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## A CLASSIC COLLISION THERE'S LOTS OF FINGER-POINTING AS CAR COMPANY FLOUNDERS.

*AUDRA D.S. BURCH Herald Staff Writer*

**Classic Motor Carriages**, located just off the Palmetto Expressway in North Dade, sells food for the ego: fiberglass replicas of vintage cars that supposedly can be assembled right in the family garage.

In the past decade, **Classic** has delivered 20,000 car kits and grown into the nation's largest manufacturer of build-it-yourself replica cars. One year, sales reached \$20 million.

Today, it's fighting to stay open.

Examining what happened to **Classic** is like looking at a bad wreck on the expressway and trying to figure out who caused it. Fingers are pointing in every direction.

Hundreds of customers say **Classic** defrauded them. **Classic** says it's the target of a vicious smear campaign by a self-styled consumer advocate in Miami Beach -- a man who's never bought or inspected one of **Classic's** cars.

State regulators, who have been aware of troubles at **Classic** for more than a decade, admit they haven't moved quickly enough on complaints against the company.

It didn't have to be this way.

"**Classic** had wonderful products. They had the production capability and the marketing ability. They had it all," says Bill Moore, former editor of Kit Car Illustrated. "But when consumers started complaining, it was a clarion call. They didn't act to solve the problems. If they had acted properly, they would have risen even higher."

**Classic Motor Carriages** is a company that apparently grew too fast without the proper controls. When it encountered problems, it didn't always find the right solutions. And those problems became the foundation for a national consumer campaign that has tarred the company's name. Some angry customers call it "**Classic Motor** Miscarriages."

Now, **Classic's** owner, a soft-spoken Broward man named George Levin, is trying to find some way to salvage his investment.

More than 80 employees have been laid off. **Classic's** lawyers are negotiating to sell the company to Advanced Plastics International, a Delaware shell corporation whose president, Patrick Murphy has been a consultant to **Classic** for several months.

But before any ownership changes, **Classic** must address more than 900 consumer complaints stored in cardboard boxes in the state attorney general's office in Hollywood.

Those cases attack the very core of the business:

Customers say they were bulldozed into spending \$5,000 to \$15,000 for kits that took too long to be delivered. The promise was four to six weeks. The reality was months.

When the kit finally arrived, some customers say, 30 to 50 percent of the parts were missing, placed on "back order."

Pieces that did arrive often were defective, customers say.

Many of the complaints included hand-written letters, pictures and videotapes. They paint a picture of wounded psyches as well as wounded pockets:

I wrote. They never wrote back. I called. I was bounced from one line to another. I was left on hold. I was disconnected. I was referred to people who no longer work there. My calls were never returned. They are giving me the runaround.

"I am just tired," said Roland Tichy of Meredith, N.H. He paid for a kit more than a year ago that was never delivered. He wants a refund. "I have written. I have called. What do you have to do to get ahold of these guys?"

Said Rosemarie Bonta, of the South Florida Better Business Bureau: "This is a **classic** case of misrepresentation and bad customer service."

\* \* \*

**Classic Motor Carriages** started out with big plans.

Levin bought the fledgling Hallandale kit car maker in 1978. It had 13 employees.

"He saw it (kit car manufacturing) as a full-blown industry. He took it out of the garage and the back of the house," said Benedict Harrington, **Classic's** president since 1991.

Shortly after the sale, Levin launched a bold marketing campaign, displaying \$3,500 to \$4,000 cars in airport lobbies in places such as Chicago, Newark and Seattle.

In 1980, Levin moved the company to its present location in North Dade, a 160,000-square-foot warehouse in the shadow of the Palmetto Expressway, site of the old J.M. Fields department store.

The building is crowned with a seven-ton, 45-foot tower with revolving cars. Replicas of a 1955 Porsche and a 1934 Ford Coupe are displayed on the side of the building. Inside, glistening red, blue and cream fiberglass bodies are lined up door to door. Workers weld metal parts while others sand body parts.

It is here that the company now manufactures 14 versions of seven cars.

Levin built the company by acquiring molds for a variety of sporty and **classic** cars.

In the early 1980s, he bought Fiberfab International, a Minneapolis manufacturer of a replica of the MG-TD, a British sports car. He then bought the molds to the Speedster, bringing the **Classic** line to a total of six versions of three cars.

Sales took off.

Company revenue grew from \$500,000 in 1978 to \$12 million in 1981. In 1982, **Classic** was spitting out 200 to 300 kits a month.

In 1985, the company introduced the Tiffany, its first ready-to-ride custom car. The car was grandiose, a symbol of the Gatsby era, a \$40,000 knock-off of the Excalibur built on the chassis of a Mercury Cougar.

That year was the best in **Classic's** history.

But even then, there were problems.

Several customers complained to Florida's attorney general, griping that **Classic** had misrepresented the contents and complexity of its kits.

Regulators contacted the company. **Classic** agreed to sign an "assurance of voluntary compliance," promising not to mislead customers but admitting no guilt.

The company rolled on its way.

During the next seven years, as **Classic** continued to build kits, the complaints kept trickling into the state's offices.

Investigators began to notice something different about the new complaints. People were still angry about perceived misrepresentations, but they also were griping that kits were incomplete and weren't showing up on time.

In 1992, the state again contacted the company.

And again, **Classic** agreed to sign an assurance of voluntary compliance, this time promising refunds in certain situations.

**Classic** executives say the company was a victim of bad timing that year. It was spending millions to develop new car lines. At the same time, kit orders requiring hundreds of parts were pouring in. The company didn't have enough capital to completely pay for both.

"They were trying to balance both at the same time," said Howard Schulman, a consultant to **Classic**. "They made choices as they went along. Some of the choices were bad. The management that made those bad choices is no longer at **Classic**."

Meanwhile, trouble was brewing in California.

Curt Scott, publisher of The Complete Guide to Specialty Cars guidebook, was hearing bad things about **Classic** from some of his readers. So he formed an unofficial clearinghouse for complaints. And he lambasted the company in his publication.

"This is a company that has no intention of doing right by its customers," Scott said. "This is a major scandal."

Scott decided to get some help in South Florida. He had seen Stuart Rado on the Inside Edition television program. Rado had gained national attention for dogging shady overseas employment agencies. Scott liked what he saw.

"I was tired of writing to everyone on the planet about **Classic**," Scott recalls. "My intentions were to turn it over to Rado, somebody in the area with the clout to get the authorities to investigate."

Rado, an unemployed 48-year-old who lives with his mother, has built a career busting scams. His admirers say he is South Florida's most tenacious consumer advocate. Consumer officials say his unorthodox methods -- letter-writing campaigns and media blitzes -- are sometimes more disruptive than helpful.

He went to work.

Rado started his own library of **Classic** complaints in early 1993. He reviewed state records. He called the Better Business Bureau. He called federal agencies. He did not like the responses.

"I decided to try to help these people, but because of the severity of the complaints, I knew I had to take an aggressive approach," Rado said. "They were screwing everybody."

Rado never contacted **Classic** management. He said he didn't want them to think he was meddling. Anyway, he didn't think he would get anywhere with the company executives.

In early 1993, more complaints about **Classic** began arriving at the attorney general's Hollywood office, some only 90 days after the second 1992 agreement.

Armed with two violated settlements, the attorney general could have sued. Instead, then-Assistant Attorney General Rhonda Lapin referred some of the new complaints to the Department of Agriculture and Consumer Services in Tallahassee.

"We could have moved quicker, and I take responsibility for that," said Mike Burnstein, deputy attorney general of the southern region.

In October 1993, Scott began firing off letters about **Classic** to Gov. Lawton Chiles. The letters scolded the state for not acting against the company. Scott questioned the state's motives, saying the relationship between the state and **Classic** was "too cozy." Some **Classic** customers seem to agree.

"Before we bought anything, before we thought of paying money up front to a company out of state, we called the A.G.'s office. Someone there told us **Classic** was a little slow in delivering parts, but they were OK," says Carolyn Ramke, of Chapel Hill, N.C.

Ramke said she called the attorney general's office before and after the 1992 settlement. She ended up spending \$9,000 on a car. It was delivered with parts missing -- parts she did not receive for another year.

**Classic**, meanwhile, was restructuring. Employees, including Harrington and Levin, said they took salary cuts. Levin lent the company \$400,000, to be used to fill back orders.

"By May 1994, we were going to be cleaned up," Harrington said.

Scott counters: "Please tell me how they can talk about cleaning up in May, and this mess has been going on 12 to 15 years"?

The May clean-up deadline was about the same time Rado was just shifting into gear.

He knew the North Dakota attorney general was looking at **Classic's** operations, so he requested records from there. Those records included a Federal Express list of customers who had dealt with **Classic**.

So Rado began sending letters to **Classic** customers, asking if they'd been treated right. He mailed the first batch, 1,000 in all, in May 1994.

Two months later, as more complaints poured into state offices, the attorney general sued **Classic**. The charge: deceptive business practices.

Rado struck again. He sent two more mailings in July and September, this time informing 2,500 **Classic** customers of the state's lawsuit. He also provided information about how to file a complaint.

Before it was over, Rado spent \$3,000 for printing, postage and phone calls. Since the mailings, more than 900 **Classic** customers have complained to the state.

And **Classic** revenues have dropped from \$1 million a month to \$400,000. **Classic** has paid \$700,000 in refunds since March. And some customers have disputed their kit sales with credit card companies, resulting in about \$600,000 in "charge backs" or debits from **Classic's** account.

Harrington said **Classic** executives feel cornered.

**Classic** has made mistakes, Harrington admits. Perhaps some telemarketers were overzealous, maybe the wording on the contracts was not clear. Maybe the company could have been more responsive to its customers.

But they say they never had a chance to fix the problems before they were ambushed by Rado and Scott.

"These guys are tenacious. I guess they have nothing else to do," Harrington said. "Their purpose is to put us out of business. If they (succeed), they will have screwed the consumers."

**Classic** has fired back. It sent letters to its customers denouncing Rado's "madness." **Classic** sued Rado twice in circuit and federal court to stop his "tortious interference."

The federal court has issued two injunctions against Rado. The most recent ruling was Tuesday, ordering Rado to stop distributing **Classic's** "trade secrets," which include income tax forms, vendor list and internal financial memos.

In December, **Classic** also sued Thomas DeLucca, its former comptroller and chief financial officer. **Classic** accused DeLucca of supplying Rado with **Classic's** business records. DeLucca declined to comment.

The same month, Lapin, who was in charge of the **Classic** case, resigned from the attorney general's office.

"It was a mutual decision because of a change in the structure of our economic crime unit," Burnstein said. "**Classic** was among many factors in the decision." Lapin has not returned a message left with her through the attorney general's office.

And finally, the state last month sued **Classic** to stop its sale to the Delaware shell corporation, at least until it resolves the consumer complaints.

**Classic** lawyers are scheduled to present a sales proposal to a Dade judge Tuesday, a proposal that should include measures to deal with all legitimate complaints.

"We are engaged in negotiations to satisfy the A.G.'s demands that past, present and future consumers be protected in any transaction," said Ira Hatch, a lawyer for **Classic**.

Hatch said **Classic** executives are trying to sell the company to save the business, the jobs of 200 workers and "a presence in the Dade business community."

A different presence, that is. Under terms of the sales proposal, the company's ownership, management and name would change.

Whether or not that deal is approved, **Classic** isn't saying what its plans are for the future. But it's something that seems to be weighing on Levin's mind.

After a recent court hearing, Levin stood in the lobby of the Dade courthouse.

To no one in particular, he asked, "How are we ever going to stay in business?"

cutlines

CARL JUSTE / Herald Staff

LEADING THE CAMPAIGN: Stuart Rado sent letters to **Classic**'s customers, telling them how to file complaints. But he never contacted the company's managers because he didn't want them to think he was meddling.

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C.W. GRIFFIN / Herald Staff

GEMS FOR AUTO BUFFS: **Classic Motor Carriages** became the nation's biggest maker of build-it-yourself vintage car replicas.

**Illustration:**color photo: **CLASSIC MOTOR CARRIAGES**, Stuart Rado at **CLASSIC MOTOR CARRIAGES**; photo: Alvaro Segura put finishing on a car at **Classic Motor Carriages** (a)

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