SIA #147, June 1995
$3.95 US/$4.95 Canada

SPECIAL INTEREST AUTOS

1920-1970 COLLECTOR CARS

THE ONE AND ONLY BATTLEBIRD

DE LOREAN
STAINED BY SCANDAL

PLUS: '61 IMPALA DRIVE REPORT • '37 RAILTON/'38 JENSEN COMPARED

SPECIAL INTEREST AUTOS: A PUBLICATION FROM HEMMINGS MOTOR NEWS

Busted Dream

1982 DE LOREAN

by Mike Knepper
photos by the author

OCTOBER 18, 1982. It was early evening in Connecticut. The telephone in the kitchen rang. I picked it up and a familiar voice, a friend from California, said, "So what do you think of your old boss now?"

"What are you talking about?" I asked.

"De Lorean."

"What about him?"

"You haven't heard?"

"No. What?"

"He was just arrested out here on cocaine charges."

The evening news came on a few minutes later. There were words and phrases. "John De Lorean arrested." "Airport hotel." "Cocaine." "Sting operation."

I was stunned. Disbelieving. This man who didn't drink, was obsessed with health, who sold his part of the San Diego Chargers football team because team members were discovered using drugs, dealing in cocaine? Couldn't be true.

And then another thought. This is the man who believed that in business any means justified the end, whose entire life and reputation was tied up in a financially struggling business, a man who could have resorted to desperate measures to save his company. Could be true.

Later, there would be a pirated grainy black and white video, obviously from a concealed camera, showing that familiar tall, lanky frame in a hotel room, standing over an open suitcase, two other men standing around. He picks up a package. Looks at it and says, "It's as good as gold, and in the nick of time." The two men identify themselves as Drug Enforcement officers and place John Z. De Lorean under arrest. There would be two long,

Driving Impressions

I hadn't driven a De Lorean since I was with the company, so my memories of the experience were a bit rusty. Which, considering the stainless steel skin, may not be the appropriate term. Anyway, suffice it to say I wasn't certain what I was going to find when I turned up on Mike Sullivan's doorstep last summer.

Sullivan, a service specialist for Toshiba, was the car's third owner. In the year since he bought 1982 De Lorean Number 3570 for $13,000, he had made some minor, but well-chosen, repairs and replacements. There had been some minor body work; he had installed a new electronic antenna, and replaced the brakes, shocks, clutch and seats. The engine and transmission, with only 22,000 miles on them, were in good-as-new condition. And the car looked great.

I attended a De Lorean Owner's Club meeting a couple years ago, and one of the things I discovered was that the stainless steel body performed exactly as advertised. No rust, of course, no deterioration and good looking after all those years. A simple cleaning brings out a patina of age that is actually more attractive than a fresh-from-the-factory shine, and that's how Sullivan's De Lo looked.

That owner's club meeting also revealed another truth about De Loreans: They are reliable and dependable. There were De Loreans at that meeting that were pushing 200,000 miles. Their owners told me the cars are virtually trouble free once some basic, well-known fixes — such as an upgraded alternator — were taken care of.

In my opinion, at the end of production, the De Lorean was as good as it could be made without extensive re-engineering. That's not damning with faint praise. While it could never be called great, the De Lorean was nonetheless a good car. True, development work was essentially fixing customer complaints on the first few hundred vehicles, then transferring those fixes to the production line. Pre-production development was virtually non-existent, so early vehicles were a bit on the, uh, unfinished side. I don't think there's a finite point in production one can point to and say the cars coming off the line then had benefited from all the real-world problems and fixes, but I don't think they got much better than Sullivan's 3570.

Every time I see a De Lorean, I marvel at how well the design has held up. For certain, the look is a far cry from the current sports coupe look in vogue: soft, flowing lines, bulging fenders, small greenhouse, organic shapes for headlights and interior features. The De Lorean is all sharp creases and straight lines. But it still looks good.

The gullwing doors continue to be a delight. They were not a solution because there was no problem. They were an unusual way of doing the door thing, and in this case, unusual is good.

Pull the door release, exert a little lifting pressure, and the door rises. All but the height disadvantaged have to duck under the door to get in. (Sliding in from the rear of the door is approved.) The car is low and the door sill is wide, so there is some hassle to get your backside into the deep leather bucket. But once in, the effect is worth the effort. We're talking the proverbial glove fit here coupled with an excellent driving position and plenty of leg and head room. The pedals-to-steering-wheel relationship is quite good. The center console is high, the seating position low and the windshield narrow, so there is some initial semi-claustrophobia to deal with, but that goes away after a few miles. My notes on all this say, "Very comfortable. Fits as well as any car I have driven." Honest. That's what I wrote.

Ergonomically, the De Lorean is also up to nineties speed. One could quarrel with the location of some switches on the console that may not be as convenient as they might be, but overall, the layout of the instrument panel makes good sense.

The 2.85-liter, DOHC V-6 fired up instantly and settled into a rhythmic idle. There is something automatically exotic about a mid-engine location. Must be a combination of psychological and physical inputs. Just knowing the engine is in such a non-standard location makes an enthusiast enthuse, and then those wonderful mechanical noises coming in over your shoulders are the icing.

The five-speed manual in Sullivan's car was tight, the shifts precise. There was more of a "mechanical" feel to the shifts than you get with contemporary boxes that have had all traces of notchiness refined out of them. (A three-speed automatic was optional. I don't remember the sales mix of manuals and automatics.) The clutch was on the heavy side, but take-up was nicely linear.

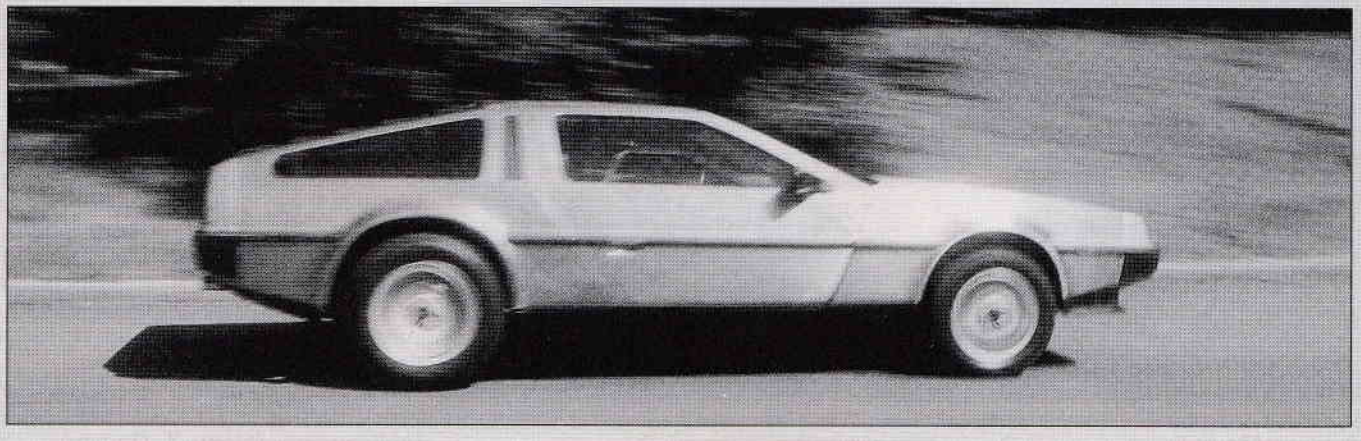
The first time on the gas with some enthusiasm reminded me of the one complaint most often heard about De Loreans, then and now: lack of power. The things looked like high performance sports cars, but simply weren't. The performance was adequate for most gentlemen drivers, but far from adequate for an enthusiast. The PRV (Peugeot-Renault-Volvo) engine was rated at just 130 horsepower. In 1981, a Porsche 924 Turbo was rated at 172, a Datsun 280 ZX at 145, a Mercedes-Benz 380SL at 155, a Porsche 928 at 220. Although the 2,743-pound De Lorean was lighter than all of those, the SL was the only one it could outperform. A brochure DMC published in 1981 listed an 8.8-second 0-60 mph time for the De Lorean.

Under full-throttle acceleration, the De Lorean moves off with some enthusiasm, but it feels slow. Lots of sounds from the engine, but not much straight-line performance. A twin turbo system under development by an outside engineering firm when De Lorean sank would have been the solution.

Time and location — a couple of hours in darkest Parsippany, New Jersey — precluded any intensive evaluation of the car's handling capabilities, but I recall the handling generally got good reviews, with the mid-engine location making it basically neutral. The ride is on the firm side, turning to harsh over rough surfaces. The rack-and-pinion steering is on the heavy side.

Visibility is not a De Lorean's strong suit. The C-pillars are very thick, the rear window is narrow, and the A-pillars tend to be in your line of sight when you look into a turn.

Bottom line? The De Lorean was a good car when it was new — after those fixes and updates were made, that is — and it continues to be a good drive, and definitely the best car ever built in Northern Ireland. Although prices today are all over the map, I'm told by those who follow such things that good examples are hovering around the as-new price, but there are bargains out there, as Mike Sullivan discovered. The De Lorean deserves a better reputation as a worthy collectible than it currently enjoys, but as long as it's not on the hot list, prices will remain reasonable. Maybe I'll start watching the classifieds.



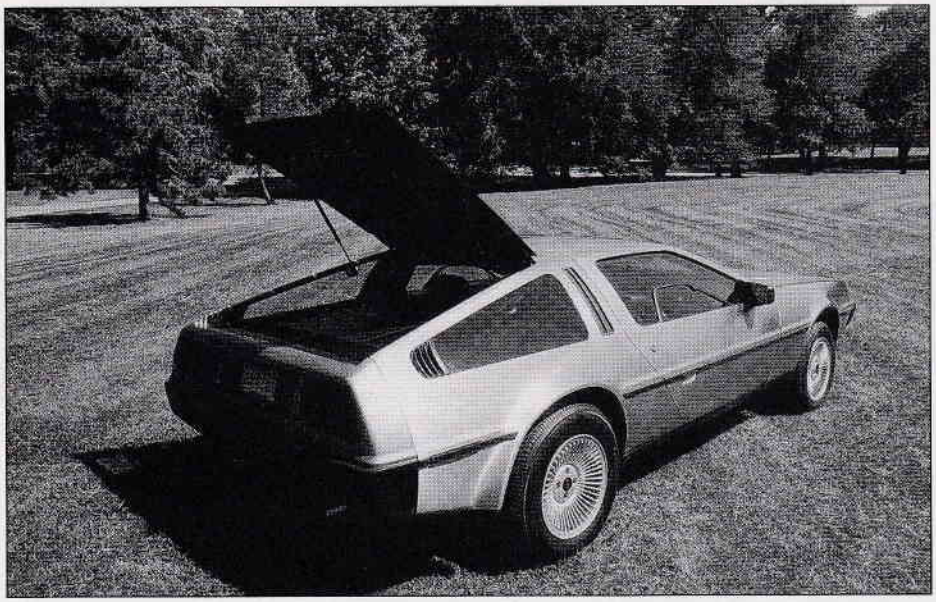
1982 DE LOREAN

continued

drawn-out trials before it was officially all over. But that moment in that Los Angeles hotel room, as handcuffs were snapped around wrists and rights were read, was unquestionably the end of one of the most intriguing and fascinating chapters in the history of the automobile business.

As an automotive writer, I watched with interest during the seventies as John De Lorean made a name for himself at General Motors, left GM just when he seemed next in line for its presidency, and set about creating his own car company. Then, in 1980, I went from watching from the outside to participating on the inside as the director of public relations for the De Lorean Motor Company. The story, from its quiet start to its high-profile middle to its ignominious end, has all the elements of a prime-time soap opera.

John De Lorean had a remarkable career at General Motors, as his detractors as well as his admirers will admit. At 40, he was the youngest man to head up a GM division — Chevrolet. He gets credit, rightly or wrongly, for starting the muscle-car with the introduction of the Pontiac GTO. He was the first key executive to break out of the blue three-piece suit/conservative shoes/conservative haircut mold at GM and in the process become a media personality. And, when he left the corporation in 1973, it wasn't because GM had fired him. It was because, he said, he had fired GM. Whatever, he was about to embark on a most interesting career path.



Top: *Front end styling still looks fresh and dramatic even after nearly 15 years since it first appeared.* ***Above:*** *Engine access is through the hatchback.*

After leaving GM, De Lorean worked for a time as the director of the National Alliance of Businessmen, then as a consultant for a variety of large corporations, making, he has said, $5 million in just two years. But he realized consulting wasn't his life's work. He wanted to be back in the automobile business, and he wanted to get back by building his own car.

He toyed with the idea of a commuter car and with a Mercedes-Benz-quality luxury car, but eventually settled on a sports car.

Key to the program, and the publicity surrounding it, was to be its status as an "ethical sports car." De Lorean felt annual model changes were unethical because they "forced" people to buy new cars more often than they needed to; he felt cars weren't built to last, and he felt no one was building a car to be as safe as current technology would allow. All unethical practices. His car would address all those complaints.

The first step in what would be a long paper trail of corporations was the establishment of John Z. De Lorean Cor-

poration in 1974. In 1975 he formed the De Lorean Motor Company (DMC) followed by the De Lorean Manufacturing Company, which would be responsible for the manufacturing of vehicles.

In September 1974 De Lorean hired Bill Collins, a top engineer at GM, and the sports car project was officially under way. Some parameters had been set: gullwing doors, lots of plastic for light weight, unique safety features, low maintenance, use of a new composite metal/fiberglass material, mid-engine location, sleek shape and a price just $1,500 more than the Corvette, or something in the $7,500 range. And it would have a stainless-steel skin that would "last forever."

De Lorean and Collins flew to Turin for the auto show that fall to see what Italian designers were up to. They were drawn to the work of Giorgetto Giugiaro, who had founded Ital Design after successful work with Bertone.

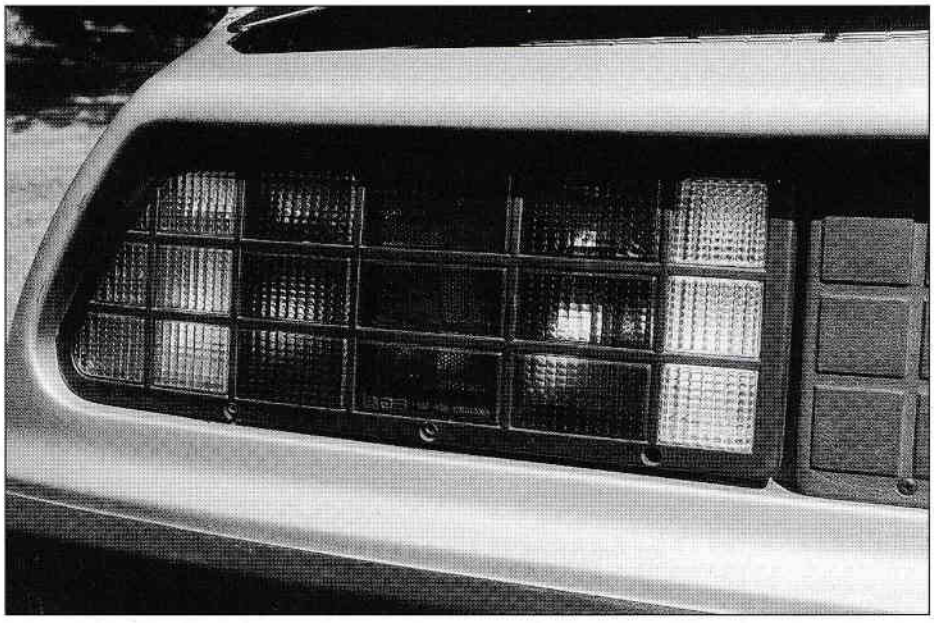
De Lorean and Collins liked what they saw and after going over some specifications with Giugiaro, a deal was made. De Lorean had a designer.

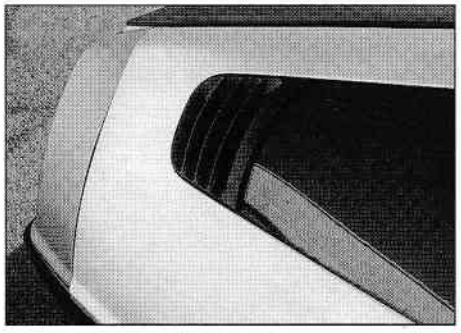
When I first joined the company, I researched those early days. I remember from my research that a Giugiaro design on display at the show was identified in some sources as the basis of the De Lorean. I looked up reports from that show and indeed there was a Giugiaro design that year that looked remarkably like the later De Lorean: much more angular, less "finished," but very obviously the car. It's my opinion Giugiaro did not do a De Lorean from "a clean sheet of paper," but rather modified an existing design. (He would refine the first De Lorean design during its production phase.)

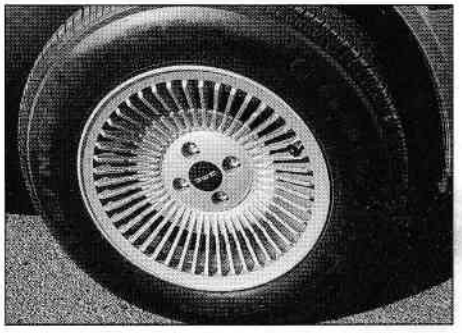
Back in Detroit, where the new company was headquartered, Collins got on with the mechanical design. Early drivetrain work was carried out on a modified Fiat X1/9. The plan, and it was very logical, was to design a unique vehicle around pre-existing mechanical parts as much as possible.

Here the story effectively splits into two parts: car development and cash acquisition. As Collins got on with developing the car, De Lorean devoted his energies to raising the cash to keep the company going.

One clever concept was the formation of the De Lorean Research Limited Partnership which let investors take a tax deduction during the period the money was being used for R&D. Thirty-five people put $100,000 each into the plan. (Each of these investors would get his investment back, plus the tax deductions, before the company ran into financial ruin.) The partnership brought in $3.5 million. De Lorean was also getting infusions of cash from the giant insurance company, Allstate, which was paying him to develop safety systems and ultimately prototype safety cars.







Above: *Multi-function taillamps have a windowpane design.* ***Below left:*** *Air vents are fixed at trailing edge of rear windows.* ***Below right:*** *Wheels would look contemporary on a 1995 car.* ***Bottom:*** *De Lorean badge design was as modern as the car itself.*

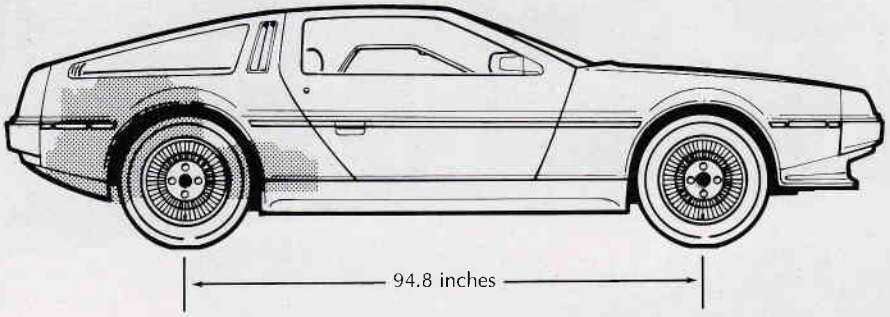
Another corporation, De Lorean Sports Car Partnership, was formed in 1975. This was yet another opportunity for outside investors to get in on the bottom floor, and many did, investing another $3.5 million.

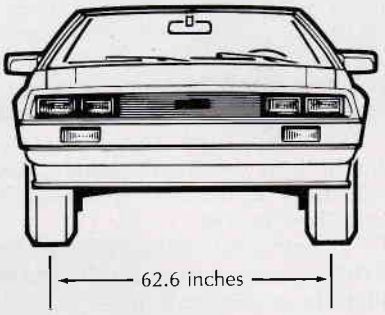
At the same time, De Lorean had a man in the field lining up dealerships for his sports car. For $25,000, a dealer got a De Lorean franchise, and 5,000 shares of DMC stock. As I recall, there was another $10,000 required to cover the cost of a large sign for the dealership, tools and training manuals. The dealers had to agree to sell between 100 and 150 cars over the first two years. That requirement could never have been enforced, but it provided one very strong public relations position. It let the company claim its entire production run was sold out for the first two years before a single car was built.

There were minor problems along the way, but the project was advancing. In fact, it was so well along that De Lorean

illustrations by Russell von Sauers, The Graphic Automobile Studio

specifications





1982 De Lorean

Original price	$25,500
Standard equipment	Air conditioning, AM/FM cassette, power windows, central locking
Options on dR car	None

ENGINE

Type	2.85-liter, SOHC V-6
Bore x stroke	91 x 75 mm
Compression ratio	8.8:1
Horsepower @ rpm	130 @ 5,500
Torque @ rpm	160 @ 2,750
Fuel system	Bosch K-Jetronic fuel injection
Lubrication system	Pressure
Cooling system	Centrifugal pump
Electrical system	12-volt

TRANSMISSION

Type	5-speed manual
Ratios: 1st	3.36:1
2nd	2.06:1
3rd	1.38:1
4th	1.06:1
5th	0.82:1
Reverse	N/A

DIFFERENTIAL

Ratio	3.44:1

STEERING

Type	Rack and pinion
Turns lock-to-lock	2.65
Turning circle	35 feet

BRAKES

Type	Power discs, front and rear
Front diameter	10 inches
Rear diameter	10.5 inches

CHASSIS & BODY

Construction	Composite underbody, outer panels stainless steel
Body style	2-seat coupe

SUSPENSION

Front	Upper/lower control arms, coils, anti-roll bar
Rear	Diagonal trailing arms w/upper and lower links, coils, shocks

WEIGHTS AND MEASURES

Wheelbase	94.8 inches
Overall length	168.0 inches
Overall width	72.83 inches
Overall height	44.88 inches
Front track	62.6 inches
Rear track	62.5 inches
Curb weight	2,743 pounds

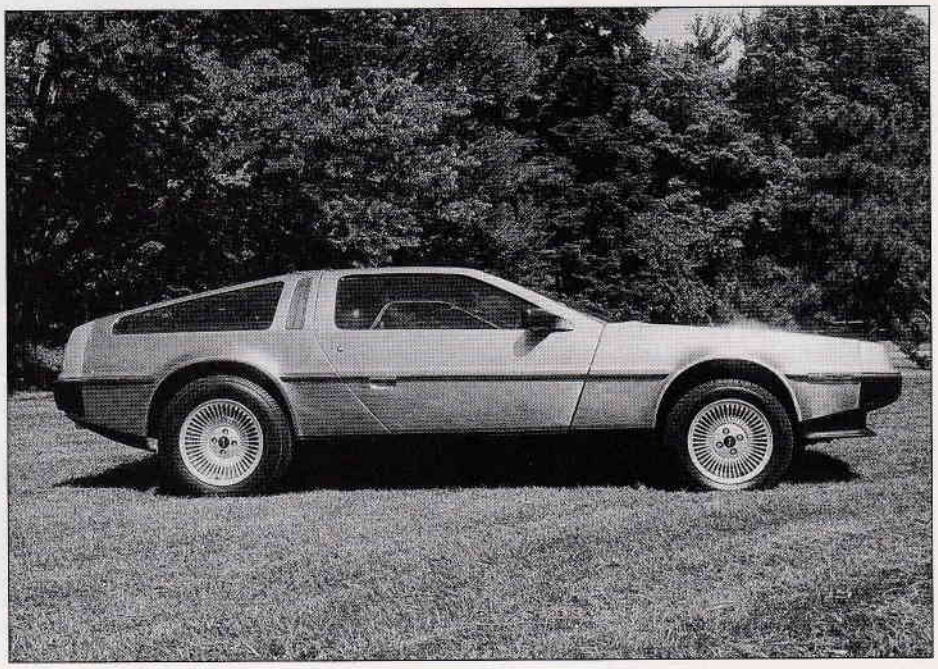
CAPACITIES

Fuel tank	13.2 gallons

CALCULATED DATA

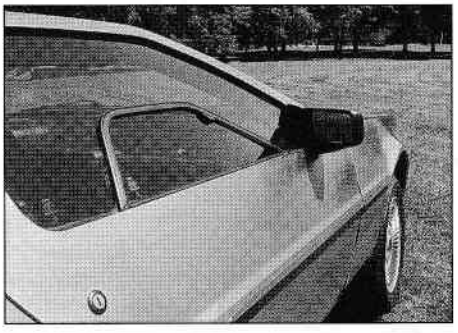
Horsepower per c.i.d.	.747
Weight per hp	21.1 pounds
Weight per c.i.d.	15.76 pounds
PSI (brakes)	N/A

Right: *Stainless steel skin ages well and, of course, there's no worry about the dreaded tinworm.* ***Facing page, top:*** *Fuel fills up front a la VW beetle.* ***Below left:*** *Also like the Beetle, oil must be checked from the back.* ***Below right:*** *Fixed windows have an access flap for tolls, shaking hands and so on.*



1982 DE LOREAN

continued



had to start looking for a place to build his manufacturing facility. Several states had already offered financial and tax assistance, but none of the offers was particularly outstanding. At that point a surprising player got in the game. De Lorean was dealing with a bank that happened to have a branch in Puerto Rico. One of the bank's people there passed along the information to the home bank that the Puerto Rican government was interested in the De Lorean project. The bank told De Lorean, and negotiations began.

To shorten the Puerto Rico part of the story, it first looked like a sweetheart deal: lots of land on an old air force base the government owned, tax breaks, financial assistance and very cheap labor. But it turned out the government didn't have clear title to the land it was offering, and De Lorean found out doing business there was going to cost perhaps millions in special payments — $400,000 for a notary public to stamp a document, for example.

While dealing with the Puerto Ricans, the De Lorean camp was approached by an industrial development agency from the Republic of Ireland whose US representative happened to hear a news item about De Lorean on his car radio in Detroit. When Puerto Rico fell through, De Lorean headed for Ireland. A deal was put together, then fell apart as well when the Irish essentially got cold feet when De Lorean started talking about the huge "Global Motors" he had in his dreams.

Supposedly as the Ireland deal fell apart, an Irish lawyer said, "Why don't you try the north?" The De Lorean group soon contacted the Northern Ireland Development Agency, a semi-governmental organization assigned to lure industry into the north. Despite the problem with "The Troubles" as the Catholic/Protestant/British situation was known, the deal Northern Ireland offered, in conjunction with England, was too good to pass up: a 550,000-square-foot factory on 72 acres of land and $160 million in grants, equities and loans, most of which didn't have to be paid back.

The deal was done in August 1978, and ground breaking took place the following October. At that time, the British pound was worth $1.70, and the business plan called for the De Lorean to be priced in the $13,000 range, based on that value of the pound. There was a clause about "inflation insurance" that would kick in more money if the pound got stronger.

One of the most remarkable parts of a remarkable story is the constructing of the plant and making it operational. The plant location was a soggy tract of land in Dunmurry, a suburb of Belfast. It was directly between a Catholic housing area on one side and a Protestant area on the other. Symbolically, the location was ideal. The plant would draw workers from both faiths who would work side by side in perfect harmony.

In little more than 18 months, the field was changed from a soggy pasture with grazing cows to a beautiful facility with offices, training area, parts storage areas and a fully automated, state-of-the-art production line. I used to marvel, as I walked through the various facilities, that we had a fully operational business where months before there had been nothing. Not only no buildings and production lines, but no engines and transmissions that were now stacked floor to ceiling, no bins of the thousands of parts that went into each car, but also no letterhead stationery, no paper clips, no note pads, no employees. Months before, nothing, and there I was walking through a smoothly functioning business that could have been there for years. But that is getting a bit ahead of the story.

By 1978, it was obvious to all involved that Collins and his staff in Detroit were not capable alone of getting the car ready for production in anything like the late seventies time frame De Lorean had established. Collins knew they needed outside, probably overseas, help and that he would oversee the final stages. That summer, De Lorean actually went door to door looking for that assistance. BMW and Porsche either wanted too much money or too much time or both. Then Lotus and its owner Colin Chapman were mentioned. Very quickly they had a deal. Collins was not included.

Lotus's job was to turn the prototype De Lorean into a vehicle that could be easily manufactured, and to get that done quickly. To that end, Chapman essentially decided there was no reason to deal with new designs and manufacturing techniques when he had perfectly good chassis and suspension designs under his Lotus Esprit. So the De Lorean got the unusual double-Y chassis of the Esprit and the most simple front and rear suspensions possible without compromising reasonable handling. De Lorean had planned to make the underbody of a composite aluminum/fiberglass material he owned the manufacturing rights to. Again, Chapman figured, why bother, and decided to form the De Lorean's underbody by the molded resin system he used for the bodies of his cars.

The Peugeot-Renault-Volvo consortium had excess capacity for its PRV-6 DOHC V-6 engine/transaxle and was willing to make them available at a very reasonable price; so De Lorean chose that for the car. Although there had to be some De Lorean-specific parts, the vast majority of the parts came off someone's shelf.

Thanks to Lotus, the De Lorean was quickly taking shape. However, the operation, in the US and Dunmurry,

1982 DE LOREAN

continued

was hemorrhaging money. It was all going out ($700,000 a month to Lotus, for example) and nothing could come in until cars were built, shipped to the US and sold to dealers.

The first car came off the line in December 1980. Don't think of it as the first of a stream. It was built slowly over a number of days, and I can remember the excitement in the New York office as we got reports of No. 1 working its way along the line. It wasn't until March that a significant number were built in succession. De Lorean later wrote, "I had expected them to be bad; I couldn't imagine them being that terrible!" More on that later on.

I had joined the corporation the previous September, and viewed from the outside, we were on top of the world: De Lorean the genius at the helm, a new factory going into production, Protestants and Catholics working side by side, a long list of orders at $1,000 deposit each at each of the nearly 400 dealers, constant requests to me for information on our progress, and one request after another for interviews with the man himself. I didn't have to work to get publicity, I had to work to manage all the opportunities we had. I was working for a superstar.

My only problem in those golden days was getting John to fulfill commitments. He is, by his own admission, basically a shy person who much preferred an evening at home with Cristina and his children to suiting up for an appearance at an evening function. More than once, he had me cancel hours before he was to appear. In hindsight, this reluctance to mix and mingle played a part in the company's demise.

But it wasn't long before I realized things weren't as golden as they seemed. The money problem was big and getting bigger. The car was not ready to build and sell, but if we didn't build and sell we couldn't make money. Much-needed testing programs were canceled for lack of time and money. The only durability test of which I am aware involved two cars that were to be driven on the roads of Northern Ireland for 50,000 miles by a team of auto club members. One car was eliminated by a crash during the test. The other finished. The test was in Northern Ireland's moderate climate. There was no cold- or hot-weather testing.

In the States, a recession was building and the demand for cars of any kind was way off. In addition to a soft market, the rising cost of the pound was driving the cost of the De Lorean skyward, from the mid-'teens to, finally, $25,000 when sales began.

The only way to stay afloat in the pre-on-sale days was to get infusions of money from the British. And it kept coming. When the government would hesitate, De Lorean would employ more workers, believing if there were enough jobs at stake, the Brits would not shut off the funds. To account for the additional workers, the annual production rate was increased. In his book *De Lorean* he says the number was raised to 14,700. I specifically remember the number being 30,000. Regardless, more workers meant more money for wages.

Finally, in the spring of 1981, cars arrived in the United States, first in California, then on the East Coast. C.R. Brown, in charge of North American operations, had expected some rough edges. This is what he found: "Shit. I'll tell you what it looked like. It looked like somebody put a hand grenade in the front seat and set it off. All the guts were out. You couldn't ride in them...all the components [inside] were stuffed in. They weren't built in, they were stuffed in. Doors wouldn't function...," and on and on.

Brown set up three Quality Assurance Centers (QAC's, we called them Quacks) to fix the cars. They were in New Jersey, Detroit and south of Los Angeles. Nearly $700,000 was spent in June fixing the cars. In the first three months, we spent $2.5 million fixing cars that should have been right when they left the factory. Admittedly, quality greatly improved as production continued, but those "fixed" cars were the first we had to sell.

At first, all was great. Better than great. Some early bad reports in the press had little effect on sales. De Loreans were selling for $5,000 over sticker. Dealers had deposits on 20, 30 cars. But then, reports began to circulate of serious problems, things that no customer who had just spent $25,000 expected to happen.

Those first cars should never have been sold, of course, but had to be to get much needed cash.

I would later write in *Motor Trend:*

"The electrical system soon took over the No. 1 spot on the list [of problems]. It was, as Brown called it, a mess. At the heart of the problem was an alternator that was drastically under strength. Its

Top: *With gullwing dooors raised, De Lorean takes on a predatory appearance.* ***Above:*** *Renault-Peugeot-Volvo V-6 suffered teething problems in De Lorean due to lack of adequate testing.*

maximum output was 75 amps, but with all the systems running, the car could easily draw 80 or 90 amps. Batteries were down and De Loreans were lying dead all across the country."

Soon there were reports of cars not running, of cars stopping on the highway, of doors not opening, of electronics burning up, and on and on. So quickly it made our heads spin, the deposits at dealerships were taken back. Lists of 20 customers dropped to one or two. After months and months of positive public relations, we were dead in the water; no demand for the cars and no money to keep things going in Dunmurry.

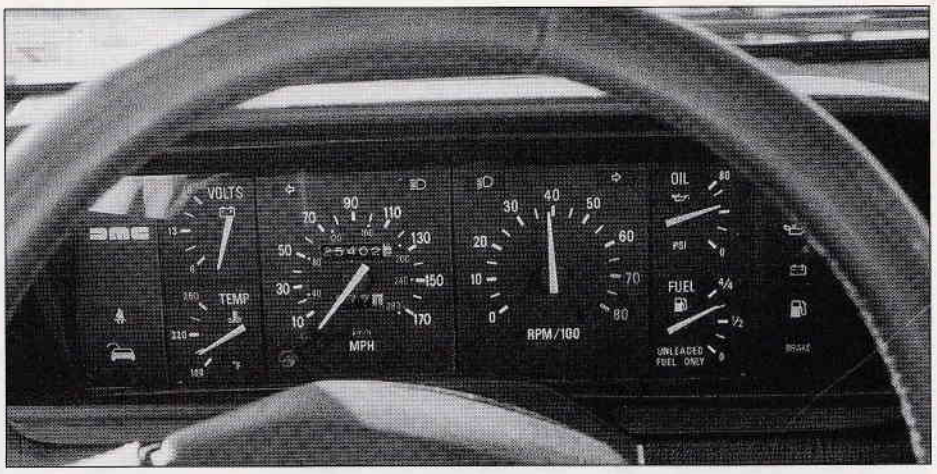
But we struggled on.

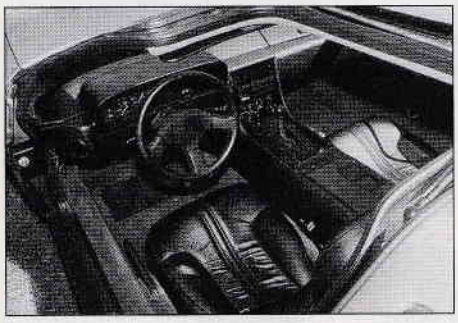
While the US operation fought to regain some of the sales momentum of the earlier days, De Lorean got more money from the government and the factory in Dunmurry increased its production rate to some 400 vehicles a month. They began piling up in storage lots at the factory and at the facilities in New Jersey and California. We had a factory pumping out cars at an ever-increasing rate for a market that simply couldn't absorb them.

When huge amounts of money are going out and very small amounts of money are coming in, it is only a matter of time. There is no need to go into all the details here of how De Lorean convinced the British government to add more and then more money to the effort. But eventually, the government simply said No. No more. It had invested between $160 and $200 million in the project, and was simply unwilling to invest more. The company went into receivership in February 1982 officially for its inability to pay $800,000 in interest it owed the British government.

I left the company in April, with most of the New York staff following through the summer. Cars continued to be sold, of course. After producing something like 8,400 cars, the factory in Dunmurry was closed. The US operation struggled on into the fall, eventually reaching such a low point the California office didn't have enough money to pay the water bill or even buy coffee for the coffee machine.

Then came the events of October 18, and the story was effectively over. It had been the most dramatic rise and fall in the history of the automobile business. We will never see anything like it again.





Above: *Dash is fully instrumented and highly legible.* ***Below left:*** *Low seats, high console give driver a hunkered-down but very comfortable command post.* ***Center:*** *Gullwing door design allows totally unobstructed exit and entry.* ***Right:*** *Trunk space is good for a weekend for two.* ***Bottom:*** *The 3/4 rear aspect of the De Lorean is particularly attractive.*

Epilogue

De Lorean was arrested on drug charges because of a very clever entrapment scheme. He went to trial in California on the drug charges, and was acquitted. Members of the jury said they believed he had indeed conspired to buy and sell drugs for profit, but, they said, the prosecution's case was so badly presented and the entrapment so blatant they simply couldn't, under the guidelines set by the court, convict him.

Cristina, who was beside him and very supportive during the drawn-out trial, divorced him immediately after the acquittal.

De Lorean later went on trial in federal court in Detroit on fraud charges and was again acquitted.

In the years since, he has virtually become a recluse, at least as far as any visibility in the automobile scene is concerned.

He will be 70 years old in 1995.