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*Deuce McAllister Nissan of Jackson files Chapter 11 bankruptcy

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An auto dealership owned by former New Orleans Saints standout Deuce McAllister will continue to operate as usual after filing for bankruptcy protection, the owner said Tuesday.

Deuce McAllister Nissan of Jackson filed for Chapter 11 to thwart attempts by Nissan to take possession of the dealership's inventory. Nissan is seeking to recover nearly \$7 million it says the dealership owes.

Nissan Motor Acceptance Corp., the financing arm of the Japanese automaker, in a federal court filing last month said the dealership owes more than \$6.6 million, nearly \$300,000 in interest, plus other fees, after McAllister defaulted on a deal with the company. He then exceeded his credit line by more than \$1.6 million.

The company had sought to repossess about \$6 million in vehicles from the lot, according to the filing. However, the bankruptcy filing prevents Nissan from seizing the vehicles.

"We have provided financing to the business, and that makes Nissan Motor Acceptance Corp. a listed creditor in proceeding," Nissan spokesman Fred Standish said Tuesday about the response the company filed in bankruptcy court.

The bankruptcy filing allows the dealership to continue to operate as it reorganizes "with the goal of continuing its business," Doug Noble, the Jackson attorney for McAllister, said in an e-mail.

McAllister said Tuesday's proceedings do not affect his other businesses, which include an investment in the renovations of the King Edward Hotel and Standard Life Building in Jackson and an imports dealership in north Jackson that sells Land Rovers.

The auto industry has been decimated in the last year as the slumping economy has resulted in manufacturers and dealerships in crises.

There were 900 new-car dealerships that closed in 2008, according to National Auto Dealers Association. And the group predicts another 1,000 closings could occur this year.

"Our job is to sell cars and service them," McAllister said Tuesday night. "We haven't done probably as well as we would have wanted to over the last eight months. So that's why this (has) kind of left us in this position."

The dealership's sales slipped significantly last month. It moved 107 vehicles in February 2008 and 28 last month.

McAllister said he laid off about 30 people last month. The dealership employs around 45 people.

He said he is searching for an investor. "I think that's the quickest way that you're going to get a cash infusion is by selling some equity in this dealership," McAllister said.

Manufacturers around the globe have turned to their governments for funding to help them survive the downturn.

"The lack of credit is affecting dealers at the wholesale level and consumers at the retail level," a NADA spokesman said.

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NFL star's auto sales fall with economy

McAllister is a former Ole Miss star who played eight seasons for the Saints but was released from the team on Feb. 17 for financial reasons. McAllister, the Saints all-time leading rusher with 6,059 yards, was to be paid more than \$7 million next season.

McAllister has parlayed his on-the-field success into a portfolio of businesses. He opened the Nissan dealership in 2006 after growing clientele at a used-car dealership next door.

He was moving into a facility with high overhead just as the market started to tumble, said Michelle Krebs, senior editor at edmund's autoobserver.com

Nissan on Tuesday reported a 37 percent drop in sales for February.

"In the end, you have to do what's best for the company," McAllister said. "The one thing you don't want to do is to mortgage away your future."

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To comment on this story, call Kevin Richardson at (601) 961-7163 or LaRaye Brown at (601) 961-7280.

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