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# Hertz CEO Steps Down After Accounting Errors

*Reuters*

4–5 minutes

(Reuters) - Mark Frissora has resigned as chief executive of Hertz Global Holdings Inc, citing personal reasons, as pressure from investors mounts following a series of accounting errors.

Hertz's shares rose as much as 5 percent after the No. 2 U.S. car rental company said it had begun the search for a replacement. Several investors and analysts named Scott Thompson, former CEO of Dollar Thrifty, as a possible candidate.



Specialist trader Jason Hardzewicz gives the price for Hertz rental car at the opening bell on the floor of the New York Stock Exchange August 20, 2014. REUTERS/Brendan McDermid

Brian MacDonald, CEO of Hertz's equipment rental business, which will soon be spun off, was named interim chief executive.

Hertz has owned up to a string of accounting errors, originating in 2011, that will require it to restate or correct its financial results for the past three years. The company last month withdrew its full-year financial forecast.

Disclosing an 8.5 percent stake in Hertz last month, activist investor Carl Icahn said he planned to quiz management over accounting issues.

Private investment firm Fir Tree Partners Inc, which owned 3 percent of Hertz's stock at the end of the second quarter, has said Frissora had "completely lost credibility."

"I'm sure he got the message that people don't want him," a different Hertz shareholder told Reuters. The investor declined to be identified, citing company policy.

Frissora, 58, also stepped down as chairman. He was not available for comment.

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Frissora is credited for the shrewd acquisitions that helped Hertz to grow into a \$12.7 billion company - more than two-and-a-half times its value when it listed in 2006, shortly after Frissora took the helm.

"During Mark's tenure, Hertz has transformed from a single on-airport car rental brand to a world leading rental car company," said Linda Levinson, who was announced as independent non-

executive chairwoman on Monday.

Frissora presided over Hertz's buyout of Dollar Thrifty after a tussle with Avis Budget Group Inc <car.o>. He also ranked fifth on Business Travel News' list of the 25 most influential executives of 2012.

But some analysts and investors have said Hertz had not been able to raise prices as much as it should have after swallowing up a major competitor. Some are calling for the man who led Dollar Thrifty at the time as a replacement for Frissora.

"There has been a clamoring for Scott Thompson, who did a fabulous job in taking Dollar Thrifty from close to bankruptcy to an \$87.50 per share buyout," said Michael Millman, managing member of independent securities research company Millman Research Associates. Hertz had first offered \$2 per share.

To Friday's close, Hertz's stock had fallen 0.6 percent this year compared with a 64 percent jump in the value of Avis, the third-largest U.S. car rental company. Privately held Enterprise Rent-A-Car is the largest player in the \$24 billion market.

Hertz's shares were up 1.7 percent at \$28.95 in afternoon trading on the New York Stock Exchange on Monday.

(Editing by Saumyadeb Chakrabarty, Feroze Jamal and Robin Paxton)