

THE WANADA BULLETIN

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

WANADA Bulletin # 2-16

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Staying Ahead...



Press conference schedule in place for Washington Auto Show-- Media Day next Thursday, Jan. 21

A daylong schedule of special events and press conferences for officials in the industry, U.S. government and automotive media, launches next Thursday, Jan. 21, onsite at The 2016 Washington Auto Show. WAS Media Day commences with an eye-opener breakfast hosted by the auto press associations, WAPA and IMPA, with the industry keynote address coming from John W. Mendel, executive vice president of American Honda Motor Co., and the U.S. keynoter, Mark Rosekind, administrator of National Highway Traffic Safety Administration speaking at 2 p.m. An extensive media announcement schedule will occur in between times, to include OEM presentations and a variety of industry organization news announcements.

Following Rosekind's presentation in the afternoon, the Society of Automotive Engineers' (SAE International) Plenary Session rolls out with a provocative line up of notable auto industry commentators to its Annual Washington Government/Industry Conference.

The wrap-up of the Washington Media Day at the Auto Show next Thursday culminates with the Sneak Peek Preview and Reception, 5-8 p.m., for members of Congress, high level U.S. officials and industry notables, sponsored by The Alliance of Auto Manufacturers, Global Automakers, and NADA. The Auto Show's official decorators, Hargrove, are a sponsor as well.

Industry/Media events for the Washington Auto Show *onsite* at the W.E. Washington Convention Center are as follows:

- 8:00 a.m. Newsmaker Breakfast, sponsored by Washington Automotive Press Association (WAPA) and International Motor Press Association (IMPA)
Location: Honda exhibit
- 8:40 a.m. Opening speeches and welcome
- 9:00 a.m. Keynote: John Mendel, Honda executive vice president
- 9:35 a.m. Motors and Equipment Manufacturers Association (MEMA)
Location: Intelligent Transportation Superhighway
- 9:50 a.m. Green Car Journal's Green Car Awards:
Connected Green Car of the Year
Luxury Green Car of the Year
Green SUV of the Year

Level Two

- 10:40 a.m. FCA Group-Chrysler
11:00 a.m. Alfa Romeo
11:20 a.m. Toyota
11:40 a.m. General Motors

Level One

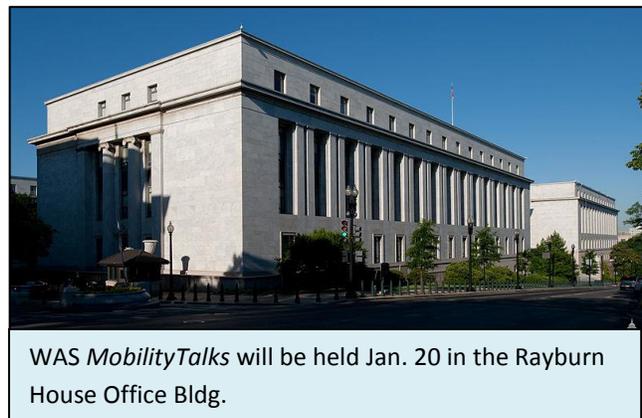
- 12:15 p.m. Hyundai (Lunch)
- 1:00 p.m. Watch Jamaal Newman paint a 2015 Kia at the Art of Motion Exhibit presented by Automotive Rhythms
- 1:30 p.m. National Safety Council
Location: Intelligent Transportation Superhighway
- 2:00 p.m. Government Keynote: NHTSA Administrator Mark Rosekind
- 3-5:00 p.m. SAE Plenary Sessions (Room 145)
3:00 – 4:00 – Creating the Automotive Future in a Collaborative Environment
4:00 – 5:00 – What Do Government Agencies Think?
The Role of Government and Industry in the Future of Mobility
- 5-8:00 p.m. Sneak Peek Preview & Reception

To register, click [here](#)

WAS MobilityTalks symposium on Capitol Hill Next Wed., noon, Jan. 20

The first Industry/Media Day for The Washington Auto Show will launch at noon next Wednesday, Jan. 20 on Capitol Hill in the Rayburn House Office Building Gold Room (# 2168). *MobilityTalks*, as this blue ribbon auto industry symposium panel is known, will be opened by Sen. Gary Peters (D-Mich.), who chairs the Senate

Smart Transportation Caucus. On the panel will be Harry Lightsey, exec director of GM's Global Connected Customer Experience; Maureen Ohlhausen, commissioner FTC; Dr. John Kenney, director and principal researcher, Toyota InfoTechnology Center; Cordell Schachter, chief technology officer, NY DOT; Ken Athanasiou, VP/CIO, AutoNation; and Dr. Regina Clewlow,



WAS MobilityTalks will be held Jan. 20 in the Rayburn House Office Bldg.

dir. of transportation, research and policy, RideScout. The panel will be presenting to members of Congress, their staff and automotive media who will be on hand. The event is sponsored by Motors and Equipment Manufacturers Association (MEMA).

Immediately following the MobilityTalks symposium will be an intelligent vehicle demonstration that will caravan from Capitol Hill to the situs of the 2016 Washington Auto Show, the Walter E. Convention Center.

Legal trends dealers should watch for in 2016

With increasing scrutiny from regulators and franchisors this year of dealership operations, this is the first in a series of articles that will present the legal trends dealers should watch out for in 2016.

Recalls

1. *The rule of thumb for dealers with open recalls on used car inventory is repair when possible and disclose to consumers when not.* Although there is no federal requirement to ground a used car with an open recall, the best practice is to check the recall status of every used car in stock. If there is a recall affecting a vehicle of the brand handled by the dealership, repair it. Doing so will provide business to the service department and avoid potential liability problems.
2. *Check for recalls on customer vehicles in service.* The recently passed transportation bill included a mandate for dealers to check for open recalls on vehicles brought for service if the franchisor requires it. The requirement goes into effect this summer, but it's a good idea to start now.

Government regulation: DOJ and CFPB

1. *Personal liability for business wrongdoing raises the stakes.* The Department of Justice has announced it will search out individuals responsible for business wrongdoing. Potential personal liability makes it more important than ever to understand the dealership's legal obligations and to implement compliance policies.
2. *The Consumer Finance Protection Bureau will continue its attack on dealer finance operations.* The CFPB has signaled that it will not back off from its attempt to minimize the dealer role in arranging car loans. The best defense is a fair lending policy that establishes a fixed starting point for all credit discussions and permits deviations only for reasons that CFPB won't be able to tie back to discrimination against minorities.
3. *CFPB will increase scrutiny of F&I products.* The next extension of CFPB's power will be over F&I products and services in finance paper bought by finance sources under its jurisdiction. Dealers should have a set pricing matrix for all F&I products, and allow deviations from the prices only for reasons that CFPB will not attempt to tie back to discrimination.
4. *CFPB is attacking pre-dispute arbitration provisions.* The Bureau has submitted to small business review its proposal to prohibit use of class action waivers in arbitration provisions. The CFPB can impose such a provision only if it is supported by a Congressionally mandated study. The evidence so far has been sketchy.

Thanks to WANADA Kindred-Line member Michael Charapp, Esq. of Charapp & Weiss, LLP for providing this material.

Detroit Auto Show reveals a tale of two markets



The Chevrolet Bolt EV was shown at the Detroit Auto Show and will be at the Washington Auto Show. © General Motors.

The Detroit Auto Show (officially the North American International Auto Show), which opened this week, is a tale of two markets, according to media reports. One is the market with products selling well now, in a time of record low gas prices – SUVs, crossovers and light trucks. (Chrysler even introduced a new minivan with an old name, the Pacifica.) The other is the market mandated by government regulation, with the hybrids and electric vehicles that will allow automakers to meet a CAFE requirement of 54.5 mpg by 2025. Successful automakers will need to invest in both markets, says Daniel Howes of the *Detroit News*.

The Washington Auto Show in recent years has showcased automakers' alternative fuel offerings because, well, it's Washington. Government officials and policy wonks love to see those vehicles. But the Washington auto market is not typical of the rest of the country. One difference: Year after year, cars have sold better than trucks here. It was unusual when trucks reached 50 percent of the Washington area market in the third quarter [WANADA Area Report](#). Nationally, trucks and SUVs make up 55.7 percent of vehicle sales.

Some of the alternative fuel vehicles that were at the Detroit show will be at the upcoming Washington Auto Show, where they could play a more central role, to cater to a local audience. The Chevrolet Bolt electric car may not see huge sales, but it will no doubt get a lot of media play, and will be praised by government regulatory officials as an example of Detroit's ingenuity, at the WAS next week. The Volvo XC90 received a lot of attention in Detroit for being named the North American Truck/Utility of the Year. The Washington show will feature the XC90 T8 plug-in hybrid, showcasing the vehicle's green credentials.

Auto industry executives at the Detroit show and the Consumer Electronics Show in Las Vegas also talked about two topics that will be discussed at the MobilityTalks panel during the Washington show's Public Policy Days: autonomous vehicles and the expansion of the auto industry to a broader sort of mobility. The Mercedes-Benz E-Class, shown in Detroit, has some of the most advanced semi-autonomous features of any vehicle yet, including a Connected Car technology that lets it communicate with other vehicles on the road. Renault-Nissan announced at the Detroit show that it would market more than 10 autonomous vehicles by 2020.

On the mobility front, General Motors announced earlier this year that it was investing in ride-sharing service Lyft. Ford is partnering with Amazon to deliver cars and with Apple and Google to build infotainment systems for its cars. Look for more collaboration between Detroit and Silicon Valley. As industry analyst David Cole has said, automakers must "adapt or die."

FTC seeks comments on consumer survey on auto financing



The FTC is asking for comments on whether its proposed survey on consumers' experience buying a car is useful.

The Federal Trade Commission is seeking public comment on a proposed survey of consumers about their experiences buying and financing cars at dealerships. The survey will include consumer interviews and will collect consumers' purchase and finance documents.

The FTC invites comments on whether the proposed survey would be useful, how much of a burden it would create for consumers, how to improve the quality of the information to be collected, and how to minimize the burden of collecting it.

Since 2011, the FTC has brought more than 25 cases forward in auto financing, including a law enforcement sweep of 10 actions against auto dealers for deceptive advertising and a federal-state effort that yielded more than 200 actions for fraud, deception and other illegal practices.

The [Federal Register notice](#) was published January 7; comments will be accepted until March 7. All comments received will be posted on the FTC's website.

NADA forecasts record 17.7 million sales in 2016

As if last year's record-setting auto sales weren't enough, NADA has forecast a follow up record for this year, projecting sales of 17.7 million new light vehicles. That would mark a 2 percent increase from 2015 and the seventh straight year of auto sales growth.

"We are living peak auto sales right now, and we will see one more year of that growth in 2016," said chief economist Steven Szakaly, "but only because of rising incentives that will keep consumers coming into showrooms. The real worry now is whether we're starting to pull sales ahead from future years."

Automakers are expected to increase incentives this year to manage increased manufacturing capacity and to offset the effects of a slowing global economy, especially in emerging markets such as Brazil and South Africa, Szakaly said.

"If we were looking at a market with stable global growth and no increases in manufacturing, auto sales might actually fall in 2016," he added. "But we have a situation where plants have been built, demand is slowing and the U.S. market remains the most profitable in the world."

Sustained sales momentum in 2016 also depends on auto financing rates remaining competitive, interest rates rising less than 1 percentage point by the end of the year, wages growing about 2.5 percent, and the economy adding more than 2 million net new jobs.

In Memoriam

Garry Jenkins, Jr.

Formerly of Fitzgerald Auto Malls and other dealer groups

WANADA is sad to report the passing of veteran Washington area dealer executive Garry Jenkins, Jr. Over his 30 year career in the automobile business here, most of which being with Fitzgerald Auto Malls, Garry (a.k.a. "Jenks") died suddenly on Tuesday, Jan. 12, 2016. He was 48.

Working in various capacities in dealership management over his career, to include having been a general manager, Jenks' forte was fixed operations. A "chip off the old block," Jenks followed his father into the automobile business, retired Fitzgerald executive Garry Jenkins, Sr.

He loved Rock n' Roll, playing drums in a number of bands in his spare time over the years.

Visitation with his family and services are scheduled for tomorrow, Saturday, 11a.m. to 1:00 p.m. at Douglas A. Fiery Funeral Home, 1331 Eastern Boulevard, Hagerstown, MD 21742.

Memorial contributions to charity of choice; contact Kathy Teich at WANADA (kt@wanada.org) who will see that family gets the word.

To Jenks' mother and father Cookie Jenkins and Garry Sr. his family and numerous industry friends over the years WANADA extends its sincerest sympathy.

In Memoriam

Gloria Avedisian

Wife of Archie Avedisian, WANADA

The association is sad to report the passing of Gloria Avedisian, wife of WANADA ADEI program coordinator, Archie Avedisian. She lost a 15 year struggle with Alzheimer's disease this week. She was 85.

Archie and Gloria (a.k.a. "Glow") were the perfectly paired couple, having been married 63 years. An insurance professional in the first part of her life, Glow supported Archie's distinguished career as a Boys and Girls Club executive, which included an extended position as president of the Boys and Girls Club of Greater Washington. WANADA and its dealers were stalwart supporters of BGCGW through the Washington Auto Show, doing fundraiser gala evenings for the organization resulting in hundreds of thousands of dollars in support for at risk youth programming over the years. Just as she supported Archie at the Boys and Girls Clubs, so, too, did she support his efforts at WANADA to get ADEI Technicians Development Programming up and running and successful as it has been for dealers and aspiring technicians.

Funeral services for Gloria were held today, but contributions in her memory can be directed to the Archie and Gloria Avedisian Scholarship Fund, 9832 Meadowcroft Lane, Montgomery Village, MD 20886. Friends may also sign the family guest book by going to www.devolfuneralhome.com.

To Archie, his son Tony and daughter Deb, and the rest of her family, WANADA extends its sincerest sympathy.

Staying Ahead...

Coming together is a beginning.

Staying together is progress.

Working together is success.

--Henry Ford

