

## Maserati Dealer Sues Factory, Alleging Padded Sales

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A Maserati dealer has sued Maserati North America, saying the auto company insisted the dealership misrepresent sales, reporting 2014 vehicle sales as much as quadruple what they actually were, and discriminated against dealers who refused to participate, according to a complaint filed Friday, Aug. 28.

The fraudulent sales reports preceded the start of public stock trading by Maserati's parent company, Fiat Chrysler Automobiles, court documents said.

Recovery Racing, which owns Maserati dealerships in New York, New Jersey and Florida, said in a complaint filed in the U.S. District Court for the Eastern District of New York that Maserati ordered dealers to mark their test drive vehicles as "sold" to boost sales numbers.

Dealers who refused to do so were treated unfairly when it came to incentives, the complaint also says.

A spokeswoman for Maserati North America said the automaker does not comment on pending litigation.

### 'Falsely inflate'

During September 2014, ahead of the start of Fiat-Chrysler's stock trading on Wall Street in October 2014, Peter Grady, then CEO of Maserati North America, started a corporate program to "falsely inflate" the number of vehicles reported as sold, according to court documents filed by the plaintiff, Stuart Hayim, owner of Recovery Racing.

Grady retired at age 54 as head of Chrysler Group's dealer network in March, having retired as head of Maserati North America in January. Grady, contacted by Automotive News, had no comment on the case.

Hayim "never participated as he did not want to be part of any securities fraud activity," said his attorney, Leonard Bellavia, senior partner at Bellavia Blatt & Crossett in Mineola, N.Y.

### 'Punched'

A vehicle is categorized as sold when it is "punched," that is, when a digital retail delivery report, or so-called RDR card, is filled out after a customer finishes the sales agreement to buy a new vehicle. The RDR card is then sent to the distributor to show that the vehicle is unavailable for dealer trade or dealer vehicle inventory, for allocation purposes, for customer information and for warranty records.

Dealers punch the RDR card when a new Maserati vehicle is added to their fleet of test drive vehicles -- commonly known as the demonstrator fleet -- because for a limited time the car would not be

available for dealer trades. Demonstrator vehicles are eventually sold to customers as new vehicles. The industry standard is to have one demonstrator vehicle for each model in the manufacturer's lineup, court documents said.

When a demonstrator is sold, the RDR card is modified to show customer information.

## **Buy now, get later**

On Sept. 23, 2014, Maserati told its dealers that it was starting a Ghibli Performance Bonus that would apply to new 2014 and 2015 Maserati Ghiblis sold during a certain period, according to court documents filed in the case. Dealers could receive up to \$3,000 per vehicle if they met all the objectives.

On Sept. 29, Rick Fuller, the regional sales vice president for Maserati, emailed dealers demanding that they punch a 2015 Ghibli demonstrator vehicle, even though Maserati had not yet delivered the demonstrator 2015 Ghiblis, according to the documents.

Maserati inflated the number of Maserati vehicles reported as sold in September by about 105 vehicles, or one per store, according to the documents.

On Sept. 30, Fuller sent another email telling dealers that by 9 p.m. that night they must punch their demonstrator 2014 GranTurismo, GranTurismo Convertible Sport and GranTurismo Convertible MC vehicles. If they refused, he said, Maserati would eliminate future incentive monies on those vehicles, according to the documents.

## **'Economic advantage'**

"Dealers were informed that they would receive full higher or additional incentives on each Ghibli when punched as a demonstrator vehicle and then when the vehicle was later sold to a retail customer. The Maserati dealers that complied with the fraudulent scheme obtained and operated at a substantial economic advantage over the Maserati dealers that did not," the complaint said.

Hayim did not punch the demonstrator vehicles at his stores and missed out on additional incentives, the complaint said.

"My client and Maserati have enjoyed a remarkably good relationship for many years," Bellavia said, adding that at one point his client had become the world's largest Maserati dealer. "This is a business dispute that hopefully can be resolved amicably."

## **Falsely topping sales**

Through the "vehicle punching scheme," one Maserati dealer jumped to No. 1 in the brand's sales rankings with 102 sales in one month and 155 sales in another. Many of those reported vehicles were not retail sales, but vehicles punched into demonstrator status, the complaint said. "This was the first time that it was reported that a Maserati dealer had purportedly broken 50 sales in a one-month period," the complaint said.

In October, Maserati emails and press releases claimed a 300 percent increase in retail sales with a total of 1,367 vehicles. "Hundreds of these sales were vehicles punched into demonstrator status and not yet sold to a retail customer," court documents said.

In December, Maserati again told dealers to punch vehicles into demonstrator status. On Dec. 31, Fuller forwarded an email indicating that Maserati of Westlake in Thousand Oaks, Calif., had sold 70 Maserati vehicles in December 2014, and Maserati as a whole had sold 743 vehicles that month, according to court documents.

But two days later, Fuller forwarded an email saying that Maserati of Westlake had sold 155 vehicles in that month and Maserati as a whole had sold 1,431 vehicles, according to the documents.

"The purported increase in vehicles allegedly sold by both Maserati of Westlake and Defendant Maserati in December 2014 was due to vehicles punched into demonstrator status and not yet sold to a retail customer," the complaint said.

Hayim said his dealerships lost profits because it refused to comply with Maserati's demands.