

Dealer Group Roll-Up: plan for Jon Bast

Acquisitions.com + CarDealer.ai · draft 20 Oct 2026 · confidential, not an offer of securities

The idea

We join 5–8 family-owned franchised dealer groups (3–10 stores each) into one national group, all closing on the same day, and run it on one operating system. Working name: **Acquisitions.com + CarDealer.ai operational roll-up.**

- **Why dealers say yes:** a fair price today, most of it as owners of a bigger group, and they keep running their stores under their own names.
- **Why it is worth more together:** private groups sell for a low multiple of profit. The public groups below trade at 6–10× earnings and are bought by their founders at a premium (Penske, Oct 2026). Part of the gap pays for the deal; the rest is upside.
- **Our edge:** CarDealer.ai voice AI + CRM in every store, one in-house marketing agency instead of \$50–100k a month of outside vendors per group, and central buying.

Franchised stores beat pre-owned because the manufacturers fund much of the marketing (Jon, 19 Oct call). There are roughly 17,000 franchised new-car stores in the US (NADA, approximate).

Who does what

The sponsor company is split 50/50 between Moran and Jon, as agreed on the 19 Oct call. A seed investor and the future CEO/CFO come out of both halves equally.

WHO	BRINGS	PAID HOW
Moran / Acquisitions.com	Sponsor: the process, lawyers, auditors, banker; raises \$450k–\$1M for deal and listing costs	50% of sponsor shares
Jon / CarDealer.ai	Dealer relationships and databases, the anchor operator, the AI operating system and agency playbook	50% of sponsor shares, earned in thirds: 5 signed letters / 8 signed agreements / closing
Anchor operator (Jon's ~9-store contact)	First group in, licensing and OEM know-how, likely group COO	Same price menu as everyone, plus a board seat
Seed investor	The first \$200–300k	A slice of the sponsor company, agreed in writing
CEO + CFO (to hire)	A dealer-group operator and a CFO who has done public reporting	Salary + shares

Jon is paid in sponsor shares, never per-deal fees: a fee per deal can make him an unlicensed broker (lawyer to confirm). CarDealer.ai stays Jon's company; the group signs it as a vendor on normal terms, disclosed to every dealer as a related party.

The plan in three steps

About 12–15 months from today to one closing day. Each step has a gate; we do not move on until it is met.

- 1

Anchor (months 0–2). Jon's ~9-store operator signs a non-binding letter. Jon picks his 20 closest dealer-group owners. We form the sponsor company and hold first calls with the securities lawyer and the banker.

Gate: anchor signed; banker says what size of group they would take to market.
- 2

Five groups (months 2–6). We meet the 20 and sign 5 letters at the same price menu. We pay for a review of each group's numbers. We open talks with the manufacturers and a floor-plan lender.

Gate: no OEM refuses, and a floor-plan lender's term sheet is in hand.
- 3

One closing (months 6–15). One founder agreement for all groups, audits, then every group closes on the same day as the listing. If the market is shut, we close privately first and list later.

Gate: every dealer sees the holding company's cash and the lender's terms before signing.

What a dealer group gets

Every group gets the same menu. The more shares an owner takes, the higher the multiple.

OPTION	CASH AT CLOSING	PRICE (× LAST - 12 - MONTHS ADJUSTED PROFIT)
A	30%	3×
B	20%	4×
C	10%	5×

To confirm with the banker for dealers: the menu prices the goodwill ("blue sky"); vehicle and parts inventory is bought at cost and runs on floor-plan credit; real estate can stay with the family and be leased to the group.

The owner also keeps his stores' names and team, a 5-year contract to run them, a board seat for the larger groups, and we pay for the review of his numbers. He pays for nothing.

What Jon can say to a dealer (no talk of listing or stock)

"We're putting together a group of the best family-owned dealer groups in the country. You keep running your stores, under your name. You get a fair price, part cash at closing, the rest as an owner of a much bigger group. Every store gets CarDealer.ai and an in-house agency, so your vendor bill drops. Would you take a 20-minute call with my partner Moran?"

Keep the first call short and get Moran on it fast. Send nothing in writing about a listing until the lawyer sets the rules.

The public comparables

Closing prices 19 Oct 2026 (stockanalysis.com). The six franchised groups together are worth about \$34B on \$153B of sales.

COMPANY	TICKER	MARKET CAP	REVENUE (12 MO)	NET INCOME	P/E	NOTE
Franchised new-car dealer groups						
Penske Automotive Group	PAG	\$13.9B	\$32.2B	\$906M	15.4	Being taken private at \$212/share (~\$16.3B EV) by Penske Corp + Mitsui, agreed 15 Oct 2026
Lithia Motors	LAD	\$6.4B	\$37.9B	\$714M	9.8	Largest by sales
AutoNation	AN	\$5.3B	\$27.5B	\$775M	7.4	24,800 staff
Asbury Automotive	ABG	\$3.1B	\$18.0B	\$510M	6.4	
Group 1 Automotive	GPI	\$2.8B	\$22.2B	\$286M	10.2	Our model: founders closed at the IPO
Sonic Automotive	SAH	\$2.0B	\$15.5B	\$212M	10.0	Smith family control
Used-car retailers						
Carvana	CVNA	\$65.4B	\$25.1B	\$1.57B	32.4	Valued as a tech company
CarMax	KMX	\$7.3B	\$29.5B	\$292M	25.2	
America's Car-Mart	CRMT	\$9M	\$1.1B	-\$202M	—	Buy-here-pay-here; going-concern warning, lender defaults (2026)

What the table tells us. Franchised dealer groups trade at only 6–10× earnings. So a 3–5× entry price leaves a real but modest gap. The bigger prize is Carvana's: the market pays 32× for car retail that looks like technology. That is the case for running the group on CarDealer.ai and reporting the software and agency as their own lines. And Car-Mart shows the risk in buy-here-pay-here lending: we stay with franchised stores.

How they went public

Only Group 1 did what we plan: buy the founding dealers at the same moment as the IPO. Most of the money came from lenders (floor-plan credit), not the IPO, which raised \$27–190M each.

COMPANY	HOW AND WHEN	RAISED	CEO AT LISTING → TODAY	WHO CONTROLS TODAY
Group 1 GPI	IPO NYSE Oct 1997 at \$12; 4 dealer groups (13 cos, 30 franchises TX/OK) bought at the IPO for 9.07M shares + \$5.4M cash (~93% stock), shares valued 35% below IPO price for a 2-year lock-up; \$125M Chase/Comerica line on day one	\$57.6M	B.B. Hollingsworth (ex-SCI funeral roll-up) → Daryl Kenningham	BlackRock 16.5%, Vanguard 12.5%
Penske PAG	IPO NYSE Oct 1996 at \$30 as United Auto Group; Roger Penske took control in 1999 for ~\$83M of convertible preferred; going private at \$212/share (signed 15 Oct 2026)	\$187.5M	Carl Spielvogel (co-founder Marshall Cogan) → Roger Penske since 1999	Penske Co 52% + Mits 20.3%
Lithia LAD	IPO Nasdaq Dec 1996 at \$11; founder kept 10-vote shares (one class since	\$27.5M	Sid DeBoer → his son Bryan DeBoer	Widely held

2021); grew by
buying stores
one at a time for
cash

Sonic SAH	IPO NYSE Nov 1997 at \$12; Smith family kept 10-vote shares; Honda required them to keep 51%, which limited buying dealers with stock	\$60M	O. Bruton Smith → his son David Bruton Smith	Smith fami ~86% of v on ~40% c shares
AutoNation AN	No IPO: Wayne Huizenga's group bought control of listed waste company Republic Industries (Aug 1995), then bought dealers with its stock; switched to buybacks once the share price fell	~\$64M insiders + \$168M private placements	Wayne Huizenga → Michael Manley (since 2021)	Gates/Cas 20.6%
Asbury ABG	Private equity build from 1995 (Ripplewood, Freeman Spogli); dealers kept 49% and swapped into the parent before the IPO, Mar 2002 at \$16.50	\$127M (\$74M new)	Kenneth Gilman → Dan Clara (May 2026)	BlackRock 15.2%
CarMax KMX	Circuit City tracking stock	~\$437M	Austin Ligon (CarMax president;	BlackRock 11.8%

	Feb 1997 at \$20, spun off 2002			Circuit City CEO Richard Sharp) → Keith Barr (Mar 2026)
America's Car-Mart CRMT	No IPO: bought by listed Crown Group 1999, renamed 2002; closed 42 stores Apr 2026, going-concern warning, lender waivers to 22 Oct 2026	—	Tilman Falgout (2002) → Douglas Campbell	Silver Point 9.8% (also lender)
LMP Automotive (gone)	Small IPO Dec 2019 via ThinkEquity, 2.3M shares at \$5 on Nasdaq; tried to buy dealers after listing, financing failed, 7 purchases terminated (\$1.5M deposit lost), sold stores and liquidated	\$11.5M	Samer Tawfik (founder; said he would buy up to \$2.75M of the IPO)	—
Berkshire Hathaway Automotive (private)	Berkshire bought Van Tuyl for \$4.1B cash in 2015: a cash buyer if the listing window is shut	—	Larry Van Tuyl (chairman), Jeff Rachor (CEO, 2015)	100% Berkshire

How carmaker (OEM) approval works

- **Change of control:** today's 10-Ks let a carmaker buy back or force the sale of its stores if anyone takes 20% of the group (5% if the buyer is another carmaker). A sponsor above 20% needs approval in advance.
- **Store caps:** in the 1990s Toyota allowed 7 Toyota + 3 Lexus stores per group, with 9 months between deals; Honda 7 Honda + 3 Acura. Today's caps are confidential.

- **Timing:** Group 1's first approvals took "almost one year". California gives the carmaker 60 days to answer a transfer; silence counts as yes.

Lessons for us. 1) Copy Group 1: close the founders at the IPO, mostly in locked-up shares, with a credit line ready. 2) Start OEM talks in step 2, not step 3: approvals can take a year. 3) Design control early (Penske + Mitsui hold ~73%; Sonic used 10-vote shares). 4) Paying in stock works only while the share price is high: keep a cash path like Lithia's.

Sources: IPO prospectuses, FY2025 10-Ks and 2026 proxies on SEC EDGAR; full notes with a link per number in our research file. Reverse mergers and SPACs are in the next section.

Reverse mergers and SPACs: the shortcuts

No franchised dealer group has gone public by a lasting reverse merger into a shell. SPACs in car retail mostly ended in bankruptcy or delisting.

COMPANY	ROUTE	MONEY AT LISTING	OWNERSHIP AFTER	RESULT
AutoNation	Took over a real listed waste company (Republic), 1995: Huizenga's group paid \$37.5M for 8.35M new shares + 16.7M warrants, plus \$26.5M for 2M more shares; then ~\$168M of private placements	~\$232M	Huizenga group in control, CEO from 3 Aug 1995	Used its high share price to buy Alamo, National and dealer groups (e.g. Maroone, ~6.1M shares); signed GM and Ford framework agreements first
RumbleOn	Bought a shell (Smart Server) for \$148K, 2016	tiny	Founder Chesrown 43.9%	Bought RideNow 2021 for \$400M cash + stock (a \$167M share sale + \$280M Oaktree loan); \$350M write-down 2022; now RideNow Group
Lazydays (RV)	Andina II SPAC, Mar 2018	~\$22M trust + \$94.8M PIPE	Sellers took \$86.7M cash; PIPE	~75% of public shares redeemed;

			preferred ~41% of votes; promote 20%	delisted Nov 2025
Shift	Insurance Acquisition Corp SPAC, Oct 2020	\$150.7M trust + \$189M PIPE	Shift holders 51.2%, SPAC founders 6.9%	Chapter 11, Oct 2023
CarLotz	Acamar SPAC, Jan 2021	~\$305M trust + \$125M PIPE	Old holders 55.4%, sponsor 6.7%	Valued \$750M at listing; sold to Shift for ~\$23M in stock, Dec 2022
Vroom	Bank-led IPO, Jun 2020 at \$22	\$504M net	—	Closed online store 2024; prepackaged Chapter 11 Nov 2024
Carvana	IPO Apr 2017 (Up- C, 10-vote Class B); spun out of DriveTime 2014	\$205.8M net	Garcia family ~99% of votes	Fell to ~\$3.60 in 2022; joined the S&P 500 Dec 2025
Cazoo (UK)	Ajax SPAC, 2021	\$805M trust (~72% redeemed) + \$800M PIPE	—	Administration and NYSE delisting, May 2024
Kaixin (China)	CM Seven Star SPAC, 2019	~99% of \$206M trust redeemed	Renren; dealers paid in shares over 5 years	Repeated reverse splits

Major Automotive	Owner put his own Chevrolet, Subaru, Chrysler stores into the listed tech company he controlled, 1997	—	Bruce Bendell; GM approval with a 20% ownership trigger	Went private 2006 at \$1.90/share
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Nasdaq's new rule (verified). Since 17 Jan 2026, a listing needs at least \$15M of freely traded shares, and since 11 Apr 2025 that float must come from the IPO's own money. Nasdaq can also refuse a listing over its ownership or advisors. LMP's \$11.5M IPO would not qualify today. So our listing must raise at least \$15M of new money from outside buyers.

What we take from it: SPAC trusts mostly vanish (72–99% redeemed outside the 2021 boom), so the private investors (PIPE) are the real money and want preferred terms. SPAC sponsors took 7–20%; a shell promoter asked for 50%. Pay sellers partly in stock that vests on performance.

Rules we hold to

RULE	WHY (WHERE IT COMES FROM)
Close every group on the listing day, never after	LMP listed first, then could not finance its dealer purchases and liquidated. Group 1 closed its founders at the IPO.
Real cash at closing; the dealer sees the holding company's bank balance and lender terms before signing	Harbour's MBH paid 25 of 29 sellers with no cash, in shares or unsecured bonds; administration in 2024.
We pay for the review of every dealer's numbers	At MBH the seller paid for his own audit to get paid.
An independent CFO runs the books, never the sponsor	MBH's promoter ran its finances; liquidators claim £8.4M back.
The best operator runs the group; we support	Joel Arberman: roll-up sponsors are rarely good operators; "if the key guy leaves, what will you do?"
Raise real money at the listing	Joel: without a real raise at the IPO the company stays small. Nasdaq now requires at least \$15M of new public float from the IPO itself (since Jan 2026).
Manufacturer approval and a floor-plan lender before any final agreement	Every franchise transfer needs OEM consent; inventory runs on floor-plan credit.
Stock options for general managers and top salespeople	Joel's "publicly traded kibbutz": recruit the best people with options, not only buy companies.
CarDealer.ai and any Jon or Moran company priced at market and disclosed	Joel: no hidden related-party money flows.

Next 7 days (by 28 Oct)

Jon

- Intro call: Moran + the ~9-store operator (Mitsubishi, Buick GMC, Nissan)
- List of 20 closest dealer-group owners: name, stores, brands, state, rough revenue
- Intro to the dealer who built his own dealership operating system
- One page on CarDealer.ai: what it does, what a store pays, results so far

Moran

- Short term sheet between us: 50/50 split, how Jon's half is earned, what if one of us leaves
- First call with the securities lawyer: what may be said to dealers, how Jon is paid
- First call with the banker: minimum group size to list
- Model of 5 groups × 5 stores: price, cash needed, value of the group

Sources: market data stockanalysis.com (19 Oct 2026 close); Penske deal [8-K, Oct 2026](#); Car-Mart [Arkansas Business](#); Group 1 1997 IPO prospectus; LMP Automotive 424B4 (Dec 2019). Figures are a draft for discussion, not investment advice.