

Newsday

June 9, 2009

Court puts brakes on Chrysler sale

BY JAMES VICINI
AND POORNIMA GUPTA
Reuters

The sale of bankrupt automaker Chrysler Llc to Italian carmaker Fiat SpA was temporarily blocked by U.S. Supreme Court Justice Ruth Bader Ginsburg yesterday, with no indication how long the delay would last.

In a one-sentence order, Ginsburg said the bankruptcy judge's orders allowing the sale "are stayed pending further order" by her or by the Supreme Court.

Ginsburg acted right before a 4 p.m. deadline from a U.S. appeals court in Manhattan. The end of the appeals court order would have allowed Chrysler to proceed with its Obama administration-backed sale to Fiat, a union-aligned trust and the U.S. and Canadian governments.

Both Chrysler and the Obama administration have said a long delay could kill the deal and end up with Chrysler's liquidation. Fiat can walk away from the deal if it does not close by June 15.

However, Fiat chief executive Sergio Marchionne said yesterday Fiat SpA will "never"

In limbo

STALLED SALE. U.S. Supreme Court Justice Ruth Bader Ginsburg could decide on her own whether to end the delay, or she could ask the full court to decide. It is unclear when she or the court will act.

STALLED CARS. Production at Chrysler's manufacturing plants remains halted pending the closing of the sale. — AP

walk away from its deal with Chrysler. "We should just be patient and let the system work," Marchionne said in a telephone interview following Ginsburg's order.

The Chrysler case could set a precedent for General Motors Corp., which is using a similar quick-sale strategy in its bankruptcy in Manhattan.

Jerry Reisman, a lawyer in Manhattan said, "Unless Chrysler is allowed to reorganize and sell its assets to Fiat, GM will certainly face the same type of opposition from objecting creditors which will



Chrysler and Dodge vehicles sit on the lot at Tamiami Chrysler Jeep Dodge dealership in Florida, slated to close yesterday.

doom GM's reorganization."

Chrysler had no immediate reaction to the high court delay. "Pending further information from the court, we have no comment at this time," a spokesman said.

The Treasury Department, which oversees the administration's autos task force, also had no immediate comment.

Indiana pension funds and consumer groups had asked the Supreme Court over the weekend to stop the sale of Chrysler so they could challenge the deal.

Ginsburg's order could be de-

signed to give the high court more time to decide whether to intervene in the dispute, according to Sheryl Toby, a bankruptcy attorney in Michigan.

The Obama administration, earlier yesterday, urged the Supreme Court to allow the sale, saying that blocking the deal would have "grave consequences." Solicitor General Elena Kagan of the U.S. Justice Department, the administration's lawyer before the high court, said in a written argument that blocking the sale could force Chrysler's liquidation.

— With Bloomberg News