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**Thought for the week...**

## FTC inquiry into credit sale practices comes to Washington

Last week, Nov. 17<sup>th</sup>, the Federal Trade Commission concluded a series of “roundtables” on their investigation into retail automobile sales practices. The FTC inquiry, prompted by the Dodd/ Frank Act on financial reform, was specifically focused on consumer credit aspects of automotive retailing. Last week’s hearing in DC followed similar ones FTC held in Detroit and San Antonio. Recurring subjects were the practice of spot deliveries and when these turn into “yo yo” financing abuses; the practice of “buy here, pay here” arrangements; special circumstances related to vehicle purchasing and financing for active duty service personnel living on military bases; and auto leasing.

The DC roundtable, organized like the ones in Detroit and San Antonio, consisted of different panels comprised of consumer advocates, consumer protection regulators, dealer attorneys, contractor professionals and NADA’s legal department. The dealer side, organized by Andy Koblenz, general counsel for NADA, included dealer lawyers like Mike Charapp and NADA’s regulatory counsel Paul Metrey; but also Damon Lester, National Minority Auto Dealers Association, and Automotive Trade Association network lawyers, to include Peter Kitzmiller of MADA and Stuart Rosenthal of Greater New York Auto Dealers. WANADA, represented by Tammy Darvish in her role as NADA director for Metro Washington and Gerry Murphy, attended the DC sessions, which consisted of five panels running all day.

Where FTC will net-out on their inquiry into the automobile business is to determine whether or not additional federal requirements are needed to regulate dealers in the credit sale process. Increased FTC scrutiny of motor vehicle credit sales was how the Dodd/Frank Act charged the FTC to look into the automobile business when dealers avoided being drawn into federal finance reform with banks and finance institutions for their role in credit arranging. Keeping dealers out of Finance Reform and oversight by the new super agency, the Bureau of Consumer Finance Protection, was a considerable victory for NADA and the ATAE network. Proactively

participating in the current FTC inquiry into the automobile business is NADA's way of finishing the job, taking care that dealers aren't over regulated in the consumer credit part of their business. Curiously, one thing *everyone* in last week's panel discussion agreed with is the veritable blizzard of paperwork that is already required of dealers and consumers in the vehicle purchase process.

"The laws currently on the books at the federal and state levels already afford car buyers ample relief from consumer fraud," said Andy Koblenz when it was his turn in the panel discussions. Correspondingly, all panelists pretty much agreed, from Jack Gillis of Consumer Federation of America to the most vociferous of consumer advocates, that the vast majority of dealers treat their customers fairly, which Koblenz and the dealers attributed to today's auto dealer' culture of "customers for life."

FTC's next steps in the process will likely be made known the first part of next year. Stay tuned!

## **WANADA dealers help out with the news**

**Jack Fitzgerald and Vince Sheehy offer TV viewers and radio listeners some insightful commentary**

WANADA dealer members were in the news recently speaking for the industry on stories related to the fuel economy of new vehicles and the ins and outs of financing.



Jack Fitzgerald of Fitzgerald Auto Malls was on camera at ABC News with Dianne Sawyer commenting on a story related to "yo-yo" financing and the consequences it can have for unwary consumers. Said Mr. Fitzgerald, "the practice is outrageous and shouldn't be done," referring to the deceptive trade practice when a dealer arranges financing on a vehicle purchase with reason to know the financing offered can't be placed.



Closer to home, Vince Sheehy of Sheehy Auto stores weighed in on a WAMU FM program related to Thanksgiving holiday driving, fuel efficient vehicles and the promise of all-electric vehicles.

Acknowledging as a Nissan dealer there were not many Nissan Leaf electric cars available in the area, Sheehy said the car was "pretty much sold out for the year," but that buyers don't have to go electric to save on gas. "There's been a tremendous improvement in the fuel efficiency in what we call the mainstream vehicles and I think that has really narrowed the gap with the hybrids," he said.

## Chip Lindsay nominated for Northwood Dealer Education Award



Chip Lindsay, Lindsay Automotive, has been selected by WANADA as its nominee for the annual Northwood University Dealer Education Award. Lindsay inherited his dedication to educational advancement from his father, Terry Lindsay, himself a winner of the Northwood DEA early on. That dedication was honed in Chip at the United States Naval Academy, and perfected during his tour of duty as an officer in the United States Marine Corps.

As president of Lindsay Cadillac, Chip has committed his support over many years to such causes as Autism Speaks, the Alexandria Boys and Girls Club, the U.S. Naval Academy Alumni Association & Foundation, the Marine Corps Scholarship Foundation, the Marine Corps University Foundation, and the Marine Corps Heritage Foundation. He has also been active in The First Tee of Washington, DC, which introduces and teaches young, disadvantaged youth the game of golf. He is also a supporter of Mater Dei School and the Georgetown Visitation Fund, along with Catholic Charities and the *Semper Fi* Fund.

In addition to his charitable and civic involvement, Chip is an active leader in the dealer community, currently serving as a gubernatorial appointee to Virginia's Motor Vehicle Dealer Board, the agency charged with keeping automobile dealers throughout the Commonwealth up to date of what's required of them under state law. Additionally, he serves on the VADA board, sits on the Cadillac National Dealer Council and is incoming chairman of WANADA. He is also a former chairman of the Washington Auto Show.

WANADA congratulates Chip Lindsay on the well-deserved recognition!

## Bob Suddith inducted posthumously into MADA Foundation Hall of Fame

The Maryland Automobile Dealers Association Foundation has inducted Robert "Bob" Suddith of Hoffman Automotive Group in Hagerstown, MD into its Hall of Fame.



The MADA Foundation was created under the leadership of Sam Weaver, Chevy Chase Cars, when he chaired MADA to honor those dealers across the state who have made a significant contribution to the industry. Suddith is the second dealer to be inducted into the Hall of Fame. Like Wilson Howes, longtime Washington area dealer and the foundation's first inductee, Suddith was honored *posthumously*.

Suddith was remembered fondly by Weaver and others at the Foundation's Annual Gala held the week of November 16<sup>th</sup> in Annapolis, for his beginnings in the automobile business at Chevy Chase Cars on up through his leadership of MADA as their chairman and NADA director for Maryland. He was also recognized for his fundraising leadership in numerous charitable causes, especially for his significant support for the families of 9/11 victims.

Two others were remembered *posthumously* at the GALA, Cab Darrell, former chief of staff at MADA who headed the Maryland association in the 1960s and '70s, and Mike Murphy, Cab's association professional colleague and contemporary who headed WANADA during the same period.

WANADA remembers Bob Suddith for the well placed recognition.

## **Nearby VA and MD dealers to see land use changes**

### **Springfield, White Flint and Laurel malls to disappear**

The owners of White Flint Mall, the Rockville, MD shopping destination, have announced plans to tear the building down and — over the next 25 years — replace it with an outdoor mix of housing, new shops, offices and park space.

Springfield Mall, in Springfield, VA envisions a similar remake. The developer there has proposed replacing the 2.1 million-square-foot mall with an 80-acre town center that would ultimately have more than 2,000 housing units, multiple office buildings and a hotel.

The announcements regarding the two malls follow on the heels of an earlier proposal by Somera Capital Management of Santa Barbara, CA, to transform Laurel Mall into a town center with new housing and retail. Those plans, however, have been stalled by the recession.

The changes have particular importance for dealers near the malls as each is expected to bring a minimum of 2,500 new residents to their respective areas.

The White Flint plans call for 5.2 million square feet, including 1 million square feet of offices in three buildings along Rockville Pike, 1 million square feet of retail, 2,500 residential units and a 300-room hotel. The current three-level mall is about 800,000 square feet.

There is also reserved space for the construction of a new elementary school, and a plan to build a public park, part of 13.1 acres of open space on the property.

“It’s not going to be a mall,” said Michael Cohen, an architect with Boston-based Elkus Manfredi hired by the developers. “It’s going to be more of a town, in a way. So you’re not making a mall, you’re making a town, a community.”

The proposal, which requires county approvals, coincides with the new Montgomery County White Flint plan passed earlier this year.

## **2012 EPA Fuel Economy Guide is now available**

The U.S. Department of Energy and the Environmental Protection Agency have released the 2012 Fuel Economy Guide, which by law, dealers must have on display and provide to customers upon request.

The Guide lists detailed fuel economy numbers for MY 2012 light-duty vehicles, along with estimated annual fuel costs and other information for prospective purchasers.

There are a number of options available for dealers to comply:

- This month, EPA/DOE is electronically distributing the Guide to dealers for printing as needed.
- Dealers can download the Guide, save it and print it as necessary.

- Dealers can also order hard copies of the Guide by clicking [here](#), or calling DOE's Information Center at (877) 337-3463 between 9 a.m. and 7 p.m. EDT. Click here for the [EPA/DOE letter to dealers](#) detailing how to make the Guide available to customers.

## What's Ahead for the Retail Auto Industry?

Find out when AutoNation chairman, Mike Jackson speaks to WANADA members and friends at the WANADA Annual Meeting & Luncheon, Dec.7 at the Mayflower Hotel in downtown Washington. You do not want to miss this event!

The Luncheon will begin with a networking reception for dealers and their guests at 11:30 am, followed by lunch at Noon. The association will then hold its annual business meeting and election of new board members and officers. Mr. Jackson will speak thereafter and take questions. The program will conclude by 1:40 pm.

Seats for the luncheon are \$125 each and tables of 10 are available at a 10% discount, or \$1,125. To register, please click [HERE](#), complete the form and fax to 202-237-9090. For more information, contact Kristina Henry, 202-237-7200 or [kh@wanada.org](mailto:kh@wanada.org)

Don't miss this opportunity to meet with your fellow WANADA members! **Sign Up Today!**

### WANADA's Annual Meeting & Luncheon



with  
**Mike Jackson, CEO of AutoNation**  
Mayflower, Dec. 7, 2011

#### Thought for the week...

It's now common knowledge that the average American gains seven pounds between Thanksgiving and New Years Day.

--Marilu Henner