



BULLETIN

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LOOKING FORWARD TO 2007-08

Bob Ghent, Incoming CADA Chairman



As the newly elected chairman of CADA, I look forward to our future over the next 12 months and appreciate the trust you have placed in me to serve CADA and its members. I look forward to the opportunity with pride, enthusiasm and optimism.

First, I would like to take this opportunity to thank **Vince Schreivogel** for his leadership, vision and direction during the past 12 months, on behalf of the board and the membership of CADA. Vince led

by example and was truly energized by the process. As CADA chairman, Vince saw the real and true threat that was posed by **Amendment 41**—both to our collective efforts through CADA and our advocacy agenda and also directly to our individual dealerships. Amendment 41, had it stood, created many undue hardships on routine business practices of member auto dealers. Our traditional and normal charitable activities were threatened and even standard dealer practices of rebates and discounts have been compromised by Amendment 41. Vince led our internal decision-making processes that enabled CADA and MDADA to pro-actively and successfully organize the effort to overturn it.

Vince also recognizes and values the work CADA has developed regarding member **training programs**. It is for that reason that he decided to lead a delegation of member dealers of CADA and the Metro Denver Auto Dealers Association to New York and Orlando in July to see what other dealer associations across the country are doing to enhance, enable, and facilitate member dealer and dealer staff training and education efforts. I believe that will be just one of the legacies left as a result of Vince’s leadership.

Let’s take a moment to review various issues facing auto dealers in Colorado and across the country.

Key Issues Facing Industry and Association

We do have challenges within the industry with **class-action litigation filings** becoming ever-present and hitting closer and closer to home. I view, and know our key staff members view, this as our industry’s No. 1 threat. In our association decision-making we have to be thoughtful, visionary, fulfill our fiduciary responsibilities, and be pro-active

CADA and its membership do have an important role to play against the threat of class-action litigation. We should promote tort reform both in the Colorado Capitol and in the U.S. Capitol to eliminate or at least



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reduce the “pot-at-the-end-of-the-rainbow” philosophy. The deep pockets mentality of the contingency-fee based, personal-injury-trial-lawyer crowd threatens us as business owners in a number of very real ways.

As an association, we support the Colorado Civil Justice League (CCJL), Colorado’s foremost tort reform group. We have a board seat on the CCJL board of directors and, through it, support moderate and meaningful tort reforms for benefit to all Colorado business owners.

I believe the best solution to litigation is prevention of litigation and the best prevention is member dealer and dealership staff education. We are already underway with an increased emphasis on training and education opportunities.

Expectations for the Next Year

I hope that you’re ready to join me to move CADA and our industry forward. Our history and tradition of success within CADA bode well for us and our future. I intend to capitalize on our past victories and use them as a blueprint for our future. I think that a foothold in our past success is key to our effectiveness.

Here are some my initial goals this year as chairman of CADA:

- Look for legislative solutions to the growing threat of class-action litigation. The defense costs alone are potentially insurmountable for many dealerships.
- Increase the level of dealer participation in the political process. While many members are very active, there are still too many across the state who are not. To put this in a car analogy, I want to ensure we keep running on ALL cylinders.
- Continue our success at the Colorado Capitol:
 - Renew and strengthen our fight to keep Sundays closed
 - Work to reform and update our Colorado Franchise Act with a well thought-out and comprehensive tightening of the statutes
 - Fight over-zealous and over-aggressive attempts to tighten Colorado’s emissions well beyond the national standard
 - Work to raise the artificially and arbitrarily low cap on GAP
 - Review and possibly push an update of Colorado’s advertising regulations
- Remain vigilant and engaged in the battle to overturn or re-write Amendment 41.
- Continue to grow the quality, timeliness, and frequency of CADA-offered member dealer and dealer staff training programs.
- Focus more energy and attention on the positive public relations needed to demonstrate to Colorado residents the strides being made by our own manufacturers toward increased fuel efficiency and cleaner emissions, without overly-restrictive governmental-dictated measures to do so.
- Encourage member dealers to utilize CADA for all we offer: bonds, forms, workers’ compensation coverage, employee benefits coverage and F&I products. Membership dues constitute less than ten percent of our overall budget. Supporting the association enables us to keep member dues low, while keeping services high. Our message to member dealers is pretty simple really: Help us help you!
- Work toward the development of a comprehensive and complete CADA Colorado Dealer F&I Compliance Manual.
- Pursue and include the input from all dealers in our decision-making. While we are the board of directors, we are here to serve all members and be the voice, vote, and proxy of those who are not on the board.

“I want to ensure we keep running on all cylinders”

--Bob Ghent, CADA Chairman

Probably more important to me than my own goals are YOUR goals. What I mean is that I am most interested in seeing us together formulate our association’s values, vision, mission, goals, and objectives based on the current climate in which we operate as an industry. I believe we should commit the time needed to do a top to bottom review of our association and our priorities. Consider it an audit of our activities to ensure they are calibrated with our industry needs and your concerns.

To that end I look forward to working with you to ensure that process is undertaken. As a start to the process, we are currently drafting a comprehensive member survey. We will ask all dealers to participate by completing and returning each survey. Please call on me anytime you have concerns by phone at 970.339.2438 or e-mail to bghent@ghentmotors.com.

THANK YOU TO EACH MEMBER OF THE 2006-2007 CADA BOARD OF DIRECTORS FOR YOUR TIME AND COMMITMENT TO CADA AND THE AUTOMOTIVE INDUSTRY:

CADA BOARD OF DIRECTORS 2006-07

OFFICERS LEAVING OFFICE:

VINCE SCHREIVOGEL, Chairman—Vince's GM Center, Burlington

BOB GHENT, Vice Chairman—Ghent Motor Co., Greeley

NANCY ARIANO, Treasurer—New Country Auto Center, Durango

MIKE FARICY, Secretary—The Faricy Boys, Colo. Spgs.

GEORGE PIERCE, Immediate Past Chairman—Murray Motor Imports, Denver

DIRECTORS LEAVING OFFICE:

DOUG MORELAND, Grand Auto, Thornton—District #3

WARREN YODER, Weld County Garage, Greeley—District #6

BARB VIDMAR, Vidmar Motor Co., Pueblo—District #9

FLETCHER FLOWER, Flower Motor Co., Montrose—District #11

CADA BOARD OF DIRECTORS 2007-08

NEW OFFICERS:

CHAIRMAN OF THE BOARD:

BOB GHENT, Ghent Motor Co., Greeley

VICE CHAIRMAN:

NANCY ARIANO, New Country Auto Center, Durango

SECRETARY:

A. J. GUANELLA, Burt Chevrolet, Englewood

TREASURER:

MIKE FARICY, The Faricy Boys, Colorado Springs

IMMEDIATE PAST CHAIRMAN:

VINCE SCHREIVOGEL, Vince's GM Center, Burlington

NEW DIRECTORS:

JOHN SCHENDEN, Pro Chrysler Jeep, Thornton—District #3

WES TABER, Honda of Greeley—District #6

BILL WILCOXSON, Wilcoxson Buick Cadillac GMC—District #9

RON BUBAR, Grand Junction Subaru—District #11

MID-TERM DIRECTORS:

A.J. GUANELLA, Burt Chevrolet, Englewood—District #1

DAVE FOWLER, Century 1 Chevrolet, Broomfield—District #4

KRISS SPRADLEY, Spradley-Barr Ford, Ft. Collins—District #5

TIM BALDRIDGE, Front Range Honda, Colo. Spgs.—District #8

JIM SUSS, Suss Pontiac GMC, Aurora—District #2

JON LIND, Burlington Ford Lincoln Mercury, Burlington—District #7

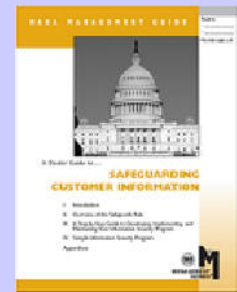
VACANT—District #10

STEVE NILSSON, Glenwood Springs Ford—District #12

CUSTOMER CREDIT INFORMATION ACCEPTED OVER THE INTERNET MUST BE SECURE

The National Automobile Dealers Association (NADA) has asked CADA to inform members that the Federal Trade Commission (FTC) is reportedly investigating a dealership that obtained online credit applications on a secure portion of the dealership's website and allegedly failed to secure the personal information contained when e-mailing it to others in unencrypted text.

Dealers are reminded that the **FTC Safeguards Rule** requires that dealerships protect not only customer information that is physically maintained within the dealership, **but also customer information that dealers "access, collect, distribute, process, protect, store, use, transmit, dispose of, or otherwise handle..."**



It is recommended that dealers consult NADA's publication, "**A Dealer Guide to Safeguarding Customer Information**", for guidance in each of these areas, including the following that addresses the specific occurrence referenced above:

"[With regard to] the transmission of customer credit applications over the Internet, you should ensure that the program application you use encrypts the data or otherwise transmits it in a secure manner to the bank or finance company. If you are submitting the customer's application over the Internet, you should ensure that the information displayed on your computer screen is not visible to others who are not authorized to have access to this information."

Dealers are also encouraged to review the **FTC's** latest publication entitled, "**Financial Institutions and Customer Information: Complying with the Safeguards Rule.**" This publication is available online at www.ftc.gov/bcp/conline/pubs/buspubs/safeguards.pdf

CADA YEAR IN REVIEW, 2006-07: Meeting or Exceeding Members' Expectations

Vince Schreivogel, Immediate Past Chairman

It has been an honor and privilege to serve this year in the position of CADA Chairman. I have seen the respect for CADA as an organization and for the important role we play in the community grow as we reach out in our leadership role, both inside and outside the Capitol. I have enjoyed working with my fellow dealers and with our association staff, a hard working and dedicated group of people serving our industry.



As I leave my post this month, I am overwhelmed by looking over the past year. From legislative matters to donor events to traveling across the state and country, this has been a busy time—one I will always look back on favorably. Here are just a few of the activities CADA has been involved with over the past 12 months.

Legislative Agenda and CADA Legislative Policy Committee

After just a year and a half, the **CADA Legislative Policy Committee (LPC)** has almost taken on a life of its own. The LPC has targeted specific priority areas of legislation or regulation, guiding and overseeing progress within their discipline areas. The LPC meets at least monthly during the legislative session and drives the association's legislative priorities.

The success of the LPC can be recognized mostly for the numerous legislative victories in the Colorado Capitol. In all, CADA notched victories in almost every priority policy area.

Also contributing greatly to the legislative victories, until passage of Amendment 41 last November, were vigorous and frequent meetings between CADA members and staff with Colorado's state and federal legislators. In all, between the 2004 and 2006 elections, there were 92 separate meetings between CADA members and staff and state legislators. Quantifying the success of that effort is difficult, but without question, those meetings contributed greatly to improving the voting record against repeal of the ban on Sunday sales of motor vehicles over the past two legislative sessions.



Political Efforts and Major Donor Events

With the approval to form a 527 political education committee, CADA moved quickly to host our first two **major donor events** during the summer of 2006. The initial June 3 event last year proved most successful financially, grossing nearly \$90,000. That was followed by one in late August that grossed an additional \$25,000. When all was complete, the Colorado Auto Retailers-Political Education Committee created a base for significant contributions toward Colorado House and Senate political efforts and had residual money for use in the battle against Amendment 41. Although not successful initially, our efforts contributed greatly toward reducing popular support for the ill-conceived proposal from a level of nearly 80 percent to a result of close to 60-40. As you have heard and will hear more of, Amendment 41 suffered a near death blow last month, with the temporary injunction in Denver District Court under the watch of Judge Christina Habas.

Colorado CAR, CADA's political action committee, also raised a record amount in the 2006 election cycle. In all, \$38,000 was raised and spent in the 2006 Colorado elections through Colorado CAR. If measuring success in the 2006 election cycle was based on which candidates were supported and how they "fared" in the election cycle, CADA can relish in a success ratio of 90+ percent general election victories, specifically through Colorado CAR campaign money.

CADA Services and F&I Resource Center

After a three month-long process to ramp-up our **Finance and Insurance (F&I) Resource Center**, we were successful in adding **General Electric (GE) Money Warranty Services**. This change promises to breathe new value-driven products beneficial to our member dealers and your customers. In addition, form sales were consistent and bond sales were up slightly through the end of 2006. With passage of the recent bond level increase, we anticipate strong returns from our services corporation into the foreseeable future.



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CADA Insurance Services

Through the end of 2006, **CADA Insurance Services** had a solid year. CADA Insurance Services managers expect to close the slight gap in expectations from earlier this year and show revenue growth in 2007. More new health care coverage along with better sales of American Fidelity voluntary benefits is needed to ensure continued profitability into the future. Please let CADA Insurance Services manager quote your health care coverage products. We can meet or beat any deal. We use CADA for all our employee benefits coverage at my dealership.



Training Seminars

One of the fastest growing and most important areas of our growth has been increased, high-quality, **member-dealer education and training**. Between 2005 and 2007, we are averaged about 40 percent increase in year-over-year revenues based on training opportunities provided through CADA. Yet, with even as much training as is being offered, we are far from a point of saturation.

There will be more to come and all of it will be high quality and timely in substance and content. Dealers are relying more and more on the association for high quality training. Over the next few months you will see training for the following areas (to register online go to www.cadaonline.org/registration):

- Controllers and office managers by Sandi Jerome
- Warranty Operations, Fixed-op, Parts and Service by Rob Campbell
- Title Processing Seminars
- HR Management and Risk Reduction
- First-ever Colorado Dealer Management and Leadership Summit

Regional Meetings

Ten regional meetings were conducted across Colorado in 2006, up from nine in 2005 and six in 2004. In 2007, **ten meetings are already planned for this fall**, starting again in Sterling and ending again Denver.

Financial Success

All related CADA corporations are operating in or near the growth range and are expected to finish in the black by year-end. CADA Services is doing the best and Insurance Services needs the most attention. Member equity in CADA continues to grow.

In Closing...

This has been a learning experience but one that is also very rewarding. I look forward to supporting Bob Ghent and his priorities next year. And I look forward to my continued supportive involvement in CADA. But most of all, I have to admit, I also look forward to going home and spending more time with my family and in our store. When I do, I will have a greater sense of the importance CADA is to each of us as member dealers and to our auto retail industry overall.



PRESIDENT'S COLUMN

Tim Jackson, CADA President

CADA Quickens Pace Addressing Emerging Dealer Challenges *Litigation: Coastal Issues Reach Mountain West*

Many dealers believe they are immune from the aggressive tactics of the contingency-fee based, personal-injury trial lawyers. If you have been in business, serving the public's auto retail demands for several decades, viewed as a reliable, reputable dealer who works hard, takes economic risks and plays by the rules, it should be a safe assumption that writing the big checks in defense of civil litigation would be the last thing you would expect to have to do. In today's litigious environment, that is no longer the case.

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Our colleagues on the coasts, both east and west, say we should expect to deal with class action litigation filings on a growing basis. Some dealers have spent millions defending commonly accepted business practices and better understand the challenge than those who have yet had the unfortunate experience of having to deal with it.

Due in part to the increased risk dealer are in regarding litigation and the ever-growing compliance issues managers and dealer leaders face, CADA is organizing an action-packed one-day conference so Colorado dealers are better informed of the risks.

Dealer Summit

The first Colorado Dealer Management and Leadership Summit will be held from 9 am until 8 pm on Wednesday, Aug. 15 at the Marriott Denver South at Park Meadows. We are finalizing the agenda now and will address the most pressing issues facing dealers from a risk management standpoint. Those who should plan to participate in the Summit include: Dealer principals, general managers and other senior dealership leaders. Enclosed in this Bulletin is a more complete outline of the topics and presenters.

Training and Education

CADA is organizing and providing more high quality training programs than ever before. Over the next few weeks, dealership staff will have an opportunity to participate in several timely training programs, many of which will be offered both inside and outside the Denver metro area.

- Title Processing Seminars – Three in Denver metro area
- How to Create a Super Controller – Denver and Grand Junction
- Warranty Operations – Montrose, Loveland, Denver and Colorado Springs
- F&I Sales Training – Denver area
- F&I Compliance Training – Denver area
- CADA Regional Meetings – Sterling, Colorado Springs, Pueblo, Durango, Grand Junction, Loveland, Boulder, Craig, Glenwood Springs and Denver
- Harassment Training for Managers – location TBA

See the calendar at the end of this bulletin for a list of classes and dates, and the registration forms are included as attachments. You can also visit www.cadaonline.org/registration at anytime to view a list of classes and to register online.

GE Auto Warranty Services

CADA switched endorsed VSC products recently when the board of directors selected General Electric to be the best all-round product for Colorado dealers. We are in a month-long product awareness launch and hope to discuss the possibility of adding you and your dealership to our GE agency team. In this issue of the CADA Bulletin, please review the article on selecting VSC products. It is one of the more important decisions that a dealer can make. We hope that you select us and GE.

CADA Annual Golf Event

Be sure to attend this year's **CADA Annual Golf Event Monday, Aug. 27 at Valley Country Club in Aurora.** GE and CADA are teaming up to bring you the best golf outing yet. Enclosed is registration information for the golf event. We hope to see you there.



Legislative Issues Ignite

Legislators at both the state and federal level are gearing up to push extremely tightened CAFÉ standards and/or dramatically restricted tailpipe emissions, or both. Surely you have been keeping abreast of the rumblings in Washington of late. We were put on notice recently by Governor Ritter and House Speaker Andrew Romanoff that we should expect similar legislation at the state level. We also anticipate leading an effort in 2008 to tighten Colorado's Franchise Act in ways to protect dealer investments in a fast-changing automotive manufacturing landscape. For these reasons and more, we are re-engaging our project to meet with as many state and federal legislators as possible.

Between the 2004 and 2006 elections, CADA organized over 90 meetings with dealers and their state legislators. Our pace slowed following voter-passage of Amendment 41. Now that we have been successful in obtaining an injunction against Amendment 41, CADA will kick into high gear our grassroots effort again. Please plan to join us when we are in your area. You will be amazed at the impact that you can have in this all-important process.

MAKE AUTOMOTIVE CAREER MONTH AN ALL YEAR EVENT

Automotive Career Month was held in April. With it came a prime opportunity for you to showcase the qualities of working at America’s franchised dealerships—at the same time, enhancing the image of our business. But, this takes care of only one month of the year. How can you continue promote dealership careers the other 11-months?

Automotive Retailing Today invites you and your members to link your websites to www.autocareerstoday.org where dealership career information is available everyday.

With approximately 105,000 career jobs at America’s dealerships, www.autocareerstoday.org has valuable information available readily. Plus, the site works to set aside the negative stereotypes impeding career seekers from considering auto dealerships.

Autocareerstoday.org showcases the 40+ jobs available at dealerships, spells out career path opportunities, and answers the questions and concerns of students, parents, Veterans and career changers. It directs people to find training and other resources they need to pursue an automotive career.

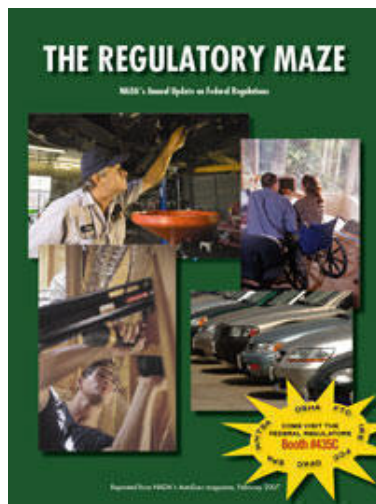
Very importantly, autocareerstoday.org provides visual images that debunk old stereotypes. Photos of immaculate service shops, and sparkling salesrooms speak to the work environment at today’s dealerships.



FEDERAL REGULATORY COMPLIANCE CHART

ATAE Newsletter Article

Every day, in every dealership, issues arise regarding federal regulations and how to comply with them. Are coolant and antifreeze disposed of properly? Do consumer privacy efforts meet federal standards as outlined in the Gramm-Leach-Bliley Act? Are service and body shop technicians using personal protective equipment in accordance with OSHA guidelines? Dealers need a resource to help them find answers to these and many other questions affecting dealership management. The **NADA & ATD Federal Regulatory Compliance Chart** is exactly that resource.



The compliance chart provides a checklist-style overview of many federal rules that apply to automobile and truck dealerships. The NADA/ATD Regulatory Affairs staff has attempted to make this list complete. However, due to the large number of potentially applicable regulations and the ever-growing nature of the federal government, developing a 100 percent complete list is impossible (particularly in the area of tax). This second edition of the chart supersedes the first edition from 2003.

The chart also notes if the rule generally applies to car dealers, truck (medium- and heavy-duty) dealers, or both. Lastly, a check-off column is provided since the chart is designed in part to assist with internal compliance reviews.

Here’s one example of how the chart works. By looking under the listings for the Federal Trade Commission (FTC), dealers can find the section for the Gramm-Leach-Bliley Act (GLB Act): Privacy Rule, along with a brief note explaining GLB Act and a notice that the Act

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generally applies only to car dealers. The entry then lists a publication and other materials that are available through NADA's Regulatory Affairs Office. Dealers will also find links to further information available online through the FTC.

Note: The chart covers only federal regulations. Many state and local rules also apply to dealerships. Contact CADA for information on state rules and laws. For specific legal matters affecting dealership operations, contact your dealership attorney.

This article was adapted from the second edition of the NADA & ATD Federal Regulatory Compliance Chart (L48). Dealers can order the full publication online at www.nada.org/mecatalog. The four-page overview chart is attached as an enclosure to this Bulletin.

CADA SPEAKERS AVAILABLE FOR LOCAL GROUP EVENTS AND TO EDUCATE THE PUBLIC

Over the past 10 years, Tim Jackson has been the featured speaker at more than 115 of Colorado's 130 Rotary Clubs, some of which he has provided the key-note address on as many as five different occasions. He has also served as featured speaker at many Kiwanis, Lions, and Sertoma clubs, as well as Chambers of Commerce and other business and professional groups.

CADA is ramping up to roll out information that can be used community-by-community and can provide local presentations at your community service groups. Topics available:

- **Automotive Technology Offers Consumer Choice, Cost-savings and Alternative Power**
- **Congress and Colorado General Assembly** – Review of recent legislative action and what it means to you, your business and Colorado's economy
- **Colorado's Small Business** – Powering Colorado's economy with job creation and growth
- **Auto Fuel Source** – Emerging options to include Flex-Fuel (E-85), Hybrids, Clean Diesel, Hydrogen, Plug-in Electric

On many auto industry topics, the public is receiving only part of the story through the mainstream press. CADA is here to help answer questions on topics the press is covering, including:

- Congress is considering tougher than reasonable increases in **CAFÉ (Corporate Average Fuel Economy)** standards, while state-by-state legislators consider standards that are tougher than the national standards.
- **Colorado's General Assembly**, just off a session that provided huge incentives for development of renewable energy, is now considering tougher carbon emission standards than Congress has enacted nationally.
- Without doubt, **fuel price increases** are changing the way consumers purchase vehicles. But is the consumer informed of the fundamental changes in technology and diverse fuel and power sources the automotive industry has already developed? Consumers, as they have done in every previous energy cost acceleration scenario, are moving toward industry-provided alternatives. Yet, the choices for consumers could become dramatically limited if Congress or the Colorado General Assembly overreach.

To schedule local presentations, please contact Tim Jackson, CADA President, via e-mail at tim.jackson@cadaonline.org, or by calling 303.282.1448.





NADA DIRECTOR'S COLUMN

Jeff Carlson, Glenwood Springs Ford
Colorado NADA Director
Chairman, NADA Public Affairs Committee

NHTSA Pushes Bush CAFE Plan on Hill, Congress Skeptical

National Highway Traffic Safety Administrator Nicole Nason testified before the House Energy and Commerce, Energy and Air Subcommittee on the President's plan to increase fuel efficiency by boosting fuel economy standards an average of four percent beginning in 2009.

President Bush has proposed new rules to reduce projected annual gasoline consumption in the U.S. by 8.5 billion gallons, as he highlighted in his State of the Union address. To accomplish this goal, he has proposed an attribute-based system for cars similar to the current light-truck fuel efficiency rule.

One aspect of the plan, criticized by members on both sides of the aisle, is to allow automakers to trade fuel efficiency credits, much as electric utilities trade sulfur dioxide credits in the EPA's acid rain program. In the coming months, both the House and Senate will continue to hold numerous hearings on climate change and fuel efficiency.

More Legislative News

With new bills addressing total-loss disclosure legislation introduced in both the House and Senate, co-sponsors are needed to help move the bills through the legislative process. With a substantial show of support, House and Senate leaders are more likely to move the legislation to the floor. The bills, S. 545 and H.R. 1029, ensure that the VINs of wrecked, flooded, or stolen vehicles are made publicly available before the cars are resold.

More information on total-loss disclosure, the corresponding legislation, and ways to contact your members of Congress can be found at the NADA website (www.NADA.org) under the Advocacy & Outreach tab—from that page click on the Legislative Affairs link.

NADA News

- NADA President Phil Brady was elected chairman of Automotive Youth Educational Systems (AYES). He succeeds General Motors Chief Executive Rick Wagoner. The election took place at the recent meeting of the board of directors for AYES, a partnership of automotive manufacturers, dealers, and schools to encourage young people to consider automotive technician careers and prepare them for such positions. "My priority will be to increase dealer participation and involvement in AYES," said Brady. AYES helps dealers find their next generation of technicians, young people jump-start their careers, and customers get better service from well-trained employees. Among the initiatives planned this year is a new long-distance Web-based program primarily for dealers in areas without an AYES school nearby. NADA is a founding member of AYES and nearly 4,000 auto dealers support the organization.
- Get on board for the General Managers' class, which begins in September. The Dealer Academy program combines six class sessions (lasting one week every other month with individual focuses on major dealership departments). Classes are taught at NADA headquarter in McLean, Va. Join the ranks of the nearly 6,000 graduates of the Dealer Academy programs. For an application or more information, please call (800) 252-6232, option #5, or (from Canada) (703) 821-7216.

HOW TO OVERCOME THE LANGUAGE BARRIER AND USE IT TO YOUR ADVANTAGE

Special Column by George Koons, Esquire



George Koons is an attorney in Denver with Halls & Evans, L.L.C. (www.hallevents.com), where he practices general litigation with an emphasis on commercial matters. This article is designed to provide general information regarding working with non-English speaking customers.

The Scenario

Into the dealership walks a Hispanic couple who does not read, write, or understand English to any great extent, if at all. They are looking at several vehicles on the lot. When the salesperson makes initial contact with the couple, it is apparent they are interested in possibly acquiring a vehicle, even though they cannot verbally communicate this desire to the salesperson. But how does the salesperson know this for certain? Further, how does the salesperson know which make and model the couple is interested in: what color vehicle they like, what options they are looking for, and what financing terms are appealing to them?



Now, more than ever, a large population of non-English speaking customers exist who have the financial wherewithal to qualify for vehicle financing and to lease or purchase a new or used automobile. In order to cater to the large and lucrative Hispanic demographic group in Colorado, dealerships market their products via Spanish-speaking commercials on Hispanic television channels. A noticeable increase in lawsuits has accompanied the flow of Hispanic and other non-English speaking customers into dealership showrooms. These lawsuits typically involve claims of breach of contract, misrepresentation, outright fraud, and violations of various consumer protection laws by the dealerships, financing companies, and their employees.

Although non-English speaking customers have a responsibility to understand the transaction they are entering into and, generally, Colorado law does not require the use of a language other than English, dealerships have an obligation to ensure that the customer has an understanding of the transaction, including knowledge of its terms and the customer's responsibility under the contract. Otherwise, the customer may be entitled to rescission of the contract and other damages.

The Lawsuit

Most lawsuits brought by non-English speaking customers are initiated sometime after the customer leases or buys the vehicle and claims to have discovered the contract did not contain the terms he or she thought it did. Typically, prior to initiating a lawsuit, the customer will bring the vehicle back to the dealership and attempt to rescind the agreement. If that is not successful, the customer may file a complaint against the dealership and financing company. Other times, allegations regarding wrongdoing surface after the financing company repossesses the vehicle then sues the customer for a deficiency amount due under the contract. The customer then files a counterclaim contending some form of deceptive conduct against the dealership and financing company.

An example of this type of suit occurred recently when a major vehicle financing company sued a non-English speaking lessee. The lender contended the lessee owed over-mileage fees, resulting from more than 80,000 mile of use above the allotted mileage amount. The lessee claimed she purchased, not leased, the vehicle (even though she signed a lease agreement) and, therefore, was not responsible for any over-mileage fees and was entitled to possession of the vehicle. She files a counterclaim against the dealership and financing company, alleging various claims pertaining to deceptive practice.



If customers such as these are able to convince a jury that their claims are legitimate, they may be entitled to their actual damages, treble damages, costs, and attorneys' fees under Colorado statute. If a number of people claiming this type of deception exist, a class-action lawsuit typically will be brought against the dealership and financing company. The potential recovery of treble damages and attorneys' fees has fueled these lawsuits and made them more attractive to plaintiffs' lawyers.

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Avoiding Litigation

Litigation is expensive, time-consuming, and disruptive to business. Ideally, a dealership wants to do everything within reason to avoid litigation without losing any business. There are a number of steps that a dealership can take to avoid lawsuits related to the language barrier while maintaining its sales. Effective communication between the dealership and the non-English speaking customer is key to avoiding alleged “misunderstandings.”

- ✓ Depending on your location, target market, and number of non-English speaking prospects who come to your dealership, you may want to maintain a salesperson or other employee who is fluent in Spanish (or any other language which is prevalent among your customers). This person need not be specially hired for this position. In fact, efficiencies are gained by employing a person to fill a necessary position within the dealership, with the added benefit that this employee is fluent in Spanish, thereby allowing him or her to fulfill dual roles. Nonetheless, this bi-lingual employee must be familiar with the terms of the various lease and purchase agreements, types of financing available, etc. If not a salesperson, this bi-lingual employee can work in conjunction with the salesperson to explain the vehicle’s characteristics, its options, and all financing alternatives.
- ✓ An alternative to employing a bi-lingual employee is to strongly recommend or require that non-English speaking customers bring a friend, family member, or other bi-lingual person to the dealership to assist the customer (and dealership) with determining the proper vehicle that will meet the customer’s needs and to ensure that the customer understands the terms of the lease or purchase transaction prior to entering it. Before beginning any substantive negotiations, the dealership should take steps to ensure this bi-lingual “representative” of the non-English speaking customer reads English and can translate it into a language understood by the customer. Likewise, several times throughout the negotiation and sales process, the salesperson should ask the bi-lingual representative whether or not the customer understands the particular terms of the agreement being discussed, including the amount and timing of the monthly payments, the subject matter of the contract (e.g., a 2006 Ford F-150 4wd), and any over-mileage or other fees, default provisions, etc.
- ✓ Salespersons responsible for transacting business with non-English speaking customers and their representatives should be adequately trained to guide this interaction between customer, the customer’s bilingual representative, and the dealership. This training is common sense based, simple to teach, understand and learn, and is easily incorporated into the dealership’s training program.
- ✓ Another option available to the dealership is to ensure the non-English speaking customer understands the transaction involved, documenting the specific transaction. This documentation is in addition to documents involved in a standard lease or purchase transaction and may consist of a simple, written checklist or form. In the situation where the customer brings a bi-lingual representative to assist with the transaction, the representative acknowledges by initialing and signing a checklist that he or she explained the terms of the agreement to the customer, the customer acknowledges that her or she understood the terms and the associated responsibilities and had the opportunity to ask questions about the transaction.
- ✓ In addition, the dealership can use a form written in Spanish (or other relevant language) in which the Spanish-speaking customer acknowledges with a signature that he or she had the opportunity to ask questions, had the document explained, and understood the terms and implications of the transaction. As with any other documents used by the dealership, this form must be reviewed for accuracy and compliance with applicable regulations.
- ✓ When done properly, documenting a transaction as discussed above provides evidence, other than the testimony of the dealership, showing that the bi-lingual customer understood the transaction. Moreover, it is a powerful tool in preventing a lawsuit or attempted rescission from occurring in the first place as it makes clear the intent and understanding of all parties.



Final Thoughts

The large and steadily increasing population of non-English speaking customers can provide a much-needed source of revenue to a dealership. However, this demographic market brings with it certain considerations and potential problems. In order to realize the potential of this market, the dealership must proactively seek to avoid pitfalls. This is achieved by implementing certain business practices into the sales process, minimizing contract-related problems and safeguarding the dealership should litigation be brought against it. Done properly, the dealership will be positioned to decrease its exposure to lawsuits, while increasing its standing, sales, and revenue in the non-English speaking community.



CADA LEGISLATIVE POLICY COMMITTEE

Todd Maul,
Legislative Policy Committee (LPC) Chairman
AutoNation

LPC Committee Chair Report 2007 Legislative Summary

The primary focus of our emphasis during the 2007 legislative session was the **re-authorization of the Motor Vehicle Dealer Board (MVDB)** and its many related subparts. This massive project represents over a year and a half of collective effort that resulted in a very advantageous legislative package effective until 2017.

SB-221- Motor Vehicle Dealer Board Sunset Review

The CADA Board voted to support the following recommendations:

1. Retain the MVDB as a regulatory oversight board with the same current board composition and terms:
 - o Board comprised of three new car dealers, three used car dealers and three public (citizen) members.
2. Administrative Law Judges (ALJ) should be utilized for 60% of dealer hearings with final resolution of these cases going to full MVDB for final decision. Outside, experienced ALJs would bring more impartiality, procedural rules and due process to these proceedings. Upon unanimous vote of all present the MVDB may elect to not utilize ALJ's in the process.
3. Increase dealer bond level from \$30,000 to \$50,000
4. Increase salesperson bond level from \$5,000 to \$15,000.
5. Establish minimum criteria for annual training standards for salespersons, determined by both the MVDB and the industry (CADA and CIADA). An improved version of salesperson testing will be established to be "psychometrically valid" in nature to be implemented by Jan 1, 2008.
6. Colorado statutes that require dealerships to be closed on Sunday remain intact. CADA helped implement such laws in the 1950s and has continually defended and supported since on two grounds:
 - o (1) economic realities of dealership operations/market and
 - o (2) ability to retain/attract quality employees in a highly regulated industry.

This position was attacked twice and defeated soundly on each account during this legislative session.



CHOOSING A VEHICLE SERVICE CONTRACT PROVIDER

The CADA F&I Resource Center is proud to announce a new exclusive partnership, which began on May 31, with one of the industry's most respected and secure providers: **GE Money Warranty Services**.

The CADA Board of Directors made a unanimous decision to go with GE after an extensive formal nationwide search, with request for proposal and evaluation process that included 17 of the strongest and most respected vehicle service contract and F&I related product providers available today. Using the same tact as a dealer principal or key decision-maker, CADA researched, investigated and analyzed critical areas to success when developing a long-term and profitable VSC/ESC partnership.

After narrowing the choices, five finalists provided member dealers and staff with formal presentations. During these presentations, we focused on key areas—the same questions and concerns any dealer should take into consider before entering into any product relationship.

The recent collapse APR, and in 2003, National Warranty Insurance Company (NWIC) and “Smart Choice” warranty products, has many dealers questioning how to better evaluate and choose a vehicle service contract (VSC) provider. Dealers should be cautious of plans backed by Risk Retention Groups (RRGs). Unlike insurance companies, RRGs are federally chartered and are required to file in only one state in order to do business in all states. Doing so avoids the regulation and scrutiny of the insurance departments in the other states in which they do business. While RRGs often offer lower premiums, the lack of regulatory oversight enables the potential under-reserving of funds to satisfy claims.

Dealers can take the following steps to try to protect themselves:

- ✓ *Investigate the provider and product being offered.*
- ✓ *Check the A.M. Best rating. Experts recommend working with companies with a B+ or better.*
- ✓ *Understand the structure of the insurance providers involved in the policy and obtain a copy of the policy covering the dealer. The dealer should be insured directly from the insurance company.*
- ✓ *If the company has a re-insurer, ask for a copy of the written agreement that details the exact extent of reinsurance.*
- ✓ *Do not use low contact rates as a variable.*
- ✓ *Question the current loss ratio.*
- ✓ *Check the VSC provider's loss-cost system and procedures.*
- ✓ *Make sure the VSC provider has certified technicians on staff to evaluate claims coverage.*
- ✓ *Examine the company's track record for paying claims.*
- ✓ *Determine how the service contracts are written, what the carrier covered, and the dealer's obligation.*



What to Look for in a VSC Provider

Automotive Experience: Companies that specialize in the automotive market should understand a dealer's needs and have personnel with dealership experience.

Overall Strength: Examine the company's A.M. Best rating over multiple periods, not just the present year.

Stability: Look for a company that has been in business for a long period of time and is financially stable. For example, manufacturer or insurance company-based products can provide the resources and financial depth that far exceeds the financial strength behind products offered from smaller companies.

Compliance: Dealers should look for a provider concerned with compliance and proper disclosure. Many dealers use menus to properly disclose and introduce optional F&I products and services to guarantee the products and pricing are offered consistently to customers.

Training: Some companies provide stand-alone training to dealers. Training provides the opportunity for staff to learn the latest selling and compliance approaches.

Claims Administration: Look for a company with experienced, ASE-certified claims adjusters, with dealership experience.

Price: Never base a selection on price alone. The competition for service contract sales sometimes results in low priced products that offer high up-front profit for dealers. Those price discrepancies may signal that a company's interest in gained market shares may overshadow its interest in setting aside premium income to pay future

CADA/WELLS FARGO INSURANCE SERVICES

As a CADA member, you are eligible for Wells Fargo's Workers Compensation Program. Established in 1982, this program has paid more than \$1 million in dividends to members in the past 5 years. There are no downside risks, and members can maintain their own individual policies and experience modifications. This plan also offers the ability to share safety ideas with similar businesses, increased safety awareness, and safety education such as safety training and program development resources. Other benefits to CADA members include:

- ✓ *Up-front premium savings*
- ✓ *Possible 4% group credit*
- ✓ *2 1/2% designated medical provider credit*
- ✓ *Ability to receive certification from the Colorado Department of Labor (5% premium reduction)*
- ✓ *Subject to annual dividend plan*
- ✓ *No assessments*

For more information, please contact:

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claims. Reputable, established companies know the most important element of long-term viability is adequate funding to pay claims over the term of the contract.

Risk Retention Group vs. Insurance Company: Is the program backed by a RRG or an insurance company? As mentioned earlier, the RRG structure, which was not intended for insuring service contracts, has proven to be vulnerable to under funding. Dealers may end up paying for claims in order to satisfy customers (i.e., API and NWIC).

Risk Profile: Assess the "risk profile" and decide to either accept all the risk (as with a self-insured/dealer obligor program) or none of it (through a fully-insured program). Self-insured programs give dealers the most control and flexibility but also carry the greatest risk. The provider just handles paperwork and adjusts claims, while the dealer sets rates, maintains adequate premium reserves and pays contract holders for up to 10 years. Fully-insured programs have the insurer, not the dealer, identify the premium needed for the associated risk, and hold the funds and pay the claims.

Special Dealer "Obligor" Tax Rules

When the VSC is between the vehicle purchaser and the dealership, the dealership is the "obligor" on the contract. When a dealership acts as obligor, it may purchase an insurance policy that insures its liability under the VSC. Dealerships that sell dealer obligor contracts and purchase insurance to cover their risks have two IRS options in reporting these transactions:

Option 1:

Report the entire sales price in the year the contract was sold and spread the expense evenly over the life of the contract. For example, if the dealer buys a four-year extended service contract for \$800, the dealer would report \$800 as income in the first year, then deduct the \$400 expense evenly over the life of the contract (\$100 each year during the four years).

Option 2:

Report both the income and the expense evenly over the life of the contract. However, when using this method, the IRS requires the dealer impute interest on the sales price, and report that interest as taxable income over the life of the contract. For example, if the dealer buys a four-year extended service contract for \$400 and sells it for \$600, the dealer would report income of \$200 plus imputed interest each year over the life of the contract. The dealer would also deduct \$100 as expense each year over the life of the contract.

For more information on the calculations for either of these options, CADA recommends dealers consult their financial advisor.

F&I is here to Help YOU

The CADA F&I Resource is here to help you build the most secure and most profitable programs possible. Please feel free to contact **Chad M. Julius**, Director F&I Resource Center, at chad.julius@cadaonline.org or 303.831.1722 if you have any questions, thoughts or concerns.



Parts of the above information was provided by the Pennsylvania Automotive Association.



CADA has launched a FREE weekly e-newsletter, **Open Road**, which is e-mailed to registered members every Wednesday. **Open Road** features important dealer news, management alerts, seminar and event information, legislative status reports, regulatory updates, industry news and trends, local dealer milestones, and more. **If you would like to subscribe to this FREE service, go to www.cadaopenroad.org.**

So far, many dealers have commented on how worthwhile this service is and how it has brought significant benefit to their operations. However, if you have subscribed to receive this service but are not, please keep in mind many email service providers and business networks have SPAM blocking software that may preclude your receipt of Open Road. CADA utilizes a third party provider to broadcast its weekly email in order to circumvent other restrictions on sending emails with large numbers of recipients. If you do not begin receiving Open Road after subscribing you may need to affirmatively "allow" (or "white list") the domain name of our provider for the Open Road emails to be received in your email. The following email address/domain name sends the Open Road: *@mailcomhaus.net (the * is a wild-card as the first part is a number that is auto-generated when they send the actual newsletter; an actual example, 4711324@mailcomhaus.net).

ANNUAL MEMBER GOLF EVENT

Please join us for CADA's annual member golf event on Monday, Aug. 27— space is limited, so go to www.cadaonline.org/golfevent to register soon!

This year's event will take place at the Valley Country Club in Aurora, which boasts the Essence of Colorado Tradition. For over 50 years, Valley Country Club has been dedicated to excellence in golf, dining, social and recreational activities. The Club stands

out as a special place for families, couples and individuals. They have recently renovated the clubhouse and invite you to come experience the warm hospitality and gracious service in a unique setting. Now, one of the oldest clubs in the area is now one of the newest!

A special thanks to our Title Sponsor, GE Money Warranty Services. Note that there will be two hole-in-one \$10,000 cash prizes, awards for 1st/2nd/3rd place plus valuable door prizes! There will also be a professional photographer on-site.

DEALERSHIP HIGHLIGHTS, MILESTONES AND TRANSITIONS

RANDY GRADISHAR, OTHER NFL ALUMNI VISIT TROOPS ABROAD

Denver Business Journal, May 4-10, 2007

Former Denver Bronco **Randy Gradishar** went to Kuwait, Bahrain, Saudi Arabia, and the United Arab Emirates with other NFL alumni in February to meet with US troops stationed in those countries.

Gradishar gave out football memorabilia donated by Denver Broncos owner Pat Bowlen, coach Mike Shanahan and Ohio State University coach Jim Tressel.

As part of Gradishar's work at **Phil Long Dealerships** in Colorado, he has welcomed home 5,000 troops to Fort Carson in the last six months.

The dealership previously sponsored a military ball at one of its Colorado locations.

For more information on Phil Long, visit www.phillong.com.



LLOYD CHAVEZ: A LIFETIME OF LEADERSHIP

On March 29, the South Metro Denver Chamber Board of Directors honored **Lloyd Chavez** with a Lifetime Achievement Award for his contributions to the South metro community.



A Littleton native, Chavez's desire to work in the automobile industry started early and grew to become a family affair. His father worked for Nate Burt, the original owner of a small General Motors dealership in Englewood, which became **Burt Chevrolet** in 1939.

"My dad was a laborer—he was Nate Burt's gardener," Lloyd said.

When Lloyd graduated from the University of Denver, his dream was to work for General Motors. He was hired by GM, but the car company hadn't made the transition from manufacturing war machinery to domestic transportation, so they told Lloyd to stay in Colorado and work at Burt Chevrolet. GM eventually contacted Lloyd for a job, but he enjoyed working for Burt so much that he turned GM down.

At 78 years old, Lloyd said he just happens to be in the car business and is blessed with an entrepreneurial family that is helping to guide the auto industry. The Burt Automotive Network, owned by the Chavez family, now includes 10 dealerships in the south metro area.

"The Chavez family has a rich tradition of leadership, and have been active in the Englewood Chamber and our Chamber," John Brackney, South Metro Denver Chamber president said. "The commitment they have shown through the years is remarkable. Burt has sponsored Driver's Ed in both Englewood and Littleton since 1952. The company has been a leader in youth baseball and football for decades and has supported Craig Hospital for 30 years with cars and vans. Lloyd is a humble leader who has made an extraordinary impact on our community and we congratulate him on a lifetime of service."



GO CHRYSLER JEEP WEST NAMED DEALER OF THE YEAR TWO TIMES RUNNING

Congratulations to **Go Chrysler Jeep West** of Denver for being awarded the Chrysler's Dealer of the Year for the Western United States in both 2005 and 2006. This five-star dealership also won the service department of the year award in 2005. Their AutoNation showroom is located at 16300 West Colfax Ave. in Golden near I-70 and 6th Avenue on Colfax.



ANNOUNCING NEW GMS AND OWNERS

Congratulations to the following new general managers and recently named owners of several dealerships across Colorado:

- **Woody Howarth**, General Manager, Mercedes Benz of Colorado Springs
- **Dave Solon** and **Gerald Gleason**, new owners of Longmont Kia (formerly Cowboy Corral); **Timothy Dillon**, General Manager
- **Kevin Steward**, General Manager, Mercedes Benz of Westminster



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**NINE COLORADO DEALERS
IN TOP NATIONAL SALES LIST**

Congratulations to the following Colorado dealers who were recently named to the Automotive News Top 125 Dealership Groups. This national recognition is based on total sales for the 2006 year.



- #1 AutoNation, Inc.
- #3 Sonic Automotive
- #7 Lithia Motors, Inc.
- #10 Larry H. Miller Group
- #22 Serra Automotive
- #23 Braman Dealerships
- #52 Burt Automotive Network
- #77 Phil Long Dealerships
- #122 Mike Shaw Automotive



**SILL-TERHAR MOTORS EXPANDS
DEALERSHIP TO INCLUDE LINCOLN-
MERCURY**

Ford Motor Co. recently awarded a Lincoln-Mercury franchise to **Sill-TerHar Motors**. With this addition, the dealership now operates the following franchises within a quarter-mile radius in Broomfield:

- Ford
- Lincoln-Mercury
- Mazda
- Volvo
- Jaguar
- Aston Martin
- Rolls Royce



“Once Ford decided to allow dealers to sell both Ford and Lincoln-Mercury vehicles at the same locations again, we picked Lincoln-Mercury back

up in February,” according to Jack TerHar Jr., owner. “And so far, sales have been pretty brisk.”

Sill-TerHar Motors has eight storefronts in Broomfield, including the only Aston Martin and Rolls Royce franchises in the state. For more information, visit their website at www.sill-terharmotors.com.



**GRAND JUNCTION SUBARU
GETS A BRAND NEW LOOK**

Months of construction are finally over. **Grand Junction Subaru**, formerly Rocky Mountain Subaru, unveiled its new look last month with a ceremonial ribbon cutting.

“We have receive a fantastic response from the Grand Junction community,” says **Ron Bubar**, owner. “People are very pleased with how we improved the corner where we have been located since 1996.”



Ron, and his wife **Susan**, took over the dealership in November 2005. They hope customers will find the newly remodeled dealership to be “enjoyable, comfortable and professional.”

According to Ron, the dealership has been setting records in both sales and parts.

“Now that our exterior is up to Subaru standards, we hope our growth will continue for years to come,” says Ron.

For more information on Grand Junction Subaru, visit their remodeled showroom at 2496 Hwy. 6 and 50 or online at www.rocky.subaru.com/en_US/

LET US KNOW ABOUT YOUR ACCOMPLISHMENTS!

Have you or anyone else at your dealership won an award recently?

Has your dealership provided any outstanding community service?

We want to recognize such accomplishments. Please send us a brief write-up of the award or event along with any other information to milestones@cadaonline.org. Please also include your contact information for further follow-up.

FEDERATED INSURANCE: TESTIMONIAL AND RISK MANAGEMENT SEMINAR RE-CAP

“Most times, the worst never happens. But, if it does, having the right coverage and insurance company—like Federated—will protect the integrity and assets of your company.”

Warren Yoder
Weld County Garage, Greeley

Federated Designed Risk Management Seminar A Tremendous Success

The Federated Management Designated Risk Manager seminar, held at CADA on April 10, was given top marks by all attendees. Federated presenters, **David Cameron**, Risk Manager – National Accounts, from the Minnesota headquarters office, and **Humberto Cruz**, Account Executive from the Arizona office, showed up with lots of promotional give-aways in-hand (umbrellas, blankets, and numerous practical items) that they raffled off at each break. They also came with a lot of useful and compelling information. This was the first offering in Colorado of a one-day, condensed version of a what is typically a multi-day seminar that is only offered at their Minnesota headquarters. Federated’s presentation was engaging and contained a lot of hard-hitting information and ideas on how to reduce dealership exposure.

“Lots of eye-opening and head-shaking detailed information”

“Seminar was very informative and enjoyable. Thank you!”

“Great stories that make the point and keep you interested”

“Distracted driving [examples]. Makes you re-evaluate a lot of things you do every day”



Here are just a few examples of some information provided:

- The most frequent losses on the insurance side of the auto industry are driving losses: 51% of claims and \$.36 of each dollar paid in losses
- For every ten techs leaving the auto industry, three are coming into the industry
- 44% of resumes contain material falsehoods. Are you adequately checking your new hires?
- 75% of habitual drug users are employed and most work for small businesses. They have 300% higher medical costs and are five times more likely to file a workers’ comp claim.
- Based on auto registrations, the BMW M-series is the most stolen car.
- If thieves hit your dealership, they are three times more likely to return back to your business than go elsewhere.

Due to the very positive response, we anticipate offering this session again in the future. In the meantime, if you would like more information on **CADA Endorsed Provider, Federated Insurance**, please contact: **Humberto Cruz**, Account Executive, 800.527.5999 or hcruz@fedins.com.



FEDERATED Insurance Companies
Home Office: 121 East Park Square,
Owatonna, Minnesota 55060
(507) 455-5200
www.federatedinsurance.com



DEALER Q&A

During any given week at the CADA headquarters, we receive many questions from dealers regarding various regulatory and compliance issues. Listed here are just a few questions with the answer provided for clarification and future reference. We welcome you to call us anytime with other questions; however, CADA is not authorized to dispense legal advice. Instead we advise that dealers should consult legal counsel on the specifics of any laws or regulations to ensure proper compliance. If you have additional questions on any legal or regulatory topics, please contact Tim Jackson or Tammi McCoy (see contact information on the last page of this Bulletin) or e-mail questions to regulatory@cadaonline.org to reach both.

QUESTION: *Is it unlawful for me—the dealer—to remove the Monroney label on a sold vehicle at the time of delivery? Or must the customer remove the respective Monroney label? I am worried about fines and jail time and was wondering about this.*

ANSWER: As business advice, CADA recommends that the dealer deliver the car to the consumer and have the consumer remove the label upon delivery (this is to be extra safe as opposed to the dealer removing the label for the consumer), as opposed to the dealer removing the label for the consumer. Federal laws and guidelines address this fairly directly:

FTC Car Buyer's Guide states the sticker "may only be removed by the purchaser."

Federal statute, 15 USC. Section 1233(c) states:
 § 1233. Violations and penalties: "Any person who willfully removes, alters, or renders illegible any label affixed to a new automobile pursuant to section 3 [15 USCS § 1232], or any endorsement thereon, prior to the time that such automobile is delivered to the actual custody and possession of the ultimate purchaser of such new automobile, except where the manufacturer re-labels the automobile in the event the same is rerouted, repurchased, or reacquired by the manufacturer of such automobile, shall be fined not more than \$1,000, or imprisoned not more than one year, or both. Such removal, alteration, or rendering illegible with respect to each automobile shall constitute a separate offense.

In a *criminal case* involving several salespersons and other employees of a Mitsubishi dealership in Connecticut, the Department of Justice charged the individuals with preventing the customers from obtaining the Monroney label so the customer would not realize how much over the MSRP they were paying. In that case, the people who cleaned the cars prior to delivery were instructed to remove the labels from the vehicle. The first person sentenced was given leniency because of his extensive military service.

Some consumer guides suggest that the consumer keep the label to prove that the car was delivered with certain features (e.g. traction control).



QUESTION: *We will have cars on display at an upcoming local event—no salespersons will be present, the cars are simply for display only. Do we need to obtain an off-site permit? Additionally, for future reference, what about shopping malls (again, no sales activity will be taking place)? Also, is there a time limit on such displays?*

ANSWER: An off-site permit is required by the state when "sales activity" is taking place off-site, not for the mere display-only of vehicles. This includes charity events, shopping malls, sporting events, and any other event where cars will be on display only. While the topic of what exactly constitutes "sales" is a somewhat gray area, CADA encourages dealers to err on the side of caution. Typically, "sales activity" is deemed to include test drives or any discussions with a consumer regarding price, financing, and/or related aspects of an actual deal that extend beyond discussing the vehicle attributes and features. That is the guidance that has been provided at the Denver International Auto Show in the past regarding "sales activity" in reference to Sunday sales. The relevant excerpt from the off-site premise application is below:

Regulation 12-6-102 (16). A motor vehicle dealer or used motor vehicle dealer shall obtain an off-premise permit to offer and sell motor vehicles away from his licensed place of business.

To obtain copies of the off-site permit application, as well as other state forms, go to the Auto Industry Division at: www.revenue.state.co.us/dlr/home.asp (select "Applications/Forms" from the middle, "Online Services" menu).

CADA CALENDAR


UPCOMING SEMINARS

TOPIC	CITY	DATE/TIME	LOCATION
Title Processing Training <i>By various county trainers/staff</i>	Lakewood	Thurs., July 19 9:30 am to 2:30 pm <i>(time is tentative)</i> <i>lunch included</i>	Sheraton Denver West Hotel 360 Union Boulevard Lakewood, 80228 Phone: 303.987.2000
Peak Performance In Warranty Operations <i>By Rob Campbell</i>	Montrose	Wednesday, July 25 11 am to 2 pm <i>lunch included</i>	Holiday Inn Express-Montrose 1391 S. Townsend Avenue Montrose, 81401 Phone: 970.240.1800
Peak Performance In Warranty Operations <i>By Rob Campbell</i>	Loveland	Thursday, July 26 7:30 to 10:30 am <i>breakfast included</i>	Johnson's Corner Restaurant 2842 SE Frontage Road, 80534 (Johnstown exit, #254 from I-25) Phone: 970.667.2069
Secrets to Creating A Super Controller <i>By Sandi Jerome</i>	Denver	Thursday, July 26 8 to 11 am <i>breakfast included</i>	William D. Barrow Building (CADA headquarters) 290 E. Speer, Denver, 80203 SW Corner of Grant & Speer
Peak Performance In Warranty Operations <i>By Rob Campbell</i>	Denver	Thursday, July 26 12 to 3 pm <i>lunch included</i>	William D. Barrow Building (CADA headquarters) 290 E. Speer, Denver, 80203 SW Corner of Grant & Speer
Secrets to Creating A Super Controller <i>By Sandi Jerome</i>	Grand Junction	Friday, July 27 8 to 11 am <i>breakfast included</i>	Doubletree Hotel 743 Horizon Drive, 81506 970.241.8888
Peak Performance In Warranty Operations <i>By Rob Campbell</i>	Colorado Springs	Friday, July 27 9 am to 12 Noon <i>lunch included</i>	Antlers Hilton Hotel Learning Center Training Room 4 South Cascade Avenue, 80903 Phone: 719.955.5600 <i>* Colorado Springs dealers should register through CSADA; Phone: 719.473.1465</i>
Title Processing Training <i>By various county trainers/staff</i>	Denver	Wed., Aug. 22 9:30 am to 2:30 pm <i>(time is tentative)</i> <i>lunch included</i>	William D. Barrow Building (CADA Headquarters) 290 E. Speer Blvd, 80203 (SW Corner of Grant/Speer) Denver, 80203 Phone: 303.831.1722
Title Processing Training <i>By various county trainers/staff</i>	Denver	Tues., Sept. 11 9:30 am to 2:30 pm <i>(time is tentative)</i> <i>lunch included</i>	Marriott Denver Tech Center Hotel 4900 S. Syracuse St. Denver, 80237 Phone: 303.779.1100



To register online for any CADA educational or training seminar, please visit www.cadaonline.org/registration

UPCOMING EVENTS

TOPIC	DATE/TIME	LOCATION
TIME Magazine Quality Dealer Award Nominations	DUE: Thursday, July 26	Nominations are now being accepted for Colorado's TIME Magazine Quality Dealer Award (TMQDA) for 2008. Official nomination forms were mailed to members in May. For more information please contact CADA at 303.831.1722.
CADA Management & Leadership Summit	Wednesday, Aug. 15 9 am to 8 pm	<i>Registration form and more details to be available soon.</i>
<p>CADA Annual Golf Event</p> <p>Regional Member Briefings</p> <p>MDADA Annual Membership Meeting <i>(more details to follow soon)</i></p>	<p>Monday, Aug. 27 -Sponsor Welcome 11:30 am -Noon shotgun start</p> <p>Sterling Sterling Country Club 5:30 pm, Tues., Sept. 25</p> <p>Colorado Springs Garden of the Gods Club 11:30 am, Wed., Oct. 10 <i>* Attendees register through CSADA—719.473.1465</i></p> <p>Pueblo Pueblo Country Club 5:30 pm, Wed., Oct. 10 <i>* Attendees register through PADA—719.544.7336</i></p> <p>Durango Season's Restaurant 11:30 am, Thurs., Oct. 11</p> <p>Grand Junction Chateau at Two Rivers Winery 5:30 pm, Thurs., Oct. 11</p> <p>Loveland Budweiser Events Center 11:30 am, Wed., Oct. 17</p> <p>Boulder Flagstaff House 5:30 pm, Wed., Oct. 17</p> <p>Craig Craig Holiday Inn 11:30 am, Thurs., Oct. 18</p> <p>Glenwood Springs Hotel Colorado 5:30 pm, Thurs., Oct. 18</p> <p>Denver Cherry Hills Country Club 11 am, Tues., Nov. 27</p>	<p>Valley Country Club, 14601 Country Club Dr. Aurora, 80016</p> <p>Ten meetings for dealers across Colorado</p> <p>This fall's regional meetings have been set. There will be 10 meetings throughout the state, providing an ideal time for CADA members to network, meet new board members, and hear briefs about the association's current activities.</p> <p>Attendees can register through CADA via phone, fax or email . P: 303.831.1722, F: 303.831.9100 or E-mail: rsvp@cadaonline.org</p> <p><i>* Please note different RSVP for Colorado Springs and Pueblo meetings.</i></p> 

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OTHER RESOURCES

Auto Industry Division: 303.205.5746
www.revenue.state.co.us/dlr/home.asp

Titles/Registration: 303.205.5608
www.revenue.state.co.us/MV_dir/wrap.asp?incl=titlereg

Bulletin Questions or Comments? If you have questions about items in this bulletin or ideas/ suggestions for future article topics, please contact: **Tammi L. McCoy**.

***DISCLAIMER:** CADA is not authorized to dispense legal advice. The Information contained in this newsletter is for informational purposes only. CADA advises that dealers consult legal counsel on the specifics of any law or regulation to ensure full compliance.*

LIST OF ENCLOSURES TO THIS BULLETIN

- *NADA/ATD Regulatory and Compliance Chart Overview*
- *Seminar information flyer and registration form – Title Processing*
- *Seminar information flyer and registration form – Peak Performance in Warranty Operations*
- *Seminar information flyer and registration form – Secrets to Creating a Super Controller*
- *CADA Regional Meeting Registration form and schedule*
- *Mountain States Employers Council (June and July issues)*