

UNSOLD DELOREANS IN LEGAL KNOT

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John Z . DeLorean should be proud. His cars are finally in demand.

A few months ago, **DeLorean** and company could hardly give away the sports cars that bear his name. The stainless-steel-bodied , gull-wing-door cars were piling up in warehouses in California and New Jersey faster than dealers could sell them. The only thing more plentiful than unsold **DeLorean** cars was the names on the ever-growing list of the firm's creditors.

But now that **DeLorean** has made headlines in an alleged last- ditch effort to save his car company with a multimillion dollar cocaine deal, his creditors and auto dealers are fighting over who will be able to sell his firm's leftover cars. The matter may be resolved in bankruptcy court later this month.

For some, the cars' appeal is the possibility that **DeLorean** 's notoriety will attract more buyers. But for the firm's creditors, gaining possession of the cars may be the best way of insuring that they recover some of the debts they are owed by the firm.

ON MONDAY, while **DeLorean** was in a federal courtroom in Los Angeles for arraignment on drug conspiracy charges, the fate of his car company was being debated in a federal bankruptcy courtroom in Detroit

When the court clerk in the federal bankruptcy court called the case late Monday morning, an army of nattily dressed attorneys lugging briefcases trudged forth. The lawyers' common interest: a piece of the action for their clients.

Although some dealers say **DeLorean** 's cars are still selling below their near-\$29,000 sticker price, the attorneys and their clients think **DeLorean** 's arrest has created a considerable interest in the cars.

The wrangling over who will own the cars has become as tangled as the firm's financial position.

EIGHT MONTHS AGO, the Columbus, Ohio, liquidating firm of Consolidated International and another firm, Group Investors Inc., thought they bought 1,174 **DeLorean** cars, 649 of them already in the United States and the others still in Ireland. However, attorneys for **DeLorean** now contend the transaction was a loan, not an outright sale, even though titles to the cars were given to Consolidated.

DeLorean Motor Co. made the deal to raise cash to pay debts owed to the Bank of America which had stymied sales of the cars by filing liens on them.

Under **DeLorean** 's option with Consolidated, 800 cars were to be repurchased for about \$13,500 each by mid-October . But cash- strapped **DeLorean** couldn't swing it and Consolidated declared the deal in default. Therefore, Consolidated owned the cars, according to Consolidated attorney Irving Harris.

WHEN **DeLOREAN** Motor filed for bankruptcy two weeks ago, seeking protection from its creditors, Consolidated cried foul, saying the **DeLorean** cars in America don't belong to **DeLorean** and shouldn't be listed as assets of the firm.

Midway through a bankruptcy court hearing in Detroit before U.S. Bankruptcy Court Judge George Woods a week ago to determine the ownership of the cars, attorneys for **DeLorean** and Consolidated presented an agreement to settle the dispute.

For \$1.25 million, **DeLorean** Motor Co. would give up its claim to the cars, both in America and Ireland.

That's when attorneys for some of the creditors objected. If Consolidated wins and gets the cars, **DeLorean** Motor Co. will essentially be out of the car business. With no cars to sell, **DeLorean** would have few assets to pay its many creditors, said Henry Saad, a lawyer for Audio Systems of Louisville, Ky., which is owed \$1.3 million. Some of the creditors either want a chance to buy the cars themselves or either allow **DeLorean** to sell the cars and raise money to pay creditors.

TO SPICE UP the legal action, the attorney for a Michigan auto dealer said they would top Consolidated's offer by \$500,000 or as much as possible just for the chance to market the cars.

Attorney Mark Pierce, representing Don Massey (owner of Cadillac dealerships in Plymouth and Lansing), offered \$10.5 million. He later said Massey and another dealer would pay whatever is necessary to get the cars.

Woods adjourned the hearing Monday until Nov. 16 and delayed indefinitely a hearing on a change of venue motion to move the whole case to New York. That move was sought by the largest unsecured creditor, Renault, the French automaker which supplied engines for the cars.

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