



# CATA Bulletin



official Web site of CATA dealers

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## D'Arcy elected new association chairman

Terry D'Arcy's fellow directors of the Chicago Automobile Trade Association on June 16 elected him chairman of the association for the next 12 months.

The new board chairman succeeds Arthur Kelly, who becomes chairman of the 2006 Chicago Auto Show. D'Arcy will serve as co-chairman of that show, Feb.

11-20, 2006.

D'Arcy, president of D'Arcy Buick-GMC and D'Arcy Imports, both in Joliet, leads a board of 18 directors. Other board officers are Vice Chairman Bob Loquercio (Elgin Toyota, Chicago Northside Toyota, Elgin Hyundai), Treasurer Mark Scarpelli (Raymond Chevrolet, Antioch), and



Terry D'Arcy



Arthur Kelly

Secretary John Phelan (Jack Phelan Chevrolet, Lyons,

Jack Phelan Dodge-Isuzu-Suzuki, Berwyn).

## Incumbents roll to wins in balloting for CATA board of directors

All six incumbents on the eight-person ballot tallied enough votes to retain their positions on the CATA board of directors, in election results announced June 13 at the association's annual golf outing at Cog Hill Golf & Country Club in Lemont.

Returning for their third and final three-year terms on the board are **Terry D'Arcy** (D'Arcy Buick-GMC, D'Arcy Imports, Joliet), **Lee Drabek** (Gateway Chevrolet, Chicago, Gateway Imports, Des Plaines), **John Guido** (Arlington Heights Ford), **Bill Jacobs** (BMW, Cadillac, Chevrolet, Kia,

Land Rover, Mazda, Mitsubishi, Subaru and Volkswagen franchises), and **Arthur Kelly** (Kelly Nissan, Oak Lawn).

**Steve Foley Jr.** (Steve Foley Cadillac-Chevrolet-Bentley-Rolls-Royce, Northbrook) won a second term on the board. Directors can serve up to three, three-year terms, in voting open to all CATA dealer members.

In addition to the six directors re-elected this month, the CATA board includes Mary Dolan, Michael Ettleson, Bill Hartigan, Bill Hawkinson, Bob Loquercio, Kevin Mize, John Phelan,

Desmond Roberts, Mark Scarpelli, Bill Sullivan,

Dave Taylor, and Casey Wickstrom.

The June 13 golf outing included several specialty-hole contests on three courses. Unfortunately, no one walked away with a Hole-in-One prize. Winners were:

### Course 1

Longest Drive	John Kern, Kevin Spieles
Longest Putt	Denis Mindak
Closest to Honor Box	Jeff Wulbert

### Course 2

Longest Drive	Jeff Hopkins, Greg Solk
Longest Putt	Lou Kole
Closest to Honor Box	Ron Hopkins

### Course 3

Longest Drive	Bill Anderson, Steve Clugston
Longest Putt	Joe LaBarbera
Closest to Honor Box	Anthony Kessel

## Most surveyed dealers to pause for remaining 2005 holidays

Most area dealers will observe the year's remaining holidays by closing for business, a recent CATA poll shows.

Seventy-two dealers responded to the survey of their operations in various departments. See results below.

Findings for July 4, reported in the previous edition of this newsletter, showed four sales departments would work regular hours and another eight would work a partial day. All other sales departments, and all service and other departments, would be closed July 4.

Holiday	Regular hours	Half/shortened day	Closed
<b>Monday, Sept. 5</b> [ <i>Labor Day</i> ]			
Service Department	0	3	69
Sales Department	8	37	27
Other Departments	0	5	67
<b>Saturday, Dec. 24</b> [ <i>Christmas Eve</i> ]			
Service Department	0	9	63
Sales Department	4	41	27
Other Departments	0	14	58
<b>Monday, Dec. 26</b> [ <i>Christmas Day</i> ]			
Service Department	8	0	64
Sales Department	15	3	54
Other Departments	11	0	61
<b>Saturday, Dec. 31</b> [ <i>New Year's Eve</i> ]			
Service Department	10	9	53
Sales Department	20	45	7
Other Departments	11	14	47
<b>Monday, Jan. 2</b> [ <i>New Year's Day</i> ]			
Service Department	5	0	67
Sales Department	11	5	56
Other Departments	7	1	66

## Marketplace

**GM/GSM** Increased new-car gross profits with sales exceeding factory objectives. Stabilized used-vehicles' profit per unit, reduced wholesale losses to zero. Formed motivational training meetings and desked deals, including turnovers. Peter Giannini, 847-231-4195.

Résumé on file at the CATA.

## Finances workshop at CATA

Financial issues facing dealerships will be reviewed at a half-day seminar presented by the CPA firm, Plante & Moran, at the CATA, beginning at 8 a.m. June 28.

Topics include tax-saving ideas, F&I practices to avoid lawsuits, health care cost-containment, maximizing benefits for key employees, fraud controls, and a review of the Gramm-Leach-Bliley Act.

To attend, call Plante & Moran at 847-628-8824. The free session includes continental breakfast and lunch.

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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 or search by topic at [www.cata.info/](http://www.cata.info/)

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

## BBB-CATA ad review program, regulations studied at seminar

The treatment of limited rebates versus general rebates in vehicle ads took center stage at a recent CATA seminar on compliance with the Illinois advertising statutes, and common infractions of those statutes.

Advertising a vehicle's price consistently across media—and not offering Internet-only specials—was another topic reviewed by Dennis O'Keefe, the CATA's general counsel; and Steve Bernas, vice president of operations for the Better Business Bureau in Chicago. About 60 dealers and advertising agents attended the May 25 seminar.

Bernas oversees the BBB-CATA Automobile Advertising Review Program, established in 1996 as a sort of firewall between dealers and the Illinois attorney general.

Under the cooperative, the BBB notifies dealers whose ads don't comply with the state's rules on vehicle advertising. If subsequent ads are not brought into compliance, then the attorney general's office is notified.

The dealer's advertising agency also is accountable to the AG's office, recent lawsuits have shown.

The BBB issued 500 violation notices in 2004. Of those, 10 cases advanced to the attorney general's office, and six resulted in lawsuits. Therefore, more than 95 percent of offending ads were made compliant after BBB notices.

### Limited rebates

General rebates can be subtracted from a vehicle's sale price in an ad. But limited rebates, which generally are not available to every customer, cannot be. Similarly, an ad cannot depict a monthly payment of, say, \$400 if that price point is reached by factoring in a limited rebate.

Also, an ad cannot declare "Save \$10,000 off MSRP" if any part of that savings is derived from a limited rebate.

"If the average customer can't get the rebate (Chrysler Financial bonus cash allowance, for instance), then you can't put it in the advertised price," Bernas said.

However, referencing "0% financing" as a path to a price does not constitute a limited rebate, Bernas said.

The BBB does request deal jackets to confirm vehicle selling prices, he said.

### Advertised price

If a Vehicle Identification Number appears in an ad, then that vehicle must not be sold for more than its advertised price. Further, the advertised price must be consistent in all media. The popular Internet-only pricing strategy is a violation, courts have ruled, because not everyone has access to the Internet.

To relieve themselves of having to sell a vehicle today at a price advertised months earlier, dealers should indicate a date in all advertisements when the sale price expires.

O'Keefe said dealers who sold a car for more than its advertised price faced treble damages from the attorney general.

### Gifts

Dealers can bestow gifts for shoppers who take a test drive, for instance, but gifts cannot be given on condition that the shopper buy a vehicle whose price is negotiable. However, gifts can be given with a vehicle purchase if the gift is paid for by a manufacturer or a dealer advertising association.

"You can't pick and choose when to negotiate. You can't say: 'That car hasn't moved. I'll sell it for \$15,000, not negotiate, and throw in a gift,'" said Bernas.

Showroom signs—or any form of advertisement in connection with vehicle sales—that declare "tires for life" or "oil for life" are not permitted if an individual dealer is paying for the program. And neither can such programs

be given away unadvertised—because the giveaway inevitably would be mentioned, and the state advertising regulations consider such an oral representation to be an advertisement.

### Other

- Dealers may not use coupons in connection with the sale of vehicles, including pop-up coupons on a dealer's Web site. Coupons may be used for service work.

- It is permissible to target consumers with poor credit, but dealer advertisements must not use the word "bankrupt," or other terms that suggest bankruptcy, like "bk."

- The attorney general is concerned about direct-mail promises of "We'll pay off your trade-in." However, "We'll transfer your equity to your next car" is acceptable.

- Dealers who pledge in an ad that customers can "get the best price here" must substantiate that assurance with comparisons to nearby dealers. The more nebulous "get the best deal here" would not demand substantiation.

The state's rules on motor vehicle advertising were established in 1991 at the urging of the CATA, to level the playing field for dealers. The BBB is a business organization, not a unit of government.

Besides monitoring print and electronic ads, the BBB sends about 20 "shoppers" to area dealerships to confirm that any vehicle can be purchased for its advertised price.

Any tip the BBB receives about a noncompliant ad is treated anonymously, so the offending dealer cannot learn who notified officials.

Some advertisers at the seminar questioned certain BBB notices of alleged infractions.

"If you believe I'm wrong, tell me," Bernas said. "There is an appellate process available. This is self-regulation in motion."

## Thanks, Sponsors!

Many allied members of the CATA participated June 13 as sponsors of the association's annual golf outing, to help offset costs and keep participation at 1994 prices. Please express your thanks to the sponsors and give them your consideration when doing business throughout the year.

### Gold Sponsors

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### Boyle putt for \$10,000 just wide

Terry Boyle advanced from among 21 qualifiers for a chance at the CATA annual golf outing to win \$10,000 by sinking a 50-foot putt. Alas, the ball stopped about 18 inches wide of the cup.

Boyle, who works at the Chicago

Sun-Times, dropped the ball into the cup from 25 feet in the preliminary round.

The putting contest was one of many special events incorporated into the CATA outing. Nearly 500 golfers attended the event.