



CATA Bulletin



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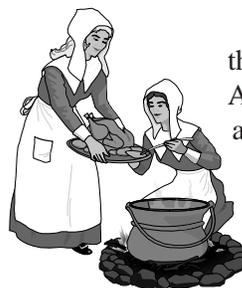
Newest 'Auto Outlook' included

Editor's note: Vehicle sales data from July through September are included in the new edition of Chicago Auto Outlook, which accompanies this newsletter.

Unresolved licensing concerns between Auto Outlook, Inc., and its source for the data permitted fewer details than usual about activity in the Chicago market.

The concerns should be resolved in time for the next edition, reflecting activity in this year's fourth quarter.

CATA offices closed Nov. 24-25



The Oakbrook Terrace offices of the Chicago Automobile Trade Association will be closed Thursday and Friday, to celebrate the Thanksgiving holiday.

See Page 3 for a review of holiday treatment for Teamsters and unionized technicians.

Automakers push for certification of F&I managers; CATA offers it

Several automakers are encouraging finance and insurance managers at their dealerships to get certified in F&I practices, Automotive News reported Nov. 14. This interest from automakers comes amid media reports and lawsuits alleging F&I abuses in the past few years.

To become certified, an F&I manager must score at least 80 percent on a college-level, 200-question written exam devised by the Association of Finance and Insurance Professionals.

The CATA offers all AFIP self-study materials and certification testing for \$500. Then, for all personnel who earn certification, the CATA will rebate \$250 to the dealership, to encourage full participation of every CATA dealership.

The final cost represents a \$420 savings compared to AFIP prices charged by other state and metro dealer associations, and private entities—another benefit of CATA membership.

The questions focus on federal and state laws and industry ethics governing auto finance. Staff who are AFIP-certified can generate dealership profit and dramatically reduce the chance of legal action in today's litigious environment; they are bound to a code of conduct that holds them accountable for their actions.

Steve Smith, senior vice president of financial services at American Honda Finance Corp., says the company told Honda dealers this fall that it supports certification of F&I managers, and he expects "hundreds" of Honda F&I managers to get certified in the next year.

"This is a period of heavy litigation," Smith said. "It's important the dealers do what they need to do to ensure they have a very professional operation and that they're avoiding any unnecessary problems."

The CATA offers AFIP certification testing monthly, including on Nov. 17

and Nov. 18. For upcoming dates and to register, call the exam's proctor, CATA Learning University, at 847-953-6055.

Early registration is encouraged, to provide more self-study time before the next exam. Self-study materials include a lengthy booklet and six compact discs that can be listened to at the registrant's pace.

NADA campaign

Meanwhile, the NADA has waged a national campaign to educate consumers and the government on auto financing, with a four-pronged message:

- Dealerships offer the convenience of one-stop shopping;
- Dealerships have access to many credit sources;
- Dealerships offer competitive rates and have exclusive access to manufacturer incentives and discounts; and
- Customers unhappy with finance terms offered through a dealership can refinance elsewhere without penalty.

Scam alert, part deux

Area dealers continue to report dubious invoices from **Market Media** for undocumented advertising and Web services.

Calls from the CATA to the company's Plattsburgh, N.Y., address remain unanswered, and the Better Business Bureau in upstate New York has filed an unsatisfactory report against the company due to a pattern of complaints and because the company does not respond to the claims.

Most of the company's invoices to area dealers are for \$489.95, but some demand up to \$988.

The BBB states that knowledge and vigilance is the best protection against phony invoices, and the bureau recommends the following practices:

- Alert the accounting department or bill payers to watch for disguised solicitations and to carefully review any invoices from companies or organizations with which the dealership does not normally do business.
- Establish effective internal controls for the payment of invoices.
- Verify all invoices with the person who gave written or oral authorization.
- Clear all invoices with the appropriate financial staff.

Con artists mail thousands of phony invoices, and solicitations disguised as invoices, on a regular basis, preying on businesses for billions of dollars annually.

For information about unknown companies, dealers can call the Chicago BBB at 312-832-0500.

Another test-drive carjacking

A man on a test drive in suburban San Diego pulled a gun on a salesman and stole the car Nov. 7, police said.

The carjacker showed up at the used-car dealership, negotiated a price for a 1999 Ford Escort and went on a test drive with the salesman, San Diego police said. They made a stop for the supposed customer to get some money and then proceeded to a gas station.

Police said the customer came out of the gas station with a magazine covering a handgun. He then forced the salesman to drive a short distance before he shoved the salesman from the car and told him to walk away.

The salesman walked back to the dealership, which was less than a mile away.

The case is an important reminder to salespeople to follow all dealership procedures for test drives, including obtaining proper customer identification in advance.

Car-buying gets outsized as Chevrolet opens mall outlet

Brand Week reports that Chevrolet this month opened its first Chevy store, Chevy Showcase, where consumers don't actually buy cars and trucks but get referred to dealers, at one of the largest malls in the country, the King of Prussia Mall, outside Philadelphia.

The store has cars and trucks on display, but it isn't a dealership. Rather, kiosks and product specialists pitch the vehicles and then link potential customers up with a dealership.

Dave Klemm, Northeast regional marketing manager for Chevrolet, said the partnership with the King of Prussia Mall gives Chevrolet a high-traffic venue both for new customers and existing ones, "who will get a chance to see the latest updates to their favorite vehicles."

The alliance also makes Chevrolet "The Official Vehicle of King of Prussia Mall" and includes vehicle displays, Chevrolet-produced events and on-site test-drives opportunities.

The King of Prussia Mall has eight department stores, more than 365 specialty stores and more than 40 restaurants. It is within one mile of Valley Forge National Historic Park and the Valley Forge Convention Center.

Marketplace

Controller Aggressive self-starter analyzes and interprets financial data and recommends changes to improve systems, financial performance and internal controls. Will consider temporary placement. Mark E. Thomas, 708-932-5596.

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Chicago Automobile Trade Association
 18W200 Butterfield Rd. Oakbrook Terrace, IL 60181-4810
 630-495-CATA [2282] phone 630-495-2260 fax

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 dating to 1998 or search by subject at <http://cata.drivechicago.com/>

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

How to treat unionized employees during upcoming holidays

Attorneys for Franczek Sullivan, which represents the CATA and its dealers in employment matters, summarized the coming holiday schedule for employees working under the Teamsters Local 731 collective bargaining agreement and the Auto Mechanics' Local 701 Standard Automotive Agreement.

Teamsters Local 731

Thanksgiving	Thursday, Nov. 24
Day Before Christmas	Friday, Dec. 23 or Saturday, Dec. 24 (see below)
Christmas Day	Monday, Dec. 26
Day Before New Year's	Friday, Dec. 30 or Saturday, Dec. 31 (see below)
New Year's Day	Monday, Jan. 2

Because the Day before Christmas and the Day before New Year's this year fall on a Saturday, the Teamsters contract states that the dealership may specify whether Friday (Dec. 23/Dec. 30) will be designated as the holiday or as a regular workday. If the dealership designates Friday as the holiday, the employee will receive the day off with pay.

If the dealership designates Saturday as the holiday and requires employees to work on these Fridays, the employee will receive an extra day's pay for the week (i.e., six days' pay for five days' work). The dealership must make this designation by the Wednesday preceding the holiday (Dec. 21 for the Day before Christmas; Dec. 28 for the Day before New Year's).

Payment: Holiday pay equals the number of straight-time hours the employee ordinarily works on a regular day times the employee's hourly rate. For most employees, this will equate to 8 times the employee's regular hourly rate. Where an employee works on a designated holiday, the employee receives time-and-one-half in addition to holiday pay.

Eligibility: Holiday pay is required only for employees who have passed their probationary period by working at least thirty (30) working days. Also, in order to qualify for holiday pay, an employee must work their scheduled workday immediately before and after the holiday.

Auto Mechanics' Local 701

Thanksgiving	Thursday, Nov. 24
Day Before Christmas	Friday, Dec. 23
Christmas Day	Monday, Dec. 26
Day Before New Year's	Friday, Dec. 30
New Year's Day	Monday, Jan. 2

Employees may not be required to work on a designated

holiday. Where an employee volunteers to work a holiday, and the dealership agrees to allow the employee to work, the employee receives two times (2x) the employee's applicable rate of pay for hours worked (hours booked for incentive technicians) in addition to the holiday pay. Alternatively, the dealership and its employees may agree to substitute another day(s) in lieu of working on the Day before Christmas and/or the Day before New Year's. In such instances, the holiday overtime premium need not be paid to employees who work on the Day before Christmas or the Day before New Year's.

Tuesday to Saturday Employees: The contract explicitly designates Friday Dec. 23, Monday Dec. 26, Friday, Dec. 30, and Monday, Jan. 2 as the designated holidays. As a result, employees working a Tuesday-to-Saturday workweek receive a Friday off with pay on both Dec. 23 and Dec. 30, and then report to work as usual the following Saturdays (Dec. 24 and Dec. 31) because these days are not designated holidays under the contract. With respect to the Monday holidays (Dec. 26 and Jan. 2), Tuesday-to-Saturday employees receive an additional day's pay for these holidays (i.e., 6 days' pay for 5 days' work).

Auto Mechanics' Local 701 has advised that it will agree to an alternative holiday schedule for Tuesday-to-Saturday employees on an individual dealer basis. Under this alternative plan, Tuesday-to-Saturday employees would work their normal schedule on the designated Friday holidays (Dec. 23 and Dec. 30), but the dealership would not be required to pay the holiday premium pay for those days. The employees would then be given Saturday off as the recognized holiday. With regard to the Monday holidays (Dec. 26 and Jan. 2), the dealership may either: 1) provide 6 days' pay for 5 days' work (i.e., require the employee to work the following Tuesday); or 2) allow the employee to take Tuesday off with pay as the recognized holiday.

Dealers who are interested in an alternative holiday schedule must discuss it and reach agreement with their Union representative in advance of the holidays.

Payment: Holiday pay equals eight (8) or ten (10) hours times the employee's regular rate of pay, depending upon whether the employee normally works an eight (8) or ten (10) hour workday. Incentive journeymen at the standard contract rate receive the holiday pay designated in Appendix A of the contract, which is \$216 (8 hour day) or \$270 (10 hour day).

Eligibility: Holiday pay is required only for employees who have been employed at least thirty (30) calendar days. Also, in order to qualify for holiday pay, the employee must work his scheduled work day immediately before and after the holiday, unless excused by the dealership.

Hybrids: past, present, future

The rise in gasoline prices has been accompanied by a growing drumbeat for hybrid vehicles. Since the first Honda Insight was sold in December 1999, 311,718 hybrid units were sold in the United States, through July 2005.

The breakdown of U.S. sales, plus other hybrid models sold internationally:

Ford (11,795)

Ford Escape (11,795) [first domestic hybrid]

General Motors (2,500)

Chevrolet Silverado/GMC Sierra mild hybrid (2,500)

Honda (99,143)

Honda Accord (10,376)

Honda Civic (75,882)

Honda Insight (12,885) [first hybrid in U.S.]

Mazda

Mazda Demio, Japan

Renault

Renault Kangoo, France

Toyota (198,280)

Toyota Prius (182,854)

Lexus RX 400h (10,029)

Toyota Highlander (5,397)

Coaster Bus, Japan

Toyota Crown, Japan

Toyota Estima, Japan

Alfard, Japan

HINO diesel/hybrid, Japan

Future hybrids

2006

Chevy Silverado/Sierra mild hybrid (all 50 states)

Dodge RAM HEV (less than 100; fleet only)

Mercury Mariner

Nissan Altima

Toyota Camry

2007

Dodge Durango SUV

Saturn VUE

Lexus LS 600h, V-8

Mazda Tribute

Mercury Mariner

Volkswagen Touran

2008

Chevrolet Malibu

Chevrolet Tahoe/GMC Yukon

Ford Fusion

Mercury Milan

Toyota Prius (China)

Toyota Sienna

2009

Chevrolet Silverado/GMC Sierra

Dodge Ram pickup

Cambridge deflects unemployment claims

One hundred twenty-one CATA dealer members reported a combined 425 unemployment claims during the third quarter of 2005 to Cambridge Integrated Services Group, Inc., which formerly operated as the Martin Boyer Co. The company's efforts saved those dealers a total of \$841,958 in benefits by contesting the claims.

Cambridge monitors any unemployment claims against its clients. The company counts about 230 CATA dealers among its clients.

Claims that can be protested and subsequently denied help minimize an employer's unemployment tax rate. The rate can vary between 1.2 percent and 9.8 percent of each employee's first \$10,500 in earnings. The 2005 average unemployment tax rate among Il-

linois employers is 4.7 percent, or about \$493.50 annually. That is nearly double the 2003 rate.

"The unemployment tax is really the only controllable tax, in that it's experience-driven," said Paul Schardt, senior vice president of Cambridge. An ex-employee's claim affects the employer's tax rate for three years.

Client fees amount to \$2.20 per employee, per fiscal quarter. For the fee, Cambridge monitors all unemployment claims, files any appeals, represents the client at any hearings, verifies the benefit charge statements and confirms the client's unemployment tax rate.

The former Martin Boyer Co. has represented CATA members since 1979. To discuss retaining the company, call Schardt at 312-381-8241.

Have you battened the hatches? Apply for an Energy Star Award

Dealers who have taken steps to improve workplace energy efficiency can gain recognition with a 2006 Energy Star Award, bestowed by the U.S. Environmental Protection Agency.

Dealers who independently own and operate facilities up to 100,000 square feet are eligible for the award's small business category.

Call 888-STAR-YES, or download the application at www.energystar.gov/index.cfm?=-sb_success.sb_awardsapp/. The deadline to apply is Dec. 31, and winners will be announced March 21 in Washington, D.C.

Escalating energy prices are a hot news topic. Energy Star is a government-backed program to help businesses and individuals save money while protecting the environment through superior energy efficiency. The EPA introduced Energy Star in 1992