

Auto agency in receivership; RV dealer leaves city in anger

By LANE WALLACE
STAFF WRITER

A Watsonville auto dealership has been placed in receivership over a \$2.5 million lawsuit and a recreational-vehicle dealer has closed his Freedom Boulevard location, citing lack of cooperation from the city.

Dave Hart Nissan, at 1488 Freedom Boulevard, was placed in receivership today after Pacific Western Bank filed a suit charging the company and its owners with defaulting on four loans totaling \$2,547,000.

A half-block away, Dan Gamel RV closed its doors Monday and is consolidating with the Scotts Valley dealership it opened in November. Owner Dan Gamel said he was doing good business in Watsonville, but closed because the city blocked his efforts to expand.

A receiver was taking over at Dave Hart Nissan this morning. Under a receivership, the court allows the bank to take control of the business and its assets. A hearing is set for March 21 in Santa Cruz Superior Court for the company to show cause why the

receivership should not be continued.

The dealership is "in imminent danger of insolvency," the suit said.

The suit charges the dealership with falsifying financial statements and diverting some of the loaned funds for personal use.

Named in the suit are Dave Hart, his wife, Lola Mae, and partners Omar and Rachel Grijalva, of Castroville.

The suit said the bank entered into a "flooring agreement" with the dealership last October, which provided financing for cars. Instead of holding money from the sale of vehicles in trust, the suit said, the owners diverted \$681,000 "for unauthorized non-corporate purposes."

There are unsecured claims, the suit said, of \$1,160,000 against the Harts and \$950,000 against the Grijalvas.

The suit said there are assets at the dealership, mainly cars, worth about \$1.1 million.

Pacific Western Bank was denied access to corporate records

two weeks ago, the suit said.

The flooring agreement debt is \$1.27 million, half the total debt of \$2,547,000, the suit said. There is also a \$1,238 overdraft of a checking account in which the dealership is accused of "playing the float" by writing one check against another.

The other loans are for \$620,000, \$400,000, and \$257,000.

Hart was in a meeting at the dealership this morning and could not be reached for comment.

Gamel, speaking from his Fresno headquarters, said he closed the Watsonville location because of continual harassment from city officials.

"All I got from the city is talk," said Gamel, charging that city officials blocked his efforts to expand the dealership. "Why should I continue to fight?" he said.

Gamel said he leased county property behind his dealership at 1442 Freedom Boulevard to park RVs, but was prevented by the city from annexing the property.

Gamel said he leased two lots near the dealership on Freedom Boulevard, "but the city kicked me

off" on grounds that he wasn't complying with zoning laws.

"Watsonville is my home town," said Gamel, who graduated from Watsonville High School in 1967. The Watsonville dealership, he said, "was working. I would have stayed if it hadn't been for the problems with city officials."

"When I bought that dealership five years ago, it was doing \$1.5 million to \$2 million a year in sales. I brought it up to \$11 million."

Gamel said he acquired the Scotts Valley site in November with the intention of closing in Watsonville. Scotts Valley city officials gave him a warm welcome, he said. "I'm going to make money and the city of Watsonville is going to lose tax revenue," Gamel said.

Gamel said he is putting the Watsonville property up for sale. It could be used for another dealership or another commercial venture, he said.

Gamel, who has RV dealerships in Fresno, Bakersfield, Modesto and Scotts Valley, said he has gross sales of \$70 million and is the largest RV dealer in the U.S.

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