



1701 Pennsylvania Avenue  
Suite 300  
Washington, DC 20006  
Phone: (202) 351-6855  
Fax: (202) 351-6855  
[www.federaladvocates.com](http://www.federaladvocates.com)

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To: Mike Linn and Keith Whann  
From: Sante Esposito  
Subject: March 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 now goes to 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 talk to several senators about sponsoring an amendment on the Senate Floor that would exempt dealers from oversight by a new agency. If such an amendment were to be introduced, we and NADA would ask dealers across the country to urge their senators to vote for it. 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.

We will keep you posted on further developments.

### **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.

### **NIADA Congressional Database/Legislative Survey**

As previously reported, NIADA has developed a database which would link Association 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. Last month 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.

### **Consumer Group Meetings**

FA has identified the following consumer groups – AAA Foundation for Traffic Safety; Advocates for Highway and Auto Safety; National Safety Council; Governors Highway Safety Association; and, The Center for Auto Safety – for potential meeting opportunities as well as staff of Congressman Rush regarding his auto industry bill (see below). February meetings regarding the above were postponed due to the weather in D.C. April 16 meetings are being pursued.

### **Rush's FTC/Auto Industry Bill**

H.R. 2309, the "Consumer Credit and Debt Protection Act" introduced by Congressman Bobby Rush, 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. FA discussed the bill generally with Tim Robinson of Rush's Subcommittee

staff. He said the bill is still “very much alive” since the auto industry came out of Frank's Consumer Financial Protection Bill markup still under the auspices of the FTC. Whether/when H.R. 2309 moves is another question, he said. NIADA has completed a general review of the bill and is currently reviewing it in greater detail, and pending that, a letter may be drafted to Congressman Rush expressing the Association’s position/concern(s) on the legislation and a meeting has been requested on the issue. As a matter of background, the bill was introduced on May 7, 2009, with four cosponsors. Following a May 12 hearing, it was marked up on June 3 by the Subcommittee on Commerce, Trade and Consumer Protection (which Rush chairs) of the House Committee on Energy and Commerce, and was forwarded to the Full Committee by a vote of 16-9. To date, there is no Senate companion bill.

## **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.