

THE WANADA BULLETIN

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

WANADA Bulletin #45-02

November 11, 2002

POLITICAL ACTION UPDATE:

Arbitration Bill Hailed as Huge Victory for Dealers *Grassroots Effort Triumphs on Capitol Hill*

"This is the biggest legislative victory for NADA in at least 50 years," said H. Carter Myers III, NADA chairman. "We were persistent and we prevailed; this will help new car and truck dealers all over the country."

Myers was, of course, referring to NADA's voluntary arbitration legislation, which has been the association's top priority on Capitol Hill for over four years, and which finally was signed by President Bush on Nov. 2 as Public Law 107-273.

Effective immediately, the new law prohibits manufacturers from forcing dealers into mandatory binding arbitration as the exclusive means to resolve disputes in franchise agreements that are entered into, amended, altered, modified or extended after Nov. 2. It will allow dealers to opt voluntarily for arbitration or utilize remedies available under state law,

such as state administrative boards specifically established to resolve dealer-manufacturer disputes.

Dealers who voluntarily opt to proceed to arbitration will benefit from a provision in the law that applies only to motor

vehicle franchise arbitration and requires the arbitrator to provide the parties with a written explanation of the factual and legal bases for the award.

NADA finally succeeded in

(See **Arbitration**, page 2)

2003 Snow Ball



Save the date: Friday, December 27, 2002

*The 2003 Washington Auto Show
Snow Ball*

Ritz-Carlton, Washington, D.C.

Reminder post cards have been sent and invitations will be in the mail soon for Washington's premier black tie holiday event – The 2003 Washington Auto Show Snow Ball. The ball features a festive evening of dining and dancing at the elegant Ritz-Carlton to benefit the Boys & Girls Clubs of Greater Washington and its branches in DC, Annapolis, Northern Virginia and Suburban Maryland.

Last year's event was "THE grandest gala of them all," Snow Ball Chairman Tammy Darvish reminds us. "Not only did we 'put on the Ritz,' we sold it out with 800 VIPs registered, including dozens of ranking public officials. We raised \$135,000 for the Boys & Girls Clubs, and the goal this year is to top that. So mark your calendars now. You won't want to miss it!"

Auction Items Wanted!

To add support to the Boys & Girls Clubs, this year's Snow Ball will again offer a silent auction, and Tammy Darvish is calling on all WANADA members and friends to donate to this worthy cause with items such as sports tickets and golf rounds; car rentals, detailing and service; and gift certificates to stores, restaurants and resorts. Please use the form enclosed with this WANADA Bulletin to let us know early if and what tax-deductible donations you can make. For more information, contact Archie Avedisian at WANADA (202) 237-7200, or e-mail: aa@wanada.org.

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TRANSPORTATION WINNERS & LOSERS:**A Big Win for the ICC, Defeat for NOVA Trans. Tax**

The post-election news on regional transportation issues was decidedly different depending on which side of the Potomac you live. Northern Virginians soundly rejected a .5% sales tax increase to fund transportation projects, an initiative strongly supported by business groups, including WANADA, while Montgomery County voters demonstrated their support for ending gridlock by voting for candidates favoring construction of the Inter-County Connector (ICC).

Thanks to a focused team effort by the Montgomery County Chamber of Commerce, the Greater Washington Board of Trade, and many other groups, the Montgomery County Council has gone from 5-3 against the ICC to 6-3 in favor of it. Add to that the reelection of County Executive Doug Duncan, a strong ICC advocate, and the improved voting margin of ICC proponents in the Maryland House of Delegates—from 13-9 in favor of the ICC before the election, to 18-6 in favor of the ICC now, a net gain of 5 votes in the House (and a net gain of one vote in the state senate).

With the early support of both gubernatorial candidates and all of the leading congressional candidates in Montgomery County, “We now have pro-ICC officials in every key position in the state,” said Richard N. Parsons, president of the Montgomery County Chamber of Commerce. “This political effort will have far-reaching

positive ramifications on your business and on future land-use and transportation planning in our County.”

“We now have a totally new ballgame,” said Parsons. He thanked all who played a part in this “far-reaching political effort,” but was quick to add, “Now comes the hard part. All we have done so far is clear the political brush out of the way to get the project moving again. We have to remain

united and committed to the very end of this fight, which is very likely to take the next 4-6 years at least.”

Meanwhile, anti-gridlock forces in Northern Virginia are regrouping for an anticipated battle with Richmond legislators for more roads funding.

Arbitration *(continued from page 1)*

gaining passage of its voluntary arbitration provision by having it included in the conference report for the Department of Justice Reauthorization bill (H.R. 2215), which passed the Senate on Oct. 3 and the House of Representatives on Sept. 26.

NADA made it clear it was the “only organization pressing for this measure,” which had to compete with a full Congressional agenda of appropriations bills, along with Iraq and homeland security in a highly partisan and contentious atmosphere that has resulted in few measures being passed by Congress.

The president's signature capped a major grassroots dealer effort coordinated by NADA and state and metropolitan dealer associations.

“We could not have won this battle without the contin-

ued involvement by dealers across the nation and the persistence of NADA's legislative staff,” said Myers. “This confirms that dealers' grassroots involvement is a critical component of our success in Washington.”

NADA is encouraging dealers to thank the bill sponsors: Senators Orrin Hatch (R-UT), and Russ Feingold (D-WI) and Rep. Mary Bono (R-CA), and all cosponsors. From our region, cosponsors included senators George Allen (R-VA) and John Warner (R-VA), and representatives Tom Davis (R-VA), James P. Moran (D-VA), Rep. Frank R. Wolf (R-VA), Robert L. Ehrlich, Jr. (R-MD), and Constance A. Morella (R-MD).

NADA MONTHLY DEALERSHIP OPERATIONS COMMENTARY

Performing a Parts Inventory Reconciliation

If you don't have a complete picture of current parts inventory value, you can't make educated decisions that ultimately affect the profitability of the parts department. By implementing procedures that encourage the parts and accounting departments to work together, you'll have a more cohesive team as well as more current information on which to base business decisions. Performing a monthly parts inventory reconciliation takes a coordinated effort that is well worth it from both standpoints—teamwork and correct information. Here is a formula to help you compare the inventory dollars in the parts and accounting departments. The totals should match.

Section 1: Compute the Physical Inventory (to be completed by the parts manager):

The computer-generated or hand-counted inventory	\$	_____
Add new and used cores	+	_____
Add non-genuine parts	+	_____
Add pending credits	+	_____
Add service and body shop work-in-process	+	_____
Add miscellaneous adjustments not included in the computer inventory	+	_____
Subtract negative on-hand balances if the balances are not subtracted from the computer inventory	-	_____

TOTAL PARTS PHYSICAL INVENTORY = \$ _____

Section 2: Compute the Accounting Inventory (to be completed by the office manager):

The general ledger account balance for parts inventory	\$	_____
<i>If the accounting balance is taken AFTER the parts inventory,</i>		
Add service and body shop ROs and parts invoices	+	_____
Subtract parts purchases	-	_____
<i>If the accounting balance is taken BEFORE the parts inventory,</i>		
Subtract service and body shop ROs and parts invoices	-	_____
Add parts purchases	+	_____
Add receipt of parts before inventory but billed after inventory	+	_____
Subtract receipt of parts after inventory but billed before inventory	-	_____

TOTAL ACCOUNTING INVENTORY = \$ _____

The above information was excerpted from NADA Management Guide SP.26, *A Dealer Guide to Performing a Monthly Parts Inventory Reconciliation*. You may order the guide from the National Automobile Dealers Association (NADA) by calling 800-252-6232, ext. 2 or 703-821-7227. NADA members' price is \$10; cost to non-members is \$20 (both prices add shipping).

WANADA Annual Meeting & Luncheon

Wednesday, Nov. 20

With Keynote Speaker DC Mayor Williams

**For more information, see the enclosed details and registration form with this
WANADA Bulletin, or call Trish Frisbee at WANADA, (202) 237-7200.**

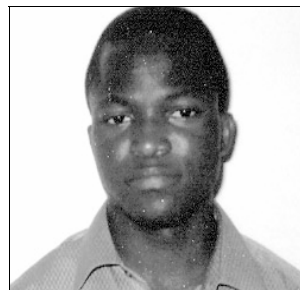
DEALER ALERT:

Can You Help Prosecute This Man?

The individual pictured here has been the target of an ongoing criminal investigation being conducted by the United States Secret Service, Metro Area Fraud Task Force. He had been trying to obtain new or used vehicles, possibly for exportation, by using counterfeit checks as payment in full for vehicles and by attempting to obtain financing or lease approval using false identification and submitting a fraudulent credit application. The man was recently arrested at a Kia dealership in the Washington area, and the Secret Service is now asking any dealers who have encountered him to help the agency prosecute this individual.

The man, who speaks with a West African accent, is described as a black male, 5'11", 180 lbs, black hair, brown eyes. He has used the following names: Kazeem Adetokumbo Adefenwa, Bill Olowolaye, Carlos Salagal, and Husham Yassin. He has said he represents Xeric International, Manana Group, and Kay Staffing; and has used the following addresses: 5500 4th Street, NW, DC; 13820 Castle Blvd., Apt

204, Silver Spring, MD; and 750 Fairview Ave, Apt 2, Silver Spring, MD. He has given his date of birth as 03/02/80, 03/20/82, and 03/03/83, and has used Social Security Numbers 226-29-1657 and 226-29-6571.



Anyone who has encountered this individual in the commission of a crime is advised to contact Special Agent Bruce McLean, (202) 406-8263, pager (877) 728-4949, e-mail bmclean@uss.s.treas.gov. Please treat any materials (applications, checks, deposit slips, surveillance video, etc.) as potential evidence, use gloves if possible and minimize handling. If you have photo or video of him, please print it before it's taped over, or save the tape.

NADA Issues New Code of Ethics

NADA's Code of Ethics has been updated and expanded to reflect business conditions in the 21st Century. For the first time, detailed provisions are included in a companion Ethics Guide that focuses on four key areas of dealership operations: sales, service, financial services and advertising. The revised code is designed to reinforce dealers' personal commitment to quality service and community involvement. A copy of the code is posted on www.nada.org. Printed posters of the new NADA Code of Ethics, suitable for framing, will be sent to all members to read and post in their dealerships this month.

"Prominently posting the NADA code will provide reassurance to all who come to the dealership that we believe ethics and good business practices are one and the same," said Annette Sykora, chairman of NADA's Public Affairs Committee, which helped develop the code. The new code was unanimously approved by the NADA board of directors at its October meeting.

Thought for the Week...

The effort to calculate exactly what the voters want at each particular moment leaves out of account the fact that when they are troubled the thing the voters most want is to be told what to want.

—Walter Lippmann

Enclosures:

- 2002 WANADA Annual Meeting & Luncheon flyer and registration form
- Snow Ball Auction Donation form