

## John Calicchio & EuroMasters Classic Cars



It was January 2008, while in retirement; I had a vision of opening a Classic Car Dealership with a Disneyland like environment. My vision was filled with rows of classic cars being displayed on carpet and tile, classical music being piped throughout the facility and high-end service and parts departments bustling.

In June of 2008, EuroMasters Classic Cars, with its 37,000 sq. ft. building on 2-acres of land became a reality; opening its doors to the public. EuroMasters began to flourish despite the recession which had plagued the nation by fall of that year. The business continued growing, doubling its sales annually, exceeding the \$4m. mark, from car sales, service, parts, paint, upholstery, and a special events center. The only problem was that this continued accelerated growth required huge amounts of working capital, which I funded personally, until my cash reserves ran out. I wasn't too concerned, since I had a substantial line of credit with my bank. Unfortunately, in 2011 the recession had drastically changed the bank's lending rules. I applied at many banks and lending institutions and even though my credit score was excellent

with an 820 FICO Score, they all came back with the same answer; "Sorry, were hardly lending to anyone, especially car dealerships, which are constantly closing down".

In July 2011, as a quick cash-raising effort, we sent flyers out to local car dealers to sell our excess slow-moving inventory. Within a day or two, the Fountain Valley police detectives appeared at our doorstep with a search-warrant to confiscate our computers and records. It seemed a customer owed money by Euromasters saw the flyer, got over-excited and called the police department to have us investigated saying "it looks like they're liquidating and leaving town". Prior to this, in an effort to save EuroMasters, I worked out a partnership agreement with (4) interested parties, (2) of which signed contracts with me and the remaining (2) put forth letters of intent. Interestingly enough, one of them was Winston Chung, the famous electric car battery manufacturer who took a liking to my electric Porsche Speedster project and agreed to purchase part of EuroMasters for \$3m (as was reported in the Orange County Business Journal). We shook hands on the deal, but before the final contract was signed, disaster struck; it was announced that Mr. Chung was unable to remove funds from China which negated our agreement. I went back to the other interested parties, but by then, they had either moved on or were no longer interested because of bad press and wide-spread rumors of my business possibly closing. Although we had received (8) complete classic Porsche restoration orders valued at \$300,000 and additionally booking over \$250,000 in special events for the 4<sup>th</sup> Qtr of 2011, we were unable to sustain the daily expenses any longer. EuroMasters was forced to permanently close its doors on September 15, 2011; a sad day for our loyal supporters, friends & customers.

**The Captain Goes Down With the Ship.** It seemed there was a brewing lynch-mob consisting of several affluent customers, pressing for criminal charges against me for their temporary losses at EuroMasters (fortunately we had insurance to cover this). I had conversations with all of those customers including emails, letters and Promissory Notes from me assuring these folks that I would personally pay them when I got back on my feet. As a matter of fact, I paid off several of those customers before EuroMasters closed. Despite this, without warning or questioning, in late October 2012, I was arrested at my home on charges of embezzlement by fiduciary responsibility, *not able to pay customers for their consignments within 15-days after the sale* and money-laundering, *suspicion that monies were moved from one bank account to another in order to hide their existence*. The fact is, that monies were regularly moved from one account to another, as a normal practice, in order to support the business. If this weren't enough, *grand-theft charges were also added because the same customers' losses exceeded \$950*. Apparently if found guilty of these false charges, I could serve up to 17 years behind bars! After a forensic study conducted by the District Attorney, they found NO criminal intent. Rather than dropping the case, the DA recommended to the judge, that I serve a short sentence of home confinement, if I would agree to a Plea-Bargain. This meant I had to agree to lesser charges, even though they weren't true. The fact of the matter is, the District Attorney needs to win cases. Not trusting the justice system, I reluctantly accepted the terms, rather than risking going to prison for something I didn't do.

**Things Aren't Always as They Appear.** Other than being charged and released on bail, I never spent a day or night in jail, as the news media would have you believe. "**If It Bleeds It Reads**" a direct quotation from a friend of mine who works for the LA Times. To up their ratings, newspapers sensationalize the news with lies, rather than the pure truth. Did the newspapers ever mention that over 200 classic cars were delivered to satisfied customers? The plain fact is that the media needs to sell newspapers. Unfortunately, because of the internet, bad news remains permanent; a real tragedy to those who are innocent.

*John Calicchio*