ISSUE 3, 2020

Official Publication of the California New Car Dealers Association

CALIFORNIA
NEW CAR DEALER QUARTERLY

CNCDA
California New Car Dealers Association

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ISSUE 3, 2020

MANNING LEAVER

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Manning Leaver has been providing legal services to automobile dealers and the automobile dealer related industry for over 95 years and understands the many intricacies of a dealership's operations, including its sales department, F&I department, service department, parts department, and body shop. The firm's strong practical knowledge of dealership operations enhances its ability to provide quality legal advice to clients.

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For more information on the firm, see the Manning, Leaver, Bruder & Berberich, LLP website at:

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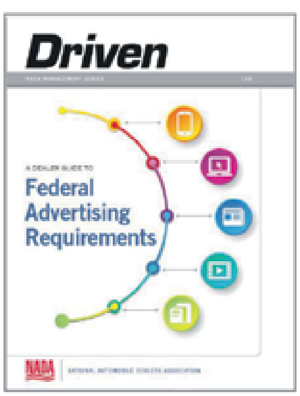
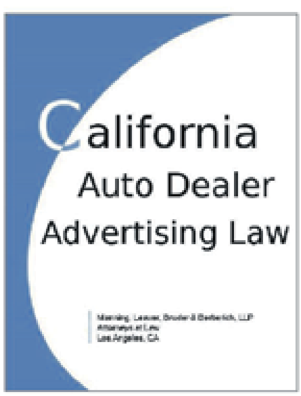
- Real estate sales and leases
- Formation of entities
- Loans and construction process
- Franchise and business opportunities

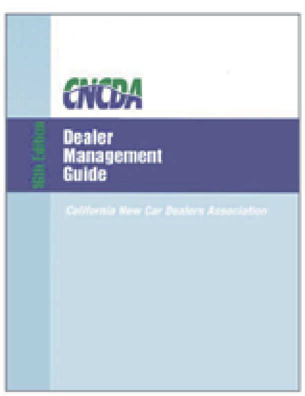
COMPLIANCE

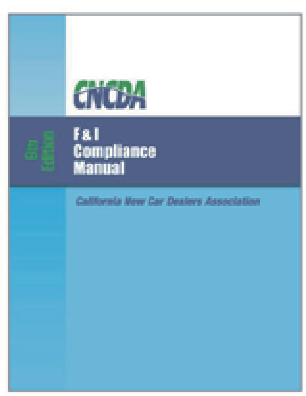
- General regulatory compliance
- F&I training
- Advertising review
- DMV/BAR licensing
- Production of manuals[1]

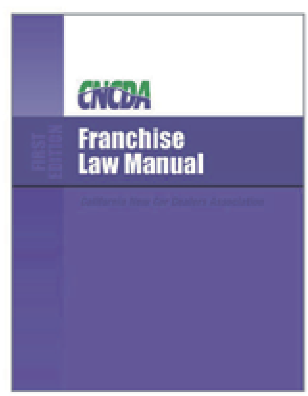
[1]The firm has authored a number of compliance manuals, including: CNCDA Management Guide, CNCDA Franchise Law Manual 6th edition of CNCDA F&I Compliance Manual, NADA Dealer Guide on federal advertising requirements, and MLBB California Auto Dealer Advertising Law Manual.











President's Message

BRIAN MAAS
President
California New Car Dealers Association

As I reflect on this year's legislative session, I cannot thank our members and our metro associations enough for your support and engagement. We navigated a less than traditional legislative session this year because of COVID-19, which resulted in truncated processes and most subject matters being abandoned outside of urgent pandemic issues, resulting in an uphill battle. However, dealer participation remained strong, and the fruits of our collective labor, despite less than ideal conditions, paid off greatly in the end.

The support of our members over recent months, notwithstanding your shift in focus on keeping up with evolving health and safety orders and getting sales back on track, has demonstrated the spirit of this network during challenging times. With nearly 800 emails being sent to legislators on just one single bill, AB 326, the support from dealers and metro associations not only secured a significant victory with the defeat of AB 326 but underscored the commitment of this great dealer body.

As we've consistently communicated, the best form of advocacy is done through our dealer members. Your voice, your stories, your personal connections, and local pressure on legislators that represent your communities and businesses is incredibly compelling. Humanizing and sharing the very real implications of poorly drafted legislation during unprecedented times has been and remains critically important to our advocacy efforts.

While this year has been challenging on many fronts, I remain incredibly optimistic by the hard work and dedication I witnessed in recent months. The support across the board has remained steadfast from everyone, including dealers, metros, association leadership and staff. These combined efforts strengthen CNCDA to make a difference when it matters most.

With one big win this session and a few losses (see Alisa Reinhardt's legislative update on page 12), I'm eager to work with staff and leadership to begin planning for next year's anticipated legislative agenda. Given the times we're in, it's tough to say how things will evolve going into 2021 in the Capitol, but as we adjust to the new normal, CNCDA will be prepared to take on any opportunities and challenges that come our way.

Thank you to everyone in CNCDA's dealer network who took time this year to engage on critical issues to protect California's dealer franchise system. Our work and successes would not be possible without you.

Sincerely,
Brian Maas, President
California New Car Dealers Association

Upcoming Events

Webinar Topics Coming this Fall

Member Appreciation Week in Collaboration with Vitu

October 19-23

2020 Election Preview: An Inside Look at The November Election with Amy Walter

October 22

Webinar Topics Coming this Winter

New Laws Series

Date TBD

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New Orleans, LA

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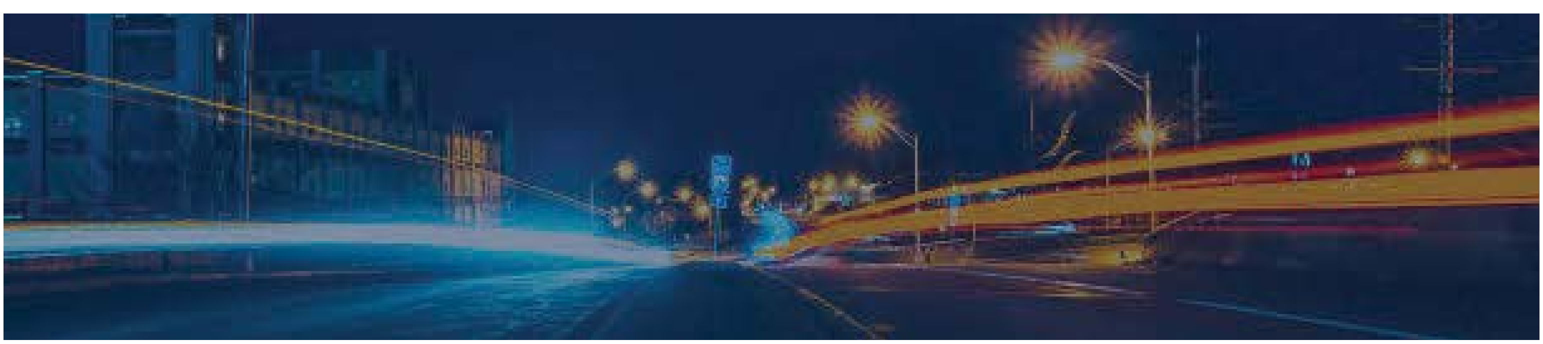

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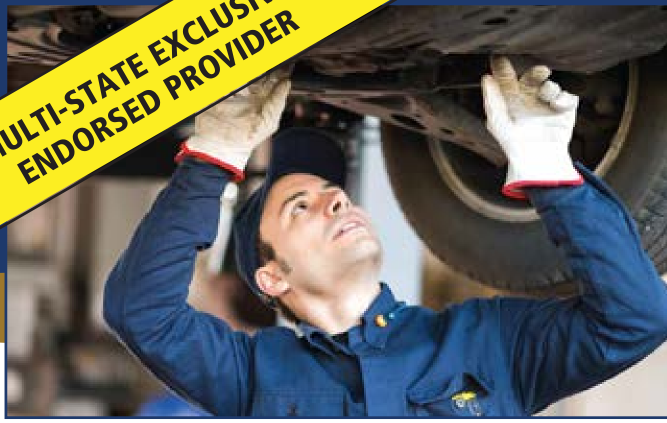

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2 RESULTS
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3 KNOWLEDGE
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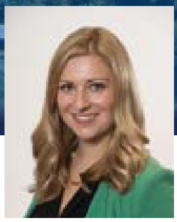
Legislative Recap



Alisa Reinhardt
Director of Government Affairs

When the California legislature reconvened Jan. 6, 2020, they had no idea that just a few short months later, they would be faced with a wholly different set of priorities and responding to a directive from both Senate and Assembly leadership to drop all bills unrelated to addressing the COVID-19 pandemic.

For many legislators, this was the last session of their careers as an Assembly member or as a Senator due to term limits or the pursuit of other political positions; for others, it was an unconventional introduction to the second half of the 2019-20 session. For all legislators, the coronavirus and its effect on California residents required them to undertake an unprecedented shifting of priorities and commitments — and to get it all done before midnight Monday, August 31st.

In addition to a total shift of direction, the 2019-20 legislative session brought a larger-than-usual amount of drama that came to a fever pitch with only hours left to pass hundreds of measures on to the Governor's desk.

On the Assembly side, many legislators were upset that Buffy Wicks (D-Oakland), elected in 2018, was denied the ability to vote on bills remotely — despite having a one-month-old baby and being hesitant to travel with her infant in a pandemic. Assemblywoman Wicks became an unexpected internet sensation due to her presence in the Assembly chamber, making speeches about bills while holding her newborn baby. The drama in the Assembly came to a head because of SB 1383 by Senator Hannah Beth Jackson (D-Santa Barbara), a bill discussed in more detail below that will significantly expand California's family and medical leave laws. When this bill came up for a vote, moderate Assembly Democrats held their unified position against the bill until literally the last few minutes before midnight, when the cards started to fall, and opposition votes were picked off one by one.

In the Senate, an early evening motion by Senator Bob Hertzberg to limit discussion on bills to two support positions, two oppose positions, and impose a time limit on comments was met with impassioned opposition by Senate Republicans, who had seen all but one of their caucus relegated to debating on bills and voting on measures from their Sacramento residences due to interactions with Senator Brian Jones (R-Santee), who tested positive for COVID-19 just before the last day of the session. Senator Hertzberg's motion was an effort to fast-track the passage of bills off the Senate floor so the Democrat supermajority could have as many measures as possible reach the Governor's desk.

Senate Republicans, led by Senate Minority Leader Shannon Grove, argued heatedly against Senator Hertzberg's motion, characterizing his effort as a partisan move engineered to silence Republican voices. Senator Melissa Melendez (R-Lake Elsinore) was even heard on a hot mic angrily calling the motion "bullshit," a sentiment that she later emphasized on Twitter. After a series of sudden Senate recesses, it became clear that Senate Pro Tem Toni Atkins was working feverishly behind the scenes to moderate a solution that would be acceptable to both sides and get the Chamber working again. After an hour or two of these negotiations, the Senate came back online, Senator Hertzberg's motion to limit debate was withdrawn, and the night continued.

Below are the top three measures CNCDA focused on this past year.

AB 326 — Electric Mobility Manufacturers

Of the few thousand bills introduced this session, many had to be abandoned; some were then used as vehicles for coronavirus relief efforts. One notable piece of discontinued legislation was SB 1445 by Senator Ben Allen (D-Santa Monica) related to electric mobility manufacturers. The bill was introduced in February 2020, but it quickly became apparent that legislators had much bigger issues that needed attention and so the bill was dropped. This bill aimed to create a new category under the law for an "electric mobility manufacturer" called Canoo to offer vehicle subscriptions directly to consumers. The bill had an abundance of consumer protection flaws. It raised serious franchise-related concerns, but once Senator Allen dropped it in response to leadership requests to abandon non-COVID bills, it seemed like a battle we would have another year.

However, the bill was resurrected in a surprise gut-and-amend about a month before the end of session into AB 326, carried by Assemblyman Al Muratsuchi (D-Torrance) — a surprise since the bill was not related to COVID in any way. Some supporters of the bill didn't even realize the bill had been gutted and amended and accidentally continued their support of the measure, including the City of Thousand Oaks, which had been in support of the bill in its previous form — a bill trying to regulate motorized scooters on public rights of way. Once the city was made aware of its official support position on a completely different bill than what they signed up for, they immediately rescinded their support of the measure, noting the Thousand Oaks Auto Mall and its positive impact on the region.

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In **mid-summer,** it seemed as if the proposal would be held, **as the state** had massive **issues taking priority** — the coronavirus **pandemic,** out-of-control **wildfires** throughout **Northern California,** and a mounting **homeless crisis** exacerbated by **both of the above** — not to mention protests **advocating** for **police reform.**

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Since the bill had already passed the Assembly in its previous form, it didn't receive the scrutiny it should have. It passed out of the Senate Transportation Committee despite many questions raised about the flawed measure by both Democrat and Republican committee members. Senator Ben Allen presented the bill in committee as a necessary measure for the state to meet its electric vehicle goals and claimed dealers and auto manufacturers were fighting it because they are anti-innovation and didn't want the competition in the market from a new vehicle manufacturer. Despite some legislators on the committee seeming hesitant to vote yes, the bill was voted out of committee less than two weeks after being gutted and amended into a completely different bill. A handful of legislators said privately that they did not feel comfortable voting against the chair of the committee, Senator Jim Beall, as it was his last committee hearing, and he was recommending an "aye" vote. Other legislators looked at the measure, saw that it was related to electric vehicles, and voted yes without digging any deeper.

From there, the bill moved to the Senate Appropriations Committee. The measure originally had a projected fiscal cost of $300,000 due to the work DMV would have to undertake to implement its licensing and permitting provisions. However, at the last minute, the proponents amended the bill and removed almost all DMV authority — essentially creating a wholly unregulated space for themselves in which to retail vehicles. Despite this complete lack of state oversight, the bill moved forward once more and passed out of the Senate Appropriations Committee. At this point, we were up against a long list of proponents who are pro-electric vehicle but did not seem to fully grasp many other aspects of this flawed measure. The automakers had been opposing the bill alongside us but ended up going neutral on the bill at the last minute — leaving the dealers to fight the legislation on our own. After it became clear that the bill would move to the Senate floor, activation efforts were undertaken in earnest. Hundreds of dealers sent letters and emails to legislators, and some even called and texted their local Senators. John Sackrison at the Orange County Auto Dealers Association, Bob Smith at the Greater Los Angeles New Car Dealers Association, Dean Mansfield at the New Car Dealers Association San Diego County, Steve Smith at the Silicon Valley Auto Dealers Association, and Stacey Castle at the Greater Sacramento New Car Dealers Association, provided vital on-the-ground outreach to both dealers and Senators, moving the needle just enough that coupled with many hours of advocacy and negotiations we had with legislators and staff, we were able to kill the bill on the Senate floor.

This was especially notable since it took place in the last hours of the 2019-20 legislative session with a vote of 18-12, with 10 abstentions (the proponents needed 21 votes to pass their bill). Despite the bill being held open on call, meaning legislators could revisit the measure and take another vote before the midnight deadline, the proponents realized they didn't have the support they needed and the bill died with the closing gavel.

This was a huge victory for dealers statewide and showed the positive effect our members can have once we coalesce around an issue. Senators recognize the positive effect dealers have on the communities they serve, from the employment of residents to vehicle service to the generation of tax revenue that funds a region's services and parks. However, despite our big win, we know this effort will come back again next year, and we will be ready.

California Department of Financial Protection and Innovation

When Governor Gavin Newsom proposed the creation of the Department of Financial Protection and Innovation (DFPI) in January 2020, all California businesses took notice and started mobilizing. Governor Newsom envisioned the DFPI to be housed within the existing Department of Business Oversight (DBO) and modeled after the federal Consumer Financial Protection Bureau (CFPB) – an agency whose purview dealers were expressly exempted from under the Dodd-Frank Wall Street Reform Act.

The new DFPI was provided for in a budget trailer bill, which many legislators took issue with because that method resulted in less debate within individual legislative committees about the nuts and bolts of such a complicated oversight effort. The agency will have the authority to bring enforcement actions against companies, issue fines and crackdown on “unfair, deceptive and abusive acts or practices.” Many involved in negotiations felt that the effort was being unduly rushed.

In mid-summer, it seemed as if the proposal would be held, as the state had massive issues taking priority — the coronavirus pandemic, out-of-control wildfires throughout Northern California, and a mounting homeless crisis exacerbated by both of the above — not to mention protests advocating for police reform.

During the few debates held on the DFPI proposal, some legislators expressed hesitance at creating a brand-new agency that will regulate businesses with a heavy hand during a time when many businesses are struggling to survive as it is. Many arguments were advanced that the creation of this agency should not move forward since it is not related to COVID. In contrast, agency proponents claimed this agency is needed now more than ever due to “record numbers of consumer complaints” coming into the state agencies against various businesses.

Those pushing this proposal argued that the goal wasn’t to regulate businesses that are already licensed by a state agency; instead, they said they were trying to protect consumers from predatory lending by capturing entities like largely unregulated payday lenders. However, as drafted, there is some apparent ambiguity that will likely be tested in the courts for years to come.

For our part, we negotiated with DBO for months about getting an industry-specific carve-out from the new agency’s oversight, as dealers are already heavily regulated by numerous state and federal agencies, including the Department of Motor Vehicles, Department of Consumer Affairs, Bureau of Automotive Repair, Department of Industrial Relations, Occupational Safety and Health Standards Board, Labor Commissioner’s Office, Division of Workers’ Compensation, Department of Tax and Fee Administration, CalRecycle, Office of Environmental Health Hazard Assessment, Department of Toxic Substances Control, Department of Water Resources, Air Resources Board, New Motor Vehicle Board, Attorney General’s Office, city and county officials throughout the state, and the Federal Trade Commission.

Despite the goal of only regulating businesses not already subject to oversight by other state agencies, the proponents refused to grant a dealer-specific carve-out. However, franchised new-car dealers find

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themselves in a more advantageous position than many other industries due to an exchange, recorded on video, during a hearing on the DFPI proposal in the Assembly Banking and Finance Committee one day before the end of the session, where DBO officials clearly and expressly stated that they do not believe new car dealers are subject to DFPI oversight since other agencies already license them. The statement came after Assemblyman Tim Grayson (D-Concord) asked, on camera, about dealer concerns and challenged the DBO official to address them. We are the only industry that was able to get this express statement from a DBO official during the proposal's handful of hearings.

Despite heavy industry opposition, along with opposition from many state lawmakers, the measure passed due to the Governor's strong support. Some think it is possible that Richard Cordray, the previous head of CFPB under President Obama, may take the helm of DFPI considering that he testified in support of the measure the weekend before its eventual passage. Agency leadership and priorities are details that will be unveiled in the coming months.

SB 1383 – Significant Expansion of Family and Medical Leave

Currently, under the California Family Rights Act (CFRA), California employers with 50 or more employees must provide 12 weeks of job protection to employees due to illness of themselves or a family member or to bond with a new child. A previous expansion, called the New Parent Leave Act, required employers with 20-49 employees to provide employees with 12 weeks of job protection for bonding with a new child.

SB 1383 by Senator Hannah Beth Jackson (D-Santa Barbara) expands the coverage of this job-protected unpaid leave for both illness and baby bonding to employees at companies with five or more employees. CNCDA was part of a large business coalition opposing the measure, marked as a California Chamber of Commerce "Job Killer," arguing that the new requirements will have a disproportionately negative impact on small businesses in the state at a time when they can least afford it. Despite opposition by Republicans and pushback from moderate Democrats, the measure passed the Assembly during the final seconds of the session. Once Governor Newsom signs the bill into law (which he has indicated he will do), it will become effective Jan. 1, 2021.

Affected businesses will need to retain counsel to draft new leave policies and institute new leave procedures, and will need to approve, administer, and track employee leave under this expansion starting Jan. 1, 2021. Larger companies may also need to update their policies and procedures.

Although the 2019-2020 legislative session is over, many policy negotiations will continue into the fall in advance of the 2021-2022 session. We can expect another few thousand bills to be introduced by California's prolific legislators in January 2021.

CNCDA
California New Car Dealers Association

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October 19-23

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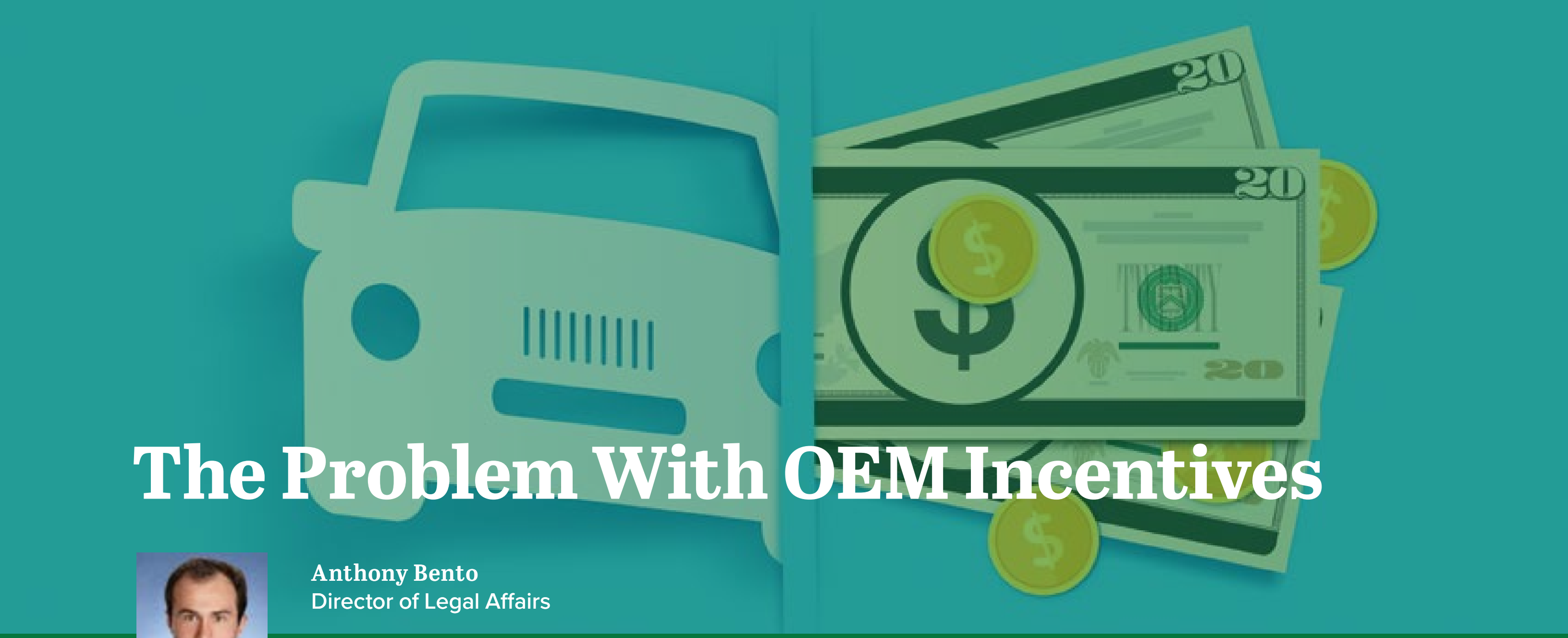


The Problem With OEM Incentives

Anthony Bento
Director of Legal Affairs

What is the difference between a manufacturer requiring a dealer to comply with a program and a manufacturer providing an optional incentive if a dealer complies with a program? Often, it seems that they are functionally identical; both requirements and incentives seek to coerce dealers into engaging in behaviors that dealers would otherwise not consider.

Consider facility upgrades. Traditionally, a manufacturer may have simply required its dealerships to construct new facilities to align with the manufacturer's updated brand image standards. Today, many manufacturers instead create programs that provide incentives to dealers that construct image compliant facilities.

These incentive programs sound nice until you consider that they are the functional equivalent of a mandate, as they often come in the form of manufacturers providing cheaper new vehicles to compliant dealerships. This often gives compliant dealerships a pricing advantage of thousands of dollars.[1]

Sure, dealers may have the option to not comply with a facility incentive program, but their dealerships would face a significant competitive disadvantage that could eventually drive them out of business. Cynics might think this is what the manufacturers really want — to use incentive programs to drive smaller dealers out of business. It is certainly cheaper and easier than formally terminating franchises, which trigger dealer protest rights under California law. But these types of incentive programs may also be a way for manufacturers to attempt to skirt other franchise laws.

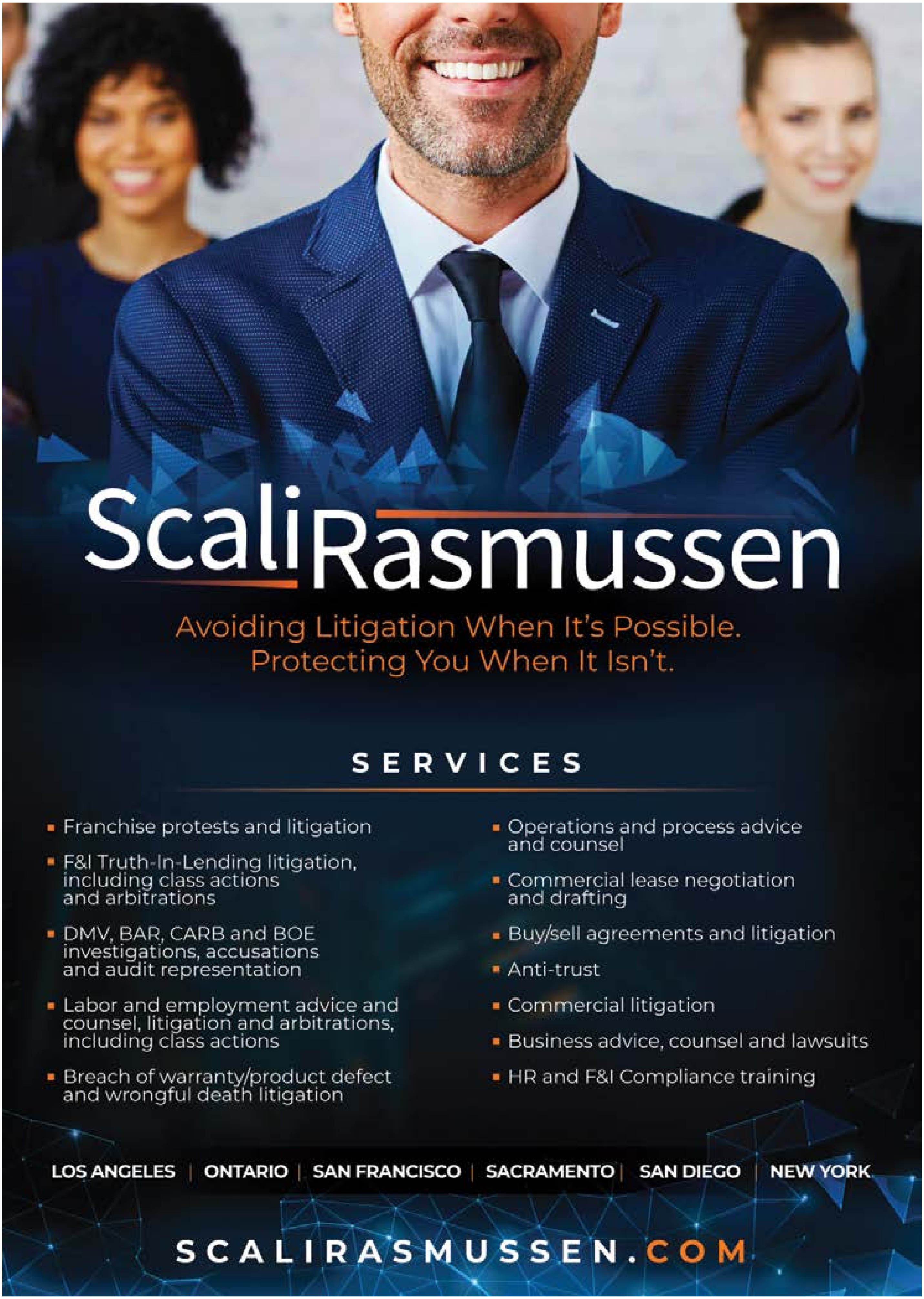
Take the facility upgrade example. Thanks to AB 179 (last year's franchise bill), California Vehicle Code section 11713.13(c) specifically prohibits manufacturers from imposing a facility requirement if a dealership previously modified its facility within the last 10 years and the cost was more than $250,000. This statute provides dealers with substantial ammunition in fighting back against costly facility requirements. However, this law may be a lot less helpful in combating a facility program that is ostensibly optional. Instead, a dealership seeking to combat an incentive program may be forced to turn to California's statute on unlawful OEM performance standards.

Even though California's statute on unlawful OEM performance standards was primarily designed to combat unreasonable vehicle sales performance standards, the statute can be used to combat other types of OEM performance standards. For example, a low volume dealership in a rural area could argue that an OEM incentive program that withholds monies from dualed dealerships is not reasonable "in light of all existing circumstances," including the "geographical and market characteristics in the dealer's area of responsibility" and "local and statewide economic circumstances." (Vehicle Code section 11713.13(g)(1).)

As a result of continued manufacturer abuse of incentive programs, AB 179 further includes authority for dealers to file protests at the New Motor Vehicle Board involving unlawful manufacturer performance standards. And in such protests, manufacturers have the burden of proof to establish the legality of their program.

At this point, it is unclear how the New Motor Vehicle Board will handle protests involving performance standards. However, if your dealership is facing an unreasonable manufacturer incentive program, you should strongly consider whether a protest at the Board makes sense.

[1] The Lincoln Commitment Program is an example of such a program, and CNCDA has expressed our concerns about the program to Lincoln on several occasions.



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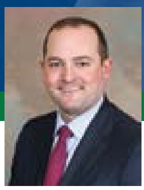


Matt Applegate
Regional Marketing Manager, Federated Mutual Insurance Company

If you aren't committed to incorporating risk management into the culture of your business, a seemingly small change can make it all crumble, leaving you without a solid foundation to help prioritize the safety of your workers and customers. If you intend to make risk management a core value of your business, your risk management culture needs to be strong enough to withstand any obstacle.

What's at Stake?

Every injury, every lawsuit, every poor hire, every missed safety opportunity hurts your dealership. Insurance helps pay for the direct costs of a loss, such as property damage, medical bills, and legal expenses. But your business is responsible for the hidden expenses — hiring and training new employees, lost productivity, low morale and potentially higher insurance premiums.

Don't forget about one of your business's most important assets: its reputation. You're able to open your doors every day because you have demonstrated a history of being reliable to potential and existing customers and employees.

It's not hard to imagine a scenario in which your hard-earned reputation disappears. An employee who is improperly trained or not following safety protocols could make a costly mistake, injuring him or herself or putting an indispensable piece of equipment out of commission. Just like that, you are dealing with an insurance claim (and possibly a lawsuit), and you can't fulfill your obligations to your customers. The spiral continues. Your employees, who trust that they are working in a safe environment, could begin to look for employment elsewhere. And your customers, who depend on the products and services you provide, could find a new place to do business, leaving you with a diminished book of business and a damaged bottom line.

Personnel Changes

A management change, while significant in many ways, shouldn't decrease your workplace-safety results. Consider this story from a real business:

The safety manager of a business retired, taking with him nearly all knowledge of the company's safety program. When the new safety manager joined months later, he found elements of the company's risk management program missing or lacking. Records, which were all kept on paper, were nowhere to be found. The new safety manager had the unenviable task of rebuilding the program while making sure the business's day-to-day needs were fulfilled.

To combat the effects of personnel changes, a business must deliver a consistent and deliberate safety message to its employees. Documents, including processes and records, should be kept — and backed up — where any member of management can access them to ensure a smooth transition upon the departure of a safety manager.

New Circumstances

What happens when the rules change? Maybe regulators have added or modified workplace safety requirements. Or perhaps your business begins using new equipment or offering new products or services to respond to market demands. A relaxed attitude toward safety won't help you keep your workforce informed. Members of a culture that focuses on risk management readily adapt and act on new safety measures — sometimes before management even requires them, because that's just the way things are done.

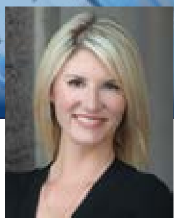
Embraced All the Way Up

When it comes to prioritizing safety, business leaders and risk management professionals agree: It has to start at the top. Business owners must believe in the importance of safety and model the behaviors that will help keep employees — and by extension, the business — safe. A positive example from leadership will likely be reflected throughout the next levels of management and frontline employees. The influence a well-respected manager has on employee behavior cannot be overstated.

If preventing workplace injuries or accidents isn't a primary and permanent focus, the possibility of letting things slip is very real — and the consequences could be severe. ◀

Find your local marketing representative at www.federatedinsurance.com to learn more about how Federated Insurance® can help you create and maintain a culture of risk management in your business.

CNCDA COVID-19 Resources



Jenny Dudikoff McLaughlin
Director of Public Affairs and Marketing

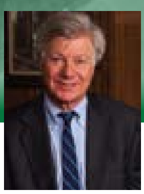
While CNCDA's No. 1 priority over recent months has been providing compliance guidance and support to our dealer members on how to navigate the challenges and unexpected implications of COVID-19, these efforts have also been supplemented by the development of a Dealership Coronavirus Resources Page on our website. In recent months we have tracked, collected and refined timely and relevant information and resources specific to Coronavirus that CNCDA members can rely on to help guide you through this unprecedented time.

As conditions continue to evolve, CNCDA will continue with our Coronavirus emails and regular updates but please be sure to visit the Resources Page for exclusive member access to all materials to keep you in compliance. Of note, we have developed a COVID-19 Member Toolkit, Restarting California's New Car Dealerships in the Wake of COVID-19. This CNCDA Member Toolkit is designed to help dealerships implement new protocols and procedures, ensuring the health and safety of consumers and employees. This document is not intended as legal advice, nor is it intended to be comprehensive regarding all COVID-19 compliance matters. Instead, this toolkit is designed as an informational checklist, which includes key resources for critical areas that dealerships need to be aware of as they reopen to the public and begin to resume day-to-day operations. Resources housed on the member-only webpage accessed through CNCDA Comply include:

1. COVID-19 Member Toolkit
2. Coronavirus webinars
3. Dealership FAQs
4. Coronavirus documents (including sample forms, checklists and notices)

These are without a doubt challenging times, and CNCDA staff is eager to continue our work to guide you through this uncertain and ever-changing landscape. It is our primary objective to ensure you have the resources and support you need to get back on your feet and bring back this industry that we all love so much.

Early Auto Retailing in Los Angeles, Part Two



Darryl Holter
CNCDA Board Member

Providing Service and Repairs

Neither the early automakers nor the dealers were especially concerned with service and repairs. Dealers focused on selling cars, not repairing them. They kept a few tools in the back of their showrooms but were not equipped to handle even relatively minor repairs. Instead, they referred their customers to local mechanics. The earliest cars were hand-built and assembled from parts purchased from suppliers that were rarely standardized or interchangeable. The factories did not provide manuals for guidance, and repairs were often a matter of guesswork.

When dealers referred customers to nearby mechanics, disagreements between mechanics and customers over the cost or the time required to make repairs often left the problem at the dealer's doorstep. Dealers often attempted to fill the service gap by providing repairs for no charge within 10 or 30 days, but this often led to disagreements. In 1916 the National Automobile Chamber of Commerce encouraged carmakers to cover the replacement of defective parts for 90 days. Most automakers supported this proposal, but the labor cost for replacing the faulty part and the shipping costs fell to the dealers.

The "Second-Hand Car" Problem

The first buyers were affluent people willing to take a risk on a vehicle with no guarantee that it would perform properly. Early dealers catered to this upscale audience and had no interest in dabbling in "second-hand" vehicles. In 1905, at the second meeting of the Motor Car Dealers of Los Angeles, the members voted "not to trade in any second-hand cars, as part payment on any new machines."[1] However, as the number of new car sales continued to grow, dealers faced previous customers who needed to sell their used car before purchasing a new one. This situation came to be known as "the second-hand car problem."

Carmakers set prices for new cars and, concerned about the brand's image, did not allow dealers to discount. Customers saw the value of their car in retail terms, but dealers, anticipating the need to install new tires, paint, and various repairs, estimated the used car's value in wholesale terms. This introduced an inherent element of distrust that worked against customer retention. Since dealers needed to sell new cars, they soon disregarded their trade association's policy and began taking used cars in trade for new car purchases. Each time a used car was taken in on a trade, the dealers had to decide whether to invest in reconditioning or wholesale it to one of the used car operators located on the edges of Auto Row. Calculating the value of a used car was often guesswork. Not only was each used car different from all others, but with more than a hundred brands on the market, dealers knew little about the brands they did not represent. Dealers too often offered discounts that were far greater than what they could sell the car for.[2] The manufacturers focused on new car sales, considered the second-hand car problem one for the dealers to handle.

In 1914 a 17-year-old boy drove from Arkansas to Los Angeles to find work and enter the University of Southern

California. To pay for college, he bought cars cheaply and reconditioned and sold them on a lot near USC. He kept track of all purchases and sales of all brands and analyzed the data until he had a much better sense of the value of each make and model. He circulated his list to dealers who began to use his list to show customers the true value of their vehicles. Needing space to grow, he moved his operations to Main Street, then Broadway, then Olive and finally, to the corner of Figueroa and Pico (currently the L.A. Convention Center). Kelly's Kars became the largest used car operation in the world, and Les Kelley's Blue Book became the Bible of used car pricing.[3]

California's First Auto Show

The first auto show in California took place in Los Angeles in 1907 when the Motor Car Dealers voted to organize "an Automobile Show this winter."[4] According to the Los Angeles Times, the dealers "ask for no aid from the manufacturer associations and stand on their own feet entirely.[5] They decided to conduct the show at the Morley Skating Rink on Grand Avenue near the new auto row of bicycle and automobile dealerships.[6]

The show opened with a large parade of vehicles, and prizes were offered to the best-decorated cars.[7] Dozens of electricians busily installed more than 10,000 electric lighting units strung in long festoons over the ceiling. The dealers scheduled 200 salesmen to answer questions from customers who paid 50 cents to gain admission. Music was provided on the first night by the Ladies Mandolin Orchestra and the Royal Hawaiian Sextet.[8] Ninety-nine cars were displayed the first night. Henry Ford appeared at the show, and its attendance was so high that dealers considered extending it for another week. However, every car on display had been sold and was promised for delivery on Monday, so the idea was abandoned.[9] For several years the dealers managed all aspects of the auto show. But as it became larger and more complicated, they hired a staff professional in 1920 to lead the event. L.A. Auto Show originated with the dealers, not the carmakers.

Dealers Who Made a Difference

William K. Cowan

William K. Cowan's career shows how the bicycle opened the way to the automobile. In 1892 Cowan participated in organized bike races in the Los Angeles region.[10] He formed a bicycle club and managed the Rambler Bicycle Shop on Spring Street, renting bikes and selling them for cash and installments.[11] He was deeply impressed with the first automobiles and claimed to be the first person to sell a car in Los Angeles in 1899.[12] Within a few years Cowan owned the Rambler Bicycle shop, and when Rambler started making cars, Cowan began selling them.[13] Cowan was a founding member of the Southern California Automobile Club in 1903 and the founding president of the Motor Car Dealers Association of Los Angeles in 1905.[14]

Don Lee

Don Lee demonstrated how early dealers experimented with new ways to reach auto buyers.[15] Lee built an elegant new showroom to attract affluent customers, and when Cadillac expanded his area to the entire state of California, he opened new showrooms in Pasadena, San Francisco and Oakland in 1912.

Cadillac offered women something quite useful in 1911: the electric self-starter. In his advertising, Lee capitalized on this new feature to attract female motorists. Like other dealers, Lee invested heavily in newspaper advertising, but he was especially interested in radio and bought KFRC in San Francisco and KHJ in Los Angeles one year later. His station featured live music and actors who pitched Cadillac. Lee even started a television studio, one of the first of its kind, at Don Lee Cadillac in downtown Los Angeles in 1931. The Federal Radio Commission granted a license to station W6XAO-TV, and it took to the air in December 1931, broadcasting one hour a day, six days a week.

Don Lee was a visionary who identified new opportunities that soon became standard features of auto retailing in America. Lee was also a founding member of the Motor Car Dealers Association of Los Angeles.

Paul G. Hoffman

Paul Hoffman's story reads like the American Dream. Born in a suburb of Chicago in 1891, young Hoffman was fascinated by the automobile. He got a job repairing cars and, after six months, was promoted to sales. In 1911 he moved to L.A. and sold Studebakers in downtown Los Angeles. A prodigious salesperson, one month he made $1,000 in commissions. In 1912 Hoffman entered an essay contest for Studebaker salespersons. His essay, "How to Sell Studebaker Automobiles," won first prize, and Hoffman was invited to South Bend, Indiana, where he met with Mr. Studebaker.

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Hoffman returned to Los Angeles, became a general manager, then a dealer. He served on the Executive Board of the Traffic Commission of the City and County of Los Angeles. He wrote an article on the traffic problem in Los Angeles that was published in the Annals of the American Academy.[16] Soon Studebaker appointed Hoffman as Vice President. In 1929 he co-wrote a very useful book called Marketing Used Cars that explained how new car dealers should organize their used car departments, how to buy, recondition, and sell used cars, and how to control inventory.[17] In 1934 Hoffman was named president of the Studebaker Corporation.

In 1948, in the aftermath of World War II, President Harry Truman named Hoffman to lead the European Economic Cooperation Administration, generally known as The Marshall Plan, to utilize American assistance to rebuild war-torn Europe. Hoffman's stellar career shows how many dealers (besides being successful business leaders) became leaders in public service at the local, state and national levels.

Winslow B. Felix

Winslow B. Felix is an L.A. story of ambition, reinvention, success, and tragedy. Born in 1891 in the town of Tucson in the Arizona Territory, Wenceslao was the oldest of seven children. Everyone in the family spoke fluently in English and Spanish. Prior to 1910, young Wenceslao left home for Los Angeles, anglicized his name to become Felix, and sold cars at a Lincoln dealership. He served in the tank corps in World War I. After the war, he was hired as a used car manager at Chevrolet dealership, and by 1921 he had acquired his own Chevrolet dealership on 11th and Olive Street in downtown Los Angeles.

Felix was handsome, charming, and a very talented polo player. He became friends with Pat Sullivan, the creator of the Felix the Cat comic character, and the two decided to cross-market the cat and Chevrolet. Felix provided Sullivan and his friends with good deals on Chevrolets, and Winslow made the cat a store mascot and featured him into advertising and promotional events.[18] A writer for the Los Angeles Times described Winslow Felix in the following terms:

"Probably no other motor-car dealer in Los Angeles is so well known throughout the State at large than is Winslow B. Felix," wrote the Los Angeles Times. "Drive anywhere you will, in any part of Southern California, and ... you'll see cars sporting the Felix cat emblem. It is said that Felix has come to mean Chevrolet and Chevrolet has come to mean Felix."[19]

Felix was elected president of the Chevrolet Dealers Association of Los Angeles in 1924.[20] Felix found creative new ways to promote sales. For customers in Hollywood and Beverly Hills who did not want to come downtown to purchase or service their cars, salespersons would attach a three-wheel motorcycle (painted with the figure of the cat) to the desired vehicle, drive it to the home of the customer, leave the car, and drive the motorcycle back to the dealership. He started a "Trial Purchase Plan" where buyers could drive their new cars for two days and, if they were not satisfied, return the car and get their money back.[21] Felix also customized Chevrolet roadsters and touring cars with special features that made these cars stand out. He sponsored dances, parties, athletic events, auto races and shows, and other events.

Sadly, his love for polo ended in tragedy for Winslow Felix during a polo match at the Riviera Country Club when his horse collided with another, throwing him to the ground. He was taken to the Santa Monica hospital in critical condition with a brain hemorrhage and died the next day.[22]

The career of Winslow B. Felix, the first Mexican-American dealer in Los Angeles and perhaps the nation, is another example of how early dealers developed creative strategies to advance their dealerships and their brands in a very competitive market place.

[1] Motor Car Dealers Association of Southern California, Minutes, June 1, 1905.
[2] Theodore Smith, The Marketing of Used Automobiles, Bureau of Business Research, Ohio State University, April 1941, p. 5.
[3] "Auto Observer", Los Angeles Times, vol. 1, no. 25, July 26, 1934; 'Kelley Blue Book, Inc." International Directory of Company Histories, vol. 84. "Used Car Dealers Observe Birthday, Los Angeles Times, March 312, 1940; "R. Leslie Kelley, Car-Pricing pioneer, 93," New York Times, February 11, 1990; R.L. Kelley, First Published Blue Book on Used-Car Values, Los Angeles Times, February 9, 1990.
[4] MCDALA, Minutes, October 19, 1906.
[5] Los Angeles Times, November 11, 1906
[6] MCDALA, Minutes, October 19, 1906.
[7] Los Angeles Times, January 8, 1907.
[8] Los Angeles Times, January 13, 1907.
[9] Los Angeles Times, January 26, 1907.
[10] Los Angeles Herald, July 23 and 27, 1892.
[11] Los Angeles Herald, March 21, 1893 and August 19, 1894.
[12, 13] Motor West, November 1, 1917.
[14] The Horseless Age, July 22, 1903 and Motor Age, June 8, 1905.
[15] On Don Lee, see Greg Fischer, "Don Lee and the Transformation of Los Angeles," Southern California Quarterly.
[16] Paul G. Hoffman, "The Traffic Commission of Los Angeles: Its Work on the Traffic Problem," The Annals of the American Academy, ----, pp. 246-250.
[17] Paul G. Hoffman and James E Greene, Marketing Used Cars, Harper and Brothers, New York, 1929, p.11.
[18] "Cats Like the Rain," Los Angeles Times, March 9, 1924; "You Ought to Hear it Purr: Boss of Felix Pays Visit to His Namesake," Los Angeles Times, January 11, 1925; "Cats Will Follow These Chevrolets," Los Angeles Times, February 8, 1925; "Felix the Cat.
[19] "Felix the Cat Makes Business Up to Scratch," Los Angeles Times, March 29, 1925.
[20] "New Officers are Elected," Los Angeles Times, May 18, 1924; "Chevrolet Dealers Organize," Los Angeles Times, August 24, 1924.
[21] "Trial Purchase Plan is Latest Felix Feature," Los Angeles Times, June 6, 1926.
[22] "Polo Victim: Felix, Auto Man, Injured," Los Angeles Times, June 1, 1936

CALIFORNIA NEW CAR DEALERS ASSOCIATION

CNCDA IS HERE FOR YOU

During this trying and unprecedented time, CNCDA has worked tirelessly to keep our members informed with the most up to date information about the ever-changing landscape of health and safety orders impacting your businesses across California and in local jurisdictions. Navigating this challenging environment has been and continues to be our No. 1 priority for our members and the California automotive retail industry.

While we understand the hardships you are facing in this time of economic uncertainty, your membership is now more important than ever. Providing compliance support on how to operate your businesses including sales, employment, health and safety are at the forefront of CNCDA's efforts.

The exclusive, timely and critically valuable guidance that CNCDA has been able to provide to its members during this time underscores more than ever why we are here — **to serve our members and support California's community of new car dealers**.

California New Car Dealers Association

www.cncda.org

DURING THE COVID-19 CRISIS, CNCDA HAS PROVIDED THE FOLLOWING TO OUR MEMBERS:

- Coronavirus Dealership Resources webpage
- Member exclusive Coronavirus resources and documents, including:
  - More than 50 daily Coronavirus updates
  - Member Toolkit, Restarting California's New Car Dealerships in the Wake of COVID-19
  - Coronavirus compliance guidance and materials on vehicle sales, health requirements, employees, government benefits, forms and notices, vehicle registration and franchise issues
  - Free Coronavirus webinars

IN 2019, CNCDA ACCOMPLISHED ONE OF ITS BIGGEST VICTORIES BY PASSING AB 179, ACHIEVING THE FOLLOWING FOR OUR MEMBERS:

- Provided retail warranty reimbursement relief that's been critically needed for years
- Strengthened California's franchise laws
- Addressed inappropriate treatment of dealers by manufacturers
- Enforced manufacturer accountability for unlawful actions against dealers
- Conformed California franchise laws to recent actions in other states

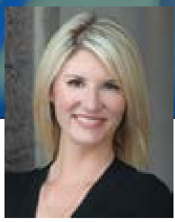
CNCDA CONTINUES TO PROVIDE AND ENHANCE THE FOLLOWING EXCLUSIVE BENEFITS FOR OUR MEMBERS:

- Access to CNCDA Comply, which houses more than 30 resources:
  - Compliance manuals
  - Monthly bulletins
  - Capitol, regulatory and legal updates
  - Legislative summaries
- Access to industry and educational information, including:
  - Frequent dealer alerts on timely and urgent industry and franchise-specific information
  - Compliance webinars and educational webinars

The unparalleled disruption that our great industry faces will prove challenging, but we look forward to continuing to serve our members now and in the months ahead to foster the critical rebound of California's automotive retail industry.

Thank you for being part of the nation's largest state automobile dealer association, joining a community of more than 1,100 fellow dealers who are committed to getting back to business and protecting and promoting the interests of franchised new car dealers.

CNCDA Launches Updates to Online Compliance Resource



Jenny Dudikoff McLaughlin
Director of Public Affairs and Marketing

Last month, CNCDA announced exciting improvements to our member exclusive online compliance resource, CNCDA Comply. With enhanced features and new content, this valuable resource is designed to provide you with the ease of electronically accessing all CNCDA publications and compliance materials.

The new features of CNCDA Comply include:

- A user dashboard, to help you identify helpful content quickly.
- Expanded search features, including the ability to search within publications.

Expanded table of contents, to help guide you through our online compliance manuals.

Updated content on CNCDA Comply include:

- Coronavirus resources, including the CNCDA COVID-19 Member Toolkit, dealership checklists, forms, and sample policies.
- Updated CCPA compliance materials, including the recently published 3rd Edition of the CCPA Compliance Handbook.
- A new franchise law manual, which discusses issues such as warranty reimbursement at protests at the New Motor Vehicle Board.
- Webinar recordings, on topics such as employment law, COVID-19, and franchise law.

CNCDA Comply can be accessed through our member portal on our website at www.cncda.org We hope you enjoy this improved and valuable compliance platform! Please let us know if you have any questions or recommendations on ways we can continue to enhance your online experience.

California Auto Outlook™

Comprehensive information on the California vehicle market

Volume 16, Number 3

Released August 2020

Covering Second Quarter 2020

Publication Sponsored By:

California New Car Dealers Association

Sales Low Point Likely Reached in Second Quarter; 11% Increase Predicted for 2021

ANNUAL TRENDS

California Annual New Light Vehicle Registrations — 2008 thru 2021

Historical data source: AutoCount data from Experian. *'20 and '21 forecasts by Auto Outlook.

New vehicle registrations in California are expected to decline to 1.63 million units in 2020, down 22% from last year.

Latest projections are for the market to exceed 1.8 million units in 2021, an increase of more than 10% from this year.

Although the trend is positive, sales will be subject to periods of ups and downs due to possible surges in the virus and any business shutdowns.

TWO YEAR PERSPECTIVE

California Total New Light Vehicle Registrations and U.S. New Vehicle Sales — YTD 2019 & 2020, thru June

	California			U.S.		
	YTD '19	YTD '20	Change	YTD '19	YTD '20	Change
Registrations						
TOTAL	1,075,658	786,219	-26.9%	8,471,317	6,480,506	-23.5%
Car	457,835	294,783	-35.6%	2,523,734	1,620,012	-35.8%
Light Truck	617,823	491,436	-20.5%	5,947,583	4,860,494	-18.3%
Domestic	349,741	262,501	-24.9%	3,837,523	2,951,304	-23.1%
European	160,049	114,692	-28.3%	790,296	620,992	-21.4%
Japanese	494,172	353,176	-28.5%	3,195,319	2,364,736	-26.0%
Korean	71,696	55,850	-22.1%	648,179	543,474	-16.2%
Market Share						
Car	42.6	37.5	-5.1	29.8	25.0	-4.8
Light Truck	57.4	62.5	5.1	70.2	75.0	4.8
Domestic	32.5	33.4	0.9	45.3	45.5	0.2
European	14.9	14.6	-0.3	9.3	9.6	0.3
Japanese	45.9	44.9	-1.0	37.7	36.5	-1.2
Korean	6.7	7.1	0.4	7.7	8.4	0.7

Source for California new vehicle registrations: AutoCount data from Experian. Source for U.S. sales: Automotive News.

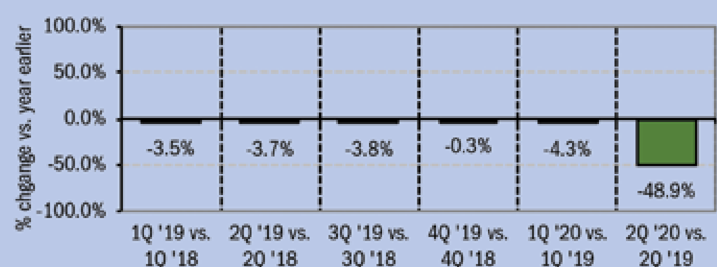
California new light vehicle market declined 26.9% during the first six months of this year versus a year earlier. The U.S. market fell 23.5%.

Light truck registrations in the state declined 20.5% versus the 35.6 % drop for passenger cars.

Light truck market share in California was 62.5% in the first half of this year vs. 75.0% in the Nation.

QUARTERLY RESULTS

California Quarterly New Light Vehicle Registrations Percent Change vs. a Year Earlier



Data source: AutoCount data from Experian.

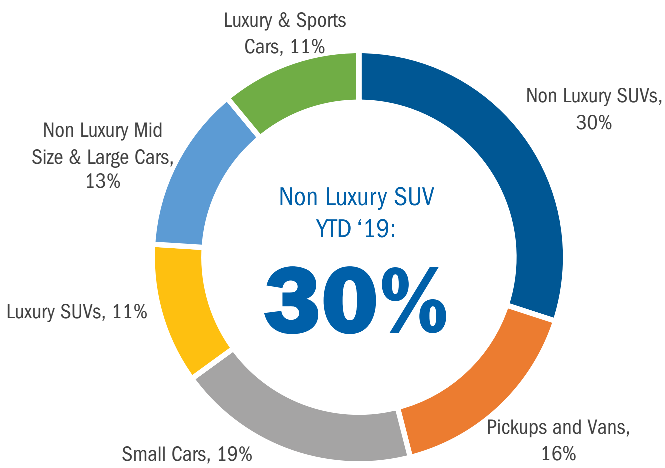
The California new vehicle market felt the full impact of the COVID-19 pandemic in the Second Quarter of this year, as new vehicle registrations declined by nearly 50% versus a year earlier.

The market showed signs of stabilizing as the quarter progressed. June registrations fell by less than 20 % compared to 2019.

SEGMENT MARKET SHARE TRENDS

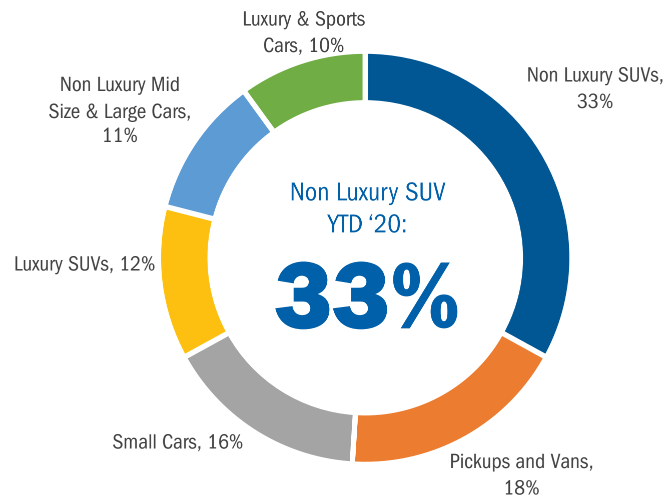
Non Luxury SUV Market Share in California Increases to 33%

Segment Market Shares in California
YTD 2019 thru June



Data Source: AutoCount data from Experian.

Segment Market Shares in California
YTD 2020 thru June



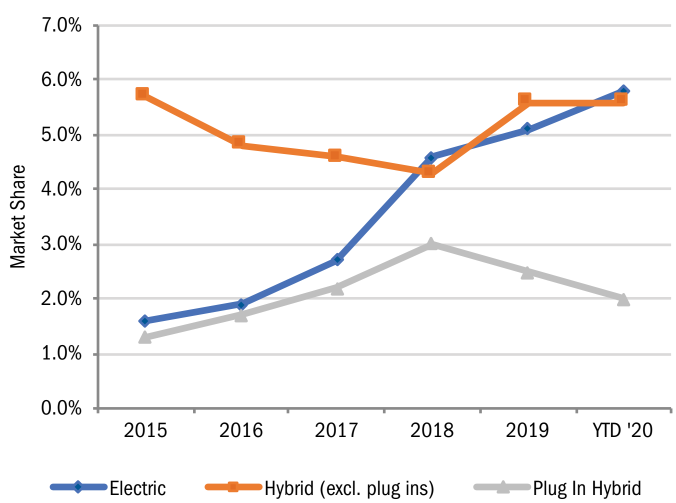
Data Source: AutoCount data from Experian.

The two graphs above show market shares for primary segments during the first six months of 2019 and 2020.

HYBRID AND ELECTRIC VEHICLES

Electric Vehicle Market Share Moved Higher During First Half of 2020

Estimated Hybrid and Electric Vehicle Market Share



Hybrid/electric vehicle market share in 1st half of 2020:

13.4 %

Estimated Hybrid and Electric New Vehicle Registrations and Market Share

	2016	2017	2018	2019	YTD 2020
Electric registrations	41932	59388	99121	106752	45601
Electric share	1.9%	2.7%	4.6%	5.1%	5.8%
Hybrid regs. (excl. plug ins)	105934	101180	92658	117218	44028
Hybrid share (excl. plug ins)	4.8%	4.6%	4.3%	5.6%	5.6%
Plug in hybrid regs.	37518	48391	64644	52329	15724
Plug in hybrid share	1.7%	2.2%	3.0%	2.5%	2.0%

The graph above shows estimated hybrid powertrain and electric vehicle market share in the state. Registrations by powertrain for vehicles equipped with multiple engine types were estimated by Auto Outlook. The estimates are based on model registrations compiled by Experian, and engine installation rates collected from other sources.

MODEL RANKINGS

Honda Civic Regains Top Spot in California New Vehicle Market; RAV4 is Second

The table below shows the top five selling models during the first six months of 2020 in 20 segments. In addition to unit registrations, it also shows each model's market share in its respective segment.

BEST SELLERS IN PRIMARY SEGMENTS

Compact Car: Honda Civic
Mid Size Car: Toyota Camry
Near Luxury Car: Tesla Model 3
Luxury Car: Mercedes E-Class

Full Size Pickup: Ford F-Series
Compact SUV: Toyota RAV4
Mid Size SUV: Toyota Highlander
Luxury Mid Size SUV: Lexus RX

Top Selling Models in Each Segment - New Light Vehicle Registrations (YTD 2020, thru June)

Cars

Subcompact			Compact			Sports/Pony Cars			Mid Size		
Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Shar
Chevrolet Bolt	3575	20.8	Honda Civic	29974	31.0	Ford Mustang	4764	37.6	Toyota Camry	25950	32.
Nissan Versa	2865	16.7	Toyota Corolla	21771	22.5	Dodge Challenger	4208	33.2	Honda Accord	19962	25.
Kia Soul	2854	16.6	Toyota Prius	7511	7.8	Chevrolet Camaro	2015	15.9	Nissan Altima	8452	10.
Honda Fit	2615	15.2	Nissan Sentra	6694	6.9	Mazda MX5	599	4.7	Ford Fusion	6607	8.
Chevrolet Spark	1249	7.3	Kia Forte	5407	5.6	Hyundai Veloster	521	4.1	Kia Optima	5400	6.

Large			Entry Luxury			Near Luxury			Luxury and High End Sports Cars		
Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Shar
Dodge Charger	5658	65.9	Mercedes CLA-Class	1447	24.0	Tesla Model 3	24850	48.5	Mercedes E-Class	2913	13.
Nissan Maxima	849	9.9	Mercedes A-Class	1389	23.0	BMW 3-Series	4893	9.6	BMW 5-Series	2767	12.
Toyota Avalon	830	9.7	Audi A3	1043	17.3	Lexus ES	4050	7.9	Tesla Model S	2398	11.
Chrysler 300	674	7.9	BMW 2-Series	986	16.3	Mercedes C-Class	3410	6.7	Audi A6	1237	5.
Chevrolet Impala	493	5.7	Acura ILX	911	15.1	Audi A4	1693	3.3	Porsche 911	1225	5.

Light Trucks

Compact/Mid Size Pickup			Full Size Pickup			Mini Van			Large Van		
Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Shar
Toyota Tacoma	18165	52.8	Ford F-Series	24204	31.0	Honda Odyssey	4211	30.6	Ford Transit Connect	8136	49.
Ford Ranger	5556	16.2	Chevrolet Silverado	21132	27.1	Chrysler Pacifica	3913	28.4	Mercedes Sprinter	2354	14.
Chevrolet Colorado	4055	11.8	Ram Pickup	19306	24.7	Toyota Sienna	2712	19.7	Ram Promaster	1925	11.
Jeep Gladiator	2677	7.8	GMC Sierra	8192	10.5	Chrysler Voyager	1737	12.6	Nissan NV	1808	10.
Nissan Frontier	1980	5.8	Toyota Tundra	4766	6.1	Dodge Caravan	606	4.4	Chevrolet Express	1226	7.

Subcompact SUV			Compact SUV			Mid Size SUV			Large SUV		
Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Shar
Honda HR-V	5674	15.3	Toyota RAV4	27076	22.9	Toyota Highlander	9009	10.4	Chevrolet Tahoe	3023	25.
Toyota C-HR	4548	12.3	Honda CR-V	15346	13.0	Ford Explorer	8960	10.4	Ford Expedition	2317	19.
Hyundai Kona	3887	10.5	Mazda CX5	9223	7.8	Subaru Outback	7774	9.0	Chevrolet Suburban	1718	14.
Nissan Kicks	3058	8.2	Jeep Wrangler	9184	7.8	Jeep Grand Cherokee	6079	7.0	GMC Yukon	1498	12.
Kia Niro	3058	8.2	Subaru Forester	8549	7.2	Toyota 4Runner	5477	6.3	Nissan Armada	1364	11.

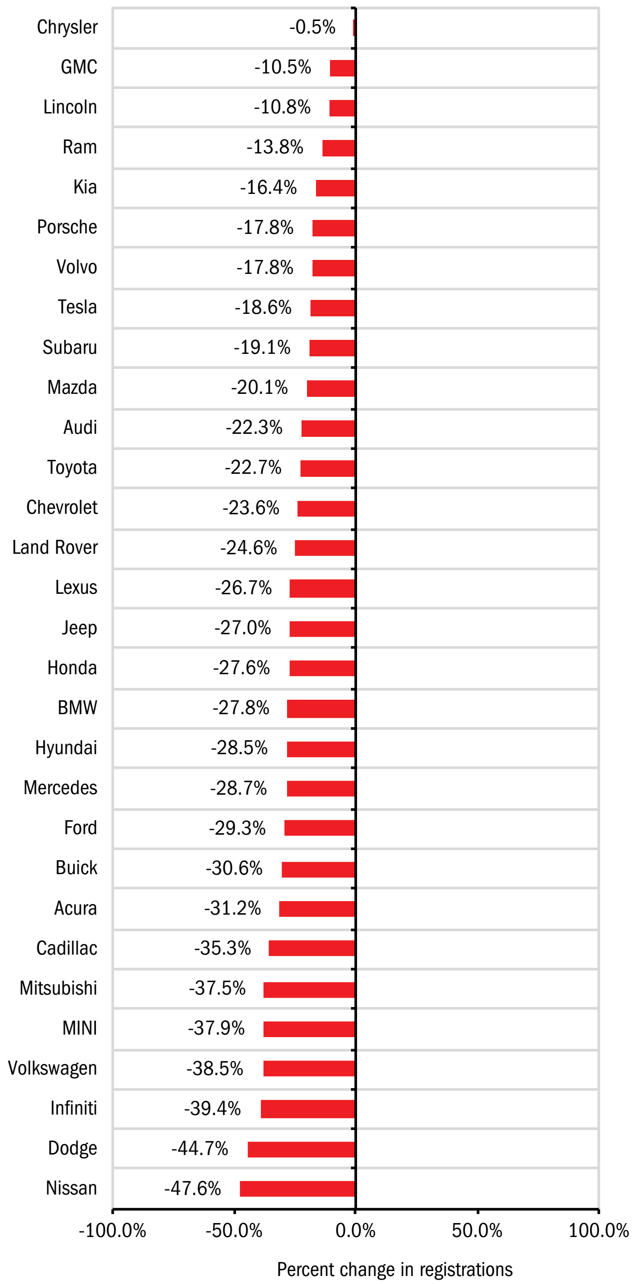
Luxury Subcompact SUV			Luxury Compact SUV			Luxury Mid Size SUV			Luxury Large SUV		
Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Shar
Lexus UX	2317	19.1	Lexus NX	5272	16.8	Lexus RX	7610	18.9	Mercedes GLS-Class	2059	21.
Audi Q3	2129	17.6	BMW X3	4230	13.4	Mercedes GLE-Class	4433	11.0	Land Rover Range Rover	1628	16.
BMW X1	1972	16.3	Mercedes GLC-Class	3757	11.9	BMW X5	3967	9.9	BMW X7	1600	16.
Mercedes GLA-Class	1764	14.5	Audi Q5	3387	10.8	Tesla Model X	3933	9.8	Cadillac Escalade	1203	12.
Mercedes GLB-Class	1507	12.4	Acura RDX	2934	9.3	Acura MDX	2320	5.8	Infiniti QX80/QX56	964	10.

Data Source: AutoCount data from Experian. Figures for Prius include Prius Prime.

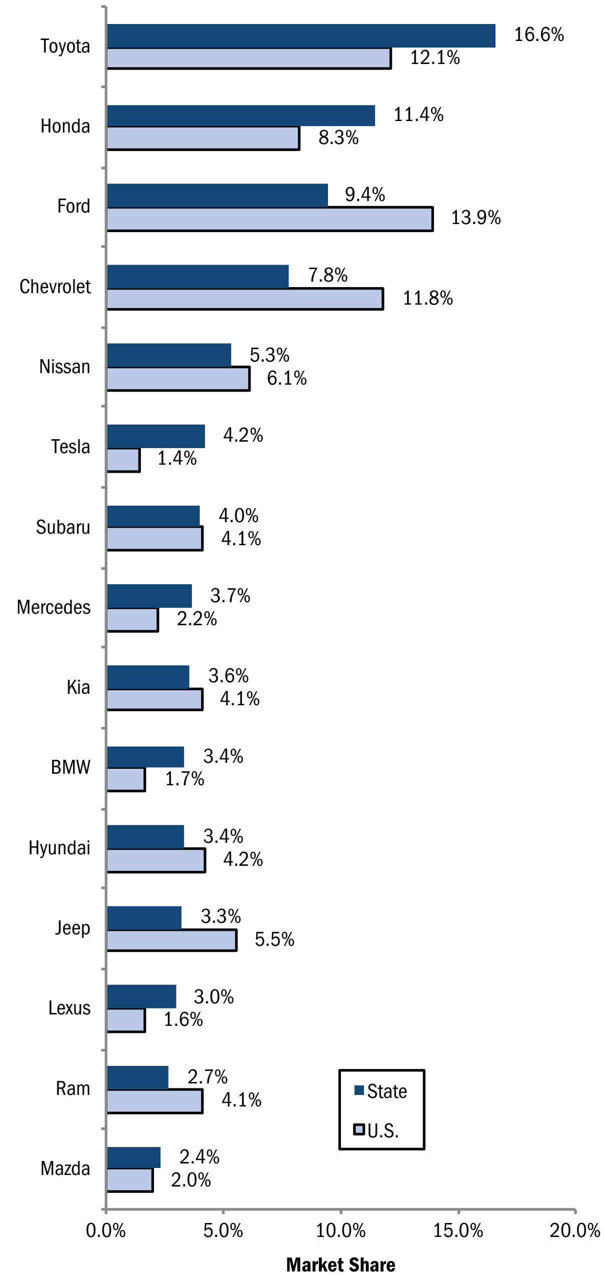
BRAND SUMMARY

Toyota, Honda, and Ford Are Top Three Selling Brands in California

Percent Change in Brand Registrations — YTD '20 thru June vs. YTD '19 (Top 30 selling brands in state)



California and U.S. Market Share — YTD '20 thru June (Top 15 selling brands in state)



Registrations declined by less than 20% for Chrysler, GMC, Lincoln, Ram, Kia, Porsche, Volvo, Tesla, and Subaru

Toyota, Honda, Ford, Chevrolet, and Nissan were market share leaders in California

Data Source: AutoCount data from Experian.

BRAND REGISTRATIONS

Detailed Results for All Brands in California Market

California New Car and Light Truck Registrations

	Second Quarter						Year to date thru June					
	Registrations			Market Share (%)			Registrations			Market Share (%)		
	2Q '19	2Q '20	% change	2Q '19	2Q '20	Change	YTD '19	YTD '20	% change	YTD '19	YTD '20	Change
TOTAL	545,256	278,573	-48.9				1,075,658	786,219	-26.9			
Acura	5,215	2,582	-50.5	1.0	0.9	-0.1	11,065	7,615	-31.2	1.0	1.0	0.0
Alfa Romeo	887	691	-22.1	0.2	0.2	0.0	1,925	1,783	-7.4	0.2	0.2	0.0
Audi	10,254	4,840	-52.8	1.9	1.7	-0.2	20,385	15,838	-22.3	1.9	2.0	0.1
BMW	19,254	8,649	-55.1	3.5	3.1	-0.4	36,671	26,493	-27.8	3.4	3.4	0.0
Buick	2,143	916	-57.3	0.4	0.3	-0.1	4,281	2,973	-30.6	0.4	0.4	0.0
Cadillac	3,523	1,379	-60.9	0.6	0.5	-0.1	7,347	4,754	-35.3	0.7	0.6	-0.1
Chevrolet	40,668	22,298	-45.2	7.5	8.0	0.5	80,377	61,399	-23.6	7.5	7.8	0.3
Chrysler	3,071	1,101	-64.1	0.6	0.4	-0.2	6,419	6,384	-0.5	0.6	0.8	0.2
Dodge	13,255	4,461	-66.3	2.4	1.6	-0.8	24,563	13,590	-44.7	2.3	1.7	-0.6
FIAT	355	77	-78.3	0.1	0.0	-0.1	791	241	-69.5	0.1	0.0	-0.1
Ford	53,300	29,970	-43.8	9.8	10.8	1.0	104,524	73,946	-29.3	9.7	9.4	-0.3
Genesis	698	330	-52.7	0.1	0.1	0.0	887	1,130	27.4	0.1	0.1	0.0
GMC	9,724	6,618	-31.9	1.8	2.4	0.6	18,365	16,428	-10.5	1.7	2.1	0.4
Honda	63,188	33,548	-46.9	11.6	12.0	0.4	124,202	89,969	-27.6	11.5	11.4	-0.1
Hyundai	18,619	9,141	-50.9	3.4	3.3	-0.1	37,028	26,491	-28.5	3.4	3.4	0.0
Infiniti	4,029	1,840	-54.3	0.7	0.7	0.0	9,763	5,913	-39.4	0.9	0.8	-0.1
Jaguar	1,349	500	-62.9	0.2	0.2	0.0	3,141	2,038	-35.1	0.3	0.3	0.0
Jeep	18,877	10,001	-47.0	3.5	3.6	0.1	35,164	25,664	-27.0	3.3	3.3	0.0
Kia	16,890	9,790	-42.0	3.1	3.5	0.4	33,781	28,229	-16.4	3.1	3.6	0.5
Land Rover	4,430	2,274	-48.7	0.8	0.8	0.0	9,611	7,251	-24.6	0.9	0.9	0.0
Lexus	15,498	7,577	-51.1	2.8	2.7	-0.1	31,774	23,279	-26.7	3.0	3.0	0.0
Lincoln	1,618	975	-39.7	0.3	0.3	0.0	3,415	3,047	-10.8	0.3	0.4	0.1
Maserati	403	217	-46.2	0.1	0.1	0.0	909	618	-32.0	0.1	0.1	0.0
Mazda	10,798	6,236	-42.2	2.0	2.2	0.2	23,149	18,487	-20.1	2.2	2.4	0.2
Mercedes	20,733	11,904	-42.6	3.8	4.3	0.5	40,438	28,813	-28.7	3.8	3.7	-0.1
MINI	1,893	796	-58.0	0.3	0.3	0.0	3,692	2,293	-37.9	0.3	0.3	0.0
Mitsubishi	3,543	828	-76.6	0.6	0.3	-0.3	6,505	4,068	-37.5	0.6	0.5	-0.1
Nissan	39,050	13,831	-64.6	7.2	5.0	-2.2	80,013	41,937	-47.6	7.4	5.3	-2.1
Other	958	621	-35.2	0.2	0.2	0.0	1,897	1,623	-14.4	0.2	0.2	0.0
Porsche	3,242	2,359	-27.2	0.6	0.8	0.2	6,965	5,723	-17.8	0.6	0.7	0.1
Ram	12,650	8,163	-35.5	2.3	2.9	0.6	24,621	21,230	-13.8	2.3	2.7	0.4
Subaru	20,058	12,282	-38.8	3.7	4.4	0.7	39,001	31,564	-19.1	3.6	4.0	0.4
Tesla	19,393	9,833	-49.3	3.6	3.5	-0.1	40,663	33,083	-18.6	3.8	4.2	0.4
Toyota	87,585	44,287	-49.4	16.1	15.9	-0.2	168,700	130,344	-22.7	15.7	16.6	0.9
Volkswagen	14,769	5,756	-61.0	2.7	2.1	-0.6	27,357	16,831	-38.5	2.5	2.1	-0.4
Volvo	3,336	1,902	-43.0	0.6	0.7	0.1	6,269	5,150	-17.8	0.6	0.7	0.1

Source: AutoCount data from Experian.

The table above shows new light vehicle (car and light truck) registrations in California. Figures are shown for the Second Quarters of 2019 and 2020, and year to date totals. Vehicle registrations are recorded based on when the vehicle title information is processed by the state, which typically occurs after the vehicle is sold. The top ten ranked brands in each category are shaded yellow

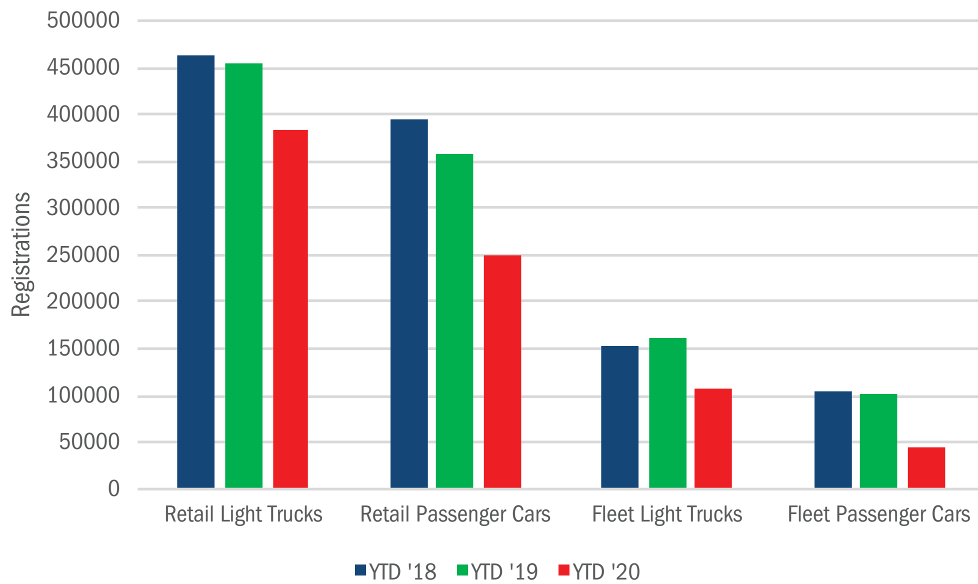
California Auto Outlook

Published by: Auto Outlook, Inc., PO Box 390 Exton, PA 19341 Phone 610-640-1233 Email: jfoltz@autooutlook.com

BREAKDOWN OF RETAIL AND FLEET MARKETS

State Retail Registrations Declined 22.3% in First Half of '20 vs. 41.1% Drop for Fleets

California New Car and Light Truck Retail and Fleet Registrations — YTD '18, '19, & '20 thru June



Data Source: AutoCount data from Experian.

PERCENT CHANGE: YTD '20 vs. YTD '19

Retail cars: DOWN 30.4%

Retail light trucks: DOWN 16.0%

Fleet cars: DOWN 54.2%

Fleet light trucks: DOWN 33.1%

REGIONAL MARKETS IN CALIFORNIA

Northern and Southern California Markets Posts Similar Results

New Retail Light Vehicle Registrations (excluding fleets) YTD '20, June			
North and South California	**YTD '19**	**YTD '20**	**% chg.**
Statewide Total	813,207	631,806	-22.3%
Cars	357,564	248,879	-30.4%
Light Trucks	455,643	382,927	-16.0%
Northern California	275,549	212,433	-22.9%
Cars	116,632	79,777	-31.6%
Light Trucks	158,917	132,656	-16.5%
Southern California	537,658	419,373	-22.0%
Cars	240,932	169,102	-29.8%
Light Trucks	296,726	250,271	-15.7%
Selected Regional Markets			
San Francisco Bay	157,517	113,782	-27.8%
Cars	72,482	46,563	-35.8%
Light Trucks	85,035	67,219	-21.0%
LA and Orange Counties	323,860	242,806	-25.0%
Cars	150,400	102,747	-31.7%
Light Trucks	173,460	140,059	-19.3%
San Diego County	69,048	55,677	-19.4%
Cars	28,307	19,820	-30.0%
Light Trucks	40,741	35,857	-12.0%

Data Source: AutoCount data from Experian.

Percent Change in New Retail Registrations — YTD '20 vs. YTD '19

NORTHERN CALIFORNIA
Cars DOWN 31.6%
Light trucks DOWN 16.5%

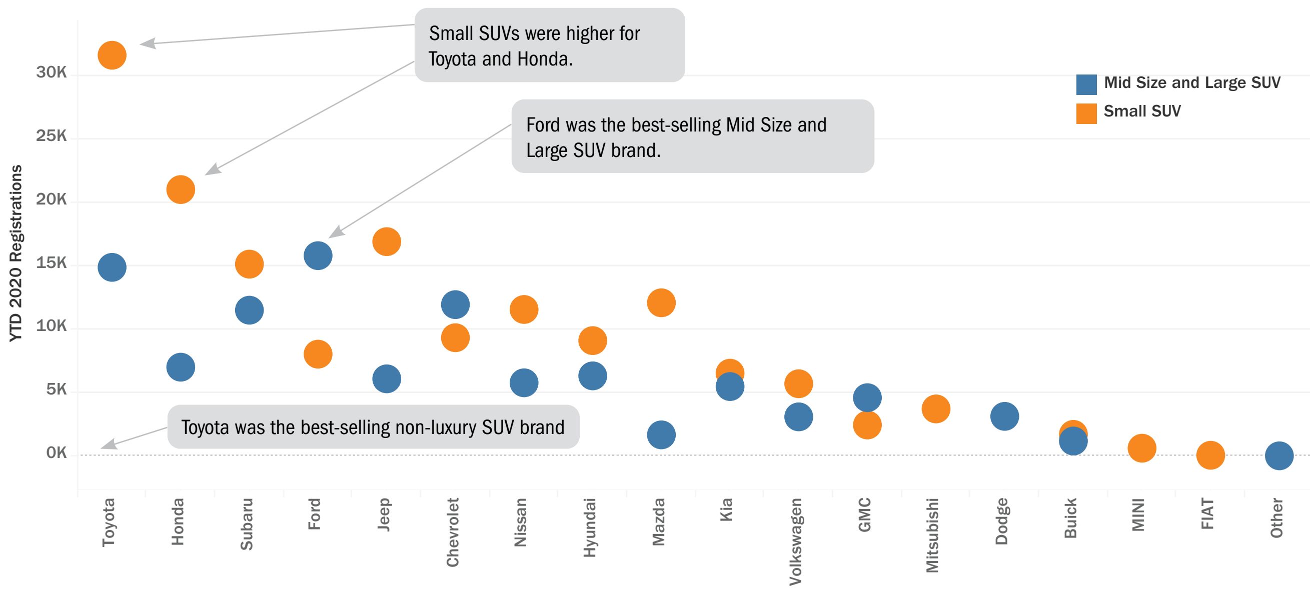
SOUTHERN CALIFORNIA
Cars DOWN 29.8%
Light trucks DOWN 15.7%

SUV CLOSE UP

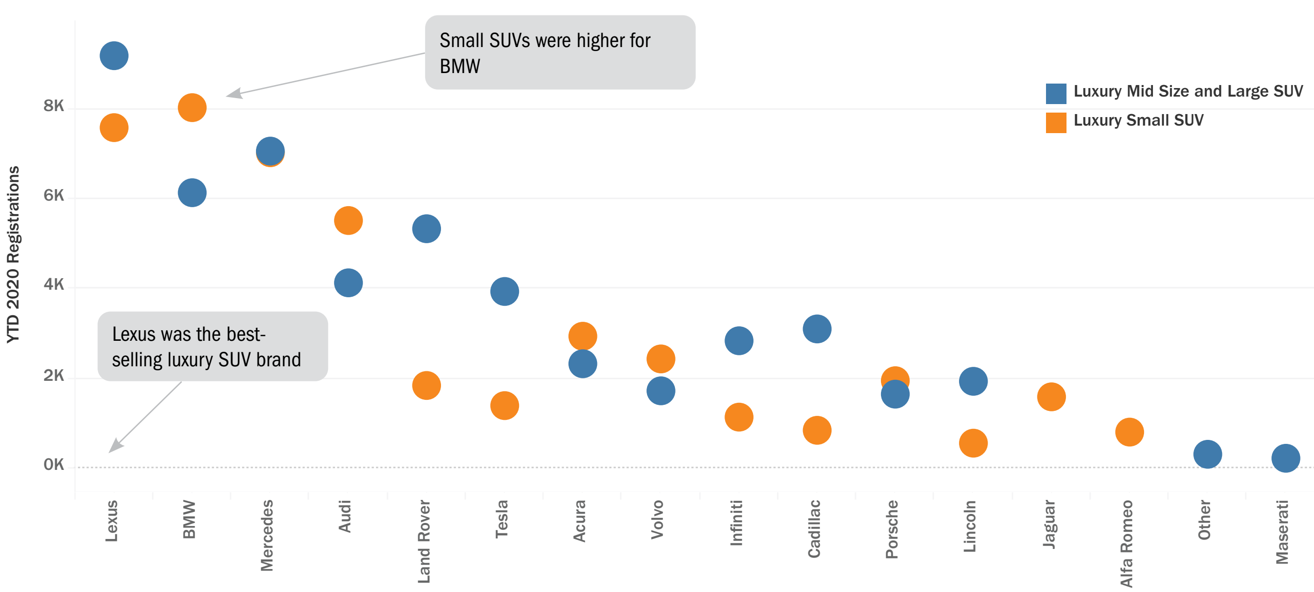
Toyota is Top Selling Non-Luxury SUV Brand

The two graphs below show new retail light vehicle registrations for Non Luxury and Luxury SUV brands. Each graph shows Small SUV registrations and Mid Size and Large registrations. Brands are positioned from left to right based on total registrations. Each circle corresponds to brand registrations for Small SUVs (orange circle) and Mid Size and Large SUVs (blue circle). Note: Small SUVs consist of subcompact and compact models.

New Retail Light Vehicle Registrations in Non Luxury SUV Segments - YTD 2020 thru June



New Retail Light Vehicle Registrations in Luxury SUV Segments - YTD 2020 thru June



Data Source: AutoCount data from Experian.

Note: Small SUVs consist of subcompact and compact models.

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Sam Celly BChE MChE JD
Certified Safety Professional
sam@cellyservices.com

Celly Services, Inc.
(562) 716-6100

Official Publication of the California New Car Dealers Association
CALIFORNIA
NEW CAR DEALER QUARTERLY

1517 L Street
Sacramento, CA 95814

This magazine is designed and published by The newsLINK Group, LLC | 855.747.4003