



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 drop-down menu to CATA-DealersEdge Webinars.

Coming topics:

Thursday, June 16 at 12 p.m. CDT

“Managing & Selling to ‘Gen Y’ in the Dealership & Why it’s Important” By 2012, 40 percent of all car shoppers will be from Generation Y. Do you understand them? Most top-level managers come from the Boomer generation, born between 1946 and 1964. But as they

SEE **WEBINARS**, PAGE 2

Packed room greets officials at Revenue Department seminar

Eligible trade-in credits commanded the discussion at a June 7 CATA seminar that featured top brass from the Illinois Department of Revenue.

While officials said Third-Party credits can be combined with “simultaneous” (same-day) credits, several dealers protested that they were fined for permitting such credits. Third-Party credits cannot be coupled with Advance trade-in credits.

Roger Koss, who heads the department’s audit division, said dealers who believe

they were wrongly penalized and fined can appeal to the department using Form EDA-98.

But Mark Dyckman, the department’s deputy general counsel on property and sales tax litigation, said accurate paperwork is essential for auditors.

“Advance trade-in credits are a creature entirely of department rules,” Dyckman said. “Since such allowances don’t exist for any other industry, the department aggressively makes sure that all the i’s are dotted and the t’s

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7 vying for 5 CATA board seats

Votes accepted till June 20

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

Election ballots were sent June 7 to all CATA dealer

members whose association dues are up-to-date. Completed ballots must be received by 12 p.m. June 20 at the CATA’s auditing firm, Crowe Horwath, which will tally the submissions. Results will be announced June 22 at the CATA Dealer Meeting &

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CATA now offers 125-plus online management learning programs

As part of the CATA's commitment to offering comprehensive dealer-education programs, a Season Pass now is offered that makes all past and present DealersEdge webinars available to CATA members for a one-time cost of \$800. That's a \$200 saving off the regular price.

DealersEdge offers weekly live webinar learning opportunities featuring some of the best-known and well-respected experts and trainers available for \$149 a session. Season Pass members can view these webinars at no additional cost and take advantage of more than 70 on-demand recordings of past webinar programs with a list that is refreshed and updated weekly.

The Season Ticket brings you:

- More than \$30,000 worth of learning programs and resources to your team's fingertips—online, on-demand and always timely!
- Each Season Ticket account comes with 10 Log On accounts. You and nine others would have full access to all resources.

Webinars

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come to mature adulthood, few have ever seen anything like Gen Y, those born since 1982. Their attitudes and habits on decision-making, work ethic, communication, dress codes and loyalty (to both brands and employers) are creating perplexing challenges for car dealers. Learn how this growingly important segment of the workforce and of consumers in general will impact car dealers.

Thursday, June 23 at 12 p.m. CDT

“How to Use Tax Strategies to Offset Dealership Construction Costs” Two primary factors are driving the pace of construction plans in dealerships everywhere: a growing market demand and agreements signed with the OEM in the midst of bankruptcy and franchise termination threats. Whatever the reason or need, dealers, general managers and controllers need to be fully aware of the current state of tax law and how some provisions of the code can be employed to offset the cost of renovation and/or construction of new facilities. Six-figure offsets are possible.

Thursday, June 30 at 12 p.m. CDT

“Read Your Customers' Minds: How to Predict the Market's Future with Today's Data” With nearly 90 percent of all auto shoppers going online to research their next vehicle, the “data exhaust” left behind gives invaluable insight into what these shoppers will be buying; also, when and where. By collecting, aggregating, normalizing and reporting on this auto shopper data, we now have visibility never before available. With this data, we can see, analyze and react to current and specific market trends in real time.

• Store your learning programs and resources online. No need to download and manage large cumbersome video and pdf files. Always available when you need them.

• Six-month Unconditional Guarantee. At any time during the first six months, if this service does not meet your needs, just ask for and receive a full refund.

To introduce CATA dealer members to the DealersEdge webinar program, members can sample any single Live or Recorded Webinar at the CATA Online Learning Center for FREE. Your Coupon Code is CATA. Use this code at checkout and your charge will be reduced to \$0. Coupon Code is for one-time use and will expire June 30, 2011.

To browse the à la carte learning center: <http://CATA.dealersedge.com>.

To see a list of upcoming Webinars: <http://cata.dealersedge.com/all-dealersedge-webinars/upcoming-live-webinars.html>.

To purchase the CATA Season Ticket: <http://cata.dealersedge.com/all-dealersedge-webinars/season-ticket.html>.

Seminars, exhibitors aplenty at CATA Dealer Meeting & Expo

The CATA takes a page from Daniel Burnham by making no little plans for the 2nd annual CATA Dealer Meeting & Expo, 10 a.m.-4 p.m. June 22. Attendance is free but limited to dealers and their managers.

Register at www.cata.info to attend 12 “best practice” topics at 10:15 a.m., 11:15 a.m., 1:30 p.m., and 2:30 p.m. And a special luncheon keynote address will be disseminated live as that week's Webinar of DealersEdge, the online training center.

Visitors also can roam the ground-level salons, to explore business opportunities with about 40 CATA allied members. The companies will be positioned à la trade show, in 6-by-6 booths, and many will be offering gifts.

But that's not all. Attendees also will be treated to a buffet lunch and be eligible to win prizes.

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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
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President, Publisher
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NADA responds to point-of-purchase EV tax credit proposal

BY MARK SCARPELLI

CHICAGO METRO NADA DIRECTOR

The NADA has expressed concern with a proposal the Obama administration is pushing to extend tax rebates to consumers at the dealership when they purchase an electric vehicle.

The government currently offers a \$7,500 tax credit on the purchase of electric vehicles. Transportation Secretary Ray LaHood supports a point-of-sale rebate, comparing it to the 2009 Cash for Clunkers program.

The NADA pointed out that LaHood's proposal, however well intentioned, would needlessly complicate the car-buying process. Furthermore, changing the vehicle tax credit is unnecessary; the current tax credits have been successful in stimulating consumer interest in emergent technologies. The rebate proposal is so complicated that it likely would deter sales of alternative fuel vehicles, which is exactly the opposite effect that LaHood intends.

In other NADA news . . .

- Days after tornadoes ripped through parts of Iowa and Alabama in late April, the National Automobile Dealers Charitable Foundation mobilized its **Emergency Relief Fund** to aid dealership employees recovering from the deadly storms.

Six people have received grants from the foundation to help them get back on their feet after losing their homes and most of their possessions. And the foundation continues to seek donations to help more dealership employees displaced by natural disaster, as the need for aid rises.

Jack Leigh, of Leigh Automotive, says the tornadoes on April 27 left thousands in his community of Tuscaloosa, Ala., either without homes or with severe damage. At least two dealerships in Tuscaloosa suffered substantial damage.

The foundation's Emergency Relief Fund aids recovery efforts after natural disasters, such as flooding, hurricanes and tornadoes. Since the program started in 1992, it has provided more than 7,500 dealership employees with financial assistance totaling almost \$5 million.

If you know a dealership employee affected by the tornadoes or would like to donate to the NAD Charitable Foundation's Emergency Relief Fund, contact the foundation at (703) 821-7233 or foundation@nada.org.

- First quarter results of NADA's monthly Dealership Financial Profile, which provides a snapshot of the financial condition of the average new-car dealership, portrays an **industry well into recovery**, says NADA Chief Economist Paul Taylor. Despite challenges such as higher gas prices and generally slow economic growth

during the first quarter, total sales at the average dealership were up 22.5 percent while expenses increased just 14.2 percent. The stronger financial performance yielded net profits before taxes of 2.4 percent for the typical dealer, Taylor says, which represents a 34 percent increase over performance in the first quarter of 2010. "Dealers showed strength in all areas of operations in the first quarter," Taylor said. "Their strong performance suggests that as new-car production is restored, the stage is set for continued strong growth in the future." For more analysis from NADA's Industry Analysis group and Chief Economist Paul Taylor, visit NADA's Dealership Financial Profiles online. <http://www.nadafrontpage.com/1173.xml>.

- The **2012 NADA and ATD Convention and Expo** will be Feb. 3-6 in Las Vegas. It will be the first time the two conventions will be held together. ATD members will participate in events geared solely to the trucking industry, including luncheon general sessions at the Las Vegas Hilton Hotel. And ATD and NADA registration, franchise meetings, workshops and expos will take place in the Las Vegas Convention Center adjacent to the Las Vegas Hilton. ATD attendees also will be able to attend the NADA expo, workshops and general sessions. And they can stay at any hotel of their choice in NADA's block. Online registration for the NADA and ATD conventions will open in mid-July at www.nadaconventionandexpo.org and www.atdconventionandexpo.org.

- A **bogus website**, <http://nadaguides.zxq.net/vehicle/purchase/protection>, has been set up to look like the legitimate website of NADAguides.com. The fraudulent Web page offers services for "Auto Purchase Protection" and facilitates the transfer of funds between buyers and sellers. This Web page has no connection with the NADA or NADAguides.com. The NADA is attempting to shut down the site, which appears to be hosted overseas.

- **Dealer Executive Education** if forming a class for August at Babson College in Babson Park, Mass. The curriculum is an integral part of the dealer development program of NADA University. Babson's MBA program is ranked number one in the country for entrepreneurship, a distinction it has earned for 17 consecutive years. Its focus on innovation and what Babson faculty call "opportunity obsession" are key. Visit www.DealerExecEd.org to download a brochure and learn more. Don't wait—apply today.

- NADA University's Resource Toolbox will present a **complimentary MarketINSIGHT webinar**, "Dealership Valuation for Estate and Succession Planning," at 12 p.m. CDT June 16. To register, call NADA U at (800) 557-6232.

Dealer Recovery Trust Fund clears Illinois General Assembly

Illinois legislation to create a Dealer Recovery Trust Fund has advanced to Gov. Pat Quinn, after state's General Assembly passed the measure May 31, the final day of the lawmakers' spring session. Quinn has about a month to consider the matter.

The fund, which would help people harmed by dealerships that close without settling liens on trade-ins, would be endowed by adding \$500 to the price of an annual license for new- and used-vehicle dealers and motorcycle dealers.

The state attorney general's office sought to create the Dealer Recovery Trust Fund after talking to consumers who said they were harmed by the unpaid liens. Assistant Illinois Attorney General Greg Grzeskiewicz described consumers who subsequently saw their credit scores damaged while they were saddled with two vehicle loan pay-

ments. Grzeskiewicz said Illinois is the only state without a recovery fund or a bonding mechanism to help those consumers.

Under the legislation, annual dealer licenses would increase \$500 for a dealer's established place of business and \$50 for each additional place of business. The secretary of state's office currently counts 895 new-vehicle dealers, 2,831 used-car dealers, and 771 motorcycle dealers, meaning the fund would collect more than \$2.2 million in its first year.

If the fund balance exceeds \$3.5 million on Aug. 31 of any given year, collection of the fee would be suspended the following year for dealers who did not have a claim paid from the fund; or a suspended or revoked license; or have any civil penalties assessed against them during the previous three years.

Consumers and dealers would be eligible to file a claim against the fund if they purchase a vehicle on or after Oct. 1, 2011, from a dealer who goes out of business without satisfying a trade-in lien. A claim could not exceed \$35,000.

A dealer who sells 25 or fewer vehicles a year would be exempt from the \$500 fund surcharge. The proposed Dealer Recovery Trust Fund Board, which would oversee the fund, would be comprised of the Illinois attorney general and secretary of state, or their delegates; and someone to represent "Illinois automobile dealers" who alternately would come from the ranks of franchised and independent dealers.

The CATA and the IADA, involved in shaping the legislation, were able to steer endowment of the fund toward a hike in dealer licenses and away from more costly surety bonds.

Are Web gadgets too distracting in new cars?

As consumers clamor for more tools to help them stay connected to online media on the road, automakers are coming under fresh pressure to minimize distracting gadgetry in new cars.

"There's absolutely no reason for any person to download their Facebook into the car," said U.S. Transportation Secretary Ray LaHood. "It's not necessary."

LaHood is pushing to open new fronts in his long-running campaign against the proliferation of technology-driven diversions. He is urging auto executives to free up advertising money to create public-service announce-

ments that remind motorists to focus on the road, and not to text and drive.

LaHood and the National Highway Traffic Safety Administration, which reports to him, have the power to curb the info-tainment technology built into cars if they can demonstrate a threat to safety.

BMW begins a spot this month that starts with what appears to be a spoof of overprotective parents, but ends with disturbing images of a mother texting behind the wheel, oblivious to the sport utility vehicle that is about to broadside her car.

BMW North America Chief Executive Jim O'Donnell said the company plans to run the spot,

and related print and online advertising, through the end of the year. But he said that agreeing to warn drivers against texting on a handheld phone doesn't mean BMW plans to opt-out of the in-car media revolution.

O'Donnell said BMW's approach is to manage that flow, not cut it off, such as by making brief bursts of information available on head-up displays.

Other automakers also are trying to devise better ways to manage an increasing flow of information and entertainment, while trying to avoid running afoul of LaHood and his auto-safety regulators.

General Motors—still part-owned by the govern-

ment—is promoting its youth-targeted Chevrolet Cruze with an ad that highlights a Facebook-update feature, delivered by a voice program through the car's OnStar communication system.

A GM spokesman said Onstar's Facebook application, which drivers can use with the push of one button while they keep their eyes on the road, is still in the "beta" test phase. No decision has been made to roll it out broadly.

LaHood compares the effort to change public attitudes toward distracted driving to the long-running efforts to change attitudes and behavior related to drinking and driving.

Dodd-Frank Act brings changes to adverse action notice requirement

Dealers must be prepared for a new federal disclosure requirement that takes effect July 21, 2011, the designated transfer date under the Dodd-Frank Act.

Section 1100f of the Dodd-Frank Act requires that creditors add five disclosures to their adverse action and risk-based pricing notices:

- 1) the consumer's credit score;
- 2) the range of possible credit scores under the model used to generate the score;
- 3) the key factors that adversely affected the consumer's credit score in the model used;
- 4) the date on which the score was created; and
- 5) the name of the person or entity that provided the credit score.

The key factors (the third item) explain the credit score and are provided by the entity that provided the score. Creditors must list up to four key factors; if one of the key factors is the number of inquiries made with respect

to that credit report, then the creditor must list up to five key factors.

The changes to the risk-based pricing notice do not affect dealers who issue credit score disclosure exception notices in lieu of risk-based pricing notices.

Regarding the changes to the adverse action notice, the new disclosures apply to creditors who used a credit score in taking adverse action. The new disclosures add to the disclosures that must be made under the Fair Credit Reporting Act. (Keep in mind that the Equal Credit Opportunity Act imposes on participating creditors who take adverse action a separate adverse action notice requirement with different disclosures.)

The NADA will revise its Driven publication entitled "A Dealer Guide to Adverse Action Notices" to explain the changes and to modify its sample adverse action notice form (at Appendix B). However, the NADA cannot do so yet because the Federal Reserve Board has not finalized the changes to

its model forms (from which the dealer association's model form is derived). Several vendors who produce adverse action notices for dealers also are waiting on the Fed to release its final model forms before modifying their own.

The NADA is developing the following resources to assist dealers in complying with the new credit score disclosure requirements:

- 1) a soon-to-be-released short video that generally outlines the forthcoming disclosure requirements;
- 2) a revision to the NADA's Driven adverse action guide that will be released shortly after the Fed finalizes the modifications to its model adverse action notice forms (dealers will be able to access the guide at www.nadauniversity.com); and
- 3) a Learning Hub webinar on the new requirements, scheduled for 12-2 p.m. CDT Wednesday, July 6.

NADA University will disseminate information on the registration procedures and pricing for the webinar.

Seminar

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are crossed. Problems come from creative uses (of the credit) and poor documentation."

Revenue department officials touched on the ongoing sticking point involving several manufacturers' titling trusts, such as Ford Motor Co.'s Cab West, which by changing names disallowed any advance trade-in credits for off-lease vehicles.

John McCaffrey, the revenue department's general counsel, said dealers are caught in the middle of the

department's dispute with the manufacturers. "They had a number of business reasons why they make a business change. But for every action, there is an equal and opposite reaction," and manufacturers likely did not foresee the dilemma for dealers.

McCaffrey said the latest budget proposed by the General Assembly subjects the department to a 26 percent budget cut. He said the department now will post forms for businesses to download, instead of printing and mailing forms, and he urged dealers

to submit paperwork electronically to the department.

"You know in your own offices, the more paperless you go, the more money you save. It's the same with us," he said.

Revenue department officials also touched on taxation related to goodwill repairs, sales to out-of-state purchasers, consumables and interim use exemptions.

The CATA recorded the presentation and posted it on the association's Web site. It can be seen at www.cata.info/web-cast_IDOR_forum.

Directors

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Expo.

The incumbents on the ballot are **Edward Burke** (Naperville Jeep-Dodge, Lisle; Roesch Ford, Bensenville); **Dan Marks** (Libertyville Lincoln); **Mike McGrath Jr.** (McGrath Lexus of Chicago/Westmont); and **Colin Wickstrom** (Wickstrom Ford-Lincoln and Chrysler-Jeep-Dodge, Barrington). All are seeking their second terms on the board.

Additional nominees include **Bill Hag-**

gerty (Haggerty Buick-GMC, Villa Park, Haggerty Chevrolet, Glen Ellyn, Haggerty Ford, West Chicago); **Bill Kay**, who operates several namesake dealerships (Chevrolet in Lisle; Ford in Midlothian; Honda in Bourbonnais; and Nissan, Buick-GMC and Suzuki, all in Downers Grove); and **Kevin Keefe** (Brilliance Honda, Crystal Lake).

The CATA board totals 17 directors. About one-third of the terms expire each year. A director may serve a maximum of three three-year terms.