



CATA Bulletin

DRIVE **CHICAGO** .COM
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House moves to right do-not-fax change

The U.S. House has moved to change last year's rulemaking by the Federal Communications Commission that would forbid all business-to-business faxes, effective next Jan. 1, even between businesses with established relationships.

The contention stems from a 1991 measure that made it a federal violation for anyone to send an unsolicited ad to a telephone fax machine. Those receiving junk faxes could sue for at least \$500 per solicitation.

In that ruling, the FCC created a loophole allowing businesses to send unsolicited faxes to those who had established relationships with them. For instance, a realtor could send a listing sheet to an interested buyer or forward a bid to a seller.

Last year, however, the FCC abruptly reinterpreted its rules to eliminate the established-relationship exemption. The commission ruled that, beginning Jan. 1, 2005, every business, association or not-for-profit must obtain prior written approval from each individual before sending a commercial fax or face stiff financial penalties.

The Junk Fax Prevention Act, passed this month by the House, would restore the 13-year-old loophole. The Senate is considering similar legislation.

When the FCC in 2002 proposed the Telephone Consumer Protection Act, the prohibition against telemarketer calls grabbed all the attention. The act's provision concerning unwanted faxes begins on paragraph 185 of the FCC's 225-paragraph report.

The FCC reversal concluded "that the established business relationship would no longer be sufficient to show that an individual or business has given express permission to receive unsolicited facsimile advertisements."

If businesses or associations violated the proposed rule, the FCC could assess penalties of up to \$11,000 for each fax. Also, someone who received an unwanted fax could sue for \$500 for each violation, with the possibility of receiving triple damages if the business knowingly broke the law.

Non-profit associations
SEE **DO NOT FAX**, PAGE 2

Ill. dealers must register to buy tax-free cars from Ind. dealers; Ind. dealers must collect sales tax from out-of-state customers

Out-of-state dealers must register with the Indiana Department of Revenue and obtain a taxpayer identification number to be eligible for tax-exempt vehicle resale purchases from Indiana dealers.

The change took effect July 1, the start of the state's fiscal year. Out-of-state dealers previously were exempted from sales tax simply by completing the Indi-

ana revenue department's Form ST-137.

The new requirement is part of changes to Indiana's sales tax law. It now requires Indiana dealers to collect Indiana sales tax on vehicles purchased by out-of-state customers. The new provisions are outlined in Section IV of the revenue department Commissioner's Directive No. 24, which is posted

SEE **SALES TAX**, PAGE 2

2 new spots air in CATA radio campaign

Commercials that tout the service expertise of factory-trained technicians and the benefits of factory-certified used vehicles have begun airing as part of a CATA campaign for the area's new-car dealers.

Both new radio ads, "Professional Women" and "Certification," have joined the rotation with the original spots, "Lullabye" and "Mom's Away."

The 18-month-old campaign, conceived and funded

by the CATA, airs ads the first two weeks of each month, thereby setting the table for the majority of dealer group and individual dealer messages, which air more heavily toward a month's end.

The campaign also includes a television ad on NBC5 Chicago, in which a young couple with a baby discuss the merits of patronizing a Chicagoland new-vehicle dealer to buy a used

SEE **RADIO**, PAGE 4

U.S. auto industry depleting VINs

An unexpected boom in auto production in recent decades means U.S. manufacturers will run out of vehicle identification numbers before the end of the decade, experts said.

The current 17-digit codes that identify the origin, make, model and attributes of cars, trucks, buses and trailers worldwide were set up in 1981.

Automakers build 60 million cars and trucks every year and each one is assigned a Vehicle Identification Number. Heavy trucks, motorcycles and other vehicles also require VINs.

The number is widely used by repair shops, state license offices, insurance agencies and law enforcement to process warranty and insurance claims and to identify and recover stolen vehicles. Duplication of the numbers could cause disruptions, experts say.

"We've been brainwashing law enforcement and the insurance community and virtually everybody that a VIN is like DNA—there's one for any one vehicle," Ed Sparkman, spokesman for the Chicago-based National Insurance Crime Bureau, said this month.

The Society of Automotive Engineers, which established the existing VIN system, has formed a committee to address the impending shortage.

The committee says that adding digits is not an option because it would cost too much, even though 18- or 19-character codes would not repeat for 100 years.

"The scope of the logistical changes and the monetary impact are just astronomical," said Dave Proefke, a technical engineer for vehicle security at General Motors Corporation, who chairs the committee.

"For GM, it would mean a significant change for every assembly center we have, all our engineering centers, all our processing centers," he said.

One solution that will be considered when the committee votes on a final recommendation in September or October is to reclaim digits that are going unused in other parts of the world.

The first three digits of a VIN are assigned according to region. While countries like the United States that produce a lot of vehicles are running out of their assigned numbers, about two dozen countries that do not manufacture cars, from Armenia to Zimbabwe are not using theirs.

The group may also reclaim codes from U.S. manufacturers no longer in business.

Sales tax

CONTINUED FROM PAGE 1

at www.in.gov/dor/resources/dealer.html

Illinois dealers can register with the Indiana revenue department by completing Form BT-1. The form is available on-line at www.in.gov/dor/ From there, click on "Taxpayer Resources." There is no fee to register.

Forms submitted by mail take four to six weeks to process; by Internet, about 48 hours.

On Illinois residents paying Indiana sales tax on vehicles: Illinois residents will be credited for any Indiana taxes they pay when they register their vehicles in Illinois. Illinois tax law is unchanged insofar as an Indiana resident does not have to pay sales tax on a vehicle if he obtains a drive-away sticker.

Detailed questions on these matters can be directed to the Indiana Department of Revenue Tax Compliance at 317-232-2339.

Do not fax

CONTINUED FROM PAGE 1

objected loudly, arguing against the requirement that they get written permission before faxing any "advertisement"—including notice of an upcoming meeting or seminar that charges a fee—to their own dues-paying members.

Small businesses, which rely heavily on faxes, also railed against the rule change, saying it would be too burdensome.

"It's inconvenient, it's a lot of paperwork, and it's a lot of time," said Steve Bokan, general counsel for the U.S. Chamber of Commerce.

If not derailed by Congress before Jan. 1, the rule change would force businesses to secure the recipient's permission in advance. Express consent would have to (1) be in writing; (2) include the recipient's signature, in electronic or digital form; and (3) clearly indicate the recipient's advance consent to receive any facsimile advertisements from a business.

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Review past editions or search by topic at www.cata.info/

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Erik K. Higgins Editor, Director of Dealer Affairs



Celebrate freedom

By Ray Scarpelli Sr.

METRO CHICAGO NADA DIRECTOR

As we commemorate America's independence this month, we can celebrate many freedoms: freedom of choice, freedom of mobility, and freedom of expression. All of these are embodied in the choices offered by America's franchised new-car and -truck dealers every day.

In spite of higher gas prices, eco-terrorists and overly burdensome regulation, dealers offer close to 300 different models in the U.S. and numerous options that enhance safety, fuel economy, convenience, fun, and performance. While the Big Three are challenged by automakers from abroad, Americans are enjoying the benefits of increased competition. July is truly a month to celebrate.

While we host picnics and fireworks displays at our stores and at home, our thoughts and prayers are with members of our armed forces here and abroad. Our industry is constantly improving today's military equipment to protect our men and women in uniform, and these new technologies may help make tomorrow's cars and trucks even safer, more versatile, and more capable.

Summer is a great time to show our elected officials how dealers benefit our communities and the economy in our state. Host a child safety seat event at your dealership and invite your state and federal legislators. NADA's board of directors proclaimed October "National Child Booster Seat Safety Month." You can host an event solo or in conjunction with other dealerships and safety organizations. Download "Building Child Passenger Safety in Your Community: A How-to-Guide for Automobile Dealers" from www.nada.org/toolkit for plans, ideas, and templates.

NADA products and services and ideas help the United States remain an automotive industry powerhouse. Several new resources and member benefits are available on-line:

- Get free shipping and discounts on select PC workstations and printers; HP has extended this special offer through July 31. Go to www.hp.com/go/promos/nad1

- Save time and paper clutter by using the newly redesigned www.nadaexpress.com as your one-stop on-line source for news and information updates.

- Enroll your employees as NADA Associates, and they'll get info that pertains to their areas of expertise. Visit the www.nada.org home page for full information.

- Stave off bad publicity using the NADA's on-line vehicle financing resources at www.nada.org/finance, including our extensive media "tool kit"; talking points; NADA's disclosure resolution; a free, downloadable finance brochure—in English and Spanish—for consumers; and the NADA's training video, F&I: Absolute Integrity...100% of the Time.

- Look for the NADA's winter Dealer Attitude Survey results in the July issue of AutoExec; the summer survey form is available on-line at www.nadasurvey.com and is due back Aug. 9.

One final note: Be aware that your e-mails to NADA staff may be quarantined by NADA spam and virus filters. If you don't receive a reply in a reasonable time, call the NADA at 800-252-6232 or 703-821-7000. And ensure that your spam filters allow delivery of NADA Weekly and other important e-mail communications.

As always, make sure that your NADA membership dues are up-to-date, and let me know your concerns so that I can help meet your needs.

Congratulations!

General Motors Corporation named 74 dealers among this year's G.M. Protection Plan President's Circle Winners. Local dealers include Bill Haggerty of **Haggerty Pontiac-GMC**, Villa Park; Jerry Haggerty Jr. of **Jerry Haggerty Chevrolet**, Glen Ellyn; Lee Hoskins of **Hoskins Chevrolet**, Elk Grove Village; William Koloseike of **Bill Kay Chevrolet**, Lisle; Dan Kurtz of **Sunrise Chevrolet**, Glendale Heights; and Bob Van Iten of **Village Pontiac-GMC**, Naperville.

Phillip Resnick of **Schaumburg Toyota** has been named to the Toyota Customer Services Advisory Board, an honor which recognizes outstanding contributions and leadership in customer retention, service and parts sales, and profits.

Service and parts managers at three area Volkswagen dealerships were named among the automaker's 2003 "In the Spotlight" winners: Randy Maca and Brian Akers, **Autobarn of Countryside**; Richard Goodson and David Gordon, **Autobarn of Mt. Prospect**; and Robert Suranovich and Nick Pontarelli, **Larry Roesch VW of Bensenville**.

Mitsubishi Motors named 14 CATA dealers among its Diamond Chapter of Excellence winners. They are **Biggers Mitsubishi**, Elgin; **Bosak Mitsubishi**, Chicago; **Circle Mitsubishi**, Schererville, Ind.; **Bill Jacobs Mitsubishi**, Joliet; **Max Madsen Mitsubishi** in Aurora, Countryside and Downers Grove; **Tom Noe's Park Ridge Mitsubishi**; **O'Brien Mitsubishi**, Normal; **Larry Roesch Mitsubishi** in Bensenville and Orland Park; **Schaumburg Mitsubishi**; **Cub Shaver Mitsubishi**, Matteson; and **Sycamore Mitsubishi**.

Safeguarding customer information, 1 year later **Radio**

Standards for Safeguarding Customer Information, the Federal Trade Commission directive that is nicknamed the Safeguards Rule, took effect May 23, 2003. One year later, the NADA wants to remind dealers of the rule's provisions and their responsibilities.

The rule implements section 501(b) of the Gramm Leach Bliley Act, which requires the FTC to establish appropriate standards for financial institutions, including dealers who are "significantly engaged in financial activities."

The standards relate to administrative, technical and physical safeguards to:

- insure the security and confidentiality of customer records and information;
- protect against any anticipated threats or hazards to the security and integrity of such records; and
- protect against unauthorized access to or use of such records or information that could result in substantial harm or inconvenience to any customer.

The FTC Safeguards Rule requires dealers to develop, implement and maintain a comprehensive written information security program that contains administrative, technical and physical safeguards that are appropriate to the dealership's size and complexity, the nature and scope of its activities, and the sensitivity of any customer information at issue.

An information security program must contain the following elements:

1. The designation of an employee or employees to coordinate the program.
2. The identification of reasonably foreseeable internal and external risks to the security, confidentiality and integrity of any customer information that could result in its unauthorized disclosure, misuse, alteration, destruc-

tion or other compromise; and an assessment of the sufficiency of any safeguards in place to control those risks. Risk assessment should consider risks in each relevant area of dealership operations, including, at minimum:

- a. Employee training and management;
- b. Information systems, including network and software design, as well as information processing, storage, transmission and disposal; and
- c. Detecting, preventing and responding to attacks, intrusions or other systems failures.

3. The design and implementation of information safeguards to control any risks identified through the required risk assessment, and regular testing and monitoring of the effectiveness of the safeguards' key controls, systems and procedures.

4. The oversight of any service providers by taking reasonable steps to select and retain those capable of maintaining appropriate safeguards for the customer information at issue and by requiring those service providers by contract to implement and maintain such safeguards.

5. The evaluation and adjustment of the dealership information security program as a result of testing and monitoring, any material changes to operations or business arrangements, or other circumstances that may have a material impact on the dealership's information security program.

The NADA recently hosted a teleconference on the Safeguards Rule and developments since its inception. A recording of the two-hour conference is available for \$99 for NADA members and \$169 for nonmembers.

Also available is an NADA publication, "A Dealer Guide to Safeguarding Customer Information." For more information and to order either guide, call 800-252-6232, ext. 2.

CONTINUED FROM PAGE 1

vehicle and have all service performed. That ad began airing last year.

The radio spots fade with the jingle that new-vehicle dealers offer customers "a great deal and a great deal more," and instruction to use DriveChicago.com to find a nearby dealer. All CATA member dealers are listed on the Internet portal.

"We're asking for the order even more than before by telling consumers that the only place to even consider buying a used vehicle is from one of our new-vehicle dealerships," said Mike Hillstrom of Select Marketing Group, a consultant to eight CATA dealers who sit on the committee that devised the campaign.

"Likewise, in the service spot, we strongly encourage consumers to visit new-vehicle dealerships for everything from oil changes to major repairs," Hillstrom said.

Bill Hawkinson, proprietor of Hawkinson Ford in Oak Lawn, leads the dealer committee.

Marketplace

Office Manager/Comptroller

17 years in auto industry. 3-time recipient of perfect financial statement in Honda's "Key to Excellence" program. Team player with department managers, emphasis on total dealership expense controls. Tina McGrath, 847-428-6616.

Office Manager Skilled in accounting, prepare month-end, year-end financials, all tax reporting. Manage purchases, improvements, insurance negotiations. ADP, AutoSoft, Reynolds & Reynolds, UCS. Kenneth Hanouw, 815-521-1503.

Résumés on file at the CATA.