

Los Angeles Dealer

OFFICIAL PUBLICATION OF THE GREATER LOS ANGELES NEW CAR DEALERS ASSOCIATION



AUTO SHOWS THRIVING IN A COVID WORLD

Page 24

Q&A WITH MATT
BROWNING, BROWNING
AUTOMOTIVE GROUP

PAGE 6

NEW CCPA
REGULATIONS ALREADY
WENT INTO EFFECT. ARE
YOU COVERED?

PAGE 28

FERRUZZO



Ferruzzo & Ferruzzo, LLP began providing legal representation to new car and truck dealers nearly four decades ago. Over the course of that time, one of the central goals of the firm has been to remain rooted in our client relationships. With the strength of over 20 attorneys, we provide a spectrum of legal services to support every aspect of running and owning your new car and/or truck dealership. Each member of our team is available to service the needs of you and your dealership.

Business Transactions

- Buy-Sell Agreements
- DMV, BAR and other governmental approvals
- Lender flooring and capital loan agreements
- Entity formation and structure
- Shareholder Agreements
- Manufacturer approvals and relations
- NMV non-profit association representation

Estate Planning

- Succession planning for business continuation
- Family estate planning (wills and trusts)

Tax

- Property tax planning, audits and appeals
- Federal estate and gift tax controversies with IRS
- EDD audits

Business Litigation

- Consumer Legal Remedies Act lawsuits
- Sales and Service Agreements
- Disputes before the CA New Motor Vehicle Board
- Consumer claims regarding the sale/lease of autos
- Manufacturer audit disputes
- Hearings before the AQMD, RWQC and OSHA

Real Estate

- Dealership site acquisitions and lease agreements
- Lender opinion letters
- Relocations

Employment Practices

- Arbitration agreements
- Wage and hour class action lawsuits
- Private Attorneys General Act (PAGA) claims



Los Angeles Dealer

GLANCD A BOARD OF DIRECTORS

PRESIDENT

David Ellis
Glendale Dodge Chrysler Jeep

VICE PRESIDENT

Howard Tenenbaum
Keyes Automotive Group

SECRETARY/TREASURER

Jeanne Brewer
Acura of Glendale

IMMEDIATE PAST PRESIDENT

Fritz Hitchcock
Hitchcock Automotive Resources

GLANCD A DIRECTORS

Jake Kahen
Ian Thomas
Peter Hoffman
Darryl Holter
Pete Smith
Tim Smith
Matt Browning
Evan Ellis

- 2 | President's Message
- 6 | Q&A With Matt Browning, Browning Automotive Group
- 12 | California Used Oil Recycling Program
- 14 | Los Angeles Auto Outlook
- 22 | LA Auto Show Returns With Most Diverse Range Of Vehicles And Brands At Any North American Auto Show In 2021
- 24 | Auto Shows Thriving In A Covid World
- 26 | NADA: Managing Pricing Discretion in Credit Transactions: A Path Forward
- 28 | New CCPA Regulations Already Went Into Effect. Are You Covered?

Originally founded in 1907, the Greater Los Angeles New Car Dealers Association provides valuable educational and philanthropic benefits to the Los Angeles Community.

The Association believes that involvement with local charitable organizations makes a positive difference for everyone involved.



700 North Central Avenue, Suite 320
Glendale CA 91203
213-748-0243 | fax 213-748-0245



6



LA AUTO SHOW®

22

©2021 Greater Los Angeles New Car Dealers Association | The newsLINK Group, LLC. All rights reserved. Los Angeles Dealer is published four times each year by The newsLINK Group, LLC for GLANCD A and is the official publication for this association. The information contained in this publication is intended to provide general information for review, consideration and dealer education. The contents do not constitute legal advice and should not be relied on as such. If you need legal advice or assistance, it is strongly recommended that you contact an attorney as to your circumstances. The statements and opinions expressed in this publication are those of the individual authors and do not necessarily represent the views of GLANCD A, its board of directors, or the publisher. Likewise, the appearance of advertisements within this publication does not constitute an endorsement or recommendation of any product or service advertised. Los Angeles Dealer is a collective work, and as such, some articles are submitted by authors who are independent of GLANCD A. While GLANCD A encourages a first-print policy, in cases where this is not possible, every effort has been made to comply with any known reprint guidelines or restrictions. Content may not be reproduced or reprinted without prior written permission. For further information, please contact the publisher at 855.747.4003.



n behalf of the Board of Directors, we hope the summer months continue to be successful

for the dealerships you own, or are employed at. The Los Angeles County area has gone through some ups and downs relative to the COVID case rate, and we have seen the mask mandate go away and return. It is encouraging to see new car dealers have success even as we experience a shortage of inventory. New Car Dealers are resourceful entrepreneurs, and thriving and surviving the past eighteen months is proof of that.

The association has hosted some virtual career information events with our area community college partners. The purpose of these events is to showcase the opportunities that exist for automotive technicians that are working towards a degree. We will continue to have these events in the fall, and encourage all dealer members to have dealership representatives attend (virtually). These events are opportunities for high school students who are considering this path as well, and become familiar with college education opportunities that are affordable, and exist right here in Los Angeles County. The association has contributed over \$200,000 in financial assistance to these community college programs the past two years to use towards student scholarships, and equipment upgrades. There are many student technicians who are ideal candidates to work in new car dealerships in the near future.

We are planning our annual dealer member luncheon meeting on November 5, at the Universal

Sheraton. If you are not a current member, there is still time to join for 2021, and membership includes two complimentary seats at the luncheon. Please contact Natalie at natalie@caladmanagement.com or 213-748-0240, to check your membership status. There are sponsorship opportunities that Bob Smith (Bob@glancca.org) can email you that allow for recognition and either two or four seats at the luncheon for our vendors and industry partners. We have a great lineup of speakers, and hope to have as many dealer principals in attendance. The need for new car dealers to work together and have a collective voice with our elected officials has never been greater. The strength of our association relies on member engagement.

The Los Angeles Auto Show is scheduled to begin in late November, and the association continues to help promote its success. The opportunity to see all the newest makes and models of cars under one roof helps simplify the new car buying process. Please encourage your customers and dealership representatives to attend, and bring the family along for an enjoyable experience.

Please continue to stay safe and do our part in keeping our dealerships moving forward successfully. The pandemic will eventually fade away, but new car dealerships are here to stay! 📍

David Ellis

GLANCCDA PRESIDENT



ScaliRasmussen

AHEAD OF THE CURVE



- *Franchise Advice & Litigation*
- *Labor & Employment*
- *Regulatory & Licensing*
- *Complex Litigation*
- *General Counsel Services*
- *Mergers & Acquisitions*

Avoiding litigation when it's possible. Protecting you when it isn't.

LOS ANGELES | ONTARIO | SAN DIEGO | SACRAMENTO | OAKLAND | scalirasmussen.com



FISHER PHILLIPS. WHEN YOU HAVE TO DRAW A LINE IN THE SAND.

**Fisher
Phillips**

ON THE FRONT LINES
OF WORKPLACE LAWSM

Auto dealers often must draw the line: in court, with employees and unions, and with competitors. As one of the largest labor and employment firms, Fisher Phillips has the experience and tenacity to help you get the results you need. That's why some of the savviest employers come to us to handle their toughest workplace issues.

444 South Flower Street • Suite 1500 • Los Angeles, CA 90071
213.330.4500 • fisherphillips.com

LSL 

"We have a fantastic relationship with the LSL team. They keep our interests top of mind and maintain a positive reputation in the industry."

-Craig Whetter, President, David Wilson Automotive Group (relationship since 1983)



Donald Slater, CPA
Automotive Services Partner
donald.slater@lslcpas.com



Mike Mangold, CPA
Automotive Services Partner
mike.mangold@lslcpas.com



David Myers, CPA
Automotive Tax Partner
dave.myers@lslcpas.com

Lance, Soll & Lunghard, LLP

CPAs & Advisors

lslcpas.com

(714) 672-0022

Brea | Santa Ana | Sacramento

OPPORTUNITY INSIDE



View this QR code with your
phone's camera to find out more.

info.jmagroup.com/cncda-insider



Q&A With Matt Browning, Browning Automotive Group



You went to Emory University in Atlanta, Georgia. What did you study, and what life lessons did you learn there?

In 2001, I earned a B.A. in international studies. Emory is a great university, and I had great mentors. I was far from home, came into my own, and developed my individuality.

I was also a golf team member for four years, and I learned the most on the golf course. In addition to the desire it gave me to be better and work hard for what I wanted to achieve, golf also opened doors.

You are a third-generation dealer, but you didn't want to go into the family business after college. Why did you change your mind?

As I grew up, I saw various aspects of what was then, and is now, rapidly changing the business. In 1995, for example, the internet side of the dealership business was just starting. During high school and college, I worked at a dealership each summer. As a result, I worked in various aspects of our business, such as stocking parts, being a parts driver, and being involved with the internet's infancy as part of the retail suite business.

After college, though, I wanted to go outside and do something different. There are a couple of reasons for that. First, I wasn't pressured to be a dealer, and second, I wanted to make my own name.

I worked for Bank of America after graduation. Bank of America is a massive Fortune 500 company, so

my job there was a great opportunity, but I also saw what I was losing by leaving the auto industry. At the dealership, I can directly impact the lives of the 750 associates we have, and I can see how my decisions quickly affect my business. Also, I realized that I wanted the family business to continue as a family business. Not only had the dealerships been an important part of my life, I knew that good family business dealerships treat their associates like family members. That tradition is worth continuing.

What did your four years at Bank of America teach you?

My work taught me structure and that you could ask somebody to help you out, no questions asked, whether they were many levels up or down. It didn't matter that you were part of a large organization.

That attitude about helping has translated well into developing my management structure over the last seven or eight years, and it has become one of the reasons behind our success. People need to be able to get a helping hand no matter where they are in the organization, and nobody's position makes them immune to helping anybody else.

Tell us about your grandfather, Richard Browning.

My grandfather started his career washing cars at an Oldsmobile store in Long Beach. He was a salesperson

➤ **MATT BROWNING** — continued on page 10

RETAIL WARRANTY REIMBURSEMENT

ARMATUS WORKS WITH

34%

OF CA'S DEALERS

ARMATUS HAS COMPLETED

725

SUBMISSIONS IN CA

ON AVERAGE, CA DEALERS ADD

\$264,264

IN PARTS UPLIFT ANNUALLY

ON AVERAGE, CA DEALERS ADD

\$220,524

IN LABOR UPLIFT ANNUALLY



Armatus provides the industry's only turn-key solution for retail warranty reimbursement submissions. Our dedicated staff and proprietary software guarantee you will achieve an optimized result.

OUR COMMITMENT TO OUR CLIENTS:

- ▲ **You Won't Lift a Finger:** Armatus does all the work for you.
- ▲ **Fully Contingent Fee:** You only pay when you are approved.
- ▲ **Speed and Accuracy:** We'll have your project done in 30 days or less.
- ▲ **Data Governance:** Your customer information is safe with us.

(888) 477-2228

info@dealeruplift.com

WWW.DEALERUPLIFT.COM



Exclusively Licensed By



WHAT OUR CALIFORNIA DEALER CLIENTS SAY:

- ▶ Bellavia Blatt was incredibly helpful with the Warranty and Labor Increase process. They have assisted McKenna with 8 Warranty Labor Rate increases and 5 Warranty Parts increases. Each time they amaze me with how simple the process is and the substantial increase they are able to obtain for our Parts and Service Departments. The flat rate fee is reasonable, and the Team at Bellavia Blatt are professional and easy to work with!! Thank you from the Team at McKenna.

CINDY PIRTLE

McKenna Auto Group
Fixed Operations Director
Norwalk, South Bay, and Huntington Beach, California

- ▶ Ken did a great job. We are pleased with the results.

GEORGE HAY

Jim Burke Ford Lincoln
VP General Manager at the Automall
Bakersfield, California

- ▶ Bellavia Blatt and team did a great job assisting our dealership group in obtaining an increase in our warranty labor rate and parts mark up. They were professional and thorough in helping us navigate through the process and working with the manufacturer should any discrepancies arise! I highly recommend Bellavia Blatt for your warranty and parts analysis and submission!

ERNIE CAMPORA

Stead Automotive Group
Walnut Creek Ford
Walnut Creek, California

- ▶ We are very pleased with the work performed by Bellavia Blatt. We received the maximum parts and labor rate possible and the fees were very reasonable (substantially less than Armatus).

DARREN ANDERSON

Lehmer's Concord Buick GMC
Concord, California

- ▶ Once again Bellavia Blatt has gone above and beyond to help us increase our Warranty gross profit. "We are so happy that we chose Bellavia Blatt to submit for our California AB179 increase. Gary did an amazing job and got us approved in less than a day with a huge increase in our rate!" Thanks again for all the help!

MATT CLANCY

Team Nissan
Parts & Service Director
Oxnard, California



Retail Warranty
REIMBURSEMENT

POWERED BY
BELLAVIA BLATT, PC



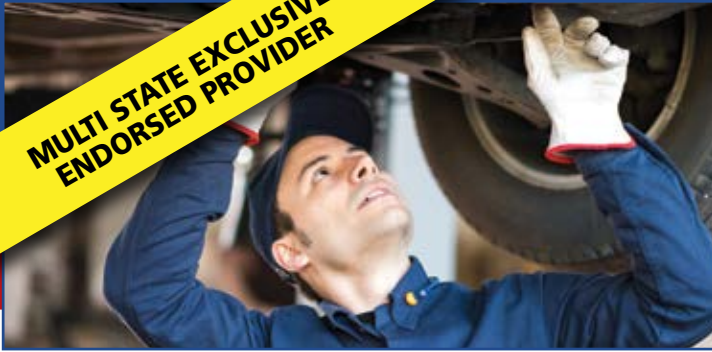
MADA
Minnesota Automobile Dealers Association

kada

THE PIONEERS IN RETAIL WARRANTY REIMBURSEMENT

For more information, please reach us at info@DealerLaw.com, visit DealerLaw.com/warranty or call 516-873-3000

**MULTI STATE EXCLUSIVE
ENDORSED PROVIDER**



Retail Warranty Reimbursement.

Better Bottom Line.

WE ARE YOUR BEST CHOICE...

Top 8 reasons Bellavia Blatt should handle your submission for **Retail Warranty Reimbursement**

1 NATIONAL EXPERTISE

Leonard Bellavia and Steven Blatt have represented auto dealers across the nation for over 33 years and the firm is regarded as the pre-eminent authority for obtaining retail warranty parts and labor reimbursement in 48 states.

2 RESULTS

Bellavia Blatt has successfully handled several thousand retail submissions on behalf of dealers for the past fifteen years. And because of this unmatched experience, our results yield the highest possible increases on warranty parts and labor.

3 KNOWLEDGE

We carefully analyze your data, retail repair orders and trends to ensure your warranty reimbursement on both parts and labor is maximized. We know everything there is to know about your state law, as well as your manufacturer's policy and procedure.

4 LEGAL STRATEGIES

Our team of attorneys collaborate to identify optimum markup yields and legal strategies to ensure you receive the highest possible retail reimbursement.

5 EARNINGS

Our average dealership client has realized \$15,000 to \$20,000 in additional profits per month. We will show you how to maximize your dealership's blue sky value.

6 REPUTATION

Bellavia Blatt is recommended by state dealer associations, CPAs and attorneys nationwide. We are widely regarded as the industry leader when it comes to obtaining retail warranty reimbursement for parts and labor.

7 LAW FIRM ADVANTAGE

We offer a low flat fee and never charge a contingency. Our fees are much lower than "consultants" who take a percentage of your increases. As a law firm, we are held to the highest standards and have more resources and options available for favorable outcomes.

8 HASSLE FREE!

Our solution is turnkey. Our staff of analysts and attorneys do all of the work for you. As we submit on your letterhead, your manufacturer will not know that you have retained us, but we are there every step of the way.



Retail Warranty
REIMBURSEMENT

POWERED BY
BELLAVIA BLATT, PC



THE PIONEERS IN RETAIL WARRANTY REIMBURSEMENT

For more information, please reach us at info@DealerLaw.com, visit DealerLaw.com/warranty or call 516-873-3000

and worked his way up to eventually purchasing the store he worked at in 1960. Unfortunately, he passed away when I was 12 years old. I don't have many memories about him, but he was a salesman who knew the car business, knew his employees and knew his numbers.

One of my first memories of him was his nickname. He was known in the neighborhood as Mr. Clean, and he believed in cleanliness and order. He would get up at 5 a.m. to clean his driveway and his neighbor's driveway. I don't wash driveways at 5 a.m., but we do believe in maintaining a great facility environment for our associates.

What about your father, Kent Browning?

My father is a CPA by training who came into the business at a difficult time in the 1970s. Doing business was tough because of factors such as the 1973 gas crisis and high interest rates. Despite those challenges, he really expanded our dealership footprint. In 1980, our family owned one of the first dealerships in the Cerritos Auto Square. He was and is a risk-taker, and he's had a lot of business ventures. He was not afraid of taking a risk, which is often a big part of success. Although he tried on some things that didn't work, he was right more than he was wrong, and most of those risks turned out really well for him. He focused on numbers, but he also hired people he trusted to work around him. When he wasn't working, he coached baseball teams, played golf and was just dad.

Are either of your two children interested in becoming dealers, or is it too soon to tell?

It's a little premature to see if they will follow me into the family business. I will encourage them to follow their dreams, but I will also show them what I do.

Alexander is almost eight, and he is already a car fanatic. He loves supercars and fancy cars, and he has a large car collection. He was born in the right family. I also have an eight-month-old son.

How many stores does the Browning Automotive Group have?

We have eight stores in Southern California. Three are in the Cerritos Auto Square and are in the GLANCD A footprint:

- Browning Mazda
- Cerritos Acura
- Cerritos Dodge Chrysler Jeep

We have four stores in the Victorville market:

- Valley-Hi Honda and Valley-Hi Toyota (since 2001)
- Valley-Hi Nissan (since 2004)
- Valley-Hi Kia (since 2010)

In Norco, we have had a Browning Dodge Chrysler Jeep Ram (since 2010).

What's the leadership structure within the Browning Automotive Group?

At the end of 2020, we had a transition in our business. My brother Peter is also in the business. I already owned a couple of our newer stores with him and a couple of our partners.

We purchased a majority interest in the remaining six stores from our father, who retired from the day-to-day business and became the chair. However, he still has an advisory role.

Peter is the general manager of the Cerritos Acura store. I am the president and dealer principal. We are developing a new management structure right now, and when we are ready, we will transition to it.

Do you plan to expand?

That's a difficult question because the market is expensive right now. We have been looking for opportunities that are mostly elsewhere in the country, but if we don't find the right ones, we will grow our business with our eight stores.

Tell us about restructuring the dealership websites and digital marketing in 2007 and 2008.

When I decided to transition back to the dealership business in 2005, I worked for a dealership in northern California called Toyota Sunnyvale. Tom Price and Adam Sims were the store's co-owners, and I saw how modern that dealership was. I took what I learned at Toyota Sunnyvale, came back to the family dealerships, and realized we were not cutting edge. We only had a little online advertising presence. I took a lot of what I learned at Toyota Sunnyvale and changed how we advertised and also how we handled online customers. We had outside vendors help with the website.

I am not a technical person, but I understood the process and knew that we needed to be spending money on digital marketing instead of other kinds of traditional marketing. As a result, our digital marketing dollars eventually went from zero to 90% of the marketing budget.

The transition was difficult for some of the managers. Digital marketing was not the way marketing had been done; we'd done traditional marketing forever. But we made a quick transition and kept going.

You helped keep the family Acura store open during the Great Recession. How did that experience help you when the pandemic shut down the U.S. economy in March 2020?

It taught me to make difficult decisions early. Spend money wisely, grow the business and grow your market share. When necessary, make decisions quickly and don't pontificate. You

can cut your way into staying afloat, but you can't cut your way into a profit. It is hard to grow when you are making cuts all the time.

All dealers who were around in 2008-2009 learned these lessons. It's important to operate a lean organization. That way, you can make quick decisions and deploy staff as necessary.

During the Great Recession, we may not have reacted quickly enough, but we pivoted very quickly during the shutdown recession. First, we decided to operate the stores per the stay-at-home orders, and we cut a lot of staff. It was the right decision at the time. Then, when we saw the pandemic might not be bad from a business perspective, we brought the majority of the staff back quickly and made sure they were comfortable. We were methodical in our advertising approaches, and we also made sure we had inventory that people were looking for. Since we rebounded very quickly, we were very successful last year and this year.

What are the big issues for California dealers in the next 5-10 years?

I have a thousand of them. The biggest issue that we deal with is wage-and-hour employment litigation and PAGA concerns. Dealing with the intricacies of California employment law is difficult and time-consuming. California is not super business-friendly, and it takes a lot of mental and physical energy to deal with that. There's a divergence between California's environmental needs and consumer needs. State leadership wants to be on the cutting edge of electrification and infrastructure, but consumers don't want a pure-electric system yet. That divergence is going to be a significant challenge for the automotive industry going forward. California is having a tough time keeping household lights on. Although California's leaders want all new sales to be pure electric by 2035, the infrastructure requirements to meet that goal are astronomical. The whole thing has become a really big challenge for us.

That said, electric vehicles fill the needs of a small but growing portion of the consumers out there. As a retailer, we are happy to sell whatever vehicles consumers want, and we are excited about new products in the market. Companies like Tesla are hard to talk about because they are not part of the franchise system. Tesla, in particular, is a worry among franchise dealers because Tesla is selling a lot of cars, but the hope is that the state will be a strong franchise protector. It's going to be interesting to watch daily.

What are your goals as an incoming GLANCD board member and director?

GLANCD is very important. The south Los Angeles area used to have an association called the Southland Motor Car

During the Great Recession, we may not have reacted quickly enough, but we pivoted very quickly during the shutdown recession

Dealers Association that was disbanded a couple of years ago. The South Los Angeles area retails 50,000-plus cars a year, and we carry 21 brands in the auto square. I want to give our area a voice in the association.

We also have an employee shortage. I want to help fill the gap in training future employees of dealerships. Cerritos College has a technological training center that can help accomplish that goal.

How will your past experiences help you?

I have been on many boards in the past. The board has a responsibility to promote the interests of all the members and employees who work for us. For example, we need to make sure we have properly trained technicians. We also need to work with legislative partners to educate them on the challenges of the dealership business and the challenges of being an employer in California.

Are you still interested in cycling? How many miles per week do you ride?

I rode this morning. In general, I ride 100-150 miles per week. It's good for the body and mind, and I also enjoy the fellowship. I have a lot of good friends who cycle. We don't have a lot of biking trails, but we have lots of bike lanes. I ride with a group whose goal is to keep everyone safe.

Do you have other hobbies? What do you do for fun?

I am still an avid golfer, but the most fun I have is spending time with my two boys and my fiancé, Yuliya (pronounced like Julia with a Y). She is a recent U.S. citizen of Russian descent. It took her almost nine years to become a citizen, and she worked really hard to be able to do it. We've been together for 3.5 years.

What about the rest of your family?

You already know about my brother Peter, but I have a younger sister with three children. She is a partner in a law firm in New York. I also have three half-sisters. My brother-in-law is the general manager of Mazda in Cerritos (he is the husband of one of my half-sisters). But other than my brother and my brother-in-law, that's it. 🍷



California Used Oil Recycling Program

Just imagine this as someone taking your empty soda cans to the recycling center for money. Now imagine your used oil, which is being taken away for recycling, has a refund associated with it. All you have to do is sign up as a California Used Oil Recycling Center and then we at CSI file this claim for you as part of our service. The money is 16 cents per gallon of used oil or about \$3,000 per year (based on 1562 gallons of used oil per month). All you have to do is deposit the check the state sends you every quarter.

Frequently Asked Questions and answers are available on the state website, calrecycle.ca.gov/usedoil/certcenters/faq. For a complete list of responsibilities, see the CCC program homepage, which summarizes and links to the Operator's Guide.

Q: What forms do I need to complete to get certified?

A: Celly Services will complete all forms that you need to get certified. (calrecycle.ca.gov/usedoil/forms)

Q: What if the oil looks contaminated?

A: You can decline the acceptance of contaminated used motor oil or other waste given to you. Instructions are listed here, calrecycle.ca.gov/UsedOil/CertCenters/#Contaminated.

Ask them to take it to a facility as provided by the state. calrecycle.ca.gov/UsedOil/Handling/Contaminated/ or calrecycle.ca.gov/usedoil/handling/contaminated/procedures.

Q: Do I need to keep any special/extra paperwork as part of the program?

A: No. We obtain your used oil pickup receipts from your used oil hauler.

Q: What is the maximum amount of oil that a person can bring?

A: You can set a limit where you may not accept more than five gallons from a person.

Q: What paperwork needs to be posted?

A: The Certificate of a Used Oil Recycling Center (8.5 x 11 sheet of paper) needs to be posted in a conspicuous place. Also, a Used Oil Recycling Center sign (provided by the state at no cost) needs to be posted in your driveway where customers can see it as they enter your facility.

Q: Do I need to pay the public?

A: Offer the public 40 cents per gallon of used oil. No paperwork is needed.

Q: Is there a long-term contract with the state?


A: No, you can get off the program with a simple letter to the state.

Q: What if my oil gets contaminated?

A: You may keep a 16-gallon drum separately to store used oil from the public and keep suspected oil in that drum. If taking oil from the public contaminates your oil, the state will reimburse you for incremental costs for disposal due to the contamination, presuming the source of contamination was public oil (up to a maximum of \$5,000 per year). Signs are available from the state at no cost to remind both employees and customers not to mix anything with used oil or pour contaminated used oil into storage tanks.

Q: How do I get the gallons of new Oil+ATF purchased per quarter needed for the claim?

A: Contact your bulk oil supplier for the number.

Additional resources: Certified Collection Center Operators Guide calrecycle.ca.gov/Publications/Download/1159 and SB 546 Lowenthal eff. January 1, 2010. 

CSI CELLY SERVICES, INC.
ENVIRONMENTAL, HEALTH & SAFETY

If you need further details or wish to have a copy of the application, please contact sam@cellyservices.com.

Making business easier for auto dealers. Especially now.

Running a dealership comes with its share of uncertain terrain. But one thing is certain. Our Dealer Financial Services team is dedicated to being by your side with the resources, solutions and vision to see you through.

John Alexander
john.f.alexander@bofa.com
626.437.1172

bofaml.com/dealer

BANK OF AMERICA 

"Bank of America" and "BoFA Securities" are the marketing names used by the Global Banking and Global Markets divisions of Bank of America Corporation. Lending, other commercial banking activities, and trading in certain financial instruments are performed globally by banking affiliates of Bank of America Corporation, including Bank of America, N.A., Member FDIC. Trading in securities and financial instruments, and strategic advisory, and other investment banking activities, are performed globally by investment banking affiliates of Bank of America Corporation ("Investment Banking Affiliates"), including, in the United States, BoFA Securities, Inc. and Merrill Lynch Professional Clearing Corp., both of which are registered broker-dealers and Members of SIPC, and, in other jurisdictions, by locally registered entities. BoFA Securities, Inc. and Merrill Lynch Professional Clearing Corp. are registered as futures commission merchants with the CFTC and are members of the NFA.

Investment products offered by Investment Banking Affiliates: Are Not FDIC Insured • May Lose Value • Are Not Bank Guaranteed.

©2020 Bank of America Corporation. All rights reserved. 3235016 12-20-0021

Los Angeles Auto Outlook



Comprehensive information on the LA County new vehicle market

FORECAST

Supply Issues To Hold Back Sales in '21, But Should Add To Rebound in '22

As mentioned in the previous release of Auto Outlook, if new vehicles sales in 2021 were solely a function of demand, the county market would have been off to the races. And this was evident in the first half results. Even with supply bottlenecks and inventory shortages, new retail light vehicle registrations soared 33.8% versus depressed year-earlier levels, and were up compared to historically strong results in 2019. Second Quarter registrations this year were the highest they have been since 2018. If inventories were plentiful, it's possible that county registrations could have increased by more than 25% in 2021.

Healthy sales so far this year are due to unprecedented strength in the three key pillars of demand. Consumers have an elevated **ability, want,** and **need** to purchase new vehicles. Individually and collectively, these three forces are at levels unseen for perhaps the past 30 years. Each is summarized below.

Consumers have the ability to purchase new vehicles. The combination of historically low interest rates, rising wages, accumulated sav-

ings during the pandemic, record high household net worth, and elevated trade in values have supercharged consumer affordability, putting a new vehicle purchase within reach for a significant percentage of households.

Consumers want to purchase new vehicles. It's evident that the desire for personal transportation has spiked as a result of the pandemic. In addition, the bevy of new products hitting the market that offer an unprecedented array of body styles, powertrains, and safety features have undoubtedly lured many shoppers to enter the market.

Consumers need to purchase new vehicles. The average age of vehicles on the road in the U.S. exceeds 12 years old. The average 12 year old vehicle is practically antiquated compared to cars and trucks on the market today. And the 20.3% decline in registrations last year has resulted in accumulated pent up demand. These postponed purchases will occur at some point in the future.

But sales volumes are determined by both demand AND supply. And perhaps more than at any point in the industry's past, supply issues and inventory shortages are clearly the controlling factor putting a ceiling on sales this year. It goes without saying that dealerships never like to turn customers away, but there is a "sliver lining" that partially offsets the pain of having more buyers than cars to sell: a cooling of the market, perhaps lasting for the rest of this year, will help to smooth out, and lengthen the post-pandemic sales recovery.

Forecast for Los Angeles County New Vehicle Market



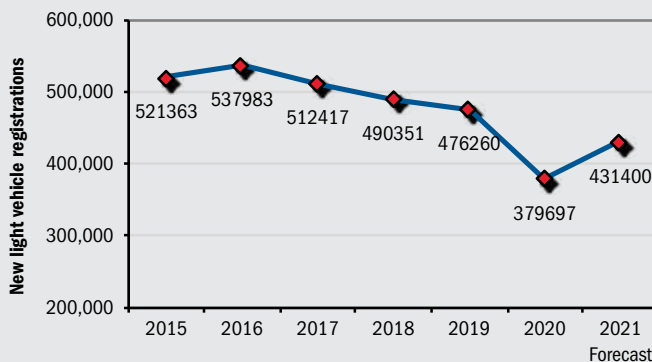
Predicted new retail registrations for all of 2021:

431,400 units, up 13.6% vs. 2020

Preliminary forecast for 2022:

460,000 units, up 7% vs. 2021

Annual Trend in County Market



Historical Data Source: AutoCount data from Experian.

The graph above shows annual new retail light vehicle registrations from 2015 thru 2020 and Auto Outlook's projection for all of 2021.

Market Summary

	YTD '20 thru June	YTD '21 thru June	% Chg. '20 to '21	Mkt. Share YTD '21
TOTAL	175,770	235,165	33.8%	
Car	75,950	90,687	19.4%	38.6%
Light Truck	99,820	144,478	44.7%	61.4%
Domestic	39,963	53,744	34.5%	22.9%
European	35,669	48,010	34.6%	20.4%
Japanese	85,206	111,917	31.3%	47.6%
Korean	14,932	21,494	43.9%	9.1%

Data Source: AutoCount data from Experian.

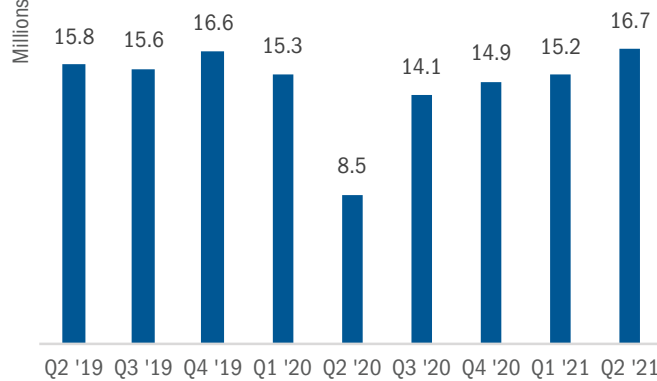
Domestics consist of vehicles sold by GM, Ford, Stellantis (excluding Alfa and FIAT), and Tesla.

Los Angeles County New Vehicle Market Dashboard



MARKET PERFORMANCE DURING PAST TWO YEARS

Los Angeles County Quarterly Registrations
Seasonally Adjusted Annual Rate, Converted to Equivalent U.S. New Vehicle Market SAAR (millions of units)



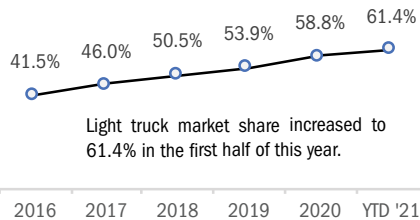
Data Source: AutoCount data from Experian.

The graph on the left provides an easily recognizable way to gauge the strength of the county market. It shows quarterly registrations based on a seasonally adjusted annual rate. These figures are then indexed to SAAR sales figures for the U.S. new vehicle market. So just like in the national market, when the quarterly SAAR is above 17 million units, the county market is strong, 15 million is about average, and below 13 million is weak. Quarterly registrations in the county reached 15.2 million units in the First Quarter of 2021 and approached 17 million in the Second Quarter.

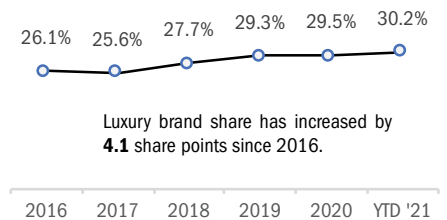


KEY TRENDS DURING PAST 5 YEARS

Light Truck Market Share 2016 thru 2020 and YTD '21 (June)



Luxury Brand Market Share 2016 thru 2020 and YTD '21 (June)



Data Source: AutoCount data from Experian.

At Auto Outlook, we strive to provide sound and accurate analyses and forecasts based upon the data available to us. However, our forecasts are derived from third-party data and contain a number of assumptions made by Auto Outlook and its management, including, without limitation, the accuracy of the data compiled. As a result, Auto Outlook can make no representation or warranty with respect to the accuracy or completeness of the data we provide or the forecasts or projections that we make based upon such data. Auto Outlook expressly disclaims any such warranties, and undue reliance should not be placed on any such data, forecasts, projections, or predictions. Auto Outlook undertakes no obligation to update or revise any predictions or forecasts, whether as a result of any new data, the occurrence of future events, or otherwise.



The Dealer's Cloud-Native DMS



BREAK FREE

With A Cloud-Native DMS

Built on decades of experience serving dealerships, the new cloud-native VUE DMS provides the security, flexibility, and efficiency that dealers need to deliver a superior experience, reduce costs and take back control of your business.

Visit VUEDMS.com/GLANCD or call [877.421.1040](tel:877.421.1040) to learn how you can break free with a dealer-focused DMS.



YOUR SUCCESS... IS OUR SUCCESS

- **Committed to our Dealer Clients for over 40 Years**
- **Helping to Optimize your Business Operations**
- **Providing the Highest Quality Tax and Accounting Services**
- **Consulting & Management Support**
- **Estate Planning & Dealer Succession Opportunities**

1067 Park View Drive | Covina, CA 91724 | (626) 858-5100 | Fax (626) 332-7012

George R. Applebaum, CPA
Shareholder
(626) 858-5100, ext. 215
gapplebaum@rogersclem.com

Scott M. Biehl, CPA
Managing Shareholder
(626) 858-5100, ext. 229
sbiehl@rogersclem.com

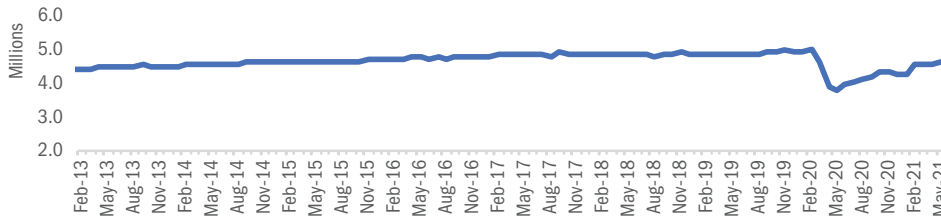
Andy R. Jones, CPA
Shareholder
(626) 858-5100, ext. 237
ajones@rogersclem.com

Los Angeles County New Vehicle Market Dashboard



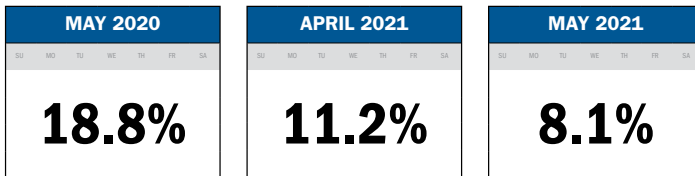
TRACKING ECONOMIC INDICATORS

Total Employment in Los Angeles County



Total employment in Los Angeles County was 4.6 million in May of this year, up from the low-point in April of 2020, but still off from pre-pandemic levels. The county unemployment rate was 8.1% in May of this year. Debt service payments as a percent of disposable personal income declined to 8.2% in the First Quarter of this year, a positive sign that household debt is under control.

Monthly Unemployment Rates in Los Angeles County

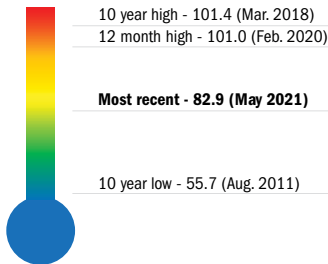


Average Hourly Earnings for All Workers in County - May 2021

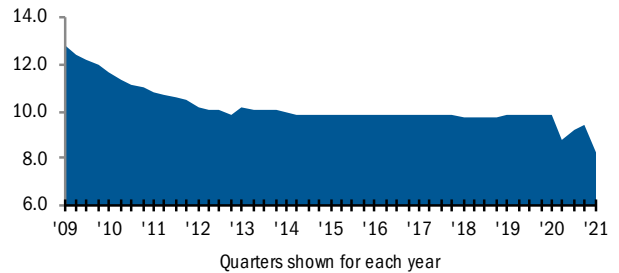


University of Michigan Consumer Sentiment

Key Values During Past 10 Years



Debt Service Payments as a % of Disposable Personal Income (U.S.)

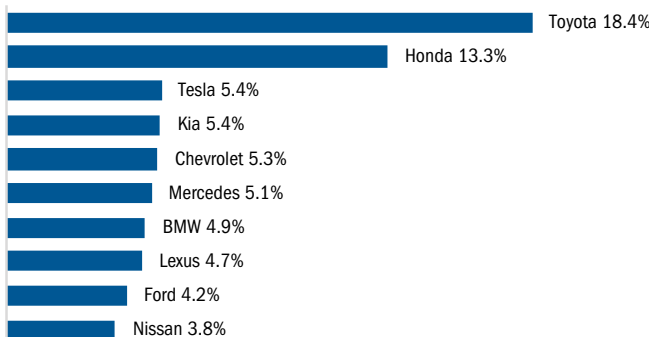


Sources: Bureau of Labor Statistics, University of Michigan, and U.S. Bureau of Econ. analysis.

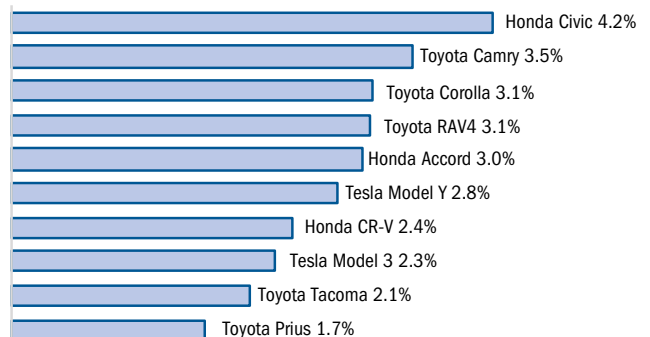


TOP TEN RANKINGS IN COUNTY MARKET

Market Share for Top Ten Selling Brands in County Market YTD 2021 thru June



Market Share for Top Ten Selling Models in County Market YTD 2021 thru June



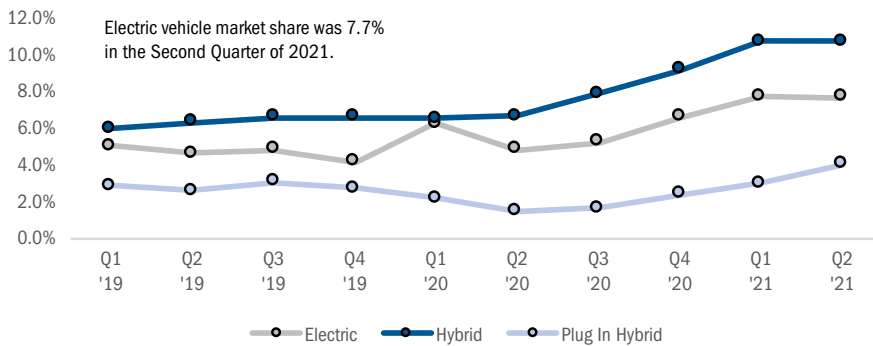
Data Source: AutoCount data from Experian.

Los Angeles County New Vehicle Market Dashboard



TRACKING ELECTRIC AND HYBRID VEHICLE SALES

Estimated Quarterly Alternative Powertrain Market Share (includes hybrid and electric vehicles)



YTD Share by Engine Type (2020 and 2021, thru June)

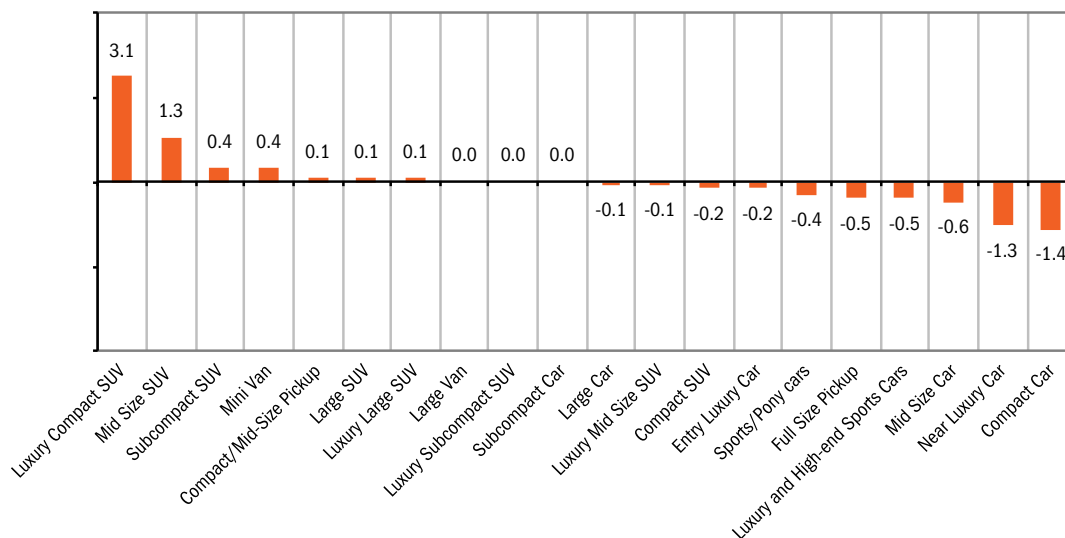
	YTD '20	YTD '21	
Hybrid	6.5%	10.8%	↑
Electric	5.7%	7.7%	↑
Plug In Hybrid	2.0%	3.6%	↑

The graph above shows estimated hybrid powertrain and electric vehicle market share. Registrations by powertrain for vehicles equipped with multiple engine types were estimated by Auto Outlook. The estimates are based on model registrations compiled by Experian, and engine installation rates collected from other sources.



YEAR CHANGE IN SEGMENT MARKET SHARES

Change in Segment Market Share - YTD 2021 thru June vs. YTD 2020



Segments with largest increases:

- Luxury Compact SUV
- Mid Size SUV
- Subcompact SUV

Segments with largest declines:

- Compact Car
- Near Luxury Car
- MidSize Car

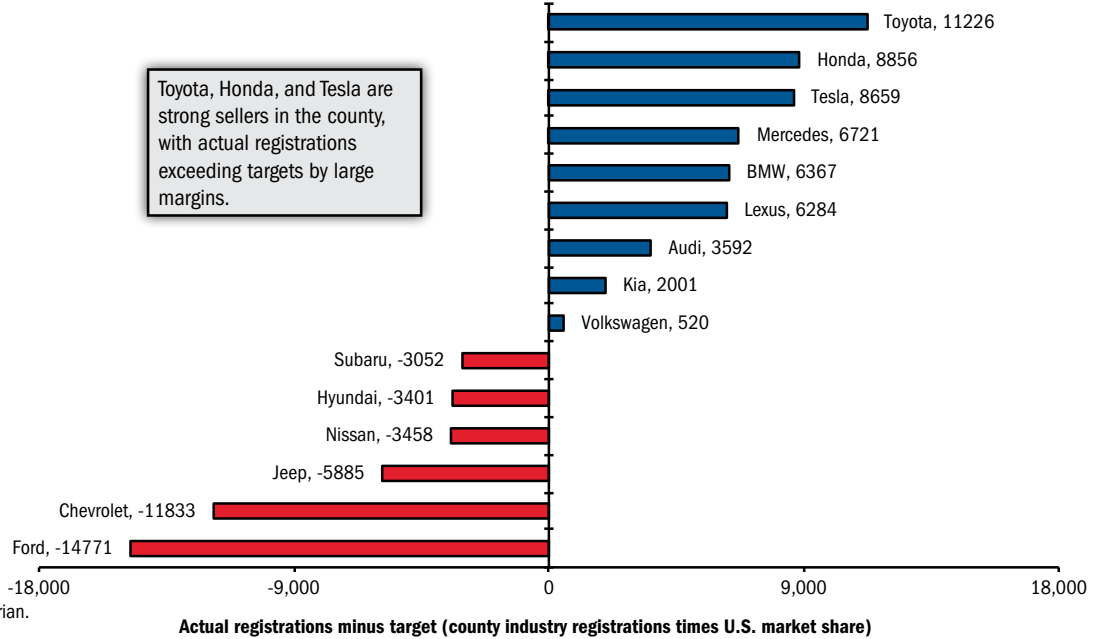
Data Source: AutoCount data from Experian.

BRAND SALES PERFORMANCE

Toyota and Honda Relatively Strong Performers in County

The graph provides an indicator of brands that are popular in the county. For the top 15 selling brands, each brand's share of the U.S. market is multiplied by industry registrations in the county during ytd 2021. This yields a "target" for the county market. Target registrations are subtracted from actual registrations to derive the measurement of sales performance. Brands at the top of the graph are relatively strong sellers in the county, with actual registrations exceeding targets by large margins.

LA County Retail Market Performance based on registrations for YTD '21
Actual registrations minus target (county industry registrations times U.S. market share)

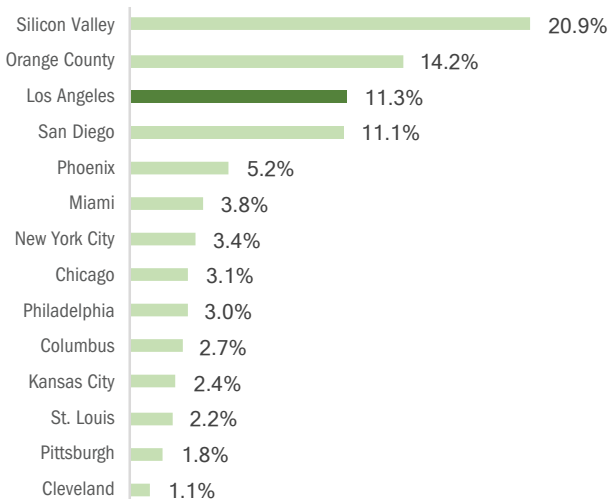


Data Source: AutoCount data from Experian.

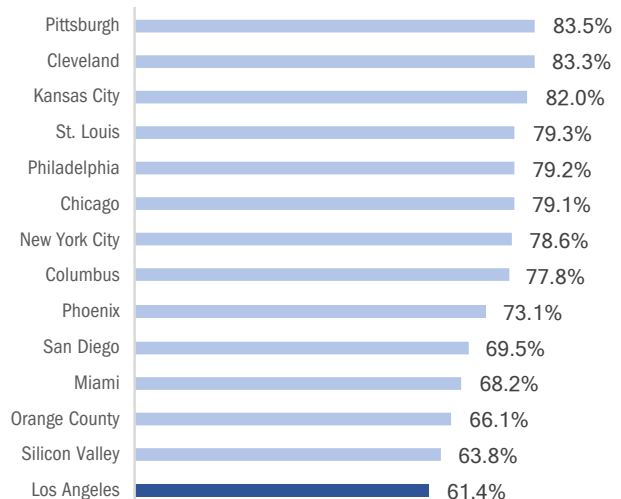
Comparison of Selected Metro Area Markets

The graphs below compare two primary indicators for selected metro area markets: combined market share for electric and plug in hybrid models and light truck market share. Los Angeles County was ranked third out of the 14 markets for electric/plug in hybrid market share, and 14th for light truck share.

Combined Electric and Plug In Hybrid Vehicle Market Share YTD 2021 thru June



Light Truck Market Share YTD 2021 thru June



Data Source: AutoCount data from Experian.

Brand Registrations Report												
Los Angeles County New Retail Car and Light Truck Registrations												
	Second Quarter						Year to date thru June					
	Registrations			Market Share (%)			Registrations			Market Share (%)		
	2Q '20	2Q '21	% change	2Q '20	2Q '21	Change	YTD '20	YTD '21	% change	YTD '20	YTD '21	Change
TOTAL	65,436	128,786	96.8				175,770	235,165	33.8			
Cars	27,223	50,939	87.1	41.6	39.6	-2.0	75,950	90,687	19.4	43.2	38.6	-4.6
Light Trucks	38,213	77,847	103.7	58.4	60.4	2.0	99,820	144,478	44.7	56.8	61.4	4.6
Domestic Brands	16,544	27,702	67.4	25.3	21.5	-3.8	39,963	53,744	34.5	22.7	22.9	0.2
European Brands	13,181	26,256	99.2	20.1	20.4	0.3	35,669	48,010	34.6	20.3	20.4	0.1
Japanese Brands	30,473	62,296	104.4	46.6	48.4	1.8	85,206	111,917	31.3	48.5	47.6	-0.9
Korean Brands	5,238	12,532	139.3	8.0	9.7	1.7	14,932	21,494	43.9	8.5	9.1	0.6
Acura	541	1,290	138.4	0.8	1.0	0.2	1,700	2,192	28.9	1.0	0.9	-0.1
Alfa Romeo	410	439	7.1	0.6	0.3	-0.3	1,063	1,052	-1.0	0.6	0.4	-0.2
Audi	1,568	3,865	146.5	2.4	3.0	0.6	5,089	7,032	38.2	2.9	3.0	0.1
BMW	2,787	6,382	129.0	4.3	5.0	0.7	8,011	11,409	42.4	4.6	4.9	0.3
Buick	97	276	184.5	0.1	0.2	0.1	286	448	56.6	0.2	0.2	0.0
Cadillac	315	615	95.2	0.5	0.5	0.0	800	1,319	64.9	0.5	0.6	0.1
Chevrolet	3,789	6,391	68.7	5.8	5.0	-0.8	9,397	12,418	32.1	5.3	5.3	0.0
Chrysler	116	355	206.0	0.2	0.3	0.1	318	616	93.7	0.2	0.3	0.1
Dodge	1,247	1,798	44.2	1.9	1.4	-0.5	3,002	3,401	13.3	1.7	1.4	-0.3
FIAT	29	17	-41.4	0.0	0.0	0.0	100	32	-68.0	0.1	0.0	-0.1
Ford	3,706	5,291	42.8	5.7	4.1	-1.6	8,059	9,878	22.6	4.6	4.2	-0.4
Genesis	103	264	156.3	0.2	0.2	0.0	284	449	58.1	0.2	0.2	0.0
GMC	731	1,120	53.2	1.1	0.9	-0.2	1,508	2,172	44.0	0.9	0.9	0.0
Honda	9,551	18,122	89.7	14.6	14.1	-0.5	26,327	31,303	18.9	15.0	13.3	-1.7
Hyundai	2,368	4,923	107.9	3.6	3.8	0.2	6,085	8,420	38.4	3.5	3.6	0.1
Infiniti	567	872	53.8	0.9	0.7	-0.2	1,732	1,615	-6.8	1.0	0.7	-0.3
Jaguar	186	237	27.4	0.3	0.2	-0.1	583	418	-28.3	0.3	0.2	-0.1
Jeep	2,589	3,736	44.3	4.0	2.9	-1.1	5,577	6,854	22.9	3.2	2.9	-0.3
Kia	2,767	7,345	165.4	4.2	5.7	1.5	8,563	12,625	47.4	4.9	5.4	0.5
Land Rover	899	1,638	82.2	1.4	1.3	-0.1	2,535	3,281	29.4	1.4	1.4	0.0
Lexus	2,617	5,745	119.5	4.0	4.5	0.5	8,140	11,132	36.8	4.6	4.7	0.1
Lincoln	228	319	39.9	0.3	0.2	-0.1	701	674	-3.9	0.4	0.3	-0.1
Maserati	87	142	63.2	0.1	0.1	0.0	225	234	4.0	0.1	0.1	0.0
Mazda	1,515	3,407	124.9	2.3	2.6	0.3	4,144	5,522	33.3	2.4	2.3	-0.1
Mercedes	3,886	6,281	61.6	5.9	4.9	-1.0	8,880	11,902	34.0	5.1	5.1	0.0
MINI	302	547	81.1	0.5	0.4	-0.1	787	966	22.7	0.4	0.4	0.0
Mitsubishi	142	323	127.5	0.2	0.3	0.1	387	510	31.8	0.2	0.2	0.0
Nissan	2,946	5,021	70.4	4.5	3.9	-0.6	7,585	8,975	18.3	4.3	3.8	-0.5
Other	209	288	37.8	0.3	0.2	-0.1	550	574	4.4	0.3	0.2	-0.1
Porsche	667	1,483	122.3	1.0	1.2	0.2	1,723	2,879	67.1	1.0	1.2	0.2
Ram	1,092	1,611	47.5	1.7	1.3	-0.4	2,336	3,272	40.1	1.3	1.4	0.1
Subaru	2,095	4,011	91.5	3.2	3.1	-0.1	5,948	7,483	25.8	3.4	3.2	-0.2
Tesla	2,634	6,190	135.0	4.0	4.8	0.8	7,979	12,692	59.1	4.5	5.4	0.9
Toyota	10,499	23,505	123.9	16.0	18.3	2.3	29,243	43,185	47.7	16.6	18.4	1.8
Volkswagen	1,562	3,721	138.2	2.4	2.9	0.5	4,573	6,110	33.6	2.6	2.6	0.0
Volvo	589	1,216	106.5	0.9	0.9	0.0	1,550	2,121	36.8	0.9	0.9	0.0

Source: AutoCount data from Experian.

Los Angeles Auto Outlook

Published for:
 Greater Los Angeles New Car Dealers Association
 714 W Olympic Boulevard, Suite 601
 Los Angeles, CA 90015
 Bob Smith, Executive Director
 Phone: 213-748-0240
 Web: www.glanca.org

Published by:
 Auto Outlook, Inc.
 PO Box 390
 Exton, PA 19341
 Phone: 610-640-1233
 Email: jfoltz@autooutlook.com

Copyright Auto Outlook, Inc., July 2021

Los Angeles Auto Outlook is distributed free of charge to all members of Greater Los Angeles New Car Dealers Association. The publication is sponsored and supported by GLANCA. Los Angeles Auto Outlook is published and edited by Auto Outlook, Inc., an independent automotive market research firm. Opinions expressed in Los Angeles Auto Outlook are solely those of Auto Outlook, Inc., and are not necessarily shared by GLANCA.



LA AUTO SHOW®

LA Auto Show Returns With Most Diverse Range Of Vehicles And Brands At Any North American Auto Show In 2021

Significant Economic Impact to LA County on the Heels of California's Recent Reopening

Leading auto and lifestyle in-person event, the Los Angeles Auto Show (LA Auto Show®), today confirms a strong return to the LA Convention Center in Nov. 2021. One million square feet of indoor and outdoor space will showcase the dynamic and evolving auto industry at its best, as startup and established brands participate in delivering the broadest range of vehicles and experiences of any auto show in North America this year.

LA Auto Show will run for a full 12 days. Media and industry days and AutoMobility LA will occur November 17-18, and doors will open to consumers November 19-28. The LA Auto Show will be welcomed by consumers and businesses alike. It contributes several hundred million dollars to the local economy, stimulates the local job market and is the number one revenue generator for the LA Convention Center.

Held in the car culture capital of the world and reflective of LA's diverse and progressive audience, the 2021 LA Auto Show will focus on bringing its hundreds of thousands of fans new and concept vehicles to discover all in one place, making it the ultimate destination for enthusiasts and shoppers. Differentiated by its long-standing concentration on the convergence of technology and automotive, the LA Auto

Show will continue to bring the latest in EV (electric vehicle) innovation and design to its global stage and the discerning SoCal buyer. This is evidenced by newer automakers such as Fisker, Imperium Motor Company, Karma, Lucid, and Mullen set to participate alongside legacy brands – many of them slated to make world debuts at the show.


"We are proud to be an integral part of LA culture and a must-attend event on the calendar. With California and LA County opening up, we're committed to delivering a knock-out show to give SoCal an experience to look forward to and a dynamic environment for automakers and lifestyle brands to inform and entertain in," said Lisa Kaz, owner and CEO of the LA Auto Show. "This year, visitors will have the broadest range of cars, trucks, and SUVs all in one place so they can get their hands on everything from electric to gas vehicles – all while reconnecting with friends and family in a safe and comfortable environment."

Tickets for 2021 LA Auto Show will be on sale online later this summer; media and industry professionals can register for press days in August.

The LA Auto Show will be operated in full accordance with all safety protocols required by the Los Angeles County Department of Public Health.

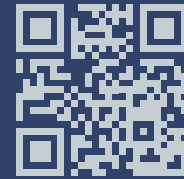
About the Los Angeles Auto Show (LA Auto Show®)

Founded in 1907, the Los Angeles Auto Show (LA Auto Show®) is the first major North American auto show of the season and is widely recognized as one of the most influential shows globally. Reflective of its location, the exhibition celebrates the love affair Angelenos have with their cars and offers a global platform to industry technology and innovation, synonymous with California. The show runs for 12 full days over the Thanksgiving period. It is a must-attend destination for many industry influencers, car enthusiasts and families wanting to enjoy a day out over the Holiday season. Held annually at the Los Angeles Convention Center, the LA Auto Show contributes several hundred million dollars to the local economy, stimulates the local job market and is

the number one revenue generator for the LA Convention Center. In 2021 media and industry days, AutoMobility LA will take place November 17-18 and comprise a range of groundbreaking industry announcements and reveals. Doors will open to consumers November 19-28. LA Auto Show is endorsed by the Greater LA New Car Dealer Association and is owned and operated by ANSA Productions. To receive the latest show news and information, follow the LA Auto Show on Twitter, Facebook or Instagram and sign up for alerts at laautoshow.com/. 

Companies interested in participating in the upcoming LA Auto Show® media and industry days or the consumer show please contact Terri Toennies' President of the LA Auto Show at terri@laautoshow.com. For press inquiries please email Kat Kirsch at media@laautoshow.com.

Scan the QR code or visit laautoshow.com/ to learn more.



**SAVE THE (NEW) DATES
NOV 19-28, 2021**

MORE INFORMATION AT LAAUTOSHOW.COM



DRIVING LA
SINCE 1907

AUTO SHOWS THRIVING IN A COVID WORLD

Moving into the remainder of 2021 and beyond, auto show organizers are hopeful that OEMs will continue their support by participating in shows across the country.

By Juliet Guerra, NADA Director of Media Relations



Throughout the coronavirus pandemic, personal transportation ownership has remained incredibly important to consumers, which has resulted in increased demand for new vehicles. Paired with inventory concerns from plant closures and the current microchip shortage, pent-up demand for new cars and trucks is high.

There is no question that the coronavirus pandemic changed the way dealers do business and sell cars, but one thing that hasn't changed is the value of auto shows to consumers. To meet consumer demand for vehicles and for an in-person experience, auto show organizers across the country are revamping their respective auto shows to operate in the COVID-19 environment.

"Bringing Auto Shows back for our industry is a big deal and consumers are absolutely ready," said Auto Shows of North America (ASNA) Chair Jenn Jackson. "Auto Shows are the quintessential opportunity to contrast and compare different makes and models in a low-pressure environment. For a consumer who is close to purchase, visiting an auto show will often solidify their decision on their next vehicle."

Consumers are not only ready for in-person events after facing social distancing and mask mandates for more than a year, but are ready to shop for their next car or truck in a low-pressure, experiential environment. According to Foresight Research President Chris Stommel, "auto shows continue to be an incredibly powerful experiential marketing channel and have not declined in the slightest from the consumer's point of view."

"Auto shows are a unique way for us to reach consumers prior to their next vehicle purchase," said Lisa Materazzo, Group Vice President, Toyota Marketing, Toyota Motor North America.

"More than 11 million people attend auto shows annually, and two out of three attendees are in-market to purchase a new vehicle within a year. Our presence at these shows offers a casual environment for consumers to get questions answered to assist them with their purchase decision."

This holds true from the dealer and auto show organizer perspective. "Nothing influences a consumer like the opportunity to physically experience all aspects of a product and that's exactly what an auto show allows," added Jenn Jackson, also Executive Director of Greater Charlotte Auto Dealers Association, which produces the Charlotte Auto Show. "Consumers can count the cup holders, check the cargo space, experience the technology, move the seat, and all in such a stimulating environment. There is no superior platform for a manufacturer to highlight their brand and influence purchase decisions than an auto show."

While offering consumers a first-class auto show experience, attendee safety is the top priority for show organizers. Show organizers have adopted enhanced cleaning and safety protocols including temperature checks, mandatory mask use, increased sanitization stations and enhanced vehicle cleanings between visitors. At the Houston Auto Show, visitors were asked to complete a short health screening before entering the venue and the show implemented online tickets with QR codes to limit attendee and show staff contact.

Some shows, including the Twin Cities Auto Show held May 15-23, moved to an outdoor venue – the state fairgrounds – which allowed better social distancing and airflow and featured a variety of interactive elements for attendees. The Denver Auto Show, slated for Sept. 15-19, will be held at Elitch Gardens Theme Park.

These are just a sampling of the safety measures organizers have taken and continue to take, some of which are outlined in the ASNA Reopening Roadmap for Auto Shows, a guide produced with input from auto show producers and event industry advisers. All shows are working closely with health and safety officials to ensure that all applicable local, state and federal sanitation guidelines are followed.

Though the timing, locations and safety procedures may have adapted, auto shows remain a vital marketing platform for automakers and a key shopping tool for consumers. In fact, at the recent Oklahoma City Auto Show, held March 5-7, paid attendance was up 13.2%; at the Tulsa Auto Show, held April 16-18, paid attendance was up 14.7%.

“As consumer shopping trends have evolved, we have seen many auto shows quickly adapt, innovate, and improve in terms of immersive display and engagement options,” said Vinay Shahani, Lexus Vice President of Marketing. “Lexus remains committed to the auto show format as a strategic tool in our marketing mix to help show consumers our latest products and technologies while driving qualified traffic to our dealer network.”

Subaru of America Senior Vice President of Marketing Alan Bethke shares this sentiment. “An auto show allows us to create a unique experience that provides a window into the capability and lifestyle of our vehicles and provides a way for us to differentiate ourselves from the competition and connect with the consumer.”

Subaru, Toyota and Lexus are just a few automakers who remain committed to auto shows, including those shows taking place in a unique, altered format. While “auto shows are facing a perception issue by OEMs,” according to Foresight’s Chris Stommel, we cannot ignore that “consumer-driven metrics show that auto shows are just as relevant today as they ever have been.” Moving into the remainder of 2021 and beyond, auto show organizers are hopeful that OEMs will continue their support by participating in shows across the country. 📍



<https://blog.nada.org/2021/05/18/auto-shows-thriving-in-a-covid-world/>

CONCERNED WITH THE COST, COMPLIANCE AND SERVICING OF YOUR DEALERSHIPS' INSURANCE?

EPIC CAN HELP WITH YOUR BENEFIT AND BUSINESS INSURANCE NEEDS

- CNCDA's only licensed broker for Health and Business insurance
- The largest insurer of auto dealers in the state
- The only broker with proprietary products specific to dealerships
- 15TH largest brokerage firm in the nation

We know dealerships have specific needs and issues, we are here to help. Please contact us for a free evaluation of your insurance and HR/compliance packages.

EPIC
Insurance Brokers & Consultants

Alison McCallum
949.417.9136
alison.mccallum@epicbrokers.com

Eric Kitei
949.417.9145
eric.kitei@epicbrokers.com

© EDGEWOOD PARTNERS INSURANCE CENTER | CA LICENSE OB29370 **EPICBROKERS.COM**



NADA

Managing Pricing Discretion in Credit Transactions: A Path Forward

One of the most attractive benefits to consumers in any industry is purchasing products and services at a discounted price. Discounting saves customers money, allows companies to earn their business and disciplines the prices competitors offer for the same items. In a normally functioning market, it is a win-win for both consumers and businesses.

At the same time, discounting involves pricing discretion, and pricing discretion that is not carefully exercised by a business can give rise to concerns about arbitrary pricing and, worse, pricing that discriminates against protected groups of consumers. This concern has driven the efforts of many consumer advocates and government officials over the years to eliminate dealer pricing discretion. In the context of dealer financing, this would be attempted by eliminating the participation that dealers earn for originating credit contracts and replacing it with a non-discountable, flat fee.

Many finance sources that are assigned credit contracts compensate dealers with non-discountable flat fees. The National Automobile Dealers Association takes no position on the form of compensation freely entered into by dealers and

their finance sources. Nevertheless, NADA has resisted – and will continue to resist – efforts by the government to prohibit finance sources from compensating dealers with discountable dealer participation for originating credit contracts with their customers. The pro-competitive benefits that dealer participation provides to consumers should not be eliminated by unwarranted and untested government intrusion into the marketplace.

Notwithstanding the flaws of such a mandate, concerns about “unfettered” pricing discretion expressed by the acting chair of the Federal Trade Commission (FTC) and others should not be ignored. Dealers should consider ways to address those concerns while striving to provide their customers with affordable and competitively priced products. One approach a dealer should consider (managing discretion while promoting competition) when earning dealer participation in a credit contract is to adopt the optional NADA/NAMAD/AIADA Fair Credit Compliance Policy & Program (NADA Fair Credit Compliance Program).¹

The NADA Fair Credit Compliance Program was not developed in a vacuum. Instead, it stems from – and fully adopts – an approach to fair credit compliance outlined in consent orders that the Department of Justice (DOJ) entered into with two automobile dealerships to settle pricing discrimination claims in 2007.²

In those consent orders, the dealers were required to adopt specifications known as “Guidelines for Setting Dealer Reserve.” This was how the dealer established standard participation rate (SDPR) that included in credit offers to consumers (i.e., the dealership would offer an APR the sum of the wholesale buy rate offered by the finance source and its SDPR) unless a “good faith, competitive reason” that supports a lower dealer participation rate was present in the transaction. The consent orders included seven such legitimate business reasons for discounting the SDPR, with the three most common being the presence of a lower cap imposed by the finance source, a consumer’s monthly budget constraint and a consumer’s access to a more competitive offer. The consent orders further required that any deviations from the SDPR be recorded on a pricing certification form, reviewed by the general manager or his or her designee and retained by the dealership.

In Nov. 2013, while speaking at a Consumer Financial Protection Bureau (CFPB) Auto Finance Forum, a senior DOJ official³ validated this approach when explaining that:

- (i) pricing discretion is not prohibited by the Equal Credit Opportunity Act;
- (ii) however, when exercised, pricing discretion presents a fair lending risk that needs to be managed; and one way to manage that risk is to adopt the approach outlined in the 2007 DOJ consent orders.⁴

Two months later, after extensive preparation and review, the three national trade associations representing franchised automobile dealers released the NADA Fair Credit Compliance Program.

As noted above, the NADA Fair Credit Compliance Program fully adopts the framework established in the DOJ consent orders and builds on it. A dealer who adopts the program has it approved by its board of directors and appoints a senior dealership official to serve as the Program Coordinator (PC). The PC oversees the implementation and maintenance of the program by establishing the SDPR, conducting initial and periodic training, reviewing pricing certification forms, submitting an annual compliance report to the board and performing other related tasks. The program explains each of these steps in detail.

Since its inception, the NADA Fair Credit Compliance Program has gained widespread support from many prominent observers both inside and outside of the industry.⁵ Recent additions to the list of supporters include

- (i) the American Bar Association, which overwhelmingly approved a resolution at its 2020 annual meeting that, in part, urges governments at all levels to offer “a safe harbor against pricing discrimination claims for dealers that

faithfully implement the NADA/NAMAD/AIADA Fair Credit Compliance Policy and Program”;⁶ and

- (ii) a CFPB Taskforce on Federal Consumer Financial Law, which made a similar recommendation to the CFPB and the Federal Reserve Board in Jan. 2021.⁷

The FTC has also seen value in this approach to managing pricing discretion. It included the framework and many elements of the NADA Fair Credit Compliance Program in a May 2020 consent order it entered into with an automobile dealership to settle allegations of intentional credit discrimination.⁸

Notwithstanding its broad support, the NADA Fair Credit Compliance Program remains optional. Its adoption does not guarantee that a dealer will be protected from liability for a fair credit violation. However, if faithfully adopted, implemented and maintained, the NADA Fair Credit Compliance Program provides a dealer with a well-regarded path forward in a very challenging environment. This should not be overlooked when a dealer discusses how it will ensure its customers’ fair and lawful treatment with its attorney. ☺

This article is offered for informational purposes only and is not intended as legal advice.

This article was prepared by Paul D. Metrey, Vice President, Regulatory Affairs for the National Automobile Dealers Association.

¹ The program and other supporting material are available at nada.org/faircredit.

² *In re Pacifico Ford*, DOJ Civil Action No. 07-3470 (September 4, 2007) (consent order); *In re Springfield Ford*, DOJ Civil Action No. 07-3469 (September 4, 2020) (consent order), available at www.justice.gov.

³ Steven H. Rosenbaum, Chief, Housing and Civil Enforcement Section, Civil Rights Division, U.S. Department of Justice.

⁴ CFPB Auto Finance Forum (November 14, 2013), currently available at www.consumerfinance.gov/about-us/blog/live-from-the-cfpb/.

⁵ See, for example, the statement made by Rep. Joyce Beatty (D-Ohio) before the U.S. House Financial Services Committee in March 2016 referring to the NADA Fair Credit Compliance Program as a “wonderful document” while Rep. Beatty held up the publication and asked that it be included in the record; and testimonials from 12 prominent industry attorneys expressing support for the program (available at www.nada.org/faircredit), including from former CFPB Assistant Director Rick Hackett, who stated his belief that the program “can resolve issues raised by the CFPB related to discretionary pricing... assuming it is faithfully executed as described by NADA”

⁶ American Bar Association, Resolution 116B (August 3, 2020), available at www.americanbar.org.

⁷ Taskforce on Federal Consumer Financial Law (TFCFL), CFPB, TFCFL Report Volume II, Recommendation 66 (January 2021), available at www.consumerfinance.gov.

⁸ *In re Bronx Honda*, FTC Docket No. Case 1:20 (May 22, 2020) (consent order), available at www.ftc.gov.

New CCPA Regulations Already Went Into Effect. Are You Covered?

By Chris Cleveland, ComplyAuto

Earlier this year, Attorney General Xavier Becerra announced another set of regulations that changed the laws under the California Consumer Protection Act (CCPA), which went into effect immediately. A copy of the modified regulations can be found online at oag.ca.gov, but the following is a high-level overview of what you will need to do:

1. Update CCPA signage. The regulations now require that the “Do Not Sell My Personal Information” disclosures be posted in the areas where the dealer collects personal information. Therefore, you will want to ensure you update your CCPA signs to include this disclosure that links the consumer to your interactive web form for submitting CCPA opt-out requests. Remember, dealers are indeed deemed to be “selling” information as that term is broadly defined under the law.

2. Ensure your CCPA forms allow for authorized agents requests. The regulations have clarified the requirements for verifying CCPA requests submitted by a consumer’s authorized agent. Many dealerships are using CCPA forms that do not comply with these requirements. The identity verification requirements for authorized agents are complex and somewhat counterintuitive, so it is important to ensure you have a process set up for complying with these regulations.




3. Add the new opt-out icon. The regulations now specify a particular design and colors for the CCPA opt-out icon (see above). It is highly recommended that dealers conform to this design and use a cookie banner that allows users to accept or decline third-party tracking cookies, which are considered a “sale” of information under the CCPA. Unfortunately, most dealerships are using cookie banners that do not support compliance with these rules.

4. Stop requiring unnecessary information for opt-out requests. There are four different types of requests a consumer can submit under the CCPA, and each has its unique identity verification requirements. The standard is the lowest for opt-out requests, and the new regulations prohibit businesses from asking for unnecessary information to process the request. Again, many dealership web forms do not comply with these requirements because they are not set up to differentiate between the different types of requests. For example, many will require the customer to enter a VIN or address to process an opt-out request.

5. Ensure all “opt-out” links take the consumer directly to an interactive CCPA web form. After clicking on the “opt-out” or “do not sell” button, many websites direct the consumer to the dealer’s privacy policy. This is now prohibited. Instead, the consumer must be taken directly to the interactive CCPA web form where they can immediately submit the opt-out request.

Don’t Have a Sign Yet?

If you do not have a sign that correctly provides a “notice at collection” to consumers who enter your dealership or service department, you can visit the ComplyAuto website to view a sample. 



ComplyAuto LLC is a RegTech company offering cloud-based software that helps dealerships enhance their compliance capabilities while becoming more efficient and cost-effective. ComplyAuto uses data analytics and AI to provide real-time automated compliance decisions performing tasks that would normally require manually-intensive processes and human intelligence.

Put the **power**
behind **print** to **work**
for **your** association.



Reach your customers with print.

To advertise in this magazine, contact us today.



801.676.9722 | 855.747.4003
thenewslinkgroup.org
sales@thenewslinkgroup.com



ONE LAST THING ...

Did you know that you can enjoy your association news anytime, anywhere?

The new online article build-outs allow you to:

- Stay up to date with the latest association news
- Share your favorite articles to social channels
- Email articles to friends or colleagues

There is still a flipping book for those of you who prefer swiping and a downloadable PDF.

Check it out!

Scan the QR code or visit:
los-angeles-dealer.thenewslinkgroup.org



THE DIGITAL SALE YOU'VE BEEN DREAMING OF.



You've been wanting this for years and now, Vitu has made it a reality. DMVdesk verifies your customers' identity and protects their information through NIST Level 2 security. They can sign the vehicle registration documents using their mobile. It's quick, secure and convenient for you and your customers.

What service makes this possible? **Vitu Authority Trust.**

The first in the nation to provide digital signatures on title and registration documents.