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January 31, 2011

To: Mike Linn and Keith Whann
From: Sante Esposito
Michael Esposito
Subject: January 2011 Monthly Report

Office of Service Member Affairs

NIADA and Federal Advocates, is pursuing a meeting in February with Holly Petraeus, Director, Office of Service Member Affairs, Consumer Financial Protection Bureau. Petraeus is the wife of General David H. Petraeus, the top U.S. Commander in Afghanistan. The purposes of the meeting are for Keith Whann to introduce the Association and himself; to brief Petraeus on the various efforts/programs of the Association to ensure that service members are treated fairly by the used car industry; and, to offer his experience and knowledge in furtherance of her new office.

Department of Defense

NIADA and Federal Advocates, is also pursuing a follow-up meeting in February with the Office of the Deputy Undersecretary of Defense (Military, Community and Family Policy) to discuss NIADA's experiences and areas of possible assistance to DOD regarding service member automobile issues.

White House Reform Request

NIADA is continuing to pursue a February meeting with The White House in response to the letter sent by NIADA to President Obama requesting "the opportunity to work with your Administration to reform our industry in common-sense ways that achieve real safeguards for consumers, that promote accountability and transparency, and that really work."

NADA

On February 2, Federal Advocates will be meeting with the governmental affairs staff of NADA to discuss issues and strategies for the 112th Congress.

Dodd-Frank Wall Street Reform and Consumer Protection Act

The Congress ended with the FTC beginning in earnest to “review the auto industry” in the light of the above consumer enacted law. To review, on November 17, Keith Whann and Federal Advocates met with senior staff of the FTC as follow-up to the September 21 meeting. A series of questions had been provided to NIADA for discussion at the November 17 session. At the meeting, Keith walked them through the process of buying a car and provided samples of “purchasing” documents. The FTC is in the process of formulating questions for public comment regarding various aspects of the auto industry as it relates to consumers. FTC staff was not forthcoming as to the timing of that effort, its scope and its intended purpose. The results of the November 17 meeting were reported to NIADA’s Legislative Committee by conference call on November 23. Also, on September 21, Keith and Federal Advocates met with staff of the FTC regarding implementation of the above Bill and its impact on the auto industry. Following discussion of various issues, with Keith leading the discussion and answering various questions as to how the auto industry works, including the auction practice itself, it was decided to schedule a half day session to allow for a more detailed discussion of issues (i.e., the November 17 session). All of this is a result of the so-called “Wall Street Reform Bill.” The law does grant increased powers to the FTC regarding dealer oversight. Also, it requires coordination with the Department of Defense to ensure that Service Members and their families are treated fairly by automobile dealers.

Senate Motor Vehicle Safety Act of 2010

The Congress ended with no formal action on the above bill. To review, on June 9, 2010, the Senate Committee on Commerce, Science and Transportation marked up and order reported S.3302, the so-called “Toyota Bill.” In earlier drafts of the Bill and just prior to markup, language was included (section 310) which would have specified that a dealer may not sell or lease a used passenger motor vehicle (both wholesale and retail sales) until the dealer first notifies the purchaser or lessee in writing of any recall notices. Working primarily with/through Senator Thune, his staff (Brenden Plack), and Committee staff (Alex Hoehn-Saric and Chris Herndon), and as a result of concern raised by Keith Whann and his proposed suggestion, section 310 has been dropped from the bill. This provision would have seriously hurt used car commerce by imposing tremendous compliance costs and liability exposure for dealers while increasing the safety risk for consumers by pushing unremedied vehicles into the “unregulated” private used car market. While an initial “victory,” we will continue to advocate on behalf of NIADA’s interest pending further action on the Senate Bill and/or on a House companion bill.

Small Business Jobs and Credit Act of 2010

The Administration has delayed implementation of the above bill until March 2011. On September 23, the House passed the Senate-passed bill, which includes an increase in the amount that the Small Business Administration's Dealer Floor Plan Financing program can guarantee. This permits the SBA to guarantee bank and finance company loans up to \$5million, which should help, the Committee believes, expand dealer access to floorplan lines of credit. We worked with Senator Landrieu's Committee and personal staff, in conjunction with others, on this. This bill may be the subject of subsequent meetings with the Hill and the SBA on how the program "really works!"