



Weekly Car Dealers Newsletter

March 31, 2008

This information that follows is taken from sources including *The Carconnection*, *Autoweek*, and other industry sources. For more information please call our Edmonton office.

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TEXAS DEALER BURIED IN LAW SUITS

How many lawsuits does it take before a dealership is forced to close its doors? Nobody knows for sure, but a Wichita Falls, Texas, store appears to be testing the limits. The dealership remained "partially open" after a spate of legal action was taken against the company, according to the Wichita Falls *Times Record News*.

Mitsubishi Motors Credit filed suit claiming that the dealership, which was originally a Buick franchise but sold the Buick franchise years ago and is now doing business as a Kia and Mitsubishi dealer, defaulted on its floor plan agreement by selling vehicles without paying the lender. Mitsubishi Motors Credit claims that the dealership owes a total of \$3,394,831 and asked a judge to issue a temporary restraining order to keep the dealership from selling any more vehicles. It also wants to recover any vehicles remaining on the dealer's lot. One lawsuit claims that the loans "are in default" and that the lender requested the return of its collateral on March 20. It claims the dealership failed to do so, and now requests the court to award possession of vehicles and other collateral to the lender. The dealership's general manager said the business was "partially open," but said, "There's really nothing I can tell you right off" about the future of the dealership. He said the service department, parts department and body shop were open for business, but the new and used-car sales staff, which numbered five, had been laid off.

Piling on, in a separate action the Wichita County District Clerk ordered seizure of the dealership real estate for unpaid taxes in excess of \$61,000.

The dealership has been in business at the same location since 1963.

REAR-DRIVE MAKING COMEBACK AT FORD, NEWS SAYS

While the auto industry [frets over the implications of new CAFE rules](#) and how to meet the tough new fuel-economy standards, Ford is pressing ahead in a plan to bring new rear-drive vehicles to the U.S. market. The new vehicles, the *Detroit News* reports this morning, would include [a new Mustang](#); a sedan for the Ford division; and a four-door for Lincoln. And instead of developing them in Australia, where rear-drivers are a critical part of the market, Ford will engineer the cars in the U.S. While the new architecture will provide Ford with the basics it needs for a trio of American products, it will also spin off a new generation of Australian Falcons from the platform. The domestic products to come from the architecture may not slot in exactly where today's fusty rear-drivers, the Town Car and Crown Victoria, are sold. Instead, the Ford sedan could be a leaner, smaller vehicle like the Interceptor concept shown in Detroit in 2007.

The slumping dollar is making it more financially reasonable to engineer vehicles in the U.S., though General Motors is developing its new rear-drive vehicles—the Camaro, a Cadillac sedan and a Buick sedan—Down Under. Ford's plan could lead to its new rear-drivers being launched within a couple of years.

SIRIUS, XM ONE STEP AWAY FROM MERGER



The future of in-car satellite radio cleared up a little today as the Department of Justice gave its nod to the proposed merger of Sirius Satellite Radio and XM Satellite Radio. The two pioneers in the niche had announced their intent to merge last February—and have been in the governmental approval process since then. Like waiting in line at the DMV, approval for a deal of this magnitude takes a while. The proposed multibillion-dollar merger had to pass the Feds' monopoly scrutiny—and outlets like the [Wall Street Journal](#) say that the winning tactic for the sat-radio twins was their argument that they weren't creating a monopoly, just building a rival to in-car entertainment from terrestrial radio, high-definition radio, and the ubiquitous iPod.

What does the future hold for the duo? First, the pair must pass the same hurdle at the Federal Communications Commission. The FCC might torpedo the deal, but with Justice's blessing, that's seen as a long shot. More likely is that the FCC will tailor the deal to address some of those lingering monopoly concerns.

Neither XM and Sirius has ever made a profit. As they built their subscriber bases by wooing away huge radio draws like Howard Stern, Oprah, Major League Baseball and NASCAR, they also ran through billions of startup dollars. It's still unclear whether the merged companies will be able to pare costs and combine themselves in a rational way that will also be profitable — but with new offerings like cheaper monthly packages (less than the \$13 average now paid per

subscriber) and new features like the Travel Link data that warns of coming traffic, the duo may have a better shot at sustainability than they would alone.

The downside for consumers? Unless you own both tuners, you won't be able to get all the channels without upgrading your hardware. Where have we heard that before?

SELLING YOUR CAR IN A HURRY?

You've seen the ads on TV for "instant cash on your title," and the like. But sometimes, financial hardships are even more severe—and some sellers need a better way to unload their big-ticket debts in a hurry, to stay a step ahead of the bank and the repo man. InAPinchSales.com might be the place to do just that. The new Web site is capitalizing on the downturn in the economy by, it says, giving a last, best hope to people looking to unload stuff. The idea here is to shorten the buying/selling period on big-ticket assets from months to weeks by providing a sizable discount. People who are looking to quickly sell their houses, cars, boats, etc., are promptly matched with cash-in-hand customers.

Only people who are in search of quick sales are allowed to advertise here, unlike many other classified ad sites where time is not a factor, the operators claim. The items are tagged at a discounted price, helping them move quickly, InAPinch.com president Jerod Willey says.

"A growing number of individuals are 60 days late or more on their car payments and home foreclosures are on the rise," Willey says in a press release. "When the bills are piling up, sellers need the most direct route to cash." This route might be ideal for people who have bills piling up and need to move swiftly to avoid foreclosure and repossession. On the screen—as squeamish as the idea makes us—InAPinchSales.com might be the tool that helps keep people out of the worst kinds of financial trouble.

We can't give an endorsement, since there's no track record on the site. You may need to check it out, though — just keep in mind, it's new and unproven, and use at your own risk.

PLUG-IN HYBRID CARS: A CENTURY TO PAY OFF?

A few weeks ago, we told you about some of the [environmental issues surrounding plug-in hybrid cars](#) — how pollution is shifted from the car's tailpipe to the local power utility. Today, C/Net is reporting how the [plug-in hybrid vehicles may not pay off](#) in gas savings until the transformed car is on the road for 95 years.

The consumer-electronics site reported on the results from a plug-in program pioneered by Internet juggernaut Google. The Google.org project, dubbed RechargeIT, recently took four Toyota Priuses and two Ford Escapes and converted them to plug-in hybrid vehicles that could be rejuiced from a standard wall socket. Google.org employees then used them as fleet vehicles.



What the Google group found was that the plug-in hybrid vehicles — costly conversions of existing hybrids, not any of the projected plug-ins like the [Chevy Volt](#) or [Toyota Prius](#) in the works from automakers — only saved about 88 gallons of fuel a year. The annual savings translated into about \$150 to \$250 less in fuel bills, with added electricity costs factored in. At \$15,000 for the plug-in add-on, the conversion of existing cars would take nearly a century to pay for itself with gas at \$3 a gallon.

If gas surges to \$5 a gallon, the payoff is shorter — just 30 years.

Still, the RechargeIT project says the plug-ins emit almost 5000 pounds less of carbon dioxide over a 12,000-mile year. That figure is about 50 percent better than a standard Prius. The gas mileage for the Prius hit 66.2 mpg in testing, a good measure of improvement over the stock Prius' 44.6 miles per gallon. Both of those figures were achieved in city driving; highway efficiency for plug-in hybrid cars might be even higher, RechargeIT told C/Net.

IS YOUR NAVIGATION SYSTEM DANGEROUS?

Navigation systems can be a great help, but as the [Wall Street Journal](#) reports, they can also pose their own danger — especially when drivers invest too much faith in their spanking-new GPS systems. The financial daily tells a couple of terrible stories in warning about how to use navigation systems properly. First there's the tale of Norman Sauszman, who found himself stuck in traffic on his way home from Santa Fe, N.M. He turned to his [navigation system](#) for an alternate route. The device sent him up a mountain on a path he followed until he stopped at the end of the road with only a flimsy guardrail between his front bumper and a 200-foot drop. Another user of GPS systems, Hill Wright, followed directions onto a road that was initially paved, but soon turned to gravel. Soon, the gravel became a dirt trail. Wright claims that this glitch in his navigation system took him three hours out of his way.



Many owners of GPS systems complain that their systems get them lost, take them to dead ends, and even direct them into oncoming traffic. Aside from getting unintended directions from navigation systems, drivers who program the systems while moving put themselves as well as their peers in as much danger as a driver writing a text message. Being sent on a bad route poses especially dangerous problems when the GPS user is a truck driver. Reports have been made involving truck drivers being sent into residential areas and damaging trees, walls and fences because the streets are not designed to suit their vehicles.

Telematics Research Group estimates that 49 million GPS systems will be in use in 2008. Considering there are only approximately 100 million licensed drivers in the U.S. half of the drivers will be potentially distracted or endangered by GPS systems. The surge in the number of owners is largely due to the fact that GPS devices can now be purchased for an average price of \$225, half what consumers paid just one year ago.

In our experience, there are three simple rules to keep in mind when using a GPS/navigation system:

1. Always obey street signs and traffic signals before the GPS.
 2. DO NOT set your destination while driving.
 3. When in doubt, pull over and give yourself and the GPS system a break, and perhaps refer to a printed map.
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