



CATA Bulletin

DRIVE **CHICAGO** .COM
official Web site of CATA dealers

a biweekly newsletter

Volume 102, No. 8

April 25, 2005

Amendment pauses Carfax bill

An April 11 amendment proposed to the vehicle-accident data legislation spearheaded by Carfax would indemnify dealers from errors or omissions in accident data reports that Carfax and others would sell.

Illinois senators on April 12 postponed consideration of the amendment and extended deliberation on Senate Bill 1839 until May 31, the last day the state's General Assembly is scheduled to meet.

Sen. James Meeks (D-Chicago), who sponsored SB 1839 in February, intro-

duced the floor amendment this month.

Carfax officials want access to vehicle-specific accident data collected by the Illinois Department of Transportation. In a typical accident, police may estimate a value to any damage to vehicles in an accident. But police are not expert at calculating damage or how any damage might affect a vehicle's resale value.

The legislation is opposed by several groups, including the CATA and the Illinois

SEE LEGISLATION, PAGE 3

Legislators directory enclosed

A current directory of elected officials in Illinois executive and legislative branches as well as U.S. senators and representatives from Illinois is enclosed with this newsletter for CATA members.

With addresses and telephone numbers of all the elected officials, the Legislative Directory is an invaluable tool for contacting the officials to indicate support of or opposition to governmental matters.

Dealers have demonstrated that they can have a significant impact on the political and legislative system, if they organize and work together. Dealers must focus on group efforts when it comes to politics.

CATPAC, the political action committee of the Chicago Automobile Trade Association, exists to advance the concerns of franchised, new-vehicle dealers in Illinois. Notable legislation currently before the Illinois General Assembly includes a bill, lobbied

SEE DIRECTORY, PAGE 4

New bankruptcy law extends time for dealers to perfect vehicle liens

Landmark bankruptcy legislation signed last week by President Bush includes one provision that extends to 30 days the time to perfect a motor vehicle loan, and another that protects secured motor vehicle creditors for 30 months under "cramdowns."

The federal lien perfection provision extends to 30 days from 20 days the time given to creditors to perfect a lien. Dealers are protected

under federal bankruptcy law as a secured creditor if the lien is perfected within 30 days of the customer taking possession of the vehicle.

Under the new law, if a customer files for bankruptcy within 90 days, and the dealer does not perfect a vehicle loan within 30 days on behalf of a finance company, the dealer might have to absorb the loss.

The provision was advanced by the National Au-

tomobile Dealers Association, which argued that delays beyond a dealer's control—customers' misplaced titles and out-of-state titlework—often extended beyond 20 days.

Another dealer provision revises the "cramdown" procedure that allows bankruptcy judges to reduce the debtor's obligation to reflect interest rates and the market value of a vehicle at the time of bankruptcy.

If a car is purchased within 30 months of a bankruptcy declaration, the secured debt cannot be crammed down under Chapter 13.

The NADA stressed the importance of timely lien perfection for both federal and state law to protect dealers' interest in a motor vehicle. The changes are effective Oct. 17, 180 days after Bush signed the bankruptcy bill into law.

Take steps to reduce liability when conducting employment interviews

Practically everyone has been through the interview process, either as the applicant or as the person conducting the interview. For the interviewer, it is an opportunity to observe the applicant's appearance and behavior, and to collect additional information on background, training and experience.

For the applicant, it might be the first exposure to the dealership, which means the employer also has an opportunity to make a good first impression.

The following techniques can make the most of the interview process for both parties.

- Designate appropriate department managers to conduct job interviews. Ideally, the interviewers should be trained in equal employment opportunity law. Interviewers should limit their questions to information about the applicant's ability to perform the work, such as education, work history, skills and abilities.

- Try to standardize all interviews. That helps an interviewer to stay on track and remain objective. Have each interviewer prepare a list of at least 10 job-related questions and have the interviewer ask all applicants the same questions. Certain questions should be avoided.

Do not ask questions that directly or indirectly bear on sex, marital status, parenthood, age, race, national origin, religion or handicap. If the applicant volunteers such information, the interviewer should state that the information is not relevant, and refuse to note it.

- One word of caution about note-taking: Make notes on all job-related information, but do not make notes on any factor that may be considered discriminatory. Avoid describ-

ing the applicant's physical attributes or other comments related to the applicant's sex or age—"bald," "youthful-looking" and the like. Such notes can be used against an employer to show there was a discriminatory basis for any hiring decision.

The Americans with Disabilities Act prohibits employers from asking questions related to disabilities prior to making a job offer. However, it is permissible to ask whether an applicant can perform all of the essential functions of a position, with or without reasonable accommodations.

- Tell would-be interviewers to avoid making statements that oversell job security. Examples include "You've got a job with this dealership as long as you do a good job," or "This is a permanent position."

For the same reason, when discussing compensation, avoid the term "annual salary." Instead, state the pay in terms of weekly, biweekly or monthly figures, and then state that, on an annual basis, the figures would equal \$XX,XXX.

(Some courts have held that discussing pay in terms of annual salary equates to a contract of employment for at least a year.)

Once a successful applicant comes to terms on employment, notify all other applicants who were not offered the position. The manner in which all applicants are treated reflects on a dealership's image in the community.

The preceding information was excerpted from an NADA publication, "People Policies: A Dealer Guide to Employment Law." Dealers are urged to contact their own employment law advisors for specific advice about federal and state law requirements on personnel matters.

Congratulations!

Libertyville Toyota is one of 12 dealers nationwide to win Toyota's 2005 President's Cabinet Award. **Kevin Keefe**, the dealership's general manager, was named to Toyota's Board of Governors, for outstanding sales volume.

Ford Motor Co. anointed nine area Ford and Lincoln Mercury dealers with its 2004 President's Award—the company's highest honor. The dealerships include **Arlington Heights Ford**; **Bredemann Ford**, Glenview; **Buss Ford Sales**, McHenry; **Capital Lincoln Mercury**, Matteson; **Highland Park Lincoln Mercury**; **McCarthy Ford**, Chicago; **River Oaks Ford**, Calumet City; **Wickstrom Ford**, Barrington; and **Willowbrook Ford**.

Pontiac-GMC named the **Gary Lang Auto Group**, in McHenry, among the brand's Leaders of Distinction, for excellence in service, customer satisfaction and sales.

Shotgun!

See the flyers in this newsletter to register for the annual CATA golf outing, June 13 at Cog Hill Golf and Country Club in Lemont.

The CATA Bulletin is published by the
Chicago Automobile Trade Association

18W200 Butterfield Road

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 or search by topic at www.cata.info/

Jerry H. Cizek III

President, Publisher

Erik K. Higgins

Editor, Director of Dealer Affairs

Fertile ground

By **RAY SCARPELLI SR.**

METRO CHICAGO NADA DIRECTOR

In a victory for NADA dealers, President Bush on April 20 signed into law the most sweeping reform to bankruptcy legislation in 25 years. Grassroots support helped to shepherd the legislation.

The new law includes a provision to help dealers protect their secured credit for a motor vehicle when a customer files for bankruptcy. More than 1 million Americans declare bankruptcy each year.

Sen. Orrin G. Hatch (R-Utah), who fought for the measure for eight years said: "We want to give our neighbors who get in over their heads a chance to get out of their financial troubles. But for some, it is a way to avoid personal responsibility. There is something inherently unfair about denying full restitution to creditors."

In a statement, President Bush said, "Reforming the system with this commonsense approach, more

Americans—especially lower-income Americans—will have greater access to credit."

The NADA appreciates the assistance of dealers nationwide for making their views heard on this important issue. Information on the Senate bill is posted to www.nada.org. Click on Government Affairs. Then, in the right-hand "News" box, click on "Bankruptcy Bill on Senate Floor Includes NADA Provisions."

April also is a great month for videos. Look for the NADA-TV logo on www.nada.org and see video coverage that puts you in the midst of NADA news and events.

Using new features

- NADA-24 is taking off. This customer loyalty tool is quick, easy and inexpensive, and it lets dealers know almost immediately what needs to be done to bring customers back. Visit www.nada.org and click on the NADA-24 icon to join dealers who already are taking advantage of this new member benefit.

- Membership Committee Chairman Larry Brown urges everyone to take advantage of the new online member update feature, to be sure the NADA has your current information. Speaking of which, while you're on the nada.org/Member Services tab, click on NADA Associate to keep your key employees on top of the news, events and education that affect your dealership.

Upcoming NADA seminars

- "Fast Track Training for General Managers," Fort Lauderdale, Fla., May 10-13
- "Take Control of Your Service Department," Boston, May 10-13
- "Non-traditional Solutions to Fixed Operations," Denver, May 24-25

Visit www.nada.org/seminars or call 800/252-6232, Ext. 2 for all information on upcoming NADA seminars.

Stay in touch with me so that I can help when you have a concern, compliment or idea to share.

Legislation

CONTINUED FROM PAGE 1

Automobile Dealers Association.

In other legislation under debate in Springfield:

- A provision to identify liability coverage limits on the insurance cards that must be carried in a vehicle is stalled and unlikely to progress.

House Bill 1335 would have helped dealers. A law enacted in 2003 shifts insurance responsibility on loaner vehicles to the driver. The dealer's insurer is secondary on loaners and remains primary on test drives.

However, if a customer's insurance policy does not have a 100/300/50 liability minimum, then the dealer's in-

surance reverts to primary on the loaner.

The state's powerful insurance lobby has resisted the declaration of coverage limits on the insurance cards.

- A bill to base the cost of a dealer's annual operator license on the number of new-and used-vehicles the dealer sold the previous year has remained in committee for five weeks. **House Bill 280** also is unlikely to progress.

Under the bill, the fee paid to the Illinois secretary of state would cost a dealer \$1,500 if he sold more than 3,000 vehicles the previous year. Dealers who sell 499 or fewer vehicles would be assessed a \$250 license fee.

The fee last increased Jan. 1, 2004, to a standard \$1,000, up from \$100, to

help plug a state budget deficit.

- In addition to complying with existing requirements of the state's automobile collision repair act, **House Bill 1195** calls for repairers and rebuilders to provide written estimates and have customers sign written statements to authorize any repair. The bill has passed the House chamber and is being considered by the Senate.

- The bill's sponsoring legislator tabled legislation to identify an applicant's age on an application for a certificate of title. If the applicant is under age 18 and is not an emancipated minor, according to **House Bill 38**, then the applicant's parent or guardian must sign a statement consenting to the application.

‘Nigerian’ scam reward: costly compassion

Nigerian advance-fee fraud has been around for decades, but now it seems to have reached epidemic proportions. Some consumers have told the Federal Trade Commission that they receive dozens of offers a day from supposed Nigerians who politely promise big profits in exchange for help in moving large sums of money out of their country.

Apparently, many compassionate consumers continue to fall for the convincing sob stories, the unfailingly polite language, and the unequivocal promises of money.

Such advance-fee solicitations are scams. And according to the FTC, the scam artists are playing each and every consumer for a fool. Here’s the play book:

Posing as Nigerian officials, businesspeople or the surviving spouses of former government honchos, con artists offer to transfer millions of dollars into your bank account in exchange for a small fee. If you respond to the initial offer, you may receive “official looking” documents. Typically, you’re then asked to provide blank letterhead and your bank account numbers, as well as some money to cover transaction and transfer costs and attorney’s fees. You may even be encouraged to travel to Nigeria or a border country to complete the transaction.

Sometimes, the fraudsters will produce trunks of dyed or stamped money to verify their claims. Inevitably, though, emergencies come up, requiring more of your money and delaying the “transfer” of funds to your account. In the end, there aren’t any profits for

you to share, and the scam artist has vanished with your money.

If You Receive an Offer

If you’re tempted to respond to an offer, the FTC suggests you stop and ask yourself two important questions: (1) Why would a perfect stranger pick you—also a perfect stranger—to share a fortune with? and (2) Why would you share your personal or business information, including your bank account numbers or your company letterhead, with someone you don’t know?

In addition, the U.S. State Department cautions against traveling to any destination mentioned in the letters. According to department reports, people who have responded to these “advance-fee” solicitations have been beaten, subjected to threats and extortion, and, in some cases, murdered.

If you receive an offer via email from someone claiming to need your help getting money out of Nigeria or another country, forward it to the FTC at spam@uce.gov

If you have lost money to one of these schemes, call your local Secret Service field office. Local field offices are listed in the Blue Pages of your telephone directory.

For More Information

More information about Nigerian Advance-Fee Loan scams is available from the Department of Justice (www.justiceonline.org/consum/nigerian.html), the U.S. Secret Service (www.secretservice.gov/alert419.shtml), and the U.S. Department of State (http://travel.state.gov/tips_nigeria.html or www.state.gov/www/regions/africa/naffpub.pdf).

Arkansas police arrest 2 managers over F & I practices

Two managers at a multi-franchise dealership in Arkansas were arrested this month after a three-day investigation of reports of illegal business practices at the dealership.

The men were charged with theft of property and fraud related to business at the dealership and were released from the city jail on bonds of \$150,000 and \$75,000.

Police investigated complaints that the two men were receiving used vehicles as trade-ins and not paying off the notes, selling those vehicles to new buyers with money still owed on the vehicles, and not meeting obligations with gap insurance policies and extended warranties.

The men each were charged with three counts of theft of property over \$2,500 and three counts of defrauding a secured creditor. The charge of defrauding a secured creditor results from selling property that another finance company had a lien against, without paying off that lien.

Officers executed a search warrant at the dealership for records relating to the sales of new vehicles and trade-ins. They seized several documents, including sales contracts and a partial list of the dealership’s inventory.

As news of the arrests became known in the area, “victims just started coming out of the woodwork,” a police spokesman said. There have been more than 30 complaints, the spokesman said, with more added every day.

Directory

CONTINUED FROM PAGE 1

for by Carfax, to include accident incidents as part of a vehicle’s history report. The CATA opposes the legislation. (See related story in this newsletter.)

The dealer body’s unified position on this and other important issues can be voiced through CATPAC. Funding for CATPAC comes wholly from the constituents it serves: CATA members.

Limited additional copies of the legislator directory are available.