August 31, 2010

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

“Wall Street/Consumer” Financial Services Reform Bill

On July 22, President Obama signed into law the so-called “Wall Street Reform Bill.” As reported previously, the new law exempts auto dealers from increased oversight with respect to dealer-assisted financing. To get to that result, advocacy activities over the past month included numerous meetings, strategy phone conference calls, letters, talking points, legislative alerts, etc. 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. NIADA is taking an active role in addressing this issue. Accordingly, we will continue to monitor implementation of the new law.

Senate Motor Vehicle Safety Act of 2010

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 General Counsel Keith Whann and his proposed suggestion, language was included in the final reported version of the bill exempting wholesale transactions from the section’s application. While an initial “victory,” the remaining provision is still very troublesome and we continue to advocate on behalf of NIADA’s interest pending further action on the Senate Bill and/or on a House companion bill. This issue is also a topic of discussion per the proposed August 5 D.C. meetings.
White House Reform Request

In April, NIADA sent a letter 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.” The initial response from The White House was to “not meet at this time.” Our sense is that they did not want to meet while the auto dealer issue was pending in the Consumer Finance Reform bills.

D.C. Visit

On August 5 Keith Whann, NIADA General Counsel, and Federal Advocates met with various individuals on implementation of the Wall Street Reform Bill and the status of the Senate Motor Vehicle Safety Act of 2010 as follows:

• Dave Julian and Marcus Beauregard (Department of Defense)
  o Julian was the DOD point person to Congress on the Wall Street Reform Bill and in particular, the automobile dealer/service members issue. The new law directs the FTC and the new Consumer Financial Protection Agency to coordinate with the new to-be-created Office of Service Member Affairs to ensure that service members and their families are better educated re auto purchases and that complaints by them are addressed. In the meeting, Keith expressed the desire of NIADA to work with DOD on developing an extensive education program for service members and their families. Upon review of material Keith provided DOD, Julian stated that they would get back to us.

• Brendon Plack, LA (Senator Thune)
  o Senator Thune is a member of the Senate Consumer Protection Subcommittee. He is the one who got language in the “Limitation on Sale or Lease of Used Motor Vehicles” in the Toyota Bill to define “dealer” as a person who sold at least 10 cars to consumers during the prior 12 months. We worked with Plack on this. We still have concerns with the remaining section. In the meeting, Plack asked us what changes we wanted in the Bill. Keith is in the process of reviewing it.

• Josh Carter, LD (Senator Brownback)
  o Senator Brownback was our “go to guy” in the Senate on the Wall Street Bill. He developed the amendment exempting car dealers. When the process precluded him from offering the amendment, he offered a motion to instruct Senate conferees to adopt the House exemption language. That passed overwhelmingly and helped to make a big difference in the Conference. We worked with Carter on this and Brownback’s subsequent statement for the record. In the meeting, Carter stated that our issue was a very important one for the Senator, and that he always asked about its status throughout the process. We promised to send Carter a listing of NIADA Kansas members.

• Alex Hoehn-Saric, Majority Counsel and Chris Herndon, Minority Counsel (Senate Commerce Committee)
See comment under Plack above. Met with staff who worked directly on the Toyota Bill for the Senate Commerce Committee. As with the Plack meeting above, we expressed our concern with the latest version of the Bill. Timing of it, they said, is unclear. We promised to get them our comments/concerns.

- Wesley McClelland, Senior LA (Congressman Campbell)
  - Congressman Campbell is the one who offered the auto dealer exemption amendment early in the House during formulation of its bill. He is a strong supporter of the automobile industry. We worked with Wes in support of Campbell’s efforts. In the meeting, McClelland urged NIADA to “stay on top of the regulatory process.”

- Sarah Whiting, LA (Congressman Barton)
  - Congressman Barton represents the 6th District in Texas wherein NIADA is headquartered. He is the Ranking Republican Member on the House Energy and Commerce Committee, which has jurisdiction over all motor vehicle safety issues. In the meeting, Whiting requested that we “stay in touch with their office … work with them.”