

The Obama Used Car Dealership: A Prescription for National Disaster

By [Paul V. Sheridan](#)

In 1993 the National Highway Traffic Safety Administration (NHTSA) opened an investigation into what my Chrysler Minivan Safety Leadership Team had already identified as a safety defect: The defective rear liftgate latch on millions of minivans that popped open allowing passengers to be ejected to their death. In a secret meeting of November 17, 1994 the Clinton Administration concluded, "The minivan liftgate latch is a safety defect that involves children."

In 1995 additional closed-door meetings were held with the Department of Justice, headed by U.S. Attorney General Janet Reno. I have testified about these meetings, and how [Chrysler](#), NHTSA and the DOJ openly claimed to the unsuspecting public that there was "no defect." This blatant lie occurred while deaths of children continued unabated. I have testified that these meetings constituted criminal conspiracy. No jury has ever disagreed with me on this point.

While Chrysler was claiming that "there is no safety defect with the latch," both used and new car dealers were being sued as part of the primary lawsuit aimed at Chrysler Corporation. The Corporation was first in-line, and the dealers were second. Historically the plaintiffs would release the dealers from liability, and proceed against Chrysler only. The dealers were essentially immune.

According to [Judge Arthur "Enron" Gonzalez](#), it is now the New Chrysler and New GM corporations that are immune from their "past sins." When any dealer accepts trade-in of a pre-bankruptcy Chrysler or GM vehicle that has tort liability, and then resells the defective vehicle, the lawyers opt to sue the offending dealer because they can no longer sue the Corporations. Obama's "surgical bankruptcy" moves private and franchise dealerships to the front of the lawsuit line.

Jack Nerad of Kelly Blue Book Services [surveyed new car buyers](#) relating to their confidence of buying from a "bankrupt manufacturer." Nerad states, "While in April new-car shoppers didn't have much information about the bankruptcies of the two car companies, by May it was much clearer that the US government would continue to offer aid to the two ailing carmakers, keeping them in operation. This reassured enough buyers to bring a modest improvement in overall likelihood to purchase from Chrysler and GM." Nerad avoids the "much information" concerning the legal realities now affecting dealers who accept trade-in of used Chrysler and GM vehicles.

During the Chrysler minivan latch [and other litigations](#) of the 1990's, knowledgeable non-Chrysler dealers were very hesitant to accept used, defective Dodge Caravan, Plymouth Voyager or Chrysler Town & Country minivans. Those dealers were concerned about liability, and were aware that resale values and profits were greatly diminished. Obama's "surgical bankruptcy" makes this much worse. Now the *entire fleets* of Old Chrysler and Old GM place these dealers first in-line when liability occurs.

Dealerships carry liability insurance. In the pre-bankruptcy days the coverage and premiums paid by dealers were mitigated by the second in-line, "zero suit" scenario. That's history. Since the surviving dealers are now first in-line, their insurance coverage and premiums will reflect the new legal landscape caused by the reselling of Old Chrysler and Old GM trade-ins.

The current owners of Old Chrysler and Old GM vehicles will litigate their safety defect claims against the dealer, but that assumes that the dealers will accept these vehicles in-trade. As in the 1990's one cannot fault the dealers who decide to avoid the commercial and legal risks altogether by not accepting these Chrysler/GM trade-ins. This will greatly diminish vehicle value for the current owners.

This diminishment is now exaggerated more than ever. There are demands about continued warranty coverage, but under the ruse of bankruptcy the New Chrysler and New GM are not required to perform safety defect recalls to fix their "past sins." Chrysler and GM vehicles that contain safety defects are now forever orphaned to the Obama Used Car dealership, the only dealer willing to take your trade-in.