



New campaign alerts dealers about SBA loans

A new Motor Vehicle Dealer Loan Guaranty Campaign has been launched to inform small new-car and -truck dealers about their eligibility for guaranteed loans from the Small Business Administration.

The campaign, organized by the SBA with the National Automobile Dealers Association and the National Association of Minority Automobile Dealers, tries to educate dealerships with total annual receipts of less than \$29 million about their eligibility for SBA 7(a) guaranteed loans.

Small dealers who have been affected by recent economic conditions may benefit from the program. The SBA guarantees loans made by local lenders for small business ap-

plicants who cannot obtain credit on a conventional basis. Loan eligibility does not mean automatic application approval.

The SBA indicated loan proceeds can be used for any “worthwhile purpose,” including working capital and the refinancing of existing debts, but not for inventory floor planning.

Questions about the program can be directed to the NADA Hotline, 888-672-5147, 7:30 a.m. to 3:30 p.m. CST, Monday through Friday. Callers should indicate that they are seeking assistance in applying for or obtaining an SBA-guaranteed loan.

Note: The NADA will not be able to answer questions on specific loan applications.

New FMLA amendments effective Jan. 16

Certain changes to the Family and Medical Leave Act (FMLA) took effect Jan. 16. The FMLA requires covered dealers to provide eligible employees up to 12 weeks of unpaid leave within a 12-month period for a variety of reasons.

For the first time, the FMLA gives job-protected leave rights to employees, in certain circumstances, to care for family who serve or served in the armed forces. Other changes include:

- Employees who claim “chronic” illness must visit a health care provider twice a year, and those who claim incapacity must visit a health care provider twice within 30 days of the incapacity.
- Employees who seek intermit-

tent leave must try to schedule their leave so as not to disrupt the employer’s operations. Generally, employees must give at least 30 days’ notice for foreseeable leave.

- Although health care providers may not disclose employee health information without the employee’s consent, dealers may use an employee’s refusal to provide permission as a basis for questioning certification. When a serious health condition exists for more than a year, dealers may require annual medical certification.

The final rule also contains new requirements governing holidays, bonuses, and employer notification requirements. Dealers with 50 or more employees are covered by the FMLA

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CATA’s HQ to close Feb. 5-22 for auto show

The Chicago Automobile Trade Association building in Oakbrook Terrace will close Feb. 5 and reopen Feb. 23. The CATA staff moves temporarily to McCormick Place to produce the 2009 Chicago Auto Show.

Because the CATA building will be closed, association members must make a few adjustments:

- Make sure to order any forms provided free by the CATA—odometer statements, used-car buyer’s guides, used-car limited warranty statements—by Feb. 2 to ensure the orders can be processed by Feb. 4.
- Use of meeting rooms at the CATA is suspended Feb. 5-20.

Calls during the period to the CATA’s main office phone, 630-495-2282, will automatically be forwarded to CATA staff at McCormick Place.

With fewer sales, salespeople sue when wages dip below minimum

Fourteen current and former car salespeople are suing a Florida dealer, claiming their hourly income often fell below the state's minimum wage after automobile sales hit the skids. The dealership president said it has done nothing wrong.

But some employment lawyers anticipate more salespeople who work on commission will be filing lawsuits over pay issues such as minimum-wage violations as layoffs climb in the faltering economy. Generally, lawyers say, such claims aren't filed until after a worker loses his job.

At the Florida dealership, salespeople are paid only commissions. They are eligible to receive a "draw," in essence

a loan against future commissions. The draw equals 40 hours at Florida's \$7.21 minimum hourly wage, according to the lawsuit. The Illinois minimum wage is \$7.75; the federal minimum wage is \$6.55 an hour.

The dealership salespeople claim they routinely worked 55 to 65 hours a week, but only got a draw based on 40 hours of work. Plus, they allege, some of them weren't earning a commission because they weren't selling any cars.

"With the economy being what it is now and with people not buying stuff, when you tell a commissioned salesperson that they are only going to get paid what they sell, you need to ensure that they are being paid at least mini-

mum wage," says William Amlong, the Fort Lauderdale lawyer representing the salespeople.

The employees also made claims for overtime pay in their original complaint, but dealerships aren't required to pay overtime to salesmen under federal law.

\$1.84 an hour

During one pay period last summer, one of the plaintiffs said his hourly pay worked out to \$1.84 an hour because he earned only \$239 despite working 130 hours.

His income shrank not only as a result of the decline in sales, he says, but because of a reduced commission structure and more salespeople competing for fewer customers.

Phony directories, yellow pages among top scams, BBB reports

Phony directories or yellow page scams, which usually target small- to medium-sized businesses, were reported by the Better Business Bureau of Chicago as among the area's top scams of 2008.

The scam manifests itself with solicitors calling businesses and seeking to verify the company's name and physical location; and allegedly calling to "renew" or "re-enroll" an existent yellow pages listing or advertisement. Many companies or their employees are misled into accepting the alleged "renewals."

The BBB of Chicago and Northern Illinois recommends three easy-to-remember general rules to avoid being a victim of a scam: Don't pay upfront fees for promised services; always confirm who is asking for personal or financial information; and, if it sounds too good to be true, it probably is.

Other "Top 10" scams of 2008:

- Check scams
- Advance fee lenders
- Mortgage Foreclosure Rescue scams
- Illegitimate credit repair & debt negotiation services
- Work at home and fraudulent employment opportunities
- Phishing and fake e-cards
- Mystery/secret shopping scam
- Grant & government job finding entities
- Deceptive weight loss products advertising

FMLA

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and must post the revised mandatory FMLA poster in the workplace, where it can be read by employees. The revised poster can be downloaded from the CATA Web site.

On the home page of <http://cata.drivechicago.com>, a tan bar runs across the top of the screen, listing various categories. Click on the rightmost category, Resources, and follow the drop-down menu to Workplace Posters.

The National Automobile Dealers Association has more FMLA information, including how to determine employer coverage and employee eligibility, in a publication, "A Dealer Guide to the Family and Medical Leave Act." The publication will be updated later this year to reflect the new changes. Questions can be directed to the NADA's regulatory affairs department, at 703-821-7040 or regulatoryaffairs@nada.org.

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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

Debunking myths surrounding domestic auto industry

By TOM EISBRENNER

Our office, our families and our entire state of Michigan have been glued to the news the past few weeks watching the auto bridge loan saga unfold. It's clear the domestic industry has done a poor job reaching out to Washington and the rest of the country for too many years. But I cringe with nearly every article or newscast I see that talks about the auto bailouts. (Point No. 1: It's a loan, not a bailout.)

So, I am on a bit of a crusade to set the record straight wherever possible. Much of this information comes from the Detroit Free Press, theengineofdemocracy.com and industry sources.

Myth 1: Nobody buys the vehicles of the Big 3

Yes, Toyota overtook GM for the first time in 2008 in annual U.S. sales. But there are more than 40 car-producing companies globally, and three companies—Ford, GM and Chrysler—account for more than half of market share of the cars sold around the world. Somebody's buying their vehicles.

Myth 2: Their cars are built poorly

Reality: The creaky, leaky vehicles of the 1980s and '90s are long gone. Consumer Reports recently found that "Ford's reliability is now on par with good Japanese automakers." The independent J.D. Power Initial Quality Study scored Buick, Cadillac, Chevrolet, Ford, GMC, Mercury, Pontiac and Lincoln brands' overall quality as high as or higher than that of Acura, Audi, BMW, Honda, Nissan, Scion, Volkswagen and Volvo.

J.D. Power rated the Chevrolet Malibu the highest-quality midsize sedan. Both the Malibu and Ford Fusion scored better than the Honda Accord and Toyota Camry. The 2008 Chevy Silverado earned the highest ranking in the Large Truck category; the Dodge Dakota and Ford Ranger were Nos. 1 and 2 for Midsize Pickup initial quality.

The 2008 North American Car of the Year was the Chevy Malibu; in 2007, it was the Saturn Aura, and the Truck of the Year was the Chevy Silverado.

Myth 3: They build gas-guzzlers

Reality: All of the Detroit Three build midsize sedans that the Environmental Protection Agency rates at 29-33 miles per gallon on the highway. The most fuel-efficient Chevrolet Malibu gets 33 mpg on the highway, 2 mpg better than the best Honda Accord. The most fuel-efficient Ford Focus has the same highway fuel economy ratings as the most efficient Toyota Corolla. The most fuel-efficient Chevrolet Cobalt has the same city fuel economy and better highway fuel economy than the most efficient non-hybrid Honda Civic.

And consider this: GM has two times as many models that get 30 mpg or better than its nearest competitor.

Myth 4: GM, Ford and Chrysler are idiots for investing in pickups and SUVs

Reality: The domestics' lineup has been truck-heavy, but Toyota, Nissan, Mercedes-Benz and BMW have spent billions of dollars on pickups and SUVs because trucks are a large and historically profitable part of the auto industry.

And the most fuel-efficient full-size pickups from GM, Ford and Chrysler all have higher EPA fuel-economy ratings than the full-size pickups of Toyota and Nissan.

Myth 5: Their workers are lazy and overpaid

Reality: Chrysler tied Toyota as the most productive automaker in North America in 2008, according to the Harbour Report on manufacturing, which measures the amount of work done per employee. Eight of the 10 most productive vehicle assembly plants in North America belong to Chrysler, Ford or GM. And GM has more plants today leading their respective segments in productivity than any other competitor, foreign or domestic.

The oft-cited \$70-an-hour wage and benefit figure for UAW workers inaccurately adds benefits that millions of retirees get to the pay of current workers, but divides the total only by current employees. That's like assuming you get your parents' retirement and Social Security benefits in addition to your own income.

Hourly pay for assembly line workers maxes out at \$28; benefits add about \$14. New hires at the Detroit Three get \$14 an hour. There's no pension or health care when they retire, but benefits raise their total hourly compensation to \$29 while they're working. UAW wages are comparable with Toyota workers, according to a Free Press analysis. Overall, labor is about 10 percent of the cost to produce a vehicle. "Labor" is not the real cause of the current state of the industry; the economy is.

Myth 6: The Big Three are dinosaurs and have done nothing to improve their bottom lines

Reality: Ford was profitable in the first quarter of 2008 before the economic crisis began. The company has been working for two years on improving its balance sheet through aggressive restructuring while accelerating the development of safe, fuel-efficient and high quality products.

GM has reduced structural costs in North America by \$9 billion since 2005; eliminated raises and bonuses for executives and salaried employees; and aggressively addressed its manufacturing footprint, shifting from trucks and SUVs to smaller cars and crossovers.

Daimler-Benz bought Chrysler in the late '90s, stripped it down like an abandoned car, and spit it back out. Its new owner, Cerberus, is acting fast to improve its foundation, but the economic downturn could not have come at a worse time for this company.

The author is president of a public relations firm in Troy, Mich.

Franchised New-Car Dealers in the 8-county CATA area as of 1 January 2009

Car Line	Chicago only Ill.	Rest of Cook Cty. Ill.	Lake Cnty. Ill.	DuPage Cnty. Ill.	McHenry Cnty. Ill.	Kane Cnty. Ill.	Will Cnty. Ill.	Lake Cnty. Ind.	Porter Cnty. Ind.	Total [prior] 7/1/2008	Total [present] 1/1/2009
Acura	0	4	2	3	0	0	0	0	0	9	9
Aston Martin	0	0	1	0	0	0	0	0	0	1	1
Audi	1	3	1	2	0	0	0	1	0	8	8
Bentley	0	1	0	1	0	0	0	0	0	2	2
BMW	1	4	1	3	1	0	0	1	0	11	11
Bugatti	1	0	0	0	0	0	0	0	0	1	1
Buick	3	10	4	5	4	1	3	2	2	37	34
Cadillac	1	7	2	2	1	1	1	2	0	17	17
Chevrolet	5	19	7	9	4	6	7	5	2	67	64
Chrysler	5	13	5	4	4	3	3	4	2	44	43
Dodge	4	14	4	4	3	3	3	4	2	44	41
Ferrari	0	0	1	1	0	0	0	0	0	2	2
Ford	3	15	7	7	3	4	5	4	2	54	50
GMC	2	10	2	4	3	1	2	2	2	29	28
Honda	4	10	3	2	1	2	1	2	0	25	25
Hummer	0	2	1	1	0	0	0	1	0	5	5
Hyundai	2	9	3	3	1	1	1	2	0	23	22
Infiniti	1	4	1	1	0	0	0	0	0	7	7
Isuzu	0	5	0	0	1	0	1	0	0	5	7
Jaguar	1	3	1	2	0	0	0	1	0	8	8
Jeep	5	12	4	3	3	3	3	3	2	39	38
Kia	2	4	3	4	1	0	1	2	0	18	17
Lamborghini	1	0	0	1	0	0	0	0	0	2	2
Land Rover	1	3	1	2	0	0	0	0	0	7	7
Lexus	1	4	1	2	0	0	0	1	0	9	9
Lincoln	1	8	5	3	1	2	2	1	1	26	24
Lotus	0	0	0	1	0	0	0	0	0	1	1
Maserati	0	0	1	1	0	0	0	0	0	2	2
Maybach	0	3	1	0	0	0	0	0	0	5	4
Mazda	0	7	3	3	1	0	1	1	1	17	17
Mercedes	1	5	1	2	0	1	0	1	0	11	11
Mercury	1	8	6	3	2	2	2	1	2	30	27
Mini	0	1	1	1	0	0	0	0	0	3	3
Mitsubishi	0	6	1	3	0	0	2	1	0	14	13
Nissan	2	12	3	4	1	1	1	2	1	27	27
Panoz	0	0	1	1	0	0	0	0	0	2	2
Pontiac	3	10	3	4	3	1	2	3	2	34	31
Porsche	0	3	1	1	0	0	0	0	0	5	5
Rolls-Royce	0	1	0	0	0	0	0	0	0	1	1
Saab	1	3	2	2	0	0	0	1	0	9	9
Saturn	0	6	2	3	1	2	1	1	0	15	16
Scion	4	11	3	4	1	1	1	2	1	28	28
smart	0	1	1	0	0	0	0	0	0	2	2
Subaru	1	5	2	2	1	1	1	1	1	14	15
Suzuki	0	4	3	2	0	0	1	1	0	12	12
Toyota	4	11	3	4	1	1	1	2	1	28	28
Volkswagen	2	7	3	4	1	0	1	1	0	20	20
Volvo	1	3	2	1	0	0	0	1	0	10	10
# of Car lines	65	271	103	115	43	37	47	57	24	790	762
# of Outlets	37	172	61	83	22	26	28	37	12	508	478

NOTE: The difference between car line and outlet figures is the result of outlets that handle more than one car line.