




ALLARD MOTOR WORKS   
Since 1999

December 23, 2019

Allard Motor Works LLC (AMW) wishes to provide evidence of the damages related to the delays in the implementation of the bi-partisan legislation that was designed to recognize the contribution of a low-volume automobile manufacturers segment to the economy.

AMW was founded in 1999 with the purpose of providing the classic and collector car segment of the automobile industry with an accurate replica of the 1951-54 Allard J2X. AMW has invested over \$3,000,000 in development of our J2X<sup>®</sup> MkII, the modern version of the original. AMW hired mechanical engineers to redesign the chassis, suspensions, braking systems, etc. in order to provide the safety, reliability, comfort and performance required by today's market.


AMW, like many other producers, have always been hampered by the previously outdated and restrictive federal legislation that bore no sensitivity to what this market segment can provide to the US economy (jobs, taxes, development of craftsmanship and product development). When the new legislation was introduced, AMW, (as the only producer in the world of the J2X<sup>®</sup> MkII & MkIII) felt that it could finally expand its operations for the domestic market and provide the company with opportunities for export sales. Unfortunately, the delays related to the NHSTA protocol for approval have caused serious losses and setbacks in our company's plans for expansion.

In 2017, anticipating the full implementation of the new law, AMW moved its operations to California, where we hired a local firm, that took on 5 new employees to get us started. AMW also established new relations with 8 new suppliers and actively sought larger facilities in anticipation of significant growth and to meet the increasing demand for our vehicle.

Unfortunately, in August 2019, AMW closed its operation, as the NHSTA issue was still not resolved, despite having worked out a viable protocol with SEMA & CARB, related to emissions. This uncertainty forced AMW to restrict its production to 4 cars and put 26 serious and eager customers on hold until NHSTA lived up to the letter and intent of the new law. During that the same period, two customers cancelled their orders for our J2X<sup>®</sup> because we were not in a position to issue our own VINs and that we were restricted to delivering our cars as component cars. This was a loss of \$380,000, as deposits had to be returned. AMW did not see it as viable to continue and or expand our production in this uncertain climate. We needed clear rules that reflected the intent of the new law. Had we had this, we would not be in the critical situation we are now in.

In 2017-18, anticipating the implementation of the new rules, AMW invested \$1.4M to move towards a targeted production level of 40 J2X<sup>®</sup>s per year, representing \$7.6 million in annual sales. Given the lack of resolution, in August 2019, AMW



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suspended its operation, stored all of this tooling in a warehouse, ended our proposed activity with a local upholster, a painter, an engraver, a steel manufacturer and a composite shop. These shops have since had to scale back their staffing plans to accommodate AMW. It needs to be understood that each J2X<sup>®</sup> we produce requires some \$110,000 in US-manufactured components from tires, wheels, engines, transmissions, suspensions, etc. , notwithstanding the additional expenditures on transportation to deliver our J2X<sup>®</sup> to their ultimate destination. In leaving our new operation, we have left behind some \$40K behind in inventory (cut steel, etc.) and must now carry storage expenses as we wait for a resolution to this issue.

AMW had moved ahead in the spirit of the new 'transportation law'. We are the sole producers of the J2X<sup>®</sup> replica and have the required trade mark in hand. Dimensionally, our J2X<sup>®</sup> is within the 10% ± target, as we installed safety protection elements to our chassis (bumpers, roll bars, side impact bars, etc.). We have also adapted our offerings to conform to the highest US emission standards (CARB). We have designed a testing and data collection system to ensure the safety, reliability and performance of each our J2X<sup>®</sup>. Our customers are protected through a solid product warranty, with follow-ups if required. We have moved ahead to ensure that each car comes with a liability insurance protection. All of these have an impact on our bottom line. However, if we are to continue, AMW needs a clear path forward, with no ambiguity. This new law must be implemented, as agreed upon by bipartisan legislators and reflect the spirit of the law that was intended. If AMW is to reconsider relaunching its operations, it needs a rapid and clear resolution of this impass.

Sincerely,

A handwritten signature in blue ink, appearing to read "Roger Allard", with a stylized flourish at the end.

Roger Allard  
Allard Motor Works  
Sole source of the J2X<sup>®</sup> MkII & MkIII  
*'Rarely seen. Never forgotten.'*  
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