Advising Automobile Dealers LLC

Terminating Checklist

Advising Automobile Dealers, LLC is providing a checklist for dealers who are selling their dealership and having the buyer continue operations at the dealership's current location.

BE ADVISED THAT THIS CHECKLIST IS NOT "ALL INCLUSIVE". YOU SHOULD CONSULT WITH YOUR ATTORNEY AND ACCOUNTANT AND THIS LIST SHOULD BE CONSIDERED AS AN ADDITIONAL AID FOR YOU TO USE TO BUILD UPON WHEN YOU CONFER WITH THEM.

- ❑ Give yourself a termination bonus and prepay yourself for "winding down the business". Talk to you accountant and attorney regarding a reasonable amount in case a company creditor wants to scrutinize the transaction.
- ❑ Buy a vehicle for yourself and your spouse. Pay "Net" "Net". Again, discuss with your advisors what is "reasonable". You might even be able to have the vehicles insured as part of your "wind-down" pay.
- ❑ Open a new bank account, at a different bank, and use (a) a PO Box for an address and (b) a different check color so you can easily determine pre and post closing checks written.
- ❑ Pay your attorney and accountant a retainer. You will need them and might not be able to pay them later. You also want to "prepay" whatever bills you can for debts that will need to be serviced during the wind-down period. For example, property and personal insurance, real property taxes (if you own the property), rent, utilities and such.
- ❑ Dealers can be personally liable for at least ½ of the payroll withholding tax, as well as 100% of all of the sales taxes due. In addition, the dealer can be held personally liable for any monies collected from customers treated as "trust" monies, such as: customer trade payoffs, customer credit and life insurance premiums, and customer warranty and service contract premiums.
- ❑ Arrange for COBRA for you and your family. Again, you may be able to include it as part of your wind-down compensation.
- ❑ Secure Demo Plates; they must be surrendered and accounted for when your license is terminated.
- ❑ Control all Keys and MSO's – if your lender does not already have them.
- ❑ Secure Old Credit card plates and Machines.
- ❑ Check for sold orders decide whether to deliver, cancel, or refer to another dealer
- ❑ Prepare to liquidate used vehicles and any dealership vehicles such as parts trucks, courtesy vans, and snow plows. You stand a better chance to get a good price for them by not letting anyone "cherry pick". Get several wholesales to bid them as a group.

- Liquidate Demo’s with the used vehicles, or sell to other dealers
- Make list of carryovers and if the factory will not repurchase them, get wholesaler to give you a separate bid and shop them with other dealers.
- Talk to insurance agent about a rider policy, a “tail” on your insurance (See Checklist A), and about the requirements to insure an “empty” building insurance.
- Cancel company credit cards, including any phone credit cards and any mobile phones – except your own
- Transfer ownership of the company’s PO Box to yourself.
- Secure telephone service. Set a Voice Mail message regarding a dealership referral.
- Determine factory’s obligations / rights to lease / purchase and make your claim within the specified time period. If necessary, talk to a Realtor and get your facility on the market (lease or sale).
- Find out where credit card monies are deposited and move the account if it is in the same bank where the company’s general account resides.
- Close out, or transfer to another dealer all active service RO’s. See if you can get a referral fee. Sublet repairs usually net the dealer 10%.
- Create press release for store closing.
- Check all leases for contracts and terms. Arrange for pickup of leased items such as computers, vending machines, copy machines etc.
- Cancel all new vehicle orders that are not scheduled, do not order any new cars.
- Close out all service R/O’s so that work is completed by date of close. Do not accept any work that can’t be completed by store shutdown date.
- Stop ordering any new parts unless specific to job you are working on.
- Decide on employees needed to stay in order to complete the closing of the store.