

## BLOGS

### Discrimination

# California Federal Court Dismisses Discrimination and Tortious Interference Claims Brought Against Car Manufacturer and Its Franchisee

A federal court in California granted two motions to dismiss for failure to state a claim in an action asserting discrimination and tortious interference claims against Volvo Car USA and its franchisee Haron Motor Sales, Inc. *Prieto Automotive, Inc., v. Volvo Car USA, LLC*, 2024 WL 3011170 (E.D. Cal. June 14, 2024).

A federal court in California granted two motions to dismiss for failure to state a claim in an action asserting discrimination and tortious interference claims against Volvo Car USA and its franchisee Haron Motor Sales, Inc. *Prieto Automotive, Inc., v. Volvo Car USA, LLC*, 2024 WL 3011170 (E.D. Cal. June 14, 2024). Manuel Prieto and Ramona Llamas, Hispanic Americans, contracted with HAG Fresno, a Volvo franchisee, to purchase its Volvo dealership. Volvo denied the sale, opting instead to buy the dealership and sell it to Haron, a white-owned business. Prieto subsequently filed suit against Volvo and Haron, claiming that Volvo unlawfully discriminated against them by selling the dealership to a "less experienced white-owned operator" instead of Prieto. Prieto also claimed that Haron tortiously interfered with Prieto's purchase of the dealership by offering a "white-owned alternative" to Volvo. Volvo and Haron moved to dismiss the claims.

The court granted Volvo's motion to dismiss regarding the discrimination claim because it determined Prieto did not allege facts sufficient to show that Volvo had discriminatory intent in denying Prieto's purchase. Though Prieto had standing, and it was plausible that Volvo knew Prieto was Hispanic, the court found that Prieto did not allege enough circumstantial evidence to demonstrate Volvo's intent to discriminate. Prieto's "single datapoint" that there is only one minority owned Volvo dealership in California was not enough to prove discrimination. Additionally, Prieto's allegation that Haron was a less qualified franchisee was not plausibly alleged because Volvo's criteria for approval of franchisees was not alleged in Prieto's complaint. The court also granted Haron's motion to dismiss regarding the tortious interference claim because Prieto's complaint did not allege that Haron interfered with HAG's performance of the contract; rather, it alleged that Haron interfered with Volvo's consent to transfer the franchise. Volvo was not a party to the purchase contract; it merely owned the right to approve or deny the transfer. Thus, the court found that Prieto failed to allege that Haron interfered with their contract to purchase the dealership. The court also found that the complaint did not allege any specific facts to show that Volvo would have consented to the transfer had Haron not proposed itself as a potential buyer. The court dismissed both claims with leave to amend.

## Related People

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