

DEALER POINT

Official Publication of the Wisconsin Automobile & Truck Dealers Association | 1928-2013 | Volume 31 Spring 2013



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WATDA Chairman
Lawrence Meade

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A publication of the
Wisconsin Automobile & Truck Dealers
Association focusing on the human side
of the membership and trade.

Our Mission:

The Wisconsin Automobile & Truck Dealers Association, an organization of licensed dealers of new and used motor vehicles, is dedicated to advancing the common good of its members, consumers and their communities by promoting professionalism and prosperity through education, advocacy, information and service.

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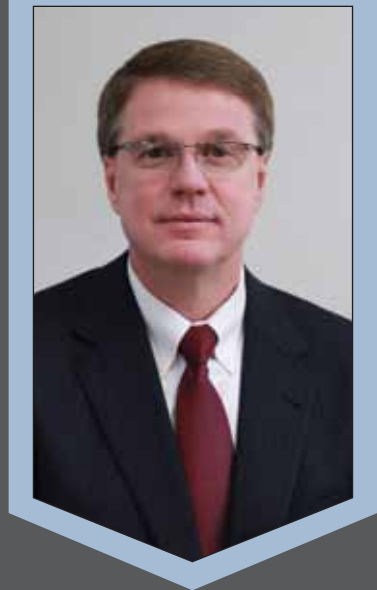
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Cover photo, courtesy Amy Campbell.



Lawrence Meade

WATDA 2013 Chairman

BY CHRYSTE MADSEN

Hard work has always been a part of who Lawrence Meade is. As a boy he shoveled snow, mowed lawns, and worked at a theater selling concessions and running the projector. He would work in the early morning hours at the first part time job he started at age 11 in a bakery, cleaning, and making baked goods. Then he would go on to school, shower, attend classes and sports then continued on to the theater in the evening. Obviously his parents bestowed him with a great work ethic!

Lawrence graduated from Glenwood High School in Minnesota in 1980 and went on to Willmar Vocational Tech for one year of culinary arts. He was so impatient to make his mark in the world that after one year he asked his instructors to find him a position with a great chef. Throughout the rest of his life Lawrence would never stop learning however. He went on to learn much in his employment in the hospitality industry at the Minneapolis Athletic Club, the Hyatt Regency and the Chicago Hilton Corporation at the famous Palmer House Hotel. Lawrence, being smart and energetic, was able to go very far very fast.

But the hospitality business didn't offer a great deal financially so Lawrence decided it was time to learn a new career. He began to sell insurance on the road...straight commission. That career taught him something he speaks of frequently today. Never give up! For the first time in his life money was tight. Some nights he slept in his car, freshening up in rest areas. But Lawrence went on to be in the top 2% of the company's sales force!

It was very tough on family life so, again, Lawrence decided it was time to re-educate himself. This time he became an expert in real estate development. It was a wonderful time in his life. He could be home with family and he was finally making good money. But when the company decided to take him from straight commission he decided he needed to go out on his own.

With little understanding of what this truly meant, he formed a company he named Vacation Home Builders and looked for developed but unsold land. That's when he met his mentor, Ray Farrey. Their business relationship began over coffee and a restaurant napkin with a handshake.

Lawrence's introduction to the auto business began when Ray called him to step in as a ring man for Ray's auto auction. The next step was wholesaling cars part-time and from there Lawrence was able to get in on the ground floor of a salvage auto auction Ray built.

Lawrence still wanted to build his own business and success. While working at Interstate Salvage Auction, Lawrence started a small used car dealership on Highway 13 north of Wisconsin Dells. With the help of a co-worker the dealership thrived, finding a niche helping people get affordable transportation with payments over time. Lawrence and his co-worker became business partners in 1991 and in 1993 Lawrence married Jeanette. With Jeanette's business administration background and banking experience they became a well-rounded team working side by side to create their own style of auto dealership focusing on helping good people with bad credit.

As "Credit Doctor" the dealership group provides credit "healing" by way of an auto loan. Their success is due to a dedicated



Top: Amy Campbell (Corporate Controller), Dustin Schultz (General Manager), Lawrence Meade (life size cut out Credit Doctor) and Jeanette Meade (Vice President). Bottom: Adams/Easton Motors Dealership.



Family portrait. Left to right: Taylor Campbell, Dustin Schultz, Amy Campbell, Lawrence Meade, Jeanette Meade, Derek Wyman & Parker Campbell.

“I believe in giving back and being involved. I put out a challenge to all who are taking the time to read this story to get involved as each one of us can make a difference for all dealers in the beautiful state of Wisconsin.”

team that counsels the credit ailing to a healthy credit score. Counseling begins when the vehicle is purchased and continues throughout the term of the payments to the finance company. The Easton Motors team takes great pride in helping daily to improve the credit score and quality of life of the many guests they serve.

While building the Easton Motors brand, Lawrence and Jeanette raised their children. Out of a combined family of 5 boys, Jeanette's oldest son, Dustin Schultz, caught the bug and passion for the car business. After working in the dealership for several years, Dustin left the family business to sell vacation packages at a Wisconsin Dells resort. He started in sales and became operations manager at the age of 28.

Once bitten by the auto business bug, you can never stay away too long so in December 2011 Dustin returned to Easton Motors to head up sales. Dustin's life partner and future wife, Amy Campbell, has worked in the business office for four years focusing on managing the finance company. Dustin and Amy will carry on the husband-wife family business and are dedicated to providing quality transportation and financing for good people who have had a negative economic experience.

Lawrence became involved in the Wisconsin Auto & Truck Dealers Association in 1993 at the urging of Jack Lungwitz and Rich Sack, two peers he continues to thank for believing in and encouraging him. Lawrence has served as Chair of the Used Car Council, Chair of the DMV Advisory Board, WATDA Board member and on the Executive Committee of WATDA.

In asking Lawrence to comment for this story he said, “First, I want to thank the dealers of Wisconsin for allowing me to serve them as Chairman of WATDA. The experiences and future of our organization is at the forefront of who we are.”

In his year as chairman, Lawrence plans for WATDA to become better, stronger, more nimble and to deliver the added-value our dealer members expect by:

- ***Retaining and recruiting members;***
- ***Excelling at government relations, legal information and education;***
- ***Providing creative communication with a sensitivity to overload;***
- ***To seek out necessary and unique non-dues revenue opportunities;***
- ***Expanding the knowledge and exposure of our board directors.***

“I believe in giving back and being involved. I put out a challenge to all who are taking the time to read this story to get involved as each one of us can make a difference for all dealers in the beautiful state of Wisconsin.” ●

Don't Forget that Handshake!

Jack Fagan was a young Ford dealer in Delavan in 1951 when a new Delavan insurance agent, Joe Walters, walked into his showroom to discuss a car. After some negotiation, Jack wrote a number on a piece of paper, handed it to Joe and he and Jack shook hands. While neither man knew it at the time, when Joe drove away in that 1949 apple green Ford something very special began.

Their relationship deepened when Walter's Delavan insurance agency, Johannesen-Farrar, wrote the first business policy on Fagan's dealership. The dealership owners still hold policies with the agency today. "It's been a unique relationship, one that's developed into a close personal friendship," Walters was quoted as saying.

So close, in fact, that in February of this year Joe, at age 88, and his wife, Zane, entered the showroom of the Fagan dealership to purchase his 51st vehicle from the Fagan organization!

Bob Clapper, co-owner of Fagan Automotive, presented the price to Joe on a computer printout and then showed him the AutoCheck report for Joe's trade-in on his cell phone. "Things have really changed!" Joe remarked. "Wow, Jack used to write a number on a scrap of paper and hand it to me. Computers have really changed our lives, haven't they?" Bob laughed and reminded him, "Well, you came in equipped with computer research on the new Buick Encore and your trade-in, didn't you?" At 88 Joe wasn't going to be left behind on today's technology.

Sean Fagan, Jack's grandson, completed the deal with Joe and delivered the Encore to the loyal and satisfied customer. Could Jack, now 93, have ever envisioned this scenario playing out those many years before? 51 cars in over 60 years!



Longtime Fagan Automotive customers Joe and Zane Walters.

Everyone involved at Fagan's was shocked and saddened by a phone call just days later from Joe's son informing them that Joe had passed away. While the dealership kindly unwound the deal for Zane and the family it made that last encounter even more poignant.

While we focus so heavily today on product and sales numbers and profit we sometimes tend to forget the big picture, the long range picture that is the same today as it was in 1951. Our business is all about the customer, about the person. Don't forget that handshake. Don't forget Joe. ●

Luther Hudson Chevrolet Gets to the Heart of CPR

This past December Luther Hudson Chevrolet teamed up with the American Heart Association and the Medical Fund of the Wisconsin Masonic Foundation to deliver specialized CPR training to 100 students at Hudson High School.

The CPR Anytime program for friends and family is a self-directed learning program that effectively teaches the core skills of CPR and provides AED (Automatic External Defibrillator) information in less than 22 minutes. The program instructs students in research-proven 'practice-while-watching' format allowing for maximum hands-on practice time.

The funding partnership lead by Luther Automotive Group's Hudson Chevrolet, supported complete training costs and 100 take-home CPR demonstration kits that can be shared with student's families.

Tim Jubie, General Manager of the Hudson Chevrolet store said, "I think this is a great way to connect with our younger audience and promote heart health awareness throughout our whole community." Jubie is right on track with the reach of this program. It has the potential to reach up to 300 or 400 additional learners as primary students take their kits and their CPR training experience home to their family members.

For more information on the CPR Anytime Program you can call the Foundation of the Wisconsin Automobile and Truck Dealers at 414.520.7870 or visit the American Heart Association CPR Anytime website – www.cpranytime.org. ●



WISCO Cooperative

BY JOHN HACKMAN



It is estimated nationally that currently 12% of a dealership's sales and 43% of a dealership's annual profit comes from its parts, service, and body shop departments. WISCO can help you grow your profit in these vital departments. We supply quality products at a savings for our membership. Being a true cooperative we are owned by our customers and therefore are dedicated to serve them and help them improve their bottom line. WISCO supplies items from equipment for your service department to supplies in your restrooms and most everything in between.

Where are you purchasing your hand towels, batteries, toilet tissue, wheel weights, reconditioning chemicals, 3M products, trailer hitches, and the list goes on and on? Are you in the market for a Hunter Alignment Machine or Road Force Wheel Balancer? How about a Challenger Lift or a Black Gold Waste

Oil Furnace? If you are not using WISCO for all these items you are probably paying too much. At the very least you owe it to yourself to check with WISCO. You can save money on your invoice and since WISCO's customers are also its owners they receive any profits WISCO earns. This is paid out in WISCO's end of the year rebate checks. These are paid out in direct proportion to your purchases from WISCO so the more you buy the bigger your rebate check. The only reason WISCO exists is to serve its members and save them money. This only works if you use us so please think of WISCO and encourage your managers to use WISCO.



Heads up for WISCO members – our annual meeting and golf outing will be held Tuesday June 25th at Lake Arrowhead Country Club south of Wisconsin Rapids. Information will follow but please keep this date open. ●



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We will not rest



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CenterStage

AWARDS, HONORS, MILESTONES



Ubersox Auto Group, Platteville, was awarded the 2012 W.P. Chrysler Club Award by Chrysler Corporation, one of only four Midwest center dealers to achieve this honor, based on high standards, sales and service. Ubersox also recently promoted Brian Popp to Assistant General Sales Manager and added Jan Haverland in a new position as Marketing Manager.

Ewald Automotive Group recently announced their charitable giving total for 2012; 46 area organizations received a total of \$156,375. Ewald has dealerships located in Lake Country, Watertown, Hartford and Metro Milwaukee locations. The family targets organizations they feel will do the very best for people.

Holiday Mazda, Fond du Lac was named Wisconsin's top volume Mazda dealership for the third consecutive year according to sales figures and results announced in a report by Mazda North American Operations.

Ballweg Family Dealerships recently donated the top prize for the Sauk Prairie High School Rock the Gym event. The vehicle could be won by the lucky person who sinks a half-court shot during a shooting contest. The proceeds of the event are used to help fund Sauk Prairie sports and to aid in the purchase of a new gym floor.

Sut Hill Prairie du Chien donated a car to Holy Family Parish for a raffle to support the Prairie Catholic Schools. A total of 2,500 tickets were sold for \$20 each and over 400 people attended the annual event despite a big snowstorm that evening.

Soerens Ford, Brookfield recently announced that Stephanie Soerens-Borkowski has been named president of the organization. The family-owned dealership was started in 1917 by Stephanie's great grandfather, and was also managed by her grandfather and father. Stephanie is a graduate of Northwood University, Florida with a degree in Automotive Marketing and Management. She spent two years working at a Denver, CO dealership before returning to Brookfield in 2006. Also a graduate of the National Automobile Dealers Association Academy, she managed internet sales, on-site rentals, and F&I departments prior to this promotion.

Mark Hoffman, a longtime member of WATDA, is retiring from the auto industry and has decided to pursue other ventures. Mark was the dealer principal of **M&H Chevrolet in Medford** prior to selling to Wheelers of Marshfield. We send our good wishes to Mark and his family and thank him for his years of support and participation in his association.

Dahl Automotive announces the following promotions: Dan Swift, Vice President of Operations, Executive Leadership Team; Jansen Dahl, General Manager of Clearview and Line-X divisions; Tyler Dahl, General Manager of Dahl Hyundai Mazda Subaru, La Crosse; Vinne Pontius, General Manager Dahl Ford Lincoln, Onalaska; and Steve Betthausen, General Manager Dahl Chevrolet Buick GMC, Winona, MN.

Dahl Automotive welcomes Heather Ladwig, PHR as Director of Human Resources and member of the Executive Leadership Team. ●

***Please submit your awards,
honors and milestones to:
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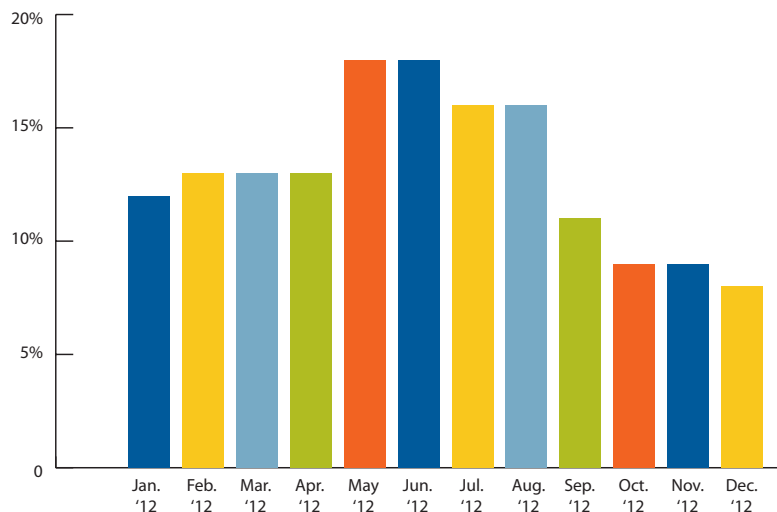


New Vehicle Sales Trends

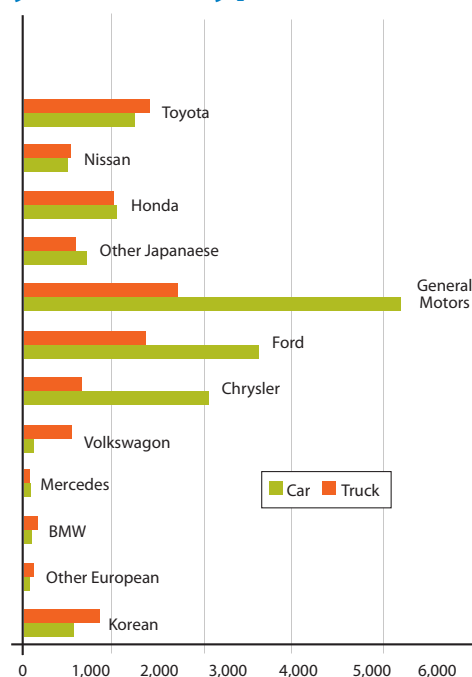
Wisconsin New Vehicle Trends: February 2013

	Previous Two Months		Year to Date	Year to Date Market Share					
	1/12	1/13							
	-2/12	-2/13	% change	'12 YTD	'13 YTD	% change	'12 YTD	'13 YTD	change
Industry Total	25,545	28,881	13.1%	25,545	28,881	13.1%	100.0%	100.0%	0.0%
Car	10,316	11,577	12.2%	10,316	11,577	12.2%	40.4%	40.1%	-0.3%
Truck	15,229	17,304	13.6%	15,229	17,304	13.6%	59.6%	59.9%	0.3%
Japanese	7,919	9,051	14.3%	7,919	9,051	14.3%	31.1%	31.4%	0.3%
Toyota	2,902	3,409	17.5%	2,902	3,409	17.5%	11.4%	11.8%	0.4%
Honda	2,374	2,623	10.5%	2,374	2,623	10.5%	9.3%	9.1%	-0.2%
Nissan	1,116	1,329	19.1%	1,116	1,329	19.1%	4.4%	4.6%	0.2%
Other	1,527	1,690	10.7%	1,527	1,690	10.7%	6.0%	5.9%	-0.1%
Domestic	14,160	16,351	15.5%	14,160	16,351	15.5%	55.5%	56.6%	1.1%
General Motors	6,710	7,657	14.1%	6,710	7,657	14.1%	26.3%	26.5%	0.2%
Ford	4,362	5,161	18.3%	4,362	5,161	18.3%	17.1%	17.9%	0.8%
Chrysler	3,088	3,533	14.4%	3,088	3,533	14.4%	12.1%	12.2%	0.1%
European	1,490	1,612	8.2%	1,490	1,612	8.2%	5.9%	5.5%	-0.4%
Volkswagen	846	877	3.7%	846	877	3.7%	3.3%	3.0%	-0.3%
BMW	253	338	33.6%	253	338	33.6%	1.0%	1.2%	0.2%
Mercedes	192	186	-3.1%	192	186	-3.1%	0.8%	0.6%	-0.2%
Other	199	211	6.0%	199	211	6.0%	0.8%	0.7%	-0.1%
Korean	1,976	1,867	-5.5%	1,976	1,867	-5.5%	7.7%	6.5%	-1.2%
Other	1,976	1,867	-5.5%	1,976	1,867	-5.5%	7.7%	6.5%	-1.2%
Industry Total	29,057	29,662	2.1%	172,910	194,907	12.7%	100.0%	99.9%	-0.1%

**3 Month % Change –
and view annual trend**
*Compares most recent 90 days vs. same
90 day period from last year*



**YTD Registrations
by Vehicle Type**



From Around the State



Please send your news From Around the State to jfarmer@watda.org.

Keyes Chevytown in Menomonie broke ground on the GM required elements to their current facility in February. Additions will include updated exterior facade and signage; customer greeting station, and lounge featuring a media station, wireless internet access and a café serving cookies & coffee daily. The renovations are expected to be completed in about two months.

Homan Auto Sales, Waupun, has purchased and renamed Ripon Ford to Homan Ford. The Homan family had ties to the former Colonial Ford in Ripon; "My dad (Ed) sold new Fords there in '70-'71," said President Mark Homan. In 1974 Ed and Flora Homan opened their first used car dealership in Waupun; Mark recalls they did their banking in Ripon, "Friday nights we would come up to Ripon for dinner." Homan's Waupun franchises include GM and Chrysler.

Bergstrom Automotive adds Maserati to the mix at their Grand Chute auto mall. The Victory Lane location also houses Porsche, Land Rover, Jaguar and Volvo brands.

Sleepy Hollow GM and Chrysler dealership owners LaVon and Michelle Felton of Viroqua have acquired Nick Haring's Quality Ford in Viroqua. Felton's purchased the dealership from Haring who had owned it since 2005. Sleepy Hollow Ford is

renovating the main building, adding service bays and a new detailing center.

Rhineland GM & Toyota have added OK Used Cars of Rhineland as their newest location. The focus will be on vehicles in the under \$10,000 price range, typically 2007 and older, offering service contracts and financing. Owners are Mike and Jane Aus.

Dahl Automotive recently announced the acquisition of Walz Chevrolet Buick GMC in Winona, MN. The new dealership will be called Dahl Chevrolet Buick GMC and will continue to operate in the same location with most of the existing Walz employees. This will be the second location for Dahl Automotive in Winona, after acquiring a Toyota dealership in 2010.

On February 12, 2013, after over 90 years of representing General Motors the doors of the **Edward J. Salentine** dealership closed in Muskego. S.J. Salentine established the dealership in the early 1920's and it has continued to be run by his son E.J. and, upon his passing, third generation members of the Salentine family. The Salentine organization was highly respected by the community and their peers and will be greatly missed.

Wilde East Towne Honda's Grand Opening Ribbon Cutting



(LtoR) Pat Donahue, President Wilde Automotive Group; Scott Fitzgerald - American Honda Zone Manager; Tracie Wilde Pierce, Wilde Director of Marketing; Brian Mixon - Senior Manager, American Honda National Sales-Western Region; Governor Scott Walker; Jorge Hidalgo, Owner, Wilde East Towne Honda; Sharon Bloom, Wilde CFO. Photo courtesy of Wilde East Towne Honda

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NADA Director's Report

BY KEN VANCE



I believe I've mentioned in another column that I will be serving NADA this year as chairman of the Dealership Operations Committee. I thought I would share with you what this encompasses and how our first meeting of the committee evolved.

We structured the room in pods, each pod representing a dealership department. As we all know, our business is actually five or six businesses in one, but operating primarily on an individual basis. We reviewed New Car, Used Car, Service, Parts, Administrative, and in many cases, such as my own, we would add a Body Shop. These departments were reviewed by the committee; six to eight people per pod including NADA staff posed several questions on how NADA could better assist these individual departments.

We also structured four Ad Hoc committees that we will be working with throughout the year, mostly by conference calls. They are:

Dues and Tuition; Chairman Dan Mullins;

Marketing and Communications; Chairman Doug Knust;

Curriculum Development and Delivery; Chairman Dan Sudbay;

Succession Planning; Chairman Mark Birdnow.

If you have any thoughts about any of these, please feel free to contact me at kenvance@kenvance.com

Dealership Operations encompasses many elements including:

- *Twenty Groups*
- *Academy*
- *NADA University*
- *Membership*
- *Learning Hub*
- *Resource Tool Box*
- *Market Insight Webinars*
- *Dealership Workforce Study*
- *OEM Business Development*

As usual our industry is never without challenges. There is an "end around" currently being looked at on F&I income and does it bring value to the consumer. NADA is meeting with these opponents to show the value with dealers as retailers bring to the transaction.

Individual states are working to beef up franchise laws to prevent further attempts at factory-owned outlets.

As always, if you would like to discuss and issue don't hesitate to contact me. Good Summer Selling! ●



Rawhide's Vehicle Donation Program

Rawhide's Vehicle Donation Program was started in 1983 and accepts cars, boats, motorcycles, and RV's as charitable in-kind donations and uses the funds generated from the sale of those donated items to help give less fortunate, at-risk young men a chance to lead meaningful, productive, and rewarding lives.

Rawhide Requests Your Help in Soliciting Car Donations

Rawhide accepts vehicle donations all year long to support the work of helping youth. TheSnap-on Auto Center and the Pennau Prep Center provide evaluation and mechanical repair instruction opportunities for youth in our care. Donating a car to Rawhide is free, fast, easy, and tax deductible. After completing the car donation form, a donor will be able to deliver the vehicle the very same day by bringing it to one of Rawhide's many conveniently located drop-off locations (your dealership). Rawhide also offers convenient home pick up of your car or boat. Remember, we accept

donations for Boats, Motorcycles, RVs, and virtually any vehicle with wheels.

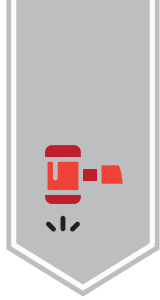
Please encourage others to donate by calling 1-800-RAWHIDE (729-4433) or visiting our website www.rawhide.org/donate

Rawhide Offers Outpatient Counseling Services in Milwaukee

With over 47 years of successful experience in achieving positive outcomes in the lives of at-risk youth and families at Rawhide Boys Ranch, we now offer therapeutic counseling at conveniently located clinics in Milwaukee, Green Bay, Appleton, and on the Rawhide campus.

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Those interested in our counseling services may call 1-877-300-9101 or our website www.rawhide.org/strongfamily



Legal & Legislative Update

BY CHRIS SNYDER

Who's At the Back Door??

When the idea of creating the Consumer Finance Protection Bureau (CFPB) was being debated in Congress, the National Automobile Dealers Association (NADA), State Associations (e.g. WATDA) and dealers lobbied hard to exempt the dealers from bureau oversight against the wishes of the White House and consumer groups. In the end, most dealers are exempt (Buy Here Pay Here activity is regulated by the CFPB). However, the dealers' lending partners are subject to the oversight of the CFPB. It appears as though the CFPB has determined that if they can't regulate the dealers directly, they will do it through their lenders.

After the establishment of the CFPB in 2010, NADA participated in a series of public fact finding hearings with the FTC (CFPB officials were not yet in place) around the country to ferret out the veracity of the myriad of nefarious allegations waged against dealers and lending practices. What was discovered was, there is a huge gap between allegations made by consumer advocates and real life anecdotal incidents. Nevertheless, the hearings resulted in a drawn out exercise of "he said she said," with the brunt of baseless allegations made by consumer groups being afforded more credibility in the eyes of Washington bureaucrats than warranted.

Last year CFPB Bulletin 2012-04 "Fair Lending," told everyone that they intended to embrace the disparate impact doctrine, by stating "...as the CFPB exercises its supervisory and enforcement authority, it will consider evidence of the disparate impact doctrine as one method of proving lending discrimination under the ECOA and Regulation B."

Under the disparate impact doctrine, the Equal Credit Opportunity Act (ECOA), which is implemented by Regulation B, may prohibit a creditor practice that is discriminatory if it has a disproportion-

ately negative impact on a prohibited basis, even though the creditor has no intent to discriminate and the practice appears neutral on its face. The disparate impact doctrine was used to bring actions against dealer reserves in the mid 2000's. It is an exercise in picking the low hanging fruit, because plaintiffs don't have to prove intent. They only have to show that a higher percentage of individuals in a protected class (based on race, ethnicity, gender, religion) paid a higher interest rate on the average than others.

It appears as though the CFPB is not satisfied with simply enforcing the laws that are on the books. They seem to be embracing the practice of making their regulated entities create written programs explaining how they are going to prevent things from happening, that haven't happened yet. The CFPB is actively working toward requiring the development and maintenance of "Compliance Management Systems," which are written plans that explain what the lenders are doing to identify and avoid improprieties within the applicable regulations. By requiring the creation of Compliance Management Systems, they are able to audit and monitor business practices and leverage enforcement measures even when there have been no violations whatsoever, but there is an inkling or opportunity to stray from acceptable business practices.

An example of this proactive pseudo enforcement action came on March 21, 2013 when the CFBC issued Bulletin (CFPB 2013-02), wherein they express their disfavor of dealers receiving finance reserve in conjunction with indirect lending. The bulletin warns lenders that they could be held responsible for discriminatory lending violations perpetrated by the dealers. In the bulletin they warn lenders:

The supervisory experience of the CFPB confirms that some indirect lenders have policies that allow auto dealers to mark up lender-established buy rates and that compensate dealers for those markups in the form of

reserve (collectively, "markup and compensation policies"). Because of the incentives these policies create, and the discretion they permit, there is a significant risk that they will result in pricing disparities on the basis of race, national origin, and potentially other prohibited bases."

The CFPB is leveraging their regulatory authority over lenders by warning them that they will be held equally accountable for any discriminatory practices initiated by their dealer partners. In the Bulletin, the CFPB suggests that to avoid future enforcement action for possible violations in lending practices, lenders have two choices of proceeding. Option one, they can create a compliance management system that identifies steps to limit dealer autonomy over setting loan terms by establishing and enforcing a robust fair lending compliance management program that would:

- 1. Impose controls on dealer markup and compensation policies.**
 - 2. Revise dealer markup policies.**
 - 3. Monitor and address the effects of those policies (as spelled out in detail below).**
- The CFPB recommends that minimal standards of an acceptable compliance management program would consist of:
- 1. An up-to-date fair lending policy statement;**
 - 2. Regular (ongoing) fair lending training for all employees including officers and Board members;**
 - 3. Ongoing monitoring for compliance with fair lending policies and procedures;**
 - 4. Ongoing monitoring for compliance with policies and procedures that are intended to reduce fair lending risk (such as controls on dealer discretion);**
 - 5. Review of lending policies for potential fair lending violations, including potential disparate impact;**

6. Regular analysis of loan data in all product areas for potential disparities on a prohibited basis in pricing, underwriting, or other aspects of the credit transaction;

7. Regular assessment of the marketing of loan products;

8. Meaningful oversight of fair lending compliance by management and, where appropriate, the financial institution's board of directors.

Option two, for those lenders who don't want to set up their own in-house regulatory and auditable loan evaluation process, they should merely ELIMINATE DEALER MARKUP altogether and compensate dealers by providing a FLAT FEE. (The very thing that consumer advocates have been lobbying to enact for years. Huh?) You have to ask yourself, if you were a lender, which of these two options would you adopt?

Had Enough Good News?

It appears as though the next business practice that the CFPB is going to tackle is the use of arbitration agreements in sales and finance transactions. Arbitration agreements are not as widely used in Wisconsin as they are in other states, however, WATDA does suspect that some of our members are utilizing arbitration agreements with their customers.

Once again, arbitration agreements have been a thorn in the shoe of consumer advocates (trial attorneys more specifically) since they have been utilized by some dealers in an attempt to control runaway costs and headaches associated with civil lawsuits and class action cases. Dealer business consultants and advisors have been encouraging the use of arbitration agreements for years as a way to more efficiently (both time and money) resolve consumer issues. Although there hasn't been a groundswell of cases that have shocked the public conscience, many trial attorneys who make a living suing businesses under cost shifting statutes (where if the business loses, they pay the plaintiff's attorney fees – but not the other way around) will attest with a straight face that providing an efficient, cost effective means of dispute resolution is a huge injustice to average

citizens who typically end up seeing less than pennies on the dollar in class action resolutions.

The elimination of arbitration clauses may be a bit down the road from now, but the trial balloon has been floated and dealers and their lenders should take note.

For those interested in reading more about what is going on at the CFPB check out their website at: www.consumerfinance.gov

Bulletin 2012-04 (Fair Lending) http://files.consumerfinance.gov/f/201404_cfpb_bulletin_lending_discrimination.pdf

Bulletin 2013-02 http://files.consumerfinance.gov/f/201303_cfpb_march_-Auto-Finance-Bulletin.pdf

And for those brave enough – The CFPB Supervision and Examination Manual, version 2 (Oct. 2012)

This is the operating manual that is used by the Bureau's auditors and supervisors (its only 924 pages!)

http://files.consumerfinance.gov/f/201210_cfpb_supervision-and-examination-manual-v2.pdf

Rumors About Exporters

WATDA has received calls from dealers questioning Wisconsin's franchise law, regarding the consequences of selling new vehicles that the buyer intends to export. Apparently some Wisconsin dealers are being approached by exporters who claim their "system" of exporting is worth the dealer's while. Further, there are questions being asked on a listserve of lawyers who represent dealers from around the country, asking if anyone has heard whether any state Attorneys General are investigating any particular exporters who may or may not be purchasing vehicles for nefarious intentions.

If this seems jumbled, that's because they are all rumors. However, WATDA has received calls from curious franchised dealers who have been thinking about Wisconsin's franchise law as it pertains to exported vehicles.

Two years ago, WATDA addressed the new vehicle export issue when we amend-

ed the Wisconsin Motor Vehicle Franchise Law. World-wide sales opportunities for dealers have grown exponentially in the recent past and quite frankly, manufacturers don't like it very much, especially Harley-Davidson. In an effort to stop the sale of new vehicles out of the U.S. market, manufacturers broke out their sticks and began penalizing dealers by taking back sales dealer holdback and incentive payments (chargebacks) on each vehicle that ended up being exported. They (again, except for Harley-Davidson) also began providing dealers with lists of known exporters and instructed their dealers that they were not permitted to sell vehicles to the listed individuals.

Some of the chargebacks that dealers were experiencing were warranted, in that the sales were clearly for export and dealer's Sales and Service Agreements prohibited such sales. However, some chargebacks were simply unfair and resulted from transactions that on their face, appeared to be legitimate domestic transactions with vehicles being titled, taxes collected, etc.

Therefore, when the Franchise Law was amended WATDA and the manufacturers (except for Harley-Davidson) agreed to create and provide that, section 218.0116(y), prohibits a manufacturer from charging back, withholding payments, denying allocation or any other adverse action against a dealer who sells a vehicle that is exported, unless the dealer knew or reasonably should have known that the vehicle was being sold for export. If the vehicle, when sold, is titled or registered in any state in the U.S., it is presumed that the dealer had no knowledge that the purchaser intended to export the vehicle or resell the vehicle for export. That is a rebuttable presumption, which means, that the onus is on the manufacturer to prove that the dealer knew or should have known that the vehicle was being purchased with the intent to export it.

Bottom line here for dealers is, your manufacturer does not permit you to sell vehicles intended for use in another market. They enforce this prohibition rigorously. Consequently, dealers should exercise due diligence when selling a vehicle that they suspect may be exported. ●



Opportunity Knocked

*and Grafton Students Answered at the
2013 Technicians of Tomorrow Contest*

BY GARY BEIER

The 19th edition of ADAMM's Technicians of Tomorrow competition took place on February 13 at Waukesha County Technical College's automotive training center. Five of southeastern Wisconsin's hottest high school automotive repair teams went head-to-head in extremely demanding competition to determine which pair would be worthy of the 2013 Technicians of Tomorrow title.

The Technicians of Tomorrow contest started with a field of 90 students from throughout southeastern Wisconsin. All were given an on-line prequalifying test, which narrowed the field down to five finalist teams of two. Those finalist teams were –

Arrowhead: Austin Syburg and Robby Beres; Instructor – Eric Varrelmann, Sponsored by Ewald Chevrolet;

Grafton: Alex Conrad and Mitch DelCamp; Instructor – Carl Hader, sponsored by Newman Chevrolet;

Menomonee Falls: Andy Black and Sam Schwabenlander; Instructor – Steve Brick, sponsored by Bergstrom Chevrolet-Milwaukee;

Mukwonago: Keith Bartholomew and Nick Rogan; Instructor-Pat Grady, sponsored by Lynch-Horter Chevrolet;

West Allis: Aaron Gaglione and Willy Newkirk; Instructor – Matt Kerhin, sponsored by Heiser Chevrolet – West Allis.

The theme of the day – opportunity, was echoed by just about everyone attending. Mukwonago's Pat Grady said, "This gives them an opportunity to compete and make repairs under stress in a real-world situation."

Contestant Austin Syburg's mother Mary commented, "This is a great career builder. It's a great learning opportunity that gives them a head start in their career field."

The contest included a written test, individual stations covering all of the major elements in vehicle repair and the actual hands-on diagnosing vehicle malfunctions and repairing them.

This year's competition cars were 2013 Chevy Cruze sedans, courtesy of Ewalds Chevrolet in Oconomowoc – all the same equipment with the same technical bugs to be found by the student teams. The fix had to be accomplished in the real time that is allotted to perform the service at any certified dealership – one of the elements that make these contests so meaningful for all involved. As Matt Kierhin of West Allis noted, "These contests are opportunities for students to prove their skills in this career pathway."

...and the winners:

The Grafton High Team took top honors and has since gone on to take second place at the 2013 New York Auto show national competition; Mukwonago was the runner up, followed by Menomonee Falls, West Allis and Arrowhead.

In his closing comments, Scott Fisler, competition director said, "This competition is always a great opportunity for our students." Scott is the Director of Fixed Operations at Don Jacobs Toyota. He has participated in this competition since its inception.

Special thanks to the program sponsors Waukesha County Technical College, Ewald Chevrolet, Snap-on Industrial Tools, Industrial Towel and Uniform, Milwaukee Mack, The Automobile Dealers Association of Mega Milwaukee and the Foundation of the Wisconsin Automobile and Truck Dealers. This was the 19th year of the program and the 10th year of the Foundation's participation through its scholarship awards to the contest winners. ●

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Tribute

Anthony J. Frascona

Anthony J. Frascona, former Wauwatosa Buick dealer passed away October 24, 2012 at the age of 91. Frascona was well known for his love of interacting with people and his love of cars.

Tony was a buyer for Montgomery Ward in Chicago, but his love of cars steered him to a Chicago area Buick dealership, where he became Buick's top salesman in the country. GM later offer him the chance to open a Buick dealership; either in Wauwatosa or Naples, FL. With Chicago roots, Tony felt Wauwatosa would be a better fit and in 1956 he started Frascona Buick. He sold the business in 2006, after fifty years with Buick. He also owned a Chrysler Dodge Plymouth dealership in East Troy during the same period.

Frascona was a collector of classic and unique cars. In 1975 he made headlines when he purchased at auction the armored car that Adolf Hitler used in parades. Tony was also well known as a singer and was particularly fond of Sinatra. He would often give customers CD's of himself singing.

Tony is survived by his sister, Jeanette Basso, great nephew Daniel Basso, other relatives and his girlfriend Cathy Fehrenbach.

Leon P. Geiger

Leon P. Geiger, age 84 died on January 30, 2013 at his home in Monroe, WI. The son of Leo and Mary (Neiling) Geiger was born in Neenah on August 2, 1928. Upon high school graduation he entered the U.S. Army Air Corps in September 1946, serving in the Airborne Division as a glider pilot and parachutist. Lee was awarded the WWII Victory Medal and Army of Occupation Medal Japan, played football on their divisional team and was a Golden Glovers boxer. Following Lee's military service in 1948, he attended Marquette University on a football scholarship, graduating in three and a half years. He also played football for the Flying Dutchmen semi pro team.

Lee married June Robinson June 10, 1950. He worked for the Boy Scouts of America in Appleton and also at their national headquarters in Detroit. In 1961 the family moved to Monroe where Lee bought the Monroe Sales Company and in 1965 built Alphorn Ford, Inc., which has grown to a group of sixteen dealerships.

Lee was a member of the American Legion Zilmer Reilly Post #84, St. Claire of Assisi Parish, National Dealer Council Vice Chair and Ford Dealers Ad Board for fifteen years, serving as chair for several years. His philanthropy included the pur-

chase and donation of the former Monroe Clinic building to the city of Monroe, raising funds to remodel the building into the current library and establishing an endowment fund for Marquette University.

The Geigers enjoyed travelling, spending winters in Pompano Beach, FL and hunting and fishing near his Alaska home on the Kenai River.

He is survived by his wife June; children Steven (Jean); Mark (Chris); David, and Susan(Gary) Becker; eight grandchildren, two great grandchildren and twin brothers Ronald and Donald Geiger. He was preceded in death by his parents; a brother Francis and a granddaughter Kathleen.

Gale Kenneth Hill

Gale Kenneth Hill, 88 passed away March 11, 2013 at Remington House in Pardeeville.

Gale, the son of Arthur and Jean (Barry) Hill was born Pardeeville April 18, 1924. A 1942 graduate of Pardeeville High School, he attended UW Madison for a year prior to serving in the Army in 1946-1947. Gale joined his father after the Army at his Pardeeville Chevrolet dealership.

Hill married Donna Walsh in 1949 and they lived in Pardeeville until 1964, when they moved to Portage. In 1959, Gale and his brother Kent brought the Chevrolet and Oldsmobile dealership in Portage. After Kent's passing, Gale became sole owner. In 1973 they constructed a new building on Hwy 51S. Gale retired in 1982 and sold the dealership to Vern Trecek. He and Donna wintered in Bonita Springs, FL for thirty-four years and returned to Portage permanently in 2010.

Gale was an avid curler and golfer. He was a former director of the Wisconsin Curling Association, and past member of the Portage Chamber of Commerce, Elks Club, Country Club and Curling Club. He also served both the Bonita Beach and Lakemont Cove Condo Associations, and as President of the Pardeeville School Board. Gale was a former member of both WATDA and NADA, served as area representative for the Chevrolet Dealer Council, the Oldsmobile Dealer Advisory Council and the Milwaukee Zone Dealer Council as well as both the Chevrolet and Oldsmobile Advertising Associations.

Gale is survived by his wife of sixty four years, Donna; his children Pamela (Rick) Dodd and Christy (Mike) Hurd; four grandchildren, three great grandchildren; Maxine Hill, nieces, nephews other relatives and friends. He was preceded in death by his parents, a brother Kent, an infant son Gary, his in-laws Arvilla and Herbert Walsh and brother-in-law Herb Walsh.●



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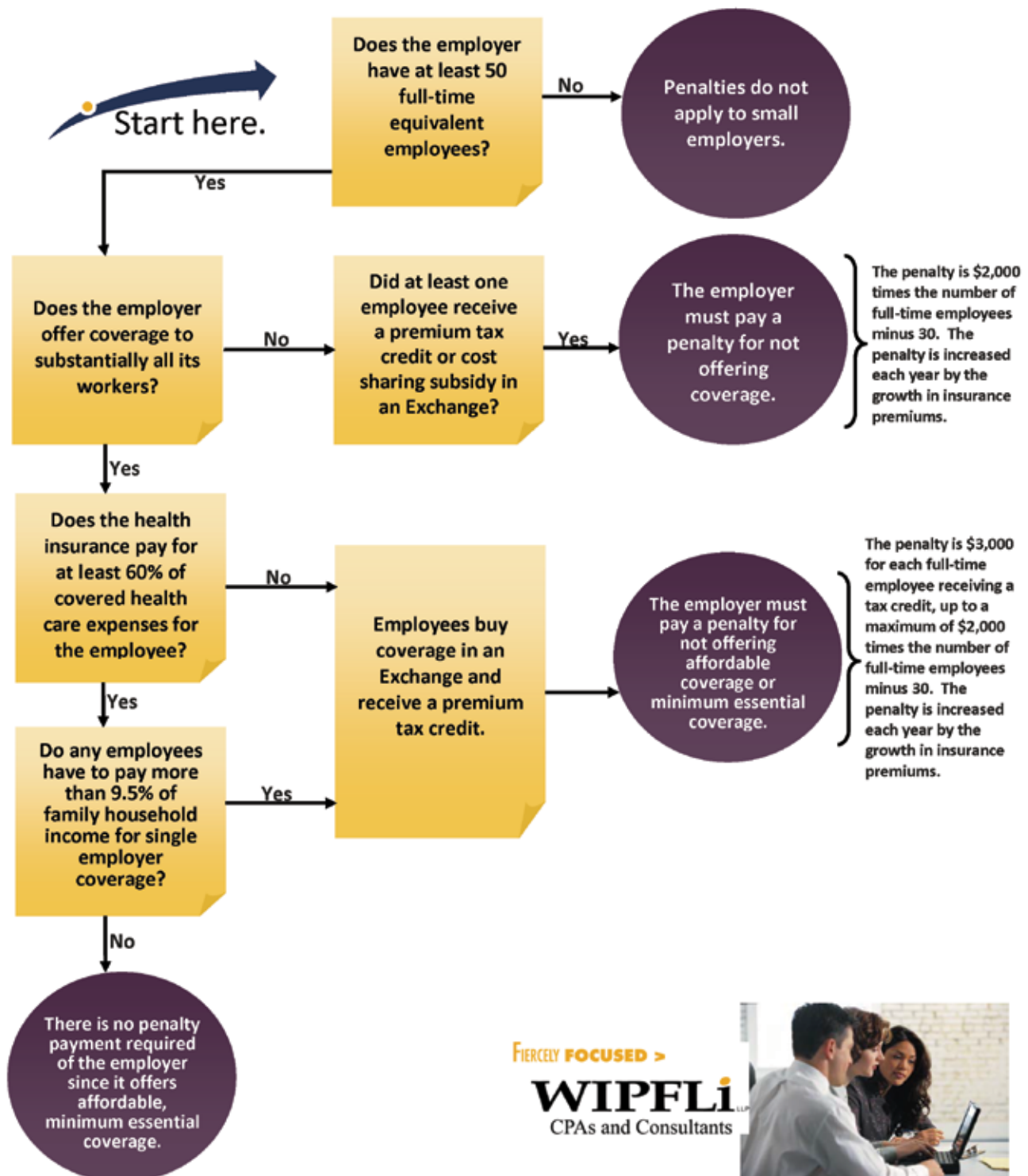
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Thank you to our partners at Wipfli for sharing this important information regarding compliance with the Affordable Care Act for 2014. The WATDA Insurance Agency is ready to assist our dealers with understanding, complying and the decision making process.

Employer Shared Responsibility Penalties Under the Affordable Care Act Beginning in 2014



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Patient Protection and Affordable Care Act (PPACA) Employer Mandate/Shared Responsibility Rules

- ❑ All employers are subject to the PPACA – private, public, non-profits and churches are all included.
- ❑ Employee count is critical to determining applicability of the Employer Mandate:
 1. If you have **less than 50 full time equivalent employees** you are not subject to the Employer Mandate.
 - a. Full-time is anyone working over 30 hours per week or 130 hours per month.
 - b. Part-time employees are converted to full time equivalents and added to the number of full time employees – specific rules apply to calculate FTEs.
 - c. Temporary or seasonal employees that work less than 120 consecutive days can be excluded from the calculation.
 - d. Temp agency employees/leased employees are excluded (their employer must deal with Employer Mandate).
 2. If you have **more than 50 full-time equivalent employees**, you are subject to the Employer Mandate.
 - a. Decide if you want to provide coverage to all full-time employees or pay the \$2000 per full time employee penalty (analyze cost of providing coverage vs. the penalty).
 - b. Decide if your coverage meets the 60% minimum value coverage standard (if not, have the \$3000 per exchange subsidized employee penalty).
 - c. Decide how much employees will pay for their portion of the SINGLE premium (affordable = <9.5% of employees' household income). (If not affordable, have the \$3000 per exchange subsidized employee penalty.)
- ❑ If you decide to offer affordable, minimum value coverage, will need a process to track full-time status (as well as to report to IRS so they can monitor for penalties – see Code Section 6056 Annual Information Return below).
- ❑ Penalty is a month-to-month calculation based on hours worked in the prior month, so will need a safe harbor method of calculating average hours worked per week to lock in part-time or full-time status for ease of administration of the rules and to avoid full-time status altogether for seasonal hires.
- ❑ Code Section 6056 Annual Information Return will be due - reporting employees and hour and health insurance coverage and costs so IRS is able to monitor application of the penalty. January 31, 2015, first filing due for 2014 calendar year (regardless of fiscal year or plan year).
- ❑ Penalties will be assessed by IRS based on 6056 Information Return data and Exchange notification of employee purchase of subsidized coverage. Employers will need to appeal if penalty should not apply.

Scholarship Grad Likes Change



Tom Schumer, Master Technician at Mark Toyota-Scion in Plover says that change is one of the best things about working for a dealership. He should know – he’s been at it for more than a decade.

Schumer came to the Mark dealership in 2001 and landed a Foundation scholarship. He completed his Automotive Technician Associate Degree in 2003. His history goes back to childhood days, watching his dad at work on all kinds of mechanical stuff. Dad went on to become a parts manager for a local implement store, which gave his son an inside view of how mechanical repair and maintenance functions day-to-day. That young man’s view grew into a successful career.

Tom’s advice to students, “Be prepared to start at the bottom and work your way up.”



He notes that computer skills and diagnostics are a huge part of today’s vehicle service. “Everybody can replace parts but not everybody can diagnose the cause of a complex problem.”

Schumer, a Mid-State Technical College grad notes that his college experience helped him get a foot in the door of our industry. It also taught him the value of good customer relations. Tom notes, “A customer who has had a good experience at the dealership will tell everybody they know about it.”

He says that high school students who want a career in the automotive industry should reach out and go for scholarships like the Foundation’s. It can make the higher learning experience more affordable.

Mark Toyota Service Manager, Dave Newsome says, “It would be great to find more guys like Tom.” ●

Training Center Dedication



The family of Roger Palmen and instructors from Racine Park High celebrate the dedication of the Roger Palmen Automotive Training Center.

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"Thanks again for putting the 'T' with us on this project. Just marvel at the depth of his understanding from a customer/owner/employee point of view as he helps us with this addition and remodeling. I am at times just amazed. Thanks!"
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Carl Hader is Recognized for his Lifetime Achievements

March 14, 2013 – the Wisconsin Technology Education Association (WTEA) recognized Grafton High's AYES Automotive Instructor, Carl Hader with its Lifetime Achievement Award.

This prestigious award was presented by our AYES Consultant/Manager Jeff Dowd who won the award himself back in 2005 and by Team Wisconsin member and WTEA Executive Director, Joe Ciontea.

This Lifetime Achievement Award is not given annually. It is only awarded when the WTEA leaders feel they have a nominee who merits this level of professional recognition, based on their life-long contributions to the betterment of technical education and the teachers who provide it. The WTEA Lifetime Achievement award has been given only 7 times in its 13 year history.

Congratulations to Carl from everyone at the Foundation, WATDA, and all of your colleagues on our Team Wisconsin. ●



Joe Ciontea, Carl Hader, Jeff Dowd
- Award at WTEA

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From Around the State



Center Stage: Awards, Honors, Milestones



NADA Director's Report



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