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To: Mike Linn and Keith Whann
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Subject: April 2010 Monthly Report

Dodd's Financial Services Reform Bill

The dealer-assisted financing of customers' car purchases would be regulated by a new consumer protection office under a financial-regulation bill reported by the Senate Banking Committee on March 22. The provision is markedly different from one that passed the House in December, which would exempt dealers from regulation by a new independent consumer protection agency. The Senate Banking bill, which is now on the Senate floor, would create a Consumer Financial Protection Bureau inside the Federal Reserve. It seeks to centralize federal oversight of financial products for consumers, such as subprime mortgages as well as credit and debit cards, that helped contribute to the financial collapse in the U.S. in 2008 and 2009.

Oversight of auto financing by a new agency was pushed by consumer groups and the Pentagon over our objections and those of NADA. We continue to make the argument that dealers weren't the cause of the economic meltdown.

The current plan is to continue working with Senator Brownback (R-KS) to pursue an amendment on the Senate Floor that would exempt dealers from oversight by a new agency. If you recall, a similar grassroots effort led to an amendment in the House by Rep. John Campbell (R-Calif.) that exempted dealers from oversight by the Consumer Financial Protection Agency.

In the bill that passed the House, the Federal unit that would regulate the consumer financial products would be an independent, stand-alone agency rather than a bureau housed inside the Fed. Senate leaders have not said when the bill will be considered on the Senate floor. If the Senate were to pass the legislation as is, its leaders would have to meet with House leaders to try to reconcile differences between the two bills. The Pentagon last month endorsed regulation of dealer-assisted financing by a new agency, citing dealers' exploitation of service members and their families.

Actions to date in support of the Brownback amendment include the following: on April 5 Federal Advocates (FA) participated in a strategy conference call with NADA and other affiliated organizations to discuss progress in securing a Democratic cosponsor for the amendment, to go over a whip list and issue assignments, and to coordinate plans for Floor consideration of the bill; on April 6, as a result of the strategy session, NIADA issued a legislative alert (see attached) urging NIADA members to ask their Senators to support the Brownback auto dealer amendment; on April 8, FA, in conjunction with NADA, drafted the final Brownback amendment (see attached); on April 16, during NIADA's D.C. meeting with Laitin, the issue of auto dealers exclusion was addressed (see discussion following); on April 19, FA met with NADA to report back on the Laitin meeting and the current position of key Senators on the Brownback amendment; on April 20, FA participated in a strategy conference call with NADA and other affiliated organizations to discuss the latest developments on the Brownback amendment; on April 22, FA suggested to NADA that Senator Brownback should pursue the inclusion of his amendment as part of the pending Dodd-Shelby deal on the legislation, as a result of hearing back from key Democratic Senators that they think it's our only chance for passage; on April 23, FA participated in a strategy conference call to discuss adding boats and RV's to our amendment and to plan for a Tuesday, April 27 press event; and, on April 27, FA attended the event.

Frank's Bill

FA continues to work to ensure continued inclusion in the bill of the automobile dealers exemption provision, as contained in the reported version of the bill. On December 11, during House consideration of the bill, Congressman Watt, at the urgency of NIADA's twelfth District of North Carolina members, withdrew his anti-auto dealer amendment, leaving in place the compromise language in the bill which NIADA helped develop and lobby for.

D.C. Meetings

On April 16, Keith Whann and FA (Sante and Mike Esposito) attended various meetings in Washington, D.C., primarily with auto consumer safety organizations. The purpose of the meetings was to introduce the Association to the organizations and to express our desire to identify transportation safety advocacy issues on which NIADA and the organizations can partner going forward. In addition to the auto consumer safety organizations, a meeting was held with staff of the Subcommittee on Commerce, Trade and Consumer Protection, House Committee on Energy and Commerce, and staff of Subcommittee Chairman, Congressman Bobby Rush (D-IL).

In all the meetings, Keith introduced NIADA – its history, organizational structure, membership size and process, and auto consumer safety issues of importance to the Association. He stressed the point that, in a very real sense, NIADA dealers are just as much consumers as the auto buying public.

The following summary focuses on what we heard/learned from the various meetings.

Advocates for Highway and Auto Safety

We met with Judi Stone, President, and Jackie Gillan, Vice President. Advocates is an alliance of consumer, health and safety groups, and insurance companies and agents working together to make America's roads safer. Advocates encourages the adoption of Federal and state laws, policies and programs that save lives and reduce injuries. By joining its resources with others, Advocates helps build coalitions to increase participation in various public policy initiatives which advance highway and auto safety.

In its recent testimony before Congress, Advocates addressed the following safety issues: teenage graduated driver licensing; primary enforcement of seatbelt laws; alcohol ignition interlock devices; and, banning the use of electronic devices while driving.

Of particular interest to Advocates is its recent campaign to ban teen texting while driving.

National Safety Council

We met with Luke George, Government Relations Manager. NSC's role is to not only educate drivers of all vehicle types, but to monitor crash trends. When drivers engage in behaviors that increase crash rates and risks, NSC takes action. For example, in January 2009, NSC called for a nationwide ban on all cell phone use while driving. This came after NSC researchers reviewed more than 50 peer-reviewed research reports, many drawing the same conclusion. To support this conclusion, George provided us with the "NSC Risk Assessment Model," which estimates that at least 28% of all traffic crashes are caused by drivers using cell phones and texting, and the "NSC Whitepaper on Cognitive Distraction," which takes an in-depth look at the limitation of the human brain as it pertains to multitasking and discusses why hands-free cell phone use while driving is dangerous.

Other safety issues of interest to NSC are seatbelts, driving sober, and driving defensively. Again, teen driving, specifically graduated licensing, is a major issue.

AAA

We met with Peter Kissinger, President and CEO, AAA Foundation for Traffic Safety, and Jacob Nelson, Director, AAA Government Relations. AAA is a 50 million member not-for-profit automobile lobbying group and service organization. The mission of the AAA Foundation is to identify traffic safety problems, foster research that seeks solutions, and disseminate informational and educational materials. As examples of its recent research, Kissinger shared with us a December 2007 report on "Improving Traffic Safety Culture in the United States," and "Driver-Zed" – an interactive risk-management training program for teen drivers. The latter may be distributed at NIADA's upcoming June convention.

AAA has also been active in lobbying for motorist-friendly road facilities from its inception. In that regard, AAA has pushed hard for toll-free improved highways and for highway beautification programs. It has also been a vocal critic of national highway policy at times,

arguing against the diversion of gas taxes into nonhighway expenditures. Nelson provided us with a summary of their advocacy requests for SAFETEA-LU reauthorization, the major highway/transit/rail/safety bill pending before Congress.

The Center for Auto Safety

We met with Clarence Ditlow, Executive Director. Consumers Union and Ralph Nader founded The Center for Auto Safety in 1970 to provide consumers a Washington, D.C.-based lobbying voice for auto safety and quality in the automotive industry. CAS counts numerous efforts among its successes: “lemon laws” enacted in all 50 states; state laws requiring auto manufacturers to disclose “hidden” warranties to consumers; the Firestone tire recall; exposure of lethal gas tank design in GM pickup trucks; recall of the Ford Pinto due to its dangerous gas tank design; and, improved U.S. highway safety standards.

Ditlow noted some of the current issues before the Center – for example, the Toyota situation in which he mentioned a possible upcoming bill on motor vehicle safety to address that situation and auto consumer information disclosure. He also suggested that we meet with the Consumer Federation of America, Consumers Union, and Consumers for Auto Reliability and Safety.

Subcommittee on Commerce, Trade and Consumer Protection

We met with Anne Laitin, Subcommittee Counsel, and Tim Robinson, Legislative Assistant to Chairman Rush. Our original intention was to focus on H.R.2309, the “Consumer Credit and Debt Protection Act” introduced by Congressman Rush. That bill gives the FTC authority to expedite rulemakings concerning consumer credit or debt. Specifically, in part, it directs the FTC to examine the practices of automobile dealers with respect to credit and lending and to prescribe rules necessary to prevent unfair and deceptive dealer acts or practices. Lastly, it gives the FTC authority to pursue civil action against certain offending entities. However, Laitin said that the bill was basically “dead” and that the Subcommittee was watching what would happen to the automobile industry in the pending financial reform bills – i.e., would the industry be excluded or included under the new regimes and rules proposed in the bills. If the latter, then the Subcommittee would simply monitor implementation of the new law as it affects the automobile industry. If the former, then the Subcommittee would be inclined to address legislation on reforming the automobile industry under the current purview of the FTC. On that point and possibility, Keith will be developing for the Subcommittee’s consideration a “list” of suggested industry reforms that do it “the right way.”

Conclusion

Relationships are important in the Federal legislative process, and the meetings were a good first step in building mutually benefiting relationships with key auto consumer groups. We promised to put each of them on our newsletter email list (which was done on April 19), and to keep them informed of key NIADA issues and developments. We also plan to meet with the other auto consumer groups as suggested. Similarly, we plan to schedule a round of meetings with key Members of Congress and/or staff in the next few months with the same goal of relationship building.

NIADA Legislative Committee

On April 23, FA participated in a conference call with NIADA's Legislative Committee to provide an update on advocacy/legislative efforts to date re the pending Financial Services Reform Bills in Congress; the recent D.C. auto consumer meetings; and, the strategy for pursuing automobile industry reform with the Administration. Regarding the latter, a letter was drafted by Keith Whann and FA and sent to the President (see attached).

NIADA Congressional Database/Legislative Survey

As previously reported, the Association has developed a database which would link NIADA members to specific congressional districts/states. This provides the Association with an easily accessible and extremely important tool for advocacy in Washington, D.C. The database was first activated, and successfully so, to exert pressure on Congressman Watt to not offer his anti-auto dealer amendment during House consideration of the Frank's bill. A second round went out to Senator Tester urging support for an amendment to the Senate bill. Earlier, the Association emailed to its members a "Legislative Survey" which focused on identifying and quantifying NIADA members' relationships with Members/staff of Congress. The purpose of this effort was to learn where the Association has direct, personal and/or professional relationships with Members/staff of Congress through its individual members. The results of the survey are now in, and while the overall number of respondents could have been greater, the quality of the responses was very good and will provide another critical tool for influencing Congress on behalf of the Association. As part of NIADA's April 6 effort to secure Senate support for the Brownback amendment, Association members with personal/direct/professional relationship with key Senators were contacted to solicit their Senators' support.

PAC

As previously reported, the Association is pursuing over the next months the advisability and feasibility of creating a PAC so as to be in a position of making political contributions to key Members of Congress.