



CATA Bulletin

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McGrath named new chairman of CATA

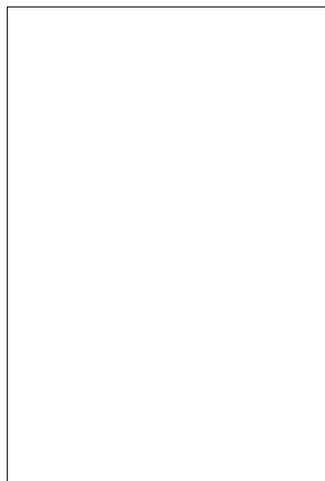
Mike McGrath's fellow directors of the Chicago Automobile Trade Association elected him chairman of the board for the next 12 months, when the directors met June 12 for their regular monthly meeting.

The new board chairman succeeds Bob Van Iten, who becomes chairman of the 2003 Chicago Auto Show. McGrath will serve as vice

chairman of that show, Feb. 14-23, 2003.

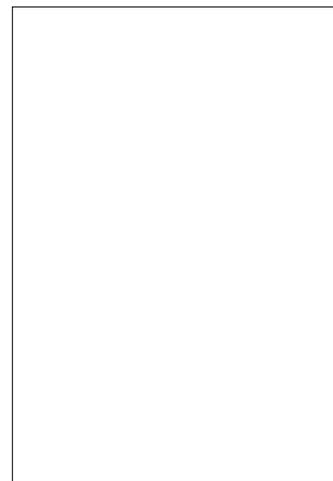
McGrath, president of Lexus dealerships in Chicago and Westmont and of an Acura dealership in Westmont, leads a board of 18 dealers.

Other board officers are Vice Chairman Casey Wickstrom (Dick Wickstrom Chevrolet, Roselle), Treasurer Art Kelly (Kelly



Mike McGrath

Nissan, Oak Lawn), and Secretary Terry D'Arcy (Buick-



Bob Van Iten

GMC-Olds-Volkswagen-Hyundai-Isuzu, Joliet).

Foley joins 5 incumbents elected as CATA directors

Record crowd at annual meeting

Inclemency failed to dampen the spirits of those attending the 98th annual golf outing and annual meeting of the Chicago Automobile Trade Association, June 10 at Cog Hill Country Club in Lemont. Despite two severe storms, one mid-afternoon and another just before dinner, a record 560 CATA members and guests participated in the day's events.

At the annual dinner meeting, results of this month's voting for the CATA board of directors showed one new candidate joining five incumbents in election to three-year terms.

Terry D'Arcy, Lee Drabek, John Guido, Bill Jacobs and Art Kelly each

were elected to a second term on the board. Directors may serve up to three terms. Embarking on CATA service is Steve Foley Jr. (Steve Foley Cadillac, Northbrook).

In addition to the six directors elected to office this month, the CATA board consists of Bill Hartigan, Bill Hawkinson, Bob Loquercio, Dan Martino, Mike McGrath, Kevin Mize, John Phelan, Mark Scarpelli, Jeff Sullivan, Dave Taylor, Casey Wickstrom and Dan Wolf.

Bob Van Iten, whose yearlong term as CATA chairman concluded at the annual meeting, reflected about some of the association's visible endeavors,

including the Chicago Auto Show; the CATA-owned Web portal, Drive-Chicago.com; the CATA radio program on WLS-AM, "Drive Chicago;" and CATA Learning University, with instruction for many dealership departments. The CATA board voted in April to hire an Automotive Youth Educational Systems manager and to install the AYES apprentice technician program at more Chicago area high schools. Four schools participate now.

"The mission is to create a pipeline of future technicians. There isn't a dealer in the room who doesn't need good, quality technicians," Van Iten said.

Some dealers don't conform to revised Revenue Department form

Illinois dealers who have not properly adapted to a revision eight months ago to the state revenue department's Form ST-556 may find themselves subject to fines for submitting paperwork that cannot be processed.

The Illinois Department of Revenue revised its Form ST-556, used to report sales tax, to allow a leasing company to take a tax credit when a vehicle the company originally purchased to lease subsequently is sold at retail by the company.

Some dealers who use a computer to print the tax information on their ST-556 forms are filing the new revision of the form, but they have not adjusted their computer programs to correctly print on that revision, said Arnold Wells, the vehicle tax liaison of the Illinois Department of Revenue.

"As a result," Wells said, "the tax information (Part 6 on the new form) prints on the wrong lines on the form. Returns that are filed in this manner are considered 'unprocessible' returns and may be subject to penalty."

The revenue department last fall sent to dealers, certain software vendors and tax practitioners an informational bulletin that outlines the changes to Form ST-556. The bulletin can be retrieved from the department's Web site,

www.iltax.com/ In part, the bulletin states:

"Before you begin using the revised forms, you will need to make some adjustments in your computer program to allow for the form changes. For Lines 10 through 14, you must change the line identifications and the calculations used to arrive at the figures entered on those lines. Below Line 10, you must add a line on which to report the tax return number of the ST-556 on which you previously paid tax for the same item."

The revised Form ST-556 primarily impacts leasing companies. However, it affects all businesses that file the ST-556 return because of the revisions made to the form itself.

Under the change, dealers who both lease items in Illinois and retail the same items at the end of the lease may take credit for the previously paid tax.

If the original tax was \$1,000, and then \$600 is due when the vehicle is sold, the business may report a \$600 credit on Line 10 of the revised ST-556. No balance remains for the other \$400; that difference is gone.

Form ST-556 must be filed with the revenue department to report the retail sale of items—vehicles, watercraft, aircraft, trailers and mobile homes—which must be titled in Illinois.

NADA, NHTSA to campaign for more safety seat use by children

The National Automobile Dealers Association and the National Highway Traffic Safety Administration will develop a national child booster seat safety education and public awareness campaign, to begin later this year or early 2003.

The formal agreement was signed June 12 by NADA Chairman H. Carter Myers III and NHTSA Administrator Jeffrey W. Runge.

"The NADA and franchised new-car dealers nationwide are very pleased to join with NHTSA in this important initiative to advance child passenger safety," said Myers. "Proper booster seat use can save lives, and we are committed to doing our part to ensure parents and kids hear that message."

Runge said, "We have identified improved booster seat use as one of our highest priorities for the coming years, and we are delighted to have the NADA aboard as one of our key partners in the effort to create awareness among parents."

The campaign will attempt to build awareness about the importance of booster seat use for children up to age 9 or 80 pounds. Research by the NHTSA and other transportation safety agencies shows the vast majority of parents do not consider securing such children in booster seats.

Boosters are necessary to elevate these children to a height that keeps the shoulder belt where it is designed for safe travel—over the shoulder, rather than wrapped dangerously around the neck.

Boosters also maintain the lap belt low across the hips rather than on the abdominal area, which is more prone to internal and spine injuries in an accident. The NHTSA reports that numerous children are injured and killed in accidents unnecessarily because they are not properly restrained in booster seats.

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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 at <http://cata.drivechicago.com/>

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

Initial quality improves 10%, largest 1-year jump since 1997 *Thunderbird tops its segment in debut year*

In a market of ever-increasing quality expectations by consumers, the automotive industry improved initial quality by 10 percent over 2001, according to a recent J.D. Power and Associates study. It marked the industry's largest quality improvement since 1997.

"This kind of improvement in quality doesn't happen by accident," said Brian Walters of J.D. Power, reflecting on the 2002 Initial Quality Study. "It takes a concerted effort by the designers, engineers and assembly line workers of both manufacturers and their suppliers.

"Initial quality is an important driver to customer satisfaction with the ownership experience and has far-reaching impact on brand reputation."

Toyota Motor Sales models virtually swept the seven truck segments, with the exception of the full-size SUV category, which is led by the Ford Expedition.

"With truck sales now surpassing 50 percent of the light-vehicle market, truck quality is critical to automakers. Toyota's consistency in building truck models with high initial quality certainly gives them an advantage," said Walters.

Of the 16 segments in the study, Toyota and Lexus models lead nine segments, the most earned by a corporation in the 2002 study. General Motors Corporation is the best-performing domestic manufacturer in the study, with four models earning top rankings, including the competitive premium midsize car segment. Ford Motor Co., which includes Mazda, is tops in three segments.

In addition to having a number of models topping seg-

Top cars, by segment	
Segment	Model
Compact	Toyota Corolla Toyota Prius (tie)
Entry Midsize	Chevrolet Malibu
Premium Midsize	Buick Century
Full-size	Buick LeSabre
Entry Luxury	Ford Thunderbird
Mid Luxury	Lexus GS300/GS430
Premium Luxury	Lexus LS 430
Sporty	Mazda Miata
Premium Sports	Chevrolet Corvette
Top light trucks, by segment	
Segment	Model
Compact	Toyota Tacoma
Full-size	Toyota Tundra
Entry SUV	Toyota RAV4
Midsize SUV	Toyota Highlander
Full-size SUV	Ford Expedition
Luxury SUV	Lexus LX470
Compact Van	Toyota Sienna

ments in initial quality, Toyota Motor Sales and GM both demonstrated above-average increases in quality, improving by 31 percent and 30 percent over five years, respectively.

Korean manufacturers Kia and Hyundai are the most improved corporations in the J.D. Power 2002 study, improving by 21 percent and 19 percent, respectively, over 2001. Hyundai Motor America has demonstrated the largest five-year initial quality improvement, at 42 percent.

Other above-average five-year quality improvements include American Isuzu (39 percent), Mitsubishi Motor Sales (38 percent), and DaimlerChrysler (27 percent).

"Consumers have come to expect that the initial quality of their new vehicle will exceed that of their previous vehicle," Walters said. "If a manufacturer is not continuously improving its quality at a rate that meets or exceeds the industry average, it could be losing a quality edge to its competitors."

At the model level, the Chevrolet Malibu made the biggest quality gain over the past five years, improving 58 percent. Next, improving by 49 percent, are the Buick Century, the Chevrolet Corvette and the Lexus GS Sedan.

Historically, it is unusual for an all-new model to top its segment in initial quality. However, the Ford Thunderbird debuts with an impressive top ranking in the competitive entry luxury segment. The T-bird is Ford's best-performing initial quality model in 2002. No European manufacturer gained top honors in a segment.

FBI warns dealers of unusual requests to buy, lease larger vehicles

The FBI said dealers should pay special attention to unusual requests from outside the United States or requests from unknown sources—especially through the Internet. Other causes for alert: requests that are out of character

for a marketplace, unusual stated uses for a vehicle, large cash payments, or large funds transfers required before a purchase.

For example, a truck dealer received a vague e-mail message from outside

the United States. The inquirer requested the availability of a large tanker unit capable of hauling hot liquids.

Thinking it a highly unusual request, the dealer passed the message to the local FBI office.

Sierra Club radio advertisement puts Bill Ford in the cross hairs

Here's a real "man bites dog" story. The usual buzz: media outlets rejecting issue advertisements from conservative groups as being too opinionated.

But local Detroit radio stations are refusing to run an ad from the arch-liberal environmental organization, the Sierra Club, because it singles out Ford Chief Executive Bill Ford for special attention.

The ad, which the Sierra Club had hoped to begin airing in Detroit on June 12, urges Ford "to do his part and to produce more fuel-efficient cars, SUVs and pickup trucks."

At least one local radio station executive declined to broadcast the ad because he said it came across as a personal attack.

The radio ad is part of a new three-year ad campaign launched by the Sierra Club with television commercials in Detroit and Washington and the "Bill Ford" radio ad in Washington. Only the radio ad mentions Bill Ford by name.

The campaign urges Detroit automakers to help "break the grip" of foreign oil on the United States by putting existing fuel-saving equipment on more cars and trucks.

In Memoriam

Albert R. Andrea, president of Grant Dean Buick-Subaru in Highland Park since 1965, died June 10 at the age of 76.

He is survived by his wife, Bernice; sons Alan, Robert and Dean; and seven grandchildren.

Donations may be made to Hospice of the North Shore in Evanston at 847-467-7423.

Ward's Dealer Business posts annual list of top dealerships

An annual ranking of top car dealerships shows total revenue figures for the group reaching \$62.4 billion in 2001, up from \$60.5 billion in 2000, according to Ward's Dealer Business.

The findings from the 2001 rankings indicate that after four years of impressive growth by the nation's leading dealers, in which total revenue grew at an incredible average of \$10 million a year per dealership, the major players in the industry currently are

experiencing the impact of last year's poor economic conditions.

However, despite this slowdown in growth, total revenue per dealership for the Ward's Dealer Business 500 list reached \$124.8 million in 2001, a figure that is above and beyond the national average of \$31.6 million in total revenue that was registered by the nation's 21,600 new car dealerships.

Here's a list of this year's Top 10 dealers from Ward's:

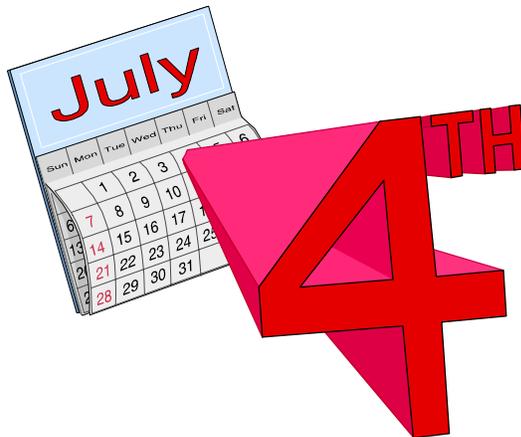
Dealership	2001 Revenue
Longo Toyota, El Monte, Calif.	\$ 536,789,000
Ricart, Columbus, Ohio	425,839,021
Galpin Ford, North Hills, Calif.	404,885,368
Fletcher Jones, Newport Beach, Calif.	403,170,681
JM Lexus, Margate, Fla.	305,521,973
Prestige Ford, Garland, Texas	303,203,116
Landmark Chevrolet, Houston, Texas	303,079,000
House of Imports, Buena Park, Calif.	275,591,466
Earnhardt Ford, Tempe, Ariz.	271,754,967
Smythe European, San Jose, Calif.	268,333,431

Marketplace

Auction: Regency Oldsmobile in Highland Park will auction all fixtures and equipment at the facility on July 15.

For an inventory list, call Grafe Auction Co. at 800-881-6498.

Many CATA dealerships to close for July 4 holiday



A quick survey of CATA dealers last week indicated many will close their dealerships to commemorate the Independence Day holiday on July 4.

Of the respondents to a questionnaire via e-mail, 75 percent said they will not be open for sales on July 4.

All service departments are presumed to be closed July 4. The date is a recognized holiday in all local union contracts.

The CATA administrative offices in Oakbrook Terrace will be closed July 4.

Have a safe and enjoyable holiday!