

# Saturn: A different kind of franchise agreement

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DETROIT — Saturn's franchise agreement is different from those of General Motors' other brands. The Saturn agreement required dealers to sign the Federal Trade Commission's Franchise Disclosure document, says Mark Johnson, president of financial advisory and brokerage firm MD Johnson near Seattle.

"Nobody at any car store since the beginning of time has ever signed one of those except Saturn dealers," Johnson says. "The whole document tells you how you could potentially lose all of your investment through debt and losses through this franchise."

Saturn confirms the unique agreement.

Saturn spokesman Steve Janisse says, "Everything was done differently with Saturn, and this was one of those things."

Janisse says Saturn has a different legal structure from other GM brands. Saturn has a Franchise Operations Team, which has a limited say in brand operations.

The FTC document favors the manufacturer, Johnson says, "so GM is in a much better position to terminate Saturn than any other manufacturer with any other brand."

In the late 1980s, GM cherry-picked the best dealers for the new dealer network. The dealers have heavily influenced the company.

Janisse says GM's seven other brands operate under a Dealer Sales and Service Agreement, a personal service agreement between the dealer and GM. For dealers, Johnson says, the good news is that state franchise laws probably would trump any signed documents in a court of law.

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