



Chrysler May Reinstate 50 Dealers Who Were Shut Down (Update1)

[Share](#) | [Email](#) | [Print](#) | [A A A](#)

By Mike Ramsey

March 26 (Bloomberg) -- **Chrysler Group LLC**, the U.S. automaker run by Fiat SpA, is offering new franchises to 50 dealers who applied for arbitration to have their outlets restored.

Those are in addition to 36 previous offers or new agreements with dealers who had been rejected, the Auburn Hills, Michigan-based company said in a statement today. The automaker said it's also discussing "mutually beneficial alternatives" with other retailers who sought arbitration.

Chrysler and General Motors Co. under a law passed by Congress in December were required to offer binding arbitration to dealers whose outlets were being closed under the companies' bankruptcy reorganizations. GM said earlier this month that it planned to reinstate 661 dealers.

"I'll have to see what the conditions are," said Mike Comiskey, whose Dodge-Chrysler-Jeep dealership in New Orleans was closed last year. "As far as mending fences with the brands, I have no problem there."

Comiskey said he was contacted by a Chrysler official this week and told he would receive an offer.

Chrysler terminated 789 dealers last year in its bankruptcy and said in January that 409 had applied for arbitration. The arbitrations must be completed before the end of June.

Dealership closings by Chrysler took effect in June 2009, while GM gave its terminated outlets more than a year to wind down. As a result, Chrysler dealers being brought back would get new franchises rather than a reprieve from a planned shutdown.

'Limited Adverse Impact'

Chrysler said it has 2,334 dealers now. The 50 retailers being offered new franchises would "have limited adverse impact on the dealers within our current network," the automaker said.

Sergio Marchionne, Chrysler's chief executive officer, has said the law that allowed for the arbitrations may be unconstitutional because it could create a situation in which Chrysler must give a franchise in an area where another dealer has one, violating state laws.

"I have seen nothing but a fairly aggressive defense by Chrysler and an unwillingness to even discuss alternative resolutions," said Alex Kurkin, a Miami lawyer who represents 14 dealers who were terminated.

To contact the reporter on this story: **Mike Ramsey** in Southfield, Michigan, at mramsey6@bloomberg.net

Last Updated: March 26, 2010 11:57 EDT

