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Over 200 Former Chrysler Dealers Defeat Obama Administration's Latest Motion to Dismiss Wrongful "Takings" Lawsuit

Judge Ruled Scenario Involving Merger with Fiat Was Plausible, Thereby Allowing Case to Move Forward

MINEOLA, NEW YORK — [Bellavia Blatt & Crossett, P.C.](#) ("Bellavia Blatt"), a law firm that specializes in representing franchised automobile dealerships, has announced that the firm defeated the U.S. government's latest motion to dismiss a lawsuit filed on behalf of over 200 former Chrysler dealers in a wrongful "Takings" action which, the dealers argue, violates the Fifth Amendment's protection against the taking of private property without just compensation.

The lawsuit alleges that the dealers' constitutional protections against the "Taking" of private property for the public good were violated when Chrysler was forced to terminate dealerships in order to receive money from the federal government's Troubled Asset Relief Program (TARP).

In the lawsuit, Bellavia Blatt argues that the Obama administration required Chrysler to close down 789 dealerships in order to be eligible for TARP funding. Chrysler received \$1.5 billion from the federal government between 2008 and 2009 as part of the TARP program. The firm says the "Takings" clause of the Fifth Amendment can be invoked if the government seizes the private property of its citizens for the public good — in this case, saving the U.S. economy.

The government previously brought a Motion to Dismiss the complaint before the Federal Court of Claims. On February 27, 2012, Judge Robert H. Hodges, Jr. denied the government's Motion to Dismiss and ruled in favor of the plaintiffs. In his ruling, Judge Hodges said that the plaintiffs had, in fact, stated a viable cause of action against the government and further ordered that the case proceed with discovery which may include massive document production, as well as depositions of former Chrysler employees and members of the Obama administration involved with the TARP program. The government appealed this ruling, and the Federal Court of Appeals denied the appeal and permitted the plaintiffs to file an amended complaint.

In the amended complaint, alleging several but-for scenarios under which, they argued, their dealerships would have retained value, even without a bailout, one of the scenarios alleged a merger with Fiat that would have allowed Chrysler to continue operations.

On September 9, 2015, Nancy B. Firestone, Judge, Court of Federal Claims, ruled that this scenario was deemed the most plausible in that Fiat would have kept Chrysler's dealership network as is rather than create a newer — and more expensive — network.

"We are thrilled with the Court's decision to accept our plaintiff's scenario and allow the case to move forward," said Leonard Bellavia, Senior Partner, Bellavia Blatt & Crossett, P.C. "This was a travesty that destroyed the dreams of American entrepreneurs for absolutely no good reason. The government must be made to compensate these business owners for its mistake."

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

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About Bellavia Blatt & Crossett, P.C.

For more than 25 years, [Bellavia Blatt & Crossett, P.C.](#) 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 is a former Chairperson of the Litigation Section of the National Association of Dealer Counsel and served as a member of its Board of Directors.