Guido elected CATA chairman

Tony Guido’s fellow directors of the Chicago Automobile Trade Association voted him chairman of the board for the next 12 months, when the directors met June 20 for their monthly meeting.

The new board chairman succeeds Ray Scarpelli Jr., who becomes chairman of the 2019 Chicago Auto Show, Feb. 9-18 at McCormick Place. Guido will act as the show’s co-chairman.

Guido, proprietor of Arlington Heights Ford, leads a board of 15 dealers.

Other board officers include Vice Chairman Bill Haggerty (Haggerty Buick-GMC, Villa Park; Jerry Haggerty Chevrolet, Glen Ellyn; Haggerty Ford, West Chicago); Treasurer Kevin Keefe (Brilliance Honda, Crystal Lake; Brilliance Subaru, Elgin); and Secretary JC Phelan (Jack Phelan Chevrolet, Lyons; Jack Phelan Chrysler-Dodge-Jeep-Ram, Countryside). Dave Sloan is association president.

One director, John Alfirevich (Apple Chevrolet, Tinley Park), retired from the board in June after service since 2010.

Chicago police give tips to avoid fraud ring

A fraud ring using stolen identities to acquire new vehicles apparently is based in Chicago, but its antics don’t stop at the city’s edge. Indeed, victimized dealerships are located seemingly coast to coast.

“We are seeing an epidemic of vehicles being purchased via identity theft and shipped to the Chicago area from around the country,” said Sgt. Keith Blair, commanding officer of the Chicago Major Auto Theft Investigative Unit. The vehicles usually are valued at $50,000 or more.

The transactions usually start via an internet search. Credit applications and other paperwork are either completed online or sent to the dealership via FedEx. The offenders create a phony email account in the victim’s name as well as a fake driver’s license with the victim’s information, and they use Google Voice or other applications whose phone numbers are not traceable. The offenders oftentimes seek to arrange their own transportation for the vehicles to be delivered to an address in Chicago that is a vacant building.

Blair called it an elaborate scheme that can be stopped if dealerships conduct a thorough examination of online

Dealer ad infractions seen lately reviewed

One area new-car dealer’s recent advertisement of a vehicle said that shoppers should “consult dealer for actual price.” Another said “price does not include destination fees.”

Both ads generated letters of admonishment to the dealers from the Better Business Bureau of Chicago and northern Illinois, which monitors dealer ads to make sure they comply with the state’s rules on motor vehicle advertising. The BBB acts as sort of a buffer between dealers and the Illinois attor-
Hireology explores solving the hiring puzzle at car dealerships

The retail auto industry is full of processes, from greeting the customer to selling that shopper a car, setting up financing, warranties and beyond.

“The one process that seems to be missing is, ‘how do we bring the best people into our dealership?’” Hireology vice president of product Scott Brinkman said during a podcast recorded at NADA Show 2018 in March, which can be found at https://soundcloud.com/autoremarketing.

“And we’re a franchise business,” he said. “We don’t control the product. We don’t control the branding. We don’t control the marketing.

“And so we see this huge opportunity for dealers to really differentiate themselves and create incredible customer experiences by bringing in the best possible people.”

Doing so may require a different approach from some dealers. Shifting and often interwoven tech and retail landscapes have impacted what consumers are looking to get from the retail process.

“The consumer’s expectations of a buying experience have changed. Consumers expect an exceptional experience. And they’re getting it from retailers and service providers,” Hireology co-founder and chief executive Adam Robinson said by phone in a separate interview earlier this year.

Given the rise of app-based providers, such as Uber and Lyft, and specialty in-store experiences — think Apple Store — consumers are often looking for a “product specialist mindset” in a dealership salesperson, Robinson said.

Dealerships are re-examining their staffing strategies to adapt to this shift.

“Of course, people drive the customer experience,” he said, referring to dealership staff. “And so the right people, the right configuration, the right kind of roles — all of that is being re-thought right now. And so Hireology helps dealers reposition their teams accordingly.”

Auto defaults drop to lowest point since last July; below 1% for 4 years

Auto defaults dropped in May for the third consecutive month as May’s reading settled below the 1-percent mark for the fourth year in a row.

According to data through May released by S&P Dow Jones Indices and Experian, the auto finance default rate dropped 6 basis points from the previous month to land at 0.93 percent. It’s been a steady downward move since the year-high of 1.09 percent recorded in February and now sits at its lowest level since last July.

The composite rate of the S&P/Experian Consumer Credit Default Indices — which represents a comprehensive measure of changes in consumer credit defaults — decreased 3 basis points from last month to 0.89 percent.

The bank card default rate ticked down 2 basis points to 3.84 percent. The first mortgage default rate also declined by 2 basis points to 0.66 percent. Analysts highlighted three of the five major cities saw decreases in composite default rates in May.

Chicago and Dallas each dipped 2 basis points to 0.88 percent and 0.80 percent, respectively.

The May default rate for Miami came in at 2.77 percent, which was 1 basis point lower than the previous month.

The rate for New York increased 2 basis points to 0.92 percent, while the rate for Los Angeles rose 3 basis points to 0.62 percent.

David Blitzer, managing director and chairman of the index committee at S&P Dow Jones Indices, gave a wide-ranging assessment of what the data means and what trends might be surfacing.

“Consumers continue to pay their bills on time,” Blitzer said. “With the economy turning in good numbers with low unemployment, low inflation and gradually rising wages, consumer credit default rates are flat to down.
Fraud

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loan applications and related paperwork and institute a waiting period before shipping any vehicle. Such practice helps protect both the dealership and innocent persons whose identities have been stolen.

“In every incident that we have investigated,” Blair said, “there are several red flags that the dealership should have caught prior to shipping the vehicle. The Chicago Police Department is fielding at least three requests a week to investigate and recover vehicles that were purchased via identity theft and shipped to Chicago from out of state. In most cases, the credit application was initially approved and the vehicle was shipped.

“Upon further review of the credit application, inconsistencies were identified and the credit was declined. We have recovered vehicles shipped to the Chicago area from several states, including Utah, Florida, Texas, Delaware and Pennsylvania.”

For in-store purchases, Blair said most driver’s licenses used are an old version of the document. Dealerships with a UV (blue) light can check for watermarks and other security features that are on current driver’s licenses, as well as credit cards and vehicle titles.

“Other things we have noticed is that fraudulent buyers often come in the evening hours closer to closing times, and they are using identities of victims who don’t live reasonably close to the dealership. They also can come in pairs, where one individual may be coaching another with answers and information.

“It is not a bad idea to have dealers take a picture of a new-vehicle owner with their purchase; it can be played off as a marketing tool.”

For online purchases, Blair said dealerships should verify the address that any paperwork is being sent to. “Search Google Earth to look at the property to see if it looks vacant or dilapidated. Many times, fraudulent purchasers will ask a dealer to send paperwork to a ‘work’ address, an address that is usually a vacant building.”

If the paperwork isn’t sent to a residential address, review the paperwork carefully before shipping a vehicle. Blair said: “Do a Google search of the buyer to see if you can locate any information that can help you prove/disprove they are truly the buyer, such as social media profiles, LinkedIn, news articles, and business information.

“Reverse phone number search any numbers provided and verify work phone numbers. Many fraudulent buyers use Google Voice or other phone-over internet apps when conducting transactions. When shipping a vehicle, verify the delivery address is reasonably close to the buyer’s address.

“Make sure that the delivery driver verifies the identity of the person picking up the vehicle by photographing the driver’s license of the buyer. Do not,” Blair emphasized, “let a ‘relative’ pick up the vehicle due to an ‘emergency.’ The only person to sign for the vehicle is the buyer.

“If the delivery location is changed for any reason, delay the delivery and verify with the bank that the loan is not fraudulent. Most times, a fraudulent buyer will contact the transporter and change the delivery location just prior to a scheduled delivery date/time.”

**Congratulations!**

Subaru are 2018 Subaru Love Promise Commitment Award winners.

Acura bestowed its 2017 Precision Team Award upon McGrath Acura of Westmont and Muller’s Woodfield Acura, in Hoffman Estates (both 16-year recipients); Arlington Acura in Palatine (9-year winner); and Muller Acura of Merrillville (3-year recipient).

Lexus of Orland (Orland Park), McGrath Lexus of Westmont, and Woodfield Lexus (Schaumburg) are winners of the 2017 Elite of Lexus Dealers award.

Patrick Volvo, in Schaumburg, is among 30 U.S. dealerships to win the 2017 Volvo Excellence Award.

Michael Arias, from Willowbrook Ford-Kia, is a May 2018 graduate of the NADA Academy.

Ryan Ganser, of South Oak Dodge-Chrysler-Jeep (Matteson), is a graduate of FCA US LLC’s 2018 Future Dealer Development Program.

**Arlington Heights Ford,** **Heller Ford Sales** (El Paso), **Mike Murphy Ford** (Morton), **Sutton Ford** (Matteson), and **Wickstrom Ford** (Barrington) are recipients of Ford Motor Co.’s 2017 Presidents Award.

**Sutton Lincoln,** in Matteson, is one of two Illinois dealerships to win the Lincoln Motor Co.’s 2017 President’s Award.

Toyota North America’s 2017 President’s Award was won by **Classic Toyota** (Waukegan), **Elgin Toyota** (Streamwood), and **Schaumburg Toyota.**

**The Audi Exchange,** in Highland Park, and **Fletcher Jones Audi,** in Chicago, are two of 13 U.S. dealers named 2017 Audi Magna Elite Society members. **Audi Morton Grove** is a Magna Society member.

**Gerald Subaru of Naperville,** **Gerald Subaru of North Aurora,** and **Napleton’s Schaumburg**
Say ‘Cheese!’

Did you participate in the CATA’s June 12 annual meeting/golf outing at Cog Hill & Country Club in Lemont? See all the photos captured that day and download yours at https://oashots.photoshelter.com/gallery-collection/2018-CATA-Member-Golf-Outing/C0000XGt28cy5pB4

Ads

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ney general’s office, although that office has complete and independent authority to handle all matters as it sees fit in light of enforcement priorities and resources.

Representatives of the BBB conducted a seminar at the CATA on June 26 to remind dealers and their advertisers what not to state in vehicle ads.

Both examples above run afoul of Section 475.310 of the ad regs, concerning Advertised Price. For the latter, only “taxes, license and title fees and a documentary service fee” may be excluded from a vehicle’s advertised price. For the former, well, where to start?

Indeed, improperly portraying a vehicle’s advertised price became such a common infraction that the CATA’s board of directors in 2014 authorized the BBB to treat it as one of five “Zero Tolerance” sins, conduct which the BBB refers to the AG’s office for appropriate enforcement.

Factoring into an advertised price any limited rebates for which all consumers don’t qualify is another common infraction, and it is another Zero Tolerance violation, of Section 475.530 of the rules. “The advertised price,” said BBB legal counsel Patricia Kelly, who led the seminar, “must be available to everyone who sees the price.”

Other recent dealer ads which generated BBB letters:

• “Free remote start and Nav!” (Violates Section 475.590, which bars gifts and free offers unless they are offered through a manufacturer’s program or a dealer advertising association.)
• “Internet price” (Cannot differ from price advertised in other media).
• “Sale price.” “Is that a reduced price from an earlier price?” Kelly asked. That’s “was/is pricing,” a violation of Section 475.360(d) of the regulations.
• “Market value $28,800” on a used vehicle. “Where does that come from? Cite the source,” Kelly said.
• Lifetime warranty/oil changes/car washes amount to gifts and free offers, which can only be offered through a manufacturer’s program or a dealer advertising association.
• Guaranteed trade-in amounts violate Section 475.540.
• Mailers that appear to have been issued by a government agency.
• “Key Exchange Event.” Kelly said an exchange is evenhanded; consumers who buy a new vehicle likely will be paying more monthly for their new car than they did for their trade-in.
• “Liquidation sale.” Said Kelly, “You can’t say that if you’re not leaving.”

Correspondence via email represents “advertising” under the regulations, as do oral and other written and pictorial statements. The attorney general’s office does pursue actions against agencies that prepare dealer advertisements. Ultimately, dealerships are responsible for advertisements bearing their name.

Sedgwick deflects Q1 2018 jobless claims

One hundred thirteen CATA dealer members reported a combined 356 unemployment claims during the first quarter of 2018 to Sedgwick Claims Management Services, Inc., which has been serving CATA dealers under various names since 1979. The company’s efforts saved those dealers a total of $852,874 in benefit charges by contesting the claims.

By comparison, there were 1,302 unemployment claims at member dealerships in the fourth quarter of 2017.

Sedgwick, Inc. monitors any unemployment claims against its clients and contests all unwarranted claims and charges. The company counts about 235 CATA dealers among its clients.

Claims that can be protested and subsequently denied help minimize an employer’s unemployment tax rate. The rate can vary between 0.525 percent and 6.925 percent of each employee’s first $12,960 in earnings.

The 2018 average unemployment tax rate & new employer rate for Illinois employers is 3.225 percent, or about $418 annually per employee ($447 in 2017). The rate continues to inch down from 2007, as the Illinois economy continues to improve.

“The unemployment tax is really the only controllable tax in business, in that it’s experience-driven,” said Bruce Kijewski of Sedgwick. An ex-employee’s claim affects the employer’s tax rate for three years.

For new enrollees, client fees amount to $2.85 per employee, per fiscal quarter. For the fee, Sedgwick monitors all unemployment claims; files any appeals; prepares employer witnesses for hearings, as necessary; represents the client at any hearings; verifies the benefit charge statements; and confirms the client’s unemployment tax rate.

For more information and information on how to retain Sedgwick’s unemployment services, contact Kijewski at (773) 824-4322 or Bruce.Kijewski@Sedgwick.com.