



# CATA Bulletin

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## *Know who you hire*

### **Dealerships a fertile ground for commission of identity theft**

For those who feel violated when someone takes that last slice of cheesecake they were saving, imagine the horror of having one's very identity stolen.

Identity theft—use of the victim's personal information to charge expenses to her account, open entire new credit lines under her name or other fraud—can create a time-consuming financial and logistical hassle.

Unfortunately, a dealership is a ripe environment for identity theft to occur.

Buying a vehicle is a major transaction. As such, the customer is obligated to surrender his name, Social Security number, credit card numbers and more. For thieves, that's a treasure trove. And

crime occurs when dealers don't know the people working for them.

One dealer in north suburban Chicago said he discovered last autumn that a salesman committed identity theft against one of the store's customers. The employee was fired, but he surfaced a few months later at a nearby dealership and soon committed the offense again.

Gurnee Police Officer Jim McDermitt investigated the crimes. "He had copies of sales receipts with Social Security numbers, driver's license numbers, home addresses, birthdays and more. Why does a salesperson need that?"

With exposure to such delicate in-

formation, salespeople should be screened before they are hired, McDermitt said. The matter is complicated by the position's high turnover rates.

Terrence Creamer, an attorney with Franczek Sullivan, the CATA's labor relations counsel, said employers can use the Fair Credit Reporting Act to obtain credit reports on applicants, as a way of gauging their virtues.

Credit reports investigate and evaluate credit capacity and credit worthiness, but they also measure the character and general reputation of consumers. Reporting agencies can identify

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### **Indiana passes warranty parts bill**

Indiana's franchised, new-vehicle dealers will gain standard reimbursement rates for warranty parts, protections that are afforded to dealers in neighboring states including Illinois, when new state legislation takes effect July 1.

Gov. Frank O'Bannon on March 20 signed into law Senate Bill 412, better known as the Warranty Parts Bill. The bill passed both houses of the legislature in

unanimous votes.

"Vehicle manufacturers and franchised dealers supported this proposal because it represents a mutually beneficial solution for both," said Mike Leep, a dealer in South Bend, Ind.

Similar legislation in Illinois took effect Dec. 12, 2001. The new Indiana law puts the state on even footing with neighbor states Illinois, Michigan, Ohio and Kentucky.

### **AYES needs local dealers to succeed**

Local dealerships that participate in the Automotive Youth Educational Services program uniformly are pleased with their involvement, but many more dealerships are needed to participate.

Just half of the 60 AYES students at four area high schools have been placed at 25 new-car dealerships for year-long student technician internships that begin in June. Basic technician skills

are emphasized in AYES.

Two upcoming events could convince more dealerships to enroll in AYES. Two dozen service managers will join a job fair for high school seniors April 21 at Libertyville Toyota, an AYES advocate. Other dealerships are welcome to attend, 3-6 p.m. that day. Interested parties should call Rick Stevens at 847-223-7216.

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## Some fuel-cell vehicles to finally roll, albeit gradually

After nearly a decade of hailing fuel-cell technology as the ultimate replacement for the internal combustion engine, automakers are slowly starting to produce some fuel-cell-powered vehicles.

The automakers are sticking to their long-held estimates that mass-produced, widely available fuel-cell vehicles will not be possible until 2010 at the earliest, mainly due to cost, infrastructure and safety challenges.

"Certainly there are technical challenges, but there's been so much public and private investment the public ought to expect these vehicles within the decade," Jason Mark, transportation analyst for the Union of Concerned Scientists, said April 9.

Fuel cells use a chemical reaction between oxygen and hydrogen to produce electric power. When pure hydrogen is used the only tailpipe emission is harmless water vapor.

When hydrogen is extracted from gasoline or other fuel, harmful emissions are reduced, but not eliminated. However, to use fuels other than pure hydrogen, vehicles must be equipped with a heavy and expensive reformer which extracts hydrogen from those fuels.

The goal for most automakers is, as General Motors Corp. has said, to attain a "hydrogen society" where the gas would be the primary fuel.

Hydrogen, however, is a flammable gas posing safety concerns, especially in the event of a crash.

## AYES

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And a special AYES Dealer Mentor Training session will be held May 2 at Chicago's Farragut Career Academy, one of the participating high schools. For information about AYES, call the CATA's David Sloan at 630-424-6055. To reserve a seat at the session, call Jim Foley at Farragut, 773-534-1300, or visit the AYES Web site at [www.eyes.org/](http://www.eyes.org/)

Libertyville Toyota has welcomed five AYES students since the program sprouted in this market two years ago. This summer, the dealership welcomes three new students, including one female.

At Libertyville Toyota, each student is grouped with five technicians who take turns supervising the student. "The AYES program lends itself better to a team atmosphere," said service director Ben Mennella. "The group leader gets a free set of hands to move tires and do other tasks, and the students are paid hourly, so you don't have to book them.

"That gives work relief to the mentor, who is your best technician, so he can work quicker and sell more. And he's selling the right work, not just oil changes. The student gets good habits working with a mature guy who makes a good living."

"The two young fellows I've hired are quality people," said Bob Colwell, formerly the service director and now general manager of Biggers Chevrolet-Isuzu in Elgin. "It seems they're serious about pursuing a career in the business."

Colwell said one of his student techs has mild dyslexia but has improved his grades since enrolling in AYES.

"It's an investment, and the return on investment is not great in the beginning. But that doesn't last very long," Colwell said. "It's just that service directors want instant gratification: 'What do I get out of this now?'"

"I am a huge proponent of AYES," Colwell said. "We're facing a shortage of 65,000 technicians. We have to start growing them."

## Use caution in ads to bankrupts

Dealers and their advertisers should be aware that a single violation of one Illinois law could bring a fine of \$1,000. Multiple offenses that could result from a mass-mailing campaign could push fines through the roof.

The public act referred to as the Loan Advertising to Bankrupts Act states:

"No person engaged in the business of making loans or of selling any property or services under installment contracts or charge agreements may include in any solicitation of or advertisement for such business any language stating or implying that a loan or extension of credit will be made to a person who has been adjudged a bankrupt."

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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 at <http://cata.drivechicago.com/>

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**Erik K. Higgins** Editor, Director of Dealer Affairs

## Take proper steps with Canadian vehicle trade-ins

The following story, first published by the Wisconsin Automobile and Truck Dealers Association, is true. As Detective Joe Friday was wont to say, only the names have changed.

Bob Smith was thrilled with the vehicle he purchased from Big City Dealership. It was practically new, and he paid considerably less than the current going rate. Big City had been outstanding in ensuring Smith's complete satisfaction with the sale.

Big City told Smith the vehicle was imported from Canada and the odometer was changed from kilometers to miles (reported as actual) prior to Big City purchasing the vehicle at auction. But the other shoe was about to drop.

A few months after Smith bought the vehicle, a Canadian bank contacted Smith and Big City to inform them the vehicle had an unsatisfied lien dating to its days in Canada. The bank repossessed the vehicle, much to the chagrin of Smith and Big City.

Big City took care of Smith, but at a substantial loss. They went back to auction to unwind the deal, but never fully recouped their loss. Big City didn't have a lot of experience with the purchase of Canadian vehicles. They believed if the odometer has been converted from kilometers to miles, then the vehicle is fine for sale.

Big City employees were unaware of what to look for on Canadian documents when purchasing the vehicle, so they weren't suspicious when no documents accompanied the vehicle.

Some people believe that the North American Free Trade Agreement gives them the luxury to

purchase a vehicle in Canada, drive it across the border and sell it in the United States. That is not true.

When an individual brings a vehicle into the United States for the purpose of resale, the vehicle must meet the safety and emissions standards set by the National Highway Traffic Safety Administration and it must be unencumbered by liens. The NHTSA enables dealers to safely buy and sell Canadian vehicles and protects dealers from vehicles imported illegally.

A registered importer is a business that has applied for and been issued authority to purchase vehicles outside the United States for resale. Registered importers are required to post a bond valued at 150 percent of the cost of each imported vehicle.

To obtain a bond release (and subsequently offer the vehicle for sale), the registered importer submits a packet to NHTSA for each vehicle. The packet includes photos of the vehicle and certification that it meets U.S. safety and emissions standards. If everything is in order, the NHTSA issues a bond release letter.

The bond release letter is essential to the paper trail protecting dealers from fraudulent sellers. When dealers purchase a vehicle from a registered importer, make certain the following documents accompany the vehicle:

- A sticker affixed to the driver's door or pillar which indicates the vehicle was modified to conform to U.S. safety standards;
- A copy of the recall warranty insurance policy;
- A copy of the bond release letter.

The documents insure a vehicle is imported properly. Imported vehicles which do display all three documents

**An individual who imports a vehicle to the United States and wants to trade it in must bring the vehicle to U.S. safety standards and have the documents to prove it.**

may not be sold in the United States and may be subject to seizure by U.S. Customs.

Another key point is whether the vehicle can be sold as used. All imported Canadian vehicles are considered never to have been privately titled. A vehicle can be sold to a dealer, regardless of franchise, ONLY if the following criteria are met:

- The vehicle has been driven more than 6,000 miles;
- It has been driven more than 4,000 cumulative miles and owned more than 120 days by the licensee selling the vehicle;
- It is of a previous model year. A vehicle shall be considered to be of a previous model year after Dec. 31 of the calendar year identical to the manufacturer's designated model year.

The other likely scenario concerns a vehicle taken to the United States by an individual who now wants to trade in the vehicle. The most important point is, they still need to meet U.S. safety standards and have the documents to prove it. A properly imported vehicle will have (1) a letter from the manufacturer, (2) customs entry form, (3) U.S. Department of Transportation HS7 Declaration Form, and (4) and EPA 3520-1 Emissions Form.

A dealer may accept an imported vehicle for trade-in as long as those documents are submitted along with proof of ownership.

Visit the NHTSA Web site at [www.nhtsa.gov/cars](http://www.nhtsa.gov/cars) for more on selling an imported vehicle.

## Follow-up with the customer is key to closing the sale: NADA

When a customer leaves the showroom without buying, what can be done? Chances are, information on the customer gets filed, then attention shifts to the next prospect. In other words, chances are good that nothing is done.

Statistics show that 90 percent of customers who do not buy a vehicle before they leave a dealership are not subject to follow-up. Why not? A few more statistics:

- 85 percent of customers decide to purchase a vehicle before they leave home.
- 88 percent consider three or fewer vehicle makes.
- 74 percent who visit a dealership go equipped with product knowledge learned from a third party.
- 88 percent of shoppers visit at least five dealers.
- 88 percent take an average 14 days after their first dealer visit to purchase.

Consumers do not visit dealerships just to spend time. Statistics show they make their visits armed with specific wants, needs and desires. They have narrowed their choices, they've researched the products, and they've decided to visit a limited number of stores.

Most customers take a few weeks to buy. But most times, there is no follow-up after they leave a showroom without buying. Concentrating on follow-up can increase sales even without an increase in ups.

Follow-up calls are acts of courtesy. Prospective customers took time to visit the dealer. Thank them for the opportunity to speak to them. Ask if they have questions. Questions lead to conversations.

If there are no questions, ask where a consumer is in the process and if anything can be done to help her. Comments are opportunities.

Emphasize the dealership's commitment to the customer and offer to call again. Customers will consent to that because they also are courteous and are impressed that an effort has been made to win them over. Chances are good that no one else has.

*Article adapted from "Winning the Race," a quarterly newsletter of NADA Salesperson Certification for NADA-certified sales professionals. Learn more about the certification at 703-827-7412.*

## New ergonomics plan welcomed

The Department of Labor's announcement of a results-oriented approach to reducing the number of workplace ergonomic injuries is "the right approach to promote workplace health," an NADA official said of the plan unveiled April 5.

The plan includes a four-pronged approach to reducing workplace musculoskeletal disorders, including (1) industry-specific and task-specific guidelines, (2) strong and effective enforce-

ment, (3) extensive outreach and assistance, and (4) science-based research.

"OSHA's plan will provide easy access to the up-to-date information on best practices designed to achieve effective results, and it will give dealers the flexibility they need to implement innovative health and safety programs," said Douglas Greehaus, director of environment, health and safety for the National Automobile Dealers Association.

## Theft

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public records of arrests, indictments, convictions, suits, tax liens and outstanding judgments.

Under the Fair Credit Reporting Act, employers have obligations if credit reports will be obtained on job applicants. The employer must notify applicants in writing that a credit report will be used as part of the application process. Applicants must consent in writing for an employer to obtain a credit report.

If an employer denies employment based on any information in a consumer report, the employer must advise the applicant of that fact and where the credit report was obtained. The applicant must be notified of his right to obtain a free copy of the report and that he has the right to dispute the accuracy or completeness of any information in the report.

Employers must be uniform in their treatment of applicants, Creamer said.

"If you let someone go or fail to hire an applicant because of a poor credit rating, but you hired others with a similar report, then you've got a potential discrimination problem," he said.

# CATPAC

Have you  
contributed?

## Marketplace

**Marketing** Demonstrated ability to plan, organize and lead full-cycle marketing projects. Hire, train, team-build; negotiate contract terms and conditions; compile and oversee budgets. E-business background (online sales and promotions). Proven history of delivering quality results on time and under budget. Patrick J. Shelton, 630-853-8083. Résumé on file at the CATA.