

# **EXHIBIT C**

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**Date:** May 15, 2014 at 10:32:52 AM PDT  
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**Subject:** Putnam Lexus Summary : ALE summary & timeline

Mike

Per your request, attached is a summary of events and timeline in regards to ALE campaign.

Also, per your suggestion, I've contacted our insurance carrier, and indeed **we may have coverage for the employee fraud commitment against us.** Thank you for that suggestion.

I'd like to reaffirm our attitude is one of a) 100% cooperation and b) ultimate concern for the guest. We hope that Lexus and Putnam Lexus can maintain our superb relationship and even forge a better partnership for the future. We will learn from this, and become a better business because of it.

**It's clear that all parties involved were the victims .... The guest, Lexus, and Putnam Lexus.**

Contact me if you need any additional information.

Thank you,

Marty Putnam

# ALE Summary & Timeline

We were first informed that there was an issue regarding completion of the ALE (valve spring replacement) recalls in mid-January of this year. Kevan Juergens told us that Serramonte Lexus had performed the DLG (cam gears) recall on a car and noticed that the ALE had not been performed. The called Lexus and the Lexus field rep verified that the ALE had not been done. **Also, the field rep found evidence of a cover-up with black FIPG sealant being applied over the factory grey sealant.**

Hernan Garcia, tech 879, was the Putnam Lexus technician on the original 2010 R.O.

On 1/23/2014, Kevan sent an email telling us to pull seven ALE R.O.'s. On 1/25/14, Kevan came by and examined the R.O.'s. He found that some R.O.'s were missing parts return stamps and some had very low flag times for the recall.

After asking Lexus for guidance, we suspended Hernan Garcia on 1/30/14, pending further investigation.

We wanted to find out the extent of the problem with Hernan Garcia. **With guidance and the proper word track to use from Lexus, we called several guests to see if the ALE recall had been done properly. As of 2/10/14 we opened up three cars and found one ALE not done.** Again the original tech was Hernan Garcia. **There was also cover-up, with black FIPG being applied over the factory grey FIPG. I called our labor attorney to make sure we were doing things properly and fired Hernan on 2/11/14. He confessed to me at that time. On 2/12, Marty and I called Hernan and he confessed again. He repeated over and over, "I'm sorry, I'm sorry, I'm sorry."**

**During this time, Kevan had us pull more R.O.'s and told us the investigation was widening. He told us that another technician, Arnulfo Puente, had some very low flag times on ALE recalls.** We asked that we be allowed to bring in some of his cars to see if the recalls had been performed. **So far, Lexus has not allowed us to do this. This is important, as we must either clear or convict this employee.**

**With Lexus guidance, over the past weeks we have brought in a few cars to see if the recalls were completed or not. So far, the cars brought in have all been Hernan Garcia cars. He did some and did not do some. Out of the ten cars we have examined, five had been completed and five had not.**

On April 24, Mark Egger, Woody Woodrum, Kevan, and other Lexus auditors examined 800+ R.O.'s. After this initial audit, they told us of several issues:

- 1) Time stamps were inconsistent, with some missing
- 2) Hours flagged were sometimes very low- indicating possible work not done properly
- 3) Tech 99 questions (which is not an actual employee but is used for sublet)

4) Sloppy paperwork, which would lead to an audit

I believe the paperwork issues revealed by the audit of April 24 have been addressed since the period of 2009/2010, when these recalls were primarily being performed.

- In 2011, Lexus performed a “mini-audit.” Since then, we have used the following check-off sheet.
- Beginning in 2009, we had a strict “No Overtime” policy for the techs, with very strong enforcement. This led to technicians working on cars without clocking onto the job. We have changed that policy.
- We have switched our DMS system to Reynolds and Reynolds. This new system makes it mandatory that all technicians clock on and off for each line of the repair order.
- In April of this year, we replaced our service manager. Our new service manager, Lee Lago, is a firm believer in processes with strict accountability. He has already tightened up several processes.

Hernan Garcia had three victims because of his crimes. The victim/victims potentially damaged the most are those guests driving around in a cars in which the ALE safety recall has not been performed. The second victim is Putnam Lexus. We paid Hernan to do the jobs which he did not do. The third victim is Lexus which also paid for the jobs he did not do.

Under Lexus guidance, we have not yet contacted the police to turn in Hernan Garcia. We fully intend to do this once we receive the green light from Lexus.

As a victim in the exact same boat as Lexus, our attitude is one of a) 100% cooperation and b) concern for the guest. We hope that Lexus and Putnam Lexus can maintain our wonderfully harmonious relationship and even forge a better partnership for the future.

Mark Putnam