



## *Weekly Car Dealers Newsletter*

October 7, 2008

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

# Week of October 6, 2008

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[TOYOTA LEADS BIGGEST DROP IN VEHICLE OUTPUT IN DECADE  
BEHIND ON HYBRIDS, HYUNDAI SETS HIGH GOALS  
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### [TOYOTA LEADS BIGGEST DROP IN VEHICLE OUTPUT IN DECADE](#)

Toyota Motor Corp. and Honda Motor Co., Japan's two largest carmakers, led the biggest drop in monthly domestic production in more than a decade after exports to the U.S. declined. Output by the country's 12 automakers fell 11 percent to 769,829 vehicles in August from a year earlier, the Japan Automobile Manufacturers Association said in a statement today. That's the largest decline since May 1998. Exports fell for the first time in three years by 2.2 percent to 496,735 vehicles. Japanese automakers cut shipments to the U.S. by 20 percent last month, the most in almost five years, as demand fell because of a tighter credit market and gasoline near \$4 a gallon. - Source: *Bloomberg*

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### [BEHIND ON HYBRIDS, HYUNDAI SETS HIGH GOALS](#)

Hyundai Motor Co. is a latecomer to the hybrid-vehicle race, but the Korean automaker is setting high targets for the technology as it chases Toyota and Honda. Hyundai is scheduled to sell its first U.S. hybrid, a version of its mid-sized Sonata sedan, in 2010. Initial annual volume is expected to be around 50,000 units. But Hyundai expects its annual hybrid sales to balloon to 500,000 units worldwide by 2018, says Brandon Yea, senior vice president for marketing. That still puts Hyundai behind the forecasts of its two Japanese rivals but it at least puts it into the same arena. - Source: *Automotive News*

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### **BUSH APPROVES \$25 BILLION LOAN PACKAGE FOR AUTO MAKERS**

President George W. Bush on Tuesday signed into law a mammoth spending bill to keep the government running until early March 2009 that includes a \$25 billion loan package for troubled automakers. The bill sets aside \$7.5 billion in taxpayer funds needed to guarantee \$25 billion in low-interest loans to help General Motors Corp, Ford Motor Co and Chrysler LLC produce more fuel-efficient cars and trucks. U.S. automakers have said the taxpayer-backed loan package would give them access to capital at a time when credit markets are shut and they are being driven to invest in new technologies to meet tough new federal fuel economy standards. The \$25 billion loan package, the biggest federal subsidy for the auto industry since the 1980 bailout of Chrysler, cleared Congress last weekend when the focus was on the debate over the \$700 billion financial rescue package. Both presidential candidates, Democrat Barack Obama and Republican John McCain, backed the auto loan package, which had strong support in battleground election states like Michigan and Ohio. - Source: [Reuters](#)

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### **AUTO DEALER CLOSINGS COULD ADD TO DETROIT AUTO MAKER WOES**

Hundreds of auto dealers are being forced out of business by lagging auto sales and a credit squeeze making vehicle loans ever harder to come by. Detroit's auto makers have been looking to downsize their bloated retail networks, but the sudden loss of dealers threatens to create more turmoil for the struggling companies. Nearly 600 auto dealerships have closed so far this year, and as many as 750 will likely shut down by year's end, Paul Taylor, chief economist for the National Automobile Dealers Association, said Tuesday. Up to 300 or so new dealerships will open this year, amounting to a net loss of 300 to 600 dealerships. Most years see a much smaller reduction of 75 to 200 dealers. Across the U.S., there are about 20,700 auto dealerships, according to NADA. Dealers are being forced to close as economic woes and the meltdown on Wall Street slam their business on several fronts. Meantime, dealers' cost of business is climbing as rates climb on low-interest loans typically extended by auto financing companies so they can purchase inventory on dealer lots. Source: [Dow Jones](#)

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### **HONDA'S HYBRID WILL TAKE ON PRIUS**

Global auto makers are rushing to challenge the dominance of Toyota Motor Corp.'s Prius hybrid with a slew of ecofriendly vehicles. But Honda Motor Co. is likely to pose the most formidable threat to Toyota when it unveils its new Insight hybrid car Thursday at the Paris Auto Show. Honda is betting that the five-passenger hatchback, set to go on sale next spring, will steal away Prius buyers by delivering greenness for fewer greenbacks. Honda has yet to disclose many details about the car or its cost, and it calls the car to be shown in Paris a concept, but it says Insight "will be priced significantly lower than hybrids available today." Analysts expect the model will cost less than \$20,000, undercutting the current \$22,000 starting price of the Prius. "It will be the first affordable hybrid for everyone," says Tatsuo Yoshida, an analyst for UBS Securities Research in Tokyo. - Source: [The Wall Street Journal](#)

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**DEALERSHIP WORKER CHARGED IN \$93,000 EMBEZZLEMENT**

(There's a lesson for car dealers in this story. Her technique is more interesting than her theft)

Police in Hanover, Pennsylvania, charged a former employee of a local car dealership with embezzling more than \$90,000 from the company over the course of her employment, according to a report in the *Hanover Evening Sun*.

Lisa Myers was charged with theft by deception, receiving stolen property, failing to make required disposition of funds received and tampering with records.

**How she did it**

The woman worked for Liberty Nissan in Hanover for almost two years, according to the store's office manager.

Her scheme was easy to unravel, since, on August 19, the woman reportedly came clean and explained everything to the dealership's owner. On Aug. 19, Ms. Myers told the dealer/principal that she had been keeping cash deposits and falsifying dealership bank statements by showing the stolen cash as "deposits in transit." She later wrote out all the details for police. Apparently, she deposited all checks received but pocketed any cash that the dealership took in.

*If crimes like this are 10 percent motivation and 90 percent opportunity, Ms. Myers had plenty of opportunity to steal. The woman was able to cover up her crime because she was responsible not only for making the bank deposits, but for reconciling the dealership's bank statements as well.*

Ms. Myers said she had taken about \$93,250 from the company. Ms. Myers said she had been diagnosed with bipolar disorder and wanted to confess her wrongdoing and begin treatment.

The lesson for car dealers once again is: Separation of duties in the accounting office and have the bank statements mailed directly to the dealer's home address. — Source: *The Dealersedge.com*

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