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TROPHY UNIVERSAL CITY GROUP, LLC
7 AND TROPHY WEST COVINA MOTOR
GROUP, LLC

8
9 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
10 **COUNTY OF LOS ANGELES, CENTRAL DISTRICT**

11 TROPHY UNIVERSAL CITY GROUP, LLC;
12 and TROPHY WEST COVINA MOTOR
GROUP, LLC,
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14 Plaintiffs,
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16 v.
17 NISSAN NORTH AMERICA, INC.; and
DOES 1 through 100, inclusive,
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CASE NO.
COMPLAINT FOR:
(1) BREACH OF CONTRACT; and
(2) BREACH OF THE IMPLIED
COVENANT OF GOOD FAITH AND
FAIR DEALING
DEMAND FOR JURY TRIAL

1 Plaintiffs, Trophy Universal City Group, LLC and Trophy West Covina Motor Group LLC
2 (collectively, “Plaintiffs”) allege in their Complaint against Defendant Nissan North America, Inc.
3 (“NNA”) as follows:

4 **INTRODUCTION**

5 1. This action is based on NNA’s nefarious scheme to suffocate the vehicle inventory
6 of and ultimately squeeze out one of its most loyal and successful franchised dealers for illegal and
7 improper reasons.

8 2. Nasser Watar (“Watar”) is a global entrepreneur with over thirty years of
9 experience in the automotive industry. He is the founder, CEO and Chairman of Trophy
10 Automotive Dealer Group (the “Trophy Group”). Since its founding over a decade ago, the
11 Trophy Group has grown to operate numerous successful Southern California automobile
12 dealerships, including Mercedes-Benz and Kia brands. The Trophy Group’s dealerships are
13 among the top-selling dealerships in the country for their respective brands.

14 3. In addition to his business in the United States, Watar has played a key role in the
15 distribution of Nissan vehicles internationally, specifically in the Middle East. From 2008 to
16 2019, Watar served as Vice Chairman and CEO of Nissan Gulf Company, which was a joint
17 venture between: (1) Nissan Motor Co., Ltd. (“Nissan Japan”), NNA’s parent company¹; and (2)
18 Al-Dahana Group (“Al-Dahana”). During Al-Dahana’s joint venture with Nissan Japan, Watar
19 was President & CEO of Al-Dahana, as well as Nissan Gulf. Nissan Gulf was the exclusive
20 partner with Nissan distributors for Nissan and Infiniti vehicles in several Gulf countries and acted
21 as headquarters for the Nissan brand in the Saudi Arabian, United Arab Emirati, Bahraini and
22 Kuwaiti markets. Under Watar’s leadership, Nissan Gulf increased the sale and distribution of
23 Nissan vehicles throughout the region, significantly expanding Nissan’s presence in the region.

24 4. In 2017, aware of his success operating dealerships for other automotive brands in
25 the United States, NNA approached Watar and asked him to purchase multiple struggling Nissan
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27 _____
28 ¹ NNA and Nissan Japan are collectively referred to as “Nissan,” but where the distinction
between them is relevant, Plaintiffs will identify each.

1 dealerships in the Los Angeles market that were owned by the Sage Automotive Group. Watar
2 agreed to purchase only two: Universal City Nissan and West Covina Nissan. Watar did not own
3 any Nissan dealerships in the United States at the time. Historically, both of these Nissan
4 dealerships had been highly successful. Universal City Nissan in particular was one of the most
5 iconic and high-volume Nissan dealerships in the world. Located in the heart of Los Angeles
6 adjacent to the 101 freeway, Universal City Nissan often ranked among the top-selling Nissan
7 dealerships in the world. Indeed, it had previously been the highest-volume Nissan dealership in
8 the United States for several years.

9 5. By 2017, however, when NNA asked Watar to purchase these two struggling
10 Nissan dealerships, Universal City Nissan and West Covina Nissan were no longer the successful
11 dealerships they once were. After the passing of Sage Automotive's founder, Morris Schrage, the
12 two dealerships precipitously declined, becoming the subject of numerous consumer complaints,
13 legal disputes and governmental investigations. By 2017, Universal City Nissan and West Covina
14 Nissan were in severe financial distress, and NNA wanted to replace Sage Automotive with new
15 owners. In fact, NNA had initiated litigation against the Sage Automotive dealerships, including
16 Universal City and West Covina Nissan, for warranty fraud, which eventually led to an
17 approximately \$100 million verdict in NNA's favor in Tennessee.

18 6. Nissan wanted new blood to operate the dealerships and was looking for a dealer
19 who could not only take over the dealerships from Sage Automotive, but also had the knowledge
20 and experience to turn them around and restore them to profitability. Aware of Watar's extensive
21 background and expertise in the automotive industry, and his successful track record with Nissan
22 Japan in the Gulf region, and in the U.S. with his Mercedes dealership, NNA pleaded with Watar
23 to take over and purchase the struggling businesses.

24 7. Watar obliged. The Trophy Group acquired both Universal City Nissan and West
25 Covina Nissan from Sage Automotive in September 2017. The Trophy Group paid \$31.5 million
26 in goodwill to acquire these two Nissan dealerships from Sage Automotive, approximately \$16.4
27 million for Universal City Nissan and \$15.1 million for West Covina Nissan. Goodwill value,
28 also known as "blue sky" in the auto industry, is the intangible value of the dealership over and

1 above the tangible book value of the hard assets. It is an amount above and beyond the tangible
2 assets based on the value of owning the right to sell a particular manufacturer's new vehicles in a
3 particular location. Because Los Angeles is a high-volume market with a large population,
4 dealerships here tend to have a high blue-sky value.

5 8. The transition of ownership went well for the Trophy Group at first. With NNA's
6 support, Watar began to turn around the poor reputation and struggling performance of the two
7 dealerships. Indeed, after just three months, Universal City Nissan ranked as the number 7 Nissan
8 dealer in the nation and went on to win the Nissan Global Award for business year 2018-19.

9 9. In November 2018, in one of the most high-profile corporate controversies in
10 recent history, Carlos Ghosn, former chairman and CEO of Nissan Japan, NNA's parent company,
11 was arrested in Japan on allegations of underreporting his income and engaging in other financial
12 misconduct. Following Ghosn's arrest, it was revealed that one of Ghosn's alleged crimes
13 implicated Kahled Al-Juffali, the majority owner of Watar's company in the Middle East, Al-
14 Dahana. Mr. Al-Juffali had reportedly assisted Ghosn with a personal financial issue in the wake
15 of the 2008 financial crisis, and Al-Dahana had allegedly received \$14.7 million in improper
16 payments from Nissan Japan.

17 10. Reeling from the severe damage caused by the Ghosn scandal, the global Nissan
18 enterprise sought to rid itself of any ties to the disgraced executive and those implicated in his
19 alleged misconduct. In short, Nissan Japan wanted to clean house around the world. Mr. Al-
20 Juffali and Watar were on the list of persona non grata for Nissan Japan and its subsidiaries.
21 Despite the fact that Mr. Al-Juffali was never charged with any crime, and none of the allegations
22 against him were ever substantiated, his perceived association with Ghosn led Nissan Japan to
23 unilaterally terminate the Nissan Gulf distribution partnership with Al-Dahana. In response, Al-
24 Dahana filed suit in Dubai against Nissan Japan, its affiliated entities in the Middle East, and
25 specific individuals, including Jay Cook, who at that time was a board member, Vice President
26 and Regional Chief Financial Officer for Nissan Japan's subsidiaries in the Middle East. On
27 September 29, 2021, Al-Dahana obtained an approximately \$354 million dollar judgment against
28 Nissan Japan, which Nissan Japan appealed. Watar was a critical witness in the Dubai litigation

1 against NNA's parent company.

2 11. As a result of the litigation and judgment in Dubai, Nissan's view of Watar and the
3 Trophy Group in the United States changed. Angered by Watar's actions in Dubai, Nissan Japan
4 and NNA secretly undertook a campaign of retaliation against the Trophy Group. NNA's aim was
5 to force Watar, the principal owner of Universal City and West Covina Nissan, out of Nissan and
6 NNA's franchise system because of the role he played in the Dubai litigation. Watar and his U.S.
7 company, the Trophy Group, were no longer welcome in the Nissan family. This dynamic became
8 even more pronounced in July 2020, when Nissan moved Jay Cook, who had been sued in the
9 Dubai litigation, to the United States, where he was installed as the Vice President of Finance
10 North America overseeing NNA, Nissan Mexico and Nissan Canada.

11 12. To carry out its retaliatory scheme, NNA began systematically under allocating
12 vehicles to Universal City Nissan and West Covina Nissan. Vehicle allocation is the lifeblood of a
13 dealership, impacting both financial performance and customer satisfaction. Dealers cannot sell
14 what they do not have. Without a sufficient inventory of new vehicles from the manufacturer, a
15 dealership will struggle to meet customer demand, leading to lost sales opportunities and reduced
16 revenues. Indeed, many customers check a dealership's inventory online in advance, and if the
17 dealership does not have the vehicle they are looking for, the dealer will never get a chance to
18 make that sale and earn that customer.

19 13. Further, customers who buy at a certain dealership are likely to trade-in a vehicle
20 and are more likely to go to that dealership for vehicle servicing and their next purchase,
21 becoming repeat customers and giving the dealership additional opportunities to make money.
22 Because vehicle allocation is based in part on a dealership's prior sales, consistent under-
23 allocation by the manufacturer, here NNA, becomes a vicious and debilitating cycle for the
24 dealership: fewer vehicles means fewer sales; reduced sales leads to smaller future allocations;
25 smaller allocations makes growing sales virtually impossible; and the cycle continues.

26 14. NNA, like all automobile manufacturers, has substantial leverage over its
27 franchised dealerships regarding new vehicle allocation. Indeed, NNA is the exclusive distributor
28 of new Nissans to all of its more than 1,000 dealerships in the U.S. and thus unilaterally controls

1 the flow of new vehicles to all of those dealerships. Without a sufficient allocation of new
2 vehicles from NNA, a franchised dealership does not have an even playing field and cannot
3 compete with its neighboring dealerships. There are many competing Nissan dealerships within a
4 20-mile radius of Universal City Nissan and West Covina Nissan. Thus, they operate in a very
5 competitive market for new Nissan vehicle sales.

6 15. For years, in connection with the Dubai litigation and judgment, NNA under-
7 allocated vehicles to Universal City Nissan and West Covina Nissan, while simultaneously
8 providing nearby competing dealerships with greater allocations of new vehicles. This under-
9 allocation occurred both in the number and type of vehicles that NNA allocated to the Trophy
10 Group, meaning that not only did NNA give the Trophy Group fewer vehicles but, on information
11 and belief, it also allocated Trophy Group fewer of the highly desirable, faster-selling models and
12 trim levels than its competitors. NNA's pattern of mistreating Plaintiffs in vehicle allocation
13 significantly impaired their performance and viability. As sales dropped, Watar and his
14 management team repeatedly pleaded with NNA to provide additional vehicle inventory. NNA
15 refused, claiming that the Trophy Group was solely to blame for its losses.

16 16. The Trophy Group continued to pour money and resources into Universal City
17 Nissan and West Covina Nissan in an effort to save the dealerships and believing that NNA would
18 start treating it fairly, but NNA continued to starve them of inventory. During NNA's deliberate
19 under-allocation of vehicles from early 2021 through late 2024, the dealerships lost millions.
20 Watar kept pouring money into—and operating—the dealerships in the hope that NNA would do
21 the right thing. In reality, however, NNA had no intention of providing Plaintiffs with the vehicles
22 they needed to compete in the competitive Los Angeles market. NNA wanted the Trophy Group
23 and Watar out. With losses continuing to mount, the Trophy Group was forced to close West
24 Covina Nissan in August 2022, recouping \$0 of its initial \$15 million purchase price just five
25 years earlier, in addition to incurring millions of losses in operating the dealership.

26 17. After being forced to shut down West Covina Nissan, Watar focused on trying to
27 salvage Universal City Nissan. But NNA continued to suffocate that dealership's inventory.
28 Universal City Nissan consistently had the lowest new vehicle inventory of all dealerships in its

1 market area. Without enough new vehicles from NNA, Universal City Nissan could not be
2 competitive and continued to lose substantial money each month. Watar and his staff begged
3 NNA for more vehicles, but NNA refused, forcing Watar to shut down Universal City Nissan in
4 November 2024 and lose his entire \$16 million initial investment, as well as incurring millions of
5 losses in operating the dealership.

6 18. NNA’s targeted campaign to harm Watar by destroying the value of Universal City
7 Nissan and West Covina Nissan succeeded. As a result of NNA’s egregious conduct, Plaintiffs
8 have suffered millions of dollars in damages and were forced to terminate almost 200 of their
9 California employees that were employed at these dealerships.

10 PARTIES & JURISDICTION

11 19. Plaintiff Trophy Universal City Group, LLC, dba Universal City Nissan, is a
12 California limited liability company, with its principal place of business in Los Angeles County,
13 California. This entity was the owner of—and dealer of record for—Universal City Nissan.

14 20. Plaintiff Trophy West Covina Motor Group, LLC, dba West Covina Nissan, is a
15 California limited liability company, with its principal place of business in Los Angeles County,
16 California. This entity was the owner of—and dealer of record for—West Covina Nissan.

17 21. Defendant Nissan North America, Inc. (“NNA”) is a Tennessee corporation with its
18 principal place of business in Franklin, Tennessee.

19 22. Venue is proper in this court because the wrongdoing alleged herein occurred, in
20 part, in Los Angeles County and because Plaintiffs’ principal place of business is located in Los
21 Angeles County.

22 23. Personal jurisdiction is proper in this court because NNA transacts a substantial
23 amount of business within the jurisdiction and has committed the misconduct within the
24 jurisdiction, thereby establishing sufficient minimum contacts to satisfy due process requirements.

25 24. Plaintiffs are presently unaware of the true or exact names and capacities, whether
26 individual, corporate, partnership, associate, or otherwise, of Defendants Does 1 through 10,
27 inclusive (“Does”), and therefore sue such defendants by said fictitious names, and will
28 seasonably amend this complaint to allege their true names and capacities after they have been

1 ascertained. Plaintiffs are informed and believe and on that basis allege herein that Does, and each
2 of them, are responsible or liable in some manner for all or some of the injuries, damages, and/or
3 liabilities that have been suffered, or may possibly be suffered in the future, by Plaintiffs, as
4 alleged more particularity hereinbelow. Plaintiffs are further informed and believe and on that
5 basis allege herein that Does, and each of them, were or are the agents, employees, fiduciaries,
6 representatives, shareholders, parents, subsidiaries, partners, successors-in-interest, or co-venturers
7 of one another or of one or more of the named defendants, and with respect to the actions and/or
8 omissions alleged hereinbelow, were acting for the purpose of and within the course, scope, or
9 authority of any such agency, employment, fiduciary, shareholder, parent, subsidiary, partnership,
10 successor-in-interest, and/or co-venturer relationship.

11 **FACTUAL ALLEGATIONS**

12 **A. Nasser Watar And Trophy Automotive Dealer Group**

13 25. Nasser Watar is a self-made businessman with over 40 years of auto industry
14 experience. He is the founder, Chairman, and CEO of the Trophy Automotive Dealer Group.

15 26. In addition to owning and operating the Trophy Group in the U.S., Watar is a top
16 executive at Al-Dahana, which is majority owned by Khaled Al-Juffali. Al-Dahana is an
17 automotive retailer and distributor based in Dubai, specializing in the distribution and sale of
18 vehicles and parts across the Middle East and North Africa.

19 27. In October 2008, Al-Dahana entered into a joint venture with Nissan Japan to form
20 Nissan Gulf, which became the exclusive distributor of Nissan vehicles to its dealers in multiple
21 countries throughout the region, including Saudi Arabia, Kuwait, U.A.E. and Bahrain. Watar
22 served as the Vice Chairman and CEO of Nissan Gulf, and under his leadership, Nissan Gulf
23 greatly expanded the distribution and sale of Nissan vehicles throughout the Middle East.
24 Specifically, Nissan became the second highest-selling vehicle brand in the region, while Nissan's
25 luxury vehicle division Infiniti emerged as the number-one selling vehicle brand in multiple
26 Middle Eastern markets.

27 28. The Trophy Group is a family-owned leading operator of automobile dealerships in
28 Southern California, founded in 2014 with the acquisition of Mercedes-Benz of Encino, which it

1 still owns and operates today. Under the leadership of Watar, the company expanded to acquire
2 four additional stores in Southern California, including Kia of Downtown Los Angeles, Mercedes-
3 Benz of Valencia, Universal City Nissan and West Covina Nissan. Trophy Group continued to
4 grow with the acquisition of Kia of Carson in late 2018.

5 29. Under Watar's guidance and expertise, the Trophy Group, with the exception of the
6 Nissan dealerships, operates some of the most successful dealerships in the country for their
7 respective brands, serving tens of thousands of customers each year.

8 30. For example, Kia of Carson and Kia of Downtown are ranked respectively as the
9 first and second top dealerships by new cars sold in 2019 and 2020 and the third and fourth
10 highest new vehicle volume Kia dealerships in the country in 2021 and 2022. Mercedes-Benz of
11 Encino and Mercedes-Benz of Valencia are ranked as the twenty-sixth and forty-ninth highest new
12 vehicle Mercedes volume dealerships in the country.

13 31. In stark contrast to the success of its Kia and Mercedes dealerships, Trophy Group
14 incurred millions in losses at Universal City and West Covina Nissan because of NNA's
15 mistreatment. The failure and ultimate demise of these dealerships was the result of NNA's
16 deliberate scheme to harm Plaintiffs.

17 **B. The Trophy Group Acquires Two Nissan Dealerships At Nissan's Request**

18 32. Universal City Nissan and West Covina Nissan have historically been two of the
19 most prominent Nissan dealerships in Southern California. Both are located in prime locations
20 just off major freeways in the Los Angeles area. Universal City Nissan in particular is an iconic
21 Southern California store with a long history of being a top-performing worldwide Nissan
22 dealership.

23 33. These dealerships were previously owned by Sage Automotive, which under the
24 direction of its founder, Morris Schrage, ran a group of successful automobile dealerships.

25 34. Things went south for Sage Automotive after Morris Schrage passed away in 2011
26 and left the business to his three sons. After years of problems, by 2017, Sage Automotive was in
27 severe financial distress and under receivership. Sage Automotive needed to sell the dealerships.

28 35. NNA wanted a new owner to restore these dealerships to their prior glory and

1 turned to Watar.

2 36. Not only was Nissan familiar with Watar from his position successfully leading
3 Nissan Gulf, but Nissan also knew about Watar’s track record owning and operating other
4 successful automobile dealership brands in Southern California. NNA introduced Watar and the
5 Trophy Group as a potential buyer to Sage Automotive and pleaded with Watar to purchase the
6 struggling dealerships. Aware of these dealerships’ past success, Watar saw a promising
7 opportunity to expand the Trophy Group and agreed to purchase both dealerships.

8 37. Trophy Group acquired Universal City Nissan and West Covina Nissan in
9 September 2017, paying \$16,435,900 for Universal City Nissan and \$15,106,268 for West Covina
10 Nissan, or a total of \$31,542,168 in goodwill or “blue-sky” value.

11 C. **Al-Dahana’s Dispute With Nissan**

12 1. **The Carlos Ghosn Scandal**

13 38. Carlos Ghosn joined Nissan as an executive in 1999, and became CEO of Nissan
14 Japan in 2001. At the time he joined the company, Nissan was losing money and under heavy
15 debt obligations. Analysts at the time believed that turnaround was nearly impossible.

16 39. But Ghosn’s turnaround plan and efforts succeeded. Ghosn quickly returned
17 Nissan to profitability, and Nissan Alliance became a top global vehicle manufacturer. Nissan
18 turned a \$6.46 billion loss in 1999 into a \$2.7 billion profit in 2000. Ghosn’s success brought him
19 worldwide recognition. Japan’s Emperor Akihito awarded him a Blue Ribbon Medal of Honor,
20 making Ghosn the first foreign business leader to receive the award. His home country of
21 Lebanon honored him with a commemorative postage stamp. And in 2003, *Fortune* magazine
22 listed him as one of the ten most powerful business leaders outside the U.S.

23 40. Years later, in November 2018, it all came crashing down for Ghosn who was
24 arrested by Japanese authorities and charged with financial crimes. Allegations emerged from
25 Nissan Japan and Japanese regulators that, in addition to underreporting his income, Ghosn had
26 misused company funds and engaged in other financial improprieties while overseeing Nissan
27 globally.

28 41. Ghosn was placed under house arrest but escaped to his native Lebanon in

1 December 2019 in a dramatic smuggling operation.

2 **2. Nissan Japan Terminates Nissan Gulf, and Al-Dahana Sues**

3 42. Following Ghosn’s arrest and escape from Japan, his relationship with Mr. Al-
4 Juffali came under intense public scrutiny. During the 2008 financial crisis (while Ghosn was
5 CEO of Nissan Japan), Ghosn reportedly suffered heavy personal financial losses trading foreign
6 exchange option contracts. In need of a guarantor to cover his currency positions, Ghosn
7 reportedly sought help from Mr. Al-Juffali, a prominent Saudi businessman (and Watar’s partner
8 in Al-Dahana). Mr. Al-Juffali allegedly provided financial support by posting guarantees to
9 Ghosn at that time.

10 43. When Ghosn was charged, Japanese prosecutors identified \$14.7 million paid by
11 Nissan Japan to Al-Dahana between 2009 and 2012, which they claimed were improperly initiated
12 by Ghosn to Mr. Al-Juffali for assisting Ghosn resolve his personal debts in 2008.

13 44. Mr. Al-Juffali was never charged with any crime in relation to these guaranteed
14 payments or any wrongdoing in relation to the Ghosn allegations generally. Nor was Watar ever
15 accused of any wrongdoing whatsoever. Nevertheless, in need of a scapegoat in the wake of the
16 negative publicity the Ghosn scandal was generating for the company, Nissan Japan unilaterally
17 terminated the Nissan Gulf partnership with Al-Dahana in 2019.

18 45. Al-Dahana filed a lawsuit in Dubai against Nissan Japan, its Middle East
19 subsidiaries, and various individuals, including Jay Cook who represented Nissan on the board of
20 Nissan Gulf, for breach of contract, breach of fiduciary duty and fraudulently diverting profits
21 from the Nissan Gulf joint venture. After Al Dahana initiated litigation, Nissan moved Jay Cook
22 from Dubai to the United States and appointed him as the Vice President of Finance for North
23 America in July 2020.

24 46. On September 29, 2021, a Dubai court ruled in favor of Al-Dahana, ordering
25 Nissan Japan and its subsidiary to pay over AED 1.3 billion (the official currency of the United
26 Arab Emirates), which equaled approximately \$345 million. Nissan appealed the decision.

27 **D. Because of the Dubai Case and Judgment, Nissan Embarks On A Campaign**
28 **Of Retaliation Against Watar and the Trophy Group In The United States**

1 **1. NNA Utilizes Vehicle Allocation To Control Dealerships**

2 47. NNA has engaged in an ongoing pattern of retaliation and mistreatment against
3 Watar/Trophy Group by not providing a sufficient allocation of new vehicles to Trophy Group's
4 dealerships. New vehicle allocation is the lifeblood of a franchised dealership. A dealership
5 cannot sell what it does not have and cannot compete on an even playing field when other nearby
6 dealerships are receiving better and more favorable allocations from the manufacturer.

7 48. Plaintiffs understand that NNA uses two systems to allocate new vehicles to its
8 franchised dealers: (1) an algorithmic calculation that distributes new vehicles to dealers based on
9 the sales rate and number of vehicles in inventory; and (2) a discretionary process where a
10 manager at NNA unilaterally decides how to distribute a certain percentage of available new
11 vehicles to dealers of his/her choice in that region.

12 49. On information and belief, NNA often reserves the faster-selling, higher-margin
13 vehicles for the discretionary allocation. Utilizing this discretionary power, NNA is able to play
14 favorites, rewarding dealerships that "play ball," while punishing others that don't.

15 50. Additionally, when NNA uses discretionary allocation to increase the inventories of
16 specific dealerships at the expense of others, those receiving a lesser discretionary allocation are
17 more likely to sell fewer vehicles as compared to their competitors in the future, which causes
18 them to lose additional future allocations through NNA's algorithmic system.

19 51. Under the Standard Provisions of NNA's Sales and Service Agreements (the
20 "Dealer Agreements"), which are incorporated into all of NNA's franchise agreements, NNA
21 "reserves to itself sole discretion to distribute Nissan Vehicles in a *fair and consistent manner.*"
22 (emphasis added.) NNA's vehicle allocation was not fair as to Plaintiffs. NNA under-allocated
23 vehicles to Universal City Nissan and West Covina Nissan to harm these dealerships and squeeze
24 out Watar. NNA's scheme was successful and ultimately forced Plaintiffs out of business and
25 consequently resulted in the termination of more than 200 employees of these dealerships.

26 52. NNA starved the allocation of vehicles to Universal City Nissan and West Covina
27 Nissan. These dealerships were targeted because they were owned by Trophy Group and Watar.
28 By harming his business in the United States, NNA sought to extract retribution from Watar for

1 his role in the Al-Dahana litigation against Nissan in Dubai and oust him from the Nissan family.

2 **2. NNA Cripples the Operations of the Trophy Group's Dealerships**

3 53. NNA's targeted campaign of under allocating vehicles to the Trophy Group had a
4 devastating impact on vehicle sales and overall profitability at both Universal City Nissan and
5 West Covina Nissan.

6 54. Before the parties' relationship was impacted by the Dubai litigation, from the
7 period of January 2018 through January 2020, Universal City Nissan averaged sales of
8 approximately 164 new vehicles every month and carried an end of month average inventory of
9 470 new vehicles. Beginning in early 2021 through December 2022, Universal City Nissan
10 averaged sales of only 64 new vehicles per month and carried an end of month average inventory
11 level of only 71 new vehicles.

12 55. Although the COVID-19 pandemic and the subsequent global semiconductor chip
13 shortage was a challenging time for inventory in the automotive industry at large, the fall in
14 inventory levels at Universal City Nissan was unprecedented and drastically outpaced the overall
15 decline in the industry and at Nissan in the U.S. By December 2022, average inventory levels at
16 Universal City Nissan had fallen by a staggering 85% from their pre-pandemic levels. By
17 comparison, NNA's overall sales for the United States only declined by 9.8% from 2021 to 2022,
18 demonstrating that the challenges facing Universal City Nissan were far more severe than those
19 occurring at all Nissan dealerships across the country.

20 56. NNA's refusal to allocate sufficient vehicles had a similar impact on West Covina
21 Nissan. From January 2018 to January 2020, West Covina Nissan averaged sales of
22 approximately 83 new vehicles each month and carried an end of month average monthly
23 inventory level of 349 new vehicles. In the period from 2021 through August 2022 when NNA's
24 misconduct forced West Covina Nissan out of business, the dealership averaged sales of 39 new
25 vehicles per month and carried an end of month average inventory level of only 63 new vehicles.

26 57. The drop in vehicle supply to Universal City Nissan and West Covina Nissan was
27 not an issue of localized demand or overall automotive supply, as is evidenced by the experiences
28 of the Trophy Group's other dealerships in the Los Angeles area during the same time period. For

1 example, Kia of Downtown Los Angeles, which sells to a similar demographic of customers as
2 Universal City Nissan, with a similar class of vehicles, experienced a very different reality.
3 Although new vehicle unit sales at Kia of Downtown Los Angeles fell by 17% over the period
4 from early 2021 through December 2022, this decline pales in comparison to the 61% and 53%
5 declines in new unit sales at Universal City Nissan and West Covina Nissan, respectively, over the
6 same period. And while the Trophy Group was losing millions at West Covina Nissan and
7 Universal City Nissan, the Trophy Group's other dealerships were making substantial money.
8 Indeed, although inventory levels had dropped in 2021 and 2022, margins significantly increased
9 and dealerships nationwide were experiencing their most profitable years in history. Because of
10 NNA's harmful conduct, Plaintiffs were unable to participate in that performance upswing.

11 58. NNA further compounded the harm being inflicted on Universal City Nissan and
12 West Covina Nissan by systematically giving other Nissan dealers in the Los Angeles region –
13 Trophy Group's competitors—larger inventories of core vehicles, while simultaneously starving
14 the Trophy Group dealerships. In fact, multiple dealerships within a 20-mile range of Universal
15 City Nissan and West Covina Nissan were experiencing *increases* in inventory, while Trophy
16 Group's dealerships were languishing with insufficient vehicles.

17 59. As a result of NNA's targeted campaign, Universal City Nissan and West Covina
18 Nissan began losing customers and sales to competing dealerships, and losing money.

19 **3. Trophy Group's Request for Vehicles Are Ignored**

20 60. With conditions worsening and losses continuing to mount, the Trophy Group
21 pleaded with NNA to increase the supply of vehicles to both dealerships. NNA refused. Instead,
22 NNA attempted to place the blame on Trophy Group for its dealerships' struggles, citing
23 unspecified operational issues as well as poor sales efficiency as reasons for why the dealerships
24 were struggling to obtain a sufficient allocation of vehicles.

25 61. To the extent that Universal City Nissan's and West Covina Nissan's sales
26 efficiency was below average for the region, it was because of NNA's systematic under-allocation
27 of vehicles. NNA was effectively criticizing the Trophy Group for the inevitable outcome of
28 NNA's own misconduct, i.e., NNA gave the Trophy dealerships fewer cars and then blamed the

1 dealerships for not performing satisfactorily vis-à-vis their competitors.

2 62. On multiple occasions, Watar and his team explained to NNA the devastating effect
3 its allocation of vehicles was having on Plaintiffs. Each time Watar was assured that NNA's
4 allocation was fair and equitable, and that NNA was allocating vehicles to Trophy Group the same
5 way it allocates them to all its dealers.

6 63. Throughout these discussions, NNA continually refused to provide Trophy Group
7 with allocation data for the Los Angeles region. Instead, NNA would always re-direct the blame
8 to Trophy Group citing "steps" it could take to improve allocation, such as undertaking expensive
9 and unnecessary facility upgrades.

10 64. Meanwhile, as the Trophy Group's requests to NNA for more vehicles went
11 unanswered, the disparity between Universal City Nissan's and West Covina Nissan's new vehicle
12 inventory and that of their competitors became so pronounced that nearby Nissan dealerships
13 began to have an excess amount of the core vehicles that Trophy Group could not obtain. Some of
14 these dealerships were even willing to sell their excess vehicles to Trophy Group, which resulted
15 in Universal City Nissan and West Covina Nissan relying on their competitors, rather than NNA,
16 to obtain additional vehicles. The situation was becoming untenable.

17 65. NNA's retaliatory allocation has no logical business purpose—Universal City
18 Nissan and West Covina Nissan had been profitable dealerships in the past. Indeed, Universal
19 City Nissan had been the highest-selling Nissan dealership in the nation.

20 **E. Because of Nissan's Mistreatment, the Trophy Group Is Forced To Shut Down**
21 **Both Dealerships**

22 66. NNA's deliberate refusal to supply an adequate inventory of vehicles to Universal
23 City Nissan and West Covina Nissan permanently impaired the performance and financial
24 viability of both dealerships.

25 67. By mid-2022, both Universal City Nissan and West Covina Nissan were losing
26 substantial money. In August 2022, West Covina Nissan was forced to close, losing its initial
27 \$15.1 million investment, plus additional money expended to keep the dealership afloat.

28 68. Watar did not give up on Universal City Nissan at that time. He believed that by

1 closing West Covina Nissan, consolidating Trophy Group's inventory, and focusing on the
2 operations of Universal City Nissan, the dealership could return to profitability. Unfortunately,
3 NNA had other plans and continued to squeeze Universal City Nissan's inventory.

4 69. Despite Trophy Group investing additional money and resources into Universal
5 City Nissan for another two years after West Covina Nissan's forced shutdown, NNA ignored
6 Watar's requests for additional allocation of vehicles.

7 70. The disparity between Universal City Nissan's new vehicle inventory and that of its
8 competitors continued to grow. From February 2023 through May 2024, Universal City Nissan
9 had an average of approximately 105 new vehicles on its lot every month. By contrast, its 14
10 competitors within a 20-mile radius were averaging *2-6 times* more new vehicles per month
11 during that time period.

12 71. For the nine-month period from February 2023 to November 2023, Universal City
13 Nissan consistently had the lowest number of new vehicles out of all 14 of its competitors within a
14 20-mile radius. Overall, between February 2023 and May 2024, Universal City Nissan was either
15 the last or second to last dealership in terms of new vehicles on the lot.

16 72. With a vehicle allocation substantially below the competing dealerships in its
17 geographic region, Universal City Nissan simply could not compete. The situation was
18 compounded by the stair-step incentive structure NNA utilizes, which offers progressively higher
19 financial benefits to dealerships as sales targets are met. This structure ensured that other
20 dealerships' costs per vehicle remained significantly lower than those of Universal City Nissan
21 and West Covina Nissan, as the consistent under-allocation of vehicles prevented both dealerships
22 from achieving comparable sales targets (and incentives) as their competitors.

23 73. By November 2024, Universal City Nissan's mounting losses became too much.
24 Watar was again forced to shut down the franchise to NNA for nothing, losing the initial \$16.4
25 million investment, plus millions more that had been spent operating and trying to turn around the
26 dealership during NNA's ongoing misconduct. Approximately 200 California employees also lost
27 their jobs.

28 **FIRST CAUSE OF ACTION**

1 **Breach of Contract**

2 **(Against NNA)**

3 74. Plaintiffs repeat and reallege each and every foregoing and subsequent allegation
4 contained in the Complaint, and further allege as follows.

5 75. The Dealer Agreements for Universal City Nissan and West Covina Nissan were
6 valid and enforceable contracts that existed between the Plaintiffs and NNA.

7 76. Plaintiffs performed as promised in the Dealer Agreements, and to the utmost
8 extent possible, fulfilled each and every term of these contracts, except as to any term that they
9 were prevented or excused from performing.

10 77. The Dealer Agreements (Standard Provisions) gave NNA discretion to allocate new
11 vehicles to Plaintiffs but required NNA to allocate Nissan vehicles among its dealerships in a **fair**
12 **and consistent manner.**

13 78. As set forth above, NNA materially breached the Agreements by failing to allocate
14 vehicles to Plaintiffs in a fair and consistent manner. NNA's misconduct included, but is not
15 limited to: a) unreasonably reducing Plaintiffs' vehicle allocation while disproportionately
16 increasing allocations to other dealerships; b) employing inconsistent or arbitrary allocation
17 decisions; c) depriving Plaintiffs of their rightful allocation afforded by the Dealer Agreements; d)
18 treating other dealerships more favorably with respect to discretionary allocation; e) allocating
19 Plaintiffs less desirable models and trim levels; and f) hindering Plaintiffs' ability to compete by
20 granting other dealers incentives that reduced their costs per vehicle while depriving Plaintiffs of
21 the same opportunities.

22 79. As a direct and proximate result of NNA's breaches, Plaintiffs have suffered
23 millions in damages, in an amount to be proven at trial.

24 **SECOND CAUSE OF ACTION**

25 **Breach of Implied Covenant of Good Faith and Fair Dealing**

26 **(Against NNA)**

27 80. Plaintiffs repeat and reallege each and every foregoing and subsequent allegation
28 contained in the Complaint, and further allege as follows.

1 81. The Dealer Agreements for Universal City Nissan and West Covina Nissan were
2 valid and enforceable contracts that existed between NNA and Plaintiffs.

3 82. Plaintiffs performed as promised in the Dealer Agreements, and to the utmost
4 extent possible, fulfilled each and every term of these contracts, except as to any terms that they
5 were prevented or excused from performing.

6 83. Under the Dealer Agreements, NNA is required to allocate vehicles to Plaintiffs in
7 a fair and consistent manner, ensuring that Plaintiffs has a reasonable opportunity to compete in
8 the marketplace.

9 84. The Dealer Agreements contain an implied covenant of good faith and fair dealing,
10 which prohibits NNA from taking actions that unfairly interfere with Plaintiffs' rights to receive
11 the benefits of the Agreements. NNA breached the implied covenant of good faith and fair
12 dealing by intentionally under-allocating vehicles to Universal City Nissan and West Covina
13 Nissan, despite its obligation to allocate vehicles to dealerships in a fair and consistent manner.
14 New vehicle allocation is the lifeblood of a franchised dealership.

15 85. NNA's conduct was undertaken in bad faith and with the intent to deprive Plaintiffs
16 of the benefits of the Dealer Agreements, including, but not limited to, Plaintiffs' ability to
17 maintain sufficient vehicle inventory to meet customer demand, generate revenue, and compete
18 effectively with other dealerships.

19 86. NNA's unfair allocation practices have caused Plaintiffs' significant financial
20 harm, including loss of sales, diminished customer goodwill, reputational damage in the
21 marketplace, as well as the complete loss of both the Universal City Nissan and West Covina
22 Nissan dealerships. Without a fair allocation of vehicles from NNA, Universal City Nissan and
23 West Covina Nissan could not compete and survive in the Los Angeles market.

24 87. NNA also breached the implied covenant of good faith and fair dealing by
25 requiring the Trophy Group dealerships to meet certain sales performance standards while
26 simultaneously not giving the dealerships sufficient vehicles to meet those metrics created by
27 NNA. In the Dealer Agreements, NNA states that it will measure a dealer's sales performance
28 based on a comparison to the average sales performance of other Nissan dealerships in California,

1 adjusted to account of Nissan’s sales penetration in the dealer’s market area. NNA calls this
2 calculation localized sales effectiveness or “LSE.” A dealer’s failure to meet (or exceed), and
3 maintain, 100% LSE constitutes non-compliance with the Dealer Agreement, giving NNA
4 grounds to terminate the dealer and pursue other remedies. While holding the Trophy Group’s
5 dealerships to this sales performance standard and requiring that they comply with it, on
6 information and belief, NNA consistently failed to allocate sufficient vehicles to the Trophy Group
7 dealerships to meet this 100% LSE requirement.

8 88. NNA cannot have it both ways. The implied covenant of good faith and fair
9 dealing in the Dealer Agreements, which applies to every contract in California, is that NNA will
10 supply sufficient vehicles to the dealerships to satisfy 100% LSE. By its discriminatory under-
11 allocation of vehicles to Universal City Nissan and West Covina Nissan, NNA deprived these
12 dealerships of—and made it impossible for them to enjoy—the benefits of the bargain.

13 89. As a direct and proximate result of NNA’s breach of the implied covenant of good
14 faith and fair dealing, Plaintiffs have suffered millions in damages, in an amount to be proven at
15 trial.

16 **PRAYER FOR RELIEF**

17 **WHEREFORE**, Plaintiffs pray for judgment against Defendants, and each of them,
18 jointly and severally, as follows:

- 19 (1) For damages in an amount to be proven at trial;
- 20 (2) For prejudgment interest;
- 21 (3) For punitive and exemplary damages;
- 22 (4) For attorneys’ fees and costs of suit incurred herein; and
- 23 (5) For such other relief that the Court deems proper.

24 **JURY DEMAND**

25 Plaintiffs hereby demand a jury trial on the claims to which they are entitled to trial by
26 jury.

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DATED: March 27, 2025

Respectfully Submitted,

MILLER BARONDESS, LLP

By: 

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TROPHY UNIVERSAL CITY GROUP, LLC,
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