



New CATA annual directory set to mail

One complimentary copy of the 2009 CATA annual report and membership directory was scheduled to mail the week of Sept. 8 to every member of the Chicago Automobile Trade Association.

The publication is chock-full of useful information, including a listing of all members—dealer and allied—and their addresses and phone numbers.

After the initial distribution, details on the availability of additional copies will be announced. Remember, the directory is available only to members of the Chicago Automobile Trade Association.

CATA to host Red Flags Rule seminar Oct. 3

An attorney of the National Automobile Dealers Association will conduct a free seminar at the CATA on Oct. 3 about compliance with the new FTC Red Flags Rule. See the flier in this newsletter to register to attend.

Dealerships will be required by Nov. 1 to adopt a formal Identity Theft Prevention Program to recognize signs and warnings of potential identify theft, train employees in detecting Red Flags, and take appropriate action when they detect a Red Flag, including investigating further into the identity of the customer seeking credit, and reporting the incident—if identity theft or attempted identity theft is confirmed.

The presentation will review what dealers must do to comply with the new regulation, such as:

- Conducting a preliminary risk assessment
- Constructing a written Identity Theft Prevention Program
- Knowing the indicators of identity theft (Red Flags) and how to respond to them
- Training requirements
- Obtaining service provider oversight
- Involving a dealership's board of directors

The Red Flags Rule requires a “senior management” Compliance Director and allows for a mid-level Program Coordinator as well, so dealerships should consider sending both of these individuals to the seminar.

Besides the CATA presentation, the
SEE **RED FLAGS**, PAGE 4

FTC issues reminder on advertising new-vehicle fuel economy

It is important that the individual responsible for a dealership's advertising is aware of the Federal Trade Commission restrictions on advertising new-vehicle fuel economy ratings.

If both city and highway miles-per-gallon fuel economy are referred to in an advertisement, both the Environmental Protection Agency's “Estimated City

mpg” and the EPA's “Estimated Highway mpg” must be disclosed. If only the city or highway mpg is referenced, then only the corresponding EPA estimate must be used.

When advertising combined fuel economy, dealers



also must include the EPA “Estimated City mpg.” In all fuel economy ads, the EPA must be identified as the source of the information, and all numbers

must be referred to as “estimates.”

Last year, the FTC asked

for comments on the necessity and impact of fuel economy advertising restrictions in preparation for possible revisions to its regulation. The National Automobile Dealers Association suggested several changes but generally supported the FTC's restriction.

The NADA will inform its members when the FTC finalizes its review.

Experian: Almost 200,000 titles have been washed so far this year

An alarming number of damaged vehicles have been re-titled as clean so far this year, and that figure could continue to grow in the aftermath of hurricane season and other natural disasters, according to Experian Automotive, which produces vehicle history reports.

In total, 1.3 million vehicles were labeled as damaged by accidents or severe weather during the first six months of 2008, the company reported Aug. 25.

Moreover, Experian reported that more than 15 percent, or 185,000 units, were re-titled in another state and lost their damage designation.

Looking ahead, the company projects that the influx of natural disasters in the first part of the year, plus the start to hurricane season, could mean even more title washing to come.

A vehicle that is damaged or goes through a major event typically is issued a "brand" on its title by the state's department of motor vehicles. Branding designations can include salvaged, lemon, rebuilt or reconstructed, flood-, hail- or fire-damaged, totaled, broken odometer, stolen or abandoned, and more.

Because there is no centralized database, when a vehicle is re-titled in another state, it can lose its branding. This otherwise is known as title washing.

"Too often, vehicles branded due to some form of severe damage are reconstructed and re-titled without their damage-related brand and then sold to unsuspecting consumers," said Scott Waldron of Experian Automotive.

"With such a large number of title-washed vehicles on the road today, consumers shopping for a reliable used car or truck need to get a vehicle history report for all vehicles they consider buying," Waldron added.

Illinois attorney general sues 2 dealers over 'recall' mailings

Illinois Attorney General Lisa Madigan on Aug. 27 sued two Orland Park dealerships for deceptive sales and advertising practices.

Madigan said her office received 26 complaints against Orland Park Nissan and Infiniti of Orland Park about direct mail advertisements sent in 2007, and the Better Business Bureau received another 18 complaints about the mailings that reportedly suggested the recipients' vehicles were part of a government recall.

The envelopes used in the mailing were stamped "Important Vehicle Recall Information Enclosed" and "Do Not Destroy." Madigan said. But the contents of the envelope had nothing to do with a recall. They instead promoted an "exclusive credit amnesty event."

The mailer indicated that targeted consumers may have filed bankruptcy in the past but that the "amnesty" would enable consumers to qualify for an affordable auto loan no matter their credit rating. The consumers were urged to call the dealers to arrange a private appointment.

"These deceptive mailers purposely and unfairly targeted consumers who may have struggled at one time to manage their finances," Attorney General Madigan said. "This lawsuit should send the message to auto dealers that my office won't tolerate using deceptive marketing practices to lure unsuspecting consumers into risky loans."

Madigan's complaint alleges that the mailer violated the Consumer Fraud and Deceptive Business Practices Act, the Loan Advertising to Bankrupts Act, the Uniform Deceptive Trade Practices Act and the Illinois Administrative Rules on Motor Vehicle Advertising.

The complaint seeks to have the dealerships barred from using similar advertising tactics again, plus civil penalties of up to \$50,000 for each violation.

Marketplace

Controller 30-time recipient of Ford-Lincoln-Mercury District Business Manager Award. A Pilot dealer for the FDGS system 6000, recently handled installation of FDGS system 7000. Manage staff of 12, expert in cost reduction. Donald Raimondi, 847-658-0879.

Comptroller 20+ years at Ford, GM, Import dealerships. Bank recon., financial statements, schedules, insurances, computer (ADP, UCS, R&R). Multi locations, multi franchises, many hats: P/R, A/P, L&T. Debra Svrlinga, 708-205-2025.

Résumés of both candidates on file at the CATA.

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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 resume to the Editor.

Review past editions dating to 1998 or search by subject at <http://cata.drivechicago.com>.

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September is NADA's 'Green Checkup Month'

By **RAY SCARPELLI SR.**

METRO CHICAGO NADA DIRECTOR

To help motorists save money at the gas pump and cut greenhouse gas emissions through proper vehicle maintenance, the NADA has created a checklist of Green Maintenance Tips and a new program called the Green Checkup.

NADA Chairman Annette Sykora announced the campaign at an Aug. 18 news conference in Denver. Govs. Bill Ritter (D-Colo.) and Arnold Schwarzenegger (R-Calif.) also spoke at the conference, along with Alliance of Automobile Manufacturers President Dave McCurdy, who introduced his association's EcoDriving initiative; and Dan Grossman of the Environmental Defense Fund.

Sykora said the goal of the Green Checkup campaign is to highlight simple steps car owners can take to maintain their vehicles in top running condition. "Dealerships are located in every major community in the country, which means we are ideally positioned to be at the forefront of a national consumer awareness campaign," said Sykora, owner of two Texas dealerships.

The NADA is urging dealers to offer free Green Checkups at their stores. The checkup focuses on the things that have the most effect on fuel economy, like oil and air filters, engine performance, tire pressure and emission controls.

Although the NADA is promoting the Green Checkup in September, the program is designed for dealers to offer the checkups as part of routine service year-round.

For more about Green Maintenance Tips, see www.greendrivin-gUSA.com. Dealers can sign up to participate in Green Checkups at

www.nada.org.

In other NADA news . . .

The NADA has created talking points to help dealers respond to inquiries they may get from the media and other officials about captive finance companies that have eliminated or severely reduced the leasing options they offer consumers :

Leasing is an attractive financing alternative for many consumers, and dealers regret that some automakers' captive finance companies have taken the extreme action of eliminating or severely limiting leasing options.

Dealers are particularly concerned about their customers who may have no other means of taking delivery of a new vehicle.

However, dealers also recognize both the realities of the marketplace (including rising fuel prices and falling resale values) and the need to maintain healthy, sustainable credit sources to finance vehicle sales.

Automakers are anticipated to aggressively find solutions that will give dealers other options to meet the financing needs of their customers.

At the same time, dealers will continue to work with other credit sources to meet those customer needs.

In dealer discussions with automakers, the focus will continue to be on dealer profitability, seeking viable options for consumers, and finding ways to blunt the adverse impacts that a leasing decline will have on the industry.

If a consumer is looking to purchase a vehicle, dealer-assisted financing is a proven and competitive option for car shoppers.

Whether a consumer is considering buying a vehicle or leasing one, we recommend that shoppers visit AWARE or www.autofinancing101.com. It's a consumer-friendly, educational online

resource tool about financing cars and trucks.

• Registration for the 2009 **NADA Convention & Exposition** (Jan. 24-27 in New Orleans) opened July 28, and hotels are already beginning to sell out. Sales of exhibit space have also been strong. In recognition of tough economic times, registration fees and hotel rates have remained unchanged (hotel costs have remained at the 2005 rates) and discounted airfare is available. Register today at www.nada.org/convention.

• The **NADA Used-Car Guide** is taking significant reductions in the values of trucks, SUVs, and certain CUVs in response to unprecedented volatility in certain segments of the current used-car market, due in large part to fuel prices and related demand for fuel efficient vehicles. In addition, the guide is launching two trade-in value categories: Rough Trade-In and Average Trade-In. The new value categories launched Sept. 1 in online and electronic products. But due to the longer lead time for print products, the guidebook will be updated in the October edition. To assist book subscribers with getting the new values right away, UCG is providing a complimentary online account for the month of September to all guidebook subscribers.

In regulatory news . . .

An NADA publication provides guidance on the Federal Trade Commission's new **Red Flags Rule**, under which most dealers and other creditors must develop and implement a comprehensive Identity Theft Prevention Program by Nov. 1. NADA Management Education released the guide in August to assist with U.S. dealer compliance.

"A Dealer Guide to the FTC Red

SEE **SCARPELLI**, PAGE 4

Northwood U. auto show Oct. 10-12

MIDLAND, Mich.— Billed as North America's largest outdoor new-car show and produced by university students, Northwood University's 45th annual international auto show is Oct. 10-12 at the university's flagship campus. Admission and parking are free.

This year's show, to be held during the peak autumn color season on a heavily wooded campus, will feature 500 new domestic and imported cars, trucks, recreational vehicles, vans, and experimental and specialty vehicles; and an extensive aftermarket exhibit.

The show attracts 50,000 visitors a year. Besides in-

dulging in the vehicles of the future, attendees on Oct. 12 can reminisce with bygone vehicles during Sunday's Classic Car Show.

The theme, "Fueling the Future," allows show-goers to "choose where you are going in life and how the automobile helps you get there," said Charlene Rosin, Northwood's public relations director. She said the student producers will implement the theme in the displays.

Show hours are 1-6 p.m. Oct. 10, 9 a.m.-6 p.m. Oct. 11, and 10 a.m.-5 p.m. Oct. 12. For more information, see www.northwood.edu or call 989-837-4823.

or www.nada.org/RedFlags. Copies cost \$40 for NADA members, \$80 for nonmembers.

The publication also serves as the basis for a virtual seminar to be hosted by the NADA 12-2 p.m. Sept. 23. More than 500 individuals and several dealer association groups logged on to the first presentation, on Aug. 26.

The Webinar fee is \$199 per computer connection. Register at www.nada.org/seminars or 800-248-6232, Ext. 7061.

Red Flag

CONTINUED FROM PAGE 1

NADA last month distributed to its members a comprehensive publication, "A Dealer Guide to the FTC Red Flags and Address Discrepancy Rules: Protecting Against Identity Theft." It explains the requirements and includes detailed, step-by-step guidance on developing the written program required under the rule.

Copies of the publication can be ordered from the NADA at 703-821-7227

Scarpelli

CONTINUED FROM PAGE 3

Flags and Address Discrepancy Rules: Protecting Against Identity Theft" explains the requirements under the rule and includes detailed, step-by-step guidance on developing the written program required under the Red Flags Rule, as well as a sample written program, worksheets and other helpful materials.

All NADA members received one free copy of the full guide in the mail. The sample written program is also available to members — free upon request, subject to terms and conditions — as a Word document to aid dealers in developing written programs specific to their dealerships in advance of the compliance deadline.

To receive the materials, contact

NADA Management Education at me@nada.org. Have NADA member identification number ready.

Additional copies of the guide, as well as a PDF version, are available to members for \$40 each, and to nonmembers for \$80 each.

Please call me at 847-395-3600 if you have concerns that the NADA can help you with.

Scam alert: online listing renewals

A business identified as National Yellow Pages Online uses misleading and confusing statements to obtain agreements from businesses to pay almost \$390 each for renewal of online business listings, the Better Business Bureau of Chicago and Northern Illinois charged in an Aug. 27 news release.

Complaints to the BBB also allege that the company implies inaccurately it is associated with the Yellow Pages telephone directory.

Steve Bernas, president and chief executive of the BBB-Chicago, said complaints have come from 91 businesses in 30 states, including several Chicago area businesses. The complaints charge that National Yellow Pages Online representatives contact business offices and ask the individuals who answer the phone to verify the company's name and address in order to "renew" a previously established online advertisement.

The complainants subsequently received invoices for online business listings with National Yellow Pages Online.

Bernas said the company's renewal statements appear to be false because many of the complainants never had any business dealings with National Yellow Pages Online.

Bernas urged business owners to remind all their employees who could respond to a call regarding this situation to make sure that they understand the wishes of the business owner concerning renewal of any online listing.

The BBB-Chicago president noted that when businesses request the unauthorized charges be cancelled, the complainants either are unable to reach any of the company's representatives, or messages are allegedly not returned.

If a business does reach the company's personnel, complainants say they are met with inferior customer service and allege to be sworn at or bullied by company representatives.