



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 dropdown menu to CATA-DealersEdge webinars.

Coming topics:

Thursday, June 13 at 12 p.m. CDT

“How to Manage the 8 Controllables of Dealership Service Profits” It’s a lot more than knowing how to read the financial reports. The 8 Controllables help identify fundamental operating principles to yield improvement in any service department.

SEE WEBINARS, PAGE 2

Lawmakers adjourn without acting on vehicle lease tax bill

The Illinois General Assembly on May 31 ended its spring session several hours before its scheduled conclusion and without acting on many bills, including one to change tax calculations on leased vehicles. Pension reform, marriage equality and other headline-making legislation also were left hoping to advance when the General Assembly reconvenes for a

brief session this fall.

House Speaker Michael Madigan did not call House Bill 2317 for a vote. Final action was required in that chamber because the leased vehicle language was inserted as a Senate amendment to an otherwise innocuous measure to allow Illinois homeowners to receive property tax bills via email.

SEE LEASES, PAGE 2

6 vie for 5 seats on CATA board

Six candidates, including four incumbents, were nominated to fill five openings on the board of directors of the Chicago Automobile Trade Association. Each term lasts three years beginning this month.

Balloting concluded June 6, and results will be announced during dinner at the association’s annual meeting, June 10 at Cog Hill Golf & Country Club.

Incumbents on the ballot included **Dennis K. Bauer** (Arnie Bauer Cadillac-Buick-

GMC, Matteson); **Tony Guido** (Arlington Heights Ford); **John Hennessy** (Hennessy’s River View Ford, Oswego); and **Ray Scarpelli Jr.** (Ray Chevrolet, Fox Lake).

Bauer was seeking a third term on the board; the other incumbents, a second.

Tom Dolan (Freeway Ford Truck Sales, Lyons) and **Chuck Piano** (Infiniti of Orland Park, Orland Park Nissan) were seeking a first term.

A director can serve a maximum of three terms.

BBB questions dealers' claims of 'No. 1' in their advertisements

For a dealership, touting its status as being No. 1 in sales volume can help attract customers, so high-volume dealers want to communicate that information to consumers in their marketplaces. However, dealers also are concerned that some of their counterparts in the same market make No. 1 claims without proper support.

The Chicago office of the Better Business Bureau has long advised dealers both at seminars and in conversations that No. 1 claims should be made only under specific circumstances, and should be based on the full geography of reports rather than part of it.

"No. 1 claims should not be made as an inference of being No. 1 in an area because the actual No. 1 dealer listed in the report is located a distance away from the claiming dealer," said Patricia Kelly, senior counsel at the BBB-Chicago. "Dealers have made No. 1 claims when their market area is smaller than that covered by a report and where one or more other dealers in a different area of the report do have higher sales.

"Dealers have selected certain smaller geographic areas out of the larger geographic area that is actually the subject of the report."

Kelly said the BBB advises against that practice. No. 1 claims should be made based only on the full geography of a report not part of it. Making claims based upon smaller geographic areas can lead to confusion and competitive problems.

Therefore, the BBB reinforces the position set forth several years ago, and widely communicated, that all No. 1 claims must be based on the full geography of a current report. In addition, the report should be recent, either the prior year's total sales, or registrations, or the current year-to-date sales or registrations.

The BBB also advises that it is in the best interests of dealers to clearly and conspicuously disclose the report, upon which the claim is based, in the advertisement where the claim is made.

"We hope," said Kelly, "that when dealers make No. 1 claims this way, that

all such claims will be truthful and not confusing to the public as well as fair to other dealers."

Save the date!

Host a July 20 BBQ

The CATA encourages all dealers to take part in a USO event by hosting a barbecue



on July 20, to raise funds for USO programs and services that support deployed troops and their families. The CATA will enlist its media partners to help promote the events.

There are lots of ways to raise funds, such as car washes and food concessions. More details coming!

Webinars

CONTINUED FROM PAGE 1

The seemingly complex task of a managing the dealership fixed operations department can be broken down into a collection of elements that are under the control of managers. Dealership fixed ops expert Don Reed says there are eight of these elements the fixed ops manager needs to focus on.

Trial and error is one way of managing the service department but it is a time consuming and expensive way to learn. Knowing where your efforts can have the most impact in the shortest time can help boost your performance into superstar levels.

Thursday, June 20 at 12 p.m. CDT

"New Parts Pricing Strategies to Profitably React and Adjust to New Factory Parts Systems & Initiatives" "P" is for Pricing, the most important "P" in the parts business!

With General Motors introducing major changes to its parts systems, can Ford, Chrysler, Toyota, and Honda be far behind in requiring dealers to carry a broader inventory

of parts? If you are still basing your parts pricing decisions on a factory price list and a pricing matrix, you are probably falling behind the times.

Presenter Chuck Hartlé has been working with dealerships that are struggling to improve their profits from parts. He has developed some unique insights into parts pricing strategies that are being adopted by Chuck's dealership clients. Those clients are seeing very encouraging results, and Chuck will share his insights and ideas with you during this workshop.

The CATA Bulletin is produced by the
Chicago Automobile Trade Association
18W200 Butterfield Rd. Oakbrook Terrace, IL 60181-4810

The CATA Bulletin is distributed via blast e-mail every other Friday except during the Chicago Auto Show, when it is not produced.

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

Details sought on CFPB unfair lending allegations

By **MARK SCARPELLI**

CHICAGO METRO NADA DIRECTOR

A letter circulated by Rep. Terri Sewell (D-Ala.) and signed by 12 of her Democratic colleagues on the House Financial Services Committee was sent to CFPB director Richard Cordray. The May 28 letter asks for the analysis and methodology supporting the CFPB's assertion in recent fair lending guidance issued to finance sources that there may be disparate impact discrimination in indirect auto lending.

The CFPB is using this allegation to push finance sources to compensate dealers with flat fees instead of dealer reserve. Despite numerous requests, the CFPB has steadfastly refused to release this information or any data supporting its efforts to eliminate the dealer's ability to discount the interest rate offered to consumers.

This lack of transparency, coupled with the lawmakers' concern that "credit markets function competitively and efficiently," prompted this inquiry. The other signers of the letter were Reps. Joyce Beatty (Ohio), William Lacy Clay (Mo.), John Delaney (Md.), Bill Foster (Ill.), Denny Heck (Wash.), Dan Kildee (Mich.), Gregory Meeks (N.Y.), Patrick Murphy (Fla.), Ed Perlmutter (Colo.), Gary Peters (Mich.), David Scott (Ga.) and Kyrsten Sinema (Ariz.)

In NADA news ...

- The National Automobile Dealers Association won a victory in its **NLRP poster court challenge**.

As a member of the Coalition for a Democratic Workplace, the NADA joins in a victorious federal court decision throwing out the National Labor Relations Board's mandate that 6 million employers — including dealerships — post notices informing employees of their rights under

the National Labor Relations Act. The CDW successfully argued that the NLRB lacked the statutory authority to require the poster.

Other parties to the lawsuit included the National Association of Manufacturers, the National Federation of Independent Business, and the U.S. Chamber of Commerce.

Bottom line: dealerships do not need to display the poster.

- Peter Welch, the new NADA president, testified before the Senate consumer protection subcommittee on the **rental car recall bill**. Welch's May 21 testimony on S. 921 emphasized the vital role that auto dealers play in fixing recalled vehicles.

While supporting the purpose behind the bill, Welch informed senators that recall work can sometimes be delayed because the part needed to remedy the recalled vehicle has not yet been designed or manufactured. Under the bill, a rental vehicle would have to be put out of service if the part needed was unavailable.

Welch cautioned senators against regulating "multinational corporations with fleets of hundreds of thousands of rental vehicles" the same as "auto dealers with fleets of five loaner vehicles." Welch also raised concerns that the bill would subject dealers to new federal inspections, new federal reporting requirements and stiff new penalties.

In other news ...

- The U.S. Department of Labor on May 8 provided "temporary guidance" regarding the written notice employers are required to provide to their employees under the **Patient Protection and Affordable Care Act**, which requires applicable employers to provide each employee with a written notice about the state- and federally-facilitated health insurance exchanges and how to request assistance, describing the

availability of a premium tax credit (if applicable) and outlining the implications for the employee if they choose to purchase a qualified health plan through an exchange.

The notice requirement originally was scheduled to take effect March 1, 2013, but subsequent guidance has indicated that the timing for distribution of notices will be the late summer or fall of 2013, in coordination with the open enrollment period for exchanges.

- Along with technical release, the following model notices have also been issued by the **Department of Labor**:

- Model notice for employers who offer a health plan to some or all employees;
- Model notice for employers who do not offer a health plan;
- COBRA model election notice; and
- COBRA model election notice redline version.

Dealers should consult their health care consultant, insurance carrier or other outside professional to determine which form is appropriate for your dealership, and how to properly complete and distribute that form to your employees.

- The National Automobile Dealers Charitable Foundation mobilized emergency relief for **victims of the Oklahoma tornados** and will continue to work with the state and metro dealer associations to notify dealers and their employees that financial assistance from its Emergency Relief Fund is available.

Employees can apply directly to NADA for emergency assistance or dealers can apply on behalf of their affected employees. Last year, after Hurricane Sandy hit the Northeast, more than \$500,000 was distributed to 700 dealership employees.

CATA offering academic scholarship to Northwood

Dealership employees considering a Northwood University degree, current Northwood students and graduating high school seniors whose parents or legal guardians work at a CATA-member dealership are eligible to compete for a scholastic scholarship of \$6,500 a year for up to four years at Northwood.

The scholarship, funded by the Chicago Automobile Trade Association, is offered for full-time study in the university's automotive marketing curriculum.

Northwood, a private, accredited university

specializing in managerial and entrepreneurial education, has three campuses: Midland, Mich.; West Palm Beach, Fla.; and Cedar Hill, Texas. Tuition and fees for the 2012-2013 school year were about \$15,000.

For consideration, scholarship applicants must have a college or high school grade point average of at least 2.5 on a 4.0 scale. Continued eligibility is subject to maintaining a 2.5 GPA at Northwood. For more information on the scholarship, call the CATA's Dave Sloan at (630) 424-6055.

Lease

FROM PAGE 1

But the bill was not returned from the Senate until May 31, and it is believed House members did not have enough time to consider the amendment before adjourning.

The Chicago Automobile Trade Association and the Illinois Automobile Dealers Association have made several runs at the taxation change on long-term leases (more than one year), but revenue officials always focused on near-term shortfalls in tax collection over long-term gains. Immediate gains would be seen in the current structure, under which dealers could not offer advance trade-in credits to their lease customers.

The changes are projected to increase state revenues \$14 million to \$28 million annually, based on forecasts of increased leasing activity. Lease transactions in Illinois currently are about half the number in nearby states. The revenue department's position on the bill is "neutral."

The bill calls for the tax collection change to take effect July 1, 2014, a date that could remain feasible if the bill is signed this fall.

RoadDealer.com named a CATA preferred provider

The Chicago Automobile Trade Association has named RoadDealer.com as the preferred provider to offer an alternative auction service.

RoadDealer.com accomplishes this via a proprietary online dealer network. RoadDealer.com allows all networked dealers to buy and sell an unlimited number of vehicles from dealerships for a low monthly subscription fee instead of per car transaction fees.

Jim Battista, president of RoadDealer.com said: "This program was developed through personal experience of purchasing inventory for nine years. The impact of traditional auction fees and transportation expenses motivated me to create a more efficient solution.

"RoadDealer.com has proven to be an ideal way to move inventory. Dealerships will find vehicles serviced and ready to move off the lot, while building great relationships with other dealers along the way."

RoadDealer.com has been servicing the Midwest for four years and has established a network of more than 150 dealers. Between cost efficiency, increased profit margins, and convenience, dealerships will be hard pressed

to find a wholesale inventory solution as attractive as RoadDealer.com.

The RoadDealer.com package provides your dealership with:

- Database of inventory that currently has more than 17,000 vehicles – including Hertz Remarketing.
- One-click request for a "buy figure" that reaches close to 200 current emails.
- One-click request for vehicle search.
- A dealer-friendly community where dealers can work with each other.
- Family-owned and -operated business with live support and leading technology.

RoadDealer.com has agreed to offer CATA member dealers a discounted monthly rate of \$400. (RoadDealer.com's regular monthly rate is \$500.)

RoadDealer.com has onsite visits available. Contact Jim Battista at (708) 692-2280 or Battista@roaddealer.com to schedule an appointment.

You can find out more about the CATA's Member Benefit program by visiting the association website, specifically: www.cata.info/resources/cata_member_benefits/

Marketplace

Controller/CFO 30 years of experience, including working with various dealerships in my capacity as a licensed CPA providing traditional assurance and tax services for both single and multipoint dealership groups. I also have experience working for a dealership in fixed operations and ADP systems administration.

Jim Kegl, CPA, (815) 354-6374.