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**Yamaha Corporation USA Punished With \$2.1 Million Jury Award**  
***Jury finds motorsports giant intentionally damaged Paso Robles franchisee***

Paso Robles – A local jury has found Yamaha Corporation U.S.A. liable for fraudulent and malicious treatment of Powerhouse Motorsports, a former Paso Robles business. The trial in the California Superior Court for the County of San Luis Obispo resulted in an August 9th judgment against Yamaha. The jury found that Yamaha acted in violation of state law by interfering with Powerhouse's attempt to sell its dealership, and that it did so maliciously, fraudulently and oppressively, entitling Powerhouse to an award of punitive damages.

The judgment orders Yamaha to pay a total of over \$2,100,000 for compensatory and punitive damages, interest, and attorney fees and costs.

The claim against Yamaha began in the summer of 2008. Powerhouse Motorsports was then the California Central Coast's largest motorcycle and ATV dealership, carrying product lines including Yamaha, Polaris, Suzuki and KTM. Powerhouse, a franchisee of Yamaha, struggled financially in 2008 and in June of that year made the decision to close the dealership's doors. While the business had ceased operations, the company retained value in inventory, lease and goodwill, and was able to immediately strike a deal with MDK Motorsports to take over the dealership.

Evidence presented at trial proved conclusively that while Yamaha indicated it would support the sale and help its franchisee make the transition, the motorsport giant in fact worked behind the scenes to stop the sale. The very day Yamaha pledged to support Powerhouse Motorsports' sale effort, Yamaha initiated a swift action to terminate its franchise with Powerhouse. Yamaha refused calls from the franchisee and ten days later caused the sale to be cancelled.

As a result, Powerhouse Motorsports failed, leaving behind an empty facility and former employees whose opportunity to be retained by the new company had been lost. The former

Powerhouse facility remains vacant, and no Yamaha dealership has opened to replace Powerhouse. Yamaha owners must now travel out of the area for service and warranty work.

Yamaha's United States dealership network began in the late-1950's and grew rapidly over the years. Yamaha came to Paso Robles in the mid 1960's and operated without a gap in service for the 40+ years that ended with Powerhouse's exit in 2008. Yamaha's national dealer network has been on a significant decline since 2007.

Yamaha controls its dealerships through franchise agreements. Numerous California laws protect dealers against a manufacturer's misuse of its franchise agreements, and it was abuse of these laws that led to the jury decision. The jury supported Powerhouse Motorsports' contentions that Yamaha's actions were deliberate and intentional. California law allows juries to award punitive damages when there has been an intentional violation of the law that rises to the level of being malicious, fraudulent or oppressive. Punitive awards are used to punish wrongdoers and to force change.

Powerhouse was represented by Dennis D. Law and Collette A. Hillier of longtime Central Coast business law firm Andre, Morris & Buttery. Law, who manages the firm's Paso Robles office, said that his team was very pleased with the jury's award and especially gratified that Powerhouse had been vindicated. A Powerhouse spokesperson said that one of the company's primary goals in bringing the action was to send a message that Yamaha must abide by the law and cannot mistreat its franchise dealers. The jury sent a \$2.1 million message to Yamaha in support of those principles.

Andre, Morris & Buttery has its roots in San Luis Obispo, where the firm was founded 62 years ago. Today the Central Coast's largest law firm has offices in Paso Robles, Santa Maria and San Luis Obispo. Additional information about Andre, Morris & Buttery is available online at [www.amblaw.com](http://www.amblaw.com).

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