

United States Senate

WASHINGTON, DC 20510-4904

May 7, 2009

Steven Rattner
Counselor to the Secretary of the Treasury
Presidential Task Force on the Auto Industry
Department of Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Dear Mr. Rattner:

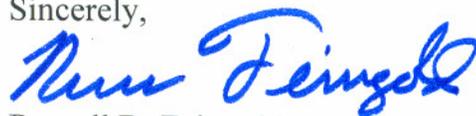
The Wisconsin Automobile and Truck Dealers Association (WATDA) asked me to forward their concerns to you regarding the prospect of some Chrysler dealers in Wisconsin losing their franchises as a result of Chrysler's bankruptcy filing, and similarly of some General Motors (GM) dealers being eliminated as part of the restructuring of GM. WATDA argues that in both cases such a move would be unfair and abusive, putting dealers out of business and their employees out of a job.

WATDA informs me that Wisconsin dealers have made substantial investments in their businesses and communities and that it is completely false to suggest that they have in any way contributed to the financial problems of Chrysler, GM, or indeed of any of the auto manufacturers. In particular, WATDA notes that dealers pay for vehicles for customers and inventory before those vehicles leave the factory, as well as for parts before receiving them. Moreover, dealers pay for all the costs of their employees and other business overhead. WATDA concludes that dealers produce revenue for manufacturers, not costs, generating more than 90 percent of manufacturer revenue.

WATDA maintains that a rapid reduction in dealer numbers would further cut manufacturer revenue and market share and do nothing to improve the manufacturer's viability in the short term. In fact, WATDA notes that according to GM executives, it takes 18 months to regain market share when a dealership closes. If there are too many Chrysler or GM dealerships, the marketplace will continue to address the matter as it has for the past several years and decades. By continuing to allow the marketplace to influence the appropriate number of dealerships primarily through consolidation, those owners that exit may be able to recover some of their investment and their employees have more time to seek employment elsewhere.

Auto dealers in Wisconsin have a long and vital history of commitment to the communities they serve. I ask that you give full and fair consideration to WATDA's position on this matter.

Sincerely,



Russell D. Feingold
United States Senator