

1997

William Anthony Kraatz v. Heritage Imports, Heritage Honda, O. Bryan Wilkinson, Jeffrey J. Wilkinson : Brief of Appellant

Utah Court of Appeals

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IN THE UTAH COURT OF APPEALS

<p>WILLIAM ANTHONY KRAATZ,</p> <p>Plaintiff and Appellant,</p> <p>vs.</p> <p>HERITAGE IMPORTS, a Utah corporation, dba HERITAGE HONDA, O. BRYAN WILKINSON and JEFFREY J. WILKINSON,</p> <p>Defendants and Appellees.</p>	<p>APPENDIX TO APPELLANT'S BRIEF</p> <p>Volume 1 (Appendices A and B</p> <p>Case No. 970044-CA</p> <p>Priority No. 15</p>
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**UTAH COURT OF APPEALS
BRIEF**

**UTAH
JUDICIAL
DEPARTMENT**

BOOKET NO. 970044-CA

1997

COURT OF APPEALS

IN THE UTAH COURT OF APPEALS

WILLIAM ANTHONY KRAATZ,

Plaintiff and
Appellant,

vs.

HERITAGE IMPORTS, a Utah
corporation, dba HERITAGE
HONDA, O. BRYAN WILKINSON and
JEFFREY J. WILKINSON,

Defendants and
Appellees.

APPENDIX TO APPELLANT'S BRIEF

Volume 1 (Appendices A and B

Case No. 970044-CA

Priority No. 15

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Rule 301, Utah Rules of Evidence

Written Findings of Fact and Conclusions of Law

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Rule 301,
Utah Rules of Evidence

ARTICLE III. PRESUMPTIONS.

Rule 301. Presumptions in general in civil actions and proceedings.

(a) **Effect.** In all civil actions and proceedings not otherwise provided for by statute or by these rules, a presumption imposes on the party against whom it is directed the burden of proving that the nonexistence of the presumed fact is more probable than its existence.

(b) **Inconsistent presumptions.** If presumptions are inconsistent, the presumption applies that is founded upon weightier considerations of policy. If considerations of policy are of equal weight neither presumption applies.

Advisory Committee Note. — The text of this rule is adapted from Rule 301, Wyoming Rules of Evidence (1977), which is Rule 301, Uniform Rules of Evidence (1974) except that the word "civil" is added in subdivision (a). Rule 301, Federal Rules of Evidence, is a substantially different rule than that promulgated by the United States Supreme Court. Rule 301, as originally proposed by the United States Supreme Court, placed the burden upon the opposing party of establishing the non-existence of a presumed fact once the party invoking the presumption had established sufficient facts to give rise to the presumption, but Rule 301 as promulgated by Congress adopted a substantially different rule limiting the effect of presumption, not otherwise controlled by statute, to one of going forward with proof rather than casting the burden of proof upon the opposing party.

Rule 14, Utah Rules of Evidence (1971) provided that except for presumptions which are conclusive or irrefutable, once the basic fact supporting the presumption is established "the presumption continues to exist and the burden of establishing the non-existence of the presumed fact is upon the party against whom the law is believed to generally follow the position taken by the Uniform Rules of Evidence (1974) and the provisions of Article III as originally promulgated by the United States Supreme

presumption operates" To the same effect, see *Koesling v. Basamakias*, 539 P.2d 1043 (Utah 1975). If evidence to rebut a presumption has not been admitted, the presumption will determine outcome on the issue; if such evidence has been admitted, the presumption will dictate the instruction to be given the jury on how they are to resolve doubt. There will continue to be fact combinations which satisfy the burden of going forward with the evidence but which are not "presumptions" within the meaning of this rule and which therefore do not shift the burden of persuasion. They might best be called "permissible inferences."

The Utah Rules of Evidence (1971) did not prohibit the application of presumptions in criminal cases. Presumptions in criminal cases are not treated in this rule. See Utah Code Annotated, Section 76-1-503 (1953) or any subsequent revision of that section. Recent decisions of the United States Supreme Court in *Mullaney v. Wilbur*, 421 U.S. 684 (1975) and *Patterson v. New York*, 432 U.S. 197 (1977) have given a constitutional dimension to presumptions in criminal cases.

Subdivision (b) is comparable in substance to Rule 15, Utah Rules of Evidence (1971). Utah Court. See *Presumptions in Utah: A Search for Certainty*, 5 Utah L. Rev. 196 (1956).

Cross-References. — Criminal proceedings, presumption of fact in, § 76-1-503.

NOTES TO DECISIONS

ANALYSIS

Presumption not raised.

Presumption upheld.

Presumption not raised.

Payment of portion of profits to defendant as partial reimbursement for expenditures of defendant in connection with business premises did not raise presumption of a partnership, and plaintiff was required to meet his burden of proof without aid of presumption. *Koesling v. Basamakias*, 539 P.2d 1043 (Utah 1975).

Presumption upheld.

Where mother executed will and trust instrument, and it was later found that the will had been executed as a result of undue influence, there was a prima facie presumption of continued undue influence with respect to an alleged subsequent ratification of the trust. *Robertson v. Campbell*, 674 P.2d 1226 (Utah 1983).

COLLATERAL REFERENCES

Utah Law Review. — Utah Rules of Evidence 1983, 1985 Utah L. Rev. 63, 75.

Am. Jur. 2d. — 29 Am. Jur. 2d Evidence §§ 159 to 165, 167.

C.J.S. — 31A C.J.S. Evidence § 119.

A.L.R. — Effect of presumption as evidence or upon burden of proof, where controverting evidence is introduced, 5 A.L.R.3d 19.

Refusal of defendant in "public figure" libel case to identify claimed sources as raising presumption against existence of source, 19 A.L.R.4th 919.

Presumptions and evidence respecting iden-

tification of land on which property taxes were paid to establish adverse possession, 36 A.L.R.4th 843.

Applicability of *res ipsa loquitur* in case of multiple, nonmedical defendants — modern status, 59 A.L.R.4th 201.

Medical malpractice: presumption or inference from failure of hospital or doctor to produce relevant medical records, 69 A.L.R.4th 906.

Key Numbers. — Criminal Law ⇐ 305, 325; Evidence ⇐ 85 et seq.

Written Findings of Fact and Conclusions of Law

FILED DISTRICT COURT
Third Judicial District

OCT 28 1996

By C. B. Borden Deputy Clerk
SALT LAKE COUNTY

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IN THE THIRD JUDICIAL DISTRICT COURT IN AND FOR
SALT LAKE COUNTY, STATE OF UTAH

WILLIAM ANTHONY KRAATZ,)	
)	
Plaintiff,	)	FINDINGS OF FACT AND
	)	CONCLUSIONS OF LAW
vs.	)	RE: LIABILITY
)	
HERITAGE IMPORTS, a Utah)	
corporation dba Heritage	)	Civil No. 930900312CN
Honda, O. BRYAN WILKINSON,)	
and JEFF J. WILKINSON,)	Judge J. Dennis Frederick
)	
Defendants.)	

001681

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The trial in this matter commenced without a jury on Tuesday, August, 27, 1996, at the hour of 10:00 a.m. Michael N. Zundel, Esq. and Jeffrey J. Devashrayee, Esq. appeared for the Plaintiff, and Plaintiff Anthony Kraatz ("Kraatz") was personally present for the trial. Donald J. Winder, Esq. and Jennifer L. Falk, Esq. appeared for the defendant Heritage Imports, Inc. dba Heritage Honda, dba Larry H. Miller Honda (the "Dealership") and individual defendants O. Bryan Wilkinson ("B. Wilkinson") and Jeff J. Wilkinson ("J. Wilkinson") were personally present. (The Dealership and the individual defendants are sometimes collectively referred to as "Heritage"). The Court, having heard the arguments of counsel, the testimony of the witnesses, having received and reviewed the exhibits admitted into evidence, and being otherwise fully advised in the premises, and for good cause appearing, now makes and enters its Findings of Fact.

FINDINGS OF FACT

A. History of the Case

1. Heritage Honda, Inc., is a family owned corporation whose main asset was an automobile dealership located in Murray, Utah. At all relevant times, B. Wilkinson was the majority shareholder of the Corporation (Dealership) until April of 1993, when he sold his stock to Larry H. Miller. (Joint Pretrial Order, ¶ III.C., p. 8.)

2. J. Wilkinson is the second son of B. Wilkinson and, at all relevant times, was an officer, director and minority shareholder of the Dealership. (Id., ¶ III.F.)

3. Lynlee Wilkinson, Wendy Gorringer and Matt Wilkinson are also B. Wilkinson's children, and at all relevant times were officers, directors and minority shareholders in the Dealership.

4. On or about January 15, 1993, Plaintiff filed his Complaint, alleging damages against Defendants in the amount of \$3,507,980.00, together with interest, and punitive damages against J. Wilkinson and B. Wilkinson.

5. The Complaint alleges seven Causes of Action against Heritage:

a. Breach of employment agreement against the Dealership (First Cause of Action, ¶¶ 20-22);

b. Breach of implied covenant of good faith and fair dealing against the Dealership (Second Cause of Action, ¶¶ 23-26);

c. Alter ego liability of B. Wilkinson (Third Cause of Action, ¶¶ 27-31);

d. Tortious interference with contractual and prospective economic relations by B. Wilkinson (Fourth and Fifth Causes of Action, ¶¶ 32-49); and

e. Tortious interference for contractual and prospective relations by J. Wilkinson (Sixth and Seventh Causes of Action, ¶¶ 50-66).

6. Attached as Exhibit "A" to the Complaint is a copy of the written Employment Agreement ("Agreement") entered into

between the Dealership and Plaintiff on May 31, 1990, which was introduced as Exhibit 38.

7. On or about March 22, 1993, Defendants filed their Answer denying all of Plaintiff's allegations.

8. During discovery, Plaintiff took 27 volumes of depositions and innumerable documents were produced by the Dealership and third parties to Plaintiff.

B. Contract Negotiations

1. In the spring of 1990, B. Wilkinson inquired of Plaintiff whether he would be interested in becoming the Dealership's general manager. Plaintiff expressed interest because he was dissatisfied with his then present employment. (Transcript of Direct of O. Bryan Wilkinson ("B. Wilkinson Tr.") p. 7; Transcript of Cross-Examination of Anthony Kraatz ("Kraatz Tr."), p. 15.)

2. B. Wilkinson told Plaintiff he wanted to remove himself from day-to-day involvement in the Dealership due to various personal problems of which Plaintiff was aware. (B. Wilkinson Tr., pp. 7, 21; Kraatz Tr., p. 17.)

3. B. Wilkinson also told Plaintiff the Dealership was not presently doing as well as he would like. B. Wilkinson and Plaintiff had been good friends and, over the years, had many discussions about how the Dealership was performing. (B. Wilkinson Tr., pp. 8, 9-10.)

4. Plaintiff was allowed access to all financial records of the Dealership. (B. Wilkinson Tr., pp. 12-13.)

Specifically, Plaintiff recalls receiving some financial statements for 1988, all for 1989, and the April financial statements for 1990. (Kraatz Tr., p. 16.)

5. Plaintiff admitted he told B. Wilkinson that the Dealership should make \$1 million a year with Plaintiff as the general manager. (Kraatz Tr., p. 13.)

6. Plaintiff told B. Wilkinson the gross margin per car the Dealership was then receiving was low, and Plaintiff claimed he could raise it if he were general manager. (Kraatz Tr., p. 15.)

7. Plaintiff testified he was made aware of B. Wilkinson's spending habits before he ever signed the Agreement during a dinner meeting with B. Wilkinson's children, Matt Wilkinson, Wendy Gorringer, and her husband, Jeff Gorringer. (Kraatz Tr., p.25.)

8. According to Plaintiff's opinion witness, Mark D. Schmitz, a Honda franchise "is a license to steal".

9. Plaintiff's counsel prepared the initial draft of an employment agreement. (Kraatz Tr., p. 10; Ex. 589 ("Draft Agreement").)

10. All of Plaintiff's duties set forth in Section 1.2, from the Draft Agreement, were incorporated into the Agreement. (Ex. 38) A new subparagraph c. was added to paragraph 2.1 of the Draft Agreement, providing that Plaintiff's employment could be terminated for "Refusal by Employee to fulfill his

employment responsibilities described in Article I of this Agreement." (Ex. 38.)

11. B. Wilkinson denies ever saying Plaintiff had a "no-cut" contract. (B. Wilkinson Tr., p. 3.)

12. Pat Nichols, an employee, was present at the employee meeting at which Plaintiff was introduced as general manager. Nichols does not recall B. Wilkinson making any reference to a "no-cut" contract at that time or any other time.

C. Employment Agreement

1. Plaintiff's employment with the Dealership commenced on June 1, 1990, and continued until September 11, 1992. He received pay through November 11, 1992. (Joint Pretrial Order, ¶ III.E., p. 8.)

2. In the Recitals to the Agreement, Plaintiff represented he had the:

skills, personality traits and management skills, which are conducive to development and maintenance of such interpersonal relations, management of personnel, financing and sales and operating of an automobile dealership

(Ex. 38 at p. 1.)

3. The Agreement required Plaintiff, as the Dealership's general manager, to:

provide day-to-day management over the operations of the Dealership, including managing the new and used car sales department, service department, parts department, and financing and insurance department. Employee

shall have responsibility and authority over all aspects of the daily operations

(Id. at ¶ 1.2(a).)

4. The Agreement also required Plaintiff to provide management training to persons selected by Company to enable said persons to become qualified dealers or managers acceptable to American Honda, Incorporated

(Id., ¶ 1.2(b).)

5. Plaintiff testified he knew it was his duty under the Employment Agreement to train J. Wilkinson.

6. The Agreement further required Plaintiff to contribute "his best professional skill to perform the Services at all times for the business and benefit of the Company" and to "devote his full and exclusive time to perform the Services" required of him as general manager. (Id., ¶ 1.2(c).)

D. Duties of General Manager

1. Plaintiff admitted his duties as general manager included responsibility for producing income for the Dealership. (Kraatz Tr., p. 12.)

2. Plaintiff admitted his duties included the care and keeping of the Dealership assets. (Kraatz Tr., p. 12.)

3. Plaintiff admitted, as general manager, he had the ability to hire and fire employees. (Kraatz Tr., p. 12.)

4. Plaintiff admitted, as general manager, he was responsible for financial forecasting and budgeting for the Dealership. (Kraatz Tr., p. 13.)

5. Larry H. Miller testified that one of a general manager's responsibilities is to manage cash flow; that "the general manager has a lot of control over cash management within the store that makes it so he can maximize the float." (Transcript of Cross-Exam of Lawrence Miller by Mr. Zundel ("Miller Tr.") pp. 9, 16.)

6. Dan Hartmann is First Vice President of Comerica Bank, and is the manager of the Denver office. At all relevant times, Dan Hartmann was the officer in charge of flooring for Heritage. (Transcript of Trial Testimony of Daniel J. Hartmann ("Hartmann Tr."), pp. 2-3.)

7. Hartmann testified the first time he met Plaintiff was in 1990 at the Dealership. At that time, Plaintiff represented to Hartmann he was the new general manager, had complete control of the affairs of the Dealership, and even had the power to fire B. Wilkinson's children, who were working at the Dealership. (Hartmann Tr., p. 17.)

8. On that same day, Hartmann met with B. Wilkinson. Mr. Wilkinson also told Hartmann that "[Plaintiff] was his man and that he had given [Plaintiff] complete control and responsibility for running the Dealership", and that he felt very good about Plaintiff's abilities to turn the Dealership, the operations, around." (Hartmann Tr., p. 17.)

9. Hartmann testified his contact with the Dealership after Plaintiff was hired and before January 11, 1991 was exclusively with Plaintiff. (Hartmann Tr., p. 17.) Hartmann had

virtually no contact with B. Wilkinson from the time Plaintiff was hired until after January 11, 1991. (Hartmann Tr., p. 11.)

10. Plaintiff's expert, Mark Schmitz, testified that a general manager makes advertising decisions. B. Wilkinson testified that late in 1991, he assisted with advertising at the request of Plaintiff.

11. Plaintiff regularly met with Helen Green and, at times, B. Wilkinson concerning the financial condition of the Dealership. Plaintiff had numerous discussions with B. Wilkinson concerning the lack of profit and other problems the Dealership was experiencing. (Kraatz Tr., pp. 18, 21-22.)

12. Saturday is the highest volume of business day in the car business, and the best sales time of each day is from 4:00 p.m. until closing. (B. Wilkinson Tr., p. 3.)

13. Even though B. Wilkinson had the ultimate risk of liability as Dealership owner, Plaintiff, as general manager, had the control over all aspects of the operation and functioning of the Dealership.

E. Breach of Contract

1. The Dealership was not profitable during the 27 months Plaintiff was general manager. (Exs. 208 & 333.) In 1990, it lost \$295,515; in 1991, it realized a profit of only \$5,169, and in 1992, it lost \$124,980.

2. Mr. Miller testified that his Toyota dealership, of a similar size, similar location, and an equally popular

import, was less capitalized than Heritage, yet made a profit for the years 1990, 1991 and 1992. (Miller Tr., p. 13.)

3. Mr. Miller further testified resources were available to Plaintiff had he maximized his day-to-day cash flow opportunities, that "Heritage had enough cash to be successful where it was." (Miller Tr., pp. 11, 12.)

4. Mr. Miller testified that in 1992, the cash in the Dealership "was not being managed as effectively as it could have." (Miller Tr., pp. 13-14.)

5. The only attempt during his entire twenty-seven month tenure that Plaintiff made to train either J. Wilkinson or Jeff Gorringer was to place J. Wilkinson in financing and insurance ("F&I"). At no time did Plaintiff ever attempt to place J. Wilkinson in the Parts Department, Service Department, or in Accounting. At no time did Plaintiff give instruction to J. Wilkinson on the hiring and firing of personnel, on management of assets, on employee interviews, or other aspects of general management.

6. J. Wilkinson testified he received no training while in F&I.

7. In December of 1990, Heritage had in place with Comerica Bank a \$3 million loan for flooring of new cars, a capitalization loan, and a mortgage loan to Good Works Partnership. All the loans were cross-collateralized and cross-defaulted, with the Dealership providing a second guarantee to Good Works Partnership for a mortgage loan. (Hartmann Tr., pp. 2, 3.)

8. In spite of the cross-collateralization and default provisions, Plaintiff elected to change the flooring from Comerica to Key Bank in December of 1990. (Ex. 501; B. Wilkinson Tr., p. 32.)

9. In December of 1990, Hartmann, of Comerica Bank, received a letter from Plaintiff dated December 19, 1990, notifying Comerica of Plaintiff's decision to move Heritage's new car flooring to Key Bank. (Ex. 501.)

10. Hartmann tried calling B. Wilkinson for several days after he received the letter. On January 11, 1991, Hartmann sent a letter to B. Wilkinson at the Dealership notifying the Dealership that Comerica's loan was predicated on the Dealership maintaining the floor plan financing with Comerica. (Hartmann Tr., pp. 4-5; Ex. 504.)

11. The letter also notified the Dealership that Comerica was not prepared to subordinate its first security interest on new and used vehicles and proceeds to Key Bank. (Ex. 504; Hartmann Tr., p. 6.)

12. The Dealership became in default with Comerica when Key Bank attempted to file on the assets of Heritage that secured the Comerica loan. (Hartmann Tr., p. 6, Ex. 275.)

13. Plaintiff's moving of the flooring caused the Dealership to enter into a Loan Modification and Extension Agreement ("Modification"). (Ex. 275.) Under the terms of this Modification, Heritage was required to pay penalties in the approximate amount of \$114,000 for moving the flooring, including

an additional one percent raise in the interest rate on Good Works Partnership mortgage, (Hartmann Tr., pp. 6, 22), attorneys' fees incurred by Comerica from the moving of the flooring and the default, and extension fees. (Ex. 275; B. Wilkinson Tr., p. 37.)

14. In or about early September 1992, Plaintiff was approached by J. Wilkinson and handed a schedule for the weeks of September 6 through October 17, 1992. (Ex. 1.) Both J. and B. Wilkinson testified that J. Wilkinson prepared the schedule at the direction of B. Wilkinson. Jeff Gorringer, J. Wilkinson and Plaintiff were scheduled to work every Saturday and some evenings. Plaintiff's day off each week was Wednesday.

15. Plaintiff refused to work the schedule B. Wilkinson had ordered J. Wilkinson to prepare, despite the fact that the busiest day of the week in car sales is Saturday, and the busiest sales time of a day is after 4:00 p.m.

16. The testimony of B. Wilkinson and J. Wilkinson is uncontroverted that Plaintiff failed to train J. Wilkinson to become a qualified dealer or manager acceptable to American Honda.

17. Plaintiff failed to enhance company morale. Pat Nichols, who was a service writer and assistant Service Manager during Plaintiff's tenure, testified that before Plaintiff was hired as general manager, his employee morale was good. He further testified during the time Plaintiff was general manager, his employee morale went down, even though Nichols was in a

higher position and earned a higher salary than before Plaintiff became general manager.

18. On September 11, 1992, in a meeting between Plaintiff, Helen Green and B. Wilkinson, Mr. Wilkinson asked Plaintiff for his resignation. Plaintiff agreed, saying he could get another job.

19. In a letter dated September 11, 1992 (Exhibit "C" to Plaintiff's Complaint), Plaintiff was notified of the termination of the Employment Agreement. (Ex. 64.)

20. Plaintiff testified he was told in a meeting with B. Wilkinson on Tuesday, September 15, 1992, that the reference to "b." and "c." in the September 11th letter referred to paragraphs "b." and "c." on p. 2, Section 1.2, of the Employment Agreement.

21. B. Wilkinson testified he fired Plaintiff for the following reasons:

- a. failure to make a profit;
- b. penalties incurred by the Dealership when Plaintiff moved the flooring from Comerica to Key Bank;
- c. inability to maintain employee morale;
- d. refusal to work Saturdays when scheduled by B. Wilkinson;
- e. failure to accurately inform B. Wilkinson of the dealings and status of the Dealership;
- f. failure to spend sufficient time to maintain and develop the Dealership;

- g. poor judgment;
- h. refusal and failure to train J. Wilkinson and Jeff Gorringer;
- i. overage inventory on used units that should have either been wholesaled or returned to the owner in exchange for the actual cash value of the deal;
- j. cars delivered to wholesalers without the collection of titles or without the collection of monies; and
- k. customers' complaints that they could not get customer satisfaction through customer relations, and that the general manager would not talk to them.

(B. Wilkinson Tr., pp. 30-38.)

22. Larry H. Miller testified the Dealership had sufficient working capital, and should have made a profit during 1992. (Miller Tr., pp. 12, 13.) Plaintiff did not make a profit.

23. Before and during Plaintiff's tenure, the Dealership always paid its bills on time, payroll was met promptly, floor checks were never out of trust, and no suits were filed by creditors. (B. Wilkinson Tr., pp. 28-29.)

24. At all relevant times, Plaintiff was aware of the financial condition of the Dealership. (B. Wilkinson Tr., pp. 27-28; Kraatz Tr., p. 25.)

25. Plaintiff failed to perform his duties and responsibilities as provided under the Agreement.

F. Employee Handbook

1. Plaintiff never saw an Employee Handbook ("Handbook") (Ex. 135) before he signed the Agreement on May 31, 1990. (Kraatz Tr., p. 4.)

2. Plaintiff admits there is no reference in the Agreement (Ex. 38) to the Handbook. (Kraatz Tr., p. 5.)

3. Paragraphs 5.1 and 5.2 of the Agreement provide:

5.1 ENTIRE AGREEMENT. This Agreement constitutes the entire agreement between the parties and supersedes any prior written or oral agreements concerning the subject matter contained herein.

5.2 AMENDMENT. This Agreement may be amended only by the written consent of the parties.

4. Paragraph 5.9 of the Agreement states:

5.9 VERBAL STATEMENTS DISAVOWED. The parties hereto acknowledge that they have not made any verbal representations which have not been included in this Agreement, or if such representations were made, they are hereby disavowed.

5. The second paragraph of Section 100 of the Handbook entitled "Forward" declares:

The contents of this Handbook are presented as a matter of information only. While the Dealership believes wholeheartedly in the guidelines described here, they are not conditions of employment, nor may anything in this handbook be construed as a contract of employment or as guaranteeing employment. In particular, nothing in this handbook limits the Dealership's right to terminate the employment of any person at any time, with or without cause.

No manager or representative of the Dealership has any authority to enter into any agreement for employment for any

specified period of time, or to make any agreement contrary to the foregoing, except through an agreement in writing signed by the president or vice-president of the Dealership.

(Ex. 135.)

6. Plaintiff could not produce a signed copy of the Acknowledgement of Receipt of Handbook (Section 100 of Exhibit 135 following the Forward). (Kraatz Tr., p. 6.)

7. The Handbook is the only source of Plaintiff's claims for Christmas Bonuses and Retirement Benefits. (Kraatz Tr., p. 26.)

8. Section 505 on the Christmas Bonus Program provides, in relevant part:

If you separate from the Dealership's employment prior to the distribution and payment of the bonuses, you will be refunded your contributions but will not receive any Dealership matching contributions.

9. The Handbook also provides as follows:

a. Section 303 on Wages and Compensation Policy states:

Increases in wages, salaries, commissions, and benefits will be affected by such factors as the general business climate, dealership profitability, market and competitive circumstances, and your performance, productivity and ability.

b. "The Dealership may carry out any disciplinary action, depending upon its judgment of the circumstances involved." Section 310.

c. One of the classifications of disciplinary action is discharge. Id.

d. Grounds for disciplinary actions include "Inefficiency", "Inability or unwillingness to work harmoniously with other employees", "Unauthorized use of Dealership vehicles", "Falsifying Dealership records", "Insubordination", "Causing customer complaints", and "Failure to follow specified job instructions". Id. at ¶¶ 3, 7, 9, 11, 17, 20 & 24, respectively.

e. The Corporation Mission Policy statement declares, in Section 401:

Our mission is to continually improve our ability to meet our customer's needs, allowing us to prosper as a business and provide a reasonable rate of return through the extension of our sales and services

* * *

PROFITS - Profits are the ultimate measure of how efficiently we provide customers with the best products and services for their needs. Profits are required in order for us to continue our commitment to you, our valued customers.

f. The Loyalty Policy Statement declares, in relevant part:

The Dealership must insist that this harmonious spirit be continuously maintained Honesty is demanded at all times.

If you can not (sic) support the Dealership policies and programs or be a booster of the company, it would be expected that you resign immediately.

Slandorous remarks, insubordination, and the like harm everyone and are cause for discharge.

g. "The Dealership does not offer any form of severance pay." Section 522.

h. "You should avoid outside activities which substantially interfere with your work performance or compromise your objective decision making abilities. If this occurs, you will be asked to make a decision regarding the priority of employment versus other activities." Section 612.

i. "Improper use of the Dealership's Dealer Plates can result in fines or dismissal! Dealer Plates are to be used only on Company Owned Vehicles. Any other use is illegal, and therefore prohibited by company policy." Section 622.

10. In the summer of 1992, Plaintiff attended a "20 Group" meeting which concerned corporate policy manuals. Plaintiff was told that such manuals could be subject to various interpretations by the courts. (Kraatz Tr., pp. 5-6.)

11. After this meeting, Plaintiff instructed a Dealership employee, Beverly, to send a memo to all employees asking them to turn in their Employee Handbooks. (Ex. 23 & Kraatz Tr., pp. 7-8.)

12. Plaintiff turned in his Handbook. (Kraatz Tr., p. 8.)

13. There is no evidence Plaintiff ever used a progressive discipline procedure with employees.

G. Heritage Did Not Breach Any Implied Covenant of Good Faith and Fair Dealing

1. There is no evidence of any breach by Defendant of an implied covenant of good faith and fair dealing.

H. There is Insufficient Evidence to Hold J. Wilkinson Liable for Tortious Interference

1. At all relevant times, J. Wilkinson was an officer, director and minority shareholder in the Dealership.

2. At the time J. Wilkinson was requested by his father to make a work schedule requiring Plaintiff to work Saturdays and to close, J. Wilkinson believed he was President of the Dealership.

3. J. Wilkinson officially became President of the Dealership on September 16, 1992. At the time J. Wilkinson submitted the schedule to Plaintiff, J. Wilkinson was officially Vice President of the Dealership.

4. There is no evidence J. Wilkinson made false statements to B. Wilkinson about Plaintiff.

5. The only evidence of any insubordination by J. Wilkinson to Plaintiff is the following:

a. On one occasion, J. Wilkinson complained to a co-worker, Larry Terry, about Plaintiff;

b. On one occasion, J. Wilkinson was reprimanded for playing a video game at the sales tower;

c. On one occasion, J. Wilkinson glanced through papers left in plain view by Plaintiff at the sales tower.

6. There is no evidence Plaintiff gave J. Wilkinson any notice that Plaintiff believed J. Wilkinson was insubordinate.

7. Mr. Larry Terry testified at no time did he ever hear J. Wilkinson complain of Plaintiff to B. Wilkinson. Mr. Terry further testified that at no time did he hear J. Wilkinson state he had told his father he was displeased with Plaintiff.

8. There is no evidence J. Wilkinson ever asked B. Wilkinson to terminate the employment of Plaintiff.

9. In a meeting on or about September 7, 1992, B. Wilkinson's children put together a list of items they would consider in deciding whether to purchase the Dealership from their father. (Ex. 31.) The only mention of Plaintiff suggests their intent for Plaintiff's continued employment, since the only reference to him was that his \$500 monthly compensation for his house in St. George was to be eliminated.

I. There is Insufficient Evidence to Hold B. Wilkinson Liable for Tortious Interference

1. There is no evidence of tortious interference by B. Wilkinson.

2. There is no evidence B. Wilkinson interfered with Plaintiff's Agreement with Heritage.

J. The Dealership is Not B. Wilkinson's Alter Ego

1. At all relevant times, the Dealership had more than one officer and director.

2. There is no evidence the Dealership operated other than pursuant to its Articles of Incorporation and Bylaws.

3. There is no evidence the Dealership failed to hold annual meetings.

4. There is no evidence the Dealership failed to enact corporate resolutions.

5. There is no evidence the Dealership failed to keep minutes of meetings or file corporate annual reports.

6. The Dealership filed corporate tax returns.

7. The Dealership was not undercapitalized. Corporate funds paid to B. Wilkinson were accounted for at year end as personal income and B. Wilkinson was given a W-2 for that income.

8. The Dealership passed IRS audits for 1989-1990, only having to make a minor adjustment of less than \$4,000 to its Travel & Entertainment Account and to adjust for the litigation with FSLIC.

9. The Dealership's CPA, Mr. Clark Christian of Grant Thornton, reviewed all assets at year end, making appropriate adjustments to B. Wilkinson's W-2 income. (Ex. 235.)

10. The Dealership's accounting practices were consistent throughout the years, didn't significantly increase in any one expense category, and Plaintiff was fully aware of the Dealership's accounting practices.

CONCLUSIONS OF LAW

A. Burden of Proof

1. Plaintiff argues he was wrongfully discharged. Plaintiff has the burden of establishing (1) he had a contract of employment with Heritage; (2) he performed his part of the Agreement; and (3) he has been damaged. Russell v. Ogden Union R.R. & Depot Co., 247 P.2d 257, 260-61 (Utah 1952).

2. Plaintiff has established he had a contract of employment with Heritage. The Agreement is the written agreement entered into evidence as Exhibit 38. A party must tender his own agreed to performance for the other party to be in default. Kelly v. Leucadia Financial Corp., 846 P.2d 1238, 1243 (Utah 1993). Plaintiff has failed to demonstrate he performed his part of the Agreement (see infra). As a result, there is no burden upon Defendants to prove that the discharge of Plaintiff was justified. Id. at 260-61.

B. Employment Agreement

1. In interpreting a contract, the parties' intentions are controlling. Winegar v. Froerer Corp., 813 P.2d 104, 108 (Utah 1991). In determining the intent of the parties, each contract provision is to be considered in relation to all of the others, with a view toward giving effect to all and ignoring none. Plateau Mining v. Utah Division of State Lands, 802 P.2d 720, 724 (Utah 1990).

2. Section 1.2 of the Agreement sets forth the services Plaintiff was to perform under the Agreement. A court

may consider the use of recitals in a contract to determine the intent of the parties. Hodges Irrigation Co. v. Swan Creek Canal, 181 P.2d 217, 111 Utah 405 (Utah 1947); Eric Hardwood Co. v. North Pacific Lumber Co., 690 P.2d 1071, 1076 (Ore. App. 1984). The intentions of the parties as to the meaning of Section 1.2 can be further understood in light of the Recitals on page 1 of the Agreement. The Recitals state, in relevant part, that Plaintiff

has the skills, personality traits and management skills which are conducive to development and maintenance of such interpersonal relations, management of personnel, financing and sales and operating an automobile dealership.

3. In interpreting a contract, the ordinary and usual meaning of words is given effect. AOK Lands, Inc. v. Shand Morihan & Co., 860 P.2d 924, 926 (Utah 1993); Warburton v. Virginia Beach Fed. Svcs & Loan Ass'n, 899 P.2d 779, 782 (Utah Ct. App. 1995). The plain meaning of "develop" is "to bring from latency to or toward fulfillment; to expand or enlarge." American Heritage Dictionary, p. 511 (3d ed. 1992). "Maintain" means to keep it, carry on, continue, keep in a condition of good repair. Id. at 1084. Plaintiff's duties under the Agreement included not only the efficient running of the Dealership, but its development.

4. Sections 5.1, 5.2 and 5.9 of the Agreement demonstrate the parties intended the Agreement to be integrated, and a final expression of their agreement. Hall v. Process Instruments

and Control, Inc., 866 P.2d 604, 606 (Utah App. 1995), aff'd 890 P.2d 1024 (1995).

5. That the Agreement is integrated does not preclude parol evidence on the intention of the parties as to the ambiguous terms. Whether terms in an agreement are ambiguous is a matter of law. Gordon v. CRS Consulting Engineers, Inc., 820 P.2d 492, 493 (Utah Ct. App. 1991). The Agreement remains ambiguous as to the skills and experience Plaintiff was to provide as general manager of the Dealership to develop and maintain the dealership.

6. Parol evidence as to the skill and experience and duties and responsibilities Plaintiff was to perform as general manager is admissible, as it does not vary the terms of the Agreement but seeks to clarify the intentions of the parties with respect to the skills, personality traits and management skills Plaintiff was to provide as general manager. See Restatement (Second) of Contracts § 212; Comment (c) to § 212(1) (1982); Hall v. Process Instruments & Control, 890 P.2d 1024, 1026-27 (Utah 1995); Colonial Leasing v. Larsen Bros. Constr., 731 P.2d 483, 487 (Utah 1986); Kimball v. Campbell, 699 P.2d 719, 720 (Utah 1985). The Court finds Plaintiff's duties included those he testified to and as stated in Section D. of the Findings of Fact herein.

7. Section 2.1 of the Agreement states Plaintiff's employment

may not be terminated except for cause as defined herein. For purposes of this paragraph, cause shall be deemed to include the following:

- a. Fraud;
- b. Dishonesty;
- c. Refusal by employee to fulfill his employment responsibilities described in Article I of this Agreement; . . .

(Emphasis added).

8. Plaintiff claims he was not terminated according to the Agreement. Plaintiff's argument is inconsistent with the intentions of the parties as expressed through the plain language of the Agreement.

a. In construing the meaning of Section 2.1, the Court considers the terms "herein", "include" and "refusal" in light of the Agreement as a whole, with each provision being considered in relation to all others. Pease Oil & Gas v. Pioneer Oil & Gas, 899 P.2d 766, 770 (Utah 1995).

b. The Court further considers the terms in light of the plain meaning of the terms. AOK Lands, Inc. v. Shand Morihan & Co., 860 P.2d 924, 926 (Utah 1993); Warburton v. Virginia Beach Fed. Svcs & Loan Ass'n, 899 P.2d 779, 782 (Utah Ct. App. 1995).

(1) "Include". The parties did not state that cause was limited to the four reasons set forth in Article 2.1 of the Agreement. On the contrary, the

Agreement states cause "shall be deemed to include the following (emphasis added)." The usual and ordinary usage of "include" is expansive and is not ordinarily a word of limitation. Schwab v. Arryoshi, 546 P.2d 135, 141 (Hawaii 1992).¹ Given the plain meaning of "include", there is no evidence to suggest the parties sought to limit Plaintiff's termination to the four terms listed in Section 2.1.

(2) "As defined herein". "Herein", when used in a legal context, is a locative adverb. Whether it refers to a single section or to the entire agreement depends on the context in which it is used. Saulsberry v. Maddix, 125 F.2d 430, 434 (Ky. 1942). Considering the Agreement as a whole, and giving effect to each provision, "herein", as stated in Section 2.1, refers to the entire Agreement, and is not limited to Section 2.1. To limit "herein" as to Section 2.1. is inconsistent with 2.1.C. and D. which refer to Section I of the Agreement, and would give no effect to the word "include", or to the other sections contained in the Agreement. Thus, "herein" refers to the entire Agreement.

¹"Include" means "to take in as a part, an element, or a member." American Heritage Dictionary, p. 913 (3d ed. 1992). See also, In re Hartman, 443 N.E.2d 516, 517 (Ohio 1993), citing Webster's Third New International Dictionary ("In short, 'including' implies that that which follows is a partial, not exhaustive, listing of all which is subsumed within the stated category." "Including" is a word of expansion rather than one of limitation or restriction".)

(3) "Refusal". To limit "refusal" to requiring Plaintiff's overt rejection to perform a specific demand is inconsistent with the intentions of the parties as reflected in the provisions of the Agreement.

(a) Refusal is not only rejecting a request to do a specific act, but is also the failure to act when action is required. Reliford v. Eastern Oil Corp., 260 F.2d 447, 452 (6th Cir. 1958).²

(b) To attempt to limit "refusal" as rejecting a specific request is also inconsistent with the plain meaning of Section 1.2 of the Agreement, which states:

1.2 SERVICES TO BE PERFORMED. Employee shall be employed as General Manager of Heritage Honda, Inc., a division of the Company, and shall perform the following services
.

²When a party is obligated to perform a certain act or acts, failure to act is often held as a refusal. See also, Ennis v. Adkins, 118 S.W.2d 175, 177 (Ct. App. Ky. 1938) ("refusal" synonymous with "failure" in interpretation of statute); Black's Law Dictionary, p. 534 (5th ed. 1979) (fail: fault, negligence or refusal) (emphasis added); Bouvier's Law Dictionary, p. 336 (Vol. 2, 1993) ("In some cases, a neglect to perform a duty which the party is required by law or his agreement to do, will amount to a refusal."); Balentine's Law Dictionary, p. 1077 (3d ed. 1969) ("Refusal is frequently used in the law as signifying a simple failure or neglect to perform a legal duty, and in such case a failure or neglect is to be held as a refusal to act.") citing Sherman v. Credit Finance Corp., 78 Colo. 330, 241 P. 722, 724 (1925).

(Emphasis added). Clearly, given the language requiring the performance of the service, the interpretation of refusal consistent with this paragraph is that Plaintiff's failure to perform the services under the Agreement is a breach of the Agreement and constitutes cause for termination.

(c) Furthermore, in interpreting a written instrument, reasonable rather than unreasonable interpretations are favored by the law. Results which vitiate the purpose or reduce the terms of an Agreement to an absurdity should be avoided. Gore v. Beren, 867 P.2d 330, 337 (Kan. 1994). To interpret refusal as requiring Plaintiff to remain employed even in the face of the Dealership's losing money, losing its financing, and having to be sold or liquidated is an absurd result, as the purpose of the Agreement would then cease to be.³

(d) Moreover, an interpretation which will bring about an equitable result will be preferred over a harsh or inequitable one. First Security Bank of Utah, N.A. v. Maxwell, 659 P.2d

³See also, State v. School Dist. #1, 348 P.2d 797, 801 (Mont. 1960) ("Statutory or constitutional construction should not lead to absurd results if a reasonable construction will avoid it.").

1078, 1083 (Utah 1983). It would be inequitable in this case to interpret the Agreement such that Heritage would have to continue to employ Plaintiff and stand by and watch its business decline unless Plaintiff specifically rejected an outright request.

9. Cause, under the Agreement, includes Plaintiff's failure to perform the duties set forth in the Agreement.

10. Plaintiff's assertion he had a "no-cut" contract is not supported by the evidence. The Agreement lists reasons his employment can be terminated. Even if that was Plaintiff's initial intent, a comparison of the Draft Agreement (Exhibit 589) with the Agreement demonstrates that subparagraph 2.1(c) expands the reasons for termination under the Agreement. Other than Plaintiff's testimony, there is no extrinsic evidence of a "no-cut" contract. On the contrary, this assertion was specifically denied by B. Wilkinson, and by Pat Nichols, an employee present at the meeting where Plaintiff maintains the representation was made.

11. Section 3.2 of the Agreement requires Plaintiff to provide additional consideration for any additional compensation Heritage, in its discretion, may provide. Plaintiff has failed to demonstrate any evidence of further consideration given by him for any additional compensation or perks received during his employment. The use of Jazz tickets, payments for Plaintiff's daughter's tennis lessons, participation in service contract

companies of Lariat and Ryan, retirement, Christmas bonus, or St. George home subsidy are not "compensation" under the Agreement.

12. Plaintiff has failed to provide sufficient evidence that the parties modified the Agreement to include any benefits, perks, or compensation not specifically stated in the Agreement.

C. Employee Handbook

1. The parties intended the Agreement to be integrated. There is no mention of Exhibit 135 in the Agreement, and Plaintiff admits he did not know of its existence at the time. (See FF No. F.1. & F.2.) The Agreement between the parties did not include the corporate policy manual. (Ex. 135.)

2. The Agreement was not modified to include Exhibit 135. Provisions of the Handbook are inconsistent and contradict the clear and unambiguous terms of the integrated Agreement. There is no evidence the parties intended to modify the terms of the Agreement to include the Handbook, nor is there any evidence of additional consideration provided by Plaintiff for the compensation for which he claims he is entitled. Heritage's Handbook (Ex. 135) as a matter of law, is not part of or a supplement to the Agreement.

3. Plaintiff has failed to demonstrate he was entitled to any written reprimand or notice advising him he was failing to perform his duties. Nor is there evidence that Plaintiff followed the procedures of the Handbook in disciplining his subordinates. Furthermore, any rights associated with the

Handbook were terminated by Plaintiff's own action in directing the Handbooks to be turned in. (Ex. 23.)

D. Breach of Contract

1. The general manager is the glue that holds the Dealership together. Plaintiff breached the Employment Agreement by failing to supply the consideration intended by the parties in formulating the Agreement.

2. Plaintiff breached the Agreement by failing to perform the employment responsibilities set forth in Article I of the Agreement as clarified through the Recitals and extrinsic evidence.

3. Plaintiff's responsibilities under the Agreement included the production of income at the Dealership. Plaintiff breached this duty by failing to make a profit.

4. Plaintiff was required to devote his exclusive time for the business and benefit of the Dealership. Plaintiff breached the Agreement by refusing to work Saturdays and evenings, the most important times in the success of the Dealership, as required of him by B. Wilkinson in 1992 when the Dealership continued to deteriorate financially.

5. Plaintiff was responsible for training J. Wilkinson and Jeff Gorringer to be Honda dealers. (Ex. 38, 1.2.b.) Plaintiff breached the Agreement by failing to train J. Wilkinson and Jeff Gorringer to be Honda dealers.

6. Plaintiff was responsible for breaching the Agreement by using poor judgment in pulling the flooring line from

Comerica Bank to Key Bank, causing the Dealership to incur costly penalties.

7. Plaintiff breached the Agreement by causing the employee morale to be lowered.

E. Plaintiff's Failure to Perform is Not Excused

1. Plaintiff had ultimate control over the finances of the Dealership; Plaintiff has failed to offer sufficient evidence that his failure to perform is excused by the spending of B. Wilkinson.

2. Plaintiff has failed to offer sufficient evidence to demonstrate his failure to perform under the Agreement was excused by his claim that the Dealership was under capitalized. The Court finds the testimony of Larry Miller credible that the Dealership had sufficient capital from which Plaintiff should have made a profit for the Dealership. (See FF Nos. E.3. & 4.)

3. Plaintiff has failed to offer sufficient evidence that his failure to perform was due to spending by B. Wilkinson.

4. Plaintiff has failed to offer sufficient evidence that his refusal and failure to train pursuant to 1.2(b) of the Agreement was due to any business purpose stated therein.

5. Waiver is the intentional relinquishment of a known right. Soter's, Inc. v. Deseret Fed. Sav. & Loan Ass'n, (Utah 1993). Plaintiff has failed to offer sufficient evidence Heritage waived any of its rights under the Agreement.

F. Heritage Did Not Breach Any Implied Covenant of Good Faith and Fair Dealing

1. In order to establish a breach of the covenant of good faith, Plaintiff must demonstrate Heritage intentionally acted to impair Plaintiff's right to receive the fruits of the Agreement. St. Benedict's Development Co. v. St. Benedict's Hospital, 811 P.2d 194, 199 (Utah 1991). Plaintiff has failed to establish sufficient evidence of a breach of good faith by Heritage.

2. While every contract is subject to an implied covenant of good faith, the covenant "cannot be construed to establish new, independent rights or duties not agreed upon by the parties". Heslop v. Bank of Utah, 839 P.2d 828, 840 (Utah 1992) (citations omitted). Plaintiff has failed to provide sufficient evidence to hold Heritage liable for any breach of an implied covenant of good faith and fair dealing.

G. There is Insufficient Evidence to Hold J. Wilkinson Liable for Tortious Interference

1. In order to prove tortious interference, Plaintiff must establish (1) J. Wilkinson intentionally interfered with Plaintiff's existing or potential relationship with Heritage; (2) for an improper purpose or improper means; and (3) his improper interference caused injury to Plaintiff. St. Benedict's Development Co. v. St. Benedict's Hospital, 811 P.2d 198, 200 (Utah 1991), citing Leigh Furniture & Carpet v. Isom, 657 P.2d 293, 294 (Utah 1982).

2. There is insufficient evidence J. Wilkinson that interfered with Plaintiff's economic relations with the Dealership, either existing or prospective, as a matter of law.

3. There is insufficient evidence that J. Wilkinson used any improper means or improper purpose as a matter of law.

4. There is insufficient evidence that J. Wilkinson caused Heritage to terminate Plaintiff.

5. J. Wilkinson is not liable for tortious interference with either Plaintiff's existing or prospective economic relations with Heritage.

H. There is Insufficient Evidence to Hold B. Wilkinson Liable for Tortious Interference

1. In order to prove tortious interference, Plaintiff must establish (1) B. Wilkinson intentionally interfered with Plaintiff's existing or potential relationship with Heritage; (2) for an improper purpose or improper means; and (3) his improper interference caused injury to Plaintiff. St. Benedict's Development Co. v. St. Benedict's Hospital, 811 P.2d 198, 200 (Utah 1991), citing Leigh Furniture & Carpet v. Isom, 657 P.2d 293, 294 (Utah 1982).

2. There is insufficient evidence B. Wilkinson that interfered with Plaintiff's economic relations with the Dealership, either existing or prospective, as a matter of law.

3. There is insufficient evidence that B. Wilkinson used any improper means or improper purpose as a matter of law.

4. There is insufficient evidence that B. Wilkinson caused Heritage to terminate Plaintiff.

5. B. Wilkinson is not liable for tortious interference with either Plaintiff's existing or prospective economic relations with Heritage.

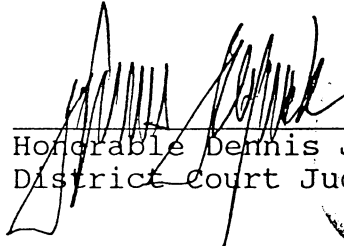
I. The Dealership is Not B. Wilkinson's Alter Ego

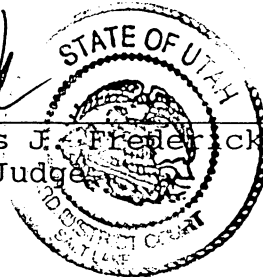
1. In order to hold B. Wilkinson individually liable for Heritage, Plaintiff has the burden of proving (1) such a unity of interest exists between B. Wilkinson and Heritage, that the separate personalities no longer exist, and (2) the observance of the corporate form would promote an injustice. Murray First Thrift & Loan, 596 P.2d 1028, 1030 (Utah 1979), cited in Schafir v. Harrigan, 879 P.2d 1384 (Utah App. Ct. 1994).

2. There is insufficient evidence to demonstrate B. Wilkinson's use of the Dealership for his convenience in the conducting of his business was sufficient to pierce the corporate veil and hold him individually liable. See Grover v. Garn, 464 P.2d 598, 602 (Utah 1970). Nor is there sufficient evidence of under capitalization, or any evidence of the use of Heritage to promote a fraud. The evidence demonstrates corporate formalities were observed, records were maintained and meetings held.

3. Plaintiff has failed to provide sufficient evidence to allow Plaintiff to disregard the Heritage corporate entity and sue B. Wilkinson individually.

DATED this 28th day of October, 1996.


Honorable Dennis J. Frederick
District Court Judge



Judgment

OCT 28 1996

By C. Beverley
Deputy Clerk

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IN THE THIRD JUDICIAL DISTRICT COURT IN AND FOR
SALT LAKE COUNTY, STATE OF UTAH

WILLIAM ANTHONY KRAATZ,)	
)	
Plaintiff,	)	JUDGMENT
)	
vs.)	
)	
HERITAGE IMPORTS, a Utah)	
corporation dba Heritage	)	Civil No. 930900312CN
Honda, O. BRYAN WILKINSON,)	
and JEFF J. WILKINSON,	)	Judge J. Dennis Frederick
)	
Defendants.)	

This matter was tried to the Court beginning on the 27th of August through the 30th of August, 1996. Plaintiff Tony Kraatz was represented by counsel, Michael N. Zundel and Jeffrey J. Devashrayee of Jardine, Linebaugh & Dunn. Defendants were represented by counsel, Donald J. Winder and Jennifer L. Falk of the law firm of Winder & Haslam.

At the end of closing arguments, the matter was taken under advisement, pending further review by the Court of the exhibits received, the testimony elicited, and the receipt of proposed Findings of Fact and Conclusions of Law from respective counsel.

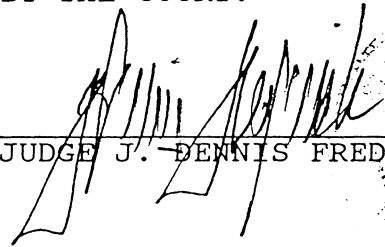
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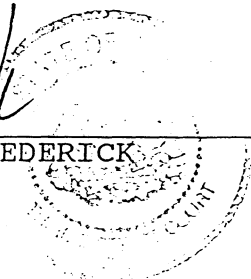
On Friday, September 20, 1996, the Court reconvened in the matter and entered its oral Findings of Fact and Conclusions of Law pursuant to Utah R.Civ.P. 52, which oral findings and conclusions were expressly supplemented by Defendants' proposed Findings of Fact and Conclusions of Law Re: Liability received by the Court on September 20, 1996. Based upon all the findings and conclusions and for good cause appearing, the Court hereby dismisses Plaintiff's Complaint, no cause of action.

IT IS SO ORDERED.

DATED this 28th day of October, 1996.

BY THE COURT:


JUDGE J. DENNIS FREDERICK



CERTIFICATE OF SERVICE

I hereby certify that a I caused a true and correct copy of the foregoing proposed Judgment to be mailed, postage prepaid, on the 30th day of September, 1996, to:

Attorneys for Plaintiff:

Kent B. Linebaugh
Michael N. Zundel
JARDINE, LINEBAUGH & DUNN
370 E. South Temple #400
Salt Lake City, UT 84111-1290

Donald J. Winder

Appendix B

(Exhibits)

APPENDIX B

- Exhibit 1 (Manager Schedule)
- Exhibit 2 (Closing Schedule)
- Exhibit 5 (Corporate Minutes)
- Exhibit 14 (New Vehicle Sales Manager's Responsibilities and Compensation Agreement)
- Exhibit 18 (New Vehicle Sales Manager's Responsibilities and Compensation Agreement)
- Exhibit 23 (Notice to turn in Employee Handbook)
- Exhibit 31 (Minutes of meeting held September 7, 1992)
- Exhibit 38 (Employment Agreement)
- Exhibit 53 (Management Agreement)
- Exhibit 58 (Letter from Bry Wilkinson, dated May 15, 1990, to Clark Christian)
- Exhibit 135 (Employee Handbook)
- Exhibit 208 (13th Month Financial Statement Information)
- Exhibit 235 (O. Bryan Wilkinson Summary of W-2 Income)
- Exhibit 266 (Letter from O. Bryan Wilkinson, dated January 22, 1991, to Daniel J. Hartmann)
- Exhibit 275 (Comerica Bank Loan Modification and Extension Agreement)
- Exhibit 295 (January and May 1990 Balance Sheets)
- Exhibit 297 (1992 Balance Sheets)
- Exhibit 302 (Analysis of Kraatz Compensation)
- Exhibit 324 (Management Chart)
- Exhibit 329 (Mark D. Schmitz & Associates Valuation Report)
- Exhibit 333 (Correction of Jensen Exhibit 1)
- Exhibit 501 (Letter from Tony Kraatz, dated December 18, 1990, to Dan Hartmann)
- Exhibit 504 (Letter from Daniel J. Hartmann, dated January 11, 1991, to O. Bryan Wilkinson)

Exhibit 1

Exhibit 1: Manager Schedule

P/f's EXHIBIT 1
 FOR LD. 3-23-94 -1 PAGES
 SUSAN WILCOX KINGSBURY, NP, CSR, RPR
 WITNESS J. T. Wilkinson

MGR SCHEDULE

00019029

September 6 - October 17, 1992

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
Sept 6	Sept 7 TONY 1-10 JEFF 9-5 JJ 9-5	Sept 8 TONY 9-5 JEFF 1-10 JJ OFF	Sept 9 TONY OFF JEFF 9-5 JJ 1-10	Sept 10 TONY 1-10 JEFF OFF JJ 9-5	Sept 11 JEFF 9-5 JJ 1-10 <div>TONY 9-5</div>	Sept 12 JEFF 12-9 JJ 9-6
Sept 13	Sept 14 TONY 1-10 JEFF 9-5 JJ 9-5	Sept 15 TONY 9-5 JEFF OFF JJ 1-10	Sept 16 TONY OFF JEFF 1-10 JJ 9-5	Sept 17 TONY 1-10 JEFF 9-5 JJ OFF	Sept 18 JEFF 1-10 JJ 9-5 <div>TONY 9-5</div>	Sept 19 JEFF 9-5 JJ 12-9
Sept 20	Sept 21 TONY 1-10 JEFF 9-5 JJ 9-5	Sept 22 TONY 9-5 JEFF 1-10 JJ OFF	Sept 23 TONY OFF JEFF 9-5 JJ 1-10	Sept 24 TONY 1-10 JEFF OFF JJ 9-5	Sept 25 JEFF 9-5 JJ 1-10 <div>TONY 9-5</div>	Sept 26 JEFF 12-9 JJ 9-5
Sept 27	Sept 28 TONY 1-10 JEFF 9-5 JJ 9-5	Sept 29 TONY 9-5 JEFF 1-10 JJ OFF	Sept 30 TONY OFF JEFF 9-5 JJ 1-10	Oct 1 TONY 1-10 JEFF OFF JJ 9-5	Oct 2 JEFF 9-5 JJ 1-10 <div>TONY 9-5</div>	Oct 3 JEFF 12-9 JJ 9-5
Oct 4	Oct 5 TONY 1-10 JEFF 9-5 JJ 9-5	Oct 6 TONY 9-5 JEFF 1-10 JJ OFF	Oct 7 TONY OFF JEFF 9-5 JJ 1-10	Oct 8 TONY 1-10 JEFF OFF JJ 9-5	Oct 9 JEFF & JJ 9-5 DYE & JOE 1-10 <div>TONY 9-5</div>	Oct 10 JEFF 12-9 JJ 9-5
Oct 11	Oct 12 TONY 1-10 JEFF 9-5 JJ 9-5	Oct 13 TONY 9-5 JEFF 1-10 JJ OFF	Oct 14 TONY OFF JEFF 9-5 JJ 1-10	Oct 15 TONY 1-10 JEFF OFF JJ 9-5	Oct 16 JEFF 9-5 JJ 1-10 <div>TONY 9-5</div>	Oct 17 JEFF 12-9 JJ 9-5

9/11/1992

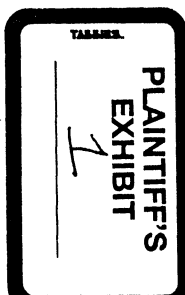


Exhibit 2

Exhibit 2: Closing Schedule

Customer Schedule

HERITAGE HONDA

00019030

MONTHLY
PLANNER

4646 South State Murray Utah 84107
262-3331 A = Tony C = Jeff

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
6	7 A	8	9 C	10	11	12 C
13	14 A	15 C	16	17 C	18	19
20	21 A	22 B	23 C	24	25 C	26
27	28 A	29	30	1 C	2	3 C
4	5 A	6 C	7	8	9 C	10 B

PLAINTIFF'S

PLF's EXHIBIT - 2
FOR LD. 3-23-94
SUSAN WILCOX KINGSBURY, AP, CSR, RPR
JAMES I 4 12

Exhibit 5

Exhibit 5: Corporate Minutes

ACTION BY DIRECTORS

BY UNANIMOUS CONSENT

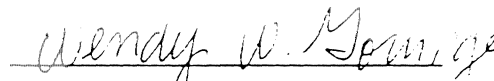
THE UNDERSIGNED, being all of the Directors of HERITAGE IMPORTS, a Utah corporation, hereby elect and appoint the following individuals as the officers of said Corporation, said individuals to replace the existing officers of the Corporation and to serve in the respective offices listed below until their replacements are subsequently elected and acting:

<u>NAME</u>	<u>OFFICE</u>
JEFFREY J. WILKINSON	President and Chief Operating Officer
MATTHEW B. WILKINSON	Vice President
JEFFREY W. GORRINGE	Vice President
Helen Green	Vice President-- Finance; Secretary- Treasurer
Lynlee Wilkinson	Vice President

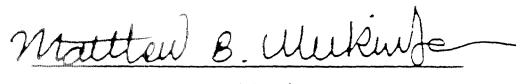
IN ADDITION, the undersigned Directors hereby elect O. Bryan Wilkinson as Chairman of the Board of Directors of the Corporation.

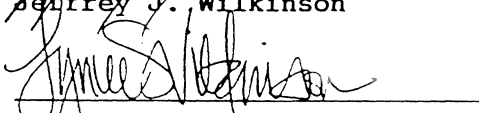
DATED this 16th day of September 1992.


O. Bryan Wilkinson


Wendy W. Gorringer

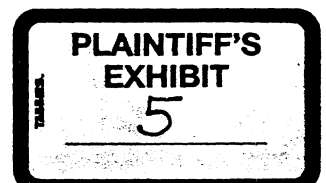

Jeffrey J. Wilkinson


Matthew B. Wilkinson


Lynlee Wilkinson


Helen Green

PIF's EXHIBIT 5
FOR I.D. 3-30-94- 1 PAGES
SUSAN WILCOX KINGSBURY, NP, CSR, RPR
WITNESS JJ Wilkinson



00022304

Exhibit 14

**Exhibit 14: New Vehicle Sales Manager's Responsibilities
and Compensation Agreement**

NEW VEHICLE SALES MANAGER'S
RESPONSIBILITIES AND COMPENSATION AGREEMENT

P183 EXHIBIT 14
FOR I.D. 3-30-94-1
SUSAN WILCOX KINGSBURY, NP,
WITNESS ST W. H. Kinser

Effective Date: December 2, 1991

New Vehicle Sales Manager will report directly to General Sales Manager in all areas of responsibility except advertising. All advertising expenditures will be directed by Bry Wilkinson. Work schedule will be directed by General Sales Manager.

RESPONSIBILITIES

1. Work sales desk as directed by General Sales Manager assisting, motivating and training sales people.
2. Conduct sales meetings as directed by General Sales Manager
3. Maintain 45 day supply of vehicles.
4. Organize display for new vehicle lot and showroom.
5. Control overage inventory insuring that no vehicle is in stock over 90 days.
6. Provide up to date inventory control to maintain adequate model mix.
7. Assist General Sales Manager in sales contests programs for salespeople.

COMPENSATION

1. New Vehicle Sales Manager will receive a \$3000 draw against earnings monthly, one-half of which will be paid on each of the company's regular semi-monthly paydays.
2. Monthly compensation will consist of two percent (2%) of the "Adjusted Gross Profit" of the new and used vehicle departments of the Murray Store plus \$15.00 per vehicle retailed by the Murray Store or \$3000 whichever is greater.
"Adjusted Gross Profit" consists of all gross profit generated from the retail and wholesale sale of new and used vehicles, options, finance and insurance office products, and chemical products less deductions for salespersons (including F&I managers) commissions, incentives and salaries, finance, insurance and service contract chargebacks and repossession losses.
3. The use of one company vehicle without deposit but subject to income taxation based upon personal usage by the New Vehicle Sales Manager. Should the company be found to have withheld an insufficient amount of tax, the New Vehicle Sales Manager agrees to indemnify the Dealership against any further tax liability.

UNDERSTANDING

1. It is mutually agreed that this employment agreement may be terminated by either party at any time without assigning any cause whatsoever, and New Vehicle Sales Manager's employment shall terminate forthwith and immediately upon serving of notice of election to terminate by either party, either orally or in writing.
2. Should such termination take place, final settlement of compensation will be at the close of the month's business in which the termination occurred and upon the 10th or 12th day of the following month when the financial statement is completed. Only amounts earned during New Vehicle Sales Manager's tenure of employment will be paid. Amounts arising from sales and production incepted but not concluded during employment tenure will not be paid.

Accepted [Signature] Date 12/2/91
New Vehicle Sales Manager

Accepted [Signature] Date _____
General Manager

00020396

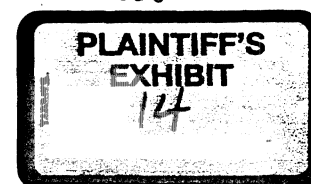


Exhibit 18

**Exhibit 18: New Vehicle Sales Manager's Responsibilities
and Compensation Agreement**

**NEW VEHICLE SALES MANAGER'S
RESPONSIBILITIES AND COMPENSATION AGREEMENT**

Effective date: August 1, 1992

New Vehicle Sales Manager will report directly to General Sales Manager in all areas of responsibility except advertising. All advertising expenditures will be directed by Bry Wilkinson. Work schedule will be directed by General Sales Manager.

RESPONSIBILITIES

1. Work sales desk as directed by General Sales Manager assisting, motivating and training sales people.
2. Conduct sales meetings as directed by General Sales Manager.
3. Maintain a forty-five day supply of vehicles.
4. Organize display for new vehicle lot and showroom.
5. Control overage inventory insuring that no vehicle is in stock over 90 days.
6. Provide up to date inventory control to maintain adequate model mix.
7. Assist General Sales Manager in sales contest programs.

PKS EXHIBIT 18
FOR I.D. 3-30-94 - 1
SUSAN WILCOX KINGSBURY, NP, CSI
WITNESS JJ Wilkinson

COMPENSATION

1. New Vehicle Sales Manager will receive a \$3000 draw against earnings monthly, one-half of which will be paid on each of the company's regular semi-monthly paydays.
2. Monthly compensation will consist of six percent (6%) of the "Adjusted Gross Profit" of the new vehicle department or \$3000 whichever is greater.

"Adjusted Gross Profit" consists of all gross profit generated from the retail and wholesale sale of new vehicles, options, finance and insurance office products, and chemical products less deductions for salespersons (including F&I managers) commissions, incentives and salaries, finance, insurance and service contract chargebacks and repossession losses.

3. The use of one company vehicle without deposit but subject to income taxation based upon personal usage. Should the company be found to have withheld an insufficient amount of tax, the New Vehicle Sales Manager agrees to indemnify the Dealership against any further tax liability.

UNDERSTANDING

1. It is mutually agreed that this employment agreement may be terminated by either party at any time without assigning any cause whatsoever, and New Vehicle Sales Manager's employment shall terminate forthwith and immediately upon serving of notice of election to terminate by either party, either orally or in writing.
2. Should such termination take place, final settlement of compensation will be at the close of the month's business in which the termination occurred and upon the 10th or 12th day of the following month when the financial statement is completed. Only amounts earned during New Vehicle Sales Manager's tenure of employment will be paid. Amounts arising from sales and production originated but not concluded during employment tenure will not be paid.

Accepted [Signature] Date 7/30/92
New Vehicle Sales Manager

Accepted [Signature] Date 7/30/92
General Manager

00020388

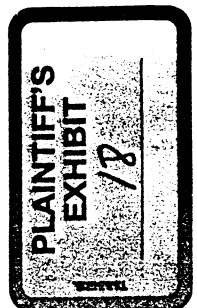


Exhibit 23

Exhibit 23: Notice to turn in Employee Handbook



HONDA

JULY 17, 1992

NOTICE TO ALL EMPLOYEES:

IF YOU HAVE NOT TURNED IN YOUR EMPLOYEE HANDBOOK PLEASE
DO SO AS SOON AS POSSIBLE. WE STILL HAVE NOT RECEIVED
ALL OF THEM BACK.

I HAVE DISCOUNT TICKETS TO RAGING WATERS AND TO SEVEN
PEAKS RESORT. IF ANYONE WOULD LIKE ONE PLEASE COME AND
SEE ME. FIRST COME FIRST SERVE.

THANKS.....

BEVERLY

P/FB EXHIBIT *23*
FOR I.D. *3-30-94* - *1* PAGES
SUSAN WILCOX KINGSBURY, NP, CSR, RPH
WITNESS *JT Wilkinson*



054199



Exhibit 31

Exhibit 31: Minutes of meeting held September 7, 1992

September 7, 1992

Meeting JJ, Jeff, Matt, Lynlee

Plf's EXHIBIT *31*
FOR I.D. *3-31-94-2* PAGES

SUSAN WILCOX KINGSBURY, NP, CSR, RPR

WITNESS *Matthew Wilkinson*

Proposed Expense Control:

1. Terminate any and all monthly dues, and charges by any employees. (Sports Mall, Canyon Racquet Club)
2. Salaries Clerical, eliminate at least 1.5 people in the accounting office.
3. Absentee Compensation into line.
4. Employee Benefits--eliminate Banner Life *- I PA JEFF & NEW WIFE*
5. Travel and Entertainment--eliminate all Corporate Credit Cards, only official expenses will be paid by company, JJ, Jeff, and Matt must approve. No more Jazz Tickets or concert tickets will be paid for by the store.
6. Eliminate Cal-Pro
7. Eliminate the (500.00) subsidy on Tony Kraatz St.George Home.
8. Any and all computer problems will be handled through Matt. No additional help is needed in this area.
9. Bring service advisors pay into line, with hours per R.O. and customer satisfaction being primary consideration for their incomes.
10. Advertising-- 30,000.00 per month goal, look at eliminating ad agency fees. (Alan Frank and Associates) *KEEP ALAN FRANK*
11. Outside Services--Renegotiate the services of cleaning the building, and gardening services provided by White Tornado and Environmental Management. All services provided to employees will become the responsibility of the employee.

00019148



12. Legal and Auditing--Get It Under Control... *- SOME LEFT FOR
BOY 100% PAID*
13. Telephone Expense--Get a better handle on long distance calls.
14. Eliminate the guarantees to people in the Special Finance Dept. F&I provides a lot more income without any guarantees. Reduce the amount of employees from 3 to 2.
15. Charge out all overnight express mail to deals, r.o.'s etc.
16. Reduce the amount of service pagers from 10 down to 4 and eliminate the monthly charges.
17. Eliminate the Donuts on the Service Drive--Leave the coffee.
18. Other Supplies and Tools--Eliminate internal repair order charges, all charges. need to be charged out on tickets, If not, then service dept. employees share in this expense, no longer can it be an expense to the store
19. Office Supplies--all expenditures in this area need prior approval with a limit on how much can be spent. Everything must be approved by Jeff or JJ.
20. Eliminate Club Cars.
21. Eliminate Carsons Truck from the inventory. Charges to be picked up by Tony. Insurance paid for by owner.
22. Policy Adjustments Service and Parts *TSE*. If your policy adjust is through the ceiling then your CSI should be through the ceiling. Get this into line immediately!!!
23. Bring all managers pay into line.

31-2

00019149

Exhibit 38
(Employment Agreement)

Exhibit 38: Employment Agreement

EMPLOYMENT AGREEMENT

THIS AGREEMENT is made and entered into as of the ____ day of May, 1990, by and between Heritage Imports, a Utah corporation doing business as Heritage Honda, hereinafter referred to as "Company," and William Anthony Kraatz, hereinafter referred to as "Employee."

R E C I T A L S :

WHEREAS, Company is a Honda automobile dealership selling new and used vehicles, providing service and parts sales;

WHEREAS, Company's business requires significant interpersonal contact between Company employees and customers, manufacturer's representatives, finance personnel;

WHEREAS, Employee has skills, personality traits and management skills, which are conducive to development and maintenance of such interpersonal relations, management of personnel, financing and sales and operating an automobile dealership; and

WHEREAS, Company desires to retain the services of Employee, and Employee desires to render services to Company on the terms and conditions set forth herein; and

WHEREAS, as an inducement to get Employee to become employed and be the general manager of Company, Company agrees to contract with Employee as hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties agree as follows:

ARTICLE I EMPLOYMENT

1.1 EMPLOYMENT. Company hereby hires Employee and Employee hereby accepts employment with the Company.

P/f's EXHIBIT *38*
FOR I.D. *4-5-94* - *12* PAGES
SUSAN WILCOX KINGSBURY, NP, CSR, RPR
WITNESS *O.B. 4/11/94*

054272

PLAINTIFF'S
EXHIBIT
38

1.2 SERVICES TO BE PERFORMED. Employee shall be employed as General Manager of Heritage Honda, a division of the Company and shall perform the following services: (hereinafter referred to as "Services")

(a) Employee shall be employed as General Manager of the Salt Lake Heritage Honda dealership (hereinafter referred to as "Dealership") and shall provide day-to-day management over the operations of the Dealership, including managing the new and used car sales departments, service department, parts department, and financing and insurance departments. Employee shall have responsibility and authority over all aspects of the daily operations and shall be consulted on all items of long range planning relating to the Dealership.

(b) The duties and responsibilities of Employee shall include, but not be limited to, the responsibility to provide management training to persons selected by Company to enable said persons to become qualified dealers or managers acceptable to American Honda, Incorporated; provided, however, that said responsibility shall not limit Employee's authority, as General Manager, to make and carry out management decisions relating to the operation of the Dealership.

(c) Employee shall contribute his best professional skill to perform the Services at all times for the business and benefit of Company. Employee agrees to devote his full and exclusive time to perform the Services; provided, however, that Company acknowledges that, as of the date of this agreement, Employee has an interest in Anthony Wade, Inc., and that, while Employee will attempt to terminate that relationship as soon as possible, Employee will be entitled to fulfill his responsibilities relating thereto as long as those responsibilities do not materially interfere with Employee's duties under this agreement.

(d) Employee, in consideration of being offered this employment contract and in reliance upon the promises contained herein, shall relocate from St. George, Utah to the Salt Lake City, Utah area for the purpose of engaging in this employment contract.

ARTICLE II TERM OF CONTRACT

2.1 TERM. The term of Employee's employment pursuant to this Agreement shall commence on or before June 15, 1990, and shall continue thereafter on the terms and conditions provided herein for a term of five years and thereafter shall continue on a year to year basis, until terminated upon sixty (60) days advance written notice by either party. Employee's employment may not be terminated except for cause

as defined herein. For purposes of this paragraph, cause shall be deemed to include the following:

- A. Fraud;
- B. Dishonesty;
- C. Refusal by Employee to fulfill his employment responsibilities described in Article I of this Agreement; or-
- D. Employee becomes disabled to the extent he is unable to perform his duties hereunder as specified in Article I of this Agreement and such disability continues for a period of time longer than six (6) consecutive months.

ARTICLE III COMPENSATION

3.1 COMPENSATION. Commencing upon the effective date of the term hereof and continuing as long as Employee's employment pursuant to this Agreement shall remain in force, Employee shall be compensated by Company for the Services rendered hereunder as set forth on the attached Schedule "A." Company's obligation to pay said compensation shall continue throughout the term of this Agreement unless the employment of Employee is terminated for cause.

3.2 ADDITIONAL COMPENSATION. Employee may receive additional compensation within the discretion of Company for other services rendered or other duties as assigned by the Company and agreed to by Employee.

3.3 INDUCEMENTS. As additional inducements to Employee to accept employment with Company, Company agrees to the terms and conditions set forth on Schedule "B" attached hereto.

3.4 RELOCATION. As an additional inducement to Employee to relocate to the Salt Lake City area, Company agrees to the terms and conditions set forth on Schedule "C" attached hereto.

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ARTICLE IV
FRINGE BENEFITS

4.1 VACATION. Employee shall be entitled to such vacation period, study and/or leave time as approved from time to time by Company, but in no event less than three (3) weeks per year.

4.2 SICK LEAVE AND DISABILITY. Employee shall be entitled to such sick leave and other disability benefits as adopted by Company.

4.3 WORKING FACILITIES. Company shall furnish to Employee adequate working space and facilities to perform the services.

ARTICLE V
MISCELLANEOUS PROVISIONS

5.1 ENTIRE AGREEMENT. This Agreement constitutes the entire agreement between the parties and supersedes any prior written or oral agreements concerning the subject matter contained herein.

5.2 AMENDMENT. This Agreement may be amended only by the written consent of the parties.

5.3 WAIVER. No waiver of any breach or default of this Agreement by either party hereto shall be considered to be a waiver of any other breach or default of this Agreement.

5.4 NOTICES. Any notices pertaining to this Agreement shall be in writing and shall be transmitted by personal hand delivery to an officer or director of Company or to Employee, or through the facilities of the United States post office, certified mail, return receipt requested. The addresses set forth below for the respective parties shall be the places where notices shall be sent, unless written notice of a change of address is given.

COMPANY:

Heritage Imports,
a Utah corporation
4646 South State Street
Murray, Utah 84107

EMPLOYEE:

William Anthony
Kraatz
481 Churchill Drive
St. George, Utah 84770

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Notices given by mail shall be deemed to be delivered on the day such notice is deposited in the United States mail, postage prepaid.

5.5 RECORDS. All books, files, documents, and records, generated by Employee during his employment hereunder, are and shall remain the property of Company.

5.6 COST OF DEFAULT. In addition to any other rights contained herein, in the event either party defaults in the performance of any term or condition hereunder, the defaulting party shall pay all expenses and costs incurred by the other party in enforcing the terms hereof, including but not limited to, costs, reasonable attorney's fees, expert witness fees, and/or deposition costs whether incurred through legal action or otherwise and whether incurred before or after judgment.

5.7 GOVERNING LAW. This Agreement shall be governed by and construed under the law of the State of Utah.

5.8 UTAH JURISDICTION. The parties acknowledge that the Third Judicial District Court in and for the State of Utah shall have jurisdiction, but not exclusive jurisdiction, over the enforcement and interpretation of this Agreement.

5.9 VERBAL STATEMENTS DISAVOWED. The parties hereto acknowledge that they have not made any verbal representations which have not been included in this Agreement, or if such representations were made, they are hereby disavowed.

5.10 ASSIGNMENT. The rights and duties pursuant to this agreement are not assignable without the express written agreement of both parties.

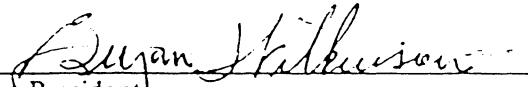
5.11 COST OF AGREEMENT. Company shall be responsible for all legal costs and expenses incurred by Employee in preparation of this Employment Agreement, not to exceed One Thousand Dollars (\$1,000.00).

5.12 DUPLICATE ORIGINALS. The parties hereto acknowledge that this Agreement is being executed in duplicate originals and such duplicate originals, although one of such Agreements may be a photostatic copy, shall have the force and effect of an original document for all purposes including evidentiary rulings.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement
as of the day and year first above written.

COMPANY:

Heritage Imports,
dba Heritage Honda

By 
Its: President

EMPLOYEE:


William Anthony Kraatz

WLP97.12

- 6 -



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SCHEDULE "A"
COMPENSATION

As compensation for the Services to be performed by Employee, Company shall provide to Employee:

- (a) A Base Salary of \$8,000.00 per month.
- (b) A yearly bonus equal to \$4,000.00 plus ten percent (10%) of the Dealership Net Profits in excess of \$280,000.00 determined in accordance with accounting practices acceptable to and used by Company in reporting to American Honda, Incorporated, or such other accounting method as is mutually acceptable to both Company and Employee.
- (c) Two demonstrator automobiles at all times. In connection with the automobiles: (a) Company will furnish insurance and maintenance, (b) gasoline will be furnished by Company, (c) the automobiles shall be available for Employee's use at all times, (d) all traffic violations are to be paid for by Employee, (e) model selection of automobiles will be approved by Employee, (f) automobiles will be replaced at discretion of Employee, and (g) automobiles shall be maintained in first-class salable condition at all times by Employee.
- (d) Use of a Salt Lake Sports Mall family membership during the term of this Agreement. Said membership shall be owned by Company, and Company shall pay the membership fees, monthly dues and monthly charges relating to business use of the membership by Employee. Employee shall be responsible for all charges relating to non-business use of the membership.
- (e) Use of an equity membership in Hidden Valley Country Club, commencing June 1, 1992, and continuing throughout the term of this Agreement. Said membership shall be owned by Company, and Company shall pay the membership fees, monthly dues and monthly charges relating to business use of the membership by Employee. Employee shall be responsible for all charges relating to non-business use of the membership.
- (f) Health, Accident, Hospital and Medical Care Insurance for Employee and his family. Company shall also pay non-covered health care costs reasonably and necessarily incurred by Employee or his family, not to exceed Five Thousand Dollars (\$5,000.00) per year.

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SCHEDULE "B"

STOCK APPRECIATION RIGHTS

1. Company hereby grants to Employee an employee benefit, subject to the vesting schedule set forth in this paragraph, in the form of stock appreciation rights based upon any increase in the value of Company during the term of this Agreement. Those stock appreciation rights shall be subject to the following:

- (a) Employee is hereby granted an employee benefit equal to fifteen percent (15%) (subject to the vesting schedule contained in subparagraph (b) below) of any increase in the value of Company's stock (hereinafter referred to as "Stock Appreciation") during the term of this Agreement.
- (b) Employee's stock appreciation rights shall vest at 100% if more than 50% of the stock of Company, or more than 25% of the assets of Company are sold (other than in the ordinary course of business), or if Employee's employment is terminated by Company without cause as defined in this Agreement. If Employee terminates his employment, or if his employment is terminated for cause, his stock appreciation rights shall vest pursuant to the following formula:

<u>Time</u>	<u>Amount Vested</u>
Prior to June 1, 1991	20%
6-2-91 to 6-1-92	40%
6-2-92 to 6-1-93	60%
6-2-93 to 6-1-94	80%
after 6-1-94	100%

- (c) For purposes of this paragraph, Stock Appreciation shall be determined as follows:
 - (1) Company and Employee hereby agree that the fair market value of Company's stock, as of the date of this Agreement, is Two Million Five Hundred Thousand Dollars (\$2,500,000.00). Said value is hereinafter referred to as the "Initial Value".
 - (2) On the "Trigger Event" (as defined in paragraph 2 below), the fair market value of Company's stock shall be determined by mutual agreement of Company and Employee; provided, however, that if Company and Employee are unable so to agree, Employee shall select (and pay the fees and expenses

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of) one qualified business appraiser, Company shall select (and pay the fees and expenses of) a second qualified business appraiser, and said two appraisers shall select a third qualified business appraiser (the fees and expenses of which shall be shared equally by Company and Employee), and the fair market value of Company's stock agreed to by two of said three appraisers shall control. For purposes of this provision, a "qualified business appraiser" shall be an individual or firm having experience and expertise in appraising businesses similar to the Dealership. The value so determined by mutual agreement or appraisal is hereinafter referred to as the "Terminal Value".

Stock Appreciation shall be the amount, if any, by which the Terminal Value exceeds the Initial Value.

2. Upon the occurrence of any of the following events (referred to herein as a "Trigger Event"), Company agrees to pay to Employee (or his estate) an amount equal to fifteen percent (15%) (or such lower percentage as may be determined in accordance with the vesting schedule in subparagraph 1(b) above) of the Stock Appreciation:

- (a) Expiration of the term of the Agreement, as provided in Section 2.1 of the Agreement;
- (b) Termination of this Agreement by reason of the disability of Employee as provided in Section 2.1 of this Agreement;
- (c) Death of Employee;
- (d) The sale of more than 50% of the stock of Company or the sale of more than 25% of the assets of Company (other than in the ordinary course of business); or
- (e) Termination without cause of the employment of Employee by Company.

After the payment to Employee pursuant to this paragraph 2, Employee's Stock Appreciation Rights shall terminate.

3. The Stock Appreciation Rights granted to Employee shall terminate and be null and void if the employment of Employee by Company is terminated for cause

(other than the disability of Employee). The Stock Appreciation Rights granted to Employee shall not be transferable by Employee.

ADDITIONAL DEALERSHIPS

4. If, during the term of this Agreement, Company determines that it is in the best interests of Company to purchase an additional Honda Automobile Dealership and that said purchase can be profitable to Company, Employee shall have the right and option, within two years after said purchase (if Employee is still employed by Company), to purchase up to fifty percent (50%) of the new dealership by paying to Company the fair market value of the interest purchased by Employee. If Employee chooses to exercise this purchase option, Employee shall have the right to declare a Trigger Event with respect to his Stock Appreciation Rights, and to cause the amount payable to him pursuant to paragraph 2 above to be contributed on his behalf to the capital of the new dealership in return for a distribution to him of fifty percent (50%) ownership interest in the new dealership notwithstanding the amount of capital contributed by others to the new dealership. If the other owners of the new dealership have been required to co-sign or guarantee any debt with respect to the acquisition or operation of the new dealership, or if the acquisition of the new dealership necessitates that debt be incurred by the owners, Employee's option may be exercised only if Employee executes an agreement to be liable for fifty percent (50%) of that debt. Upon the exercise of said option, Employee's Stock Appreciation Rights shall terminate.

SCHEDULE "C"

Company shall reimburse Employee for all reasonable expenses paid or incurred for the following:

- (1) Moving the personal effects and household goods of Employee and Employee's family to Employee's new residence, including automobile shipping charges, not to exceed the sum of Three Thousand Dollars (\$3,000.00).
- (2) Traveling by Employee and Employee's family from Employee's former residence to Employee's new residence, including costs of transportation, meals, and lodging in transit, not to exceed the sum of Five Hundred Dollars (\$500.00).
- (3) Traveling by Employee and Employee's family to and from the general location of the new principal place of work, including costs of transportation, meals, and lodging in transit, for the principal purpose of searching for and locating a new residence, not to exceed the sum of Five Hundred Dollars (\$500.00).
- (4) Reasonable expenses, not to exceed Five Hundred Dollars (\$500.00) reduced by amounts under subparagraph (3) immediately above, incident to:
 - (a) Sale or exchange of Employee's former residence, including expenses for work performed on it to assist in its sale, but excluding sales commissions.
 - (b) Purchase of Employee's new residence, including the cost of a loan but not including any payments or prepayments of interest, but excluding sales commissions.
- (5) Monthly lease payments of up to Nine Hundred Dollars (\$900.00) per month incurred by Employee for temporary housing while a new residence is being constructed for Employee; provided, that Company's obligation to reimburse Employee for those lease payments shall terminate at the earlier to occur of (a) the expiration of five (5) months from the date of this Agreement, or (b) the date on which the new residence is available for occupancy.
- (6) Commencing on the date on which the new residence being constructed for Employee is available for occupancy, and continuing thereafter for a period of not to exceed six (6) months, duplicate housing expenses incurred by Employee prior to the sale of

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Employee's residence in St. George, Utah. During said period, Company shall reimburse Employee for the lesser of (a) Employee's house payment on the residence in St. George or (b) Employee's house payment on the new residence in the Salt Lake area. Employee shall be required to use all reasonable efforts to effect the sale of Employee's St. George residence. House payment is defined as the payment of monthly loan principal and interest and reserves for taxes and insurance for an Employee owned residence. Company's obligation to reimburse Employee for those duplicate housing expenses shall terminate at the earlier to occur of (a) the expiration of said six month period, or (b) the sale of Employee's residence in St. George.

Exhibit 53

Exhibit 53: Management Agreement

MANAGEMENT AGREEMENT

AGREEMENT is made this 9th day of December, 1992 by and between Heritage Imports, Inc. dba Heritage Honda, 4646 South State Street, Murray, Utah, a Utah corporation (hereinafter referred to as the "Company"), O. Bryan Wilkinson, majority shareholder of Company (hereinafter referred to as "Wilkinson") and Landcar Management, Ltd. (hereinafter referred to as "Landcar").

WHEREAS, Landcar and Wilkinson are negotiating the possible sale of Wilkinson's 68% stock ownership interest in the Company to Landcar (or its nominee); and

WHEREAS, during negotiations and pending the sale of this stock, Wilkinson and the Company desire to have Landcar manage the Company's dealership assets located at 4646 South State Street, Murray, Utah and at 3751 West 3500 South, West Valley City, Utah; and

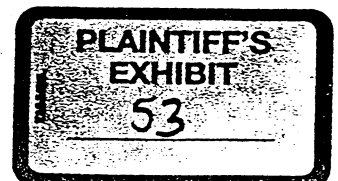
WHEREAS, the Company desires to hire Landcar to manage the Company and its assets from the date hereof until such time as Landcar acquires Wilkinson's stock and Landcar, or its nominee, is approved or rejected, in writing, as an authorized American Honda Motor Company, Inc. dealer principal, or until December 31, 1993, whichever occurs first; and

WHEREAS, so long as this Management Agreement is in effect, the Company, Wilkinson and Landcar will utilize their best efforts to maintain and enhance the value of the Company

PIF's EXHIBIT 53
FOR I.D. 5-12-94-9 PAGES
SUSAN WILCOX KINGSBURY, NP, CSR, RPR
WITNESS O. Wilkinson

(537)

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and its dealership assets; and

WHEREAS, Landcar, Wilkinson, and the Company desire to insure a smooth transition for the transfer of control of the Company in the event a purchase and sale of the stock is ultimately effected, and the parties recognize that such transition will be facilitated if Landcar has actual experience in the operation of the Company's assets; and

WHEREAS, the Company's lending institutions have called certain obligations of the Company, including its flooring line of credit.

NOW, THEREFORE, in consideration of the premises, the terms and conditions herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Services to be Performed. Company hereby hires Landcar to manage and operate the Company and the Company's assets, and Landcar agrees to so manage and operate the Company's assets. Landcar's compensation under this Agreement shall be all of the Company's profits or losses arising during the term of this Management Agreement. The said profits and losses shall inure to, or be paid by, Landcar who agrees to defend and hold Company and Wilkinson free and harmless therefrom, and agrees to indemnify Company and Wilkinson from all of the Company's business operating expenses, losses and liabilities which are created, incurred or contracted by Landcar on the Company's behalf during the term hereof. Any expenses or

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liabilities, including real property taxes, flooring interest and insurance, payroll taxes and employee benefits which include any period other than the term of this Agreement shall be prorated on a per diem or other reasonable and equitable basis. The parties agree to perform an inventory of assets and liabilities which shall be attached hereto as Exhibit "A" as the Company's closing inventory of its vehicles, parts, shop equipment, fixed assets, supplies and other assets and liabilities. This inventory of assets and liabilities shall constitute Landcar's opening inventory and shall set forth all of the Company's assets and liabilities as of said date.

2. Transactions with Affiliated Companies. Wilkinson and Company understand and agree that entities affiliated with Landcar will be retained by the Company to provide goods, services or contracts to the Company, or its customers. Such affiliated companies and their services may include but not be limited to management and consulting services, motor vehicle service contracts, credit life, accidental death, disability and health insurance.

3. Company Debt and Company Obligations. Landcar shall be liable for Company's obligations (sales, service and parts and related obligations) incurred by it on or after December _____, 1992. Wilkinson and Company understand and agree that Landcar shall not be liable for any preexisting or presently existing debts or obligations of the Company or any future

debts of the Company unless incurred by Landcar during the term hereof or otherwise specifically agreed, in writing, to be assumed by Landcar. The parties acknowledge that the Company has agreed to pay \$33,333.33 to FSLIC, and Landcar acknowledges that, although Wilkinson and the Company deny liability with respect to claims or potential claims relating to Anthony Kraatz and Triangle Investment, it may be appropriate to pay to Anthony Kraatz up to \$25,000 and to Triangle up to \$50,000 to settle these claims; and these amounts shall be paid by Landcar as operating expenses if the Company determines that settlement is necessary.

4. Filing of Tax Returns. During the term hereof, Company and Wilkinson agree to cause the Company to file all required tax returns within the time allowed and as required by law, unless properly extended; provided, however, that during the term hereof, Landcar shall file such returns and pay such sales taxes from and after December 9, 1992 and shall indemnify Wilkinson against liability for those taxes incurred during the term hereof. Company and Wilkinson specifically agree to file all other 1992 tax returns required of the Company and to indemnify Landcar against any liability for any sales taxes incurred, due or payable prior to December 9, 1992.

5. Compensation to Wilkinson. The parties agree that except for a \$7,500 salary payment on December 15, 1992, Wilkinson shall not receive any compensation for services

rendered, any distribution, withdrawal of capital or any other form of payment whatsoever from the Company from and after December 9, 1992 except as expressly provided for herein. Effective January 1, 1993, and during the term hereof, Wilkinson shall receive payments from the Company in the sum of \$26,827.00 per month. This amount, and any other payments made to him or for his benefit by the Company or otherwise received from the Company, shall be a credit to Landcar or the Company toward the purchase consideration.

6. Real Estate Rent. Wilkinson represents that he is a 95% general partner in Goodworks, the lessor of the real estate at which the Company does business in Murray and West Valley City, Utah. Wilkinson agrees that, during the term hereof, the rent to be charged the Company will not exceed the amount of the regular debt service on the real estate loans.

7. Term of Agreement.

a. The term of this Management Agreement shall run from the date hereof until the date of Final Closing under a stock purchase agreement or until Landcar's application (or Landcar's nominee's application) for an American Honda Motor Company, Inc. dealership agreement shall have been rejected in writing by American Honda Motor Company, Inc. or until December 31, 1993, whichever occurs first.

b. In the event Landcar, or its nominee, is not approved by American Honda Motor Company, Inc. to be an autho-

rized dealer, then this Management Agreement shall terminate at the end of the month in which final written notice of rejection is received by Landcar who shall then, jointly with Company, prepare a closing inventory of the Company's vehicles, parts, shop equipment, fixed assets and supplies, and a listing of all liabilities which relate thereto, as of the end of that month. Landcar shall pay Company the amount of the decrease in value of those assets and liabilities or Company shall pay Landcar the amount of increase in value from the amount calculated as Landcar's opening inventory, as determined pursuant to paragraph 1 hereinabove, to the corresponding amount as calculated hereunder as of the end of the month of termination. Landcar shall, in either event, be entitled to retain all profits and shall be required to pay all losses of the Company arising during the term of this Management Agreement and which relate to Landcar's operation of the Company's dealership assets.

8. Indemnification.

a. Company and Wilkinson agree to hold Landcar harmless from any of the Company's liability incurred prior to the date hereof, whether known or unknown, unless such liability is the result of Landcar's acts or omissions. Should Landcar become a party to any lawsuit as a result of any such liability or suffer any loss therefrom, Wilkinson agrees to pay or cause Company to pay out of funds other than operating expenses for which Landcar would be liable all such losses,

costs and expenses of Landcar, including reasonable attorneys' fees. Landcar or the Company shall be entitled to offset against Wilkinson and/or Company any amounts they may owe it in the future.

b. Landcar agrees to indemnify, to defend and to hold the Company and Wilkinson free and harmless of and from all loss, liability, damage or claim of customers or other persons, including employees and taxes, arising by reason of the conduct of the business by Landcar during the term of this Management Agreement together with all costs and attorney's fees incurred by the Company or Wilkinson in defending against any such claims. Wilkinson and the Company shall be entitled to offset against Landcar any amounts they may owe him in the future.

9. Successors. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors, assigns and legal representatives.

10. Assignment. This Agreement may not be assigned by either party without the consent of the other and which consent shall not be unreasonably withheld.

11. Attorneys' Fees. In the event of breach or default in the performance of this Management Agreement by any party, then such defaulting party shall be liable to pay the other's actual attorney's fees, expert witness fees and such other costs associated with the enforcement of this Management

Agreement.

12. Survival. It is expressly agreed that the terms, covenants and conditions of this Management Agreement shall survive any legal act or conveyance required hereunder.


13. Consultants. The parties hereto represent that each has consulted with attorneys and certified public accountants and each is executing this agreement of his or its own free act and without any duress or coercion.

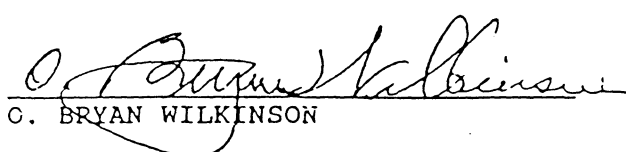
14. Integration. This Agreement (including agreements referred to herein) and the Exhibits hereto contain the entire agreement between the parties with respect to the subject matter hereof and there are no agreements, understandings, representations or warranties between the parties other than those set forth or referred to herein.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date and year first above written.

HERITAGE IMPORTS, INC. dba
Heritage Honda

By


Jeffrey J. Wilkinson
President


G. BRYAN WILKINSON

LANDCAR MANAGEMENT, LTD.

By Lawrence H. Miller
Lawrence H. Miller
General Partner

1106\Heritage.mgt

12/8/92 4:55pm

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Exhibit 58

**Exhibit 58: Letter from Bry Wilkinson dated May 15,
1990, to Clark [Christian]**

Tues. May 15, 1990.

PIF's EXHIBIT 58
FOR I.D. 5-12-94 - 1 PAGES
SUSAN WILCOX KINGSBURY, NP, CSR, RPR
WITNESS O. Wilkinson

Clark.

PLEASE MAKE BILL P. A COPY OF THIS &
THEN, BOTH OF YOU LOOK IT OVER PLEASE.
I NEED TO HIRE TONY, BUT I CAN'T GIVE
REAL OWNERSHIP & I DON'T WANT TO
STIPULATE TO SUCH STRINGENT REQUESTS TO
ANY MINORITY STOCK HOLDER? I MUST
MAKE THE 'DEAL' WORK THOUGH - SOME WAY.
TONY IS GOOD AT WHAT HE DOES - THE
VERY BEST!! - PLEASE SEE WHAT YOU GUYS
CAN DO TO MAKE A WORKABLE & AFFORDABLE
DEAL TO BRING HIM UP HERE. PHANTOM
STOCK - OTHER CONCESSIONS - ETC.
CALL TONY WHILE TIM GOWS & PLANT
SOME 'SEEDS' THAT WILL CAUSE HIM TO BE A
LITTLE MORE REALISTIC. TONY KRATZ -
(O.) 1-628-5201. (HOME) 1-628-1565.

I'll CALL YOU FROM FLORIDA & GIVE YOU
THE NUMBER TO REACH ME

THANKS FOR ALL YOU DO TO HELP ME!

REGARDS, BILLY

00018981

021

PLAINTIFF'S
EXHIBIT
58

Exhibit 64

Exhibit 64: Termination Letter



HERITAGE HONDA

HONDA

September 11, 1992

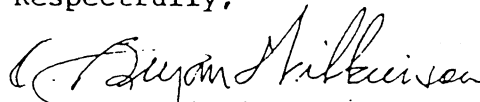
Mr. William Anthony Kraatz
6374 South Heughs Canyon Drive
Salt Lake City, Utah 84121

Dear Tony:

Accept this as sixty day advance written notice of termination of our Employment Agreement entered into May 31, 1990.

The termination is for cause, as listed as items B and C on page three of the Employment Agreement, further described in "Article I Employment" of the Employment Agreement.

Respectfully,


O. Bryan Wilkinson
President

PHS EXHIBIT 64
FOR LD. 5-12-94 - 1 PAGES
SUSAN WILCOX KINGSBURY, NP, CSR, RPR
WITNESS O. Wilkinson



00019134



Exhibit 135

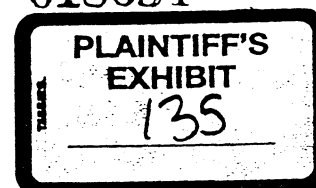
Exhibit 135: Employee Handbook

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21F's EXHIBIT 135
 FOR LD. 2-22-96 PAGES
 AMY SHEMON NP, CSR, RPR
 WITNESS: Helen Green, Vol. III

018654



Disciplinary Actions; Page 1 of 4

Policy Statement

The Dealership's guidelines concerning disciplinary actions are outlined below. The Dealership may carry out any disciplinary action, depending upon its judgment of the circumstances involved.

There are four basic classifications of disciplinary action:

1. Employee counseling or oral reprimand: The employee is counseled by the Manager following an offense in an effort to eliminate possible misunderstandings and to explain what constitutes proper conduct. Fines may be used if the offense is of a more serious nature.
2. Written reprimand: The employee receives written notice following a serious offense or repeated minor offenses. The purpose of the written reprimand is to make certain that the employee is fully aware of the misconduct committed and what is expected. The employee will then be able to avoid a recurrence of the incident.
Disciplinary fines or suspension without pay may also be used.
3. Final written reprimand: The employee receives written notice following serious misconduct or further repeated minor offenses. The purpose of a final written warning is to make sure the employee understands the seriousness of the misconduct or offenses and that further misconduct will most likely result in discharge.
Further disciplinary fines and/or suspension without pay and/or probationary status may be used.
4. Discharge: An employee is discharged as a result of a serious offense, or as the final step in the accumulation of offenses.

Disciplinary Actions

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Rev. August 1987

Disciplinary Actions; Page 2 of 4

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Policy Statement, continued

The following are examples of grounds for disciplinary actions. Some warrant immediate dismissal while others would be cause for oral or written reprimands (warnings).

1. Theft of property from the Dealership, fellow employees, or customers.
2. Intentionally misusing, or carelessly using, or damaging property belonging to the Dealership, employees, or customers.
3. Unauthorized use or operation of Dealership or fellow employees' tools, machinery, or equipment.
4. Inefficiency, carelessness, negligence, wastefulness.
5. Deliberately restricting output or productivity.
6. Failure to maintain quality and production standards.
7. Inability or unwillingness to work harmoniously with other employees.
8. Continually causing dissension, discord, or hard feelings among employees, either openly or subversively (for example, gossip, rumor, or slander).
9. Unauthorized use of Dealership vehicles.
10. Removal of company records or release of confidential information.
11. Falsifying Dealership records.

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Disciplinary Actions; Page 3 of 4

Policy Statement, continued

12. Creating or contributing to unsightly or unsanitary conditions due to poor housekeeping.
13. Reporting to work under the influence of alcohol or drugs.
14. Selling or using illegal drugs or alcohol on Dealership premises.
15. Fighting or attempting to provoke a fight on Dealership premises.
16. Threatening or intimidating other employees or supervisor.
17. Insubordination by refusing a supervisor's directive.
18. Swearing or using abrasive language.
19. Harassing a fellow employee sexually, racially, or through other means.
20. Causing customer complaints or customer relations problems.
21. Smoking in an unauthorized area.
22. Possession of weapons or firearms on Dealership premises.
23. Gambling on Dealership premises.
24. Failure to follow specified job instructions.
25. Disregard of safety rules.
26. Failure to report injury or accident.

135-251

018678

Disciplinary Actions; Page 4 of 4

Policy Statement, continued

- 27. Unauthorized absence
- 28. Tardiness
- 29. Leaving department or Dealership during working hours without permission.
- 30. Stopping work before end of shift.
- 31. Wasting time; for example, stretching breaks, too much conversation, loafing, horseplay, etc.
- 32. Repeated failure to punch time card.
- 33. Intentionally punching another employee's time card or having one's own time card punched by another.
- 34. Repeated garnishment of wages.
- 35. Unauthorized soliciting of contributions or sales on Dealership premises.
- 36. Distributing printed matter on Dealership premises without permission.
- 37. Missing sales meeting.

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Exhibit 208

Exhibit 208: 13th Month Financial Statement Information

**Heritage Imports/Larry H Miller Honda
13th Month Financial Statement Information**

	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>
New Honda Car Sales	17,579,414	20,622,198	19,020,248	17,608,021	16,684,538	15,238,915	15,119,575	13,491,702	14,178,349	15,382,529	17,599,655
# of Units Sold	1,744	1,841	1,595	1,366	1,253	1,128	1,103	902	897	903	1,000
Gross Profit Per Unit Sold	1,495	1,263	1,410	1,444	1,277	1,120	950	1,312	1,068	1,119	1,151
Total Gross Profit	2,607,408	2,324,915	2,248,839	1,972,902	1,600,260	1,263,809	1,047,554	1,183,591	955,796	1,010,094	1,151,043
Used Car Sales	4,626,755	5,506,831	6,637,417	7,095,461	8,163,537	8,387,582	9,895,780	14,538,909	14,701,870	23,269,734	23,396,306
# of Units Sold	1,200	1,309	1,353	1,273	1,335	1,387	1,525	2,300	1,265	1,688	1,773
Gross Profit Per Unit Sold	509	507	630	690	726	642	533	577	1,011	1,032	1,208
Total Gross Profit	610,815	663,182	852,116	878,783	968,842	890,029	813,255	1,325,904	1,278,423	1,741,795	2,141,822
Part & Accessories Sales	1,115,500	1,613,528	1,744,549	2,081,365	2,376,102	2,372,084	2,489,686	2,571,387	2,909,370	3,076,513	3,073,653
Parts & Accessories Gross Profit	326,013	493,758	642,387	780,912	839,346	804,206	831,199	843,865	916,569	974,010	969,198
# of RO's Written			13,149	13,664	18,170	16,313	15,229	14,148	14,883	14,650	15,317
Service Total Sales	573,910	794,393	834,213	983,816	1,118,191	1,167,234	1,374,240	1,547,910	1,998,287	2,285,337	2,218,254
Service Gross Profit	365,621	482,749	548,260	640,760	745,313	779,490	937,623	962,197	1,173,736	1,324,663	1,335,180
# of RO's Written	10,485	15,789	17,093	19,686	23,924	21,006	21,004	23,222	22,171	22,052	21,716
Total Variable Expenses	1,402,951	1,731,027	1,653,016	1,590,773	1,555,325	1,303,845	1,365,941	1,537,633	1,630,153	2,053,364	1,944,960
Total Fixed Expenses	2,173,902	2,811,394	3,044,985	3,272,270	3,374,350	3,330,095	3,331,569	3,763,543	3,553,724	3,919,665	4,256,220
Total Expenses	3,576,854	4,542,422	4,698,001	4,863,043	4,929,675	4,633,940	4,697,510	5,301,176	5,183,877	5,973,029	6,201,180
Total Expenses per Car	1,215	1,442	1,594	1,843	1,905	1,843	1,787	1,656	2,398	2,305	2,236
Net Income After Taxes	185,423	113,331	185,343	52,136	(43,010)	(295,515)	5,169	(124,980)	(32,569)	323,002	942,071

PLF's EXHIBIT 1
 FOR I.D. 8-9-96 - 1 PAGES
 SUSAN WILCOX KINGSBURY, NP, CSR, RPR
 WITNESS *[Signature]*



Exhibit 235

Exhibit 235: O. Bryan Wilkinson Summary of W-2 Income

O. BRYAN WILKINSON
SUMMARY OF W-2 INCOME

02-Jul-96

	1993	1992	1991	1990	1989	1988	1987*
WAGES & BONUSES	65,783	185,221	177,167	221,591	229,643	244,189	300,116
OTHER BENEFITS:							
PERSONAL USE OF CARS		4,345	8,088	9,333	5,265		
MEDICAL BENEFITS						5,187	8,804
PERSONAL COUNTRY CLUB EXPENSE		6,938	8,375				
LIFE INSURANCE PREMIUMS PAID		45,406	45,416				
PERSONAL UTILITIES PAID			7,488				
HELEN SUITS USE OF CAR				2,517			
CAR GIVEN TANJA				19,205			
MISC EXPENSES FROM ACCOUNTS RECEIVABLE				9,565			
DISNEYLAND TRIP				4,633			
NEW ZEALAND TRIP							2,065
HAWAII TRIP					7,897		
MOVING EXPENSES					8,535		
DOUG HUNT					25,429		
PERSONAL LOAN FEES					4,434		
TOTAL W-2 WAGES	65,783	241,910	246,534	266,844	281,203	249,376	310,985

* OTHER BENEFITS WERE NOT INCLUDED IN THE W-2 IN 1987 BUT WERE REPORTED AS OTHER INCOME ON
BRY'S PERSONAL INCOME TAX RETURN.

PLAINTIFF'S
EXHIBIT

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Exhibit 266

**Exhibit 266: Letter from O. Bryan Wilkinson to Daniel J.
Hartmann dated January 22, 1991**



HERITAGE HONDA

HONDA

January 22, 1991

Mr. Daniel J. Hartmann
Dealer Commercial Services
Comerica Colorado, Inc.
1 Denver Place
999 18th Street, Suite 1110
Denver, Colorado 80202

Re: Heritage Imports, dba Heritage Honda
Goodworks Partnership

Dear Dan:

As you know, Heritage Imports desires to rearrange some of its financing arrangements in order to give it greater flexibility in conducting its business as a Honda motor vehicle dealership. In numerous previous conversations with you, we have advised you that Heritage has obtained and is seeking to obtain financing from local banks for its new and used vehicle flooring and for certain other purposes, thereby replacing some of the financing arrangements it presently maintains with Comerica.

When we first met with you to discuss these matters, you indicated that Comerica would be willing to release and/or subordinate its security interests in the vehicle inventory in order to permit Heritage to get its flooring line from a local bank. You stated that the concept of a subordination agreement would be no problem. You did state, however, that it may be necessary for Heritage to reduce the outstanding balance on the computer loan to bring that loan within Comerica's current lending guidelines, and you also stated that there may be some necessity of a minimal curtailment of the use of Heritage's revolving credit line. On the basis of those representations, we have expended a considerable amount of time, effort and cost to arrange alternative financing for the vehicle flooring line and for certain other pieces of the financing package presently held by Comerica.

Phil Parnell
Driskill

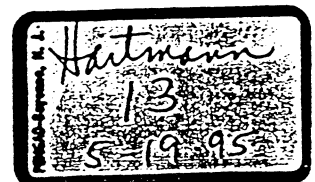
512 474-5911

home

433-0424



13-1



Mr. Daniel J. Hartmann
January 22, 1991
Page 2

Unfortunately, your early representations as to Comerica's willingness to work with us on these projects have proved untrue. We have had substantial difficulty in determining exactly what Comerica really expects as a condition to releasing its security interests in all of the assets of Heritage Imports. This has led to substantial problems, such as those which occurred when you contacted American Honda and Key Bank to advise them that Comerica will no longer accept drafts for vehicles purchased by Heritage Imports, even though you seem to also be taking the position that Comerica would not release its security interests in those vehicles.

In your letter of January 11, 1991 (a copy of which is enclosed), you indicated that Comerica would now consider releasing its security interests in the assets of Heritage Imports, particularly as those security interests relate to the guarantee by Heritage Imports relating to the Goodworks Mortgage, subject to certain requirements outlined in that letter. It was of considerable concern to us that the items listed in that letter differ significantly from the information you gave us in earlier conversations, which were witnessed by more than one person, and which were relied upon by us in proceeding with our local banks. In addition, some of the items listed in your letter seem to be ambiguous. Therefore, in an attempt to reach some clarity in this matter, we would like to outline the steps that Heritage Imports is prepared to take in order to obtain a release and/or subordination of the security interests held by Comerica with respect to the vehicle inventory, parts inventory, equipment and accounts receivable:

1. Consistent with Item 1 of your January 11 letter, Heritage Imports would arrange to pay to Comerica the entire unpaid principal balance, together with all accrued but unpaid interest, on the computer loan. In addition, Heritage Imports would agree to a reasonable curtailment of the use of the revolving credit line.
2. The title search described in Item 2 of your letter would be delivered.
3. Goodworks would supply its tax returns and copies of all mortgage documents and would agree to pay a reasonable amount for an appraisal update and legal costs.
4. Heritage Imports would consider reasonable modifications to the Guaranty Agreement as mentioned in Item 3 of your letter. However, until you can be more specific as to the modifications requested, and until we can make a

Mr. Daniel J. Hartmann
January 22, 1991
Page 3

determination that those requested modifications are acceptable, we cannot commit in advance to those modifications. Please advise us in writing as to the type of modifications you consider to be necessary and reasonable.

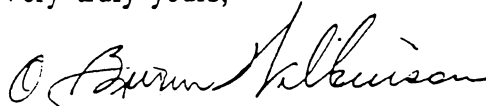
In response to these actions by us, we would expect Comerica to release its security interests in the computer system and to release and/or subordinate its security interests in the vehicle inventory, parts inventory, equipment and accounts receivable. As you know, these releases are essential in order to permit us to complete the financing arrangements with our local banks.

Dan, I cannot express strongly enough how upsetting it has been for you to continue to contact our local banks in an apparent attempt to interfere with our negotiations with those banks. These activities must stop immediately or we will be forced to pursue legal remedies. However, in saying that, I wish to stress that we would prefer to avoid confrontation, but instead seek an arrangement along the lines described above so that all of these matters can be put behind us.

As you might imagine, our timing on this matter is critical. We cannot conclude our arrangements with our local banks until Comerica has granted its releases as you promised earlier. Since our proposed terms are in line with the positions you took in our previous conversations, we would hope that Comerica will approve these terms without any additional delay. We would appreciate a written response as soon as possible.

We will look forward to hearing from you.

Very truly yours,



O. Bryan Wilkinson

OBW/dj

cc: Mr. Al Williams
Mr. Joe Moran

13-3

Exhibit 275

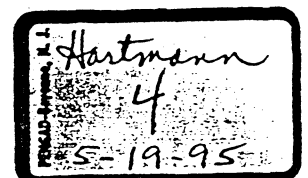
**Exhibit 275: Comerica Bank Loan Modification and
Extension Agreement**

LOAN MODIFICATION
AND
EXTENSION AGREEMENT

COMERICA BANK
and
HERITAGE IMPORTS d/b/a/ HERITAGE HONDA
and
GOODWORKS PARTNERSHIP

OCTOBER, 1991

CONFIDENTIAL



LOAN MODIFICATION AND EXTENSION AGREEMENT

THIS LOAN MODIFICATION AND EXTENSION AGREEMENT ("Agreement") is effective as of this 25th day of October, 1991 (the "Effective Date"), by and among Comerica Bank, a Michigan banking corporation ("Bank"), Heritage Imports, a Utah corporation d/b/a Heritage Honda ("Heritage"), Goodworks Partnership, a Utah general partnership ("Goodworks") (Heritage and Goodworks are sometimes collectively referred to as the "Borrowers"), and O. Bryan Wilkinson (the "Guarantor").

1. RECITALS AND DEFINITIONS

This Agreement is made with reference to the following facts:

1.1 Original Loans and Guarantees: The Bank made the following loans:

- (i) A \$3,000,000 Secured Floor Plan Loan to Heritage (the "Floor Plan");
- (ii) An outstanding Secured Facility to Heritage (the "Facility"); and
- (iii) A \$3,188,000 Mortgage Loan to Goodworks (the "Mortgage Loan").

Heritage has guaranteed the Mortgage Loan and the Guarantor has guaranteed the Floor Plan, the Facility, and the Mortgage Loan. Heritage's guaranty of the Mortgage Loan is secured by a security interest in all of the personal property assets of Heritage.

1.2 Original Loan Documents: To evidence and secure the Floor Plan, Facility, and Mortgage Loan, the Borrowers and the Guarantor executed various documents, including, but not limited to, the following (collectively, the "Original Loan Documents"):

- (i) Master Note, dated June 25, 1987, in the original principal amount of \$3,000,000.00, with Heritage as maker and Bank as payee;
- (ii) Master Note, executed as of February 17, 1989, in the original principal amount of \$300,000.00, with Heritage as maker and Bank as payee;
- (iii) Deed of Trust Note (Interest Included), dated January 13, 1989, in the amended principal amount of \$3,188,000.00, with Goodworks as maker and Bank as payee (the "Deed of Trust Note");

- (iv) Security Agreement (Equipment), dated as of June 25, 1987, with Heritage as debtor and Bank as secured party;
- (v) Security Agreement (Inventory and Accounts Receivable), dated as of June 25, 1987, with Heritage as debtor and Bank as secured party;
- (vi) Guaranty, dated June 25, 1987, from Heritage to Bank ("Heritage Guaranty");
- (vii) Security Agreement (Equipment), dated June 25, 1987, with Heritage as debtor and Bank as secured party and securing the Heritage Guaranty;
- (viii) Security Agreement (Inventory and Accounts Receivable), dated as of June 25, 1987, with Heritage as debtor and Bank as secured party and securing the Heritage Guaranty;
- (ix) Deed of Trust with Assignment of Rents and Security Agreement, dated June 25, 1987, recorded June 30, 1987, from Goodworks for the benefit of Bank (the "Deed of Trust");
- (x) Assignment of Leases and Rents, dated June 25, 1987, from Goodworks to Bank (the "Assignment of Rents").
- (xi) Attornment, Non-Disturbance, Subordination and Estoppel Agreement, dated June 25, 1987, between Goodworks and Bank (the "Mortgage Subordination");
- (xii) Letter Agreement, dated February 17, 1989, between Bank and Heritage; and
- (xiii) Amendment to Letter Agreement and Note, dated April 29, 1989, between Heritage and Bank.

In addition, Borrowers and the Guarantor entered into the Letter Agreement, dated May 8, 1991, with Bank, (the "Temporary Forbearance Agreement"). The Original Loan Documents, the Temporary Forbearance Agreement, this Agreement, and any and all other documents, instruments and/or agreements executed contemporaneously herewith or at any time in the future pertaining to "Borrowers' Liabilities" (defined in Section 2.1 of this Agreement) and/or the "Collateral" (defined in this Section 1.2), but exclusive of any and all oral agreements, if any, between Bank, Borrowers and/or Guarantor, shall be known, collectively, as the "Loan Agreements." Any and all property, whether real or personal, tangible or intangible, upon which Bank presently has, or may at any time or times in the future be granted a security interest or lien to secure the repayment and performance of all or any part of

Exhibit 295

Exhibit 295: Financial Statement (1990)



FINANCIAL STATEMENT

DEALER NO 206816
ZONE/DIST NO 10CDEALERSHIP HERITAGE HONDA, CITY MURRAY, STATE UTAH, ZIP 84107
COVERING THE PERIOD FROM: 01/01/90 THRU: 01/31/90 OTHER MAKES SOLD

ASSETS		ACCT. NO.	AMOUNT	LIABILITIES		ACCT. NO.	AMOUNT			
Cash on Hand		201	1350	Accounts Payable - Trade Creditors		300	166796			
Cash in the Bank		202	28029	Vehicle Lien Payoffs		320				
Contracts in Transit		205		License and Registration Fees		321	10957			
TOTAL CASH AND CONTRACTS (LINES 1 TO 3)				Customer Deposits		322				
Vehicle Accounts Receivable		210	138163	Warranty Claims Advance		323				
Service, Body Shop & Parts Accts Receivable		220	99424	New Vehicles & Demos		324	717850			
Factory Receivables - Honda		221	3556	Used Vehicles		325				
Factory Receivables - Other		222		Lease/Rental Vehicles		326				
Warranty Receivables - Honda		223	4414	Other		328	285884			
Warranty Receivables - Other		224	8041	Long Term Debt - Current Portion		329	52923			
Allowance for Doubtful Accounts		225		TOTAL ACCOUNTS & NOTES PAYABLE (LINES 1 TO 10)						
TOTAL RECEIVABLES (LINES 1 TO 11)				Interest Payable		330				
* Demo Cars - Honda	()	230	100704	Payroll Payable		331	33438			
* Cars - Other	()	231		Insurance Payable		332	15211			
* Other Vehicles	()	233		Taxes Payable - Sales		333	92550			
* New Cars - Honda-CRX (35 Civic (7		234	653280	- Payroll		334	39959			
* Accord (18 Prelude (1				- Income (Prior Yr. \$)		335				
* Others	()	235		- Real Estate		336	5800			
New Other than Cars		240		- Other		337				
L.I.F.O. Reserve Vehicle		242	540605	Employees' Bonuses Payable		338				
TOTAL NEW VEHICLE (LINES 12 TO 24)				Owners' Bonuses Payable		339				
* Used Cars	(78	250	470652	Pension Fund Payable		340	14391			
* Memo: 30 + Days (30 \$ 196165				Other Expenses Payable		341	4929			
Used Other than Cars		252		Reserve for Repossession Losses		345	19070			
Parts - Honda Cars		260	242647	TOTAL ACCRUED LIABILITIES (LINES 25 TO 26)						
Accessories - Honda Cars		261	105886	TOTAL CURRENT LIABILITIES (LINES 27 TO 34)						
Parts & Accessories - Other		262	97339	Long Term Debt - Owners		350				
Gas, Oil and Grease		263	4227	Long Term Debt - Other		353	136400			
Body Shop Materials		264		Mortgages Payable		355				
Sublet Repairs		265	102	TOTAL LONG TERM DEBT (LINES 35 TO 36)						
Work in Process - Labor		266	1052	TOTAL LIABILITIES (LINES 37 TO 38)						
Non-Automotive Inventory		268	247325	NET WORKING CAPITAL \$ 960623						
L.I.F.O. Reserve Other		269		(ASSETS LINE 45 PLUS 30 & 33 MINUS LIABILITIES LINE 38)						
TOTAL INVENTORIES (LINES 21, 22 & 24 TO 25)				NET WORTH ROUNDING						
Securities		270		CORPORATION ONLY						
Finance Income Receivable		271	9221	CAPITAL STOCK		360	10000			
Insurance Commissions Receivable		272		ADDITIONAL PAID IN CAPITAL		361	609536			
Prepaid Expenses - Taxes		273		TREASURY STOCK		362				
- Insurance		274		RETAINED EARNINGS		370	333547			
- Other		275	104583	DIVIDENDS		375				
* Driver Training Vehicles	()	276		PROPRIETORSHIP OR PARTNERSHIP						
* Lease Vehicles	()	277		INVESTMENTS		380				
* Rental Vehicles	(10	278	100386	DRAWINGS		390				
Accumulated Depreciation (ACCTS 276, 277, 278)		389		MONTH NEW UNITS USED UNITS PROFIT OR (LOSS)						
TOTAL CURRENT ASSETS (LINES 12, 24, 26 TO 34)				45	HONDA	OTHER	R/L	W/L		
				46	JAN.	99		55	40	-14221
				47	FEB.					
				48	MAR.					
				49	APR.					
				50	MAY					
				51	JUN.					
				52	JUL.					
				53	AUG.					
				54	SEP.					
				55	OCT.					
				56	NOV.					
				57	DEC.					
				58	TOTAL	99		55	40	-14221
				59	INCOME FROM OTHER OPERATIONS					098
				60	ESTIMATED INCOME TAXES					099
				61	NET EARNINGS - PROFIT OR (LOSS) (LINES 58 & 59) (LINES 60)					-14221
TOTAL OTHER ASSETS (LINES 17 TO 21)				62	TOTAL NET WORTH (LINES 37 TO 44)					938862
TOTAL ASSETS (LINES 45 & 58 & 62)				63	TOTAL LIABILITIES & NET WORTH (LINES 37 & 62)					2535020

FORM HAD-100-1 (1/90)
TO REORDER CALL OUR TOLL FREE NUMBER 1-800-344-0998

PLAINTIFF'S EXHIBIT 295

RECEIVABLES ANALYSIS

LINE NO.	TYPE	ACCT. NO.	TOTAL	CURRENT	PAST DUE ANALYSIS			DOUBTFUL ACCOUNTS	LINE NO.
					31 - 60	61 - 90	OVER 90		
69	Vehicle	210	138163	138163					69
70	Service, Body Shop & Parts	220	99424	73723	17265	1790	6646		70
71	Other Factory Receivable	221	3556	3556					71
72	Warranty Receivables	223	12455	12152	24	194	85		72
73	TOTAL		253598	227594	17289	1984	6731		73
74	Less: Doubtful Accounts	225							
75	NET RECEIVABLES		253598						

Diane Dale

000053



FINANCIAL STATEMENT

DEALER NO. 206816
ZONE/DIST. NO.DEALERSHIP HERITAGE HONDA CITY MURRAY STATE UTAH ZIP 84107
COVERING THE PERIOD FROM: MAY 90 THRU: MAY 90 OTHER MAKES SOLDFORM HAD-100 (1-1989)
DO NOT WRITE IN THESE SPACES
TO REORDER CALL OUR TOLL FREE NUMBER 800-344-3998

ASSETS		ACCT NO.	AMOUNT	LINE NO.	LIABILITIES		ACCT NO.	AMOUNT	
Cash on Hand		201	1550	1	Accounts Payable - Trade Creditors		300	103552	
Cash in the Bank		202	3441	2	Vehicle Lien Payoffs		320		
Contracts in Transit		205		3	License and Registration Fees		321	10490	
TOTAL CASH AND CONTRACTS (LINES 1 TO 3)			4991	4	Customer Deposits		322		
Vehicle Accounts Receivable		210	7569	5	Warranty Claims Advance		323		
Service, Body Shop & Parts Accts Receivable		220	139729	6	New Vehicles & Demos		324	1364044	
Factory Receivables - Honda		221	7988	7	Used Vehicles		325	50025	
Factory Receivables - Other		222		8	Lease/Rental Vehicles		326		
Warranty Receivables - Honda		223	2812	9	Other		328	416059	
Warranty Receivables - Other		224	10968	10	Long Term Debt - Current Portion		329	52923	
Allowance for Doubtful Accounts		225		11	TOTAL ACCOUNTS & NOTES PAYABLE (LINES 12 TO 15)			1997093	
TOTAL RECEIVABLES (LINES 1 TO 11)			169066	12	Interest Payable		330		
* Demo Cars - Honda	(	18	230	13	Payroll Payable		331	58299
* Cars - Other	(	231		14	Insurance Payable		332	2060
* - Other Vehicles	(	233		15	Taxes Payable - Sales		333	193393
* New Cars - Honda-CRX (11 Civic (38	234	1255224	16	- Payroll		334	34928		
* Accord (50 Prelude (11	235		17	- Income (Prior Yr. \$		335			
* - Others	(	235		18	- Real Estate		336	18200
New Other than Cars		240		19	- Other		337		
L.I.F.O. Reserve Vehicle		242	540609	20	Employees' Bonuses Payable		338		
TOTAL NEW VEHICLE (LINES 13 TO 20)			924041	21	Owners' Bonuses Payable		339		
* Used Cars	(	88	250	22	Pension Fund Payable		340	22499
* Memo: 30 + Days (33 \$	234	234656	23	Other Expenses Payable		341	17614		
Used Other than Cars		252		24	Reserve for Repossession Losses		345	19070	
Parts - Honda Cars		260	182514	25	TOTAL ACCRUED LIABILITIES (LINES 12 TO 24)			366063	
Accessories - Honda Cars		261	56002	26	TOTAL CURRENT LIABILITIES (LINES 11 & 25)			2363156	
Parts & Accessories - Other		262	180534	27	Long Term Debt - Owners		350		
Gas, Oil and Grease		263	1328	28	Long Term Debt - Other		353	118800	
Body Shop Materials		264		29	Mortgages Payable		355		
Sublet Repairs		265		30	TOTAL LONG TERM DEBT (LINES 27 TO 29)			118800	
Work in Process - Labor		266	642	31	TOTAL LIABILITIES (LINES 28 & 30)			2481956	
Non-Automotive Inventory		268	240772	32	NET WORKING CAPITAL	\$	941846		
L.I.F.O. Reserve Other		269		33	(ASSETS LINE 45 PLUS 20 & 30 MINUS LIABILITIES LINE 26)				
TOTAL INVENTORIES (LINES 21, 22 & 24 TO 33)			2174941	34	NET WORTH ROUNDING			-4	
Securities		270		35	CORPORATION ONLY				
Finance Income Receivable		271	6543	36	CAPITAL STOCK		360	10000	
Insurance Commissions Receivable		272		37	ADDITIONAL PAID IN CAPITAL		361	609536	
Prepaid Expenses - Taxes		273		38	TREASURY STOCK		362		
- Insurance		274		39	RETAINED EARNINGS		370	333547	
- Other		275	126123	40	DIVIDENDS		375		
* Driver Training Vehicles	(	276		41	PROPRIETORSHIP OR PARTNERSHIP			
* Lease Vehicles	(	277		42	INVESTMENTS		380	
* Rental Vehicles	(	278	282733	43	DRAWINGS		390	
Accumulated Depreciation (ACCTS 276, 277, 278)		389		44					
TOTAL CURRENT ASSETS (LINES 4, 12, 24, 26 TO 44)			2764397	45	MONTH	NEW UNITS	USED UNITS	PROFIT OR (LOSS)	
LAND	ACCT NO.	COST	ACCUMULATED DEPRECIATION	46	JAN.	99	55	40	-14221
BLDG.	281			47	FEB.	75	54	45	-39874
EQUIP. MIS	282	123116	94207	48	MAR.	106	67	38	-9066
EQUIP. PIA	283	53833	26976	49	APR.	80	56	48	-28590
FURN.	284	708013	429740	50	MAY	103	80	51	47458
CO. VEH.	285	18278	11258	51	JUN.				
LEASEHOLD	286	32397	11431	52	JUL.				
SIGNS	287	53136	53136	53	AUG.				
OTHER	288			54	SEP.				
TOTAL FIXED ASSETS (LINES 17 TO 35)			988773	55	OCT.				
Life Insurance - Cash Value		291		56	NOV.				
Notes/Accts. Receivable - Officers & Employees		293	222995	57	DEC.				
Other Notes/Accounts Receivable		295	31750	58	TOTAL	463	312	222	-44293
Other Non-Automotive Assets		296	9575	59	INCOME FROM OTHER OPERATIONS				098
Investments & Advances - Other Operations		297		60	ESTIMATED INCOME TAXES				099
TOTAL OTHER ASSETS (LINES 37 TO 41)			264320	61	NET EARNINGS - PROFIT OR (LOSS) (LINES 56 & 59)			-44293	
TOTAL ASSETS (LINES 45, 56 & 62)			3390742	62	TOTAL NET WORTH (LINES 37 TO 61)			908790	
				63	TOTAL LIABILITIES & NET WORTH (LINES 31 & 62)			3390742	

RECEIVABLES ANALYSIS

LINE NO.	TYPE	ACCT. NO.	TOTAL	CURRENT	PAST DUE ANALYSIS			DOUBTFUL ACCOUNTS	LINE NO.
					31 - 60	61 - 90	OVER 90		
69	Vehicle	210	7569	7569					69
70	Service, Body Shop & Parts	220	139729	87771	35692	9240	7026		70
71	Other Factory Receivable	221	7988	5244	1064	1456	224		71
72	Warranty Receivables	223	13780	9497	1311	103	2869		72
73	TOTAL		169066	110081	38067	10799	10119		73
74	Less: Doubtful Accounts	225							
75	NET RECEIVABLES		169066						

Diana Dale 000069

Exhibit 297

Exhibit 297: 1992 Dealer Financial Statement



1992 DEALER FINANCIAL STATEMENT
BALANCE SHEET

DEALER NO 206816
ZONE/DIST NO 107C

DEALERSHIP HERITAGE IMPORTS DBA HERITAGE, HMURRAY STATE UTAH ZIP 84107
COVERING THE PERIOD FROM JAN 92 THRU JAN 92 OTHER MAKES SOLD

ASSETS		AMOUNT	LIABILITIES		AMOUNT		
Cash on Hand	201	3020	Accounts Payable - Trade Creditors	300	318693		
Cash in the Bank	202	559	Vehicle Lien Payoffs	320			
Contracts in Transit	205		License and Registration Fees	321	11712		
TOTAL CASH AND CONTRACTS	(LINE 171)	3579	Customer Deposits	322	1050		
Vehicle Accounts Receivable	210	186726	Warranty Claims Advance	323			
Service, Body Shop & Parts Acc'ts. Receivable	220	128723	New Vehicles & Demos	324	2048795		
Factory Receivables - Honda	221	27174	Used Vehicles	325	825480		
Factory Receivables - Other	222		Lease / Rental Vehicles	326	89495		
Warranty Receivables - Honda	223	9969	Other	328			
Warranty Receivables - Other	224	10008	Long Term Debt - Current Portion	329	84500		
Allowance for Doubtful Accounts	225	()	TOTAL ACCOUNTS & NOTES PAYABLE	(LINE 170)	3379725		
TOTAL RECEIVABLES	(LINE 172)	362600	Interest Payable	330			
* Demo Cars - Honda	() 230	262362	Payroll Payable	331	38942		
* Demo Cars - Other	() 231		Insurance Payable	332			
* Demos - Other Vehicles	() 233		Taxes Payable - Sales	333	123671		
* New Cars - CRX/	() 234	1888353	- Payroll	334	44832		
* Accord (90) Prelude ()			- Income (Prior Yr. \$)	335			
* New Cars - Others	() 235		- Real Estate	336	4156		
New Other than Cars	() 240		- Other	337			
L.I.F.O. Reserve Vehicle	242	() 487019	Employees' Bonuses Payable	338			
TOTAL NEW VEHICLE	(LINE 173)	1663696	Owners' Bonuses Payable	339			
* Used Cars	() 250	1228790	Pension Fund Payable	340	10989		
* Memo: 30 + Days (63) \$	564738		Other Expenses Payable	341	3549		
Used Other than Cars	() 252		Reserve for Repossession Losses	345			
Parts - Honda Cars	260	223826	TOTAL ACCRUED LIABILITIES	(LINE 174)	226143		
Accessories - Honda Cars	261	72265	TOTAL CURRENT LIABILITIES	(LINE 174)	3605866		
Parts & Accessories - Other	262	30380	Long Term Debt - Owners	350			
Gas, Oil and Grease	263	6727	Long Term Debt - Other	353	241196		
Body Shop Materials	264		Mortgages Payable	355			
Sublet Repairs	265	1484	TOTAL LONG TERM DEBT	(LINE 175)	241196		
Work in Process - Labor	266	674	TOTAL LIABILITIES	(LINE 175)	3847062		
Non-Automotive Inventory	268		NET WORKING CAPITAL	ACTUAL \$ 782698			
L.I.F.O. Reserve Other	269	()	GUIDE \$ 1453000				
TOTAL INVENTORIES	(LINE 176)	3227842	NET WORTH				
Securities	270		CAPITAL STOCK	360	10000		
Finance Income Receivable	271	4935	ADDITIONAL PAID IN CAPITAL	361	609536		
Insurance Commissions Receivable	272		TREASURY STOCK	362			
Prepaid Expenses - Taxes	273		RETAINED EARNINGS	370	43602		
- Insurance	274	7639	DIVIDENDS	375			
- Other	275	180752	PREVIOUSLY TAXED INCOME - SUB "S"	376			
* Driver Training Vehicles	() 276		DISTRIBUTIONS - SUB "S"	377			
* Lease Vehicles	() 277		PROPRIETORSHIP OR PARTNERSHIP				
* Rental Vehicles	() 278	114198	INVESTMENTS	380			
Accumulated Depreciation	389	()	DRAWINGS	390			
TOTAL OTHER CURRENT ASSETS	(LINE 177)	307524	MONTH	NEW DEBTS	USE UNITS	PROFIT OR LOSS	
TOTAL CURRENT ASSETS	(LINE 178)	3901545	47 JAN.	91	132	66	5531
LAND	280		48 FEB.				
BLDG.	281		49 MAR.				
EQUIP. M.S.	282	152159	50 APR.				
EQUIP. P/A	283	5439	51 MAY				
FURN.	284	753856	52 JUN.				
CO'VEH	285	20423	53 JUL.				
LEASEHOLD	286	54733	54 AUG.				
SGNS	287	58669	55 SEP.				
OTHER	288		56 OCT.				
TOTAL FIXED ASSETS	(LINE 179)	1094231	57 NOV.				
Life Insurance - Cash Value	291		58 DEC.				
Notes / Accts. Receivable - Officers & Employees	293	89127	59 TOTAL	91	132	66	399
Other Notes / Accounts Receivable	295	39544	60 INCOME FROM OTHER OPERATIONS				098
Other Non-Automotive Assets	296	12300	61 ESTIMATED INCOME TAXES				099
Investments & Advances - Other Operations	297	200000	62 NET EARNINGS - PROFIT OR (LOSS)	(LINE 180)			553
TOTAL OTHER ASSETS	(LINE 181)	340971	63 TOTAL NET WORTH	(LINE 181)			66866
TOTAL ASSETS	(LINE 182)	4515731	64 TOTAL LIABILITIES & NET WORTH	(LINE 182)			451573

RECEIVABLES ANALYSIS

000157

LINE NO	TYPE	ACCT. NO.	TOTAL	CURRENT	PAST DUE ANALYSIS			DOUBTFUL ACCOUNTS
					31 - 60	61 - 90	OVER 90	
70	Vehicle	210	186726	179246	700	1100	5680	
71	Service, Body Shop & Parts	220	128723	66865	28532	12112	21214	
72	Other Factory Receivable	221	27174	27174				
73	Warranty Receivables	223	19977	12699	872	499	5907	
74	TOTAL		362600	285984	30104	13711	32801	
75	Less: Doubtful Accounts	225	()					
76	NET RECEIVABLES		362600					

MAK FINANCIAL STATEMENT TO ARRIVE BY THE 15TH OF THE FOLLOWING MONTH TO AMERICAN HONDA MOTOR CO. INC. WITH INSURANCE AND TITULANT F. CA. 100% 27% WITH INSURANCE AND TITULANT F. CA. 100% 27% MAK STOP 100 30 40



1992 DEALER FINANCIAL STATEMENT
BALANCE SHEETDEALER NO 206816
ZONE/DIST NO 10/CDEALERSHIP HERITAGE IMPORTS DBA HERITAGE, HMURRAY STATE UTAH ZIP 84107
COVERING THE PERIOD FROM JAN 92 THRU FEB 92 OTHER MAKES SOLD

ASSETS			ACCT NO	AMOUNT	LINE NO	LIABILITIES			ACCT NO	AMOUNT
On Hand			201	3020	1	Accounts Payable - Trade Creditors			300	247605
Cash in the Bank			202	140250	2	Vehicle Lien Payoffs			320	
Contracts in Transit			205	125828	3	License and Registration Fees			321	13226
TOTAL CASH AND CONTRACTS	(LINES 1-3)			269098	4	Customer Deposits			322	1050
Vehicle Accounts Receivable			210	94213	5	Warranty Claims Advance			323	
Service, Body Shop & Parts Accts. Receivable			220	117597	6	New Vehicles & Demos			324	2397561
Factory Receivables - Honda			221	17456	7	Used Vehicles			325	827053
Factory Receivables - Other			222		8	Lease / Rental Vehicles			326	87895
Warranty Receivables - Honda			223	13996	9	Other			328	
Warranty Receivables - Other			224	12995	10	Long Term Debt - Current Portion			329	84500
Allowance for Doubtful Accounts			225		11	TOTAL ACCOUNTS & NOTES PAYABLE	(LINES 1-10)			3658890
TOTAL RECEIVABLES	(LINES 1-10)			256257	12	Interest Payable			330	
* Demo Cars - Honda	(18)	230		309571	13	Payroll Payable			331	31262
* Demo Cars - Other	()	231			14	Insurance Payable			332	
* Demos - Other Vehicles	()	233			15	Taxes Payable - Sales			333	232479
* New Cars - CRX/	(2) Cmc (49)	234		2227876	16	- Payroll			334	43280
* Accord (112) Prelude (7)					17	- Income (Prior Yr. \$)			335	
* New Cars - Others	()	235			18	- Real Estate			336	8316
New Other than Cars	()	240			19	- Other			337	
L.I.F.O. Reserve Vehicle		242		487019	20	Employees' Bonuses Payable			338	
TOTAL NEW VEHICLE	(LINES 1-10)			2050428	21	Owners' Bonuses Payable			339	
* Used Cars	()	250		1089259	22	Pension Fund Payable			340	19441
* Memo: 30 - Days (77)				680609	23	Other Expenses Payable			341	7584
Used Other than Cars	()	252			24	Reserve for Repossession Losses			345	
Parts - Honda Cars		260		208975	25	TOTAL ACCRUED LIABILITIES	(LINES 1-10)			342362
Accessories - Honda Cars		261		61679	26	TOTAL CURRENT LIABILITIES	(LINES 1-10)			4001252
Parts & Accessories - Other		262		31414	27	Long Term Debt - Owners			350	
Gas, Oil and Grease		263		3012	28	Long Term Debt - Other			353	234178
Body Shop Materials		264			29	Mortgages Payable			355	
Sublet Repairs		265		1028	30	TOTAL LONG TERM DEBT	(LINES 1-10)			234178
Work in Process - Labor		266		1172	31	TOTAL LIABILITIES	(LINES 1-10)			4235430
Non-Automotive Inventory		268			32	NET WORKING CAPITAL				790802
L.I.F.O. Reserve Other		269			33	ACTUAL \$				790802
TOTAL INVENTORIES	(LINES 1-10)			3446967	34	GUIDE \$				1453000
Securities		270			35					
Finance Income Receivable		271		7955	36	NET WORTH				
Insurance Commissions Receivable		272			37	CAPITAL STOCK			360	10000
Prepaid Expenses - Taxes		273			38	ADDITIONAL PAID IN CAPITAL			361	609536
- Insurance		274		7639	39	TREASURY STOCK			362	
- Other		275		216173	40	RETAINED EARNINGS			370	43603
* Driver Training Vehicles	()	276			41	DIVIDENDS			375	
* Lease Vehicles	()	277			42	PREVIOUSLY TAXED INCOME - SUB "S"			376	
* Rental Vehicles	()	278		100946	43	DISTRIBUTIONS - SUB "S"			377	
Accumulated Depreciation	(LINES 1-10)	389			44	PROPRIETORSHIP OR PARTNERSHIP				
TOTAL CURRENT ASSETS	(LINES 1-10)			332713	45	INVESTMENTS			380	
TOTAL OTHER CURRENT ASSETS	(LINES 1-10)			4305035	46	DRAWINGS			390	
LAND	280				47	JAN.	91	132	66	5531
BLDGS					48	FEB.	82	116	52	6011
EQUIP. M.S.				152159	49	MAR.				
EQUIP. P.A.				54391	50	APR.				
FURN.				754581	51	MAY				
CO. VEH.				20423	52	JUN.				
LEASEHOLD				54733	53	JUL.				
SIGNS				58669	54	AUG.				
OTHER					55	SEP.				
TOTAL FIXED ASSETS	(LINES 1-10)			1094956	56	OCT.				
Life Insurance - Cash Value		291			57	NOV.				
Notes / Accts. Receivable - Officers & Employees		293		89127	58	DEC.				
Other Notes / Accounts Receivable		295		39229	59	TOTAL	173	248	118	399
Other Non-Automotive Assets		296		12300	60	INCOME FROM OTHER OPERATIONS				098
Investments & Advances - Other Operations		297		200000	61	ESTIMATED INCOME TAXES				099
TOTAL OTHER ASSETS	(LINES 1-10)			340656	62	NET EARNINGS - PROFIT OR (LOSS)	(LINES 1-10)			11542
TOTAL ASSETS	(LINES 1-10)			4910111	63	TOTAL NET WORTH	(LINES 1-10)			674681
					64	TOTAL LIABILITIES & NET WORTH	(LINES 1-10)			4910111

RECEIVABLES ANALYSIS

000161

LINE NO	TYPE	ACCT. NO	TOTAL	CURRENT	PAST DUE ANALYSIS			DOUBTFUL ACCOUNTS	LINE NO
					31 - 60	61 - 90	OVER 90		
70	Vehicle	210	94213	88271	500		5442		70
71	Service, Body Shop & Parts	220	117597	62580	29450		25567		71
72	Other Factory Receivable	221	17456	17456					72
73	Warranty Receivables	223	26991	15664	4667	813	5847		73
74	TOTAL		256257	183971	34617	813	36856		74
75	Less: Doubtful Accounts	225	()						
76	NET RECEIVABLES		256257						

MAIL FINANCIAL STATEMENT TO ARRIVE BY THE 15TH OF THE FOLLOWING MONTH (15)

AMERICAN HONDA MOTOR CO., INC. 1919 TORRANCE BLVD. TORRANCE, CA 90501-2746 ATTN: BUSINESS MANAGEMENT DEPARTMENT MAIL STOP 100 W-401

DEALERSHIP HERITAGE IMPORTS DBA HERITAGE CITY HMURRAY
COVERING THE PERIOD FROM JAN 92 THRU: MAR 92

STATE UTAH ZIP 84107

ASSETS		ACCT NO	AMOUNT	LINE NO	LIABILITIES	ACCT NO	AMOUNT	
Cash on Hand		201	3020	1	Accounts Payable - Trade Creditors	300	391364	
Cash in the Bank		202	50836	2	Vehicle Lien Payoffs	320		
Contracts in Transit		205	288413	3	License and Registration Fees	321	10134	
TOTAL CASH AND CONTRACTS (LINES 1-3)			342269	4	Customer Deposits	322	1000	
Vehicle Accounts Receivable		210	114879	5	Warranty Claims Advance	323		
Service, Body Shop & Parts Accts Receivable		220	92517	6	New Vehicles & Demos	324	2228133	
Factory Receivables - Honda		221	20831	7	Used Vehicles	325	430548	
Factory Receivables - Other		222		8	Lease / Rental Vehicles	326	127857	
Warranty Receivables - Honda		223	37066	9	Other	328		
Warranty Receivables - Other		224	16180	10	Long Term Debt - Current Portion	329	84500	
Allowance for Doubtful Accounts		225	()	11	TOTAL ACCOUNTS & NOTES PAYABLE (LINES 1-10)		327353	
TOTAL RECEIVABLES (LINES 1-11)			281473	12	Interest Payable	330		
* Demo Cars - Honda	()	230	313687	13	Payroll Payable	331	40780	
* Demo Cars - Other	()	231		14	Insurance Payable	332		
* Demos - Other Vehicles	()	233		15	Taxes Payable - Sales	333	351150	
* New Cars - CRX/ Accord	(1) Civic (4) Prelude (8)	234	2019204	16	- Payroll	334	45368	
* New Cars - Others	()	235		17	- Income (Prior Yr. \$)	335		
New Other than Cars	()	240		18	- Real Estate	336	12474	
L.I.F.O. Reserve Vehicle		242	487019	19	- Other	337		
TOTAL NEW VEHICLE (LINES 19-24)			1845872	20	Employees' Bonuses Payable	338		
* Used Cars	()	250	858092	21	Owners' Bonuses Payable	339		
* Memo: 30 + Days	(61) \$	252	511062	22	Pension Fund Payable	340	27781	
Used Other than Cars	()	252		23	Other Expenses Payable	341	12138	
Parts - Honda Cars		260	234018	24	Reserve for Repossession Losses	345		
Accessories - Honda Cars		261	78344	25	TOTAL ACCRUED LIABILITIES (LINES 12-24)			489691
Parts & Accessories - Other		262	37030	26	TOTAL CURRENT LIABILITIES (LINES 11-25)			3763229
Gas, Oil and Grease		263	1267	27	Long Term Debt - Owners	350		
Body Shop Materials		264		28	Long Term Debt - Other	353	227110	
Sublet Repairs		265	2974	29	Mortgages Payable	355		
Work in Process - Labor		266	614	30	TOTAL LONG TERM DEBT (LINES 27-30)			227110
Non-Automotive Inventory		268		31	TOTAL LIABILITIES (LINES 11-30)			3990339
L.I.F.O. Reserve Other		269	()	32	NET WORKING CAPITAL			
TOTAL INVENTORIES (LINES 27-32)			3058211	33	ACTUAL \$	799533		
Securities		270		34	GUIDE \$	1453000		
Finance Income Receivable		271	6016	35	NET WORTH			
Insurance Commissions Receivable		272		36	CAPITAL STOCK	360	10000	
Prepaid Expenses - Taxes		273		37	ADDITIONAL PAID IN CAPITAL	361	609536	
- Insurance		274	7639	38	TREASURY STOCK	362	()	
- Other		275	231379	39	RETAINED EARNINGS	370	43606	
* Driver Training Vehicles	()	276		40	DIVIDENDS	375	()	
* Lease Vehicles	()	277		41	PREVIOUSLY TAXED INCOME - SUB "S"	376	()	
* Rental Vehicles	()	278	148756	42	DISTRIBUTIONS - SUB "S"	377	()	
Accumulated Depreciation (ACCTS 216, 217, 218)		389	()	43	PROPRIETORSHIP OR PARTNERSHIP			
TOTAL OTHER CURRENT ASSETS (LINES 33-39)			393790	44	INVESTMENTS			380
TOTAL CURRENT ASSETS (LINES 1-39)			4075743	45	DRAWINGS			390
ACCT NAME	ACCT NO	COST	ACCUMULATED DEPRECIATION	MONTH	REPAIRS	REPAIRS	PROFIT OR (LOSS)	
LAND	280			47	JAN.	91	132 66	5531
BLDGS.				48	FEB.	82	116 52	6012
EQUIP. M/S		152159	110777	49	MAR.	78	118 66	6503
EQUIP. P/A		54391	34121	50	APR.			
FURN.		754581	600817	51	MAY			
CO. VEH.		20423	16652	52	JUN.			
LEASEHOLD		54733	23196	53	JUL.			
SIGNS		58669	54265	54	AUG.			
OTHER				55	SEP.			
TOTAL FIXED ASSETS (LINES 40-56)			1094956	56	OCT.			
Life Insurance - Cash Value		291	839828	57	NOV.			
Notes / Accts. Receivable - Officers & Employees		293	89127	58	DEC.			
Other Notes / Accounts Receivable		295	39229	59	TOTAL	251	366 184	399
Other Non-Automotive Assets		296	12300	60	INCOME FROM OTHER OPERATIONS			098
Investments & Advances - Other Operations		297	200000	61	ESTIMATED INCOME TAXES			099
TOTAL OTHER ASSETS (LINES 57-59)			340658	62	NET EARNINGS - PROFIT OR (LOSS) (LINES 59 & 60)			18046
TOTAL ASSETS (LINES 1-59)			4671527	63	TOTAL NET WORTH			681188
				64	TOTAL LIABILITIES & NET WORTH (LINES 1-60)			4671527

RECEIVABLES ANALYSIS

~~000165~~

LINE NO.	TYPE	ACCT. NO.	TOTAL	CURRENT	PAST DUE ANALYSIS			DOUBTFUL ACCOUNTS	LINE NO.
					31-60	61-90	OVER 90		
70	Vehicle	210	114879	109799			5080		70
71	Service, Body Shop & Parts	220	92517	55721	7430	5829	23537		71
72	Other Factory Receivable	221	20831	20831					72
73	Warranty Receivables	224	53246	34032	7887	4667	6660		73
74	TOTAL		281473	220383	15317	10496	35277		74
75	Less: Doubtful Accounts	225	()		MAIL FINANCIAL STATEMENT TO ARRIVE BY THE 15TH OF THE MONTH OF APRIL 20				
76	NET RECEIVABLES		281473		AMERICAN HONDA MOTOR CO., INC. 1818 TORRANCE BLVD. TORRANCE, CA 90501-2746 ATTN: BUSINESS MANAGEMENT DEPARTMENT MAIL STOP 192 705-40				

15517 15478 55277
MAR. FINANCIAL AMERICAN HONDA MOTOR CO., INC.
STATEMENT TO ARRIVE 1919 TORRANCE BLVD TORRANCE CA 90501 2746
BY THE 15TH OF THE ATTN: BUSINESS MANAGEMENT DEPARTMENT
FOLLOWING MONTH TO MAR. STOP - 100 JMW 40



1994 DEALER FINANCIAL STATEMENT
BALANCE SHEET

DEALER NO 206816
ZONE/DIST. NO 107C

DEALERSHIP HERITAGE IMPORTS DBA HERITAGE, HMURRAY
COVERING THE PERIOD FROM JAN 92 THRU APR 92 OTHER MAKES SOLD

STATE UTAH ZIP 84107

ASSETS		ACCT. NO.	AMOUNT	LINE NO.	LIABILITIES		ACCT. NO.	AMOUNT	
Cash on Hand		201	3020	1	Accounts Payable - Trade Creditors		300	334219	
Cash in the Bank		202	2917	2	Vehicle Lien Payoffs		320		
Contracts in Transit		205		3	License and Registration Fees		321	8947	
TOTAL CASH AND CONTRACTS	(LINE 1 TO 3)		5937	4	Customer Deposits		322	1300	
Vehicle Accounts Receivable		210	26416	5	Warranty Claims Advance		323		
Service, Body Shop & Parts Accts. Receivable		220	143325	6	New Vehicles & Demos		324	2609711	
Factory Receivables - Honda		221	32364	7	Used Vehicles		325	613925	
Factory Receivables - Other		222		8	Lease / Rental Vehicles		326	126013	
Warranty Receivables - Honda		223	47281	9	Other		328		
Warranty Receivables - Other		224	21300	10	Long Term Debt - Current Portion		329	84500	
Allowance for Doubtful Accounts		225	()	11	TOTAL ACCOUNTS & NOTES PAYABLE	(LINE 1 TO 11)		3778615	
TOTAL RECEIVABLES	(LINE 1 TO 11)		270686	12	Interest Payable		330		
* Demo Cars - Honda	() 230		359114	13	Payroll Payable		331	30106	
* Demo Cars - Other	() 231			14	Insurance Payable		332		
* Demos - Other Vehicles	() 233			15	Taxes Payable - Sales		333	107895	
* New Cars - CRX/ Civic	() 234		2366089	16	- Payroll		334	35066	
* Accord	() 122			17	- Income (Prior Yr. \$)		335		
* New Cars - Others	() 235			18	- Real Estate		336	16633	
New Other than Cars	() 240			19	- Other		337		
L.I.F.O. Reserve Vehicle		242	487019	20	Employees' Bonuses Payable		338		
TOTAL NEW VEHICLE	(LINE 12 TO 24)		2238184	21	Owners' Bonuses Payable		339		
* Used Cars	() 250		980197	22	Pension Fund Payable		340	13485	
* Memo: 30 + Days	() 18		154584	23	Other Expenses Payable		341	17550	
Used Other than Cars	() 252			24	Reserve for Repossession Losses		345		
Parts - Honda Cars		260	237300	25	TOTAL ACCRUED LIABILITIES	(LINE 12 TO 24)		220735	
Accessories - Honda Cars		261	66078	26	TOTAL CURRENT LIABILITIES	(LINE 1 TO 24)		3999350	
Parts & Accessories - Other		262	46288	27	Long Term Debt - Owners		350		
Gas, Oil and Grease		263		28	Long Term Debt - Other		353	220087	
Body Shop Materials		264		29	Mortgages Payable		355		
Sublet Repairs		265	1643	30	TOTAL LONG TERM DEBT	(LINE 25 TO 29)		220087	
Work in Process - Labor		266	1715	31	TOTAL LIABILITIES	(LINE 1 TO 34)		4219437	
Non-Automotive Inventory		268		32	NET WORKING CAPITAL	ACTUAL \$ 774130			
L.I.F.O. Reserve Other		269	()	33		GUIDE \$ 1453000			
TOTAL INVENTORIES	(LINE 25 TO 29)		3571405	34					
Securities		270		35	NET WORTH				
Finance Income Receivable		271	4529	36	CAPITAL STOCK		360	10000	
Insurance Commissions Receivable		272		37	ADDITIONAL PAID IN CAPITAL		361	609536	
Prepaid Expenses - Taxes		273		38	TREASURY STOCK		362	()	
- Insurance		274	11941	39	RETAINED EARNINGS		370	43604	
- Other		275	273127	40	DIVIDENDS		375	()	
* Driver Training Vehicles	() 276			41	PREVIOUSLY TAXED INCOME - SUB "S"		376	()	
* Lease Vehicles	() 277			42	DISTRIBUTIONS - SUB "S"		377	()	
* Rental Vehicles	() 12		148836	43	PROPRIETORSHIP OR PARTNERSHIP				
Accumulated Depreciation	(LINE 25 TO 27)		389	44	INVESTMENTS		380	()	
TOTAL OTHER CURRENT ASSETS	(LINE 28 TO 43)		438433	45	DRAWINGS		390	()	
TOTAL CURRENT ASSETS	(LINE 1 TO 43)		4286461	46	MONTH	NEW UNITS	USED UNITS	PROFIT OR LOSS	
ACCT. NAME	ACCT. NO.	COST	ACCUMULATED DEPRECIATION	47	JAN.	91	132	66	5531
LAND	280			48	FEB.	82	116	52	6011
BLDGS.	281			49	MAR.	78	118	66	6504
EQUIP. M/S	282	152159	111469	50	APR.	61	134	74	2418
EQUIP. P/A	283	54391	34442	51	MAY				
FURN.	284	756690	608418	52	JUN.				
CO. VEH.	285	31674	16876	53	JUL.				
LEASEHOLD	286	54733	23689	54	AUG.				
SGNS	287	58669	54378	55	SEP.				
OTHER	288			56	OCT.				
TOTAL FIXED ASSETS	(LINE 46 TO 56)		849272	57	NOV.				
Life Insurance - Cash Value		291		58	DEC.				
Notes / Accts. Receivable - Officers & Employees		293	89127	59	TOTAL	312	500	258	20464
Other Notes / Accounts Receivable		295	39109	60	INCOME FROM OTHER OPERATIONS				098
Other Non-Automotive Assets		296	29300	61	ESTIMATED INCOME TAXES				099
Investments & Advances - Other Operations		297	200000	62	NET EARNINGS - PROFIT OR (LOSS)	(LINE 57 TO 59)			20464
TOTAL OTHER ASSETS	(LINE 57 TO 59)		357536	63	TOTAL NET WORTH	(LINE 1 TO 34)			683604
TOTAL ASSETS	(LINE 1 TO 59)		4903041	64	TOTAL LIABILITIES & NET WORTH	(LINE 1 TO 34)			4903041

RECEIVABLES ANALYSIS

000169

LINE NO.	TYPE	ACCT. NO.	TOTAL	CURRENT	PAST DUE ANALYSIS			DOUBTFUL ACCOUNTS	LINE NO.
					31 - 60	61 - 90	OVER 90		
70	Vehicle	210	26416	21390			5026		70
71	Service, Body Shop & Parts	220	143325	99570	17788	2332	23635		71
72	Other Factory Receivable	221	32364	32364					72
73	Warranty Receivables	223	68581	45520	5791	6154	11116		73
74	TOTAL		270686	198844	23579	8486	39777		74
75	Less: Doubtful Accounts	225	()						
76	NET RECEIVABLES		270686						

MAIL FINANCIAL STATEMENT TO ARRIVE BY THE 15TH OF THE FOLLOWING MONTH TO
AMERICAN HONDA MOTOR CO. INC. 1919 TORRANCE BLVD. TORRANCE, CA 90501-2746
ATTN: BUSINESS MANAGEMENT DEPARTMENT
MAIL STOP - 100-2W-40



1992-DEALER FINANCIAL STATEMENT
BALANCE SHEET

DEALER NO 206816
ZONE/DIST NO 107C

DEALERSHIP HERITAGE IMPORTS DBA HERITAGE, HMURRAY CITY UTAH STATE 84107
COVERING THE PERIOD FROM JAN 92 THRU MAY 92 OTHER MAKES SOLD

ASSETS			AMOUNT	LIABILITIES			AMOUNT
Cash on Hand	201		3020	1	Accounts Payable - Trade Creditors	300	413100
Cash in the Bank	202		13772	2	Vehicle Lien Payoffs	320	
Contracts in Transit	205		143985	3	License and Registration Fees	321	12453
TOTAL CASH AND CONTRACTS			160777	4	Customer Deposits	322	1300
Vehicle Accounts Receivable	210		140365	5	Warranty Claims Advance	323	
Service, Body Shop & Parts Accts. Receivable	220		107171	6	New Vehicles & Demos	324	2030498
Factory Receivables - Honda	221		80913	7	Used Vehicles	325	637295
Factory Receivables - Other	222			8	Lease / Rental Vehicles	326	115052
Warranty Receivables - Honda	223		62190	9	Other	328	
Warranty Receivables - Other	224		25607	10	Long Term Debt - Current Portion	329	84500
Allowance for Doubtful Accounts	225			11	TOTAL ACCOUNTS & NOTES PAYABLE		3294198
TOTAL RECEIVABLES			416246	12	Interest Payable	330	
* Demo Cars - Honda	230		440181	13	Payroll Payable	331	46774
* Demo Cars - Other	231			14	Insurance Payable	332	
* Demos - Other Vehicles	233			15	Taxes Payable - Sales	333	253712
* New Cars - CRX	234		1712379	16	- Payroll	334	38253
* Accord	75	Preclude	10	17	- Income (Prior Yr. \$)	335	
* New Cars - Others	235			18	- Real Estate	336	20791
New Other than Cars	240			19	- Other	337	
L.I.F.O. Reserve Vehicle	242		487019	20	Employees' Bonuses Payable	338	
TOTAL NEW VEHICLE			1665541	21	Owners' Bonuses Payable	339	
* Used Cars	250		964728	22	Pension Fund Payable	340	22346
* Memo 30 + Days	37		349973	23	Other Expenses Payable	341	18967
Used Other than Cars	252			24	Reserve for Repossession Losses	345	
Parts - Honda Cars	260		234008	25	TOTAL ACCRUED LIABILITIES		400843
Accessories - Honda Cars	261		75051	26	TOTAL CURRENT LIABILITIES		3695041
Parts & Accessories - Other	262		50935	27	Long Term Debt - Owners	350	
Gas, Oil and Grease	263		4363	28	Long Term Debt - Other	353	212997
Body Shop Materials	264			29	Mortgages Payable	355	
Sublet Repairs	265		2066	30	TOTAL LONG TERM DEBT		212997
Work in Process - Labor	266		3126	31	TOTAL LIABILITIES		3908038
Non-Automotive Inventory	268			32	NET WORKING CAPITAL		796462
L.I.F.O. Reserve Other	269			33	ACTUAL \$		1453000
TOTAL INVENTORIES			2999818	34	GUIDE \$		1453000
Securities	270			35	NET WORTH		
Finance Income Receivable	271		14234	36	CAPITAL STOCK	360	10000
Insurance Commissions Receivable	272			37	ADDITIONAL PAID IN CAPITAL	361	609536
Prepaid Expenses - Taxes	273			38	TREASURY STOCK	362	
- Insurance	274		4302	39	RETAINED EARNINGS	370	43600
- Other	275		268617	40	DIVIDENDS	375	
* Driver Training Vehicles	276			41	PREVIOUSLY TAXED INCOME - SUB 'S'	376	
* Lease Vehicles	277			42	DISTRIBUTIONS - SUB 'S'	377	
* Rental Vehicles	11		140490	43	PROPRIETORSHIP OR PARTNERSHIP		
Accumulated Depreciation	389			44	INVESTMENTS	380	
TOTAL OTHER CURRENT ASSETS			427643	45	DRAWINGS	390	
TOTAL CURRENT ASSETS			4004484	46			
LAND	280			47	JAN.	91	132 66 5531
BLDG.	281			48	FEB.	82	116 52 6011
EQUIP. M/S	282		152159	49	MAR.	78	118 66 6503
EQUIP. P/A	283		54391	50	APR.	61	134 74 2419
FURN.	284		757290	51	MAY	99	128 56 9082
CO. VEH.	285		31674	52	JUN.		
LEASEHOLD	286		54733	53	JUL.		
SIGNS	287		58669	54	AUG.		
OTHER	288		54491	55	SEP.		
TOTAL FIXED ASSETS			1108916	56	OCT.		
Life Insurance - Cash Value	291			57	NOV.		
Notes / Accts. Receivable - Officers & Employees	293		89127	58	DEC.		
Other Notes / Accounts Receivable	295		39109	59	TOTAL	411 - 628 314	399 29546
Other Non-Automotive Assets	296		17800	60	INCOME FROM OTHER OPERATIONS		096
Investments & Advances - Other Operations	297		200000	61	ESTIMATED INCOME TAXES		099
TOTAL OTHER ASSETS			346036	62	NET EARNINGS - PROFIT OR (LOSS)		29546
TOTAL ASSETS			4600720	63	TOTAL NET WORTH		692682
				64	TOTAL LIABILITIES & NET WORTH		4600720

RECEIVABLES ANALYSIS

000173

LINE NO	TYPE	ACCT. NO.	TOTAL	CURRENT	PAST DUE ANALYSIS			DOUBTFUL ACCOUNTS	LINE NO
					31-60	61-90	OVER 90		
70	Vehicle	210	140365	135429	20		4916		70
71	Service, Body Shop & Parts	220	107171	50806	25290	5945	25130		71
72	Other Factory Receivable	221	80913	80913					72
73	Warranty Receivables	223	87797	50336	14940	5963	16558		73
74	TOTAL		416246	317484	40250	11908	46604		74
75	Less: Doubtful Accounts	225							
76	NET RECEIVABLES		416246						

MAIL FINANCIAL STATEMENT TO ARRIVE BY THE 15TH OF THE FOLLOWING MONTH TO
AMERICAN HONDA MOTOR CO., INC.
1919 TORRANCE BLVD. TORRANCE, CA 90501-2746
ATTN: BUSINESS MANAGEMENT DEPARTMENT
MAIL STOP - 100 SW 40

1992 DEALER FINANCIAL STATEMENT
BALANCE SHEETDEALER NO 206816
ZONE/DIST. NO 10/CDEALERSHIP HERITAGE IMPORTS DBA HERITAGE HMURRAY
COVERING THE PERIOD FROM JAN 92 THRU JUN 92

STATE UTAH ZIP 84107

ASSETS		ACCT. NO.	AMOUNT	LINE NO.	LIABILITIES		ACCT. NO.	AMOUNT	
Cash on Hand		201	3020	1	Accounts Payable - Trade Creditors		300	492383	
Cash in the Bank		202	24966	2	Vehicle Lien Payoffs		320		
Contracts in Transit		205		3	License and Registration Fees		321	14531	
TOTAL CASH AND CONTRACTS			27986	4	Customer Deposits		322	1100	
Vehicle Accounts Receivable		210	268714	5	Warranty Claims Advance		323		
Service, Body Shop & Parts Accts. Receivable		220	94363	6	New Vehicles & Demos		324	2122427	
Factory Receivables - Honda		221	114031	7	Used Vehicles		325	381300	
Factory Receivables - Other		222		8	Lease / Rental Vehicles		326	92666	
Warranty Receivables - Honda		223	57298	9	Other		328		
Warranty Receivables - Other		224	28938	10	Long Term Debt - Current Portion		329	84500	
Allowance for Doubtful Accounts		225		11	TOTAL ACCOUNTS & NOTES PAYABLE			3188907	
TOTAL RECEIVABLES			563344	12	Interest Payable		330		
* Demo Cars - Honda		230	342263	13	Payroll Payable		331	56221	
* Demo Cars - Other		231		14	Insurance Payable		332		
* Demos - Other Vehicles		233		15	Taxes Payable - Sales		333	159359	
* New Cars - CRX/		234	1892428	16	- Payroll		334	42834	
* Accord		235		17	- Income (Prior Yr. \$)		335		
* New Cars - Others		235		18	- Real Estate		336	24949	
New Other than Cars		240		19	- Other		337		
L.I.F.O. Reserve Vehicle		242	487019	20	Employees' Bonuses Payable		338		
TOTAL NEW VEHICLE			1747672	21	Owners' Bonuses Payable		339		
* Used Cars		250	753514	22	Pension Fund Payable		340	32258	
* Memo: 30 + Days		252	223967	23	Other Expenses Payable		341	22177	
Used Other than Cars		252		24	Reserve for Repossession Losses		345		
Parts - Honda Cars		260	242067	25	TOTAL ACCRUED LIABILITIES			337798	
Accessories - Honda Cars		261	72481	26	TOTAL CURRENT LIABILITIES			3526705	
Parts & Accessories - Other		262	53046	27	Long Term Debt - Owners		350		
Gas, Oil and Grease		263	69	28	Long Term Debt - Other		353	205914	
Body Shop Materials		264		29	Mortgages Payable		355		
Sublet Repairs		265	840	30	TOTAL LONG TERM DEBT			205914	
Work in Process - Labor		266	2676	31	TOTAL LIABILITIES			3732619	
Non-Automotive Inventory		268		32	NET WORKING CAPITAL			822262	
L.I.F.O. Reserve Other		269		33	ACTUAL \$			1453000	
TOTAL INVENTORIES			2872365	34	GUIDE \$			1453000	
Securities		270		35	NET WORTH				
Finance Income Receivable		271	16063	36	CAPITAL STOCK		360	10000	
Insurance Commissions Receivable		272		37	ADDITIONAL PAID IN CAPITAL		361	609536	
Prepaid Expenses - Taxes		273		38	TREASURY STOCK		362		
- Insurance		274	5508	39	RETAINED EARNINGS		370	43603	
- Other		275	262322	40	DIVIDENDS		375		
* Driver Training Vehicles		276		41	PREVIOUSLY TAXED INCOME - SUB "S"		376		
* Lease Vehicles		277		42	DISTRIBUTIONS - SUB "S"		377		
* Rental Vehicles		278	114360	43	PROPRIETORSHIP OR PARTNERSHIP				
Accumulated Depreciation - assets 270-278		389		44	INVESTMENTS				
TOTAL OTHER CURRENT ASSETS			398253	45	DRAWINGS				
TOTAL CURRENT ASSETS			3861948	46	MONTH				
ACCT. NAME	ACCT. NO.	COST	ACCUMULATED DEPRECIATION	47	JAN.	91	132	66	5531
LAND	280			48	FEB.	82	116	52	6011
BLDGS.	281			49	MAR.	78	118	66	6503
EQUIP. M/S	282	156507	112853	50	APR.	61	134	74	2418
EQUIP. P/A	283	54391	35085	51	MAY	99	128	56	9083
FURN.	284	759765	623620	52	JUN.	78	153	97	29914
CO. VEH.	285	31674	17324	53	JUL.				
LEASEHOLD	286	54733	24674	54	AUG.				
SIGNS	287	58669	54604	55	SEP.				
OTHER	288			56	OCT.				
TOTAL FIXED ASSETS			1115739	57	NOV.				
Life Insurance - Cash Value		291		58	DEC.				
Notes / Accts. Receivable - Officers & Employees		293	89127	59	TOTAL	489	781	411	59460
Other Notes / Accounts Receivable		295	38764	60	INCOME FROM OTHER OPERATIONS				
Other Non-Automotive Assets		296	17800	61	ESTIMATED INCOME TAXES				
Investments & Advances - Other Operations		297	200000	62	NET EARNINGS - PROFIT OR (LOSS)				
TOTAL OTHER ASSETS			345691	63	TOTAL NET WORTH				
TOTAL ASSETS			4455218	64	TOTAL LIABILITIES & NET WORTH				

RECEIVABLES ANALYSIS

000177

LINE NO.	TYPE	ACCT. NO.	TOTAL	CURRENT	PAST DUE ANALYSIS			DOUBTFUL ACCOUNTS	LINE NO.
					31 - 60	61 - 90	OVER 90		
70	Vehicle	210	268714	263523	325		4866		70
71	Service, Body Shop & Parts	220	94363	44874	13921	8167	27401		71
72	Other Factory Receivable	221	114031	114031					72
73	Warranty Receivables	223	86236	29010	20960	14475	21791		73
74	TOTAL		563344	451438	35206	22642	54058		74
75	Less: Doubtful Accounts	225							
76	NET RECEIVABLES		563344						

MAIL FINANCIAL STATEMENT TO ARRIVE BY THE 15TH OF THE FOLLOWING MONTH TO
AMERICAN HONDA MOTOR CO. INC.
1919 TORRANCE BLVD., TORRANCE, CA 90501-2746
ATTN: BUSINESS MANAGEMENT DEPARTMENT
MAIL STOP - 100 3W-40



1992 DEALER FINANCIAL STATEMENT
BALANCE SHEET

DEALER NO 206816
ZONE/DIST NO 10/C

DEALERSHIP HERITAGE IMPORTS DBA HERITAGE HMURRAY

STATE UTAH

ZIP 84107

COVERING THE PERIOD FROM JAN 92

THRU JUL 92

OTHER MAKES SOLD

ASSETS			AMOUNT	LIABILITIES			AMOUNT		
cash on Hand	201		3020	1	Accounts Payable - Trade Creditors	300	348375		
cash in the Bank	202		5608	2	Vehicle Lien Payoffs	320			
Contracts in Transit	205			3	License and Registration Fees	321	15642		
TOTAL CASH AND CONTRACTS	(LINES 179)		8628	4	Customer Deposits	322	1350		
Vehicle Accounts Receivable	210		43667	5	Warranty Claims Advance	323			
Service, Body Shop & Parts Accts. Receivable	220		93951	6	New Vehicles & Demos	324	2175530		
Factory Receivables - Honda	221		82514	7	Used Vehicles	325	600964		
Factory Receivables - Other	222			8	Lease / Rental Vehicles	326	90636		
Warranty Receivables - Honda	223		54361	9	Other	328			
Warranty Receivables - Other	224		35868	10	Long Term Debt - Current Portion	329	84500		
Allowance for Doubtful Accounts	225	()		11	TOTAL ACCOUNTS & NOTES PAYABLE	(LINES 180-4)	3316997		
TOTAL RECEIVABLES	(LINES 180-11)		310361	12	Interest Payable	330			
* Demo Cars - Honda	() 18	230	308906	13	Payroll Payable	331	44583		
* Demo Cars - Other	()	231		14	Insurance Payable	332			
* Demos - Other Vehicles	()	233		15	Taxes Payable - Sales	333	131027		
* New Cars - CRX/	() Civic (51	234	1997202	16	- Payroll	334	38393		
* Accord (78) Prelude (16				17	- Income (Prior Yr. \$	335			
* New Cars - Others	()	235		18	- Real Estate	336	29492		
New Other than Cars	()	240		19	- Other	337			
L.I.F.O. Reserve Vehicle		242	(487019	20	Employees' Bonuses Payable	338			
TOTAL NEW VEHICLE	(LINES 181-24)		1819089	21	Owners' Bonuses Payable	339			
* Used Cars	() 136	250	960018	22	Pension Fund Payable	340	13467		
* Memo: 30 + Days (23) \$			197296	23	Other Expenses Payable	341	23508		
Used Other than Cars	()	252		24	Reserve for Repossession Losses	345			
Parts - Honda Cars		260	231747	25	TOTAL ACCRUED LIABILITIES	(LINES 185-24)	280470		
Accessories - Honda Cars		261	69417	26	TOTAL CURRENT LIABILITIES	(LINES 185-24)	3597467		
Parts & Accessories - Other		262	49208	27	Long Term Debt - Owners	350			
Gas, Oil and Grease		263		28	Long Term Debt - Other	353	198762		
Body Shop Materials		264		29	Mortgages Payable	355			
Sublet Repairs		265	630	30	TOTAL LONG TERM DEBT	(LINES 185-24)	198762		
Work in Process - Labor		266	1676	31	TOTAL LIABILITIES	(LINES 185-24)	3796229		
Non-Automotive Inventory		268		32	NET WORKING CAPITAL		818161		
L.I.F.O. Reserve Other		269	()	33	ACTUAL \$		1453000		
TOTAL INVENTORIES	(LINES 185-26)		3131785	34	GUIDE \$		1453000		
Securities		270		35	NET WORTH				
Income Income Receivable		271	8419	36	CAPITAL STOCK	360	10000		
Insurance Commissions Receivable		272		37	ADDITIONAL PAID IN CAPITAL	361	609536		
Prepaid Expenses - Taxes		273		38	TREASURY STOCK	362			
- Insurance		274	5508	39	RETAINED EARNINGS	370	43603		
- Other		275	349408	40	DIVIDENDS	375			
* Driver Training Vehicles	()	276		41	PREVIOUSLY TAXED INCOME - SUB "S"	376			
* Lease Vehicles	()	277		42	DISTRIBUTIONS - SUB "S"	377			
* Rental Vehicles	() 9	278	114500	43	PROPRIETORSHIP OR PARTNERSHIP				
Accumulated Depreciation	(LINES 187-278)	389	()	44	INVESTMENTS	380			
TOTAL OTHER CURRENT ASSETS	(LINES 187-278)		477835	45	DRAWINGS	390			
TOTAL CURRENT ASSETS	(LINES 187-278)		3928609	46	MONTH				
ACCT NAME	ACCT NO	COST	ACCUMULATED DEPRECIATION	47	JAN.	91	132	66	5531
LAND	280			48	FEB.	82	116	52	6011
BLDGs	281			49	MAR.	78	118	66	6503
EQUIP. M.S	282	159502	113690	50	APR.	61	134	74	2418
EQUIP. PIA	283	54391	35407	51	MAY	99	128	56	9082
FURN	284	762097	631423	52	JUN.	78	153	97	29914
CO. VEH	285	31674	17548	53	JUL.	74	132	65	1042
LEASEHOLD	286	57233	25167	54	AUG.				
SIGNS	287	58669	54717	55	SEP.				
OTHER	288			56	OCT.				
TOTAL FIXED ASSETS	(LINES 187-288)	1123566	877952	57	NOV.				
Life Insurance - Cash Value		291		58	DEC.				
Notes / Accts. Receivable - Officers & Employees		293	89127	59	TOTAL	563	913	476	399
Other Notes / Accounts Receivable		295	38719	60	INCOME FROM OTHER OPERATIONS				60501
Other Non-Automotive Assets		296	17800	61	ESTIMATED INCOME TAXES				
Investments & Advances - Other Operations		297	200000	62	NET EARNINGS - PROFIT OR (LOSS)	(LINES 189-297)			60501
TOTAL OTHER ASSETS	(LINES 189-297)		345646	63	TOTAL NET WORTH	(LINES 189-297)			723640
TOTAL ASSETS	(LINES 189-297)		4519869	64	TOTAL LIABILITIES & NET WORTH	(LINES 189-297)			4519869

RECEIVABLES ANALYSIS

000181

LINE NO	TYPE	ACCT NO	TOTAL	CURRENT	PAST DUE ANALYSIS			DOUBTFUL ACCOUNTS	LINE NO
					31 - 60	61 - 90	OVER 90		
70	Vehicle	210	43667	37912	659	230	4866		70
71	Service, Body Shop & Parts	220	93951	51309	4329	6585	31728		71
72	Other Factory Receivable	221	82514	82514					72
73	Warranty Receivables	223	90229	28498	13182	11820	36729		73
74	TOTAL		310361	200233	18170	18635	73323		74
75	Less Doubtful Accounts	225							
76	NET RECEIVABLES		310361						

MAK FINANCIAL
STATEMENT TO ARRIVE
BY THE 15TH OF THE
FOLLOWING MONTH TO

AMERICAN HONDA MOTOR CO. INC.
1819 TORRANCE BLVD. TORRANCE CA 90501-2744
ATTN: BUSINESS MANAGEMENT DEPARTMENT
MAK STOP 100 39440



1992 DEALER FINANCIAL STATEMENT
BALANCE SHEET

DEALER NO 206816
ZONE/DIST. NO. 107C

DEALERSHIP HERITAGE IMPORTS DBA HERITAGE HMURRAY
COVERING THE PERIOD FROM JAN 92 THRU AUG 92 OTHER MAKES SOLD

STATE UTAH ZIP 84107

ASSETS			AMOUNT	LIABILITIES			AMOUNT
Cash on Hand	201		2500	1	Accounts Payable - Trade Creditors	300	698654
Cash in the Bank	202		55231	2	Vehicle Lien Payoffs	320	
Contracts in Transit	205			3	License and Registration Fees	321	17405
TOTAL CASH AND CONTRACTS	(LINES 201-205)		57731	4	Customer Deposits	322	1400
Vehicle Accounts Receivable	210		26008	5	Warranty Claims Advance	323	
Service, Body Shop & Parts Accts. Receivable	220		95585	6	New Vehicles & Demos	324	2053841
Factory Receivables - Honda	221		47370	7	Used Vehicles	325	503580
Factory Receivables - Other	222			8	Lease / Rental Vehicles	326	68636
Warranty Receivables - Honda	223		51676	9	Other	328	
Warranty Receivables - Other	224		40742	10	Long Term Debt - Current Portion	329	84500
Allowance for Doubtful Accounts	225	()		11	TOTAL ACCOUNTS & NOTES PAYABLE (LINES 300-329)		3428016
TOTAL RECEIVABLES	(LINES 210-225)		261381	12	Interest Payable	330	
* Demo Cars - Honda	() 230		404146	13	Payroll Payable	331	57824
* Demo Cars - Other	() 231			14	Insurance Payable	332	
* Demos - Other Vehicles	() 233			15	Taxes Payable - Sales	333	126494
* New Cars - CRV	() CMC () 38		1894119	16	- Payroll	334	43001
* Accord () Prelude () 14				17	- Income (Prior Yr. \$)	335	
* New Cars - Others	() 235			18	- Real Estate	336	34036
New Other than Cars	() 240			19	- Other	337	
L.I.F.O. Reserve Vehicle	242	()	487019	20	Employees' Bonuses Payable	338	
TOTAL NEW VEHICLE	(LINES 230-242)		1811246	21	Owners' Bonuses Payable	339	
* Used Cars	() 250		1112123	22	Pension Fund Payable	340	21857
* Memo: 30 + Days () 40			287817	23	Other Expenses Payable	341	28632
Used Other than Cars	() 252			24	Reserve for Repossession Losses	345	
Parts - Honda Cars	260		254887	25	TOTAL ACCRUED LIABILITIES (LINES 330-345)		311644
Accessories - Honda Cars	261		71368	26	TOTAL CURRENT LIABILITIES (LINES 330-345)		3739660
Parts & Accessories - Other	262		54476	27	Long Term Debt - Owners	350	
Gas, Oil and Grease	263		2753	28	Long Term Debt - Other	353	191554
Body Shop Materials	264			29	Mortgages Payable	355	
Sublet Repairs	265		3120	30	TOTAL LONG TERM DEBT (LINES 350-355)		191554
Work in Process - Labor	266		282	31	TOTAL LIABILITIES (LINES 330-355)		3931214
Non-Automotive Inventory	268			32	NET WORKING CAPITAL		826099
L.I.F.O. Reserve Other	269	()		33	ACTUAL \$		
TOTAL INVENTORIES (LINES 260-269)			3310255	34	GUIDE \$		1453000
Securities	270			35	NET WORTH		
Finance Income Receivable	271		6180	36	CAPITAL STOCK	360	10000
Insurance Commissions Receivable	272			37	ADDITIONAL PAID IN CAPITAL	361	609536
Prepaid Expenses - Taxes	273			38	TREASURY STOCK	362	()
- Insurance	274		5508	39	RETAINED EARNINGS	370	43603
- Other	275		349071	40	DIVIDENDS	375	()
* Driver Training Vehicles	() 276			41	PREVIOUSLY TAXED INCOME - SUB 'S'	376	
* Lease Vehicles	() 277			42	DISTRIBUTIONS - SUB 'S'	377	()
* Rental Vehicles	() 278		88614	43	PROPRIETORSHIP OR PARTNERSHIP		
Accumulated Depreciation (LINES 276-278)				44	INVESTMENTS	380	
TOTAL OTHER CURRENT ASSETS (LINES 270-278)			449373	45	DRAWINGS	390	()
TOTAL CURRENT ASSETS (LINES 210-278)			4078740	46	MONTH		
ACCT. NAME	ACCT. NO.	COST	ACCUMULATED DEPRECIATION	47	JAN.	91	132 66 5531
LAND	280			48	FEB.	82	116 52 6011
BLDG.	281			49	MAR.	78	118 66 6503
EQUIP. M/S	282	159871	114527	50	APR.	61	134 74 2418
EQUIP. P/A	283	54391	35728	51	MAY	99	128 56 9082
FURN.	284	764462	639227	52	JUN.	78	153 97 29914
CO. VEH.	285	31674	17771	53	JUL.	74	132 65 1042
LEASEHOLD	286	63229	25659	54	AUG.	81	128 81 14041
SIGNS	287	58669	54830	55	SEP.		
OTHER	288			56	OCT.		
TOTAL FIXED ASSETS (LINES 280-288)		1132296	887742	57	NOV.		
Life Insurance - Cash Value	291			58	DEC.		
Notes / Accts. Receivable - Officers & Employees	293		89127	59	TOTAL	644	1041 557 74542
Other Notes / Accounts Receivable	295		38674	60	INCOME FROM OTHER OPERATIONS		098
Other Non-Automotive Assets	296		17800	61	ESTIMATED INCOME TAXES		099
Investments & Advances - Other Operations	297		200000	62	NET EARNINGS - PROFIT OR (LOSS) (LINES 600-601)		74542
TOTAL OTHER ASSETS (LINES 291-297)			345601	63	TOTAL NET WORTH (LINES 360-377)		737681
TOTAL ASSETS (LINES 210-297)			4668895	64	TOTAL LIABILITIES & NET WORTH (LINES 330-377)		4668895

RECEIVABLES ANALYSIS

000185

LINE NO.	TYPE	ACCT. NO.	TOTAL	CURRENT	PAST DUE ANALYSIS			DOUBTFUL ACCOUNTS	LINE NO.
					31 - 60	61 - 90	OVER 90		
70	Vehicle	210	26008	20431	238	243	5096		70
71	Service, Body Shop & Parts	220	95585	52675	13497	2121	27292		71
72	Other Factory Receivable	221	47370	47370					72
73	Warranty Receivables	223	92418	26258	11379	12797	41984		73
74	TOTAL		261381	146734	25114	15161	74372		74
75	Less: Doubtful Accounts	225	()						75
76	NET RECEIVABLES		261381						76

DEALER FINANCIAL STATEMENT TO APPEAR BY THE 15TH OF THE FOLLOWING MONTH TO AMERICAN HONDA MOTOR CO. INC. 1915 TORRANCE BLVD. TORRANCE, CA 90501 2746 ATTN: BUSINESS MANAGEMENT DEPARTMENT MAIL STOP - 100 3W-40



1994 DEALER FINANCIAL STATEMENT
BALANCE SHEET

DEALER NO 206816
ZONE/DIST. NO 107C

DEALERSHIP HERITAGE IMPORTS DBA HERITAGE HMURRAY STATE UTAH ZIP 84107
COVERING THE PERIOD FROM JAN 92 THRU SEP 92 OTHER MAKES SOLD

ASSETS			AMOUNT	LIABILITIES			AMOUNT	
Cash on Hand	201		2500	1	Accounts Payable - Trade Creditors	300	437966	
Cash in the Bank	202		22097	2	Vehicle Lien Payoffs	320		
Contracts in Transit	205			3	License and Registration Fees	321	15084	
TOTAL CASH AND CONTRACTS			24597	4	Customer Deposits	322	1350	
Vehicle Accounts Receivable	210		64554	5	Warranty Claims Advance	323		
Service, Body Shop & Parts Accts. Receivable	220		85600	6	New Vehicles & Demos	324	1337374	
Factory Receivables - Honda	221		59879	7	Used Vehicles	325	703240	
Factory Receivables - Other	222			8	Lease / Rental Vehicles	326	57358	
Warranty Receivables - Honda	223		56224	9	Other	328		
Warranty Receivables - Other	224		35631	10	Long Term Debt - Current Portion	329	84500	
Allowance for Doubtful Accounts	225			11	TOTAL ACCOUNTS & NOTES PAYABLE		2636872	
TOTAL RECEIVABLES			301888	12	Interest Payable	330		
* Demo Cars - Honda	230		373498	13	Payroll Payable	331	29712	
* Demo Cars - Other	231			14	Insurance Payable	332		
* Demos - Other Vehicles	233			15	Taxes Payable - Sales	333	126400	
* New Cars - CRX/ Accord	234		1122017	16	- Payroll	334	40470	
* New Cars - Others	235			17	- Income (Prior Yr. \$)	335		
New Other than Cars	240			18	- Real Estate	336	38579	
L.I.F.O. Reserve Vehicle	242		487019	19	- Other	337		
TOTAL NEW VEHICLE			1008496	20	Employees' Bonuses Payable	338		
* Used Cars	250		1040937	21	Owners' Bonuses Payable	339		
* Memo: 30 + Days	252		248093	22	Pension Fund Payable	340	30934	
Used Other than Cars	252			23	Other Expenses Payable	341	31205	
Parts - Honda Cars	260		233674	24	Reserve for Repossession Losses	345		
Accessories - Honda Cars	261		82499	25	TOTAL ACCRUED LIABILITIES		297300	
Parts & Accessories - Other	262		63525	26	TOTAL CURRENT LIABILITIES		2934172	
Gas, Oil and Grease	263		1946	27	Long Term Debt - Owners	350		
Body Shop Materials	264			28	Long Term Debt - Other	353	184319	
Sublet Repairs	265		2879	29	Mortgages Payable	355		
Work in Process - Labor	266		762	30	TOTAL LONG TERM DEBT		184319	
Non-Automotive Inventory	268			31	TOTAL LIABILITIES		3118491	
L.I.F.O. Reserve Other	269			32	NET WORKING CAPITAL		782018	
TOTAL INVENTORIES			2434718	33	ACTUAL \$		782018	
Securities	270			34	GUIDE \$		1453000	
Finance Income Receivable	271		4299	35	NET WORTH			
Insurance Commissions Receivable	272			36	CAPITAL STOCK	360	10000	
Prepaid Expenses - Taxes	273			37	ADDITIONAL PAID IN CAPITAL	361	609536	
- Insurance	274		5508	38	TREASURY STOCK	362		
- Other	275		381786	39	RETAINED EARNINGS	370	43603	
* Driver Training Vehicles	276			40	DIVIDENDS	375		
* Lease Vehicles	277			41	PREVIOUSLY TAXED INCOME - SUB "S"	376		
* Rental Vehicles	278		76375	42	DISTRIBUTIONS - SUB "S"	377		
Accumulated Depreciation	389			43	PROPRIETORSHIP OR PARTNERSHIP			
TOTAL OTHER CURRENT ASSETS			467968	44	INVESTMENTS	380		
TOTAL CURRENT ASSETS			3229171	45	DRAWINGS	390		
ACCT NAME	ACCT NO	COST	ACCUMULATED DEPRECIATION	46	MONTH	NEW UNITS	OTHER UNITS	PROFIT OR LOSS
LAND	280			47	JAN.	91	132	5531
BLDG.	281			48	FEB.	82	116	6011
EQUIP. M/S	282	159871	115364	49	MAR.	78	118	6503
EQUIP. P/A	283	54391	36050	50	APR.	61	134	2418
FURN.	284	764462	647030	51	MAY	99	128	9082
CO. VEH	285	40329	17995	52	JUN.	78	153	29914
LEASEHOLD	286	68188	26152	53	JUL.	74	132	1042
SIGNS	287	58669	54943	54	AUG.	81	128	14041
OTHER	288			55	SEP.	82	116	-33024
TOTAL FIXED ASSETS		1145910	897534	56	OCT.			
Life Insurance - Cash Value	291			57	NOV.			
Notes / Accts. Receivable - Officers & Employees	293		89127	58	DEC.			
Other Notes / Accounts Receivable	295		38674	59	TOTAL	724	1157	41518
Other Non-Automotive Assets	296		17800	60	INCOME FROM OTHER OPERATIONS			098
Investments & Advances - Other Operations	297		200000	61	ESTIMATED INCOME TAXES			099
TOTAL OTHER ASSETS			345601	62	NET EARNINGS - PROFIT OR (LOSS)			41518
TOTAL ASSETS			3823148	63	TOTAL NET WORTH			704657
				64	TOTAL LIABILITIES & NET WORTH			3823148

RECEIVABLES ANALYSIS

000189

LINE NO.	TYPE	ACCT. NO.	TOTAL	CURRENT	PAST DUE ANALYSIS			DOUBTFUL ACCOUNTS	LINE NO.
					31 - 60	61 - 90	OVER 90		
70	Vehicle	210	64554	59326	120		5108		70
71	Service, Body Shop & Parts	220	85600	41893	11616	3627	28464		71
72	Other Factory Receivable	221	59879	59879					72
73	Warranty Receivables	223	91855	20820	12324	7934	50777		73
74	TOTAL		301888	181918	24060	11561	84349		74
75	Less: Doubtful Accounts	225							
76	NET RECEIVABLES		301888						

MAIL FINANCIAL STATEMENT TO ARRIVE BY THE 15TH OF THE FOLLOWING MONTH TO:
AMERICAN HONDA MOTOR CO. INC.
1919 TORRANCE BLVD., TORRANCE, CA 90501-2746
ATTN: BUSINESS MANAGEMENT DEPARTMENT
MAIL STOP - 100-394-40

1992 DEALER FINANCIAL STATEMENT
BALANCE SHEETDEALER NO. 206816
ZONE/DIST NO. 10/CDEALERSHIP HERITAGE IMPORTS DBA HERITAGE, HMURRAY
COVERING THE PERIOD FROM OCT 92 THRU OCT 92

STATE UTAH ZIP 84107

COVERING THE PERIOD FROM				THRU	OTHER MAKES SOLD				
ASSETS				AMOUNT	LIABILITIES				AMOUNT
Cash on Hand			201	2500	1	Accounts Payable - Trade Creditors		300	367133
Cash in the Bank			202	7347	2	Vehicle Lien Payoffs		320	
Contracts in Transit			205		3	License and Registration Fees		321	12827
TOTAL CASH AND CONTRACTS (LINES 1-3)				9847	4	Customer Deposits		322	7936
Vehicle Accounts Receivable			210	9694	5	Warranty Claims Advance		323	
Service, Body Shop & Parts Accts. Receivable			220	96217	6	NEW VEHICLES & DEMOS USED VEHICLES LEASE / RENTAL VEHICLES OTHER	324	1510715	
Factory Receivables - Honda			221	41960	7		325	684740	
Factory Receivables - Other			222		8		326	19730	
Warranty Receivables - Honda			223	65248	9		328		
Warranty Receivables - Other			224	35571	10	Long Term Debt - Current Portion		329	84500
Allowance for Doubtful Accounts			225	()	11	TOTAL ACCOUNTS & NOTES PAYABLE (LINES 1-10)			2687581
TOTAL RECEIVABLES (LINES 1-11)				248690	12	Interest Payable		330	
* Demo Cars - Honda () 22	230			375083	13	Payroll Payable		331	37883
* Demo Cars - Other ()	231				14	Insurance Payable		332	
* Demos - Other Vehicles ()	233				15	Taxes Payable - Sales		333	116169
* New Cars - CRX/ (1) Cmc (38	234			1229472	16	- Payroll		334	39498
* Accord (41) Prelude (9					17	- Income (Prior Yr. \$		335	
* New Cars - Others ()	235				18	- Real Estate		336	43122
New Other than Cars ()	240				19	- Other		337	
L.I.F.O. Reserve Vehicle			242	487019	20	Employees' Bonuses Payable		338	
TOTAL NEW VEHICLE (LINES 12-24)				1117536	21	Owners' Bonuses Payable		339	
* Used Cars () 154	250			1028552	22	Pension Fund Payable		340	11753
* Memo: 30 + Days (60) \$			510223		23	Other Expenses Payable		341	33826
Used Other than Cars ()	252				24	Reserve for Repossession Losses		345	
Parts - Honda Cars			260	235232	25	TOTAL ACCRUED LIABILITIES (LINES 12-24)			282251
Accessories - Honda Cars			261	84805	26	TOTAL CURRENT LIABILITIES (LINES 1-26)			2969832
Parts & Accessories - Other			262	62451	27	Long Term Debt - Owners		350	
Gas, Oil and Grease			263		28	Long Term Debt - Other		353	177028
Body Shop Materials			264		29	Mortgages Payable		355	
Sublet Repairs			265	1318	30	TOTAL LONG TERM DEBT (LINES 27-29)			177028
Work in Process - Labor			266		31	TOTAL LIABILITIES (LINES 1-31)			3146860
Non-Automotive Inventory			268		32	NET WORKING CAPITAL ACTUAL \$ 754848			
L.I.F.O. Reserve Other			269	()	33	CAPITAL GUIDE \$ 1453000			
TOTAL INVENTORIES (LINES 25-27)				2529894	34				
Securities			270		35	NET WORTH			
Finance Income Receivable			271	6953	36	CORPORATION	CAPITAL STOCK	360	10000
Insurance Commissions Receivable			272		37		ADDITIONAL PAID IN CAPITAL	361	609536
Prepaid Expenses - Taxes			273		38		TREASURY STOCK	362	()
- Insurance			274	5508	39		RETAINED EARNINGS	370	43605
- Other			275	409062	40		DIVIDENDS	375	()
* Driver Training Vehicles ()	276				41		PREVIOUSLY TAXED INCOME - SUB "S"	376	()
* Lease Vehicles ()	277				42		DISTRIBUTIONS - SUB "S"	377	()
* Rental Vehicles ()	278			27707	43	PROPRIETORSHIP OR PARTNERSHIP			
Accumulated Depreciation			389	()	44	INVESTMENTS			
TOTAL OTHER CURRENT ASSETS (LINES 28-38)				449230	45	DRAWINGS			
TOTAL CURRENT ASSETS (LINES 1-38)				3237661	46	MONTH	NET MONTHLY	NET MONTHLY	PROFIT OR LOSS
LAND	280				47	JAN.	91	132 66	5531
BLDGS.	281				48	FEB.	82	116 52	6011
EQUIP. M'S	282	159871	116201	43670	49	MAR.	78	118 66	6503
EQUIP. PIA	283	54391	36371	18020	50	APR.	61	134 74	2418
FURN.	284	764462	654833	109629	51	MAY	99	128 56	9082
CO. VEH	285	40329	18219	22110	52	JUN.	78	153 97	29914
LEASEHOLD	286	68188	26644	41544	53	JUL.	74	132 65	1042
SIGNS	287	58669	55056	3613	54	AUG.	81	128 81	14041
OTHER	288				55	SEP.	82	116 88	-33025
TOTAL FIXED ASSETS (LINES 39-45)				1145910	56	OCT.	86	106 53	-29670
Life Insurance - Cash Value			291		57	NOV.			
Notes / Accts. Receivable - Officers & Employees			293	89127	58	DEC.			
Other Notes / Accounts Receivable			295	38674	59	TOTAL	812	1263 698	399
Other Non-Automotive Assets			296	17800	60	INCOME FROM OTHER OPERATIONS			
Investments & Advances - Other Operations			297	200000	61	ESTIMATED INCOME TAXES			
TOTAL OTHER ASSETS (LINES 46-50)				345601	62	NET EARNINGS - PROFIT OR (LOSS) (LINES 59-61)			
TOTAL ASSETS (LINES 1-50)				3821848	63	TOTAL NET WORTH (LINES 36-62)			
					64	TOTAL LIABILITIES & NET WORTH (LINES 1-62)			

RECEIVABLES ANALYSIS

000193

LINE NO.	TYPE	ACCT. NO.	TOTAL	CURRENT	PAST DUE ANALYSIS			DOUBTFUL ACCOUNTS	LINE NO.
					31 - 60	61 - 90	OVER 90		
70	Vehicle	210	9694	5132			4562		70
71	Service, Body Shop & Parts	220	96217	44373	19223	2770	29851		71
72	Other Factory Receivable	221	41960	41960					72
73	Warranty Receivables	223	100819	30876	7423	12114	50406		73
74	TOTAL		248690	122341	26646	14884	84819		74
75	Less: Doubtful Accounts	225	()						
76	NET RECEIVABLES		248690						

MAX FINANCIAL
STATEMENT TO ARRIVE
BY THE 15TH OF THE
FOLLOWING MONTH TO
AMERICAN HONDA MOTOR CO. INC.
1815 TORRANCE BLVD. TORRANCE, CA 90501-2746
ATTN: BUSINESS MANAGEMENT DEPARTMENT
MAX STOP - 100 7W 40



1992 DEALER FINANCIAL STATEMENT
BALANCE SHEET

DEALER NO 206816
ZONE/DIST. NO 107C

DEALERSHIP HERITAGE IMPORTS DBA HERITAGE HMURRAY CITY UTAH STATE UTAH ZIP 84107
COVERING THE PERIOD FROM JAN 92 THRU NOV 92 OTHER MAKES SOLD

ASSETS				ACCT. NO.	AMOUNT	LINE NO.	LIABILITIES				ACCT. NO.	AMOUNT
Cash on Hand				201	2500	1	Accounts Payable - Trade Creditors				300	254543
Cash in the Bank				202	739	2	Vehicle Lien Payoffs				320	
Contracts in Transit				205		3	License and Registration Fees				321	9916
TOTAL CASH AND CONTRACTS	(LINES 1-3)				3239	4	Customer Deposits				322	23379
Vehicle Accounts Receivable				210	13052	5	Warranty Claims Advance				323	
Service, Body Shop & Parts Accts. Receivable				220	78464	6	New Vehicles & Demos				324	1629120
Factory Receivables - Honda				221	24726	7	Used Vehicles				325	624830
Factory Receivables - Other				222		8	Lease / Rental Vehicles				326	19243
Warranty Receivables - Honda				223	37317	9	Other				328	
Warranty Receivables - Other				224	36194	10	Long Term Debt - Current Portion				329	84500
Allowance for Doubtful Accounts				225	()	11	TOTAL ACCOUNTS & NOTES PAYABLE	(LINES 1-10)				2645531
TOTAL RECEIVABLES	(LINES 1-10)				189755	12	Interest Payable				330	
* Demo Cars - Honda	(24)			230	414754	13	Payroll Payable				331	28301
* Demo Cars - Other	()			231		14	Insurance Payable				332	
* Demos - Other Vehicles	()			233		15	Taxes Payable - Sales				333	78940
* New Cars - CRX	(1) Civic (46)			234	1308049	16	- Payroll				334	33906
* Accord (48) Prelude (10)						17	- Income (Prior Yr. \$)				335	
* New Cars - Others	()			235		18	- Real Estate				336	
New Other than Cars	()			240		19	- Other				337	
L.I.F.O. Reserve Vehicle	()			242	(487019)	20	Employees' Bonuses Payable				338	
TOTAL NEW VEHICLE	(LINES 11-24)				1235784	21	Owners' Bonuses Payable				339	
* Used Cars	(112)			250	791565	22	Pension Fund Payable				340	18318
* Memo: 30 + Days (64)					473233	23	Other Expenses Payable				341	38601
Used Other than Cars	()			252		24	Reserve for Repossession Losses				345	
Parts - Honda Cars				260	242330	25	TOTAL ACCRUED LIABILITIES	(LINES 12-24)				198066
Accessories - Honda Cars				261	80084	26	TOTAL CURRENT LIABILITIES	(LINES 11-25)				2843597
Parts & Accessories - Other				262	59957	27	Long Term Debt - Owners				350	
Gas, Oil and Grease				263	577	28	Long Term Debt - Other				353	169732
Body Shop Materials				264		29	Mortgages Payable				355	
Sublet Repairs				265		30	TOTAL LONG TERM DEBT	(LINES 27-29)				169732
Work in Process - Labor				266		31	TOTAL LIABILITIES	(LINES 1-30)				3013329
Non-Automotive Inventory				268		32	NET WORKING CAPITAL	ACTUAL \$			722317	
L.I.F.O. Reserve Other				269	()	33	GUIDE \$				1453000	
TOTAL INVENTORIES	(LINES 25-29)				2410297	34	NET WORTH					
Securities				270		35	CAPITAL STOCK				360	10000
Finance Income Receivable				271	14149	36	ADDITIONAL PAID IN CAPITAL				361	609536
Insurance Commissions Receivable				272		37	TREASURY STOCK				362	
Prepaid Expenses - Taxes				273		38	RETAINED EARNINGS				370	43601
- Insurance				274	5508	39	DIVIDENDS				375	
- Other				275	428240	40	PREVIOUSLY TAXED INCOME - SUB "S"				376	
* Driver Training Vehicles	()			276		41	DISTRIBUTIONS - SUB "S"				377	
* Lease Vehicles	()			277		42	PROPRIETORSHIP OR PARTNERSHIP					
* Rental Vehicles	()			278	27707	43	INVESTMENTS					
Accumulated Depreciation	(LINES 270-278)			389	()	44	DRAWINGS					
TOTAL OTHER CURRENT ASSETS	(LINES 270-389)				475604	45	MONTH					
TOTAL CURRENT ASSETS	(LINES 1-389)				3078895	46	JAN.	91	132	66	5531	
ACCT. NAME	ACCT. NO.	COST	ACCUMULATED DEPRECIATION			47	FEB.	82	116	52	6011	
LAND	280					48	MAR.	78	118	66	6503	
BLDGS.	281					49	APR.	61	134	74	2418	
EQUIP. M/S	282	159871	117038	42833		50	MAY	99	128	56	9082	
EQUIP. P/A	283	54391	36693	17698		51	JUN.	78	153	97	29914	
FURN.	284	764462	662636	101826		52	JUL.	74	132	65	1042	
CO. VEH.	285	29077	18443	10634		53	AUG.	81	128	81	14041	
LEASEHOLD	286	68188	27137	41051		54	SEP.	82	116	88	-33274	
SIGNS	287	58669	55169	3500		55	OCT.	86	106	53	-29421	
OTHER	288					56	NOV.	53	95	34	-46275	
TOTAL FIXED ASSETS (LINES 280-389)		1134658	917116	217542		57	DEC.					
Life Insurance - Cash Value	291					58	TOTAL	865	1358	732	399	-34428
Notes / Accts. Receivable - Officers & Employees	293			89127		59	INCOME FROM OTHER OPERATIONS					098
Other Notes / Accounts Receivable	295			38674		60	ESTIMATED INCOME TAXES					099
Other Non-Automotive Assets	296			17800		61	NET EARNINGS - PROFIT OR (LOSS)					(LINES 59-61)
Investments & Advances - Other Operations	297			200000		62	TOTAL NET WORTH					(LINES 35-62)
TOTAL OTHER ASSETS	(LINES 291-297)			345601		63	TOTAL LIABILITIES & NET WORTH					(LINES 1-63)
TOTAL ASSETS	(LINES 1-389)			3642038		64						

RECEIVABLES ANALYSIS										000157
LINE NO.	TYPE	ACCT. NO.	TOTAL	CURRENT	PAST DUE ANALYSIS			DOUBTFUL ACCOUNTS	LINE NO.	
					31 - 60	61 - 90	OVER 90			
70	Vehicle	210	13052	8490			4562		70	
71	Service, Body Shop & Parts	220	78464	42350	4618	1566	29930		71	
72	Other Factory Receivable	221	24726	24726					72	
73	Warranty Receivables	223	73513	10181	4980	3815	54537		73	
74	TOTAL		189755	85747	9598	5381	89029		74	
75	Less: Doubtful Accounts	225	()		MAIL FINANCIAL STATEMENT TO ARRIVE BY THE 15TH OF THE FOLLOWING MONTH TO AMERICAN HONDA MOTOR CO. INC. 1819 TORRANCE BLVD. TORRANCE, CA 90501 2746 ATTN: BUSINESS MANAGEMENT DEPARTMENT MAIL STOP 100 2ND FLOOR					
76	NET RECEIVABLES		189755							

MAIL FINANCIAL STATEMENT TO ARRIVE BY THE 15TH OF THE FOLLOWING MONTH TO
AMERICAN HONDA MOTOR CO. INC.
ATTN: BUSINESS MANAGEMENT DEPARTMENT
MAIL STOP: 100 3RD RD
1819 TORRANCE BLVD TORRANCE CA 90501 2746



1992 DEALER FINANCIAL STATEMENT
BALANCE SHEET

DEALER NO 206816
ZONE/DIST NO 10/C

DEALERSHIP HERITAGE IMPORTS DBA HERITAGE HMURRAY

STATE UTAH ZIP 84107

COVERING THE PERIOD FROM JAN 92 THRU DEC 92 OTHER MAKES SOLD

ASSETS			AMOUNT	LIABILITIES			AMOUNT
Cash on Hand	201		2700	1	Accounts Payable - Trade Creditors	300	891558
Cash in the Bank	202		3370	2	Vehicle Lien Payoffs	320	
Contracts in Transit	205			3	License and Registration Fees	321	6574
TOTAL CASH AND CONTRACTS	(LINES 201-205)		6070	4	Customer Deposits	322	1050
Vehicle Accounts Receivable	210		642589	5	Warranty Claims Advance	323	
Service, Body Shop & Parts Accts. Receivable	220		100767	6	New Vehicles & Demos	324	2392628
Factory Receivables - Honda	221		25910	7	Used Vehicles	325	357700
Factory Receivables - Other	222			8	Lease / Rental Vehicles	326	9743
Warranty Receivables - Honda	223		27172	9	Other	328	
Warranty Receivables - Other	224		33488	10	Long Term Debt - Current Portion	329	84500
Allowance for Doubtful Accounts	225			11	TOTAL ACCOUNTS & NOTES PAYABLE	(LINES 300-329)	3743753
TOTAL RECEIVABLES	(LINES 210-225)		829926	12	Interest Payable	330	
* Demo Cars - Honda	(25)	230	431485	13	Payroll Payable	331	13379
* Demo Cars - Other	()	231		14	Insurance Payable	332	
* Demos - Other Vehicles	()	233		15	Taxes Payable - Sales	333	61755
* New Cars - CRX	(3) Civic (68) Prelude	234	2057622	16	- Payroll	334	38260
* Accord	(69) Prelude	10		17	- Income (Prior Yr. \$)	335	
* New Cars - Others	()	235		18	- Real Estate	336	
New Other than Cars	()	240		19	- Other	337	
L.I.F.O. Reserve Vehicle		242	(487019)	20	Employees' Bonuses Payable	338	
TOTAL NEW VEHICLE	(LINES 230-242)		2002088	21	Owners' Bonuses Payable	339	
* Used Cars	()	250	929073	22	Pension Fund Payable	340	24057
* Memo 30 + Days	(50) \$	449941		23	Other Expenses Payable	341	4442
Used Other than Cars	()	252		24	Reserve for Repossession Losses	345	
Parts - Honda Cars		260	219676	25	TOTAL ACCRUED LIABILITIES	(LINES 330-345)	141893
Accessories - Honda Cars		261	82101	26	TOTAL CURRENT LIABILITIES	(LINES 330-345)	3885646
Parts & Accessories - Other		262	61740	27	Long Term Debt - Owners	350	
Gas, Oil and Grease		263		28	Long Term Debt - Other	353	162375
Body Shop Materials		264		29	Mortgages Payable	355	
Sublet Repairs		265	139	30	TOTAL LONG TERM DEBT	(LINES 350-355)	162375
Work in Process - Labor		266		31	TOTAL LIABILITIES	(LINES 330-355)	4048021
Non-Automotive Inventory		268		32	NET WORKING CAPITAL	946790	
L.I.F.O. Reserve Other		269	()	33	ACTUAL \$	1453000	
TOTAL INVENTORIES	(LINES 260-269)		3294817	34	GUIDE \$	1453000	
Securities		270		35	NET WORTH		
Finance Income Receivable		271	11281	36	CAPITAL STOCK	360	10000
Insurance Commissions Receivable		272		37	ADDITIONAL PAID IN CAPITAL	361	609536
Prepaid Expenses - Taxes		273		38	TREASURY STOCK	362	()
- Insurance		274	5508	39	RETAINED EARNINGS	370	43603
- Other		275	183930	40	DIVIDENDS	375	()
* Driver Training Vehicles	()	276		41	PREVIOUSLY TAXED INCOME - SUB "S"	376	
* Lease Vehicles	()	277		42	DISTRIBUTIONS - SUB "S"	377	()
* Rental Vehicles	()	278	13885	43	PROPRIETORSHIP OR PARTNERSHIP		
Accumulated Depreciation	(LINES 270-278)	389	()	44	INVESTMENTS	380	
TOTAL OTHER CURRENT ASSETS	(LINES 270-278)		214604	45	DRAWINGS	390	()
TOTAL CURRENT ASSETS	(LINES 210-278)		4345417	46	MONTH		
LAND	280			47	JAN.	91	132 66 5531
BLDGS	281			48	FEB.	82	116 52 6011
EQUIP. M.S	282	159871	117875	49	MAR.	78	118 66 6503
EQUIP. PIA	283	54391	37014	50	APR.	61	134 74 2418
FURN.	284	764462	670912	51	MAY	99	128 56 9082
CO VEH	285	29077	18666	52	JUN.	78	153 97 29914
LEASEHOLD	286	68188	27629	53	JUL.	74	132 65 1042
SIGNS	287	58669	55281	54	AUG.	81	128 81 14041
OTHER	288		3388	55	SEP.	82	116 88 -33024
TOTAL FIXED ASSETS	(LINES 280-288)	1134658	927377	56	OCT.	86	106 53 -29670
Life Insurance - Cash Value	291			57	NOV.	53	95 34 -46276
Notes / Accts. Receivable - Officers & Employees	293			58	DEC.	37	72 138 -85310
Other Notes / Accounts Receivable	295		38674	59	TOTAL	902	1430 870 399 -119738
Other Non-Automotive Assets	296		50	60	INCOME FROM OTHER OPERATIONS		098
Investments & Advances - Other Operations	297			61	ESTIMATED INCOME TAXES		099
TOTAL OTHER ASSETS	(LINES 291-297)		38724	62	NET EARNINGS - PROFIT OR (LOSS)	(LINES 810-815)	-119738
TOTAL ASSETS	(LINES 210-297)		4591422	63	TOTAL NET WORTH	(LINES 810-815)	543401
				64	TOTAL LIABILITIES & NET WORTH	(LINES 330-815)	4591422

RECEIVABLES ANALYSIS

LINE NO	TYPE	ACCT. NO.	TOTAL	CURRENT	PAST DUE ANALYSIS			DOUBTFUL ACCOUNTS	LINE NO
					31 - 60	61 - 90	OVER 90		
70	Vehicle	210	642589	635127	144	2210	5108		70
71	Service, Body Shop & Parts	220	100767	50620	17336	2713	30098		71
72	Other Factory Receivable	221	25910	25910					72
73	Warranty Receivables	223	60660	19589	4317	4749	32005		73
74	TOTAL		829926	731246	21797	9672	67211		74
75	Less Doubtful Accounts	225	()						
76	NET RECEIVABLES		829926						

MAK FINANCIAL
STATEMENT TO ARRIVE
BY THE 15TH OF THE
FOLLOWING MONTH TO

AMERICAN HONDA MOTOR CITY, INC.
1914 TORRANCE BLVD. TORRANCE, CA 90501-2746
ATTN: BUSINESS MANAGEMENT OF PARTNERSHIP
MARK STOP 100 PM 40

1204 STATEMENTS
DEALER NO 206816
ZONE/DIST NO 10/C

DEALERSHIP HERITAGE IMPORTS DBA HERITAGE CITY HMURRAY
COVERING THE PERIOD FROM JAN 92 THRU DEC 92

STATE UTAH ZIP 84107

COVERING THE PERIOD FROM JAN 92 THRU: DEC 92 OTHER MAKES SOLD

COVERING THE PERIOD FROM		THRU		OTHER MARKS SHOULD	
ASSETS		AMOUNT	LIABILITIES		AMOUNT
On Hand	201	2700	1	Accounts Payable - Trade Creditors	300
the Bank	202	3830	2	Vehicle Lien Payoffs	320
in Transit	205		3	License and Registration Fees	321
TOTAL CASH AND CONTRACTS (LINES 1-101)		6530	4	Customer Deposits	322
Vehicle Accounts Receivable	210	642589	5	Warranty Claims Advance	323
Service, Body Shop & Parts Accts. Receivable	220	186378	6	New Vehicles & Demos	324
Factory Receivables - Honda	221	25910	7	Used Vehicles	325
Factory Receivables - Other	222		8	Lease / Rental Vehicles	326
Warranty Receivables - Honda	223	27172	9	Other	328
Warranty Receivables - Other	224	33488	10	Long Term Debt - Current Portion	329
Allowance for Doubtful Accounts	225		11	TOTAL ACCOUNTS & NOTES PAYABLE (LINES 1-101)	3743753
TOTAL RECEIVABLES (LINES 1-101)		915537	12	Interest Payable	330
* Demo Cars - Honda	230	431485	13	Payroll Payable	331
* Demo Cars - Other	231		14	Insurance Payable	332
* Demos - Other Vehicles	233		15	Taxes Payable - Sales	333
* New Cars - CRV	234	2057622	16	- Payroll	334
* Accord	235		17	- Income (Prior Yr. \$	335
* New Cars - Others	235		18	- Real Estate	336
Now Other than Cars	240		19	- Other	337
L.I.F.O. Reserve Vehicle	242	545663	20	Employees' Bonuses Payable	338
TOTAL NEW VEHICLE (LINES 1-101)		1943444	21	Owners' Bonuses Payable	339
* Used Cars	250	929073	22	Pension Fund Payable	340
* Memo. 30 + Days	251	449941	23	Other Expenses Payable	341
Used Other than Cars	252		24	Reserve for Repossession Losses	345
Parts - Honda Cars	260	223223	25	TOTAL ACCRUED LIABILITIES (LINES 1-101)	141893
Accessories - Honda Cars	261	77860	26	TOTAL CURRENT LIABILITIES (LINES 1-101)	3885646
Parts & Accessories - Other	262	32166	27	Long Term Debt - Owners	350
Gas, Oil and Grease	263	5080	28	Long Term Debt - Other	353
Body Shop Materials	264		29	Mortgages Payable	355
Sublet Repairs	265	139	30	TOTAL LONG TERM DEBT (LINES 1-101)	162375
Work in Process - Labor	266		31	TOTAL LIABILITIES (LINES 1-101)	4048021
Non-Automotive Inventory	268		32	NET WORKING CAPITAL ACTUAL \$	1003210
L.I.F.O. Reserve Other	269		33	GUIDE \$	1453000
TOTAL INVENTORIES (LINES 1-101)		3210985	34	NET WORTH	
Securities	270		35	CAPITAL STOCK	360
Income Receivable	271	11281	36	ADDITIONAL PAID IN CAPITAL	361
Commission Commissions Receivable	272		37	TREASURY STOCK	362
Prepaid Expenses - Taxes	273		38	RETAINED EARNINGS	370
- Insurance	274	5508	39	DIVIDENDS	375
- Other	275	179467	40	PREVIOUSLY TAXED INCOME - SUB 'S'	376
* Driver Training Vehicles	276		41	DISTRIBUTIONS - SUB 'S'	377
* Lease Vehicles	277		42	PROPRIETORSHIP OR PARTNERSHIP	
* Rental Vehicles	278	13885	43	INVESTMENTS	380
Accumulated Depreciation (LINES 1-101)	279		44	DRAWINGS	390
TOTAL OTHER CURRENT ASSETS (LINES 1-101)		210141	45	MONTH	
TOTAL CURRENT ASSETS (LINES 1-101)		4343193	46	MONTH	PROFIT OR (LOSS)
ACCT NAME	ACCT NO	COST	ACCT NAME	ACCT NO	PROFIT OR (LOSS)
LAND	280		JAN.	91	132 66
BLDGS	281		FEB.	83	116 52
EQUIP. MGS	282	159871	MAR.	78	118 66
EQUIP. PIA	283	37014	APR.	61	134 74
FURN.	284	764463	MAY	99	128 56
GO VEH	285	23484	JUN.	78	153 97
LEASEHOLD	286	68188	JUL.	74	132 65
SIGNS	287	58669	AUG.	81	128 81
OTHER	288	55281	SEP.	82	116 88
TOTAL FIXED ASSETS (LINES 1-101)		1129065	OCT.	84	106 53
Life Insurance - Cash Value	291		NOV.	53	95 34
Notes / Accts. Receivable - Officers & Employees	293		DEC.	37	72 138
Other Notes / Accounts Receivable	295	38674	TOTAL	902	1430 870
Other Non-Automotive Assets	296	50	INCOME FROM OTHER OPERATIONS		098
Investments & Advances - Other Operations	297		ESTIMATED INCOME TAXES		099
TOTAL OTHER ASSETS (LINES 1-101)		38724	62	NET EARNINGS - PROFIT OR (LOSS) (LINES 1-101)	-124980
TOTAL ASSETS (LINES 1-101)		4586180	63	TOTAL NET WORTH (LINES 1-101)	538159
			64	TOTAL LIABILITIES & NET WORTH (LINES 1-101)	4586180

RECEIVABLES ANALYSIS

~~000205~~

LINE NO	TYPE	ACCT NO	TOTAL	CURRENT	PAST DUE ANALYSIS			DOUBTFUL ACCOUNTS	LINE NO
					31 - 60	61 - 90	OVER 90		
70	Vehicle	210	642589	625127	144	2210	5108		70
	Service, Body Shop & Parts	220	186378	136231	17336	2713	30098		71
	Other Factory Receivable	221	25910	25910					72
73	Warranty Receivables	222	60660	19589	4317	4749	32005		73
74	TOTAL		915537	816857	21797	9672	67211		74
75	Less: Doubtful Accounts	225	()						
76	NET RECEIVABLES		915,537						

22777	7077	2722
MAR FINANCIAL STATEMENT TO APPROVE IN THE INTEREST OF FINANCIAL ANALYSIS TO	AMERICAN INDIAN MOTOR CO INC 1919 SCHWABT BLVD ATLANTA GA 30301 2700 MAR 1978 100 3W 40	

Exhibit 302

Exhibit 302: Analysis of Kraatz Compensation

7.50
7.50
7.50
7.50
1.00



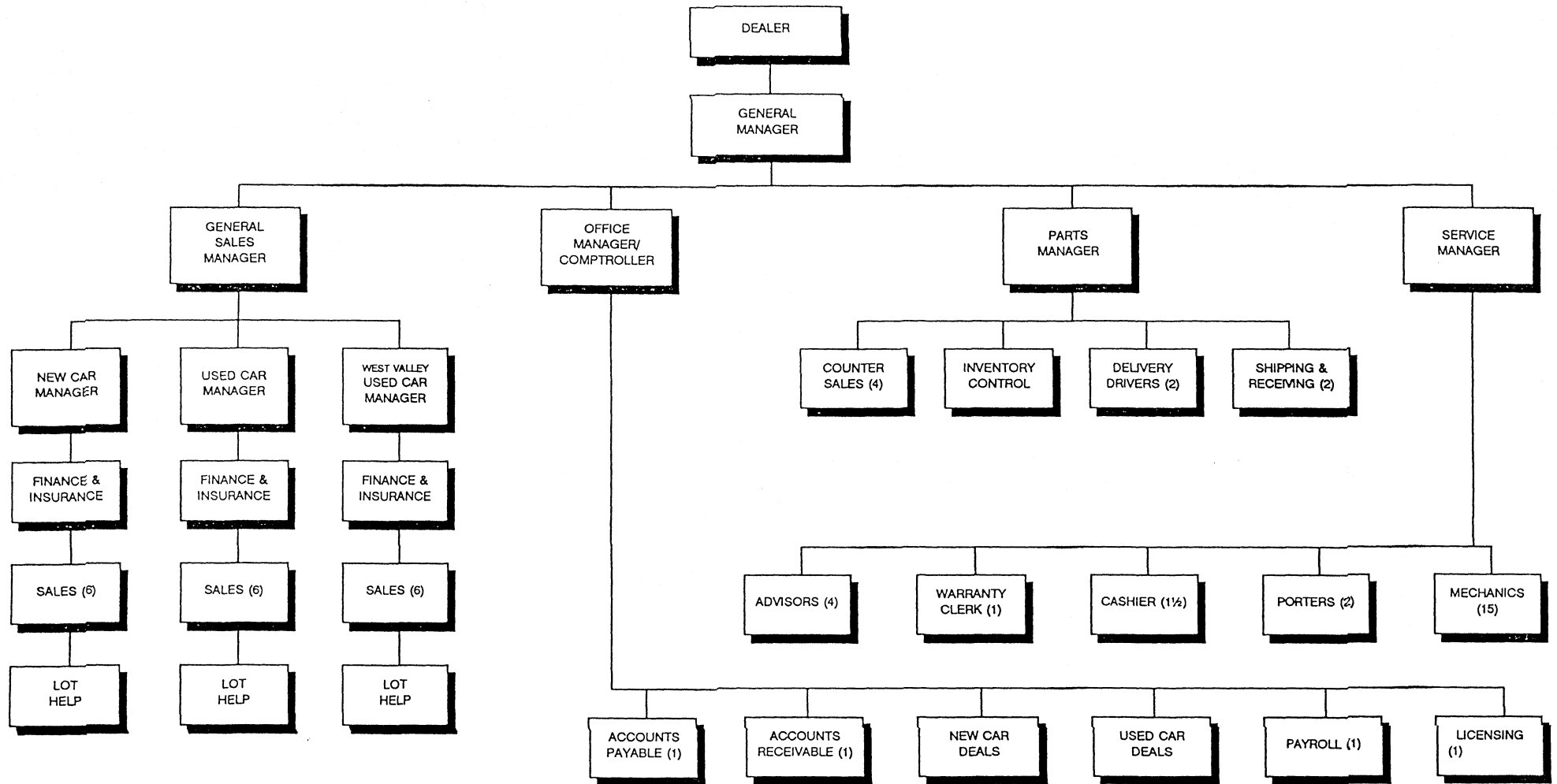
EXPECTED COMPENSATION PER CONTRACT					SUBSEQUENT COMPENSATION ENHANCEMENTS										Ryan/Lariat Warranty	
Period	Base Salary	Annual Bonus	Profit Sharing	Car Leases	Sports Mail	Hidden Valley	Health Insurance	Health Costs	Sports Mail	House Reimburse	Christmas Bonus	Jazz Tickets	Retirement Contributions	Universal Warranty	TOTAL	
Sep 92	\$ 8,000.00	\$ -	\$ -	\$ 979.96	\$ 50.00	\$ 235.00	\$ 311.67	\$ 7,734.26	\$ 137.50	\$ 631.58	\$ -	\$ 541.80	\$ 183.41	\$ 1,920.00	\$ 2,068.47	
Oct 92	8,000.00	-	-	979.96	50.00	235.00	311.67	250.00	137.50	631.58	-	541.80	183.41	1,590.00	2,053.98	
Nov 92	8,000.00	-	-	979.96	50.00	235.00	311.67	250.00	137.50	631.58	-	541.80	183.41	1,440.00	1,424.52	
Dec 92	8,000.00	-	-	979.96	50.00	235.00	311.67	250.00	137.50	315.79	500.00	541.80	187.10	900.00	1,081.89	
TOTAL	32,000.00	-	-	3,919.84	200.00	940.00	1,246.68	8,484.26	550.00	2,210.53	500.00	2,167.20	737.34	5,850.00	6,846.86	
Jan 93	8,000.00	-	-	1,009.36	50.00	235.00	311.67	357.56	137.50	-	-	541.80	170.78	960.00	1,214.55	
Feb 93	8,000.00	-	-	1,009.36	50.00	235.00	311.67	357.56	137.50	-	-	541.80	170.78	1,140.00	1,295.37	
Mar 93	8,000.00	-	-	1,009.36	50.00	235.00	311.67	357.56	137.50	-	-	541.80	170.78	1,500.00	2,039.49	
Apr 93	8,000.00	-	-	1,009.36	50.00	457.00	311.67	357.56	137.50	-	-	541.80	170.78	1,320.00	1,627.02	
May 93	8,000.00	-	-	1,009.36	50.00	457.00	311.67	357.56	137.50	-	-	541.80	170.78	1,800.00	2,163.78	
Jun 93	8,000.00	4,000.00	-	1,009.36	50.00	457.00	311.67	357.56	137.50	-	-	541.80	250.78	1,320.00	1,759.68	
Jul 93	8,000.00	-	-	1,009.36	50.00	457.00	311.67	357.56	137.50	-	-	567.60	170.78	1,950.00	2,532.78	
Aug 93	8,000.00	-	-	1,009.36	50.00	457.00	311.67	357.56	137.50	-	-	567.60	170.78	1,740.00	2,451.96	
Sep 93	8,000.00	-	-	1,009.36	50.00	457.00	311.67	357.57	137.50	-	-	567.60	170.78	1,890.00	2,310.93	
Oct 93	8,000.00	-	-	1,009.36	50.00	235.00	311.67	357.57	137.50	-	-	567.60	170.78	1,590.00	2,002.14	
Nov 93	8,000.00	-	-	1,009.36	50.00	235.00	311.67	357.57	137.50	-	-	567.60	170.78	1,290.00	1,589.67	
Dec 93	8,000.00	-	-	1,009.36	50.00	235.00	311.67	357.57	137.50	-	500.00	567.60	254.95	1,290.00	1,508.85	
TOTAL	96,000.00	4,000.00	3,708.63	12,112.32	600.00	4,152.00	3,740.04	4,290.76	1,850.00	-	500.00	6,656.40	2,213.55	17,790.00	22,486.22	
Jan 94	8,000.00	-	-	1,039.64	50.00	235.00	311.67	276.72	137.50	-	-	567.60	170.78	1,590.00	1,832.13	
Feb 94	8,000.00	-	-	1,039.64	50.00	235.00	311.67	276.72	137.50	-	-	567.60	170.78	1,590.00	1,935.81	
Mar 94	8,000.00	-	-	1,039.64	50.00	235.00	311.67	276.73	137.50	-	-	567.60	170.78	2,250.00	2,619.72	
Apr 94	8,000.00	-	-	1,039.64	50.00	457.00	311.67	276.73	137.50	-	-	567.60	170.78	2,010.00	2,590.92	
May 94	8,000.00	-	-	1,039.64	50.00	457.00	311.67	276.73	137.50	-	-	567.60	170.78	1,710.00	2,016.63	
Jun 94	8,000.00	4,000.00	-	1,039.64	50.00	457.00	311.67	276.73	137.50	-	-	567.60	250.78	1,710.00	2,016.63	
Jul 94	8,000.00	-	-	1,039.64	50.00	457.00	311.67	276.73	137.50	-	-	606.30	170.78	1,950.00	2,377.26	
Aug 94	8,000.00	-	-	1,039.64	50.00	457.00	311.67	276.73	137.50	-	-	606.30	170.78	2,040.00	2,694.42	
Sep 94	8,000.00	-	-	1,039.64	50.00	457.00	311.67	276.73	137.50	-	-	606.30	170.78	1,920.00	2,244.60	
Oct 94	8,000.00	-	-	1,039.64	50.00	235.00	311.67	276.73	137.50	-	-	606.30	170.78	1,740.00	2,097.45	
Nov 94	8,000.00	-	-	1,039.64	50.00	235.00	311.67	276.73	137.50	-	-	606.30	170.78	1,590.00	1,817.64	
Dec 94	8,000.00	-	-	1,039.64	50.00	235.00	311.67	276.73	137.50	-	500.00	606.30	1,358.38	1,200.00	1,376.19	
TOTAL	96,000.00	4,000.00	58,779.71	12,475.68	600.00	4,152.00	3,740.04	3,320.74	1,650.00	-	500.00	7,043.40	3,314.97	21,300.00	24,241.495	
Jan 95	8,000.00	-	-	1,070.83	50.00	235.00	311.67	117.22	137.50	-	-	606.30	170.78	1,860.00	2,060.10	
Feb 95	8,000.00	-	-	1,070.83	50.00	235.00	311.67	117.23	137.50	-	-	606.30	170.78	1,470.00	1,803.15	
Mar 95	8,000.00	-	-	1,070.83	50.00	235.00	311.67	117.23	137.50	-	-	606.30	170.78	1,880.00	2,230.11	
Apr 95	8,000.00	-	-	1,070.83	50.00	457.00	311.67	117.23	137.50	-	-	606.30	170.78	1,770.00	2,281.95	
May 95	8,000.00	4,000.00	45,463.69	1,070.83	50.00	457.00	311.67	117.23	137.50	-	-	606.30	1,160.06	2,280.00	2,619.72	
TOTAL	40,000.00	4,000.00	45,463.69	5,354.15	250.00	1,619.00	1,558.35	586.14	687.50	-	-	3,031.50	1,843.18	9,240.00	10,995.03	
Jan 96	8,000.00	-	-	1,070.83	50.00	235.00	311.67	117.22	137.50	-	-	606.30	170.78	1,860.00	2,060.10	
Feb 96	8,000.00	-	-	1,070.83	50.00	235.00	311.67	117.23	137.50	-	-	606.30	170.78	1,470.00	1,803.15	
Mar 96	8,000.00	-	-	1,070.83	50.00	235.00	311.67	117.23	137.50	-	-	606.30	170.78	1,880.00	2,230.11	
Apr 96	8,000.00	-	-	1,070.83	50.00	457.00	311.67	117.23	137.50	-	-	606.30	170.78	1,770.00	2,281.95	
May 96	8,000.00	4,000.00	45,463.69	1,070.83	50.00	457.00	311.67	117.23	137.50	-	-	606.30	1,160.06	2,280.00	2,619.72	
TOTAL	40,000.00	4,000.00	45,463.69	5,354.15	250.00	1,619.00	1,558.35	586.14	687.50	-	-	3,031.50	1,843.18	9,240.00	10,995.03	
Jan 97	8,000.00	-	-	1,070.83	50.00	235.00	311.67	117.22	137.50	-	-	606.30	170.78	1,860.00	2,060.10	
Feb 97	8,000.00	-	-	1,070.83	50.00	235.00	311.67	117.23	137.50	-	-	606.30	170.78	1,470.00	1,803.15	
Mar 97	8,000.00	-	-	1,070.83	50.00	235.00	311.67	117.23	137.50	-	-	606.30	170.78	1,880.00	2,230.11	
Apr 97	8,000.00	-	-	1,070.83	50.00	457.00	311.67	117.23	137.50	-	-	606.30	170.78	1,770.00	2,281.95	
May 97	8,000.00	4,000.00	45,463.69	1,070.83	50.00	457.00	311.67	117.23	137.50	-	-	606.30	1,160.06	2,280.00	2,619.72	
TOTAL	40,000.00	4,000.00	45,463.69	5,354.15	250.00	1,619.00	1,558.35	586.14	687.50	-	-	3,031.50	1,843.18	9,240.00	10,995.03	
Jan 98	8,000.00	-	-	1,070.83	50.00	235.00	311.67	117.22	137.50	-	-	606.30	170.78	1,860.00	2,060.10	
Feb 98	8,000.00	-	-	1,070.83	50.00	235.00	311.67	117.23	137.50	-	-	606.30	170.78	1,470.00	1,803.15	
Mar 98	8,000.00	-	-	1,070.83	50.00	235.00	311.67	117.23	137.50	-	-	606.30	170.78	1,880.00	2,230.11	
Apr 98	8,000.00	-	-	1,070.83	50.00	457.00	311.67	117.23	137.50	-	-	606.30	170.78	1,770.00	2,281.95	
May 98	8,000.00	4,000.00	45,463.69	1,070.83	50.00	457.00	311.67	117.23	137.50	-	-	606.30	1,160.06	2,280.00	2,619.72	
TOTAL	40,000.00	4,000.00	45,463.69	5,354.15	250.00	1,619.00	1,558.35	586.14	687.50	-	-	3,031.50	1,843.18	9,240.00	10,995.03	
Jan 99	8,000.00	-	-	1,070.83	50.00	235.00	311.67	117.22	137.50	-	-	606.30	170.78	1,860.00	2,060.10	
Feb 99	8,000.00	-	-	1,070.83	50.00	235.00	311.67	117.23	137.50	-	-	606.30	170.78	1,470.00	1,803.15	
Mar 99	8,000.00	-	-	1,070.83	50.00	235.00	311.67	117.23	137.50	-	-	606.30	170.78	1,880.00	2,230.11	
Apr 99	8,000.00	-	-	1,070.83	50.00	457.00	311.67	117.23	137.50	-	-	606.30	170.78	1,770.00	2,281.95	
May 99	8,000.00	4,000.00	45,463.69	1,070.83	50.00	457.00	311.67	117.23	137.50	-	-	606.30	1,160.06	2,280.00	2,619.72	
TOTAL	40,000.00	4,000.00	45,463.69	5,354.15	250.00	1,619.00	1,558.35	586.14	687.50	-	-	3,031.50	1,843.18	9,240.00	10,995.03	
Jan 00	8,000.00	-	-	1,070.83	50.00	235.00	311.67	117.22	137.50	-	-	606.30	170.78	1,860.00	2,060.10	
Feb 00	8,000.00	-	-	1,070.83	50.00	235.00	311.67	117.23	137.50	-	-	606.30	170.78	1,470.00	1,803.15	
Mar 00	8,000.00	-	-	1,070.83	50.00	235.00	311.67	117.23	137.50	-	-	606.30	170.78	1,880.00	2,230.11	
Apr 00	8,000.00	-	-	1,070.83	50.00	457.00	311.67	117.23	137.50	-	-	606.30	170.78	1,770.00	2,281.95	
May 00	8,000.00	4,000.00	45,463.69	1,070.83	50.00	457.00	311.67	117.23	137.50	-	-	606.30	1,160.06	2,280.00	2,619.72	
TOTAL	40,000.00	4,000.00	45,463.69	5,354.15	250.00	1,619.00	1,558.35	586.14	687.50	-	-	3,031.50	1,843.18	9,240.00	10,995.03	
Jan 01	8,000.00	-	-	1,070.83	50.00	235.00	311.67	117.22	137.50	-	-	606.30	170.78	1,860.00	2,060.10	
Feb 01	8,000.00	-	-	1,070.83	50.00	235.00	311.67	117.23	137.50	-	-	606.30	170.78	1,470.00	1,803.15	
Mar 01	8,000.00	-	-	1,070.83	50.00	235.00	311.67	117.23	137.50	-	-	606.30	170.78	1,880.00	2,230.11	
Apr 01	8,000.00	-	-	1,070.83	50.00	457.00	311.67	117.23	137.50	-	-	606.30	170.78	1,770.00	2,281.95	
May 01	8,000.00	4,000.00	45,463.69	1,070.83	50.00	457.00	311.67	117.23	137.50	-	-	606.30	1,160.06	2,280.00	2,619.72	
TOTAL	40,000.00	4,000.00	45,463.69	5,354.15	250.00	1,619.00	1,558.35	586.14	687.50	-	-	3,031.50	1,843.18	9,240.00	10,995.03</	

A

Exhibit 324

Exhibit 324: Management Chart

HERITAGE HONDA



PLAINTIFF'S
EXHIBIT

324

Exhibit 329, Tab 2

**Exhibit 329: Mark D. Schmitz & Associates
Valuation Report**

PLAINTIFF'S
EXHIBIT

329

Mark D. Schmitz & Associates

1502 16th Avenue East
Seattle Washington 98112
206-726-8803

1700 Three Kings Drive #173
P.O. Box 682830
Park City Utah 84068
801-649-1372

August 3, 1996

Revised 8/23

Mr. Michael N. Zundel
Jardine, Linebaugh & Dunn
Suite 400
370 East South Temple
Salt Lake City UT 84111-1290

Re: Kraatz v. Heritage Honda

Dear Mr. Zundel:

In my report of March 5, 1996 I noted "Heritage had a weak balance sheet that required cash and capital infusions partly as a result of expenses noted above." The expenses referred to were owner compensation, advertising and floor plan. This letter elaborates on these themes.

Throughout the period 1986-1992, Heritage was short of working capital (WC). As noted in accounting manuals I have authored, working capital is the "net amount of liquid assets necessary to carry out day-to-day operations." A low level of working capital handicaps operations. Manufacturers set a minimum requirement or guide for each dealership based on the volume of business and the demands that volume place on inventory, receivables, etc. Heritage Honda showed a requirement of \$1,453,000 their January 1992 financial statement but in May 1990 only reported \$942,000 - a \$500,000 deficit versus the Honda guide. The requirement before that date is not clear but it is likely very similar because Heritage's sales volume was not increasing and manufacturers change their standards slowly.

Dealers and managers generally prefer to have adequate working capital because operations run smoother and are generally more profitable. When they run short of WC they occasionally manipulate the financial statement to hide the deficiency and obfuscate the deleterious effects the shortage has on the dealership.¹ Such effects include the inability to pay accounts payable, take cash discounts, make capital improvements, purchase equipment and hold adequate used car inventory.

Lack of cash also has negative operational implications and exhibits financial weakness to creditors.²

¹Parts of Heritage's technique was book expense payments to prepaids, account 275 rather than to the appropriate expense account. For example, on 12/31/88 Helen Green reduced stated flooring (interest) expense, account 57A, by \$9,000 and credited the amount to prepaids, account 275. The stated reason was "to reduce flooring expense to amount forecast for December. Balance to be expensed on 13th statement." See Bates G3394.

²Heritage's accounting records show numerous instances of entries made to misrepresent its cash position. In the months before Tony Kraatz was hired, the entries exceeded \$300,000. See, for example, Bates 5566 reflecting fictitious debits to cash of \$320,000 on May 31, 1990 for "financial statement purposes."

Manufacturers and banks look askance at dealers who show negative cash, net worth and/or deficient working capital. In the case of Heritage, the negative reaction of Comerica in 1990 is illustrative.

The first chart "Working Capital vs. Honda Requirement" compares Heritage's stated working capital at year end from 1986 to 1992. Clearly, the dealership was always well short of Honda's requirement. Moreover, it was short before Tony Kraatz was hired.

Two obvious questions are how did the condition emerge and what could have been done to alleviate it. The lack of working capital precedes the period for which we have data but it is clear that 1) Heritage was not very profitable during the 1980's (retained earnings were only \$229,845 as of 12/31/86) and 2) owner compensation and withdrawals drained resources from the company. As shown on the second chart, the drain continued - and actually increased - as Honda car sales fell from their peak in 1986.

To prepare this chart I adjusted owner compensation as shown on the financial statements and Mr. Wilkinson's W-2's to reflect payments Heritage made on his behalf and personal obligations it accepted. A table details the adjustments which include :

\$33,333	per year to the FSLIC; 1990-1992
\$200,000	in losses from St. George; 1990
\$45,000	for personal taxes; 1992
\$50,000	in loans; 1992

It is clear that even though the dealership was being hurt by a soft and more competitive market for Hondas, Mr. Wilkinson continued to draw significant sums from the corporation. Moreover, his withdrawals continued even while Comerica was pressuring him to increase Heritage's capital and accusing Heritage of providing false information (see Hartman deposition exhibit 17, 72 & 76).

One conclusion is that the lack of WC would have made management of Heritage very challenging during 1990-1992. It is informative to contrast the WC level with that shown in 1994 when Larry Miller was in control. Aided by a \$590,000 infusion (or more properly, repayment) Mr. Wilkinson was compelled to make in December 1992, WC on 12/31/94 was \$2,366,401, well above the revised Honda guide of \$2,112,200. Had these funds and a portion of Mr. Wilkinson's stated compensation remained in the dealership during 1990-92, working capital would have been higher and profitability more likely.

I trust you will find this information useful.

Sincerely,

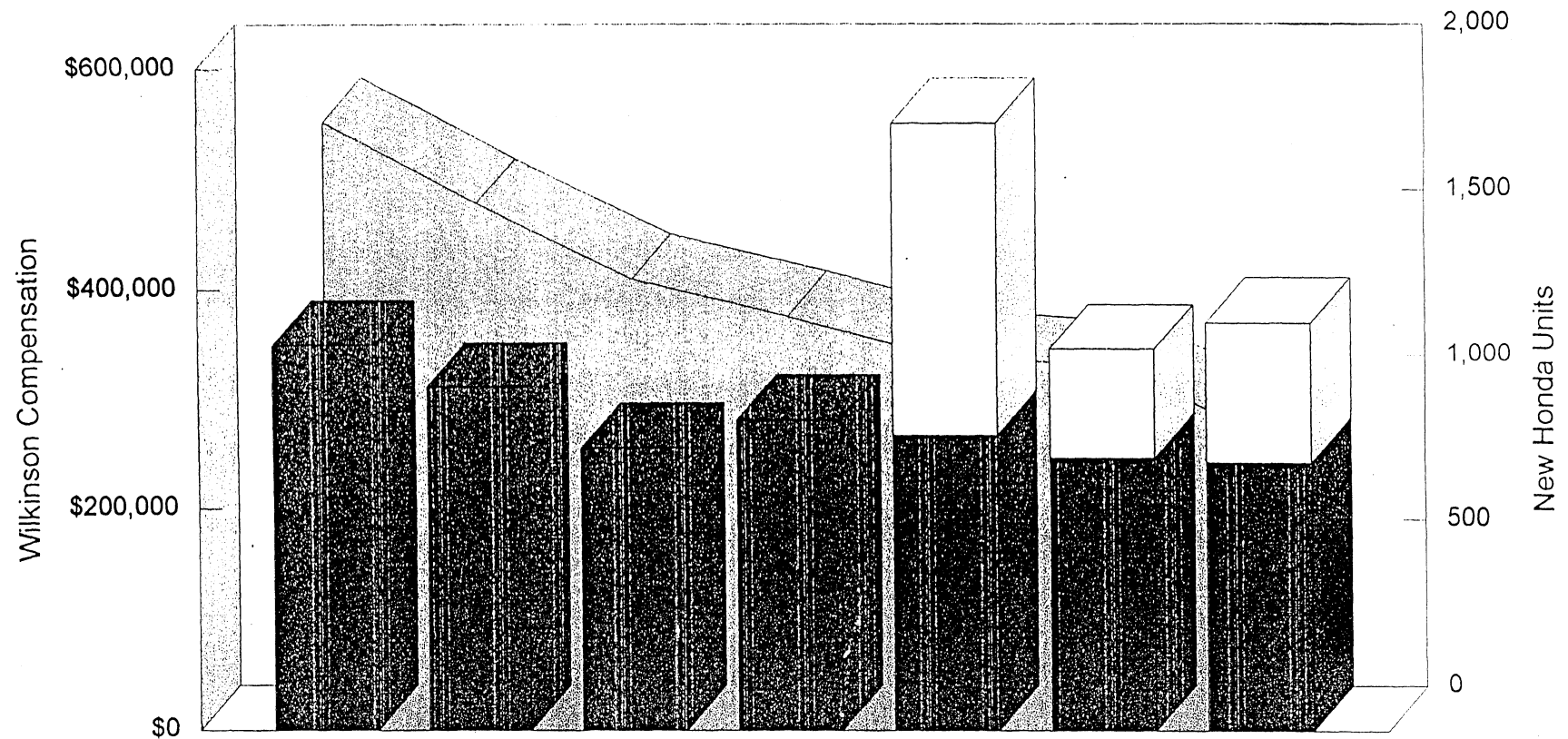


MARK D. SCHMITZ, Ph.D.

dks

attachments: New Honda Sales & Owner Compensation
Working Capital & Honda Requirement
Wilkinson Compensation at Heritage Honda
Bates documents G3394, 5566, 6270, 7781, 7782, 7666, 8487
Christian deposition exhibits 10, 17

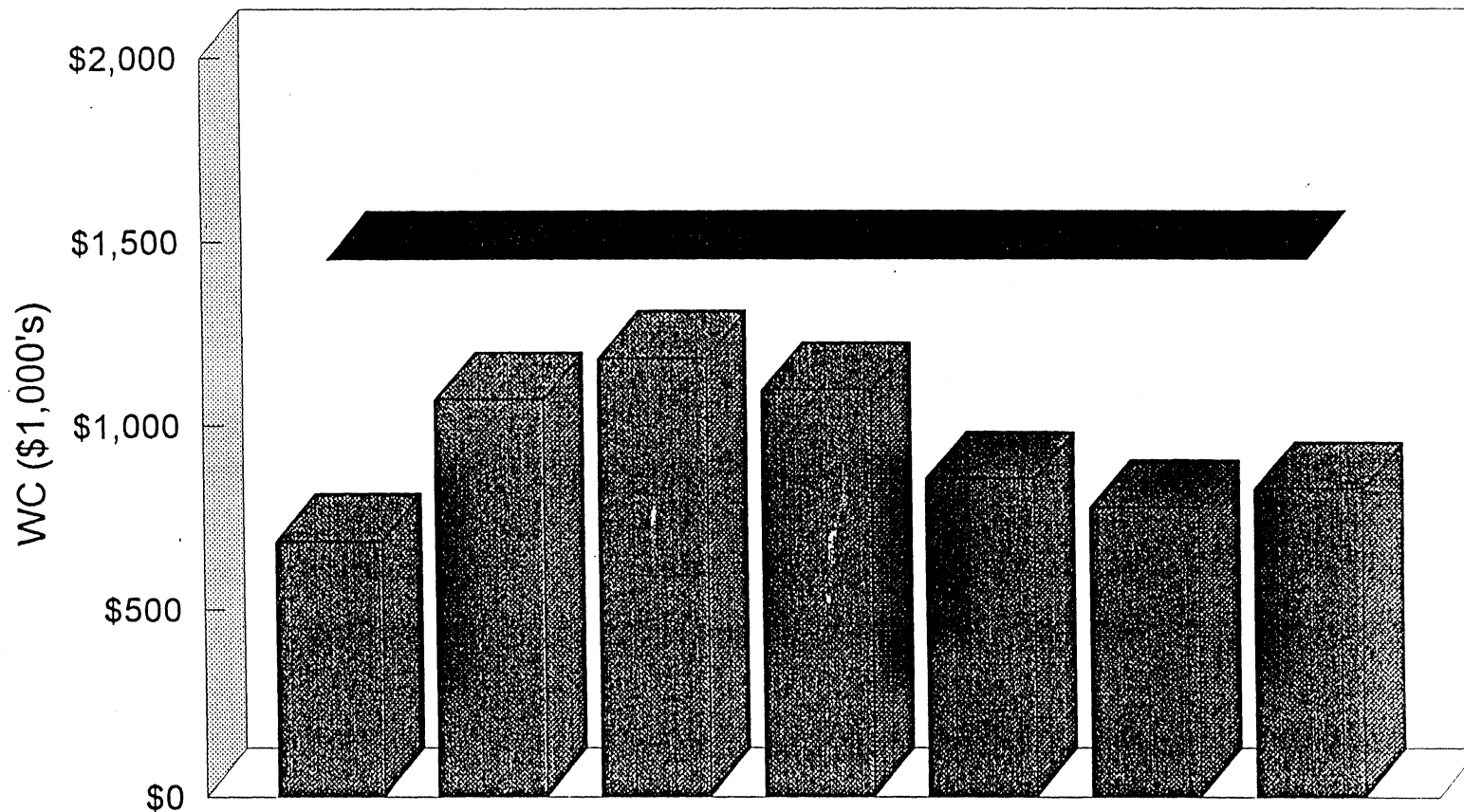
New Honda Sales & Owner Compensation Heritage Honda



	1986	1987	1988	1989	1990	1991	1992
■ W-2 Income	\$350,045	\$310,985	\$255,736	\$281,203	\$266,844	\$246,534	\$241,910
□ Additional	Unknown	Unknown	Unknown	Unknown	\$283,877	\$99,181	\$128,333
□ New Hondas	1,841	1,595	1,366	1,253	1,129	1,103	902

Source: See exhibit.

Working Capital vs. Honda Requirement



	1986	1987	1988	1989	1990	1991	1992
■ WC	\$683	\$1,073	\$1,186	\$1,101	\$854	\$774	\$826
■ Requirement	\$1,453	\$1,453	\$1,453	\$1,453	\$1,453	\$1,453	\$1,453

Source: Unadjusted December financial statements; requirement published 1/92.
 Note: Working Capital = Current Assets - Current Liabilities

**Wilkinson Compensation at Heritage Honda
W-2 Income and Additional Compensation**

	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>
Direct Compensation							
Shown of Financial Statement	350,045	250,296	255,736	216,000	243,240	195,125	193,260
W-2 Income - Revised (1)		310,985	249,376	281,203	266,844	246,534	241,910
Additional Compensation (2)							
Country Club Fees					3,500		
FSLIC Settlement					33,333	33,333	33,333
St. George Loan Assumed					200,000		
Boat Sales						7,000	
St. George Repossession						5,011	
Personal Expenses						3,037	
Insurance Premiums Paid					45,400		
Loan Default						50,800	
Personal Taxes Paid							45,000
Loans							50,000
Legal Fees					1,644		
Total Known Compensation (3)	350,045	310,985	255,736	281,203	550,721	345,715	370,243

Detail Not Available

(1) Source: Christian deposition exhibit

(2) Source; Heritage ledgers and journals; Christian 17

(3) Additional + Maximum of W-2 and Salary

VOUCHER
NO.☐ SOURCE BY
☐ SOURCE☐ SOURCE
☐ SOURCE

11162

THE ☒ MOTOR BAR MUST BE ACTIVATED EVEN IN THE ABSENCE OF A CONTROL NUMBER.

CONTROL NO.	KEY	ACC'T NO.	DEBIT AMOUNT	KEY	ACCOUNT NAME	CONTROL NO.	KEY	ACC'T NO.	CREDIT AMOUNT
11162	I	975	9000.00	+	Prepaid expenses		I		
	I			+	Flooring expenses		I	574	9000.00
	I			+			I		
11030	I	275	1300.00	+	Prepaid expenses		I		
	I			+	American Express		I	76A	501.69
	I			+			I	76C	220.45
	I			+			I	76D	816.86
	I			+			I	76F	251.54
	I	300F	414.00	+	Accounts Payable - Federated Insurance		I		
	I			+	New Orleans		I	809	451.52
TOTAL DEBITS						TOTAL CREDITS			

EXPLANATION

- ① To reduce flooring expenses to amount forecast for December. Balance to be expensed on 12th statement
- ② To correct distribution of expense of airline tickets for Maps school and NADA convention which will not be paid until in January 1989
- ③ To take into income our accrual of insurance expense due to Federated on policy expired 4-14-88

DATE

DEC 31 1988

PREPARED BY

J. L. H. H.

APPROVED BY

FORM CYM 183 (11-87)

THE METHOD OF AFFIDAVIT OF CREDIT

UNITED STATES

BY AFFIDAVIT OF CREDIT

G3354

GENERAL JOURNAL VOUCHER

☐ SOURCE 09 - SPECIAL
☐ SOURCE 80 - GENERAL
☐ SOURCE

☐ SOURCE 090-SPECIAL
☐ SOURCE 800-GENERAL
☐ SOURCE

VOUCHER NO.				THE MOTOR CAR MUST BE ACTIVATED EVEN IN THE ABSENCE OF A CONTROL NUMBER				CONTROL NO.	KEY	ACC'T NO.	CREDIT AMOUNT	KEY
V-498								33	I	205	101,946.61	-
W.D.								33	I	205A	120,047.74	-
								33	I	211	100,000.00	-
TOTAL DEBITS								TOTAL CREDITS				E
EXPLANATION To transfer contracts in transit and vehicle acct. receivable wholesales to cash in bank for financial statement purposes. <div style="text-align: right;">Raised 6/6/90 005566</div>												
DATE MAY 31 1990				PREPARED BY [Signature]				APPROVED BY [Signature]				

FORM RETURNED TO RETNOLBY CH. BOUND BRD

VOUCHER NO. <u>110849</u>				<input type="checkbox"/> SOURCE		<input type="checkbox"/> SOURCE				
THE MOTOR BAR MUST BE ACTIVATED EVEN IN THE ABSENCE OF A CONTROL NUMBER.										
CONTROL NO.	KEY	ACC'T NO.	DEBIT AMOUNT	KEY	ACCOUNT NAME	CONTROL NO.	KEY	ACC'T NO.	CREDIT AMOUNT	KEY
<u>1208P</u>	<u>I</u>	<u>310</u>	<u>7045</u>	<u>+</u>		<u>1305P</u>	<u>I</u>	<u>252</u>	<u>76.45</u>	<u>E</u>
<u>1434P</u>	<u>I</u>	<u>310</u>	<u>400</u>	<u>+</u>		<u>1434P</u>	<u>I</u>	<u>752</u>	<u>57.69</u>	<u>E</u>
	<u>I</u>	<u>041</u>	<u>1169</u>	<u>+</u>			<u>I</u>	<u>750</u>	<u>61.84</u>	<u>E</u>
<u>5417P</u>	<u>I</u>	<u>310</u>	<u>61.84</u>	<u>+</u>		<u>8417P</u>	<u>I</u>	<u>750</u>	<u>95.00</u>	<u>E</u>
	<u>I</u>	<u>041</u>	<u>95.00</u>	<u>+</u>		<u>3022P</u>	<u>I</u>			<u>E</u>
	<u>I</u>			<u>+</u>			<u>I</u>			<u>E</u>
	<u>I</u>			<u>+</u>			<u>I</u>			<u>E</u>
	<u>I</u>			<u>+</u>			<u>I</u>			<u>E</u>
	<u>I</u>			<u>+</u>			<u>I</u>			<u>E</u>
	<u>I</u>			<u>+</u>			<u>I</u>			<u>E</u>
	<u>I</u>			<u>+</u>			<u>I</u>			<u>E</u>
TOTAL DEBITS						TOTAL CREDITS				<u>8</u>

EXPLANATION _____

Pf16 EXHIBIT 127

FOR I.D. 1-24-91 PAGES _____

AMY SHEMON, NP, CSR, RPR

WITNESS Helen Green, Vol. II

006269

DATE NOV 30 1990 PREPARED BY [Signature] APPROVED BY _____

FORM CTM 153 (11-67)

VOUCHER NO. <u>1688</u>				<input type="checkbox"/> SOURCE 09-SPECIAL		<input type="checkbox"/> SOURCE 090-SPECIAL				
THE MOTOR BAR MUST BE ACTIVATED EVEN IN THE ABSENCE OF A CONTROL NUMBER.										
CONTROL NO.	KEY	ACC'T NO.	DEBIT AMOUNT	KEY	ACCOUNT NAME	CONTROL NO.	KEY	ACC'T NO.	CREDIT AMOUNT	KEY
	<u>I</u>	<u>297</u>	<u>200,000.00</u>	<u>+</u>	<u>Investigate - Other Operation</u>		<u>I</u>			<u>E</u>
	<u>I</u>			<u>+</u>	<u>Notes Payable - Long Term</u>		<u>I</u>	<u>353A</u>	<u>200,000.00</u>	<u>E</u>
	<u>I</u>			<u>+</u>			<u>I</u>			<u>E</u>
	<u>I</u>			<u>+</u>			<u>I</u>			<u>E</u>
	<u>I</u>			<u>+</u>			<u>I</u>			<u>E</u>
	<u>I</u>			<u>+</u>			<u>I</u>			<u>E</u>
	<u>I</u>			<u>+</u>			<u>I</u>			<u>E</u>
	<u>I</u>			<u>+</u>			<u>I</u>			<u>E</u>
	<u>I</u>			<u>+</u>			<u>I</u>			<u>E</u>
	<u>I</u>			<u>+</u>			<u>I</u>			<u>E</u>
TOTAL DEBITS						TOTAL CREDITS				<u>8</u>

EXPLANATION To record \$200,000.00 loan balance

This is balance of open line of credit used by Heritage Honda

St George

006270

DATE NOV 30 1990 PREPARED BY [Signature] APPROVED BY _____

FORM CTM 153 (11-67)

<input type="checkbox"/> SOURCE 09-SPECIAL	<input type="checkbox"/> SOURCE 090-SPECIAL
<input checked="" type="checkbox"/> SOURCE 80-GENERAL	<input type="checkbox"/> SOURCE 800-GENERAL
<input type="checkbox"/> SOURCE	<input type="checkbox"/> SOURCE

[illegible]

Ի՞նչ պատահեց ձեր հետքով գնացող մարդին:

பெயர்: _____

 by **JOHANNES C. MEYERHOFER**

<input type="checkbox"/> SOURCE 09-SPECIAL	<input type="checkbox"/> SOURCE 090-SPECIAL
<input checked="" type="checkbox"/> SOURCE 80-GENERAL	<input type="checkbox"/> SOURCE 800-GENERAL
<input type="checkbox"/> SOURCE	<input type="checkbox"/> SOURCE

[illegible]

1-2 4814-21.57 44-000000 00 (1,40 20-0

194

by STEPHENS & STEPHENS

Ry 248

GENERAL JOURNAL VOUCHER

- ☐ SOURCE 09-SPECIAL
☒ SOURCE 80-GENERAL
☐ SOURCE
- ☐ SOURCE 090-SPECIAL
☐ SOURCE 800-GENERAL
☐ SOURCE

VOUCHER NO.

THE ☒ MOTOR BAR MUST BE ACTIVATED EVEN IN THE ABSENCE OF A CONTROL NUMBER.

CONTROL NO.	KEY	ACC'T NO.	DEBIT AMOUNT	KEY	ACCOUNT NAME	CONTROL NO.	KEY	ACC'T NO.	CREDIT AMOUNT	KEY	
1354	1	235	500.00	+	Parts salaries & wages		1			-	
	1			+	Accrued payroll: Rich Carmichael		1			-	
	1			+	Shawn Conrad		1			-	
	1			+	Jo Farcade		1			-	
	1			+	Debbie Latham		1			-	
	1			+	Todd Miller		1			-	
	1			+	Paul Schuman		1			-	
	1			+	Supervisor compensation - Parts		1			-	
	1			+	Accrued payroll: Mike Desmond		1			-	
	1			+			1			-	
TOTAL DEBITS						TOTAL CREDITS					

EXPLANATION: To set up parts dept bonuses for December

007665

DATE: DEC 31 1989 PREPARED BY: [Signature] APPROVED BY: [Signature]

FORM CTM 133 (11-87)

GENERAL JOURNAL VOUCHER

- ☐ SOURCE 09-SPECIAL
☒ SOURCE 80-GENERAL
☐ SOURCE
- ☐ SOURCE 090-SPECIAL
☐ SOURCE 800-GENERAL
☐ SOURCE

VOUCHER NO.

THE ☒ MOTOR BAR MUST BE ACTIVATED EVEN IN THE ABSENCE OF A CONTROL NUMBER.

CONTROL NO.	KEY	ACC'T NO.	DEBIT AMOUNT	KEY	ACCOUNT NAME	CONTROL NO.	KEY	ACC'T NO.	CREDIT AMOUNT	KEY	
1352	1	235	500.00	+			1			-	
	1			+			1			-	
	1			+			1			-	
	1			+			1			-	
	1			+			1			-	
	1			+			1			-	
	1			+			1			-	
	1			+			1			-	
	1			+			1			-	
	1			+			1			-	
TOTAL DEBITS						TOTAL CREDITS					

EXPLANATION: To transfer contracts in transit to cash in bank for financial statement purposes.

007666 Reversed in January

DATE: DEC 31 1989 PREPARED BY: [Signature] APPROVED BY: [Signature]

FORM CTM 133 (11-87)

O. BRYAN WILKINSON
SUMMARY OF W-2 INCOME

02-Jul-96

	1993	1992	1991	1990	1989	1988	1987*
WAGES & BONUSES	65,783	185,221	177,167	221,591	229,643	244,189	300,116
OTHER BENEFITS:							
PERSONAL USE OF CARS		4,345	8,088	9,333	5,265		
MEDICAL BENEFITS						5,187	8,804
PERSONAL COUNTRY CLUB EXPENSE		6,938	8,375				
LIFE INSURANCE PREMIUMS PAID		45,406	45,416				
PERSONAL UTILITIES PAID			7,488				
HELEN SUIT'S USE OF CAR				2,517			
CAR GIVEN TANJA				19,205			
MISC EXPENSES FROM ACCOUNTS RECEIVABLE				9,565			
DISNEYLAND TRIP				4,633			
NEW ZEALAND TRIP							2,065
HAWAII TRIP					7,897		
MOVING EXPENSES					8,535		
DOUG HUNT					25,429		
PERSONAL LOAN FEES					4,434		
TOTAL W-2 WAGES	65,783	241,910	246,534	266,844	281,203	249,376	310,985

* OTHER BENEFITS WERE NOT INCLUDED IN THE W-2 IN 1987 BUT WERE REPORTED AS OTHER INCOME ON
BRY'S PERSONAL INCOME TAX RETURN.

Plf's EXHIBIT 10
FOR I.D. 8-6-96 - 1 PAGES
SUSAN WILCOX KINGSBURY, NP CSR, RPR
WITNESS Clark Christian

PLAINTIFF'S
EXHIBIT

LINE No	(1)	(2)	(3)	(4)
1	Part: Buy, Bill Entry, Day Entry, Hall Entry, Sec / Pl. Wilcox, Pl. Pomeroy, Jr.			
2	Slightly all at 9:00 A.M. or 9/10/91.			
3	Default and cash	60300		
4	Line entry and	(18400)		
5		41900		
6	211 Spt	7800		
7		49700		
8	211 Payroll			
9	Py 5000 toward legal			
10	given credit for help			
11				
12	Legal start - counsel	(3900)		
13		45800		
14	Plus 5000 legal	5000		
15		50800		
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27	P/F's	EXHIBIT	17	
28	FOR I.D.	8-6-96	3	PAGES
29	SUSAN WILCOX KINGSBURY, NP, CSR, RPR			
30	WITNESS	Clark Christian		
31				
32				
33				
34				
35				
36				
37				
38				
39				
40				

17-1

Stanga's demo	2699.98
Hawaii trip	7897.19
mailing	6544.94
Doug Hunt	25,429.04
moving expenses	1989.30
Key Bank loan	4434.09
	<u>51,559.13</u>

(17-2)

GT000050

789302

Additional W-2's for 1990

Tanja's car (gone her) 19205.31

Buy's accounts receivable 9565.80

Buy car - 100% 25% ~~5662.50~~ 1415.63

Tanja's car (demo) - 100% 7916.64

Udon Suite car (100%) 3516.67

Buy -
W. Disney 40,620.05
4,632.50

\$ 45,252.55

Tony Haatz 5000⁰⁰

Send Buys - Clark Christian

17-3

Deferred compensation	Void
<input type="checkbox"/>	<input type="checkbox"/>
IC payment	
Other compensation	
1.55	
ity wages	
Plans	
its incl. in Box 10	
Name of locality	
Revenue Service	

Deferred compensation	Void
<input type="checkbox"/>	<input type="checkbox"/>
IC payment	
Other compensation	
0.00	
ity wages	
Plans	
Benefits incl. in Box 10	

24 State income tax	25 State wages, tips, etc.	26 Name of state	27 Local income tax	28 Local wages, tips, etc.	29 Name of locality
0.00	5,000.00	UT			

Copy B To be filled with employee's FEDERAL tax return

Dept. of the Treasury—Internal Revenue Service

Form W-2 Wage and Tax Statement 1990

GT000051

This information is being furnished to the Internal Revenue Service.

76-2

REPORT OF AUTO DEALER FINANCIAL AUDIT

Dealer Heritage Honda Audit Date March 25, 1991 Auditor P. Hollan

EXCEPTION COMMENTS

<u>#</u>	<u>W/P REF</u>	<u>DESCRIPTION</u>		
1	W.A-1	Cash per the financial statements include enhancements adjusted to the following G/I accounts:		
			<u>2/28/91</u>	<u>1/31/91</u>
		Contracts in Transit	\$381,193	\$322,503
		Accounts Receivable - Vehicles	0	10,000
		Used Car Flooring	0	212,725
		Total Cash Adjustments	\$381,193	\$545,228
2	W.A-2	Februayr cash disbursements include seventeen payments to Heritage Honda or cash in the amount of \$8,423.		
3	W.B-3	Accounts Receivable - Parts & Service includes the following related party and past due receivables:		
		Bryan Wilkinson	\$ 2,872	
		Matt Wilkinson	2,047	
		To Collections	10,386	
		Total	\$15,305	

This accounts for 16.9% of the balance.

1691

Banner Life Insurance Company

1701 Research Boulevard, Rockville, Maryland 20850 (301) 279-4800

1-800-638-7069

May 30, 1990

Heritage Honda
4646 South State Street
Murray, Utah 84107
ATTN: Helen Green

RECEIVED
MAY 31 1990
HERITAGE
HONDA

RE: BILLING INFORMATION ON O. BRYAN WILKINSON & FAMILY

Dear Helen:

Per our conversation today, I am forwarding the billing information in writing to you so that you can keep your records up to date and accurate.

Please don't hesitate to call me if you have any questions or concerns in the future.

#564618	Lynlee Wilkinson	\$64.50
#564617	Wendy Gorringer	\$37.50
#564616	Matthew Wilkinson	\$76.50
#564615	Jeffrey Wilkinson	\$73.50
#568055	Jeff Gorringer	40.50

ALL OF BRYAN'S POLICIES ARE LISTED BELOW:

#564310	\$192.12
#564309	\$154.70
#564308	\$121.69
#564307	\$160.00
#564306	\$2479.17
#564305	\$495.83
#565707	\$495.00

4391.01
Done - I changed SE 25 to
reflect this corrected figure
& deleted SE 23

The total amount to be drafted on the 10th of each month is \$4350.51. In quoting you figures this morning I left off #565707. I have since added this number and the above amount is correct.

73-2

010278

Exhibit 329, Tab 3

PLAINTIFF'S
EXHIBIT

329

Mark D. Schmitz & Associates

1502 16th Avenue East
Seattle Washington 98112
206-726-8803

1700 Three Kings Drive #173
P.O. Box 682830
Park City Utah 84068
801-649-1372

August 12, 1996

Revised 8/20

Mr. Michael N. Zundel
Jardine, Linebaugh & Dunn
Suite 400
370 East South Temple
Salt Lake City UT 84111-1290

Dear Mike:

The enclosed charts and exhibits provide additional analysis of Heritage Honda's expenses.

The expense values are taken directly from Heritage's financial statements and may understate expenses that were booked to prepaid, Account 275.

The term "NADA Guide" refers to expense %'s published by the consulting arm of the National Automobile Dealers Association. The guides are specific to each manufacturer (Ford, GM, Honda, etc.) and represent what the most profitable dealerships were able to achieve. I used the guide published in 1990. Each expense is shown as a percentage of operation income - gross profit plus finance, insurance and service contract income.

NADA also publishes actual averages for dealerships that participate in their 20 Group program. A copy of the published numbers for 1991 and 1992 is attached. Note these are not Honda specific.

The first exhibit and chart focus on advertising. The point is that Heritage's advertising expense greatly exceeded that shown by the average dealer. On a per unit basis, Heritage was \$100 per unit higher in 1990 and 1991 and more than twice the average in 1992. On a % of sales basis, the gap is larger.

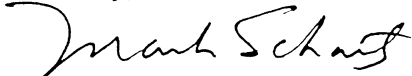
The last exhibit looks at August 1992 YTD expenses at Heritage versus the NADA guide published in 1993. Where the Heritage expense exceeds the guide by 0.5%, I calculated the implied excess in dollars. The major gaps are:

Advertising - New & Used	\$186,000
Compensation - Clerical/Other	\$66,000
Outside Services	58,000
Rent	103,000

Overall, Heritage spent virtually all of its operation income rather than retaining 20% in profit. If expenses had been at guide levels, the dealership would have had an operating profit exceeding \$700,000 for eight months.

I also made excess expense calculations for 1998-1991. Compared to earlier NADA guidelines, Heritage major average excesses were \$200,000 per year on advertising, \$200,000 on clerical and other personnel, \$125,000 on employee benefits and \$125,000 on rent.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark Schmitz", with a stylized, cursive script.

Mark D. Schmitz

dks

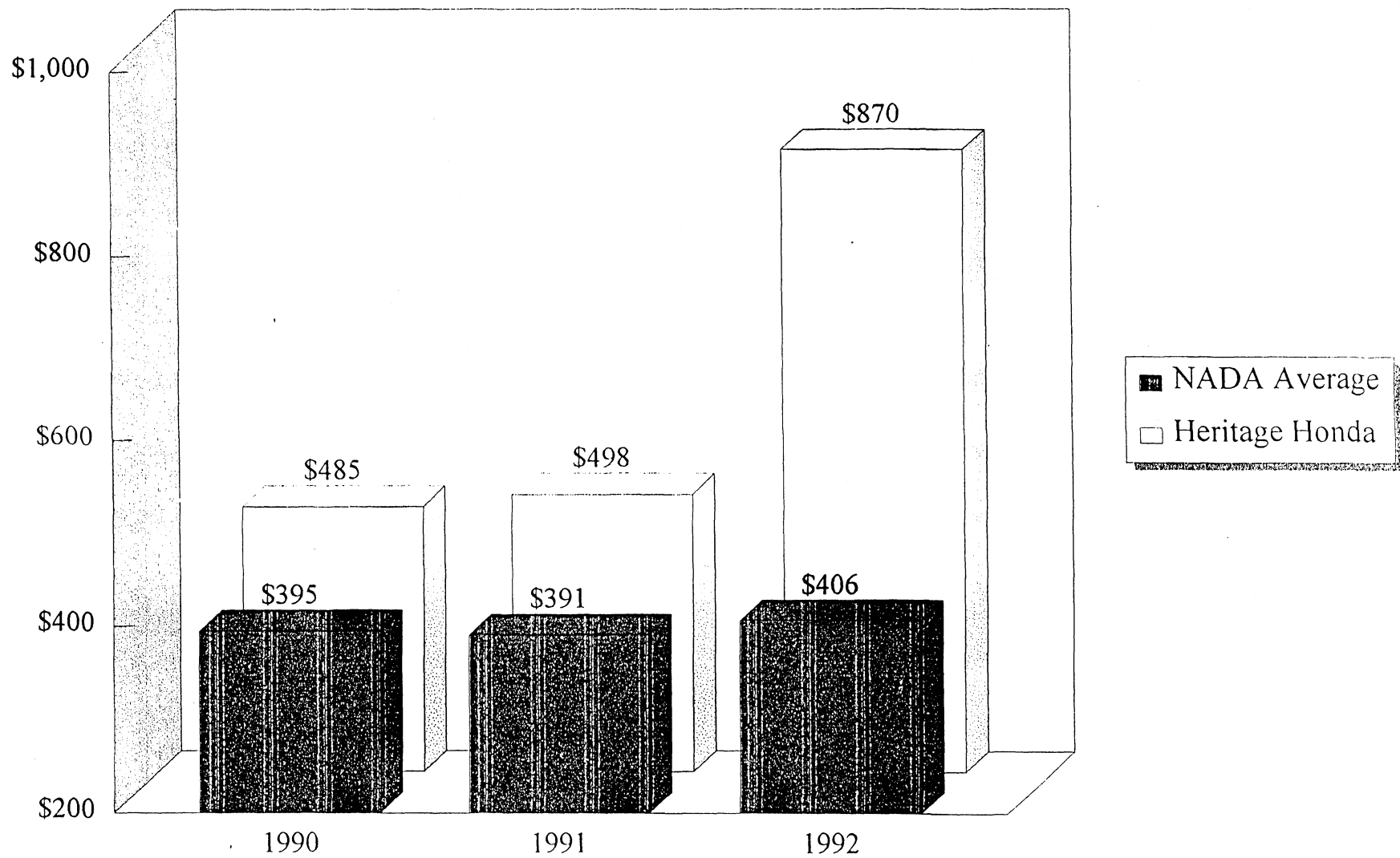
attachments: Advertising Expense at Heritage Honda; Advertising Expense Per New Unit Sold;
Heritage Honda Expense Analysis

Advertising Expense at Heritage Honda

	<u>1990</u>	<u>1991</u>	<u>1992</u>
<u>Heritage Expenses</u>			
Advertising - Association	NA	NA	\$151,150
Advertising - New & Used	\$486,362	\$497,485	\$560,551
<u>Advertising</u>	<u>\$60,648</u>	<u>\$51,303</u>	<u>\$73,207</u>
Total Advertising	\$547,010	\$548,788	\$784,908
 Sales	 \$27,183,868	 \$28,879,281	 \$32,149,908
 New Hondas	 1,129	 1,103	 902
Advertising/Sales	2.01%	1.90%	2.44%
Advertising/Unit	\$485	\$498	\$870
 <u>NADA Averages</u>			
Advertising/Sales	1.21%	1.18%	1.16%
Advertising/Unit	\$395	\$391	\$406
 <u>Excess Expense</u>			
Based on Per Unit	\$101,055	\$117,515	\$418,696
Based on % of Sales	\$218,085	\$208,012	\$411,969

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Stricken
by the
Court
Following page not
Stricken*

Advertising Expense Per New Unit Sold



Source: NADA, Heritage financial statements

Heritage Honda Expense Analysis
August 1992 YTD

	Year-to-Date August 1992	Expense % of Oper. Income	NADA Guide	Excess \$ vs. Guide
1 NET SALES	\$22,605,799			
2 TOTAL OPERATION INCOME	\$3,602,577			
3 EXPENSES				
4 Compensation - Salespeople	\$475,919	13.21%	13.50% --	
5 Delivery Expense	\$44,108	1.22%	0.70%	\$18,890
6 Policy Expense - New & Used	\$2,891	0.08%	0.50% --	
7 Demo Expense	\$371	0.01%	0.30% --	
8 Used Vehicle Expense	\$0	0.00%	--	
9 <u>Advertising - New & Used</u>	<u>\$473,986</u>	<u>13.16%</u>	<u>8.00%</u>	<u>\$185,780</u>
10 TOTAL VARIABLE	\$997,275	27.68%	23.00%	
11 Compensation Owners	\$130,760	3.63%	3.00%	\$22,683
12 Compensation - Supervisors	\$451,405	12.53%	11.00%	\$55,122
13 Compensation - Clerical	\$114,098	3.17%	2.60%	\$20,431
14 Salaries & Wages-Other	\$297,444	8.26%	7.00%	\$45,264
15 Absentee Wages	\$26,699	0.74%	0.50% --	
16 Taxes-Payroll	\$144,047	4.00%	4.50% --	
17 Employee Benefits	\$146,853	4.08%	1.80%	\$82,007
18 <u>Pension Fund</u>	<u>\$23,961</u>	<u>0.67%</u>	<u>0.60%</u> =	
19 PERSONNEL EXPENSE	\$1,335,267	37.06%	31.00%	
20 Company Vehicle Expense	\$12,331	0.34%	0.50% --	
21 Floor Plan Interest	\$149,354	4.15%	4.00% --	
22 Office Supplies & Stationery	\$27,154	0.75%	0.60% --	
23 Other Supplies	\$37,428	1.04%	0.70% --	
24 Advertising	\$54,088	1.50%	1.25% --	
25 Contributions	\$925	0.03%	0.10% --	
26 Policy Work-Fixed Depts.	\$26,624	0.74%	0.50% --	
27 Outside Services	\$112,268	3.12%	1.50%	\$58,229
28 Laundry & Uniforms	\$9,786	0.27%	0.25% --	
29 Travel & Entertainment	\$61,354	1.70%	0.40%	\$46,944
30 Memberships, Dues, & Publications	\$7,373	0.20%	0.20% --	
31 Legal & Auditing Expense	\$49,599	1.38%	0.40%	\$35,189
32 Freight & Express	\$20,574	0.57%	0.50% --	
33 Telephone	\$39,011	1.08%	0.90% --	
34 Postage	\$0	0.00%	w/ freight --	
35 Training	\$11,831	0.33%	0.60% --	
36 EDP Services	\$30,210	0.84%	1.00% --	
37 <u>Miscellaneous</u>	<u>\$27</u>	<u>0.00%</u>	<u>0.60%</u> =	
38 TOTAL SEMI-FIXED	\$649,937	18.04%	14.00%	
39 Rent	\$336,932	9.35%	6.50%	\$102,764
40 Amortization Leaseholds	\$3,940	0.11%	--	
41 Repairs-Real Estate	\$16,455	0.46%	3.00%	
42 Taxes-Real Estate	\$34,036	0.94%	Total	
43 Insurance-Bldgs. & Improvements	\$2,400	0.07%	--	
44 Utilities	\$54,779	1.52%	=	
45 SUB-TOTAL Rent & Equivalent	\$448,542	12.45%	10.00%	
46 Insurance -Other	\$42,104	1.17%		
47 Taxes-Other	\$8,343	0.23%	2.50%	
48 Depreciation- Other	\$72,305	2.01%	Total	
49 <u>Equipment Rental</u>	<u>\$20,283</u>	<u>0.56%</u>		
50 TOTAL FIXED	\$591,577	16.42%	12.00%	
51 TOTAL FIXED OVERHEAD	\$2,576,781	71.53%	57.00%	
52 TOTAL EXPENSES	\$3,574,056	99.21%	80.00%	\$691,994
53 OPERATING PROFIT OR LOSS	\$28,521	If expenses at guide>>>		\$720,515

Excess \$ Calculation: (Actual % - Guide %)*Actual Operation Income

Exhibit 333

Exhibit 333: Correction of Jensen Exhibit 1



Correction of Jensen Exhibit 1

	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>
New Honda Car Sales	20,622,198	19,020,248	17,608,021	16,684,538	15,238,915	15,119,575	13,491,702	14,178,349	15,382,529	17,599,655
# of Units	1,841	1,595	1,366	1,253	1,128	1,103	902	897	903	1,000
GP Per Unit	1,263	1,410	1,444	1,277	1,120	950	1,312	1,066	1,119	1,151
Total GP	2,324,915	2,248,839	1,972,902	1,600,260	1,263,809	1,047,554	1,183,591	955,796	1,010,094	1,151,043
Used Car Sales	5,506,831	6,637,417	7,095,461	8,163,537	8,387,582	9,895,780	14,538,909	14,701,870	23,269,734	23,396,306
# of Units - Retail	1,309	1,353	1,273	1,335	1,387	1,525	2,300	1,265	1,688	1,773
							Corrected>>	2,075	2,763	2,413
GP Per Unit	\$507	\$630	\$690	\$726	\$642	\$533	\$576	\$1,011	\$1,032	\$1,208
							Corrected>>	\$616	\$630	\$888
Total GP	663,182	852,116	878,783	968,842	890,029	813,255	1,325,904	1,278,423	1,741,795	2,141,822
Parts Sales	1,613,528	1,744,549	2,081,365	2,376,102	2,372,084	2,489,686	2,571,387	2,909,370	3,076,513	3,073,653
Parts GP	493,758	642,387	780,912	839,346	804,206	831,199	843,865	916,569	974,010	969,198
Service Sales	794,393	834,213	983,816	1,118,191	1,167,234	1,374,240	1,547,910	1,998,287	2,285,337	2,218,254
Service GP	482,749	548,260	640,760	745,313	779,490	937,623	962,197	1,173,736	1,324,663	1,335,180
Variable Expense	1,731,027	1,653,016	1,590,773	1,555,325	1,303,845	1,365,941	1,537,633	1,630,153	2,053,364	1,944,960
Fixed Expenses	2,811,394	3,044,985	3,272,270	3,374,350	3,330,095	3,331,569	3,763,543	3,553,724	3,919,665	4,256,220
Total Expenses	4,542,421	4,698,001	4,863,043	4,929,675	4,633,940	4,697,510	5,301,176	5,183,877	5,973,029	6,201,180
Expenses Per Car	1,442	1,594	1,843	1,905	1,843	1,787	1,656	2,398	2,305	2,236
							Corrected>>	1,744	1,629	1,817
Net Income	113,331	185,343	52,136	(43,010)	(295,515)	5,169	(124,980)	(32,569)	323,002	942,071

Exhibit 501

**Exhibit 501: Letter from Tony Kraatz to Dan Hartmann
dated December 18, 1990**



HERITAGE HONDA
4646 South State Street
Vancouver, Utah 84117
Telephone (801) 262-1131

HONDA

December 18, 1990

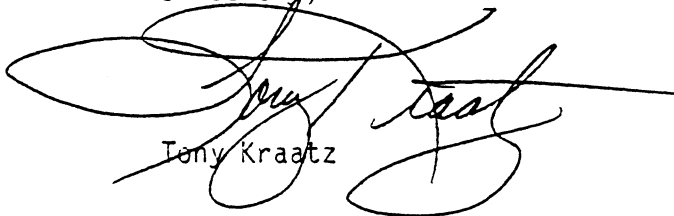
Mr. Dan Hartmann
Comerica
One Denver Place
999 18th Street Suite #1110
Denver, Colorado 80202

Dear Dan,

I have talked to Key Bank regarding our flooring. It is our feeling at this time for the sake of our retail financing support from Key Bank and potential income generated by that retail support that we switch our flooring line to Key Bank. This letter is to authorize you to to accept from Key Bank monies due on new vehicles floored. Please release any liens that you may have on our new and used vehicle inventory so that they are able to perfect their interest in these vehicles.

Thanks for you help and cooperation in this change.

Sincerely,



Tony Kraatz

TK:lw

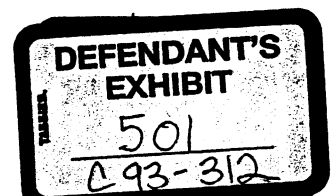


Exhibit 504

**Exhibit 504: Letter from Daniel J. Hartmann to
O. Bryan Wilkinson dated January 11, 1991**

Comerica Colorado, Inc.
One Denver Place
999 18th Street, Suite 1110
Denver, Colorado 80202

Daniel J. Hartmann
Corporate Banking Officer
Dealer Commercial Services

Comerica Colorado, Inc.

RECEIVED
JAN 17 1991
HERITAGE

January 11, 1991

Mr. O. Bryan Wilkinson
Heritage Honda
4646 South State
Murray, UT 84107

Dear Mr. Wilkinson:

Comerica Bank and Heritage Honda have enjoyed a mutually beneficial relationship over the past several years. On very competitive terms we have provided financing for Heritage Honda, Heritage Honda-St. George and Goodworks Partnership. Through those loans we assisted you in resolving issues with Jody and the Acura store and provided capital for the start-up of the St. George store.

You now wish to move your new car floor plan to Key Bank to enhance your retail paper relationship with Key Bank. Comerica's Dealer Commercial Services Department is in business to provide new car financing to quality new car dealers such as yourself and we therefore consider the new car floor plan the most important financing we provide. In addition, our aggressive terms on the Goodworks Partnership mortgage of 80% loan to value and 20 year amortization was predicated on maintaining the floor plan financing and cross collateralization of all loans. We hope you will reconsider your decision and continue your new car floor plan relationship with Comerica.

We have reviewed your request to subordinate our liens on Heritage Honda's assets at our first Loan Committee level. We are not prepared to subordinate our first security interest on new and used vehicles and proceeds to Key Bank.

However, regarding the Goodworks mortgage we would consider, subject to final Loan Committee approval, releasing our liens on Heritage Honda's assets supporting its guarantee of the Goodworks mortgage subject to the following requirements:

1. Payoff of principal and interest of all loans to Heritage Honda.

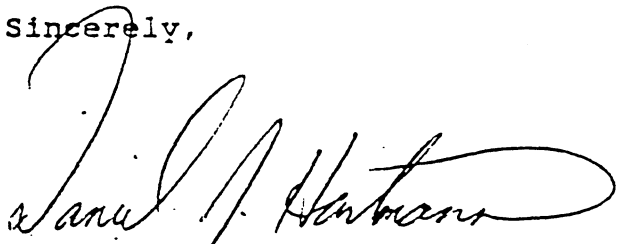


2. Title search performed indicating no liens beyond our first deed of trust on the Honda facility owned by Goodworks Partnership.
3. Modify Heritage Honda's guarantee agreement to include covenants satisfactory to the Bank.
4. A paydown on our mortgage to Goodworks to \$2,789,500 resulting in a 70% loan to appraised value (based on the 1988 appraisal of \$3,985,000). The Bank may require an appraisal update performed by an MAI approved by the Bank with the final value subject to review by the Bank. The Bank would then require a pay down to the lesser of \$2,789,500 or 70% of the new appraisal.
5. Copies of Goodworks tax returns for the past 3 years and copies of the mortgage documents with Key Bank and First Security for the loans made to Goodworks Partnership.
6. The reasonable cost of any appraisal update required and legal costs for documentation modifications will be paid by Heritage Honda and or Goodworks Partnership.

If these terms are not satisfactory and you are intent on moving the floor plan, then we are requesting to paid out of all loans to Heritage Honda and Goodworks Partnership.

If you have any questions regarding our position please call me.

Sincerely,

A handwritten signature in dark ink, appearing to read "Daniel J. Hartmann", with a large, stylized initial "D" and "H".

DANIEL J. HARTMANN
Corporate Banking Officer