforts to relocate. Lynch also contends that the consolidation was justified because continued operations from both facilities resulted in

the dealership losing money each month, and Lynch faced insolvency if it did not consolidate.

FINDINGS OF FACT

(a) Facts Relating to the Amount of Business Transacted by Lynch Compared to the Business Available to it. (section 3061(a))

11. In metropolitan areas, Cadillac dealers are contractually assigned geographic areas of primary responsibility within which their sales performance is evaluated. These areas are shared with other Cadillac dealers and are called Multiple Dealer Areas.

12. Lynch along with four other dealers comprise the L.A. Central Multiple Dealer Area ("MDA"). The five dealers are contractually assigned to provide representation for the Cadillac brand within this geographic area.

13. Each dealer within a Multiple Dealer Area is also assigned an "area of geographic sales and service advantage" ("AGSSA"), which is a smaller area composed of census tracts nearest to that dealer. Within its own AGSSA each dealer enjoys a geographic and therefore typically a competitive advantage over the other surrounding Cadillac dealers in the MDA.

14. Market opportunity against which dealers are measured is the number of actual retail registration of Cadillacs within an AGSSA regardless of which dealer made the sale.

15. From 1987 through 1989 Lynch maintained a slightly decreasing but consistent percentage share of Cadillac sales

within the MDA and within its assigned AGSSA 13. In 1987 Lynch captured 9% of the Cadillac registrations within the MDA and 24.2% of the registrations within its own AGSSA 13.

16. From 1990 through the period of consolidation of the sales and service operations, Lynch's percentage share dropped precipitously, culminating in an all time low during the last six months of 1991 of 2.3% of the MDA and 9.4% of AGSSA 13. These figures indicate the consolidation further hindered Lynch's ability to capture available business within the MDA and its AGSSA.

17. Viewed another way, 97.7% of Cadillacs registered in the MDA in the last half of 1991 were sold by dealers other than Lynch. Likewise for the same time period, 90.6% of the Cadillacs registered in the Lynch AGSSA were sold by dealers other than Lynch.

Lynch % of Cadillac Available in LA Central MDA

1987	9.0%
1988	8.3%
1989	8.5%
1990	5.1%
Jan-Jul 91	3.9%
Jul-Dec 91	2.3%

Lynch % of All Retail Cadillac Registrations in AGSSA 13

1987	24.2%
1988	22.9%
1989	20.3%
1990	15.6%
Jan-Jul 91	9.5%
Jul-Dec 91	9.4%

18. Further evidence that the consolidation weakened Lynch as an intra-brand competitor is shown on the following

chart where concentric 2 mile ring increments are drawn out from the dealership.

Lynch % of All Retail Cadillac Registrations
by Mile Ring from Inglewood Location

Miles	2	4	6	8	10	12	14	16	18	20
1990	19.4	15.5	9.0	1.2	1.0	1.8	.2	.2	0	.2
1991	5.1	12.4	4.3	2.2	.3	.5	.4	0	.4	0

19. In 1990, based on actual Cadillac registrations, Lynch captured 19.4% of the available business within 2 miles of the dealership. In 1991, this percent dropped to 5.1%.

20. Registration data interpreted in a light most favorable to Lynch reveals that Lynch is weak and marginal as a Cadillac dealer. In 1991, analyzing all of Lynch's registrations of new vehicles wherever sold, compared to the actual number of Cadillacs registered in AGSSA 13, Lynch's sales represent only 18.8%. This figure represents a significant decline from the period of 1987-1989 where Lynch's registrations ran from 60 to 65%. A minimum expectation of dealer performance would be 100%.

Lynch Cadillac Nation-Wide Registrations as a % of
All Cadillac Registrations in AGSSA 13

1987	62.8%
1988	61.1%
1989	65.7%
1990	29.5%
1991	18.8%

21. The number of new units sold by Lynch has steadily declined over the past five years. The number of new cars sold ranged from a high of 1,114 in 1987 to just 54 units in 1991. There has been an estimated 20% decline in Cadillac sales nationwide from 1990 to 1991, however, this factor alone

is insufficient to account for the precipitous drop in Lynch's new car sales.

Number of New Units Sold by Lynch

1987	1,114
1988	415
1989	460
1990	149
1991	54
Jan/Feb 92	11

22. There has also been a decline in the number of repair orders written by Lynch. In 1990, there were 6,789 repair orders written. In 1991, there were 5,539 repair orders written, representing an approximate decrease of 1,250 repair orders from the previous year. For the first two months of 1992, a total of 735 repair orders were written.

Number of Repair Orders Written by Lynch Cadillac

1987	7,761
1988	6,923
1989	6,516
1990	6,789
1991	5,589
Jan/Feb 92	735

23. The Lynch AGSSA contains about 188,000 households with over a half million people. In terms of population, it can be characterized as stable or slightly growing.

24. Within the Lynch AGSSA, 24,376 households have incomes greater than \$75,000, and 56,683 households have incomes greater than \$50,000. These household income figures are the second highest of the five AGSSA's in the MDA.

25. The median household income of a Cadillac buyer is \$70,000, and 97% of all Cadillac buyers have incomes greater than \$25,000.

26. The actual Cadillac registrations combined with the income data indicate that there is sufficient opportunity for Cadillac sales within the Lynch AGSSA 13.

(b) Facts Relating to the Investment Necessarily Made and Obligations Incurred by Lynch to Perform its Part of the Franchise.
(section 3061(b))

27. In December of 1986, Jim Lynch Enterprises acquired all of the stock of Buffington Motors for \$2.775 million with approximately \$1.6 million for tangible assets of the business and \$1.2 million for goodwill. The transaction did not include the purchase of any land or buildings. Jim Lynch or one of his business entities loaned the Lynch dealership \$1 million in working capital.

28. From 1987 through 1989, various improvements were made to the facilities totaling \$300,000. In 1990, approximately \$90,000 was expended for improvements to the La Brea facilities.

(c) Facts Relating to the Permanency of Lynch's Investment. (section 3061(c))

29. In analyzing the permanency of investment of Lynch, the balance sheet of the business was reviewed. Included on the balance sheet are the assets and liabilities, and equity of the business.

30. Current or liquid assets, such as cash on hand, cash in bank, amounts due from the factory, receivables, inventory and contracts in transit, are continuously converted into cash within a 12-month business cycle. Long term or fixed assets, such as land, buildings, equipment, furniture and fixtures, and leasehold improvements, cannot be easily converted to cash.

31. Current liabilities are obligations which must be met within the 12-month business cycle, while long term liabilities mature in more than 12 months.

32. As of December 31, 1991, Lynch had current assets of \$506,829 on a LIFO basis (ie. last in, first out method of accounting). These assets would normally be converted into cash within the 12-month business cycle, and therefore cannot be considered a permanent investment of Lynch.

33. The long term or fixed assets of Lynch were \$159,942 representing 13.5% of the total assets of the dealership, as of December 31, 1991. Since these assets are not normally converted into cash within the 12-month business cycle, this amount of \$159,942 represents the permanent investment of Lynch.

34. The following liquidation analysis as of December 31, 1991, shows which assets are at peril if Lynch is terminated.

35. The total assets of the dealership are determined by taking the sum of the current assets, \$506,829, and the long term assets, \$159,942, and adding the LIFO reserve of

\$518,324. The LIFO reserve accurately reflects the value of dealer inventory, without which the value of the inventory would be understated. In this case, without using the LIFO reserve, Lynch shows a negative figure for inventory even though it had 12 new vehicles in inventory.

Total Assets on LIFO Basis	\$	666,771
LIFO Reserve		518,324
Total Assets on FIFO Basis		1,185,095

36. The same figure for total assets can also be arrived at as follows:

Total Current Assets	\$	507,000
LIFO New Car Inventory (add back)		152,000
New Car Cost (12 new cars)		339,000
Long Term Assets		160,000
LIFO Parts Inventory		27,000
Total Assets	\$	1,185,000

37. The total liabilities of the dealership as of December 31, 1991 totaled \$1,544,960, of which \$1,000,000 was the working capital loan from Jim Lynch. Excluding the Lynch debt, there are adequate assets to pay third-party creditors, should Lynch be required to liquidate. The remaining amount of \$640,135 would be available to pay on the \$1 million loan.

38. The acquisition cost of \$2.775 million was also reviewed to determine the permanency of investment of Lynch. From the total cost, \$1.6 million was paid for tangible assets. These assets, except for approximately \$160,000 in

long term assets, were converted to cash during the operation of the business and used to fund \$1 million in operating losses over the past 5 years.

39. The balance of \$1.2 million which was paid for goodwill was lost before the end of 1991. There was no goodwill remaining because the business had sustained losses for 5 years, liabilities exceeded its net assets, the business had changed locations, reduced staff, sold fewer vehicles, discontinued its body shops, service and parts activity had declined or become stagnant, used car business had declined, and cash reserves and inventory had substantially declined.

40. The remaining assets which were not lost or converted to cash, including machinery and equipment, parts and accessories, furniture and fixtures, company vehicles, and leasehold improvements, would be considered a permanent investment and this figure amounts to approximately \$160,000.

41. Therefore, of the \$2.775 million acquisition price, only \$160,000 remains as Lynch's permanent investment.

(d) Facts Relating to Whether it is Injurious or Beneficial to the Public Welfare for the Business of Lynch to be Modified or Replaced or the Business of Lynch Disrupted. (section 3061(d))

42. In 1991, Lynch sold only 54 new vehicles. In May and June 1991, while Lynch consolidated, no new vehicles were sold. In January and in February 1992, only 11 new vehicles were sold.

43. There is no showroom for new vehicles at the Centinela facility. New and used car sales are conducted out

of two mobile-home type trailers located in the parking lot. The facilities are crowded and new car customers must first go through the service area before they get to the area where the new cars are located. All of these factors pose an inconvenience to the customers and are inconsistent with Cadillac's image and standards.

44. Lynch claims that Cadillac's planning potential figures were inflated and therefore responsible for Lynch's consolidation. Lynch further claims that because the planning potential figures had been revised downwards several times that he could not assess Cadillac's requirements and therefore could not plan for a new site for the dealership. There is no merit to either of these claims.

45. The planning potential, now known as the retail planning guide, is a figure for vehicle sales opportunity assigned to a dealer which is based, in part, on a 3 to 5 year historical average of Cadillac registrations.

46. The evidence presented shows that the Lynch consolidation was precipitated by the expiration of its lease at La Brea. Through consolidation Lynch thought it could reduce its monthly losses. These factors alone, not planning potential, were the cause of Lynch's consolidation. Likewise, Lynch's inability to obtain a relocation site was due to reasons, such as financial constraints, other than planning potential figures.

47. The L.A. Central MDA has four other Cadillac dealerships in addition to Lynch. Three of the four

dealerships located in Torrance, Santa Monica and Beverly Hills are within approximately five (5) miles of Lynch. Downtown L.A. Motors is located between five (5) and seven (7) miles from Lynch. Any decrease in sales and service of Cadillac vehicles due to a termination of the Lynch franchise will be compensated for by the surrounding dealers so that there should be no significant impact on the consuming public.

48. Over the last five years Lynch has significantly reduced the number of its employees to the current 25. The termination of Lynch should not have any significant impact on the community's economy.

49. A representative of the City of Inglewood expressed concern over prolonging Lynch's operation at Centinela. He did feel, however, that a Cadillac dealership in Inglewood in some form was better than none at all. Cadillac has stated that it intends to maintain an "open point" in Inglewood should the Lynch dealership be terminated.

(e) Facts Relating to Whether Lynch has Adequate Motor Vehicle Sales and Service Facilities, Equipment, Vehicle Parts, and Qualified Personnel to Reasonably Provide for the Needs of the Consumers of Cadillac Vehicles and has Been and is Rendering Adequate Services to the Public. (section 3061(e))

50. The Centinela facility is old and inadequate for new car sales operations. There is no showroom, and the existing buildings, which were constructed for service operations, are not appropriate for conducting sales activities. New car sales activities are conducted out of two

mobile-home type trailers situated in the display lot. New cars are mixed with used cars in the crowded display area. The signage for the dealership is small and has the appearance of being makeshift and temporary.

51. The Centinela facility has only 17.3% of the space required by Cadillac's space and facilities guidelines and is therefore deficient under these guidelines.

52. Lynch has been notified by the City of Inglewood that its sales and service operations out of the Centinela site do not meet the City's zoning and building codes. If the facility was brought up to code, it would further reduce the amount of space available for sales and service activities.

(f) Facts Relating to Whether Lynch has Failed to Fulfill the Warranty Obligations of Cadillac to be Performed by Lynch. (section 3061(f))

53. No evidence concerning this factor was presented at the hearing on this matter.

(g) Extent of Lynch's Failure to Comply with the Terms of the Franchise. (section 3061(g))

54. The General Motors Dealer Agreements of 1990 state, in pertinent part, as follows:

Dealer agrees to conduct Dealership Operations only from the approved location(s) within its Area of Primary Responsibility. The Location and Premises Addendum identifies Dealer's approved location(s) and facilities ("Premises"). If more than one location is approved, Dealer agrees to conduct from each location only those Dealership Operations authorized in the Addendum for such location. (Article 4 Paragraph 4.4.1 of 1990 Dealer Agreement).

If Dealer wants to make any change in location(s) or Premises, . . . Dealer will give Division written notice of the proposed change, together with the reasons for the proposal, for Division's evaluation and final decision in light of dealer network planning considerations. No change in location or in the use of Premises, including addition of any other vehicle lines, will be made without Division's prior written authorization. (Article 4 Paragraph 4.4.2 of the 1990 Dealer Agreement).

. . . Dealer agrees that its facilities will be sized in accordance with Division's requirements for that location. (Article 4 Paragraph 4.4.3 of the 1990 Dealer Agreement).

55. On December 17, 1986, Lynch and Cadillac entered into the General Motors Dealer Agreement. At the same time a letter agreement was executed by both parties requiring Lynch to provide adequate facilities for the dealership within a year commencing on December 17, 1986 ("1986 Facilities Letter").

56. In November of 1990, the parties renewed Lynch's franchise which resulted in a new 5-year term agreement. The 1990 Dealer Agreement was subject to the 1986 Facilities Letter.

57. In November of 1987, shortly before the one-year term in the 1986 Facilities Letter was to expire, Lynch requested and was given an additional one-year extension until December 1988 to provide adequate facilities for the dealership.

58. In November of 1988, shortly before the December of 1988 expiration date, Lynch requested and was ultimately granted a three-year extension (i.e., until December of 1991) to provide adequate facilities for the dealership.

59. During this 5-year period, Lynch actively pursued relocation plans, however, except for the unauthorized consolidation of Centinela, none of these plans resulted in the purchase or construction of, or relocation to, another facility.

60. In 1990 Cadillac provided free architectural consultation along with written plans to Lynch for improvements to the La Brea facility. Lynch obtained construction bids of \$500,000 for the work. However, Lynch chose to scale down the project making only \$90,000 worth of improvements to La Brea in 1990.

61. Subsequent to the completion of the improvements to La Brea in 1990, Cadillac never requested any further improvements, and in fact by letter dated March 21, 1991, Cadillac advised Lynch that the La Brea sales site along with the Centinela service site were satisfactory for continued Cadillac representation in Inglewood.

62. In February of 1991, Lynch advised Cadillac that he intended to move the sales operations from La Brea to Centinela, which was not an approved site for new car sales. Cadillac responded by requesting that Lynch submit a proposal indicating that the intended move would comply with Cadillac's space and facilities guidelines.

63. By letter dated March 18, 1991, Lynch advised Cadillac that it intended to abandon all new car sales activities while maintaining only the service operation at the Centinela facility, as a satellite service facility.

64. Cadillac denied Lynch's request for the satellite service facility stating that the Dealer Agreement required Lynch to conduct new car sales activities. Cadillac took the position that a discontinuation of new car sales operations would constitute a breach of the franchise.

65. The lease on the La Brea facility expired at the end of March, 1991. Lynch was unable to negotiate new lease terms. The dealership had been paying \$1,950 per month for La Brea since 1987. The landlord requested an immediate \$3,000 per month and rent escalations which would top out in 1992 at \$4,500 per month. The combined rental at the maximum rate at Centinela and La Brea would have been \$7,500 per month which is far below the Los Angeles Zone average rent in 1991 of approximately \$35,000 to \$40,000 per month.

66. On April 10, 1991, Lynch formally requested Cadillac's approval of the Centinela facility for new car sales activities. Cadillac, while agreeing to consider any proposals by Lynch, specifically denied the approval of Centinela for new car sales operations.

67. Under the Dealership Agreement Facilities Addendum, La Brea is specifically approved for new car display, new car storage and administration. Centinela is approved only for new car storage, parts and service. Centinela has never been an approved location for the sale of new cars.

68. Even though Cadillac refused to approve the Centinela location for new car sales, on May 1, 1991, Lynch

abandoned the La Brea location and moved its new car sales operations to Centinela.

69. By letter dated May 9, 1991, Lynch was advised that the abandonment of the La Brea facility and the consolidation of sales with service activities at Centinela would be grounds for termination of the Dealer Agreement.

70. On October 7, 1991, Cadillac notified Lynch of its intention to terminate the Dealer Agreement. During the 5 month interval between May and October, Cadillac gave Lynch every opportunity to find another site to relocate to and made it abundantly clear that continued sales activities at La Brea were satisfactory to Cadillac. One option which always existed for Lynch, but which Lynch did not consider viable, was to move back to the La Brea facility which was still vacant at the time of the hearing.

71. Mr. Lynch was at all times completely in charge of his own numerous relocation efforts. For the most part, Cadillac cooperated with Lynch in these efforts. Nevertheless, for 5 1/2 years, Lynch was never able to acquire any property for the relocation of his dealership, and in fact, Lynch has never had a reasonable probability of acquiring any such property.

72. Even good faith efforts must be balanced against the real possibility that Lynch will never be able to acquire a suitable site for the dealership. Although, very early on, the acquisition of a site was extremely promising; in time, it

became increasingly clear that Lynch would not be able to acquire a suitable site in the foreseeable future.

73. Lynch urges consideration of impending financial insolvency as justification for its actions. However, Lynch's fiscal condition cannot justify an unauthorized relocation of its sales operations. As such, this proposition is not material to the issues presented by this protest.

74. Lynch stated that the losses generated from the operation of the La Brea facility were approximately \$35,000 to \$40,000 per month, prior to the consolidation. However, there was little evidence of what savings other than rent and maintenance were actually attributable to the consolidation. Some of the specific savings, such as fewer employees, company vehicles, and decreased inventory costs could have been achieved without the consolidation.

75. Although Lynch has been able to reduce the monthly losses of the dealership from about \$21,000 per month in 1991 to about \$8,000 per month for the first four months of 1992, it is unclear what, if any, of this reduction other than rent and maintenance is a direct result of the relocation.

76. Lynch breached the Dealer Agreement by unilaterally moving its new car sales operations from the approved location to an unauthorized location. The relocation by Lynch was done without prior written authorization of Cadillac.

77. Lynch further breached the Dealer Agreement to the extent that the unauthorized relocation resulted in inadequate

facilities which are far below the facilities and space guidelines required under the Dealer Agreement.

DETERMINATION OF ISSUES

78. It is determined that Cadillac has established good cause to terminate the franchise of Lynch in that:

a) Cadillac established that Lynch had not transacted an adequate amount of business as compared to the business available to it {section 3061(a)}.

b) Cadillac failed to establish that there was no investments necessarily made or obligations incurred by Lynch to perform its part of the franchise {section 3061(b)}.

c) Cadillac established that the investment made by Lynch was not permanent {section 3061(c)}.

d) Cadillac established that it would be beneficial or that it would not be injurious to the public welfare for the franchise of Lynch to be modified or replaced or the business of Lynch disrupted {section 3061(d)}.

e) Cadillac established that Lynch does not have adequate motor vehicle sales and service facilities, equipment, vehicle parts, and qualified service personnel to reasonably provide for the needs of the consumers for the motor vehicles handled by Lynch, and has not been rendering adequate services to the public { section 3061(e)}.

f) Cadillac failed to establish that Lynch failed to fulfill the warranty obligations of Cadillac as to be performed by Lynch {section 3061(f)}.

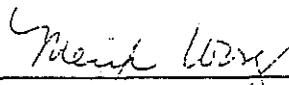
g) Cadillac established that Lynch has materially breached the terms of the franchise by relocating its sales operations without prior written approval of Cadillac {section 3061(g)}.

PROPOSED DECISION

The protest is overruled. Respondent Cadillac Motor Car Division, General Motors Corporation shall be permitted to terminate the franchise of Protestant Jim Lynch Cadillac, Inc.

I hereby submit the foregoing which constitutes my proposed decision in the above-entitled matter, as a result of a hearing held before me on the above date and recommend adoption of this proposed decision as the decision of the New Motor Vehicle Board.

Dated: July 17, 1992



MERILYN WONG
Administrative Law Judge
New Motor Vehicle Board