

12-Step Checklist to Help Your Dealership Manage the CFPB & AG in 2015.”

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Whether it's the CFPB, FTC or Attorney General, the government, compliance expert and Chief Legal Officer Steve Levine of AutoStar Solutions has announced 12 Ways or steps to and of Dealership Compliance.

“The government crosshairs on auto dealers is not going away. In fact, it's only intensifying,” Levine said. “For dealers big and small, the threat is real, and so is the learning curve.

This 12-step checklist will give dealers the starting points they need to manage what some term as “big government” or both federal and state regulators.

STEP 1: Document the pertinent facts. Protect your dealership from the start, when facts are fresh on your mind and you don't have to rely on memory. Keep detailed notes about the transaction, negotiation process and customer. They may come in handy later.

STEP 2: Keep a centralized compliance manual. Type out all your processes, procedures and other compliance-related documentation, then compile them in a large three-ring binder. If a regulator comes to visit, this book should be one of the first things you show him or her. It's a clear sign that you understand the importance of compliance, and you'll get big points for effort.

STEP 3: Get to know your regulators. If you develop a positive relationship with your assigned regulators, you may be surprised at the courtesies they pay you – such as a heads-up phone call when they receive a complaint.

STEP 4: Hire a specialized attorney. Just because you share a long history with your current attorney doesn't mean he or she is the right person for automotive regulatory issues. Are car dealers his or her specialty, or just one of the many types of clients in his or her practice? Regulatory compliance is a highly detailed, ever-changing area of the auto industry. As a result, some lawyers who don't fully understand the car business have unknowingly implicated their clients. Is that a risk you want to take? If you decide to switch, consider an attorney who is an active member of the National Association of Dealer Counsel.

STEP 5: Reframe your view of complaints. In reality, complaints can be a gift. They may feel annoying, but many of the people who come to you first will complain to a regulator or lawyer if the matter isn't resolved. In fact, 90 percent of state Attorney General investigations originate from complaints. So consider them a golden opportunity to fix the problem and prevent a regulator from ever hearing about it.

12-Step Checklist, continued

STEP 6: Audit your deal jackets before turning them over. If you receive an auditor letter asking for a certain number of deal jackets in various categories, by all means, ask your attorney to hand-pick the ones without compliance issues. And only turn over what's legally required. Miscellaneous handwritten notes or other extraneous documents can implicate you and cause further action unnecessarily.

STEP 7: Implement progressive discipline for rogue employees. Never, ever turn a blind eye to employees who break compliance rules. If you don't discipline (and document it), regulatory agencies will hold you accountable for your employees' mistakes.

STEP 8: Proactively right your wrongs. This is not the time to shove problems under the rug and hope no one notices. The minute you find a compliance issue, if you can fix it monetarily, do so. Then keep records of any refunds, and tell the regulator if he or she comes knocking.

STEP 9: Get your advertising house in order. Non-compliant ads and direct mail pieces give regulators a foot in your door, after which they may start poking around in other areas. It's best to read up on advertising compliance and consult an auto dealer attorney to avoid further trouble.

STEP 10: Pass on your knowledge. All the understanding in the world about compliance issues means nothing if your staff doesn't share that knowledge. Regulators will investigate whether you train your team to comply, or set policies just for show.

STEP 11: Assume your regulator has little to no experience with dealerships. State Attorneys General, for example, oversee so many industries that most of their lawyers possess only a basic understanding of the auto world. It's your job to help them understand how things work, and why.

STEP 12: Be as nice as humanly possible. Some dealers take a risky approach with regulators ... confrontation. It simply doesn't work. The government possesses all authority and leverage in this situation. But they are people too, so behaving as kindly as you can muster will go a long way.

12-Step Checklist

To gain an in-depth compliance education for your dealership, join Levine and the most-respected automotive compliance experts in the country at the next Innovate Conference, coming in Fall 2015. Sign up to get conference updates, ticket information, a list of speakers, the full breakout schedule, and more at www.myinnovate2015.com.

What you need to know about AutoStar Solutions

For over 20 years, AutoStar Solutions has provided dealer management software solutions to independent automotive dealers and subprime finance companies in the United States. Their web-based software solutions have enabled clients to automate and simplify activities while staying compliant with state and federal regulations. Learn more at www.autostarsolutions.com.

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