Department of
Consumer Affairs

Testimony of Marla Tepper, General Counsel
New York City Department of Consumer Affairs

Before the
New York City Council Committee on Consumer Affairs

On
Int 0674A-2011 regarding the creation and required use of a model contract, Int 0675-2011 regarding the posting and distribution of automobile buyers rights and Int 0787-2012 regarding the required creation and preservation of electronic records

March 1, 2012

Good afternoon, Chairman Garodnick and Committee members. I am Marla Tepper, General Counsel for the Department of Consumer Affairs. Commissioner Mintz asked me to thank you for the opportunity to appear before you at this hearing.

Because the Department testified at length on second hand auto dealers last April, our remarks are brief today, focusing on the bills at hand and suggesting some additional important reforms. Overall, the Department believes there is merit in all three bills and commends the Council for bringing these bills up for a hearing. We have the following comments and suggestions on the specific legislation:

Int 0674A-2011

This bill requires second hand auto dealers to use a model contract created by the Department of Consumer Affairs. Our long history of mediating and resolving consumer complaints in this arena underscores how crucial this protection is for prospective used car buyers.. Hundreds of the complaints we receive target hidden costs and unclear language. In fact, many of those complaints could have been avoided by a standard, straight-forward contract. As an example, one second hand auto dealer engaged in a pattern of deceptive practices, which included having the consumer sign blank or partially blank contracts, inserting unrequested add-ons and illegitimate fees, and failing to give necessary documents to consumers at the time of the transaction. Sometimes the written contracts were supplemented by unwritten side agreements, like promises on the part of the dealer to refinance at a better rate after the consumer made several payments for the vehicle, and then reneging on such an agreement.

To simplify and clarify the contract, we suggest truncating it into two parts: 1. the terms of transaction, which would describe what the consumer is paying for and 2. the terms of payment, which would describe how the consumer is paying for it.

The transaction terms would include, but would not be limited to, what is listed in the bill but remove the options listed in subsection (ii) and replace them with dealer- installed accessories and services such as window etching, undercoating, alarms and extended warranties. It would require that all those items be individually listed with their costs on a single page. The consumer would select and initial each item. Often we see these charges buried in different sections of a contract or comingled with a myriad of official fees.

The purchase terms in the contract would reflect different language for leased and purchased vehicles. As an additional important consumer protection, we suggest adding a provision that would prevent the contract from taking effect if the financing terms change. Often contracts are signed for the purchase price of the vehicle and when the separate financing agreement is completed the terms are different than what was agreed to. We suggest that he bill include a provision giving the consumer the right to void the contract under such a scenario.

In the penalties section, we strongly suggest that fines be included and that the Department be enabled to recover legal and investigatory costs, as these cases are most often very labor intensive and time consuming. We recommend the following, which will help foster compliance and deter and punish wrongdoing:

a) Add that violation of the provisions of the subchapter be punished in accordance with provisions of title one of the Code, which, provides for suspension and revocation.

b) Amend the bill to make second hand car dealers subject to a civil penalty of $750 for each violation, except that the knowing violation of any provision of this subchapter would be subject to a civil penalty of $1,000 per violation.

c) Add that if a second hand car dealer is found to have committed repeated, multiple or persistent violations of any provision of this subchapter, the dealer would be responsible for the cost for legal and investigative costs.

We would suggest the addition of this penalty provision to each of the new bills.

Due to the complexity of drafting a model contract, translating it into seven languages and disseminating the documents to approximately 1,000 licensed second hand auto dealers, we suggest an effective date of the law to be 90 days after DCA promulgates its rules.

Int 0675-2011

This bill would require posting and distributing secondhand automobile buyer's rights. The Department supports this effort but views the document as a hybrid rights/tip sheet. In addition to the rights set forth in this bill, we would add the following tips or "rights": that it is important to have the car inspected by an independent mechanic, that the consumer is under no obligation to accept the financing terms from the dealer if it is not what was agreed to and that the consumer is entitled to receive a completed contract including all prices and terms before signing a binding document.

We suggest creating a two-day return option on second hand vehicles. An automobile is a big purchase for most people and the shopping experience at many dealerships does not appear to be designed to help consumers make informed, thoughtful decisions. High pressure sales tactics can lead consumers to make poor decisions. Whether one is "baited and switched" to a car one didn't want or couldn't afford or has had one's mechanic discover an expensive repair that the dealership didn't disclose, a two -day return option would protect consumers and could discourage businesses from employing some of the less ethical tactics that our mediators deal with every day negotiating the consumer complaints we receive.

To protect dealers from the potential for abuse, the State of California has instituted a system in which consumers are required to purchase the return option (a good idea, particularly on an as-is vehicle), drive the car less than 250 miles, return the car in the same condition as when it was driven off the lot and pay a restocking fee. To allay concerns that a consumer could disrupt a business by buying and returning multiple vehicles, a dealership would only be required to offer a purchase option once to each consumer. If there is an appetite for including this return option, we suggest that it be included in a buyer's rights document

The bill calls for the buyer's rights document to be presented when a contract is given to the consumer for signature, at which point the consumer may have several hours invested in the negotiations process and may be wary (and weary) of dragging it out any further. Consumers should be provided with this document as soon as they start shopping. We are also concerned that the amount of information would be overly cumbersome for a poster. Instead, perhaps some simple signage could refer customers to the buyer's rights document.

Int 0787-2012

DCA wholly agrees with requiring the creation of electronic records but strongly suggests that the requirements extend beyond the police book to include such records as the consumer's entire "deal jacket", contracts, finance agreements, documentation of the dealer's advertising and the dealership's policies and procedures—documents to be identified by rule. False advertising and deceptive marketing techniques, such as bait and switch tactics, have long been a staple of a disturbing number of dealerships. Our last major enforcement sweep in 2010, resulted in fines for 90 percent of the dealerships we investigated, with less than half the cars advertised actually available for sale when the ads were placed. In fact, two thirds of the businesses cited for this deceptive practice in 2009 were recidivists in 2010. Requiring that these records be kept electronically would aid our enforcement efforts and facilitate the receipt and review of voluminous documents.

We are pleased to continue to work with the Consumer Affairs Committee and with Council to help protect consumers in their interactions with second hand auto dealers. I'll be happy to answer your questions.

LEGAL

SERVICES

INCORPORATED

WRITTEN TESTIMONY

on

SECONDHAND AUTOMOBILE DEALERS

SUBMITTED TO:

THE NEW YORK CITY COUNCIL
COMMITTEE ON CONSUMER AFFAIRS

SUBMITTED BY:

Anamaria Segura
Senior Staff Attorney
March 1, 2012

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Thank you for providing MFY Legal Services, Inc. ("MFY") with the opportunity to submit these comments. MFY was founded on the principle of equal access to justice through community-based legal representation of poor New Yorkers. Working in concert with neighborhood social service providers and community advocates, MFY provides advice and representation to more than 7,500 New Yorkers. MFY's client population is comprised of person with mental and physical disabilities, seniors, and low-wage workers. Through its Consumer Rights Project, MFY provides advice and representation to consumers who are affected by a wide range of consumer issues, including abusive debt collection, unfair and deceptive practices, identity theft and student loans, among others.

MFY's Consumer Rights Project intake hotline routinely receives telephone calls from consumers who have been taken advantage of during the purchase of used vehicles. We speak to consumers who have visited dealerships intending to purchase a specific secondhand vehicle, with an affordable monthly payment, but, after being subjected to high-pressure sales tactics, false statements and interminable delays in the process, walk out of the dealership as owners of vehicles they did not plan on purchasing, for unaffordable monthly payments. Others purchase cars with unnecessary "add-ons" they did not request or authorize, and which can drive the cost of a vehicle up by many thousands of dollars.

We also hear from consumers who are coerced into co-signing loans for friends and family members by used car dealer employees who make false statements about the consumers' liability, misrepresent their responsibilities, and often make empty promises to remove the co-signer's name from the contract after only a few months. We

represented one elderly, disabled consumer without a driver's licenses, who was visited at home by car dealer representatives late one night, who demanded that she sign a blank document to help a family member obtain financing for a car. That consumer, whose only source of income was Supplemental Security Income, wound up being sued by the bank that financed the agreement, even though she had been told by the sales representative that she was not the owner of the vehicle and had no responsibility to make payments.

Many of these consumers wind up completely in over their heads, caught up in a financing scheme they do not understand and did not intend to agree to. Desperate to preserve their credit, many of these consumers continue to pay exorbitant amounts every month, but often they are left with no choice but to stop payments, finding themselves in a downward spiral of debt collection harassment, repossession, ruined credit, and often, a deficiency lawsuit. We have also spoken with consumers who have been the victims of fraud or deceptive practices by a car dealer, and who have won judgments against dealers , only to find that the dealers were fly-by-night operations that have disappeared, rendering the judgments unenforceable.

The four bills proposed by the Committee will help prevent consumers from being taken advantage of by enacting a few common-sense requirements that should be easy for reputable automobile dealerships to follow. This testimony addresses only two of the four bills, Int. Nos. 674-A and 675-A. There are specific aspects of these bills that we particularly support, and we also have ideas for improvement that we request that the Council consider as it finalizes the legislation.

Int. No. 674-A

Proposed Int. No. 674-A, which requires the use of a model contract for the sale of used automobiles, helpfully lays out the most important terms of the sale, including a list of optional add-on features included in the sale, such as air conditioning, audio systems, power-assisted brakes, heated seats, and more. The bill also requires a disclosure to the consumer that those add-ons are not mandatory. We have spoken to consumers who inadvertently purchased products associated with their vehicle that they never wanted, and we believe that these disclosures will help prevent that problem, and will help ensure that consumers have more control over the final purchase they agree to at the time of the sale.

One improvement that MFY suggests is to strengthen the penalties imposed on a car dealership that does not comply with the model contract requirement. Currently the bill states that failure to use the model contract may result in suspension or revocation of the car dealer's license. MFY suggests that the Committee strengthen the penalties to include a mandatory fine of no less than $1,000, and a private right of action available to a consumer. MFY also suggests that, along with providing a purchaser with the model contract, that any co-signor to the contract also be provided with the same document. Finally, MFY suggests that along with the make and model of the vehicle, that the Vehicle Identification Number be included in the model contract.

Int. No. 675-A

Proposed Int. No. 675-A, which requires the posting and distribution of specific information related to secondhand automobile buyers' rights, prevents these important disclosures from being buried in the extensive paperwork provided to consumers, often

rendering the disclosures meaningless. MFY particularly supports the requirement that a statement be posted informing prospective buyers that they may retrieve the complaint history of a dealer by calling "311, and suggests that the bill specify that the history must be provided to the consumer in writing." We also support the inclusion of statements that inform consumers they are not obligated to accept the dealer's financing offer and may seek financing from another entity. MFY has seen too many consumers fall prey to high-pressure sales tactics and bait-and-switch schemes, and most consumers are not aware that they are able to seek financing through a different entity than the one proposed by the dealer.

One suggestion to strengthen this bill is a requirement that the consumer (and any co-signor) be provided with a copy of the fully-executed application for financing that is submitted by the car dealership to the bank. In the course of assisting consumers MFY has reviewed credit applications submitted by car dealerships to financing institutions that contain blatantly false information about the purchaser's employment status, source of income, and amount of income. If a car dealership is required to provide the consumer with a copy of the signed application for financing that it submits to the bank, it will be much more difficult for the dealership to obtain unaffordable financing on false terms, which will later leave the consumer with no option but to default.

Another suggested change to the bill's text is to change the statement encouraging consumers to obtain their credit score to instead encourage them to obtain and review their credit report. Although under federal law consumers are entitled to obtain a free credit report once a year from the three major credit reporting bureaus, a credit score is not included with the free credit report. Under the Dodd-Frank Wall Street Reform and

Consumer Protection Act, consumers are able to obtain their credit score from lending institutions if they are denied credit based on their credit score. However, outside of those scenarios a consumer must pay the credit reporting bureaus to obtain their credit scores. Often a credit report may be all a consumer needs to determine whether their credit may prevent them from obtaining a car loan on favorable terms, and so MFY believes that the disclosures should simply encourage consumers to obtain the report, which can be obtained for free, rather than encouraging them to spend money on obtaining a credit score.

Finally, MFY suggests that, along with the listed required statements to be posted, that a statement be included alerting consumers that the dealership must provide the customer with the model contract that is the subject of Int. 674-A, and that the required distribution of the buyers' rights be provided to any co-signor at the time of the signing of the contract.

Conclusion

MFY thanks the City Council for the opportunity to testify, and looks forward to working toward the shared goal of protecting New Yorkers against being taken advantage of when purchasing secondhand vehicles.

Dated: March 1, 2012

Respectfully submitted,

Anamaria Segura
MFY Legal Services, Inc.

NEW YORK STATE AUTOMOBILE DEALERS ASSOC.

FOR THE RECORD

MEMORANDUM IN OPPOSITION

Proposed Int. No. 674-A/No. 675-A
New York City Council Committee on Consumer Affairs – Hearing - March 1, 2012

AN ACT to amend the administrative code of the city of New York, in relation to requiring certain contracts or disclosures to be written in the language in which such contracts were negotiated.

The New York State Automobile Dealers Association, comprised of nearly 1000 new car and new truck dealers located throughout New York State, **is opposed to these proposed amendments.**

SUMMARY OF THE PROVISIONS OF THE PROPOSED AMENDMENTS:

These proposed amendments would alter the administrative code of the city of New York to add new sections to include any retail automobile dealer who negotiates a contract primarily in Spanish, Chinese, Russian, Korean, Italian or French Creole orally or in writing, to give the consumer a translation of the contract/required disclosures in the language in which the contract was negotiated. Failure to comply may result in suspension or revocation of the automobile dealer's secondhand automobile license.

STATEMENTS IN OPPOSITION TO THE PROPOSED AMENDMENT:

This bill would place an unnecessary, almost impossible, burden on dealers who negotiate with Spanish, Chinese, Russian, Korean, Italian or French Creole customers. In those cases where a dealer might employ a translator to help in the sales process, that dealer would be penalized if he did not provide a translation of the contract/required disclosures in a foreign language. Failure to provide a written translation may result in suspension or revocation of the automobile dealer's secondhand automobile license.

Rather than help non-native English speakers, this bill would penalize those dealers who attempt to help in the purchase of a motor vehicle by providing translators. The notion that failure to provide a written translation of a contract in a foreign language could give the consumer an unlimited right to rescind the transaction at any time, could chill the market for sales of automobiles to non-native English speakers by causing dealers to forego providing translators.

These proposed amendments are neither good for consumers nor good for business. **We urge that these proposed amendments be disapproved.**

Respectfully submitted,

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President

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Greater New York
Automobile Dealers
Association

New York City Council Consumer Affairs Committee

Testimony of the Greater New York Automobile Dealers Association

Stuart A. Rosenthal, Vice President

Thursday March 1, 2012

Good morning, Chair Garodnick and members of the Consumer Affairs Committee. My name is Stuart Rosenthal and I am the Vice President of the Greater New York Automobile Dealers Association (GNYADA). I am here to testify in regard to City Council Proposed Int. 674-A, Proposed Int. 675-A, and Int. 787.

GNYADA is a not-for-profit trade association that represents 400 franchised new motor vehicle dealers in the nine downstate counties of New York, including Long Island, Westchester and Rockland Counties, and including approximately 100 dealers in New York City. Our members sell and lease new and used vehicles, perform warranty and non-warranty repairs, service and maintenance, including factory recall work on motor vehicles, and perform state-mandated annual safety and emissions inspections.

New York dealerships are a key part of the economic life of the City. In 2010, total sales by GNYADA members were nearly $25 Billion. Our members created employment for more than 55,000 New Yorkers, including direct employment of more than 30,000 in the region, and nearly 10,000 in New York City alone. The average New York City dealership payroll is just shy of $5 Million, annually. Over the past couple years and projecting this year and next year, New York City dealerships have invested or will invest nearly $1 Billion in capital improvements and construction.

Although our membership is comprised of franchised new car dealers, our members all transact significant sales of used automobiles, including Certified Pre-owned automobiles, which are warranted under manufacturer warranty programs. Our members are not only subject to the New York City administrative code and regulations enforced by the Department of Consumer Affairs, the New York City Police Department, and other New York City agencies, but each dealer is registered as a motor vehicle dealer with the New York State Department of Motor Vehicles and further regulated by various agencies of the State of New York, including the Department of

Environmental Conservation, the Department of Financial Services, and the Attorney General's office. Each dealer must also meet a variety of Federal standards from a veritable alphabet soup of agencies – DOT, NHTSA, IRS, DOL, FTC, FRB, and EPA, to name just a few. Attached to my testimony is the NADA Regulatory Maze, listing just the federal agencies that supervise dealerships' operations.

Further, dealers are compelled by many forces to comply with the rules and regulations that are established by the finance sources on which they rely to obtain financing for consumers. Those sources are highly regulated by state and federal regulators, including new rules and regulations being created under the Dodd-Frank Act. Lastly, each dealership follows a set of strict guidelines set forth by the manufacturers with which they are affiliated and by which they are franchised.

We understand the concerns that the members of the City Council and the Department of Consumer Affairs have in regard to the worst elements in the business community and the very small minority of bad actors in our industry. Our organization is and has always been available to work with elected officials, city agencies and consumer organizations to find and promote effective ways to rid our industry of all unscrupulous practices. In fact, it was GNYADA that approached then Attorney General Robert Abrams in 1988 and asked him to create with us a standard for auto dealer advertising which resulted in the Attorney General's Advertising Guidelines for Auto Dealers.

As the Committee considers these proposals, we urge you to keep in mind that:

- there are already a very broad and effective set of federal, state, and local laws, rules, and regulations that are properly aimed at protecting automobile purchasers, and
- while there is no showing of pervasive or even widespread improper practices, these proposed broad new rules and regulations would impose significant burdens on all dealers, indiscriminately, without regard to their generally high level of compliance with effective existing rules.

Although GNYADA supports efforts to make the car buying process more transparent and consumer friendly, we believe the legislation before the committee today will not achieve those goals. I will go through our concerns with regard to each bill and I will be more than happy to answer any questions you may have.

Proposed Int. 674-A (Model Contract)

Proposed Int. 674-A will create and require the use of a model contract, in at least seven different languages, for the sale (and leasing) of used automobiles. We have questions and concerns with both the concept of a "model contract" as well as some of the individual items that would be required under this legislation.

At the outset, this proposal does not take into consideration that most dealerships employ forms that already are heavily laden with "required disclosures". The forms include "buyers order

forms" and "lease order forms", in addition to the "Retail Instalment Sales Contract" (commonly referred to as a "RISC") or a "Lease Contract", depending on the nature of the transaction. As the order forms are not required by law, some dealers prefer not to rely on the "order forms"; they provide the actual RISC or Lease Contracts instead. The proposal is also silent as to whether the Department will have to take in account or be compatible with the various computer systems that modern dealerships use for those forms.

Will the contract referred to in the legislation be produced, printed, and distributed by the Department of Consumer Affairs, and will it be an order form or a final contract? Will the stated provisions be required to be included in all individual documents? Will those dealerships that do not use an "order form" now be required to do so? Will they comply with the "one document" rule? Will they be required to accommodate and comply with all existing federal and state required disclosures and formats?

It is of paramount importance not to lose sight of the fact that the Retail Instalment Sales Contract or Lease Contract form in every instance is provided by the lender or the leasing company that is financing the purchase or leasing a vehicle to the consumer. Dealerships do not create these documents. In addition, both financing and leasing transactions are subject to requirements and restrictions under the Personal Property Law of the state of New York and are subject to either the federal Truth-in-Lending Act and Regulation Z or the Federal Consumer Leasing Act and Regulation M.

Importantly, there does not appear to have been consideration of those extensive and long-standing consumer protection statutes and regulations in this draft legislation; failing to take them into consideration, it is entirely likely that extensive preemption issues will arise.

Further, there are also issues with some of the specific items that will be included in the proposed model contract. I speak in particular, with regard to the requirements for "itemization" and the requirement to itemize "optional items" in the sale of a used vehicle.

The fundamental nature of a used vehicle transaction is that the "optional" items that are listed in the proposal, such as "air conditioning" and "power assisted brakes", which may or may not have been "options" in the purchase of the vehicle when it was new, are, in fact, not "optional" in a particular used vehicle. The used car is a unique item and while some "options" may be added (such as an alarm, satellite radio receiver, or some cosmetic features), at the used car stage, items such as power brakes or air conditioning are not an "option" – they are an integral feature of used vehicle, where they exist. If they are already on the vehicle, it would either impossible or impracticable to remove them prior to sale. Those options become "standard" in the used car milieu and are factored into the price at which the dealer purchased the car and the price at which he or she offers to sell the car. At the used car stage, those "options" are features of the vehicle, as much as seats or doors or wheels are.

The bill also requires that "all charges" related to section 396-QQ of the NYS General Business Law must be "provided". We note that the charges addressed in that section of law are not set by the dealer, but rather, dealers are required to collect those fees on behalf of the State and/or the City. Often, those charges are difficult to determine with exactitude prior to actually registering

the vehicle, as they are variable, since they are determined by the "weight" of the vehicle in DMV's database and subject to various local surcharges depending on the consumer's residence. Thus, they are not subject to inclusion in a model contract. If a dealer estimates the charges, as they are permitted to do under state law, and those estimates result in "overcharges" of these fees, the dealer is already required to refund those excess amounts to the consumer in a timely manner under GBL 396-QQ.

In regard to disclosing the amounts to be paid under a lease or in monthly installments in a retail instalment sales contract, the Truth-in-Lending and Consumer Leasing Acts and Regulations Z and M already fully address those requirements. Any requirement that would lead to a deviation from those well-established and very specific standards and language would put the dealer in jeopardy of violating long-standing federal law that has been refined by amendments, extensive federal and state jurisprudence, and scholarly treatment, or violating a newly enacted local law.

GNYADA was also in the forefront when New York State passed a first-in-the-nation Motor Vehicle Retail Leasing Act more than fifteen years ago. In addition, when the federal Consumer Leasing Act followed a year later, the State harmonized its law with the Federal law to avoid putting auto retailers, lenders, and lessors in the position of having to violate the state law in order to comply with the federal law. The net effect of those positive enactments and avoiding confusion between two standards was to increase consumer protection and consumer understanding of the leasing process, as demonstrated by the enormous growth of leasing – which is generally greater in New York than anywhere else.

GNYADA believes that the use of a model contract will be an additional burden to dealers and the concerns outlined in the bill are already addressed under current methods employed by dealers in the purchase process. We also have further serious and significant concerns in regard to the requirement that contracts be provided in any foreign language in which a contract might be negotiated. Our objections are set forth in the Memorandum of Opposition to a proposal on this issue in the state legislature, and I ask the Committee to consider that Memorandum, copies of which are attached to my testimony, in conjunction with my testimony here.

In brief, I would note at the outset that consumers already have the right to take a copy of the RISC or Leasing Contract home, or to their attorney or to anyone they wish to have review it and explain it – before they sign it. As outlined in the Memorandum, the risks that are engendered in forcing translation into the more than 160 foreign languages spoken in New York far outweigh any perceived benefits. If all financing institutions fail to participate in providing contracts in every possible language, the result of such a requirement will definitely result in either decreased opportunities for those buyers to purchase or lease vehicles or obtain financing and/or in increased costs as competition for that business would be reduced. Remedies already exist for any deception that might occur.

Proposed Int. 675-A (Buyer's Rights)

Proposed Int. 675-A requires the posting and distribution of information related to secondhand automobile buyers' rights. Dealers are already mandated to post more than fifty signs in their dealerships, more than half which address specific consumer rights. In addition, dealers must provide informational materials to buyers such as the government mandated annual Fuel Economy Guide and NHTSA's Comparison of Insurance Costs guidebook. I have brought examples of just some of the signs dealers that are required to post prominently or conspicuously in their dealerships.

GNYADA believes that this bill is unnecessary and buyers are well informed of their rights through existing requirements. It is unclear in the legislation whether every dealer will have to post all seven different signs and who will print and pay for those materials.

Examples of materials and information that is required to be provided to consumers, include:

- the "Used Car Buyer Guide" is already mandated to be distributed under Federal law (the Department of Consumer Affairs ["DCA"] enforces this provision regularly),
- the ability of a consumer to find out the complaint history of a dealer through 311 is provided on the signs required under existing regulations, also enforced by DCA, and
- the secondhand dealer's license document (along with the DMV dealer registration document) are already displayed among the required signs.

We are also concerned that requiring the term "bait and switch" in the mandated signs suggests or establishes in the mind of a customer reading the sign that the dealer has already employed that unscrupulous, deceptive, and outlawed tactic. While it may be appropriate to require a business that has been adjudicated to have committed this violation to post such language, requiring every dealership – even the most scrupulous, careful, and honest business - to post such a sign is unsupportable and bad policy. It is punitive and reveals a "guilty until proven innocent" ethic that has no place in this proposed statute.

Rather than create an additional sign and handout, we would welcome the opportunity to work with the Council and DCA on ways to streamline the information posted in dealerships and provided to customers.

Int. 787 (Electronic Records)

In regard to electronic record keeping, we believe this step is premature and ask that the Council hold off on mandating such a requirement until the New York State Department of Motor Vehicles has acted on this issue. The DMV is currently in the process of setting-up requirements for electronic record keeping for all New York State automobile dealers. We are in support of allowing dealers to move to electronic records, but fear that requiring them to keep both electronic records and the current "book of registry," will create confusion and the potential for inadvertent mistakes, that become the subject of violations and penalties.

Thank you for the opportunity to testify today on these three bills. I will be happy to take any questions you may have.

Respectfully submitted,

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Greater New York
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February 15, 2011

MEMORANDUM IN OPPOSITION

A.3653 (P Rivera) / S.900 (Stavisky)

A.2332 (P Rivera) / S.898 (Stavisky)

AN ACT to amend the general business law and the personal property law, in relation to requiring certain contracts to be written in the language in which such contracts were negotiated.

The Greater New York Automobile Dealers Association (GNYADA) is a not-for-profit trade association representing nearly 650 franchised new vehicle dealers in the downstate region. GNYADA members are engaged in the retail sale and leasing of new and used vehicles, and servicing, repairing, and supplying parts for new and used vehicles, and providing New York State safety and emissions inspections for motorists. GNYADA opposes the above-captioned legislation.

This legislation would require any automobile dealer who negotiates a new or used car sale primarily in any language other than English to provide a translation of the contract to the consumer in that foreign language. Any "substantial difference in the material terms and conditions of the contract and translation" would give rise to a right to cancel the contract. The second bill would enact the same provisions into state law as the first would in the administrative code of the City of New York.

For many reasons, this legislation is just, plainly and simply, *messhugah* (or is it *meshugganah?) – Loosely* translated from Yiddish into English, both of those terms mean *crazy.* However, subjectively, the reader's understanding of those terms might depend on whether he or she came from Eastern Europe or Western Europe. The Chevrolet "Nova" was a "bright star" in General Motors' lineup in the United States for more than a decade. When GM exported this compact car to South America, it didn't sell, until GM realized it had to change the car's name. After all, who would buy a car whose name in Spanish meant "does not go" *(no va)?*

Chinese has dozens of dialects. Spanish has several as well. Such complexities and nuances make it impossible to determine if a term used in a translation of a contract is understood to mean the same by everyone who nominally speaks or reads the "same" language.

New and used automobile sales contracts contain numerous technical clauses and specific legal disclosures that are demanded by various statutes and agencies (such as the Department of Motor Vehicles and the Department of Consumer Affairs). It is not only possible but likely that some nuance of translation will result in

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entirely different understandings. Translation is not an exact science. Nor is there anything mathematical in the transformation of words from one language to another; it is not an equation where everything will balance on both sides of the equal sign if you just apply some simple rules.

According to the Microsoft Encarta Encyclopedia, by the late 1990s, more than 120 languages were spoken in [New York] city's schools..." The City's visitor's bureau, NYC & Co., now estimates there are about 160 different languages spoken in the City. This law would effectively require dealers to stock as many as 160 different buyers' orders, lease contracts, loan agreements, and other forms. If a dealer was unable to obtain forms in a particular language or dialect, or decided it was too expensive to carry forms in certain languages, he would then be unable to lawfully sell a vehicle to someone with whom his salesperson negotiated a sale in that language. However, if a dealer refrains from selling a vehicle to a customer because he doesn't have a contract form in the customer's language, in compliance with this legislation, would he then violate local, state or federal laws that prohibit discrimination based on national origin? How do we translate "Catch-22" into 160 different languages?

Further, the cost to dealerships would be astronomical to comply with this law. Dealers would have to:

- Hire expensive professional translation services to translate their forms into as many as 160 different languages
- Have their forms printed in each of those different languages (including English)
- Have their computer systems re-programmed to accept an almost limitless number of different formats, since it is unlikely that the number of words or spacing would be identical in even the most common of the different languages, many of which utilize different alphabets (Chinese, Korean, Cyrillic, Greek, Hebrew, to name a few).
- Go through all of the above steps every time the form is amended, as happens frequently, due to a change in a law or regulation.

The potentially enormous expense of complying with this law is left entirely up to the dealership. This is yet another government mandated expense that dealers would bear in New York alone, continuing to make them less and less competitive with dealers in the surrounding states.

It is significant that new and used car contracts have extensive "required disclosures". How are the Department of Motor Vehicles, the Attorney General, and the Department of Consumer Affairs going to enforce true and accurate translations of those required disclosures? Will a dealer be subject to a violation if the professional translator they hire phrases something differently than the administrative agency's translator or the consumer's translator, or both? The bill does not require any regulatory or administrative agencies to provide official translations of all required disclosures (including credit disclosures, doc fees, used car certifications, etc.) in any foreign language, much less the more than 150 languages spoken in New York.

This bill is virtually guaranteed to give rise to an extraordinary amount of litigation. Consumers will have a perfect opportunity to drive a car for a while, and then cancel a contract and demand a full refund because they disagree with the translation of their contract provided by the dealership. While the bill requires that a mistranslation be substantial, and that it be of a material term of the contract, it does not further define what those terms might be. Thus, any incorrect translation could be sufficient grounds for cancellation. Further, the bill does not require the consumer to surrender the vehicle even after they "cancel" the contract. Nor does the bill provide for any judicial process; it simply allows the cancellation of the contract by act of the consumer, and requires the dealer to repurchase any contract assigned to any lender.

If, in fact, contracts in foreign languages are crucial, it is irrational to single out car dealers with this onerous requirement. Why not require all sellers who use written contracts to do so in foreign languages? Home improvement contracts can run to the hundred's of thousands of dollars. Home sales can run to the millions of dollars. The same is true for loans or mortgages for any of these items. College tuition frequently exceeds $30,000 per year, as do college loans. Insurance contracts, brokerage accounts, retirement accounts, other financial instruments all implicate sums that are potentially much greater than any car purchase.

In sum, this law is an attempt to address a perceived problem that already has other, less drastic and more reasonable solutions. Misrepresentation of the terms of a contract is a deceptive practice. General Business Law Section 349 already outlaws deceptive practices, and provides private rights of action to seek redress. Further it applies to all businesses that do business in the state.

For all of the above reasons, GNYADA ***opposes*** this legislation in its current form.

SAMPLE

New York State Department of Motor Vehicles

DEALER BOND UNDER NEW YORK STATE VEHICLE AND TRAFFIC LAW SECTION 415(6-b)

FACILITY NUMBER: _____

BOND NUMBER: B _____

KNOW ALL PERSONS BY THESE PRESENTS:

Whereas, the undersigned _____, (Dealer Name)

of _____ (Full Dealer Address)

(hereinafter referred to as Principal) has applied or is about to make application for a registration certificate as a dealer, qualified dealer or new motor vehicle pursuant to New York Vehicle and Traffic Law Section 415; and

Whereas, the undersigned Selective Insurance Company of America, (Surety Name)

of 40 Wantage Avenue Branchville, NJ 07890 (Surety Address)

(hereinafter referred to as Surety), a corporation organized and existing under the laws of the state of New Jersey and authorized to transact business as a surety insurer in the State of New York, is willing to act as surety on this Bond to comply with the requirements of Vehicle and Traffic Law Section 415(6-b); and

Whereas, Vehicle and Traffic Law section 415(6-b) requires that dealers, qualified dealers, and new motor vehicle dealers obtain and continue in effect a surety bond as a condition to obtaining a registration certificate (**except** those dealers who **exclusively** sell motor vehicles solely for conversion for use as tow trucks, buses, school buses, garbage trucks, marine trailers, motorcycles, recreational vehicles, snowmobiles, trailers, mobile homes, or construction equipment);

Now, therefore, Principal, as principal, and Surety, as surety, do hereby bind themselves and their heirs, executors, successors and assigns, to the State of New York in a sum not to exceed the amount below, the payment for which the Principal and Surety bind themselves and their legal representatives, firmly by these presents, pursuant to Vehicle and Traffic Law section 415(6-b), and subject to the following conditions:

BOND AMOUNT: Fifty Thousand Dollars (Dollars) (50000)

1. The term of this Bond shall commence February 28 2012 and shall continue in full force and effect until terminated by sixty (60) days written notice of cancellation delivered to the New York State Commissioner of Motor Vehicles by the Surety.
2. The Surety shall be required to provide sixty (60) days written notice to the New York State Commissioner of Motor Vehicles prior to the effective date of cancellation of the Bond by first class mail.
3. The conditions of this Bond are that the Principal shall:
   (a) pay all valid bank drafts, including checks, drawn by the Principal for the purchase of motor vehicles;
   (b) transfer good title to each motor vehicle which the Principal sells;
   (c) maintain and keep safe all customer deposits related to the sale of a motor vehicle from the time of receipt of such customer deposit until good title has been transferred to the customer;
   (d) pay all fines imposed upon the Principal by the Commissioner of Motor Vehicles pursuant to the provisions of the Vehicle and Traffic Law; and
   (e) repay any overcharges of a customer for vehicle registration and titling charges payable to the Commissioner of Motor Vehicles for registering and titling the sold vehicle.
4. Recovery against this Bond may be made by a person, including the State, who obtains a judgment against the Principal for an act or omission on which the bond is conditioned, if the act or omission occurred during the term of the Bond. The total liability imposed on the Surety for all breaches of the Bond condition is limited to the face amount of the Bond. Such liability may include, but is not limited to, the amount of the valid bank drafts, including checks, drawn by the Principal for the purchase of motor vehicles, or the amount of the overcharge by the Principal for registration or title fees, or the amount paid to such Principal, or the deposit, as the case may be, for the motor vehicle for which good title was not delivered. In no event shall the Surety on a Bond be liable for total claims in excess of the bond amount, regardless of the number or nature of claims made against the bond, or the number of years the bond remained in force, nor shall this Bond provide coverage for transactions involving sales of any motor vehicles for which a bond is not required pursuant to Vehicle and Traffic Law section 415(6-b).

In witness whereof, the Principal and Surety have hereunto set their hands and seals on this 24th day of February in the year of 2012.

_____, Principal
Print Name

By: _____
Signature

Selective Insurance Company of America, Surety
Print Name

By: _____
Signature

Janine Kappen

ACKNOWLEDGMENT OF PRINCIPAL

(Individual or Partnership)

Bond No. B 1112604

STATE OF _____

COUNTY OF _____ } ss:

On this _____ day of _____ , _____ ,before me personally appeared the above named _____

to me known and known to me to be the same described in and who executed the above instrument and dully acknowledged the execution of the same.

_____

Notary Public _____ County

(Corporation)

STATE OF _____

COUNTY OF _____ } ss:

On this _____ day of _____ , _____ ,before me personally appeared _____

to me known , who, being by me duly sworn, did depose and say that he/she resides in _____

that he/she is the _____ of _____

the corporation described in and which executed the foregoing instrument; that he/she knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was affixed by order of the Board of Directors of said corporation and that he/she signed his/her name thereto by like order.

_____

Notary Public _____ County

SAMPLE

ACKNOWLEDGMENT OF SURETY

STATE OF New York

COUNTY OF Monroe } ss:

On this 24th day of February , 2012 ,before me personally appeared **Janine Kappen** to me known, who, being by me duly sworn, did depose and say that he/she resides in Rochester, NY that he/she is the Attorney-in-Fact of the **Selective Insurance Company of America** **40 Wantage Avenue Branchville, NJ 07890** the corporation described in and which executed the foregoing instrument; that he/she knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation and that he/she signed his/her name thereto by like order; and deponent further says that he/she is acquainted with **Janine Kappen** and knows him/her to be the Attorney-in-Fact subscribed to the within instrument is in the genuine handwriting of the said **Janine Kappen** and was subscribed thereto by like order of the Board of Directors in the presence of deponent.

Carol A. Aldrich

Notary Public Ontario County

CAROL A. ALDRICH
Notary Public, State of New York
Qualified in Ontario County
No. 4928351
Commission Expires April 15, 2014

B-70 (2/97)

SELECTIVE®

Selective Insurance Company of America
40 Wantage Avenue
Branchville, New Jersey 07890
973-948-3000

BondNo.B 1112604

POWER OF ATTORNEY

Dealer Bond Under New York State Law

SELECTIVE INSURANCE COMPANY OF AMERICA, a New Jersey corporation having its principal office at 40 Wantage Avenue, in Branchville, State of New Jersey ("SICA"), pursuant to Article VII, Section 1 of its By-Laws, which state in pertinent part:

> The Chairman of the Board, President, Chief Executive Officer, any Executive Vice President, any Senior Vice President or any Corporate Secretary may, from time to time, appoint attorneys in fact, and agents to act for and on behalf of the Corporation and they may give such appointee such authority, as his/her certificate of authority may prescribe, to sign with the Corporation's name and seal with the Corporation's seal, bonds, recognizances, contracts of indemnity and other writings obligatory in the nature of a bond, recognizance or conditional undertaking, and any of said Officers may, at any time, remove any such appointee and revoke the power and authority given him/her.

does hereby appoint **Janine Kappen**

, its true and lawful attorney(s)-in-fact, full authority to execute on SICA's behalf fidelity and surety bonds or undertakings and other documents of a similar character issued by SICA in the course of its business, and to bind SICA thereby as fully as if such instruments had been duly executed by SICA's regularly elected officers at its principal office, in amounts or penalties not exceeding the sum of: **Fifty Thousand Dollars ($50,000.00)**

Signed this 24th day of February, 2012.

SELECTIVE INSURANCE COMPANY OF AMERICA

By: Dennis L. Barger
Dennis L. Barger
Its SVP, Chief Underwriting Officer

SELECTIVE INSURANCE COMPANY OF AMERICA CORPORATE SEAL 1926 NEW JERSEY

CERTIFIED COPY

STATE OF NEW JERSEY :
:ss. **Branchville**
COUNTY OF SUSSEX :

On this 24th day of February, 2012 before me, the undersigned officer, personally appeared Dennis L. Barger, who acknowledged himself to be the Senior Vice President of SICA, and that he, as such Senior Vice President, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as Senior Vice President and that the same was his free act and deed and the free act and deed of SICA.

Charlene Kimble
Notary Public of New Jersey
My Commission Expires 6/2/2016

Charlene Kimble
Notary Public

CHARLENE KIMBLE NOTARY PUBLIC STATE OF NEW JERSEY BondNo.#BB1112604

The power of attorney is signed and sealed by facsimile under and by the authority of the following Resolution adopted by the Board of Directors of SICA at a meeting duly called and held on the 6th of February 1987, to wit:

"RESOLVED, the Board of Directors of Selective Insurance Company of America authorizes and approves the use of a facsimile corporate seal, facsimile signatures of corporate officers and notarial acknowledgements thereof on powers of attorney for the execution of bonds, recognizances, contracts of indemnity and other writing obligatory in the nature of a bond, recognizance or conditional undertaking."

CERTIFICATION

I do hereby certify as SICA's Corporate Secretary that the foregoing extract of SICA's By-Laws and Resolution are still in force and effect and this Power of Attorney issued pursuant to and in accordance with the By-Laws is valid.

Signed this 24th day of February, 2012.

Michael H. Lanza, SICA Corporate Secretary

SELECTIVE INSURANCE COMPANY OF AMERICA CORPORATE SEAL 1926 NEW JERSEY

Important Notice: If the bond number embedded within the Notary Seal does not match the number in the upper right-hand corner of this Power of Attorney, contact us at 973-948-3000.

SELECTIVE®

Selective Insurance Company of America
40 Wantage Avenue
Branchville, New Jersey 07890
973-948-3000

STATEMENT OF FINANCIAL CONDITION

I hereby certify that the following information is contained in the Annual Statement of Selective Insurance Company of America ("SICA") to the New Jersey Department of Banking and Insurance as of December 31, 2011:

ADMITTED ASSETS (in thousands)		LIABILITIES AND SURPLUS (in thousands)	
Bonds	$ 1,637,544	Reserve for losses and loss expenses	$1,275,472
Preferred stocks at convention value	0	Reserve for unear	375,856
Common stocks at convention values	107,231	Provision for unauthor reinsurance	577
Subsidiary common stock at convention values	0	Commissions payable and contingent commissions	21,199
Short-term investments	72,139	Other accrued expenses	20,039
Mortgage loans on real estate (including collateral loans)	38,131	Other liabilities	200,275
Other invested assets	102,916	Total liabilities	1,893,418
Interest and dividends due or accrued	17,410		
Premiums receivable	295,614	Surplus as regards policyholders	507,390
Other admitted assets	129,823		
Total admitted assets	$ 2,400,808	Total liabilities and surplus as regards policyholders	$ 2,400,808

I further certify that the following is a true and exact excerpt from Article VII, Section 1 of the By-Laws of SICA, which is still valid and existing.

> The Chairman of the Board, President, Chief Executive Officer, any Executive Vice President, any Senior Vice President or any Corporate Secretary may, from time to time, appoint attorneys in fact, and agents to act for and on behalf of the Corporation and they may give such appointee such authority, as his/her certificate of authority may prescribe, to sign with the Corporation's name and seal with the Corporation's seal, bonds, recognizances, contracts of indemnity and other writings obligatory in the nature of a bond, recognizance or conditional undertaking, and any of said Officers may, at any time, remove any such appointee and revoke the power and authority given him/her.

IN WITNESS WHEREOF, I hereunto subscribe my name and affix the seal of SICA, this 8th day of February, 2012.

Michael H. Lanza
SICA Corporate Secretary

SELECTIVE INSURANCE COMPANY OF AMERICA — CORPORATE SEAL 1926 NEW JERSEY

STATE OF NEW JERSEY :
:ss. Branchville
COUNTY OF SUSSEX :

On this 8th day of Feb. 2012, before me, the undersigned officer, personally appeared Michael H. Lanza, who acknowledged himself to be the Corporate Secretary of SICA, and that he, as such Corporate Secretary, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as Corporate Secretary.

Notary Public
My Commission Expires: 6/2/2016

PAULINE A. KIMBLE NOTARY PUBLIC NEW JERSEY

POLICYHOLDER DISCLOSURE
NOTICE OF TERRORISM INSURANCE COVERAGE

The Terrorism Risk Insurance Act of 2002 establishes a program within the Department of the Treasury under which the federal government shares, with the insurance industry, the risk of loss from future terrorist attacks. The Act applies when the Secretary of the Treasury certifies that an event meets the definition of an act of terrorism. The Act provides that to be certified an act of terrorism the event must cause losses of at least five million dollars and must have been committed by an individual or individuals acting on behalf of any foreign person or foreign interest to coerce the government or population of the United States.

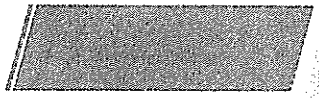
Coverage for acts of terrorism is already included in your current bond. In accordance with the federal Terrorism Risk Insurance Act of 2002, we are required to provide you with a notice disclosing the portion of your premium, if any, attributable to the coverage for terrorist acts certified under that Act.

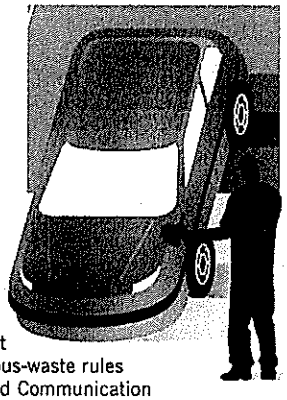
DISCLOSURE OF PREMIUM
Your current bond includes coverage for terrorist acts certified under the Act for no additional premium.

DISCLOSURE OF FEDERAL PARTICIPATION IN PAYMENT OF TERRORISM LOSSES
The United States Government, Department of the Treasury, will pay a share of terrorism losses insured under the federal program. The federal share equals 90% of that portion of the amount of such insured losses that exceeds the applicable insurer retention.

All Departments (General Management/Personnel)

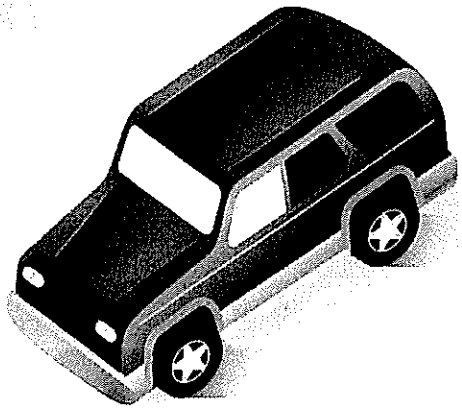
- Age Discrimination in Employment
- Americans With Disabilities Act
- COBRA
- Electronic deposit of taxes
- Electronic records retention
- Emergency-response planning
- Employee drug testing
- Employee Polygraph Protection Act
- Employee verification
- Equal Pay Act
- ERISA
- Estate tax
- Family and Medical Leave Act
- Federal child-support enforcement regs
- Federal Civil Rights Act
- FTC Repossession Rule
- Federal wage-hour and child labor laws
- Genetic Information nondiscrimination
- Health Insurance Portability and Accountability Act
- IRS treatment of car shuttlers
- IRS treatment of demo vehicles
- IRS treatment of tool plans
- Mandatory workplace posters
- Mental Health Parity Act
- Miscellaneous record-keeping requirements
- Newborns' and Mothers' Health Protection Act
- OSHA Blood-Borne Pathogens Rule
- SBA Loan Guarantee programs
- Section 89 of the Tax Reform Act
- Section 179 Expensing
- USERRA
- WARN





Body Shop

- Clean Air Act
- EPA hazardous-waste rules
- OSHA Hazard Communication Standard
- OSHA Respiratory Protection Standard
- OSHA workplace health and safety standards
- UNICAP
- VIN and parts marking



THE REGULATORY MAZE

Our annual update on major federal regulations; state laws also apply and sometimes include additional requirements.

IN ADDITION TO THIS GUIDE to laws and regulations, be sure to consult the *NADA & ATD Federal Regulatory Compliance Chart Second Edition* at nada.org/regulations (requires member access). It lists federal laws and regulations by agency, notes to whom they apply, and offers Web addresses for further information.

All Departments (General Management/Personnel)

Age Discrimination in Employment Act: Protects older individuals against age-based employment discrimination.

Americans With Disabilities Act (ADA): Businesses with 15 or more employees must reasonably accommodate disabled workers and job applicants.

Consolidated Omnibus Budget Reconciliation Act (COBRA): Requires employers with 20 or more employees to continue health-care coverage for ex-employees and their families for 18 to 36 months, depending on circumstances.

Electronic deposit of taxes: All employers having more than $200,000 in aggregate depository taxes must deposit through the Electronic Federal Tax Payment System.

Electronic records retention: Revenue Procedure 98-25 explains the IRS requirements for retaining computerized accounting records.

Emergency-response planning: Federal, state, and local laws require dealers to have emergency-response plans.

Employee drug testing: Unionized dealerships must bargain with unions before implementing employer drug policies. Not necessary for preemployment drug testing. The ADA prohibits employers from discriminating against employees or applicants who have completed a drug treatment program or are currently undergoing such a program, as long as they aren't currently abusing drugs.

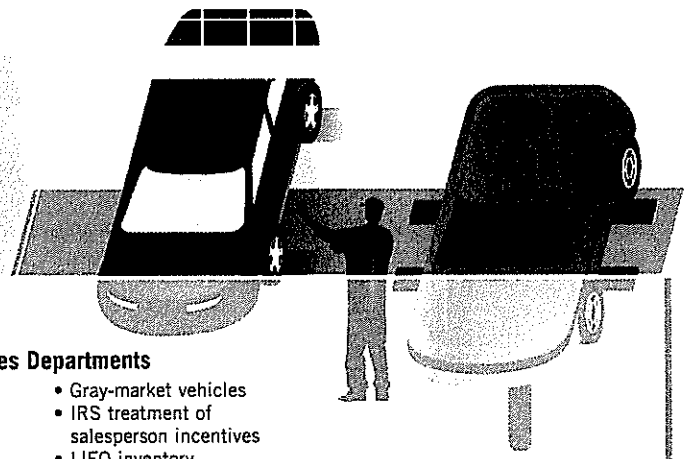
Employee Polygraph Protection Act: Prohibits employers from using polygraphs in preemployment screening;

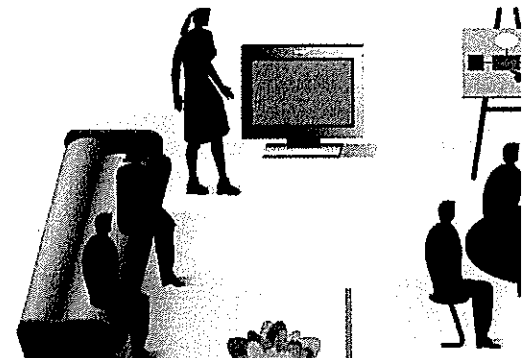
Service and Parts Department

- Clean Air Act
- Clean Water Act
- DOT hazardous-materials-handling procedures
- IRS Core Inventory Valuation
- LIFO/FIFO inventory accounting method
- NHTSA tampering regulations
- NHTSA tire rules
- OSHA asbestos standards
- OSHA Hazard Communication Standard
- OSHA lock-out/tag-out procedures
- OSHA workplace health and safety standards
- RCRA
- Safe Drinking Water Act
- Superfund
- UNICAP

All Departments (Customer)

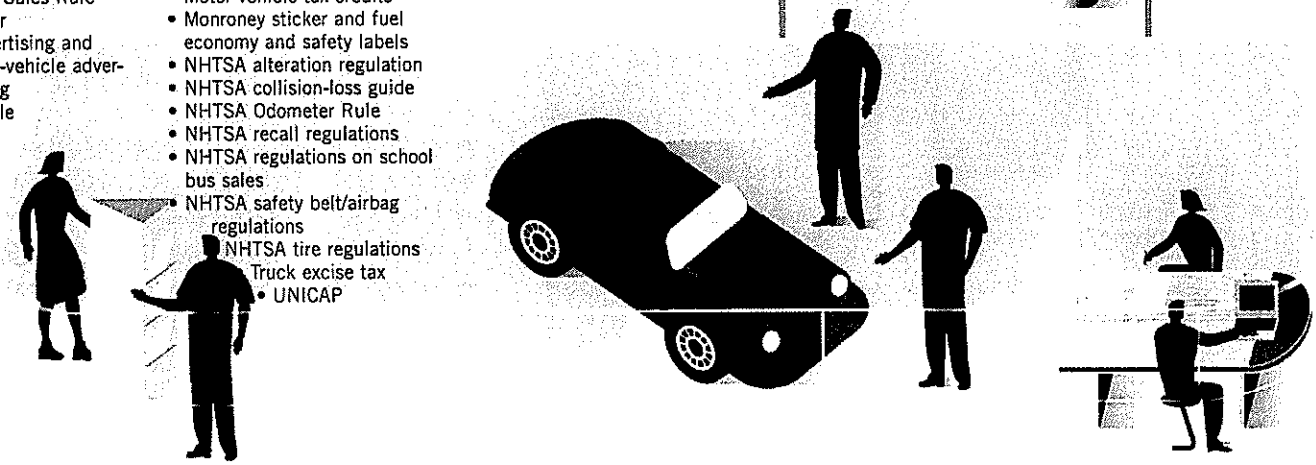
- Americans With Disabilities Act
- CAN-SPAM Act
- Driver's Privacy Protection Act
- FTC Privacy Rule
- FTC prohibition against deceptive and unfair trade practices
- FTC Safeguards Rule
- FTC Telemarketing Sales Rule
- FTC Written Warranty Rule
- IRS Cash-Reporting Rule
- Magnusson-Moss Act
- OFAC restrictions
- Telephone Consumer Protection Act
- USA PATRIOT Act

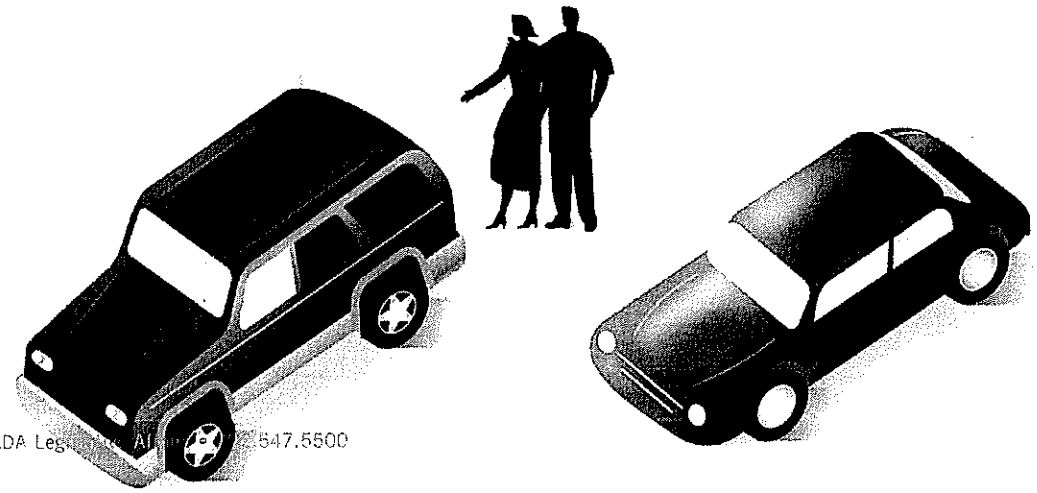




New- and Used-Vehicle Sales Departments

- American Automobile Labeling Act
- DOE/EPA gas-mileage guide
- EPA emissions certification
- Federal bankruptcy law
- FTC Door-to-Door Sales Rule
- FTC guidelines for fuel-mileage advertising and alternative-fueled-vehicle advertising and labeling
- FTC Used-Car Rule
- Gray-market vehicles
- IRS treatment of salesperson incentives
- LIFO inventory accounting method
- Motor vehicle tax credits
- Monroney sticker and fuel economy and safety labels
- NHTSA alteration regulation
- NHTSA collision-loss guide
- NHTSA Odometer Rule
- NHTSA recall regulations
- NHTSA regulations on school bus sales
- NHTSA safety belt/airbag regulations
- NHTSA tire regulations
- Truck excise tax
- UNICAP





F&I Department

- Dodd-Frank Financial Reform Law
- Equal Credit Opportunity Act
- Fair Credit Reporting Act
- FACT Act
- FTC Credit Practices Rule
- Gramm-Leach-Bliley Act
- Producer-Owned Reinsurance Companies
- Truth in Lending and Consumer Leasing acts

allows polygraph use only in limited cases where an employee is reasonably suspected of a workplace incident involving economic loss to the employer.

Employee Retirement Income Security Act (ERISA): Dealers offering retirement or health plans must, among other things, provide employees with plan info, keep records, abide by fiduciary responsibilities, and set up a grievance process.

Employee Verification Rules: Must verify the employment eligibility of prospective new employees using I-9 form and E-verify.

Equal Pay Act: Prohibits wage discrimination on basis of sex.

Estate tax: The 2010 status of the estate tax is unsettled. The estate tax is set to expire in 2010, but efforts are under way in Congress to extend the tax.

Family and Medical Leave Act: Must post a notice informing employees of their right to take this limited, unpaid leave for personal and family medical emergencies and must comply with appropriate requests for such leave. New provisions apply to leave related to military service.

Federal child-support enforcement regs: Requires states to have procedures under which liens can be put on personal property—including vehicles—for overdue child support. Dealers should check that child-support liens don't exist on used cars, and must place liens on wages of employees who are delinquent on child-support payments.

Federal Civil Rights Act: Bars employment discrimination on the basis of race, sex, color, religion, or national origin. Prevents employers from asking job applicants certain questions (such as age, marital status, or childbearing plans). Prohibits workplace sexual harassment, including behavior that creates a hostile work environment.

FTC's Repossession Rule: Requires formal accounting of money collected for repossessed vehicles.

Federal wage-hour and child labor laws: Minimum wage and overtime pay standards; exemptions for employees from minimum-wage and overtime requirements, and standards for employing minors, including teen driving restrictions. The federal minimum wage is now $7.25 per hour, but state minimum wage rates may be higher.

Genetic Information Nondiscrimination: Prohibits discrimination based on DNA information that may affect an employee's health.

Health Insurance Portability and Accountability Act: Generally prohibits health insurers from denying coverage to workers who lose or change jobs and bars insurers from excluding coverage for preexisting conditions for more than a year.

IRS treatment of car shuttlers: Although under general IRS rules, shuttlers may be considered employees, versus independent contractors, the IRS may consider prevailing industry practices on a case-by-case basis. The agency may ask, for example, how many days a week an individual works at a dealership and whether he or she works for any other dealership.

IRS treatment of demo vehicles: Revenue Procedure 2001-56 offers dealers alternative methods for determining the value of demo use by qualified salespeople and other dealership employees. It defines what constitutes limited personal use and streamlines record-keeping requirements.

IRS treatment of tool plans: Tool and equipment plans for service technicians and other employees must comply with the IRS's business connection, substantiation, and return of excess payment requirements.

Mandatory workplace posters: Notices, such as "Your Rights Under the FMLA," "Equal Employment Opportunity Is the Law," "Federal Minimum Wage," and "Notice: Employee Polygraph Protection Act," must be conspicuously displayed.

Mental Health Parity Act: Requires insurers and employers to offer mental illness coverage comparable to that for physical illness. Group health plans may not set dollar limits on mental health care lower than limits for general medical and surgical services. Nothing requires employers to provide mental health coverage, and certain exemptions apply.

Miscellaneous record-keeping requirements: A multitude of requirements governs the length of time records must be maintained. Examples: Personal and corporate income tax records must be kept at least three years; notification forms for underground storage tanks must be kept indefinitely; and copies of Form 8300 cash reports must be kept for five years.

Newborns' and Mothers' Health Protection Act: Employers and insurers must provide minimum hospital-stay benefits.

OSHA Blood-Borne Pathogens Rule: Dealerships more than four minutes from an emergency health facility must have a program to respond to employees who suffer cuts. All dealerships should have proper first-aid kits.

SBA loan guarantee programs: Small-business dealers seeking working capital, floor-plan, or real estate financing may be eligible for federal loan guarantees on loans up to $2 million.

Section 89 of the Tax Reform Act: Employers are prohibited from discriminating against lower-paid employees in their employee benefits packages.

Section 179 Expensing: The 2009 stimulus bill (PL 111-5) extended enhanced small-business expensing under Section 179 of the tax code through the 2009 tax year (ending December 31, 2009). The package doubled the amount businesses could immediately, or in the first year, write off their taxes for capital investment in 2009 from $125,000 to $250,000 for purchases of new, qualifying equipment of up to $800,000 (increased from $500,000).

The Hiring Incentives to Restore Employment (HIRE) Act of 2010 extends the dates of the IRC Section 179 temporary increase in limitations on expensing of depreciable business assets. Under HIRE, qualifying businesses can continue to expense up to $250,000 of section 179 property for the 2010 tax year. Without HIRE, the 2010 expensing limit for section 179 property would have been $125,000.

The 2009 Stimulus bill also includes an accelerated bonus depreciation provision. For 2009, companies could also write off an additional 50 percent of new investment expenditures for items subject, under current law, to depreciation over 20 year or less. The remaining value of the investments would be depreciated over the life of the item. HIRE does not extend this benefit into the 2010 tax year.

The total depreciation deduction (including the section 179 expense deduction) you can take for a passenger automobile (that is not a truck or a van) you use in your business and first placed in service in 2009 is $2,960 ($10,960 for automobiles for which the special depreciation allowance applies). The maximum deduction you can take for a truck or van you use in your business and first placed in service in 2009 is $3,060 ($11,060 for trucks or vans for which the special depreciation allowance applies). These limits are reduced if the business use of the vehicle is less than 100%.

■ **Uniformed Services Employment and Reemployment Rights Act (USERRA):** Governs the employment and reemployment rights of members of the U.S. uniformed services.

■ **Worker Adjustment and Retraining Notification Act (WARN):** Requires dealers to give 60 days' notice to workers before termination or store closings under certain circumstances.

All Departments (Customer)

■ **Americans With Disabilities Act (ADA):** Prohibits discrimination against the physically handicapped in areas of public accommodation. Must make reasonable accommodations to make facilities accessible—for example, installing ramps, and accessible parking lots, drinking fountains, public toilets, and doors.

■ **CAN-SPAM (Controlling the Assault of Non-Solicited Pornography and Marketing) Act:** E-mailers must identify a commercial message as an advertisement or solicitation and provide their postal addresses and a mechanism to opt out of future commercial e-mails. If recipients opt out, senders must stop sending them commercial e-mail within 10 business days. The disclosure requirements don't apply to e-mails that relate to transactions or relationships, such as for warranty or recall-repair issues or the completion of transactions requested by the consumer. No one may send commercial e-mails to wireless devices unless recipients provide express prior authorization to receive them. So that senders can recognize wireless addresses, the FCC maintains a list of wireless domain names at www.fcc.gov/cgb/policy/DomainNameDownload.html. Commercial e-mailers must check the list monthly. (Additional provisions prohibit deceptive headers, misleading subject lines, and other spam tactics.)

A text message may also be considered an e-mail and therefore subject to the CAN SPAM Act if it is sent to an e-mail address—that is, if it has an Internet domain name after the "@" symbol (whether the e-mail address is displayed or not). This means that no commercial text message (deemed to be an e-mail) may be sent to a wireless device without "express prior authorization." Merely having an "established business relationship" with the recipient is not enough.

■ **Driver's Privacy Protection Act:** Denies access to personal info in state motor vehicle records except for limited purposes, such as driver safety, theft, and recalls. Also restricts the release of personal info for marketing.

■ **FTC Privacy Rule:** Dealers must issue notices of their privacy policies to their finance and lease customers and, in some circumstances, when the dealer discloses nonpublic information about consumers to third parties. Also restricts disclosures of nonpublic personal information. Beginning December 31, 2009, dealers who correctly use a new FTC model privacy notice will have safe harbor protection for the language used to describe their privacy policy. Although the use of the new model notice is voluntary, dealers whose privacy notices continue to use sample language from the appendix to the 2001 privacy rule will lose safe harbor protection for the use of that language after December 31, 2010.

■ **FTC prohibition against deceptive and unfair trade practices:** Prohibits deceptive or unfair practices. For example, merchants must disclose to would-be buyers previous material damage. More than half the states specify a dollar amount or formula for determining how much damage must have occurred to a new vehicle before disclosure is required.

■ **FTC Safeguards Rule:** Dealers must develop, implement, and maintain—and regularly audit—a comprehensive, written security program to protect customer information.

■ **FTC Telemarketing Sales Rule (TSR):** Imposes many of the TCPA restrictions (below) on dealers who telemarket across state lines. Requires dealers who sell, or obtain payment authorization for, goods or services during interstate phone calls to abide by the prohibition against numerous deceptive and abusive acts and to maintain certain records for 24 months. A recent amendment to the rule prohibits prerecorded telemarketing calls without a consumer's express written agreement, requires such calls to provide a key-press or voice-activated opt-out mechanism at the outset of the

calls, and requires the calls to ring for 15 seconds or four rings before disconnecting.

FTC Written Warranty Rule: Dealers must display warranties near products or post signs in prominent places telling consumers that copies of the warranties are available for review.

IRS Cash-Reporting Rule: Dealers receiving more than $10,000 in cash in one transaction or in two or more related transactions must file IRS/FinCEN Form 8300 with the IRS within 15 calendar days and must provide written notice that the report was filed to the person named on the report by January 31 of the following year. "Cash" includes certain cashier's checks, traveler's checks, money orders, and bank drafts.

Magnusson-Moss Act: Dealers must give consumers certain required information on warranties and limited warranties.

Office of Foreign Assets Control (OFAC) restrictions: Dealers may not enter into transactions with certain sanctioned countries, governments, and specially designated organizations and individuals, including those appearing on an electronic list maintained by OFAC.

Telephone Consumer Protection Act (TCPA): Imposes numerous restrictions on telemarketing, including the national and company-specific do-not-call rules, calling-time restrictions, caller ID requirements, fax advertising rules, and restrictions on the use of autodialers and prerecorded messages. Fax ads must only be sent to authorized recipients and must include a phone number, fax number, and toll-free opt-out mechanism (each available 24/7) on the first page of the fax ad.

The FCC considers text messages to be "phone calls" under the TCPA. This means that you cannot send a text message "solicitation" to a phone number that is on your dealership company-specific "do not call" (DNC) list; you cannot send a text message "solicitation" to a phone number that is on the national DNC list (subject to the "established business relationship" and other provisions of the national DNC rules); and you cannot send any text message whatsoever to a cellular telephone number—solicitation or not, whether the number is on a DNC list or not—using an "automated dialer system" unless you have the called consumer's "prior express consent."

USA PATRIOT Act: Dealers must search their records and provide information about individuals or entities identified by the federal Financial Crimes Enforcement Network with whom they conducted transactions or created accounts. Dealers are temporarily exempt from the law's anti-money-laundering program requirements.

New- and Used-Vehicle Sales Departments

American Automobile Labeling Act: New cars and light trucks must have a domestic-parts content label showing percentage of U.S. or Canadian parts; countries contributing more than 15 percent of the parts; origin of engine and transmission; and location of vehicle assembly. Dealers must ensure that labels remain on vehicles until sold.

DOE/EPA gas-mileage guide: Dealers must make this guide available to prospective new-vehicle buyers. May download the guide from fueleconomy.gov and may also download a fact sheet, *8 Simple Steps to Lower Fuel Costs*, from nada.org.

EPA emissions certification: Dealers must provide a form to new-vehicle customers certifying the vehicle's compliance with emissions standards.

Federal bankruptcy law: A finance company (and the dealership acting on its behalf) should perfect its security interest within 30 days after a customer takes possession of a vehicle, regardless of state law. If the company fails to do so and the customer files for bankruptcy within 90 days of when the financing agreement is signed, the bankruptcy trustee may avoid the lien. Dealerships that fail to perfect a lien in a timely manner on behalf of a finance company may be liable for any loss.

FTC Door-to-Door Sales Rule: Gives consumers a three-day "cooling off" period for sales not consummated at the dealership. It does not apply to vehicle sales at auctions, tent sales, or other temporary places of business if sold by a seller with a permanent place of business.

FTC guidelines for fuel-mileage advertising and alternative-fueled-vehicle advertising and labeling: Dealer and manufacturer fuel-economy advertisements must state that the numbers are estimates and come from EPA; alternative-fueled vehicles must be properly labeled.

FTC Used-Car Rule: "Buyer's Guide" stickers are required on used-vehicle side windows, disclosing make, model, year, VIN, whether vehicle is offered "as is" or with a warranty (and, if so, what kind of warranty), and availability of a service contract. Stickers must warn that all promises should be in writing. For sales in Spanish, the "Buyer's Guide" and required cross-reference in the sales contract must be in Spanish.

Gray-market vehicles: EPA, Department of Transportation, and Customs restrict the importation/sale of vehicles lacking safety or emissions certification.

IRS treatment of salesperson incentives: Factory incentives paid directly to salespeople are not wages for tax purposes.

LIFO (last-in/first-out) inventory accounting method: The use of the LIFO inventory method requires compliance with the conformity requirement.

Motor vehicle tax credits: Buyers of hybrid, fuel-cell, alternative-fuel, and certain clean-burning diesel vehicles qualify for tax credits depending on the vehicle's fuel efficiency (subject

to phaseout rules). For sales of vehicles used by tax-exempt entities, the seller is treated as the taxpayer and is able to claim the credit so long as the amount allowable as a credit is clearly disclosed to the user.

■ **Monroney sticker (Price Labeling Law):** Requires dealers to keep stickers on new passenger cars showing the manufacturer's suggested retail price, plus other costs, such as options, federal taxes, and handling and freight charges. Stickers also should show recently revised EPA fuel economy and NHTSA NCAP crash-test star ratings. NHTSA also requires dealerships that alter covered vehicles to attach a second label adjacent to the Monroney label, stating, "This vehicle has been altered. The stated star ratings on the safety label may no longer be applicable." The rule does not specify the size or form of this label, only that it be placed as close as possible to Monroney labels on automobiles that (1) have been altered by the dealership and (2) have test results posted.

■ **National Highway Traffic Safety Administration (NHTSA) alteration regulation:** Dealers who significantly alter new vehicles must affix a label identifying the alteration and stating that the vehicle still meets federal safety and theft standards. NHTSA tire-placarding and relabeling requirements: FMVSS No. 110 requires a new tire information placard/label whenever parts or equipment are added that arguably reduce a vehicle's cargo-carrying capacity, or when replacement tires differ in size or inflation pressure from those referred to on the original.

■ **NHTSA collision-loss guide:** Dealers must make this guide available to prospective new-vehicle buyers.

■ **NHTSA Odometer Rule:** Prohibits odometer removal or tampering, as well as misrepresenting a vehicle's true odometer reading. It forces recordkeeping to create a "paper trail," and it requires odometer disclosures on state titles. Vehicles with a greater than 16,000-lb. gross vehicle weight rating (GVWR) are exempt from the disclosure requirements, as are vehicles 10 model years old or older.

■ **NHTSA recall regulations:** New vehicles and parts held in dealership inventory that are part of a recall must be brought into compliance before being delivered; dealers may not deliver these products and wait for the new buyers to bring them back to the dealership for repairs.

■ **NHTSA regulations on school bus sales:** Dealers may not sell, lease, or give away large, new passenger vans with more than 10 seating positions if they know the vehicle will be used to transport students to or from school or school activities. Schools must purchase or lease a school bus or multifunction school activity bus for such purposes.

■ **NHTSA safety belt/airbag regulations:** At-risk individuals can apply to NHTSA to have airbag switches installed. Dealerships may install switches for consumers with NHTSA authorization letters. Dealerships must be responsive to consumer requests for rear-seat lap/shoulder safety belt retrofits in older vehicles.

■ **NHTSA tire regulations:** Require proper replacement or modification of the information label when replacing tires or adding weight to vehicle before first sale or lease. Also require that consumers be given a registration card when buying new tires. Other rules govern handling and disposal of recalled new and used tires.

■ **Truck excise tax:** A 12 percent excise tax generally applies to the first retail sale of: (1) truck chassis and bodies with a GVWR in excess of 33,000 lb. (Class 8); (2) truck trailer and semitrailer bodies with a GVWR in excess of 26,000 lb. (Class 7 and 8); and (3) "highway tractors," unless they have a GVWR of 19,500 lb. or less (Class 5 and under) *and* a gross combined weight rating of 33,000 lb. or less. Dealers selling Class 5 vehicles with more than 33,000-lb. gross combined weight rating or Classes 6 or 7 vehicles should apply the "primary design" test to determine if a vehicle is a taxable tractor or a nontaxable truck.

■ **Uniform capitalization (UNICAP):** Dealers who (1) "produce" property or (2) acquire it for resale, if their average annual gross receipts over the three preceding tax years exceed $10 million, must comply with the UNICAP requirements contained in Section 263A of the Internal Revenue Code. IRS Field Directive LMSB-4-0818-021 (August 9, 2010) states that the IRS is considering publishing additional UNICAP guidance for dealers (beyond that contained in Technical Advice Memorandum 200736026) and that it will extend the existing UNICAP audit suspension period until the pending guidance is published in the Internal Revenue Bulletin.

F&I Department

■ **Dodd-Frank Financial Reform Law:** Comprehensive legislation enacted in July 2010 creates a new, independent Bureau of Consumer Financial Protection and grants it unprecedented authority to regulate financial products and services. Dealers engaged in three-party financing are excluded from the authority of the new bureau and remain subject to regulation by the Federal Reserve Board, the Federal Trade Commission (which will have streamlined authority to declare dealer practices as unfair or deceptive), and state consumer protection agencies. Finance sources, including dealers who engage in BHPH financing, will be subject to the bureau's jurisdiction. Another portion of the legislation empowers the SEC and federal banking agencies to (i) impose risk retention requirements on finance sources that acquire lending funds through

the securitization process, and (ii) allocate a portion of the retained risk to dealers and other originators.

Equal Credit Opportunity Act (ECOA): Regulation B prohibits discrimination in credit transactions based on race, sex, color, marital status, religion, national origin, age, and public-assistance status. The dealer/creditor is required both to notify applicants in a timely fashion of actions taken on—and reasons for denying—applications, and to retain certain records.

Fair Credit Reporting Act (FCRA): Dealers are restricted in their use of credit reports for consumers, job applicants, and employees. Consumers' reports generally may be obtained only pursuant to consumers' written instructions or if consumers initiate a business transaction (not if they merely talk with salespeople). Dealers must give job applicants and employees a separate document informing them that a credit report may be obtained and must obtain prior, written authorization to access the report. Dealers may not share credit information with affiliates unless they give consumers notice and the opportunity to opt out. If dealers take adverse action based on the report, they must notify consumers and follow additional procedures with job applicants and employees. Dealers with buy-here/pay-here operations have other responsibilities.

The Fair and Accurate Credit Transactions (FACT) Act of 2003: Significantly amended FCRA by adding several identity theft prevention and other duties with differing implementation dates. Duties include requests for records from victims of ID theft; fraud and active-duty alerts on credit reports; disposal requirements for credit report info; opt-out disclosure formatting requirements for prescreened credit solicitations; the Federal Reserve's Regulation FF restrictions on obtaining, using, and sharing "medical information" in credit transactions; the FTC Red Flags Rule, which requires creditors and financial institutions to develop and implement a written Identity Theft Prevention Program that contains procedures to identify, detect, and respond to "red flags" indicating the possibility of identity theft (presently in effect but FTC enforcement delayed until December 31, 2010); the FTC Address Discrepancy Rule, which requires users of credit reports to develop and implement procedures to verify a customer's identity when receiving a "Notice of Address Discrepancy" from a consumer reporting agency; and the FTC Affiliate Marketing Rule, which generally requires a business to offer customers the opportunity to opt out of receiving solicitations from the business's affiliates before affiliates may market to the customers. Beginning January 1, 2011, dealers who obtain credit reports on their credit customers also must comply with the Risk-Based Pricing Rule, which involves a new notice requirement.

FTC Credit Practices Rule: Dealers are required to provide a written disclosure statement to a cosigner before the cosigner signs an installment sales contract. Dealers cannot "pyramid" late charges (that is, add a late charge onto a payment made in full and on time when the only delinquency was a late charge on a previous installment).

Gramm-Leach-Bliley Act: See "FTC Privacy Rule" and "FTC Safeguards Rule" under "All Departments (Customer)."

Producer-Owned Reinsurance Companies (PORCs): IRS Notice 2004-65 removed certain reinsurance arrangements as "listed transactions," but states that the IRS will continue to scrutinize transactions that shift income from taxpayers to related companies "purported to be insurance companies that are subject to little or no U.S. federal income tax."

Truth in Lending and Consumer Leasing acts: Regulations Z and M cover consumer credit and consumer leasing transactions, respectively, specifying information to be disclosed to a consumer before completing the transaction, and information to be disclosed when advertising consumer credit transactions or leases. For example, dealers who advertise a lease down payment or monthly payment amount must disclose in lease ads that the advertised deal is a lease; the total amount due at lease signing; number, amount, and period (for example, monthly) of payments; and whether a security deposit is required.

Service and Parts Department

Clean Air Act: Dealerships are prohibited from tampering with, replacing, or removing emissions-control equipment, such as catalytic converters. CFC recycling regs require dealership air-conditioning techs to obtain certification and to use certified recycling and recovery equipment to capture spent refrigerant, including HFC-134a and other non-ozone-depleting refrigerants. The act also regulates any fuels dealers store and dispense, as well as the alternative fuels dealers use and sell, including ultra-low-sulfur diesel. It restricts emissions from solvents and chemicals.

Clean Water Act: Sets standards for federal, state, and local regulation of wastewater and storm water at dealerships and comprehensive rules governing aboveground oil storage tanks.

Department of Transportation (DOT) hazardous-materials-handling procedures: Require parts employees who load, unload, and package hazardous products, such as airbags, batteries, and brake fluid, to be trained in safe handling practices.

IRS Core Inventory Valuation: Revenue Procedure 2003-20 creates an optional method for valuing core inventories for taxpayers who use Lower of Cost or Market Valuation Method.

■ **LIFO/FIFO inventory accounting method:** Revenue Procedure 2002-17 provides a safe harbor method of accounting that authorizes the use of replacement cost to value year-end parts inventory.

■ **NHTSA tampering regulations:** Prohibit dealers from rendering inoperative safety equipment installed on used vehicles in compliance with federal law.

■ **NHTSA tire rules:** Dealers must report sales of defective tires when the tires are sold separately from vehicles, and must properly manage recalled tires.

■ **OSHA asbestos standards:** Dealerships must use certain procedures during brake and clutch inspections and repairs to minimize workplace exposure. Water, aerosol cleaners, or brake washers may be used to comply with the standard.

■ **OSHA Hazard Communication Standard (Right-to-Know laws):** Dealers must inform employees about chemical hazards they may be exposed to in the workplace; keep chemical product info sheets on-site and accessible; and train staffers to properly handle the hazardous materials they work with. Also, under EPA's Community Right to Know regulations, dealers must list annually with state and local authorities any tank holding more than 1,600 gallons.

■ **OSHA lock-out/tag-out procedures:** Explain what service departments must do to ensure machines, including vehicles, are safely disengaged before being serviced.

■ **OSHA workplace health and safety standards:** Extensive regulations cover a multitude of workplace issues and practices, from hydraulic lift operation to the number of toilets required. One standard requires employers to determine if workplace hazards warrant personal protective equipment then train employees on its use. Verbal reports must be made within eight hours of any incident involving hospitalization of three or more workers or any death.

■ **Resource Conservation and Recovery Act (RCRA):** Comprehensive environmental law regulating many dealership functions, including underground storage tanks and the storage, management, and disposal of used oil, antifreeze, mercury products, and hazardous wastes. Underground tanks must be monitored, tested, and insured against leaks; leaks and spills must be reported to federal and local authorities and cleaned up. The law also regulates new-tank installations. Dealers must obtain EPA ID numbers if they generate more than 220 lb. per month (about half of a 55-gallon drum) of certain substances and must use EPA-certified haulers to remove the waste from the site; dealers must keep records of the shipments. Used oil should be burned in space heaters or hauled off-site for recycling. Used oil filters must be punctured and drained for 24 hours before disposal.

■ **Safe Drinking Water Act:** To protect underground drinking water from contamination, dealerships may be barred from discharging waste liquids—such as used oil, antifreeze, and brake fluid—into septic system drain fields, dry wells, cesspools, or pits.

■ **Superfund (Comprehensive Environmental Response, Compensation, and Liability Act [CERCLA]):** As waste generators, many dealerships are subject to Superfund liability. Dealers must be careful when selecting companies to haul waste off-site. Dealers can deduct the cost of cleaning up contaminated soil and water in the year it's done. Dealers may qualify for an exemption from liability at sites involving used oil managed after 1993. The Service Station Dealer Exemption Application (SSDE) requires dealers to properly manage their oil and to accept oil from do-it-yourselfers.

■ **UNICAP:** See "New- and Used-Vehicle Sales Departments."

Body Shop

■ **Clean Air Act:** National paint and hazardous air pollution rules require reformulated, environmentally safer paints and finishes, special handling procedures, and recordkeeping.

■ **EPA hazardous-waste rules:** See "RCRA" under "Service and Parts Department."

■ **OSHA Hazard Communication Standard (Right-to-Know laws):** See "Service and Parts Department."

■ **OSHA Respiratory Protection Standard:** Requires written programs describing how to select, fit, and maintain respirators to protect body shop workers from hazardous chemicals.

■ **OSHA workplace health and safety standards:** These extensive regulations affect body shops in many ways, including mandating the use and care of protective equipment such as face masks, gloves, and respirators. Hex chrome standard limits air emissions during sanding and painting. (See also "Service and Parts Department.")

■ **UNICAP:** See "New- and Used-Vehicle Sales Departments."

■ **VIN and parts marking:** Dealers may not alter, destroy, or tamper with vehicle identification numbers or antitheft part-marking ID numbers and should use properly marked replacement parts. ■

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I represent: NYC Dept of Consumer Affairs

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☒ in favor ☐ in opposition

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Name: Marla Tepper STUART ROSENTHAL

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I represent: Greater NYC Auto Dealers Assoc.

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