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## Florida court rules for automakers in first round of warranty pay case

Final decision could affect dealers nationwide

A Florida court has said automakers' legal challenge of a state law requiring warranty reimbursement to their franchised dealers at retail rates can proceed. The final decision could have implications for franchised dealers nationwide.

In 2008, the Alliance of Automobile Manufacturers challenged a new Florida warranty reimbursement law-- the "second generation" of an already existing law-- that took effect earlier that year. In particular, the manufacturers challenged two provisions: one saying manufacturers couldn't directly or indirectly recover the costs of compensating dealers for warranty reimbursement, and another requiring manufacturers to offer Florida dealers the same incentives and bonuses as dealers elsewhere in the country. (In other words, the law said manufacturers couldn't *retaliate* against Florida dealers for the state's enhanced warranty reimbursement law as a way of avoiding compliance.)



Warranty reimbursement rates hang in the balance in Florida – and perhaps elsewhere.

The Florida Automobile Dealers Association filed a motion to dismiss the manufacturers' action, and last week, the court for the most part denied the motion. That ruling indicates that "the case will probably be resolved as a result of a summary judgment motion," predicts dealer attorney Mike Charapp of Charapp & Weiss, meaning the case will not go to trial.

## Dick Patterson is WANADA's TIME Dealer of the Year



WANADA is delighted to announce that longtime Washington area dealer member and business leader Dick Patterson of RRR Automotive is WANADA's choice for the prestigious TIME Magazine Dealer of the Year for 2013. He will be honored along with dealers from other dealer associations in the Automotive Trade Associations network at the 2013 NADA Convention in Orlando next February. Dealer associations each year put forward about 60 dealers nationwide for recognition by TIME.

The industry honor comes as Patterson and his partner Bob Hisaoka concluded the fifth annual Joan Hisaoka "Make a Difference" Gala to raise funds for cancer patients locally in memory of Bob's late sister (see following article). An active member of the community in other significant ways, Patterson was a founder and is an ongoing supporter of the Bobby Mitchell Hall of Fame Classic. The annual golf event has prompted area dealers and OEMs to raise substantial money for leukemia and lymphoma research for the past 22 years. Patterson has also been recognized for his leadership in education as a recipient of the Northwood University Dealer Education Award.

A Washingtonian who has spent his entire career in the automobile business here, Patterson started at Safford Lincoln /Mercury in Silver Spring in the 1970s as a business manager. Soon after, he tried his hand at car sales and became hooked as a retailer. Patterson later joined Rosenthal Companies, where he got into sales management and ultimately became Bob Rosenthal's right hand man, running the entire dealer organization. He has successfully operated his own multifranchise dealer group, RRR Automotive, for a number of years, which now has stores in several states.

Patterson currently serves as corporate secretary on WANADA's Board where he has also served as treasurer and chairman of the association's Finance Committee, which he helped organize several years ago. He was instrumental in WANADA's government relations effort with NADA and the Committee to Restore Dealer Rights in 2009. That effort resulted in critically needed legislation passed by Congress to protect scores of U.S. GM and Chrysler dealers terminated in the manufacturer bankruptcies.

WANADA wishes Dick Patterson all the best on the high honor and richly deserved recognition.

## Dealer-run charity event raises nearly \$1.2 million for cancer patients



From left: Tim Okamura, Mas Okamura, Ruby Okamura, Paula Hisaoka, Bob Hisaoka, Dick Patterson and Marvin Roszkopf.  
Photo by Chris Spielmann.

The Joan Hisaoka “Make a Difference” Gala, chaired by Bob Hisaoka of RRR Automotive, last weekend raised a record of nearly \$1.2 million for cancer patients. The charity event, in its fifth year, is held annually in memory of Hisaoka’s sister, who died of colon cancer.

The gala, designed to carry out Joan’s wish to help others living with cancer, was held at the prestigious Mandarin Oriental Hotel in Washington, September 22. “The charitable theme *living with cancer* has resonated with a lot of influential people,” says Hisaoka. “We’ve gained the very

strong support of philanthropists and community-oriented businessmen and women who have really stepped up to embrace the gala.” Since 2008, the gala has raised more than \$4.85 million.

The main beneficiary is Life with Cancer, a nonprofit group in Fairfax, VA dedicated to improving the quality of life of those affected by cancer by providing education, information and support. The Smith Center for Healing and the Arts and the Brem Foundation will receive smaller portions of the proceeds.

“We made an appeal for the children’s department of Life with Cancer,” said Hisaoka, “and raised \$125,000 in three-and-a-half minutes the other night.”

The dealer community was well represented. The Bob and Marion Rosenthal Foundation was a major contributor, with attendees including Hisaoka’s business partner Dick Patterson, Jennifer and Tom Parsons of B&R Associates, Sam and Linda Weaver of Chevy Chase Nissan, and John and Kristin O’Donnell of WANADA.

The 430 guests were treated to a gourmet four-course dinner created by James Beard Award-winning chef Eric Ziebold of CityZen, the hotel’s restaurant. “It’s the only gala in town that’s food-oriented,” Hisaoka said. It’s appropriate, he adds, because his sister’s business was public relations and hospitality, and she had connections with the top restaurants in Washington. Local restaurateurs and “Top Chef” contestants Mike Isabella, Brian Voltaggio and Matthew Petersen served the canapés during the reception which orchestrated the enthusiasm of the already enthusiastic attendees.

## Dealers are a generous group, survey finds

A recent survey found that 65 percent of dealers surveyed increased their charitable contributions from 2011 to 2012, and 54 percent plan to increase their contributions in 2013.

The survey was by Ally Financial, a sponsor of the TIME Dealer of the Year program. “Automobile dealers do a tremendous job supporting their local communities,” says Tim Russi, executive vice president of North American Auto Operations for Ally.

Other findings:

- 98 percent of dealers surveyed contribute to local organizations, with 25 percent of dealers and their staffs volunteering more than 100 hours in their community annually.
- About 45 percent of dealers contribute more than \$20,000 in their communities annually.
- When asked what motivated them to contribute, 68 percent said it was to make a positive impact in their community, and 21 percent said it was to help a personal cause.

## Edmunds: New-vehicle sales will rise to 15 million in 2013

Edmunds.com forecasts new-vehicle sales of 15 million next year, a 4 percent increase from the 14.4 million expected this year. That would make 2013 the first year of non-double-digit sales growth since the recovery began, says Edmunds chief economist Lacey Plache.

Reasons for the increase:

- *More sales per driver.* That rate has risen an average of 10 percent every year since 2009.
- *An influx of lease returns.* “The revival of leasing since 2010 should noticeably impact new car sales in 2013,” Plache says. She expects nearly 500,000 more off-lease cars to return to market in 2013 than in 2012.
- *Pent-up demand.* The fleet is continuing to age, with the average age of vehicles in operation 11 years in the first quarter of 2012, according to Experian. The loosening of credit should help consumers with a desire to buy.



An increase in lease returns should help new-car sales next year.

Still, Plache expects auto sales to grow at a slower pace next year because of economic uncertainty, a precarious fiscal situation, and potential spillover from slowing economies abroad.

## Sequestration update: Tens of thousands could be affected

Wondering how your Washington area customer base will fare in the new year? Consider that tens of thousands of federal employees could be placed on unpaid furloughs unless Congress acts after the election to prevent sequestration. That's the process that starts across-the-board budget cuts automatically if Congress and the administration can't agree on a way to cut projected deficits by \$1.2 trillion through 2012. The *Federal Times* attributed the estimate to John Palguta, vice president for policy at the Partnership for Public Service.

In Maryland alone, sequestration could cut the wage and salary base by about \$2.5 billion and eliminate more than 12,600 jobs, according to a state Department of Budget and Management memo quoted by the Associated Press.

## Dealer in Congress wants new way to look at CAFE standards

The House of Representatives passed an energy bill last week with an amendment that would require the Department of Transportation to calculate the effect of the new CAFE standards on jobs and safety.

The amendment, which won't be voted on by the Senate until after the election, was introduced by Rep. Mike Kelly (R-Pa.), a car dealer. It passed the House by a vote of 242 to 158 and would mandate that DOT figure "the total number of jobs that will be lost due to decreased demand; the number of additional fatalities and injuries that will be caused by the rule; and the additional cost to the economy of the redundant regulation of fuel economy by the Environmental Protection Agency and state agencies for model years 2011 through 2025," according to Kelly's office.

The Obama administration has acknowledged that the new rules will add \$1,836 to the price of a new vehicle by 2025. But NHTSA estimates that drivers will save \$1.7 trillion at the pump from fuel efficiency standards covering 2012 to 2025.

### Staying Ahead...

The only reason some people get lost in thought is because it's unfamiliar territory.

--Paul Fix (1901-1983)

American film and TV character actor