

NADA CONVENTION

April 2016

MAGAZINE



PEYTON MANNING

INSPIRING DEALERS AT NADA

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NADA 2016

SERVING DEALERS,
WHO'S WHO

page 44

STATE OF THE INDUSTRY

AUTOMAKERS,
NADA DATA

page 26

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NADA CONVENTION MAGAZINE

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President
Premier Companies
Cape Cod, MA



William C. Fox
2015 Chairman

UP FRONT

STAYING CONNECTED

NADA DEPARTMENTS

nadainfo@nada.org
800.252.6232

American Truck Dealers
atd@nada.org

Charitable Foundation
foundation@nada.org

Convention
conven@nada.org

Industry Relations
industryrelations@nada.org

Information Technology
it@nada.org

Legal/Regulatory Affairs
regulatoryaffairs@nada.org

Legislative
legislative@nada.org

Membership
member@nada.org

NADA Academy
academy@nada.org

NADA PAC
nadapac@nada.org

NADA University Online
nadauniversity@nada.org

NADA Retirement
nadaclientserviceteam@
empower-retirement.com

Public Affairs
publicaffairs@nada.org

20 Group
nada20@nada.org

America's franchised new-car and -truck dealers have a lot to be proud of at this convention. The retail automotive business benefits our customers every day of the year, and we sold a record 17.5 million new cars and light trucks in 2015. Now we are on track for another banner year.



But that success means we must stay connected—to our customers and to one another. We face many challenges, including regulatory overreach that threatens our exceedingly successful dealer-assisted financing model.

We've been fighting hard to educate officials about our business, and about how misinformed rules and regulations can harm both dealers and consumers. We have made important strides, including garnering support for bills that would rescind the CFPB's dangerous chokehold on dealer-assisted financing. And we owe much of that success to NADA's amazing grassroots network: the executive leaders of each state association, all the NADA directors, dealers across the country and our industry allies.

Those connections are invaluable. So are the ones made at our convention, where there are 64 new workshop topics, 120 workshop sessions and 25 dealer/manufacturer franchise meetings this year. There's even an Exchange area, where attendees can network via live roundtable discussions.

This issue of *NADA Convention Magazine* helps you navigate those offerings and more, with an events schedule (pages 13-14) and an article on "What's New at the Convention" (pages 21-23). Starting on page 26, we highlight the latest products from the major automakers. And in the "NADA 2016" section (pages 44-57), you can read about my successor, Jeff Carlson of Glenwood Springs, Colo. That's where you'll also find an eight-page listing of some 100 regulations affecting our dealerships every day (a prime example of why we need to stay engaged with one another—and with NADA—all year long).

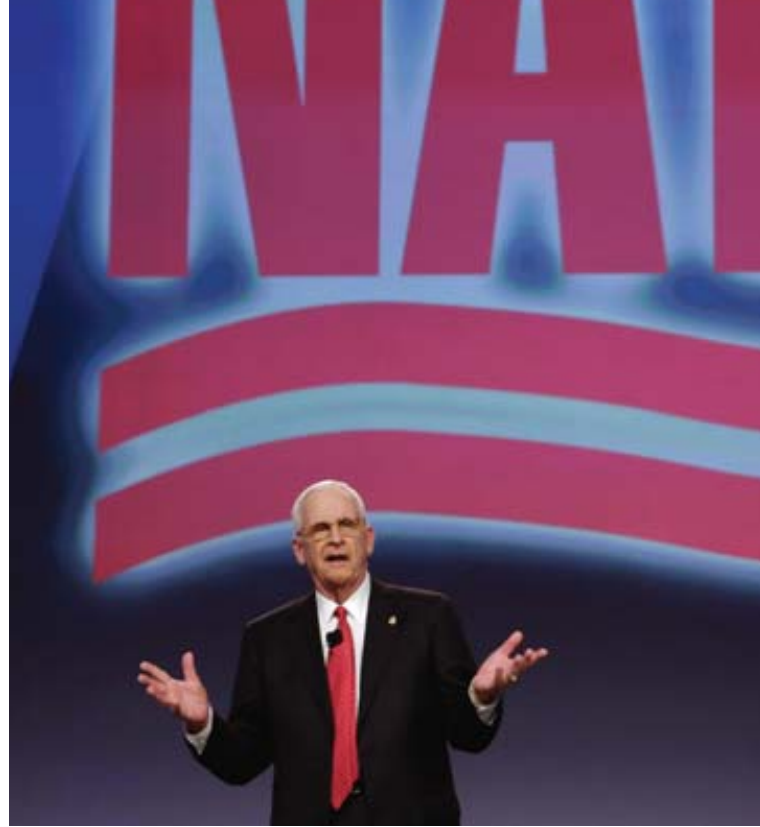
As your 2015 chairman, I am humbled by all of the accomplishments we've achieved together. And I look forward to all of us staying connected.

A handwritten signature in black ink, appearing to read "W.C. Fox". The signature is fluid and cursive.



Year in Review

NADA annual highlights.



THE PAST YEAR HAS BEEN FULL OF RECORD VEHICLE SALES, an uncertain economy, and several legislative and regulatory actions that affected dealers and their stores. Here's a look at just some of the projects and initiatives that NADA has been focused on during that time.

JANUARY - FEBRUARY

- NADA hosts its 98th annual convention in San Francisco. New York dealer Bill Fox becomes 2015 chairman.
- During keynote remarks at the NADA convention, former Florida Gov. Jeb Bush slams the CFPB's initiative to regulate dealer-assisted financing.
- The National Automobile Dealers Charitable Foundation donates \$50,000 to the San Francisco-Marín Food Bank.
- NADA launches a video highlighting the benefits of franchised dealers performing recalls and warranty work. The video is part of the "Get the Facts" initiative designed to inform policymakers, opinion leaders and the media about the benefits of the dealer franchise system.
- NADA, the American International Automobile Dealers Association (AIADA) and the National Association of Minority Automobile Dealers (NAMAD) support

the efforts of five financial services organizations to fix flaws in the CFPB's approach to regulating auto financing.

- NADA issues new compliance guide—*A Dealer Guide to Federal Advertising Requirements*—to help dealers comply with federal ad requirements on the sale, financing and leasing of auto products/services.

MARCH

- ATD applauds legislation opposing the increase of the federal excise tax on heavy-duty trucks.
- Warren Buffett, chairman/CEO of Berkshire Hathaway, praises the benefits of the franchised dealer network during keynote remarks at the annual NADA/J.D. Power Auto Forum in New York City.

APRIL

NADA supports legislation to repeal flawed auto-finance guidance.





JANUARY

Bill Fox becomes 2015 NADA chairman.

MARCH

Warren Buffett speaks at annual NADA/J.D. Power Auto Forum in New York City.



APRIL

- *NADA Data* shows that new-car dealership profits remain steady at 2.2 percent.
- NADA supports legislation—introduced by Reps. Frank Guinta (R-N.H.) and Ed Perlmutter (D-Colo.)—to help repeal flawed auto-financing guidance.
- *The Wall Street Journal* publishes its first of seven editorials criticizing the CFPB’s overreach on dealer-assisted financing.
- NADA joins the Alliance of Automobile Manufacturers in launching a new research initiative to study consumer attitudes on vehicle recalls.
- NADA partners with New York Life to provide group life insurance and accidental death and dismemberment (AD&D) coverage to member dealerships.

MAY

- NADA says that April auto sales continue to lead economic growth in the United States and future sales are backed by strong economic tailwinds.
- *The Washington Post* gives its lowest rating of “Four Pinocchios” to an error-laden report cited by Sen. Elizabeth Warren (D-Mass.) that criticized dealer-assisted financing.
- The National Automobile Dealers Charitable Foundation presents Pacific Lutheran University in Tacoma, Wash., with two \$7,000 grants.
- NADA gears up its new NADA Retirement Program for dealers and their employees.

JUNE

- NADA leads a coalition of auto-industry organizations that support bipartisan legislation to rescind CFPB guidance from 2013, which pressures lending institutions into eliminating the availability of auto-financing discounts for car buyers.
- NADA President Peter Welch responds to a *New York Times* editorial, “Putting an End to Abusive Car Loans,” which contained inaccurate statements about auto finance.
- NADA and ATD release a statement in response to proposed emissions and fuel-efficiency standards for medium- and heavy-duty trucks. The proposals would harm consumers, the economy and emissions goals.



JULY

NADA opposes a bill grounding all recalled vehicles at dealerships, even those that the government acknowledges are fine for owners to operate.

SEPTEMBER

Dealers meet with their members of Congress during the annual NADA Washington Conference.

JULY

- NADA sells its Used Car Guide division to J.D. Power.
- NADA submits a Freedom of Information Act (FOIA) request, asking the CFPB to release internal documents acknowledging that the agency intended to regulate the compensation dealers receive for helping to arrange vehicle financing.
- NADA says that a consent order with American Honda Finance Corp. will severely reduce a consumer's ability to negotiate lower auto loan rates.
- NADA opposes an amendment to the federal highway bill that would ground all recalled vehicles at dealerships until they are remedied.
- The House Financial Services Committee passes a bill, supported by NADA, nullifying the CFPB's flawed 2013 auto-finance guidance.

AUGUST

- During seminars by the Center for Automotive Research, former NADA Chairman Forrest McConnell says there must be "realistic balance" between government regulations and consumer choice when determining fuel-economy rules.
- NADA predicts sales of new cars and light trucks will continue their post-recession climb.
- During a joint EPA/NHTSA hearing, ATD Chairman Eric Jorgensen testifies that fuel-economy and greenhouse gas standards must be affordable and not compromise performance.

SEPTEMBER

- More than 400 dealers and association executives attend NADA's annual Washington Conference and hear from Rep. Frank Guinta (R-N.H.), sponsor of a CFPB reform bill, as well as from Sen. Rand Paul (R-Ky.), Rep. David Scott (D-Ga.) and Rep. Tulsi Gabbard (D-Hawaii).
- NADA launches nada.org/autofinance. The site includes video testimonials from consumers highlighting how they have saved money by financing their vehicles through their local dealerships.
- NADA criticizes the settlement between the government and Fifth Third Bank, explaining that the settlement hampers dealers' ability to offer consumer discounts.
- NADA prepares to release its *2015 Dealership Workforce Study*, which shows that employee compensation at franchised dealerships increased in 2014.

OCTOBER

NADA Chairman Bill Fox (right) speaks to reporters at the Automotive Press Association luncheon in Detroit.



NOVEMBER

NADA forecasts record sales of new cars and light trucks in 2016.

OCTOBER

- During remarks to the Automotive Press Association in Detroit, NADA Chairman Bill Fox outlines the association's key policy initiatives: protecting consumer choice in auto financing, supporting legislation to boost recall completion rates, and achieving a practical balance between regulations and costly fuel-economy rules.
- NADA submits a second FOIA request asking the CFPB to release internal documents acknowledging that the agency intended to regulate the compensation dealers receive for helping to arrange vehicle financing.
- The National Automobile Dealers Charitable Foundation presents Wheeling Jesuit University in West Virginia and Wesley College in Dover, Del., with grants to support students.
- During a House hearing, NADA President Peter Welch testifies about the integral role franchised dealers play in the completion of vehicle safety recalls.

NOVEMBER

- NADA forecasts a record 17.7 million new-vehicle sales in 2016 because of moderate wage growth, increasing incentives and continued low interest rates on auto loans.
- The House overwhelmingly passes NADA-supported legislation that protects consumers by making the CFPB more transparent and accountable in its regulation of the auto-finance market.
- J.D. Power releases a NADA-commissioned report showing that many consumers could see the value of their vehicle trade-ins decline if dealers were prohibited from selling any used vehicles with open recalls.

DECEMBER

- NADA is able to defeat an overly broad amendment in the federal highway bill that would have prohibited dealers from selling or even wholesaling any used vehicle under open recall.
- Planning kicks into high gear for the association's centennial in 2017, including prepping for the high-profile NADA 100 convention to be held in New Orleans, digitizing all NADA historical material, and inviting members to share their dealership stories—and future expectations for the retail auto industry.
- DEAC—NADA's PAC—receives a record \$2.3 million-plus in annual contributions.
- A record number of new vehicles—17.5 million—are sold in 2015, as projected by NADA forecasts through the year.
- NADA increases membership and ends 2015 with 16,475 members, marking the 14th year in a row NADA has achieved more than 90 percent membership penetration.



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NATIONAL AUTOMOBILE DEALERS
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NADA HEADQUARTERS

8400 Westpark Drive, Tysons, VA 22102
703.821.7155, 800.252.6232, nada.org

PRESIDENT: Peter K. Welch

SENIOR VICE PRESIDENT, PUBLIC AFFAIRS:
Jonathan Collegio

PUBLISHER AND EDITOR: Joe Phillips

SENIOR ASSOCIATE EDITOR: Charles Cyrill

ASSOCIATE EDITOR: Amanda Deluca

ART DIRECTOR: Terry Gallagher

PRODUCTION MANAGER: Lisa Jusino

CONTRIBUTING WRITERS/EDITORS: Matt Aukofer,
Peter Craig, Nancy Dunham, Jill Jule,
Debbie-Ann Sunga

ADVERTISING

■ Joe Phillips, 703.821.7155,
jphillips@nada.org

■ Michele Schaner, 703.821.7146,
mschaner@nada.org

2016 NADA OFFICERS

CHAIRMAN: Jeffrey B. Carlson, Glenwood
Springs, Colo.

VICE-CHAIRMAN: Mark N. Scarpelli, Antioch, Ill.

SECRETARY: William H. Willis Jr., Smyrna, Del.

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LAS VEGAS

FAST FACTS

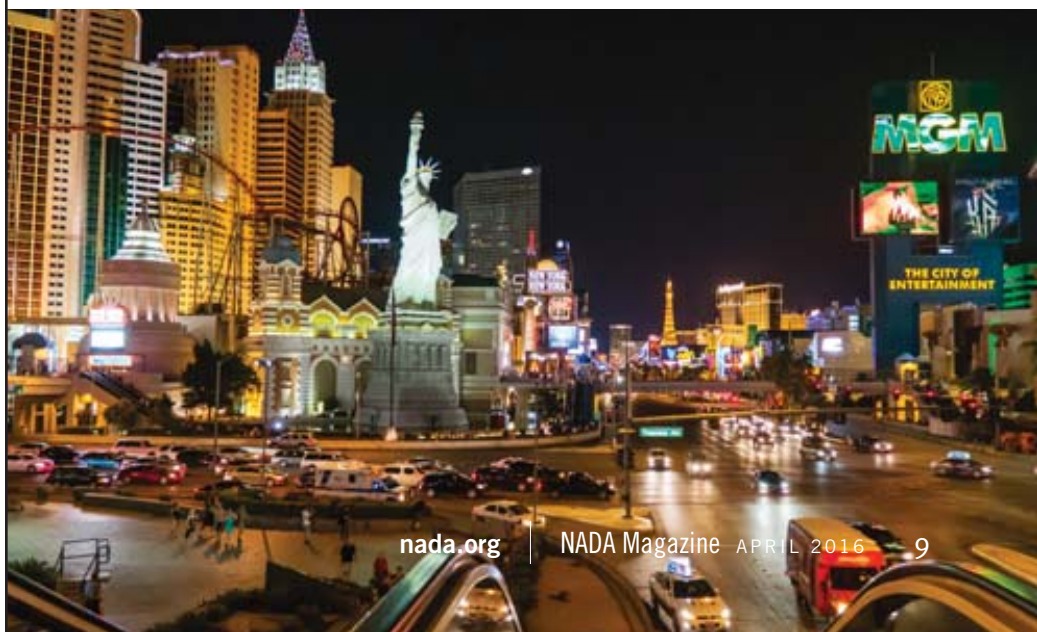
Las Vegas was founded when the railroad came through in 1905, and was incorporated in 1911. Yet everybody knows it was the mob that really got the place going—as a gambling mecca—starting in 1946, when Ben “Bugsy” Siegel opened the Flamingo Hotel-Casino with lots of Mafia money. But did you know that the joint was named Flamingo for his showgirl girlfriend’s long legs?

Bugsy’s partners murdered him a year later for overspending on the project and skimming off the top. But the stage was set for a city devoted to shows, sun, and sin, and soon came Sahara and Stardust, Sinatra and the Rat Pack, Elvis’ *Viva Las Vegas*, Wayne Newton, and Steve Wynn.

Following are more fast facts about “Sin City”:

- USA Today Online recently listed *The Godfather, Part II* as the best Las Vegas film of all time, with *Bugsy* coming in at No. 7.
- In 1931, Vegas’ first legal casino license went to the Northern Club, owned by Mayme Stocker, a respected wife and mother of three.
- Howard Hughes stayed at the Desert Inn so long he was finally asked to leave. So he bought the place.
- Las Vegas is home to 17 of the nation’s 20 largest hotels.
- Annual Clark County gambling revenue is nearly \$9 billion.
- Each year, Caesar’s Palace uses 2 million-plus maraschino cherries, 11,000 ounces of caviar, 2 million ounces of tomato juice and 600,000 ounces of vodka.
- The famous four-mile Strip is not actually in the Vegas township.
- Las Vegas boasts some 200,000 slot machines.
- Nevada ranks No. 1 among U.S. states in gold production.
- After a night spent snorting cocaine in 2002, John Entwistle, bass player with The Who, died in his room at the city’s Hard Rock Cafe.
- The largest slot machine jackpot ever won in Vegas: just under \$40 million.

—Peter Craig



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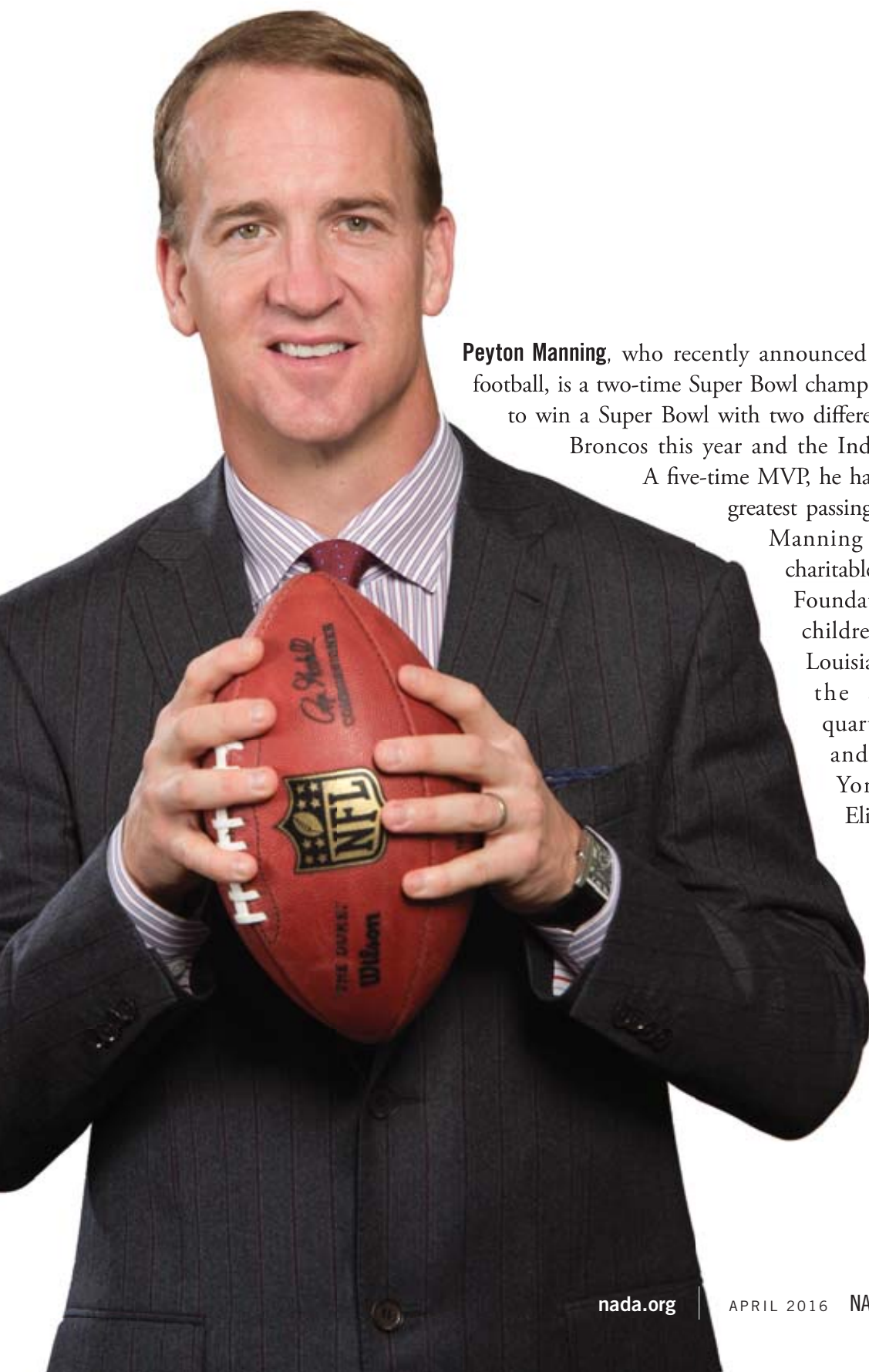
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SPEAKERS/SCHEDULE

SUNDAY INSPIRATIONAL PROGRAM



Peyton Manning, who recently announced his retirement from pro football, is a two-time Super Bowl champ and the only quarterback to win a Super Bowl with two different franchises: the Denver Broncos this year and the Indianapolis Colts in 2007.

A five-time MVP, he has been ranked among the greatest passing quarterbacks of all time.

Manning has received numerous charitable awards, and his PeyBack Foundation helps disadvantaged children in Colorado, Indiana, Louisiana and Tennessee. He is the son of former NFL quarterback Archie Manning and older brother of New York Giants quarterback Eli Manning.

To our dealers:
**THANK
YOU!**



SPEAKERS/SCHEDULE

NADA CONVENTION EVENTS

(ATD Convention Events on page 14)

FRIDAY GENERAL SESSION



Jeff Foxworthy— whose down-to-earth style has been compared to Mark Twain's—is the biggest-selling comedy-recording artist in history. He is the author of more than 26 books and has hosted numerous TV shows.

SATURDAY GENERAL SESSION



Mike Allen is chief White House correspondent for *Politico*. His daily e-mailed *Politico Playbook* led the *New York Times Magazine* to name him "The Man the

White House Wakes Up To." Allen previously worked for *TIME* and the *Washington Post*, among others.



Howard Dean was governor of Vermont from 1991 to 2003, ran for president in 2004 and then served as Democratic National Committee chairman. As party

chairman, he was the architect of the "50-State Strategy," to lay the groundwork for success in 2008.



Karl Rove served as senior advisor to President George W. Bush from 2000 to 2007 and as White House deputy chief of staff for policy from 2004 to 2007. Rove now

writes a weekly op-ed for the *Wall Street Journal* and is a Fox News contributor.

THURSDAY, MARCH 31

9am - 6pm	Attendee Registration – Hall N3
10:30am - 11:45am	Meet NADA: Not Your Daddy's Orientation – The Exchange, Hall N3
12:15pm - 1:30pm	Workshops, Studio Sessions and Exchange Sessions – North Hall Meeting Rooms
12:15pm - 2:15pm	Super Session – Halls N112-N114
2pm - 3:15pm	Workshops, Studio Sessions and Exchange Sessions – North Hall Meeting Rooms
3pm - 5pm	Super Session – Halls N112-N114
3:45pm - 5pm	Workshops, Studio Sessions and Exchange Sessions – North Hall Meeting Rooms
5:30pm - 7:30pm	NADA Welcome Reception* – Sunset Terrace & Pool, Wynn Las Vegas
8pm - 10pm	NADA Academy Alumni & NextGen Reception – Rose, Rabbit, Lie Lounge, Cosmopolitan of Las Vegas <i>(by invitation only)</i>

FRIDAY, APRIL 1

7:30am - 5pm	Attendee Registration – Hall N3
8:30am - 5pm	Expo Hall Opens – Ribbon Cutting – Halls C1-C5, N1-N2
8:30am - 5pm	Lifestyle Experience – Central and North Expo Halls
10:30am - 11:45am	Workshops, Studio Sessions and Exchange Sessions – North Hall Meeting Rooms
10:30am - 11:45am	Dealer Franchise Meetings – North Hall Meeting Rooms; Westgate Hotel
2:30pm - 4pm	NADA Opening General Session – Hall N4 (Jeff Foxworthy)

SATURDAY, APRIL 2

8am - 5pm	Attendee Registration – Hall N3
8:30am - 5pm	Expo Hall Open – Halls C1-C5, N1-N2
8:30am - 5pm	Lifestyle Experience – Central and North Expo Halls
8:30am - 9:45am	Workshops, Studio Sessions and Exchange Sessions – North Hall Meeting Rooms
8:30am - 9:45am	Dealer Franchise Meetings – North Hall Meeting Rooms; Westgate Hotel
10:15am - 11:30am	Workshops, Studio Sessions and Exchange Sessions – North Hall Meeting Rooms
10:15am - 11:30am	Dealer Franchise Meetings – North Hall Meeting Rooms
1pm - 2:30pm	Women Dealers' Event* – Lakeside Restaurant, Encore Las Vegas
3pm - 4:30pm	NADA General Session – Hall N4 (Mike Allen, Howard Dean, Karl Rove)

SUNDAY, APRIL 3

8am - 4pm	Attendee Registration – Hall N3
8:30am - 4pm	Expo Hall Open – Halls C1-C5, N1-N2
8:30am - 4pm	Lifestyle Experience – Central and North Expo Halls
9am - 10:15am	Inspirational Program – Hall N4 (Peyton Manning)
10:45am - Noon	Workshops, Studio Sessions and Exchange Sessions – North Hall Meeting Rooms
10:45am - Noon	Dealer Franchise Meeting – North Hall Meeting Rooms
12:30pm - 2:30pm	Desserts on Us, compliments of NADA – Halls C1-C5, N1-N2
1pm - 2:15pm	Specialty Workshop – Hall N112
2:30pm - 3:45pm	Specialty Workshop – Hall N112
4pm	2016 NADA/ATD Convention & Expo closes

*Tickets required

SPEAKERS/SCHEDULE

ATD CONVENTION EVENTS

(NADA Convention Events on page 13)

THURSDAY, MARCH 31

9am - 6pm	Attendee Registration – Hall N3
10:30am - 11:45am	Meet NADA: Not Your Daddy's Orientation, The Exchange – Hall N3
12:15pm - 5pm	NADA Workshops, Studio Sessions and Exchange Sessions
3pm - 5pm	ATD Industry Roundtable – Pavilion 1, Westgate Hotel (Bob Costello)
6pm - 8pm	ATD Welcome Reception – Brahms 2-4, Encore Las Vegas

FRIDAY, APRIL 1

7:30am - 5pm	Attendee Registration – Hall N3
8:30am - 5pm	Expo Hall Opens – Ribbon Cutting – Halls C1-C5, N1-N2
8:30am - 5pm	Lifestyle Experience – Central and North Expo Halls
10am - 11:45am	ATD Make Meetings – Ballroom D, Ballroom E, Westgate Hotel
10:30am - 11:45am	ATD Workshops – Pavilions 1, 2, 4, 6, Westgate Hotel
10:30am - 11:45am	NADA Workshops, Studio Sessions and Exchange Sessions
Noon - 1:30pm	ATD Opening General Session and Luncheon – Ballrooms A-C, Westgate Hotel
1:45pm - 3:30pm	ATD Make Meetings – Ballroom D, Ballroom E, Westgate Hotel
2:30pm - 4pm	NADA Opening General Session – Hall N4 (Jeff Foxworthy)
4:30pm - 6pm	ATD Happy Hour – Eastside Lounge, Encore Las Vegas

SATURDAY, APRIL 2

8am - 5pm	Attendee Registration – Hall N3
8am - 3pm	ATD Make Meetings – Ballroom D, Ballroom E, Ballrooms F-G, Westgate Hotel
8:30am - 5pm	Expo Hall Open – Halls C1-C5, N1-N2
8:30am - 5pm	Lifestyle Experience – Central and North Expo Halls
8:30am - 11:30am	ATD Workshops – Pavilions 1, 2, 4, 6, Westgate Hotel
8:30am - 11:30am	NADA Workshops, Studio Sessions and Exchange Sessions
11:45am - 1:15pm	ATD Industry Networking Luncheon – Ballrooms A-C, Westgate Hotel (Eric Maddox)
1pm - 2:30pm	NADA Women Dealers' Event* – Lakeside Restaurant, Encore Las Vegas
3pm - 4:30pm	NADA General Session – Hall N4 (Mike Allen, Howard Dean, Karl Rove)
4:30pm - 6:00pm	ATD Happy Hour – Eastside Lounge, Encore Las Vegas
7:30pm - 10:30pm	ATD Gala Reception – Surrender, Beach Club, Encore Las Vegas

SUNDAY, APRIL 3

8am - 4pm	Attendee Registration – Hall N3
8:30am - 4pm	Expo Hall Open – Halls C1-C5, N1-N2
8:30am - 4pm	Lifestyle Experience – Central and North Expo Halls
9am - 10:15am	Inspirational Program – Hall N4 (Peyton Manning)
10:30am - Noon	ATD Make Meeting – Ballroom D, Westgate Hotel
10:45am - Noon	ATD Workshops – Pavilions 1, 2, 4, 6, Westgate Hotel
10:45am - Noon	NADA Workshops, Studio Sessions and Exchange Sessions
12:30pm - 2:30pm	Desserts on Us, compliments of NADA – Halls C1-C5, N1-N2
1pm - 3:45pm	NADA Specialty Workshops – Hall N112
4pm	2016 NADA/ATD Convention & Expo closes

*Tickets required

ATD THURSDAY ROUNDTABLE

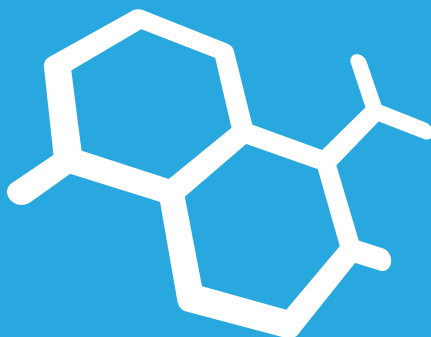


Bob Costello is chief economist and vice president for the American Trucking Associations (ATA). He manages all of ATA's collection, analysis and distribution of trucking and other economic information. In addition, Costello analyzes the economic impact of proposed regulations and legislation on the trucking industry.

ATD SATURDAY LUNCHEON



In 2003, three months after U.S. forces invaded Iraq, Staff Sergeant **Eric Maddox** was assigned to a Delta Force Special Operations team in Tikrit that was involved in tracking down then-Iraqi dictator Saddam Hussein. Maddox's top intelligence gathering, including 300-plus interrogations, ultimately led to Hussein's capture, for which Maddox received The Legion of Merit, among many other honors.



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- Tom Buckley, CEO

Music City Motor Cars

Nashville, TN



From left to right: Chris Thomas Regional Manager @ OPT, Tom Buckley CEO @ Music City Motor Cars, David Ghodoussi CEO @ OPT.



“Optimum products have made our process faster, easier, and more cost effective while making the cars on our lot look flawless.

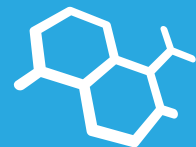
Once we remove the paint imperfections on new and used inventory, we seal them with Paint Guard which is a ceramic clear coat. This has protected our lot from any environmental damage or chemical etching and makes lot maintenance super easy. It has significantly cut our delivery times as the detail department no longer has to spend the time needed to remove the dirt and water spots that used to take an hour or so to remove for delivery.

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Tom Buckley, CEO

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NOMINEES

TIME DEALER AWARD

The national *TIME* Dealer of the Year winner will be announced at the opening general session, Friday, April 1.

ALABAMA: *Hoyt Harbin*, Scottsboro

ARIZONA: *Henry Brown*, Gilbert

ARKANSAS: *Brett Russell*, North Little Rock

CALIFORNIA: *James Crowley*, Escondido;
John Symes, Pasadena

COLORADO: *Robert Penkhus*, Colorado Springs

DELAWARE: *Frederick Hertrich III*, Seaford

FLORIDA: *Billie Nimmicht III*, Jacksonville

GEORGIA: *Steve Everett*, Valdosta

HAWAII: *John Uekawa*, Honolulu

IDAHO: *Phil Meador*, Pocatello

ILLINOIS: *Bill Abbott*, Monticello

INDIANA: *Jeff Wood*, Indianapolis

IOWA: *Kenneth Kemna*, Algona

KANSAS: *Brad Shull*, Shawnee

KENTUCKY: *Larry Craig*, Crestwood

LOUISIANA: *Stephen Horn*, Shreveport

MAINE: *Charles Shuman*, Augusta

MARYLAND: *William Aschenbach*, Gaithersburg

MASSACHUSETTS: *Adam Connolly*, Framingham

MICHIGAN: *Julie Dunning*, Ann Arbor;
Scott LaRiche, Plymouth

MINNESOTA: *Tom Grossman*, Eden Prairie

MISSISSIPPI: *Jeb Blackburn*, Vicksburg

MISSOURI: *Gregg Smith*, Clinton

MONTANA: *Craig Tilleman*, West Havre

NEBRASKA: *Gregg Young*, Omaha

NEW HAMPSHIRE: *Marshall Jespersen*, Dover

NEW JERSEY: *William Kindle*, Cape May Court House

NEW YORK: *Robert Basil Sr.*, Orchard Park; *Mary Catherine Van Bortel*, Victor; *Joseph Stanco*, Roslyn

NORTH CAROLINA: *William Musgrave*, Charlotte

NORTH DAKOTA: *Robert Rydell*, Grand Forks

OHIO: *August Marcellino*, Bedford; *Diane Sauer*, Warren

OREGON: *Jeff Robberson*, Bend

PENNSYLVANIA: *Frederick Rentschler*, Slatington

SOUTH CAROLINA: *Damian Mills*, Fort Mill;
Thomas Norris, Easley

SOUTH DAKOTA: *Jenny Wegner*, Pierre

TENNESSEE: *Currie Andrews*, Brentwood

TEXAS: *John Zwiacher*, Lubbock

UTAH: *Stephen Wade*, St. George

VIRGINIA: *Dennis Ellmer*, Chesapeake;
Kevin Reilly, Alexandria

WASHINGTON: *Sara Carter*, Shoreline

WEST VIRGINIA: *Dennis Sheets*, Beckley

WISCONSIN: *Andrew Schlesinger*, Glendale

WYOMING: *Pete Greiner*, Casper

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WHAT'S NEW AT THE CONVENTION

This year's convention is full of networking opportunities, as well as new and improved features—including signage with the brand-new NADA, ATD and NADA PAC logos (page 22). Here are various highlights:

SPECIALTY WORKSHOPS

What's in store as more connected cars hit the road and autonomous cars become reality? How does cyber security affect your dealership? These questions and more will be answered during two "specialty workshops" on Sunday: "Future of the Automotive Retail Sales and Your Dealership" and "Hacking the Automotive Industry."

THE EXCHANGE

New this year, the Exchange (in the North Hall) offers roundtable discussions and short presentations on hot topics selected by attendees during convention registration. The interactive roundtable allows attendees to connect with peers and industry experts.

STUDIO WORKSHOP SESSIONS

Studio workshop sessions, an alternative to NADA's traditional workshop format, encourage hands-on learning between the presenter and attendees. A limited number of the studio sessions are available. Check the schedule for more details.

NADA 100 CONTEST

In 2017, NADA will celebrate 100 years of working for America's new-car dealers, and we want to hear *your* story. Visit the NADA 100 booth in the central concourse for an on-camera interview about your dealership or to drop off a historical photo. Dealers can also participate online (see page 41 for more details).

JUST DESSERTS

NADA will help you wrap up another great convention on Sunday with a free dessert and coffee bar on the expo floor. "Desserts on Us" will be held in the North and Central halls from 12:30pm to 2:30pm.



A mix of workshops, exhibits and refreshments are all part of the NADA show.

NEW LOGOS

AT THE ASSOCIATION

As dealers know, a brand is perhaps their most important asset. That's why earlier this year, NADA launched a new logo after many decades. The updated logo—which you will see throughout the convention center—is part of a major corporate rebranding and coincides with ongoing efforts to refocus the association around its core advocacy

efforts in Washington, D.C. As part of the overall rebranding, ATD has a brand-new logo that ties it more closely with NADA. And NADA's political action committee—formerly known as DEAC (the Dealers Election Action Committee)—is now NADA PAC. Here's a look at the new logos, with past logos on the opposite page.



PAST LOGOS THROUGH THE YEARS



Note: DEAC is now NADA PAC.

EVERY DEALER HAS A STORY

NADA has been the voice of dealers across the nation for nearly 100 years. Help us share the NADA story—and celebrate our 100th anniversary in 2017—by telling us YOUR story now.



PARTICIPATE

In NADA's "Tell Us Your Story" contest for the chance to win one of two **all-expenses-paid trips* to the 2017 NADA Show in New Orleans**. Ten runners-up each win **VISA gifts cards worth \$100**.

*Includes hotel, registration and round-trip airfare for two.

TELL US YOUR STORY TO WIN



ENTER

Visit the **NADA 100 booth** in central concourse for an on-camera interview about your dealership or to drop off a historic photo.



VISIT

nada.org/NADA100contest for contest details and information on entering online via our Facebook page.

Automakers 2016

Favorable economic factors should keep vehicle sales strong this year.

BY NANCY DUNHAM

THE FIRST QUARTER OF 2016 SURE SEEMS like a roller coaster. With rock-bottom gas prices, employment upticks and low interest rates, vehicle sales could soar to another record year.

But then there's that push-me, pull-you stock market, a major slowdown in China and lots of used vehicles—in all segments—coming off fleets and leases. And don't forget expanded ride-sharing programs, autonomous vehicles and all those recalls.

Luckily, industry experts—like NADA Chief Economist Steven Szakaly—expect this year's mix of economic indicators to ultimately boost new-vehicle sales, as they did in 2015.

“The industry's growth, combined with low gas prices and interest rates, spurred millennials—especially those starting families—to replace aging vehicles,” Szakaly says, noting the average age of U.S. cars on the road is now 11.5 years.

Last year's record number of car and light-truck sales—17.5 million—was almost 6 percent higher than 2014. This year, Szakaly expects wages to continue to grow and interest rates to remain stable. “This will result in sales of about 17.7 million before leveling off to about 17.2 million in 2017.”

That's good news, of course. But exactly how will the automakers—and their dealers—get there?

FORD: CRUISING AHEAD

Ford's mantra could just be “keep on truckin'.” The F-Series remains at the top of the sales charts, which means that for 2016 it could be America's best-selling pickup for 40 consecutive years and the best-selling vehicle for 35 straight years. And if sales hold, this could be the seventh year in a row that the Ford brand overall is up from the previous year.

“Ford's pickup truck portfolio just gets stronger and stronger,” AutoTrends analyst Joe Phillippi says, noting that its strength comes at an ideal time, as buyers migrate to SUVs, light trucks and muscle cars. Last year, “we saw the introduction of the Lincoln MKC crossover—a super vehicle in a hot segment.”

Brandon Mason, leader at PwC Autofacts, says Ford's decision to build four all-new SUVs is a big plus. “While we won't see any of those vehicles on the street in 2016, it's clear the company is looking to take advantage of the resurgence in the SUV segment,” Mason says. “For 2016, its volume will continue to be driven by its hot-selling F-Series pickups and CUV/SUV lineup.”

Other plusses: Mustang sales keep soaring, and later this year the new Lincoln Continental arrives in showrooms, replacing the slow-selling full-size MKS sedan.



Chevy Malibu

GM WINS THE SALES RACE

GM was the U.S. auto industry's sales leader last year, outpacing Ford and Fiat Chrysler Automobiles (FCA).

Expect the automaker's growth to continue, though it has been Ford—not GM—that has had spectacular sales lately. A dip in vehicle sales in China hasn't helped, either.

But in a U.S. market that leans toward SUVs and light trucks, GM—especially Chevy—is still creating excitement with its release of a number of new cars this year, including the second-generation Volt, the all-new Bolt and new versions of the Cruze and Malibu.

“The all-new Malibu is seen as a significant upgrade from the outgoing model,” Mason says. “And despite the lukewarm environment for cars, [it's] expected to challenge segment leaders in the midsize car category.”

At Cadillac, the focus is on the new XT crossovers. First up: the spiffy XT5, successor to the current SRX (Caddy's best-selling product worldwide). Then come the XT3 and XT7.

CHRYSLER: SOLID PLAYER

Though sales for FCA were below those for Ford and GM, the company is strong, Mason says. Last year's growth of 7.3 percent outpaced the overall market growth of 5.8 percent,

driven by solid pickup, CUV and SUV sales.

FCA is launching products that should further boost its market share, says North American Automotive Solutions director Chris Travell. One example: the Fiat 500X, which mixes Italian styling with American sensibility.

“It shares components with the Jeep Renegade, so it gives consumers a good option if they want to get into the Fiat brand,” says Travell. “Consumers can choose from two engines, two transmissions, and either front-wheel or all-wheel drive.”

For Chrysler, the all-new Pacifica minivan debuted earlier this year. “Practicality still tends to be a primary purchase motivator,” says Travell, “but the vehicle has soft surfaces, clever storage, lots of convenience items, a wide presence on the road and 20-inch wheels. It presents functional offering to consumers in a very stylish package.”

But the company still faces challenges, including fallout from its decision to discontinue the slow-selling Chrysler 200 and Dodge Dart by year-end. “This leaves the company vulnerable should demand for passenger cars once again pick up,” says Mason.

And while FCA Chairman Sergio Marchionne seemed intent on repositioning the company for a merger or sale, he now seems more focused on investing in the future.

ASIAN AUTOMAKERS STAY STRONG

Most Japanese and Korean automakers are on a roll. Nissan sales hit an all-time high last year, and it hopes this trend continues with the all-new, high-test Nissan Titan XD pickup, followed by the standard model.

At Honda, where sales also are up, the next-gen Honda Ridgeline will try to edge its way into the midsize pickup market. And the Acura NSX is certainly getting a lot of buzz, giving a much-needed lift to a luxury brand that almost seemed forgotten. (It also doesn't hurt when a high-profile celeb—Jay Leno—orders the supercar.)

As for Hyundai, the onetime auto whiz kids were missing their sales targets but seem to be rebounding. Don't count them out, says Jeff Schuster, senior vice president of automotive research group LMC Automotive. "They are going through a transition but holding ground." Schuster believes the new Genesis—offering so many luxe features at a value price—also will help. And Kia sales are on an uptick, thanks to the Sportage crossover, Sedona minivan and funky Soul subcompact.

Toyota still enjoys a loyal following, of course, but dropping the Scion nameplate earlier this year was a bombshell. Still, those models will be folded into the Toyota brand. Also keeping buyers interested are numerous rad redos, including the Tacoma and Tundra pickups, and a Prius that now gets double takes. Lexus is keeping fresh by beefing up the macho factor on its popular RX crossover, with edgy, love-it-or-hate-it styling and tighter handling.

Subaru also keeps muscling its way into the market. "They've done extremely well in recent years, growing right around industry levels," Schuster says. "They were one of the founders of CUVs, and those models are still holding their own." And Subaru seems to be challenging Volvo and others on safety, promoting its EyeSight system for pre-collision braking, lane-keeping assist and adaptive cruise control. Those cute dog commercials don't hurt, either, and seem to be helping Subaru break through the marketing clutter.

EUROPEAN BRANDS: A MIXED BAG

Down but not out—that's the mantra for Volkswagen lately. Yes, global sales have fallen for the embattled automaker. "Our view is they can't really recover until this plays out," says Schuster. "It's not going to be a quick turnaround. We expect another tough year for the brand."

But VW CEO Matthias Müller recently said the company "is more than just a crisis" and has its eye on the future, with the automaker's forays into electro-mobility, digital networking and autonomous technology.

For other European brands, high-end cars continue to impress the U.S. market. New releases—including Jaguar's F-Pace Crossover, Land Rover's new diesel-option Range Rover and Audi's latest Q7 crossover—should keep drawing buyers into showrooms.

Mercedes also has a slew of new or updated crossovers, as well as the redesigned E-Class sedan, SL roadster and numer-

Lexus RX 250





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Volvo, not content to let its stunning XC90 flagship SUV rest on its laurels, is rolling out an even more upscale version—complete with better sound insulation, massage-functioning rear seats, two folding tables, cup holders with heating and cooling options, and handcrafted crystal glasses from Orrefors.

Looking at the market as a whole, some automakers—and their dealers—are better positioned than others. But Americans spent some \$860 billion on new and used vehicles last year, fueling an industry revival that is literally driving main sectors of the economy. This year should be even more robust, which is good news even for automakers that have been off their game. ■

Nancy Dunham is a contributing writer of NADA Convention Magazine.

Prepare for Influx of Used Vehicles

Thanks to low gas prices and great new product, dealers should expect a flood of pre-owned vehicles in 2016 (an estimated 800,000 leases will mature this year). Volume—up 33 percent from 2015—won't dip as more leases mature through 2018. Compacts and midsizeers (for both cars and SUVs) will make up the majority of these pre-owned vehicles.

Of course, used vehicles were in low supply in recent years. That drought pushed used-vehicle prices up by more than 18 percent. The increase in used-vehicle inventory will likely decrease used-unit prices by some 3 to 4 percent.

Used vehicles will become more affordable, and the large supply of late-model used units will provide huge

opportunities for dealers to capitalize on the used-vehicle market. But prices are likely to become more volatile, especially if manufacturers continue to increase incentives on new vehicles.

This means dealers must manage their inventory effectively by understanding not only current pricing, but also where prices are likely to move while inventory is in stock. Cars will probably experience the biggest declines. But expect truck prices to fall more than in the past few years as the supply for trucks and SUVs rises, and new-vehicle price increases begin to moderate.

Jonathan Banks is vice president, vehicle valuation and analytics, for NADA Used Car Guide, a division of J.D. Power.

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What a Concept

Cars of the
not-so-distant
future.

BY JOE PHILLIPS



Acura Precision: Aggressive sport sedan, with low, coupe-like profile and a digital interface that can recognize each occupant and load personalized maps, vehicle settings and audio preferences.



Mercedes F 015: Autonomous, pod-shaped luxe-mobile, with gesture-control functions, four rotating chairs (so passengers can sit face to face), and oversize LED lights in front and back.

CONCEPT CARS ARE LIKE PRESIDENTIAL primaries: there's no telling who may win. Often it's the completely unexpected design that gains traction, while other contenders simply fade away. And despite oil prices that are literally in the tank, automakers are showcasing EVs and hydrogen cars more than ever. Ditto the latest high-tech gear, where some vehicles can recognize occupants and automatically tailor the driving experience to each individual. For retro fans of *2001: A Space Odyssey*, a future where computers take complete control may be closer than we think.



Nissan Titan Warrior: Beefy, diesel-powered pickup that's taller and wider than the standard Titan, and has roof-mounted LED lights, hood vents and rear-cab spoiler.



BMW iVision Future: Racy, i8-inspired coupe with ginormous, 21-inch display screen on the passenger-side dashboard and hand-gesture technology to control vehicle functions.



Kia Telluride: Full-size, 400-hp hybrid crossover has chair sensors to read each occupant's vitals and a therapeutic LED panel under the sunroof to rejuvenate rear-seat passengers after jet lag.



Audi h-tron Quattro: Hydrogen EV version of the Q6 crossover has a range of 370 miles, can be refueled in just four minutes and may arrive in showrooms around 2020.

Hyundai Vision G: Chic coupe boasts a Bentley Continental GT profile, copper interior trim and doors that open automatically.



Buick Avista: Macho coupe combines premium-car styling and the latest tech gizmos with a nasty, NASCAR-like exhaust rumble.

Morgan EV3: Rear-drive, three-wheel EV, with steampunk styling, carbon-fiber panels and a 150-mile range.





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NADA Data 2015

A banner year for vehicle sales.

BY JOE PHILLIPS

NADA Data—the annual financial profile of new-car dealerships—is one of the association’s most popular publications. Record vehicle sales have been keeping dealers and their employees busy, and bolstering local economies.

This year, *NADA Data* has been completely redesigned, with easier-to-read charts and graphs. The more infographic look helps promote *NADA Data* with print and broadcast news outlets, as well as on social media. Here are some highlights. (For a complete copy of the latest *NADA Data*, click on nada.org/nadadata.)

Total New-Car Dealerships



16,545 



CALIFORNIA
Highest dollar sales
for all dealerships
\$96,189,000,000



TEXAS
Highest dollar sales per
dealership \$74,209,000

TOTAL DEALERSHIP SALES
\$862,722,000,000

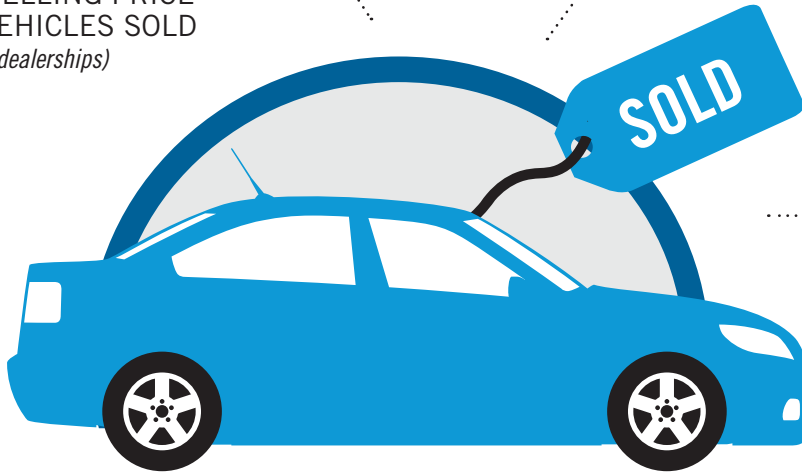
...per dealership
\$52,143,971

\$19,397

AVERAGE SELLING PRICE
OF USED VEHICLES SOLD
(by new-vehicle dealerships)

\$33,419

AVERAGE SELLING PRICE
OF NEW VEHICLES SOLD



1,050

AVERAGE NEW
VEHICLES
SOLD PER
DEALERSHIP



domestic
2,867,653
+ import
655,522

December

Month with most
new-vehicle sales

1,632,172
units

NEW-CAR INVENTORY

3,523,175



NEW-VEHICLE
DAYS' SUPPLY

65
domestic

55
import

Increase
in number
of new
vehicles
sold

5.74%

from 2014 to 2015

TOTAL NEW VEHICLES SOLD

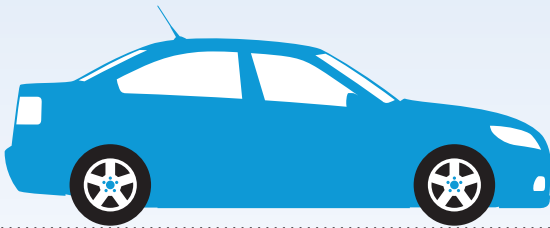
17,380,500

VEHICLES IN OPERATION

258,026,929

120,983,811
Cars

137,043,118
Light Trucks



1YR

3YRS

5YRS

7YRS

9YRS

11YRS

13YRS

15YRS

Average age of vehicles on the road
(cars and light trucks)

11.5
YEARS

DEALERSHIP EMPLOYEES

1,110,700

67

Average per
dealership



\$1,087

Average weekly earnings
per dealership employee

\$3.8 million

Average annual payroll
per dealership

\$62.8 billion

Average annual payroll
of all dealerships





\$97.18 billion
SERVICE AND PARTS SALES
(for all new-vehicle dealerships)



\$5.87 million
SERVICE AND PARTS SALES
(per new-vehicle dealership)



248,175
TECHNICIANS
(including body shop)

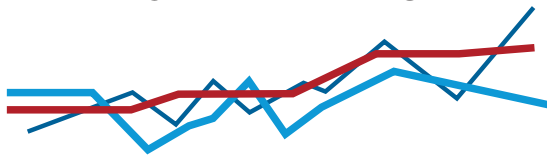


258 million
REPAIR ORDERS WRITTEN

Percentage of dealerships operating on-site body shops

39%

FINANCIAL TRENDS



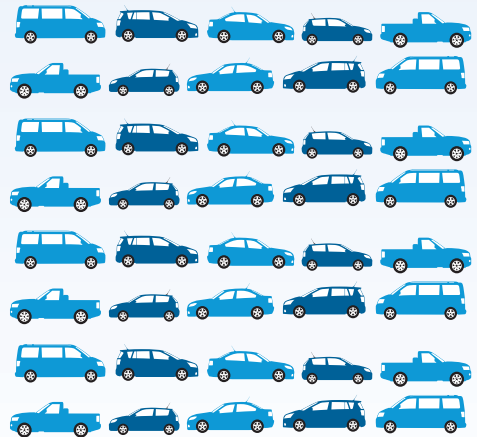
New-Vehicle Department
\$41,268 Average net profit

Used-Vehicle Department
\$71,265 Average net profit

Service/Parts Department
\$363,308 Average net profit

\$18.76 million

USED-VEHICLE SALES
(by new-vehicle dealerships)



(All NADA Data numbers are from 2015.)

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NADA at 100

Each dealer's story is part of the NADA story.

BY JOE PHILLIPS

NEXT YEAR, NADA CELEBRATES ITS 100th anniversary with various events, including the NADA 100 convention in New Orleans.

The NADA story began when 30 dealers traveled to the nation's capital in 1917 to persuade Congress not to impose a luxury tax on cars. They successfully argued that the automobile is a necessity of American life, not a luxury. From that group effort, NADA was born.

Since then, NADA has experienced many major milestones. And so have its dealers.

Each dealer's story is an integral part of the NADA story, especially since so many generations of dealers have been steadfast NADA members. These stories range from store openings and mergers to dealers meeting with their members of Congress on Capitol Hill.

SHARE YOUR STORY

To learn more about these important dealer milestones, NADA has launched the "Share Your Story" contest (nada.org/nada100contest). Dealers can submit photos, videos, newspaper clippings, print and digital ads, their



1939

The NADA Convention in San Francisco, back when all attendees could fit in a ballroom.

own dealership histories or other memorabilia. And at this year's convention, there is a "NADA 100" display in the central concourse, where attendees can stop by and share their stories with NADA videographers.

ADAPTING TO CHANGE

One trait best describes NADA, its dealers and the franchised business system: the ability to adapt. Whether it's dealing with economic curveballs or learning the latest digital technology, being adaptable has allowed this association and its members to thrive during the past 100 years. And it continues to propel us toward the future.

Looking back, it's interesting to see just how much NADA has changed—and adapted—over the years. Here are a few highlights. ■

Joe Phillips is editor of NADA Convention Magazine.



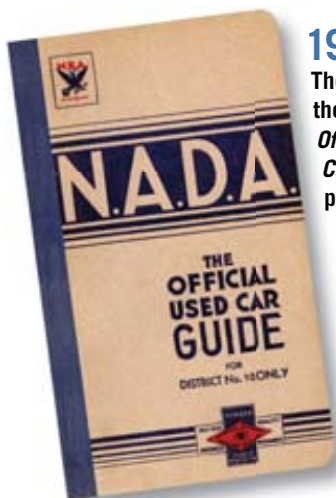
1977
NADA produces "America's Automobile Man"—a 45-rpm record promoting dealerships—for use in showrooms or on local radio stations.



1923
NADA members gather for a Federal Trade Commission conference.



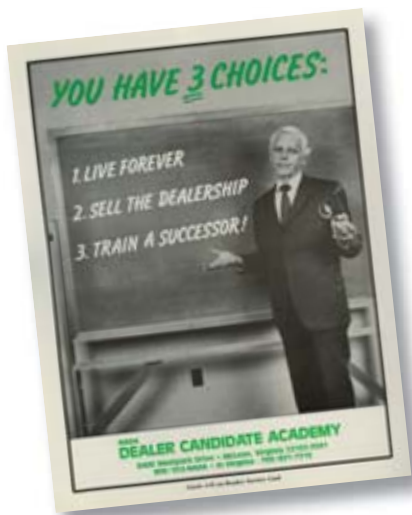
1951
NADA Magazine, promoting an upcoming convention.



1933
The first year the N.A.D.A. Official Used Car Guide is published.



2014
Actor and former Army infantryman J.R. Martinez, one of many inspirational speakers at the NADA Convention over the years.



1940s
During WWII, the Army asks NADA to help recruit mechanics for so-called NADA Battalions.

1985

Back to basics: a training ad for what was then called Dealer Academy.



2008

To help renovate school athletic fields after Hurricane Katrina, 2008 NADA Chairman Annette Sykora presents a \$400,000 check to Drew Brees, quarterback of the New Orleans Saints.

1996

NADA leadership meets with President Bill Clinton, who had just signed legislation phasing out a luxury tax on new cars.



1980
Expo hall at NADA Convention in the New Orleans Superdome.

Driven to Serve

2016 NADA Chairman Jeffrey B. Carlson focuses on helping NADA protect consumers.

BY AMANDA DELUCA AND CHARLES CYRILL

JEFF CARLSON HAS ALWAYS BEEN IN LOVE with the car business. He began his career working for Ford Motor Co. before becoming a successful new-car dealer in Colorado.

Now Carlson is gearing up to support dealers across the country as 2016 NADA chairman. “I’ve lived the charmed life because of the auto industry,” says Carlson, who is president of Ford and Subaru dealerships in Glenwood Springs, Colo., and co-owner of Summit Ford in Silverthorne, Colo. “Now it’s time to give back.”

BUILDING A CAREER

Carlson was driving a beer truck after graduating from the University of Northern Colorado when he heard of a job opening at Ford Motor Co. He interviewed with Jack Nilsson, an assistant district manager for Ford, and received an offer from him. “And that’s how I got started,” says Carlson.

His career with the automaker began with a variety of clerical positions before he was promoted to sales rep for central Wyoming. “I enjoyed meeting with dealers,” Carlson

says of the experience. Two years later, he moved up to a business management position in Claycomo, Mo. “Ford’s training programs were top-notch,” he notes. “I grew even fonder of the business.”

BECOMING A DEALER

After a successful six years with the automaker and encouragement from dealer Dick Shull of Shawnee Mission (Kan.) Ford, Carlson decided it was time for a change. “My experience with Ford made me want to become a dealer,” he says.

Around that time, Nilsson had purchased a Ford dealership in Glenwood Springs, and Carlson joined him to become a sales manager. “At the time, my wife Nancy was pregnant and my son was just 18 months old,” he says. “It was a blind leap of faith.”

Carlson began buying interest in the dealership in 1982, and by 1986 he was named president. Under his leadership, the business has grown to three locations.

“Today our dealerships are state-of-the-art, and we’ve got a great team,” he says. “I love to see my employees succeed.”



As well as being a Ford and Subaru dealer, Carlson is a rancher and pilot.

WORKING WITH NADA

Carlson became an NADA director representing Colorado’s new-car dealers in 2004 after his predecessor resigned.

His success as a dealer has driven him to give back to the community. When traveling across the country speaking with dealers, Carlson urges them to get involved with NADA, as well as their state and metro dealer groups.

One of Carlson’s key priorities for 2016 is dealing with advocacy issues. “NADA policy engagement efforts all have the common theme of protecting consumers from the unintended consequences coming out of the nation’s capital,” he says. “NADA is fighting to protect consumer rights, consumer choice and consumer savings.” That’s why NADA will continue to focus on protecting dealers’ ability to discount financing, preventing an overly broad recall policy and promoting the dealer franchise system.

And there is one other major initiative for Carlson in 2016: He will oversee planning for NADA 100, the association’s centennial celebration in New Orleans at the 2017 NADA

Convention & Expo. There will be various events through the year, and the convention will showcase high-profile speakers and world-class musical performances.

“You will not want to miss this highly anticipated gathering,” he says. “It will be a once-in-a-lifetime event.” ■

Amanda Deluca is associate editor and Charles Cyrill is senior associate editor of NADA Convention Magazine.



Carlson in Washington, D.C., ensuring dealer issues are heard.

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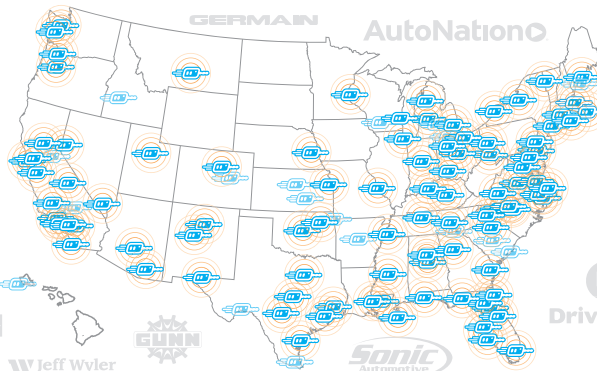
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Sam Swope
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DriveTime

OpenRoad

Mac Hark

WHO'S WHO

2016 NADA OFFICERS & BOARD OF DIRECTORS

OFFICERS



Chairman
Jeffrey B. Carlson
Glenwood Springs
Ford/Subaru, Inc.
Glenwood Springs,
Colo.
(Colorado)



Vice-Chairman
Mark N. Scarpelli
Raymond Chevrolet/Kia
Antioch, Ill.
(Metro Chicago)



Secretary
William H. Willis Jr.
Willis Automotive Group
Smyrna, Del.
(Delaware)



Treasurer
Neale A. Kuperman
Rockland Toyota
Blauvelt, N.Y.
(Metro New York)



**Immediate Past
Chairman**
William C. Fox
Fox Imports, Inc.
Auburn, N.Y.
(New York State)

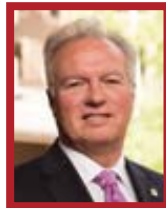


President
Peter K. Welch
National Automobile
Dealers Association
Tysons, Va.

REGION I



Vice-Chairman
Dennis Gaudet
AutoServ Dealerships
Tilton, N.H.
(New Hampshire)



Jeff Aiosa
Carriage House of New
London
New London, Conn.
(Connecticut)



John Emerson
Emerson Chevrolet/
Buick Inc.
Auburn, Maine
(Maine)



William C. Fox
Fox Imports, Inc.
Auburn, N.Y.
(New York State)



Chris Hurd
Hurd Auto Mall, LLC
Johnston, R.I.
(Rhode Island)



Neale A. Kuperman
Rockland Toyota
Blauvelt, N.Y.
(Metro New York)



Marcy H. Maguire
Windsor Nissan
East Windsor, N.J.
(New Jersey)



David B. Penske
Penske Buick/GMC
Truck
Shillington, Pa.
(Eastern Pennsylvania)



**William R. "Bill"
Shearer**
Shearer Automotive
South Burlington, Vt.
(Vermont)



Michael B. Smith
Laurel Auto Group
Johnstown, Pa.
(Western
Pennsylvania)

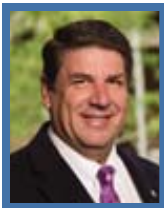


**Donald E.
Sudbay Jr.**
Sudbay Chevrolet/
Buick/Cadillac/GMC
Gloucester, Mass.
(Massachusetts)



William H. Willis Jr.
Willis Automotive
Group
Smyrna, Del.
(Delaware)

REGION II



Vice-Chairman
Joel Oustalet
Bubba Oustalet
Chevrolet/Cadillac
Jennings, La.
(Louisiana)



**Andrew "Jack"
Caldwell Jr.**
Caldwell Toyota
Conway, Ark.
(Arkansas)

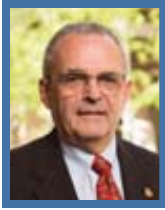


**Michael Joe
Cannon**
Cannon Chevrolet/
Cadillac/Nissan
Greenwood, Miss.
(Mississippi)

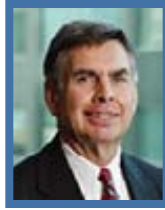


Thomas Castriota
Castriota Chevrolet,
Inc.
Hudson, Fla.
(Florida)

REGION II continued



Bruce M. Farrell
Berglund Chevrolet,
Inc.
Roanoke, Va.
(Virginia)



Charles W. Gilchrist
SouthWest Ford, Inc.
Weatherford, Texas
(Northern Texas)



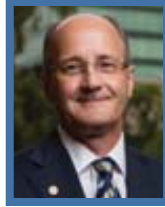
Clifton C. Goodwin III
Goodwin Honda/
Mitsubishi/VW
Sumter, S.C.
(South Carolina)



H. Daniel Jobe
Capitol Cadillac
Company
Greenbelt, Md.
(Maryland)



Jack Kain
Jack Kain Ford
Versailles, Ky.
(Kentucky)



Forrest McConnell III
McConnell Honda
& Acura
Montgomery, Ala.
(Alabama)



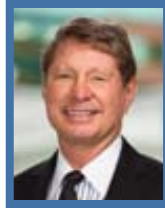
Stan McNabb
Stan McNabb
Automotive
Tullahoma, Tenn.
(Tennessee)



Geoffrey Pohanka
Pohanka Honda
Capitol Heights, Md.
(Metro Washington,
D.C.)



Gene W. Smith Jr.
Gene Smith, Inc.
Elk City, Okla.
(Oklahoma)



W. Carroll Smith
Monument Chevrolet
Pasadena, Tex.
(Southern Texas)



Richard Stephens
Stephens Auto Center
Danville, W.Va.
(West Virginia)



David W. Westcott
Westcott Automotive
Burlington, N.C.
(North Carolina)



Election Pending
(Georgia)

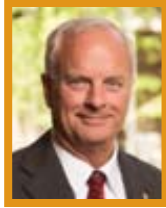
REGION III



Vice-Chairman James A. Auffenberg Jr.
St. Clair Auto Mall
O'Fallon, Ill.
(Illinois)



Donovan A. Bertsch
Theel, Inc.
Bottineau, N.Dak.
(North Dakota)



Mark Birdnow
Birdnow Motor Trade
Oelwein, Iowa
(Iowa)



Chris Coyle
Coyle Chevrolet/Buick/
GMC/Nissan
Clarksville, Ind.
(Indiana)



Kirt Frye
Sunnyside Honda
Middleburg Heights,
Ohio
(Metro Cleveland)



Brian Hamilton
Midway Chevrolet/
Cadillac/Buick/
Chrysler/Dodge/Jeep/
Ram
Kearney, Neb.
(Nebraska)



Robert W. Hudson
Middleton Ford
Middleton, Wis.
(Wisconsin)



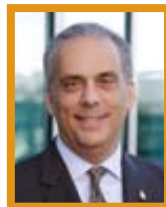
H. Douglas Knust
Harry K. Chevrolet/
Buick, Inc.
Chamberlain, S.Dak.
(South Dakota)



Wesley L. Lutz
Extreme Dodge/
Chrysler/Jeep, Inc.
Jackson, Mich.
(Michigan)



Rhett Ricart
Ricart Automotive Group
Groveport, Ohio
(Ohio)



Mark N. Scarpelli
Raymond Chevrolet/Kia
Antioch, Ill.
(Metro Chicago)



David Shepherd
Shepherd Team Auto
Plaza
Fort Scott, Kans.
(Kansas)

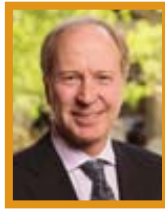
REGION III continued



Bob Shuman
Shuman Chrysler/
Dodge/Jeep/Ram
Walled Lake, Mich.
(Metro Detroit)



Lynn H. Thompson
Thompson Sales Co.
Springfield, Mo.
(Missouri)



Paul Walsler
Walsler Automotive
Group
Bloomington, Minn.
(Minnesota)

REGION IV



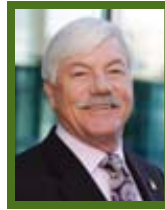
**Vice-Chairman
James R. Marsh**
Jim Marsh Automotive
Las Vegas, Nev.
(Nevada)



Steven J. Allwine
Mendenhall Auto
Center
Juneau, Alaska
(Alaska)



**Peter E.
Blackstock**
Victory Dealership
Group
Seaside, Calif.
(Northern California)



Jeffrey B. Carlson
Glenwood Springs
Ford/Subaru, Inc.
Glenwood Springs,
Colo.
(Colorado)



Mont Crnkovich
Broadway Ford
Idaho Falls, Idaho
(Idaho)



Sidney B. DeBoer
Lithia Chrysler/Dodge/
Jeep
Ashland, Ore.
(Oregon)



**Annette DiLorenzo
Thayer**
Quality Mazda
Albuquerque, N.Mex.
(New Mexico)



Greg Galpin
Galpin Ford, Inc.
Prescott, Ariz.
(Arizona)



Richard Hammer
Ed Hammer, Inc.
Sheridan, Wyo.
(Wyoming)



**Marlene "Marti"
Hollenback**
Dishman Dodge/Ram/
Chrysler/Jeep
Spokane Valley, Wash.
(Washington)



Dan Kaltschmidt
Don K Chevrolet/
Subaru/Chrysler
South Whitefish, Mont.
(Montana)



Stan Masamitsu
Tony Honda
Waipahu, Hawaii
(Hawaii)



Kirk Schneider
Nate Wade Subaru
Salt Lake City, Utah
(Utah)



**Timothy J. "Tim"
Smith**
Bob Smith BMW/Mini
Calabasas, Calif.
(Southern California)

AT-LARGE



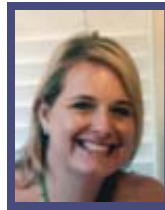
**AT-LARGE—EAST
Michelle Primm**
Cascade Auto Group Ltd.
Cuyahoga Falls, Ohio



**AT-LARGE—EAST
Desmond A. Roberts**
Advantage Chevrolet
Hodgkins, Ill.



**AT-LARGE—WEST
Donald P. Hicks**
Shortline Auto Group
Aurora, Colo.



**AT-LARGE—WEST
Valerie Bowen**
ValMark Chevrolet
New Braunfels, Texas

AMERICAN TRUCK DEALERS



**AMERICAN TRUCK
DEALERS
Steven E. Parker**
Baltimore Potomac
Truck Centers
Linthicum, Md.

Service and Parts Department

- Clean Air Act
- Clean Water Act
- DOT hazardous-materials-handling procedures
- FTC Used Parts Guide
- IRS Core Inventory Valuation
- LIFO/FIFO inventory accounting method
- NHTSA tampering rules
- NHTSA tire rules
- OSHA asbestos standards
- OSHA Hazard Communication Standard
- OSHA lock-out/tag-out procedures
- OSHA workplace health and safety standards
- RCRA
- Safe Drinking Water Act
- Superfund
- UNICAP

All Departments (Customer)

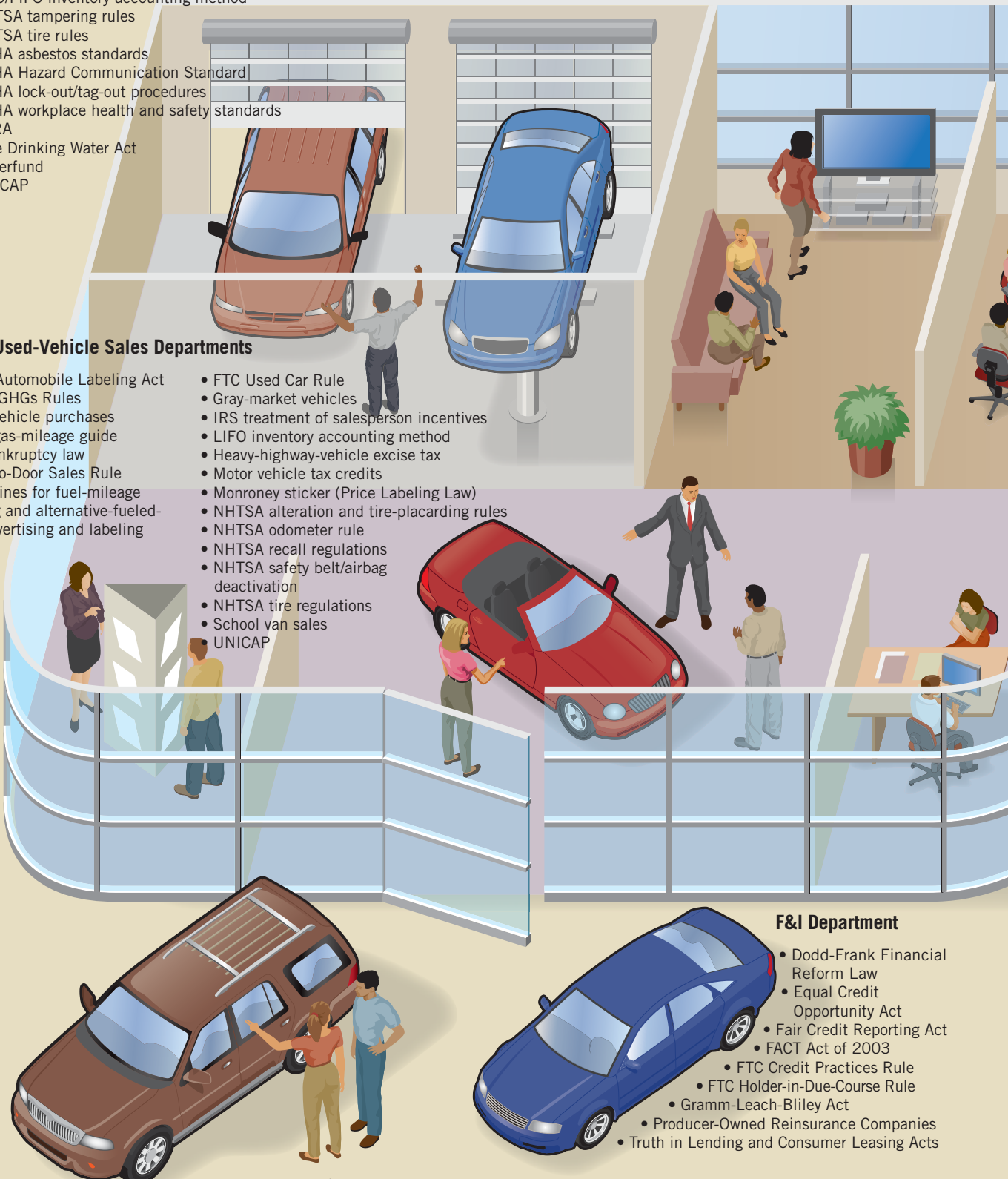
- Americans With Disabilities Act
- CAN-SPAM Act
- Driver's Privacy Protection Act
- Electronic Funds Transfer Act
- FTC Privacy Rule
- FTC prohibition against deceptive and unfair trade practices
- FTC Safeguards Rule
- FTC Telemarketing Sales Rule
- FTC Written Warranty Rule
- IRS Cash-Reporting Rule
- Magnuson-Moss Act
- OFAC restrictions
- Telephone Consumer Protection Act
- USA PATRIOT Act

New- and Used-Vehicle Sales Departments

- American Automobile Labeling Act
- CAFE and GHGs Rules
- Diplomat vehicle purchases
- DOE/EPA gas-mileage guide
- Federal bankruptcy law
- FTC Door-to-Door Sales Rule
- FTC guidelines for fuel-mileage advertising and alternative-fueled-vehicle advertising and labeling
- FTC Used Car Rule
- Gray-market vehicles
- IRS treatment of salesperson incentives
- LIFO inventory accounting method
- Heavy-highway-vehicle excise tax
- Motor vehicle tax credits
- Monroney sticker (Price Labeling Law)
- NHTSA alteration and tire-placarding rules
- NHTSA odometer rule
- NHTSA recall regulations
- NHTSA safety belt/airbag deactivation
- NHTSA tire regulations
- School van sales
- UNICAP

F&I Department

- Dodd-Frank Financial Reform Law
- Equal Credit Opportunity Act
- Fair Credit Reporting Act
- FACT Act of 2003
- FTC Credit Practices Rule
- FTC Holder-in-Due-Course Rule
- Gramm-Leach-Bliley Act
- Producer-Owned Reinsurance Companies
- Truth in Lending and Consumer Leasing Acts



All Departments (General Management/Personnel)

- Affordable Care Act
- Age Discrimination in Employment Act
- Americans With Disabilities Act
- COBRA
- Electronic deposit of taxes
- Electronic records retention
- Emergency-response planning
- Employee drug testing
- Employee Polygraph Protection Act
- ERISA
- Employee Verification Rules
- Equal Pay Act
- Estate tax
- Family and Medical Leave Act
- Federal child-support enforcement regulations
- Federal Civil Rights Act
- FTC Repossession Rule
- Federal wage-hour and child labor laws
- Genetic Information Nondiscrimination Act
- Health Insurance Portability and Accountability Act
- IRS/DOL worker classification
- IRS treatment of demo vehicles
- IRS treatment of tool plans
- Mandatory workplace posters
- Mental Health Parity Act
- Miscellaneous record-keeping requirements
- Newborns' and Mothers' Health Protection Act
- NLRB unionization rules
- OSHA Blood-Borne Pathogens Rule
- OSHA injury and illness recording and reporting requirements
- Section 89 of the Tax Reform Act
- Section 179 expensing
- USERRA
- WARN

Body Shop

- Clean Air Act
- EPA hazardous-waste rules
- OSHA Hazard Communication Standard
- OSHA Respiratory Protection Standard
- OSHA workplace health and safety standards
- UNICAP
- VIN and parts marking

THE REGULATORY MAZE

Our annual list of major federal regulations; state and local laws also apply and sometimes include additional requirements.

IN ADDITION TO THIS LIST OF FEDERAL LAWS and regulations, be sure to consult www.nada.org/regulatoryaffairs for more details.

All Departments (General Management/Personnel)

■ **Affordable Care Act:** Extensive health-care reforms enacted in 2010 affect dealerships and their health-care plans. For example, most large dealerships (with more than 50 full-time employees) must have decided by January 1, 2015, whether they will offer health coverage that meets the federal requirements or pay a penalty. Many additional reporting, record-keeping and other duties apply to dealerships and other businesses. For more information, visit www.healthcare.gov.

■ **Age Discrimination in Employment Act:** Protects older individuals against age-based employment discrimination.

■ **Americans With Disabilities Act (ADA):** Dealerships with 15 or more employees must reasonably accommodate disabled workers and job applicants.

■ **Consolidated Omnibus Budget Reconciliation Act (COBRA):** Requires dealerships with 20 or more employees to continue health-care coverage for ex-employees and their families for 18 to 36 months, depending on circumstances.

■ **Electronic deposit of taxes:** Dealerships having more than a de minimis amount of aggregate depository taxes generally must deposit through the Electronic Federal Tax Payment System.

- **Electronic records retention:** Revenue Procedure 98-25 explains the IRS requirements for retaining computerized accounting records.
- **Emergency-response planning:** Federal, state and local laws require dealers to have emergency-response plans.
- **Employee drug testing:** Unionized dealerships must bargain with unions before implementing employer drug policies (not necessary for pre-employment drug testing). The ADA prohibits employers from discriminating against employees or applicants who have completed or are currently undergoing a drug treatment program, as long as they aren't currently abusing drugs.
- **Employee Polygraph Protection Act:** Prohibits dealerships from using polygraphs in pre-employment screening; allows use in limited cases where an employee is reasonably suspected of a workplace incident involving economic loss to the employer.
- **Employee Retirement Income Security Act (ERISA):** Dealers offering retirement or health plans must, among other things, provide employees with plan information, keep records, and abide by fiduciary responsibilities and other obligations.
- **Employment Verification Rules:** Dealerships must verify the employment eligibility of prospective new employees using I-9 form and proper support documentation. Use of E-verify is optional.
- **Equal Pay Act:** Prohibits wage discrimination on basis of sex.
- **Estate tax:** The top rate was 40 percent on amounts over \$5.43 million (for individuals) in 2015, and increased to \$5.45 million in 2016.
- **Family and Medical Leave Act:** Dealerships must post a notice informing employees of their right to take limited, unpaid leave for personal and family medical emergencies and must comply with appropriate requests for such leave. Special provisions apply to leave related to military service. Dealerships must display the revised Family and Medical Leave Act poster from February 2013.
- **Federal child-support enforcement regulations:** Requires states to govern liens put on personal property—including vehicles—for overdue child support. Dealerships should check that child-support liens don't exist on used cars, and must place liens on wages of employees who are delinquent on child-support payments.
- **Federal Civil Rights Act:** Bars employment discrimination on the basis of race, sex, color, religion or national origin. Prevents employers from asking job applicants certain questions (such as age, marital status or childbearing plans). Prohibits workplace sexual harassment, including behavior that creates a hostile work environment.
- **FTC Repossession Rule:** Requires formal accounting of money collected for repossessed vehicles.
- **Federal wage-hour and child labor laws:** Address minimum-wage and overtime pay standards and exemptions as well as standards for employing minors, including teen driving restrictions. Federal minimum wage is \$7.25 per hour; state minimum wage rates may be higher.
- **Genetic Information Nondiscrimination Act:** Prohibits discrimination based on health-related employee DNA information.
- **Health Insurance Portability and Accountability Act:** Generally prohibits health insurers from denying coverage to workers who lose or change jobs and bars insurers from excluding coverage for preexisting conditions for more than a year.
- **IRS/DOL worker classification:** The IRS Voluntary Classification Settlement Program (VCSP) is aimed at encouraging employers to admit to past worker misclassifications. When making worker classification decisions, dealerships should be careful, be conservative and be prepared to document their decisions. The IRS and the Department of Labor use multi-factor legal standards and tests to evaluate whether workers are "employers" or "independent contractors." Of greatest importance: the level of control employers exercise over workers as measured by the means and manner of the work performed.
- **IRS treatment of demo vehicles:** Revenue Procedure 2001-56 offers dealers alternative methods for determining the value of demo use by qualified salespeople and other dealership employees. It defines what constitutes limited personal use and streamlines record-keeping requirements.
- **IRS treatment of tool plans:** Tool and equipment plans for service technicians and other employees must comply with the IRS's requirements for business connection, substantiation and return of excess payment.
- **Mandatory workplace posters:** Notices, such as "Your Rights Under the FMLA," "Equal Employment Opportunity Is the Law," "Federal Minimum Wage" and "Notice: Employee Polygraph Protection Act," must be conspicuously displayed. Dealerships must display the revised Family and Medical Leave Act poster from February 2013.
- **Mental Health Parity Act:** Requires insurers and health plans to offer mental illness coverage comparable to that for physical illness. Group health plans may not set dollar limits on mental health care lower than limits for general medical and surgical services. Nothing requires dealerships to provide mental health coverage, and certain exemptions apply.
- **Miscellaneous record-keeping requirements:** A multitude of requirements govern the length of time records must be maintained. Examples: Personal and corporate income tax records must be kept at least three years; notification forms for underground storage tanks must be kept indefinitely; and copies of Form 8300 cash reports must be kept for five years.
- **Newborns' and Mothers' Health Protection Act:** Employers and insurers must provide minimum hospital-stay benefits.
- **National Labor Relations Board (NLRB) unionization rules:** Govern unionization activities, including employee rights, election rules, postings, unfair labor practices and others.
- **OSHA Blood-Borne Pathogens Rule:** Dealerships more than four minutes from an emergency health facility must have a program to respond to employees who suffer cuts. All dealerships must have adequate first-aid kits.

■ **OSHA injury and illness recording and reporting requirements:**

Dealers with 10 or more employees are required to maintain a yearly log of work-related injuries and illnesses on OSHA Form 300. Dealers must also complete a report on each workplace injury or illness that occurs using OSHA Form 301. Even if no injuries or illnesses have occurred in a calendar year, all dealers with more than 10 employees must fill out and post an annual summary of work-related injuries and illnesses on OSHA Form 300A. Dealers must also report the following events to OSHA: all work-related fatalities; all work-related inpatient hospitalization of one or more employees; all work-related amputations; and all work-related losses of an eye.

■ **Section 89 of the Tax Reform Act:** Dealerships are prohibited from discriminating against lower-paid employees in their employee benefits packages.

■ **Section 179 expensing:** Generally, businesses can expense qualified Section 179 property, subject to phaseout. The total Section 179 deduction limitation is \$250,000 in 2015, moving to \$500,000 in 2016. The first-year “bonus” depreciation for 2016 is \$11,060 for trucks and \$11,160 for cars.

■ **Uniformed Services Employment and Reemployment Rights Act (USERRA):** Governs the employment and reemployment rights of members of the U.S. uniformed services.

■ **Worker Adjustment and Retraining Notification Act (WARN):** Dealerships must give 60 days’ notice to workers before termination or store closings under certain circumstances.

All Departments (Customer)

■ **Americans With Disabilities Act (ADA):** Prohibits discrimination against the physically handicapped in areas of public accommodation. Must make reasonable accommodations to facilities, such as by installing ramps and accessible parking spaces, drinking fountains, public toilets and doors.

■ **CAN-SPAM (Controlling the Assault of Non-Solicited Pornography and Marketing) Act:** E-mailers must identify a commercial message as an advertisement or solicitation and provide their physical postal addresses and a mechanism to opt out of future commercial e-mails. If recipients opt out, senders must stop sending them commercial e-mail within 10 business days. The disclosure requirements don’t apply to e-mails that relate to transactions or relationships, such as those containing exclusively warranty or recall-repair messages or the completion of transactions requested by the consumer. No one may send commercial e-mails to wireless devices unless recipients provide express prior authorization to receive them. So that senders can recognize wireless addresses, the FCC maintains a list of wireless domain names at <http://transition.fcc.gov/cgb/policy/DomainNameDownload.html>. Commercial e-mailers must check the list monthly. (Additional provisions prohibit deceptive headers, misleading subject lines and other spam tactics.)

A text message may also be considered an e-mail and therefore subject to the CAN-SPAM Act if it is sent to an e-mail address—that is, if it has an Internet domain name after the



“@” symbol (whether the e-mail address is displayed or not). This means that no commercial text message (deemed to be an e-mail) may be sent to a wireless device without “express prior authorization.” Merely having an “established business relationship” with the recipient is not enough.

■ **Driver’s Privacy Protection Act:** Denies access to personal information in state motor vehicle records except for limited purposes, such as driver safety, theft and recalls. Also restricts the release or use of personal info for marketing.

■ **Electronic Funds Transfer Act (EFTA):** EFTA and its implementing “Regulation E” govern a variety of electronic transactions. Certain provisions of Regulation E apply directly to any “person” that engages in certain activities or transactions, regardless of whether the person is a financial institution. Examples of such transactions include: issuing access devices (such as debit cards, personal identification numbers [PINs] or payroll cards); issuing or selling gift cards; initiating electronic check conversions; pre-authorizing electronic fund transfers; or operating ATMs.

■ **FTC Privacy Rule:** Dealers must issue notices of their privacy policies to their finance and lease customers and, in some cases, to consumers when the dealer discloses nonpublic information about consumers to third parties. The rule also restricts disclosures of nonpublic personal information and requires dealers to contractually limit their service providers’ access to and use of that information. Dealers who correctly use a FTC model privacy notice receive safe harbor protection for the language used to describe their privacy policy.

■ **FTC prohibition against deceptive and unfair trade practices:** Section 5 of the FTC Act prohibits unfair and deceptive trade practices. For example, the FTC has found certain advertising practices to be deceptive, including recent claims related to teaser rates, prize promotions and various “zero-down” claims.

■ **FTC Safeguards Rule:** Dealers must develop, implement and maintain—and regularly audit—a comprehensive, written security program to protect customer information and must ensure that their service providers provide similar safeguards.

■ **FTC Telemarketing Sales Rule (TSR):** Imposes many of the TCPA restrictions (below) on dealers who telemarket across state lines. Requires dealers who sell, or obtain payment authorization for, goods or services during interstate phone calls to abide by the prohibition against numerous deceptive and abusive acts and to maintain certain records for 24 months. Prohibits prerecorded

telemarketing calls without a consumer's express written agreement, requires such calls to provide a key-press or voice-activated opt-out mechanism at the outset of the calls, and requires the calls to ring for 15 seconds or four rings before disconnecting.

■ **FTC Written Warranty Rule:** Dealers must display warranties near products or post signs in prominent places telling consumers that copies of the warranties are available for review.

■ **IRS Cash-Reporting Rule:** Dealers receiving more than \$10,000 in cash in one transaction or in two or more related transactions must file IRS/FinCEN Form 8300 with the IRS within 15 calendar days and must provide written notice that the report was filed to the person named on the report by January 31 of the following year. "Cash" includes certain cashier's checks, traveler's checks, money orders and bank drafts.

■ **Magnuson-Moss Act:** Dealers must give consumers certain required information on warranties and limited warranties. Dealers are also generally prohibited from requiring routine service to be performed at their dealership as a condition of a used-car warranty.

■ **Office of Foreign Assets Control (OFAC) restrictions:** Dealerships may not enter into transactions with certain sanctioned countries, governments, and specially designated organizations and individuals, including those appearing on an electronic list maintained by OFAC.

■ **Telephone Consumer Protection Act (TCPA):** Imposes numerous restrictions on telemarketing, including the national and company-specific do-not-call (DNC) rules, calling-time restrictions, caller ID requirements, fax advertising rules, and restrictions on the use of autodialers and prerecorded messages. Fax ads may be sent only to authorized recipients and must include a phone number, fax number and toll-free opt-out mechanism (each available 24/7) on the first page of the fax ad.

Requires express written consent prior to any prerecorded or auto-dialed telemarketing call to a cell phone or text message. Recent FCC guidance indicates a very broad view of what is an "auto-dialed" call or a text message. And you cannot send any text message whatsoever to a cellular telephone number—solicitation or not, whether the number is on a DNC list or not—using an "autodialer" unless you have the called consumer's "prior express consent."

The FCC considers text messages to be "phone calls" under the TCPA. This means you cannot send a text message "solicitation" to a phone number on either the national DNC list (subject to the "established business relationship" and "prior express permission" exemptions to the national DNC rules) or your company-specific DNC list (to which there are no exemptions). See additional text message restrictions under "CAN-SPAM Act."

■ **USA PATRIOT Act:** Dealers must search their records and provide information about individuals or entities with whom they conducted transactions or created accounts if requested by the federal Financial Crimes Enforcement Network. Dealers are temporarily exempt from the law's anti-money-laundering program requirements.

New- and Used-Vehicle Sales Departments

■ **American Automobile Labeling Act:** New cars and light trucks must have a domestic-parts content label showing percentage of U.S. or Canadian parts; countries contributing more than 15 percent of the parts; origin of engine and transmission; and location of vehicle assembly. Dealers must ensure that labels remain on vehicles until sold.

■ **Corporate Average Fuel Economy (CAFE) and Greenhouse Gases (GHGs) Rules:** NHTSA and EPA rules on CAFE and GHGs govern the fuel-economy performance of all light, medium-duty and heavy-duty vehicles, which affects their design, performance and cost. The rules also impact the use of alternative technologies and fuels.

■ **Diplomat vehicle purchases:** The State Department's Office of Foreign Missions must approve a diplomat's vehicle purchase before that diplomat's tax exemption request may be honored.

■ **DOE/EPA gas-mileage guide:** Dealers must make this guide available to prospective new-vehicle buyers upon request. Download the guide from www.fueleconomy.gov.

■ **Federal bankruptcy law:** Dealerships should perfect security interests within 30 days after a customer takes possession of a vehicle, regardless of state law. Otherwise, if the customer files for bankruptcy within 90 days of when the financing agreement is signed, the bankruptcy trustee may avoid the lien. Dealerships failing to perfect liens in a timely manner may be liable for any loss.

■ **FTC Door-to-Door Sales Rule:** Gives consumers a three-day "cooling off" period only for sales not consummated at the dealership. Does not apply to auctions, tent sales or other temporary places of business if the seller has a permanent place of business.

■ **FTC guidelines for fuel-mileage advertising and alternative-fueled-vehicle advertising and labeling:** Dealer and manufacturer fuel-economy advertisements must state that the numbers are estimates and come from EPA; alternative-fueled vehicles must be properly labeled.

■ **FTC Used Car Rule:** "Buyer's Guides" are required on used-vehicle side windows, disclosing make, model, year, VIN, whether offered "as is" or with a warranty (and, if so, what kind of warranty), and service contract availability. Guides must warn that all promises should be in writing. For sales conducted in Spanish, the "Buyer's Guide" and the required cross-reference in the sales contract must be in Spanish.

■ **Gray-market vehicles:** EPA, Department of Transportation and Customs restrict the importation/sale of vehicles lacking safety or emissions certification.

■ **IRS treatment of salesperson incentives:** Factory incentives paid directly to salespeople are not wages for tax purposes.

■ **LIFO (last-in/first-out) inventory accounting method:** The use of the LIFO inventory method requires compliance with the conformity requirement.

■ **Heavy-highway-vehicle excise tax:** A 12 percent excise tax generally applies to the first retail sale of (1) truck chassis and



bodies with a gross vehicle weight rating (GVWR) in excess of 33,000 lb. (Class 8); (2) truck trailer and semitrailer bodies with a GVWR in excess of 26,000 lb. (Classes 7 and 8); and (3) “highway tractors,” unless they have a GVWR of 19,500 lb. or less (Class 5 and under) and a gross combined weight rating of 33,000 lb. or less. Dealers selling Class 5 vehicles with more than 33,000-lb. gross combined weight rating or Classes 6 or 7 vehicles should apply the “primary design” test to determine if a vehicle is a taxable tractor or a nontaxable truck.

■ **Motor vehicle tax credits:** Consumers may be eligible for up to a \$7,500 personal federal tax credit when they buy a qualifying plug-in electric vehicle or dedicated electric vehicle at a dealership (“EV Tax Credit”). Eligibility for the EV Tax Credit is based on a taxpayer’s income and tax status.

■ **Monroney sticker (Price Labeling Law):** Dealerships must keep stickers on new passenger cars showing the manufacturer’s suggested retail price, plus other costs, such as options, federal taxes, and handling and freight charges. Stickers also include EPA’s revised fuel-economy information and NHTSA NCAP revised crash-test star ratings. Dealerships that alter covered vehicles must attach a second label adjacent to the Monroney label, stating, “This vehicle has been altered. The stated star ratings on the safety label may no longer be applicable.” No size or form of this label is specified, only that it be placed as close as possible to Monroney labels on automobiles that (1) have been altered by the dealership and (2) have test results posted.

■ **National Highway Traffic Safety Administration (NHTSA) alteration and tire-placarding rules:** Significantly altered new vehicles must have labels affixed identifying the alterations and stating that they meet federal safety and theft standards. Tire-placarding and -relabeling rules require a new tire information placard/label whenever parts or equipment are added that may reduce a vehicle’s cargo-carrying capacity, or when replacement tires differ in size or inflation pressure from those referred to on the original.

■ **NHTSA odometer rule:** Prohibits odometer removal or tampering and misrepresentation of odometer readings. Requires record keeping to create a “paper trail,” and odometer disclosures on titles. Vehicles with a greater than 16,000-lb. gross vehicle weight rating and those 10 model years old or older are exempt.

■ **NHTSA recall regulations:** New vehicles and parts held in inventory that are subject to safety recalls must be brought into compliance before delivery.

■ **NHTSA safety belt/airbag deactivation:** Dealerships may install airbag switches for consumers with NHTSA authorization. Dealerships must be responsive to consumer requests for rear-seat lap/shoulder safety belt retrofits in older vehicles.

■ **NHTSA tire regulations:** Rule requires proper replacement or modification of the tire-information label when replacing tires or adding weight before first sale or lease. Also, consumers must be given registration cards when buying new tires or tires must be registered electronically. Other rules govern handling and disposal of recalled new and used tires.

■ **School van sales:** Dealers may not sell, lease or give away large, new passenger vans with more than 10 seating positions if they know the vehicle will be used to transport students to or from school or school activities. Schools must purchase or lease a school bus or multifunction school activity bus for such purposes.

■ **Uniform capitalization (UNICAP):** Dealers who (1) “produce” property or (2) acquire it for resale if their average annual gross receipts over the three preceding tax years exceed \$10 million must comply with the UNICAP requirements contained in Section 263A of the Internal Revenue Code. Revenue Procedure 2010-44 creates two safe harbor methods of accounting, which dealers may elect by filing Form 3115 with the IRS, that generally permit dealers to expense, instead of capitalize, all handling and storage costs at certain dealership facilities.

F&I Department

■ **Dodd-Frank Financial Reform Law:** Comprehensive legislation enacted in July 2010 created a new, independent Consumer Financial Protection Bureau and granted it unprecedented authority to regulate financial products and services. Dealers engaged in three-party financing are excluded from the authority of the bureau and remain subject to regulation by the Federal Reserve Board, the Federal Trade Commission (which has been given streamlined authority to declare dealer practices as unfair or deceptive) and state consumer protection agencies. Finance sources, including dealers who engage in BHPH financing, are subject to the bureau’s jurisdiction. The Dodd-Frank law also created several new obligations for creditors, including additional disclosure requirements for risk-based pricing and adverse-action notices under the Fair Credit Reporting Act (Section-1100F). Plus, it contains a requirement to collect, report to the federal government, retain, and make available to the public upon request certain data collected in credit applications from small, women-owned and minority-owned businesses. Dealers are temporarily exempt from this requirement pending promulgation of specific regulations.

■ **Equal Credit Opportunity Act (ECOA):** Regulation B prohibits discrimination in credit transactions based on race, sex, color, marital status, religion, national origin, age and public-assistance status. The government interprets this prohibition as applying not just to intentional discrimination, but also to credit practices that result in a negative “disparate impact”

on consumers based on one of these prohibited factors. The Consumer Financial Protection Bureau (CFPB) addressed disparate impact discrimination in March 2013 guidance to indirect auto lenders (CFPB Bulletin 2013-02). In addition, the dealer/creditor is required both to notify applicants in a timely fashion of actions taken on—and reasons for denying—applications, and to retain certain records. (See also “Dodd-Frank Financial Reform Law,” above, for a description of new small-business loan data collection requirements.) An optional ECOA compliance program template is available to dealers at www.nada.org/faircredit.

■ **Fair Credit Reporting Act (FCRA):** Dealers are restricted in their use of credit reports for consumers, job applicants and employees. Credit reports generally may be obtained only pursuant to consumers’ written instructions or if consumers initiate a business transaction (not if they merely talk with salespeople). Dealers must give job applicants and employees a separate document informing them that a credit report may be obtained and must obtain prior, written authorization to access the report. Dealers may not share credit information with affiliates unless they give consumers notice and the opportunity to opt out. If dealers take adverse action based on the report, they must notify consumers and follow additional procedures with job applicants and employees.

■ **Fair and Accurate Credit Transactions (FACT) Act of 2003:** This law significantly amended FCRA by adding several identity-theft prevention and other duties. Duties include: responding to requests for records from victims of ID theft and to fraud and active-duty alerts on credit reports; disposal requirements for credit report information; opt-out disclosure formatting requirements for prescreened credit solicitations; truncating the expiration date and all but the last five digits on electronically printed credit and debit card receipts provided to purchasers at the point of sale; the Federal Reserve’s Regulation FF restrictions on obtaining, using and sharing “medical information” in credit transactions; the FTC Red Flags Rule, which requires creditors and financial institutions to develop and implement a written Identity Theft Prevention Program that contains procedures to identify, detect and respond to “red flags” indicating the possibility of identity theft; the FTC Address Discrepancy Rule, which requires users of credit reports to develop and implement procedures to verify a customer’s identity when receiving a “Notice of Address Discrepancy” from a consumer reporting agency; the FTC Affiliate Marketing Rule, which generally requires a business to offer customers the opportunity to opt out of receiving solicitations from the business’s affiliates before affiliates may market to the customers; and the Risk-Based Pricing Rule, which generally requires initial creditors to issue either risk-based pricing notices to consumers to whom credit is granted but on relatively unfavorable terms, or credit score disclosure exception notices to all consumer credit applicants. Additional requirements apply to businesses that furnish negative information about consumers to consumer reporting agencies.

■ **FTC Credit Practices Rule:** Dealers are required to provide a written disclosure statement to a cosigner before the cosigner signs an installment sale contract. Dealers cannot “pyramid” late charges (that is, add a late charge onto a payment made in full and on time when the only delinquency was a late charge on a previous installment).

■ **FTC Holder-in-Due-Course Rule:** Preserves the consumer’s right to raise claims and defenses against purchasers of consumer credit contracts (with automobile sales, it protects consumers who buy cars from dealerships on credit). When dealerships sell credit contracts to lenders, consumers are obligated to pay the lenders instead of the dealerships. Under the rule, if a dealership engaged in fraud or made misrepresentations in selling a car on credit, a consumer could raise the dealership’s conduct as a defense against the lender’s demand for payments. Dealerships must ensure that their credit contracts contain the precise disclosure required by the rule.

■ **Gramm-Leach-Bliley Act:** See “FTC Privacy Rule” and “FTC Safeguards Rule” under “All Departments (Customer).”

■ **Producer-Owned Reinsurance Companies (PORCs):** IRS Notice 2004-65 removed certain reinsurance arrangements as “listed transactions,” but states that the IRS will continue to scrutinize transactions that shift income from taxpayers to related companies “purported to be insurance companies that are subject to little or no U.S. federal income tax.”

■ **Truth in Lending and Consumer Leasing Acts:** Regulations Z and M cover consumer credit and consumer leasing transactions, respectively, specifying information to be disclosed to a consumer before completing the transaction, and information to be disclosed when advertising consumer credit transactions or leases. For example, dealers who advertise a lease down payment or monthly payment amount must disclose in lease ads that the advertised deal is a lease; the total amount due at lease signing; number, amount and period (for example, monthly) of payments; and whether a security deposit is required.

Service and Parts Department

■ **Clean Air Act:** Dealerships may not tamper with, replace or remove emissions-control equipment, such as catalytic converters. CFC recycling regs require dealership air-conditioning techs to obtain certification and to use certified recycling and recovery equipment to capture spent refrigerant, including HFC-134a and other non-ozone-depleting refrigerants. The act also regulates any fuels dealers store and dispense, as well as the alternative fuels motorists use, including gasohol. It restricts emissions from solvents and chemicals.

■ **Clean Water Act:** Sets standards for regulation of wastewater and storm water at dealerships and comprehensive rules governing aboveground oil storage tanks.

■ **Department of Transportation (DOT) hazardous-materials-handling procedures:** Require parts employees who load, unload and package hazardous products, such as airbags, batteries and brake fluid, to be trained in safe handling practices.

- **FTC Used Parts Guide:** Prohibits misrepresentations that a part is new or about the condition, extent of previous use, reconstruction or repair of a part. Previously used parts must be clearly and conspicuously identified as such in advertising and packaging, and, if the part appears new, on the part itself.
- **IRS Core Inventory Valuation:** Revenue Procedure 2003-20 creates an optional method for valuing core inventories for those using Lower of Cost or Market Valuation Method.
- **LIFO/FIFO inventory accounting method:** Revenue Procedure 2002-17 provides a safe harbor method of accounting that authorizes the use of replacement cost to value year-end parts inventory.
- **NHTSA tampering rules:** Prohibit dealerships from rendering inoperative safety equipment installed on vehicles in compliance with federal law.
- **NHTSA tire rules:** Dealerships must report sales of defective tires when the tires are sold separately from vehicles, and must properly manage recalled tires.
- **OSHA asbestos standards:** Dealerships must use certain procedures during brake and clutch inspections and repairs to minimize workplace exposure. Water, aerosol cleaners or brake washers may be used to comply with the standard.
- **OSHA Hazard Communication Standard (right-to-know laws):** Dealers must inform employees about chemical hazards they may be exposed to in the workplace, keep chemical product information sheets on-site and accessible, and train staffers to properly handle the hazardous materials they work with. Also, EPA's community right-to-know rules require dealers to list annually with state and local authorities tanks holding more than 1,600 gallons.
- **OSHA lock-out/tag-out procedures:** Explain what service departments must do to ensure machines, including vehicles, are safely disengaged before being serviced.
- **OSHA workplace health and safety standards:** Extensive regulations cover a multitude of workplace issues and practices, from hydraulic lift operation to the number of toilets required. Example: Dealerships must determine if workplace hazards warrant personal protective equipment and, if so, to train employees on its use. Verbal or online reports must be made within eight hours of any incident involving the hospitalization or death of any worker.
- **Resource Conservation and Recovery Act (RCRA):** Comprehensive environmental law regulating many dealership functions, including underground storage tanks and the storage, management and disposal of used oil, antifreeze, mercury products and hazardous wastes. Underground tanks must be monitored, tested and insured against leaks; leaks and spills must be reported to federal and local authorities and cleaned up. The law also regulates new-tank installations. Dealers must obtain EPA ID numbers if they generate more than 220 lb. per month (about half of a 55-gallon drum) of certain substances and must use EPA-certified haulers to remove the waste from the site; dealers must keep records of the shipments. Used oil should be burned in space heaters or hauled



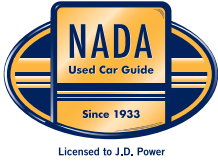
off-site for recycling. Used oil filters must be punctured and drained for 24 hours before disposal.

- **Safe Drinking Water Act:** To protect underground drinking water from contamination, dealerships may be barred from discharging waste liquids (such as used oil, antifreeze and brake fluid) into septic system drain fields, dry wells, cesspools or pits.
- **Superfund (Comprehensive Environmental Response, Compensation and Liability Act [CERCLA]):** As waste generators, dealerships may be subject to Superfund liability. Carefully select companies to haul waste off-site. Dealers can deduct the cost of cleaning up contaminated soil and water in the year it's done. Dealers may qualify for an exemption from liability at sites involving used oil managed after 1993. The service station dealer exemption application (SSDE) requires dealers to properly manage their oil and to accept oil from do-it-yourselfers.
- **UNICAP:** See "New- and Used-Vehicle Sales Departments."

Body Shop

- **Clean Air Act:** National paint and hazardous air-pollution rules require reformulated, environmentally safer paints and finishes, special handling procedures, and record keeping.
- **EPA hazardous-waste rules:** See "RCRA" under "Service and Parts Department."
- **OSHA Hazard Communication Standard (right-to-know laws):** See "Service and Parts Department."
- **OSHA Respiratory Protection Standard:** Requires written programs describing how to select, fit and maintain respirators to protect body shop workers from hazardous chemicals.
- **OSHA workplace health and safety standards:** Extensive regulations affect body shops in many ways, including mandating the use and care of protective equipment such as face masks, gloves and respirators. The hex chrome standard limits air emissions during sanding and painting. (See also "Service and Parts Department.")
- **UNICAP:** See "New- and Used-Vehicle Sales Departments."
- **VIN and parts marking:** Dealers may not alter, destroy or tamper with vehicle identification numbers or anti-theft parts-marking ID numbers and should use only properly marked replacement parts. ■

Doug Greenhaus, Paul Metrey, Brad Miller and Lauren Bailey of the NADA Legal and Regulatory Affairs Department contributed to this guide.



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By Peter Craig

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Piper Aircraft, Vero Beach, Fla., offers the all-new M600—a cabin class, six-seat aircraft, powered by a Pratt & Whitney PT6A-42A 600shp engine. The M600 has the latest in avionic and safety features. More info at piper.com or 772.299.2900. **(Booth 4932C)**

FLEET KEY MANAGEMENT

Car Keys Express, Louisville, Ky., provides high-quality, low-priced keys and remotes for dealerships. The nationwide company helps dealerships manage their key inventories by decreasing the number of keys necessary to have on hand. The Universal Car Keys replace factory original, integrated “remote-head” keys and work just like those keys, unlocking and locking doors, popping the trunk, and so forth. More info at carkeysexpress.com or 888.358.5397. **(Booth 3323C)**



FLOOR TILES



Argelith Ceramic Tiles, St. Charles, Ill., offers high-quality, industrial-strength stonewear and ceramic tiles for service departments and showrooms. Clients include Audi, BMW, Mercedes and Porsche stores. More info at argelithus.com or 630.444.0665. **(Booth 3745C)**

CUTTING TOOL



Bad Dog Tools, Bristol, R.I., has its Bad Dog Biter, which attaches to an electric drill to make quick, accurate and versatile cuts in sheet metal and other material. The tool can remove rusted metal from a fender, cut sheet plastic or fit laminate. More info at baddogtools.com or 800.252.1330. **(Booth 3419C)**

SERVICE TRACKING



AutoPoint, South Jordan, Utah, uses RFID scanners to recognize a customer's vehicle as it pulls up to the service drive. The customer's name and other info are then instantly displayed on a “welcome board.” The scanners keep staff and customers current on where the vehicle is in the service process. More info at autopoint.com or 877.567.4349. **(Booth 1882C)**

LIFT ACCESSORY



Hoist Hanger, Port Coquitlam, British Columbia, has a lift accessory that lets techs remove and reinstall heavy wheel and tire combinations from a standing position, which helps eliminate injuries and reduce workers' comp claims and sick days. More info at hoisthanger.com or 888.913.1657. **(Booth 6451N)**

SERVICE DEPARTMENT DOOR



Rytec, Jackson, Wis., has a Spiral FV (Full Vision) Door with high-speed mechanism that allows it to open at 100 inches per second. Shatterproof and scratch-resistant clear Lextan slats allow lots of natural light. More info at rytecddoors.com or 888.467.9832. **(Booth 2867C)**

AFV CORROSION PROTECTION



Final Coat, Vaughan, Ontario, offers the BPH-5000 hybrid module for hybrid and electric vehicles. The module emits a high-frequency, battery-driven pulse wave that enhances the galvanizing properties of the vehicle's sheet metal, inhibiting the corrosion process. More info at finalcoat.com or 800.952.4018. **(Booth 4913C)**

HEAVY-DUTY DIGITAL ADS



Dealer Spike Truck, Lake Oswego, Ore., helps truck dealers boost sales and service profitability through online advertising and training, and by developing more showroom, phone and online prospects. More info at dealerspiketruck.com or 800.288.5917. **(Booth 5829N)**

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JUMP STARTERS



PowerAll, Brea, Calif., has easy-to-use, commercial-grade lithium battery power jump starters for dealership customers. All starters are FCC, CE and RoHS certified to ensure safety and reliability, and all come with 100 percent protection against voltage back-feed. More info at thepowerall.com or 626.810.7770. **(Booth 3731C)**

SERVICE RETENTION SOLUTION



Xtime, Redwood City, Calif., offers an integrated product suite that enables dealers to invite, schedule and engage customers, as well as review customer relationships. The company processes more than 3 million appointments per month. More info at xtime.com or 888.463.3888. **(Booth 1311C)**



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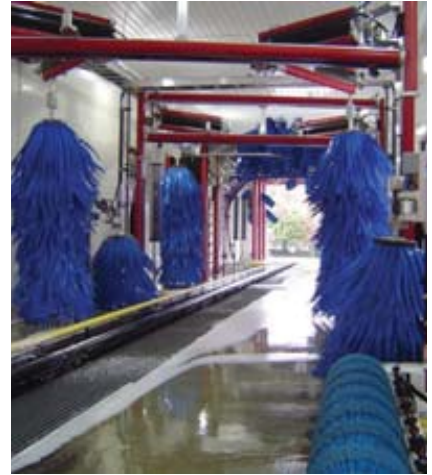
Rocky Ridge Trucks, Franklin Springs, Ga., provides conversions for trucks, SUVs, vans and cars. More info at rockyridgetrucks.com or 706.245.8693. **(Booth 6213N)**

SERVICE REMINDERS



Cobra Systems, Inc., Anaheim, Calif., offers the Striker Pro reminder sticker-printing system for the dealership's service customers. Nine pre-programmed reminder templates can print your QR code to get customers to your website for easy scheduling. More info at cobrasystems.com or 800.262.7298. **(Booth 5937N)**

CAR WASH EQUIPMENT



Motor City Wash Works, Wixom, Mich., offers high-quality equipment, parts, accessories and supplies. Products range from foamers and wheel brushes to profiler dryers and chemical dilution stations. More info at motorcitywashworks.com or 866-362.6377. **(Booth 6037N)**

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