



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

October 29, 2010

To: Mike Linn and Keith Whann
From: Sante Esposito
Michael Esposito
Re: October 2010 Monthly Lobbying Report

“Wall Street/Consumer” Financial Services Reform Bill

On November 17, Keith Whann, NIADA General Counsel, and Federal Advocates will be meeting with staff of the FTC as a follow-up from the September 21 meeting. A series of questions have been provided to NIADA for discussion at the November 17 session. To review, on September 21, Keith Whann and Federal Advocates met with staff of the FTC (James Dolan, Assistant Director; Carole Reynolds, Senior Attorney, Division of Financial Practices; Rebecca Kuehn, Assistant Director, Division of Privacy and Identity Protection; Katherine Worthman, Attorney, Division of Financial Practices; and Daniel Hanks, Attorney, Division of Marketing Practices) regarding implementation of the above Bill and its impact on the auto industry. Following discussion of various issues, with Keith Whann 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 follow-up session to allow for a more detailed discussion of issues. To review further, on July 22, President Obama signed into law the so-called “Wall Street Reform Bill.” As reported previously, the new law exempts certain auto retailers from increased oversight with respect to dealer-assisted financing. To get to that result, advocacy activities 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.

Senate Motor Vehicle Safety Act of 2010

NIADA is currently reviewing the above bill pending possible Senate Floor action in November/December. To review, on June 9, 2010, the Senate Committee on Commerce, Science and Transportation marked up and 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) 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, 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. The latest Senate draft and the companion House bill (H.R. 5381) are currently being reviewed by NIADA.

Small Business Jobs and Credit Act of 2010

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!"

White House Reform Request

On September 23 and September 29, Federal Advocates was contacted by the White House, which is still trying to organize/schedule a meeting to include "people who are working to setup the CFPB." This meeting is in response to a letter sent by NIADA 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."

Department of Defense

Regarding the issue of "how to ensure that service members and their families are treated fairly by automobile dealers," Keith Whann and Federal Advocates also met on September 21 with Frank Emery, Office of Personal Finance, Family Policy Outreach Directorate, U.S. Department of Defense. Keith relayed a specific example of how he helped a service member at Fort Bragg on an automobile situation, working with the base JAG office and others. He also talked about his plan for a special program to "teach" dealers on how to deal fairly with service members and their families. Emery mentioned a November conference in Denver where Keith would possibly give a presentation. DOT continues to remain interested in looking for opportunities where Keith could lend his expertise. Details are to be finalized at a later date.