

National Association of Motor Vehicle Boards & Commissions

**2012 Fall Workshop
Alexandria, VA
September 19-22, 2012**

MINUTES

Thursday, September 20

9:00 Welcome and Introductions
Vice President, Greg Kirkpatrick and Gerard Murphy, President Washington Area New Automobile Dealers Association welcomed workshop attendees.

SPEAKERS AND PRESENTATIONS

9:30 Ronald Medford, Deputy Administrator, National Highway Traffic Safety Administration, and Jackie Glassman, Attorney at Hogan Lovells LLC
A panel discussion took place on vehicle automation and autonomous vehicles. Several states, including California have passed laws allowing for these vehicles to be operated and tested on roads and highways.

10:45 Paul D. Ryan, Director Government Affairs, Global Automakers Association
Mr. Ryan discussed international trade agreements.

1:00 Moderator Aaron J. Jacoby, Arent Fox LLP, Mack McLarty, President, Franklin McLarty, Senior Vice President, MLJ McLarty-Landers
A panel discussion provided keen insight in doing business and franchise laws and practices in emerging countries.

2:15 Moderator Greg Kirkpatrick, Executive Director, Arkansas Motor Vehicle Commission, Michelle Mallon, Vice President of Legal, ADESA, Carol A. Mihalik, Associate General Counsel, Indiana Secretary of State Charlie Adams, AutoTec LLC Berta Phelps, Vice President of Strategic Operations
This was a panel discussion on interstate abuse of Indiana dealer license: Auctions as unwitting facilitators for curbstoning.

Friday, September 21

9:00 Andrew Koblenz, NADA Vice-President and General Counsel Paul Metrey, NADA Chief Regulatory Counsel, Financial Services, Privacy and Tax

A panel discussion was held on dealer compensation in auto financing FTC advertising consent decree provided very valuable for state regulators.

- 10:45 **Frank Weith, GM Connected Services, Volkswagen Group of America, Inc.**
Mr. Weith spoke on vehicle connectivity, current capabilities and future issues which provided a vivid picture of the vehicle of the future, particularly in light of the previous day's discussion of the autonomous vehicle.
- 11:45 **Prin Cowan and Ann Majors, Virginia Motor Vehicle Dealer Board**
Ms. Cowan and Ms. Majors discussed VA Independent Dealer Recertification Program.
- 1:00 **David Sparks, National Highway Traffic Safety Administration Director, Office of Odometer Fraud Investigation**
Mr. Sparks spoke on odometer rollback and airbag override technology. He demonstrated new technology that allows a simple plug in to a data port in many vehicles to quickly and effectively change the digital odometer reading. More alarming, it is undetectable. He used a recent investigation in Southern California as a case study.
- 2:00 **Pat Watson, Vice President, Industry Relations TRUECar**
Mr. Watson discussed TRUECar's business model and how it works.
- 2:30 **Moderator Bruce Gould, Executive Director, Virginia Motor Vehicle Dealer Board, Aaron Jacoby, Ken Murphy, Esq., Arent Fox, James Hess, Asst. General Counsel, Internet Marketing, CarMax**
A panel discussion was held on multiple ways internet marketing impacts the dealer system. The Internet continues to grow as a marketing tool for dealers. As it does, state regulators will need to keep abreast of this developing industry.

Saturday, September 22

- 9:00 **Greg Kirkpatrick, Executive Director; Arkansas Motor Vehicle Commission Bruce Gould, Executive Director, Virginia Motor Vehicle**
A panel discussion took place on an analysis of the NAMVBC's proactive response to TRUECar and its impact.

ROUNDTABLE DISCUSSION OF ISSUES IN INDIVIDUAL STATES

Summary of topics, issues, and/or comments:

The format for the meeting this year was modified to some degree. Unlike previous years, all participants were encouraged to attend the Roundtable and contribute to the discussion, not

just regulators. The following are brief notes of the meeting as recalled by various members. Molly Cost was Secretary, but left Texas Department of Motor Vehicles immediately after the 2011 Reno meeting. With no official secretary in Alexandria the production of the minutes was a collaboration of the officers and attendees.

Virginia - Bruce Gould said NAMVBC, using TrueCar as an example, demonstrated how regulators from different states can cooperate and communicate quickly to help get the truth out. He mentioned that Lessie House, Louisiana was invaluable source of information on issue. He discussed Virginia's effort to print tags on demand. The state is directing dealers to go online to do more of their work in an effort to reduce cost to government and streamline business dealings. This will cause difficulty to some dealers who refuse or cannot go online. Also, Bruce described a state fund recently created that will pay successful plaintiffs for fraud judgments. He mentioned that the question of facility upgrades continue to be a problem for dealers in Virginia.

California - Bill Brennan recounted California's efforts to become NMVTIS compliant. He also discussed other efforts by California to become more business friendly with electronic processes for handling registrations and licensing. He mentioned that DMV Investigations is seeking support to make odometer rollback a felony and asked is any states already support such laws. He also stated that his staff has recently updated the NAMVBC website and requested that members visit the site and provide constructive comments and suggestions.

Arkansas - Greg Kirkpatrick stated that Arkansas is following Oklahoma lead by making RV industry a separate code section under its codes. He reminded everyone about the power of communication and the hand that NAMVBC played in educating state regulators of the TrueCar sales referral model. The presentation by TrueCar is an example of NAMVBC bringing industry and regulators together to exchange thoughts and different perspectives.

Nebraska - Bill Jackson stated that Nebraska budget was really tight last year. However, car sales revenues are up for the second year in a row. Also, he believes that his department hit its peak in franchise hearings, which may indicate better vehicle sales conditions for the future.

Ontario - Michael Rothe said Ontario has instigated a transaction fee for every non-wholesale transaction which is now law. Ontario is also using a new program to look for curbers on web advertisements and a robocall system that auto calls suspected curbers and tells them they have been identified as curbers and they are breaking the law.

BC - Ian Christman Regarding "curbers" the province has developed a pilot program to identify them. The program works with taxing agencies to collect taxes and has had success. There has been a 10% reduction in curbers. The program is cost effective. Ian also said that the province is looking into third-party dealer lead generators and sales people setting up websites which will become subject to regulations.

Auto Data - trying to promote license plating on demand that will be issued at point of sale. Stated that several states have it and looking for others to follow suit.

AAMVA - it is working on a program for e-Titling for new cars only. A report is in progress.

Wyoming - reported on a problem within the state where sister state Colorado auto dealers are doing business in Wyoming in order to avoid EPA emissions checks. Wyoming and Colorado are working together to prevent salespersons subject to discipline in Colorado from working with Wyoming employers. People are shopping state-to-state to get licenses to sell vehicles. Supposedly, there must be physical presence in Wyoming to get and keep a dealer license, but it is not being enforced.

Manheim - Berta Phelps announced that this will be her last NAMVBC meeting as a Manheim representative. She is retiring. And, this time she means it. Many people spoke of the contribution and value to the organization that Berta has made and everyone wished her well in her retirement. She also commented that Manheim will continue to support the organization and that, of all the conferences she attends, the NAMVBC is one of the most valuable and worthwhile meetings offered.

Oklahoma - Roy Dockum mentioned that the state recreational vehicle dealers and the RVIA worked together to get legislation passed which re-wrote the RV franchise laws and set them in their own sections of law, apart from the franchised car dealers. The law became effective January 1, 2012, and has been working well. He said that the motorcycle dealers are considering similar action. Roy commented on the number of used vehicle dealers in Oklahoma and the accuracy of internet advertising of the vehicle descriptions and accessories by them. Roy expressed his appreciation to the NAMVBC and the work done putting the workshop together. He said that more states need to participate as they are missing out on good information. He said that Oklahoma is soliciting other surrounding states to come to the workshop next year.

NADA - Jim Moors thanked the association for its workshop. Jim stated that Phil Brady resigned from NADA three weeks ago and a replacement is expected to be named by the end of the year. NADA continues its dialogue with manufacturers on behalf of dealers regarding the continuing problem of facility improvements. He also discussed the disparate effects on dealers of stair step programs and other manufacturer programs. This continues to be an issue with NADA. NADA is encouraging electronic processing as a way to save millions of dollars to the industry. He also mentioned a pilot program being developed with State Farm and other insurers regarding collision damage.

Ford Direct - Meri Glade, General Counsel, explained the relationship between dealers and Ford Direct and how the program worked. She said that the goal is to do it right so that there can be a dialogue with dealers. 25% of forgery sales are online transactions.

Nissan North America - Morgan Filbey stated that she appreciates the association and its work. She mentioned that laws are seemingly more restrictive regarding the manufacturer/dealer relationship which is not healthy for the industry.

Pennsylvania - dealer representative stated that he is getting 50% renewal through on-line salespersons.

BUSINESS MEETING

1. Approval of Minutes from Previous Meeting.

Minutes from October 2011 Fall Workshop in Reno were approved as submitted. Motion made, seconded, passed unanimously.

2. Treasurer's Report

Bill Brennan, Treasurer of NAMVBC, presented the Financial Report for the period ending August 31, 2012. He also recommended that the dues for 2013 remain at half the normal rate. Motion made, seconded, passed unanimously.

3. Election of Officers

The following slate of officers for the year beginning January 1, 2012:

President:	Greg Kirkpatrick, Arkansas
Vice-President:	Ian Christman, Motor Vehicle Sales Authority of BC
Secretary:	Bill Brennan, California
Treasurer:	Roy Dockum, Oklahoma

Motion made, seconded, passed unanimously.

4. Upcoming Meetings

It was recommended that the 2013 Fall Workshop be held in Baltimore, MD.

ADJOURNMENT

There being no further business, the meeting was adjourned.

Respectfully submitted,



William G. Brennan
Secretary