



# 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 # 20 -18**

**June 13, 2018**

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## Law enforcement by CFPB, FTC, IRS, NHTSA against dealers still going strong

Michael Charapp had an important message for fellow dealer attorneys who attended the recent Kindred-line member Crowe Horwath seminar: Don't assume that regulatory enforcement has disappeared or diminished under the Trump administration!

"Federal agencies do not die, they simply face political reform," said Charapp, a WANADA Kindred-line member and partner at Charapp and Weiss, LLP. Even at the **Consumer Financial Protection Bureau** (CFPB), where Acting Director Mick Mulvaney has made changes, such as *no budget* for second quarter of 2018, reform will be incremental, Charapp said.

"Changes back are just one election away," he said.

The future of the CFPB is uncertain. The House of Representatives in Washington passed a law reforming the bureau, but it faces an uncertain fate in the Senate.

The **Federal Trade Commission** (FTC) was invigorated and funded specifically to oversee auto dealer issues by the Dodd-Frank Act, Charapp said. Hot button issues include advertising, spot delivery, F&I transactions and consumer privacy. A consent order entered by the FTC in March 2017 against a California new-car dealer group shows the agency's aggressiveness.

Charapp reminded dealer attorneys that the FTC Used Car Rule is still very much in effect, albeit revised. As of Jan. 27, 2018, the revised Buyers Guide must be displayed on all used vehicles for retail sale.

The **Internal Revenue Service** (IRS) is putting a priority on enforcing the Cash Reporting Rule on IRS Form 8300, said Charapp. If a dealer receives cash of more than \$10,000 in a transaction, or a series of related transactions, Form 8300 must be filed. The IRS is regularly auditing dealers for compliance with the Rule. A written program using a redundant system is critical.

For the **National Highway Traffic Safety Administration** (NHTSA), recalls are a continuing hot issue, Charapp said. Every dealer should have a recall policy with these elements:

- *Ground new vehicles with open recalls!* What is the procedure to make sure new vehicles with open recalls are not being delivered?
- *Fix open recalls on used cars if you can; disclose if you cannot.*
- *If your franchisor issues a stop sale on used vehicles, don't sell them!*
- *Check service vehicles of your brand for open recalls.*

*Note: Nothing in this article should be taken as legal advice. For advice on the dealership's position on recalls, consult with dealership counsel.*

## **NADA launches training series for dealership managers**

With studies showing that formal training for employees boosts their productivity by more than 200 percent, now is a great time to offer specialized training to your next managers. Dealers don't have to design their own. NADA has a new Professional Series designed to help with the dealer team's development.

NADA is offering four disciplines focused on management: office management, parts management, service management and sales management. Each Professional Sales Certification consists of four instructional modules: Two, two-day classroom, instructor-led and interactive/online courses; and two self-paced online courses.

For a short time, NADA is offering the courses at the introductory price of \$2,995 per discipline. Classes will take place at NADA headquarters in McLean, VA. The next modules are for service managers (June 26-27) and parts managers (June 28-29).

For the full class schedule, or to register, visit [nada.org/professionalservices](http://nada.org/professionalservices). For more information, contact Camron Wilson at [cawilson@nada.org](mailto:cawilson@nada.org) or (703) 821-7210.

## **Dealers are the future of auto industry, says Jim Press**

There have been some naysayers lately about the future of dealers in the auto industry, including former General Motors vice chairman Bob Lutz, who has referred to dealers as "an endangered species." So it's refreshing to see a recent [opinion piece](#) in *Automotive News* by Jim Press, former president of Toyota Motor Sales/USA and a dealer now himself, at RML Automotive in Dallas, TX.

Press has complete confidence in dealers' ability to handle the coming transition in the industry. "Meeting change head-on and taking advantage of it by adapting is nothing new to dealers," he writes. "I have seen second-and third-generation dealers improve and build upon the businesses they inherited by implementing progressive, technically advanced and customer-focused business practices....I have worked side by side with auto dealers for the past 50 years and can promise you that they will find a way to capitalize during this period...."

"At the core, customers are driving this change," Lutz writes. "Technology is responding to the market. And who is best positioned to read the market and react first? Yes, it's car dealers."

For the full article, click [here](#).

## Proposed emissions rule could lead to lawsuits, uncertainty

A leaked copy of the revised emissions standards sent by the U.S. Department of Transportation to the White House would freeze emissions standards at 2020 levels through 2026. California would no longer be allowed to set its own tougher standards.

President Trump has met with auto industry executives in the past several months, and they asked for a slower path to tougher emissions standards. But they are also anxious for a single national standard. The Alliance of Automobile Manufacturers has asked the Trump administration to consider ways to keep California in the discussions.

If the Trump administration cancels the California waiver that has existed since the 1960s, lawsuits are sure to follow, and they could drag on for some time and the auto industry could be mired in uncertainty.

The California waiver is important for WANADA dealers because Maryland and DC follow California's standards, and Virginia follows national standards.

Stay Tuned!

## AAA finds American trust in autonomous vehicles slips

After some high-profile incidents involving autonomous vehicle technologies, a new survey from American Automobile Association (AAA) finds that consumer trust in autonomous vehicles has quickly eroded. Nearly three-fourths of American drivers say they would be afraid to ride in a fully autonomous vehicle, up significantly from 63 percent in late 2017. Nearly two-thirds of U.S. adults say they would feel *less* safe sharing the road with an AV while walking or riding a bicycle.

“Despite their potential to make our roads safer in the long run, consumers have high expectations for safety,” said Greg Brannon, AAA’s director of automotive engineering and industry relations. “Our results show that any incident involving an autonomous vehicle is likely to shake consumer trust, which is a critical component to the widespread acceptance of autonomous vehicles.” Millennials were the most likely to have their trust in AVs swayed by recent incidents.

WANADA continues to explore this new technology during its MobilityTalks International Conference, two days of panels and discussions held annually before the Washington Auto Show.

## In Memoriam: Joseph R. Koons

WANADA was saddened to report last week the passing of longtime Washington area dealer and association member, Joseph R. Koons. He passed away as a result of an extended illness on May 27, 2018. He was 72. The funeral was Monday, June 11 of this week at Our Lady of Good Counsel Catholic Church in Vienna, VA.

Part of the Koons family of dealerships, Joe Koons headed up J. Koons Pontiac in Vienna, VA from the late 1970s until 2010. He was also involved in Koons of Manassas during his early years in the business. He served on the WANADA Board of Directors from 1979-82.

Growing up in Falls Church, VA near the flagship store, Koons Ford, Joe graduated from Bishop O'Connell High School and the College of William and Mary. In addition to his wife, Nancy, he leaves ten children and twenty-three grandchildren.

Contributions in his memory can go to Integrity Homes at IntegrityHouses.org.

To his wife Nancy; siblings John, Joyce and Jim; his entire family and many friends, WANADA extends its sincerest sympathies.

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### **Editor's Note:**

The next WANADA Bulletin is the WANADA Open issue from last Monday, June, 11, 2018 with photos and reports on the member/guest golf tournament, reception and dinner at Lakewood Country Club.

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

There is no limit to what a man can do or where he can go if he doesn't mind who gets the credit.

--Ronald Reagan

