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- Who's who
- The regulatory maze

NADA

CONVENTION

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NADA CONVENTION MAGAZINE

NEW ORLEANS 2014

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David Westcott
NADA Chairman

UP FRONT ACCELERATING AHEAD

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This year the auto industry is accelerating quickly, with robust sales and a flurry of new product rolling into showrooms. Dealers still face many challenges, including automaker facility-image programs, protection of dealer data and especially flawed government initiatives—such as the Consumer Financial Protection Bureau’s (CFPB) efforts to end a customer’s ability to negotiate a better auto loan interest rate.



Luckily, NADA is with us every step of the way. That’s readily apparent at the NADA/ATD Convention & Expo, which is also the best opportunity of the year for dealers to network and share ideas. This year is no exception, with dozens of workshops, close to 600 exhibitors and a slate of top-notch speakers.

To truly appreciate the convention and the effectiveness of NADA, it’s important to remember how much your association accomplished in 2013:

- NADA worked diligently with key legislators and government agencies to counter the CFPB’s efforts to reduce the competitive benefits of dealership financing.
- For the 12th year in a row, more than 90 percent of new-vehicle dealers were NADA members.
- The NADA Foundation spearheaded relief efforts to help dealership employees affected by natural disasters across the country.
- For the fourth year in a row, the Dealers Election Action Committee—NADA’s political action committee—raised more than \$2 million in contributions from dealers.

Now we are in a new year, so consider this issue of *NADA Convention Magazine* your NADA road map for 2014. In it you’ll find what’s in store for the convention, the industry and NADA. In “What’s New at the Convention” (page 17), we showcase some great ways to make the most of this year’s show. Starting on page 20, we highlight the latest updates from the major automakers. And in the “NADA 2014” section (pages 38-51) we look at the latest regulations affecting your store and profile my successor as NADA chairman, Forrest McConnell III of Montgomery, Ala.

There are many challenges and opportunities as the auto industry accelerates ahead. And now the NADA/ATD Convention is here to help dealers along with way.

A handwritten signature in black ink that reads "David W. Westcott". The signature is written in a cursive, flowing style.



Year in Review

NADA highlights from 2013



2.13 David Westcott becomes 2013 NADA chairman.

LAST YEAR WAS FULL OF STRONG VEHICLE SALES, continued economic recovery, and various legislative and regulatory actions that affected dealers and their stores. Here's a look at just some of the projects and initiatives that NADA accomplished in 2013.

JANUARY

- NADA selects Peter K. Welch as its new president. Welch had been president and CEO of the California New Car Dealers Association since 2003 and managed its government affairs office since 1990.
- Thanks to an NADA-supported bill, dealers are no longer required to provide printed copies of the *Relative Collision Insurance Cost Information* brochure to vehicle buyers. President Obama signed legislation that repealed this outdated mandate and eliminated the \$1,000 fine that dealerships faced for failing to comply with this 1970s-era law.
- NADA forecasts robust vehicle sales, thanks to pent-up demand, available credit, more new-vehicle choices, declining unemployment and improving home values.
- NADA and the Environmental Protection Agency (EPA) launch a new energy ally program, Energy Star, to help dealerships reduce energy use.

FEBRUARY

- NADA hosts its 96th annual convention in Orlando. North Carolina dealer David Westcott becomes 2013 chairman.
- The ATD convention—now held in conjunction with the NADA convention—celebrates its 50th anniversary. Dick Witcher begins second term as ATD chairman.
- The Automotive Trade Association Executives (ATAE) elect Louisiana's Bob Israel as 2013 chairman.
- NADA presents phase two of its major study on facility image programs.
- Rep. Bob Latta (R-Ohio) introduces NADA-supported legislation (H.R. 724) to eliminate an unnecessary mandate that requires dealers to certify that a new vehicle complies with the Clean Air Act.
- NADA Used Car Guide predicts that used-vehicle trade-in values will remain historically high.

MARCH

- The Consumer Financial Protection Bureau (CFPB) issues guidance that pressures auto-finance sources into changing the way they compensate dealers for arranging financing without any indication that the bureau has examined the effect this change could have on the cost or availability of credit for consumers. NADA and the National Association of Minority Automobile Dealers question the basis of the CFPB's guidance and its effort to end a customer's ability to negotiate a better auto loan interest rate.
- Bob Carter, senior vice president for Toyota Motor Sales, U.S.A., delivers keynote remarks at annual NADA/J.D. Power Automotive Forum in New York City.
- NADA Used Car Guide says that used cars and light trucks reached their annual peak for wholesale prices this month.

3.13 Toyota's Bob Carter speaks at the annual NADA Automotive Forum in New York City.



APRIL

- In a survey by NADAguides.com, new-vehicle shoppers rank the top five considerations when buying a new car: fuel economy, ownership costs, brand perception, safety and design.
- NADA announces that next month the Federal Trade Commission (FTC) will no longer require a special label for new alternative-fueled vehicles (AFVs). NADA advocated strongly for this change, since such alternative-fuel information on the FTC label duplicated that found on the EPA's revised fuel-economy label. The FTC also agrees with NADA to eliminate its AFV label mandate for used vehicles.

MAY

- NADA President Peter Welch testifies before a Senate subcommittee on a rental-car recall bill (S. 921), noting that dealers agree that unsafe vehicles should not be rented.
- NADA, as part of a business coalition, wins a court decision throwing out the National Labor Relations Board's mandate that 6 million employers—including dealerships—post notices informing employees of their rights under the National Labor Relations Act.
- The NADA Foundation provides financial assistance through its Emergency Relief Fund to dealership employees affected by a devastating tornado in Oklahoma.
- Thirteen House Financial Services Democrats, led by Rep. Terri Sewell (D-Ala.), demand that the CFPB release information supporting the bureau's allegations of "disparate impact discrimination" in indirect auto financing.

JUNE

- NADA urges dealerships to review an OSHA (Occupational Safety and Health Administration) inspection directive—as well as their health and safety compliance—after learning the agency is targeting dealerships and other automotive businesses.
- Rep. Spencer Bachus (R-Ala.) and 34 House Republicans request all relevant information supporting the CFPB's assertion that there may be "disparate impact discrimination" in dealer-assisted financing. The representatives also demand to know whether the CFPB ever measured how a mandatory flat-fee compensation system for dealers would affect the cost or availability of credit for consumers.
- NADA Used Car Guide says values for used plug-in electric vehicles are expected to decline by nearly 30 percent in 2013.



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



9.13 NADA partners with Hiring Our Heroes to help military veterans and their spouses find meaningful employment.

JULY

- *NADA Data 2013* shows employment at dealerships is continuing to rise as the economy gains momentum and auto sales increase.
- In a speech to the National Association of Minority Automobile Dealers, NADA Chairman David Westcott says that diversity strengthens the auto industry and that NADA is committed to helping minority- and women-owned dealerships.
- The Senate Commerce, Science and Transportation Committee passes the rental-car recall bill (S. 921). NADA argues that the bill is overbroad and should be amended to protect small businesses.
- *USA Today* publishes an NADA commentary: “Franchised Dealers Deliver Best Results.”

AUGUST

- NADA meets with GM’s board of directors in Detroit. The latest industry issues are discussed, including the CFPB, facility-improvement programs, stair-step incentives, the impact of greenhouse-gas/fuel-economy rules on vehicle affordability, and protection of intellectual property and data security.
- NADA provides dealers with *A Dealer Guide to the OSHA Respiratory Rule* after OSHA targets body shops with a new enforcement program.
- To help dealers better understand and comply with data-privacy requirements, NADA provides “Dealer Data” guidance, including sample contract provisions for service providers.

SEPTEMBER

- Reps. Reid Ribble (R-Wis.) and Tim Walz (D-Minn.) introduce NADA-supported legislation that puts Congress on record against an increase in the current 12 percent federal excise tax (FET) on heavy-duty trucks.
- More than 400 dealers and association executives attend NADA’s annual Washington Conference and hear from Sen. Ted Cruz (R-Tex.), Rep. Gary Peters (D-Mich.), National Highway Traffic Safety Administration Administrator David Strickland and political analyst Karl Rove.
- Next Gen dealers meet in Washington to discuss public policy and grass-roots efforts.
- NADA partners with Hiring Our Heroes, a program from the U.S. Chamber of Commerce Foundation that helps military veterans and their spouses find employment.
- Rep. Spencer Bachus (R-Ala.) criticizes the CFPB for failing to answer specific questions from Congress regarding the bureau’s fair-lending guidance, and demands answers.

10.13 NADA Chairman David Westcott speaks to reporters at the Automotive Press Association luncheon in Detroit.



11.13 NADA Foundation provides financial assistance to dealership employees affected by tornadoes in the Midwest.

OCTOBER

- In remarks to the Automotive Press Association in Detroit, NADA Chairman David Westcott warns that the CFPB's guidance to eliminate "meet or beat" financing through a dealership would end up hurting consumers by increasing the auto loan interest rates.
- A bipartisan group of 22 senators—led by Sens. Rob Portman (R-Ohio) and Jeanne Shaheen (D-N.H.)—ask the CFPB to justify its auto-lending guidance. Noting that the CFPB has not provided complete responses to several requests from House members, the senators demand greater transparency regarding the bureau's efforts to eliminate a dealer's ability to discount an interest rate for a customer.

NOVEMBER

- José Munoz, Nissan's head of North American operations, delivers keynote remarks at annual NADA/J.D. Power Western Automotive Conference in Los Angeles.
- In its response to the Portman-Shaheen letter, the CFPB admits there was no cost/benefit analysis performed to determine how a mandatory flat-fee payment system to dealers would affect the availability or cost of auto credit. During a CFPB panel, NADA cautions that the bureau's efforts will harm consumers by reducing the competitive benefits of dealer-assisted financing.
- The NADA Foundation provides financial assistance through its Emergency Relief Fund to dealership employees affected by powerful tornadoes in the Midwest.
- NADA releases the *2013 Dealership Workforce Study Industry Report*, which covers dealership employee compensation, benefits, retention and turnover.

DECEMBER

- The House Energy and Commerce Committee approves a bipartisan NADA-supported bill (H.R. 724), which would eliminate some red tape required by the EPA when a customer buys a new vehicle.
- On the eve of the CFPB's first fair-lending enforcement action against an indirect auto lender, a bipartisan group of House members from Florida—led by Democrat Alcee Hastings and Republican Bill Posey—calls for transparency from the bureau and expresses concern regarding its auto-lending guidance.
- NADA increases membership and ends 2013 with nearly 16,000 members, marking the 12th consecutive year it has achieved more than 90 percent membership penetration.

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REGIONAL VICE-CHAIRMAN:

Donald Hicks, Aurora, Colo.

David B. Penske, Shillington, Pa.

Ted Russell, Knoxville, Tenn.

David Shepherd, Fort Scott, Kan.

ATD CHAIRMAN: Richard W. Witcher,
Walpole, Mass.



NEW ORLEANS

FAST FACTS

In real estate, there's nothing quite like "location, location, location." And New Orleans has that nailed. The city, named after Orléans in central France, was founded in 1718 by the French Mississippi Company as a perfect spot for a port, right on the Mississippi River not far from the Gulf of Mexico.

Soon came the Spanish later in the 18th century, the British during the War of 1812 and the Yankees during the Civil War. Yet there has been no more determined invader than the American tourist of the 20th and 21st centuries, in search of delicious Cajun and Creole food, tuneful jazz, and overall fun times.

Some other fast facts about New Orleans and Louisiana:

- New Orleans has been tagged the birthplace of jazz, sometimes by the formation of Buddy Bolden's first band in 1895, other times by the city's first jazz recording in 1917.
- Louisiana's official state drink is ... milk!
- New Orleans was nicknamed the "Crescent City" for its pattern of growth along a curve of the Mississippi.
- The city contains more miles of canals (above the ground and below) than waterlogged Venice, Italy.
- American troops routed the British in the War of 1812's Battle of New Orleans. Alas, while the peace treaty had been signed two weeks earlier, there were no smartphones back then.
- In 1862 the Confederate Louisiana Native Guards became the first American army to commission African-American officers.
- The first "poboy" sandwich was made in 1929 at a local restaurant that was offering free food to streetcar company strikers.
- The "Higgins boats"—the Americans' game-changing World War II landing craft—were built in New Orleans by Andrew J. Higgins.
- Louisiana's official state dog is the Catahoula Leopard Dog, also known as the Catahoula Hound.

—Peter Craig





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SPEAKERS/SCHEDULE

NADA CONVENTION EVENTS

(ATD Convention Events on page 12)



Steve Forbes is the chairman and editor in chief of Forbes Media. The company's flagship publication, *Forbes*, is one of the nation's leading business magazines, with a circulation of more than 900,000. He is also author of *Flat Tax Revolution: Using a Postcard to Abolish the IRS* and other books. Forbes addresses dealers Saturday.



Jose Rene "J.R." Martinez acquired many fans as the winner of TV's "Dancing With the Stars" in 2011, and for reasons beyond dancing ability. He had enlisted in the army and was badly wounded in Iraq, with burns covering more than 40 percent of his body. He not only recovered but helped fellow wounded soldiers through their own ordeals. Martinez addresses dealers Sunday.



Hillary Rodham Clinton served as the U.S. secretary of state from January 21, 2009, until February 1, 2013. Before that, she was the nation's first lady (1992 to 2000) and in 2000 won election to the U.S. Senate, a first for a first lady. Clinton addresses dealers Monday.

FRIDAY, JANUARY 24

- 9:00 AM–6:00 PM** Attendee Registration – Lobby A, Level I
- 10:30 AM–NOON** *Meet NADA: Not Your Daddy's Orientation* – Rooms 343-345, Level III
- 12:15 PM–1:30 PM** Workshops – Levels II and III
- 2:00 PM–3:15 PM** Workshops – Levels II and III
- 3:45 PM–5:00 PM** Workshops – Levels II and III
- 5:30 PM–7:00 PM** J.D. Power Welcome Reception* – Hilton Riverside, Grand Ballroom A-C, Level I

SATURDAY, JANUARY 25

- 7:30 AM–5:30 PM** Attendee Registration – Lobby A, Level I
- 8:30 AM–5:00 PM** Expo Open – Ribbon Cutting – Expo Halls B-H, Level I
- 8:30 AM–5:00 PM** Lifestyle Experience – Expo Halls B-H, Level I
- 10:30 AM–11:45 AM** Workshops and Dealer Franchise Meetings – Levels II and III
- 2:30 PM–4:00 PM** General Session: Formal Opening of NADA/ATD Convention and Expo – Great Hall, Level I

SUNDAY, JANUARY 26

- 8:00 AM–5:00 PM** Attendee Registration – Lobby A, Level I
- 8:30 AM–5:00 PM** Expo Open – Expo Halls B-H, Level I
- 8:30 AM–5:00 PM** Lifestyle Experience – Expo Halls B-H, Level I
- 9:00 AM–10:00 AM** Inspirational Service – Great Hall, Level I
- 10:30 AM–11:45 AM** Workshops and Dealer Franchise Meetings – Levels II and III
- 1:00 PM–2:45 PM** Dealer Franchise Meetings – Levels II and III
- 2:00 PM–3:15 PM** Women Dealers' Networking Power Event* – Marriott Convention Center, River Bend Ballroom
- 2:30 PM–3:45 PM** Dealer Franchise Meetings – Level I
- 3:30 PM–4:45 PM** Workshops and Dealer Franchise Meetings – Levels II and III

MONDAY, JANUARY 27

- 8:00 AM–4:00 PM** Attendee Registration – Lobby A, Level I
- 8:30 AM–4:00 PM** Expo Open – Expo Halls B-H, Level I
- 8:30 AM–4:00 PM** Lifestyle Experience – Expo Halls B-H, Level I
- 9:00 AM–10:15 AM** Closing General Session – Great Hall, Level I
- 10:45 AM–NOON** Workshops and Dealer Franchise Meetings – Levels II and III
- 1:00 PM–2:30 PM** Afternoon Delight: Dessert and Coffee Bar, Neighborhood Eateries – Expo Halls B-H, Level I
- 2:30 PM–3:45 PM** Workshops – Levels II and III

* Tickets required.

SPEAKERS/SCHEDULE

ATD CONVENTION EVENTS

(NADA Convention Events on page 11)

FRIDAY, JANUARY 24

- 9:00 AM–6:00 PM Attendee Registration – Lobby A, Level I
 10:30 AM–NOON *Meet NADA: Not Your Daddy's Orientation* – Room 343–345, Level III
 1:00 PM–2:45 PM Make Meetings – Level III
 3:00 PM–5:00 PM Super Workshop – Room 231-232, Level II
 6:00 PM–8:00 PM Welcome Reception – Hilton Riverside, River, Port, Starboard Rooms

SATURDAY, JANUARY 25

- 7:30 AM–5:00 PM Attendee Registration – Lobby A, Level I
 7:30 AM–9:00 AM Continental Breakfast – Hilton Riverside, Drago's Restaurant
 8:00 AM–10:00 AM, 8:30 AM–10:15 AM, 1:45 PM–3:30 PM Make Meetings – Level III
 8:30 AM–5:00 PM Expo Open – Ribbon Cutting – Expo Hall B, Level I
 8:30 AM–5:00 PM Lifestyle Experience – Expo Halls B-H, Level I
 10:30 AM–11:45 AM Workshops – Level II
 NOON–1:30 PM Opening General Session and Luncheon – La Nouvelle Ballroom, Level II
 2:30 PM–4:00 PM NADA General Session – Great Hall, Level I
 4:30 PM–6:00 PM Happy Hour – Hilton Riverside, River Blends Lounge
 5:00 PM–6:00 PM NextGen Reception – Hilton Riverside, Compass, Level II
(Must meet requirements for ATD NextGen.)

SUNDAY, JANUARY 26

- 7:30 AM–9:00 PM Continental Breakfast – Hilton Riverside, Drago's Restaurant
 8:00 AM–5:00 PM Attendee Registration – Lobby A, Level I
 8:30 AM–5:00 PM Expo Open – Expo Hall B, Level I
 8:30 AM–5:00 PM Lifestyle Experience – Expo Halls B-H, Level I
 10:00 AM–11:45 AM Workshops and Make Meetings – Level III
 NOON–1:15 PM General Session and Luncheon – La Nouvelle Ballroom, Level II
 3:30 PM–5:00 PM Workshops and Make Meetings – Levels II and III
 4:30 PM–6:00 PM Happy Hour – Hilton Riverside, River Blends Lounge
 7:00 PM–10:00 PM Gala – Arnaud's Restaurant (located in the French Quarter)
(ATD badge required.)

MONDAY, JANUARY 27

- 7:30 AM–9:00 PM Continental Breakfast – Hilton Riverside, Drago's Restaurant
 8:00 AM–4:00 PM Attendee Registration – Lobby A, Level I
 8:30 AM–4:00 PM Expo Open – Expo Hall B, Level I
 8:30 AM–4:00 PM Lifestyle Experience – Expo Halls B-H, Level I
 9:00 AM–10:15 AM NADA General Session – Great Hall, Level I
 10:45 AM–NOON Workshops – Level II
 12:15 PM–1:30 PM General Session – La Nouvelle Ballroom, Level II
 1:00 PM–2:30 PM Afternoon Delight: Dessert and Coffee Bar, Neighborhood Eateries — Expo Halls B-H



Richard W. Witcher is the chairman of the American Truck Dealers and CEO of Minuteman Trucks, Inc., Walpole, Mass. He and his brother, William, launched Minuteman Ford in 1991. They added Sterling in 1997 and changed the dealership name to Minuteman Trucks. The Witchers also now sell Pierce fire and rescue vehicles, and own and operate Minuteman Fire and Rescue Apparatus, Inc.

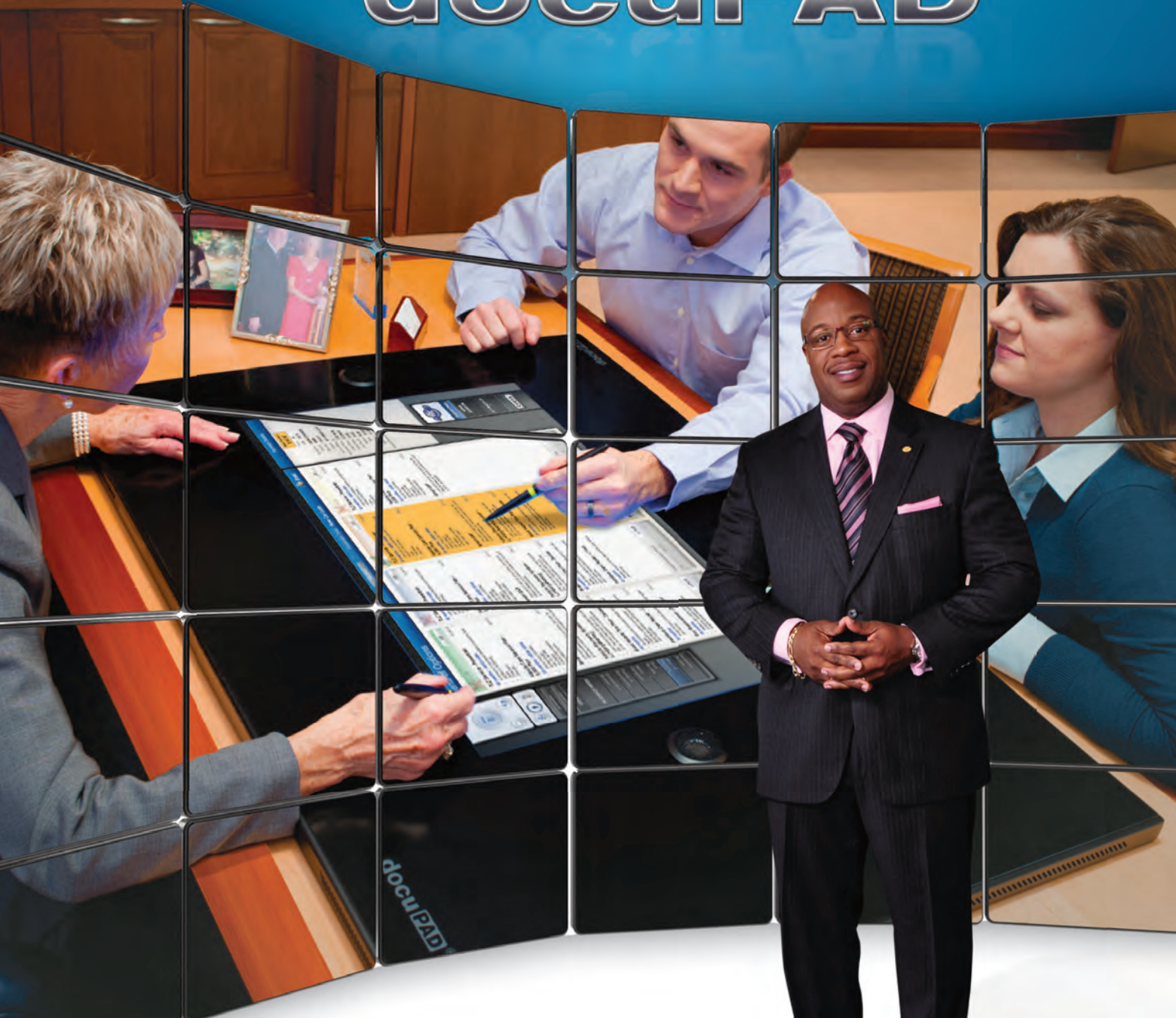


Philip Byrd, the chairman of the American Trucking Association, is president and CEO of Bulldog Highway Express, Charleston, S.C. Byrd is a two-time chairman of the South Carolina Trucking Association and is currently on the boards of the American Trucking Association and the Truckload Carriers Association. Byrd addresses dealers Sunday.



Lt. Gen. Russel L. Honoré (ret.) commanded the Joint Task Force–Katrina, leading the Defense Department response to the giant 2005 hurricanes Katrina and Rita in Alabama, Mississippi and Louisiana. Before that, in similar positions, he had headed the military response to the Washington, D.C.–area sniper shootings in 2002 and the space shuttle *Columbia* tragedy in 2003. Honoré addresses dealers Monday.

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NOMINEES

TIME DEALER AWARD

Congratulations to the nominees for national *TIME* Dealer of the Year from NADA and all state and metro dealer associations. The winner will be announced at the opening session, Saturday, January 25.

ALABAMA: *Dick Brewbaker*, Montgomery

ARKANSAS: *Jeff Teague*, El Dorado

ARIZONA: *Louis Sands*, Glendale

CALIFORNIA: *Douglas Fuller*, Chula Vista; *Greg Kaminsky*, El Cajon

COLORADO: *Bob Ghent*, Greeley

DELAWARE: *Thomas Smith*, Wilmington

FLORIDA: *R. Bruce Deardoff*, Merritt Island; *Richard Dimmitt*, Clearwater

GEORGIA: *Terry Laughbridge*, Cartersville

HAWAII: *Joseph Hanley*, Hilo

IDAHO: *Kathleen Sims*, Coeur d'Alene

ILLINOIS: *Chris Graue*, Lincoln; *Desmond Roberts*, Hodgkins

INDIANA: *Mark Fuson*, Terre Haute

IOWA: *Brad Deery*, West Burlington

KANSAS: *Scott Conklin*, Hutchinson

KENTUCKY: *Bob Hook*, Louisville

LOUISIANA: *Richard Flick*, Mandeville

MAINE: *Neal Shepard*, Rockland

MARYLAND: *Marisa Shockley*, Frederick

MASSACHUSETTS: *Brian Kelly*, Danvers

MICHIGAN: *Thomas Cole*, Portage; *James Seavitt*, Dearborn

MINNESOTA: *David Luther*, St. Louis Park

MISSISSIPPI: *Larry Clark*, Amory

MISSOURI: *Jason Hulett*, Camdenton

MONTANA: *Ken Fichtner*, Laurel

NEBRASKA: *Bill Reeg*, Wayne

NEVADA: *Justin Findlay*, Las Vegas

NEW HAMPSHIRE: *Roger Groux*, Stratham

NEW JERSEY: *William Kundert*, Hasbrouck Heights

NEW MEXICO: *David Baker*, Albuquerque

NEW YORK: *Gary Brown*, Patchogue; *Anthony DePaula*, Albany; *Shau-wai Lam*, Wappingers Falls

NORTH CAROLINA: *Ray McKenney*, Lowell

NORTH DAKOTA: *Donald Vigesaa*, Cooperstown

OHIO: *Chuck Eddy*, Youngstown; *Andrew Glockner*, Portsmouth; *David Waikem*, Massillon

OKLAHOMA: *David Dyson*, Elk City

OREGON: *Shannon Inukai-Cuffee*, Hillsboro

PENNSYLVANIA: *Kerry Pacifico Sr.*, Philadelphia

RHODE ISLAND: *James Hagan*, Warwick

SOUTH CAROLINA: *John Jones Jr.*, Sumter

SOUTH DAKOTA: *Daniel Lamb*, Onida

TENNESSEE: *Reed Trickett*, Madison

TEXAS: *Jerry Durant*, Weatherford; *Nyle Maxwell*, Austin

UTAH: *Tim Dable*, Salt Lake City

VIRGINIA: *Charles "Chip" Lindsay*, Alexandria; *Larry Shelor*, Christiansburg

WASHINGTON: *Jamie Will*, Olympia

WEST VIRGINIA: *William "Bill" Cole*, Bluefield

WISCONSIN: *Thomas Zimbrick*, Madison

WYOMING: *Martin Gubbels*, Torrington

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WHAT'S NEW AT THE CONVENTION

The 2014 NADA/ATD Convention & Expo is making it easy for attendees to network and get latest news thanks to several new and improved features.

THE SOCIAL CONNECTION ZONE

Back by popular demand, the Social Connection Zone helps attendees get the most out of their time in New Orleans while staying hip to tech trends. This year's "zone"—in Expo booth 3601, next to the NADA Pavilion—is an Apple Store-like hub for all things social media, complete with technicians helping you with your digital needs. Features include a photo booth, free Wi-Fi and a social media wall with a Twitter feed and Flickr photos. Daily tech sessions will tackle topics like "Test-Driving Facebook Advertising."

SOCIAL MEDIA CONTESTS

The convention will feature several fun social media contests to help turn you into a social media guru in no time. They include "Become a Meme" on Facebook, "Snap a Selfie" on Instagram and "#NADATips" on Twitter. Plus there are prizes, such as an iPad mini, free registration and housing for next year's convention in San Francisco, and dinner for two at Mr. B's in the French Quarter. For the latest, follow the convention social media pages.

SCAN AND GO

In an effort to go green, NADA no longer mails badges in advance to attendees. Just bring your reservation confirmation to one of the Scan & Go pods on-site and quickly retrieve your badge.

DESSERT AND COFFEE BAR

New for 2014 is a Monday-afternoon dessert and coffee bar on the Expo floor to wrap up the show. The Afternoon Delight is open from 1 p.m. to 2:30 p.m. in "Neighborhood Eateries." Stop by to nosh and network.

LIFESTYLE AND WELLNESS

The NADA show's award-winning Lifestyle Experience is back for 2014, with four themes: "Beauty/Fashion," "Lifetime," "Relax" and "Mind, Body and Spirit." Highlights include a portrait studio, a golf clinic and putting green, massage therapists, and more. (NADA has also partnered with Saks Fifth Avenue for events both in-store and at the convention center.) It's open Saturday and Sunday from 8:30 a.m. to 5 p.m., and Monday from 8:30 a.m. to 4 p.m.



HIRING OUR HEROES

PROGRAM SUPPORTS VETERANS



NADA has a long history of working with our nation's veterans. During World War II, the army asked NADA to help recruit mechanics into so-called NADA Battalions overseas. Three years ago, the NADA Foundation—which supports a companion-dog program for physically disabled children and adults—expanded its efforts to include veterans injured in Afghanistan and Iraq.

Now NADA has partnered with the Hiring Our Heroes program, which helps veterans and their spouses find meaningful employment. This veterans initiative is sponsored by the U.S. Chamber of Commerce Foundation, and NADA came on board last fall—joining GM, Toyota, Verizon and dozens of other high-profile sponsors.

It's easy to see why. Veterans face huge hurdles when trying to find jobs after leaving the military. Today nearly 800,000 veterans are unemployed, and more than one million service members will be leaving the military over the next five years.

So NADA has tapped into its vast network of new-car and -truck dealerships around the country, as well as the state and metro dealer associations. To raise awareness of the issue and let dealers know how to reach

highly qualified veterans, NADA created www.nada.org/hiringourheroes. Here dealers can learn how to participate in local job fairs sponsored by Hiring Our Heroes. The site also answers FAQs for employers and offers testimonials from veterans who have been able to use their myriad military skills—leadership, team play, strong work ethic, real-world experience—in their civilian jobs.

But just as important, dealers can help promote Hiring Our Heroes across the country. Here's how:

1. Let people know you are a proud participant in Hiring Our Heroes on your Web site.
2. Post a comment on your social media platforms with a link to Hiring Our Heroes and continue to promote the program throughout the year.
3. Contact your local news sources to let them know you are a proud participant in Hiring Our Heroes.
4. Participate in a local job fair sponsored by Hiring Our Heroes.

For more on Hiring Our Heroes, stop by the NADA Pavilion on the exhibit floor or visit www.nada.org/hiringourheroes.

Amanda Deluca is associate editor of NADA Convention Magazine.

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Automakers 2014

Car companies are ahead of the economy—once again.

BY NANCY DUNHAM

PENT-UP CONSUMER DEMAND, A STABILIZING economy, and a host of new and refreshed models will continue to boost vehicle sales in 2014.

A key factor: The average age of vehicles on the road is now 11.4 years, an all-time high according to Polk Research. Combine that senior-citizen status with new models—many of which offer fuel-efficient engines, as well as the latest design and technology features—and it's easy to understand why consumer excitement has translated into showroom traffic and sales.

Two of the most anticipated new models are the Cadillac CTS and Audi A3, says Tyler Corder, chief financial officer of Findlay Automotive Group, Henderson, Nev. "We've seen a lot of consumer interest in both cars. As far as mass-market cars, we're anxious to see how well the redesigned Toyota Corolla does."

Wayne Phillips, vice president of operations at Alan Jay Automotive Network, Sebring, Fla., is excited about GM's red-hot offerings: "Take a look at that new Corvette/Stingray—it is a gorgeous vehicle for a lot less dough than other franchises' sport cars. Add to that the new Impala and Silverado, and you've got excitement with great value."

Following is our automaker rundown for 2014:

FORD REMAINS TOUGH

Ford's steady, measured approach to its business resulted in the company's best retail sales performance since 2004.

Credit much of that to the Fusion and Fiesta—stellar sellers with plenty of luxe standard features. And two newly redesigned offerings—the Ford Mustang and F-150 pickup—will likely boost sales further.

Ford also hopes the re-launch of the Lincoln MKZ will work similar sales magic, rebooting the brand and making it a global player in the high-end arena. After all, the MKZ was designed as a snappier, sassier sibling to the Fusion.

"It's a bit too early to see how Lincoln will play out," says Brandon Mason, the Americas leader of PwC's Autofacts. "But the MKZ has been well-received and the launch of their small MKC crossover should continue to elevate the brand's image."

GM: SHADES OF ITS OLD SELF

The high-stakes government gamble that brought GM out of bankruptcy a few years ago has paid off.

Sales are up for Chevy, Cadillac and Buick. GM also is capitalizing on the hot pickup-truck market, with sales of



2014 Cadillac CTS sedan

the Silverado and GMC Sierra—the lion’s share of GM’s light-duty-truck deliveries—soaring. Watch for a host of redesigned heavy-duty pickups later this year, followed by updated SUVs and then two updated midsize pickups: the Chevy Colorado and GMC Canyon.

“This has been a big year for General Motors,” says Mason, noting that the automaker positioned its all-new Chevrolet Impala as an up-market model while tweaking the midsize Malibu. He also says that the reintroduction of the midsize Colorado and Canyon pickups is “an opportunity to reclaim the volume lost when they exited the segment back in 2012.”

CHRYSLER FIGHTS BACK

Last year, Chrysler consistently reported its best monthly sales since 2007, thanks to the Dodge Ram and all-new Jeep Grand Cherokee. But the automaker continues to face financial woes. The reasons: plummeting European economies (which have kept the company financially strapped and unable to invest in new vehicles) and tough negotiations with the UAW Retiree Medical Benefits Trust. The trust, with a 41.5 percent minority shareholder stake in Chrysler, has

kept Fiat from buying full control of the automaker and hampered its ability to tackle Ford and GM head-on.

Analysts note Chrysler is betting big on the next-gen version of its 200 midsize sedan, scheduled to launch in early 2014. The model will compete in an extremely competitive segment. Although it may not initially generate major sales, Chrysler hopes the entry will set the pace for the automaker to muscle into the segment.

TOYOTA: RELYING ON REFRESHED MODELS

Toyota continues to dominate the market, with a slew of refreshed models such as the Camry—the best-selling car in the United States for 13 years—and Corolla. Watch for Toyota to keep a close eye on its other top sellers, such as the RAV4, Sedona and Tundra, along with the all-new Highlander Hybrid and the Lexus IS and LS.

But Toyota faces steep competition on many fronts. Lexus is often the No. 3 choice in luxury cars, with BMW nosing out Mercedes-Benz last year.

“To close the gap, they have a number of products they hope will capture the imaginations of luxury buyers,” says Chris Travell, vice president, strategic consulting, Maritz

Research. These include the 2014 CT 200h and RC 300, which have more aggressive styling.

And while Toyota and BMW are fierce competitors, they do cooperate on various green initiatives. “There is a rumor that the two manufacturers are bringing a lightweight hybrid sports car to market,” says Travell.

MIXED RESULTS AT HONDA

American Honda seems to be back on the right track for higher sales in 2014. The refreshed Civic has been a strong seller, and Honda hopes the same for its Accord Hybrid, which was released late last year. Yet the automaker has stumbled a bit, especially with slow sales of some models, including the updated Odyssey.

As it works to regain its footing, Honda is positioning Acura at a higher level. But while the MDX crossover has been a success, it might be 2016 or even 2018 before Acura can introduce smaller vehicles in the United States that could really boost sales.

“Honda relies primarily on the recently refreshed Civic [the sedan was refreshed for MY 2013, and the coupe for MY 2014], Accord and CR-V for a bulk of their sales,” says PwC Autofacts analyst Doug Gilman. “The next-gen Pilot SUV will be launched in the second half of 2014, [and] is expected to continue the sales success of the current version. Honda’s resistance to push vehicles to fleet has also played a large part in keeping their residual values high.”

NISSAN POWERS UP

After a global recall of 900,000 cars for a faulty accelerator component and slumping U.S. sales of the Altima midsize sedan, Nissan is poised to come on strong this year. That’s mainly due to three popular crossovers: the compact Rogue, midsize Maxima and full-size Pathfinder. But Infiniti sales also have been strong.

“Nissan has a slate of new products that should support continued sales growth, including the all-new Murano—their mid-sized CUV,” says PwC Autofacts analyst Teresa Nguyen. “The CUV segment continues to grow, with function, utility and increased fuel efficiency as compared to larger SUVs. Another noteworthy debut will be the Maxima, which has been historically well-received.”

HYUNDAI/KIA CONTINUE TO BUILD

On paper, Hyundai and Kia sales had a bit of a setback in 2013, but numbers can be deceiving.

The brands posted the greatest year-over-year increases in the latest J.D. Power Sales Satisfaction Index among non-luxury brands in 2013. Kia moved from 16th place to 12th, while Hyundai moved from No. 11 to No. 5. Kia’s score improved more than any other mainstream brand’s, and Hyundai’s increase was the second largest.

“Hyundai/Kia have made a fundamental decision to essentially sell what they build here, meaning that they want to limit their imports and not grow too quickly,” Mason says.



2014 Nissan Pathfinder Hybrid

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“Their two existing assembly plants in North America are bursting at the seams, but we fully expect new facilities to be added to the region in the next three to five years.”

ECONOMIC TROUBLES FOR EUROPEAN AUTOMAKERS

The economic crisis in Europe has stalled European automakers, with disappointing sales for both VW and Audi. VW hopes the refreshed Beetle and Golf will inch up sales, while Audi is seeing some success with the Q5 and Q7.

Also hurting sales: U.S. consumers are moving to less-expensive cars. “Some critics have even said it’s the end of the era of conspicuous consumption,” says Travell. “This may help explain some of the success of the CLA. It’s for customers who want the Mercedes experience” for less money.

That behavior, though, hasn’t helped MINI. The problem, Travell says, is the automaker carved out a “young, cheeky, car-loving niche” that now has increased competition from Fiat and others.

But Jaguar/Land Rover is a bright spot, especially with the new Jag F-Type and a sedan that will compete toe-to-toe with the BMW 3 Series. “The Range Rover Sport has contributed too,” says Travell, “with good sales in various global markets, including the U.K. and China.”

ALTERNATIVE-FUEL VEHICLES: HIGH PROFILE, LOW SALES

Alternative-fuel vehicles have consistently made up only about 3 percent of U.S. vehicle sales. But CAFE standards and growing consumer interest have spurred almost every automaker to churn out eco-friendly cars.

The latest arrive in March, with the trendy BMW i3 and VW Golf EV. BMW’s uber-EV—the \$137,000 i8—practically sold out overnight last year, and that car doesn’t arrive in showrooms until later this spring.

These cars are just the latest in a lineup of often-high-profile alternative-fuel vehicles, such as the Chevy Volt, Ford Fusion Hybrid, Honda Fit E, Nissan Leaf and various Toyota Prius models. And while concept cars at auto shows still push the design envelope (see page 26), most of these vehicles are now outfitted with extreme-green powerplants. Even fuel cells, which were all the rage 10 years ago, are making a comeback.

Yet safety concerns, range anxiety and the lack of a battery-charging infrastructure are still a problem for these vehicles. A smart strategy is for salespeople to be well-versed in the latest fuel-friendly technology, even though sales will likely remain tepid until consumer concerns are fully addressed. ■

Nancy Dunham is a contributing writer of NADA Convention Magazine.

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– Schepel Auto Group

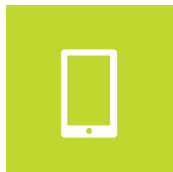


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What a Concept

Cars of the
not-so-distant
future.

BY JOE PHILLIPS



Nissan BladeGlider: It's not a bird, not a plane—but it sure looks like one, with just enough room for the driver up front and two passengers in the rear.



Cadillac Elmiraj: This may be Caddy's next flagship coupe, with a 500-hp twin-turbo V8 to rival pricier fare from BMW and Mercedes.

SEXY STYLING. SOUPED-UP ENGINES. And gobs of gee-whiz gizmos. These are the mainstays of concept cars—though eco-cars seem to be sizzling the most in design studios these days. That's why there are so many EV, plug-in and even fuel-cell powerplants on auto show runways. Of course, don't expect all the concepts here to make it into production. But some of the wicked styling will likely end up on vehicles on dealer lots—and that's a winning concept to help drive showroom traffic.



Nissan IDx Freeflow: Retro is in—at least for Gen X, Gen Y and Millennial customers, whose crowdsourcing helped create a funky coupe with faded denim seats and faux wood steering wheel.



Subaru Levorg:
A tuner wagon with Borg-like styling, extra-high tensile steel to reduce weight and more power than today's high-test WRX.



VW Crossblue Coupe: More crossover than coupe, this enviro-friendly VW can scoot from 0 to 60 mph in less than six seconds and has a 570-mile range—thanks to a robust V6 turbo and two electric motors.



Honda FCEV: This five-seat fuel-cell electric vehicle—the successor to the FCX Clarity—has a coupe-like profile and range of 300 miles on a single fill-up of hydrogen.



Ford Edge Concept: An Edge with—er, well—edgier styling, this next-gen concept boasts active grille shutters to maximize fuel efficiency and a self-park system that can be activated from inside or outside the vehicle.



Mercedes AMG Vision Gran Turismo: This rad Benz—designed with help from the creators of Gran Turismo PlayStation—features ground-hugging chassis, gull-wing doors and eight exhaust pipes.



Toyota FCV: Toyota's foray into fuel cells—expected in 2015, along with the Honda FCEV—is a four-seater with an estimated \$50,000 sticker.

Sales Trends

Economic indicators—and U.S. vehicle sales—point upward.

BY NANCY DUNHAM

THE U.S. ECONOMY IS ON A ROLL—FINALLY. That's great news, considering parts of the world are still in a recession or facing slowdowns. It's too soon to tell just how robust our economic engine will be this year, but most signs point to at least sustained, modest growth.

The jobless rate—which peaked at 10 percent in October 2009—is now hovering around 7 percent. Much of the improvement has been in manufacturing, led by a recovery in the automotive industry, with more recent improvements in construction and some service sectors. These gains have proved resilient despite government budget cuts and last year's government shutdown.

Then there's the stock market, which keeps notching record highs, and U.S. exports, which also are on the rise. Add in stronger housing sales in most parts of the country, and the result is higher consumer confidence.

"Housing has improved, employment has improved and debt levels are down; this is all good for the economy," says NADA Chief Economist Steven Szakaly. "Although there were some significant dips throughout the year, the year-end figures, particularly in autos, give every reason to expect that consumers will continue to make major purchases next year."

That's especially true now, as the average age of light vehicles on U.S. roads hit an all-time high of 11.4 years, according to Polk data. As automakers continue to introduce new models that move toward satisfying both CAFE standards and buyers' technology demands, consumers' interest in new automobiles grows—spurred on by pent-up demand.

"We are certainly seeing some consumers replace their vehicles because of necessity," says Szakaly. But the sluggish economy caused many consumers to pay down their debt, "so now they're in the position to buy again. That's what happened in 2013, and we see the trend continuing in 2014."

But what do the latest economic indicators mean for overall vehicle sales?

"Expect more than 16 million new-vehicle sales this year," Szakaly says. "Obviously, there are going to be wild cards—in the economy, particularly in government policy. But right now, there are very few large-scale economic impediments to growth."

CONSUMER CREDIT

While consumers still have plenty of credit card debt, they are racking up less of it than during the 2008 recession.



At the same time, people are saving more. This doesn't mean consumers aren't buying goods and services—note the strong economic indicators above—they're just buying them more carefully and often at competitive borrowing rates.

Better FICO scores, more affordable rates and more available credit all translate into more consumers being able to qualify for auto loans.

USED-VEHICLE OUTLOOK

Watch for high demand for used cars to continue throughout 2014, marking five years of consistent growth since the end of the recession in 2009, says Jonathan Banks, executive automotive analyst of the NADA Used Car Guide.

Now that the availability of the highly sought-after late-model lease has returned—up by about 15 percent in 2013 and expected to jump another 20 percent in 2014—look for some consumers to return to familiar patterns of opting for pre-owned instead of new cars. Plus, strong trade-in values are likely to boost both new and used auto sales.

“That’s not to say that dealers selling used cars won’t face challenges, including higher floor-plan expenses stemming from higher interest rates,” says Banks. “The Fed will likely

keep rates low for another year, so the full impact of such expenses won’t kick in until the end of 2014.”

GLOBAL MARKETS AFFECT U.S. ECONOMY

Closer to home, the federal government shutdown late last year gave some consumers pause, but auto sales quickly recovered. And some automakers are even reporting record sales. Kia, for example, has had trouble keeping up with demand for certain models, which has dented its overall sales.

The good news: More foreign automakers—such as Hyundai/Kia and VW—are looking to build more production facilities here, and that should help vehicle supply keep up with demand. For dealers, of course, that’s the best of all economic worlds.

Rising demand in Asia, combined with expansion of major economies, translates into stronger U.S. exports for high-demand services. That means more jobs and more eligible car buyers.

“The richer the world gets, the better it is for everyone,” says Szakaly. “We are growing the pie globally, and that’s a positive.” ■

Nancy Dunham is a contributing writer of NADA Convention Magazine.

SALES TRENDS

Average dealership profile

Light-Duty Vehicle Sales

In millions

	Oct. YTD 2013	% chg.	Full year 2012
Domestic cars	4.6	6.7%	5.1
Import cars	1.8	2.4%	2.1
Total cars	6.4	5.4%	7.3
Light-duty trucks	6.6	11.2%	7.2
Total light-duty vehicles	12.9	8.3%	14.5

Balance Sheet Ratios (YTD Sept.)

Net debt to equity (Total liabilities less floor plan to net worth + LIFO)	0.97
Current ratio (Current assets to current liabilities)	1.32
Service and parts absorption (Service and parts gross profits divided by total fixed overhead expense)	55.6%
Return on equity	33.3%

Source: NADA Industry Analysis Division

	YTD September 2013	YTD September 2012	Percent change
Total sales	\$30,945,594	\$28,423,773	8.9%
Total gross	\$4,192,319	\$3,972,593	5.5%
As % of total sales	13.5%	14.0%	
Total expense	\$3,417,320	\$3,259,266	4.8%
As % of total sales	11.0%	11.5%	
Net profit before taxes	\$774,999	\$713,327	8.6%
As % of total sales	2.5%	2.5%	
New-vehicle sales	\$17,602,250	\$15,789,629	11.5%
As % of total sales	56.9%	55.6%	
Used-vehicle sales	\$9,793,480	\$9,207,534	6.4%
As % of total sales	31.6%	32.4%	
Service and parts	\$3,549,865	\$3,426,610	3.6%
As % of total sales	11.5%	12.1%	
Advertising expense	\$315,911	\$298,097	6.0%
As % of total sales	1.02%	1.05%	
Per new vehicle retailed	\$599	\$614	-2.3%
Rent and equivalent	\$304,492	\$299,754	1.6%
As % of total sales	0.98%	1.05%	
Per new vehicle retailed	\$578	\$617	-6.4%
New-vehicle floor-plan interest	(\$43,316)	(\$34,316)	26.2%
As % of total sales	-0.14%	-0.12%	
Per new vehicle retailed	(\$82)	(\$71)	16.3%
Average new-vehicle selling price (retail)	\$31,391	\$30,450	3.1%
Gross as % of selling price	3.82%	4.27%	
Average gross profit	\$1,198	\$1,299	--7.8%
Average used-vehicle selling price (retail)	\$17,967	\$17,473	2.8%
Gross as % of selling price	13.25%	12.17%	
Average gross profit	\$2,380	\$2,127	11.9%

Average dealership profile

Light-Duty Vehicle Sales

In millions


	Nov. YTD 2013	% chg.	Full year 2012
Domestic cars	5.0	6.5%	5.1
Import cars	2.0	2.9%	2.1
Total cars	7.0	5.5%	7.3
Light-duty trucks	7.2	11.2%	7.2
Total light-duty vehicles	14.2	8.3%	14.5

Balance Sheet Ratios (YTD Oct.)

Net debt to equity (Total liabilities less floorplan to net worth + LIFO)	0.97
Current ratio (Current assets to current liabilities)	1.32
Service and parts absorption (Service and parts gross profits divided by total fixed overhead expense)	55.9%
Return on equity	32.8%

Source: NADA Industry Analysis Division

	YTD October 2013	YTD October 2012	Percent change
Total sales	\$34,286,293	\$31,480,645	8.9%
Total gross	\$4,644,872	\$4,395,360	5.7%
As % of total sales	13.5%	14.0%	
Total expense	\$3,792,434	\$3,616,974	4.9%
As % of total sales	11.1%	11.5%	
Net profit before taxes	\$852,439	\$778,386	9.5%
As % of total sales	2.5%	2.5%	
New-vehicle sales	\$19,469,878	\$17,487,095	11.3%
As % of total sales	56.8%	55.5%	
Used-vehicle sales	\$10,843,430	\$10,170,426	6.6%
As % of total sales	31.6%	32.3%	
Service and parts	\$3,972,986	\$3,823,124	3.9%
As % of total sales	11.6%	12.1%	
Advertising expense	\$352,593	\$332,105	6.2%
As % of total sales	1.03%	1.05%	
Per new vehicle retailed	\$608	\$620	-2.1
Rent and equivalent	\$338,740	\$332,539	1.9%
As % of total sales	0.99%	1.06%	
Per new vehicle retailed	\$584	\$621	-6.0%
New-vehicle floor-plan interest	(\$51,013)	(\$38,461)	32.6%
As % of total sales	-0.15%	-0.12%	
Per new vehicle retailed	(\$88)	(\$72)	22.4%
Average new-vehicle selling price (retail)	\$31,501	\$30,580	3.0%
Gross as % of selling price	3.81%	4.23%	
Average gross profit	\$1,200	\$1,294	-7.3%
Average used-vehicle selling price (retail)	\$18,000	\$17,476	3.0%
Gross as % of selling price	13.20%	12.11%	
Average gross profit	\$2,375	\$2,117	12.2%

A large American flag is draped across the top left corner of the image, with its stars and stripes clearly visible against a dark background.

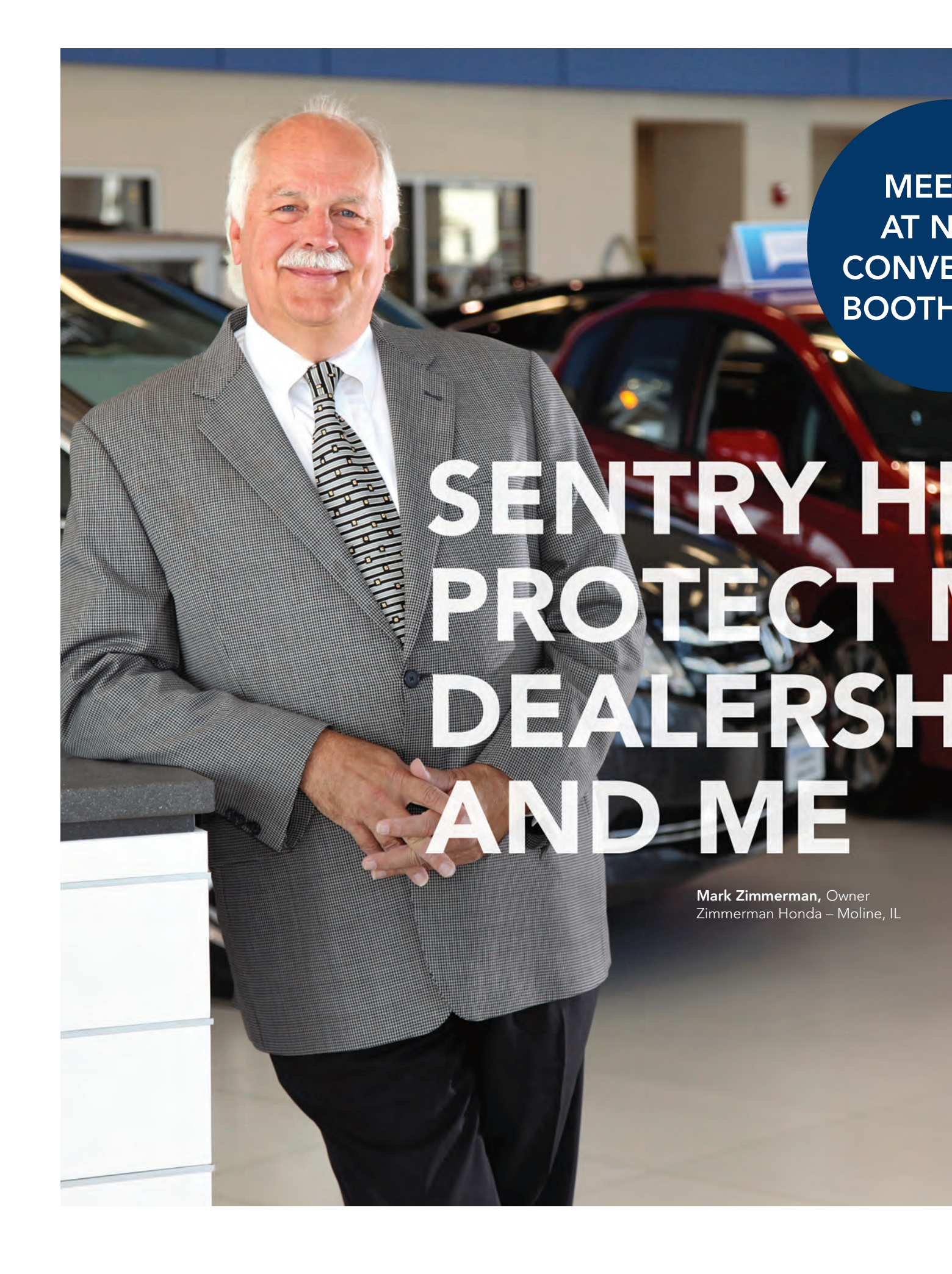
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A man with a mustache, wearing a grey suit jacket, a white shirt, and a striped tie, stands in a car dealership. He is leaning on a white counter. In the background, there are several cars, including a red one. The text 'SENTRY HI PROTECT DEALERSH AND ME' is overlaid on the image. A blue circular graphic in the top right corner contains the text 'MEE AT N CONVE BOOTH'.

MEE
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SENTRY HI PROTECT DEALERSH AND ME

Mark Zimmerman, Owner
Zimmerman Honda – Moline, IL

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Century Dealers

For more than 100 years, these dealers have remained strong.

BY JOE PHILLIPS

MANY DEALERSHIPS WERE ORIGINALLY BLACKSMITHS or wagon makers before selling automobiles. The NADA Century Award celebrates those dedicated dealerships that have been in the transportation business for 100 years or more (to apply for the award, visit www.nada.org/centuryaward). Here is a look at current NADA Century Award winners.



1847 | **W. Hare & Son, Inc.**
Noblesville, Indiana



1852 | **Schaefer & Bierlein, Inc.**
Frankmuth, Michigan



1859 | **Reynolds' Garage & Marine, Inc.**
Lyme, Connecticut



1875 | **Kemmann Chevrolet, Inc.**
Lowden, Iowa



1885 | **Moser Motor Sales Inc.**
Berne, Indiana



1895 | **Ferman Motor Car Co. Inc.**
Tampa, Florida



1875 | Normandin Chrysler/Jeep
San Jose, California



1897 | Hill International Trucks, LLC
East Liverpool, Ohio



1898 | Eich Motor Co.
St. Cloud, Minnesota



1900 | Diehl Ford, Inc.
Bellingham, Washington



1901 | King BMW
Freehold, New Jersey



1902 | Suttle Motor Corp.
Newport News, Virginia



1903 | Tenvoorde Ford, Inc.
St. Cloud, Minnesota



1903 | **Wentworth Chevrolet, Inc.**
Portland, Oregon



1904 | **Martens Cars**
Washington, D.C.



1905 | **Claude Nolan Cadillac**
Jacksonville, Florida



1906 | **Smart Chevrolet Co.**
Pine Bluff, Arkansas



1907 | **Butts Motors, Inc.**
Seaside, California



1907 | **Garber Buick**
Saginaw, Michigan



1907 | **Hulsizer Chevrolet**
Montgomery, Pennsylvania



1907 | **Luck Chevrolet**
Ashland, Virginia



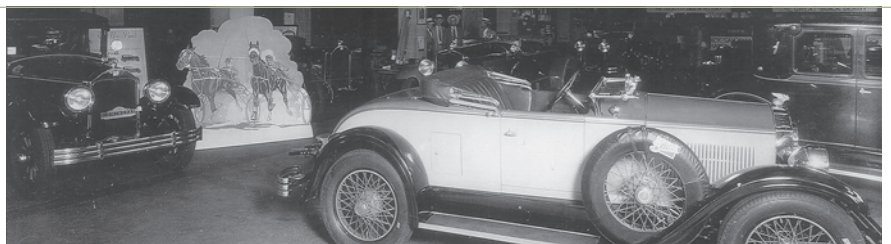
1908 | **Goodwin Bros. Auto**
New Castle, Indiana



1908 | **Smart Motors Inc.**
Madison, Wisconsin



1907 | **Wegner Auto Co.**
Pierre, South Dakota



1908 | **Don Drennen Motor Co.**
Hoover, Alabama



1908 | **I.G. Burton and Company, Inc.**
Milford, Delaware



1910 | **Grovert Motor Co.**
Newhall, Iowa



1910 | **Sames Motor Co.**
Laredo, Texas



1910 | **Tiffany Motor Co.**
Hollister, California



1910 | **The Hersrud Co.**
Sturgis, South Dakota



1911 | **Barry Motor Co.**
Danbury, Iowa



1911 | **Hight Auto Group**
Skowhegan, Maine



1911 | **Dahl Automotive**
Onalaska, Wisconsin



1911 | **Chuck Colvin Auto**
McMinnville, Oregon



1911 | **Schallau Motor Co.**
Van Horne, Iowa



1911 | **Kelleher Motor Co.**
Ellensburg, Washington



1912 | **C. Speck Motors**
Sunnyside, Washington



1912 | **Witt Buick**
Muskegon, Michigan

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
- EPA emissions certification
- 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

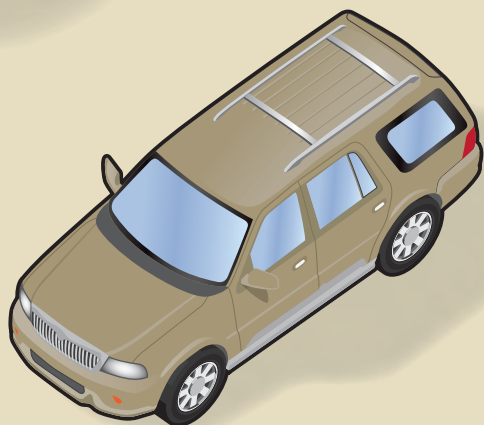
- Dodd-Frank Financial Reform Law
- Equal Credit Opportunity Act
- Fair Credit Reporting Act
- FACT Act of 2003
- FTC Credit Practices Rule
- FTC Holder-in-Due-Course Rule
- Gramm-Leach-Bliley Act
- Producer-Owned Reinsurance Companies
- Truth in Lending and Consumer Leasing Acts

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
- 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
- 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



Kopp Illustration

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/regulatory_affairs 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, large dealerships (with more than 50 full-time employees) must decide by January 1, 2015, whether they will offer health coverage that meets the federal requirements or pay a penalty. Many other reporting, record-keeping and other duties will apply to dealerships and other businesses. For more information, visit www.healthreform.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 is 40 percent on amounts over \$5.25 million (for individuals) in 2013, to \$5.34 million in 2014.

■ **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 has launched a Voluntary Classification Settlement Program (VCSP) 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 main-

tained. 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 should have proper first-aid kits.

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

■ **Section 179 expensing:** Qualifying businesses can expense qualified Section 179 property, subject to phaseout. As of the date of publication, the total Section 179 deduction drops from \$500,000 to \$25,000 in 2014.

■ **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 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 for warranty or recall-repair issues 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; preauthorizing 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:** Prohibits unfair and deceptive trade practices. For example, the FTC has found certain advertising practices to be deceptive, including recent claims that the dealer will “pay off” what consumers owe on a trade-in vehicle.

■ **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.

■ **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 prior express written consent prior to any pre-recorded or auto-dialed telemarketing call to a cell phone or 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 “automated dialer system” 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).

■ **USA PATRIOT Act:** Dealers must search their records and provide information about individuals or entities if requested by the federal Financial Crimes Enforcement Network with whom they conducted transactions or created accounts. 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 and also download NADA brochure *Green Checkup: Maintenance Tips to Help You Save Gas* from www.nada.org.

■ **EPA emissions certification:** Dealers must provide a form to new-vehicle customers certifying a vehicle’s compliance with emissions standards.

■ **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 stu-

dents to or from school or school activities. Schools must purchase or lease a school bus or multi-function 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 new 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 new disclosure requirements for risk-based pricing and adverse-action notices under the Fair Credit Reporting Act (Section-1100F). It also 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. This prohibition applies 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 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.)

■ **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 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 sales 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. Recent revisions require retraining employees by December 1, 2013. 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 reports must be made within eight hours of any incident involving hospitalization of three or more workers or any death.

■ **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 article.

Defending Dealers

Forrest McConnell, as 2014 NADA chairman, will stand strong for the dealer franchise system.

BY AMANDA DELUCA

FORREST MCCONNELL III, WHO HAS BEEN involved in the automotive industry for his entire life, is now gearing up to take the helm as NADA's 2014 chairman. "I look forward to giving back to the business that has given my family and me so much," says McConnell, owner of McConnell Honda/Acura, Montgomery, Ala. "I want to make a difference."

BUILDING A CAREER

McConnell, who grew up in Montgomery with two sisters and a brother, began working for the family business at a young age. He washed cars, was a janitor, worked in the shop and, at the age of 16, began selling cars. "I absolutely loved working there," he says. While obtaining his business degree from the University of Alabama, he worked at the dealership during the summer and later started his own rental car business while attending the University of Alabama School of Law.

Today, he runs the family business and has 75 employees. "They are the ones that make you successful," says McConnell, who in the last 30 years has personally hired nearly every one of his employees. "The key is getting the good ones."

WORKING WITH NADA

McConnell, who was president of the Alabama Automobile Dealers Association, joined the NADA Board of Directors after Alabama director Jack Lee resigned. For the past seven years, he has been involved in nearly every aspect of NADA, which "has been a lot of fun."

In 2012, McConnell led a NADA task force that examined stair-step programs, mandatory facility upgrades and other dealer/OEM issues. "NADA believes all dealers should be treated fairly," he says. "Unfair stair-steps hurt brands, and NADA stepped up."

Through his experience with a variety of issues at NADA, McConnell now views his own business in a new light. "I appreciate my Honda franchise even more now," he says. "I've also realized the strength of the industry and its impact nationwide."

NEXT UP

For 2014, McConnell sees NADA facing important ongoing issues. The battle with the Consumer Financial Protection Bureau (CFPB) and defending the franchise system are at the



McConnell talking with an employee at his dealership

top of the list. “We need to talk about how dealers are essential,” says McConnell. Other issues on deck include stair-steps and OEM relations. “Facility upgrades can be risky,” he says. “It has to be a good financial decision for the dealer.”

For the industry as a whole, McConnell sees the Internet as having had a significant impact on the auto industry, both positively and negatively. “If you have a vehicle, you can let the world know you have it,” he says. “But your competitors are only a mouse click away now.” He also foresees more consolidation industry-wide and a more competitive playing field.

And how about the future of his own business? “The business is evolving and we have to change with it,” he says about his goal for his dealership to continue to dominate the market.

Overall, 2014 is shaping up to be a productive year for both McConnell and NADA. “I look forward to making sure small businesses have a strong voice in Washington,” he says. “I want to make an impact.” ■

Amanda Deluca is associate editor of NADA Convention Magazine.

Right: McConnell with his parents, Forrest Jr. and Jane



Below: McConnell with his sons—Andrew (left) and Forrest IV—and his wife, Jennifer





NADA Century Award

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Honoring dealerships that have been in the transportation
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apply for the NADA Century Award at www.nada.org/century or 703.827.7411

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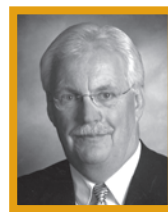
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Mark Birdnow
Birdnow Motor Trade
Oelwein, Iowa
(Iowa)

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Caldwell Jr.**
Caldwell Toyota
Conway, Ark.
(Arkansas)



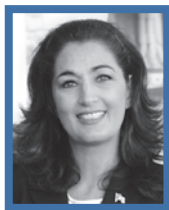
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Dan Mullins Nissan
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(Oklahoma)



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David L. Cox
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D.C.)



George E. Nahas
George Nahas Chevrolet
Wildwood, Fla.
(Florida)



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



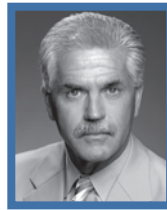
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(Metro Cleveland)



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(Virginia)



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Tony Honda
Waipahu, Hawaii
(Hawaii)



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Shortline Auto Group
Aurora, Colo.



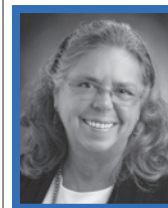
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Springfield, Mo.
(Missouri)



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Don Chalmers Ford
Rio Rancho, N.Mex.
(New Mexico)



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



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Hardin Chevrolet
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Group
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(Minnesota)



Sidney B. DeBoer
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(Oregon)



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Election Pending
(Wisconsin)



Greg Galpin
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Sandpoint, Idaho
(Idaho)

REGION IV



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Shortline Auto Group
Aurora, Colo.
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ADESA Auction to Benefit

CANINE COMPANIONS FOR INDEPENDENCE

Live auction: 1 p.m., Sunday, January 26, ADESA booth #5829



Dealer Barry Lundgren (left), U.S. Navy veteran Bren Denney and service dog Stefano. Barry took home a 2010 Harley-Davidson Softail Deluxe at the 2012 NADA/ATD Convention.

This year at the NADA Convention in New Orleans, ADESA will be auctioning a 2013 Heritage Softail Classic Anniversary Edition Harley-Davidson ABSOLUTE SALE • NO RESERVE • 2,079 Miles • Color: Vintage Bronze/Vintage Black

All proceeds will benefit the Frank E. McCarthy Memorial Fund of the National Automobile Dealers Charitable Foundation, which supports Canine Companions for Independence.



Booth #5829

By Peter Craig

BUYER'S GUIDE

NEW PRODUCTS & SERVICES

CRM SYSTEM



Reynolds and Reynolds Co., Dayton, Ohio, has debuted its Contact Management customer relationship management system. It works seamlessly with Reynolds's ERA-IGNITE and POWER dealership management systems and operates across any desktop or mobile device. You can access CRM, Web and vehicle inventory with one login as well as share images, videos and more. Call 800.767.0080 or visit www.reyrey.com. **(NADA booth #3454)**

IMAGE MANAGEMENT



Reputation.com, Redwood City, Calif., helps dealerships build and maintain a positive image with customers and other social communities. Methods include acquiring positive store reviews from top customers, supplying in-dealership kiosks and creating a dynamic social media presence. Call 650.381.3073 or visit www.reputation.com. **(NADA booth #1965)**

CAR WASH SYSTEMS



NS Wash Systems, Inglewood, Calif., offers efficient, reliable, cost-effective wash systems, including the Mini Express (shown), for cleaning cars, SUVs, vans, buses and trucks. NS provides site evaluations, site designs, building layouts, traffic-flow plans, follow-up operational evaluations and consultation, and hands-on operator training. Call 310.330.1227 or visit www.nswash.com. **(NADA booth #2725)**

BALLOONS AND ACCESSORIES



New exhibitor Balloons Are Everywhere, Inc., Fairhope, Ala., has high-quality U.S.-made latex and foil balloons, plus accessories, for various events, including dealership sales promos. The company offers 24/7 access to new products and online ordering. Call 800.239.2000 or visit www.balloons.com. **(NADA booth #4879)**

PAYROLL MANAGEMENT



New exhibitor Netchex, Mandeville, La., offers an integrated Web-based suite of payroll, human resource, time and attendance, and benefits services backed by payroll specialists. The services help dealerships manage employee data and simplify the entire payroll process. Call 985.220.1410 or visit www.netchexonline.com. **(NADA booth #7223)**

FLOOR COATINGS



Petra Coatings Inc., Bowie, Texas, manufactures floor coatings to exacting specs, with no wax required. All products are custom-manufactured. Call 940.872.8832 or visit www.petra-coatings.com. **(NADA booth #1963)**

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UP MANAGEMENT SYSTEM



Sky UP System, Federal Way, Wash., helps dealerships maintain an accurate “up” count while eliminating the confusion and distractions caused by the old paper list. It tightly tracks floor traffic and identifies strengths and weakness among the sales staff. Call 253.261.3348 or visit www.skyupsystem.com. **(NADA booth #2462)**

FACILITY CEILING FANS



Big Ass Fans, Lexington, Ky., designs, engineers, and manufactures overhead and directional fans of all sizes, from 60 inches to 24 feet in diameter. The fans are made to move large volumes of air quietly and efficiently. Call 877.244.3267 or visit www.bigassfans.com. **(NADA booth #7235)**

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Dave Moeller
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William Hellman, Jr.
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Ed DeMarseilles
Connecticut



Terry Megee
Delaware



Anthony Jones
Georgia



Stan Masamitsu*
Hawaii



Jim Addis
Idaho



Stan Moffitt
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Jim Hattan
Kansas



Danny Renshaw
Kentucky



Carroll Dantin
Louisiana



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Glenn Nordstrom
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Montana



Tim Markel
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A. Foster McKissick III
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Darrel Kaiser
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Tennessee



Sam Pack
Texas North



Stacey Gillman-Wimbish
Texas South



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Virginia



Dan Wilder, Sr.
Washington



Dan Wharton, Sr.
West Virginia



Jim Auge
Wyoming



Jack Fitzgerald
Metro Washington, D.C.

*NADA Director

States listed met their 2013 goal as of December 20, 2013. For a full list of state chairmen/women that met their 2013 goal, please visit www.nada.org/2013successfulstatechairs.

WEB SITE DESIGN



New exhibitor DealerFire, Oshkosh, Wis., has offered Web site design and Internet marketing to dealerships like Bill Jacobs Cadillac (see above) for nearly 15 years. The company will custom-design and “search engine optimize” a site and then follow up with strong customer support. Every call is answered by a qualified support technician (no call centers or service ticket numbers). Call 877.828.9719 or visit www.dealerfire.com. **(NADA booth #4275)**

SOCIAL MEDIA SUPPORT



ADP Dealer Services, Hoffman Estates, Ill., offers social media support strategies for dealers, helping to cultivate a dynamic “user community” of prospects and customers. The program aims to boost the store’s Web traffic, customer base, sales opportunities and customer loyalty. Call 206.219.8193 or visit www.adpdealerservices.com. **(NADA booths #2109 and #2953)**

DATA CONTROL



DealerVault, La Crosse, Wis., lets dealerships control the syndication and distribution of their data to approved third-party solution providers through use of cloud services from Rackspace Hosting. A user-friendly Web platform lets you check activity status, disable access and more. Call 877.834.2451 or visit www.dealervault.com. **(NADA booth #6326)**

THE BEST ADVICE FOR YOUR DEALERSHIP

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- **Biannual Conferences in April and October**
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- **Dealer Related Publications including NADC's *Defender* Newsletter**

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Overview of Rousseau's products



1.866.463.4270
 info@rousseau-metal.com
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TIRE CHANGER



Hunter Engineering Co., Bridgeton, Mo., has the Revolution tire changer. The fully automatic process is used for all tire and wheel combinations. The user-friendly, touch-screen helps monitor progress throughout the procedure and stores 15 instructional videos. Call 314.731.3020 or visit www.hunter.com. **(NADA booth #4019)**

TIRE STORAGE



Stanley Vidmar, Allentown, Pa., has the Tire Storage Carousel. The system is fully motorized, handles various tire sizes up to 44 inches in diameter, maximizes storage efficiently by utilizing vertical space, and allows a single operator to store and retrieve tires. Call 800.523.9462 or visit www.stanleyvidmar.com. **(NADA booth #6833)**

HELP SAVE a LIFE



Promote Road Safety

The NADA Charitable Foundation

offers matching grants (up to \$500) to dealers who sponsor road safety events at their dealerships!



TEEN DRIVING SAFETY



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CHILD PASSENGER SAFETY



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tomers actual mileage and fuel costs of vehicles—free of charge. A data logger is placed in the vehicle and the customer drives it for a week, then brings it back to the

New exhibitor MyCarma, a division of CrossChasm Technologies, Waterloo, Ontario, helps dealerships show cus-

store, where he or she gets a report. Call 800.975.2434 or visit www.mycarma.com. **(NADA booth #7318)**

HYDRAULIC PUMPS



S & S Truck Parts, Schaumburg, Ill., offers a line of bi-rotational hydraulic pumps for trucks. The Muncie-style pumps produce pressure ranging from 2,500 to 3,000 psi. A range of gear widths and flow rates works on varying sizes of trucks and beds. Call 800.621.1553 or visit www.sandstruck.com. **(NADA booth #1809)**

DEALERSHIP SECURITY SYSTEM



Pro-Vigil, Inc., San Antonio, Texas, has a virtual guard station—the VGS-LT—to help stop dealership crime in its tracks. Pro-Vigil places the VGS-LT on a dealer's lot and its security agents monitor live feeds from cameras mounted on the mast of the mobile surveillance unit. If an intruder comes onto the property, the surveillance team triggers a siren/strobe combo. If intruders resist, the team notifies the authorities. Call 866.616.1318 or visit www.pro-vigil.com. **(NADA booth #6227)**

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