

Unanimous Texas Jury Awards \$136 Million Against Mercedes-Benz for Actual and Punitive Damages in Fraud Case brought by Dealer

Carduco, Inc. d/b/a Cardenas Metroplex v. Mercedes-Benz USA, LLC et al.; Cause No. 2011-DCL-3754; In the 445th Judicial District Court of Cameron County, Texas

On Friday, February 15, 2013, after a two-week jury trial, a unanimous jury awarded a Texas Mercedes-Benz dealer more than \$136 million in actual and punitive damages after finding that Mercedes-Benz USA and its representatives defrauded Carduco, Inc. d/b/a Cardenas Metroplex into a \$7 million purchase of a Mercedes-Benz dealership that the owner, Renato Cardenas, Sr., intended to relocate to McAllen, Texas.

Pete Marketos, a founding partner and trial lawyer with Dallas-based trial firm Reese Gordon Marketos LLP, represented Cardenas Metroplex throughout the lawsuit and at trial.

“Integrity is still at the heart of good business in America,” Marketos said. “When corporate arrogance and disdain cause a company like Mercedes-Benz to discard our most sacred values, they should be forced to answer to the most powerful institution of them all—twelve good citizens of the community.”

Renato Cardenas, Sr., a lifelong resident of the Valley and a car dealer for more than 40 years, is the sole owner of Cardenas Metroplex. Cardenas alleged in the suit that Mercedes-Benz USA made outright misrepresentations and further deceived and misled Cardenas into believing that, after his \$7 million purchase of a dealership in Harlingen, Texas, he would relocate the dealership to McAllen, Texas—where the most affluent citizens in the Rio Grande Valley reside—and build a new “Autohaus” facility and showroom.

But shortly after Cardenas closed on his agreement to buy the Harlingen dealership, Mercedes-Benz told Cardenas for the first time that he could not relocate to McAllen because a new dealership in San Juan, Texas had already been awarded to another dealer. As a result, Cardenas alleged, not only was he denied his request to relocate to McAllen, but his dealership was forced to stay in Harlingen while facing crushing competition from a new dealership with a new facility in the best location in the Valley—Mercedes Benz of San Juan.

“All I asked for—and all I have ever asked for—is honesty from my business partner, Mercedes-Benz,” Cardenas said. “Instead, they lied to me, again and again, and they hid important information from me. I am thankful that the members of the jury saw through the lies and delivered justice.”

Cardenas filed his lawsuit in June 2011, alleging that, while Mercedes-Benz was misleading Cardenas into buying the Harlingen dealership between 2008 and 2009—including soliciting facility plans and traveling to visit proposed sites for Cardenas’s dealership in McAllen—former Mercedes-Benz CEO Ernst Lieb, who himself was ousted by parent Daimler in 2011 for ethical violations, had other plans. Cardenas claimed that Lieb had decided from the very beginning to award a new dealership in the McAllen area to Ron Heller of Heller Motors, a Mercedes-Benz dealer in Boerne, Texas who had a prior relationship with Lieb. In fact, Cardenas alleged, long before Cardenas closed on his purchase of the Harlingen dealership for \$7 million, Mercedes-Benz had already signed a binding contract to award the new dealership point to Heller—a contract that Mercedes-Benz concealed from Cardenas.

Judge Federico Hinojosa, appointed to preside over the trial in the 445th Judicial District Court in Cameron County, Texas, instructed the jury that Mercedes-Benz had destroyed, lost, or failed to preserve relevant e-mails that should have been produced as evidence in the case. A unanimous jury found for Cardenas on all counts, awarding more than \$21 million in actual damages for fraud and misrepresentation and further finding, beyond a reasonable doubt, that Mercedes-Benz had caused Cardenas to execute a document through deception—a felony crime under the Texas Penal Code. The jury awarded \$100 million in punitive damages against Mercedes-Benz,

\$10 million in punitive damages against its Chicago-based Regional Franchise Manager, and \$2.5 million in punitive damages against each of two Mercedes-Benz field representatives.

RGM trial attorney Leslie Chaggaris, who tried the case from start to finish with Pete Marketos, was especially pleased with the opportunity to speak for Mr. Cardenas—an 82-year-old Korean War veteran who immigrated to the United States from Mexico more than 70 years ago. “There is no greater fulfillment for a trial lawyer than having the opportunity to give someone a voice,” Chaggaris said. “I am so grateful that Mr. Cardenas, who has done so much for so many, trusted us to tell his story before the greatest equalizer that our country has—a jury.”