



Weekly Car Dealers Newsletter

October 3, 2011

This information that follows is taken from sources including *The Carconnection*, *Autoweek*, and other industry sources.

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NEWEST FRAUD

This was presented by one of the member firms at last week's Auto team America meeting.

Dealer was regularly paying non-floor plan bills and payments to the manufacturer by sending or processing EFTs. The controls for the EFTs included:

- Double approval prior to release
- Use of zero balance account, the total of all payments to be processed is transferred to a special account to control any unwanted subsequent EFT requests. In other words the electronic equivalent of an imprest account.
- The staff member preparing the EFT transactions was using here office computer to visit non-business websites.

- From one of the more popular websites MALWARE was downloaded. It was not pickup up by the virus and other software controls.
- When a series of EFTs was next prepared the MALWARE changed the account number info for the destination account.
- The final review of the EFT information by the Controller located the inconsistent account info and terminated the entire batch. If this had not happened significant funds would have been sent to an unknown account.

The company has ceased making EFT transactions and going back to using credit cards for their non cheque payments.

DAIMLER'S SMART STARTS U.S. MARKETING CAMPAIGN TO IMPROVE IMAGE

Daimler AG's Smart plans to spend as much as \$35 million on a new marketing campaign as the small-car brand seeks to remake its image in the U.S. after sales plummeted 76 percent over two years. "With the marketing activities that we're going to have, we'll see some positive momentum," Ernst Lieb, head of Mercedes U.S. operation, said in an interview this week in Montvale, New Jersey. "The biggest problem the car has right now: Nobody knows it."

Source: [Bloomberg](#)

7 NEW LINCOLNS COMING OUT OVER NEXT 3 YEARS

The repositioning of Ford's luxury brand, Lincoln, will succeed or fail based on seven new models over the next three years, including the smallest vehicle ever sold under the Lincoln brand. Beginning late this year, Lincoln will unveil the first of seven all-new or refreshed models. Led by global product development chief Derrick Kuzak and new design director Max Wolff, Lincoln's product revival is ambitious. "Reinvigorating any brand doesn't happen in one product cycle," Kuzak said. "We made a step with the MK nameplates. Now we need to take the next step." Source: [Detroit Free Press](#)

ONSTAR'S 'BRAZEN' DATA TRACKING COMES UNDER FIRE

OnStar, which provides a variety of services including vehicle diagnostics, driving directions and automated 911 calls to owners of mostly GM vehicles, recently announced that it reserves the right to track and sell information about vehicles' location and speed even after the driver has stopped subscribing to the service. Senator Charles Schumer, a Democrat from New York, has asked the Federal Trade Commission to open an

investigation into the matter. Schumer called the tracking "one of the most brazen invasions of privacy in recent memory." Source: CNNMoney.com

CAR BUTTON COULD TELL IF YOU'RE TIPSY

Auburn Hills, [Mich.]-based auto supplier Takata is working on a device that checks a driver's blood-alcohol level through the skin. Takata and its partner, TruTouch in Albuquerque, N.M., have received a \$2.25-million grant from the Automotive Coalition for Traffic Safety (ACTS), an industry group, to make the device commercially viable. The team is working to make its current breadbox-sized device that uses an infrared sensor to determine alcohol level small enough, cheap enough and unobtrusive enough to be put on the car's start button, said Kirk Morris, Takata's vice president of business development. Takata is aiming to get the cost down to approximately \$200 each. Source: Detroit Free Press

TD LAUNCHES NEW AUTO-FINANCE PROGRAM

TD Auto Finance is launching a 9-point program in conjunction with the recent debuts of the Fiat 500 car and dedicated Fiat dealerships in North America. The financing firm replaces Chrysler Financial as the main finance and insurance resource for Chrysler-brand dealerships. Dealers in the U.S. and Canada are asked to present TD's credentials in sales negotiations with customers, says TD sales-support specialist Kimberly Presson. The bank purchased Chrysler Financial, the former auto-lending unit of Chrysler, for \$6.3 billion last year. Source: Ward's Auto

ONSTAR REVERSES POLICY, WON'T TRACK EX CUSTOMERS

OnStar, which provides in-car satellite navigation, communication and other information services for drivers, says it is reversing a policy it recently enacted. The General Motors Co. unit says it will not keep data connections with the vehicles of customers who cancel their OnStar service. The company caused a stir last week after it told customers it would maintain its connection to their vehicles and continue to track them and collect their personal information even if they cancel their subscriptions. OnStar yesterday responded to criticism from New York Sen. Chuck Schumer who said the company is invading people's privacy and asked the Federal Trade Commission to open an investigation into the policy. Source: The Wall Street Journal

INCENTIVES KEY TO INCREASING AUTO SALES, ANALYST SAYS

The U.S. auto industry must find a way to stimulate demand or risk seeing recessionary-level sales for several years, an automotive analyst said [Wednesday]. A decline in the number of cars on the road per U.S. driver is much of the reason U.S. new vehicle sales are stuck at an annual pace of 12 million to 13 million range, compared with their 16-million-plus range before the recession, said Itay Michaeli, vice president at Citi Investment Research. While American drivers still want to own the number of cars they did in the past decade – for instance, having two cars for each family – the economy and the job market has made them reticent to buy, Michaeli said ... “Many people are just simply too afraid of the uncertainty,” he said. *Source: [Detroit Free Press](#)*

FORD SAID TO DISCUSS ADDING 10,000 U.S. JOBS, MOVING FUSION

Ford Motor Co. is discussing adding as many as 10,000 jobs in the U.S. in negotiations with the United Auto Workers union on a new four-year contract, according to three people familiar with the talks. The job-creation discussion is part of high-level negotiations between Ford and UAW President Bob King over wages, benefits, and employment gains in the new contract and is still subject to change, said the people, who asked not to be identified revealing internal deliberations. As many as 4,000 of those jobs may come from Ford shifting production of the Fusion midsize sedan to the U.S. from Mexico, one of the people said. *Source: [Bloomberg](#)*

BIG THREE UNVEIL NEW TRUCKS, EXPECT TO HAUL IN STRONG SALES

Detroit automakers used the Texas State Fair as a forum for launching a slew of new pickups Thursday, including fresh variants of the Ram 1500, Chevrolet Silverado and Ford F-150 FX. "These value-priced trucks feature HEMI performance, dual chrome-tipped exhausts, a sporty monochromatic look and 20-inch wheels," said Fred Diaz, head of the Ram Truck division. "We expect they'll be a big hit with younger buyers." Jim Farley, vice president of global marketing, sales and service, said Ford's EcoBoost option is resonating with customers still wary of high gasoline prices. He said half of F-150 buyers opt for the turbo-charged V-6, which delivers the power of a V-8. *Source: [The Detroit News](#)*

GM UNVEILS TWO SAFETY FIRSTS WITH CAMERA, AIRBAG

General Motors showed off two safety innovations Thursday that are firsts for the auto industry: a camera-based crash-alert system, which costs up to five times less than radar-powered versions, and an airbag that inflates between the front seats. The crash-alert system uses a camera to track a vehicle's proximity to other cars on the road, beeping when a driver is at risk of rear-ending a car or is drifting out of his or her lane. GM plans to debut the front-seat airbag on the 2013 models of its Lansing-built crossovers: standard on the Buick Enclave and on power-seat versions of the GMC Acadia and Chevrolet Traverse. *Source: [Detroit Free Press](#)*

SAAB PARENT COMPANY TO SELL SPYKER LUXURY BRAND TO U.S. FIRM

[Saab](#) parent company Swedish Automobile plans to sell its Spyker luxury-sports-car brand to U.S. private-equity firm North Street Capital for about \$44 million. Spyker has been careful to point out to European news sources that the agreement has not been made final. Swedish Automobile had originally signed a deal with British company CPP Global in February to sell Spyker, but the agreement fell through in June.



If the sale to North Street Capital goes through, Swedish Automobile said it will pay debt owed to Tenaci, the private-investment company owned by Saab CEO Victor Muller. Cash-strapped Swedish Automobile has been struggling for months to avoid bankruptcy. Last week, Saab won Swedish court protection from creditors while it waits on funding from Chinese investors to resume production in Sweden.

Meanwhile, future development for the Spyker brand will fall into the hands of racing enthusiast Alex Mascioli, a managing partner at North Street Capital. He has raced cars all of his life and apparently has the resources to take a long-term view on the luxury brand.

Only a handful of Spyker cars are produced each year--usually priced in excess of \$100,000. You've seen the cars in movies such as *The Pink Panther* and *Basic Instinct 2*. *Source: [Autoweek.com](#)*
