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Taxes will rise, Kiplinger tells dealers at WANADA Annual Meeting

Crowd of 300 hears renowned economic forecaster at Mayflower, Dec. 5

Highlights from Annual Meeting & Luncheon:

Outgoing chairman Chip Lindsay reflects on successful year

DC Mayor Gray, Council members Evans and Catania applaud area dealers

Spotlight on the “incomparable” Warren Brown, automotive writer at the Post

Danny Korengold takes over from Chip Lindsay as WANADA chairman

Photo collage – 2012 WANADA Annual Meeting & Lunch

Sequestration likely; more will pay alternative minimum tax

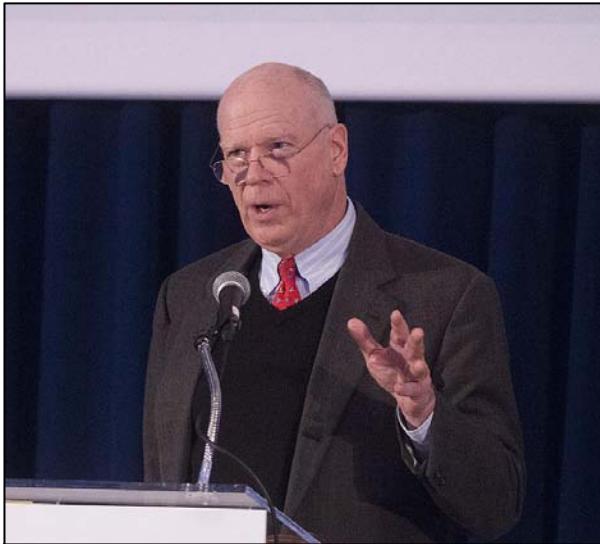
John Darvish inducted into Washington Business Hall of Fame

Position wanted

Staying Ahead...

Taxes will rise, Kiplinger tells dealers at WANADA Annual Meeting

Crowd of 300 hears renowned economic forecaster at Mayflower, Dec. 5



Knight Kiplinger offers his forecast to WANADA members and Washington dealer group affiliates.

“Make no mistake,” economic forecaster Knight Kiplinger told lunch attendees at WANADA’s Annual Meeting last week. “Taxes are going to go up, up, and up on high-income earners.”

Kiplinger, editor-in-chief of *The Kiplinger Letter*, *Kiplinger’s Personal Finance* magazine and Kiplinger.com, and a frequent speaker before business groups, predicts we will see more progressivity in the tax code for those earning more than \$250,000. As part of the new health care law, there will be a 0.9 percent Medicare surtax for households earning more than \$250,000 and a 3.8 percent surtax on unearned income (dividends and capital gains) in high-income households.

Kiplinger believes America *will avoid the fiscal cliff* and instead will take a bungee jump, with

Congress coming to agreement in January, and making it retroactive if need be. That means there should be minimal effect on the local economy, even though there could be temporary furloughs of DC area based civil servants.

He expects Congress to produce the framework of a “grand bargain” in the next few weeks to address the larger question of tax reform and the long-term deficit, and that will be enough to calm the financial markets.

Some of Kiplinger’s other predictions for the longer term “grand bargain”:

- There will be “significant” spending cuts, but they won’t be automatic or draconian.
- The minimum age for Medicare eligibility will rise from 65 to 66 or 67, and to 70 later.
- Taxes will probably go up on dividends and capital gains for upper income earners.
- The corporate income tax rate will likely come down. (Now, it’s highest in the world.)
- The mortgage interest deduction may be adjusted in areas such as a deduction for the interest on a second home.

Kiplinger discussed four sources of spending in the economy:

- **Government:** In the past few years, state and local governments have slashed spending while federal spending has increased. That situation is about to reverse, and then the “hypersuccessful” Washington metro area will be on the same level as other successful cities.
- **Exports** have seen double-digit growth for several years. Next year, Kiplinger expects exports to grow around 5 percent.
- **Business.** “American business is sitting on \$1.7 trillion in cash,” Kiplinger said. “That will have to be spent eventually.” He expects more hiring in the next year or two with the corresponding drop in unemployment.
- **Consumers.** Consumer confidence is starting to return, and Kiplinger expects low-level growth in consumer spending in the next year or so, but growth just the same.

Kiplinger told dealers that, as business leaders, it is their duty to make their priorities known to members of Congress.

He ended with a kind of blessing for auto retailers: “May next year be as good a year as this year for auto sales.” Dealers are hoping for better, and the analysts are indeed predicting it.

Highlights from Annual Meeting & Luncheon

Outgoing chairman Chip Lindsay reflects on WANADA’s & the industry’s successful year

In his report on the state of the automobile business to WANADA’s membership, outgoing chairman Chip Lindsay recalled President Obama saying during his visit to The Washington Auto Show earlier this year that auto sales were “a bright spot in our economy and a veritable beacon of strength.” Lindsay of Lindsay Automotive noted that 2012 sales are up 13 percent, and are expected to reach 14.5 million new vehicles, a far cry, he noted, from the 28 year industry low of 10.5 million in 2009.



2012 Chairman Lindsay reports to WANADA members on WANADA's activities and programs in the context of the industry

“Our Auto Show continues to expand in size and industry prominence,” Lindsay said, referencing, among other things, the president’s historic tour of the show last January and the International Organization of Motor Vehicle Manufacturers *certifying* Washington as a first tier show.

Chairman Lindsay noted, too, that WANADA’s Automobile Dealer Education Institute has thrived this year, with its Auto Technician Development Program at Montgomery College flush with dealership apprentice enrollment and the program renewing its NATEF Certification, the industry “gold standard” of technician training.

On the public policy front, “WANADA and its sister dealer organizations need to be concerned about government regulation of business,” he said. With the Obama administration and Congressional

Democrats having systematically ramped up workplace and consumer regulations at the federal level with massive laws like ObamaCare and Finance Reform, Lindsay said that dealers and other small business employers have had to scramble to understand and comply with the new requirements. In what he described as the “trend toward overregulation,” Lindsay referred to a trickle-down effect from the federal level to the states in the regulation of business and “a proportionate rise in frivolous, but menacing, plaintiffs’ suits against dealers in consumer protection.

On the bright side of government relations, Chairman Lindsay praised motor vehicle agency regulators in DC, Maryland and Virginia, who he said were working cooperatively with dealers from the Motor Vehicle Dealer Board in Richmond to the Motor Vehicle Administration in Maryland. He thanked John Kuo, Maryland MVA administrator, who was on hand at the meeting, for his open door to dealers and the agency’s tangible efforts to clarify motor vehicle laws. He also praised the good job Virginia’s Motor Vehicle Dealer Board did for dealers and their customers. Lindsay said WANADA was also embarking on a bold initiative with DC DMV that he predicted would substantially enhance tag and title services there, for which he acknowledged appreciatively the commitment and counsel the city councilmen David Catania and Jack Evans, both of whom were at the lunch.

In the community relations arena, Lindsay recognized Tamara Darvish for her leadership of the Bobby Mitchell Hall of Fame Golf Classic F.B.O. The Leukemia and Lymphoma Society. He said that this year marked the 22nd of the Classic and the 12th in which Ms. Darvish, with WANADA’s support, has made it a major Washington area dealer annual cause.

DC Mayor Gray, Council members Evans and Catania applaud area dealers and the importance of the auto business

“The Washington Auto Show has become the public policy show in the auto industry,” DC Mayor Vincent Gray told WANADA Annual Lunch attendees in praise of the Washington area dealers which produce the show.

The local auto industry is an important part of the City’s transportation equation, Gray said. “We’ve got to work with the auto industry to create additional energy-efficient ways to get around our streets and WANADA is key to that.” He said that by 2030 the population of the city is slated to rise by 55% and motor vehicle transportation will be an indispensable component of that.

DC Council member Jack Evans, who joined the mayor and fellow Councilman David Catania, spoke of his goal to have more auto dealers in D.C., with Catania concurring. Following up on Mayor’s Gray’s premise of the importance of cars and the car business in the City, both Councilmen Evans and Catania confirmed their ongoing involvement with the auto show and working with WANADA on enhancing transportation in the City to include the prospect of additional dealers “setting up shop here.”

Spotlight on the “incomparable” Warren Brown, automotive writer at the Post

Warren Brown, longtime *Washington Post* reporter on the auto industry and now a syndicated columnist whose car reviews appear in the Post pages weekly, received special recognition by WANADA dealer leaders and members at the WANADA Annual Meeting last week.

“Warren didn’t just drive the cars and write about them, he became part of the industry,” said *Post* publisher Katherine Weymouth, who was on hand. In presenting WANADA’s appreciation and best wishes, association CEO Gerard Murphy read from a commemorative letter deservedly themed *The Incomparable Warren Brown*: “You have taken automobile business news

gathering to heights not previously attained or likely to be ever matched, unless you’ve inspired someone along the way who, like you, knows cars, knows the cars business, knows what he’s talking about and how to communicate it, and does it all with his heart, his soul and always with class.” Click [here](#) for the entire letter.



Gerard Murphy and Katherine Weymouth praise writer Warren Brown for his “innumerable and invaluable contributions” to the auto industry

Danny Korengold takes over from Chip Lindsay as WANADA chairman

Danny Korengold, Ourisman of Virginia, took the helm as WANADA chairman commencing at the Annual Meeting. “I’m excited about this job,” he said before thanking his stepfather Mandel Ourisman and his team at the dealer organization.

Joining Korengold on the Executive Committee are Richard Patterson, RRR Automotive, vice chairman; Charles Stringfellow, Brown Automotive Group, secretary; Gerard Murphy, president; Chip Lindsay, immediate past chairman; Ralph Mastantuono, Mercedes Benz of Alexandria, Insurance Committee chairman; Robert Fogarty, Sport Automotive, 2013 Auto Show chairman; and Kevin Reilly, Alexandria Hyundai, Auto Show vice chairman.

WANADA members elected and reelected to the WANADA Board were John Bowis, Chevy Chase Cars; Ralph Mastantuono, Mercedes Benz of Alexandria; Alex Perdikis, Jim Koons Automotive Group; Geoff Pohanka, Pohanka Automotive; Kevin Reilly, Alexandria Hyundai and Rory Schick, Manassas Chrysler Dodge Jeep RAM.

Photo Collage – 2012 WANADA Annual Meeting and Lunch, Dec. 5



A balcony view of the 2012 WANADA Annual Meeting and Luncheon at The Mayflower in Washington, the historic venue of innumerable Washington Area New Auto Dealers events since the hotel's opening in 1925.



Incoming chairman Danny Korengold thanked Chip Lindsay for his service as chairman over the past year.



DC Mayor Vincent Gray at WANADA's Annual Lunch affirming his ongoing support of the Washington Auto Show, which he has promoted to OEMs while calling upon WANADA dealers to assist the city's burgeoning population with their automotive needs.



2013 WANADA Executive Committee (from left): Gerard Murphy, CEO; Chip Lindsay, part chairman, Lindsay Automotive; Danny Korengold, chairman, Ourisman Automotive of Virginia; Kevin Reilly, vice chairman, Auto Show, Alexandria Hyundai; Dick Patterson, vice chairman, RRR Automotive; Robert Fogarty, chairman, Auto Show, Sport Automotive; Charles Stringfellow, secretary, Brown Automotive Group.



DC Council members Jack Evans (left) and David Catania (at podium) echo the mayor's praise and encouragement of the City's ongoing partnership with WANADA. Chip Lindsay, WANADA chairman, (seated) takes it all in.

**2012 WANADA Annual Meeting and Lunch,
Mayflower, Dec. 5**



WANADA's 2013 Board of Directors (from left): George Doetsch, Apple Ford, nominations chairman; Chip Doetsch, Apple Ford; Chip Lindsay, Lindsay Automotive, immediate past chairman; Dick Patterson, RRR Automotive, vice chairman; Danny Korengold, Ourisman of Virginia, chairman; Robert Fogarty, Sport Chevrolet, WAS chairman; Kevin Reilly, Alexandria Hyundai, WAS vice chairman; Charlie Stringfellow, Brown Automotive Group, secretary; Tony Santy Chesapeake Petroleum; John Bowis, Chevy Chase Acura; Alex Perdakis, Koons Automotive; Jamie Darvish, DARCARS; Frank McCarthy, Sheehy Auto Stores; Harold Redden, Fitzgerald Auto Malls; and Gerard Murphy, WANADA CEO.

Other industry and economic news

Sequestration likely; more will pay alternative minimum tax

There's a 60 percent chance Congress will not reach an agreement to avoid the fiscal cliff January 1, and sequestration – the deep and automatic cuts in federal agencies – will occur. So said budget expert and managing director of Qorvis Communications Stan Collender at a post-election summit sponsored by Councilor, Buchanan, & Mitchell, an accounting firm and WANADA kindred line member that works with dealerships and other businesses.

The cuts wouldn't have an immediate effect, but in the federal government, operations and maintenance civilians and defense contractors would be affected about a month later. The most likely scenario is that Congress will resolve the standoff in the first few weeks of the year.

Don't expect the "grand bargain" on the national debt that some have talked about, Collender said. In the next few years, we will likely see similar cliffhanger events. And when the debt ceiling comes up for debate March 1, Congress will raise it. "Wall Street's been pushing hard to avoid a fight again," said Collender.

Another problem that could occur next year is a dramatic increase in the number of people paying the alternative minimum tax, said John McKinnon of the *Wall Street Journal*. The AMT has never

been indexed for inflation, and each year Congress has passed a “patch” to keep the number of AMT payers from expanding.

Without another patch, scores of unsuspecting taxpayers will get an unwelcome 2013 tax hike. How many? The number of taxpayers paying AMT now is four million, which goes to 33 million if Congress fails to act. “That will dramatically and negatively affect consumer confidence,” McKinnon said.

John Darvish inducted into Washington Business Hall of Fame



John Darvish (center) accepts award, with student escort Shaneka Jones from Ferebee-Hope Elementary School and House minority whip Steny Hoyer (D-Md). Rep. Hoyer introduced Darvish at The Hall of Fame dinner.

DARCARS founder and president John Darvish was one of five local business leaders inducted into the Washington Business Hall of Fame last week by Junior Achievement of Greater Washington, *Washingtonian* magazine and the Greater Washington Board of Trade. The Hall of Fame recognizes outstanding business and community leadership over a career span of service in Greater Washington.

In accepting the honor, Darvish told the crowd of more than 1,200 that as a young man he came to America from Iran to be a heart surgeon. When he decided he wanted to pursue a career in the automobile business instead, his father said, “If that’s what you want to do, you have my blessing. But don’t be an average, everyday automobile man. Become [a] Henry Ford.”

In addition to John Darvish, the other four 2012 Hall of Fame honorees were: Thomas Hale Boggs Jr., chairman Patton Boggs, LLP; Giuseppe Cecchi, president, The IDI Group Companies;

Charito Krivant, president, Creative Associates International and Ronald Paul, chairman, EagleBank.

The Washington Business Hall of Fame began in 1988 and boasts 85 notable Washingtonians, past and present, over the last 24 years to include such names as Earle Palmer Brown, Oliver Carr, Don Graham, Katherine Graham, Austin Kiplinger, Ted Lerner, Bill Marriott, Mandell Ourisman, Abe Pollin, Charles Smith, Jack Valenti, Walter Washington and Edward Bennett Williams.

Proceeds from the awards dinner last Tuesday, Dec. 4 at the Washington Hilton benefited Junior Achievement’s mission to empower young people to own their economic success.

Position wanted

Fixed Ops manager

An individual who has worked in several managerial posts in parts, service and body shop operations at area dealerships seeks a dealer management position in a related capacity. For more information, contact John O'Donnell at 202.237.7200 or jod@wanada.org.

Staying Ahead...

The American people can always be counted on to do the right thing; after they have tried everything else.

-Winston Churchill
cited by Knight Kiplinger,
2012 WANADA Annual Luncheon