

MADA News

Cadillac Introduces Pinnacle to Mixed Reviews

Cadillac has unveiled a new program designed to revive the struggling brand. The details were trotted out to dealers and Automobile Trade Association Executives (ATAEs) in a series of national meetings over the past month. Under the program, dealers are to place themselves in one of five “tiers” with each level responsible for different increments of staffing, training, equipment and facilities.

Cadillac President Johann De Nysschen has been adamant that the goal is nothing less than to halt the 30 year decline in the brand’s sales and take a seat at the table of the world’s exclusive club of successful luxury brand automakers.

The rollout of the plan has been met with mixed reviews. While most everyone agrees that a bold plan is overdue for the venerable American carmaker, concerns have been raised that Cadillac does not yet have the product lineup to match their ambitions and that smaller rural dealers are especially disadvantaged.

During De Nysschen’s special presentation to the ATAEs during their recent summer meetings, he pledged to continue the dialogue with them as the plan advances. He also agreed to an immediate request to allow individual extensions to dealers who wished to



have more time to decide on the program’s merits.

There will undoubtedly be more announcements to come as the program’s specifics continue to emerge. Minnesota currently has 22 Cadillac dealers.

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Primary Election Results

BBB Compliance on New Ad Standard

Hold-for-Resale Update

upcoming events

sep 13 Title Basics
Minneapolis

sep 13 Certified Title
Minneapolis

sep 14 I-Car Golf Tournament
Minneapolis

sep 28 Automotive Career Fair
3M Center

visit
www.mada.org
for details, registration
and a complete list of
Upcoming Events and
Training

Legislative News

Four Legislators Lose Their Primary Races

On Tuesday, August 9, there were primary contests in 26 legislative districts, including for 11 incumbents. For four of those sitting legislators, their service at the Capitol is coming to an unexpected end.

In the highest profile legislative primary, Ilhan Omar defeated Representative Phyllis Kahn (DFL-Minneapolis), who currently shares the title of Minnesota's longest serving legislator having started in the House in 1972. Representative Phyllis Kahn came in third in a three-way primary between Omar and Mohamud Noor.

This is far from the first time Kahn has faced a primary challenge to retain her Minneapolis seat, made up in large part by the University of Minnesota campus and its students. However, the district has changed significantly since her first election and is now the home of many members of Minnesota's Somali diaspora who wanted to support a candidate that better reflects the district. With the area's strong DFL index, Omar is very likely to make history as the first Somali-American state-level elected official in the country.

A second Minneapolis Democrat, Representative Joe Mullery, also lost his primary race in a contest that wasn't on the radar of Capitol insiders. First-time candidate Fue Lee defeated Mullery, who has served for 20 years. Lee said he made a convincing case to voters to make a change.

In the north metro, two Republican lawmakers lost their races, but neither had the party's endorsement going into the primary. Representative Tom Hackbarth (R-Cedar), who currently serves as the Chair of the House Mining and Outdoor Recreation Committee, was defeated by Cal Bahr. Bahr had also challenged Hackbarth for the Republican endorsement in 2014, but was defeated and did not mount a primary challenge. In the 2016 endorsement rematch, Bahr was endorsed on the second ballot and like Fue Lee, ran on a message that Hackbarth has been in the Legislature too long.

Senator Sean Nienow (R-Cambridge) lost to Mark Koran, who also was excited to have beaten an incumbent whose recent financial troubles made him vulnerable in the General Election.

The Tea Party and fiscal conservatives had also mounted a well-financed campaign to unseat House Speaker Kurt Daudt (R-Crown), but Daudt handily beat his challenger, former Isanti County Commissioner Alan Duff.

Lewis Prevails in Congressional District 2 Primary

Former long-time talk radio host Jason Lewis came out on top in a four-way primary to succeed retiring Congressman John Kline (GOP-2.) Lewis had the GOP endorsement and lots of name recognition going into the race, giving him a comfortable 18-point lead over businesswoman and Kline favorite Darlene Miller. Lewis will face an uphill battle going into the General Election, as DFL candidate Angie Craig has \$1.8 million in her war chest versus Lewis's \$100,000. Due to this, and Lewis's history of making controversial statements during his radio career, the Cook Political Report has moved the November race from a "toss-up" to "Leans Democrat."



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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Flagging Wholesale Held-For-Resales

It's an old problem. A dealer takes a vehicle in on trade and processes it correctly with the office flagging the vehicle as "held-for-resale" on the DVS Esupport web site. The dealer then wholesales the vehicle to a small used car dealer. This wholesale buyer not only fails to flag the vehicle as "held-for-resale" but also racks up several unpaid parking tickets that end up coming back to the selling dealer - or maybe even the original trade customer as the titled owner.

DVS recently advised MADA that this problem continues and suggested a solution. New car dealers have the capability to add the held-for-resale flag in the DVS Esupport system on behalf of a dealer who is purchasing the vehicle. It is perfectly acceptable for them to add the flag for the buyer.

Dealers may have good wholesale customers that are doing the right thing. But if there's a question, you may want to add your buyer's flag. It may save you time and work later.

FTC Settles Deceptive Advertising Lawsuit in Ohio

The Federal Trade Commission (FTC) continues its aggressive enforcement stance challenging deceptive and misleading automobile advertising. Last month the FTC approved a final consent order against two Ohio new vehicle dealerships, Progressive Chevrolet Company and Progressive Motors Inc. The FTC charged the dealerships with deceiving consumers by using advertising

that touted low monthly car lease payments and down payments but failed to disclose other key terms of the offers.

The dealers are barred from misrepresenting the cost of buying or leasing a vehicle, or misrepresenting any other material fact about the price, sale, financing, or leasing of any vehicle.

Bogus Service Contract Vendor Gets His Due

The Federal Trade Commission (FTC) is mailing refund checks totaling more than \$4 million to people who were bombarded with illegal robocalls from a Florida boiler room and tricked into paying thousands of dollars for bogus "extended auto warranties."

The FTC's complaint alleged the defendant, My Car Solutions, conned people into paying thousands of dollars by leading them to believe that the company was affiliated with auto dealers

and manufacturers, and that it was offering to sell them extended auto warranties. In reality, no one received an actual warranty extension and people who tried to get their money back found it nearly impossible.

MADA members bristle at the deception and scare tactics employed by these unscrupulous tricksters. It's satisfying to see at least one that got stopped.

Legal News



BBB Presses Compliance With Conditional Pricing Standard

The Minnesota Automotive Steering Committee adopted a strong standard effective June 1, designed to prohibit misleading conditional pricing ads. As the summer progresses, BBB staff continues to challenge non-complying ads and bring dealers into compliance.

Most of the BBB challenges center around online advertising - dealer web sites as well as third party listing and aggregator sites. The multiplicity of sites as well as certain technology and formatting limitations have made the BBB's job daunting.

The Steering Committee met on August 8, to hear a report from BBB on the progress made so far as well as the challenges it faces. The Committee was pleased with the progress to date. Three dealers have been issued "2nd Strike" letters from BBB. All took the admonition seriously and changed their ads to the satisfaction of BBB. After

much discussion, the Steering Committee also will consider steps to make compliance with the conditional pricing standard less cumbersome for dealers when factory incentives are involved but always with an eye to the primary goal of keeping misleading advertising out of the Minnesota marketplace.

MADA is also pleased to report that the GMADA Board of Directors voted to approve funding to support the BBB Automobile Advertising Standards Program for the upcoming year. This financial support enables the dedicated BBB staff to monitor and act on complaints related to misleading motor vehicle advertising.

The BBB Automotive Liaison is Steve Farr. If you have concerns, questions or a complaint about advertising, please contact Steve: steve.farr@thefirstbbb.org or 651-695-2430.

Services News



Welcome New Accounting Staff

In July, MADA gave a warm welcome to our new accountant, Kimberly Bowe. Kim has 13 years of experience in the auto industry and is a valued addition to our association. Her experience should create better relationships between our dealers and MADA. When Kim's not working, she enjoys spending time with her husband and four-year-old daughter.

Insurance News

Renewal Thank You & Numbers

Renewals with the MADA Group Health Insurance Trust are finished and the dust has settled. The great news is that we have a 100% renewal rate. All of the health plans MADA makes available to its members provide access to the Blue Cross Aware Network. This is the state's largest provider network which includes the great majority of health care providers including Mayo Clinic. Beyond health, MADA Insurance also offers dental and life plans. If you are interested in checking out our competitive rates for different insurance policies, send Sue (Sue@mada.org) an email and she will send you more information.

Minnesota Auto Outlook

Released by:
**Minnesota Automobile
Dealers Association**

Covering the Minnesota automotive market

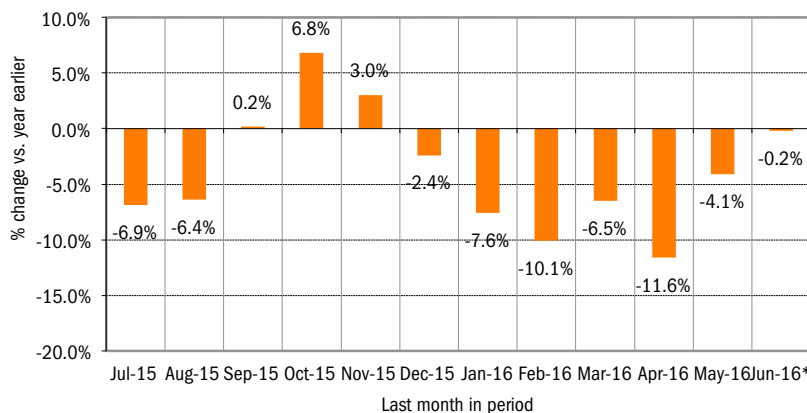
Data thru June 2016

Minnesota New Retail Car and Light Truck Registrations

	Most Recent Two Months			YTD thru June			YTD Market Share		
	5/15 & 6/15	5/16 & 6/16*	% change	2015	2016	% change	2015	2016	change
	Industry Total	33,081	36,031	8.9%	97,469	94,367	-3.2%		
Cars	11,882	11,337	-4.6%	34,391	29,439	-14.4%	35.3	31.2	-4.1
Light Trucks	21,199	24,694	16.5%	63,078	64,928	2.9%	64.7	68.8	4.1
Japanese Brands	11,505	12,696	10.4%	33,381	32,683	-2.1%	34.2	34.6	0.4
Toyota	4,226	4,489	6.2%	11,809	11,849	0.3%	12.1	12.6	0.5
Honda	3,090	3,259	5.5%	8,560	8,490	-0.8%	8.8	9.0	0.2
Nissan	1,707	1,946	14.0%	5,290	4,786	-9.5%	5.4	5.1	-0.3
Other	2,482	3,002	21.0%	7,722	7,558	-2.1%	7.9	8.0	0.1
Domestic Brands	17,394	18,903	8.7%	52,281	50,513	-3.4%	53.6	53.5	-0.1
General Motors	7,461	7,654	2.6%	22,067	21,647	-1.9%	22.6	22.9	0.3
Ford	5,645	6,378	13.0%	17,739	16,565	-6.6%	18.2	17.6	-0.6
Chrysler	4,242	4,812	13.4%	12,350	12,167	-1.5%	12.7	12.9	0.2
Other	46	59	28.3%	125	134	7.2%	0.1	0.1	0.0
European Brands	2,125	2,152	1.3%	5,791	5,813	0.4%	5.9	6.2	0.3
Volkswagen	1,004	942	-6.2%	2,682	2,475	-7.7%	2.8	2.6	-0.2
BMW	507	497	-2.0%	1,444	1,459	1.0%	1.5	1.5	0.0
Mercedes	335	321	-4.2%	937	900	-3.9%	1.0	1.0	0.0
Other	279	392	40.5%	728	979	34.5%	0.7	1.0	0.3
Korean Brands	2,057	2,280	10.8%	6,016	5,358	-10.9%	6.2	5.7	-0.5

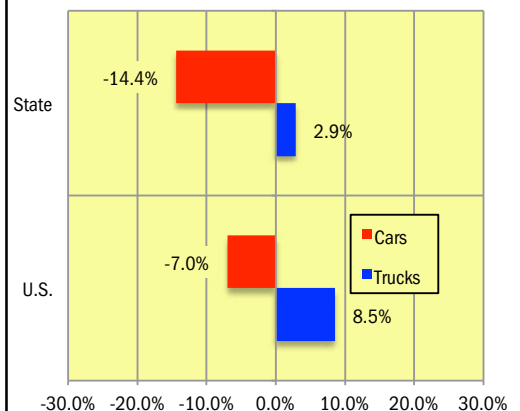
Brands included above: Domestic Brands: GM (Buick, Cadillac, Chevrolet, and GMC), Ford (Ford and Lincoln), Chrysler (Chrysler, Dodge, Jeep, and Ram). Japanese: Toyota (Toyota, Lexus, and Scion), Honda (Honda and Acura), Nissan (Nissan and Infiniti), Other (Mazda, Mitsubishi, and Subaru). European: VW (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 June 2016 were estimated by Auto Outlook. Data Source: IHS Automotive.

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 June 2016 were estimated by Auto Outlook. Data Source: IHS Automotive.

Percent Change in State and U.S. New Retail Light Vehicle Markets YTD '16 thru June* 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 June 2016 were estimated by Auto Outlook. Data Source: IHS Automotive.

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 Automotive.

Minnesota New Retail Light Vehicle Registrations					
	Registrations			Market share	
	YTD '15 thru June	YTD '16 thru June*	% change	YTD '15 thru June	YTD '16 thru June*
TOTAL	97,469	94,367	-3%		
Acura	733	592	-19%	0.8%	0.6%
Audi	777	846	9%	0.8%	0.9%
BMW	1,183	1,229	4%	1.2%	1.3%
Buick	1,805	1,673	-7%	1.9%	1.8%
Cadillac	630	523	-17%	0.6%	0.6%
Chevrolet	15,601	15,528	0%	16.0%	16.5%
Chrysler	1,998	1,467	-27%	2.0%	1.6%
Dodge	2,654	2,454	-8%	2.7%	2.6%
FIAT	98	106	8%	0.1%	0.1%
Ford	17,200	16,075	-7%	17.6%	17.0%
GMC	4,031	3,923	-3%	4.1%	4.2%
Honda	7,827	7,898	1%	8.0%	8.4%
Hyundai	2,808	2,237	-20%	2.9%	2.4%
Infiniti	374	301	-20%	0.4%	0.3%
Jaguar	33	41	24%	0.0%	0.0%
Jeep	4,205	4,526	8%	4.3%	4.8%
Kia	3,208	3,121	-3%	3.3%	3.3%
Land Rover	268	231	-14%	0.3%	0.2%
Lexus	1,115	1,186	6%	1.1%	1.3%
Lincoln	539	490	-9%	0.6%	0.5%
Mazda	2,026	1,908	-6%	2.1%	2.0%
Mercedes	927	890	-4%	1.0%	0.9%
MINI	261	229	-12%	0.3%	0.2%
Mitsubishi	913	849	-7%	0.9%	0.9%
Nissan	4,916	4,485	-9%	5.0%	4.8%
Other	93	104	12%	0.1%	0.1%
Porsche	143	150	5%	0.1%	0.2%
Ram	3,493	3,720	6%	3.6%	3.9%
Subaru	4,778	4,799	0%	4.9%	5.1%
Tesla	91	119	31%	0.1%	0.1%
Toyota	10,694	10,663	0%	11.0%	11.3%
Volkswagen	1,762	1,479	-16%	1.8%	1.6%
Volvo	285	525	84%	0.3%	0.6%

Data source: IHS Automotive.

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

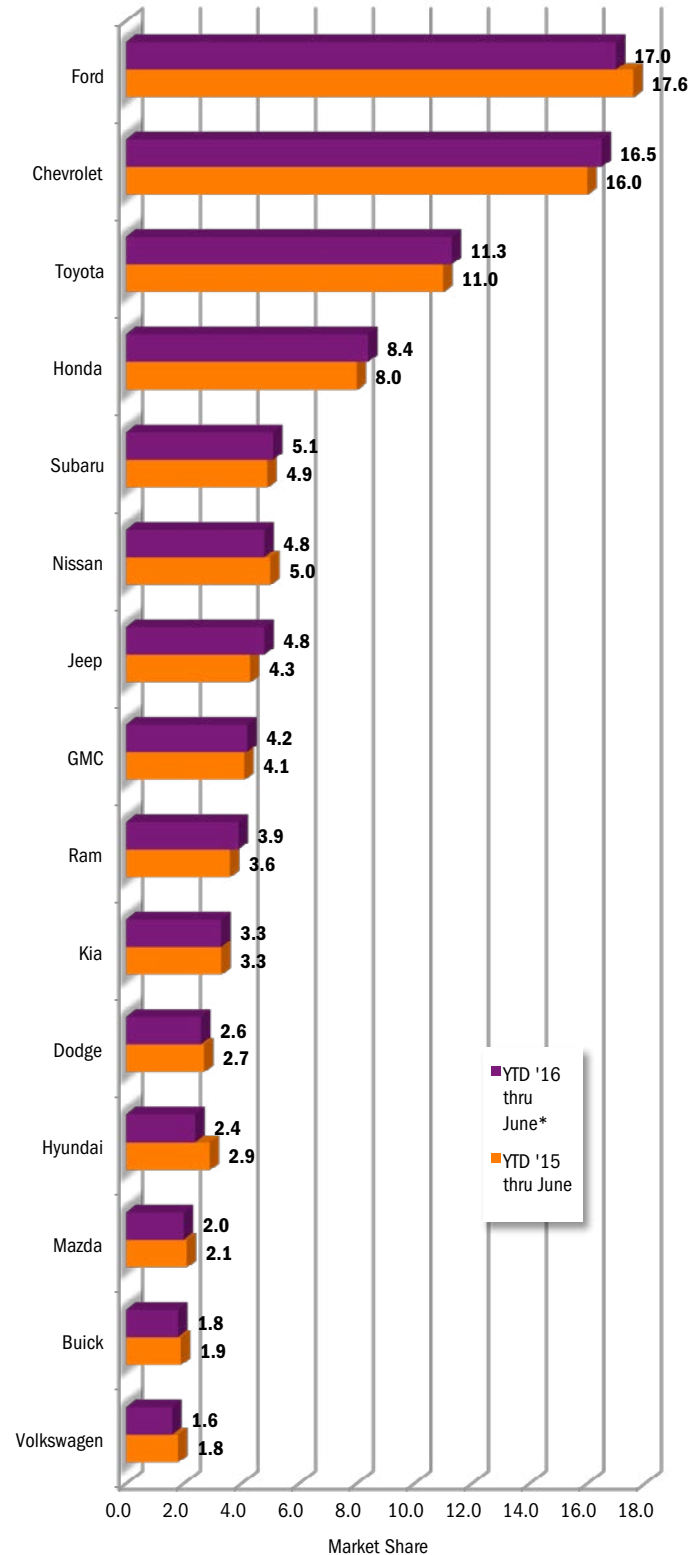
*Figures for June 2016 were estimated by Auto Outlook.

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



Data source: IHS Automotive.

*Figures for June 2016 were estimated by Auto Outlook.

Member News

MADA extends its condolences to the family of **David Finke**, who passed away Friday, July 15, 2016. Finke owned **Finke Ford** in Glenwood, Minnesota from 1957 to 1989, and served on the MADA Board of Directors during his time in the industry.

visit us online at
www.mada.org

FAQ

Q: We took a 1-ton pickup on trade. The catalytic converter is gone. We have a local customer who is willing to buy the truck “As Is” without the PCA equipment. Is it OK for us to sell it to him?

A: No. MADA attorneys are hearing this question more and more. Apparently many larger pickups are being stripped of their PCA equipment to enhance performance. That’s illegal. Minnesota Statute §325E.0951 also prohibits the sale of any vehicle – old or new, car or truck – by a seller who has “knowledge that any air pollution control system is either not in place or is not functional.” The statute is a criminal statute which provides for misdemeanor penalties. The law is designed to protect the public at large. Even if the buyer knows and agrees, the sale is still illegal. Your legal options with the vehicle:

1. Fix it
2. Junk it
3. Sell it out-of-state

The statute is here: <http://bit.ly/112onBx>



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

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

ADVOCACY ▪ EXPERTISE ▪ EDUCATION ▪ COMMUNICATION

MADA NEWS ▪ August 2016

Legal News

Property Crimes Update

MADA has been gathering data on dealership property crimes that have occurred over the past few months. We are focused on wheel/tire theft but are also keeping track of other property crimes such as tailgate theft as well as outright vehicle thefts. This data has been gathered entirely through dealerships self-reporting to MADA when crimes occur. Thank you to all the dealerships that have participated in this initiative.

Here are the stats so far:

- 13 reported instances of wheel/tire theft resulting in 28 sets of wheels/tires stolen
- 4 reported instances of attempted, but failed, wheel/tire theft
- 1 tailgate theft
- 24 vehicle thefts

MADA is asking dealerships for their continued support in reporting property crimes. If your dealership is a victim, please contact Dan Louismet at 651-789-2948 or louismet@mada.org.