



Volume 106, No. 16

August 24, 2009

## Officials continue to battle issues as CARS program nears end

The federal official overseeing the Car Allowance Rebate System said in an Aug. 19 Webinar that payouts to dealers began en masse after his agency corrected a problem which, in an attempt to streamline the process, made matters worse.

"Thousands of payments have been made either yesterday, today or tomorrow," said Frank Borris of the National Highway Traffic Safety Administration. "We're sorry that happened. We apologize for the delay."

Borris spoke as part of a fourth installment presentation on the CARS program,

this one with tips on inputting successful transactions. Borris recognized

dealer concerns about the program and said the program also has been "enormously frustrating" for his agency to wade through the mountain of claims. He said the review staff has been quadrupled and that the NHTSA is "pushing as hard as we can on our end."

The Obama administration indicated it would announce by Aug. 21, after this newsletter's deadline, how it



would wind down the popular Cash for Clunkers program and when the incentives will no longer be available.

"We want to make sure that dealers know when we're getting close" to running out of the money that was allocated for the program, Transportation Secretary Ray LaHood told reporters Aug. 19.

LaHood said he recognized that "dealers are frus-

trated. They're going to get their money." Borris said the government would honor all deals that are consummated before the program's end.

Dealers have complained of delays in getting their reimbursements approved, causing a cash crunch for their businesses. Dealers typically borrow money to put new cars on their lots and must repay those loans within a few days of a sale.

"We do not know how many deals are in the pipeline. We don't know how many dollars are left in the program at this very mo-

SEE CARS, PAGE 2

## Area dealer tally, as of Aug. 17: 2,423 CARS deals, 40 government payouts

A query of CATA dealers on government reimbursements to them under the Car Allowance Rebate System, or CARS, found on Aug. 17 that just 7 percent of all the transactions the dealers had submitted were approved by auditors, and that that payouts had been issued on only 1.6 percent of the deals.

The 47 dealerships that responded to the poll reported an average 52 CARS transactions to date. Eight of them worked 100 or more CARS deals. The top two said they submitted a combined 370 deals to the government but had

been paid for just one of them.

The CARS program's \$3 billion funding would provide for an average 45 transactions among the country's 20,000 new-vehicle dealers. Because of the overwhelming number of sales the program spurred, officials cannot pinpoint how much money remains.

The payout lag and funding uncertainty has led some dealers to withdraw from the program.

Of 800 dealers surveyed by Automotive News Aug. 19, 97 percent said they were unsatisfied with the reim-

bursement time delays and 13 percent said they were dropping out of the program. Also, 87 percent said they were concerned the program's \$3 billion funding would be exhausted before all their deals get processed.

But nearly three-fourths of the dealers also said the CARS program has boosted their profits.

The CATA survey, extrapolated to an area head count of 450 dealers, shows 92,788,000 new-vehicle sales under the CARS program. Officials said the program would end by early September.

## CARS

CONTINUED FROM PAGE 1

ment,” said Kevin Mize, chairman of the Chicago Automobile Trade Association. “That’s fundamental to the health of the dealerships that are participating. If you run out of money before you run out of deals, that’s not a good situation.”

Some dealers are no longer participating in the CARS program. The Greater New York Automobile Dealers Association, which represents dealerships in the New York metro area, said about half its 425 members had left the program because they cannot afford to offer more rebates.

Melanie Bible, spokeswoman for the Pennsylvania Automotive Association, also estimated about half of the state’s 950 dealerships have stopped cutting new “cash for clunkers” deals.

In the NADA presentation, NHTSA’s Borriss identified the top reasons that dealer invoices are rejected:

- Missing or improperly marked “Junk Automobile, CARS.gov” on the title. The statement must be prominent

but it should not obscure the owner’s name or the VIN.

- Missing documents
- Missing signatures
- Mismatches between VINs on the various documents in the submission

Two dealers who have experienced modest success at getting reimbursed for their CARS claims joined the presentation. Scott Addison and Kevin Reilly said rejections often are not the fault of the dealership.

For instance, Addison said that signatures plainly apparent on Page 2 of a document likely were not seen by the auditor because the auditor did not scroll to look for the second page.

“The reviewer should stop and ask a supervisor for help,” he said. “Two minutes to do that now would save 45 minutes later to re-review the whole deal.”

Another common rejection comes from the failure to prove insurance coverage for the previous 12 months. Reilly said it is best for dealership staff to obtain that when the customer is present because insurance agents can be reluctant to provide that directly to the dealership.

For Wisconsin residents, for whom vehicle insurance is not mandatory, a note can be scanned with a simple statement: “Insurance not required in this state.”

CARS procedures have continued to evolve since the program’s July 24 inception. Beginning Aug. 22, a dealer can cancel a transaction that had already been submitted. Previously, a dealer could cancel it only if it was in a saved mode or if NHTSA had rejected it. Dealers now can self-reject a submitted deal. It would return to the dealer’s work list, whereupon it can be edited or removed from the system.

Before Aug. 22, a dealer could appeal to a burdensome e-mail address to kill a deal. One area dealer said he did just that Aug. 13. The NHTSA granted his request—eight days later.

Borriss said another common mistake comes from misidentifying the vehicle categories—passenger car or category 1, 2 or 3 truck—and indicating two-wheel drive instead of four-wheel drive. A shortcut from wading through long lists of models: add the percentage

symbol in the search, as in %Ford%Unlisted%.

Dealers, said Addison, should never rely on a single employee to review the many documents for errors. “Have as many eyeballs as possible review the documents. It’s a tiring process. If you have only one person doing it, errors are likely.”

The most effective attached files, said Reilly, are black and white pdf documents with 200 to 300 dots per inch. Documents that are saved in color or as jpg files increase file sizes and make submission more difficult. Files also must be named properly, according to NHTSA’s user guide.

The financial arms of several automakers have begun offering help to cash-strapped dealerships, in some cases by floating loans to help cover clunker-related shortfalls.

Toyota Financial Services is offering loans to dealers for up to 60 days to cover the lag between a dealership’s payment and its reimbursement. The financial-services arms of Honda, Nissan, Ford and other automakers are offering similar programs.

## Life after the fall

Ward’s AutoWorld predicts that once the recession ends, four of America’s top five automakers will lose market share by 2012, including Toyota. Only Honda will buck the trend by slightly growing its U.S. share.

Also, Volkswagen will nearly double its current share to 5 percent but will remain behind Nissan and Hyundai, each slated to reach 8 percent market shares.

With regard to segments, the post-recession U.S. market should show a remarkable ability to achieve balance, according to Ward’s AutoForecasts.

The CATA Bulletin is published by the  
**Chicago Automobile Trade Association**  
 18W200 Butterfield Rd. Oakbrook Terrace, IL 60181-4810

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 resume to the Editor.

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

**Jerry H. Cizek III**  
**Erik K. Higgins**

**President, Publisher**  
**Editor, Director of Dealer Affairs**

## CATA adds to Weinberger scholarships for future technicians

Automotive technology students at Carl Schurz High School have become the latest beneficiaries of Chicagoland Dealers Care, a charitable arm of the Chicago Automobile Trade Association. John and Lisa Weinberger of Continental Auto Sports in Hinsdale approached the new-car dealer group to augment the couple's ongoing generosity and active personal participation in this worthwhile area program.

"We've been so very blessed and wanted to find a way to give back to the community in a meaningful and lasting manner," said John Weinberger. "Our thought was since I was a mechanic before becoming a dealer, a program to train young men and women as technicians would be our best avenue of approach.

"Through Jim Butcher of Automotive Youth Education Systems, we identified a program at Schurz High School that was in need of funding. It

was a perfect match."

Chicagoland Dealers Care added \$1,500 to the Weinberger's generous contributions.

"We congratulate John and Lisa for their support of a curriculum that helps create a path to a life-long career," said John Phelan, chairman of the CATA.

"Our dealerships are in constant need of top-flight technicians, and programs like this are an integral part of supplying them."

The Schurz High School ASE-certified automotive technology courses are part of the Automotive Youth Educational Systems that provide internships and partnerships with car dealerships, manufacturers and post-secondary institutions. Managed and taught by Clairene Terry, Schurz is the only high school in Chicago that offers an ASE-Certified automotive program. The school is partnered with Truman College for students wishing to continue their studies for a degree.



"I'd always had a dream to teach an after school program and to establish an automotive academy," said Terry. "The piece of the pie that was missing was monetary support.

"I'm so thankful to the Weinbergers, the school administration and the CATA for their help. Also, we've now been granted academy status citywide, which is a great boost for our future."

The Weinberger scholarships will provide \$500 each to five students who choose to major in automotive technology or business at the school of their choice. Additionally, the Weinbergers will support one other student with a scholarship

of up to \$10,000 a year for a maximum of four years.

"This is a program that's right from John's heart and it represents who he is," said Lisa Weinberger. "Our goal is to not just fund these students, but to become part of their extended families."

Chicagoland Dealers Care is a part of the CATA's First Look for Charity Foundation with a mission of building upon the charitable efforts of the group's new-car dealers in their local communities. Dealers already perform vital support of community charities; the CATA program is designed to enhance that support.

## Toyota is top 'clunkers' purchase

Toyota Motor Corporation has overtaken General Motors Co. as the top manufacturer of new vehicles purchased under the U.S. cash-for-clunkers program.

By Aug. 14, Toyota made 18.9 percent of all new vehicles whose clunkers deals had been submitted, the National Highway Traffic Safety Administration said in its second report on the incentive. GM accounted for 17.6 percent, down from 18.7 percent on Aug. 5, when the initial tally was released.

The Toyota Corolla remained the top new car purchased. The Honda Civic passed the front-wheel-drive Ford Focus as No. 2. The Nissan Versa and the the four-wheel-drive Honda CR-V also climbed onto the Top 10 list.

## Correction

The Aug. 10 edition of this newsletter indicated that dealers have until Nov. 10, 2010, to comply with the EPA's Spill Prevention, Control, and Countermeasure (SPCC) rules. In fact, unless the dealership was built after Aug. 16, 2002, EVERY dealer with more than 1,320 gallons of above-ground oil capacity that does not have an SPCC Plan is in violation of the Clean Water Act and subject to significant fines. Worse, spills can generate significant contamination, public lawsuits and cleanup expenses.

The item in the previous edition, developed by the NADA, suggests there is a reprieve for dealers on writing SPCC Plans.

## CATA board committees determined

Committee assignments have been made for the CATA board of directors for the current fiscal year, which begins each summer. The board includes 18 directors who sit on any of 12 committees.

All directors participate on the 2010 Auto Show Committee, which is led by that show's chairman, John Phelan. Other committees:

### Employee Relations

John Webb (chairman), Ed Burke, Mike Ettleson, Tom Gollinger and Dan Marks.

### Civic and Dealer Relations

Mary Dolan (chairwoman), Dennis Bauer, Monte Scher and Dave Taylor; and Dave Sloan (CATA staff).

### Attorney General Advisory

Gollinger (chairman), Burke, Desmond Roberts and Scher; and Sloan.

### Secretary of State Advisory

Scher (chairman), Mike McGrath Jr., Marks and Roberts; and Sloan.

### Media Strategy

Colin Wickstrom (chairman), Gollinger, Marks, Roberts, Dan Roesch and Webb; and Sloan; and Mike Hillstrom (advisor).

### CAT/PAC-DEAC

McGrath Jr. (chairman), Bauer, Roesch and Taylor; and Sloan

### AIADA

Kevin Mize, McGrath Jr. and Kurt Schiele.

## 2009-2010 CATA Board of Directors

### Officers

Kevin Mize, Chairman	847-297-5700	kmize@oharehonda.com
Steve Foley Jr., Vice Chairman	847-564-4090	sfjr@stevefoley.com
Mike Ettleson, Treasurer	708-579-5000	mike@ettleson.com
Kurt Schiele, Secretary	630-279-2160	kschiele@elmhursttoyota.com
Jerry Cizek III, CATA President	630-495-2282	jcizek3rd@cata.info

### Directors

Dennis Bauer	708-720-2000	dennisbauer@arniebauer.com
Ed Burke	630-505-8282	ed_burke@napervillejeep.com
Mary Dolan	708-442-9000	mfdolan@comcast.net
Tom Gollinger	847-882-2200	tgollinger@aol.com
Dan Marks	847-367-1700	llmdan@aol.com
Mike McGrath Jr.	773-342-6300	mike@mcgrathlexus.com
John Phelan	708-442-4000	JCP325@aol.com
Desmond Roberts	708-352-2400	droberts@advantagechev.com
Dan Roesch	630-834-8000	dan@larryroesch.com
Mark Scarpelli	847-395-3600	mscarp1@aol.com
Monty Scher	312-225-4300	montyscher@hotmail.com
Dave Taylor	815-935-7900	TaylorCD@KeyNet.net
John Webb	630-469-6600	johnwebb@packeywebbford.com
Colin Wickstrom	847-381-8850	colin@wickmail.com

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

### DriveChicago

Schiele (chairman), McGrath Jr., Roesch and Wickstrom; and Sloan.

### Finance/Pension/Audit/Compensation

Mize, Steve Foley Jr., Ettleson, Schiele, Phelan, Scher and Webb

### Nominating

Mize (chairman), Terry D'Arcy, Dan Feeny, Art Kelly, Bob Loquercio, Mike McGrath Sr., John Phelan, Mark Scarpelli, Bob Van Iten, Greg Webb and Casey Wickstrom.

The Nominating Committee consists of the cur-

rent and past chairmen of the CATA board. The committee meets in the spring to consider candidates for the upcoming board of directors elections.

Directors can serve up to three three-year terms on the board.

## In Memoriam

**Robert Burrow**, who owned Bob Burrow Chevrolet in Barrington from 1965 to 1983, died Aug. 4. He was 83.

He was chairman of what was then the Illinois New Car and Truck Dealers Association and was active with the Barrington Chamber of Commerce. He also worked on commissions for then-Illinois Gov. Jim Edgar, and was finance chairman for a state senator.

Mr. Burrow is survived by his wife, Lois; sons Bruce and Dale; daughters Bonnie and Donna; and several grandchildren and great-grandchildren.

**John Morden**, proprietor for 20 years of a namesake Buick dealership in Chicago, died Aug. 12 at age 74.

Mr. Morden opened his store in 1971 at 907 W. 35th St., about six blocks west of U.S. Cellular Field. He later relocated to Treasure Island, Fla.

He is survived by two sons and one daughter.