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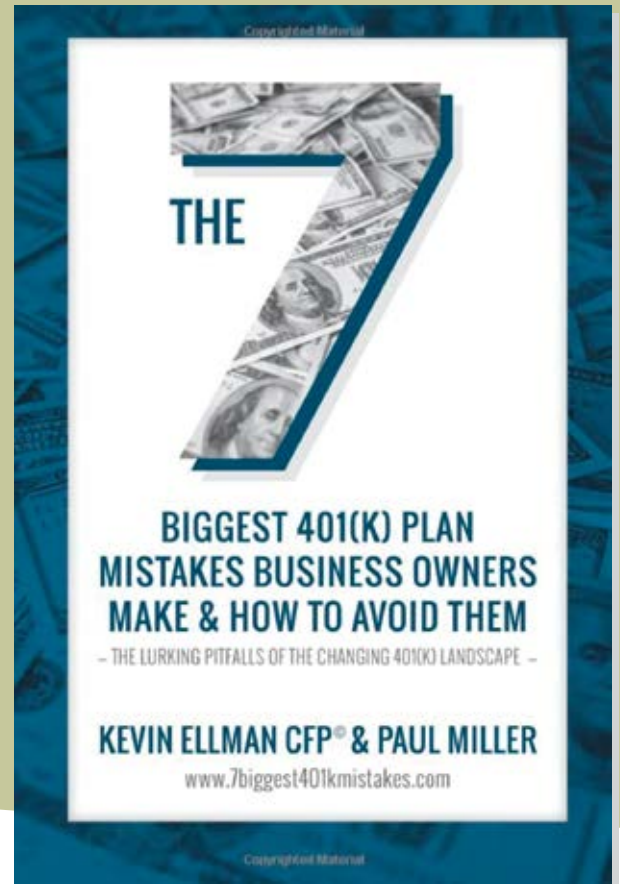
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Past Chairman's MESSAGE | BY ROBERT SICKEL

2020: A Year Like No Other

[EDITOR'S NOTE: This space would normally contain the current Chairperson's Message, but due to a COVID-related publication delay, former Chairman Rob Sickel's farewell column is being published shortly AFTER his term has expired. Please look for Chairwoman Judith Schumacher-Tilton's first column in our next issue.]

When I addressed the 2019 annual meeting, live and in-person at Metedeconk National Golf Club back in September 2019 and a few weeks before I began my one-year term as Chairman, I spoke about the NJ CAR Mission and a major revamp of our communications and grassroots political action capabilities. I noted our mission is focused on three areas: advocacy, education, training and member services.

Little did I know what lay ahead for the vast majority of my tenure and how the coronavirus crisis would test NJ CAR's capabilities across all three of these crucial aspects of our mission. I encourage you to read Jim's column, which discusses the many ways NJ CAR proved its value throughout this challenging year.

My focus is on the challenges dealerships have overcome. When the pandemic hit New Jersey in March, Governor Murphy imposed a statewide ban on all retail activities, including new car sales. Dealership service departments were deemed essential and allowed to remain open. Remote or online motor vehicle sales activity was also permitted early on. Thanks to NJ CAR's advocacy, by mid-May, the Governor's executive order was modified to permit dealers to resume in-person sales.

This was a huge victory, but we still faced the challenge of how to best serve customers, many of whom were fearful of the exploding pandemic and wanted to deal with us online as much as possible. Many dealers had to quickly ramp up or expand their online capabilities to serve customers virtually. For some dealers it was a simple, albeit hectic transition. For others, there was a steep learning curve. But it seems the industry responded incredibly well.

As the pandemic stretched into the summer and the State got a better handle on its spread, we were faced with how best to communicate what we were doing to ensure a safe and healthy environment for customers and employees who wanted to come to our showrooms.

None of us knows what lies ahead, but a current resurgence of the COVID-19 virus (or a future threat) could lead to another retail shutdown. The best thing we can do is to operate safely and publicize what we are doing in hopes that, if the Governor orders another retail shutdown, dealerships will be spared.

To that end, the Coalition put together the NJ CAR Clean Certification Program. The Program educates dealership personnel about the latest sanitization recommendations and safety precautions and what needs to be done to meet existing legal and regulatory requirements. It also offers a well-designed way for us to communicate what we are doing. I encourage you to read more about the NJ CAR Clean certification program and how you can become certified later in this issue of *New Jersey Auto Retailer*.



While COVID-related issues dominated much of the year, the dealer community still faced its typical legal, regulatory and legislative challenges.

We were faced with a State Budget that sought to recoup some of the revenue lost in 2020 as the New Jersey economy took a massive hit due to the pandemic. The approved budget included Governor Murphy's long-sought-after Millionaire's Tax, which raises the tax rate on those earning more than \$1 million per year from 8.97% to 10.75%.

There are two items contained in the budget that are of particular interest to dealers. First is the reinstatement of a 2.5% surcharge on the corporate business tax rate (CBT) that will likely be phased out over the next four years. The second was an increased assessment of HMO premiums, which will go from 3% to 5%.

Dealers also faced the challenge of making sure New Jersey Motor Vehicle Commission regulations properly addressed the new reality of conducting auto retailing business in an online environment. We need to ensure that online and remote sales marketing remains compliant with NJMVC Advertising Regulations and anyone engaged in selling motor vehicles meets ALL NJMVC requirements.

NJ CAR will continue working with legislators to amend the applicable statutes to better facilitate online and remote sales and eliminate the wet-signature requirement on MVC documents, which has long been a major obstacle to a seamless online motor vehicle transaction.

It goes without saying that my tenure as Chairman was not what I expected. But I am proud of what the Coalition has accomplished. I am confident that Judith Schumacher-Tilton, who took over as NJ CAR's first Chairwoman on November 1, will successfully lead NJ CAR forward as the industry continues to adapt to challenges in 2021 and beyond. Sure, I dealt with a global pandemic during my tenure. Judith only needs to lead an industry determining what role it will play for consumers in the evolving landscape of personal mobility encompassed by electric vehicles, autonomous fleets, subscription services, factory direct sales and more. Please join me in wishing Judy the best of luck in her year as Chairwoman. **njcar**

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President's MESSAGE | BY JAMES B. APPLETON

NJ CAR Proves Its Value To Dealers On Multiple Fronts Throughout 2020



NJ CAR's mission is to serve

New Jersey's franchised dealerships in three major areas — advocacy, education and training and member services. The COVID-19 pandemic has tested the Coalition's capabilities on all three fronts like few other challenges in our 102-year history. And NJ CAR staff have shown, time and time again, how valuable the Coalition is to dealerships operations, particularly when the industry faces unanticipated challenges. Let me highlight just some of the work done by NJ CAR in 2020.

Advocacy

In mid-March, Bergen County Executive Jim Tedesco briefly shut down all dealership operations. NJ CAR quickly put together a grassroots campaign that generated more than 300 emails to Mr. Tedesco overnight. That effort, combined with NJ CAR's lobbying of the Governor's office, led to a quick reversal of Tedesco's order.

Unfortunately, Governor Murphy soon imposed a statewide ban on all retail activity, including new car sales. Thanks to NJ CAR's advocacy, dealership service departments were deemed essential and remained open. Dealers were also able to conduct remote or online motor vehicle sales. NJ CAR worked with state officials to interpret the initial order and advocated for clarifications and improvements to provide dealers with more explicit guidance and greater flexibility.

The Coalition also immediately began advocating for reopening motor vehicle retail sales, with dealers following strict

CDC and OSHA safety precautions. NJ CAR ran public service announcements on television, conducted several media interviews and reached out to friends at the State House to advocate for the safe reopening of dealerships. The advocacy paid off. In mid-May, the Governor's Order was modified to permit dealers to resume in-person sales. It was a huge victory because it would be another two months before any other retailers would be permitted to reopen.

Education, Training & Communications

NJ CAR training and communications have also been front and center throughout the COVID pandemic. The Coalition hosted a dozen COVID-related webinars, attended by more than 1,100 people since April. These webinars covered timely COVID-related topics, including employment law issues, online sales, cyber risk, business interruption insurance, the CARES Act and the Paycheck Protection Program application and loan forgiveness process.

The Coalition also sent nearly 300 email updates to keep members informed about the quickly evolving pandemic and the State's response. Many of the communications were also published on the NJ CAR website, and the Coalition has maintained a massive social media presence, posting COVID and other industry-related issues almost daily on Facebook, Twitter and LinkedIn.

Coalition staff also responded to hundreds of phone calls on dozens of topics related to the pandemic's effect on the auto retail business. With information

changing almost by the hour in the early days and weeks of the pandemic, the Coalition responded quickly to the evolving situation, providing dealers with the latest information and analysis.

Member Services

While the Coalition offers a wide array of member service programs, either directly or through partnerships with best-in-class vendors, there is one particular service that has proven itself especially valuable during the COVID crisis — the NJ CAR motor vehicle agency.

Early in the pandemic, the State closed all local motor vehicle agencies for four months. But, because of NJ CAR's unique dealer-only motor vehicle agency arrangement, we were able to continue offering service to our members with little or no interruption.

The NJ CAR agency shut down briefly to protect the health and safety of staff when the pandemic first hit. But we quickly assessed our operations, reorganized workflows and floor plans, created split shifts and were back up and safely operating faster than anyone could have expected, processing more than 500,000 titles and registrations since April 1. Sue Sbarro, NJ CAR's Director of Motor Vehicle Operations, and her entire team have been nothing short of extraordinary, putting in long hours under challenging circumstances.

NJ CAR also launched the NJ CAR Clean certification program, designed specifically for the unique challenges facing the dealership community. I encourage you to read the NJ CAR Clean article in this issue to learn more about the many benefits of this free program and how you can become certified.

The Coalition has served the New Jersey dealership community for more than 100 years and will continuously search for ways to bring greater and greater value to dealers, particularly when they are faced with unexpected challenges. **nj car**



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NADA Director's MESSAGE | BY RICHARD A. DESILVA, SR.



The 2021 NADA Show Is Going Virtual For The First Time EVER



By now, you've probably heard that the NADA Show 2021 is going virtual and will not be held in New Orleans, as initially planned this coming January. Instead, the Auto Industry Event of the Year is coming to YOU (*wherever that may be*) Feb. 9-11, 2021, making it easier than ever to access all the education, networking and Expo connections you've come to expect from NADA.

Without the usual cost of travel and hotel accommodations, as well as a reduced registration cost for dealers and managers, more dealership employees than ever can now attend the show virtually. All attendees will have access to NADA's industry-leading education on current topics and much more, including:

- 60+ workshops and education sessions (*live and on-demand*);
- Franchise meetings with OEM partners;
- Keynote sessions from industry leaders and experts;
- Thousands of the latest dealer products and solutions at NADA Expo;
- Key automotive industry news and updates; and
- Exclusive networking opportunities attendees have come to expect at the NADA Show.

Dealers and dealership managers from all departments will find relevant tools and information to boost their bottom line. The Virtual Expo will showcase hundreds of companies offering thousands of products, solution and services in one place. Attendees and exhibitors will be able to connect through one-on-one appointments with live-chat functionality. They can also take advantage of show specials and Expo-Only Hours.

This NADA Show will be like no other but, as NADA chairman Rhett Ricart said, "This year's event is more important than ever given the mass disruption brought to our businesses by the coronavirus. Never before have dealers faced business hardship and complexity concurrently with a health pandemic."

But dealers are both resilient and optimistic, which has been proven time and again this year. We've all learned a great deal about operating in a fast-changing environment and the NADA Show is the right place for us to share best practices while refining the changes we've made to our businesses.

The NADA Show 2021 experience will feel different, but I believe the virtual format will be unbelievably successful. If you haven't already done so, register NOW to attend the 2021 NADA Show at <https://show.nada.org/2021/virtual/registration/>. **njcar**



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Ownership Has It's Rewards

Dealerships Must Prepare To Lead The Upcoming Electric Vehicle Revolution



The NJ CAR PlugStar Certification Program Helps Dealerships Sell More EVs

BY TOM MOLOUGHNEY

Automotive retailers have a long history of adapting to the industry's changes and challenges and re-energizing their operations. The COVID-19 shut down early this year and how it has continued to impact day-to-day business are prime examples of how New Jersey dealers can survive even the toughest business environments.

Another challenge has been ramping up over the past few years and provides dealers with an incredible opportunity if they prepare themselves. I'm talking about the growing number of plug-in electric vehicles that manufacturers are planning to release, as well as the aggressive Cal-LEV mandates facing New Jersey over the next five years.

Over the past decade, manufacturers have invested billions of dollars in developing and producing electric vehicles. Some of the early options weren't very competitive with comparable gasoline or diesel cars. They were much more expensive, could only drive 70-100 miles on a charge and needed to be plugged in 5-10 hours per day. Plus, they weren't available in the variety of options that modern-day consumers demand.

Additionally, dealerships received very few of these vehicles in inventory from the manufacturer, so there was little incentive to spend much time and effort learning about the differences, training staff, and investing in an ecosystem to encourage the sale of the plug-in offerings.

That is changing, perhaps quicker than many people realize. First, manufacturers are faced with regulations requiring an increasing percentage of their overall fleet to be zero-emission vehicles. In New Jersey, a Cal-LEV state, 9% of all vehicles sold are mandated to be electric. That mandate increases by 2.5% per year until it hits 22% in 2025. New Jersey EV sales in 2019 accounted for 2-3% of all vehicles sold and are expected to remain relatively flat in 2020.

While EVs in all shapes and sizes and price ranges are available (*with dozens more scheduled to be introduced over the next four years*), there is still work that needs to be done to address the two biggest obstacles to EV adoption — price and underdeveloped

charging infrastructure. Let's take a closer look at how these barriers are being removed.

Electric Vehicle Cost

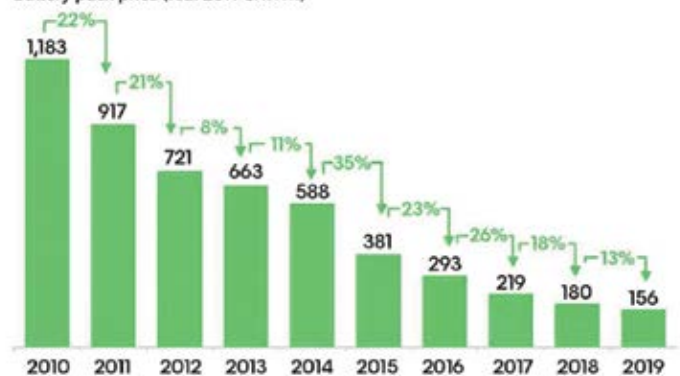
The main driver in the high cost of EVs is the battery pack, which is measured by how many kilowatt-hours (*kWh*) of electricity they can hold. The larger the battery pack, the further the vehicle can go on a single charge. Therefore, the bigger, the better. However, the batteries' high cost has stopped manufacturers from using very large packs because they wouldn't be economically feasible. That's why EVs don't go 400 to 500 miles per charge as a gas or diesel car can. It's that simple.

Fortunately, EV battery prices have been dropping faster than analysts predicted, and an EV battery pack in 2020 now costs nearly 10 times less than it did in 2010. Most experts believe that by 2023, EV battery prices will reach the point that will finally allow manufacturers to achieve cost parity with internal combustion vehicles.

Even today, when you factor in the federal tax credit, the New Jersey EV rebate and the New Jersey Sales Tax exemption, an electric vehicle can be just as affordable or even cost less than a comparable conventionally-fueled vehicle.

Lithium-ion battery price survey results: Volume-weighted average

Battery pack price (real 2019 \$/kWh)



Source: BloombergNEF

EV Charging Infrastructure

A few years ago, if you wanted to re-charge your EV, you needed to plug in and wait up to ten hours or more. That’s because the cars couldn’t accept a lot of power and there weren’t any charging stations that could deliver high-speed charging rates. However, in just a few short years, a lot has changed.

New Jersey now has hundreds of public EV charging stations, many of which are high-speed chargers, called DC fast chargers. The new DC fast-charging stations can add as much as 200 miles of range to an EV in about 10 minutes, making recharging an EV nearly as convenient as filling up at the pump.

EV Options Are Better Than Ever

While many early EVs were small hatchbacks, manufacturers are now producing the kind of EV inventory customers want. Many electric crossovers, sport utility vehicles, larger sedans and even pick-ups will be arriving in New Jersey dealerships over the next few years. These vehicles will offer single-charge driving ranges of 200 to 300+ miles.

Many dealerships have seen a low inventory of EV stock due to COVID-related changes to production, and manufacturers

send their EV inventory elsewhere. But New Jersey’s best-in-the-nation EV incentive program will catch the eye of manufacturers and the drought of inventory will ultimately turn into a flood over the next few years.

Dealers Need To Prepare NOW For The EV Revolution

The table is being set for EVs to become a larger percentage of dealership sales. A recent survey by Shell found that 70% of new car buyers are now considering an electric vehicle.

However, selling EVs is not as easy as selling conventionally-fueled cars and light trucks. Consumers have many more questions and concerns about new technology and dealers must be prepared with current information. How does the New Jersey state EV rebate work? What happens if I’m running out of charge? How long do the batteries last? These are questions that many dealers are already hearing. There will be more, and the frequency of fielding these EV concerns is going to increase.

For that reason, NJ CAR has partnered with Plug In America to offer dealers the PlugStar program, which provides EV-specific training to dealers and their sales staff and recommends best

practices to help them sell more EVs. PlugStar isn’t meant to replace OEM training on EVs. Instead, it enhances and amplifies the manufacturer-supplied EV information.

PlugStar is a national dealership training and certification program and has worked with thousands of dealership sales staff at hundreds of dealerships in California, Massachusetts, Colorado, and Missouri over the past four years. Now the program is available to all New Jersey dealers.

PlugStar provides participating dealers with online tools to help keep the staff up-to-date with the New Jersey EV rebate program and federal EV incentives. It also helps dealerships keep tabs on the local ride and drive opportunities for them to showcase their plug-in offerings and even offers no-charge customer leads from the PlugStar website and other program partners.

The PlugStar program also helps dealers educate the public about the financial benefits of purchasing an EV. For example, Plug-In America and NJ CAR have been visiting dealers that offer EVs and providing them with a supply of reusable hangtags to better communicate the savings available to consumers who choose to purchase an EV. **njcar**

EV MODELS COMING TO MARKET

(SOURCE: AUTOMOTIVE NEWS)

<h3 style="margin: 0;">2020</h3> <ul style="list-style-type: none"> • BMW5 Series • Chrysler Pacifica Hybrid • Ford Mustang Mach E SUV • Jeep Wrangler • Lincoln Corsair GT • Volkswagen ID4 • Volvo XC40 	<ul style="list-style-type: none"> • BMW X3 • Chevrolet Bolt crossover • Ferrari SF90 Stradale • Genesis EV • Hyundai Ioniq 5 • Hyundai Kona • Kia electric crossover • Lucid Air • Mercedes Benz EQA • Mercedes Benz EQB • Mercedes Benz EQC • Mercedes Benz EQS • Mitsubishi Eclipse Cross • Nissan Arlya • Porsche Panamera Hybrid • Porsche Taycan • Volvo C40 • Volvo EX60 	<h3 style="margin: 0;">2022</h3> <ul style="list-style-type: none"> • Alfa Romeo subcompact crossover • BMW 7 Series • BMW i4 • BMW X5 • Cadillac Lyriq • Chevrolet Corvette • Ford Escape • Ford F-150 EV • Hyundai Ioniq 6 • Jaguar I-Pace • Jeep Grand Cherokee • Land Rover Ranger Rover • Land Rover Road Rover • Maserati GranTurismo • Maserati Grecale • Maserati MC20 	<ul style="list-style-type: none"> • Mercedes Benz EQE • Mitsubishi Outlander • Nissan Maxima • Porsche 718 Boxster • Porsche 718 Cayman • Porsche Macan <h3 style="margin: 0;">2023</h3> <ul style="list-style-type: none"> • Audi eTron • BMW X8 • Buick electric large SUV • Buick electric midsize crossover • Cadillac Celestiq • Cadillac large electric SUV • Chevrolet electric pickup • Ford/Lincoln midsize crossover • GMC Hummer • Jaguar EV
<h3 style="margin: 0;">2021</h3> <ul style="list-style-type: none"> • Alfa Romeo compact crossover • Audi E-Iron GT • Audi Q4 E-Iron • Bentley Bentayga • BMW iNext 	<ul style="list-style-type: none"> • Land Rover Discovery Sport • Maserati Levante • Maserati Quattroporte • Mercedes Benz C-Class • Nissan Leaf • Porsche 911 • Toyota Prius/ Prius Prime • Toyota-Subaru crossover • Volkswagen ID Buzz 	<h3 style="margin: 0;">2024</h3> <ul style="list-style-type: none"> • Audi Artemis • Audi TT • Buick small SUV • Cadillac crossover • Cadillac SUV • Hyundai Ioniq 7 • Volkswagen U.S. EV 	



NJ CAR Clean Program Offers Dealers A Way To Ensure Customer and Employee Health and Safety

BY BREANNA ESQUILIN AND CHARLES RUSSO

With flu season upon us, operating safely during the COVID-19 pandemic is more important than ever. Surrounding states are already considering area shutdowns and other extreme measures to slow the spread of COVID-19. Further, with more frequent international travel and an expanding world population, it is becoming obvious that there has been an explosion in the transfer and spread of infectious diseases over the last two decades.

Many health experts warn that this may be just the beginning if we do not collectively follow safety and health restrictions and guidelines and take these events seriously. The pressure is mounting on government agencies like OSHA, CDC and WHO to step up their efforts, and many experts are saying that it's not a matter of if but when regulations will require all businesses to have a written infectious disease prevention plan.

NJ CAR will remain steadfast in its efforts to keep New Jersey new car dealerships open for business through the COVID-19 pandemic and in the future, but we cannot do it alone. NJ CAR has launched its "NJ CAR Clean" certification program to educate and inform dealer members about protocols for operating during a pandemic. NJ CAR CLEAN applies the best of current guidelines set forth by the CDC, OSHA, WHO and other regulatory agencies to everyday dealership operations through multiple channels.

Available to dealership owners and employees, the NJ CAR CLEAN certification provides a 20-minute training webinar, a detailed written infectious disease prevention manual for COVID-19, cleaning and management checklists and a starter

kit of collateral materials. These materials allow participating dealerships to provide informative and precise messaging that promotes what they are doing to keep customers and employees safe. Finally, your dealership has complete access to full-time health and safety experts employed by NJ CAR to address your infectious disease questions and concerns.

Once a dealership employee has completed the webinar, that dealership will be certified NJ CAR Clean and will receive the starter kit at no charge. Additional materials can be reordered through NJ CAR Services as needed.

Topics discussed throughout the webinar and included in the manual focus on using OSHA's pyramid of controls. Some of the topics include infectious disease control and prevention, personal protection equipment purpose and use, social distancing properly, health risk screenings and employer/employee communication, training and relations.

The main objectives of the NJ CAR Clean program are to promote business continuity by avoiding future shutdowns and/or business disruptions, alleviate safety and health concerns, promote customer confidence, and manage impacts of the pandemic.

For more information or to become NJ CAR CLEAN certified, please contact the Coalition at 609.883.5056. **nj car**

Breanna Esquilin is NJ CAR's Director of Workforce Development and can be reached at besquilin@njcar.org. Charles Russo is NJ CAR's Risk Manager and Safety Specialist and can be reached at crusso@njcar.org.



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REMEMBER WHEN?

BY MIKE WATERMAN



Remember when? That is a phrase many of you reading this can identify with. Remember when you would tape six sheets of legal paper together to make a full-page newspaper ad? You would spend hours with your ruler, pencil and current list of inventory to build out the ad for the upcoming run on Sunday.

Remember when you would appraise a car with your NADA, Galves, Kelley or Black Book in your back pocket? I'll paint the picture — you're sitting at your desk, flipping through the guidebook figuring mileage adds or deductions and equipment adds. All the while, you're asking yourself the same questions — Do I need this car? What could I sell it for? I know the Volvo store down the street has a couple — what does he have those priced at?

Then came the internet and websites, and dealers were now able to reach more “ups” more often and MUCH more efficiently. Then came inventory management systems. We could enter the VIN and get a whole slew of information on the vehicle in seconds. Dealers got exponentially better at what they stock, what they pay, how to price and how to compare markets locally, regionally and nationally.

Remember when you would pick up the phone and call several of your friends to “bank” a trade because you needed more money to put the deal together? Remember when you would drive

three hours at 4 a.m. to get to the auction right when the gates opened so you could crawl around 80-90 cars, make notes, look up values and maybe buy 10?

Well, those days are finally over. The “Digital” evolution in wholesale is here! What has changed, you ask?

In today's digital marketplace, many new tools completely changed how you can transact as a business, bringing more trust, transparency and efficiency to the buying and selling process. I will start with the most important part of what we do: buy cars for the front line. This is where most mistakes were made before digitization. First, there is the right car at the wrong price. Those you can survive because, although your average gross will suffer a bit, the car will eventually sell. The second is the wrong car. Why? The wrong car usually comes into stock for two reasons. Most often, we put too much money in it to make a deal and have no wholesale option unless we want to lose money. Plus, our buyers claim it was a “steal” at the auction. Neither are good for your retail front line.

Next, let's address vehicle trades. Did you know there are hundreds if not thousands of dealers today who have raised their win rates on trades by double digits — and assumed ZERO risk? How is that possible? The new marketplace is thriving online in wholesale. If you want a real offer with a legitimate check attached to trade in, launch the car to thousands of potential buyers and 20



minutes later, have your vehicle's actual cash value to work your deal. Some dealers even sit with the current owners and watch the auctions together — you can see their excitement as another \$100, \$200 come in on their car. Each bid pushes them to think about the new car they will be leaving with. More trades with less wholesale loss exposure means higher actual cash value on those trades to win more deals. If you are not playing in the space, you are leaving deals on the table.

For wholesale operation, acquisition and disposition of inventory, there are countless benefits of transacting digitally. When buying vehicles, dealers want access to as much inventory as possible in real-time and want to feel confident in the vehicles' description. When selling vehicles, dealers want A-lane numbers to have the largest pool of potential buyers to bid and compete on the purchase. We all know 12 bidders will bring more money than three bidders. Transacting digitally opens up the floodgates for your business: Thousands of cars every day are running in digital lanes across the country, and thousands of dealers are bidding, buying and selling.

What should you look for in a digital partner? Trust and transparency is a good place to start. Your top priority should be the quality and consistency of the condition reports. Who is writing them, how are they held accountable, who trained them, who do they work for, who offers the most detailed and complete vehicle descriptions? Inside/outside photos are easy. What about the

check engine light, OBD codes, and paint? Have repairs been conducted and how good was the repair quality? What does the engine sound like? Is there a knock at a cold start? How's the idle? What does the complete undercarriage look like?

Answers to all of these questions should be provided before a buyer hits the "bid" button on any online platform. ACV Auctions checks all of these boxes with its comprehensive and unparalleled True360 reports, Virtual Lift, the industry's first mobile vehicle undercarriage imaging tool and Audio Motor Profile (AMP) tool, which allows all dealers on the ACV platform to hear engine sounds of vehicles they are considering buying. That is why NJ CAR has partnered with ACV to offer dealers a valuable service.

What guarantees does a buyer have if the vehicle arrives and is NOT as described? Who is on the hook? How does the buyer get help and who do they call? There are providers today who run close to 90% green light and guarantee the car's description. Shop us all, push us hard. Ask the hard questions and hold us all accountable. Quality condition reports need to be consistent and backed by solid arbitration terms and buyer guarantees. Digital is here and transforming businesses every day. Make sure you do your homework before selecting the platform that works best for your operation. **njcar**

Mike Waterman is Chief Sales Officer at ACV Auctions. He can be reached at mwaterman@acvauctions.com.



OUTSOURCING DOCUMENT MANAGEMENT PROTECTS DEALERSHIPS

The challenge of meeting legal compliance issues, data security and protecting reputation are all benefits of outsourcing document management

BY MICHAEL DACHILLE

Dealerships are required by law to maintain a qualified Compliance Management System. Meeting the legal requirement is essential. But equally important is protecting your dealership from potential lawsuits, damage to your reputation, or triggering continuous audits. One mistake is all it takes to harm your dealership.

It is already challenging to manage your dealership in a continually changing environment. The COVID-19 pandemic has made it even more difficult. Employee turnover and the training required for new employees add to the stress. That is why it so difficult to maintain the

consistency needed to maintain accurate Document Management for those handling it in-house.

Most Document Services Platforms include a Compliance Management function but require a significant effort to record information. That is why NJ CAR has partnered with AutoTrieve to help dealers meet compliance requirements and streamline the process.

Many of the documents created at dealerships contain customers' personal and financial information. Having a secured Document Management services platform protects this information and serves

dealerships in many other ways. The process of secure-scanning documents protects clients' data and protects businesses from unnecessary audit penalties resulting from non-discoverable documentation.

The FTC's current penalty for breach of customer personal and financial information is \$42,500 per event, per day. Manufacturer audits focus on a variety of specifics within Repair Orders and Deal Jackets.

For dealerships to achieve compliance with the voluminous amount of documentation generated, it is essential that a Document Management services platform is

Having documents scanned and stored in a secure environment significantly reduces the risk of penalties and non-compliance. Outsourcing scanning and storage to Document Management Professionals ensures proper processes, security, and certification credentials.

in place to achieve the necessary oversight and control processes.

Dealerships have a choice of either scanning their Retail Order, Dealer Jackets, Human Resource documents, etc. or having them physically stored in a secure records center. Having documents stored at the store level for retrieval does not mitigate the risk factor of stolen or lost client information.

Scanning at the store level is a step forward, but the risk remains as to what happens to the paper after scanning? Dealers also need to address the question of access to scanned images being secured and protected by passwords. Plus, having the dealership staff scan vital documents often creates backlogs and errors that cannot be identified until it's too late.

Having documents scanned and stored in a secure environment significantly reduces the risk of penalties and non-compliance. Outsourcing scanning and storage to Document Management Professionals ensures proper processes, security, and

certification credentials. Quality Control processes ensure all scanned documents are accounted for and can be retrieved. Document Management Professional services also ensure any stored boxes are logged into a tracking system that accounts for all warehousing and can be quickly located.

Unfortunately, most in-house scanning solutions do not have a verification process to ensure the capture of all documents. Storing paper onsite requires dealership staff to retrieve it. And it exposes client and employee personal information to dealership staff and increases the risk of a breach.

When selecting a Scanning Service Bureau and Records Storage Vendor, it's critically important that the vendor has SOC1 and SOC2 compliance certifications, which are essential components of the service. These credentials ensure that a qualified, trusted third-party firm has audited the vendor's processes, facilities, and controls. It is also important to obtain a copy of the SOC1/SOC2 annual audit report. These steps ensure a DMS

verification process that accounts for all your documents.

A dealership having processes in place that are compliant with a third-party vendor relieves the burden of managing their in-house Document Management system. It eliminates any risk involved with client data being exposed or breached during the capture and storage processes.

The age of storing paper on-site at dealerships is behind us due to the extremely high cost of space, exposure, breaches and lost documents. Compliance via an efficient and secure Document Management process is a consistent, measured fixed cost that takes the worry away. **nj car**

Michael Dachille is Managing Director, Business Development at AutoTrieve Document Scanning & Records Storage Services. AutoTrieve specializes in secure Private Cloud-based Document Scanning and has partnered with NJ CAR to help dealers remain compliant. Michael can be reached at 201.820.7419 or michaeld@mgcimag.com. For more information about AutoTrieve, you can also visit autotrieve.com.

NJ CAR's Apprenticeship Program Continues Working Its Way Back To Full Speed

BY BREANNA ESQUILIN



NJ CAR's Automotive Technician Apprenticeship

Program started strong in 2020. Going into February, the program had already enrolled 80 apprentices since launching in September 2019. Four individual training sessions had commenced and were well under way when the COVID-19 pandemic hit.

Dealerships were faced with mandatory shutdowns and business disruptions. These unprecedented times also brought on layoffs, furloughs and terminations. Many of the program's apprentices were temporarily laid off but were eventually offered their jobs back. We estimate about 80% of our initial apprentices returned to the program and their dealership. The resumption of training classes turned out to be extremely difficult, with schools remaining closed for an extended time due to Governor Murphy's Executive Order.

Dealership sales and service bounced back quickly in the late spring and summer months. More than ever, they were in desperate need of technicians. With the fall 2020 school year's status

starting in-person largely unknown, planning new training sessions was nearly impossible. Automotive engineering is not a trade to be taught virtually. At this point, some schools have resumed in-person instruction, allowing some of our apprentices to complete their classes, but others remain at a standstill. We have had 26 graduates so far and anticipate another 17 by November 2020.

The grant contract that NJ CAR had entered ended May 2020 in the middle of the pandemic. NJ CAR requested and was granted a six-month extension, hoping the pandemic would be well over. At this point, the contract is nearing the end of its extension. NJ CAR is working diligently to request an additional six months so that dealerships can continue to have the benefit of well trained apprentice technicians. **njcar**

Breanna Esquilin is NJ CAR's Director of Workforce Development. She can be reached at besquilin@njcar.org.



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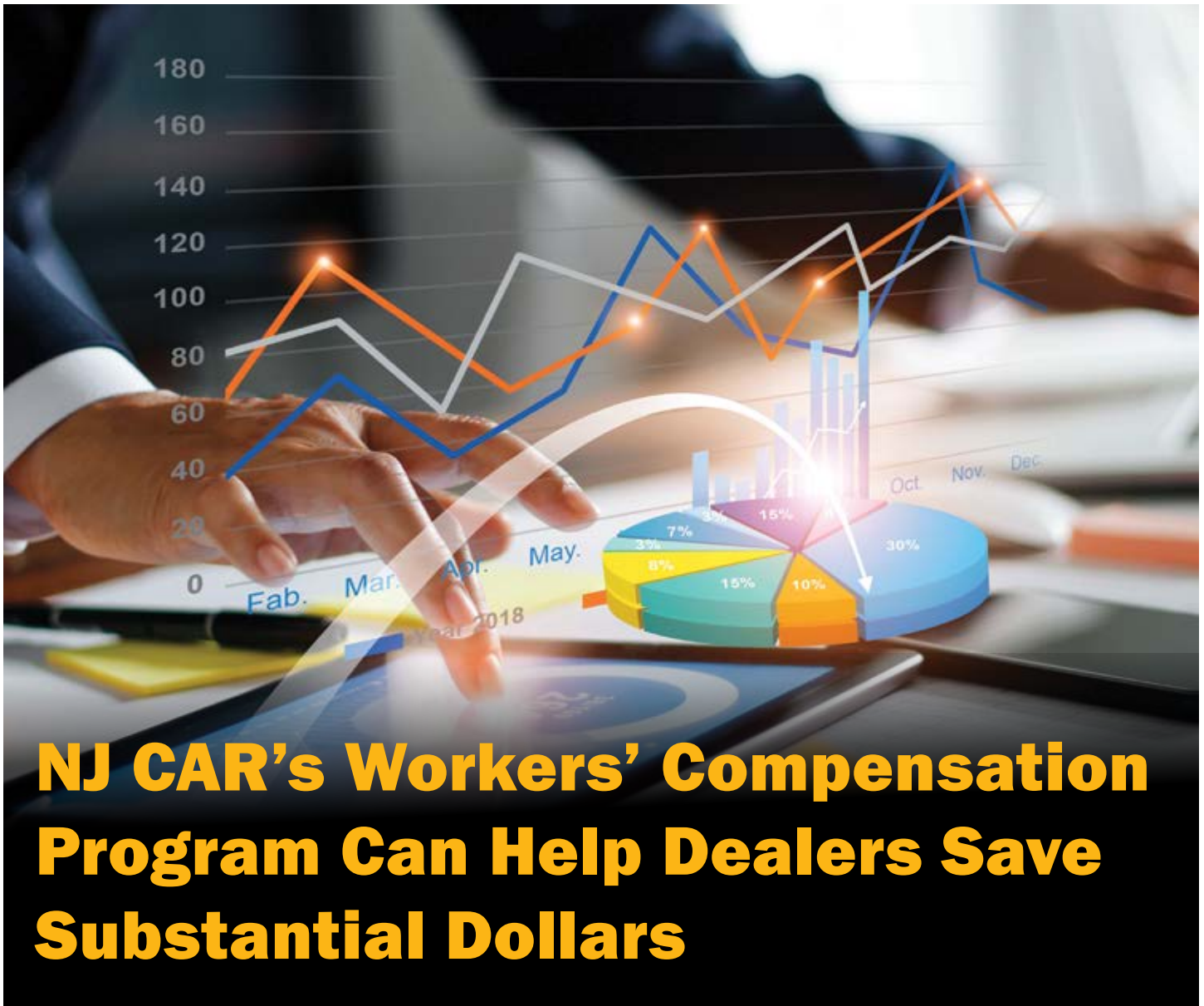


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NJ CAR's Workers' Compensation Program Can Help Dealers Save Substantial Dollars

BY CHARLES RUSSO

The NJ CAR Workers' Compensation Program is focused on serving the risk management and insurance needs of New Jersey's new car dealerships that are members of NJ CAR. The Coalition has partnered with proven insurance industry experts to bring members the very best workers' compensation program. The NJ CAR program is administered by Gallagher, one of the most well-known, respected and established insurance broker and risk management firms in the world, and is insured by AmTrust, a recognized and established multinational property and casualty insurer that specializes in workers' compensation coverage for small to mid-size businesses.

NJ CAR and its partners created the program knowing that insurance costs, especially workers' compensation premiums, are a large line item on a dealership's expense sheet. Having the right coverage response and service is also critical to continued business success. The NJ CAR program offers great coverage, incredible potential savings and exclusive member benefits —

all the elements necessary to assist dealers in today's dynamic and challenging work environment.

Here are just a few of the benefits included when you participate in the NJ CAR program:

- Broker Friendly — Participating dealers do not have to give up the existing relationship with another insurance professional.
- Industry-specific classification rules (*reducing premium anywhere between 15% to 20%*)
- Up to 25% in scheduled underwriting credits (*based on individual dealer's loss history*)
- Collaborative and aggressive claims investigation and cost containment
- Zero Injury Protection Program — an industry-proven loss prevention program
- Generous dividend program up to 25% — receive an actual check, NOT a future credit



Participating dealerships across New Jersey are enjoying significant returns for their exemplary performance on the NJ CAR Workers' Compensation Program. More than half of the program's participating dealers received dividend disbursements totaling \$686,000. In fact, the program has returned close to \$2.5 million in savings over the last five years.

NJ CAR and its insurance partners are ready to discuss the programs' many benefits with any member and their broker. There is not a single dealership location in New Jersey that cannot take steps to start saving RIGHT NOW. Call NJ CAR at 609.883.5056 to request a free comparison and quote and to discuss a safety and loss control service plan that works for your dealership. **njcar**

Charles Russo is NJ CAR's Risk Manager and Safety Specialist and can be reached at crusso@njcar.org.

NJ CAR and its insurance partners are ready to discuss the programs' many benefits with any member and their broker. There is not a single dealership location in New Jersey that cannot take steps to start saving RIGHT NOW.



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Compliance Is Critical To Maintaining Dealership Operations

BY DOUG FUSCO

Hopefully, all dealerships have made the appropriate investment in training and reviewing their staff's behavior to ensure all personal and non-public information is protected as required by Federal Privacy and Safeguard Rules. Written policies and procedures should consistently go hand in hand with employee actions. However, the gaps between what is expected and what actually happens in showrooms still vary greatly from dealership to dealership. Let's consider some facts.

- Compliance is not optional
- Training is temporary
- Turnover is consistent
- Speed and transparency are a necessity today to stay competitive
- Fraud is on the uptick
- The new landscape includes "virtual" remote deals

Transactions could conceivably begin on three different platforms (*walk-in, web applications and Digital Retailing*), yet the compliance steps are consistent regardless of where the engagement starts. As a result, the behavior is sometimes inconsistent or

incomplete. Let's go through a typical vehicle sales process, and identify some of the risks, as well as real-life results of non-compliance.

The Meet and Greet

A dealership employee engages with a customer and, at some point, asks for a driver's license and maybe an insurance card. Upon collection, the dealership immediately has the responsibility to safeguard that information per the Safeguards Rule's requirements. Dealers must also retain this information for the subscribed period of time, depending on the engagement outcome. So what are the risks to the dealership in this simple process?

- The license could be fraudulent
- The license could be expired
- The copy could be lost, misplaced, stolen, thrown away (all of which violate your Privacy Statement and Federal Safeguards requirements).
- How is this info requested and received "remotely"? Are images stored in a salesperson cellphone or personal email account?

The time for technology to control and administer this mind-numbing maze is long overdue. Without automating and enforcing the entire process, these liabilities will continue.

Possible outcomes — (1) A dealership in Pennsylvania settled a class-action lawsuit, where 150 victims had their identities stolen, for \$2.45 Million. (2) A New Jersey theft ring stole more than 30 cars in July 2020 using fraudulent identification. How many other thefts are getting through without being caught in time?

Credit Application

When the sales team starts a credit application (*and hopefully the Privacy Statement*), what are the risks?

- If the dealership still has customers complete a paper credit application, they create a document that could become a \$42,380 liability if left unprotected under the Safeguards Rule. Even if the application is printed from the CRM platform, it still creates that paper liability.
- Handwritten credit apps can be inconsistent, incomplete or illegible, creating problems when the consumers' credit information is pulled.

Possible liability — There have been instances where the information on the Credit App “changed” or was modified. In some cases, this is legitimate, while others have unfortunately led to fraud. On Sept. 8, 2020, the FTC issued a \$7.3 million judgment against Tate Auto Group for precisely this reason. How long would it take your dealership to generate \$7 million in net profit?

Credit Check

To pull a consumer's credit, dealerships are faced with the regulatory responsibility of the Fair Credit Reporting Act (*FCRA*) Red Flags Rule to verify the individual's identity and obtain their authorization before pulling their credit. What could possibly go wrong with this?

- Is your desk verifying each customer's paperwork, ID, and consent before running credit to support FCRA requirements?
- Is your desk giving the same level of administrative attention to the deals that DON'T cross the finish line in the collection, protection, and retention to support the requirements under the Fair and Accurate Credit Transaction Act (FACTA)?
- Is your desk clearing/resolving ALL open Red Flags, OFAC requirements and Notice requirements (Privacy Notice, Credit Score Disclosure Notice and Adverse Action Notice)?
- Are you checking for synthetic fraud when pulling credit?

Possible liability — Three examples come to mind for non-adherence. The first dealt with 16 boxes of dead deal jackets from a dealership being recovered during a drug house bust. Another similar case involved an undercover officer approaching a janitor at a dealership and paying \$50 each for 100 credit apps

provided by the janitor. The third example included a dealership that settled for \$270,000 with an attorney over the inability to prove they had consent on “ONE” dead deal. Is your dealership capable of putting their hands on every consumer you ran credit on over the last five years? Your Privacy Statement guarantees your customer that level of protection.

Contracts In-Transit And Collecting Information

In many cases, the deal needs customer information in order to get funded after the vehicle has been delivered. In deals where the lender requires STIPS, how do dealerships collect and protect this sensitive information in a secure and immediate platform?

STIPS and/or IDs, insurance cards and more are frequently being texted to a salesperson's phone or emailed to their private email account. STOP!!!! This is a major violation of your Privacy and Safeguards Policy.

On top of all that was discussed above, add to the mix web leads and your Digital Retailing game plan. Multiply that by the number of dealership locations and it becomes a daunting challenge. The collateral damage to your brand could easily trump the temporary financial pain of a fine or penalty.

The time for technology to control and administer this mind-numbing maze is long overdue. Without automating and enforcing the entire process, these liabilities will continue. Platforms currently exist that empower real-time actionable intelligence to enforce, monitor, eliminate rogue behavior and maintain a compliant environment. Every other department in the dealership is already automated, yet the risks to brand and profitability are still largely manual. If your dealership struggles with some of these behaviors and hasn't already searched for a platform to put your showroom on autopilot, now is the time. There are tools to address all the above in a very affordable and more accessible way.

NJ CAR has partnered with Dealer Safeguards Solutions to offer its dealer members the ability to leverage an innovative, comprehensive control and protection platform for compliance and fraud. Many New Jersey dealers have already found the platform beneficial to addressing many of the issues discussed in this article.

If you would like more information, please contact Gail Caputi at (609) 883-5056 or Judy Vann at (732) 492-1818 to learn more about this valuable program. **njcar**

Doug Fusco is CEO of Dealer Safeguard Solutions. He can be reached at 972.740.8638 or doug@dsgss.com.

NJ CAR Recognizes the Dealerships That Have Contributed To CAR-PAC

NJ CAR appreciates the support of the 237 dealers

who contributed to CAR-PAC, the Coalition's political action committee, between January 1, 2020 and August 31, 2020. CAR PAC needs the contributions of ALL dealers to ensure it has the necessary financial resources to support candidates (*on both sides of the aisle*) who support the franchised retail automotive industry in New Jersey and ensure the dealers' voice is heard in Trenton on a wide variety of important public policy issues.

The New Jersey Election Law Enforcement Commission (*ELEC*) rules allow contributions to a political action committee of up to \$7,200 per business or jointly-controlled business. And, don't

forget, contributions can be made with corporate funds.

If you have any questions regarding how much your dealership or dealership group can still contribute to this election cycle, please contact Jim Appleton at 609.883.5056, Ext. 330, or by email at jappleton@njcar.org.

NJ CAR encourages those dealers who have not yet contributed to support CAR-PAC's efforts on behalf of ALL New Jersey franchised automotive retailers.

The following dealerships contributed to CAR-PAC between January 1, 2020 and August 31, 2020. **nj car**

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The 2020 NADA PAC leadership team for New Jersey consists of NADA Director Rick DeSilva, NJ CAR Chairman Rob Sickel, NADA PAC State Chairman Robert Larson and NJ CAR President Jim Appleton. **nj car**

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