



Marine Retailers Association of America

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M E M O

**FROM: PHIL KEETER, PRESIDENT
MRAA**

TO: ALL GENMAR DEALERS/MEMBERS

RE: GENMAR BANKRUPTCY

DATE: June 22, 2009

Dear Members:

As you know, GENMAR filed for Chapter 11 Bankruptcy protection on June 1, 2009. This Bankruptcy filing will impact all GENMAR dealers throughout the country and the rights of these dealers must be protected. The Association believes that, under these circumstances, it is advisable for GENMAR dealers to pool their resources and ensure that they have their own collective voice which will be heard in the pending Bankruptcy.

After considering our options, the Association has determined that the best way to achieve this goal is to form a committee of Genmar dealers, which will appear in the pending Bankruptcy as The Committee of Genmar Dealers (the "Committee") and for the Committee to engage the law firm of **Bellavia Gentile & Associates, LLP** ("**Bellavia Gentile**") to represent it in advocating the best interests of GENMAR dealers. With respect to the engagement of Bellavia Gentile, the Association has negotiated a reduced flat fee arrangement of one thousand (\$1,000.00) dollars per dealer that will enable dealers whose rights shall be impacted by the bankruptcy filing to have collective representation of their interests.

MRAA has a long standing relationship with **Bellavia Gentile**, one of the leading franchise law firms in the country. It's managing partner, Leonard A. Bellavia, is the Chairperson of the Litigation Section of the National Association of Dealer Counsel. He has played a leading role in the GM and Chrysler bankruptcies on behalf of the dealers and is intimately familiar with the issues that franchisees face in these types of proceedings having represented the interests of automobile and boat dealers for over twenty-five years.

Genmar's bankruptcy imposes unique and challenging circumstances for all of its dealers necessitating the formation of the Committee and the retention of specialized and experienced franchise counsel. Just some of the unique issues that

may arise in the Genmar Bankruptcy proceeding which could substantially impact your dealership are:

- Possible rejection of dealer agreements by Genmar;
- In the event of dealer agreement rejection, Genmar's repudiation of its obligations (under either relevant State law or the relevant dealer agreement) to repurchase an individual dealer's boat and parts inventory;
- Genmar's decree that certain dealers agree to the amendment of their existing dealer agreement or face the rejection of such existing dealer agreement;
- The negotiation of the terms of any such amended dealer agreement as Genmar may insist upon onerous increased inventory/purchase requirements, increased working capital requirements, and increased facility investments by dealers;
- Modifications to warranty obligations; and
- Denial, delay or limitations in the payment of warranty, incentive and other payments to dealers.

It is axiomatic that the Committee, composed of a large group of Genmar dealers, negotiating with a collective voice, will have greater bargaining power with Genmar with respect to each of the above issues.

In this respect, the services to be provided, among other things, by **Bellavia Gentile** shall include:

- Monitoring of the GENMAR Bankruptcy case and formulation of strategies designed to protect the collective interests of GENMAR dealers.
- Active participation in the Bankruptcy case including attending hearings and participating in discovery.
- Participation in all applications to the Bankruptcy Court and required motion practice.
- Negotiating on behalf of the collective interests of Genmar dealers.
- Handling all meetings and other communications with GENMAR and other parties of interest.
- Reporting to the Committee and its dealer members on a regular basis.

Bellavia Gentile's clients will be the Committee and not any individual dealer. **Bellavia Gentile** will take their instructions from the Committee, however the Committee and **Bellavia Gentile**, at the direction of the Committee, will communicate on all matters of joint interest with all participating GENMAR dealers.

Each GENMAR dealer who elects to participate in the Committee's retention of Bellavia Gentile should complete the attached form and mail it to the following address within five (5) days from the date of this memo:

**Bellavia Gentile & Associates, LLP
200 Old Country Road
Mineola, New York 11501**

Attn: Committee of Genmar Dealers

Together with the annexed form, you should include a check made payable to Bellavia Gentile Associates, LLP in the amount of One Thousand Dollars (\$1,000,000). Your payment will help fund the fees and expenses that will be paid to Bellavia Gentile in connection with this representation.

As stated earlier herein, we strongly believe that engaging **Bellavia Gentile** is in the collective best interests of GENMAR dealers however we do not intend to pursue this arrangement unless enough GENMAR dealers return the enclosed form together with their allocable share of the fees and expenses. Simply stated, this arrangement will only work if there is substantial participation by GENMAR dealers. The failure to achieve an acceptable level of GENMAR dealers participation would compel the association to abandon this effort, a result that, in our opinion, would be detrimental to GENMAR dealers. In such event, all fees paid hereunder will be returned.

GENMAR's bankruptcy imposes unique and challenging circumstances for all of its dealers. Other creditors of GENMAR will certainly have legal representation to assist them in navigating the complex world of bankruptcy. We believe that the immediate formation of the Committee and the retention of Bellavia Gentile in support of the collective interests of GENMAR dealers is the best way to insure effective representation. Accordingly, we urge you to mail the enclosed form and your check to **Bellavia Gentile** as soon as possible.

Finally, Bellavia Gentile will be conducting a "webinar" which will discuss, in detail, the unique issues that may arise in the Genmar Bankruptcy proceeding which could substantially impact your dealership and the need for formation of the Committee. [DETAILS OF WEBINAR TO FOLLOW]. For additional information concerning the formation of the Committee and its retention of Bellavia Gentile, please contact the Association.