



## June 3 hearing on dealer closings

The Senate Commerce Committee, which is examining the mass dealership closures proposed by General Motors and Chrysler, rescheduled to 2:30 p.m. Wednesday its hearing with auto company executives and NADA Chairman John McEleney.

The full-committee hearing, entitled "GM and Chrysler Dealership Closures: SEE HEARINGS, PAGE 2

### **NADA offers planning tips for dealers leaving the business**

The National Automobile Dealers Association produced a brief checklist for dealers exiting the business, to help the identify some of the steps they need to take and questions they should discuss with their professional advisors.

The CATA posted the checklist on its Web site, <http://cata.drivechicago.com>. See "Latest News" on the site's home page.

## *Votes due June 4*

### **8 candidates on ballot for 6 CATA board seats**

Eight candidates, including five incumbents, have been nominated to fill six openings on the board of directors of the Chicago Automobile Trade Association. Each term last three years beginning this month.

Election ballots were sent May 21 to all CATA dealer members whose association dues are up-to-date. Completed ballots must be returned by 12 p.m. June 4 to the CATA's auditing firm, Crowe Horwath, which will tally the submissions.

Results will be announced

June 16. A letter mailed with the ballots errantly indicated results would be announced at a June 8 golf outing, which has been postponed.

Incumbents on the ballot include **Mary Fran Dolan** (Freeway Ford Truck Sales, Lyons); **Desmond A. Roberts** (Advantage Chevrolet of Bolingbrook, Advantage Chevrolet of Hodgkins, and Advantage Chrysler-Jeep-Dodge of Des Plaines); and **Kurt Schiele** (Elmhurst BMW/Jaguar/Scion/Toyota).

Also, **Monty Scher** (Rog-

ers Auto Group, Chicago); and **John Webb** (Packey Webb Ford, Downers Grove).

Dolan and Roberts are seeking third terms on the board; Scher, Schiele and Webb, their second terms.

Newcomers on the ballot are **Dan Roesch** (Chevrolet, Chrysler-Dodge-Jeep stores in Elmhurst); **Saul Rosen** (Rosen Motors); and **Stephen "Woody" Woodring** (Woody Buick-Pontiac-GMC, Elgin).

A director can serve a maximum of three terms.

### **Quinn signs bill to strengthen dealer franchise act**

Illinois Gov. Pat Quinn approved legislation on May 22 that gives dealers added protection against what constitutes good cause for a manufacturer to cancel or fail to renew a franchise or selling agreement.

The new law took effect immediately. Senate Bill 1417 reached Quinn's desk one day earlier, after state lawmakers cleared the bill on a combined vote of 170-1.

Among other things, manufacturers that discontinue a brand now must prove good cause to the Illinois Motor Vehicle Review Board before terminating any dealers. Also,

such a manufacturer must buy back new vehicles, parts and equipment from affected franchised dealers.

The new law also permits a dealer to sell multiple vehicle brands at a single location. A manufacturer also must provide an itemized list of what is considered reasonable compensation to a dealer for the value of the franchise and business premises, as well as a payment scheme for such compensation.

Also, the legislation winnows the audit period for dealer incentives and reimbursement claims, from 18 months to 12 months,

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## Libertyville gets creative with biggest source of tax revenue: car sales

Libertyville's 13 new-vehicle dealerships each will have \$100 vouchers to give to 50 customers who buy or lease a new vehicle from them between June 15 and Sept. 7, under an ordinance approved May 26 by Libertyville trustees.

The Shop Libertyville Gift Certificate Program is modeled after similar gift card programs in three California cities; customers at the Libertyville dealerships will receive four \$25 vouchers that can be redeemed at other businesses in the village.

Libertyville's outlay totals \$65,000. Dan Marks, proprietor of Libertyville Lincoln-Mercury Sales, said the dealers are in talks about contributing to a campaign to market the gift certificate program, and they may continue as a group beyond the program's end to advertise Libertyville as a great destination for car buyers. Village officials also are contacting merchants to participate in the campaign.

The program begun in Tracy, Calif., in late May generated requests for 100 gift cards after three days. Shoppers there, about an hour east of San Francisco, receive \$500 vouchers to redeem at other businesses in the city.

The southern California city of Palmdale has a similar gift card program that has been operating since late February. "The results have been phenomenal," said the city's eco-

## Senate, House 'cash-for-clunkers' bills similar; more debate this month

Federal lawmakers continue to consider cash-for-gas-guzzlers bills that are seen by many as emergency measures to get Americans buying cars and trucks at a time when the domestic automobile industry is struggling to stay alive.

Provisions of the bills would allow for the swap of older, lower-mileage trucks and sport-utility vehicles for vouchers of up to \$4,500 toward the purchase of a more fuel-efficient car or truck.

In most cases, according to the bills, the voucher's worth would depend on how many more miles to the gallon the new vehicle gets. For instance, if a traded-in passenger car gets 18 mpg or less, the new car must get at least 22 mpg. If the new car gets at least 4 mpg more than the old car, the voucher would be worth \$3,500; if the new car gets 10 mpg or better, the voucher would be worth \$4,500.

For small trucks and SUVs, if the new vehicle gets at least 2 mpg more than the old one, the voucher would be worth \$3,500; if the new one gets 5 mpg or more than the old, the voucher would be worth \$4,500, according to the latest versions of the legislation.

The Senate is expected to take up the bill when it returns June 1 from its week-long Memorial Day holiday. The House is expected to resume debate later in June.

economic redevelopment director, Danny Roberts. "We've given away 400 of the auto gift cards since the program began." The Palmdale rebates are worth \$300, and, like Tracy, are only redeemable at businesses within the city limits.

Lancaster, Calif., new-car dealers benefit from a variation of the idea; the rebate amount is determined on a sliding scale based on how much the customer paid for the state's registration fees.

"CATA members should use these examples to contact their own municipalities to promote similar programs," said CATA Chairman John Phelan. "In times like these, every little bit helps."

## SB 1417

CONTINUED FROM PAGE 1

to coincide with the audit period for warranty claims. And, it prohibits manufacturers from denying access to certain dealers when selling factory pre-owned vehicles, and it amends the definition of "motor vehicle" to include truck engines, transmissions and rear axles for trucks that weigh more than 16,000 pounds.

The CATA thanks the Illinois Automobile Dealers Association for the work expended on this legislation, plus the efforts of lawmakers Sens. John Millner (R-Schaumburg) and Martin Sandoval (D-Chicago); and Reps. Jay Hoffman (D-Collinsville) and John Fritchey (D-Chicago).

## Hearings

CONTINUED FROM PAGE 1

Protecting Dealers and Consumers," gives senators the opportunity to dive deeper into what many have called the misguided reasoning behind closing about 2,000 auto retailers. Likely topics of greatest concern for the committee: Uncovering who required the dealership closings, and exposing the criteria used to determine which dealerships were targeted for closure and which were not.

For more information on the hearing and to view the Web broadcast of the hearing, go to <http://commerce.senate.gov/public/>

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Review past editions dating to 1998 or search by subject at <http://cata.drivechicago.com>.

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## New-car dealers benefit cancer kids and veterans organizations

Funding for those who need help knows no times of economic upswings or downturns, and in today's challenging conditions, the Chicago Automobile Trade Association's "Chicagoland Dealers Care" program has again found worthy causes to help its dealer members make a difference in their communities.

### Make Your Mark— The Mark Staehely Pediatric Cancer Foundation

In 2000, 12-year-old Mark Staehely was diagnosed with Stage 4 Neuroblastoma, a rare pediatric cancer. Over the next six years he endured three surgeries, stem cell replacement and endless rounds of chemo and radiation therapy, as well as countless blood and platelet transfusions.

He spent every day making the most of the time he had, with his positive attitude the driving force in his survival.

After dealing with missed holidays and the heartbreak of a prolonged hospitalization, Staehely took it upon himself to collect toys, movies and video games for others who also were hospitalized.

"His story was so moving," said Jeff Johnson of D'Arcy Buick-Pontiac-GMC in Joliet. "We wanted to help memorialize the spirit of this brave young man's efforts. Our business contribution was matched by Chicagoland Dealers

Care, resulting in a \$3,000 donation to Make Your Mark—The Mark Staehely Pediatric Cancer Foundation.

John Phelan, CATA chairman, said: "We see our dealers reaching to their pockets to help in a time when it would be perfectly understandable for them to scale back their efforts. "But these are dealers who have long-term investments in their communities and, where there's a will, they find a way. We congratulate the D'Arcy team for bringing this organization to us to match their own generosity."

To honor his memory for efforts while facing his disease, Mark Staehely was presented the Red Cross Hometown Hero Award in 2005. His efforts also were honored by Children's Memorial Hospital with its highest accolade, the George D. Kennedy Leadership Award. Without any corporate sponsorship, the 2005 toy drive was the largest individual event of its kind in Children's Memorial Hospital history.

"Mark's program deserves to live on," said Phelan. "We're pleased that we've been able to be a part of achieving his dream."

### Transitional Living Services

Chicagoland Dealers Care also joined forces with Raymond Benoy of Benoy Motor Sales in Woodstock to benefit the needs of veterans returning from service



Raymond Benoy of Benoy Motor Sales in Woodstock (from left), Transitional Living Services executive director Alan Belcher, and Mark Scarpelli, a CATA director.

with the challenges of post-hospital rehabilitation and living.

Transitional Living Services is a not-for-profit corporation formed by veterans who recognized the needs of homeless veterans and their families.

"As a country, we have a responsibility to step up and address the needs of vets who have been wounded in battle and suffer the mental scars that come with it," said Benoy. "The TLS organization, through a partnership with the U.S. Department of Veterans Affairs, provides housing, guidance, assistance and hope for these special people."

Said Mark Scarpelli, a CATA director: "Raymond Benoy's generosity in conjunction with our Chicagoland Dealers Care funds not only will contribute to the overall effort, but will also bring additional visibility to the mission. We hope that in

addition to our joint contribution, others will become aware of TLS and find it worthy of writing a check of their own."

Benoy asked: "What more honorable thing to do is there than serve and protect our country? These brave men and women were the guardians of all we hold dear. When we support them in their time of need, it's the right thing to do."

Chicagoland Dealers Care is a program of the CATA's First Look for Charity Foundation, with a mission to build upon the charitable efforts of CATA's new-car dealers in their local communities.

New-car dealers already perform vital support of community charities; this program is designed to enhance that support. Dealer members may apply to the CATA for matching grants for contributions to local charities.

## NADA demands dealer closings reconsideration

The National Automobile Dealers Association is imploring Congress, the Obama administration and two domestic automakers to reexamine the decisions to close nearly 2,000 GM and Chrysler dealerships.

"It is reckless for Chrysler, with the approval of the auto task force, to shut down almost 800 dealerships with barely more than three weeks notice and then refuse to buy back vehicle and parts inventories," the NADA said in a May 21 statement. "Forcing these dealers to liquidate their vehicle inventory and parts supplies before June 10, and requiring them to lay off their employees in a careless and disorderly manner

will cause additional economic harm both locally and nationally."

The NADA wants the Obama administration and the automakers to ensure that affected dealerships and their employees have enough time to properly close their businesses and find new jobs.

"Furthermore," the NADA statement added, "these forced closings will cause a ripple effect through the economy that will make the nation's overall recovery substantially more difficult.

"The dealerships being shuttered represent more than 100,000 jobs as well as billions of dollars in sales tax revenues for the towns, cities and states."

## GM, Chrysler not only domestic dealer cuts

As General Motors Corp. and Chrysler LLC move to close hundreds of dealerships around the country, Ford Motor Co. has closed more than 670 Ford and Lincoln-Mercury stores since the company began consolidating franchises in major metropolitan markets in late 2005.

The 670 closures represent a 16 percent reduction, leaving Ford with 3,723 stores.

"We've been working on that for the last three years," CEO Alan Mulally told reporters at the company's annual meeting in May. He said the company still has too many dealers in some cities.

"They're very interested in right-sizing also, and we're supporting that," Mulally said.

As evidenced by comparing the average number of vehicles sold annually by each manufacturer's dealerships, Ford's approach appears to be working.

According to a report by CSM Worldwide, Chrysler dealers averaged 207 sales last year, while GM stores averaged 222.

Ford dealers averaged 322 sales -- 45 percent more than GM and nearly 56 percent more than Chrysler, but still way behind the whopping 1,380 sales Toyota dealers average each year.

## Congratulations!

**Autobarn Volkswagen Country-side** is among 24 dealers nationwide to take top honors in generationVW, Volkswagen's dealership reward and recognition initiative for sales, parts and service, facilities and customer experience goals.

**Team Audi** in Merrillville, Ind., is one of 35 members of the 2008 Audi Magna Society, which the automaker notes as "the best of the best."

Top achievers in sales parts and service with Ford's Employee Excellence (e2) Award include Mick Gilliland of **Arlington Heights Ford**; Jeff O'Brien and Peter Porzio of **Currie Motors Frankfort**; John Mazurek of **Fair Oaks Ford** (Naperville); Steve Vihnanek of **Friendly Ford** (Roselle); Thomas Conlin II and Brian Palmgren of **Gjovik Ford** (Sandwich); Steve Papolio of **Gregg Motor Sales** (Joliet); Joseph Venditti and John Weaver of **Hawk Ford of Oak Lawn**; and Allan Jacobson and Bob Lee of **Highland Park Ford-Lincoln-Mercury**.

Also, Charles Benkiel and Margaret Montvid of **Libertyville Lincoln-Mercury Sales**; Kathy Richy of **Napleton's Auto Werks** (Bourbonnais); Todd Budish of **Packey Webb Ford** (Downers Grove); Richard Yang of **Perillo Lincoln-Mercury** (Chicago); David Janowski, Joseph McAvoy and Frank Winstead of **Roto Lincoln-Mercury** (Arlington Heights); and Nick Sigrist of **Spring Hill Ford** (East Dundee).

And, Brian Sweeney of **Lake Shore Ford-Mercury** (Chesterton, Ind.); and Lawrence Wagner of **Smith Ford** of Lowell, Ind.

Gary Vicari of **Arlington Toyota** (Buffalo Grove); **Libertyville Toyota's** R. Steven Strader and Adrian Basich; and Phillip Resnick and Christopher Haley of **Schaumburg Toyota** were named members of Toyota's 2009 Customer Services Advisory Board.

## NADA free hotline can help dealers

For new-car dealers facing unprecedented challenges, don't forget a free source for of assistance with financial and operational issues, including:

- Frozen capital
- Cash flow
- Absorption
- Warranty administration
- Accounts receivable
- Aged inventory
- Capitalization concerns

- Expense reduction
- Internal processes

Dealers who are NADA members can get help prioritizing their top financial and operational challenges, and identify areas of opportunity.

To schedule a free, confidential phone appointment with one of the NADA's industry-leading consultants, call 888-672-5147 or visit [www.nada.org/Lifeline](http://www.nada.org/Lifeline).