

THE WANADA BULLETIN

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

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****NADA Convention Special****

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NADA Convention upbeat as dealers hear Jeb Bush, Jay Leno



Outgoing NADA Chairman Forrest McConnell interviews Gov. Jeb Bush at NADA Convention general session.

Auto sales looked good a year ago as dealers gathered at the annual NADA Convention, but by the time they met last week in San Francisco for the 2015 Convention, it was even more clear that auto sales, and the auto industry overall, are leading the economy. Dealers' upbeat mood was reflected at the convention, where attendance of 23,000 *plus* was the highest in many years.

The exhibit floor was sold out, with 570 companies exhibiting. Workshop attendance also set a new record. Leading the general

sessions, two keynoters proved to be dealer favorites: Prospective presidential candidate and former Florida governor Jeb Bush and comedian Jay Leno (no report on Mr. Leno because no press were allowed in that session). And it didn't hurt that the Convention was held in San Francisco, where the temperature was in the 60s all week.

Before the convention started, the dealer organization generously kicked off the week's activities by donating \$50,000 from the NADA Charitable Foundation to the SF-Marin Food Bank. When they

presented the check, leaders from the NADA Charitable Foundation toured the food bank, then rolled up their sleeves for volunteer work.

The auto finance guidance from the Consumer Financial Protection Bureau, now nearly two years old, was again a big topic at the convention. The CFPB guidance to the banks it regulates alleges that allowing dealers to set finance rates may result in discrimination against minorities, even if unintended. Bush drew hearty applause when he said the “unelected bureaucrats” of the CFPB “went forward with the rule without notice, without a public hearing, not knowing whether it would work.”

NADA has devoted a lot of energy in those two years to dealing with the consequences of the CFPB’s position on car loans and has issued guidelines for dealers in response for complying with the Fair Credit law and the specious charges of discrimination against minorities.

Outgoing NADA Chairman Forrest McConnell underscored that NADA will continue to work hard to clear roadblocks to dealer success.

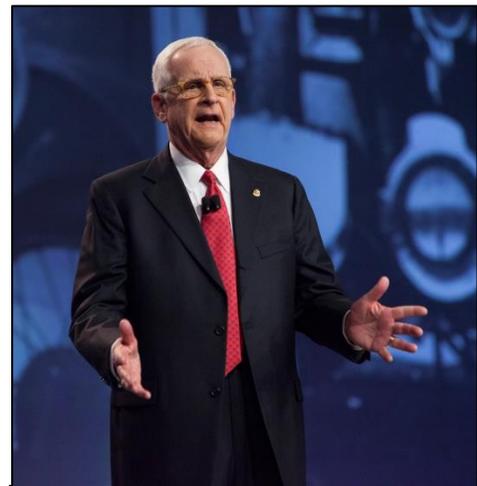
“This association helps keep the negative things away, like unreasonable manufacturer’s franchise policies and unfair government regulations,” he said. “NADA helps dealers fly right so they can concentrate on their businesses.”

Incoming NADA Chairman Bill Fox tackled the broader issue of the value of the franchised dealer network.

“The automotive franchise system is the most efficient method of bringing new vehicles to the driving public,” Fox said. “Dealers are fierce competitors that drive consumer costs down and ensure superior customer service.”

In response to critics who complain about state franchise laws, Fox said that “these laws, which vary from state to state, have a common objective: They seek to level the playing field between dealers and the manufacturers and that benefits the citizens of those states.”

Outgoing chairman McConnell is a Honda and Acura dealer from Montgomery, Ala. Incoming chairman Fox is a multifranchise dealer in upstate New York.



Incoming NADA Chairman Bill Fox addresses the convention.

Bush slams CFPB regs, sounds free market theme

When former Florida Gov. Jeb Bush spoke to a standing-room-only crowd at the NADA Convention, he outlined ways to get government out of the way of business to create fair and free opportunities for all Americans.

His theme resonated with dealers as he used the example of the CFPB rules on auto financing, that dealers find burdensome. “The worst part is that unelected bureaucrats have more power than Congress in this particular case.” Bush cited NADA research that shows regulations add \$3.2 billion in costs that the auto industry must pass on to buyers. The total equates to about \$2,400 per dealership, per employee, per year, he said.

“Those costs to comply, those costs of regulation, could have gone for higher pay to allow people more disposable income, or they could have gone to create more jobs,” Bush said.

“We are in the fifth year of recovery, but still 60 percent of Americans believe we are still in a recession. They’re not dumb, because they *are* in a recession,” he went on. “The majority of

Americans continue to have weak paychecks that have led them to withdraw from building families, communities and careers.”

When asked, point blank, by outgoing NADA chairman Forrest McConnell whether he intended to be a candidate for president in 2016, Gov. Bush intimated he would neither confirm or deny his intention.

NADA issues compliance guide on federal advertising rules

NADA issued a new publication at the convention that is designed to help dealers comply with federal advertising requirements on the sales, financing and leasing of automotive products and services.

[*A Dealer Guide to Federal Advertising Requirements*](#) provides examples of “bad” ads and “good” ads and chapters on 41 different federal advertising topics, such as the use of discount claims, email advertising, green marketing claims, Internet advertising, satisfaction guarantees and trigger terms.

The release of the guide coincides with recent intense scrutiny by the Federal Trade Commission of dealer compliance with federal advertising standards. Since 2012, the FTC has initiated five separate rounds of advertising violation actions, including actions against three dealers last December.

“The guide does not address additional advertising requirements that may be imposed at the state or local level, which vary considerably and need to be fully addressed when dealer ads are reviewed for legal compliance, said Paul Metrey, NADA chief regulatory counsel. Dealers should consult with their legal counsel to make sure they comply with all their advertising responsibilities, he added.

The guide is part of NADA’s Management Series, *Driven*. It is available at www.nada.org and will be included in the suite of compliance products at NADA University Online at www.nadauniversity.com.

NADA predicts 16.9 million sales in 2015

NADA forecasts vehicle sales of 16.9 million this year, thanks to low gas prices and pent-up consumer demand, NADA Chief Economist Steve Szakaly said at the NADA Convention. He said NADA’s original sales forecast of 16.4 million in 2014 was on target.

The split among segments is expected to be 44 percent cars and 56 percent light trucks and SUVs because of lower gas prices, increased job growth and an improving housing market, Szakaly told reporters.

“We expect to see significant growth in sales of light trucks, particularly in the large-size CUV and SUV segments,” Szakaly said. “Consumers like the utility and comfort that larger vehicles provide. Lower gasoline prices accelerate that shift.”

Pickups are expected to benefit from an improving housing market, climbing to 15.2 percent share this year from 13.7 percent in 2014. Incentives will likely rise on small and midsize vehicles as they face a tougher market, and hybrid sales will be slower. Prices and segment share are likely to remain stable in the luxury segment, Szakaly said.



NADA economist Szakaly gives forecast for auto industry.

NADA's economic outlook calls for GDP to rise 3.1 percent in 2015, with the potential for even higher growth.

"The only negative remains stagnant wages," Szakaly said. "If we see some sustained rise in incomes, GDP could easily exceed our forecast."

Used vehicle sales up; prices set to drop in 2015

The used vehicle market had another bumper year in 2014, with sales up 1.1 percent from 2013, said Jonathan Banks, executive automotive analyst for the NADA Used Car Guide, at the NADA Convention.

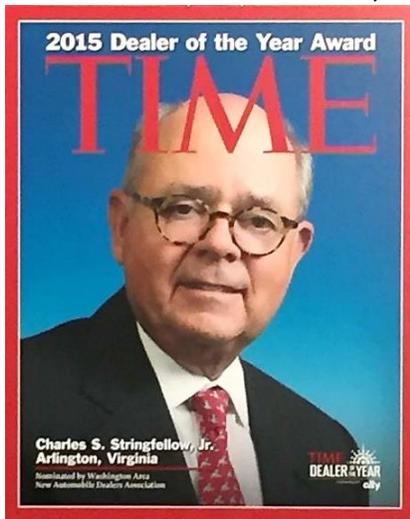
Banks said 2014 marks the eighth lowest year in used vehicle depreciation since 1997, with large pickups dropping only 6.6 percent and most other segments falling 12 percent to 16 percent. Luxury vehicles depreciated the most, with compacts down 16.3 percent, midsize down 19.4 percent and large luxury down 21.7 percent.

Banks predicted that used car prices will fall 2 percent to 2.5 percent in 2015 as an increased supply of used cars, many coming off lease, will boost availability. But, he said, that fall will occur from prices that are at historic highs.

"As new sales growth slows, automaker pricing discipline will be challenged," Banks said, calling it "a major wild card."

WANADA dealers in the spotlight at NADA Convention

Time Dealer of the Year, Charlie Stringfellow, Brown Automotive



The Time Dealer of the Year Award is given annually at the NADA Convention to dealers who have distinguished themselves in the automobile business, their industry and their community. Dealers are nominated by their state or metropolitan area dealer association in the Automotive Trade Associations network.

The Time Dealer for the Washington area, nominated by WANADA, was Charles S. Stringfellow Jr., chairman of Brown Automotive. Mr. Stringfellow has held numerous leadership positions in the industry, having chaired two Washington Auto Shows, subsequent to chairing WANADA's Employee Benefits Committee in 2007 to 2008. He is also longtime chairman of the VADA GSIA Workers' Compensation Program. Currently, Mr. Stringfellow is WANADA's chairman-elect, having earlier served

as the association's treasurer and corporate secretary. Overall, he has served on WANADA's Board of Directors since 2002 and its Executive Committee since 2008.

In the community, Mr. Stringfellow was part of WANADA's 2005 leadership effort through its Community Support Foundation that, together with NADA's Charitable Foundation, helped fellow dealers who were stricken by Hurricane Katrina. As chairman of the 2011 Washington Auto Show, Mr. Stringfellow led the fundraiser component of the Keith Crain/Automotive News Lifetime Achievement Award banquet, where the legendary Carroll Shelby was honored. Dinner tickets went for the benefit of the Automobile Dealer Education Institute, WANADA's 501(c)(3) foundation, which is committed to encouraging dealership careers and managing dealership career education

tracks. Mr. Stringfellow was honored in 2006 by Northwood University with its Dealer Education Award for his contributions to education generally and auto dealer education specifically.

On the local community front, Mr. Stringfellow is on the board of the Fairfax City organization, Spotlight on the Arts, an initiative designed to promote the arts to young people.

Mr. Stringfellow was one of about 50 dealers nationwide honored as Time Dealers by Time Magazine and Ally Finance at NADA in San Francisco.

Northwood Dealer Education Awardee, Jim O’Connell, Jim Koons Automotive

Washington area dealer Jim O’Connell, Jim Koons Automotive, was one of seven dealers who received Northwood University’s prestigious Dealer Education Award at the NADA Convention. Since 1972, Northwood has recognized individuals in the automotive marketing field who have made noteworthy contributions to public or private education.

As president of Jim Koons Automotive, Mr. O’Connell has seen to it that the automotive professionals staffing the group’s 17 dealership locations are fully schooled on the products they handle and sell. The OEM recognition Jim Koons Automotive receives year after year shows that staff training and education pay off. Mr. O’Connell has also made sure that dealership staff are up to speed on the myriad of regulations in place for workplace safety, privacy of customer information, and finance and insurance.

As an active member of WANADA’s Board for a number of years, Mr. O’Connell helped establish the Automobile Dealer Education Institute (ADEI). ADEI has since built the successful Auto Technician Development Program that “home grows” line technicians from a pool of young adults employed at WANADA dealerships and educated at Montgomery College in Rockville and Marshall Academy, in Falls Church.



NU President, Keith Pretty (left) presenting Dealer Education Award to Jim O’Connell.

Conn. dealer Bradley Hoffman installed as AIADA chairman



Bradley Hoffman, new AIADA chairman.

East Hartford, Conn., dealer Bradley Hoffman was elected chairman of the American International Automobile Dealers Association at AIADA’s Annual Meeting in San Francisco, held in conjunction with the NADA Convention.

“This will be a year of ensuring that dealers’ rights are respected by the Consumer Financial Protection Bureau,” said Hoffman. “It will be the year we pass Trade Promotion Authority to ratify trade agreements with Japan and Europe.”

Also during its Annual Meeting, AIADA presented import dealer Ed Fitzpatrick with its 2015 David F. Mungenast Sr. Lifetime Achievement Award. The award is named after the late AIADA chairman who was known throughout the auto retail industry for his commitment to his community and the industry. Fitzpatrick operates several dealerships in California, including Coliseum Lexus of Oakland, Valley Lexus and Valley BMW in Oakland, Calif.

“His belief that business is a vehicle to help others is a philosophy the entire dealer community should emulate,” said AIADA President Cody Lusk.

MD, Washington area and VA dealers once again roll out “one of the best convention parties” at NADA

Terra Gallery in San Francisco draws crowds and praise

The dealer member reception, hosted jointly by the auto dealer associations from Maryland, the Washington area and Virginia for their respective and mutual members, was well attended and thoroughly enjoyed, if the feedback from those dropping in is any indication. Terra Gallery, the chic new San Francisco hot spot was well received by conventioners for its modern and post-modern art display, but also for its high ceilings, hard wood floors, and unique glass arrangements.

With the NADA Convention moved up one day this year – opening Friday instead of Saturday, and closing Monday instead of Tuesday – the Three Association’s Reception was on Friday night, Jan. 23.

What follows is a photo collage of the event and those who attended from the three associations:

2015 MADA, WANADA and VADA Reception at NADA



The Venue: Terra Gallery in San Francisco



WANADA’s Time Dealer, Charlie Stringfellow, with wife Nancy.

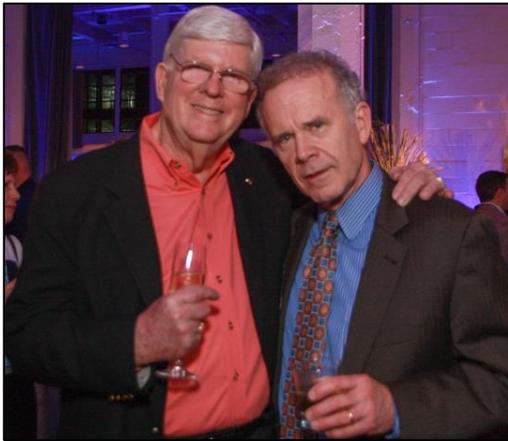


(From left to right) Ethel Biensach, MADA; John O’Donnell, WANADA; Patrick Watson, TRUECar, event sponsor; Kristina Henry, WANADA; and Natalie Toller, VADA. Ethel, Kristina and Natalie together organized the event.



Dealer association CEOs Peter Kitzmiller (left) and John O’Donnell, MADA and WANADA, respectively.

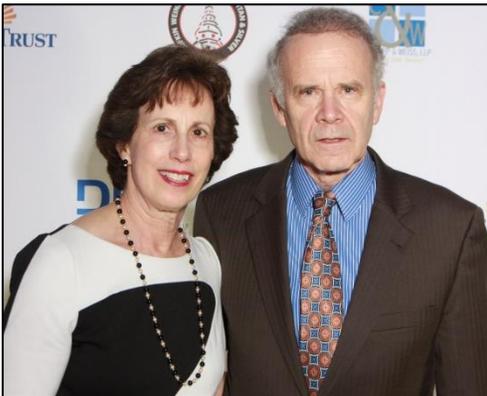
MADA, WANADA and VADA Reception at NADA Convention – continued -



George Doetsch, Apple Ford/Lincoln and Gerry Murphy, WANADA.



Geoff Pohanka, Pohanka Automotive Group, and wife Anne Kline.



Jackie and Gerry Murphy, WANADA



Sam and Linda Weaver, Chevy Chase Cars.



Carter Myers, former NADA chairman and wife Ann.



Vince Sheehy, Sheehy Auto Stores, (left) and Andy Koblenz, general counsel, NADA.



Charlie Stringfellow, Brown Automotive; Kyle Wannemacher, Mid-Atlantic Dealer Services; Mike Bennett, Ourisman /Virginia; and Pete Reilly, CBM.



Jim Moors and Paul Metrey, NADA Legal Group.

MADA, WANADA and VADA Reception at NADA Convention – continued -



Tom Parsons, B&R Associates and wife Jennifer



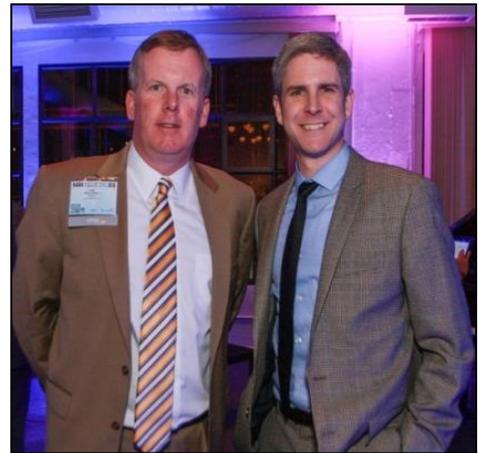
Chip Doetsch, Apple Ford/Lincoln, Stuart Brooks, and George Doetsch.



Josh Heit, NADA/DEAC (left), Kristina Henry and John O'Donnell.



Peter Kitzmiller, MADA and David Williams, NADA director for Maryland



Ed Mullaney and Joe Koch, WANADA Staff



Lou King, Ourisman/Virginia and Chip Doetsch, Apple Ford/Lincoln.



Fitzgerald Auto Malls team, from left: Rob Smith, Bill Cash and Greg Steinbarth.

MADA, WANADA and VADA Reception at NADA Convention – continued -



Tony Santy, Chesapeake Petroleum, reception sponsor, with wife Jane.



Mike Johansen, Rifkin/Weiner, reception sponsor, and wife Holly.



Jimmy Haggard (left) and Kevin Dyck, Dixon Hughes Goodman, LLP, reception sponsor.



Dwayne Cannon, JM&A, reception sponsor.



Mike Audette, Dealer Track, reception sponsor.

MADA, WANADA and VADA Reception at NADA Convention, Jan. 23 Sponsored by:



Staying Ahead...

It was dealers who survived wars, recessions, a depression, oil embargoes and bankruptcies. We survived all that because we are leaders— of change....The reality is that dealers are catalysts for change.

--Bill Fox

Incoming NADA Chairman, at the 2015 NADA Convention