



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. The fee includes both PowerPoint slides and audio; a telephone connection is not needed.

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, Oct. 7 at 12 p.m. CDT

“Reconciling Actual Parts Inventory to the General Ledger” When unexplained differences between the General Ledger entry for parts inventory and what the Parts Manager says he has on hand climb to just small percentages of total inventory, it puts a lot of money into

SEE **WEBINARS**, PAGE 2

Ceiling on SBA-backed dealer loans raised to \$5 million

President Obama on Sept. 27 signed legislation for small businesses that raises to \$5 million from \$2 million the limit on federally guaranteed loans available to thousands of small automobile dealers.

The Small Business Jobs Act offers a mix of tax cuts, loans, and revived stimulus provisions to ease the flow of credit.

Among other things, the new law contains the framework for a new SBA Dealer Floorplan Program (DFP), which is expected to be rolled out before year-end. Eligible loan amounts will be from \$500,000 to \$5 million with a 100 percent advance rate, a 5-year term, reduced fees, and guarantees up to

SEE **LOANS**, PAGE 4

Dealers, lawmakers mix at NADA legislative conference

Retaining existing tax cuts, finding a permanent solution for the estate tax and eliminating the new-car and -truck tax contained in the House vehicle safety bill were at the top of the agenda of the National Automobile Dealers Association’s annual Washington Conference and Congressional fly-in last month.

Nearly 500 auto dealers and dealer association executives from across the country gathered in the nation’s capital Sept. 22 for to hear from

lawmakers and to address some of the remaining issues as this year’s legislative calendar draws to a close.

Dealers heard from Sen. Sam Brownback (R-Kan.) and Rep. John Campbell (R-Calif.), who led efforts to prevent third-party financing by dealers from becoming entangled in the Wall Street reform bill.

“Sen. Brownback and Rep. Campbell fought long and hard against unnecessary and burdensome regulations

SEE **CONFERENCE**, PAGE 3

EPA to hold Oct. 14 hearing in Chicago on vehicle grading proposal

The Environmental Protection Agency will hold a public hearing in Chicago Oct. 14 on a controversial proposal to assign new vehicles a grade of “A+” through “D,” based on fuel efficiency.

The proposed grades have drawn criticism from some automakers and the 17,000-member National Automobile Dealers Association, among others. Environmental groups, however, praise the idea as a way to prod Americans into buying more fuel efficient models.

The system would start with the 2012 model year.

The agencies have proposed another option: a more modest redesign of the current sticker, without grades.

The agencies say the 34-year-old stickers need updating. Updates, but not grades, are required by a 2007 energy law.

Under the grading proposal, a fully electric vehicle would get an “A+.” A handful of other plug-in or hybrid vehicles would get an “A” or “A-.”

The median grade would be a “B-” though larger vehicles such as SUVs and vans would get worse grades on average than smaller more fuel efficient vehicles. No van would get better than a “C+.”

“We think a new label is absolutely necessary to help consumers make the right decision for their wallet and for the environment,” Gina McCarthy, an assistant EPA administrator, said this month.

Webinars

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a cloud of doubt. A lack of clear understanding of why they are yielding different dollar figures could represent lost profits or even theft. Mike Nicholes as discusses the importance of this monthly exercise and how to achieve the goal of a fully reconciled parts inventory without the usual stress.

Thursday, Oct. 14 at 12 p.m. CDT

“Six Profit Opportunities in New & Used Sales and How to Make them Work” Daily routines mixed with keeping the sales staff motivated and productive—it all makes for a very busy department, even when you are selling fewer units than you were a few years ago. Learn six often overlooked profit opportunities in your variable operations and how to bring more money to the bottom line of your new- and used-vehicle departments.

Thursday, Oct. 21 at 12 p.m. CDT

“Now Generation Car Shoppers Demand a New Generation Selling Process” The costs of running a traditional showroom process continue to climb while effectiveness wanes. Case studies demonstrate the effectiveness of a “negotiation-free” selling system. Learn how successful non-negotiation selling dealers are taking the plunge and then making it work for all involved.

Unlike a similar system used in the United Kingdom, vehicles wouldn’t get an “E” or “F” in the U.S. format.

The trade group that represents Detroit’s automakers, Toyota Motor Corp. and other manufacturers, has expressed concerns the grades would be too judgmental.

“Automakers support providing our customers with meaningful information for decision-making on vehicles that meet their particular needs,” said Dave McCurdy, CEO of the Alliance of Automobile Manufacturers. “But the proposed letter grade falls short because it is imbued with school-yard memories of passing and failing.”

People also can e-mail comments about the proposals to newlabels@epa.gov. So far, the EPA has gotten more than 600 comments. The EPA hearing will be held in conjunction with the National Highway Traffic Safety Administration.

OSHA Top 10 safety violations*

1. Fire extinguisher monthly inspections
2. Unlabeled secondary containers
3. Monthly eye wash inspections
4. Missing load capacities
5. Electrical cord condition
6. Unsecured compressed gas cylinders
7. Plastic gas cans in use
8. Flammable containers not grounded
9. Missing eye shields
10. No electrical panel access

* reported by KPA at a recent CATA seminar on compliance with regulations of the Occupational Safety and Health Administration.

Congratulations!

Hyundai Genuine Parts named **Craig Farrell** of Patrick Hyundai in Schaumburg as one of the top performing Hyundai parts managers.

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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

Conference

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that would have made auto financing more costly,” said NADA Chairman Ed Tonkin. “Because of their efforts, consumers will still be able to find affordable financing at auto dealerships, with effective consumer protections.”

Legislative staff of the NADA highlighted key issues for dealers to address in meetings with their members of Congress, and dealers later went to Capitol Hill for meetings with their members of Congress, to thank them for their support of financial reform, cash for clunkers and dealer rights legislation.

Michael Ettelson, vice chairman of the CATA, association President David Sloan, and Raymond Chevrolet owner Mark Scarpelli met with Rep. Dan Lipinski (D-Western Springs), and with aides of Reps. Judy Biggert (R-Hinsdale) and Melissa Bean (D-Barrington).

Pro-business Sens. John Thune (R-S.D.) and Amy Klobuchar (D-Minn.) also spoke to the assembly of dealers.

Thune discussed a range of policies coming out of Washington, including potential tax increases that could take effect at year-end if Congress fails to extend the current tax rates, which directly impacts auto dealers.

“Our problem isn’t that we tax too little, it’s that we spend too much,” said Thune, referring to Congress.

Thune said another challenge facing small businesses and job creators is the 1099 tax-reporting mandate included in the recently enacted health care bill. This provision requires business owners to file paperwork with the Internal Revenue Service every time they do \$600 worth of business with a supplier or contractor. According to the IRS’s own internal watchdog, 40 million businesses will be affected by that rule alone.

“We need Congress to repeal the 1099 tax form,” said David Westcott, chairman of the NADA’s government relations committee, in remarks to the general session.

In Memoriam

Bill Jacobs, 55, chairman of the Bill Jacobs Automotive Group, died Sept. 5 after a nearly seven-year battle against cancer.

When Mr. Jacobs bought his father’s Chevrolet store at age 23, he became the youngest large-volume Chevrolet dealer ever appointed by General Motors.

Over the years he built the group into 10 dealerships that employ about 480 people. It now includes Illinois franchises for: BMW, Mini, Volkswagen in Naperville; Land Rover in Hinsdale and Hoffman Estates; Chevrolet, Cadillac, Mazda, Subaru, Kia and Mitsubishi in Joliet, and Chevrolet in Plainfield. Last year The Bill Jacobs Automotive Group employed about 480 staff and did about \$300 million in sales.

Mr. Jacobs also became a noted collector of antique cars that regularly appeared and were sold at major antique auto shows from Pebble Beach, Calif., to Europe. Over the past 25 years, Linda Jacobs, his wife, took on an increasingly active role with these ventures as well as with the dealerships.

Bill Jacobs served on the CATA board of directors from 1999 to 2008. He also served on the National Dealer Councils of BMW, Land Rover and Chevrolet, and was president of the Chicagoland and Northwest Indiana Chevrolet Dealers Advertising Group. Also, he was a member of the advisory boards of The Blackhawk Automotive Museum in Danville, Calif.; and The Collier Automobile Museum in Naples, Fla.

Over the years he and his dealerships won many awards. A limited list of those honors includes:

- Time Magazine Quality Dealer of the Year Award
- General Motors Jack Smith Award
- Ford Motor Company Dealer of Excellence, Mazda
- Ford Motor Company Dealer of Excellence, Land Rover
- Land Rover President’s Cabinet
- Chevrolet Genuine Leader Award
- Cadillac Genuine Leader Award
- For 10 consecutive years the Bill Jacobs Group was recognized by the Susan G. Komen Breast Cancer Foundation for raising the most funds of any BMW dealership in the United States.

In a statement, his wife and business partners said: “Just as the Bill Jacobs Auto Group has thrived — even in this difficult economy and for the years since Bill’s diagnosis — we look forward to meeting and greeting Bill Jacob’s customers and industry friends as we remember this wonderful man and continue his tradition of excellence in our dealerships.”

Survivors include his wife, Linda; sons William III, Kevin, Maximilian, and Clayton; and mother, Jeanne.

Memorials appreciated to the Rush Neurobehavioral Center, 4711 W. Golf Rd. Suite 1100, Skokie IL 60076, or to the University of Arizona Foundation Cancer Center at UAF/Arizona Cancer Center, 1515 N. Campbell Ave, Box 245013, Tucson, AZ 85724.



Bill Jacobs

Loans

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75 percent [other 7(a) loans have guarantees up to 90%]. The Act also sets a new maximum alternative size standard of \$15 million net worth and \$5 million in net income as measured over two years.

In addition to a new Small Business Lending Fund and a new State Small Business Credit Initiative, the Act:

- Eliminates capital gains taxes on investments held for five years for the rest of 2010.
- Increases to \$500,000 the amount of capital investment businesses may immediately write off in 2010 and

2011, and raises to \$2 million the level at which the write-off phases out.

- Extends the provision for 50 percent “bonus depreciation” through 2010, thus accelerating the rate at which capital expenditures can be deducted.
- Allows cell phone use to be deducted without burdensome documentation.
- Allows certain small businesses to “carry back” general business credits to offset five years of taxes, while also allowing those credits to offset the Alternative Minimum Tax.
- Changes the penalty for failing to report certain tax transactions from a fixed dollar amount to a percentage of the tax benefits from the transaction.

Local dealer helps to champion SBA bill

As chairman of the National Association of Minority Auto Dealers, Desmond Roberts last year had the opportunity to meet with President Barack Obama and Karen Mills, the administrator of the U.S. Small Business Administration, to help dealers secure increased loans for floorplanning and working capital.

“We explained the value to dealers of increasing the limit because \$2 million doesn’t really do much on the issue

of floorplan financing,” said Roberts, who operates Advantage Chevrolet in Bolingbrook and Hodgkins.

“This higher limit will positively affect 50 percent of the dealer body, meaning 9,000 dealers can benefit,” Roberts said. “Ninety percent of loans are SBA-backed, so it’s really a no-brainer for banks to accept the loan applications. A bank just has to sign up with the SBA, then it can participate in the program.”

New information on recent CARS investigations by the NHTSA

The National Highway Traffic Safety Administration has contacted via mail some dealers who participated in last year’s Car Allowance Rebate System, also known as “Cash for Clunkers,” because the agency identified one or more allegedly invalid CARS transactions.

The letters typically request that the dealer review and examine the transaction and, if confirmed to be in error, to refund to the government the \$3,500 or \$4,500 incentive amount. The letters

also request that all CARS invoices the dealer submitted be reviewed for accuracy. Compliance failures, the letters state, could result in penalties of up to \$15,000 per violation.

Following a discussion with the NHTSA staff, NADA representatives concluded the following:

- NHTSA’s recent CARS investigations include some dealers but primarily are focused on auto recycling and dismantling companies.
- The NHTSA is con-

cerned about less than 1 percent of all invoices submitted and intended to complete the mailing of audit letters by the end of September 2010.

- Many audit letters involve fuel economy disparities with the Ford Taurus and Chevrolet Malibu. Apparently, dealers did not always accurately identify the new vehicle’s engine and/or transmission configuration. Using a VIN decoder, the NHTSA identified trade-in/new-vehicle pairs where there was no minimum amount of

fuel economy increase.

• The NHTSA has advised that dealers do not have to audit all transactions, clarifying that dealers should focus on those CARS invoices involving vehicles similar to what was specifically identified in the letter.

• At the NADA’s request, the NHTSA developed a PowerPoint presentation for use by dealers who must respond to a CARS audit letter. The presentation is under Latest News on the home page of www.cata.info.

Northwood U’s auto show is Oct. 15-17

MIDLAND, Mich.—Billed as North America’s largest outdoor new-car auto show and produced by university students, Northwood University’s 47th annual international auto show is Oct. 15-17 at the university’s flagship campus. Admission and parking are free.

More than 450 domestic and international cars, trucks, recreational vehicles, vans, and experimental and specialty vehicles will be displayed; and an automotive aftermarket exhibit and classic car show will be held Oct. 17. This year’s theme is “Electrify the Drive, Sparking a Global Revolution.”

Also, a VIP panel of industry leaders will discuss the state of the automotive industry and predict future trends at 9:30 a.m. Oct. 15. That is followed by the show’s opening ceremony and ribbon cutting at 1 p.m.

Show hours are 1-6 p.m. Oct. 15, 9 a.m.-6 p.m. Oct. 16, and 10 a.m.-5 p.m. Oct. 17. About 55,000 visitors are expected.

For more details, visit the university Web site, www.northwood.edu/auto-show or call (989) 837-4823.