



CONNECTICUT AUTOMOTIVE RETAILERS ASSOCIATION

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OCTOBER 2009

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ATTACHMENTS:

- A. 2009 Dealer Symposium, Trade Exhibit & Charity Gala

ROUTE:

GENERAL MANAGER _____	SALES MANAGER _____
BUSINESS MANAGER _____	NEW CAR MANAGER _____
SERVICE MANAGER _____	USED CAR MANAGER _____
F & I MANAGER _____	PARTS MANAGER _____
TITLE CLERK _____	OTHER _____

Helpful Tips For Flu Season

The U.S. Center for Disease Control and Prevention recently issued guidance for employers to combat the spread of seasonal and H1N1 flu in the workplace:

Notable points include:

- Sick persons should stay home
- Sick employees at work should be sent home
- Cover coughs & sneezes and wash hands frequently
- Clean surfaces and items that are more likely to have frequent contact
- Encourage employees to get vaccinated
- Prepare for increased numbers of employee absences

To view the full guidance – go to www.cdc.gov/h1n1flu/business/guidance

**1.
2009 DEALER
SYMPOSIUM,
TRADE EXHIBIT
AND VIP PREVIEW
GALA**

A Message from CAR President, Jim Fleming:

The Connecticut International Auto Show is scheduled to commence on November 5th with a Dealer Symposium, Trade Exhibit and Charity Night recognition event. The show will officially open up to the public on November 6th and run through Sunday November 8th. This year we were fortunate to have maintained a full representation of all the major brands on the floor by working with the manufactures and directly with dealers. A special feature of this years show is the presence of the US Army #39 NASCAR, TFFT 60,000 pound fire-fighting vehicle, armored Hummer and several army displays including a 30 foot climbing wall!

We have also put together quite an informative and educational program for our 2009 Dealer Symposium. Attached please find information on this year's program for your review (**ATTACHMENT A**). I feel we have been able to provide our members with an exceptional slate of seminars and speakers and with such a low fee for attendance to the entire event the value is unmistakable!

The Trade Exhibit has participants displaying what's new and exciting from aftermarket products to captive video marketing tools to dealership infrastructure! We are excited to have representatives from the Connecticut Departments of Consumer Protection, Labor and Motor Vehicles in attendance to answer your questions and concerns regarding advertising and lemon law issues, labor and wage issues, disputes, complaints and procedures as well as motor vehicle registrations, titles, branches and dealer & repairer matters.

In addition, we have a very special event this year involving all our members and the US Army. Two U.S Army Major Generals are flying in from the Pentagon; one is stopping here en-route to Afghanistan, to sign an agreement with the CAR Association on behalf of all the new car dealers in Connecticut. This agreement is an Employer Partnership with the United States Army. It is the first of its kind in the nation between a major trade association and the US military. On Thursday night we all have an opportunity to do something historic and truly wonderful. We have the chance to work with our soldiers . . . some returning from the war overseas, some in the military fire service and some working in support roles here in the United States, all men and women working on the front line of freedom. Without them our way of life and standard of living . . . our quality of life . . . would be very different. The agreement that we will sign offers our soldiers an opportunity to interview for positions in our businesses, it will also offer us the opportunity to have access to smart, talented, disciplined and dedicated employees . . . who have proven themselves in so many ways as part of the United States Military, work in our small businesses. So it is with a feeling of honor and pride that I urge you all to attend this signing ceremony with the United States Army Reserve.

The media is picking up on this aspect of the show and you should be part of this event and help us let the public know about the good work auto retailers are doing every day in our communities as well as with this new initiative to support our troops. I have several radio and TV interviews scheduled already with NBC, CBS, ABC and FOX and several major radio stations. Ray Dunaway of WTIC radio has agreed to MC the formal speaking and presentation events beginning at 6:00 PM Nov 5th. Don't miss this opportunity to show your support!

**2.
RED FLAGS RULE
ENFORCEMENT
DEADLINE IS
NOVEMBER 1**

CAR reminds dealers that the Red Flags Rule enforcement deadline is November 1, 2009. The Federal Trade Commission (FTC) requires all financial institutions, which include auto dealerships, to develop and implement written Identity Theft Prevention Plans (ITPP).

The Red Flags Rule has been in effect for all government agencies since November 1, 2008. The November 1, 2009 date is simply the date by which the FTC will begin enforcement.

For more information about the Red Flags Rule, visit www.ftc.gov/redflagsrule.

**3.
TALF OPENS TO
FLOORPLAN
SECURITIZATIONS**

In its ongoing efforts to help expand the availability of floorplan financing for franchised dealers, NADA announced three floorplan finance sources for franchised dealers – Ford Motor Credit, BMW Financial Services and world Omni Financial Corporation. These companies will receive \$2.3 billion in Troubles Asset-Backed Loan Facility (TALF) funds to support their floorplan lending operations. Below is a summary of this development:

- The reduced amount of floorplan financing for dealers in the last year stems, in part, from the inability of floorplan finance sources to secure an ongoing supply of affordable funds;
- Under normal market conditions, many floorplan finance sources (particularly non-depository institutions) rely on the securitization market to provide funds for their floorplan operations.
- The securitization process involves finance sources bundling their floorplan lines of credit and selling them as securitized bond to private investors. The payments finance sources receive from the private investors provide them with the cash needed to continue their floorplan operations.
- With the onset of the credit crisis last year, the securitization market ground to a halt and cut off this critically important source of funds. In response, the Federal Reserves Board (FRB) announced in November 2008 the creation of TALF, which seeks to get investors to begin purchasing securitized bonds (a/k/a asset-backed securities or ABS), again providing them with low cost, non-recourse loans.
- Following meetings with NADA and other industry organizations, the FRB agreed to include auto retail, lease and floorplan ABS in the new lending facility
- Although TALF had been successful in reopening the securitization market for retail credit (TALF has funded over \$38 billion in auto retail ABS since March 2009), it did not reopen the market for auto floorplan securitizations. This is due to TALF's requirement that securitized bonds be AAA rated and the credit agencies' unwillingness

**FLOORPLAN
CONTINUEUD . . .**

to provide this rating to floorplan securitizations in the midst of the industry restructuring.

- To address this situation, NADA coordinated with several industry representatives and met on numerous occasions with the FRB, the Federal Reserve Bank of New York (which administers TALF), the U.S. Treasury Department and the credit rating agencies. During these meetings, NADA explained, in detail, a variety of factors that demonstrate the strength of auto floorplan collateral in today's marketplace (which is a significant factor in determining the appropriate rating fro floorplan ABS). These efforts helped the rating agencies provide the required AAA ratings for the transactions.

Although this neither creates a new financial source to which dealers can submit floorplan applications nor independently restores floorplan lending to the level it was at before the credit crisis, it is a big step forward in obtaining more favorable lending conditions for franchised dealers. NADA continues to work on expanding credit capacity for dealers through both the securitization market and by working with the Small Business Administration to enhance its 7(a) floorplan.

**4.
NHTSA VISITING
DEALERS ON
CLUNKERS DEALS**

The National Highway Traffic Safety Administration (NHTSA) have been visiting dealers to determine whether or not they complied with all program requirements. In the event your dealership is visited, following is a list of paperwork NHTSA may ask for:

1. NHTSA agents will check your dealer jacket for
 - NHTSA's completed summary of Sale/Lease & Certification Form
 - Side-by-Side Fuel Economy Comparison
 - A Signed Buyer's Order/Invoice
2. NHTSA is also checking compliance with disablement procedures
 - Were engines disabled within 7 calendar days of receipt of payment?
 - Did you attach a "label" with the required statement to the engine?

Penalty For Non-Compliance

The ARS program has a built-in penalty of \$15,000 per violation. If your dealership completed a CARS deal knowing the clunker did not qualify, your dealership could be fined. Furthermore, by completing the certifications on the Summary of Sale/Lease & Certification Form, your dealership has committed a wire fraud. Dealers and consumers alike signed off on the certifications and both could be subject to further civil and criminal penalties.

**5.
TRANSITIONING
DEALERS ELIGIBLE
FOR NADA
MEMBERSHIP**

NADA members who have lost a new-vehicle franchise but still operate as used-car dealers can now become “sustaining members”. They will continue to get discounts on training, education and industry events as well as subscriptions to NADA Used Car Guidebooks and other publications. Sustaining members can also participate in NADA 20 groups and Dealer Academy.

“These members have embraced NADA for many years, and we want to make sure they can still be a part of our organization going forward,” says the NADA Leadership.

Operations vice president John Lyboldt and NADA president Phil Brady note that “our objective has always been and always will be to advance U.S. auto retailing and serve as the voice of the dealer. By creating this sustaining-member category, we’re ensuring that some of our most loyal members can continue with us as we look to better days ahead.” For more information, contact Susan Wase at 703-821-7211.

**6.
HOW ARE
MEDICATIONS
AFFECTING YOUR
EMPLOYEES?**

No, we don’t even mean substance abuse. The fact is many workers are using prescription and over-the-counter medications that can impair their alertness, reasoning, memory, motor skills and reaction time. Drowsiness can certainly reduce productivity and quality. We all know from our own experience that being medicated can lead to many mistakes. Of course you can’t, and don’t even want, to prohibit medication, as long as it’s not abused, but there are some things to do to try to prevent mistakes that can be costly in many ways. You want to avoid accidents, and in a dealership environment, mistakes on paper can ultimately be very costly.

Educate: Remind workers that they need to be extra careful and have others check their work more than usual if they are under the weather or taking medications that make them sleepy or woozy.

Sick Leave: Do not encourage sick workers to be at work, where they will not be productive and will infect others. Send someone home who becomes sick during the workday. Make sure you have a reasonable sick leave policy. Keep the restrooms clean and provide soap and hand sanitizer in many locations. With the leaner staffs that most of us have, no one can afford to have a virus run through the facility. Better to be without one worker for a couple of days than without any workers for a week!

Editing/Checking: Have systems for checking work done before completion. We invariably make errors when we are feeling unwell, medicated or doing another’s work as well as our own.

Watch the Car Keys: Do not allow anyone to drive if they seem impaired by medications.

Watch for Substance Abuse: Whether legal or illegal substances, if it appears that someone is abusing them to the point where impairment is very obvious, get them away from machinery, tools and vehicles, and encourage them to see a medical provider.

**7.
VOUCHER
AVAILABLE FOR
VETERANS**

U.S. Veterans who lose the use of one or more limbs or who become totally blind are eligible for a one time automotive voucher worth \$11,000 for a new or used vehicle. Veterans fulfilling the requirements of the voucher will present to dealers the Department of Veterans Affairs (VA) Form 21-04502 Application for Automobile or Other Conveyance and Adaptive Equipment which is available online at www.va.gov. The automobile grants are paid directly to the dealership for the total price (up to \$11,000) of the automobile.

Adaptive Equipment Grant – Adaptive equipment such as power steering, power brakes, power windows, power seats, and special equipment necessary to assist the eligible person into and out of the vehicle may be necessary. The VA will pay to adapt a vehicle if the veteran qualifies for the adaptive equipment grant. Adaptive equipment grants may be paid more than once and can be paid to either the dealership or to the veteran. The dealer will need to provide an invoice for the vehicle and, if necessary, for costs associated with the installation of adaptive equipment.

The invoice must include:

- The unpaid balance due on the vehicle which is to be paid by VA; and
- The net cost of any approved adaptive equipment and installation charges. If certain items of approved adaptive equipment (automotive transmission, power seats, etc.) are included in the purchase price, also submit a copy of the window sticker;
- A list of any adaptive equipment that is standard on the vehicle or combined with other items; and
- A certification that the amount billed do not exceed the usual and customary cost for the purchase and installation of any adaptive equipment.

For more information on automotive vouchers for veterans call 800-827-1000.

**8.
EMPLOYEE FRAUD
DURING ECONOMIC
CRISIS**

According to a survey of more than 500 randomly selected certified fraud examiners (CFEs) conducted earlier this year by the Association of Certified Fraud Examiners (ACFE), severe financial pressures during this economic crisis have lead to an increase in workplace fraud. The survey also found that layoffs are leaving holes in organizations' internal control systems.

More than half the respondents said that the level of fraud has increased in the previous twelve months. Additionally, about half cited increased financial pressure as the biggest factor contributing to the rise in fraud, compared to increased opportunity and increased rationalization.

“The message to corporate America is simple: Desperate people do desperate things.” says ACFE president James D. Ratley, CFE. He notes that in a good economy, most employees would never think of committing fraud against their employers, but in tough times, organizations must be vigilant by ensuring proper fraud prevention procedures are in place.

We urge principals to attend the BlumShapiro Keynote Fraud Prevention Seminar at the 2009 Dealer Symposium Thursday Nov. 5 (Attachment A)

**9.
DMV REMINDER**

The Department of Motor Vehicles asked us to remind our dealers that the Wethersfield DMV inspection lane is open on Mondays. This is typically a slower day and little or no wait time should be encountered.

Come see DMV representatives at the 2009 Dealer Symposium and Trade Exhibit!

**10.
WAGE
COMPENSATION
SURVEY RESULTS**

Every two years the CAR Association commissions NADA to conduct a survey of Connecticut new car dealerships regarding wages and benefits paid in this state. We have received the survey results that reflect the year 2008 payroll and benefits data. This report is available to our members by calling the CAR Association office at 860-293-2500. Because of the sensitive information in the reports, we ask that the dealer principal make the request personally.

Come see Wage & Hour representatives at the 2009 Dealer Symposium and Trade Exhibit!

**11.
WATCH YOUR ADS
OR SOMEONE ELSE
WILL**

When dealers around the country were warned about Cash-for-Clunkers ads this summer, it might have seemed like an isolated instance in an area that hasn't gotten much attention for a while. In fact, it was anything but.

According to a recent report in the National Law Journal, lawyers who defend advertisers (such as dealers) find their clients are increasingly under fire, with lawsuits and actions brought by private lawyers and by state and federal regulators. Class actions brought by consumers increased 156% from 2001 to 2007, and it's reasonable to assume they will continue to climb in this climate. In a down economy, consumers are less forgiving when they believe they have been misled.

Carefully scrutinize your ads:

- Do the ads have the capacity to mislead a consumer?
- Do the disclosures contradict the main message of the ad?
- Are any facts or important details omitted from an offer in the ad?
- Have you complied with the technical requirements of Reg Z and Reg M (Truth in Lending and Leasing regulations)?

Save The Date: CAR and the Connecticut Department of Consumer Protection will be presenting a Connecticut Advertising Seminar April 6, 2009 at the Rocky Hill Marriott from 9:00 AM – 12:00 Noon. Look for more details to follow. *In the meantime ~ come see Connecticut Department of Consumer Protection representatives available to answer your questions on advertising, lemon law, etc. at the 2009 Dealer Symposium and Trade Exhibit!*