



Montana Automobile Dealers Association

APRIL 2019 NEWS BULLETIN

PRESIDENT'S MESSAGE:

Governor Approved!

Great news – HB617 has been approved and signed into law!

We have successfully passed into law 5 pieces of Franchise Law to improve the livelihood of our Auto Dealers. There have been countless hours of behind the scene negotiations, meetings, dinners, phone calls, and lobbying efforts. Without the help of many folks, these bills would not have been heard by both the House and the Senate. The final vote that we needed, passed the House floor 96-4... with only 4 representatives voting no, our bill passed with flying colors!

Here is a summary of what was signed into law:

Data Protection: recognizes that dealers collect information from their customers and store that information in electronic data management systems and regulate the manner in which third parties can access and use the information

Cancellation Obligations: clarifies the manufacturer's obligation to a dealer whose franchise agreement is cancelled

Dealer Successor: adds retirement of the dealer to the circumstances where a manufacturer is required to honor

the designation of a family member as successor dealer

Adding an Additional

Dealership: revises the procedures allowing a manufacturer to add an additional franchise in a community where it has an existing dealer

Warranty Reimbursement: creates a method to establish the reimbursement rate paid to dealers for warranty parts and labor required by the manufacturer's vehicle warranty and vehicle recalls issued by the manufacturer or the U.S. Government

Two of our Endorsed Partners have had a key role in lobbying for our cause. You will be seeing their names a lot more in the next few months, and I am proud to say that they are great people to be partnered with!

Armatus Dealer Uplift is the **leading authority on Retail Warranty Reimbursement** and was instrumental in helping the association draft language for the statute, which is now amongst the strongest warranty reimbursement laws in the country. Without a doubt, Armatus is the most qualified

resource to perform a successful submission on your behalf. They have nearly 5,000 approvals with 24 manufacturers in 48 states; thus far, they have achieved 31 approvals for Montana dealers.

Vitu and digital titling is a game changer for all dealerships! Vitu is the leading Vehicle-

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James Johnson
MTADA President

vitu

**MULTIPLE STATES
MULTIPLE SOLUTIONS
CONSTANT INNOVATION**

Consider us your partner

We work hard to deliver the most effective and seamless process for all of your vehicle-to-government (V2Gov) needs. But did you know that most of our innovations come from you? We listen and act on your feedback — continuously — delivering the services you want and require. Consider us your partner in making Vitu everything you need and deserve.

DEALERSHIPS FINANCIAL INSTITUTIONS FLEET MANAGEMENT FLEET ACQUISITION SALVAGE/JUNK

Innovation driven by you — we listen. Help shape Vitu and its future.
For more information, visit vitu.com or call 844-848-8468

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and more!	



105TH ANNUAL FAMILY CONVENTION **Mexico Vacation Package Giveaway!**

All expense paid vacation to Mexico (valued up to \$6000)

Prize to be given away on Saturday evening
during the President's Banquet at Convention

Must be Present to Win!



8 Chances to be Entered into the Drawing:

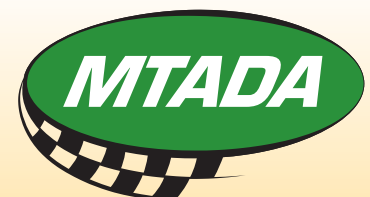
1. One entry for early registration –
register for Convention by April 1st
2. Attendance at the All Member Meeting
3. Attendance on the Far West Boat Cruise
Friday night
4. Attendance at the Poker Tournament
5. Attendance at the Speaker Session
Saturday morning
6. Participation in the Vendor Drawing's
7. Participation at the golf scramble
8. Attendance at the president's banquet

**There will be a sign-up at each of these locations.
Make sure you fill out a ticket to get your name
into the drawing!**

To Qualify:

- You must be a full time employee,
or a spouse of a full time
employee, at one of our Member
Dealerships
- You must be a registered
attendee
- You must be present at the
President's Banquet to redeem
your prize

**Please Register
Online at MTADA.Com**



**Montana Automobile
Dealers Association**

DIRECTOR'S MESSAGE:

NADA Report: New-Car Dealership Employment and Wages Continue to Rise

Through the first half of 2018, the nation's 16,794 franchised new-car dealerships employed more than 1.1 million people, up 0.8 percent compared to same period a year ago, according to a new report released today by the National Automobile Dealers Association.

"In addition to the direct employment provided by dealerships, more than 1 million other jobs in local communities are dependent on dealerships," said Patrick Manzi, NADA senior economist.

NADA Data 2018: Midyear Report, a biannual financial profile of new-car dealerships (selling domestic, import, luxury and mass-market brands), includes an analysis of dealership departments as well as retail-auto industry milestones through the first half of 2018.

In 2017, the annual payroll at new-car dealerships was \$65.3 billion, up 2.2 percent, according to the most recent data available from the Bureau of Labor Statistics.

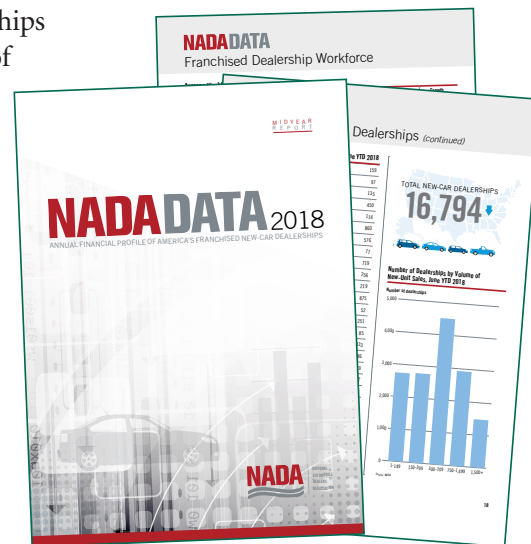
"For the past several years, dealership employees have seen steady increases in their incomes as well as in their total compensation," Manzi added. "Dealers jobs offer significantly higher compensation than other retail sectors, and dealerships continue to offer one of the highest average salaries of all industries."

The average annual earnings for employees at new-car dealerships was \$71,916 per year in 2017, up from \$69,784, a 3.1 percent increase.

To download the full report, click <https://www.nada.org/adadata/>



Don Kaltschmidt
NADA Director



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Montana Automobile
Dealers Association

105th Annual Family Convention

AUGUST 9-11, 2019
Hilton Garden Inn | Kalispell, Montana

JOIN US this year for the 105th Annual Family Convention near Glacier National Park

Join us for the **105th Annual Family Convention** in Kalispell to meet, learn and develop connections with your fellow industry leaders, members and vendors. In addition, there are great opportunities to learn from a fantastic group of industry speakers and discuss industry needs with Montana's key political leaders. As always, we feature great daily activities for the enjoyment of attendees and their families.

ACTIVITIES INCLUDE:

- Far West Boat Cruise on Flathead Lake
- Annual President's Banquet
- Texas Hold'Em Poker Night
- 9-Hole Shotgun Style Golf Scramble
- Shopping in Whitefish
- Relaxing at Whitefish City Beach

We encourage all of you to bring your families!
Childcare will be offered at certain times of the day.

Please Register Online at MTADA.Com



CHAIRMAN'S MESSAGE:

Participate in NADA's 2019 Dealership Workforce Study Today

NADA projects that U.S. dealers will sell 16.8 million new vehicles in 2019. Along with that sales forecast is the major challenge of attracting and keeping talented employees in our dealerships. Understanding the strengths and weaknesses of our businesses is critical, so there is no reason why every NADA member shouldn't participate in NADA's 2019 Dealership Workforce Study (DWS).

The men and women working in our dealerships are the core of our business, and their passion and professionalism count more than ever in today's retail market. NADA's study continues to be the industry's most comprehensive analysis of our workforce, and it's open to all NADA and ATD members. As a business owner, I have utilized this great management tool for years. It has helped me make informed recruiting and hiring decisions, which is especially important considering the industry's critical service technician shortage. It's no longer enough to simply find and place people in open positions. We need to make a concerted effort to place the best people in our dealerships for the long term.

There is no cost to participate in the study. Dealerships that do receive a complimentary custom report comparing their individual store's status to the aggregated data of other participating dealerships, regionally and nationally. Important measurements include compensation for 60 job positions, employee benefits programs, hours of operation and retention vs. turnover data. Dealers will also receive a complimentary Trends Report with analysis of workforce data across the nation and by region. This report reveals broad trends across our industry, including hiring and retention trends and the generational and demographic makeup of the dealership workforce. It also includes a forecast for the future and an economic overview. And every participating dealer will receive free access to the DWS database and search tools.

The outcome I hope for is that all dealers participate in this study ... and work smarter, not harder. Working hard comes naturally to us, but we need a full 360-degree view of



Charlie Gilchrist
2019 NADA Chairman

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Manage Costs by Maximizing Your Tax Savings.



American Fidelity Assurance Company provides a full suite of expense management services that can help you and your employees maximize tax savings and manage costs associated with various benefits. We specialize in providing employer administrative services for all of our services, which can easily coordinate with existing plans.

Our expertise and experience in offering these services allow us to make recommendations on the programs that will work best in your specific situation. Also, we will explain how we can implement these cost-saving programs for you and your employees.

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a different opinion



SB-25306-0312

LEGAL UPDATE

Don't Fidget with the Digits

The Federal Trade Commission recently smacked the Tate Auto Group of AZ – NM with a complaint "... fidgeting with the digits..." as an editorial writer on the FTC website recently noted. Whether it's a slimmer waist or an imaginary yacht superimposed in the background, we're all familiar with the dramatic changes that retouching can make to a photo. A lawsuit the FTC has filed against Tate's Auto Group and related companies alleges – among other things – that the defendants substantially "retouched" the financial circumstances of customers trying to finance cars.

The defendants are four affiliated auto dealers in New Mexico and Arizona near the border of the Navajo Nation. The FTC alleges that in many instances, Tate's fidgeted with the digits to make it look like customers had higher monthly incomes and bigger down payments than they really had. According to just one of the examples in the complaint, a consumer told Tate's she had a fixed monthly income of about \$1,200, but a Tate's staffer allegedly inflated it to \$5,200.

Didn't the customers spot the false information? Not necessarily. The complaint charges that the defendants often used tactics that prevented people from reviewing the documents. Tate's personnel allegedly rushed some consumers through the process; had them fill out forms over the phone or in places like grocery store parking lots or restaurants; or altered the documents after consumers signed them.

What was in it for Tate's? Increased sales, says the FTC. In addition, the complaint explains the ways in which the practice harmed consumers. For example, based on Tate's bogus figures, financing companies extended credit to consumers who defaulted at a higher rate. Furthermore, by making it look like consumers were the source of the inflated numbers, Tate's exposed them to the risk of liability for submitting false information to financing companies. Of course, because of the location of the dealerships, many of the consumers affected by Tate's alleged conduct were members of the Navajo Nation.

The complaint charges that over time, others in the industry got wise to what Tate's was doing. In December 2015, a major financing company that regularly worked

with Tate's conducted a review. The company reported inflated income on 17.9% of applications from Tate's Auto Center of Gallup, 37.5% of applications from Tate's Auto Center, 38.7% of applications from Tate's Nissan Buick GMC, and 44.8% of applications from Tate's Auto Center of Winslow.

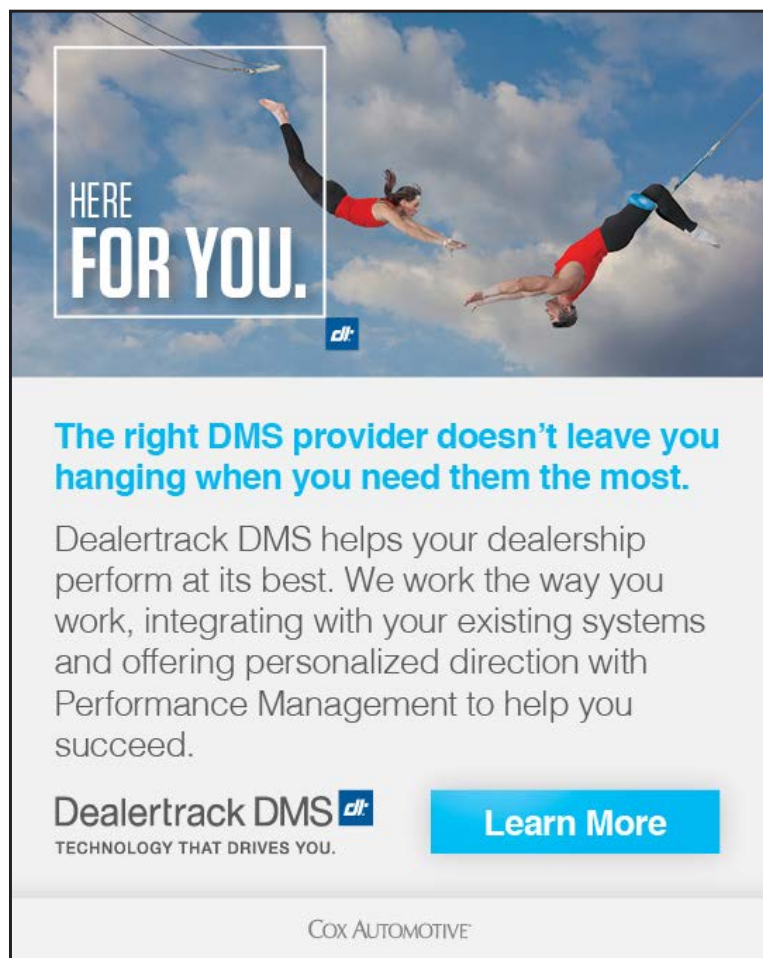
The FTC also alleges Tate's engaged in deceptive advertising. One YouTube ad claimed the featured car "can be in your driveway for only \$169 per month." In fact, consumers can't buy that car for the advertised monthly payment. That amount applies only to a lease. What's more, the FTC says the ad didn't clearly disclose that to get that monthly payment, consumers must shell out \$2899 plus other fees at lease signing.

Then there's the online ad where the company touted an

Continued on **PAGE 8**




R. J. "Jim" Sewell, Jr.
MTADA General Counsel



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COX AUTOMOTIVE

HEALTH CARE CORNER

Mobile Apps Enhance the Customer Experience

In this digital era, people want the immediate satisfaction of information at their fingertips. They want access to data instantly, whether it's to check their calendars, check an email, bank accounts or check facts. EBMS is launching their miBenefits portal mobile app for just this reason. Customers can connect to their benefits anytime and anywhere to see real-time claims processing, deductible balance or request a new card. That is just a small part of what members can do with their benefit plan at their fingertips.

Consumers also show preferences for accessing data through specialized mobile apps rather than through mobile web browsers. A 2017 report by the consulting firm Capgemini highlighted as an insurance industry trend the increasing use of digital and mobile technologies to improve the customer experience. There are several reasons why health insurance customers might find a mobile app appealing, to help them navigate coverage and benefits and EBMS has tapped into this leading trend to the benefit of their customers.

Personalized experiences

An app can offer tailored communications about a benefit plan and give instant information and this is EBMS' mission, to let the customer have information pertaining to them anytime, anywhere.

Instant notifications

Apps can provide effective messaging. For example, let's say an action is required from a plan member. A push notification can alert users of that fact and direct them to open the app for complete information. EBMS' miBenefits app provides notifications updating the customer on claims, deductible and stop loss, so the customer feels updated and a participant in their health care, rather than left in the dark.

Efficiency and ease of use

A dedicated app can provide a better user experience. A well-designed app is easy to navigate, with streamlined menus and minimal clicks required. EBMS knows members want their own or their family's data fast and in real-time. They want knowledge and want to be able to access information not only quickly, but efficiently with little effort and confusion in the process. EBMS' mobile app has been designed with that in mind; in fact, it's one of their key pillars in their mission.

In keeping with this methodology, EBMS has developed a mobile strategy that allows busy consumers to better manage a benefit plan while on the go in the way that our culture has become accustomed to.

"We've focused our resources on developing a mobile product that aligns with our identity and goals," says EBMS Chief Executive Officer James Vertino. "That includes our emphasis on simplifying the benefits journey for all stakeholders. So we've essentially taken all the functionality of the miBenefits online portal and translated it into a format that works well on the smaller screen. It's all about delivering plan information in the format people prefer to use."

Be sure to download the app once it goes live on May 1st! ■





**AUTOMOTIVE
TRAINING ACADEMY**



**Time is the new currency.
Spend it wisely.**

Faster transaction times • Increase F&I profits
Transition from online to offline with less friction

Chairman's Message CONTINUED FROM PAGE 5

our businesses so we continue to capitalize on our strengths and address our weaknesses. This starts with making informed decisions about our employment pool, taking steps to reduce turnover and making strides to retain the best employees, from the front of the store to the back.

Individual dealerships or dealership groups can enroll at

nadaworkforcestudy.com. Participation for the DWS closes on May 15, so make this a priority today.

For more information email WorkforceStudy@nada.org or call 800.557.6232. ■

Charlie Gilchrist is president of Gilchrist Automotive in the greater Dallas-Fort Worth.

Legal Update CONTINUED FROM PAGE 6

"incentive" discount of \$5,250. But buried behind multiple hyperlinks was the fact that the discount was available only to consumers who trade in a 1995 or newer vehicle or terminate a lease from another car company 30 days before or 90 days after delivery. In addition, the lawsuit charges

that Tate's social media posts failed to disclose required terms and that they violated the Truth in Lending Act and Consumer Leasing Act. The case is pending in federal court in Arizona. ■

President's Message CONTINUED FROM PAGE 1

to-Government technological innovator, transforming interactions between the private sector and government agencies. They are focused on developing electronic registration and titling platforms.

These efforts do not go unnoticed from all of your annual dues and also your MONCAR support! Your contributions

to the Association are the reasons that this bill was passed. Each and every one of you has contributed to these efforts! Thank you for all of your support and dedication to this Association! ■

James Johnson is the Dealer Principle at High Plans Motors, Inc. in Wolf Point, Montana

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48 STATES

WITH 24 MANUFACTURERS



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WE HAVE WORKED WITH OVER

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OUR AVERAGE CLIENT ADDS

\$168,000

TO THEIR BOTTOM LINE





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**Montana Automobile
Dealers Association**

March 2019



MARKET BEAT

Patrick Manzi, NADA Senior Economist

A strong March sales performance provided a much-needed boost to new light-vehicle sales in the first quarter of 2019. After a sluggish start to the year due to the federal government shutdown and several weather-related events, the seasonally adjusted annual rate (SAAR) of sales in March was at a strong 17.48 million units—bringing the SAAR for the first quarter up to 16.94 million. All car segments posted year-over-year declines in market share, while nearly all light-truck segments posted market share gains. So far this year, incentive spending is down compared to the same period a year ago, and we expect continued discipline from automakers with incentive spending throughout the year. According to J.D. Power, average incentive spending per unit is down \$119 to \$3,821 through March 2019. The Fed has signaled that we may not see any interest rate increases in 2019. This will help slow the monthly payment creep that we saw in 2018. Payments will still likely increase through the year because of rising vehicle costs, but we won't have the added pressure of cost increases coming from rising interest rates. We do expect that new-vehicle sales will continue to decline this year and are sticking to our sales forecast of 16.8 million units for 2019.

U.S. Light-Vehicle Sales

(Seasonally Adjusted at Annual Rates)



	Mar 2019	Y/Y Change %	Jan - Mar 2019	YTD Change%
Total Car	5.08	-5.4%	5.08	-6.4%
Total Light Truck	12.39	4.4%	11.86	1.6%
Domestic Light Vehicle	13.65	3.3%	13.12	0.2%
Import Light Vehicle	3.82	-4.7%	3.81	-5.0%
Total Light Vehicle SAAR	17.48	1.5%	16.94	-0.9%

IT Security Tip: The Surprising Truth about Bank Fraud and Your Accounts!



Erin Dickey
IT Services Director
DIS Technologies

Did you know your COMPANY'S bank account doesn't enjoy the same protections as a personal bank account when it comes to fraud? If a hacker takes money from your business account, the bank is NOT responsible for replacing your funds.

If you are curious, ask your bank what their policy is on refunding you money stolen

from your account! Many people erroneously believe the FDIC protects you from fraud; it does not. It protects you from bank insolvency.

If you are concerned, call your insurance professional and get a policy that will cover stolen funds taken from your bank account by a hacker OR a dishonest employee or vendor. Cybercrime is at an all-time high, and hackers are setting their sights on small and medium size businesses who are "low hanging fruit." Don't be their next victim! ■



Would you like to know more about IT security strategies? Download our free report, "The 7 Most Critical IT Security Protections Every Business Must Have in Place Now to Protect Themselves from Cybercrime, Data Breaches and Hacker Attacks". To get instant access, go to: <http://www.dismt.com/cybersecuritytips>

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