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Konecki named CATA's new vice president

Chris Konecki, who since 2004 worked for the CATA as director of auto show operations, was promoted May 1 to executive vice president. The position was vacant since Jan. 1, when David Sloan ascended to CATA president.

Konecki, 44, joined the CATA after 16 years at McCormick Place, where he was event manager of the Chicago Auto Show account and other large shows there.

"Chris's experience and know-how with everything auto show have proven invaluable to the association," Sloan said. "As executive vice president, he will be able to spread his diligent effort and conscientious approach to all parts of our organization."


Chris Konecki

CATA: Working for you

The Odometer Statement and Used-car Buyers Guide, paperwork required to sell used vehicles, are offered by nearly all state and metro dealer associations—for a fee.

The CATA supplies those necessary forms and others to dealer members **free**.

Financial reform bill moves to Senate floor; dealers urged to contact their senators to support Brownback amendment to exempt dealers

Debate on the Senate version of financial reform legislation began April 29, after three days in which Republican Senators stood united to filibuster the bill.

Senate officials expect about two weeks of votes on amendments that could change the bill in substantial ways. One amendment, sponsored by Sen. Sam Brownback (R-Kan.), would exempt dealers from increased regulations of the bill's proposed oversight agency, the Bureau of Consumer Financial Protection. The BCFP would have power to police transactions between institutions that provide financial services and their customers.

Some Democrats contend that Senate Bill 3217 is not tough enough on Wall Street, while several Republicans have expressed concerns about over-regulation that could stifle the economy. Critics are focusing their objections on the proposed BCFP, contending that unintended circumstances could ensnare small business people such as auto dealers for merely extending credit to their customers.

The House approved its version of a financial regulatory overhaul in December, and any legislation adopted by the Senate would have to be reconciled with that measure. Dealerships were exempted from the reaches of the House's proposed Consumer Financial Protection Agency, and the Brownback amendment would exempt dealers from the BCFP in the Senate bill.

Dealers are urged to contact their senators to support the Brownback amendment, including Illinois Sens. Dick Durbin and Roland Burris, and Indiana Sens. Evan Bayh and Richard Lugar.

Brownback said that over-regulating auto dealers, imposing new fees and other burdens will have "unintended

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Recalls spur Congress to act on auto safety; fee on new cars to fund NHTSA?

Two key members of Congress are drafting major reforms of auto safety laws in the wake of Toyota Motor Corp.'s massive recalls that could include a fee on new car sales to fund more federal oversight.

Sen. Jay Rockefeller (D-W.Va.), chairman of the Senate Commerce Committee, and Rep. Henry Waxman (D-Calif.), chairman of the House Energy and Commerce Committee, were expected in late April to release draft auto safety legislation that would require all automakers to install anti-runaway technology, such as brake override systems, stop-start technology and event data recorders.

Waxman and Rockefeller were aiming to draft one bill, but may end up writing separate legislative proposals.

Congressional aides briefed on the proposals said the authors were considering imposing a small fee on new-car sales that would fund an increase in the budget of the National Highway Traffic Safety Administration.

Waxman said the spate of recent recalls "underscore the need to ensure (NHTSA) has the resources, expertise and authority it needs to protect consumers from vehicle safety defects."

Sen. Amy Klobuchar (D-Minn.) notes that in 1980, NHTSA assigned 119 people to enforcement duties, twice the current number.

The bills also were expected to significantly increase fines for delaying auto safety recalls. The current maximum fine is $16.4 million, a sum Toyota agreed to in April for delaying by at least four months its recall of 2.3 million vehicles because the accelerator pedal on some of its vehicles could stick.

The lawmakers also may call for adding staff at the NHTSA and for finding ways to give the agency more authority to order recalls faster.

"Recent Toyota recalls reveal lapses in our auto safety monitoring system, and additional areas where we can do much better by the American consumer," Rockefeller said.

"Shortly, I will introduce legislation that will hold automakers to a higher standard and strengthen the NHTSA's ability to more effectively protect Americans on the road."

David Strickland, the head of the NHTSA, has endorsed hiking maximum fines to more than $100 million.

4th AIADA Auto Summit May 19-20 in Washington, D.C.

The American International Automobile Dealers Association gathers its members in the nation's capital May 19-20 for its 4th annual industry summit.

"As Washington continues to debate legislation and policies that directly impact international automakers and dealers, we must come together to make our voices heard on the issues that matter most to our businesses," said AIADA Chairman Rick DeSilva.

In addition to a mix of informative sessions with legislative and industry leaders—including retired Air Force general and former CIA Chairman Michael Hayden and Politico Editor Jim VandeHei—this year's Summit will feature Honda's John Mendel, Hyundai's Dave Zuchowski, Mazda's Jim O'Sullivan, and Lexus' Mark Templin in a panel discussion moderated by Automotive News Editor Jason Stein.

On May 20, the Summit will conclude with a unique opportunity for dealers to travel to Capitol Hill to meet with their elected representatives.

For the full schedule of events and to register, go to www.aiada.org or call (800) GO-AIADA. Tickets are $350 each.

New! **CATA Annual Meeting & Expo June 17**

Watch for details in the next edition of this newsletter about a new event for association members!

Marketplace

Accounting Manager 20 years' experience in dealership accounting and management. Have worked directly with GM as an officer of a Motors Holding store. Excellent communication skills. Works closely with departmental managers to focus on gross profit goals and control expenses. Bill Jensen, (847) 791-6930.

Résumé on file at the CATA.

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David E. Sloan **President, Publisher**
Erik K. Higgins **Editor, Director of Dealer Affairs**

Employee Free Choice Act is still on the horizon

The Employee Free Choice Act, a union-organizing bill, has been little discussed lately, but the threat of it coming up in Congress lingers. Following the 2008 elections, labor unions expected President Obama to push forth the EFCA as one of his first major initiatives. Fortunately for the businesses that oppose this legislation, innumerous advocacy efforts dissuaded Congress from taking up the legislation in 2009.

Now there is speculation that EFCA could become a reality via the National Labor Relations Board, to which union-backer Craig Becker recently was appointed, rather than via the legislative process. The NLRB already is considering enacting provisions from EFCA, including penalties for "violations" of labor laws.

Because 2010 is an election year, Democratic leadership might be is hesitant to hold debate and votes on EFCA, in case it goes awry. Another possibility is that elements of the original EFCA could crop up in unrelated bills that Congress would pass.

Opponents of EFCA contend that if the matter becomes law it will strip workers of their right to a secret ballot election during unionization and will replace it with the card check system. Using the card check method, once union organizers collect 30 percent of signed employee authorization cards, they then could present the cards to the National Labor Relations Board as representing the true intent of all the workers.

Card-check organizing often happens so quickly that smaller employers, like many automobile dealerships, do not have an opportunity to encourage their employees to oppose unionization; the process would allow only the union representative's side of the debate to be heard.

Without an election, employees would be susceptible to harassment, misinformation and pressure by union organizers to sign authorization cards.

The CATA opposes the Employee Free Choice Act because it threatens dealers, manufacturers, and their workers. Dealers are encouraged to contact their federal representatives on this matter and urge them to reject the legislation.

Red Flags compliance becomes mandatory June 1. Yes, really.

As compliance deadlines go, the one for the Red Flags Rule has turned into something of a running gag. But circle June 1 as the next important date for the new regulation.

The Federal Trade Commission, which will enforce the rule, prepared a free how-to guide, "Fighting Fraud with the Red Flags Rule," that is on the commission's Web site, www.ftc.gov/redflagsrule, and questions can be directed to redflags@ftc.gov.

The Red Flags Rule requires auto dealers and other businesses involved in finance and insurance to develop and follow a written program to prevent customers from being victimized by identity theft. Examples of possible red flags include a credit report with a fraud alert, a notice of a freeze on a credit file, or an ID that appears to have been altered. The term "Red Flags" means a pattern, practice or specific activity that could indicate identity theft.

"If you work with a lot of credit applications, you may have seen multiple applications with the same or similar address," said Michael Benoit, a dealer attorney who wrote a guide on complying with the rule.

"It may mean the dealership is doing a good job selling to the whole family. Or," he said, "it might be that particular address is appealing to an identity thief."

The most critical component of Red Flags compliance is the creation of a formal, written Identity Theft Prevention Plan, which must set forth the policies and procedures the dealership will use to prevent and respond to incidents of identity theft.

Documenting all steps and actions taken is vital. From the initial evaluation to the consideration of sources of information, from the adoption of a formal ID theft prevention plan to employee training, every step must be documented.

The June 1 compliance deadline follows several false starts dating to 2008.

Record number of car deals made with 0% financing in March

A record number of new vehicles were purchased in March with zero-percent financing, Edmunds.com reported.

More than 22 percent of financed new cars were purchased with zero-percent finance deals that month. The total in March 2009 was was just 13 percent. The prior high was 21 percent in July 2006.

A remarkable 71 percent of new Toyotas financed in March had a zero-percent APR — nearly twice the previous Toyota record of 39 percent in August 2009.

The two brands with the next highest percentages of such deals were Mazda at 58 percent and Mercury at 32 percent.

"Credit must be starting to loosen if almost a quarter of all transactions financed in March were approved for zero-percent financing," said Jessica Caldwell, a senior analyst for Edmunds.com.

In part because of low-interest financing deals on new cars, more than 100 new vehicles currently cost less than their 1-year-old used counterparts.

Scam alert

Fraudsters obtained parts worth more than $7,000 from a north suburban dealership on March 20 after tendering a check from a closed bank account and offering other misleading information.

The thieves, who reportedly spoke with Russian or Polish accents, collected the parts in a U-Haul truck and paid for them using a company check for International Auto Service, 3056 W. Lawrence Ave., Chicago. The dealership controller said the check was returned, marked "Unable to Locate Account" and that the business has been closed three years.

The two men listed an Illinois Business Tax number, 3444-7234, that does not exist; the listed telephone number is for a portable phone; and the fax numbers are for currency exchanges.

Also, a Carfax search of the vehicles for the parts were purchased indicated that both vehicles had been in an accident and one of them was reported as a total loss.

Henceforth, the controller said, "if something just doesn't look right we would call the bank to verify funds, and get a copy of the person's drivers license."

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AIADA chairman: Dealers must engage government

Evanston Subaru principal Rod Paddor was one of more than 100 auto dealers to attend an NADA-arranged Dealer Fly-in to Washington, D.C., on April 26, to lobby for the financial reform bill's Brownback amendment. But he was the only Illinois dealer.

Rick DeSilva, chairman of the American International Automobile Dealers Association, said that needs to change.

"The events of the past couple years have proved beyond a doubt that a dealer's sphere of influence must expand beyond state lines to include the U.S. Senate, House of Representatives, and federal agencies. These are the institutions and people, some elected and some appointed, who can shut us down, open us back up, unionize our employees, decide if we can offer financing to our customers, and if our cars are safe to drive. The government has never, at any point in history, been so involved in our business.

"It is high time we repay the favor.

"After all, the automobile business is not a spectator sport. I know that not everyone has the appetite to call their federal representatives directly, but sitting on our hands is no longer an option. The reality is that the small percentage of dealers who once could be relied on to represent you in Washington may no longer be in a position to do so. A new generation of dealer advocates needs to come forward. That means supporting your state association, NADA, NAMAD, and, if you're an International dealer, AIADA.

"Support means not only paying your dues, but also being active in the grassroots programs and utilizing the services divisions of those associations. Finally, it means contributing to organizations like DEAC and AFIT-PAC.

"Our voices don't fall on deaf ears in Washington. It was dealers who helped shape the "Cash for Clunkers" program last year, dealers who demanded justice for shuttered GM and Chrysler stores, and dealers who are leading the fight for one national fuel efficiency standard. The evidence is clear: lawmakers are listening. Are you talking to them?

"Without a Senate amendment exempting dealers [see related story about Senate Bill 3217], the financing options we can offer customers will be severely limited, if not curtailed all together. A rough fight lies ahead. As a dealer, where do you want to be on this issue? On the sidelines, or in the game?

"I have no patience for dealer passivity. This is a business that requires constant vigilance and focus. You want to stick your head in the sand while the world changes around you? Get out of the auto retail industry. It's not fair to your employees or your customers. As one auto executive puts it, 'If you don't want to do the heavy lifting, then at least support the guys who do the lifting for you.'

"The AIADA and our fellow associations offer countless opportunities for dealers to become engaged with Washington's legislative process. Standing on the sidelines is a luxury. And these days, it's one dealers can no longer afford."

Brownback

Continued from Page 1

consequences" of curbing access to credit for middle-class families that need to buy a car or truck to get to work.

Rob Paddor, who owns Evanston Subaru, attended a dealer event in Washington, D.C., April 26, and he met with Durbin and Brownback and aides of Burris.

Durbin, the Senate's second ranking Democrat, listened to Paddor's arguments, but insisted there should be no "carve outs" from regulation under the financial reform package.

Dealers counter that they, like other financial institutions, already are subject to extensive federal regulation, among them the Equal Credit Opportunity Act, Truth-in-Lending Act, Federal Consumer Leasing Act, Fair Credit Reporting Act, and the Federal Trade Commission Act. And unlike many banks, dealers also are subject to the full range of state consumer protection statutes.

David Sloan and Peter Sander, presidents of the CATA and the Illinois Automobile Dealers Association, respectively, joined Paddor on Capitol Hill and met with aides of Durbin and Burris.