Dolan a finalist for NADA at-large directorship

Mary Dolan, president of Freeway Ford-Sterling Truck Sales in Lyons, and one other candidate are vying to fill a vacancy as at-large NADA Director representing women members east of the Mississippi River.

The NADA on Sept. 14 mailed election ballots to all women members in the constituency. Completed ballots must be returned postmarked by Oct. 5.

Michelle Primm of Cuyahoga Falls, Ohio, is the other candidate hoping to fill the vacancy created when Marcy Maguire, the current at-large NADA Director representing women members east of the Mississippi River, won election as NADA Director of New Jersey.

The Dolan-Primm winner would serve the remaining two years of Maguire’s term, beginning in February 2008 at the NADA convention in San Francisco. Dolan has served on the CATA board of directors since 2003.

CATA, Revenue Dept. to meet over dealer cash

Representatives of the Illinois state and metropolitan dealer associations will meet this week with the Illinois Revenue Department to negotiate the department's attempt to tax dealer cash.

The department has proposed changes to the Illinois code on retailers’ occupation tax, to extract sales tax from certain rebates and dealer incentives. The CATA mailed a draft of the proposal to all dealer members this month.

Employee theft impact 2nd only to tax evasion

BY BARRY WEBNE
WEBNE CONSULTING GROUP

Editor's note: The author will speak at an Oct. 12 CATA seminar about controlling employee theft. See the insert in this publication.

Business owners and executives need a “wake-up” call. Occupational Fraud, employee theft and embezzlement schemes are everywhere. These owners and executives, especially those of small-to medium-sized businesses and organizations, must learn to pay special attention to their policies, procedures and especially their employees.

Almost one in three U.S. businesses has been or will be victimized by this type of fraud. Worse, only 41 percent of these business executives will ever know they were victimized. And worse still, prosecution is a viable alternative in only 21 percent of these cases.

It’s a growing problem and has been exploding out of control for the past decade. This type of crime now impacts the U.S. economy to the tune of $660 billion annually, ranking second as an economic impact only to tax evasion. Businesses with less than 100 employees are the hardest hit.

This type of crime usually centers itself on the accounting staff in a par-

See Theft, Page 4
Bootcamp, 20 Group update

A new round of Bootcamps and subsequent 20 Groups for Service Managers meetings begins with the fall Bootcamp, Oct. 1-4. The October Bootcamp, at which three openings remain, is staffed by Dealer Service Corp’s Lloyd Schiller, a renowned speaker on service management issues.

Schiller’s success in the industry translates to issues and ideas in the classroom designed to make your service department more profitable. One of Lloyd’s common statements is, “You don’t need more customers; you need to focus more on the customers you have.” Schiller backs up that statement with winning strategies imparted over the four-day Bootcamp.

The Bootcamp meets at the CATA in Oakbrook Terrace. Breakfast and lunch are provided each day by the CATA. Bootcamp tuition is $1,000, with a potential 50 percent rebate upon completion of all Bootcamp and 20 Group activities for the calendar year.

About 60 days after the Bootcamp, the same group of service managers would reunite at the CATA to start their 20 Groups for Service Managers meetings. 20 Groups are hosted by NCM and Associates.

The groups meet one and one-half days, three times a year. Again, all classes are at the CATA office, with breakfast and lunch provided.

Area service managers enrolled in the Bootcamp-20 Group roundly call it the finest training program they have attended.

Woodfield Chevrolet’s Jim Domino said it equips him with many strategies, “things that are applicable, not just theory.”

AYES student interns available for service department placement

Senior-level high school students (17-18 years old) from area AYES schools are available as interns. The students qualified themselves to work in dealership service departments during their junior year in high school.

Unfortunately, the students were not placed as juniors, and AYES officials are seeking part-time employment for them as seniors. Students are available two to four hours on school days, and possibly nights and weekends.

Due to the AYES endorsements of the U.S. Departments of Education and Labor, these students also receive high school automotive credits for their work in service departments during the school day.

Student interns are available from the following schools:

- Lake County High Schools Technology Campus, Grayslake
- Technology Center of DuPage, Addison
- Streamwood High School, Streamwood

For more information on the AYES program, please contact Illinois AYES Manager Jim Butcher at 630-424-6020 or jbutcher@cata.info

In Memoriam

Leo McGrath, 85 and the patriarch of a family that operates 12 area dealerships, died of pancreatic cancer Sept. 10.

As a Marine fighter pilot in World War II, Mr. McGrath received the Distinguished Flying Cross. He later led the formation of jets that performed the flyover for Dwight Eisenhower’s 1953 presidential inauguration.

He then went to work for the Buick Motor Division of General Motors, and in 1964 opened McGrath Buick in Elgin. Ultimately, all of his dealerships were sold to his sons, and he helped a son-in-law, Ron Hopkins, open a Ford outlet.

Survivors include his wife, Jeanne; sons Michael, Gary, James and Scott; daughters Patricia, Deborah and Kelly; 21 grandchildren and eight great-grandchildren.

Memorials appreciated to USO of Illinois, 847-741-8000.
Overview of the FTC’s standards for safeguarding information

Which dealers are covered by the Safeguards Rule?

The Safeguards Rule applies to all dealers who are “financial institutions” under GLB [Gramm-Leach-Bliley Act] and the Privacy Rule. In other words, any dealer who is “significantly engaged in financial activities” is a financial institution.

“Financial activities” include such things as entering into finance or lease transactions with consumers. It also includes insurance transactions, but those are governed by rules set by state insurance commissioners.

The FTC has never defined the phrase “significantly engaged.” But as a rule of thumb, a dealer should consider himself “significantly engaged” in financial activities for purposes of the Safeguards Rule if the dealership regularly enters into retail installment sale contracts and/or lease agreements with consumers, even if the sales and lease contracts are immediately assigned to a bank or finance company.

What information is covered by the Safeguards Rule?

The Safeguards Rule requires you to adequately protect and safeguard “Customer Information.” Customer Information is “any record containing ‘nonpublic personal information’ as defined [in the Privacy Rule] about a customer of a financial institution, whether in paper, electronic, or other form, that is handled or maintained by or on behalf of you or your affiliates.”

In general, Customer Information is information about a consumer with whom the dealership entered into a finance or lease transaction; for example, information contained in a consumer’s credit report or credit application, account numbers, bank balances, etc.

It includes not only customer information gathered by the dealership, but also information about the customers received from other financial institutions (e.g. banks, finance companies, other dealerships, etc.). Even lists of the names of finance or lease customers would be covered by the Safeguards Rule.

An important note here—while Customer Information includes information related to insurance transactions, the Safeguards Rule does not apply to such information.

That is because GLB requires each state’s Insurance Department to issue its own safeguards rule with respect to customer information relevant to insurance transactions.

This article is excerpted from an NADA guide, “A Dealer Guide to Safeguarding Customer Information.” The guide can be ordered online at www.nada.org/mecatalog or by calling the NADA at 800-252-6232 ext. 2.

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**Q & A, with instructors of CATA Learning University**

**Q:** What is the best way I can teach my sales consultants to take control of their customers sooner?

**A:** “Control” is an illusion. Customers today can’t be forced to do anything! They are better informed and more empowered than ever. So how do we get control? First, we need to give all control to the customer. You see, in order for me to give control to the customer, I have to have it. The way to gain control is to give it up.

Control is a precious gift from the customer, a gift we can only receive once trust is earned. Trust can only be earned by providing an experience that bridges the gap between the customer’s perception of us as “car sales people” and the reality that most of us are educated professionals who truly operate with the customer’s interests at heart.

This is only accomplished by building a relationship that starts with the handshake and continues through the entire sales process. Like in the needs identification process, it is important to ask the types of questions that elicit responses that are long in words.

My goal should be to empower the customer and build a relationship based on common ground and a solid rapport. When I accomplish that, the customer thinks he is in control, and that’s a good thing. However, who really is in control? I am.

I told a sales manager that CATA Learning University includes a course named Emerging Sales Consultant. The course helps sales consultants learn this process and many other skills to help them build gross profit into each and every deal as well as increase the closing ratio.

This is not a “green pea” class; this is a class for any sales consultant who wants to rise to a level of professional performance that will provide excellent earning opportunities equal to one’s skill level.

The sales manager attended our last class and now has 10 of his 25 sales consultants enrolled in the course’s next session, Nov. 5, 6 and 27. The course is notable for its design to meet twice initially, then again a couple weeks later. The reunion gives the salespeople a roundtable chance to discuss real-world experiences they encountered in the ensuing period compared to the first two days.

To learn more, call 630-748-6048 or visit www.catalu.com.
EPA floats new body shop rule

In an effort to cut down air toxics, including cadmium, chromium, lead, manganese and nickel, the EPA has proposed a tough body shop hazardous emissions rule. Under the proposed rule, body shops would have to:

1. Paint only inside filtered, ventilated paint booths or prep stations.
2. Use high-efficiency application equipment.
3. Clean guns using non-hazardous solvents or gun-enclosed washers.
4. Have all painters trained and certified.
5. Make reports and keep records.

Also, any paint stripping involving methylene chloride (MeCl) will be significantly regulated, especially for shops using more than 150 gallons of paint stripper per year.

The NADA Regulatory Affairs staff is reviewing the rule with input from a number of body shop managers to identify and address significant issues of concern. Any comments will be filed with the EPA by the Oct. 17 deadline.

Theft

Continued from Page 1

Not only must a business owner or executive control the “opportunity” factor that presents itself within the business or organization. This “opportunity” factor exists wherever there is a lack of accounting and internal financial controls. Business owners and executives must be aware of this opportunity factor and know how to shut it down.

“Trust” is just an excuse. Any business owner or executive can “trust” his employees, and there’s absolutely nothing wrong with this attitude. But in today’s business world, this “trust” must be followed by “verification.” Business owners and executives also must learn how to verify the data, reports and information that their employees—especially their accounting personnel—provide them.

For the majority of business owners and executives, it’s easier to trust employees than to understand and get involved in the sometimes simple day-to-day functions. Trust alone can be detrimental to the business or organization. Without verification, the business owner or business executive will move further and further from reality, each and every time the “trust” crutch is used.

Not only must a business owner or executive completely understand his business’s operations, but in today’s world, he also must fully understand the accounting and financial policies and procedures within the business or organization as well. “Trust” just doesn’t cut it in today’s business world.

A good rule of thumb for executives is to step back and put themselves in the position of their most “trusted” accounting persons—Accounting Manager, CFO or Controller. With our nation’s economy in its current state, it’s easy to see how individuals get themselves in financial predicaments.

Couple this individual financial pressure with a lack of internal controls within your business; the Controller that issues Accounts Payable checks and reconciles the bank statement each month. It’s a recipe for disaster, and statistics have shown that at least 65 percent of the time, under the right circumstances and pressure, that individual, that “trusted” employee, will cross the line and commit fraud.

This type of crime can easily be thwarted, but few business owners will take the time necessary, or spend the minimal resources required, to address and fix the problem. Most business owners continue to bury their heads in the sand, ignore their internal control deficiencies, and operate their businesses in a risky manner.

It’s common to hear business owners say, “I’ll never be a victim, so why should I fix something that isn’t broken?” All businesses and organizations are vulnerable, and the problem needs to be addressed beforehand; at least 10 times the resources and attention are needed after a company or organization is victimized.

Dealer cash

Continued from Page 1

A major obstacle to comply with the changes involves developing a method to accurately calculate taxes for stair-step programs and lump-sum payments.

No other state is believed to tax dealer cash, but the Illinois Revenue Department’s rules appear to be written more broadly than those in other states. Meanwhile, the department’s negotiations continue with the CATA and the Illinois Automobile Dealers Association, based in Springfield.

Marketplace

Parts Manager 12 years’ parts department experience, 7 as manager at domestic/import stores. Strong communication skills with customers, employees, vendors. Expert at maintaining department profitability while controlling expenses, preserving customer satisfaction. Also, F&I training and experience in new/used-car sales, general office. ADP, Reynolds and Reynolds. Frank, 847-363-8837. Résumé on file at the CATA.