

# THE WANADA BULLETIN

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

WANADA Celebrating 100 Years of Service (1917-2017)

WANADA Bulletin #34 -17

September 8, 2017

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Thought for the Week...

## NADA offers emergency relief for dealer employees in Houston



Harris County, TX, Sheriff's Deputy Rick Johnson rescues two children from Hurricane Harvey's floodwaters. (ABC News photo)

The NADA Foundation has mobilized its Emergency Relief Fund to help dealership employees who have had their homes or other personal property damaged by Hurricane Harvey and the floods that followed it. But as of last Thursday, the Fund was in danger of running out of money, reported *Automotive News*.

Although donations were generous – the Texas Automobile Dealers Association pledged \$100,000 and Jaguar Land Rover promised \$24,000 – the need is great. As of Thursday, the Fund had received requests for more than \$150,000 in aid. NADA estimates that 30,000 to 35,000 dealership employees have been affected.

The Foundation is asking dealers around the country to [donate online](#) to its Emergency Relief Fund. NADA dealer members can also write checks to the Emergency Relief Fund, c/o NADA Foundation, 8400 Westpark Drive, MS 7, Tysons, VA 22102. For more information, call (703)821-7102.

Like much of the hurricane damage, the extent of the loss to dealerships and their employees is still unknown. But some stores had already opened back up by last Thursday and were doing a brisk business. NADA plans to go to Houston to shoot video of affected dealerships to help with fundraising for the relief fund.

More than 500 dealerships in the Houston area were damaged, Black Book said, according to *USA Today*. All 17 of AutoNation's Houston area stores had to close initially. An estimated 366,000 new vehicles stored on dealership lots were likely "affected," said Jessica Caldwell of Edmunds. Black Book estimated that 500,000 to 1 million cars would have to be replaced.



NADA and CarFax offer some ways to detect flood-damaged cars.

The hurricane and the storms that followed it could have destroyed as many as 1 million vehicles in Texas, both personal and dealership-owned, Black Book told *USA Today*. In the Houston area, as many as one in seven vehicles could have been ruined by the storm, according to Evercore ISI, an investment banking and advisory research firm.

Washington area dealers should watch out for flood-damaged cars at auction. CarFax can check a vehicle's history. NADA and CarFax suggest checking for these signs of flooding:

- A musty odor in the interior sometimes covered with a strong air freshener.
- Upholstery or carpeting that is loose, new, stained, recently shampooed or doesn't match.
- Water or stain marks under the carpeting.
- Damp carpets.
- Rust around doors, under the dashboard, on the pedals or inside the hood and trunk.
- Mud or silt in the glove compartment or under the seats.
- Brittle wires under the dashboard.
- Fog or moisture beads in the interior lights, exterior lights or instrument panel.
- Mud or grit in alternator crevices, behind wiring harnesses and around the small recesses of starter motors, power steering pumps and relays.
- Rusted components, water residue or suspicious corrosion in electrical wiring.

## Obama overtime rule is struck down by U.S. judge in Texas

The same federal judge in Texas who blocked the Obama overtime rule last fall has struck it down permanently. The rule would have required employers to pay overtime to most salaried workers making up to \$47,476 a year, up from the current limit of \$23,660.

Twenty-one states had filed a suit challenging the rule, which applied to "executive, administrative and professional" workers. NADA had spent some time explaining to dealers which dealership positions would be affected.

In his ruling, U.S. District Judge Amos Mazzant said a salary threshold, rather than a list of job duties, was an acceptable way to define who is eligible for overtime. But he said the \$47,476 threshold was so high that it made an assessment of an employee's job duties irrelevant. The high threshold would have included some managers, who are meant to be exempt from overtime rules. Overtime eligibility should be based on a combination of job duties and salary, the judge concluded.

Labor Secretary Alexander Acosta has indicated that he would like to revise the overtime rule so the salary threshold is set between the current level of \$23,660 and the \$47,476 that the recent ruling throws out. Under last week's ruling, that revision would be permitted. The overtime regulations have not been changed since 2004, when the current salary level was set.

## Expanded EEOC pay data reporting postponed indefinitely



Dealers will no longer have to submit the revised EEO-1 form with expanded reporting on pay data for dealership employees.

As dealer members know from a WANADA Special Bulletin sent September 1, the Office of Management and Budget (OMB) has indefinitely postponed expanded reporting on pay data on the EEO-1 form. All dealerships with 100 or more employees in the company already send the older version of the form annually to the Equal Employment Opportunity Commission (EEOC).

OMB ordered a review and then an immediate stay of the EEO-1 form published last year. The action is partly the result of concerns raised by employer organizations, including NADA. The 2016 EEO-1 form would have required the reporting of data on wage and hours worked and the range of compensation paid to employees by demographic group.

In announcing the stay, OMB said it was concerned that “some aspects of the revised collection of information lack practical utility, are unnecessarily burdensome, and do not adequately address privacy and confidentiality issues.”

Covered employers should now use the *pre-September* 2016 EEO-1 form when submitting 2017 data by the March 31, 2018, deadline. For more information on the EEO-1, contact NADA Regulatory Affairs at [regulatoryaffairs@nada.org](mailto:regulatoryaffairs@nada.org).

## WANADA signs onto estate tax repeal letter to Congress

WANADA has joined 125 signers of a letter to U.S. Congressional leadership urging them to make permanent repeal of the estate tax part of comprehensive tax reform. The Family Business Coalition will send the letter to Capitol Hill this week as Congress comes back to town after its August recess.

“Repealing the death tax would spur job creation and grow the economy,” the letter reads. It cites a 2016 Tax Foundation analysis that found repeal of the death tax would increase federal income taxes by \$145 billion over 10 years. It also notes that “the death tax forces family businesses to waste money on expensive insurance policies and estate planning.”

The letter cites polls finding that two-thirds of likely voters support permanent repeal of the estate tax. The tax accounts for just one-half of one percent of federal revenue.

But tax reform is going to be a *heavy lift* for Congress, with all the other must-pass measures on its agenda in the remaining time before the end of the year. It will be especially hard to pass a bill with substantial tax cuts that does not make cuts in other federal programs to make up for lost revenue. Factor in a multibillion-dollar cleanup bill for post-hurricane Houston relief, and

tax reform becomes very difficult politically, especially with some of the vocal fiscal hawks in Congress.

## Sign up for WANADA F&I Certification Workshop – September 14

WANADA offers the next in its series of popular F&I Certification workshops by JM&A on Thursday, September 14, from 8:30 a.m. to 5:00 p.m. at WANADA headquarters in Washington, DC. Cost is just \$199 per person.

Consumers today have access to a great deal of information about dealership operations and the car buying process and are quick to take legal action if they feel they are not being treated properly. Federal lawmakers and state attorneys general are also taking steps to ensure that dealerships act in a legally compliant, transparent manner. So understanding the consumer finance laws and how to comply with them is more important than ever.

Laws and regulations covered in class include:

- Unfair and Deceptive Trade Practices and Fraud
- Currency Transaction Reporting
- Truth-in-Lending Act – Regulation Z
- Consumer Leasing Concepts – Regulation M
- Equal Credit Opportunity Act – Regulation B
- Fair Credit Reporting Act
- Gramm-Leach-Bliley Act
- Magnuson-Moss Warranty Act
- USA Patriot Act and the Office of Foreign Assets Control (OFAC).

The workshop also touches on best practices and legal information specific to DC, Maryland and Virginia.

Participants will take a multiple choice exam at the end of class and receive compliance certification upon passing the exam. Click [here](#) to register and pay by credit card or check (invoice). If you have questions, contact Kathy Teich at [kt@wanada.org](mailto:kt@wanada.org) or 202-237-7200.

## WANADA's Dental Plan for dealers hasn't raised rates in over 4 years!

WANADA has a self-funded Dental Plan, the WANADA Dental Trust, that has not raised rates in more than four years. The network is Guardian, a very extensive national network – some say the best in the country. As a result, WANADA has been able to keep its dental insurance prices for dealerships stable from year to year.

The WANADA Dental Plan's enrollment period coincides with an employee's enrollment in the company medical plan. The WANADA Dental Trust is very flexible with claims and with the enrollment period. Dealers are encouraged to contact Ed Mullaney at WANADA for more information: [em@wanada.org](mailto:em@wanada.org) or 202-237-7200.

## Warning from IRS: Beware IRS/FBI-themed ransomware scam

The Internal Revenue Service warns people to avoid a new phishing hoax that impersonates the IRS and FBI as part of a ransomware scheme to take computer data hostage.

The scam email uses the emblems of both the IRS and Federal Bureau of Investigation and tries to entice users to click on a “here” link to download a fake FBI questionnaire. Instead, the link downloads a type of malware called ransomware that prevents users from accessing data stored on their device unless they pay money to the scammers. Victims should not pay a ransom. Often the scammers will not provide the decryption key even after a ransom is paid.

“People should stay vigilant against email scams that try to impersonate the IRS and other agencies that try to lure you into clicking a link or opening an attachment,” said IRS Commissioner John Koskinen. “People with a tax issue won’t get their first contact from the IRS with a threatening email or phone call.”

Victims should immediately report any ransomware attempt or attack to the FBI at the Internet Crime Complaint Center, [www.IC3.gov](http://www.IC3.gov). Forward any IRS-themed scams to [phishing@irs.gov](mailto:phishing@irs.gov).

The IRS does not use email, text messages or social media to discuss personal tax issues, such as those involving bills or refunds. For more information, visit the “Tax Scams and Consumer Alerts (<https://www.irs.gov/newsroom/tax-scams-consumer-alerts>) page on IRS.gov.

### Thought for the Week...

It was just me doing my job, helping out...I love helping people.

-- Deputy Sheriff, Rick Johnson, Harris County, TX  
as he carried two toddlers to safety from the Houston floodwaters (see photo page 1).

