



CATA Bulletin



official Web site of CATA dealers

a biweekly newsletter

Volume 103, No. 10

May 22, 2006

Reports of FBI dealer sting over Safeguards Rule infractions untrue *But episode gives cause to review policies*

Widespread rumors of violations of the Safeguards Rule cited against two west suburban dealers on May 6 by “FBI agents” are untrue. An unfounded and extensively repeated story had the dealers penalized by undercover agents for leaving vulnerable their customers’ nonpublic personal information.

One of the dealers mentioned in the

rumor was fined recently following an audit by the Internal Revenue Service, but that is the only notable penalty of late against either enterprise.

One element of the rumor suggested its falsehood: compliance with the Safeguards Rule, formally named “Standards for Safeguarding Customer Information,” is enforced by the Fed-

eral Trade Commission, not the FBI. Since its inception, the FTC is believed to have randomly reviewed only dealers near Philadelphia, in 2005. The agents requested to see copies of the dealerships’ information security programs; dealers who could not produce a program reportedly were warned but

SEE SAFEGUARDS, PAGE 4

CATA involvement in AYES D’Arcy gives vehicles to AYES program honored by DuPage program

For its sponsorship of the area’s Automotive Youth Educational Services (AYES) program, the CATA was recognized by DuPage Area Education-to-Careers (ETC) as the Tech Prep Advocate of the Year, at a May 3 business partnership awards luncheon.

The Tech-Prep course gives students the opportunity to obtain two years of occupational and workplace skills training in high school, then transition to two more years at the post-secondary level, with completion of preliminary educational training at the four-year college degree or master certification level.

“Tech Prep programs cannot stand alone; they must rely on successful business education partnerships and advocates who address the needs of all partners involved,” said ETC Business Partnership Developer Laura Kowalski-Bliss, based at College of DuPage in Glen Ellyn.

“The CATA’s commitment is so strong that they fund employment of a full-time state manager for the AYES program in Illinois.”

Terry D’Arcy, principal of D’Arcy Hyundai in Joliet, donated two Hyundai vehicles to a Joliet high school May 3 for the school to use in its AYES program.

Joliet Township High School’s Central Campus received a 2001 Santa Fe and a 2005 Tucson SUV, vehicles that now are the most current vehicles the school’s automotive shop.

With the vehicles, the automotive program can commence On Board Diagnostic II testing, which is relevant to all new-vehicle dealerships, as well as to Illinois state vehicle emissions testing. Any vehicle built in 1996 or later is covered under the OBDII testing standards.

The donations provide a significant increase to JTHS into the relevancy of education at Joliet Township High School. D’Arcy donated the vehicles based on the AYES model of partnership between the manufacturers, dealerships and the schools.

Joliet Township High School’s Central Campus becomes the area’s newest AYES school, with a planned launch date of October 2006.



Joliet West High School AYES students explore the two Hyundais donated to the program on May 3 by Terry D’Arcy, owner of D’Arcy Hyundai in Joliet.

Most surveyed dealers to pause on year's remaining holidays

Most area dealers will observe 2006's upcoming holidays by closing for business, a recent CATA poll shows.

Sixty-two dealers responded to the survey of their

operations in various departments. See results below.

Automobile Mechanics Local 701 recognizes Christmas Eve and New Year's Eve on Dec. 22 and Dec. 29, respectively.

Holiday	Regular hours	Abbreviated day	Closed
Tuesday, July 4 [<i>Independence Day</i>]			
Service Department	0	0	62
Sales Department	1	9	52
Other Departments	0	2	60
Monday, Sept. 4 [<i>Labor Day</i>]			
Service Department	0	1	61
Sales Department	5	34	23
Other Departments	1	3	58
Saturday, Dec. 23 [<i>Christmas Eve</i>]			
Service Department	12	5	45
Sales Department	25	27	10
Other Departments	11	8	43
Monday, Dec. 25 [<i>Christmas Day</i>]			
Service Department	0	0	62
Sales Department	0	1	61
Other Departments	0	0	62
Saturday, Dec. 30 [<i>New Year's Eve</i>]			
Service Department	14	5	43
Sales Department	28	31	3
Other Departments	12	7	43
Monday, Jan. 1 [<i>New Year's Day</i>]			
Service Department	0	1	61
Sales Department	2	8	52
Other Departments	0	2	60

2 Packey Webb Ford salesmen help save 6 in house fire near store

Two salesmen who saw heavy, dark smoke emanating from a house across from their Wheaton dealership ran to the house in time to help rescue one adult and five children.

The actions of Packey Webb Ford employees Steve Castillo and Eric Bassett "made the difference between the occupants escaping and tragic results," said Wheaton Fire Department Battalion Chief William Schultz.

Castillo had firefighter training, so when the pair arrived at the house at 1907 E. Roosevelt Rd. about 2:30 p.m. May 6 and no one answered, they broke in. Another employee called 911.

Inside, the smoke was thick and black. The residents were crawling on the floor, trying to escape, but couldn't find the door. It took several trips to locate all the family members and evacuate them.

Paramedics treated and released everyone involved at the scene, according to fire department records.

An unattended candle in the basement was the fire's apparent cause. Schultz said the incident should be a reminder to have functioning smoke detectors.

The CATA Bulletin is published by the
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

Make government affairs your business

By Ray Scarpelli Sr.

METRO CHICAGO NADA DIRECTOR

One of the best ways to help your own business, and the industry in general, is to talk to your representatives in Congress when legislation that affects dealers is about to come up for a vote.

The Senate plans to vote on **permanent repeal of the estate tax** this spring. (Though the tax has been phased out through 2011, it will be reinstated if Congress does not permanently outlaw it.) The estate-tax issue is a vital one for dealers: Ninety-two percent of new-vehicle dealerships are family-owned and operated, and many dealers plan to pass their businesses down to their children.

But the estate tax—or death tax—can place a heavy financial burden on dealerships. A dealer usually cannot sell a part of his or her business for quick cash. Often, he or she must invest in expensive life insurance to have enough liquidity to pay the tax.

As part of the NADA's continuing efforts to secure permanent repeal, the association is playing a leadership role in the Family Business Estate Tax Coalition. The coalition successfully enacted the existing estate tax phaseout and was instrumental in House passage of the repeal bill last year.

Mary Jo Eustice, the NADA lobbyist with primary responsibility for the estate-tax issue and a founding member of the coalition, has been named a co-director of the coalition for 2006.

The NADA's Legislative Office continues to meet with senators and their staffs, following up on contacts made by NADA directors during the Government Relations Committee

meeting at the end of March. But you, too, should call your senators today at 202-224-3121 to urge them to vote for repeal. For more information, contact the NADA's Legislative Office at 800-563-1556.

NADA's other recent legislative efforts:

- NADA's Government Relations Committee met in Washington in late March to discuss with members of Congress, including Rep. Bill Shuster (R-Pa.), Sen. Richard Burr (R-N.C.), and Rep. Lynn Westmoreland (R-Ga.), other top legislative priorities, including the **pending national credit-freeze bill** and **NADA's push for insurance companies to disclose the VINs of total-loss vehicles in a publicly accessible database.**

- Congress should create a **federal database to track the estimated 600,000 vehicles damaged by Hurricane Katrina to prevent them from being sold to unsuspecting consumers.** That's what David Regan, NADA vice president of legislative affairs, told a U.S. House of Representatives subcommittee in March. He called on insurance companies and state titling agencies to provide consumers access to VIN-based data before they buy used cars.

Congress already has granted the U.S. Justice Department the authority to make insurance companies disclose total-loss data and salvage auction data, and Congress should press the department to act because "an accurate and publicly accessible total-loss database would curb fraudulent activity dramatically," Regan said.

Regan also called for:

- *Greater transparency:* "All states should carry forward prior brands when issuing new titles. States should brand registrations as well as titles."

- *More timeliness:* "The insurance

companies should disclose total-loss data at the time the total-loss payout occurs. Also, state DMVs should work with the private sector to push title data into the public domain faster."

- *Better use of technology:* "DMVs should make title data commercially available on a daily basis to the information industry, [which] has the technology to dramatically enhance public disclosure of insurance company information about total-loss vehicles and salvage auction sales data."

Regan said the combination of electronic access to total-loss data and faster access to DMV data will enable consumers and dealers to fight motor vehicle fraud.

- NADA chief legislative counsel Robert Braziel told a House Energy and Commerce Committee subcommittee last fall that a **bill (H.R. 2048) that would give the Federal Trade Commission the authority to make rules governing the flow of vehicle service, training and tool information is unnecessary.**

Braziel testified that automakers already make needed information readily available to aftermarket service providers as well as franchised dealers, and the bill could encourage private lawsuits against automakers under state laws and compromise intellectual property rights.

- **Rep. Lynn Westmoreland (R-Ga.) is leading the NADA-backed effort to derail further federal government control over the automotive repair industry.**

The bill is being pushed at the behest of large parts distributors—not service providers, who oppose additional federal government involvement in the industry.

May 29 holiday benefits for non-union workers in line with union employees

Dealers treat the Memorial Day holiday variously, with some operating all day, some part of the day, and some not at all. But dealers must remember their unionized employees' rights related to holiday pay.

As a general matter, the vast majority of area dealers recognize the same holidays and adhere to highly similar terms regarding holiday compensation. Holiday pay procedures largely depend on the policies and/or practices in place at individual dealerships.

At unionized dealerships, some specific rules and restrictions are imposed on union workers. In all cases, unionized employees must work on their regularly scheduled days both immediately before and after a holiday to qualify for holiday pay, unless the employee is off-work or on an employer-approved vacation or leave.

All unions with a presence at CATA dealerships—IAM Local 701, Teamsters Local 731, Teamsters Local 179, and IAM District Lodge Nos. 377 and 1749—share similar holiday rules. Those union contracts all recognize



May 29 as a holiday.

Holiday pay for probationary employees varies among the unions. Employers should consult their union agreements to confirm employee eligibility.

Also, dealers may agree with members of IAM Local 701—technicians, apprentices, semi-skilled employees

and lube rack technicians—to substitute May 29 for a different day off during the year.

Summarized, the holiday pay for unionized employees is:

IAM Local No. 701

Pay equal to one day's regular pay at hourly (not booked) rate.

Teamsters Local No. 731

Pay equal to one regular day.

Mechanics Local No. 1749

Pay equal to 8 hours pay at hourly minimum rate or flat minimum rate.

Teamsters Local No. 179

Pay equal to 8 hours at minimum hourly rate.

Machinists Local No. 377

Pay equal to 8 hours at straight-time hourly minimum rate. Employees who work 10-hour days receive 10-hours pay at that rate, unless the holiday is the employee's normally scheduled day off, in which case 8 hours of pay at the straight-time minimum rate is due.

Dealers with union questions should call the CATA labor relations counsel, Franczek Sullivan, at 312-986-0300.

Safeguards

CONTINUED FROM PAGE 1

not fined.

But Chicago area dealers should use the local rumor to their benefit by reviewing the safeguards procedures in place at their stores. A provision of the Safeguards Rule, instituted May 23, 2003, requires financial institutions, including dealerships, to periodically reevaluate their information security programs.

In the rumor, the undercover FBI agents were left alone in offices that contained sensitive customer documents. As policy, no

dealership should permit that to happen.

The 2001 Privacy Rule, also referred to as the Gramm Leach Bliley Act, requires dealers to make a statement in their privacy notices about information safeguarding procedures. A common statement: "*We maintain physical, electronic and procedural safeguards that comply with federal regulations to guard your nonpublic personal information.*" The Safeguards Rule is that federal regulation referenced in the privacy notice.

Information Security Programs must contain five ele-

ments:

1. Designate a Program Coordinator
2. Conduct a risk assessment
3. Design and implement safeguards to control all identified risks
4. Oversee all the institution's service providers
5. Periodically reevaluate the institution's Program

The Program Coordinator must be an employee of the company. All other elements can be contracted with an outside agency, except the overall responsibility for compliance.

Also, the coordinator

must be senior enough or have enough clout to effect change. The coordinator probably would not be subject to increased personal liability.

Smaller dealerships likely can appoint a single Program Coordinator. Large dealer groups might have to appoint several Program Coordinators, from various departments, and specify one of them to head a Committee of Coordinators.

The roles and duties of the Program Coordinator are ongoing, so the position must be filled on a permanent basis.