



...Because You Need To Know!

A weekly update for automotive professionals – members of The Automotive Trade Organizations of California, Inc.
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June 13, 2003

Exxon Mobil Corp. Ordered to pay \$1.2 Billion To Dealers!

Exxon Mobil Corp. has been ordered to pay \$1.2 billion to certain station operators by a federal appeals court in Atlanta that found the oil company had overcharged them.

At the February 2001 trial, the class proved that Exxon acted in bad faith by overcharging its dealers for the wholesale price of motor fuel, and then concealing the overcharge, said the Associated Press.

The lawsuit alleged that Exxon, before its 1999 merger with Mobil, cheated station owners in 36 states out of promised discounts between 1982 and 1994. The class-action suit was filed on behalf of approximately 10,000 current or former Exxon dealers who operated a station between March 1, 1983, and Aug. 28, 1994. It also includes anyone who purchased, inherited or otherwise acquired the rights of an Exxon dealer.

The average claim is approximately \$100,000, according to a statement issued by Miami-based law firms Stearns Weaver Miller Weissler Alhadeff & Sitterson and Pertnoy, Solowsky & Allen, which represented the class. On average, the station owners reportedly will get \$50,000 each, plus interest. The money will be distributed to each owner based on the number of gallons of gasoline purchased by credit card by customers at the owner's station during the 12-year period.

A jury in Miami ordered Irving, Texas-based Exxon in February 2001 to pay \$500 million in compensatory damages. With interest, the award is valued at \$1.2 billion. Under the discount program, retail customers who bought gasoline with cash were charged four cents per gallon less than those paying with credit cards, said a separate Reuters report. In an effort to maximize dealer participation in the program, Exxon began charging dealers a 3% processing fee on sales of gasoline to consumers who paid by credit card. It promised to offset the charge by reducing the wholesale price that each dealer paid for gasoline.

"Exxon kept its promise for approximately six months and reduced the wholesale price by 1.7 cents a gallon. In March of 1983, however, it stopped providing the offset without informing the dealers," the federal appeals court said. "After a careful review of the record, we believe the evidence presented at trial was sufficient to support the jury's finding that Exxon fraudulently concealed its breach of the dealer agreements," the filing said.

More information about the case is available by calling (888) 769-7759 or visiting www.exxondealerclassaction.com, a site set up by the law firms representing the class.

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See our website (www.autoca.org) for more information on this important case!

B & P 17200 Threats Continue

The final votes on AB 95 (Corbett), the trial attorneys' UCL "reform" bill are in. You can find them on our website (www.autoca.org) under "Final Votes On AB 95." If your assembly member supported our position (NO), please write and thank him or her. If he or she voted for attorneys over small business, please write and share your disappointment.

This is crucial because the Assembly will soon be considering AB 95's companion bill, SB 122 (Escutia). As the bills are currently drafted, defeating SB 122 automatically torpedoes AB 95, because they are double-joined, which is technical legislative jargon meaning that they both have to pass in order for either to become law. It is possible that the double-joinder language will be amended out at some future date, but as it stands now we will soon be gearing up again to defeat the second of the trial attorneys' phony attempts to "reform" 17200. Make no mistake: they won't cry lots of tears if we beat them on this, because, while they would love to have the disorgement provision in SB 122, their real aim is to preserve the status quo. By focusing the fight on the issue of expanding the UCL, they have managed to derail the attempts at genuine reform.

We, of course, are not fooled, and we will not rest our efforts until genuine reform is enacted. Stopping AB 95 and SB 122 are necessary, but the accomplishment of this does not constitute victory.