Upcoming DealersEdge Webinars

The Chicago Automobile Trade Association has established a partnership with DealersEdge to provide high-quality training and informational Webinars that offer the content to CATA member dealers at a significantly discounted rate.

The rate for CATA members for the weekly presentations is $149, half what is charged to users who do not subscribe to DealersEdge. Webinars premiere on a near-weekly basis.

Even for dealers who hold an annual membership with DealersEdge, the new relationship with the CATA represents a savings because DealersEdge offers its Webinars to its own members for $198. Regular annual membership fees are $397, and normal Webinar fees are $298 for non-DealersEdge members.

Once purchased, DealersEdge Webinars and accompanying PDF files can be downloaded and viewed later—and repeatedly. No matter how many people watch at your location, each connection costs a CATA member just $149. The fee includes both PowerPoint slides and audio; a telephone connection is not needed.

To register for any of the DealersEdge Webinars, go to www.cata.info. On the tan bar across the top of the screen, click on Education/Careers and follow the dropdown menu to CATA-DealersEdge Webinars.

Coming topics:

Thursday, Jan. 6 at 12 p.m. CST

“Dealership Internet Online Reputation Update Developing and Protecting Your Online Rep: A Practical ‘How To’ Guide” In today’s hypersonic speed of information-sharing, unhappy customers do not have to spend a lot of money or even time to grab a megaphone

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2011 Illinois DOC fee maximum is $156.08

The maximum amount that Illinois dealers can charge in 2011 for documentary preparation fees is $156.08, the Illinois attorney general’s office announced Dec. 15.

The $1.70 increase over the 2010 maximum fee reflects a 1.1 percent rise in the federal Consumer Price Index for the 12-month period ending Nov. 30. The index is tracked by the U.S. Department of Labor. As always, the DOC fee is taxable and must be substantiated upon request by the attorney general’s office.

The CATA is developing a poster about the DOC fee that dealer members can display. On the poster, the DOC fee amount is left blank for dealers to fill in; any amount up to the maximum allowed may be charged, but all customers should be charged the same amount. Systematically charging one group but not another—all males but no females, for instance—could bring charges of profiling.

Two copies of the poster will be mailed to dealers this month. IMPORTANT: The new maximum fee cannot be charged before Jan. 1.

Good things come in 3s?

New regulations take effect Jan. 1

Dealers face a regulatory triple-whammy Jan. 1, when new rules take effect concerning Privacy Notices, Risk-Based Pricing, and... wait for it... the Red Flags Rule. Implementation of the latter has been delayed several times since 2008.

Privacy Notices
The issuance of a privacy notice has been required since 2001, under the FTC
Mileage measurements sure to puzzle electric-car shoppers

According to the government, the car with the highest mileage per gallon on the market doesn’t use a single drop of gasoline.

The 2011 Nissan Leaf, which was delivered to its first owners this month, runs entirely on battery. But the Environmental Protection Agency says it can travel 99 miles on the equivalent of a single gallon of fuel.

The mileage-equivalent ratings, meant to help potential buyers compare electric cars with others in their class, are befuddling some consumers who see them as an automotive example of comparing apples and oranges.

The EPA isn’t the only entity comparing the clean-fuel cars with autos that have traditional internal combustion engines. Their ratings, which will be posted on car windows, may end up sharing space with stickers from the Federal Trade Commission and the automakers themselves.

“It’s a whole new world that needs to be rated,” Nissan spokeswoman Jeanine Ginivan said. “It is, for sure, complicated, since there is really no gallon.

For now, the consumer is going to have to decipher everything and see how to make it work for them.”

The Leaf will be sold with a sticker saying that it can reach up to 106 mpg in the city. The previous record-holder, the Toyota Prius hybrid, was rated at 51 mpg in urban settings.

The Leaf score is straightforward compared with the one given to the 2011 Chevrolet Volt, a hybrid plug-in that switches to gasoline when its electricity supply runs out. The Volt doesn’t have an overall rating.

Webinars
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and start to convince your customers to go elsewhere. But this negative PR machine can be managed from your desk or, more specifically, from your laptop. Learn strategies and tactics to blunt negative reviews and proactively build your online reputation. You can fight back when unfair reviews are posted online, but you can also use these opportunities to demonstrate and show off your customer satisfaction halo as well.

Thursday, Jan. 13 at 12 p.m. CST

“New ways to manage and motivate in Service & Parts” Using creative pay plans to help manage, motivate and measure the professional performance of dealership employees is nothing new. But there are new ideas on how to use this basic motivational tool more effectively. Review new ideas in compensation plans for your key service and parts employees. Is there a new application of the “flat rate” pay system for techs? What about service advisers- can your dealership use the adviser’s pay plan to get the desired results on the service drive? How can you use pay plans to motivate performance and profits in parts? Visit with us on January 16th and pick up some new pay plan idea for fixed ops.

Thursday, Jan. 20 at 12 p.m. CST

“Social Media in the Dealership: Developing Employee Policies” Are social media a great marketing tool or a gigantic time-waster? Ever since Bell invented the telephone, new communication devices and systems have been troublesome for business owners and managers trying to maximize the valid business uses of these tools and minimize the temptation of employees to misuse and abuse them. Phones, fax machines, the Internet, and now Social Media: all have brought new capabilities to grow your business, but also have created employee challenges.

Dealers in their Communities

Martin Bredemann, a partner in the Bredemann Lexus, Ford, Chevrolet and Toyota dealerships in Glenview and Park Ridge, was named the 2010 recipient of the Compassion in Action Award, bestowed by Catholic Charities of the Archdiocese of Chicago.

Bredemann has served on the organization’s board of advisors since 2004 and has helped oversee its participation in First Look for Charity since the group joined the Chicago Auto Show’s benevolent event in 2005. He also supports other facets of the archdiocese such as the Lumen Cordium Society and the Respect Life Office.

“Martin generously shares his time, talent and treasure in works of compassion for the people who are served by Catholic Charities of the Archdiocese of Chicago,” the organization said in a statement.

Editor’s note: This new, recurring component of the newsletter highlights the many activities dealers and their employees engage in to better their communities. Submissions welcome by the Editor at dealermail@cata.info.
Regulations

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Privacy Rule. A revised Model Privacy Notice affords dealers safe harbor protection, but only if they use the new model notice.

As a result, there is little reason for dealers not to adopt the new Model Privacy Notice as the template for their privacy notices. The model might not adequately address every dealer's information-sharing practices, so the disclosures must be adjusted accordingly.

But a dealership would quickly lose its safe harbor protection if, in any redesign, the typeface is different or larger, any language or the tabular format is changed, or even if the amount of white space on the page—an aspect of readability—is changed.

There are three Model Privacy Notice forms. The first does not provide an opt-out. The second provides an opt-out by telephone and Internet, and the third provides an opt-out with a mail-in form. Instructions on when to use each is online at http://www.federalreserve.gov/bankinforeg/privacy_notice_instructions.pdf

Each Model Privacy Notice form consists of two pages and may be printed either on two separate sheets of paper or on both sides of a single sheet. The notice may extend to a third page if there is a long list of affiliates or additional information that must be disclosed and which exceeds the space available on Page 2.

There are five parts to the first page: (i) The title, (ii) an introductory section called the “key frame,” which provides context, (iii) a disclosure table that describes the types of sharing used by dealers, which types of sharing the dealer actually does, and whether the consumer can limit or opt-out of any of the dealer's sharing, (iv) a box titled “To limit our sharing” (if the dealer offers an opt-out), and (v) the dealer's customer service contact information. The dealer will also identify on the first page, the last date the notice was revised. If an opt-out is offered, the opt-out form is included on the first page.

Page 2 consists of: (i) A heading, (ii) certain frequently asked questions (“Who are we?” and “What do we do?”), (iii) key definitions, and (iv) a section entitled “Other Important Information,” where required state disclosures or an optional acknowledgment of receipt form can be provided.

The Model Privacy Notice must be printed in an easily readable type font and, except where specifically provided, must be in at least 10-point type. Dealers may include their logo on any of the pages so long as it does not interfere with the readability of the notice or the space constraints of each page.

Risk-Based Pricing

The new Risk-Based Pricing Rule is the latest duty mandated by the Fair and Accurate Credit Transactions Act of 2003. Dealers must give the notice to all consumers who apply for and receive credit on less favorable terms, putting their credit score in perspective and explaining how it negatively impacts the rate they are receiving. Consumers must get the notice if they receive credit on terms that are materially less favorable than the terms received by a substantial proportion of other credit customers.

The RBP Notice must be provided by any business that (a) obtains a credit report or (b) extends a credit report. Dealers who obtain a credit report and are the initial creditor in three-party financing transactions are engaged in Risk-Based Pricing.

This is meant to “complement” the Fair Credit Reporting Act’s adverse action notice requirement, which requires creditors who deny a consumer’s credit application based in whole or part on information in a credit report to provide information about credit reports to those consumers.

Because of the difficulty in determining which customers fit into this ill-defined category, the agencies adopted an Exception Notice that dealers and other creditors may issue in lieu of the RBPN. The criteria for using the Exception Notice and other elements of the Risk-Based Pricing Rule and associated model forms are in the 202-page final rule, posted on the FTC Web site at www.ftc.gov/os/2009/12/R411009riskbasedpricingfrn.pdf.

Red Flags Rule

After a number of false starts, the FTC vows that Jan. 1 will be the day compliance enforcement begins for the Red Flags Rule. Auditors will want to see every dealership’s Identity Theft Prevention Program, which must be approved by the dealership’s board or appropriate board committee. If the dealership does not have a board, a senior management employee must approve the ITTP.

The Red Flags Rule is the FTC’s follow-up to the 2003 “Safeguards Rule.” The Safeguards Rule forces dealers to protect the sensitive information collected from customers, so that identity theft cannot be committed. The Red Flags Rule examines the other side of the coin: If a dealer encounters an ID thief, take steps to halt any transaction.

The Rule forces “financial institutions” and “creditors” to comply with the Rule. Dealerships are swept up in the matter because the FTC defines dealers as creditors.

In summary, if a dealer can’t form a reasonable belief under his ITTP that a credit report relates to the customer before him, the transaction must be aborted. Full details about the 256-page Rule are on the FTC’s Web site, www.ftc.gov.

All programs must have six distinct elements:

Policy A formal, written program that is signed by the officer of the corporation;

Training for employees—hands-on and continuous;

Detection and Prevention during transaction process;
Jan. 11 seminar will examine legal issues

Don’t miss a free presentation Jan. 11 at the CATA on two topics by attorneys from Barnes & Thornburg LLP, a CATA allied member. The topics are “Protection from Theft of Customer Lists, Leads and Business Information” and “Indemnification in Warranty Litigation.”

Dealers can learn practical steps to protect their business’s customer lists, Internet leads and other valuable information while facing a highly mobile employee workforce, and how to create the best chance to recover such information after it has been stolen.

Barnes & Thornburg also will review practical tips for preserving indemnification and defeating claims in breach of warranty cases, such as drawing the line between responsibility for defective parts and “bad” repairs; and helpful disclaimers in purchase order forms of the implied warranty of merchantability and consequential damages.

To attend, complete the registration form, found on the home page of the CATA Web site, www.cata.info; or call the association office at (630) 495-2282.

2011 fuel economy guide available online

The U.S. Department of Energy and the Environmental Protection Agency have released the 2011 Fuel Economy Guide. The guide provides detailed fuel economy numbers for MY 2011 light-duty vehicles, along with estimated annual fuel costs and other information for prospective purchasers.

The EPA requires dealers to display a copy of the guide and provide copies to customers upon request.

There are two ways dealers can comply:
- Download the guide, save it and print it as necessary. A link to the guide is part of the Latest News section on the home page of the CATA Web site, www.cata.info.
- Order hard copies of the guide by calling the DOE’s Information Center at (877) 337-3463 from 8-6 p.m. CST.

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The office of the Chicago Automobile Trade Association will be closed Friday, Dec. 31 to mark the New Year holiday.

The CATA officers, directors and staff wish all our members a happy and prosperous New Year!