

### Legislative News

## Day at the Capitol

**MADA** is proposing major changes to the Minnesota Motor Vehicle Franchise Protection Law during the 2017 legislative session. To bolster our success and pass the bill, state legislators need to hear directly from you, the business people and residents who live and work in their districts.

Join us on **Wednesday, February 15**, for MADA's Day at the Capitol. Come together with your colleagues to hear about MADA's plans to:

- provide for fair warranty reimbursement;
- detail manufacturer obligations in the event of a recall;
- prohibit facility upgrades more frequently than every 20 years;
- require transparency in performance standards;
- bar arbitrary changes to a dealer's primary market area; and
- define conditions for rejecting a successor.

... state legislators need to hear directly from you

### inside

Latest Actions by the FTC

2016 Year in Review at MADA

Check Out MADA's Newest Endorsed Vendor, Hireology

### upcoming events

feb 14 Title Basics  
West St. Paul

feb 15 MADA Day at the Capitol  
St. Paul



Day at the Capitol... continued on page 6

visit  
[www.mada.org](http://www.mada.org)  
for details, registration  
and a complete list of  
Upcoming Events and  
Training

## DVS Wants Spring Launch of MNLARS Stakeholders Push Back



March is the latest target date for the launch of MNLARS, the new web-based vehicle registration system at Driver and Vehicle Services (DVS). This news came at a meeting with senior officials from DVS and MADA staff. However, in a subsequent meeting with other system users, MADA learned the proposed MNLARS system is far from being ready to go live. A number of design and technical errors continue to plague the system, leading stakeholders to worry about significant failures if DVS sticks to its proposed time frame.

As a result, MADA, in conjunction with these other stakeholders, plans to share our concerns with legislators and ask for a delay in MNLARS until everything, including electronic titling, is available to go online at once. In addition, users think the new system should undergo testing and a pilot phase to ensure operability.

Furthermore, a backlog of title applications will likely haunt the present system for some time.

DVS is hoping that the typical winter slowdown in the sale of vehicles will give them a chance to catch up. With regular titling work taking around three months to complete and electronic work taking about three weeks, MADA has been making the case in as forceful of terms as possible that the electronic titling system should not be paused, especially with the awful backlog of work at DVS. However, the fast-track titling process will be gone and the electronic titling service, known as CVR, will be temporarily unavailable if the system goes live in March. DVS's current plan is to bring back the electronic titling and registration functionality during a second subsequent release a few months later.

Meanwhile, DVS and MADA want to encourage all dealers who wish to continue to have access to motor vehicle data under the new MNLARS system, whenever it launches, to make sure you have completed an updated Dealership Access Agreement at <https://dps.mn.gov/divisions/dvs/forms-documents/Documents/DealershipAccessAgreement.pdf>, which includes the delegation of a data use representative (DUR) who will delegate your dealership's internal access to the system

Any dealer operating in Minnesota should get this done as soon as possible.

# MADA

Minnesota Automobile Dealers Association

*The Minnesota Automobile Dealers Association is a non-profit trade association dedicated to the progress of the retail auto industry in Minnesota.*

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[www.mada.org](http://www.mada.org)

## Legal News

# FTC Settles Case against Dealers for Disclosure Failure



In a dispute over how dealerships can advertise and sell used vehicles which have open recalls, particularly certified pre-owned vehicles (CPO) or vehicles that have undergone a “multi-point” inspection, the Federal Trade Commission (FTC) gave its final approval to settle complaints against several large dealership groups. Among the dealership groups involved, only CarMax Inc. does business in Minnesota.

The FTC charged that the dealerships misled customers by failing to disclose that some used cars were under recalls. In effect, the FTC said that by advertising that their certified used vehicles had undergone multi-point inspections, the dealerships were implying that those vehicles were safe, despite having open recalls.

The settlement order, which remains in effect for 20 years, prohibits the dealership groups from claiming that their used vehicles are safe or have been subject to a rigorous inspection unless: A) the vehicles are free of unrepaired safety recalls, or B) the dealership clearly discloses the existence of a recall and that the disclosure is in close proximity to the inspection claims.

The message from the FTC is clear: when selling CPO or other vehicles claimed to have gone through a “rigorous” or “multi-point” inspection, dealers should either fix any open safety recalls or clearly disclose the existence of the unrepaired recall. Failing to do one or the other may be considered deceptive and misleading.

## Legal News

# Online Reviews by Employees



Many of us look at online reviews before visiting a new barber, a restaurant, an appliance outlet or a car dealership.

These reviews can play a pivotal role in the decision to make any purchase. Dealerships have a strong incentive to maintain a positive reputation online, but need to be careful that online reviews from their own employees don't run afoul of Federal Trade Commission (FTC) guidelines on deceptive and misleading trade practices.

According to the Guidelines, employees who write favorable reviews of their employer's products or services should disclose the employment relationship:

“If your company allows employees to use social media to talk about its products, you should

make sure that your relationship is disclosed to people who read your online postings about your company or its products. Put yourself in the reader's shoes. Isn't the employment relationship something you would want to know before relying on someone else's endorsement? Listing your employer on your profile page isn't enough. After all, people who just read what you post on a review site won't get that information.

People reading your posting on a review site probably won't know who you are. You definitely should disclose your employment relationship when making an endorsement.”

The FTC Guidelines are here  
[http://bit.ly/FTC\\_17guide](http://bit.ly/FTC_17guide)

## 2016 in Review at MADA

This dynamic industry always presents new challenges and new opportunities. In 2016 MADA worked to stay ahead of events and capitalize on opportunity for our members. Here are some highlights.

### Politics

MADA thwarted several attempts to open dealerships on Sunday as we got swept up in the big push to open liquor stores seven days a week. To counter this concern, MADA responded by using our Independent Expenditure Fund “Driving Minnesota” to unseat Sunday Opening advocate and longtime Edina Legislator Ron Erhardt.

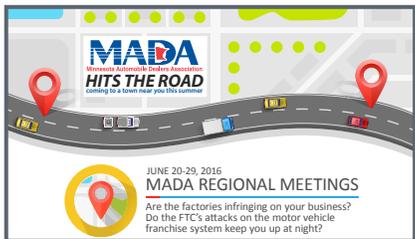
MADA prepared for a much larger legislative effort in 2017 by laying the groundwork with a smaller, but still important, Franchise Act Amendment that prohibits factories from taking adverse action against dealers when a customer exports a vehicle.



MADA’s political action committee CAR spent over \$110,000 on the recent elections supporting winning candidates 88% of the time. Checks were delivered in person and, when possible, with a dealer present.

MADA continues to work with its congressional delegation and lead a national coalition of dealer groups to seek relief for dealers stuck in failing pension programs.

### Information



In addition to monthly newsletters, quarterly magazines, and a robust web presence, MADA hosted seven Regional Meetings and discussed upcoming legislation and other business with just over 100 dealer members.

The Annual Meeting Luncheon was re-engineered to become “The Main Event” and moved to a more parking-friendly environment at the Mall of America.





The Service Parts and Collision Council added 20 new members and is refocusing on training and quarterly industry “Shop Talk” events.

## In the Law



With the help of dealers, MADA led the way to stronger advertising standards with our partner, BBB of Minnesota.

MADA was part of an unsuccessful effort by a broad national coalition to stop the sale of biodiesel fuel, known as B-10.

Dozens of dealers turned out to listen to MADA veteran Chief Counsel Jim Schutjer and Associate Counsel Dan Louismet on the topic of potential overtime wage rule changes.

## Staff Changes

MADA bid tearful goodbyes to three longtime employees, Sandy Brom, Dennis Oltman and Glen Hansen who all retired after a combined 65 years of service to the dealers. In addition to these partings and their replacements, MADA brought on a full-time training coordinator to ramp up educational opportunities.



***Looking forward to a successful 2017!***

## Legal News

# Beck Chevrolet Keeps Fighting in New York Franchise Fight



Beck Chevrolet has been fighting to keep its franchise since 2011. A decision by the United States Court of Appeals filed late last month may well make the fight a success.

The focus of the litigation has been sales performance. Beck argued that General Motors wrongfully judged the sales performance of the suburban Yonkers dealership using New York statewide sales averages and failed to take into consideration the peculiarities of the New York City market. Beck alleged that Chevy dealers in the New York City market, which leans toward import brands, were unfairly compared with stores in the Buffalo area where Chevrolet market share is about four times greater.



Taking its lead from the New York State Court of Appeals which was asked to interpret several provisions of the New York Franchise Protection Law, the Federal Appeals Court agreed with Beck Chevrolet that General Motors' methods were faulty and reversed a 2013 decision of a lower court that had found in favor of GM.

The decision last month was good news for dealers. However, the litigation isn't over. Beck also alleged that GM's alteration to the size of the dealership's area of sales effectiveness amounted to an unfair modification of the franchise agreement in violation of New York law. That issue was sent back to the lower court for further action.

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## Day at the Capitol... *continued from cover*

We will then head over to the Capitol en masse to discuss the importance of these changes with your local legislator(s) and how they promote a robust and vibrant dealer network that employs 20,000 Minnesotans and generates significant revenue for local communities and the state.

We need you to demonstrate how dealers DRIVE COMPETITION.

### Why Should You Attend?

- Learn more about MADA's proposed franchise law updates.
- Meet with your legislators and tell your dealership's story.
- Demonstrate to policymakers the automotive retail industry's critical role in Minnesota's economy.
- See the newly restored State Capitol building.
- Help MADA ensure the future success of Minnesota's dealer network.

### Who Should Attend?

Dealer Principals, General Managers, Controllers, Service & Parts Managers

# Minnesota Auto Outlook

Released by:  
**Minnesota Automobile  
Dealers Association**

Covering the Minnesota automotive market

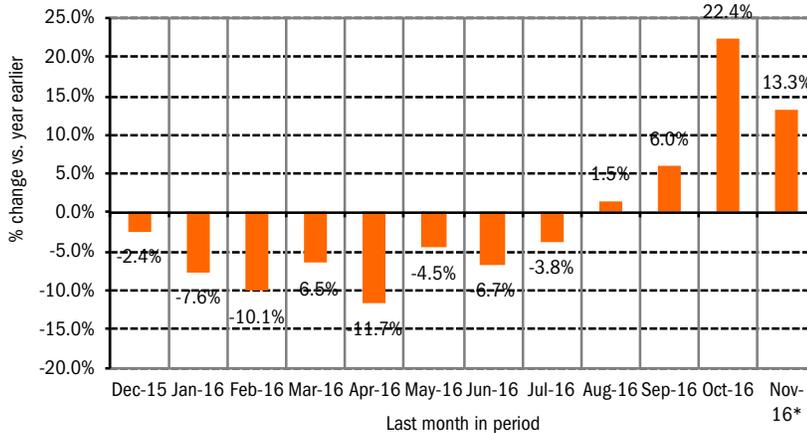
Data thru November 2016

## Minnesota New Retail Car and Light Truck Registrations

	Most Recent Two Months			YTD thru November*			YTD Market Share		
	10/15 & 11/15	10/16 & 11/16	% change	2015	2016	% change	2015	2016	change
Industry Total	36,915	43,490	17.8%	194,153	197,903	1.9%			
Cars	11,252	12,069	7.3%	65,534	60,029	-8.4%	33.8	30.3	-3.5
Light Trucks	25,663	31,421	22.4%	128,619	137,874	7.2%	66.2	69.7	3.5
Japanese Brands	12,305	15,051	22.3%	66,487	69,041	3.8%	34.2	34.9	0.7
Honda	3,154	3,726	18.1%	17,286	17,779	2.9%	8.9	9.0	0.1
Nissan	1,831	2,329	27.2%	10,408	9,900	-4.9%	5.4	5.0	-0.4
Toyota	4,258	5,134	20.6%	23,488	24,661	5.0%	12.1	12.5	0.4
Other	3,062	3,862	26.1%	15,305	16,701	9.1%	7.9	8.4	0.5
Domestic Brands	20,008	23,398	16.9%	104,252	105,818	1.5%	53.7	53.5	-0.2
FCA (excl. FIAT)	4,687	5,733	22.3%	24,888	26,186	5.2%	12.8	13.2	0.4
Ford	6,737	7,420	10.1%	35,125	33,850	-3.6%	18.1	17.1	-1.0
General Motors	8,541	10,117	18.5%	44,008	45,396	3.2%	22.7	22.9	0.2
Other	43	128	197.7%	231	386	67.1%	0.1	0.2	0.1
European Brands	2,396	2,609	8.9%	11,517	11,829	2.7%	5.9	6.0	0.1
BMW	508	522	2.8%	2,636	2,830	7.4%	1.4	1.4	0.0
Mercedes	389	457	17.5%	1,893	1,959	3.5%	1.0	1.0	0.0
Volkswagen	1,150	1,243	8.1%	5,472	5,268	-3.7%	2.8	2.7	-0.1
Other	349	387	10.9%	1,516	1,772	16.9%	0.8	0.9	0.1
Korean Brands	2,206	2,432	10.2%	11,897	11,215	-5.7%	6.1	5.7	-0.4

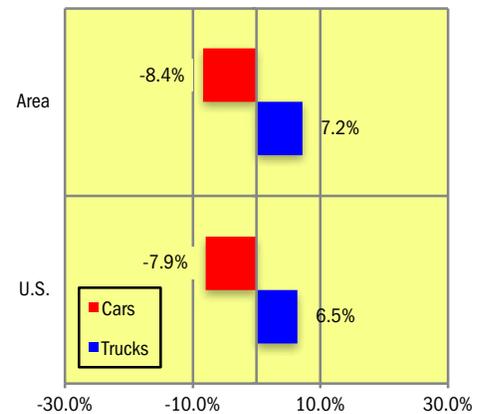
Brands included above: Domestic Brands: GM (Buick, Cadillac, Chevrolet, and GMC), Ford (Ford and Lincoln), Chrysler (Chrysler, Dodge, Jeep, and Ram). Japanese: Toyota (Toyota, Lexus, and Scion), Honda (Honda and Acura), Nissan (Nissan and Infiniti), Other (Mazda, Mitsubishi, and Subaru). European: VW (Audi, Bentley, Porsche, and Volkswagen), BMW (BMW, Rolls Royce, and MINI), MB (Mercedes Benz and smart), Other (Alfa Romeo, Aston Martin, Ferrari, Fiat, Jaguar, Land Rover, Lotus, Maserati, and Volvo). Korean: Hyundai and Kia.  
\*Figures for November 2016 were estimated by Auto Outlook. Data Source: IHS Markit.

**Percent Change in Three Month Moving Average of New Retail Registrations versus Same Period Year Earlier**



The graph above provides a clear picture of the trending direction of the state market. It shows the year-over-year percent change in the three month moving average of new retail light vehicle registrations. The three month moving average is less erratic than monthly registrations, which can fluctuate due to such factors as the timing of manufacturer incentive programs, weather and title processing delays by governmental agencies.  
\*Figures for November 2016 were estimated by Auto Outlook. Data Source: IHS Markit.

**Percent Change in State and U.S. New Retail Light Vehicle Markets YTD '16 thru November\* vs. YTD 15**



The graph above compares the change in new retail car and light truck registrations in both the state and U.S. markets. \*Figures for November 2016 were estimated by Auto Outlook. Data Source: IHS Markit.

### Data Information

All data represents new vehicle retail registrations in Minnesota and excludes fleet and wholesale transactions. Please keep in mind that monthly registration figures can occasionally be subject to fluctuations, resulting in over or under estimation of actual results. This usually occurs due to processing delays by governmental agencies. For this reason, the year-to-date figures will typically be more reflective of market results.  
Data Source: IHS Markit.

Minnesota New Retail Light Vehicle Registrations					
	Registrations			Market share	
	YTD '15	YTD '16	% change	YTD '15	YTD '16
	thru Nov.	thru Nov.*		thru Nov.	thru Nov.*
TOTAL	194,153	197,903	2%		
Acura	1,317	1,160	-12%	0.7%	0.6%
Audi	1,467	1,605	9%	0.8%	0.8%
BMW	2,202	2,382	8%	1.1%	1.2%
Buick	3,614	3,809	5%	1.9%	1.9%
Cadillac	1,185	1,169	-1%	0.6%	0.6%
Chevrolet	31,197	32,098	3%	16.1%	16.2%
Chrysler	3,575	3,293	-8%	1.8%	1.7%
Dodge	5,124	4,976	-3%	2.6%	2.5%
FIAT	208	187	-10%	0.1%	0.1%
Ford	34,117	32,720	-4%	17.6%	16.5%
GMC	8,012	8,320	4%	4.1%	4.2%
Honda	15,969	16,619	4%	8.2%	8.4%
Hyundai	5,438	4,627	-15%	2.8%	2.3%
Infiniti	710	673	-5%	0.4%	0.3%
Jaguar	60	128	113%	0.0%	0.1%
Jeep	8,999	10,135	13%	4.6%	5.1%
Kia	6,459	6,581	2%	3.3%	3.3%
Land Rover	465	431	-7%	0.2%	0.2%
Lexus	2,175	2,207	1%	1.1%	1.1%
Lincoln	1,008	1,130	12%	0.5%	0.6%
Mazda	4,124	4,324	5%	2.1%	2.2%
Mercedes	1,874	1,940	4%	1.0%	1.0%
MINI	434	446	3%	0.2%	0.2%
Mitsubishi	1,773	2,003	13%	0.9%	1.0%
Nissan	9,698	9,227	-5%	5.0%	4.7%
Other	175	168	-4%	0.1%	0.1%
Porsche	257	290	13%	0.1%	0.1%
Ram	7,190	7,782	8%	3.7%	3.9%
Subaru	9,400	10,368	10%	4.8%	5.2%
Tesla	178	359	102%	0.1%	0.2%
Toyota	21,313	22,454	5%	11.0%	11.3%
Volkswagen	3,748	3,373	-10%	1.9%	1.7%
Volvo	688	919	34%	0.4%	0.5%

Top ten ranked brands in each percent change category are shaded green.

\*Figures for November 2016 were estimated by Auto Outlook.

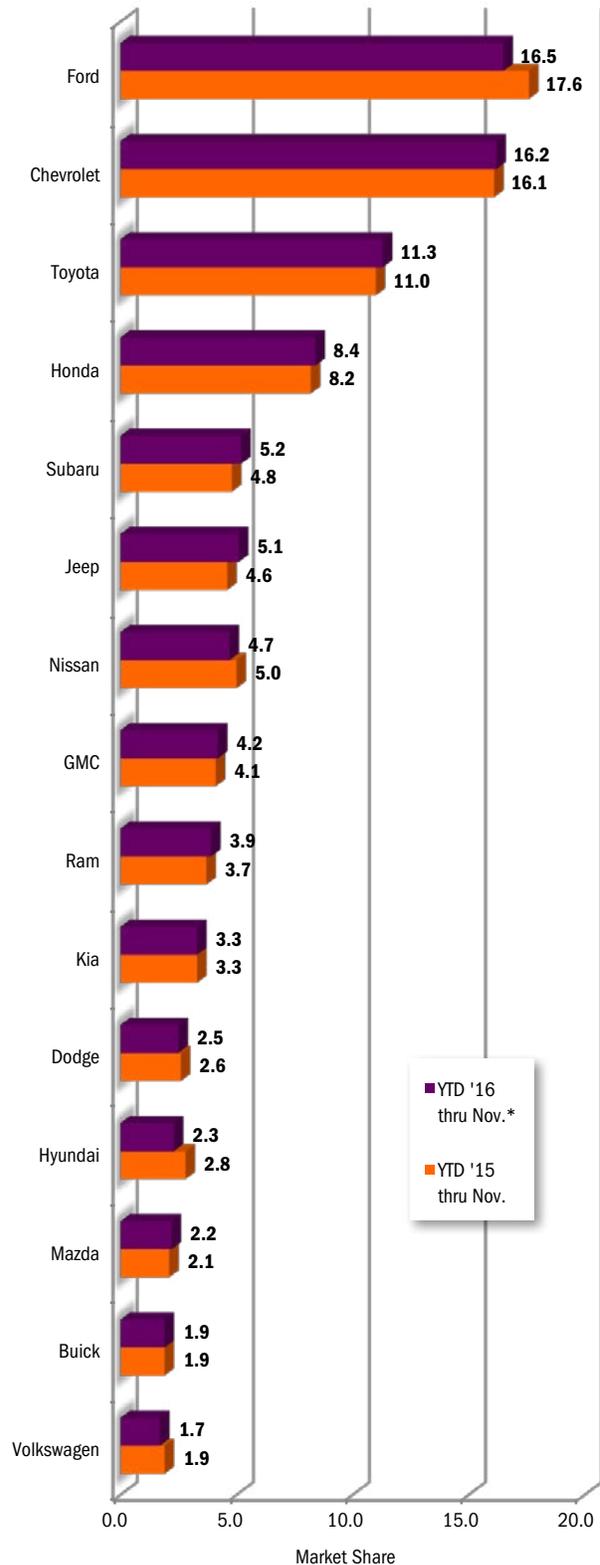
Data Source: IHS Markit.

This report is sponsored by the Minnesota Automobile Dealers Association and produced by Auto Outlook (800-206-0102).

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State Market Share for Top 15 Selling Brands  
YTD '16 thru November\* vs. YTD 15



\*Figures for November 2016 were estimated by Auto Outlook.

Data Source: IHS Markit.

## MADA Vendor Viewpoint

# Maximizing Your F&I

You don't know what you don't know. And you will never know the answer to a question you never ask. The questions that dealers need to be asking related to F&I have changed.

In 2017, we have a more sophisticated consumer, increased demand for speed and efficiency, increased regulation, more information available to the consumer on their mobile phone, declining gross averages and the CFPB only steps away from our door. F&I no longer stands for Found Income, dealerships are now relying on their finance departments to make sure they can remain competitive in the marketplace. What was considered a great job just five years ago, in many instances, is below average today.

"Am I truly maximizing my current F&I results?"

The answer often ends up being "I think I'm doing ok, but how do I really know? What would it take to get to the next level?"

There was a plausible need in the market for some way to get an answer to this question. So MADA, alongside Minneapolis-based training company Automotive Development Group and Protective, teamed up and designed:

### The F&I Snapshot

With the support of MADA, the Snapshot takes a top-down look at the operations of the dealership, and gives dealers a no-cost, no-obligation, third party perspective on their business operations, with special attention paid to F&I. This one-day process is provided by industry experts with one outcome in mind: to make sure that the dealer has a comprehensive understanding of their finance department, what they do well, what they could improve and recommendations to improve them. Again, there are no obligations for doing the Snapshot.

"The snapshot takes a look at the entire sales process with a focus on the finance department. Everything including menus, presentation, compliance and penetrations are reviewed. It was a very helpful exercise, and we even became a Protective client." -Steve Whitaker of Whitaker Buick GMC

In 2015 we offered this snapshot only to the MADA board members and it was met with its fair share of skepticism.

"I honestly wasn't too high on the idea. My finance departments have always performed well. But the snapshot ended up being great. The information presented back was eye opening and really fantastic information" -Pete Kolar of Kolar Chevrolet Toyota Hyundai

Finally after the great feedback we received from the board members who did the snapshot, we are offering this special opportunity to any current MADA member. If you have questions about the Snapshot or would like to go ahead and schedule one for your dealership, please contact

James Mercer Regional Manager for Protective

email: [james.mercer@protective.com](mailto:james.mercer@protective.com) phone: 651-269-4222

Article contributed by James Mercer  
Protective



# Upcoming Classes Register Today!

Register online at [www.mada.org/training](http://www.mada.org/training)  
OR complete and return this form via email or fax to  
Alice Morse [alice@mada.org](mailto:alice@mada.org) • Fax: 651-291-2894

	Class Options	Date	Location
Title Basics	<b>West St. Paul</b> 9:30 a.m. - 11:30 a.m. \$199	February 14, 2017	<b>MADA Headquarters</b> 200 Lothenbach Ave West St. Paul, MN 55118

	Class Options	Date	Location
"Day at the Capitol"	<b>West St. Paul</b> 11:30 a.m.- 6:00 p.m. FREE to MADA and SPCC Members *A detailed agenda can be found at <a href="http://bit.ly/MADA_LCDay">http://bit.ly/MADA_LCDay</a> *	February 15, 2017	<b>Minnesota History Center</b> 345 West Kellogg Blvd St Paul, MN 55102

Name _____	Title _____
Name _____	Title _____
Dealership _____	Customer ID # _____
Address _____	
Phone _____	E-mail _____

For Information on these classes or to register online go to [www.mada.org/training](http://www.mada.org/training)

## Member News

**Clements Subaru** opened a new building separate from its previous store located with **Clements Chevrolet** in Rochester. The grand opening was held on Saturday, December 10, 2016. Congratulations to **John Wade, Jack Remick, Dave Remick and Dan Penz!**

MADA extends our sincere condolences to the family of **Dan Welle** who passed away Sunday, January 8, 2017. Dan was retired and the owner of **Dan Welle Southtown** in Sauk Center.

**Steinbring Motorcoach** in Garfield is celebrating 100 years! Congratulations!

## FAQ

**Q:** I heard the Buyers Guide warranty sticker is changing. Is that true?

**A:** Yes. The new form is effective January 27, 2017. It modifies the Buyers Guide warranty sticker which dealers have been completing and posting on their used vehicles since 1985.

Though effective January 27 of this year, the new rule permits dealers a grace period of 12 months to use up any existing stock of forms (through January 27, 2018).



### *Endorsed Service & Vendors*

*Check Guarantee/Credit Card Processing*  
FIS / Certegy

*Collections*  
Springer Collections

*Computerized Vehicle Registration*  
CVR

*Dealer Bond Program*  
Ensure Agency

*Disability Income Insurance & Section 125 Cafeteria Plans*  
American Fidelity Assurance

*Employee Placement*  
Hireology

*F&I Products*  
Protective

*Fleet Fueling Program*  
SuperAmerica

*Group Health Insurance*  
Blue Cross Blue Shield of MN  
Delta Dental  
ReliaStar Life

*Hole-In-One Insurance*  
Hole-In-One-USA

*Lighting*  
LED Supply Company

*Office Supplies*  
Innovative Office Solutions

*OSHA, EPA & DOT Compliance/Training*  
ComplyNet Corporation

*Pre-Paid Legal, Jim Gavin*  
Identity Theft Shield &  
Pre-Paid Legal Services

*Uniforms and Linen Services*  
AmeriPride Linen & Apparel  
Services

*Workers Compensation*  
Ensure Agency



MADA Services sells a wide variety of products directly to the dealers including business forms, clothing and promotional items. For a full review of options, contact your sales representative at 651-291-2400 or go to [www.mada.org](http://www.mada.org)

ADVOCACY ▪ EXPERTISE ▪ EDUCATION ▪ COMMUNICATION

MADA NEWS ▪ January 2017

### Services News

## MADA Services Endorses Hireology

MADA Services is pleased to introduce Hireology as its newest endorsed vendor.

Hireology empowers retail automotive dealerships to find and hire the best with confidence. They equip teams with the skills and technology to put a unified hiring process in place and create a competitive advantage through recruiting.

Over 1,000 dealerships trust Hireology to improve hiring, lift customer service and increase profitability.

See enclosed flyer for more details.

