



THE WANADA BULLETIN

NEWS AND INFORMATION FOR AND ABOUT FRANCHISED NEW CAR DEALERS IN THE WASHINGTON AREA

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NATIONAL LEGISLATIVE UPDATE

Congress Considers Banning Dispute Arbitration On Vehicle Sales

With the practice of mandatory arbitration of disputes arising from vehicle purchases and leases becoming more prevalent in dealerships across the country, opponents of the practice have gotten behind a bill in Congress that would prohibit dealers from requiring customers to accept binding arbitration to settle disagreements over vehicle sales or lease transactions. Accordingly, vehicle consumers would have the right to go to court with their vehicle sales grievances, same as always.

“This legislation would connect the chain from manufacturers to dealers and from dealers to consumers,” Rep. Linda Sanchez (D-Calif.) said when she introduced the bill last month. Sanchez heads the House Judiciary Committee’s subcommittee on commercial and administrative law.

At a hearing on the bill last week, supporters testified that the mandatory arbitration prevented them from getting proper legal recourse for problem vehicles.

NADA takes no position on the Sanchez bill, saying it would be “inconsistent” to oppose the bill given its position on automaker-mandated arbitration in dealer franchise disputes that resulted in a national law banning arbitration in 2002. Correspondingly, AIADA opposes the bill.

“We view the bill as unnecessary and remain concerned it would further burden our already-

overwhelmed legal system,” said Cody Lusk, president of AIADA. “Our members make it their priority to deliver the highest customer service to ensure consumer needs are met when selling and servicing a vehicle,” he said.

NADA's neutrality wouldn't preclude regional dealer associations from taking a position on the bill, which WANADA is considering at this writing. Stay tuned.

IRS Grants NADA LIFO Request

The IRS has issued a revenue procedure (2008-23) that grants NADA’s request that taxpayers who use the Last-In, First-Out (LIFO) accounting method be permitted to do the following:

- (i) place new cars and light-duty trucks in a single LIFO pool; and
- (ii) place used cars and light-duty trucks in a single LIFO pool.

The revenue procedure defines a “light duty truck” as any truck with a gross vehicle weight rating (GVWR) of 14,000 lbs. or less.

This new alternative accounting method, known as the “Vehicle-Pool Method,” removes the challenge of having to determine the proper pool in which to place crossover vehicles. Revenue Procedure 2008-23 generally is effective for tax years ending on or after Dec. 31, 2007 and contains procedures for obtaining automatic consent for changing to the Vehicle-Pool Method.

NADA says dealers and their tax practitioners should carefully review the revenue procedure (available at www.nada.org/regulations) for important details.

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KINDRED KORNER

Who's Watching Over Your Assets & Inventory?



With crime an unfortunate reality of most businesses today, more and more dealerships are relying on services like that of **Eyewitness Surveillance**, a leading provider of interactive real time monitoring.

“As a company that specializes in the automobile industry, being a kindred member of WANADA is essential. WANADA has enabled us to assist numerous dealers,” says Larry Adler, Eyewitness Surveillance managing partner.

“If someone enters your lot after hours, an agent from Eyewitness will be able to watch their every move, talk to them and listen to their responses. The system is 100% interactive,” Adler explains.

“The dealer can connect and watch his/her dealership from anywhere in the world,” he adds. “Not only will the system cut crime after hours, it also provides a great management tool. Think about the increase in employee productivity, decreased liability, the ability to cut cost on live guards, frivolous claims, and theft.”

Adler says the system furnishes a continuous return on investment while maintaining 24/7 security. “Unlike a physical security guard, Eyewitness doesn’t call in sick, go on vacation or get distracted, sleep, or take breaks,” he adds.

The state of the art Central Station utilizes the latest technology, including broadband connections to deliver the fastest response. The station is not limited to the number of signals it can receive at one time. It has built-in disaster controls in the event of a terrorist attack or severe weather, which allow it to continue functioning at full capacity. And the center is staffed with operators who speak a variety of languages, thereby enhancing response time.

Tired of the phone calls from your alarm company in the middle of the night? Eyewitness says

they are able to visually verify all alarms to determine if they are false or actual incidents.

Eyewitness Surveillance will provide prospective with a complimentary detailed security review of your dealership. Please contact the local office at (800) 203-2024 to schedule a survey.

DC DOES

DC Launches “Just Take One” To Promote Summer Jobs For Youth

In an effort to heighten private sector recruitment and hiring of youth for summer jobs, Mayor Adrian Fenty and the Department of Employment Services (DC DOES) kicked off the District’s 2008 “Just Take One” campaign at a January breakfast attended by more than 80 private sector companies and associations, including WANADA, which has a longstanding relationship with the agency.

The “Just Take One” campaign seeks to encourage local businesses to hire and provide at least one student with supervised and meaningful summer work experience. More than 14,000 District youngsters, ages 14-21, register with the city’s Passport-to-Work Summer Youth Program each year. While young workers have been successfully placed in work experience opportunities each summer, the opportunities have primarily been with government agencies.

The DOES Summer Youth Program brings together community-based organizations and private sector employers, along with federal and DC government agencies, to afford program participants short-term, practical work experience and exposure to various careers.

A temporary youth worker allows an employer to forego expensive recruitment costs and is available to work up to 8 hours a day, 5 days a week, at the federal minimum wage rate. The program begins in June 2008 and ends August 2008.

For more information on the *Just Take One Campaign*, visit does.dc.gov, and select Youth Services or call (202) 671-2100.

SPECIAL FEATURE

“It was a cold and windy Saturday morning...”

Buying a Reconditioned Car from High School Kids

Article and Photos by Joe McCary

It was a cold and windy Saturday morning. People all over the Damascus High School parking lot were wearing bright ATF vests. No, it wasn't a raid by the Treasury agents of the Alcohol Tobacco and Firearms enforcement division; not a single moonshiner in sight. In this case, ATF stands for Automotive Trades Foundation, a nonprofit organization established jointly by Montgomery County Schools and supported by WANADA for many years as part of its area-wide auto technician training program.

For the ATF this was its spring fundraiser. But unlike more traditional school fundraisers, there were no tables of baked goods, no kids going door-to-door selling wrapping paper or candy; this fundraiser was selling cars that had been donated to the foundation and then repaired and cleaned by students. Following a Maryland state inspection, the cars and trucks are sold to the public by the foundation's *Mini Dealership*, with ATF students on hand to show the cars and ride with the prospective buyers on test drives.

On this Saturday morning there were about 50 shoppers looking for a bargain from the 19 used cars available. As a longtime photographer for WANADA, I was curious about the ATF operation and also in need of a used minivan to be able to handle the grandkids when they come to visit. A 2000 Ford *Windstar SL*, with only 62,000 miles on it caught my eye, and Alex, a Damascus High School junior, was my student sales representative. On the test drive Alex was friendly and particularly knowledgeable about the car and its features, but there was no hard sell. He answered all my questions and provided insight into what was done to the vehicle in the shop.

I took a second test drive in a 1998 Volvo *V70 XC*. Mike and Holly, also both Damascus High School juniors, were along this time and both were courteous and excited to be in the Automotive Technology Class. But I decided the Ford was a better fit for me.

The “hot” vehicle of the day seemed to be the 1992 Acura Legend with over 100,000 miles that had been recently painted and had loads of extras all for a modest \$3,200. On the economy end of the list was a red Dodge Neon with 88,000 miles for just \$1,595. And for the discriminating buyer, the top end offered a 1979 Rolls Royce with just 46,000 miles for a mere \$9,895.

The moment of truth came promptly at 11 a.m. when a lottery was used to pair buyers and vehicles. A



Top: ATF Director Steve Boden explains the rules of the sale to perspective shoppers, who carefully inspect (middle photo) the vehicles and get to test drive them with the ATF students (above) who worked on the cars.

student picked names from a box (one name per household), and after each name was drawn, that person could declare which car they wished to purchase. The first name drawn in the lottery choose the Acura Legend, her daughter clapped with delight. Call it the luck of the draw, my name was the second drawn and I choose the 2000 Ford *Windstar SL*. As I was escorted from the lottery drawing area, I heard the next car chosen was the Volvo.

I went to the room where we completed the sale, and I wrote the final check to include all tax and tag fees for a very fair \$4,004. I was out by noon, and sold on more than just the Ford. ATF's Mini Dealership is a real winner!

HOT OFF THE PRESS!**Virginia General Assembly Adjourns Without Transportation Plan
*Special Session Imminent***

After days of bickering, Virginia General Assembly House and Senate negotiators reached an agreement on a two-year, \$77 billion budget, and promptly adjourned. Left undone, however, was any action to restore funding for a transportation plan in the wake of the Virginia Supreme Court ruling that Northern Virginia Transportation Authority fees and taxes were unconstitutional. This likely will be taken up in a special session this spring.

The major threat to dealers will be the strong possibility of another major effort to raise vehicle titling taxes from 3% to 5%. VADA with WANADA's support will work to monitor this prospect as events unfold.

Automatic Transmission Training Planned for Montgomery College

WANADA's Automobile Dealer Education Institute is contemplating adding automatic transmission training to its curriculum at Montgomery College for the fall semester.

This course is designed to familiarize students with the transmission systems used in today's vehicles. The student will be provided with the knowledge and skills to service and repair both manual and automatic transmission components. Special emphasis will be put on preparation for the successful completion of the Automotive Service Excellence (ASE) tests in these two areas.

The class, which would start in early September, would run one full day per week at MC and would roll out over a 16 week semester. The course would cost the dealer \$1,000 and the student would be required to have Electrical and Engine performance ASEs or experience as a pre-requisite.

Those wishing to take advantage of this training opportunity, please contact Bill Belew at WANADA, (202) 237-7200. WANADA will undertake this training only if it has dealer support.

**Lucky Lotto Winner Claims Corvette**

"It was a blessing," said Delaise Montgomery, Jr. (far left), of Charles County, MD, as he took delivery of his fire engine red 2008 Corvette at Ourisman Rockmont Chevrolet. "Monty," a retired U.S. Navy chief petty officer and civil servant, was the lucky winner of The Washington Auto Show/DC Lottery *Second Chance Grand Prize*. He was presented the keys to his *hot new ride*, pictured left. Next from the left is Jeanette A. Michael, executive director of the D.C. Lottery and Charitable Games Control Board; Dennis Rippeon of Ourisman Automotive and Gerard Murphy of WANADA. Monty won an iPod in a previous Second Chance drawing. "That's why I thought I might move up the food chain, which happened beyond my wildest expectations," he said.

Thought For the Week...

*Here's to you and yours and to mine and ours.
If I ever come across you and yours,
I hope you and yours will do as
much for mine and ours, as mine and ours
have done for you and yours*

—Irish Toast