



Upcoming DealersEdge Webinars

The Chicago Automobile Trade Association has established a partnership with DealersEdge to provide high-quality training and informational Webinars that offer the content to CATA member dealers at a significantly discounted rate.

The rate for CATA members for the weekly presentations is \$149, half what is charged to users who do not subscribe to DealersEdge. Webinars premiere on a near-weekly basis.

Even for dealers who hold an annual membership with DealersEdge, the new relationship with the CATA represents a savings because DealersEdge offers its Webinars to its own members for \$198. Regular annual membership fees are \$397, and normal Webinar fees are \$298 for non-DealersEdge members.

Once purchased, DealersEdge Webinars and accompanying PDF files can be downloaded and viewed later—and repeatedly. No matter how many people watch at your location, each connection costs a CATA member just \$149. A telephone connection is not needed; and the fee includes both PowerPoint slides and audio.

To register for any of the DealersEdge Webinars, go to www.cata.info. On the tan bar across the top of the screen, click on Education/Careers and follow the drop-down menu to CATA-DealersEdge Webinars.

Coming topics:

Thursday, May 5 at 12 p.m. CDT

“A Candid Comparison of the Top DMS Systems”

A Webinar hosted by Paul Gillrie, who since 1992 has been a trusted source by a multitude of dealers seeking to upgrade or replace their dealership management systems. Especially if your current contract expires this year or

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U.S. Labor Department deems service writers eligible for OT pay

Dealers who classify their service writers as exempt from overtime pay can expect to be challenged on the issue by investigators for the U.S. Department of Labor, following a departmental decree that it considers service writers eligible for overtime compensation effective May 5.

The move reverses a position the labor department held for at least 32 years.

The Fair Labor Standards Act (Act) includes an overtime exemption that applies to certain employees of au-

tomobile dealerships, specifically any “salesman, parts man, or mechanic primarily engaged in selling or servicing automobiles [or] trucks. . .”

Although the Act does not specifically identify service writers as an exempt position, courts generally have held that service writers work like salespersons under the statute and therefore also are exempt from overtime pay.

The language of the Act

SEE **OVERTIME**, PAGE 4

DriveChicago pushing used cars in May

DriveChicago.com, an inventory-listing Web portal provided free by the CATA, is promoting the more than 40,000 used vehicles listed in association members’ online inventories during the month of May.

In partnership with Experian AutoCheck, DriveChicago is making available free of charge to site visitors

Vehicle History Reports on every used vehicle listed. DriveChicago.com will be promoting the free VHRs on the radio, on billboards and online through Facebook and local Web portals.

Mark Bilek, Internet director at the CATA and general manager of DriveChicago.com, said: “This program SEE **DRIVECHICAGO**, PAGE 4

SMG picked to run McCormick Place

SMG Management Inc., the Philadelphia company that runs Soldier Field, won a five-year deal to operate the McCormick Place convention center, the interim board of the Metropolitan Pier and Exposition Authority announced April 26.

McCormick Place's transition to private management is part of a state-mandated overhaul to reduce convention exhibitor cost and make Chicago more competitive with rivals such as Orlando and Las Vegas.

A federal judge recently overturned parts of the new state law that allow exhibitors to do more of their own booth set-up and that limit labor overtime and crew sizes. McPier officials asked for a delay in implementing the ruling, pending appeal.



Rep. Daniel Lipinski (D-Ill.), second from right, accepts a \$2,500 donation from the NADA's Dealers Election Action Committee on April 11. Presenting the donation to Lipinski are (from right) Mike Ettleson, proprietor of Ettleson Cadillac-Buick-GMC in Hodgkins; Desmond Roberts, president of Advantage Chevrolet in Hodgkins and Bolingbrook; and CATA President David Sloan. DEAC gives funds to candidates for federal office, upon the request of dealer associations.

Congratulations!

Toyota Motor Sales, U.S.A. named Dan Wolf and Pat O'Brien of **Toyota of Naperville** to the Toyota Board of Governors, for sales excellence.

Acura's 2010 Dealerships of Distinction include **Continental Acura of Naperville**, a 15-year award recipient; **Acura of Libertyville**, a nine-year recipient; **McGrath Acura of Westmont**, a nine-year recipient; and **McGrath Acura of Morton Grove**, a seven-year recipient.

Continental Nissan (Countryside), **Gerald Nissan** (Naperville), **Gerald Nissan of North Aurora**, **Bill Kay's Downers Grove Nissan**, and **North Shore Nissan** (Highland Park) were named winners of Nissan's 2011 Owner First Award of Excellence, the automaker's most prestigious award.

Elmhurst BMW, **Fields BMW** in Northfield and **Laurel BMW** in Westmont are among 32 winners of BMW's 2011 Center of Excellence Award, for sales leadership and high customer satisfaction.

William Hartigan of **Heritage Cadillac** in Lombard and Frank Laskaris of **Cadillac of Naperville** are among 20 winners of the 2010 Cadillac Dealer of the Year award.

Acura Financial Services named **Joe Rizza Acura** in Orland Park as a winner of its 2010 Council of Excellence award.

Webinars

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next, this is your opportunity to get an expert's review of the options available to you.

Thursday, May 12 at 12 p.m. CDT

"How Independents Make Big Bucks in the Body Shop Business" Auto dealers have been abandoning the body shop business in great numbers. But did they make the right decision? Perhaps they gave up too soon and learning from the models provided by successful independent shop operators could have turned a perennial soft performer into a dealership profit center powerhouse. Learn the secrets of success and high profits in a dealership-based body shop operation. If you are looking for a new high-potential profit center for your store, this could be it.

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

Review past editions dating to 1998 or search by subject at www.cata.info.

David E. Sloan
Erik K. Higgins

President, Publisher
Editor, Director of Dealer Affairs

2nd annual CATA Dealer Meeting & Expo is June 22

For dealers, managers

The Chicago Automobile Trade Association's annual meeting on June 22 repeats the format successfully introduced last year, with informational presentations, a barbeque lunch, prizes, and a chance for dealers to explore business opportunities with the CATA's allied members.

The 2nd CATA Dealer Meeting & Expo opens at 10 a.m. at the CATA headquarters in Oakbrook Terrace. A brief meeting will identify winners in the CATA board of directors voting, which concludes in early June.

Then dealers and their managers can explore several 30-minute "best practice" seminars in the building's various meeting rooms, and interact with representatives from dozens of allied-member companies in booth displays assembled much like a trade show.

The new format succeeds the association's longstanding golf outing, which traditionally was held in conjunction with the annual meeting.

"Our businesses have seen a lot of change over the last 24 months. In the new normal, it's difficult for many dealers to get time away from their stores," said CATA Chairman Steve Foley Jr. "We decided that if dealers were able to get away this year, we would reward them with something more substantive than a golf outing."

The event is free to dealership personnel. A registration form will be disseminated in about one week. Only CATA allied members with exhibits will be present at the event. They were e-mailed information on April 27 about participating.

"This will be a nice mix of business and pleasure," said Foley. "This event was well received last year, and we're excited to bring it back."

Analysis

New fee reflects dealer associations' input

Illinois senators are weighing legislation that would add \$500 to the price of an annual dealer license, to endow a fund for people harmed when a dealership closes without settling liens on trade-ins.

It coulda been worse.

Directors of the Chicago Automobile Trade Association and the Illinois Automobile Dealers Association helped shape the bill and added a few pro-dealer components to House Bill 880 that the lower chamber passed 91-19 on April 15.

The attorney general's office sought to create the Dealer Recovery Trust Fund after being contacted by a number of consumers in recent years who were harmed by the unpaid liens. Assistant Illinois Attorney General Greg Grzeskiewicz described consumers who subsequently saw their credit scores damaged while they were saddled with two vehicle loan payments. Grzeskiewicz added that Illinois is the only state without a recovery fund or a bonding mechanism to help those consumers.

Dealers from the CATA and the IADA involved in shaping the legislation were able to steer endowment of the recovery fund toward a hike in dealer licenses and away from more costly surety bonds. CATA Chairman Steve Foley Jr. also succeeded at widening the circle of those who could be compensated by the fund to include dealers, who similarly can be harmed by unpaid liens on dealer trades.

Also, dealers managed to steer the proceeds held in the fund away from the state treasury and to a separate account that will be administered by the IADA, thus preventing the General Assembly from using any interest money to shore up the state budget.

Grzeskiewicz said his office estimates unpaid liens of \$5 million

statewide and is suing seven closed dealers to recoup some of that. He counts 60 dealerships that closed in the last eight years without paying off traded-in vehicles. He said a "typical" dealership closes without settling 10 trade-ins totaling \$250,000.

Under the legislation, annual dealer licenses would increase \$500 for a dealer's established place of business and \$50 for each additional place of business. The secretary of state's office currently counts 895 new-vehicle dealers, 2,831 used-car dealers, and 771 motorcycle dealers, meaning the fund would collect more than \$2.2 million in its first year.

The legislation provides that when the fund balance reaches \$3.5 million as of Aug. 31, collection of the fee would be suspended the following year for dealers who did not have a claim paid from the fund; or a suspended or revoked license; or have any civil penalties assessed against them during the previous three years.

Consumers and dealers would be eligible to file a claim against the fund if they purchase a vehicle on or after Oct. 1, 2011, from a dealer who goes out of business without satisfying a trade-in lien. A claim could not exceed \$35,000.

Among recent changes to the House bill, the three-member board to oversee the recovery fund would consist of Secretary of State Jesse White and Attorney General Lisa Madigan, or their delegates; and someone selected by White and Madigan or their delegates to represent Illinois automobile dealers.

The Illinois General Assembly is scheduled to adjourn its spring session May 31. If the Senate makes changes to House Bill 880, it would have to be reconsidered and approved by the House by then.

DriveChicago

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has been very successful in the past at driving used-car sales at CATA dealerships. Given the uncertain state of new-vehicle inventories, the time seems right to help members push used cars.”

At the same time, DriveChicago.com is making its annual springtime inventory push. Representatives are calling dealerships to make sure that DriveChicago has the correct inventory vendor for each dealership, to ensure all possible vehicles are displayed and out-of-date vehicles are purged from the site.

Marketplace

Corporate Trainer 15-year background of increasing sales, parts and service penetration, with emphasis on increasing SSI and CSI scores. Jim Stanfa, (630) 742-9336 or jimmpy1@netzero.com.

Overtime

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superficially supports the Labor Department’s newfound view: If Congress wanted to include service writers as exempt from overtime pay, it easily could have done so. Because it did not, so goes the Department’s argument, any interpretation that includes service writers as ineligible for overtime pay runs contrary to congressional intent and is invalid.

What lies ahead?

Courts tend to defer to the Labor Department’s interpretation of the Act. But while the majority of courts that have considered the question decided that service writers are exempt, the Seventh Circuit Court of Appeals—the court with jurisdiction over dealers in Illinois, Indiana and Wisconsin—has not previously decided the issue.

The Seventh Circuit could well reject the reasoning of the other courts and accept the Labor Department’s new position.

How to strengthen your current benefits package (at no direct cost to the dealership)

Let Aflac take you under its wing because . . .

1. Your CATA board of directors voted “YES” to a unique program spearheaded by Paul Jackson, (313) 808-0221.
2. Aflac protects your employees and their families from financial hardship after a serious accident or illness
3. Aflac is the No. 1 provider of voluntary insurance benefits (and a name you can trust)
4. The only requirement from the dealership is the time to input payroll deductions
5. With pre-tax deductions, the Aflac program can bring thousands of dollars to the dealership’s bottom line (and already has for many dealers!)
6. This unique program simultaneously benefits the CATA and all the work the association performs for the dealers and the community
7. Paul Jackson is an experienced executive who worked with Regional Dealership Advertising Groups for over 20 years before joining Aflac.

**To learn more about this unique CATA program,
call Paul Jackson at (313) 808-0221.**

Managing the risk

The CATA’s labor relations counsel, Franczek Radelet, said dealers who classify service writers as overtime-exempt have a few options to minimize their risk of liability in a Labor Department payroll audit or in a private claim or lawsuit by a service writer.

1. The dealership could change the classifications for service writers and treat them as non-exempt employees. That would require the dealership to track the service writers’ hours worked (e.g., with a punch clock) and pay them an overtime rate for any hours worked over 40 in a workweek. If the service writer is partially paid by commission or other variable pay, the calculation of the effective hourly rate for the service writer can become complicated.

2. Service writers also could potentially satisfy a different overtime exemption—the retail exemption—under Section 7(i) of the Act. To qualify for the retail exemption, ALL of the following conditions must be met:

- The service writer must be em-

ployed by a retail or service establishment. A dealership will meet this exemption if more than 75 percent of its annual revenue comes from the sale of consumer goods, i.e., automobiles.

- The service writer’s regular rate of pay must exceed 1.5 times the current federal minimum wage, \$7.25 an hour. To meet this requirement, the hourly rate must exceed \$10.88.

- More than half of the employee’s total earnings in a representative period must consist of commissions on goods or services.

3. Finally, dealerships could potentially classify certain service writers as exempt employees under either the executive or administrative overtime exemptions if they work as supervisors or managers.

Dealer members of the CATA with questions about applying these exemptions for service writers or about the Labor Department’s new enforcement policy can contact Franczek Radelet attorneys Staci Ketey Rotman or Mark Wilkinson, both at (312) 986-0300.