

### Headlines...

**GM Offers Reinstatement to 661 Dealers in Lieu of Arbitration**  
**Washington Automotive Press Will Hear about the Toyota Recall from a Dealer's Standpoint**  
**February Blizzard Delays WANADA's First Board Meeting**  
**Failure to Repeal Estate Tax, Once and for All, Raises Uncertainty**  
**Another Prize Winner from The 2010 Washington Auto Show**  
**Bogus Credit Union Alert**  
**IRS Requirements for Computerized Tax Records**  
**Automotive Trades Foundation Car Sale Set for This Saturday**  
**DC and the Snow Storms of 2010**  
**2010 WANADA OPEN**  
**Staying Ahead...**

## **GM Offers Reinstatement to 661 Dealers in Lieu of Arbitration**

### **About 1,000 Remain Poised to Arbitrate with GM or Chrysler**

General Motors, in an apparent move to jumpstart new vehicle sales and avoid costly arbitration with more than 1,100 dealers seeking to reverse their dismissal in the bankruptcy of the company last year, has offered reinstatement to 661 of them, no questions asked. The catch is that the dealers must sign new franchise agreements and comply with GM's "usual core business criteria" before they can proceed. It is unclear how many of these dealers are still in a financial position to be able to comply with those requests, given the passage of eight months since most were able to order new vehicles.

NADA chairman Ed Tonkin said, "We appreciate the good faith effort that GM is showing and hope that this carries forward in its continuing settlement and arbitration discussions with the remaining wind-down dealers." Tamara Darvish, of DARCARS, co-chairman of the Committee to Restore Dealer Rights (CRDR) told the *Detroit News* that a rejected dealer's first consideration on a reinstatement offer is the extent of the strings attached.

"They could make it cost-prohibitive or they could set conditions like they need 30-year site control of the property, which is what Chrysler is doing," said Darvish, who has helped lead the effort to have dealerships restored nationwide. "It should be as simple as whether the dealerships are viable and sustainable, and if they are, they should be reinstated."

Besides the 500 *plus* GM dealers left only with the option to arbitrate, about 400 Chrysler dealers remain in arbitration limbo with their former OEM. Moreover, Chrysler refused to comment on the GM move or give any indication that it would follow suit.

Because GM never published a list of their wind-down dealers, there is no way of knowing which dealers in the Washington area or elsewhere will be affected by the reinstatements. Word across the Automotive Trade Associations grapevine, however, is that most reinstatements went to rural dealers, with Cadillac dealers being reinstated most often.

## Washington Automotive Press Association Will Hear About the Toyota Recall from a Dealer's Standpoint

Toyota Dealer Tamara Darvish to be this Month's Speaker

Thursday • March 25 • 12 Noon

National Press Club



As she did with the dealer rights legislation that passed into law at the end of last year, Tamara Darvish of DARCARS led the recent AIADA organized effort to bring Toyota dealers to

Washington in support of their franchisor's appearance before Congress in defense of its approach to the problem of unintended acceleration in Toyota vehicles going back several years. For this and other notable accomplishments, the Washington Automotive Press Association has scheduled Ms. Darvish as their March 25 luncheon speaker at the National Press Club in downtown Washington. In addition to being a director on the NADA Board and past chairman of WANADA, Tammy has been an outspoken advocate in the furious lobbying and PR battle to protect the Toyota brand and its 172,000 dealership employees. And as indicated, she also helped spearhead the successful legislative effort to gain arbitration for reinstatement of dealerships eliminated by GM and Chrysler bankruptcy proceedings. She will speak to these issues in what can be expected to be a lively and provocative presentation.

**Cost for members/guests: \$25 (includes lunch). Seating is limited. Please register at**

**<http://www.washautopress.org/registration.asp>**

## February Blizzard Delays WANADA's First Board Meeting

**Association Leaders Look Ahead to Stronger Car Business while Handling Program and Org. Matters**

But for the heaviest snow to befall the Washington area on record, WANADA's first Board Meeting of the year would have gone off without a hitch a month ago. As it was, normalcy did not return to the region for a week after the February 6-7 "blizzard of 2010" and by then other snow-delayed priorities were pressing at WANADA, along with regularly scheduled mid-February events like the NADA Convention. So, last week, WANADA dealer leaders came together to set organizational and programmatic directions for the association going forward for the balance of the year.

Looking ahead, the dealers around the table saw a far brighter automobile business than this time last year, with all departments, including new vehicle sales, on course to perform profitably. The Washington Auto Show, a reflection of brighter days ahead, successfully positioned itself as The Public Policy Show and turned out a constant and enthusiastic crowd, the majority of whom, when surveyed, reported a tangible interest in acquiring a new vehicle. Another bright spot was from dealerships WANADA covers with employee benefits, which for the most part were reporting stable workforce numbers going forward as opposed to last year when staff cutbacks were the rule.

Chairman George Doetsch, Apple Ford, presiding over the first regular meeting of the year, welcomed new directors to the 16 member Board, including John Bowis, Chevy Chase Cars; Ralph Mastantuono, Mercedes-Benz of Alexandria; and Rory Schick of Manassas Chrysler-Jeep. In total, the Board meets five times per calendar year in its role of overseeing the dealer association, a services corporation that houses an insurance agency and two foundations, one of which is the Automobile Dealer Education Institute.

The WANADA Board approved a consolidated organization budget for FY 2010 and reviewed the state legislative sessions in Maryland and Virginia that are underway in the context of WANADA support of MADA and VADA, respectively, on public policy matters affecting dealers.

The Board also approved as new members Kia of Silver Spring, Fairfax Kia, and Safford Chrysler-Jeep-Dodge of Warrenton, where Betty Anne Mendelson, Sam Mansouri and Jim Gramm are the usual representatives to the association, respectively.

Joining WANADA as Kindred members are Automotive Essentials, where former member Jonathan Titman will be the usual representative; and The Providence Group with Gregory George as usual representative. The Board was also notified that longtime Kindred member Mattos Pro Finishes changed its name to Pro Finishes Plus.

The complete listing of the 2010 WANADA Board of Directors is listed at the end of the Bulletin for information and future reference of the membership.

## **Failure to Repeal Estate Tax, Once and for All, Raises Uncertainty Controversial Tax that Sunsetting Off the Books this Year Slated for an Ugly Return in 2011**

Despite a growing demand to repeal the Estate Tax, there's still no sign that the U.S. Senate will take action anytime soon.

The House approved an Estate Tax for 2010, but the Senate never took it up. So, in accordance with existing law, the tax phased out on Jan. 1, but is scheduled to return at a higher rate in 2011 that will target estates worth \$1 million or more, with a tax that tops out at 55 percent.

Senate Majority Leader Harry Reid (D-Nev.) and Minority Whip Jon Kyle (R-Ariz.) are said to be working on a fix, but so far their effort has failed to produce a consensus.

Among the "fixes" suggested is replacing the current repeal of the tax with the 2009 law, which provides for a top tax rate of 45 percent on assets worth over \$3.5 million (\$7 million for couples).

Some observers hope the mid-term elections in November will serve as an incentive to Congress to act, a big reason being that thousands of small businesses across the U.S. are hurt by the Estate Tax.

It is anticipated that the longer Congress postpones its decision on how to handle the matter, the more likely it will be that estates in process will raise constitutional challenges, particularly if enactment of a new law is made retroactive to Jan 1, 2009.

## Another Prize Winner From The 2010 Washington Auto Show

### Bethesda Resident Picks Up a 2011 Kia Sorrento

Tahir Ahmed of Bethesda, Md, a biophysicist at NIH, went home a happy man last weekend, the proud owner of a brand new 2011 Kia Sorrento he won in a special drawing at The 2010 Washington Auto Show. The prize sponsored by Kia Motors America, Inc., WANADA and The Washington Auto Show was open to adult residents of D.C., Maryland, Virginia and West Virginia, who registered through an online drawing at [www.washingtonautoshow.com/kia](http://www.washingtonautoshow.com/kia), on the Auto Show's website.

Ahmed was selected by random drawing from an all eligible entries list on Valentine's Day, Sunday, February 14. He picked up his new Sorrento at Fairfax Hyundai where Sam Mansouri, president of the store, was joined by WANADA executive vice president John O'Donnell in presenting the lucky winner the keys. They, in turn, were joined by characters from Kia's advertising campaign touting the new Sorrento.



Fairfax Kia president Sam Mansouri (R) congratulates Tahir Ahmed on his new 2011 Kia Sorrento as John O'Donnell, of WANADA, (L) joins in on the happy occasion.

The 2011 Kia Sorrento, with an MSRP of \$19,995, boasts such standard features as AM/FM/CD/MP3/Sat Audio System, BLUETOOTH® wireless technology, auxiliary and USB audio input jacks and alloy wheels.

## Bogus Credit Union Alert

WANADA dealer members should be on the lookout for what appears to be a bogus credit union company offering listings of "approved dealers." The company offers to link the dealership to its official website for a fee to be charged via the dealership invoice method. They list a Tennessee office, but no confirmation of this locale can be made.

WANADA members are cautioned to be wary of any and all solicitations from unknown entities.

## IRS Requirements for Computerized Tax Records

WANADA dealer members need to recall that the IRS has certain requirements concerning the retention of computerized accounting records. Computerized records include all accounting and financial systems that process all or part of the dealer's transactions, records, or data by other than manual methods. Systems include microcomputer systems, data base management systems (DBMS) and all systems using electronic data interchange. Punched cards, magnetic tapes, disks and other machine-sensible media used for recording, consolidating, and summarizing accounting transactions and records in a dealer's computer system are "records" for

purposes of IRS rules of engagement. The IRS requires that dealers maintain these records for as long as their contents may be material in administering any tax law. This requirement applies to any record covered by a tax provision having unique or specific recordkeeping requirements.

## **Automotive Trades Foundation Car Sale Set for This Saturday**

The Automotive Trades Foundation, the Montgomery County School system's high school level technician training program supported by WANADA and county dealers for years, will hold its first car sale of the year this Saturday, March 13, at 9 a.m. at Damascus High School. Some of the 16 older model vehicles to be sold were donated by area dealerships, and all have been repaired by students in the program. Proceeds from the sale go toward supporting the "Mini-Dealership" program, which is a student run business that evaluates and refurbishes donated vehicles, which, in turn are marketed by students and resold back to the public.

The ATF program is administered by the Montgomery County Students Automotive Trades Foundation, a non-profit organization serving Montgomery County citizens since 1978.

## **DC and the Snow Storms of 2010**

The DC Chamber of Commerce is confirming what everyone likely already knew about the economic impact of the snow storms of 2010: There was a lot of money lost in the Washington metro business community. More than 100 local businesses responded to a survey the Chamber conducted, and all replied the impact of the storm was near "disastrous," with the DC government's response inadequate to the task. Said one business owner, "We lost over \$120,000 in sales in comparison to the same two weeks last year, and the lack of parking through the week put off a lot of customers who would have otherwise come into our restaurant."

Said another, "We lost a half a million dollars in revenue for the basket of businesses we operate in DC. We continue to have sluggish sales, with a very slow President's Weekend and a reduction in travel to the city for the entire month of February. We have cut expenses that would have kept our business more active and look to work hard to make up some of the losses so that we can retain current staffing levels."

And another, "We lost \$200,000 *plus* that will never be re-couped. We're just moving on and hope that we don't have any more white stuff this season. Maybe to ensure that, I should move to Hawaii..."

The DC Chamber hopes to use the results of its survey to evaluate the effectiveness of the City's current snow removal operations and work with District leadership to develop sound solutions in the event of another halting snow season.

**Save the date: May 10, 2010**

## **2010 WANADA OPEN**

Lakewood Country Club, Rockville, Md.

The 2010 WANADA Open will be played this year at Lakewood Country Club on Monday, May 10. The registration fee for the 2010 WANADA Open is \$225 per golfer and \$100 for those coming for cocktails and dinner only.

Register *early* by calling or e-mailing Kristina Henry, WANADA's director of events at (202-237-7200, ext. 18) or [kh@wanada.org](mailto:kh@wanada.org), or register directly [here](#). With only one course, golf slots will be on a first come, first served basis.



### **Staying Ahead...**

Real progress can only be achieved by appealing to people's sense of justice, not their fears.

-- Charles (Mac) Mathias, former U.S. Senator from Maryland (1923-2010)

# Washington Area New Automobile Dealers Association

## 2009-2010

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