



CATA Bulletin

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

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CATA pamphlet details Ill. ad regs

A pamphlet that accompanies this newsletter serves as a handy reference on the current Illinois regulations to follow when advertising a motor vehicle.

The up-to-date regulations also appear on the Web site of the Better Business Bureau, at www.chicago.bbb.org/cataad.html

The ad regulations are included in each edition of the CATA annual report and directory. However, the edition that printed in July 2003 failed to include amendments to the regulations that took effect three months earlier.

Ad infraction:

Sales tax can't be rolled into vehicle price or otherwise absorbed by dealer

A few print ads by area dealers recently offered to pay the vehicle sales tax for customers. That is a violation of the Illinois Use Tax Act.

According to Section 7 of the Act (35 ILCS 105/):

"It is unlawful for any retailer to advertise or hold out or state to the public or to any purchaser, consumer or user, directly or indirectly, that the tax or any part thereof imposed by Section 3 hereof will be assumed or absorbed by the retailer or that it will not be added to the selling price of the property sold,

or if added that it or any part thereof will be refunded other than when the retailer refunds the selling price and tax because of the merchandise's being returned to the retailer or other than when the retailer credits or refunds the tax to the purchaser to support a claim filed with the Department under the Retailers' Occupation Tax Act or under this Act.

"Any person violating any of the provisions of this Section within this State shall be guilty of a Class A misdemeanor."

Extra, Extra! Newest Chicago Auto Outlook!



Accompanying this edition of the CATA Bulletin is the latest issue of Chicago Auto Outlook, a quarterly

newsletter with useful, unique, timely and objective information about the eight-county CATA automotive market.

Articles present new vehicle registrations based on numbers supplied by the Detroit-based data

services organization, The Polk Co., then add meat to the bone by analyzing issues and trends.

Jeffrey Foltz, editor and publisher of Chicago Auto Outlook, prepares an "Outlook" newsletter with localized numbers for nearly two dozen state and metropolitan dealer associations.

Readers should contact Erik Higgins at the CATA about topics they would like to see covered in the quarterly newsletter, what they like and don't like about the publication, and other general impressions about Chicago Auto Outlook.

Cook County budget vote set for Dec. 9

Cook County commissioners are scheduled to vote Dec. 9 on the county's proposed \$2.99 billion budget for 2004, a 4.3% increase over 2003.

Cook County dealers must express to their commissioners the unfair burden the budget, if adopted, places on them: The tax on a vehicle leased in Cook County, then purchased off-lease, would total 20 percent.

Dealers must urge the defeat of the budget plan. See www.co.cook.il.us for commissioners' names and fax numbers, then use the letter template included in this newsletter.

Average monthly car payments fall as loan terms reach record lengths

The average monthly new car payment dropped from \$466 a month for cars sold in October 2002 to \$447 per month for cars sold last October, according to an online automotive information source, Edmunds.com.

"Ironically, this trend does not reflect lower transaction prices or lower loan amounts, both of which rose during the last year," said Jane Liu, executive director of data analysis for Edmunds.com. "Instead, the lower payments came about because the average financing has stretched from 59.6 months last year to over 62 months this year.

"Over 38% of last month's new car buyers took out loans for terms exceeding 60 months, as compared to only 24% of car buyers in October 2002."

In October 2003, the average car loan amount was \$23,801, an increase of 0.9% from the previous October's \$23,656. And the average finance rate rose from 5.46% in October 2002 to 5.63% in October 2003. So, taking into the increased term lengths this year's new car buyers will pay an average of \$285 more in interest.

New car prices are rising from month to month as well. From September to October 2003, the Edmunds.com New Vehicle Price Index rose a remarkable 1.68 percent, to 99.8 percent (base = 100 set in January 2002), which corresponds to an annual rate of over 22 percent.

The data reflect price shifts for the industry as a whole and can be analyzed by different market segmentation. Similar to the Consumer Price Index, the Edmunds Price Index for new vehicles (EPI-N) measures the average changes in retail prices for a fixed basket of new vehicles with fixed options over time for the purpose of trend analysis.

The index notes all of the manufacturers' various U.S. incentives programs, including subvented interest rates and lease programs as well as cash rebates to consumers and dealers.

Edmunds.com also analyzes transaction prices and net prices by country of origin, manufacturer, make and model, reflecting manufacturer-to-consumer rebates, including low APR and special lease programs.

Mazda 'sees red' about impaired driving during holidays

Mazda North American Operations is seeing red. Red ribbons, that is, attached to vehicles nationwide to remind motorists to drive safely, sober and buckled-up this holiday season.

The manufacturer announced last week that it is the exclusive automaker sponsoring the 2003 Tie One On For Safety campaign of Mothers Against Drunk Driving.

Mazda is asking holiday drivers to tie a red MADD ribbon to a visible location on their vehicles to show their commitment to safety and to remind others to do the same. The campaign runs during the heavily traveled holiday season, from Thanksgiving through New Year's Day.

Mazda dealers nationwide and MADD's 600 local chap-

ters will distribute the ribbons to the public to promote this important safety message.

"MADD is grateful for Mazda's support of this year's Tie One On For Safety holiday ribbon campaign. Thanks to Mazda's commitment to safe and sober driving, we will be able to disseminate our lifesaving message and distribute red ribbons to even more Americans this holiday season," said Wendy J. Hamilton, MADD national president.



Scam alert

A dealer received a check for a small amount, less than \$10. Wording beneath the endorsement area on the back side indicated that, had he cashed the check, he would have been obligated to pay the check issuer a larger amount for several months.

Before depositing any check, make certain the document does not carry any obligations.

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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/

Jerry H. Cizek III President, Publisher
Erik K. Higgins Editor, Director of Dealer Affairs

OFAC compliance mandatory; penalties for noncompliance staggering

More dealers became aware of a decades-old federal list of enemies of the country following a story in the Dec. 1 edition of *Automotive News*. Compliance with the list is mandatory, and the penalties for noncompliance are staggering.

The OFAC list, administered by the U.S. Treasury Department's Office of Foreign Assets Control, is posted at www.treas.gov/offices/enforcement/ofac/sdn/t11sdn.pdf, on on the department's Web site.

The mission of OFAC is to administer and enforce U.S. economic sanctions programs to accomplish foreign policy and national security goals. These are primarily directed against countries and groups of individuals, such as terrorists and narcotics traffickers. The sanctions can be either comprehensive or selective.

The Treasury Department has been paying closer attention to the OFAC list since Sept. 11, 2001.

The OFAC restrictions are separate from the requirements in the USA PATRIOT Act. The USA PATRIOT Act became law on Oct. 26, 2001, whereas the OFAC restrictions have existed for many years. OFAC administers its sanctions programs; the Treasury Department's Financial Crimes Enforcement Network ("FinCEN") is primarily responsible for administering the relevant sections of the USA PATRIOT Act.

All businesses, not just dealers or even financial institutions, are expected to check the OFAC list, so in the strictest sense, even chewing gum salesmen must check it. Credit bureaus will check the information for a fee, and the Treasury Department warns that some dealers may fall prey to vendors selling pricey software to search the list.

The list, currently 127 pages and containing thousands of names of individuals and entities, is updated by OFAC periodically—sometimes weekly, sometimes after six months. Only a few of the persons on the list are known by OFAC to presently be in the United States.

Many of the names are very similar. A dealership can confirm the accuracy of a name on the list by calling the OFAC hotline, 800-540-6322.

The three provisions in the USA PATRIOT Act that Treasury Department attorneys have identified as applying to dealers (cash reporting, information sharing and anti-money laundering) do not alter or change the existing OFAC restrictions. Therefore, FinCEN's temporary exemption of automobile dealers from the anti-money laundering program requirement does not affect the OFAC-implemented sanc-

tions.

The OFAC restrictions are extremely broad, and there is no minimum dollar threshold. Therefore, the restrictions prohibit dealers from entering into a contract with a prohibited person for an oil change just as they prohibit dealers from entering into a contract with a prohibited person for the purchase of a high-end vehicle.

OFAC maintains a List of Specially Designated Nationals and Blocked Persons ("SDN List") on its Web site.

The penalties for noncompliance can be severe. Depending on the program, criminal penalties can include fines from \$50,000 to \$10 million, and imprisonment from 10 to 30 years for willful violations. Civil penalties can range from \$11,000 to \$1 million for each violation.

OFAC does not require U.S. businesses to develop and implement an OFAC compliance program, although a compliance program may be considered a mitigating factor by OFAC in a civil penalty proceeding. However, OFAC does not provide guidance to retailers on what constitutes an adequate compliance program. One component of

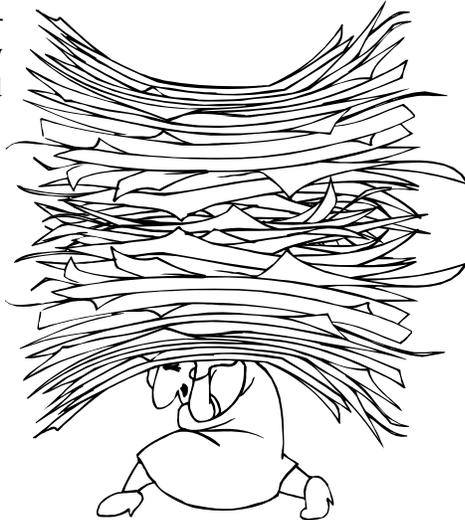
compliance programs that companies in some industries employ is the use of name-recognition software that matches the names of prospective customers with the names of prohibited persons identified on OFAC's SDN List.

The OFAC Web site states that U.S. persons are expected to exercise "due diligence" in determining whether prohibited persons are involved in a proposed transaction. The appropriate degree of diligence will depend on the facts and circumstances, and it is recognized that retail operations in the United States are not where the primary focus of terrorist financing rest. Nevertheless, the legal obligations apply to all U.S. persons and cannot be dismissed simply because the risk is low.

Legal experts say the list must be taken seriously. If the fines aren't enough to bury a dealership, the bad publicity for selling vehicles to terrorists could be.

Mike Charapp, a Washington lawyer who represents dealers, said, "Any government penalties applicable to an unintentional deal with a terrorist pale in comparison to the adverse publicity and personal grief that would result from selling a truck to a terrorist that is ultimately used as a truck bomb."

Look for more information on OFAC's Web site, including Frequently Asked Questions, at www.treas.gov/offices/enforcement/ofac/faq/index.html



CATA dealers offered discount to attend IADA/MADA convention

Why should your customers be the only ones to benefit from a rebate?

Dealer members of the CATA have extra incentive to attend the next convention of the Illinois Automobile Dealers Association, March 30-April 4, 2004, in Lake Buena Vista, Fla. The CATA board of directors voted to reimburse the convention's registration and social event fees for a CATA dealer principal, an \$809 savings.

The annual convention, which involves the IADA and members of the Missouri Automobile Dealers Asso-

ciation, will be at the Grand Floridian Resort & Spa, considered Disney World's top resort.

Social events include a convention opening night reception, three breakfasts, one theme party and a gala banquet.

The rebate, available to one principal per CATA dealership, would be reimbursed after the convention, following attendance verification.

The convention also features group airfare rates. For more information, call the IADA at 800-252-8944.

Feds taking Do-Not-Call Rule seriously

Noncompliance with the National Do-Not-Call Registry is leading to sizable fines, including a \$780,000 penalty against AT&T for failing to properly establish and maintain an internal do-not-call list.

The telemarketing sales rule, which incorporates the Do-Not-Call Rule and other restrictions, requires the following:

1. Register with the Federal Trade Commission and download the appropriate do-not-call lists, at <https://telemarketing.donotcall.gov/>
2. Establish an internal

do-not-call list.

3. Establish a written, formal policy regarding the do-not-call rules, appoint an employee to be responsible for it, and distribute the policy to all employees.

4. Document any compliance efforts.

The requirement for telemarketers to register on the FTC Web site took effect in October. For complete details on the new regulation, order the NADA publication, "A Dealer Guide to Federal Telemarketing Restrictions" by calling 800-252-6232 ext. 2.

Are you collecting the Tire User Fee?

While visiting a local dealer recently, the Illinois EPA checked to confirm the dealer is

collecting the Tire User Fee, which increased in July from \$1 to \$2.50. Make sure you are!



Season's
Greetings

To mark the coming holidays, the CATA office will close at the following times:

Dec. 24	all day	Dec. 31	12 p.m.
Dec. 25	all day	Jan. 1	all day

Congratulations!

Six area Mazda dealerships exceeded their sales goals under the Mazda Summer Sales Challenge. They are **The Autobarn**, Countryside/Evanston; **Biggers Mazda**, Elgin; **Community Mazda**, Oak Forest; **Mazda of Crystal Lake**; **Terry Shaver Mazda**, Highland, Ind.; and **Wilkins Mazda**, Villa Park.

Paul Tamraz, president of Motor Werks of Barrington, is one of 27 dealers nationwide to be named a 2003 Porsche Premier Dealer, for their commitment to the brand.

Marketplace

Finance Manager CPA, adept at financial accounting, record keeping, profit-loss analysis, trends, contracts. Skilled with Quicken and Microsoft Office programs. Joseph Brownlee, 708-488-8756.

Office Manager/Comptroller 17 years in auto industry. 3-time recipient of perfect financial statement in Honda's "Key To Excellence" program. Team player with department managers, emphasis on total dealership expense controls. Tina McGrath, 815-356-8185.

Service Manager Responsible for staff of 33, skilled in all aspects of financial statements, general ledgers, warranty policies and procedures. Maintain high CSI, profitability. ADP. Leonard Cegielski, 708-579-9258.

Résumés of all candidates on file at the CATA.