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Consumer Benefits of the Motor Vehicle Franchise System

Official Publication of nj car NEW JERSEY COALITION OF AUTOMOTIVE RETAILERS

CONTENTS

MEMBERS OF THE NJ CAR BOARD OF TRUSTEES 2020-2021

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EDITOR: BRIAN HUGHES

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Chairwoman's MESSAGE | BY Judith A. Schumacher-Tilton

NJ CAR Aggressively Promotes The Benefits of the Franchise System

In February 2021, NJ CAR launched an ambitious campaign to promote the franchise system's many benefits to New Jersey consumers, the local communities they serve, and the 37,000 men and women who rely on the industry for their livelihoods. It began with a video brochure produced by NJ CAR and sent to every New Jersey legislature member, the Governor's office and key state agency personnel. This effort's timing couldn't have been better, with all 120 members of the state legislature and the Governor up for reelection in November.

The brochure highlighted how franchised dealerships create fierce price competition and prevent manufacturer monopolies; protect consumer safety by offering independent safety recall, warranty and repair service; generate good-paying local jobs, tax revenues and economic benefits; and simplify the complex car purchasing and registration process. The video in the brochure explained that factory-direct sales are nothing but an attempt to monopolize the electric vehicle market, eliminate competition and limit consumer access to independent warranty and safety recall service.

The video brochure's rollout was followed by a very successful two-month digital and social media campaign with similar messaging. We sponsored email newsletters or other content for two weeks each on Politico.com, nj.com, New Jersey Globe and Insider NJ, resulting in our static ad being viewed by more than 660,000 individuals. Additionally, we ran an eight-week campaign on Facebook that generated another 658,000 impressions. That's more than 1.3 million impressions over two months.

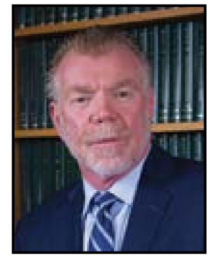
NJ CAR staff and dozens of dealers have also participated in Zoom calls with many legislators in the past few months, with more scheduled throughout April. These meetings have been a great way for dealers to directly engage with key legislators on both sides of the aisle.

All of this activity is part of the coalition's effort to keep our message in front of the state's decision-makers and get out ahead of the "direct sale" initiative we've seen promoted by Wall Street and Silicon Valley companies like Tesla, Rivian and others around the country. Even some of the legacy automakers have made comments supporting direct factory sales of EVs and autonomous vehicles.

Direct sale advocates argue their business model is more efficient and that existing neighborhood new car dealers are either unable or unwilling to sell electric vehicles. These are lies aimed at disguising the direct sale effort's true purpose — limiting competition, restricting consumer access to valuable warranty and safety recall service, and replacing locally owned and accountable Main Street entrepreneurs with distant Wall Street and Silicon Valley players. None of this benefits New Jersey consumers, and that is the message we are delivering to the state's decision-makers.

I encourage you to visit the Consumer Benefits of the Motor Vehicle Franchise System page on the NJ CAR website (*njcar.org/consumer-benefits-of-the-motor-vehicle-franchise-system/*). Read about the benefits, watch the video and feel free to share it on your social media channels. We can extend the shelf-life of this important message and encourage local legislators and others to continue supporting the franchise system of independent new car dealerships and keep the economic benefits of this $37 billion per year industry right here in New Jersey. nj car

President's MESSAGE | BY JAMES B. APPLETON



False Narratives Pose an Existential Threat to Franchise System

Mark Twain once said, "A lie can travel around the world and back again while the truth is lacing up its boots." That statement has never been more true, especially as new-car and truck retailers continue to face increasing pressure from Wall Street and Silicon Valley-backed disrupters peddling false narratives. This well-orchestrated campaign poses an existential threat to the franchise system of independently owned and operated businesses, which benefits the consumers and local communities these retailers serve.

These false narratives take the form of four common myths:

1. **Factory direct sales are more efficient.** Some automakers are looking to bypass the dealer network and have asserted — despite persuasive evidence to the contrary — that direct factory sales are more efficient. It's not the efficiency they are after. They are looking to establish vertically integrated monopolies, which will eventually eliminate local accountability and harm consumers. Their goal is to eliminate competition and enable big money interests to divert profits away from Main Street businesses.

2. **Buying at a dealership is a hassle, at best, and a hustle, at worst**. Disrupters such as Vroom, Carvana and direct-sale automakers have adopted an aggressive go-to-market strategy grounded in outdated stereotypes about the car-buying experience. They are spending tens of millions of dollars on consumer-facing advertising that reinforces negative stereotypes. Just look at Vroom's ad that ran during the Super Bowl. It will, and should, make your blood boil.

3. **Traditional dealers don't do business digitally or online, like other modern retailers.** These same disrupters are also peddling the fiction that new-car dealers are not embracing consumer-friendly technology. All you have to do is look at how quickly franchised dealers expanded or ramped up their digital capabilities in the early months of the COVID pandemic. Traditional dealers are digitally ready, willing, and able to do business with car buyers wherever, however, and whenever the customer wants.

4. **Traditional dealers are an obstacle to introducing new options such as electric vehicles, automated vehicles, subscription services and more.** The Alliance of Automobile Manufacturers recently changed its name to the Alliance for Automotive Innovation. Tesla, Rivian, Lucid, Johnstown Motors, Uber and others have formed the Zero Emission Transportation Association. These organizations seek to paint dealers as a relic of the past and portray the franchised dealer network as an obstacle. But the reality is that franchised new-car dealers are — and always have been — the most efficient and reliable go-to-market strategy for new and innovative automotive products and services.

I encourage you to read both Rick DeSilva, Sr.'s NADA Director column and Judy Schumacher-Tilton's Chairwoman column in this issue of *New Jersey Auto Retailer*. Both discuss what the industry is doing, at both the State and federal level, to fight back against the persistent attack on the automotive franchise system. It is up to NADA, NJ CAR and all dealers to embrace an ongoing campaign to emphasize the benefits of the franchise system (*for consumers and automakers*) and to push back against this relentless effort to tear down the nation's neighborhood new car and truck dealer franchise system. nj car

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

Franchised Dealers Fight Back On Lies

Carvana, Vroom and others
continue to promote false stereotypes about the automotive franchise system. Tesla and others spread lies about our ability to sell electric vehicles. The industry (on both the state and federal levels) is fighting back. NJ CAR has been running a campaign targeting both legislators and the general public to promote the many benefits of the franchise system for consumers. NADA has also publicly countered these stereotypes and lies that have long been avenues for attacks on our industry. Jonathan Collegio, NADA Senior Vice President of Public Affairs, recently posted a blog that deconstructs "The Sad, Lazy Myth of the 'Middleman.'" Mike Stanton, NADA President and CEO, recently authored a piece titled "The Big Lie About EV Sales" that ran in *Automotive News* and was also posted to the NADA website. Below are shortened versions of both articles, which I encourage everyone to read.

The Sad, Lazy Myth of the 'Middleman'
The "Iron Law of Distribution" is the idea that changing who distributes a product does **NOT** change the costs associated with distributing the product. This is often misunderstood when people discuss the factory direct sales model. They say if factories own their own stores, there will be no "middleman," costs will go away, and the savings are passed along to the customer.

In reality, there are no savings because the factory store becomes the new "middleman." The factory still needs to make its own profit retailing. And worst of all, customers are hurt in a vertically integrated model because it raises prices by reducing competition.

When a factory decides to sell its products directly, they also incur the same costs of selling those products. In the automobile business that means buildings, land, equipment, inventory, insurance policies, utility bills and human capital.

Manufacturers that experiment with selling directly always find that auto retail is complex. Having local dealers buying those cars off the factory line and selling and servicing them in their local communities makes a lot more sense as a business model.

When factories own retail outlets, there is no competition. When was the last time you walked into an Apple retail outlet and negotiated a price on an Apple product? When independent retailers compete, it creates price pressure and prices go down. One recent peer-reviewed academic study has shown that when dealerships compete, a vehicle's average price goes down by about $500. Consumers win when dealerships compete.

Local dealerships do more than sell cars. They compete at every stage of the ownership cycle, providing choices and competitive pricing for customers. That's why locally-owned dealerships are good for consumers and the communities where they operate.

You can read the entire column at: *https://blog.nada.org/2021/02/17/the-sad-lazy-myth-of-the-middleman/.*

The Big Lie About EV Sales
For years, one of the great myths that have persisted about the auto industry has been that franchised dealers don't want to sell electric vehicles. It's long past time to call this myth out for what it is: A lie propagated by companies that want to destroy the franchise system.

More than a decade ago, there was dealer uneasiness about battery-electric vehicles that, at the time, had inadequate range, took forever to recharge, did not perform well, had terrible resale value, and were extremely expensive.

It wasn't that dealers didn't want to sell them. Dealers didn't want to be force-fed vehicles that OEMs were manufacturing largely in response to regulatory pressures. Given the imbalance in the OEM-dealer relationship, you can hardly blame dealers for this trepidation. But the world has changed. The level of investment that automakers have made in battery-electric technology is night-and-day different from five years ago, and it shows in the product.

Several other things have also changed. Across the country, more advanced charging stations are popping up almost every day. The federal government may appropriate billions of dollars to grow the nation's recharging infrastructure significantly. On top of this, we are rapidly approaching price parity.

Dealer attitudes toward selling and servicing EVs have also changed dramatically. Franchised dealers aren't at all EV-reluctant, and they certainly aren't anti-EV. How do we know this? Cadillac.

Last fall, Cadillac announced plans to move entirely to battery-electric drivetrains and 880 U.S. Cadillac dealers faced a choice. If they bought into Cadillac's all-electric future, they could pay a minimum of $200,000 of their own capital for the in-store charging infrastructure, tooling and training that Cadillac was mandating. More than 80% of their network chose to make the significant capital investment and completely debunked the myth that franchised dealers don't want to sell and service electric vehicles.

The enthusiasm toward EVs is hardly unique to Cadillac. In fact, franchised dealers of other brands with EVs in their lineups have been making these same commitments and investments for years. They have done so because they don't want to lose sales to other brands as more and better EVs — and more EV customers — come to the market.

So why does this myth persist? It's simple — EVs still don't sell in significant numbers. Many feel that they need a boogeyman to blame for slow sales, and dealers are a convenient scapegoat. However, the lie that dealers are reluctant or unable to sell EVs has taken on a new and more dangerous life designed to take down the franchise system in favor of a direct sale model.

Direct sales have never benefited consumers with lower prices, more convenience or better service and maintenance, and never will. Direct sales are only about creating a vertical channel for manufacturing, sales and service that allows a single entity to control everything, including prices and margins, which harms consumers.

Direct sales are not needed for EVs. In fact, over time, direct sales could cripple EV adoption as more EV owners are forced to deal with higher prices and longer wait times for even basic service.

Sustainable EV sales to consumers are best served by an expansive network of retailers invested in the future sales and service opportunities that these products promise. Fortunately for automakers, consumers and policymakers alike, that network already exists. Franchised dealers aren't an obstacle to EV sales; they are essential to them.

You can read the whole article at: *https://blog.nada.org/2021/03/15/the-big-lie-about-ev-sales/* . nj car

Dealer attitudes toward selling and servicing EVs have also changed dramatically.

2021's Top Legal Trends For Automobile Dealers

BY ERIC L. CHASE

Both the ongoing Coronavirus pandemic and the fallout from the 2020 election are expected to have the most legal impact on dealers in 2021 and affect many other issues. Dealers must contend with the consequences of the pandemic as well as anticipated changes in governance and policies. Below is a rundown of the top legal trends that are expected to impact the franchised automotive retailing industry in 2021.

COVID-19

COVID-19 changed virtually everything in early 2020. In a matter of weeks, unemployment levels soared from record lows to record highs. Many dealers were closed for up to two months, and buy-sell activity died. Congress took unprecedented action, spending trillions of dollars to pay both people and businesses during short closures and slowdowns.

Business for dealers roared back in the summer, and buy-sell transactions were robust in the second half of the year. Unemployment dipped under 8%. By the fall of 2020, most dealers had come full circle with brisk sales and service activity.

In the final months of 2020, the pandemic surged, again, resulting in the re-impositions of limitations on certain businesses and other activities in several states. Amid this negative news, several pharmaceutical companies developed approved vaccinations in record time. As of the end of March, more than 100 million Americans have been vaccinated, with the pace accelerating as vaccine distribution and processes improve. The expectation is that everyone desiring vaccinations will get them by mid-summer.

No one should expect the ways of doing business to return to a pre-COVID "normal" anytime soon. Instead, preventive measures are expected to continue well into 2021. Even after that, dealers will likely continue with standards of hygiene, masking and social distancing. Dealers now readily serve customers at their homes upon request. Pick-ups and deliveries may become as commonplace in dealership sales and service as home delivery of meals.

Dealers must take care to enforce rules mandated by their states. A rising number of consumers vow to do their car shopping and deliveries at home — a phenomenon that already was taking hold before the pandemic struck. Dealers should now operate as if the next pandemic is coming, with strong safety measures and an enhanced virtual capability.

Significance of the 2020 Election

The 2020 election was like no other in American history. The Senate majority remained in limbo until the January 5, 2021 runoff elections for Georgia's two senators. Now, with a 50-50 split between the parties, Democrats have control, with Vice President Harris as the tie-breaking vote. Democrats also enjoy a narrower edge than before in the House of Representatives.

The Biden administration vows to be focused on the reinvigoration of regulations, be consumer-oriented, and further the "greening" of American life and business. Dealers must expect legislative and regulatory influence that will drive product development, choice and performance. CAFE standards will be revisited. Electric vehicles will be further encouraged and incentivized; credit questions about racial disparity may see federal investigations of dealer practices; unionization will be encouraged again, and the NLRB will not be sympathetic to businesses. President Biden will likely preside over many legislative, executive and regulatory changes that will impact dealers.

The Data, Internet, Social Media, Identity Theft and Privacy Minefield

For dealers, this topic encompasses a moving set of targets that embrace both opportunity and risk. No dealer can operate successfully without meaningful emphasis upon cybersecurity and capability, including regular updates in hardware, software and regulatory developments. But enormous dangers and challenges loom because dealerships are vulnerable to cybercrimes, particularly in certain areas of their business. According to a December 9, 2019, *Automotive News* article (*Retailers Prime Targets For Data Theft*), an average of 153 viruses and 84 malicious spam emails are aimed at dealer computer networks and are blocked by technology each day. There are many cyber pitfalls that affect dealers, including direct attacks by cybercriminals, identity theft, ransomware and other threats, all of which are surging.

We've also seen an increase in lawsuits related to the Americans with Disabilities Act and comparable state laws, claiming that consumers cannot easily access dealer websites with certain impairments. Many dealers have paid substantial settlements in attorneys' fees and "corrected" the "offending" websites. It is incumbent upon every dealership to have "cyber-savvy" employees and ensure the dealership has continuous access to updates in relevant technology and associated legal developments.

Threats to the Auto Dealer Franchise Model

For decades, franchised dealers have witnessed growing and creative efforts by auto manufacturers and other entities to invade the franchised retail auto business realm. The NADA, state associations and others have done a stellar job in making the case that franchised dealers are indispensable to fairness, honesty and excellence in retail service and sales and best serve America's consumers. Dealer associations and other industry supporters will need to continue emphasizing the franchise system's consumer benefits, including price competition, easy access to warranty, recall and general repairs, a commitment to improving public safety, local accountability and more.

Race, Gender and Identity in the Workplace

After George Floyd's death, while in police custody on May 25, 2020, there was a dramatic and instantaneous change in policies throughout America. These changes did not just affect police conduct but also impacted businesses, schools and more. New policies proliferated that will alter how dealers operate with their employees and customers. Further, we can expect to see auto franchisors' accelerated efforts to recruit and place more minority owners and managers of dealerships. The #MeToo movement seeks to end the mistreatment of women in the workplace and elsewhere, and Congress is also expected to consider "equity-based" legislation. Dealers may have to cope with a bevy of new laws and regulations in this area.

Consumerism

Look for a resurgence of the Consumer Financial Protection Bureau (*CFPB*), a more active Federal Trade Commission (*FTC*) and more laws and a heavy enforcement hand by the Biden administration. Dealers are already pro-consumer but need to be wary of an overly aggressive FTC and state regulators who, all too often, target dealers who have done nothing wrong. In 2021, expect to see more government legislation, regulations, and enforcement activities to proactively protect consumers from allegedly unfair or discriminatory sales practices.

Factory Sales Performance Standards

Dealers mostly acknowledge the wisdom of factories that push them to retail more cars — and incentivize them to do so. At the same time, the Covid era might have caused some factories to consider whether facilities requirements should be overhauled. They recognize the growing emphasis on off-site and virtual retailing, but some factories do act as though their image requirements should not be challenged. Dealers should be vigilant to not enter into commitments that cost more than a program is worth or sign agreements that commit to unreasonable future performance or renovations.

International Trade

Trade relations are a high priority for President Biden. This emphasis could lead to smoother movement of imported vehicles and higher costs to dealers and consumers. Look for moves to, essentially, erase hard lines and financial penalties/tariffs/sanctions.

Factory measurements of customer satisfaction in ever-changing forms of customer satisfaction indices (*CSI*) are not reliable gauges of "true" satisfaction. But they are not going away.

Regulatory Overreach

The Biden administration embraces a robust regulatory scheme, and dealers should expect some increased expenses for compliance purposes.

Dealer Advertising

Dealer advertising in 2021 faces a minefield of potential hazards. Both the FTC and state/local agencies scour the media to find deviations from advertising requirements. It is incumbent on dealers to assure compliance with all advertising laws and regulations to avoid potentially harsh penalties.

Customer Satisfaction

Factory measurements of customer satisfaction in ever-changing forms of customer satisfaction indices (*CSI*) are not reliable gauges of "true" satisfaction. But they are not going away. The importance of such scores to dealers remains a fixture in franchisors' supervision and measuring of dealer performance.

Recalls

The annual multimillion vehicle recall trend is now commonplace in the U.S.. For decades, millions of cars are recalled to address factory defects, both large and small, significant or not. Factories should make dealers whole for their costs attributable to extra floor plan expense and other incidental losses. Dealers and state associations should press franchisors to expedite the deliveries of necessary parts.

Autonomous Vehicles

Although the public fanfare at the prospect of widespread self-driving vehicles has faded, the reality of their development is still moving forward. This phenomenon dovetails with a new reality for the way people travel by vehicle all across America. It is only a matter of time until autonomous vehicles will be routinely available to consumers for hire or purchase. But that will not happen in a big way in 2021.

Dealership Succession

It is surprising that many dealers still have either no succession plan or one that lacks detail. Every dealer should have a legacy

LEGAL TRENDS *continued on page 14*

LEGAL TRENDS *continued from page 13*

plan in place so that succession is as seamless as possible when a transition happens. It should be an essential part of an overall estate plan.

Involuntary Termination

Involuntary franchise termination is rare in the auto industry, but its threat is not so rare. No threatened dealer should take any written suggestion of termination lightly. For several years, many auto franchisors have sent “routine” agreement letters for dealers to sign, containing admitted “breaches” that they pledge to cure, with the further admission that the breaches would be adequate cause for termination. **DON’T SIGN SUCH LETTERS.** A termination threat is one of those occasions when a dealer should *immediately* consult with experienced counsel.

Buy-Sell Activity

Because of pandemic fallout, dealership sales transactions went from low velocity to high activity, and the variations in geographical differences and brand differences were noteworthy. Buy-Sell activity in 2021 is expected to be brisk, with valuations at record highs for nearly all brands.

Rights of First Refusal

Factory ROFRs in dealer agreements are now commonplace. They are unlawful in only five states, so the prospect is very real when dealers negotiate their buy-sells. If you are looking to buy a dealership, investigate the likelihood of a factory ROFR exercise as soon as you can. Even though many states require expense payments by the factory to displaced buying dealers, that remedy does not usually cover all expenses.

Alternate Dispute Resolution

Alternate Dispute Resolution for disputes between dealers and consumers is a common feature of retail contracts. For decades, consumer groups have attacked mandatory contractual arbitration as allegedly unfair to consumers. Look for the Biden administration to vigorously attack dealer arbitration provisions in consumer contracts. In 2021, be vigilant about the legal developments in this arena. Such clauses in consumer contracts may become prohibited by federal law or regulation.

Dealer Associations Legal Standing

Associations should have standing to represent the common interests of their dealer members. This enables them to represent dealers in their organizations’ name, without the need for dealers to be parties. In 2021, we should see more dealer laws allowing association standing.

Taxes

President Biden has promised to greatly overhaul tax laws to gain more government revenue from high earners and profitable businesses. That would include most franchised dealers. Dealers should work with their CPAs to develop strategies to properly protect personal and business income.

“Other” Workforce Issues

Aside from the “identity” phenomenon, dealers must cope with a host of workplace policies, practices and procedures such as hiring, firing, workplace conditions, wage/hour, overtime and more. With expected legal changes, you will need to revise your operations and employee manuals. 2021 could see a higher minimum wage requirement in federal legislation.

Alternate Dispute Resolution for disputes between dealers and consumers is a common feature of retail contracts.

Warranty Reimbursement

Battles over retail reimbursement for parts used in warranty repair have continued for decades. Although there is not yet adequate compliance by factories, across the board, in paying earned warranty reimbursement for both labor and parts, dealers across the country have mostly prevailed in court. In 2021, dealers should continue to demand from their franchisors what they are due in parts and labor warranty reimbursement. In some states, and with some brands, compromises have been reached so that dealers accept reasonable accommodation.

Natural Disasters, Terrorism, Unrest and Pandemics

While the pandemic year of 2020 is still fresh on everyone's mind, dealers without emergency plans should develop them now. Dealers should have basic information on hand to contact all employees in any emergency and tell them what to do and where to go.

Encroachment and Franchise Modification

While protests under state laws of establishments and relocations of nearby competitive dealerships seem to have tapered off, they still happen. When a dealer is confronted with a notice announcing that the factory intends to place another same-line dealer within a protestable proximity, you will want to contest the move. Seek legal help if you get such a notice.

Factory Audits

Even though dealers grow anxious when the factory announces an audit, most audit results are uneventful. Sometimes, however, warranty or incentive audits do conclude that chargebacks are owed. Sometimes, chargebacks are excessive or penalize dealers for technical infractions that caused no losses to anyone — the factory or consumers. Often, dealer challenges to chargebacks are successful, in whole or part. Anecdotal evidence suggests that factory audits are on the rise. Usually, dealers have no meaningful option regarding whether an audit will take place. In 2021, dealers should fully understand what an audit is about and in most cases, cooperate fully. If you see a clear abuse, either call your rep or your lawyer. **nj car**

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Managing Pricing Discretion in Credit Transactions

A Path Forward

BY PAUL METREY

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

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

Many finance sources that are assigned credit contracts compensate dealers with non-discountable flat fees. The National Automobile Dealers Association (*NADA*) takes no position on the form of compensation freely entered into by dealers and their finance sources. Nevertheless, NADA has resisted — and will continue to resist — efforts by the government to prohibit finance sources from compensating dealers with discountable dealer participation for originating credit contracts with their customers. The pro-competitive benefits that dealer participation provides to consumers should not be eliminated by unwarranted and untested government intrusion into the marketplace.

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

The NADA Fair Credit Compliance Program was not developed in a vacuum. Rather, it stems from — and fully adopts — an approach to fair credit compliance outlined in consent orders that the Department of Justice (*DOJ*) entered into with two automobile dealerships to settle pricing discrimination claims in 2007.

In those consent orders, the dealers were required to adopt "Guidelines for Setting Dealer Reserve" in which the dealer

established a standard dealer participation rate (*SDPR*) that is included in credit offers to consumers (*i.e., the dealership would offer an APR that is the sum of the wholesale buy rate offered by the finance source and its SDPR*) unless a "good faith, competitive reason" that supports a lower dealer participation rate was present in the transaction. The consent orders included seven legitimate business reasons for discounting the SDPR. The three most common were the presence of a lower cap imposed by the finance source, a consumer's monthly budget constraint, and a consumer's access to a more competitive offer. The consent orders further required any deviations from the SDPR to be recorded on a pricing certification form, reviewed by the general manager or his or her designee, and retained by the dealership.

In November 2013, while speaking at a Consumer Financial Protection Bureau (*CFPB*) Auto Finance Forum, a senior DOJ official validated this approach when explaining that —

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

Two months later, after extensive review by dealer principals, general managers, finance managers, finance trainers, dealer attorneys, finance sources, automotive trade association executives, former regulators and others, the three national trade associations representing franchised automobile dealers released the NADA Fair Credit Compliance Program.

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

Since its inception, the NADA Fair Credit Compliance Program has gained widespread support from many prominent observers both within and outside of the industry, including the American Bar Association, which overwhelmingly approved a resolution at its 2020 annual meeting that, in part, urges governments at all levels to offer "a safe harbor against pricing discrimination claims for dealers that faithfully implement the *NADA/NAMAD/AIADA Fair Credit Compliance Policy and Program*." A CFPB Taskforce on Federal Consumer Financial Law made a similar recommendation to the CFPB and the Federal Reserve Board in January 2021.

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

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

Many finance sources that are assigned credit contracts compensate dealers with non-discountable flat fees.

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

Paul D. Metrey is the Vice President, Regulatory Affairs and Chief Regulatory Counsel, Financial Services, Privacy, and Tax for the National Automobile Dealers Association. He can be reached at pmetrey@nada.org. Learn more about the NADA Fair Credit Compliance Program at www.nada.org/faircredit.

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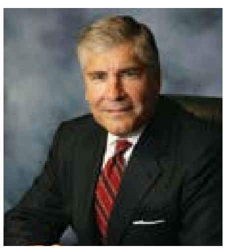
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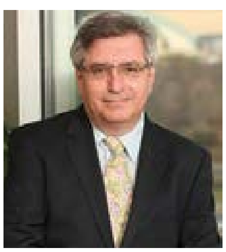
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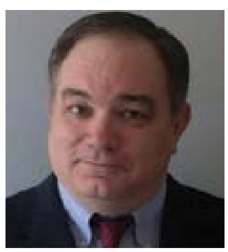
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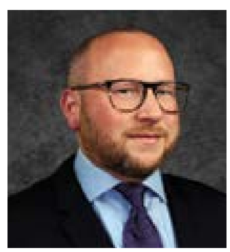
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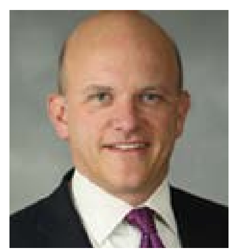
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What Auto Dealer Compliance Will Look Like in a Biden Administration

BY RANDY HENRICK

Joe Biden's victory on November 3, 2020, likely will usher in a new era of consumer protection and auto dealers' compliance challenges. Four out of the five Federal Trade Commission (*FTC*) Commissioners will have their terms expire during the Biden administration. President Biden will also have the power to replace the head of the Consumer Financial Protection Bureau (*CFPB*). The Democrats will, for at least two years, control both the House and the Senate.

The Democratic Party Platform stated that a Biden administration would work "to ensure equitable access to credit and banking products for all Americans and reinvigorate the CFPB to ensure that banks, financial institutions, and lenders cannot prey on consumers." The platform also indicates Democrats will "eliminate the use of forced arbitration clauses." Strong language is also given to protecting consumers' rights to privacy and protecting consumers from data breaches. In short, everything is on the table.

It is reasonable to expect changes in the automotive world to be evolutionary, not revolutionary. The Trump administration put new staffers at senior levels in the CFPB and FTC. While some of these people may leave or be replaced, there is not expected to be wholesale firing and replacement of Republican staffers. Here are some thoughts on what to expect:

CFPB

It is important to remember that Senator Elizabeth Warren, the original architect of the CFPB, will have an important voice in Biden administration policy. Warren raised concerns earlier this year about auto finance and has indicated her disdain for auto dealers in the past.

"Auto dealers got a specific exemption from CFPB oversight, and it is no coincidence that auto loans are now the most troubled consumer financial product," Warren said. "Congress should give the CFPB the authority it needs to supervise car loans — and keep that $26 billion a year in the pockets of consumers where it belongs." The $26 billion per year is Warren's estimate of total dealer participation, which Warren would like to eliminate.

Warren is also closely aligned with Richard Cordray, who headed the CFPB during the Obama administration. You may recall that the CFPB under Cordray published the agency's bulletin on auto finance, indicating that dealer participation resulted in disparate impact credit discrimination. In May 2018, Congress passed a joint resolution that was signed by President Trump disapproving the bulletin.

Disparate impact credit discrimination involves factually neutral practices that have the effect of discrimination. Actual intent to discriminate is not required. Disparate treatment credit discrimination generally requires intent to discriminate.

The U.S. Supreme Court, in 2015, decided the case of *Texas Department of Housing vs. Inclusive Communities Project*. This case appeared to make it harder to bring a disparate impact credit discrimination case under a statute like the Equal Credit Opportunity Act ("*ECOA*"). However, ECOA was not at issue in the case. ECOA prohibits "any creditor to discriminate against any applicant with respect to any aspect of a credit transaction." But ECOA does not prohibit acts that "otherwise make unavailable" credit to protected classes, as does the Fair Housing Act, which was at issue in the case. It was this language that the Supreme Court ruled picks up disparate impact credit discrimination. The Supreme Court has not ruled on whether ECOA prohibits disparate impact.

FTC

FTC Commissioners serve staggered terms. No more than three Commissioners can be of the same political party. Two Republican Commissioners will have their terms expire in 2023 and 2024, respectively. When replacing a Commissioner, including a Democratic Commissioner as will occur in 2022, it is reasonable to believe that a Biden administration will appoint someone more leftward leaning than a Republican President. Over time, this could lead to a more activist FTC, including against auto dealers and auto finance about which the FTC has held hearings.

FTC staff members may also turn over, and it is not unreasonable to believe that more liberal replacements may be appointed. Expect the FTC to be more active during the Biden administration, although how soon and how much so will remain to be seen.

The Department of Justice (*DOJ*)

The DOJ has brought criminal actions against auto dealers, their owners and their employees for bank fraud, interstate wire fraud, and other federal criminal law violations. Several dealer principals and F&I personnel have served jail terms for defrauding federally regulated lenders by submitting falsified credit applications, power booking, and other fraudulent behavior.

President Biden appointed Merrick Garland as Attorney General to head the Department of Justice. It is reasonable to expect that senior levels in the DOJ may likewise move to the left. This could result in more investigations, enforcement actions, and criminal proceedings against auto dealers who falsify documents and misrepresent transaction information to lenders.

State Attorneys General

The CFPB and state Attorneys General (*AGs*) act in close concert on consumer protection matters. During the Trump administration, many enforcement actions against auto dealers originated with state AGs.

An activist CFPB and aggressive AGs can be expected to pursue more claims against auto dealers. Your state AG is the most likely regulator you will encounter. It is critical that you have a policy and procedure for addressing consumer complaints. Use this procedure for every consumer complaint. Remember that even a small complaint can become a big problem if the consumer reports it to the Attorney General.

What's a Dealer to Do?

If you have put compliance on the back burner during the Trump administration, now is the time to get prepared, review and update your policies and train/retrain your employees. A checkup with your legal or compliance advisor is an excellent idea.

The Biden Administration is likely to focus on safeguards and privacy, so make those first on your list. Review your privacy notice and make sure it states what your actual sharing practices are.

The Biden administration is likely to focus on safeguards and privacy, so make those first on your list. Review your privacy notice and make sure it states what your actual sharing practices are. Consumer protection in sales and F&I will be another area for activist agencies. If you have not already done so, adopt and implement the NADA Fair Credit Compliance Program and the NADA Voluntary Protection Products policy and program.

In recent enforcement actions, the FTC has made dealer principals jointly and personally liable with the dealership for violations, including broad unfair and deceptive practices violations. This trend will continue. That should be reason alone for your senior management to give priority to compliance. nj car

Randy Henrick is an auto dealer compliance expert who provides compliance consulting services to dealers directly at AutoDealerCompliance.net. He served for 12 years as Dealertrack's lead regulatory and compliance attorney and wrote all of its Compliance Guides.

The Pandemic's Impact on the Workplace and Employee Benefits

BY BRUCE MAZZARELLI

This past year was like no other in recent history. The worldwide pandemic hit the U.S. in early 2020 and our daily lives were changed in unprecedented ways. COVID-19 resulted in significant illness, hospitalizations, and heartbreaking death tolls. Enjoying activities often taken for granted, such as going out to dinner, visiting retail stores, and having family gatherings, were very difficult — if even possible. Masks, social distancing, nonessential closures, reduced gathering capacity, and quarantines became the new norm to minimize the spread.

Running a successful business faced unforeseen threats in 2020. Dealerships struggled early in the pandemic with reduced consumer demand, maintaining staff, and the fight to be considered an essential business. The cost of providing employee benefits also came under pressure in 2020. This was particularly true early on when many employers furloughed employees, in effect paying for benefits coverage without a return on that investment. Added to that, new rules around mask mandates, workplace disinfecting, and employee monitoring had to be implemented.

Many of these challenges are expected to persist deep into 2021. We expect new challenges to emerge, such as an employer's development of an effective vaccine policy that aligns with one's corporate culture. This article focuses on discussing the impact of COVID-19 on the workplace, employee benefits programs in 2020 and what the future holds as we continue to battle the pandemic.

Early in the pandemic, many dealerships furloughed employees, intending to bring them back swiftly. This was particularly true for salespeople, when just service was deemed "essential" and demand was limited. As time passed, all functions (*including sales*) were back up and running. However, many operating rules changed regarding client interaction, mask mandates, social distancing, workplace precautions, and employee safety. Though vehicle demand gradually returned, these changes came at a cost, adding to dealerships' financial pressures. Many dealer principals wisely looked at these pressures as an opportunity to evaluate business practices; in particular, the effectiveness of current pay policies, staffing, and benefits. For example, some recognized a need for better alignment of sales commissions to deal profitability, along with "right-sizing" the salesforce. Others implemented cost-cutting strategies such as offering High Deductible Health Plans (*HDHPs*) for the first time.

Employee benefits programs were impacted significantly in 2020. Rules were modified to allow non-active (*furloughed*) employees to remain on active coverage outside of traditional COBRA. Accommodations were made with a loosening of payment terms and grace periods. Along with Paycheck Protection Plan (*PPP*) loans, these changes assisted many in weathering the storm. Specific health insurance coverage terms were also impacted, with new requirements that the costs associated with COVID-19 be covered at no expense to the insured party, regardless of plan design. Testing, treatment, and even hospitalizations are covered 100% by fully-insured plans, with self-insured plans generally following suit. We also saw significant telemedicine utilization increases, often with $0 cost-sharing and virtual doctor's visits. An exemption was made that allowed those patients in an HDHP to have virtual visits at little or no cost, without violating the tax rules inherent to HDHPs.

Health insurance renewal premiums faced upward pressure in 2020, with carriers often adding a "COVID-19 rate load" to their renewal calculations. This resulted in premiums being increased by 3%-11%, depending on the carrier and specific circumstances. We expect to see this trend continue with 2021 renewals. Unfortunately, the market still faces uncertainty, with insurers generally taking a very conservative stance on rates. This was proven in the most recent NJ CAR Benefits Survey, where health insurance renewal increases were at their highest levels since 2017.

For clients who receive claims data regularly, you may be able to get (*or have seen*) a report specific to your claims associated with COVID-19 treatment. Suppose you currently have a "wellness fund" provided by your current carrier (*generally available exclusively to large groups*). In that case, you might ask if you can purchase personal protection equipment (*PPE*) using those funds. Additionally, you will want to make sure you are not at risk of losing any unused wellness dollars, perhaps requesting to roll over those funds to the new plan year.

Ancillary coverages such as dental and vision were also impacted due to the pandemic, though differently than medical coverage. Not unexpectedly, claims for dental and vision visits were way down, particularly in the first six months of 2020. As a result, ancillary renewals were often released with no rate increase, and many carriers reduced monthly premiums or offered premium "vacations" in line with those reduced claims costs.

As employers move into 2021, employee monitoring, testing, and vaccinations, are policy points one must consider. In addition to mask requirements, social distancing and disinfectant rules, current guidelines require employers to monitor their employees' health to minimize the spread of the virus. This is expected to continue through much of 2021. It is important to note that testing for COVID-19 continues to be covered by health insurance based on symptoms and exposure — but is generally NOT covered as a condition of employment, such as requiring employees to show a negative test before returning to the worksite.

Vaccine supplies are currently limited but expected to grow as new manufacturers get approved and gear up production. Once more vaccines become available, employers will have important decisions to make around employee vaccination strategies. Some might take a hands-off approach, allowing employees to make their own vaccination decisions. Others might take an active role, including the support of on-site vaccinations or even mandating eligible employees get vaccinated (*excepting valid exemptions*). As past employer-based vaccination strategies have proven, support at the top drives success, regardless of the path chosen.

While dealerships continue to face challenges in 2021, perhaps there is a silver lining. Demand is back, if not up, for many. This is likely due to pent-up replacement needs, more people moving to the suburbs, and a general hesitancy to take mass transit. Thoughtful business decisions in the areas of benefits, personnel, and employment policy can help turn the many challenges faced today into continued opportunities for long-term growth and success. nj car

Bruce Mazzarelli is Vice President of VP Employee Benefits at HUB International. He can be reached at bruce.mazzarelli@hubinternational.com.

DISCLAIMER: *The points contained within this article are not intended to provide legal or financial advice. Please speak to your legal or financial representation before making any decisions regarding policy changes related to the pandemic.*

NJ CAR Legislative Overview

BY MAGDALENA PADILLA

NJ CAR tracks dozens of bills pending in the New Jersey Legislature. This article focuses on two pending bills that will allow dealerships to be more responsive to consumers' needs. Introduced during the 2020-2021 legislative session, they are part of an effort to modernize customers' transactional experiences with dealerships. On track to move to the Governor's desk for his final action, their legislative status marks an ongoing trend toward the modernization of dealership operations that benefit consumer transactions.

A5033 authorizes licensed new car dealerships to sell motor vehicles online and allows the buyer and the dealer to acknowledge all motor vehicle transaction documents by electronic signature. Additionally, the legislation establishes requirements for used car dealers, including maintaining office space in the state and displaying clear signage. The bill would require that the New Jersey Motor Vehicle Commission (*NJ MVC*) accept documents signed via e-signature. Introduced in November 2020, the bill had been voted out of the Assembly Transportation and Independent Authorities Committee and the full Assembly by January 12, 2021. Its Senate counterpart S3279 was introduced on December 14, 2020, and awaits review in the Senate Transportation Committee.

Authorizing the use of e-signatures and e-transmission of documents for the purchase of vehicles benefits consumers and local neighborhood dealerships in many ways. It creates a better user experience for the consumer by allowing the consumer to sign remotely. It creates a more efficient sales experience for the dealer by minimizing paper usage and storage and expediting the transactional experience. Also, as a protective measure against COVID, allowing e-signatures and e-transmissions reflects good public health policy when at-risk and health-conscious populations seek safer ways to purchase their vehicles.

The early days of the state-imposed COVID restrictions yielded multiple Executive and Administrative Orders intended to balance public health and safety with the need to preserve essential services. The experience demonstrated quickly why modernizing the vehicle purchase experience is important. On March 21, 2020, New Jersey Governor Phil Murphy signed Executive Order No. 107 (*EO 107*), identifying car dealerships as essential retail businesses. However, to decrease contact, EO 107 restricted the business activity only to auto maintenance and repair services. Subsequent administrative orders were executed to clarify that car dealerships were permitted to sell vehicles online (*Administrative Order No. 2020-6 signed on March 30, 2020, and No. 2020-10 signed on April 27, 2020*). However, because the MVC does not accept documents signed via e-signature, customers must still come to the dealership to sign the necessary paperwork.

Two of the bill's primary sponsors explained A5033's connection to COVID:

Assemblyman Daniel Benson said, "The COVID-19 pandemic has forced every industry to adapt and innovate the way it does business. The auto industry is no exception. Though many of us are used to visiting a dealership and buying a car in person, we can now envision a future where purchasing a car online is commonplace. This bill removes regulatory hurdles."

Assemblyman Anthony Verrelli commented, "We must continue finding ways to keep people safe and help businesses stay afloat. Online car sales offer customers convenience, comfort and, during the pandemic, safety. Just as people can sign many other legally binding documents online, there's no reason car buyers shouldn't be able to electronically sign papers to purchase a vehicle."

The MVC has raised concerns about the bill. The bill does not impose any actions on the MVC nor require the commission to create new systems. Instead, the bill authorizes the MVC to acknowledge that electronic signatures secured from customers on transaction documents are valid, including electronic signatures on powers of attorney. Currently, the MVC recognizes powers of attorney with wet signatures from customers. This bill seeks to modernize that recognition. The MVC's acceptance of a customer's electronic signature on a power of attorney will authorize the dealer's execution of the documents necessary for the sale, which is not different from what takes place today when a consumer provides a wet signature on a power of attorney. The MVC has also voiced concerns the bill may encourage consumer fraud, but we believe that concern to be misplaced. Today's consumers understand the benefits of e-signature and the convenience of online consumer transactions.

The second bill, A1366, addresses consumers' need for flexibility in their transportation options. It allows licensed new car dealers to designate any car in their inventory as a subscription vehicle. Under this bill, a consumer who signs up for a car subscription would pay to use the car for a monthly fee (*including insurance, roadside assistance and maintenance*) and would not own the vehicle. The consumer would return the car after the subscription. The bill requires that the MVC design a license plate with an "S" designation and a marking indicating "Subscription Vehicle." Since its introduction on January 14, 2020, the bill was voted out of the Assembly Transportation and Independent Authorities Committee and the full Assembly. On October 8, 2020, it was referred to the Senate Transportation Committee, where it awaits a hearing date. Its Senate counterpart (*S2256*), introduced on March 16, 2020, also awaits a hearing in that committee.

In explaining why A1366 is important to consumers, Assemblyman Benson, one of the bill's three primary sponsors, stated, "Not every driver is interested in buying or leasing a car for the long-term. Subscription vehicles offer a more flexible option for drivers not looking to make a lengthy commitment, while still providing access to important benefits like insurance."

Recognizing the bill's much-needed boost during the COVID pandemic, Assemblywoman BettyLou DeCroce offered, "This bill will deliver a much-needed boost to another industry struggling due to the COVID-19 pandemic. My father owned car dealerships for over 50 years, so I understand firsthand the important role auto dealerships play in New Jersey and that they need to be protected."

This initiative to authorize motor vehicle dealers to offer subscription vehicle programs began in the 2018-2019 legislative session. Recommendations of improvements to the bill resulted in the bill being replaced by an Assembly Committee Substitute. This new version was re-introduced this legislative session as A1366, demonstrating the appeal of subscription vehicle programs as an additional competitive tool among franchise dealerships in New Jersey. nj car

Magdalena Padilla is NJ CAR's Director of Government Affairs. She can be reached at 609.883.5056, x345 or, via email, at mpadilla@njcar.org.

2021 Auto Sales Expected to Reverse Some of the Pandemic-Induced Decline

BY JEFF FOLTZ

The New Jersey new vehicle market was in good shape at the start of last year. New retail registrations in the state during 2019 approached 520,000 units based on historical standards and were well above average. And 2020 got off to a good start as well, with registrations declining by less than 5% in January and February versus strong year-earlier results. Auto Outlook's forecast at the time was for sales to drift lower but remain strong. After seven years of increasing registrations following the recessionary low-point in 2009, the market was due for a mild downturn.

The projected decline in 2020 new vehicle sales was not expected to be pronounced or prolonged. The market was not overheated at the beginning of the year. The reason for this traces back to the steep decline in sales that occurred during the Great Recession of 2009. Registrations in the state remained below 450,000 units for five consecutive years between 2008 and 2013. Accumulated, pent-up demand reached record high levels during this period, and it took until 2019 for all of these delayed purchases to occur. Hence, the forecast for a slight decline with sales remaining strong in 2020. The forecast carried with it a common caveat: "barring any unforeseen events …"

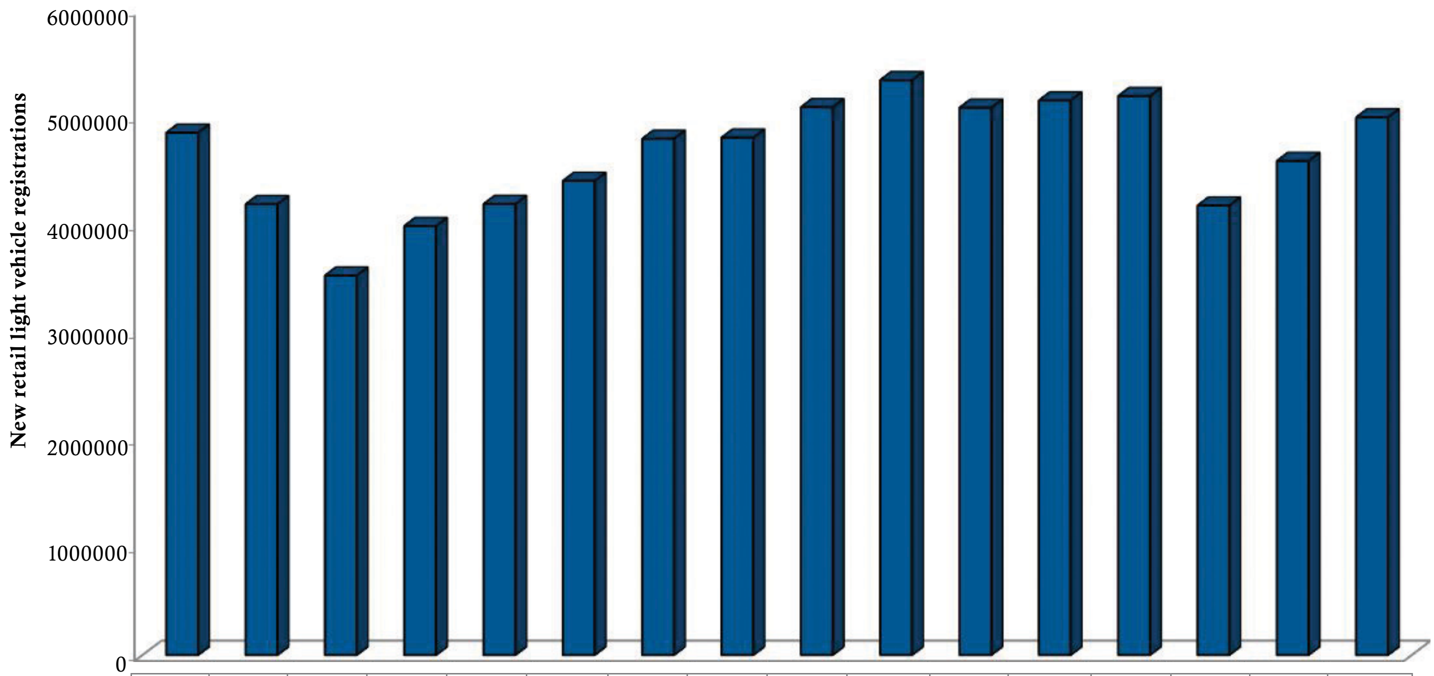
The COVID-19 pandemic qualified as an "unforeseen event." New retail, light vehicle registrations in the state fell by 53% in the second quarter of 2020 versus a year earlier, with an unprecedented 85% fall in April.

Encouragingly, the market bounced back following the second quarter decline. At the onset of the pandemic last spring, an annual drop of 25+% for 2020 seemed within the realm of possibility, but the market finished the year off 19.6% from 2019. It's hard to envision a scenario where a double-digit percentage decline in sales can be interpreted as good news, but in this case, it was. In the second half of the year, new vehicle registrations were off just 7% from a year earlier, an impressive result during a once-in-a-lifetime global health crisis.

So, where does the market go from here? Based on the way things look now, sales have nowhere to go but up. Pinpointing how high the market will go and how long it will take to get there is tricky, but key forecast determinants are resoundingly pointing to a solid rebound in sales. Here are four factors that should pace the recovery:

1. **Consumer affordability is strong**. Very low-interest rates and elevated used car values have combined to make a new vehicle purchase a viable proposition for many consumers. Increasing household incomes (*resulting from rising wages and government stimulus programs*) have also boosted affordability. However, as

New Retail Light Vehicle Registrations in New Jersey - 2007 thru 2020 actual, 2021 and 2022 Forecasts



	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021 est	2022 est
Regs.	485757	419268	352920	399001	419420	440965	480098	481231	509452	534644	508996	515728	519846	418007	459500	500000

Historical data source: AutoCount data from Experian. Forecast projections: Auto Outlook

the pandemic has lingered, many households have used increasing incomes to build their savings rather than increase spending. Consequently, the savings rate has reached levels not seen in over 20 years. When COVID is less of a concern and the economy re-opens, many economists anticipate a surge in spending, which will include the purchase of new vehicles. Finally, some analysts have raised concerns about rising vehicle transaction prices as a negative for affordability, but that's more a symptom of consumers leveraging strong affordability to purchase more expensive vehicles that offer features and equipment that they desire.

2. **Pent-up demand has returned**. New vehicle registrations in New Jersey during 2020 were about 90,000 units below expected levels, and this year's total will also be lower than anticipated. These postponed purchases will occur in the future and boost sales this year and in 2022.

3. **Employment will be increasing**. Total employment in the state at the end of 2020 was down 7% versus a year earlier. As the year progresses, the lifting of business restrictions will allow many New Jersey residents to return to work. Also, the expected rebound in retail spending will fuel employment gains. But the return to full employment could take a while. Most economists expect the labor market's recovery to proceed at a slower pace than the general economy. By the end of 2022, the expectation is that the labor market could be nearing full employment.

4. **The impetus for vehicle ownership has been given a boost due to the virus**. The ability to go where you want, when you want, in your own "personal space" are unique attributes of private vehicle ownership, and the virus has firmly established these virtues in the minds of many vehicle shoppers.

The news is not entirely positive, but most of the negatives are related to vehicle supplies, not consumer demand. Factories were just starting to get back to full production by the end of 2020, and then the chip shortage caused slowdowns and factory closures during the past few months. Inventories are predicted to remain relatively lean until at least the end of the third quarter, which will put a lid on how high the market can go.

Auto Outlook's latest 2021 projection is for the state market to recover about 1/3 of the lost sales in 2020. That would put this year's total at around 460,000 units, a 10% improvement over 2020. The two salient factors that will dictate the sales recovery pace are the progress in vanquishing the virus and how long it takes for the labor market to return to full employment. If COVID is a non-factor by early next year and total employment in the state has returned to pre-pandemic levels, new vehicle registrations in 2022 could approach the total in 2019, with further improvement likely in 2023. nj car

Jeff Foltz is the owner and editor of Auto Outlook, Inc., a data analytics company focused on the automotive retail industry. He can be reached at 610.640.1233 or, via email, at jfoltz@autooutlook.com.

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

NJ CAR appreciates the support of the 267 dealers who contributed to CAR-PAC, the Coalition's political action committee, between ***January 1, 2020, and December 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.

Support of CAR-PAC will be especially critical this year, with the Governor and entire Legislature up for re-election in November. CAR-PAC plans to be very active in supporting the candidates who support our industry.

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 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 December 31, 2020*:

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Paul Miller Volkswagen of Bernardsville
Pellegrino Buick GMC
Pellegrino Chevrolet
Pellegrino Chrysler Jeep
Performance Dodge Ram
Pine Belt Cadillac of Toms River
Pine Belt Chevrolet of Lakewood
Pine Belt Chrysler Jeep Dodge Ram
Pine Belt Nissan of Toms River
Pine Belt of Keyport
Pine Belt Subaru
Pointe Buick GMC
Precision Acura
Precision Chrysler Jeep Dodge Ram
Prestige Volkswagen Subaru
Raceway Kia of Freehold
Ramsey Chrysler Jeep Dodge Ram
Ramsey Infiniti
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Ray Catena Motor Car
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Red Bank Volvo, Inc.
Reydel Volkswagen, Inc.
Riverside Nissan
RK Chevrolet Subaru Kia
Rossi Chevrolet Buick GMC
Rossi Chrysler Dodge Jeep Ram
Route 130 Chrysler Dodge Jeep Ram
Route 17 Nissan
Route 18 Chrysler Jeep Dodge Ram
Route 22 Nissan
Route 33 Nissan
Route 46 Chrysler Jeep Dodge
Route 46 Mitsubishi
Route 46 Subaru
Royal Buick GMC, Inc.
Salerno Duane Infiniti
Salerno-Duane, Inc.
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Sea Breeze Ford
Sea Coast Chevrolet
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Shore Toyota
Smith Motor Company, Inc.

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Springfield Acura
Subaru of Morristown
Sussex Honda
T&T Coast Buick GMC
Team Toyota of Princeton
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Thank You to Those Who Contributed to NADA PAC

NADA PAC helps to elect to Congress qualified individuals who understand the needs of new car and truck dealers. NADA PAC is consistently credited as being one of the nation's top trade association political action committees in terms of both total fundraising and contributions to federal candidates. NADA PAC supports candidates for Congress on a bipartisan basis from the recommendations of the NADA PAC dealer leadership for each state.

The 2020 NADA PAC leadership team for New Jersey consists of NADA Director Rick DeSilva, NJ CAR Chairwoman Judith Schumacher-Tilton, NADA PAC State Chairman Robert Larson and NJ CAR President Jim Appleton.

The following individuals from New Jersey have contributed this year to NADA PAC through December 31, 2020:

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- You owe it to your bottom line to compare NJ CAR's Program with other plans.

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