



# CONNECTICUT AUTOMOTIVE RETAILERS ASSOCIATION

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JANUARY 2010

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## ATTACHMENTS:

- A. **January 21, 2010 Advertising Seminar Registration**

## ENCLOSURES

1. **NADA Chief Economist Paul Taylor's Economic Update**

## ROUTE:

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

**1.  
BODY SHOPS INITIAL  
NOTIFICATION FORM  
DUE BY  
JANUARY 11, 2010**

**Notification Required To Comply With EPA's Body Shop Hazardous Air  
Pollution (HAP) Rule**

The Environmental Protection Agency's (EPA) rule governing hazardous air pollutants (HAPs) requires existing body shops to file an Initial Notification Form by **January 11, 2010**.

Full compliance, due one year later, by January 11, 2011, requires that dealership body shops:

1. Paint only inside filtered, ventilated paint booths or prep stations.
2. Use high transfer efficiency application equipment.
3. Clean guns with non-hazardous solvents, in gun-enclosed washers, or using a method that does not involve atomized spraying to the open air.
4. Have painters trained and certified every five years.
5. Keep basic records demonstrating compliance.

The rule also allows a shop to petition for an exemption if it does not spray coatings with any of the above-listed HAPs of concern and excludes the spraying of coatings from hand-held guns with paint cups of 3.0 fluid ounces or less.

Also, paint stripping involving methylene chloride (*MeCl*) is significantly regulated for shops using more than one ton of MeCl per year. Where possible, body shops should avoid the use of strippers containing MeCl.

For more information, please see the bulletin and forms found at: [www.nada.org/bodyshop](http://www.nada.org/bodyshop), which requires a login. Questions on the new rule may be directed to NADA Regulatory Affairs at: [regulatoryaffairs@nada.org](mailto:regulatoryaffairs@nada.org) or 703-821-7040.

**2.  
REMINDER:  
FORM 8300 LETTERS  
DUE BY JANUARY 31**

The CAR Association wants to remind all dealers to contact any purchaser for whom you were required to file a Form 8300 (*Cash Reporting*) in 2009. Each purchaser should receive notice, by January 31, 2010, that your dealership has filed the Form with the Internal Revenue Service.

The statement must show the name and address of the dealership, the total amount of the reportable cash received, and indicate that the information was provided to the IRS. Don't forget to keep a copy of the correspondence for your own records.

As we have provided in the past, below is potential language you can use to counter the "surprise" some customers may have in being informed of your cash reporting responsibilities:

**FORM 8300  
CONTINUED . . .**

<p>Date</p> <p>Dear Customer:</p> <p>We are required by the Internal Revenue service (IRS) to report all transactions involving payments of \$10,000 in cash [26 USC 6050(I)].</p> <p>We filed Form 8300 with the IRS on <b>(date)</b>, 2009, indicating that you paid us <b>\$(amount)</b> in connection with your purchase of a <b>(year, make, model and VIN)</b>.</p> <p>Sincerely, Dealershin Name</p>
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**3.  
TEMPORARY COBRA  
PREMIUM RELIEF  
EXTENDED**

The American Recovery and Reinvestment Act of 2009 (*ARRA*), passed earlier this year, provided temporary, taxpayer-funded, premium relief for persons otherwise eligible to elect to continue an employer’s health plan coverage under the Consolidated Budget Reconciliation Act of 1985 (*COBRA*).

The Fiscal Year 2010 Defense Appropriations Act, signed into law on December 22, 2009, **has extended the eligibility period for COBRA premium reduction through February 28, 2010, and the maximum period for receiving the subsidy from nine to 15 months.** Assistance Eligible Individuals (*AEIs*) who reached the end of the reduced premium period before December 21, 2009 will have additional time to pay the reduced premiums related to the extension. To continue COBRA coverage, AEIs must pay the 35% of premium costs by the later date of February 19, 2010 or 30 days after notice of the extension is provided by their plan administrator.

The following Q&A addresses questions regarding the COBRA extension:

**What is COBRA?**

The Consolidated Budget Reconciliation Act of 1985 (*COBRA*) requires employers who have 20 or more employees and maintain a group health plan to allow eligible employees (and their beneficiaries) to elect continuation health plan coverage upon the occurrence of certain “qualifying events” (e.g., termination of employment, reduced working hours, death, or divorce). Continuation health plan coverage historically has been available on a self-pay basis for up to a specified period of time (*i.e., 18, 29, or 36 months*). COBRA also requires employer group health plans to provide plan participants and beneficiaries with a notice detailing their rights and the procedures under COBRA.

**COBRA  
CONTINUED . . .****What Does The Premium Relief Program Do?**

The temporary program of premium relief is for AEIs, persons who became or who become COBRA eligible between 9/1/08 and 2/28/10. AEIs who elect continuation coverage may receive a 65% plan continuation premium discount. Where historically employers require such individuals to pay 100% of COBRA plan premiums, AEIs may only be required to pay 35% under this temporary program. AEIs already on COBRA coverage are eligible for reimbursement of 65% of their paid premiums, either as a refund or as a credit against future premiums due. Regardless of the length of their COBRA eligibility, AEIs may only receive an ARRA subsidy for up to 15 months.

**How Does The Premium Relief Program Impact COBRA Notice and Elections?**

Use the new forms found on the U.S. Department of Labor's (DOL) COBRA Web site, [www.dol.gov/cobra](http://www.dol.gov/cobra) to issue required notices to AEIs. AEIs that became COBRA eligible on or after 9/1/08 should have received a new COBRA notice by no later than 4/18/09 (*even if they received a COBRA notice previously*). Thereafter, AEIs must receive new COBRA notices only if they become COBRA eligible before 2/28/10.

**How is the premium subsidy reimbursed?**

AEIs electing COBRA coverage typically will pay 35% of the premium, either through the employer or directly to the health plan administrator or provider. An employer may offset its share against any payroll taxes due. Multiemployer or insurer health plans must obtain reimbursement from the government on their own. For more on premium subsidy reimbursement, see: <http://www.irs.gov/newsroom/article/0,,id=204505,00.html>.

**What should employers do now?**

1. Contact your health plan, payroll, and/or COBRA administrators to determine how they intend to assist you with this temporary premium relief program.
2. See [www.dol.gov/cobra](http://www.dol.gov/cobra) for a wealth of information including new notice requirements, updated guidance, fact sheets, and frequently asked questions. A toll free hotline is available at 1-866-444-3272. Also see the NADA Webinar Archive *Employer Requirements for New COBRA Subsidy* at: [http://eseries.nada.org/scriptcontent/events/eventdetail.cfm?product\\_major=SEM09SW13A](http://eseries.nada.org/scriptcontent/events/eventdetail.cfm?product_major=SEM09SW13A)

**4.  
UPDATE: FTC ISSUES  
MODEL PRIVACY  
NOTICE**

CAR members should prepare to change to a new form of Privacy Notice to provide to their customers as part of their Privacy Rule compliance for 2010. Regulators from all government agencies that regulate financial institutions have published a new amendment to the Privacy Rule which sets forth model forms for the various types of notice. This new form is part of the Financial

**PRIVACY NOTICES  
CONTINUED . . .**

Services Regulatory Relief Act of 2006, which was intended to make compliance with the Privacy Rule easier by creating these model forms, and providing a “safe harbor” for businesses which use them. A “safe harbor” means that businesses which decide to use the model forms and use them properly will be safe from any second-guessing, in the form of government sanctions or private lawsuits, as to the form of their notices.

Because of this “safe harbor,” it is expected that the overwhelming majority of financial institutions will decide to use the model forms. However, there is no strict deadline. The “safe harbor” benefits from using the new model forms began on January 1, 2010. It is not mandatory to begin using the new forms on that day, and the use of the old “suggested clauses” will be afforded “safe harbor” status until 2011. However, CAR members should plan to switch to the new forms as soon as their supply of old forms runs out.

Among the features of the new forms is a specific format for the customer or consumer’s signature, acknowledging receipt of a copy of the form. Prior to this time, this was not part of the suggested language for the forms, but because many dealerships prefer to have the customer sign in order to have proof of compliance, the NADA pushed the FTC to incorporate an acknowledgment in the model forms, so that placement of an acknowledgment by dealerships would not be an alteration which voids the safe harbor protections.

The final rule containing the new model privacy notice is available at <http://edocket.access.gpo.gov/2009/pdf/E9-27882.pdf> (the amendments to the FTC Privacy Rule begin on page 62,965). For a refresher on the Privacy Rule’s application to franchised dealers, see [www.ftc.gov/bcp/edu/pubs/business/autos/bus64.pdf](http://www.ftc.gov/bcp/edu/pubs/business/autos/bus64.pdf)

**5.  
DMV CORNER:  
ACCEPTABLE FORMS  
OF IDENTIFICATION  
UPDATED**

The Department of Motor Vehicles has changed its policy regarding acceptable forms of identification for registering a vehicle in the state of Connecticut. The DMV’s new guidelines are as follows:

Identification is required when registering a vehicle in the State of Connecticut. Acceptable forms of identification for registration purposes are as follows:

- Valid Connecticut Operator License
- Valid Connecticut or out-of-state Non-Driver Identification Card with a photo
- U.S. Military ID (Active or Dependant).
- Valid Passport
- Valid out-of-state or Canadian Operator License with a photo

**DMV CORNER  
CONTINUED . . .****Individuals:**

Any individual requesting a new registration transaction ([form H-13](#)) at the DMV is required to be present at the branch office to process their transaction. If they cannot be present an original Power of Attorney (POA) must be presented by the authorized agent of the individual seeking registration. Either a general Power of Attorney form or the DMV's Special Power of Attorney form ([form A-83](#)) tailored to motor vehicle title and registration transactions may be used for their purpose.

In addition, the person/agent presenting the Power of Attorney must show one of the above forms of identification and a photocopy of one of the above forms of identification of the registrant(s). If two parties are named on the registration application either party may be present to process the registration. A copy of the second party's identification is required.

If the applicant for registration resides in Connecticut and currently holds an out-of-state license, the applicant will be required to first obtain a Connecticut license before the application for registration will be processed. The name on the registration must match the name on the Connecticut license.

**Dealer Transactions:**

When a vehicle has been sold by a licensed dealer who is processing the registration and title documents for the purchaser, no POA will be required (the dealer representative must present his or her identification).

**Business/Company Names:**

If the registration is in the name of a corporation, incorporated business, or LLC a Power of Attorney is required, unless the person signing is the officer of the company or manager/member of the LLC. The person's title must be printed after the signature, (i.e. John Doe, Vice President).

Proof of insurance in the name of the business must be presented at the time of registration and will serve as verification of business name.

**Leased Vehicles:**

The name on the registration must match the name on the leasing license. Identification of the lessee is not required.

**6.  
DEALER WINS  
\$4 MILLION  
FROM GMAC**

A federal jury awarded \$4 million in damages to the owner of two car dealerships in a lawsuit against GMAC. The jury unanimously found that GMAC breached its contracts with the dealerships after GMAC auditors accused the dealer of not timely repaying the company for cars sold through the dealership and financed through GMAC.

The two dealerships closed abruptly in July 2007 following an accusation by GMAC that the dealership was "out of trust" on 11 vehicles, according to reports. The dealer argued that it had not been out of trust and that GMAC

**\$4 MILLION  
CONTINUED . . .**

had done the same thing to other dealerships across the country because of their own financial difficulties.

GMAC demanded immediate payment for the vehicles, and the dealership went out of business. The dealer denied having done anything wrong, and he sued GMAC. There are reportedly similar lawsuits pending and more jury verdicts could be a wake-up call to GMAC that dealers are tired of being unfairly pushed around by the lender.

**7.  
CAR ASSOCIATION  
ADVERTISING  
SEMINAR**

On January 21, 2010 CAR will be holding a seminar on Dealer Advertising in Connecticut presented by Richard Maloney, Division Director of Trade Practices – Connecticut Department of Consumer Protection. The seminar will take place at the Waterbury Courtyard Downtown, 63 Grand Street, Waterbury from 9:00 AM to 12:00 Noon.

In these very difficult economic times, all businesses are trying to get their names to the front of their consumer’s recognition and the main way to do that is through advertising. It is in times like these that compliance may take a backseat to effectiveness. **But Remember - just one complaint, just one violation, just one penalty assessed, can negate any gain a dealership makes off their advertisement!**

Don’t miss the opportunity to update and educate your staff and your advertising group! Space is limited so register today (**ATTACHMENT A**).

**8.  
AUTO TEAM  
AMERICA  
CEO/CFO FORUM**

CAR Member BlumShapiro and Auto Team America invite all dealers attending the 2010 NADA Convention in Orlando to take part in their 16<sup>th</sup> Annual CEO/CFO Forum on Friday February 12, 2010 at the Renaissance Orlando. Once again this will be a free program for dealers and Auto Team America is fielding an impressive group of Featured Speakers and Panel Speakers to discuss the landscape of the auto industry going forward. We urge you to attend this stellar program. For details and registration visit [http://autoteamamerica.com/cfo\\_forum.html](http://autoteamamerica.com/cfo_forum.html)

**9.  
SCAM ALERT  
INVOLVING  
NADA INSURANCE**

NADA has learned that individuals from the Dealer Life Group in Florida are approaching dealers and identifying themselves as life insurance salesmen for NADA. NADA does NOT employ salesmen to call on dealers, and has NOT authorized the Dealer Life Group or anyone else to sell insurance for NADA. Contact Lin Peacock, senior director of NADA Insurance Plans and Programs at 703-821-7229 immediately if you are approached by a life insurance salesman who claims to be representing NADA Insurance.



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