



CATA Bulletin

DRIVE **CHICAGO** .COM
official Web site of CATA dealers

a biweekly newsletter

Volume 101, No. 4

March 1, 2004

CATA, BBB roll out binding arbitration program to avert suits

Local dealers and their customers can enter binding arbitration agreements under which disputes would be settled by arbiters of the Better Business Bureau of Chicago, not via lawsuits.

The new program, devel-

oped by the BBB and the CATA, covers disputes arising from the purchase or lease of a new or used vehicle, including disputes related to any service contracts for the vehicle.

A March 24 seminar at the

CATA will cover the program in detail; register to attend using the flyer accompanying this newsletter. Attendees also will learn to explain the several ways that customers benefit when they agree to binding arbitration.

To have a dispute resolved by BBB arbiters, the customer would have to pay \$100 to the BBB; the dealer fee is \$900, or \$800 if the dealer is a BBB member. Both parties could bring an
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Atty. general Madigan attacks dealer-arranged financing

Through heavy lobbying, the state's dealers stalled identical House and Senate bills coined in February by Illinois Attorney General Lisa Madigan to require dealers to disclose any compensation they get when they secure financing for their customers.

Senate Bill 3148 and House Bill 4900 moved among committees but never have been voted upon. The proposals would force dealers to disclose the percentage interest rate at which they can secure a loan for any customer and how much profit the dealer makes on the loan.

Many dealers contacted legislators to protest the bills' motives. No other industry must disclose such information.

Federal regulations require that consumers be told the annual percentage rate on a loan but do not cover dealer markups. In Illinois, loan interest rates are readily negotiable with customers, unless a fixed term is advertised.

Also, dealers and their finance sources can secure loans that customers with poor credit scores rarely could obtain themselves, because of the loan volume engaged in by the dealers and their sources.

Further, many dealers share a significant finan-

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Dan Feeny, seated, holds his award as a 2004 Time Magazine Quality Dealer Award nominee. Feeny is joined by CATA President Jerry Cizek, center, and representatives of Goodyear Tire & Rubber Co., left, and Time magazine, right.

Feeny honored for TMQDA nomination

Dan Feeny, president of Feeny Chrysler-Jeep in Elgin and Feeny Dodge in Palatine, was among 63 dealers nationwide honored as recipients of the 2004 Time Magazine Quality Dealer Award, in a Jan. 31 cer-

emony as part of the annual NADA convention and exposition.

The award recognizes new-car dealers for exceptional performance in their business coupled

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Financing

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cial obligation when they secure financing for some customers.

The National Automobile Dealers Association in February joined two other trade associations that represent auto finance companies and financial institutions in calling for voluntary disclosure to consumers that the APR is negotiable. The groups also support disclosing that the dealership may receive part of the finance charge or other compensation for securing the financing.

“Our goal,” said NADA Chairman Charley Smith, “is to continue to build consumer trust. And to do so, we must, as an industry, recognize the need for greater transparency in dealer-assisted financing.”

Peter Sander, president of the Illinois Automobile Dealers Association, said the dealer-financing legislation is a hot topic on talk radio in Springfield. So far, Madigan’s original proposal has not gained momentum in the General Assembly. It also is opposed by lobbyists for the state’s banking industry.

Officers of the CATA and the IADA said Thursday that if the attorney general would negotiate her stance, they would be willing to seek a common ground.

Dealers are an influential lobby in the state capital. They reportedly generated 13 percent of the \$9.4 billion sales tax revenue in Illinois last year.

Feeny

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with distinguished community service.

“The recipients of this award,” said NADA Chairman Alan Starling, “do a lot more than just sell cars and trucks. They work diligently and untiringly to help their communities and their industry and are an inspiration to all of us.”

A panel of faculty members from the University of Michigan Graduate School of Business Administration selected five finalists. New Hampshire dealer Paul Holloway, a former NADA chairman, was named winner of the 2004 award. Feeny earned the nomination of the Chicago Automobile Trade Association. He is a former CATA chairman.

A 29-year industry professional, Feeny entered the auto business as an F&I manager. After years as a sales manager, he opened Feeny Dodge in 1986. His dealerships sponsor many sports leagues and associations, as well as the Palatine Fire Department.

Feeny said his most important civic achievement is his ties since 1992 with the Buehler YMCA (Palatine) Youth Activity fund.

Record crowd visits '04 auto show

Attendance at the 2004 Chicago Auto Show jumped nearly 13 percent over 2003, earnestly launching the area dealers’ spring selling season. Last month’s show eclipsed 2002 attendance, the previous record year, by about 3 percent.



Plentiful media coverage and agreeable weather proved a winning combination for the Feb. 6-15 event at McCormick Place.

The Chicago Auto Show is the nation’s oldest, largest and best-attended auto show. Officials of the CATA, which owns the auto show, announced last month that the 2005 show floor would expand 43 percent, to 1.2 million square feet on one level. The expansion would make the Chicago Auto Show the world’s largest auto show on one level.

Some 18 new vehicles were unveiled during the show’s media days, including the 2005 Buick LaCrosse and the all-new 2005 Dodge Dakota.

First Look for Charity, the benevolent black-tie held the evening before the auto show opens to the public, raised a record \$2.3 million for 16 area charities, and two attendees left with the keys to a Lexus SC 430 and an Acura TL.

Effective salespeople in the displays netted a combined \$27,800 under the Award for Customer Excellence program. Incognito judges each day evaluated the salespeople using various criteria. The prize, \$100 cash, can be won by one salesperson a day at each exhibit.

Two salesmen landed ACE honors five times during the show: Andrew Eisa of Knauz Continental Autos in Lake Bluff, and Ed Kucic of Napleton Cadillac in Park Ridge. Two others grabbed an ACE four times each.

The 2005 Chicago Auto Show—the 97th edition—is Friday, Feb. 11 through Sunday, Feb. 20. Those days are preceded by Media Days Feb. 9-10 and First Look for Charity on Feb. 10.

The CATA Bulletin is published by the
Chicago Automobile Trade Association

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The CATA Bulletin is published and mailed every other Friday except during the Chicago Auto Show, when it is not published.

Listings of items for sale are subject to the approval of the CATA. Candidates for employment must submit a full résumé to the Editor.

Review past editions or search by topic at www.cata.info/

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Hot, hot, hot

By **RAY SCARPELLI**

METRO CHICAGO NADA DIRECTOR

While the weather outside the McLean, Va., headquarters of NADA may be bitterly cold, the 2004 NADA Convention and Exposition in Las Vegas was HOT. The workshops were fantastic, the speakers were top-notch, and the franchise meetings candid. It was a fun and valuable experience for all those who participated. This was the largest exhibition NADA has ever produced; the exhibit halls were packed with dealers and others seeking the hottest new products and services available from more than 525 vendors.

Congratulations go to 2003 Chairman Alan Starling on a very successful, if challenging, year; to convention chairman Carl Barnett, who produced a stellar event; to Paul Holloway, the Time Magazine Quality Dealer of the Year, and all the other dealers who won this honor.

As he assumes the 2004 chairmanship, we wish Charley Smith all the best. He will focus on creating better communication with five key partners: manufacturers, government, customers, communities and educators. Charley is committed to continuing his predecessor's diversity and ethics programs, ever more important during this time of excess scrutiny of F&I practices by the media and advocacy organizations.

Many resources from the 2004 NADA Convention and Exposition are available online until June. These include:

- Revisit or see for the first time the exhibitors, including additional "virtual exhibits," online. Go to www.nada.org/convention, then click on Exposition or Floor Plan.

Review by name, booth number or category, and click on the booth to reach the exhibitor's Web site.

- Order the new CD-ROM of workshop handouts or the new F&I video, "Absolute Integrity—100% of the Time," from www.nada.org/mecatalog/

- Share or relive the convention experience by ordering video and audiotapes of selected workshops and general sessions. See www.PlaybackNow.com/

- Enjoy day-by-day convention coverage at www.autoexecmag.com/ See video clips of speakers, interviews with dealers, photos from the show floor, summaries of news conferences and more.

The new NADA Associate program was introduced at the convention. Dealership managers now can receive communications from NADA's Public Affairs and Management Education departments, including NADA's AutoExec magazine, NADA Weekly, Special Alerts, and notices of training opportunities in their specific departments. Look for information in your mailbox or on www.nada.org; click on Member Services or the Join NADA tab.

Manufacturers are doing a better job of listening to the Voice of the Dealer when it comes to CSI. NADA's CSI presentations to each manufacturer already have caused several positive changes.

Look in your mailbox or go online at www.autoretailing.org/military for information on the new "Hire the Heroes" program, designed to match military veterans leaving the service with dealership jobs that use their considerable skills. These are win-win programs designed to ease staffing shortages at dealerships, while giving a hand up to bright

young people entering the civilian workforce for the first time.

Communications with the media and the community can be improved by taking advantage of the NADA's new booster seat "tool kit," sent to all members and available at www.nada.org/toolkit. Host a safety event at your dealership or school, and be sure to invite the media. Safety statistics are available in the tool kit and from the National Highway Traffic Safety Administration (www.nhtsa.gov) as part of our ongoing safety partnership with NHTSA.

As part of the NADA-NHTSA program, dealers can request limited free copies of the consumer brochure, "A Parents Guide to Buying and Using Booster Seats" and/or discount coupons (500 per box) for purchasing child safety seats at any Babies 'R' Us or Toys 'R' Us stores. E-mail rwhite@nada.org before supplies run out.

In addition, a "Boost for Safety" media kit is available for download and posting at www.nada.org/boostforsafety/

Please educate yourselves on the new telemarketing regulations. The "CAN-SPAM" Act regulating e-mail and the Do-Not-Call list for telephone communications will change how you do business. Information is available at www.nada.org and at the appropriate government Web sites.

Also familiarize yourself with the new fax rules. Visit the NADA's Web site and click on Government Affairs, then Regulation for information and links to more detailed explanations, including easy-to-understand NADA bulletins and guides.

Here's to a wonderful 2004!

F&I: Absolute integrity, all the time Unemployment claims deflected

Every customer or potential customer must be treated with the utmost respect. Moreover, every F&I transaction must be conducted with total honesty and integrity, in full compliance with both the letter and the spirit of the law. There is too much at stake.

Federal laws and regulations that govern F&I—and state and local laws as well—exist for everyone's protection.

The statements above come from the study guide to the NADA's new videotape package, "F&I: Absolute Integrity, 100% of the Time." The package, developed to train F&I managers in the successful conduct of their operations, explores F&I's three-part missions—(1) assisting a customer's vehicle purchase, (2) offering value-added products and services a customer may want or need, and (3) enhancing the sale's overall profitability for the dealership—and how to fulfill all parts of the mission legally and ethically.

The federal regulatory structure that governs F&I is designed to protect a dealer's customers, lenders and business partners, as well as the dealership itself. The NADA video reviews some of those federal laws, and the study guide elaborates on them and the agencies responsible for their issuance and enforcement.

Some of the federal laws reviewed are

- Equal Credit Opportunity Act and Regulation B
- Fair Credit Reporting Act
- FTC Privacy and Safeguards Rules
- IRS Cash Reporting Rule
- Truth-in-Lending Act
- Federal Consumer Leasing Act (Regulation M)
- Truth-in-Mileage Act
- FTC Used-car Rule
- Magnuson-Moss Act
- FCC and FTC Telemarketing Rules
- Credit Practices Rule
- General prohibitions against unfair or deceptive acts and practices

The video stresses that integrity and profitability go hand in hand. Profitability depends on many things—dealer commitment, goals set and met, good employees, cooperation with sales, smooth turnovers, and meeting customer needs.

In the long term, profitability depends mostly on integrity. Customers buy from a dealership because of trust. Trust is earned by listening, by handling every transaction honestly and in full compliance with the law, and by offering all products and services to all customers—all of the time.

"F&I: Absolute Integrity, 100% of the Time" includes a 45-minute video in VHS or Video CD format, plus a 30-page study guide. The NADA materials are \$169 plus \$10 shipping. Watch this newsletter for a CATA offer to reimburse dealer members who elect to buy the materials.

One hundred eighteen CATA dealer members reported a combined 557 unemployment claims to the Martin Boyer Co. during the fourth quarter of 2003. The company's efforts saved those dealers a total of \$1.06 million in benefits by contesting the claims.

Martin Boyer monitors any unemployment claims against its clients. About 200 CATA dealers are clients of the company.

Claims that can be protested and subsequently denied help minimize an employer's unemployment tax rate. The rate can vary between .06 percent and 6.8 percent of each employee's first \$9,000 of earnings. The average unemployment tax rate among Illinois employ-

ers is 3.1 percent, or \$279 annually.

"The unemployment tax is really the only controllable tax, in that it's experience-driven," said Paul Schardt, senior vice president of Martin Boyer. An ex-employee's claim affects the employer's tax rate for three years.

Client fees amount to \$2.10 per employee, per fiscal quarter. For the fee, Martin Boyer monitors all unemployment claims, files any appeals, represents the client at any hearings, verifies the benefit charge statements and confirms the client's unemployment tax rate.

Martin Boyer has represented CATA members since 1979. To discuss retaining the company, call Schardt at 312-381-8241.

Marketplace

Accounting Temporary help from dealership specialist. Audit packages, year-end entries, reconciliations, account analyses, schedules clean-up, more. Reynolds & Reynolds, UCS, ASI, ADP; domestics and imports. Marie Jorgensen, 708-771-3477.

For sale Various used ADP hardware equipment: monitors, printers, line printers, F&I printers, keyboards. Laurie Mangan, Gerald Olds-Nissan-Subaru, 630-907-0800.

Arbitration

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attorney to the arbitration. However, the process theoretically would eliminate that necessity.

Customers would not surrender any rights by signing the agreement—that is forbidden under the state's Con-

sumer Fraud Act—they would be choosing an alternate dispute settlement method. If the program is successful in the Chicago market, the BBB intends to expand it to other cities.

The CATA's civic and dealer relations committee worked extensively with the BBB on the new program.