



CATA Bulletin

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State's minimum wage climbs Jan. 1

Beginning Jan. 1, the minimum wage for workers in Illinois is \$6.50 an hour, an increase over the federal minimum of \$5.15 an hour. Illinois employers must honor the higher wage.

The state's minimum wage first climbed above the federal level Jan. 1, 2004.

Documentary fee set at \$55.39 for 2005

The maximum documentary service fee that may be charged in Illinois in 2005 is \$55.39, the state's attorney general's office announced Dec. 17.

The \$1.87 increase over the 2004 fee reflects a 3.5 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.

The CATA developed a poster regarding the DOC fee that dealer mem-

bers can post. Two copies of the poster are included for dealers with this newsletter. Limited additional copies are available upon request.

On the poster, the DOC fee amount is blank and left for the dealer to fill in; a dealer can charge any DOC fee up the maximum allowed, but every customer must be charged the same amount.

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

U.S. Supreme Court limits damages in suits tied to car loans

Car buyers can get only limited damages when they are misled about automobile loans, Supreme Court justices ruled 8-1 on Nov. 30.

A Virginia man's suit alleged that he was a victim of unscrupulous tactics by a car dealership in Alexandria, Va.

A jury had ordered Koons Buick Pontiac GMC Inc. to pay Bradley Nigh more than \$24,000 in damages, but the high court said that he was entitled to no more than \$1,000 under the federal Truth in Lending Act.

A ruling the other way could have opened the door to more than \$1 billion in annual damages nationwide,

auto dealers and banks said. On the other side, consumer groups had maintained that \$1,000 is not enough to deter shady dealers. About 45 million cars are bought and sold in the United States each year.

Justices used Nigh's case to clarify the 1968 federal lending act, which was intended to force details of loans into the open and enable consumers to better evaluate the cost of credit.

Justice Ruth Bader Ginsburg, author of the opinion, said from the bench that "less-than-meticulous drafting" of an amendment to the law caused confusion.

She said interpreting the statute to allow larger damages would lead to an absurd result because it would cap damages at \$2,000 for larger credit deals such as mortgages, but allow unlimited damages for car loans.

"There is scant indication Congress meant to change the well-established meaning," she wrote.

In the only dissenting opinion, Justice Antonin Scalia argued it wasn't the court's role to fix Congress' mistakes in sloppily writing the statute.

"The court should not fight the current structure of the statute merely to vindi-

cate the suspicion that Congress actually made—but neglected to explain clearly—a different policy decision," Scalia wrote.

Nigh's experience began when the then-22-year-old put money down on a 1997 Chevrolet Blazer, signed a sales contract and drove it home the same day. Nigh was told later he must put down an additional \$2,000 to get a loan.

Nigh tried to back out when the dealer called him back a third time and, Nigh claimed, threatened to have him arrested for auto theft if he did not sign a different contract.

AIADA surveys dealers on impact of frivolous lawsuits

Auto dealers have a significant opportunity in 2005 to impact the national debate on legal reform. Sen. Rick Santorum (R-Penn.), the Senate's third-ranking Republican, says class action reform "could be one of the first things we do" in 2005, partly because political will to reform the legal system has grown as a result of the November elections.

Six of the nine incoming senators have strong records on legal reform, and two of the Senate's most vocal opponents of legal reform will soon depart office.

The American International Automobile Dealers Association intends to be involved in the upcoming debate on legal reform by sharing with lawmakers the impact that frivolous litigation has on AIADA dealer members.

The AIADA posted a legal reform survey on its Web site, www.aiada.org, and asks dealers to spend two or three minutes to complete it. All participation makes a difference.

Auto show materials are comin'!

During the week of Jan. 3, the CATA will ship to all members in good standing packages that are laden with (1) materials to help them in their day-to-day operations in 2005 and (2) materials to help promote—and attend—February's Chicago Auto Show.

Are your annual CATA dues up-to-date? Members whose dues are not will not receive the package.

For daily operations, the packages contain the 2005 CATA member window decal, a three-ring binder to hold copies of this newsletter, and a form for dealers to order various business forms provided free by the CATA.

For the 2005 Chicago Auto Show, all members in good standing will receive various admission tickets for their employees and customers, and posters to help promote the auto show and First Look for Charity.

Area Chevy dealer faces class action suit over direct mail advertising

A declaration that the recipient of a direct mail solicitation is pre-approved for an auto loan has prompted a class action lawsuit against a Chevrolet dealer in suburban Chicago. The suit was filed in federal court Nov. 24.

"Information contained in your credit bureau report, obtained from a consumer reporting agency, was used in conjunction with selecting you for this offer," the solicitation states. The lawsuit charges that is a violation of the Fair Credit Reporting Act, which forbids a perusal of someone's bureau report without his approval.

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Board members welcome any questions, concerns and comments from their fellow CATA members!

CATA office closed Dec. 24, 31

The administrative office of the CATA in Oakbrook Terrace, Ill., will be closed Dec. 24 and Dec. 31 to celebrate the Christmas and New Year's holidays.

The CATA board of directors and staff wish all our members a happy and prosperous 2005!



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The CATA Bulletin is published and mailed every other Friday except during the Chicago Auto Show, when it is not published.

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 or search by topic at www.cata.info/

Jerry H. Cizek III President, Publisher
Erik K. Higgins Editor, Director of Dealer Affairs

Year-end sales look good

By **RAY SCARPELLI SR.**

CHICAGO METRO NADA DIRECTOR

With continued economic growth and an end-of-the-year sales race between Ford and Chevrolet, dealers should have many reasons to celebrate this month. According to NADA projections, we are on track for 2004 to tie 2002 as the fourth-best year in automotive retail history with 16.8 million units sold.

Although sales of truck-based SUVs have softened, and amid higher gas prices, the market for car-based crossover utility vehicles is stronger than ever, according to NADA chief economist Paul Taylor. As for the new year, we can look forward to even more new models, new initiatives, and a new NADA Convention and Exposition packed with "A World of Opportunity."

Other positive news: the NADA and USA Today have kicked off the new Dealer Innovation Awards competition, and we look forward to honoring one award winner at a special event held in conjunction with the New York International Auto Show in April 2005. The topic for this year is consumer finance education, which has been a top priority for NADA Chairman Charley Smith. If you have developed innovative ways to increase public understanding of auto financing, then you should submit your nomination. The entry deadline is Feb. 19. All information and a brief, interactive entry form are at www.nada.usatoday.com/

Speaking of consumer finance education, there's a wealth of it for you—free—located at www.nada.org/finance and from www.nada.org under "Find a Car" and then "Safety," "Service and Parts" or "More Shopping Tools."

And, the NADA has produced "An Insider's Guide to Car Financing," a comprehensive booklet for customers that highlights the advantages of dealer financing and dispels the myths so popular in the media today. Copies of the guide, which appeared in the Nov. 8 edition of Time magazine, are available from nadainfo@nada.org or by calling (703) 827-7411.

That issue of Time also included a full-page ad promoting the good work of the National Automobile Dealers Charitable Foundation. The foundation's Frank E. McCarthy Memorial Educational Fund presented its first grant to Canine Companions for Independence, which used the funds to train and place an assistance dog with an 8-year-old disabled child, Johanna Benthall. Johanna is delighted with her new dog, "Taffy II," who provides mobility assistance and companionship and expands Johanna's opportunities. See photographs at www.nada.org under the header "Beyond the Headlines."

Preliminary results from a new survey by Wirthlin Worldwide, sponsored by Automotive Retailing Today, indicate that while dealers in general still rank low in public trust, when asked about "my own automobile dealership," the same people ranked their specific dealer high on the list, on par with law enforcement and firefighters.

This is good news, but now is no time to be complacent. Make sure you're in compliance with ever-changing government regulations. Visit www.nada.org and choose Government Affairs under Member Services for more info on the following (text in parentheses refers to the government agency involved, to help

with your search.):

- The reduction for small-business expensing of SUVs that went into effect Dec. 1 (Legislation)
 - Why you may have to replace high-intensity headlamps at no charge (NHTSA)
 - Complying with the Americans with Disabilities Act if you employ persons with intellectual difficulties (EEOC)
 - When you have to pay salaried personnel overtime (DOL)
 - The new, simplified service station dealer exemption for used oil (EPA)
 - What dealers need to do regarding consumer credit "fraud alert" reporting (FTC and FACT Act)
 - Where to find the current Fuel Economy Guide (DOE)
 - When "listed transactions" are and are not considered "abusive tax shelters" (IRS)
 - How often you need to download the National Do-Not-Call Registry for telephone solicitations (FCC)
 - The new date for implementing the new, restrictive fax rules (FCC)
- Stop at the Regulatory Booth, No. 2561, at the 2005 NADA Convention and Exposition in New Orleans, Jan. 29-Feb. 1, where you can ask questions of regulators from 14 federal agencies.
- Let me know how the NADA can better serve you in the year to come. And in this season of spirituality and reflection as well as celebration, please keep in your thoughts and prayers the men and women serving so bravely in our armed forces.
- And let me extend to everyone my warmest wishes for a joyful holiday season and a prosperous new year.

In Memoriam

Leo Leichter, who since 1969 operated the Biggers Auto Group in Elgin and Schaumburg, died of cancer Dec. 14. He was 73.

Leichter was elected president of the Illinois Automobile Dealers Association in 1984. In 1989, he was named Man of the Year by the Elgin Riverside Club.

He is survived by his wife Shirley, daughter Leslie, son Jim, and two grandchildren.

Memorials may be made to Hospice of Northeastern Illinois, 410 S. Hager Ave., Barrington, IL 60010. Phone (847) 889-1700.

Scams alert

- Two dealers in eastern Iowa reported that a customer who issued a business check to purchase vehicles instructed the dealerships to “hold” the checks until certified funds could be obtained. Those funds never came, and the business checks were drawn on a closed account.

By the time the vehicles were recovered, they had been driven hundreds of miles, according to an alert by the Iowa Automobile Dealers Association

- The Michigan Automobile Dealers Association has issued an alert about a credit card scam involving parts shipments out of the country.

A call placed from out of the country is connected to the dealership through a TDY operator. The caller orders parts for overnight delivery—to Nigeria, in recent instances—and pays with a credit card. Initial verification shows the card and number to be valid, and the order goes through.

Dealers learn later, upon making a Code 10 authorization check or when contacted later by the banking institution, that the caller was not authorized to use the credit card number provided.

In at least one case, the caller made repeated calls to place another order, again paying by credit card. When the initial card number was declined, the caller provided several additional credit card numbers, which also were declined.

If you suspect fraud, call your voice authorization center with a Code 10 authorization request and follow the operator’s instructions.

Marketplace

Controller Perform all accounting, including financial statements. Supervise payrolls, participate in major purchasing, perform semi-weekly forecasts, annual budgeting. Manage staff to meet deadlines accurately. Anonymous; call CATA for résumé.

Office Manager/Controller Hands-on self-starter with proven accounting, organizational and administrative skills, who believes in the team concept. Other strengths: communication, cross-training, employee motivation. James Bouvat, 847-263-7939.

Office Manager 10 years’ experience. Responsible for all administrative functions, payroll, accounting, budgets, receivables/payables. Organized, work well independently. Julie Buddell, 815-462-0748.

Résumés of all candidates on file at the CATA.

Allied vendor space available on main floor

Vendors wares or services must be automotive-related to exhibit at the 2005 Chicago Auto Show. Contact the CATA’s Sandi Potempa at 630-424-6065.

Hazmat revisions mean more duties for dealers

A new U.S. Transportation Department rule, effective Jan. 1, will require much stricter and expanded hazardous material (hazmat) incident reporting.

That is important to dealers, whose parts, service and body shops often ship and receive hazmat such as air bags, seat belt pretensioners, chemicals, batteries, and waste solvents and oils.

The DOT’s new incident-reporting rules require hazmat shippers and re-

ceivers to file a report when they observe improperly labeled or packaged hazmat. It therefore is imperative for dealership departments responsible for receiving and shipping to review their hazmat training, certification, packaging, labeling and shipping-paper responsibilities.

General information about compliance with the hazmat regulations is on the NADA Web site, www.nada.org/

Go to the Regulation section and review “A Dealer Guide to the Federal Hazmat Transportation Regulations.”

The 11-page booklet is \$5 for NADA members. Buy it online or call (800) 252-6232, ext. 2.

For full information on the new incident-reporting requirements, see: <http://hazmat.dot.gov/newform.htm>, or call NADA Regulatory Affairs at (703) 821-7040.