

THE WANADA BULLETIN

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

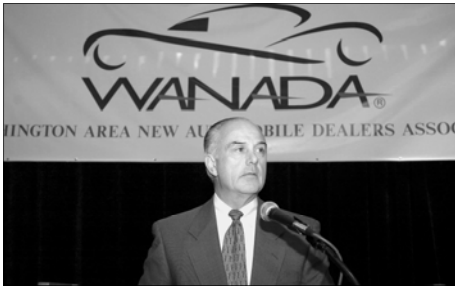
WANADA Bulletin #49-04

Special Issue

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2004 WANADA ANNUAL MEETING & LUNCHEON

Chairman's Report: "Wrapping Up Another Strong Year!"



WANADA Chairman Dennis Rippeon.

"Washington Area New Automobile Dealers, along with the vibrant industry of which we are a part, continue to do well. And,

while none of us can ever have too much business, we're all looking ahead to wrapping up another strong vehicle sales year, in a string of them," WANADA Chairman Dennis Rippeon reported to over 300 members and VIPs at the 2004 WANADA Annual Meeting & Luncheon.

Rippeon highlighted the following WANADA achievements over the past year:

Government Relations.

"Working shoulder-to-shoulder

with MNCTDA and VADA during the last legislative season, dealers "dodged hefty hikes in vehicle title taxes that could have knocked the bloom off the rose of strong automotive sales," said Rippeon. But he warned that, "State taxes are likely to continue to be an issue going forward, which will necessitate our industry and others in the business community to be vigilant in resisting them for the sake of sustained progress."

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BREAKING NEWS!

Supreme Court Ruling a Big Win For Car Dealers

In a decision that impacts auto dealers around the country, the U.S. Supreme Court handed down a decision last week that limits damages consumers can receive from companies that violate the federal Truth In Lending Act (TILA). The court overturned an award to an Alexandria, VA, man which allowed him to recover \$24,000 against a dealer.

In the case of Koons Buick Pontiac, GMC, Inc. v. Nigh (319F.3d119,2003), the court held in an 8 to 1 decision that with loans secured by personal property

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George Will: "Economy is Spectacularly Resilient."



"After an astonishingly interesting – not to say agonizingly protracted – election we have just been through, I think it's important to understand just how healthy and confident the American people have a right to feel as they go forward," said noted columnist and political observer George Will, who was the guest speaker at the 2004 WANADA Annual Meeting.

Often using humorous baseball anecdotes to make his point and keep the crowd entertained, Will was decidedly upbeat about the economy, which he said is "spectacularly resilient." Despite the bursting of the tech bubble in 2000, terrorism that devastated entire sectors of the economy, and the "worst crisis of corporate governance in the history of American capitalism," he pointed out that the economy continued to grow at 2.4% in 2002..

Will also noted that, between 1945 and 1982, the economy was in recession 22% of the time. Since 1982, the economy has been in recession exactly 14 months, 5% of the time. "We have figured out how to do this. And most important we have come to terms with the large welfare state," he said.

But Will warned that the looming crisis with Social Security and Medicare and the "weight of the welfare state will begin to suffocate the

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2004 WANADA ANNUAL MEETING & LUNCHEON



Annual Meeting

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Working closely with NADA on the national level, Rippeon noted that the death tax had been kept at bay, but issues such as CAFE levels and the resurgence of legislation to implement *California Car* standards in states "are likely to impose significant challenges to our industry at the state and federal levels next year."

Auto Show. "Our Washington Auto Show rose to new heights last year with its new venue in the world class, substantially expanded Washington Convention Center," said Rippeon. "And the most promising development has been WANADA's securing of late January dates, commencing in 2006, which gives Washington the opportunity to become an auto showcase where the industry can annually debut the latest and greatest in automotive design to the US Congress and the federal agencies, right in their own back yard." With the committed efforts of George Doetsch and his auto show committee, Rippeon said, "Washington will become a *tier one* auto show, up there with the likes of Paris, Tokyo and Detroit!"

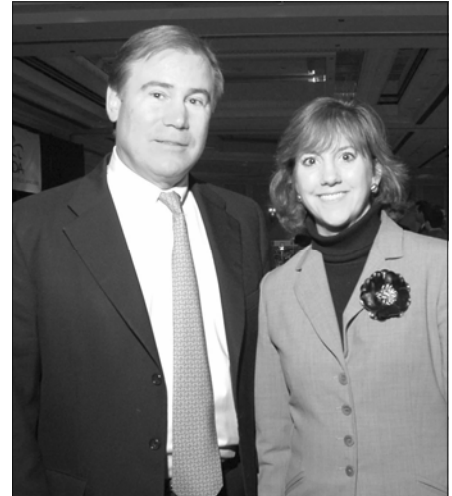
This year's Auto Show Media Day on Monday, December 20th will be keynoted by Toyota USA COO Jim Press, and will be followed that evening by WANADA's first Congressional Gala preview reception for the benefit of six Washington-based

charities.

Bobby Mitchell Hall of Fame Classic. "WANADA dealers can be proud of the extensive work this association does for a host of important charities," said Rippeon. He offered special thanks to Tammy Darvish and former Redskin Bobby Mitchell, whose annual golf tournament raises hundreds of thousands of dollars for blood cancer research, and noted: "Washington area dealers make a difference for people in need across this region!"

Auto Tech Training. Rippeon pointed out that, "WANADA dealers are on the *cutting edge* of stemming the auto technician shortage crisis in this industry with our apprentice training program operating with Ford Motor Company. In its three years of operation under the leadership of WANADA's training and education chairman, Dick Snyder, WANADA dealers have 'home grown' about 50 line technicians who weren't working in dealerships before WANADA's program." With Ford's continued strong support of the program, non-Ford products dealers now participate, too, by enrolling apprentices in a generic program WANADA established last year. "And other major automakers are talking to WANADA about establishing similar training relationships," said Rippeon.

Dealer Services. Among many quality services offered by



NADA President Phil Brady and AIADA President Marianne McInerney were among more than 300 members and VIPs at WANADA's 2004 Annual Meeting & Luncheon.

WANADA, Rippeon had special praise for the association's Employee Benefits Trust and Insurance Committee, which he said "is meeting the insurance needs of its members with a full array of agency-provided employee benefits and, more recently, property and casualty coverage." He thanked current and former chairmen, Dudley Dworken and Vince Sheehy, for their efforts on behalf of all WANADA member dealers

"A trade association, when it operates as it should, focuses an industry for the good of its members and ultimately the good of the community at large," Rippeon said in closing. "I'm confident that we're forging ahead in the right direction on a lot of important and exciting fronts."

2004 WANADA ANNUAL MEETING & LUNCHEON



Guest speaker George Will with NADA President Phil Brady and former WANADA Chairman Vince Sheehy

George Will

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energies of the economy” unless changes are made. “Nothing is more certain than the government is going to grow rapidly in the years ahead, because we have just had the last election before 77 million baby boomers begin to retire,” he said.

By 2030 the pressures on Social Security and Medicare will be “stupendous,” Will added. In 1960, he pointed out, this country spent 6% of GDP on healthcare. Today it is 16%, “and destined to rise.” Will said with life expectancy rising and the number of workers to retirees shrinking – from 46 workers for every retiree to 3.1 workers to retirees today, and 2.1 workers by the time boomers retire, he declared, “That is not sustainable. Changes have to be made.”

The paradox is that, “People say they hate Washington, but love Social Security and Medicare...that’s 33% of the government right there,” said Will.

He praised President Bush’s proposals for partial privatization of Social Security and tax-free health savings accounts. “The

president wants to reduce the supply of government by reducing the demand for it by making people feel more and more secure, independent, competent and self sufficient,” said Will.

As for the decline in manufacturing, Will noted that had been going on for 50 years, but that output has increased six fold, which he called “a triumph of American productivity.”

“But we have this capacity, this national hypochondria, to turn American success into reasons for pain and suffering,” he said.

Will praised the American economic model for managing an industrial society as one without equal, and added: “The secret of our success is to allow maximum scope for individual entrepreneurial energies to be expressed,” Will said. “No argument between the parties about that anymore. We are all economic opportunists today, all believers in a market society. We can’t do better than that.

“The real differences have narrowed,” he concluded. “It’s always a good time to be optimistic in America, but never more so than today.”

Supreme Court

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– such as car loans – TILA entitles a consumer to recover no more than \$1,000 in statutory damages, (i.e., damages which are by their nature a penalty imposed on a creditor for a TILA violation over and above or in lieu of actual damages to the consumer. Under TILA, a consumer is also entitled to recover actual damages he has sustained, as well as attorneys’ fees.

“The Supreme Court’s decision sets aside a Virginia federal district court decision, which was later affirmed by the Fourth Circuit Court of Appeals. Allowed to stand, that decision could have severely restricted the availability of consumer credit, negatively impacting automobile dealers and the credit industry at large,” said WANADA counsel Allen Jones. Jones, along with dealer lawyer Mike Charapp, collaborated on an *amicus curiae* brief to the Supreme Court supporting the dealer’s position which was jointly filed by WANADA., MNCTDA and VADA.

Justice Ruth Bader Ginsburg, author of the court’s opinion, said from the bench that “less-than-meticulous drafting” of an amendment to the law caused confusion, according to a published report. Ginsburg wrote in her opinion that had the court interpreted the statute to allow for larger damages, it would lead to an absurd result because it would cap damages at \$2,000 for larger credit deals such as mortgages, but allow unlimited damages for car loans. “There is scant indication Congress ever intended such meaning,” she wrote.

2004 WANADA ANNUAL MEETING & LUNCHEON

WANADA Members Elect 2004-2005 Board, Officers

The following dealers were elected or re-elected to fill expiring 3-year terms for the 18-member 2004-2005 WANADA Board of Directors: Harry E. Criswell, III, Criswell Chevrolet; Tammy Darvish, DARCARS; George Doetsch, Apple Ford; Dudley Dworken, Curtis Chevrolet/Kia; Danny Korengold, Ourisman Automotive; and Steuart Martens, Martens Cars of Washington.

Also recognized and thanked for his leadership was Jonathan Cherner, Cherner Lincoln-Mercury, who concludes two terms on the WANADA Board, the limit under the association's bylaws.

The 2004-2005 WANADA officers are: Dennis Rippeon, chairman; Jack Fitzgerald, vice chairman; Dudley Dworken, secretary; Tammy Darvish, treasurer; Vince Sheehy, immediate past chairman; and Gerard Murphy, president & CEO.



From left, WANADA CEO Gerard Murphy with board members Tammy Darvish, Tony Santy, Danny Korengold, Mike Beyer, WANADA Chairman Dennis Rippeon, Vince Sheehy, Dudley Dworken, and Dick Snyder, chairman of the nominating committee.

Important Reminder!

MD, VA Sales Reps Must Register for 2005 Auto Show

Sales representatives from Maryland and Virginia dealerships who plan to be working at The 2005 Washington Auto Show, Dec. 26, 2004 through Jan. 2, 2005, *must register* with the District of Columbia government through WANADA in order to receive a waiver from D.C. automotive sales licensing law requirements. Please fill out the registration form enclosed with this *Bulletin* with the names and sales license numbers of the dealership and all dealership representatives who will likely work at the show, and fax it to the WANADA office, (202) 237-9090, by Friday, Dec. 10. Reps who do not register may trigger regulatory scrutiny not only for themselves but for the auto show as well.

Your immediate attention and cooperation is appreciated!

Thought for the Week...

Any baseball team can have a bad century.

--George Will on his beloved Chicago Cubs

Enclosures

- Non DC Sales Representatives Registration form
- WANADA/KPA 90-Day Test Drive information letter and registration form
- WANADA Tag & Title Seminar information and registration form
- Planning for Success Seminar information and registration form