

Car Dealerships: What Could Go Wrong?

Two former sales managers alleged the company failed to pay agreed upon commissions on new and used autos. The plaintiffs alleged the dealer fraudulently reported the actual sales prices of autos at auction and inflated maintenance costs to reduce commission calculations. The matter settled at mediation for **\$275,000**. Costs of defense were **\$52,000**.

An EEOC charge was filed by a former employee for alleged discrimination based upon race, religion and age. The matter eventually settled for **\$25,000**, and **\$27,000** was also paid in defense costs.

A former employee filed a disability and race discrimination EEOC charge. The charge was filed after the dealership terminated the employee for poor performance three days after the employee requested a medical leave. Due to serious timing issues and a lack of documentation relating to the alleged poor performance, the matter was settled for **\$42,500**, plus **\$13,000** in defense costs.

A former employee filed a complaint alleging retaliation, wrongful termination and seeking unpaid commissions. The manager of the dealership believed the lawsuit was meritless and motivated by the employee's personal grudge against the owner of the dealership. The company alleged that the employee was hired in a sales position, was given multiple chances to improve performance and correct mistakes and was never actually terminated. More than **\$300,000** was spent in defense costs before settling for **\$525,000**.

Two former employees and a current employee filed a complaint against a dealership and its managers for alleged race discrimination, hostile work environment and retaliation in violation of federal and state law. The employees alleged that they were fired or passed over for a promotion because of their race. The employees also alleged that management failed to take any corrective action to address the racially hostile work environment.

The employees made a combined demand of \$2.5 million. Following the dealership's partial success on a summary judgment motion, the matter settled for **\$375,000**, with an additional **\$160,000** in defense costs.



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*Rating affirmed March 20, 2015

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