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Latest Dealer Confidence Index edges upward

Dealers say the auto market is strong and they expect it to remain so in the near term, but their profitability is constrained by market conditions and competition, according to the latest Cox Automotive Dealer Sentiment Index, released Sept. 18.

The Sentiment Index, which is the equivalent of a consumer confidence in-

dex, shows how U.S. dealers feel about the current automotive market and prospects for the next 90 days. It also identifies which factors are most significant in driving dealers' optimism or pessimism, as well as variations by region.

Current overall sentiment scored 45 in the third quarter, which means that more dealers

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Take steps in wake of Equifax breach

Following the recent breach of Equifax security, dealerships likely are encountering customer questions about the security of their financial information, and the prospects of credit freezes and fraud alerts on credit reports.

The credit-reporting agency this month acknowledged a cybersecurity incident where criminals exploited a website application vulnerability to gain access to certain files, potentially impacting about 143 million U.S. consumers, including about 5.4 million Illinoisans.

Equifax publicly disclosed the data breach Sept. 7, saying hackers

accessed data including Social Security numbers, birth dates and addresses and, for 209,000 additional consumers, credit card numbers. According to Equifax, that announcement came nearly six weeks after it had discovered the breach.

"Given the number of people affected and the sensitive type of information exposed, dealers should understand the basics of the breach and what it means for their customers," Mark Scarpelli, chairman of the National Automobile Dealers Association, said in a statement.

"If dealership personnel do get

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CATA names new marketing director

Jim OBrill joined the Chicago Automobile Trade Association Sept. 19 as the CATA's new marketing director.

He will oversee marketing for the nation's largest auto show and serve as the primary contact for show sponsors. He also will help with association-related marketing and advertising efforts and work closely with CATA members.

"We're thrilled to have Jim join the CATA to collaborate with our established team on marketing and sponsorship

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First Look for Charity to feature Expedition, Mustang

The coming Chicago Auto Show's benevolent event will award two prize vehicles, one of which — the 2018 Ford Expedition—is vying for the next North American Truck of the Year award. A 2018 Ford Mustang also will be given away at First Look for Charity.

Semifinalists for the annual award, the most sought-after and respected honor bestowed upon auto manufacturers, were announced Sept. 15.

The award winners will be announced in January at the North American International Auto Show in January.

Tickets to First Look for Charity, at \$275 each, go on sale Oct. 1. The event benefits 18 area nonprofits.

Nation's dealers take agenda to Washington

Nearly 500 dealers and state and metro automotive trade association executives traveled to Washington, D.C., Sept. 12-13 for the National Automobile Dealers Association's annual two-day Washington Conference. The conference featured prominent speakers and a reception to mark the NADA's 100th anniversary.

First on the dealers' agenda during Hill meetings was the preservation of state vehicle licensing and franchise laws in an upcoming Senate self-driving cars bill. As Congress considers legislation to advance self-driving vehicles, any legislation must ensure that the states' traditional role of regulating motor vehicle commerce is preserved, the dealers said.

With Congress focusing on tax reform, dealers told members of Congress their tax reform priorities. Dealers stressed that overall changes to the tax code should not negatively impact small business dealerships. Dealers support a tax reform bill that includes eliminating

the estate tax, treating pass-through entities fairly, and maintaining the last in, first out inventory accounting method nicknamed LIFO. Dealers also outlined their opposition to eliminating or limiting interest deductibility and limiting advertising deductibility.

The dealers voiced their opposition to overbroad recall bills (Senate Bill 1634/House Resolution 3449) that would prohibit the sale or wholesale of any used car under open recall by a dealer. They said the bills would hurt customers by lowering their trade-in value and diminishing recall completion rates as customers turn to private sales rather than trading in their used car in at a dealer.

In the immediate aftermath of Hurricanes Harvey and Irma, attendance for the Washington Conference remained solid, and it gave the NADA an opportunity to highlight its Emergency Relief Fund which continues to provide financial assistance to dealership employees in those disaster-affected areas.

Some states pull plug on EV station costs

Faced with deadlines to increase the number of electric vehicles on the road, states are being asked to decide whether utility companies can build electric vehicle charging stations — and pass on the cost to their customers.

Building more charging stations could help alleviate “range anxiety,” the fear of running out of charge with no station in sight, and therefore stimulate sales of the clean-air-friendly cars. But in some states, officials say that letting the utility industry build more stations would force all electricity consumers to pay for a service that only a few, relatively affluent, people will use.

But this year, Michigan, Missouri and Kansas all have slapped down utilities' requests to build charging stations with customers' money.

“Let the private sector invest in the EV market, rather than have ratepayers finance the speculative venture,” the Kansas Corporation Commission ruled.

New law forces Chicago dealers to lock keys, license plates

The Chicago City Council on Sept. 13 passed legislation requiring the city's car dealers to lock up keys and license plates after business hours. Airport rental car agencies are exempt from the measure.

The new ordinance requires all keys maintained by Chicago car dealers to be “placed in a secure lock-box inside the salesroom or rental building at all times” when the facility is not open for business.

Special dealer plates issued by the Illinois secretary of state's office must be attached to vehicles by “tamper-resistant security screws” or placed in a secure lock-box inside the salesroom when the facility is closed.

The Chicago Police Department's Major Auto Theft Investigative Unit pushed for a mandate covering car dealers and rental car agencies to stop an epidemic of vehicle thefts in recent months. The new law does not address incidents of car thefts during business hours.

The rental car industry in August demanded a carve-out for airport operations “due to the volume of cars” rented and dropped off by passengers at O'Hare and Midway airports. The appeal before a city council committee was made

by attorney John Daley, son of Cook County Commissioner John Daley and nephew of former Chicago Mayor Richard M. Daley.

“The act of removing the keys and plates and giving them back to customers will hinder the experience at the airport and inconvenience customers,” Daley said.

Instead of locking up the keys and plates, airport rental car agencies will be required to hold quarterly meetings with Chicago Police to review their security plans and address police concerns.

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Candidates for employment must submit a full resume to the Editor.

Review past editions dating to 1998 or search by subject at www.cata.info/publication/bulletins.

David E. Sloan
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Chairman's Column

An update from CATA Chairman Ray Scarpelli Jr.

As dealers, most of us are acutely aware of the vital role we play within our communities, whether that's through employment, service or charitable support. We're often among the first to raise a hand to help a neighbor in need, in part because we know it's mutually beneficial for the long-term success of our communities.

However, dealers seldom receive the recognition they deserve for their efforts. The CATA offers a variety of programs that build upon the charitable efforts of its dealer members and help raise awareness.

The CATA created **Chicagoland Dealers Care** in 2008 to highlight dealers' contributions to charities and match their donation, up to \$1,500 per charity. Since the program's incep-

tion, the CATA has donated \$100,000 to charities brought forth by dealers.

In 2013, the CATA partnered with the USO of Illinois on an initiative named **Barbecue for the Troops**. The program continues to grow each year in terms of dealership events (there were 100 in 2017!) and funds raised. Since the start of the program, dealerships have raised nearly \$600,000 for local troops.

Throughout the summer-long campaign, the CATA coordinates a market-wide advertising, public relations and social media initiative in an effort to secure positive publicity for the dealers.

Additionally, since 1992, the association has raised nearly \$48 million for significant Chicago-area charities during the annual **First Look for Charity** black-tie event, held the evening before the Chicago Auto Show opens to the public.

The CATA also supports ancillary causes; for example, the association made a donation to help Illinois flood victims this past spring and gave \$30,000 to assist in the aftermath of Hurricane Harvey.

No good deed is too small. If your dealership is giving back to a local charity or cause in some way, whether it's an investment of finances or time, let the CATA know. Your charity may qualify for a match donation through the association's Chicagoland Dealers Care program.

Please also consider hosting a Barbecue for the Troops at your dealership next July. Reach out to Jennifer Morand, the CATA's Director of PR and Social Media, with questions or to learn more: (630) 424-6084 or jmorand@drivechicago.com.

*Sincerely,
Ray Scarpelli Jr.*

Unionized dealerships, technicians reach deal on 4-year pact

About 130 area dealers with unionized technicians reached a deal on a four-year contract Sept. 17, nearly seven weeks after the workers put down their tools and picked up picket signs.

Under the final deal, journeymen technicians will receive \$1 hourly increases in base pay in each of the first

three years of the contract (\$33.30/\$34.30/\$35.30), then a \$1.50 raise in the fourth year. Base pay hours increase from 34 hours under the expired contract to 35 for the first three years and 36 hours in the final year. Base pay hours can be reduced if certain metrics are not met. Also, a 60-hour productivity

bonus was established.

The deal also shortens the semi-skilled workers' apprenticeship scale from 10 years to five years.

The Lube Rack Technician position was eliminated. Semi-Skilled Technicians now start at \$13.50 an hour and increase to \$14.50 after 12 months. Sixty-cent annual

increases would follow. Part-time Express Team Technicians now start at \$10.25 an hour. To comply with any minimum wage legislation, pay would increase to minimum wage if a worker's pay is below it.

For a summary of the new collective bargaining agreement, call the CATA.

OBrill

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efforts," said David Sloan, president of the CATA and general manager of the Chicago Auto Show.

"We constantly strive to offer a supe-

rior experience to auto show attendees, exhibitors, sponsors and association members and, with Jim's strong background, we look forward to the innovative thinking and fresh ideas that he most cer-

tainly will bring to the table."

OBrill's 15-plus years of experience include everything from banking to agency work to radio promotions. Most recently, he was a senior ac-

count manager at Mosaic North America, which is a leader in producing consumer events and retail visits that help brands connect with consumers in non-traditional ways. Previously, he

was a sales promotion manager for Hubbard Broadcasting, which owns 43 radio stations, including WDRV-FM in Chicago.

OBrill can be reached at (630) 424-6085.

FTC revises fuel economy advertising guide

The Federal Trade Commission's latest Guide Concerning Fuel Economy Advertising for New Automobiles, which takes effect Oct. 19, governs fuel economy advertising for new light-duty automobiles required to have fuel economy labels.

The revised Guide reflects changes made in 2011 by the Environmental Protection Agency and the National Highway Traffic Safety Administration to their labelling mandates and guidance once provided in a separate FTC Alternate Fuel Labelling Guide. That

labeling guide was withdrawn in 2013.

According to the revised Guide, "it is deceptive to misrepresent, directly or by implication, the fuel economy or driving range of an automobile and makes suggestions as to how to advertise fuel economy information without being deceptive."

The NADA will issue an updated version of its Driven guide on fuel economy advertising. Until then, direct questions to NADA Regulatory Affairs at regulatoryaffairs@nada.org or (703) 821-7040.

Equifax

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questions," he added, "it is important to first explain that the reported breach occurred at Equifax, and does not involve the dealership, data stored at the dealership, or dealership processes."

Scarpelli said dealers should review guidance provided by the Federal Trade Commission regarding the Equifax matter. The guidance can help F&I personnel who spot a fraud alert or encounter a frozen credit report.

What if dealership personnel do see a fraud alert or encounter a "frozen" credit report? Dealership personnel should review the FTC document entitled *Fraud alerts vs. credit freezes: FTC FAQs* that provides further information about fraud alerts and credit freezes.

Basically, if a customer's credit is "frozen" then that customer's credit report generally cannot be viewed until the customer takes steps to "unfreeze" their credit. They will be assigned a PIN they must use (and may forget),

and it may include a fee that the customer must pay (both to place, and to temporarily "lift" the freeze), and could include a lead time that could affect a financing transaction. If there is a fraud alert on the credit report, then the dealership must take certain additional steps to verify the identity of the applicant (generally calling a phone number that the consumer provided at the time they placed the fraud alert and speaking with the consumer) before the credit process can be finalized.

Dealers and their employees should be aware that there already are scammers trying to take further advantage of the Equifax breach by calling consumers and trying to obtain personal information through false pretenses.

The situation provides a good reminder for dealers to revisit their Red Flags program to ensure that they are taking the required steps to detect and prevent scammers from opening a line of credit using someone else's information.

tory, especially for independent dealers, are the factors that drive dealers to be less positive about the current market.

Dealers were more positive about the coming three months. The index score of 52 indicates more dealers expected conditions to be strong in the future, compared to those who think conditions will be weak.

Patent filings point to car industry's future

Pressured to keep up with Silicon Valley companies working on autonomous-car technology and ride sharing, automakers have sharply boosted their U.S. patent filings over the past five years.

In 2016, 10 of the world's largest car makers submitted 9,700 patent applications, up 110 percent from 2012, according to consulting firm Oliver Wyman.

"The pressure is on us to invent before the Valley does," said Bill Coughlin, chief executive of Ford Global Technologies, which handles Ford's patent and copyrights. "The last thing we want is to be a fast follower."

A growing number of filings seem straight out of science fiction, covering inventions intended to help people pay less attention to the road when they drive — or while they aren't actually driving at all.

Ford seeks a patent for a drone system that would locate passengers who call a self-driving robo-taxi, while another Ford filing, envisioning self-driving cars with conference-room-style seating, seeks to patent a special air bag that will fit into a center table to protect the occupants facing it.

For its part, BMW wants to patent a system that would allow an autonomous vehicle to communicate with pedestrians or human drivers in other vehicles, through visual signs, beeps or even speech.

Hyundai, meanwhile, seeks to protect a device that would allow a driver to exit from the car and then push a button to park it. Toyota is looking to patent a technology that makes certain car parts, such as door pillars, appear to be see-through.

Patent holders have exclusive rights on an invention for as long as two decades after the grant date, an important weapon for vehicle companies looking for a technological edge in an evolving industry.

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ers felt that market conditions were currently weak relative to those who felt that market conditions were strong.

Pricing pressure, increasing costs of doing business, declining profits, slow customer traffic and a lack of inven-