



Final print edition

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Consider yourself to be holding a collector’s edition. No, there is no news contained of a 7,000-point Dow Jones turnaround, and there aren’t any hidden meanings in the text. But this edition can be valuable for people who save last-of things.

The CATA Bulletin transitions to an all-digital product beginning with the next issue, so this represents the newsletter’s last print edition. Beginning April 6, the publication’s contents will be available via computer only.

Visitors to the CATA’s Web site, <http://cata.drivechicago.com>, can review current and past issues of the newsletter. New editions also are disseminated using the association’s targeted blast e-mail campaign. Those who want to receive the CATA Bulletin via e-mail must send their e-mail address to the newsletter editor, Erik Higgins, at ehiggins@cata.info.

The blast e-mail campaign has been operating for a couple years, so those who already receive the e-mails need not notify Higgins. The campaign includes opt-out options for those who want to stop receiving the newsletter.

Environmentalism played a role in the CATA board of directors’ Feb. 22 decision to drop the newsletter’s print version. But so did

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BYGONE ERA: This newsletter no longer will be printed, unless readers choose to download pdf versions and use their own printers; and delivery switches to digital-only.



CATA takes credit crunch issue to newspaper editorial boards

Restoring the lending spigot for dealers and their customers is imperative to the immediate health of Main Street, CATA directors this month told executives of the Chicago Tribune and the

Chicago Sun-Times.

And without the sizable taxes it generates, CATA officials said a failed dealership would leave budgetary craters in state and municipal coffers.

The sermon has been delivered to elected officials across the land, including in a March letter to President Obama that was co-signed by the NADA, the

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NADA biennial compensation survey can be taken till April 30

Chicago area dealers are encouraged to participate until April 30 in the biennial compensation survey administered by the NADA and funded by the CATA. The survey is to be completed anonymously and, for the second time, the survey is being conducted online.

The CATA will mail a copy of the survey to its dealer members by the end of March. Dealers can complete it and mail or fax it to the NADA for tabulation. But the NADA is encouraging dealers to complete it online instead.

For the latter method, visit www.nada.org/survey and click "Online Survey."

There is a PDF copy of the survey at the site, so dealers can print that and use it as a worksheet prior to starting the online survey.

The survey's first question asks dealers to identify up to two state/metropolitan dealer associations in which they are members—the CATA plus either the IADA in Springfield or the Automotive Dealers Association of Indiana in Indianapolis, Ind., if applicable.

Participating in the survey is important so that the results can be accurate, representative and, most important, useful. The NADA produces two reports from the data: details for CATA members; and an NADA management guide, "Paying to Motivate," that reports regional compensation data and trends for automobile and truck dealerships throughout the country.

"Paying to Motivate" will be provided free to all NADA members. Nonmembers are charged \$150 for the guide.

'Card Check,' major labor legislation, introduced in Congress

Federal legislation that would radically change the way unions organize was introduced March 10 in both houses of Congress.

The Employee Free Choice Act, or "card check," would allow a union to organize if a majority of workers simply sign a card. Critics of the legislation decry it as an end to secret balloting.

Under current law, the first step to organize a union is for organizers to ask the National Labor Relations Board to conduct a union election if at least 30 percent of the employees in a proposed bargaining unit sign union authorization cards.

The employer then has the opportunity to provide

employees with relevant information on how unionization would affect the workplace before the election.

When the secret ballot certification is held, (within about 42 days), the union must garner support from 50 percent plus one of the eligible employees who vote to be recognized.

The "card check" provision of EFCA would allow a union to organize if a majority of workers simply sign a card.

The NADA contends that the current election process is especially important for smaller employers, like dealerships, because it provides the employers reasonable time to educate workers

on the effects of workplace unionization.

The NADA also has written that the legislation would make it easier for separate bargaining unions to organize different departments within a company.

"Having multiple unions within a dealership," the NADA wrote, "would be burdensome and would take away the flexibility to remain competitive, especially in this challenging economic environment."

The American International Automobile Dealers Association also opposes EFCA. In a position paper, the dealer group wrote: "Even the Seventh Circuit Court of Appeals has ob-

served, 'Workers sometimes sign union authorization cards not because they intend to vote for the union in the election, but to avoid offending the person who asks them to sign, often a fellow worker, or simply to get the person off their back.'"

The best defense, as usual, is a good offense. The AIADA encourages dealers to emphasize the importance of the employer-employee relationship during new-hire orientation and to survey their job satisfaction.

"This," the AIADA wrote, "is your most effective tool for shielding your dealership against union organizers.

"A happy employee won't want to talk to them."

Congratulations!

Laurel BMW of Westmont is among 31 of the country's 338 BMW centers to win the 2008 Center of Excellence Award, for sales leadership and high customer satisfaction.

Three area dealerships are among winners of Acura's 2008 Dealerships of Distinction award: **Acura of Libertyville** (8-time recipient), **Muller's Woodfield Acura** in Hoffman Estates, and **McGrath Acura of Westmont**.

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Listings of items for sale are subject to the approval of the CATA. Candidates for employment must submit a full resume to the Editor.

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

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How's compliance coming with the Red Flag Rules? Deadline is May 1

Businesses caught a reprieve last fall when the Federal Trade Commission suspended enforcement of the new "Red Flag Rules" until May 1, to give creditors and financial institutions more time to develop and implement written Identity Theft Prevention Programs.

For area dealers who were not ready for the Nov. 1 deadline, it is hoped they haven't spent the six-month extension with their feet on their desks.

The Red Flags Rules — named after the symbol of a warning of possible trouble — are a sequel to the Safeguards Rule, issued by the FTC in 1999.

The older regulation aims to prevent the theft of customers' credit data from businesses such as dealerships. Paul Metrey, director of regulatory affairs at the NADA, said dealerships can

comply with the regulation by working with their lawyers.

An NADA guide to help dealers with Red Flags compliance is available at www.nada.org/RedFlags. The cost of obeying the rule will depend on a dealership's size and complexity, Metrey told Automotive News in September. "This is not a one-size-fits-all requirement," he said.

However, there are bright spots to consider for dealers who feel overwhelmed or annoyed by yet another compliance burden:

Having a written Identity Theft Prevention Program can increase the likelihood

that employees will more consistently follow policies and procedures the dealership already has in place to



help ward off identity theft and fraud.

Also, although dealers must carefully analyze their operations and prepare an ITTP that is specifically tailored to their respective businesses, "the task is not insurmountable and dealers should not automatically conclude that they must expend significant sums of money

to achieve compliance," said Metrey.

Dealer compliance includes:

- Conducting a preliminary risk assessment
- Constructing a written ITTP
- Knowing the indicators of identity theft (Red Flags) and how to respond to them
- Training requirements
- Obtaining service provider oversight
- Involving a dealership's board of directors

The new Rule forces "financial institutions" and "creditors" to comply with the Rule. Dealerships are swept up in the matter because the FTC defines dealers as creditors.

In summary, if a dealer can't form a reasonable belief under his ITTP that a credit report relates to the customer before him, the transaction must be stopped.

Rose nominated for general counsel of U.S. Education Department

Charlie Rose, a founding partner and corporate secretary of Franczek, Radelet & Rose, the CATA's labor relations attorneys, has been nominated to serve as general counsel of the U.S. Department of Education. The nomination must be confirmed by the Senate.

Rose specializes in representing school districts, municipalities and other public organizations in labor relations, collective bargaining and education law. He has served as the lead negotia-

tor on collective bargaining agreements for many organizations including Chicago Public Schools and the City of Chicago.

Franczek Radelet & Rose represents the CATA in negotiations with the two unions at area dealerships: Automobile Mechanics Local 701 and Teamsters Local 731, which includes porters and others. The firm also can help CATA dealer members with questions they have on day-to-day employment concerns.

Invitation:

Service Manager 20 Groups

The next meetings of the CATA's 20 Group for Service Managers are April 21-22 for Group 201C and April 23-24 for Group 202C.

Any area service manager wishing to attend either group for a complimentary preview of 20 Group activities should contact Jim Butcher at (630) 424-6020.

Each session meets 9 a.m.-5 p.m. on the first day and 9 a.m.-1 p.m. on the second day. The sessions are at the CATA office in Oakbrook Terrace. Breakfast and lunch are provided by the CATA.

Under the CATA program, instituted in 2005, service managers first complete a four-day Bootcamp, then are assigned to a 20 Group that meets three times a year for three years.

Tuition is heavily rebated by the CATA to dealers whose service managers complete the program.

Credit

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AIADA and the National Association of Minority Dealers.

“Without floor plan financing, an auto dealership will close within a matter of days, triggering additional unemployment and further erosion of the local tax base,” the dealer groups stated.

The national dealer groups are asking the Obama administration to work with the Federal Reserve Board and the Treasury Department to refine the Term Asset-Backed Securities Loan Facility, to invoke any options to restore retail and floor plan lending.

Officers of the CATA board of directors—Chairman John Phelan, Vice Chairman Kevin Mize and Secretary Michael Ettleson—visited Chicago media to explain that the credit tourniquet is a greater problem for them than the woes of automakers both domestic and abroad—even Toyota and Honda are seeking purchasing credit for U.S. con-

sumers from the Japanese government.

Among the points made by the CATA in the meetings:

- Illinois state sales tax collected by CATA dealers—not including local and municipal sales tax—exceeds \$645 million. Of that figure, General Motors, Ford and Chrysler franchisees account for more than \$415 million.

“When just one dealer goes out of business,” the CATA directors said, “it can leave a six-figure hole in the budget of a local town or village. Some villages count on dealerships for more than 50 percent of their annual operating funds.”

- If GM or Chrysler are directed to bankruptcy, they most likely will not come out. That would only exacerbate the foreclosure crisis and continue to negatively impact the credit crisis.

- All dealers—of domestic and foreign makes—are challenged to find available consumer credit. Lenders must loosen their qualifying criteria to enable more consumers to secure ve-

hicle loans.

- The manufacturers’ tough work has been done through ongoing restructuring. That work should not be allowed to fail as they complete corrections to their problems.

In a March 17 interview with Reuters, NADA Chairman John McEleney said: “If we don’t fix this wholesale credit issue, this whole thing (the auto industry) collapses. Every week there are more dealers that are being impacted and going out of business.”

GM and Chrysler have received \$17.4 billion in emergency government loans and have asked for another \$22 billion. Ford, the third member of Detroit’s storied Big Three, has not sought any emergency funding and says it has sufficient liquidity to make it through 2009.

President Obama’s autos task force has until the end of March to decide whether to grant further loans, as the automakers work to secure concessions from their bondholders and the United Auto Workers union to cut debt.

Newsletter

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printing and first-class mail costs, at a time when all businesses are reviewing expenses.

Any informational fliers that historically have been inserted into the newsletter will be part of the e-mail campaign but not necessarily on the Web site, so being part of the e-mail distribution ensures receipt of everything, going forward.

Be assured that the CATA does not sell or share any e-mail addresses it obtains, and the association disseminates e-mails that are informational only, not solicitous.

And with e-mail, no more paper cuts!

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