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Leading Dealership Law Attorney Questions Timing of Initial Public Offering of Ferrari

Says Automaker's Parent Company May Have Inflated Sales Figures before Planning to Spin off Division, Sell Part of Stock Offering

MINEOLA, NEW YORK — With Fiat Chrysler looking to provide an initial public offering of its Ferrari brand, Leonard Bellavia, Senior Partner, [Bellavia Blatt](#), is asking why the auto manufacturer is offering the IPO of its Ferrari brand now, especially when the parent company is facing a lawsuit against the largest Maserati dealer in the United States which alleges that Maserati, a Fiat Chrysler company, inflated its sales figures to include unsold and test-driven vehicles.

In an effort to raise money for its five-year expansion plan, Fiat Chrysler is planning to spin off its Ferrari division and offer 10% of the sports car maker's shares in the IPO. Another 80% will be distributed to existing Fiat Chrysler shareholders and the remaining 10% is currently held by Piero Lardi, son of Ferrari Founder Enzo Ferrari. The company anticipates the valuation to be \$11 billion. However, the automaker stands to lose money as a strike by the United Auto Workers looms. According to Fiat Chrysler, if the strike were to happen, it would cost the company \$1 billion a week.

Further, Maserati North America, which, like Ferrari, is also owned by Fiat Chrysler, is facing a lawsuit brought by Recovery Racing, owner of a group of five Maserati dealerships located in New York, New Jersey and Florida. In the lawsuit, Maserati North America allegedly forced dealerships to count "demonstrators" — vehicles used in test drives — as sold inventory, even though these cars were never sold to customers, in order to give the impression that Maserati was very profitable. Those who complied with the practice received generous financial incentives and bonuses.

Recovery Racing refused to participate and, as a result, the dealership group claims, Maserati altered Recovery's market reports to appear that the group's dealerships were underperforming, took away assigned market areas from Recovery dealers and allowed the compliant Maserati dealers to undercut Recovery by selling its vehicles at lower prices. Mr. Bellavia is representing Recovery Racing in this case and is asking for \$200 million in lost sales and maintenance revenues.

“We find it strange that these sales figures may have been manipulated to overstate the company’s performance just as Ferrari is about to go public,” Mr. Bellavia says. “We will determine if Fiat Chrysler sought to inflate its sales numbers in order to present a more valuable stock offering.”

For more information, call (516) 873-3000 or visit www.DealerLaw.com.

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About Bellavia Blatt

For more than 25 years, [Bellavia Blatt](#) has represented hundreds of automobile and marine dealerships against manufacturers and distributors of automobiles and boats throughout the country. The firm handles a variety of legal matters on behalf of franchised automotive and marine dealerships, ranging from franchise disputes and lease negotiations to the purchase or sale of dealership businesses, real estate matters and complex federal and state court litigation. Leonard A. Bellavia is a regularly quoted source of comment for *Automotive News* and a regular speaker for national automotive- and marine-related trade organizations. He serves as Chair of the Automotive Franchise Law Section of the Franchise Law Committee of the New York State Bar Association and has been named Chairperson of the Litigation Section of the National Association of Dealer Counsel and a member of its Board of Directors.