2018 Illinois DOC fee maximum is $175.94

The maximum amount that Illinois dealers can charge in 2018 for documentary preparation fees is $175.94, the Illinois attorney general’s office announced Dec. 13.

The $3.78 increase over the 2017 maximum fee reflects a 2.2 percent rise in the federal Consumer Price Index for the 12-month period ending Nov. 30. The index is tracked by the U.S. Department of Labor. As always, the DOC fee is taxable and must be substantiated upon request by the attorney general’s office.

The CATA is developing a poster about the DOC fee that dealer members can display. On the poster, the DOC fee amount is left blank for dealers to fill in; any amount up to the maximum allowed may be charged, but all customers should be charged the same amount. Systematically charging one group but not another — all males but no females, for instance — could bring charges of profiling.

Two copies of the poster will be mailed to dealers later this month. For limited additional copies, call the CATA at (630) 495-2282.

IMPORTANT: The new maximum fee cannot be charged before Jan. 1.

2017 year-end holiday, pay issues

Franczek Radelet P.C., the CATA’s labor relations counsel, has summarized the upcoming holiday and holiday pay issues in the collective bargaining agreements with Mechanic Local 701 and Teamsters Local 731 Garage Attendants.

Mechanics Local 701 Recognized Holidays
• Day before Christmas: Saturday, Dec. 23 (observed)
• Christmas Day: Monday, Dec. 25
• New Year’s Day: Monday, Jan. 1, 2018

Eligibility for Holiday Pay

Unless excused by the employer, employees must work their regularly scheduled day immediately before and after a holiday in order to receive holiday pay. Probationary employees are not eligible for holiday pay within the first sixty (60) work days of their employment.

Amount of Holiday Pay

Holiday pay for Journeymen Technicians is eight hours times the JT hourly rate noted in Appendix 1 of the Standard Automotive Agreement. Other Technicians receive eight hours times their applicable hourly pay rate. Employees who are employed on a four, 10-hour workday schedule should receive 10 hours of pay.

Holiday Falling within a Vacation or on a Scheduled Day Off

Employees on vacation

House subcommittees debate electric car viability amid Trump mpg review

Lawmakers in the U.S. House of Representatives on Dec. 12 debated whether there is enough demand for electric cars to help automakers meet ambitious gas-mileage rules that require them to produce fleets that average more than 50 mpg by 2025.

The mileage rules, known as Corporate Average Fuel Economy and greenhouse gas emission standards, began taking effect with the 2017 model year. They call for ramping up from the current fleet-wide average of about 35 mpg for cars and trucks to an eventual goal of between 50 and 52.6 mpg by 2025. The goal was revised down from an initial target of 54.5 mpg.

The mileage rules were put in place in 2012 by former President Barack Obama’s administration, which argued that the lofty target was achievable and popular with drivers who were weary with gas prices that topped $4 a

See Unions, Page 4

See MPG, Page 4
New programs help dealers appeal to buyers

As more consumers shop online for their vehicles or give up car ownership altogether, traditional auto dealers are being forced to adapt.

Some are introducing services such as car subscriptions, which allow customers to switch from car to car instead of owning them outright. Others are offering flexible leases via apps, providing more flexibility than a typical three-year lease.

Car industry executives shared some of those innovations in late November at a panel related to the Los Angeles Auto Show.

Don Flow, chief executive of North Carolina-based car dealership Flow Automotive, said providing options and convenience are key to meeting changing demands.

His dealership recently launched a car subscription program, called Drive Flow, to a limited number of users. The program allows its members to request a vehicle at any time through an app, which is delivered by a concierge to a specified location.

The subscription includes insurance and unlimited mileage, and members can choose from more than 20 brands of cars.

“You are about to see an explosion of opportunity in this space,” Flow said. “We’ll move from just being car dealers and retailers to integrated transportation partners.”

He said the program is aimed at providing a customized experience for people who enjoy driving a variety of vehicles.

Other companies, such as car-leasing app Fair, are rethinking traditional car rentals and leasing by providing a flexible used-car leasing program that can be terminated at any time.

Georg Bauer, president of Fair, said flexible ownership is the way to go when it comes to courting millennials. Young people are reluctant to commit to one product for a long time, and are comfortable with making big purchases online, he said, so dealers should “be part of the digital revolution.”

“I don’t see dealers having to fight tech,” said Bauer, who previously was a vice president of financial services at Tesla. “If they open up, they will realize the future is more digital.”

Customers want knowledgeable salespeople

With all the hubbub about mobile technology replacing dealerships, one would think that parts of the experience, such as pre-purchase test-drives and delivery walkarounds, were fading into relics of the past. Not so.

It turns out car buyers really do want dealership salespeople, according to findings from J.D. Power’s just-released U.S. Sales Satisfaction Index Study, an annual deep-dive into what makes for a satisfactory new vehicle sales experience. What makes buyers happiest is a combination of research, accurate dealer website information, and a knowledgeable salesperson to answer questions and explain technology.

Big declines for subprime auto loans as term lengths hit record high

The percentage of subprime auto loans saw a big decline in the third quarter despite growing concerns that auto dealers and banks are writing too many loans to borrowers with checkered credit histories, according to new data.

In fact, Experian says the percentage of loans written for those with subprime and deep subprime credit ratings fell to its lowest point since 2012.

“The market turning more prime is an encouraging trend. It indicates that industry professionals are using data and analytics as part of the lending process, and consumers are taking a more active role in managing their credit before buying a car,” said Melinda Zabritski, Experian’s senior director of automotive finance.

Overall, 25.67 percent of the auto loans written in the third quarter were for borrowers with subprime or deep subprime credit ratings. By comparison, just over 62 percent of the loans written last quarter were for borrowers with prime and super prime credit scores, according to Experian. The drop in subprime loans comes after months of warnings that too many loans have been issued to buyers who can’t repay them.

CATA holiday closings

The office of the Chicago Automobile Trade Association will be closed Monday, Dec. 25, to mark the Christmas holiday; and Monday, Jan. 1, for New Year’s Day.

The CATA board of directors and staff wish all our members and their families a happy and prosperous 2018!
12 ways to protect your dealership from a cyber attack

BY NIC CONNOR
SHARTEGA SYSTEMS, INC.

A majority (81 percent) of cyber attacks are aimed at small and mid-size businesses, which include most dealerships and dealer groups. Cyber criminals now view those businesses as easy targets compared to large companies with dedicated network security teams. You may ask the question, “How could a cyber attack affect my dealership?” Four ways could have a drastic effect:

1. Access to Customer Data — Keylogging

With Dealerships having access to their customers’ Personal Identifiable Information (PII), there are a couple ways cybercriminals could access your customers’ private data. Some dealers feel that their customer data is safe and secure within their Dealership Management System or Customer Relationship Management software. But while most DMS/CRM providers do have security practices in place to stop data breaches, they cannot stop cybercriminals from accessing the software if a cybercriminal has access to a dealership’s computers and an employee’s credentials. A hacking practice known as Keylogging can log the keystrokes from, say, your F&I managers to gain access to your customer data through credit bureau websites or to your DMS/CRM applications.

2. Prevent Access to Dealership Computers — Ransomware

Ransomware is the most popular type of Cyber Threat in today’s news. Ransomware is a type of malicious software that is designed to block access to a computer system and encrypt all of the files until a sum of money is paid. If anyone at your dealership was to download a file infected with ransomware, it would block access to that computer, and it could spread the infection throughout the dealership to all computers. There have been reports of whole departments being shut down at dealerships due to ransomware. In general, small-to-medium businesses have been unable to perform business due to ransomware.

3. Access to Dealership Bank Accounts — DNS Poisoning

A method called DNS Poisoning could grant a cybercriminal access to your bank accounts. DNS Poisoning can ultimately route users to the wrong website. There have been scenarios where the controller thought she was accessing the dealership’s bank’s website, but came to find out it was an exact replica of the website of the dealership’s bank which captured all of their login information. The hacker then proceeded to initiate a wire transfer of $600,000! Luckily, the bank called the controller to verify the transaction and it was stopped.

4. Fraudulent Wire Transfers and Access to Dealer Owner Personal Information — Spear Fishing

A method called spear fishing could target the most top-level execs or owners at your dealership. Spear fishing is a targeted email attack that is directed at specific individuals or companies and is intended to gather intelligence or intellectual property. There have been reports of controllers or CFO’s receiving emails from someone who appeared to be the business owner requesting a wire transfer. After multiple emails between the hacker and controller, the controller complied with the request and completed the transfer. Spear phishing emails have improved tenfold in just a few short years and are virtually impossible to detect by the untrained eye.

In order to fully protect your dealership network from these threats, there are multiple layers of security and security practices that your dealership should be implementing. Please download the “12 Ways to Protect your Dealership from a CYBER ATTACK” Checklist, via https://www.shartega.com/cyber-dealer, and start protecting your dealership today!

Editor’s note: Shartega Systems is a CATA Recommended Consultant.

Heed tips to avoid company-sponsored holiday party liability

An employer can be held liable for actions that occur during or as the result of a company-sponsored social event — particularly if alcohol is being served. It’s a concept known as social host liability, and it is recognized by many courts across the country. While each state’s laws differ, there are some general guidelines to follow to make sure the company’s holiday festivities are fun, safe and don’t land the employer in court.

• Make sure employees understand attendance at the company-sponsored event is purely voluntary. Eliminate any perception that work is being conducted.
• Plan the menu carefully so as there aren’t a lot of salty foods. When people are thirsty, they naturally drink more.
• Don’t provide a self-serve bar for guests. Either serve the guests their drinks or hire a professional bartender who can recognize when someone has had enough.
• Opt for a cash bar instead of an open bar. Or limit the number of free drinks for each guest.
• Consider hosting the holiday party in the afternoon instead of the evening. People tend to drink less during the day.
• Arrange for designated drivers and/or provide alternative transportation. Don’t allow anyone to be talked into driving home when he has had a few too many.
Member-discounted tickets to 2018 auto show on sale now

Tickets and vouchers that admit the holder to the 2018 Chicago Auto Show free or at a reduced price can be ordered by CATA members using the order form posted at www.CATA.info.

The passes promote goodwill with customers and even can help persuade a prospect to close a deal. Two kinds of passes are available, General Admission ticket and Weekday Discount voucher. The former, which costs CATA members $600 for 100 tickets, admits the holder to the auto show free, without a box-office wait. The Weekday Discount voucher costs members $100 for 100 and admits the holder for $7 during the week.

Regular admission is $13. A minimum 100 passes must be requested with either order.

Unions

or where the holiday falls outside their regular workweek (e.g., Day Before Christmas for an employee on a Monday through Friday work schedule) are given a choice between an extra day’s pay or an extra day off with pay. This choice must be communicated by the employee to the employer at least three days before the holiday.

Substitute Another Day in Lieu of Day Before Christmas

A dealership and its employees may agree to substitute another day and choose to work on the Day before Christmas. Holiday overtime premiums are not applicable to any hours worked on the Day before Christmas Day.

Teamsters Local 731

Recognized Holidays
- Day before Christmas: Saturday, Dec. 23 (observed)
- Christmas Day: Monday, Dec. 25
- New Year’s Day: Monday, Jan. 1, 2018

Eligibility for Holiday Pay
Employees who have passed their probationary period and regularly work a full workweek are eligible to receive holiday pay if they work their regularly scheduled full day immediately before and after the holiday. If these conditions are satisfied, employees must be paid even if the holiday falls outside of their regular workweek, e.g., Day Before Christmas for an employee on a Monday through Friday work schedule.

Amount of Holiday Pay
Holiday pay is the number of straight-time hours the employee normally works in one full day times the employee’s standard hourly rate. Accordingly, employees who regularly work eight-hour days should receive eight hours of pay.

Substitute Another Day in Lieu of Day Before Christmas

Dealerships can substitute another day in lieu of treating the Day before Christmas as a holiday. In that case, holiday pay will not be applicable if employees work on the Day before Christmas.

Additional questions can be posed to attorneys at Franczek Radelet. Contact Terry Creamer, (312) 786-6157 or tc@franczek.com; Chris Johlie, (312) 786-6152 or caj@franczek.com; or Dave Radelet, (312) 786-6190 or dpr@franczek.com.

MPG

Continued from Page 1

gallon at the time. Automakers have since argued that the rules are too stringent, and drivers have demonstrated in recent years that they are less interested in fuel-efficient cars and electric vehicles with gas prices that are now about $2.50.

The mileage rules that cover the model years 2021-2025 are currently under review by President Donald Trump’s administration. Debate over the rules in a House Energy and Commerce hearing turned to the popularity of electric cars and their impact on the overall fuel performance of automakers’ fleets — and whether car companies are building enough of them.

“Was it not assumed there would be a far higher penetration in the market of electric vehicles?” asked U.S. Rep. Debbie Dingell, D-Michigan.

“People keep making this comment that the companies aren’t building EVs, but is it not a fact that the customer is not buying EVs,” she said. “They don’t believe that there is an infrastructure in place, and even the 13 states that have said mandates that should be putting them into their fleet are not buying them.”

Dave Cooke, senior vehicles analyst of Union of Concerned Scientists’ Clean Vehicles Program, countered that the mileage rules were not initially intended to be contingent on driver acceptance of electric cars.

“There was little penetration of electrification assumed and 4.5 percent in California right now,” he said, referring to that state’s percentage of electric car adoption, which is higher than the national average.

Mitch Bainwol, president and CEO of the Alliance of Automobile Manufacturers, which lobbies for major automakers, interjected with a reference to the much lower national electric car adoption rate: “But a half a point nationwide,” he said.

Automakers sold 542,000 electric cars in 2016, according to a study conducted by the California-based electric vehicle infrastructure company known as ChargePoint. That was up from 408,000 in 2015.