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To: Mike Linn and Keith Whann  
From: Sante Esposito  
Michael Esposito  
Subject: May 2010-Monthly Report

### **Dodd's Senate Financial Services Reform Bill**

On May 24, by a vote of 60-30 (23 Dems...including Senate Majority Leader Reid voting in the affirmative...and no Republican voting against), the Senate adopted the Brownback Motion to Instruct Conferees on the Financial Services Bill. The Motion instructs the conferees to "insist that the final conference report include the House position relating to the exclusion for motor vehicle dealers from the rulemaking, supervisory, enforcement, or other authority granted to the Director of the Consumer Financial Protection Agency." The Motion came about because of the procedural situation in the Senate regarding amendments. In the Senate, once cloture is invoked, it is very difficult to bring up further amendments. At that point, amendments are subject to second degree amendments and the motion to proceed to final passage takes precedence over all. That was the case when Sen. Brownback offered his auto dealer protection amendment. Amendments were immediately offered to it, and since the goal was to finish the bill, the motion to proceed to a final vote was offered, causing Brownback to then have to withdraw his amendment. This happened with a number of other amendments as well. Ultimately the bill passed by a vote of 59-39. The new strategy at that point was for Brownback to offer the Motion to Instruct Conferees. The strong vote in favor of the Brownback Motion, coupled with our position in the House (which exempted dealers), will have both Houses of Congress on record supporting our position as the bill is considered in conference.

### **DOD Issue**

The Pentagon endorsed regulation of auto dealer-assisted financing by the proposed Consumer Financial Protection Bureau in the Senate bill, citing dealers' exploitation of service members and their families. DOD offered two examples in defense of its position: a soldier who traded in his Porsche for a vehicle he subsequently learned had been in an accident, which he returned only to find out his Porsche had been sold so he was left "carless;" and a soldier who was driven

by a dealer from one state to a dealership in another state and then told he had to buy a car there because they were not going to drive him back to his base (AWOL). To address DOD's overriding claim/issue – with which we take issue – Federal Advocates was involved in drafting the Brownback-Stanley letter.

### **New Brownback Amendment**

To further “head-off” efforts by the Pentagon (and The White House on behalf of DOD), Federal Advocates was involved in drafting a revised Brownback amendment.

### **White House Reform Request**

This month, NIADA sent a letter (Federal Advocates assisted in its drafting) to President Obama requesting “the opportunity to work with you to reform our industry in common-sense ways that achieve real safeguards for consumers, that promote accountability and transparency, and that work”. To date, no response has been received, probably pending resolution of the auto dealer issue in the Consumer Finance Reform bills.

### **Frank's Bill**

Federal Advocates continue 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 Annual Conference**

Federal Advocates will be attending NIADA's Annual Conference in Las Vegas in June.

### **NIADA Congressional Database**

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. In addition, as part of NIADA's effort to secure Senate support for the Brownback amendment and his Motion to Instruct Conferees, Association members were contacted to solicit their Senators' support.

### **PAC**

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