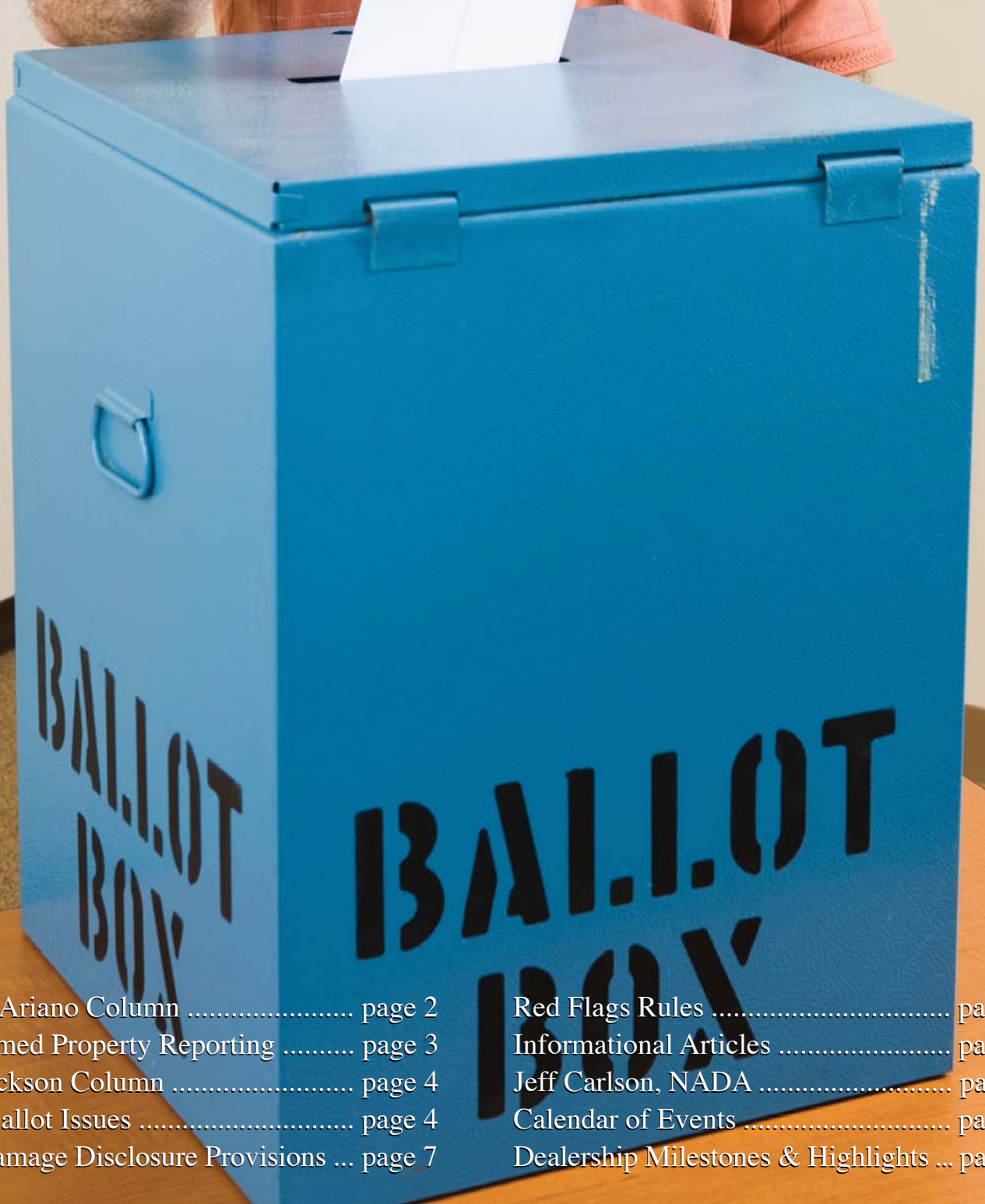


BULLETIN

Colorado Automobile Dealers Association

Volume 8, Issue 10

October 2008



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Nancy Ariano
CADA Chair

*...on a bright note,
the biggest
problem some
dealers face
today is the ability
to get the specific
products they
need to meet the
demand of their
customers.*

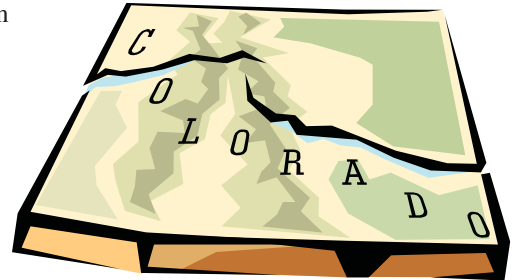
MESSAGE FROM THE CADA CHAIR

We just returned from the whirlwind annual series of CADA Regional Meetings. Although the meeting with the Denver area auto dealers is still ahead, CADA has completed 10 of the 11 meetings across the state. I find these get-togethers to be an excellent way to spend time with fellow dealers and senior managers. The discussions provide great insight into what is happening in the diverse Colorado marketplaces while allowing us all the opportunity to share tips that support each other through challenging times. The political arena is overflowing with many issues that effect us all, and these meetings give CADA the opportunity to make sure we are keeping you all informed of the issues while at the same time they provide dealers the opportunity to have their opinions and suggestions heard.

While many of us are experiencing some of the toughest economic times of our lives, there are pockets of economic prosperity and growth in certain parts of the state I would have not have anticipated seeing on this trip. In fact, on a bright note, the biggest problem some dealers face today is the ability to get the specific products they need to meet the demand of their customers. That is the economic reality in points on the eastern plains and in the oil and gas development boon areas on the western slope.

Our meetings this year focused on several key updates regarding the association and the industry:

- Organizational direction and priorities
- Savings available to dealers through CADA employee benefits offerings
- Financial status and strengths of our organization
- NADA updates on emission issues, Right-to-Repair legislation, Estate Tax update, National total-loss data-base, NADA New Orleans 2008 convention
- DEAC, CAR-PEC and Colorado CAR results – contributions vitally needed to keep us a strong and influential force at the national level as well as in our state capital
- Recap of 2008 legislative action and a preview of the 2009 legislative agenda
- Ballot election issues for 2008
- Pro-active steps toward air quality issues in Colorado through Clear the Air Foundation



At CADA we have noticed a distinct up-tick in:

- Member dealer inquiry calls – Many concerns about floor-plan and consumer financing along with manufacturer pressures and compliance issues.
- CADA conference and training attendance – Dealer Summit in 2008 was up 33 percent over 2007! Sales training participation this week surpassed all previous training enrollments.
- Political donations – have surpassed all previous years for election/ballot issues. There's never been a more critical time for us all to join together to protect ourselves from damaging anti-business legislation.

- Regional meeting participation – Recent regional meeting events had record attendance! Many locations had 100 percent participation.
- Increased desperation measures – such as elevated high-pressure off-site or tent sales by non-resident dealer operations. While CADA cannot serve as a policing authority, we insist that all dealers comply with all legal requirements and vehemently encourage everyone to operate with integrity and regard to each other and the markets we serve.



In politically and economically difficult conditions like these, our dealer association member services and expertise are needed more than ever. We are doing everything possible to provide the resources and support to ensure our members continued long term success. I encourage you to help your employees continue to stay positive and creative and I believe one of the best ways to do so is to provide them with resources, help and support outside of their daily grind. For example, our recent sales training, Sailing to Success, presented by Chip Thomas had over 240 participants. The recent NADA Lifeline to Profits seminar had a good response as well. To seek additional training seminars and member support events, call 303.831.1722 or sign up online at www.coloradodealers.org/calendar.

We are always looking for additional ways in which CADA can be even more responsive to member needs. Please stay in touch with your ideas and share them with members of our board of directors and me.

Thank you all for the wonderful participation to make our CADA Regional Meetings 2008 the most widely attended ever, and again, thank you for continuing to make CADA one of the strongest dealer associations in the nation.

EEOC EMPLOYMENT POSTER

EEOC has updated the
“EQUAL EMPLOYMENT
OPPORTUNITY IS THE LAW” poster.
Copies of this poster can be ordered
online free of charge at
www.eeoc.gov/publications.html

UNCLAIMED PROPERTY REPORTING REMINDER

A reminder that annual unclaimed property reports are due to the state of Colorado by November 1. For those who are not familiar with this requirement, every business in Colorado is required to report “unclaimed property” to the state of Colorado, attempt to reach the actual owner(s), report/track these items, and ultimately turn over such funds to the state. The state Unclaimed Property staff has conducted several training sessions for CADA members to bring more awareness to this requirement. In those training sessions, audit staff has commented that almost every dealership will have some unclaimed property. If you have never reported, the department simply encourages you to begin doing so as soon as possible voluntarily. Audit risk and liabilities can extend back 10 years. A few common examples include:

- Due Bills and Optional Equipment, Parts and Services
- Vehicle Deposits
- Referral Fees
- Credit Life Premium Refunds
- Accounts Payable/Accounts Receivable (Credit Balance)
- Payroll (final wages or commissions)



More information can be found on their web site at the following: www.greatcopyback.com. See “Holder Information” on the top menu bar for more specific information on reporting requirements.

There are electronic reporting options, forms and free software that is available for tracking purposes. NOTE: You should check the web site above for any unclaimed property that may be due to you individually or to your dealership!

CADA has training materials available for purchase on this topic from prior training classes conducted by state auditors; materials are \$40. Contact frontdesk@cadaonline.org to order.



Tim Jackson
CADA President

**Now that the
Poison Pill
Amendments are
off the ballot,
it is even more
timely and even
imperative that
Right-to-Work
be enacted by
Colorado voters.**

COLORADO'S ELECTION ISSUES FOR 2008 REMAIN KEY TO STATE'S FUTURE

As you have heard, a deal was cut between certain business leaders, political leaders and labor union bosses that – at the 11th hour – removed the four “Lights-out Colorado” initiative-petition measures (also referred to as the Poison Pill Amendments) from the 2008 state election ballot. The Poison Pill Amendments (#53, #55, #56 and #57) had been placed on the ballot in retaliation for Amendment #47 (Right-to-Work) being placed on the ballot by some business leaders.

Neither CADA, Metro Denver auto dealers, nor any other individual or group of dealers, were involved with the deal-making and, in fact, are on record in support of Right-to-Work as apposite move for Colorado.

Now that the Poison Pill Amendments are off the ballot, it is even more timely and even imperative that Right-to-Work be enacted by Colorado voters.

CADA previously voted to endorse and support Amendment 47, due to its far-reaching positive impacts on fairness and in benefit of the economy. CADA remains in support of 47 as good for workers, good for business, good for economic development and good for Colorado. The twenty-two (22) states that have Right-to-Work laws, create more jobs and consistently result in lower unemployment (higher employment levels) that do the 28 that have compulsory union membership. Now that the bad measures have been removed, we continue to support those amendments which are good for Colorado and those for which are good for business (including Amendment 47 – vote YES).

It is good that the Poison Pill (Lights-out Colorado) amendments are off the ballot. Though Amendment 47 and 49 would be good for Colorado. We encourage all Coloradans to support these amendments during this election. This is a one-time opportunity to enact meaningful reform in Colorado when it comes to moving the state forward and making Colorado more attractive to new business, creating jobs and enabling economic prosperity. Please vote for 47 and 49.

In the upcoming session of the Colorado General Assembly, CADA will have new battles for meaningful reforms to enhance the Colorado Franchise Act, we'll defend retaining Sunday's Blue Laws keeping dealers closed, and deal with fairness and diversity in transportation funding.

Over the next few weeks and months, we will call on you to attend meetings with state legislators from your area over breakfast or lunch. It is important for you to participate when you can.

As an industry there are many challenges we face. CADA is in the fight to improve the economic environment in which we operate. Be part of the effort we continue to make. You can often make the difference in whether we win or not.



FEDERAL RACES IN COLORADO NADA's Dealer Election Action Committee (DEAC) supports the following candidates:

US Senate, Bob Schaffer
US House District # 3 – John Salazar
US House District # 4 – Marilyn Musgrave
US House District # 5 – Doug Lamborn
US House District # 6 – Mike Coffman
US House District # 7 – Ed Perlmutter

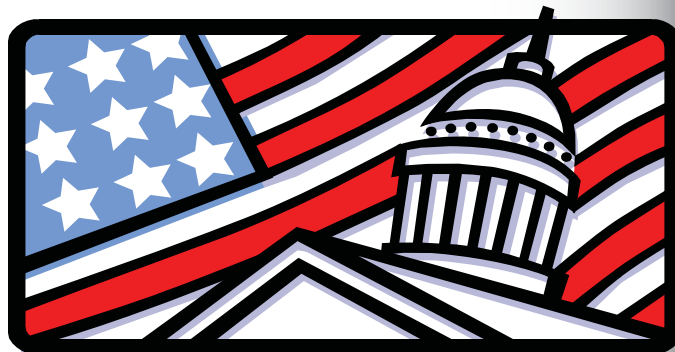
COLORADO STATE HOUSE OF REPRESENTATIVES – CADA's Choices

HD 1 (Arapahoe, Denver, Jefferson) – Jeanne Labuda
HD 2 (Denver) – Mark Ferrandino
HD 3 (Denver, Arapahoe) – Anne McGihon
HD 4 (Denver) – Jerry Frangas
HD 5 (Denver) – Joel Judd
HD 6 (Arapahoe, Denver) – Lois Court
HD 7 (Denver) – Terrance Carroll
HD 8 (Denver) – Beth McCann
HD 9 (Denver, Arapahoe) – Joe Miklosi
HD 10 (Boulder) – Dickey Lee Hullinghorst
HD 11 (Boulder) – Jack Pommer.
HD 12 (Boulder) – No preference
HD 13 (Boulder, Clear Creek, Gilpin) – Claire Levy
HD 14 (El Paso) – Kent Lambert
HD 15 (El Paso) – Mark Waller
HD 16 (El Paso) – Larry Liston
HD 17 (El Paso) – Catherine "Kit" Roupe
HD 18 (El Paso) – No preference
HD 19 (El Paso) – Marsha Looper
HD 20 (El Paso) – Amy Stephens
HD 21 (El Paso, Fremont) – Bob Gardner
HD 22 (Jefferson) – Ken Summers
HD 23 (Jefferson) – No preference
HD 24 (Jefferson) – Sue Schafer
HD 25 (Jefferson) – Cheri Gerou
HD 26 (Jefferson) – Andy Kerr
HD 27 (Jefferson) – No preference
HD 28 (Jefferson) – Jim Kerr
HD 29 (Jefferson) – Debbie Benefield
HD 30 (Adams) – Kevin Priola
HD 31 (Adams) – Judy Solano
HD 32 (Adams) – Ed Casso
HD 33 (Adams, Boulder, Broomfield, Weld) – No preference
HD 34 (Adams) – John Soper
HD 35 (Adams) – Cheryl Peniston
HD 36 (Arapahoe) – No preference
HD 37 (Arapahoe) – Spencer Swalm
HD 38 (Arapahoe, Jefferson) – Joe Rice
HD 39 (Arapahoe) – David Balmer
HD 40 (Arapahoe, Elbert) – Cindy Acree
HD 41 (Arapahoe) – Nancy Todd
HD 42 (Arapahoe) – Karen Middleton
HD 43 (Douglas) – Frank McNulty
HD 44 (Douglas) – Mike May
HD 45 (Douglas, Teller) – Carole Murray
HD 46 (Pueblo) – Sal Pace
HD 47 (Pueblo, Fremont) – Buffie McFadyen
HD 48 (Weld) – Glenn Vaad

HD 49 (Larimer, Weld) – Kevin Lundberg
HD 50 (Weld) – Jim Riesberg
HD 51 (Larimer) – Don Marostica
HD 52 (Larimer) – Bob McCluskey
HD 53 (Larimer) – Randy Fischer
HD 54 (Delta, Mesa) – Steve King
HD 55 (Mesa) – Bernie Buescher
HD 56 (Eagle, Lake, Summit) – Christine Scanlan
HD 57 (Garfield, Grand, Jackson, Moffat, Rio Blanco, Routt)
– Randy Baumgardner
HD 58 (Delta, Dolores, Montezuma, Montrose, Ouray,
San Miguel) – Scott Tipton.
HD 59 (Archuleta, La Plata, Montezuma, San Juan) –
Ellen Roberts
HD 60 (Chaffee, Custer, Fremont, Park, Pueblo, Saguache)
– Tom Massey
HD 61 (Eagle, Garfield, Gunnison, Hinsdale, Pitkin) –
Kathleen Curry
HD 62 (Conejos, Alamosa, Costilla, Huerfano, Mineral,
Pueblo, Rio Grande, Saguache) – No preference
HD 63 (Adams, Cheyenne, Crowley, Kiowa, Kit Carson,
Lincoln, Morgan, Washington, Yuma) – Cory Gardner
HD 64 (Baca, Bent, Huerfano, Las Animas, Otero, Prowers)
– No preference
HD 65 (Logan, Phillips, Sedgwick, Weld) – Jerry Sonnenberg

COLORADO SENATE – CADA Choice's for 16 Senate Races

SD 4 (Douglas, El Paso, Lake, Park, Teller) – Mark Scheffel
SD 8 (Eagle, Garfield, Jackson, Moffat, Rio Blanco, Routt) –
Al White
SD 10 (El Paso) – Bill Cadman
SD 12 (El Paso) – Keith King
SD 14 (Larimer) – Matt Fries
SD 16 (Boulder, Clear Creek, Gilpin, Grand, Summit,
Jefferson) – Dan Gibbs
SD 17 (Boulder) – Brandon Shaffer
SD 18 (Boulder) – Rollie Heath
SD 19 (Jefferson) – Libby Szabo
SD 21 (Jefferson) – Betty Boyd
SD 23 (Adams, Broomfield, Weld) – Shawn Mitchell
SD 25 (Adams) – No preference
SD 26 (Arapahoe, Jefferson) – Lauri Clapp
SD 27 (Arapahoe) – Nancy Spence
SD 28 (Arapahoe, Denver) – Suzanne Williams
SD 29 (Arapahoe) – No preference
SD 31 (Adams, Denver) – Jennifer Veiga
SD 33 (Adams, Denver) – Peter Groff
SD 35 (Arapahoe, Denver) – Joyce Foster



2008 Colorado Ballot Races & Issues

BALLOT MEASURES – This is how I will vote:

CADA Priorities in RED

Amendment 46 – No Preference

Prohibition on Discrimination and Preferential Treatment by Colorado Government: Eliminates preferential treatment by the state on the basis of race, sex, color, ethnicity or national origin for future public employment, public education and public contracting. Exceptions include federal requirements and existing court orders.



Amendment 47 – YES – CADA strongly supports

Prohibition on Certain Conditions of Employment (Right-to-Work): Prohibits any conditions of employment that require labor union membership or labor union dues. Voluntary labor union membership and dues are still allowed. Applies to all future union employment contracts and any renewals and extensions of existing union employment contracts. Defines unions as all organizations involved in labor negotiations with employers and collective bargaining efforts.

Amendment 48 – No preference

Definition of Person: Amends the definition of a person in Colorado statutes to include a human being from the moment of fertilization.

Amendment 49 – YES

Limitations on Public Payroll Deductions: Eliminates payroll deductions that are collected on behalf of public employees that go to 501(c)3 non-profit organizations. Public employees impacted include higher education, state government, local government, school districts, but does not include federal employees or privately contracted employees. Charitable contributions are still permitted, but the specific IRS code of 501(c)3 applies to organizations involved in public policy advocacy and education. Generally speaking, most business owners support this proposal.

Amendment 50 – No preference

Limited Gaming : Allows gaming towns to increase gaming limits to \$100 and extend gaming hours at their discretion. Directs all additional state revenues from any changes to go to community colleges and the cities and counties where gaming is allowed.

Amendment 51 – NO – Increases Colorado sales tax

State Sales Tax for Services for Individuals with Developmental Disabilities: Increases the state retail sales tax, including taxes on tangible personal property by one-tenth of one-percent in July of 2009 increasing to two-tenths of one-percent in July of 2010 to establish a fund for services for children, adults and seniors with developmental disabilities. Most business owners oppose this new tax.

Amendment 52 – YES

Severance Tax – Transportation: Reallocates existing severance tax revenues from mineral, fuel and energy extraction in Colorado to include the establishment of a transportation fund that emphasizes improving congestion on the I-70 corridor.

Most business owners favor this proposal over Gov. Ritter's severance tax proposal.



Amendment 53 – NO (due to sponsor action, votes will not be counted)

Amendment 54 – YES

Restrictions on Campaign Contributions from Government Sole-Source Contractors: Prohibits contributions by sole-source contract holders to political candidates and parties during the term of the contract and for two years following the completion of the contract. The prohibition extends to family members and applies to direct and indirect contributions. Only sole-source contracts over \$100,000 are included.



Amendment 55 – NO (due to sponsor action, votes will not be counted)



Amendment 56 – NO (due to sponsor action, votes will not be counted)



Amendment 57 – NO (due to sponsor action, votes will not be counted)

Amendment 58 – NO – Increases energy taxes

Severance Tax for Education: Increases the severance tax on oil and gas extracted in Colorado. The increased tax revenues will be directed to scholarships to state universities and colleges, wildlife habitat preservation, renewable energy projects and clean drinking water efforts. The severance tax revenues will establish a permanent fund that distributes them to the areas listed under the formula specified in the Amendment.

Amendment 59 – NO – Eliminates Taxpayer Bill of Rights and ends tax refunds

K-12 Educational Funding: Establishes a savings account within the State Education Fund created in 2000 by Amendment 23.

Referendums M – YES – Eliminates outdated language

Elimination of Obsolete Constitutional Provisions Regarding Land Value Increase: Removes an outdated arboreal planting land valuation program from the constitution.

Referendums N – YES – Eliminates outdated language

Elimination of Obsolete Constitutional Provisions Regarding Intoxicating Liquors: Removes outdated prohibitions on the sale of liquor from the constitution.

Referendums O – YES – Makes it harder to change Colorado constitution

Initiative Petition Requirements: Changes the petition signature requirements for citizen initiatives. Changes to Colorado's constitution will require more signatures, and that those signatures must be equally gathered in all seven of Colorado's congressional districts.

REMINDER OF PRIOR DAMAGE DISCLOSURE REQUIREMENTS/REPORTS OF HAIL DAMAGED CARS

This is to remind you of the following applicable statutes and regulations that cover the issue of prior damage disclosure. It has come to our attention that some manufacturers may be offering/providing large quantities of new cars that sustained some prior hail damage to their dealers (specifically Audi and Subaru have been mentioned recently). We also frequently receive calls about damage disclosure requirements.

While some states do have specific monetary damage limits above which any prior damage to a car must be disclosed to the consumer, Colorado does not. Generally in Colorado, the governing statutes and regulations require disclosure of damage that is "MATERIAL." This is a vague term, and because 'material' generally is interpreted in light of each, particular customer, CADA's business advice is to disclose ALL prior damage of which the dealership has knowledge. Some attorneys have also suggested taking photograph(s) of the damage and keeping a copy of the photo in the deal jacket.

Key Damage Disclosure Provisions – Colorado

REGULATION 12-6-118 (3)(i). A copy of the completed contract form shall be given to the purchaser when signed by both parties. A dealer, wholesaler, or auction dealer shall disclose on the contract form when a motor vehicle is



known by the dealer, wholesaler or auction dealer to be a salvage vehicle as defined in C.R.S. 42-6-102(10.6), OR when a motor vehicle is known to have sustained **material** damage at any one time from any one incident (1 C.C.R. 205-1).

COLORADO CONSUMER PROTECTION ACT

C.R.S. 6-1-708. Motor vehicle sales and leases – deceptive trade practices.

(1) A person engages in a deceptive trade practice when, in the course of such person's business, vocation, or occupation, such person: . . .

(b) Fails to disclose in writing, prior to sale, to the purchaser that a motor vehicle

- is a salvage vehicle, as defined in section 42-6-102 (13), C.R.S.,
- that a vehicle was repurchased by or returned to the manufacturer from a previous owner for inability to conform the motor vehicle to the manufacturer's warranty in accordance with article 10 of title 42, C.R.S., or with any other state or federal motor vehicle warranty law, OR
- knowingly fails to disclose, in writing, prior to sale, to the purchaser that a motor vehicle has sustained material damage at any one time from any one incident.

IMPORTANT NOTE: Violation of the Consumer Protection Act may not only result in discipline and/or fines by the Dealer Board, the statute also provides for civil damages and attorneys fees.

In Other Regulatory News...



NADA has finalized two new publications aimed at helping dealers comply with several new federal legal requirements. All members will receive a free printed copy of A Dealer Guide to the FTC Affiliate Marketing Rule (L51) and Electronic Disclosure Rules for Dealership Online Commerce (L52) via mail. However, because of the recent Oct. 1 compliance deadline for each of these new rules, NADA Management Education is making these two publications available immediately, in PDF form, free to members upon request. Send an e-mail to Management Education at me@nada.org with your request and member identification number.



Individuals and organizations with 25 or more trucks, tractors or other heavy vehicles used on highways are required to make their excise tax filings with the Internal Revenue Service electronically, rather than by paper. Form 2290, Heavy Highway Vehicle Use Tax Return, is used to report and pay highway-use excise taxes. E-filing of Form 2290 began in August 2007. Electronic filing streamlines the processing of Form 2290. It is safer and more reliable than paper filing and reduces preparation and processing errors. Another advantage of e-filing Form 2290 is that taxpayers don't have to wait for a stamped version of the Schedule 1, Schedule of Heavy Highway Vehicles, to be returned by mail. They will almost instantly receive the equivalent of a stamped version electronically. For additional information, contact NADA/ATD Regulatory Affairs at <mailto:regulatory@nada.org>. To view the entire press release, visit www.irs.gov/newsroom/article/0,,id=185565,00.html.

Red Flags Rule Compliance

**Federal Red
Flags Rule
Compliance
Deadline
is Nov. 1**

REMINDER: NEW FEDERAL RED FLAGS & ADDRESS DISCREPANCY RULES: COMPLIANCE DEADLINE IS NOV. 1

A reminder that the mandatory compliance deadline for the new, federal Red Flags rule is Nov. 1, 2008. Under the new federal "Red Flags Rule," dealerships and other creditors must develop and implement a comprehensive Identity Theft Prevention Program.

The idea behind this law is to ensure policies and procedures are in place to detect and prevent ID Theft before it occurs. The primary goal of the Red Flags Rule in the dealership context is to prevent an identity thief from financing or leasing a vehicle in someone else's name. Note that because it is the dealership's responsibility to verify a consumer's identity, an ID Theft occurrence is typically the dealership's responsibility under most lender agreements. Dealerships who are victims of ID Theft can be on the hook to pay off the lender and be left trying to collect from their insurer for the loss. This new federal requirement can also help you prevent and avoid such costly occurrences.

With all this said, however, the Rule applies to much more than just automobile finance or lease transactions. It applies to all consumer finance accounts and may apply to some business accounts throughout the dealership. Indeed, the first requirement under the Rule is for dealers to review all of the different types of accounts they offer to identify those that could be subject to identity theft. After dealers have determined each account type that could be at risk of identity theft, they must then figure out what indicators of identity theft may be relevant to those types of accounts, implement procedures to detect those indicators, determine what reasonable steps the dealer should take if they are detected, and then create a Program that administers and updates these and other steps on an ongoing basis.

Appointing a Team to Develop and Implement the ITPP

The first step that a dealer should take in complying with the Red Flags Rule is to appoint the internal personnel who will be responsible for the dealership's Identity Theft Prevention Program (ITPP).

Board of Directors/Senior Management

The Rule requires the dealership's board of directors, an appropriate committee of the board, or a designated employee at the level of senior management to be involved in the Program's oversight, development, implementation, and administration. The oversight function should include assigning specific responsibility for the Program's implementation, reviewing required compliance reports by staff who are assigned implementation functions, and approving material changes to the Program as new identity theft risks emerge.

In addition, the board of directors or an appropriate board committee must approve the initial written Program. If the dealership does not have a board of directors, the approval must come from a designated employee at the level of senior management.

Staff: The Rule contemplates that "staff" will be responsible for implementing the Program and drafting and presenting compliance reports to the board.

Team Approach: Thus, establishing the ITPP lends itself to a task force or team approach not only because of the multiple duties involved, but also because the Red Flags Rule envisions a division of responsibility between management and staff.



NADA has issued a compliance guide that explains the requirements under the new Rules, and includes detailed, step-by-step guidance on developing the written program required under the Red Flags Rule, as well as a sample written program, worksheets, and other helpful materials. All NADA members were mailed one free copy of the full guide, **and the sample written program (Section Two) from NADA's guide is available in MS Word files to aid dealers in developing written programs specific to their dealerships. These materials are available free to NADA members upon request. To receive these materials, contact me@nada.org with your request and member identification number. These are also available for order from CADA – please contact Lauren Stadler.**

FTC RED FLAGS RULE COMPLIANCE OVERVIEW

This step-by-step checklist may assist you in developing and implementing a written ITPP by the final date for complying with the Red Flags Rule (Nov. 1, 2008). Highlighted here are the general compliance steps you must take in regards to FTC Red Flags Rules.

Step 1

Appoint an ITPP Compliance Officer and an ITPP Program Coordinator.

Appoint a senior manager to serve as the ITPP (Identity Theft Prevention Program) Compliance Officer who will be responsible for the Program's oversight, development, implementation, and administration. If necessary, appoint an ITPP Program Coordinator to manage and coordinate the Program under the supervision of the Compliance Officer.

Step 2

Determine the "covered accounts" that you offer or maintain.

Identify all the accounts you offer or maintain and determine which ones are "covered accounts" that must be addressed in your ITPP. Covered accounts generally consist of (1) all of your consumer transactions involving multiple payments (even if you immediately assign the contract to a third party) and (2) your other multiple payment accounts (including business accounts) where there is a reasonably foreseeable risk of identity theft to your dealership or customers.

Step 3

Identify relevant indicators of possible identity theft ("Red Flags") for each covered account.

For each of the covered accounts you identified, determine what patterns, practices, or activities may indicate a possible attempt at identity theft. Keep in mind that "relevant" Red Flags are reasonable (as opposed to theoretical) indicators of ID theft. You must consider several sources of Red Flags, such as vulnerabilities in how you open and maintain your covered accounts, your prior experiences with identity theft (consider also methods of identity theft at other dealerships that you have learned about), and guidance from the FTC, including its list of 26 Example Red Flags. Determine which of these, and other Red Flags that are not set forth in the Worksheets, are relevant to your covered accounts, and list them in your ITPP.

Step 4

Develop procedures for detecting those Red Flags.

For each relevant Red Flag that you have identified, determine what reasonable methods dealership personnel must follow to detect that Red Flag. Include procedures to verify the identity of a customer who wishes to open or access a covered account, and additional detection procedures for certain Red Flags that you identify.

Step 5

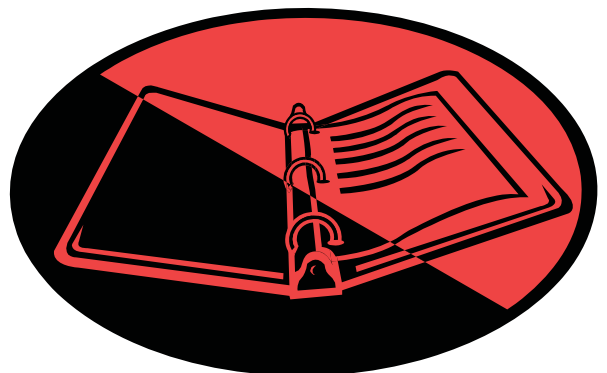
Develop procedures for responding to relevant Red Flags that you detect.

For each relevant Red Flag you identify and detect, determine what reasonable response procedures your dealership personnel must follow. The procedures should be flexible and should provide for a range of possible responses depending on the Red Flag detected and the specific facts and circumstances involved. The Sample ITPP sets forth "General Response Procedures" to be followed when any Red Flag is detected as well as additional "Specific Response Procedures" to be followed when certain Red Flags are detected.

Checklist cont'd on next page

A Dealer Guide to the the FTC Red Flags & Address Discrepancy Rules: Protecting Against Identity Theft

This guide provided by NADA explains the FTC's Red Flags Rule, contains FAQs and a step-by-step guide. It also explains the FTC's Address Discrepancy Rule. Section Two includes a sample ITPP plus worksheets and other materials to assist dealers in developing their own written ITPPs in compliance with the Red Flags Rule. These are available for order from CADA – please contact Lauren Stadler.



Red Flags Rule Compliance

Step 6

Train your employees.

Your ITPP should include policies for training all dealership personnel involved in opening or maintaining covered accounts or performing any duty set forth in your Program, including your procedures for complying with the Address Discrepancy Rule.

Step 7

Oversee your service providers.

If you outsource to a service provider any activity necessary for opening or maintaining covered accounts, or any duty 19 under your ITPP (e.g., functions related to identifying, detecting, or responding to relevant Red Flags that exist with your covered accounts), ensure that your service provider has appropriate policies and procedures in place to perform these functions and agrees to do so contractually. Note the Sample ITPP assumes the dealership does not retain service providers for this purpose. If you retain service providers to which you have outsourced ITPP duties, ensure that your ITPP reflects that arrangement.

Step 8

Draft an ITPP that details the procedures set forth above.

Consolidate the information gathered and produced to comply with each of these steps, including the information from the Sample ITPP Worksheets, and incorporate it into a formal written Program. Ensure that your ITPP is comprehensive and includes the procedures you will adopt to comply with the Address Discrepancy Rule. In addition, ensure that you document all of your compliance efforts.

Step 9

Ensure your board of directors or a committee of the board approves your ITPP by Nov. 1.

Once your ITPP is drafted, it must be approved by the dealership's board of directors or an appropriate board committee by Nov. 1. If your dealership does not have a board of directors, the ITPP must be approved by a designated senior management employee.

Step 10

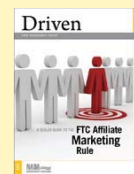
Comply with the ongoing Program requirements.

Your compliance duties under the Red Flags Rule do not end on Nov. 1, 2008. The Program must be continuously administered and you must adhere to a series of ongoing administrative requirements designed to ensure that your ITPP is responsive to the latest trends in identity theft.

The Program Coordinator (or staff responsible for administration of the ITPP) must submit compliance reports at least annually as detailed in the ITPP, while the Compliance Officer (or the board of directors, a board committee, or a designated senior management employee) must ensure the ITPP is updated periodically. The dealership should update its list of covered accounts, relevant Red Flags, and detection and response procedures as part of this process or sooner if warranted by the circumstances (such as if an identity theft incident occurs). The dealership also must stay current with its training obligations and service provider oversight responsibilities.

TWO NEW NADA LEGAL COMPLIANCE PUBLICATIONS NOW AVAILABLE ONLINE

NADA has two new publications aimed at helping dealers comply with several new federal legal requirements: A Dealer Guide to the FTC Affiliate Marketing Rule (L51) and Electronic Disclosure Rules for Dealership Online Commerce (L52). Both publications will be mailed to members, and NADA Management Education is also making FREE versions of these two publications available immediately to members upon request. Members may obtain a free PDF copy of each publication by sending an email to me@nada.org with their requests and member identification numbers. All NADA Publications are available at the following: www.nada.org/Publications/



The FTC's Affiliate Marketing Rule specifies when certain credit-related information received from a company's affiliates may be used for marketing purposes. The guide covering this new rule defines key terms, explains the new rule's relationship to existing information-sharing restrictions under the Fair Credit Reporting Act, and provides examples of the notices required under the new rule.



The Federal Reserve Board's Electronic Disclosure Rules affect dealers who currently engage in certain online activities (such as advertising leases online, advertising credit online, or providing access to/accepting online credit applications), or envision doing so in the future. This publication explains the rules, discusses amendments to certain regulations—including Regulations B, M, and Z—and provides context and compliance considerations.

DIRECT COSTS JUST TIP OF THE ICEBERG WHEN WORKPLACE ACCIDENTS OCCUR



As an employer, you are naturally concerned about the direct, easily identified costs of workplace accidents, since they have an immediate impact on your bottom line. That's why you carry workers' compensation insurance—so that the medical costs and wage replacement for your injured workers will be covered.

What you may not think about are the hidden, indirect costs of workplace accidents to your business. These costs—which aren't so obvious—include such things as the cost to train and compensate a replacement worker, repair damaged property, investigate the accident, and implement corrective action.

The Occupational Safety and Health Administration (OSHA) reports the ratio of indirect costs to direct costs varies widely—from a high of 20:1 to a low of 1:1. OSHA concludes that the lower the direct costs of an accident, the higher the ratio of indirect to direct costs.

The data clearly show that the direct costs of workplace accidents are just the tip of the iceberg. Businesses and their employees can be hit hard by the indirect costs of an accident, which include:

- Time lost from work by the injured employee
- Lost time by fellow workers
- Cost of training a new person
- Replacement or repair of damaged tools and equipment
- Time that damaged equipment or vehicles are out of service
- Products or work that are ruined
- Loss of production for the remainder of the day
- Spoilage of inventory from fire, water, chemical, explosives, or other causes
- Failure to fill orders
- Overhead costs while work is disrupted
- Unhappy customers



In short, workplace accidents can be far more costly than they initially appear. What's the best way to control your costs? Prevent the injury in the first place. For more information on the hidden costs of accidents and injury prevention, contact your Pinnacle Assurance territory marketing manager.

NADA CONVENTION NEWS

Ford Motor Co. president and CEO Alan Mulally will give the keynote address at the opening session of NADA's convention, being held Jan. 24-27 in New Orleans. Before joining Ford in 2006, Mulally was executive vice president of the Boeing Co. and president and CEO of Boeing Commercial Airplanes. Other speakers include President George H.W. Bush and former NFL quarterback Archie Manning. Registration for the convention is open, and 10 hotels are already sold out. For more, visit <http://www.nada.org/convention>.



NADA Insurance's hole-in-one insurance program, ACECO, will host a charitable golf tournament in conjunction with the 2009 NADA Convention in New Orleans. The inaugural "Dealers for Charity Golf Tournament" is slated for Friday, Jan. 23, at TPC Louisiana, the only PGA TOUR golf course in the state. The challenging 7,300-yard, par-72, Pete Dye-designed course is set among bayous and old-growth cypress trees. All proceeds from the tournament will benefit the Brees Dream Foundation, a charitable organization founded by New Orleans Saints quarterback Drew Brees and his wife Brittany. If you're interested in a sponsorship, contact tournament director Alicia Rodriguez at 888.828.8540 for details. Fees for the 144-person tournament are \$300 per person or \$1,200 per foursome. Register online at <http://www.ACECOinsurance.com>.



Jeff Carlson
Glenwood Springs Ford
Colorado NADA Director
Chairman, NADA Convention

**Our message
to the financial
community
and Congress
is simple:
Auto financing
is sound.
We just need
liquidity to do
our jobs.**

NADA CONVENTION VENDORS & CONTRACTORS

Both exhibitors and attendees of the 2009 NADA convention in New Orleans may receive e-mail solicitations, phone calls, direct mail or other forms of communications from vendors and contractors claiming to be endorsed or approved by NADA, which many are not. Be on the lookout for these types of solicitations. Following is a list of official NADA vendors and contractors:

- Freeman (Service Contractor)
- PSAV Presentation Services (Audio/Visual)
- CCR Events (Computer Rental)
- National Plant & Floral, Inc.
- Experient (Lead Retrieval)
- HMI – Holiday Models, Inc.
- Oscar Einzig (Photography)
- Marshall Robinson & Associates (Security)
- Experient (Housing – Exhibitor & Attendee)
- NADA's AutoExec Department (Advertising/Sponsorships)

Please use caution when dealing with any solicitations from companies that are not on this list. Contact NADA conventions at (703) 821-7141 if you have any questions.

NADA Working to Improve Auto-Financing Difficulties



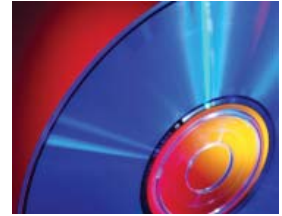
America's financial liquidity crisis, created by mortgage lending, is constraining the availability of auto credit, which is the lifeblood of both dealerships at the wholesale level and car buyers at the retail level. Industry experts agree that the economics of auto financing are sound and that vehicle financing did not cause the current crisis. Nonetheless, banks and finance companies are reluctant to lend. Consumers—even those with good credit—are finding it increasingly difficult to get financing. To address the issue, NADA is moving forward on several fronts.

First, NADA is meeting with the major associations representing the banking and financial services industries to emphasize the fundamental soundness of the existing auto-finance model and to highlight the fact that it is, therefore, in the economic interests of finance sources to continue making credit available for automotive retailing.

In addition, NADA is supporting congressional efforts to stabilize liquidity in the economy and provide government funding that would make available \$25 billion in loans for the auto industry. Our message to the financial community and Congress is simple: Auto financing is sound. We just need liquidity to do our jobs.

— *Annette Sykora, NADA chair*

NADA Management Education Virtual Seminars - The complete audio and video content of 19 NADA Management Education virtual seminars from the past year is now available. Each seminar archive contains the original presentation from 2007 or 2008, and can be accessed for up to six months. The cost of each seminar is \$99. For a complete list of archived seminars or to place an order, visit www.nada.org/seminars, or call 800.252.6232, Ext. 2. Archived virtual seminars are available for the following topics:



- Variable operations
- Fixed operations
- F&I
- Legal issues
- Business management
- Trucks

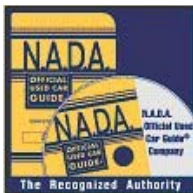
NADA-24: The Dealer's Next-Day Survey - NADA's immediate customer follow-up and complaint-resolution program, NADA-24, recently completed its five-millionth interview. Launched in 2005, the program provides feedback to dealers the day after a customer buys or services a vehicle, enabling quick responses to customer problems and helping to build loyalty. Customers are contacted and asked three questions to gauge their level of satisfaction. Visit www.nada-24.com for more.



Automotive Careers Online - Jobs posted on NADA's job board, Automotive Careers Online, have accrued nearly 10,000 views and as many as 250 views for a single job posting since the site was launched in March. "That's a solid return on investment for employers registered for the site," says John Lyboldt, NADA vice president of dealer operations. "More than 500 job seekers have registered for the site and many have applied for dealership jobs." Automotive Careers Online is a dedicated job board exclusively for NADA members to post openings. Job posting packages start at \$200 for a 30-day listing, which is a fraction of the cost of other commercial job boards and classified ads. Employers set the skills criteria for openings. E-mail alerts notify an employer of matching candidates once a resume is posted. The site is free for job candidates, who can post resumes and search for dealership careers. To sign up, visit www.AutomotiveCareersOnline.com.



NADA Guides - NADA Used Car Guide has introduced two additional trade-in value categories to help businesses better define used-vehicle pricing for a broader spectrum of vehicles. Beginning this month, new "Rough Trade-In" and "Average Trade-In" values are included in all guide electronic products, and will be part of the printed guidebook this month as a complement to the existing "Clean Trade-In," "Clean Loan" and "Clean Retail" values. The majority of vehicles in the wholesale market—about 50 percent—are considered "average" in condition, according to NADA market data. Vehicles in the "clean" category represent about 15 percent of the market, while those in the "rough" category—typically considerably damaged but not "salvage" vehicles—are about 20 percent. The remaining vehicles fall into the "extra clean" or "salvage" category. For more on the guide's vehicle value categories, as well as its full lineup of electronic and print products and services, visit www.nada.com/b2b.



Green Checkups - NADA is encouraging every car and truck dealer to offer their customers free Green Checkups to assess their vehicles' fuel economy. Because dealers are located in every major community in the country, you are ideally positioned to be at the forefront of this consumer awareness campaign. Consider incorporating the 10-point Green Checkups found at <http://www.nada.org/green/getinvolved/greencheckup/> into routine service lane walkarounds or promotional multi-point inspections. They also can be featured at special Green Day events or in advertised promotions to existing customers.



A Green Checkup can include some or all of the recommended service items below. You may even want to add other items. To date, nearly 600 dealerships in 49 states have signed up to offer customers free Green Checkups. Visit the link about for more information and to sign up.

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Calendar of Upcoming Events & Seminars

EVENT DESCRIPTION	DATE/TIME	LOCATION
Dealer Day at Specialty Equipment Market Association (SEMA) Show 2008 <i>Las Vegas</i>	Wednesday, Nov. 5	Las Vegas Convention Center For more information visit www.semashow.com
Designated Risk Management Seminar presented by Federated Insurance <i>Owatonna, MN</i>	Monday, Nov. 10 - Wednesday, Nov. 12	Through CADA's partnership with Federated Insurance, there is no charge to attend this seminar. Attendees are responsible for their air, lodging and ground transportation.
MDADA Annual Membership Meeting <i>Denver</i>	Tuesday, Nov. 25 11 a.m. – Lunch Meeting and General Session	JW Marriot Denver at Cherry Creek 150 Clayton Lane Denver 80206 Attendees can register through CADA via Phone: 303.831.1722, FAX: 303.831.9100, or E-mail: rsvp@coloradodealers.org
Red Flags and Safeguards/Privacy Training by Paul Metrey, NADA Regulatory Affairs <i>Denver</i>	Friday, Jan. 9, 2009, 7:30 a.m. <i>Breakfast meeting</i>	<i>Save the date; more details and a registration will be available soon!</i>
Annual Colorado Dealers Legal Counsel Lunch and Issues Briefing <i>Denver</i> <i>More information coming soon!</i>	Friday, January 9, 2009 11:30-1:30 <i>Lunch included</i>	Briefing/update on upcoming legislative session, compliance and regulatory matters, and Red Flags/Safeguards overview from Paul Metrey, NADA Regulatory Affairs Baur's Restaurant www.baurdenver.com 1512 Curtis Street Denver 80202
NADA Convention & Exposition <i>New Orleans</i>	Jan. 24-27, 2009	New Orleans Morial Convention Center For more information, go to http://expo.nada.org/

**To register online
 for any CADA seminar
 or event, please visit:
[www.coloradodealers.org/
 registration](http://www.coloradodealers.org/registration)**



MOUNTAIN STATES TOYOTA MOVES INTO THEIR BRAND NEW FACILITY

Excitement was in the air at Mountain States Toyota as they moved into their brand new state of the art facility on Monday, Sept. 22. General Manager Tim Van Binsbergen invites you to stop by any time and take a personalized tour of the new facility. The new facility is located at 201 West 70th Avenue, Denver. A formal grand opening ceremony is in the works and will be announced soon.



50-YEAR DEALER AWARD FOR McCADDON CADILLAC



Congratulations to McCaddon Cadillac, Buick, Pontiac-GMC in Boulder for recently receiving a 50-year award. The McCaddon dealership was founded by George McCaddon in November 1958. They have been family owned and operated since that

time. McCaddon was originally started as a Cadillac and Oldsmobile franchise, and then later acquired the Buick and GMC lines in 1990, and finally the Pontiac franchise in 2005. His son Mark now operates the dealership and hopes to continue for many more years to come.

In the photo above the following people are represented: (left) Kate Hardy, BPG West Region General Motors Sales and Marketing Manager, (middle) Mark McCaddon, Dealer, McCaddon Cadillac, Buick, Pontiac-GMC, Boulder, (right) Mike Stinson, BPG Zone Manager.

2008 CADA GOLF TOURNAMENT WINNERS

Tim Jackson and the staff at CADA would like to congratulate our first place winners of the 2008 CADA Annual Golf Tournament. From left to right Doug Moreland (Grand Auto), Mike Downey, Steve Bear and Carl Ventsam (Colorado Springs Dodge). Held at the Columbine Country Club ranked in the top 10 among all private courses, CADA dealer members from all over the state helped to make this years tournament one of the largest ever. We look forward to seeing all of you next year on Aug. 24, 2009 at the Glenmoor Country Club.



BARROW RECEIVES LIVER TRANSPLANT

Our thoughts and prayers go out to former CADA president Bill Barrow, who recently received a liver transplant. Bill had been on wait-list for a transplant for several months, then on Sept. 28, he was called to the University of Colorado Health Sciences Center to receive a liver transplant. The source of the liver was a 28-year-old from Colorado Springs. Bill is pleased with his progress and feels better every day. Cards and contacts can be sent to: Bill Barrow, 12005 South Allerton Circle, Parker, CO 80138.



AUTO INDUSTRY RESOURCES

- Auto Industry Division: 303.205.5746, www.coloradodealers.org/AID
- Titles/Registration: 303.205.5608, www.coloradodealers.org/TITLESandREG
- Department of Revenue Taxation: www.revenue.state.co.us/tps_dir/home.asp

Bulletin questions or comments? If you have questions about items in this newsletter or suggestions for future articles, please contact Lauren Stadler at 303.457.5123 or e-mail to lauren.stadler@coloradodealers.org.