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inside

November/December 2007

**Northwood Program
Director Campaigning for
Cerritos College Board**

**Reviewing FTC Standards
for Safeguarding
Information**

**Disciplining Employees
Who Violate Safety Rules**

**Kelly's Korner: Using IT for
F&I**

**Remembering J. Lamont
"Monte" Davis**

SCCTT Marks Signing Ceremony

Nation's Most Comprehensive Training Center Moves Closer to Completion



A signing ceremony marked the completion of the design and development phase of the forthcoming Southland/Cerritos Center for Transportation Technology. Pictured is the Automotive Partners Building.

In early October, the Southland/Cerritos Center for Transportation Technologies (SCCTT) hosted a signing ceremony marking completion of the design and development phase of what will soon be one of the most comprehensive training centers in the auto industry.

"This sign off will get this project moving through the process and on its way to the Department of State Architecture," said project architect John Thomas.

"We plan to have the construction documents submitted within the next sixty days."

SCCTT user representatives on hand for the signing included SMCDA Executive Director Todd Leutheuser; Northwood University Program

Director Javier Garza; Cerritos College Dean of Business and Technology Dr. Randy Peebles; Cerritos College Vice President of Academic Affairs Bill Farmer; Cerritos College Foundation Executive Director Steve Richardson; and Automotive Technology Instructor Kevin Taylor.

The SCCTT is to be completed in two phases: the \$6 million "Automotive Partners Building," (pictured), will be home to Northwood University's West Coast Campus, the SMCDA offices, and Cerritos College's Automotive Technology Administrative offices. Most importantly, the state-of-the-art, multi-functional space will be available for training dealership personnel and hosting dealer advertising group meetings, management training and

Continued on page 3

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Message from the President

In a few short months my term as your president will be completed. My experience in SMCDA leadership has been rewarding, and I suggest that you get involved when called upon by your fellow dealers if they ask you to serve. Throughout numerous political, educational and promotional activities, our association has been busy creating relationships that are resulting in priceless dividends.

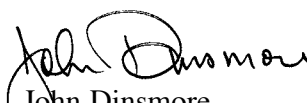


John Dinsmore
Penske Toyota

Our grassroots lobbying efforts through our SMCDA-PAC help create collaborative connections with city council representatives across the Southland. These relationships evolve over time and become even more valuable when these folks run for higher office. Just this year we were able to stop three key votes on a piece of legislation that would change the kinds of cars we can sell. In another case, one of our council members from Long Beach won a State Assembly seat, authored legislation for the CMCDA, and is now seeking our advice on Federal legislation as a U.S. Congresswoman. You can't just walk into a situation like that without a long-term level of trust that is created by your local association.

Through the years, we have been able to leverage a relatively small budget into a powerful industry force that it is now being modeled by other associations and educational institutions around the country. The \$15 million Southland/Cerritos Center for Transportation Technologies has been created through relationships with our friends at Cerritos College who share in the vision for a facility that will be used by dealers across L.A. and Orange Counties for many years to come. The interaction we have built with the local high schools, the partnership we have forged with the powers of Northwood University and the collaboration we enjoy with Cerritos College will transform one of the best automotive programs in the state into one of the most comprehensive programs in the nation.

I am proud to say as far as associations go, the SMCDA—probably the smallest automotive association in California—is delivering tremendous impact upon our industry. In fact, I believe it's the best \$150 investment you can make.


John Dinsmore
SMCDA President



Continued from cover

industry receptions.

The second phase of the project is a \$9 million renovation of the compound housing the largest automotive technology program in California. Currently, Cerritos College's two-and-a-half acre facility equips more than 1,000 auto technicians each semester in addition to providing courses for juniors and seniors from several local high schools. Many auto technology students are in one of the four manufacturer-sponsored apprentice programs offered by Cerritos College.

Once completed, the SCCTT will include additional manufacturer programs and will have the most cutting-edge alternative fuels training center in the nation.



Pictured at the SCCTT signing ceremony are, from left to right, back row, Dr. Randy Peebles, Bill Farmer and Steve Richardson. In front are Kevin Taylor, Todd Leutheuser and Javier Garza.

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Northwood University Director Running for Cerritos College Board

Javier Garza Campaigning for November 6 Election to fill Vacant Seat on Seven-Member Board

Javier Garza, program director for Northwood University's West Coast campus at Cerritos College, is running as a candidate to fill a vacant seat on Cerritos College's Board of Trustees in the November 6 election.

"It takes a lot to want to run for office these days," said Northwood University Vice President of Advancement Thomas Cavanaugh during an industry dinner at the Pacific Club in Orange County.

"Javier, you are a special person."

Garza, a military veteran and graduate of UCLA and USC, decided to run for office when one of the four incumbents up for reelection announced he would not seek re-election. The field of candidates consists of eight people:

three incumbents, four teacher union representatives and Garza.

"The teacher's union has put up a slate of candidates to try to gain control of the Board and the college," said Cerritos College Board Trustee Bob Arthur, who is one of the incumbents on the ballot.

"I am very pleased to see Javier step up to the plate during this important time."

A political newcomer, Garza is basing his campaign on putting students first by ensuring they have the tools necessary to succeed.

"As Northwood University's program director, I see first hand how important it is that students receive the proper fundamentals in order to advance their education or start off in their careers," he explained.



Garza is also a part-time Cerritos College instructor and has been instrumental in creating a program of bringing college course instruction into dealerships. In a pilot program, Garza is leading Sopp Chevrolet employees through Cerritos College courses on location at the dealership.

"Watching these employees develop and grow is very rewarding," he said. "Their productivity and self-esteem has increased markedly."

Garza has the disadvantages of being an unknown and not being funded by a union. Nonetheless, the list of endorsements is quite impressive, and the buzz on the street indicates that he has a good chance of winning. For more information about Garza's campaign, please visit www.votejavier.com.



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Reviewing FTC Standards for Safeguarding Info

Which dealers are covered by the Safeguards Rule?

The Safeguards Rule applies to all dealers who are “financial institutions” under GLB [Gramm-Leach-Bliley Act] and the Privacy Rule. In other words, any dealer that is “significantly engaged in financial activities” is a financial institution. “Financial activities” include such things as entering into finance or lease transactions with consumers. It also includes insurance transactions, but those are governed by rules set by your State Insurance Commissioner.

The FTC has never defined the phrase “significantly engaged,” but as a rule of thumb, you should consider yourself “significantly engaged” in financial activities for purposes of the Safeguards Rule if you regularly enter into retail installment sale contracts and/or lease

agreements with consumers, even if you immediately assign sale and lease contracts to a bank or finance company.

The Safeguards Rule requires you to adequately protect and safeguard “Customer Information.” Customer Information is “any record containing ‘nonpublic personal information’ as defined [in the Privacy Rule] about a customer of a financial institution, whether in paper, electronic, or other form, that is handled or maintained by or on behalf of you or your affiliates.”

In general, Customer Information is information about a consumer with whom you have entered into a finance or lease transaction; for example, information contained in a consumer’s credit report or credit application, account numbers, bank balances, etc. It includes not only information about your customers,

but also information you receive about the customers of other financial institutions (e.g. banks, finance companies, other dealerships, etc.). Even lists of the names of your finance or lease customers would be covered by the Safeguards Rule.

An important note here—while Customer Information includes information related to insurance transactions, the Safeguards Rule does not apply to such information. That is because GLB requires each state Insurance Department to issue its own safeguards rule with respect to customer information relevant to insurance transactions.

This article is excerpted from A Dealer Guide to Safeguarding Customer Information (L43). The guide can be ordered online at www.nada.org/mecatalog or by calling (800) 252-NADA, ext. 2.

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In Memoriam: J. Lamont "Monte" Davis

January 5, 1924 - September 6, 2007

J. Lamont "Monte" Davis was born and raised in Ogden, Utah. He graduated from Ogden High School in 1943 and was attending Weber State University when he enlisted in the Naval Air Corps. He served as a Navy pilot during World War II, obtaining the rank of ensign. On April 24, 1945, he married Alene Wecker, his high school sweetheart. The following December, they moved to Long Beach, California. Davis then started his automotive career with the Glenn E. Thomas



Company, working first in the parts department. In 1954, Davis purchased a 20 percent interest in the dealership, and by 1968, was the sole owner of the company.

A Time Magazine Quality Award recipient, Davis served as past president of both the Motor Car Dealers Association of California and the Long Beach Auto Dealers

Association. He served on Chrysler's Presidents' Council and was chairman of the national Dodge dealer council. In 1996, Davis was inducted into the Automotive Hall of Fame with a distinguished service citation.

Davis was well known in the Long Beach community as an honorary board member and former fund raising chairman for the Greater Long Beach YMCA. He served as chairman of St. Mary's Hospital

Foundation and was a former director of the Long Beach Chamber of Commerce and Better Business Bureau. He also provided leadership on the Long Beach Boy Scout Council and helped to obtain the lake at Camp Tahquitz. Davis was president of the Long Beach Rotary Club from 1973 to 1974 and a member of the Virginia Country

Club since 1974. He served as the club's president from 2000 to 2001. Davis was a member of the Church of Jesus Christ of Later Day Saints and spent time volunteering as a church public affairs director and employment specialist.

Davis is survived by his wife Alene, his son Bob (Barbara), and his daughters Susan Matsen (Jeff) and Nancy Larson (Steele). He is also survived by his grandchildren John Davis (Brooke), Lori Hexburg (Chris), Brad Davis (Kori), Dana Davis, Jeffrey Lamont (Tania), Kristin Schanz (D.J.), Nicole Mangrum (Ty), Brett Matsen, Bryan Larson (BreAnna), Blake Larson, Nick Larson, Sean Larson, Greg Matsen (Harlene), Melinda Ferraro (Steve) and Brian Matsen (Karen). Davis' great grandchildren are Joshua Lamont Davis, Marcus Lamont Matsen, Dalton Schanz, Luke Davis, twins Ava and Sofia Schanz, Shane, Morgan, Monroe, and Tucker Matsen, and Cate and twins Ana and Sara Ferraro.

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NADA Hosts Washington Conference and Local Town Hall Meeting

Southland Dealers Take Part in Successful Events

Each fall, the National Automotive Dealers Association hosts more than 500 dealers and executives from 110 associations nationwide for a two-day lobbying effort in the capitol.

This year was no different as SMCDA Vice President Terry Schaier, of Schaier's Nissan, and Cathy, his wife, joined SMCDA Executive Director Todd Leutheuser at NADA's 2007 Washington Conference on September 11 and 12 for workshops and visits with congressional representatives from the Southland area.

"It was a great experience," said Schaier. "We met with our representatives and discussed how legislative issues will effect our business. It really helps to bring politicians' actions to a personal level so they can vote

with full knowledge of the topic."

Of concern at this year's conference was the Corporate Average Fuel Economy (CAFE) level increase, Title Branding, and the so-called "Right to Repair."



At left, Cathy and Terry Schaier, SMCDA's vice president, visit NADA's lobbying conference in Washington. At right, Ron Charron and Don LaMar attend NADA's Town Hall meeting.

AFE has been deemed "the single largest threat to industry" in many years. NADA is trying to be proactive by supporting a house bill that

increases CAFE by 2020 but will not be nearly as onerous as a competing bill or the bill passed by the Senate. Visit www.nada.org/cafe for more information about this effort.

Meantime, NADA's approach to Total Loss Disclosure is gaining momentum by establishing a nationwide database of vehicles that have been salvaged by the insurance companies.

NADA Town Hall

In NADA's first effort to provide outreach for dealers in the community, NADA hosted Town Hall meetings in the four NADA regions earlier this month. Don LaMar and Ron Charron joined dealers from the western states at a meeting near LAX where NADA summarized their offerings, obtained feedback for dealers and expanded participation from the membership.

"It was very informative and worthwhile," said SMCDA Secretary Treasurer Don LaMar.

"There is a lot at stake, and we dealers should be more active."

NADA Vice President and General Counsel Andy Koblenz addressed the members by outlining the myriad issues NADA tackles on a daily basis. He highlighted how NADA has been very proactive in working with the IRS, EPA and OSHA. These and other agencies have extraordinary influence over how a dealership operates and is regulated. Due to the meeting's success, it looks like future Town Hall events may be scheduled annually.

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Kelly's Korner | Using IT in F&I

By Jan Kelly, president of Kelly Enterprises

We all collect customer e-mail addresses. What do we do with them? This is a question I often ask F&I managers.

The IT department can assist F&I by creating a PDF file to send to customers who did not purchase the F&I products or services the manager offered at the time of delivery. I realize that all of you maximize the profitability of every deal. Still, we must be realistic and recognize that some customers simply cannot afford to have anything but the vehicle at the time of sale.

With the passing of time, the customers' resources could improve. An objection that a customer makes at the time of delivery does not mean the customer will never purchase a policy. It only means they did not purchase one that day. Although used vehicles have a point of sale purchase only, new vehicles have a grace period where the IT department can be a great help in following up with the customer.

It is important, of course, that you have permission to use the customer's e-mail. Disclosures about opting out of future electronic communications

should be clearly visible on all messages that you send. The IT manager can provide F&I with the correct verbiage. Following is a sample letter that can help you start your e-mail follow-up plan:

"Dear Mr. _____, (make the email personal)

Again, I wish to thank you for purchasing your vehicle with our dealership. Upon review of your documentation, we noticed that you did not purchase a service agreement. If your mileage is under _____, you may still qualify for this valuable protection. Here are some benefits you will receive:

1) Peace of mind – Your monthly budget will be fixed instead of variable. The service department will always be paid, and you will have peace of mind knowing payment will not come from you for the first _____ year's _____ miles.

2) Affordable protection – If you act now, you still can take advantage of new vehicle pricing, plus buying a tailor-made plan that gives you adequate coverage.

3) Convenience – It's easy to start. Simply return this e-mail. We can prepare the documentation and send it out to you or you can drop by.

4) Easy claims – Claims are paid directly to the service department, and our policies are recognized by _____ (any licensed mechanic).

5) Dependable – Our policies are backed by _____, a _____ rated insurance company.

6) Second Chance coupon – By returning this e-mail, you can save \$_____ toward the purchase of your service agreement protection.

For all these reasons, act now to protect your vehicle, your budget and your mobility.

Best regards,
Sales Business Manager"

Using e-mail is cost effective method of communicating with your customers, and you very well may find that by using technology, you can open doors to additional sales.

World Of Special Finance Magazine, July 2007, p. 16. Visit Jan Kelly online at www.jlkelly.com.

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Disciplining Employees for Violating Safety Rules

By Sam Celly, Celly Services, Inc.

An employee is seriously injured on the job and the employer calls OSHA as part of notification requirements. OSHA investigates and slaps a \$12,000 fine against the employer. This happened to an automobile dealer in Los Angeles. The employee had partially amputated a finger while diagnosing the engine on an automobile. In their defense, the employer pled that the act of the employee that had caused the injury was an independent act of the employee and the employer should not be held liable.

In order to prevail on this affirmative defense, which must be

pled on the appeal following the citation, a employer in California must prove and prevail on all five elements as follows:

1.) The employee was experienced and trained in the task being

“A written IIPP where the facility is inspected on a periodic basis and hazards corrected is not enough. A “Write-Up Policy” is needed.”

performed. In the case at hand, the employee was a diagnostic specialist on automobiles and the employer presented 79 training certifications from the automobile manufacturer, out of which 30 were on engine diagnostic and performance checks. Training certification from a

nationally recognized body was also presented. OSHA accepted the employers’ claim on this issue. Interestingly, OSHA looked at all the safety training completed by the technician. CSI advice is to keep your monthly safety training handy.

2.) The employer has a well-devised safety program. The employer must prove that a well-devised safety program, which includes employee training for their particular job assignment, is in effect. The employee presents its IIPP Program and training from the service manual from the automobile manufacturer relevant to the service operations being done when the injury occurred. OSHA accepted this element of the defense as well.

3.) The employer has a policy in

Continued on page 10

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Continued from page 9

place to sanction employees who violate the safety program. The employer must have a policy of sanctions against employees violating safety rules or involved in unsafe acts. The employer stated that one had never been required as the injuries were virtually non-existent and one was never deemed necessary. The employer lost on this element as no earlier enforcement/disciplinary action had been documented.

4.) The employer effectively enforces the safety program. The written disciplinary policy should be implemented. OSHA held that the enforcement element of the safety program had "no teeth" and that the safety program had not been enforced.

5.) The employee caused the safety infraction, which he or she knew was contrary to the employer's safety requirement. The employer must prove that the employee had knowledge of this safety requirement, violation of which caused the injury. The employer pled that the safety rules, acknowledged and signed by the employee, were available. Also, the shop manual (to service automobiles), which technicians reference repeatedly, had outlined the safety procedures including relevant safety issues.

In summary, the employer lost for not having a policy enforcing sanctions against employees violating the safety program. Written policy without

implementation is not sufficient either. A written IIPP where the facility is inspected on a periodic basis and hazards corrected is not enough. A "Write-Up Policy" is needed. Further, such policies should be enforced consistently without discrimination. A safety disciplinary form is available in the Black Box. Disciplining employees is also a labor law issue, and the advice of qualified counsel should be solicited. (Ref.: Mercury Service, Inc. Docket No, 77-R4D1-1133)

This article was authored by Sam Celly of Celly Services, Inc. Celly has been helping automobile dealers since 1987. He is a certified safety professional and a registered environmental assessor. Contact him at sam@cellyservices.com.



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