

Iowa Automobile Dealers Association ACTION UPDATE

IADA Calendar

August 6–7, 2015

Summer Board Meeting
Des Moines

September 14–25, 2015

Town Meetings
Locations Around Iowa

September 29–30, 2015

NADA Washington Conference
Washington, D.C.

November 19–20, 2015

Winter Board Meeting
West Des Moines

Iowa Automobile Dealers Association

Chairman

Jeff Weber
Anderson-Weber Toyota
Scion Lincoln

Vice Chairman

Brad Deery
Deery Brothers of
West Burlington

President

Bruce Anderson

Secretary

Jim O'Halloran
O'Halloran International Inc.

Treasurer

Jeff Finch
Wes Finch Auto Plaza

Immediate Past Chairman

Dave Edwards
Edwards Chevrolet Cadillac

The *Action Update* newsletter is published every other week by the Iowa Automobile Dealers Association. To add people to our distribution list or share suggestions for future articles, contact Brittany Bungert at 515.440.7620.

Foundation Celebrates 20th Anniversary

The Iowa Automobile Dealers Foundation for Education is celebrating its 20th anniversary this year.



Iowa Automobile
DEALERS FOUNDATION
for Education

In the two decades since its formation, the foundation has awarded more than 200 scholarships to students pursuing careers in the automotive industry.

"The reality is properly trained technicians are difficult to find," said **Scott Deter** of **Deter Motor Co.** (Atlantic), who serves as secretary-treasurer of the foundation. "Interest in automotive repair is declining among our youth. Our scholarships help reduce the financial barrier some might face, hopefully creating a larger pool of trained technicians for us to draw from."

The foundation was the vision of **George White** of **George White Chevrolet** (Ames). He recruited fellow dealers **Harry McMullen** of **McMullen Ford** (Council Bluffs) and **Charlie Zook** of **Charlie Zook Motors** (Sioux City), and the foundation was officially established in 1995. White passed away later that year, but his legacy continues through the foundation and a scholarship bearing his name.

The first scholarships were awarded in 1998, with 75 students from around the state applying that first year.

"The students have changed since the beginning," said Mary Cason, executive vice president of the foundation. "Women are more involved in auto mechanics, and there are more non-traditional students."

The biggest milestone for the foundation came in September 2012, when fundraising exceeded \$1 million. Although the foundation hasn't engaged in a major fundraising campaign in recent years, some dealers have continued to support the foundation through a voluntary contribution accompanying IADA membership dues. In 2015, 45% of franchised members made that contribution.

As the foundation's funds increase, Cason hopes to be able to increase the amount of money awarded with each scholarship.

Deter encourages dealers to get more involved with the foundation.

"The auto industry has been very good to all of us, especially the dealer body," he said. "We have benefited professionally and financially. The foundation gives us the opportunity to give back and to facilitate the career ambitions of people interested in becoming part of our industry."

In addition to awarding scholarships, the foundation supports automotive education by hosting a continuing education meeting for auto tech instructors at Iowa's community colleges and by co-sponsoring a skills competition for Iowa high school students. This year, that co-sponsorship

will add an additional incentive for students as the foundation and association will together send the winning skills competition team to a national competition in New York.

Participation in the foundation doesn't have to take the form of a financial contribution. It can be as simple as signing a scholarship application when a student visits your dealership. The most helpful thing dealers and dealership employees can do is spread the word about the scholarships.

"We have helped many young men and women realize their educational dreams and have helped reduce the debt burden they face after graduation," Deter said. "The industry has been very good to most of us, we should give something back to it."

To learn more about the foundation, contact [Mary Cason](#) at 515.440.7625.

"The foundation gives us the opportunity to give back."

Annual Sales Tax Holiday August 7–8

The annual Iowa sales tax holiday will be Friday, August 7 and Saturday, August 8. This will impact your parts department or pro shop if you sell clothing, including t-shirts and hats.

During the annual sales tax holiday, which takes place the first Friday and Saturday of August every year, Iowa sales tax cannot be collected on clothing or footwear priced at less than \$100. All businesses selling those items are required to participate.

Sales that qualify as exempt must be reported and then deducted on your quarterly sales tax return. Retailers that improperly charge sales tax on clothing or footwear during the tax holiday will be required to make refunds in the event of an audit or complaint.

For more information, visit the [Department of Revenue website](#).

Supreme Court Rules On Subsidies

By Jim Rang, LMC Insurance & Risk Management

In a 6-3 decision, the Supreme Court has ruled that Affordable Care Act (ACA) subsidies will continue to be available to certain individuals who purchase health insurance plans in states that use the federal marketplace. This decision is important for employers as they work to implement the strategies necessary to comply with ACA requirements.

The court's decision in King v. Burwell has obvious implications for the approximately 6 million people currently receiving subsidies in the affected states, and the media has focused on this aspect of the case. Less discussed, however, was the potential impact of the case on employer-sponsored plans.

A ruling for the challengers could have significantly impacted the ACA employer requirements and could have caused uncertainty in some state's health insurance markets. With this decision, employers know that implementation of the law is status quo. Applicable large employers should continue to move forward with their efforts to comply with the §4980H shared responsibility rules and ACA reporting requirements.

Jim Rang may be reached at jim.rang@lmcins.com. LMC Insurance & Risk Management is an IADA preferred provider.

Sales, Service Managers Invited to Iowa Corn Auto Forum

From Iowa Corn

Attention Sales and Service Managers:

You are invited to attend the Iowa Corn Auto Forum and the U.S. Cellular 250 NASCAR XFINITY race on August 1, 2015 at Iowa Speedway in Newton. Come experience the power and performance of American Ethanol! You have an exclusive offer to attend an auto forum held at the track infield led by NASCAR experts to learn about higher blends of ethanol including Sunoco Green E15 that's fueling the race at Iowa Speedway.

Iowa Corn will offer tickets to the race and exclusive access to the auto forum. The auto forum will begin at 2 p.m. with the American Ethanol Green Flag waved at 7 p.m.

Please limit the request to two tickets per dealership. Reserve your tickets by July 20th by [clicking here](#). Act now, we have a limited number of tickets available. Attendees must be in sales or service.

Dealer News



Deery Brothers Ford Lincoln Receives President's Award

Deery Brothers Ford Lincoln (Iowa City) received the Lincoln President's Award. Ford Regional Manager Kevin Campo (right) presented the award to Lincoln Ownership Manager **Lisa Richards** and General Manager **Patrick Eads** (center).

To see other Ford and Lincoln President's Award winners visit IADA.com.

If you have dealership news to share, let Brittany Bungert know. [Send her an email](#) or call 515.440.7620.

Regulatory Refresh: Used Car Buyers Guide

The penalty for failing to display Used Car Buyers Guides on pre-owned vehicles offered for sale is a fine of up to \$16,000 per violation.

Make sure your employees are familiar with the FTC's [Used Car Rule](#).

Dealer Deadlines

August 1

Motor Vehicle Service Contract Filing Due
Motor vehicle service contract provider and service company filings must be submitted by August 1.

The penalty for a late filing of the Providers Annual Filing Form is \$200. The penalty for a late filing of the Service Company Registration Form is revocation of your Iowa registration and loss of the right to sell motor vehicle service contracts in Iowa until the qualification and registration process has been completed again. To file, visit the [Iowa Insurance Division's website](#).

The Anderson Report: Let's Get Together

By IADA President Bruce Anderson

You and I should get together sometime.

How often have you heard or said that? It seems to be a common statement—even (or especially) among people who really like each other, but are just too busy to ever get together. But the fact remains. You and I really should get together sometime.

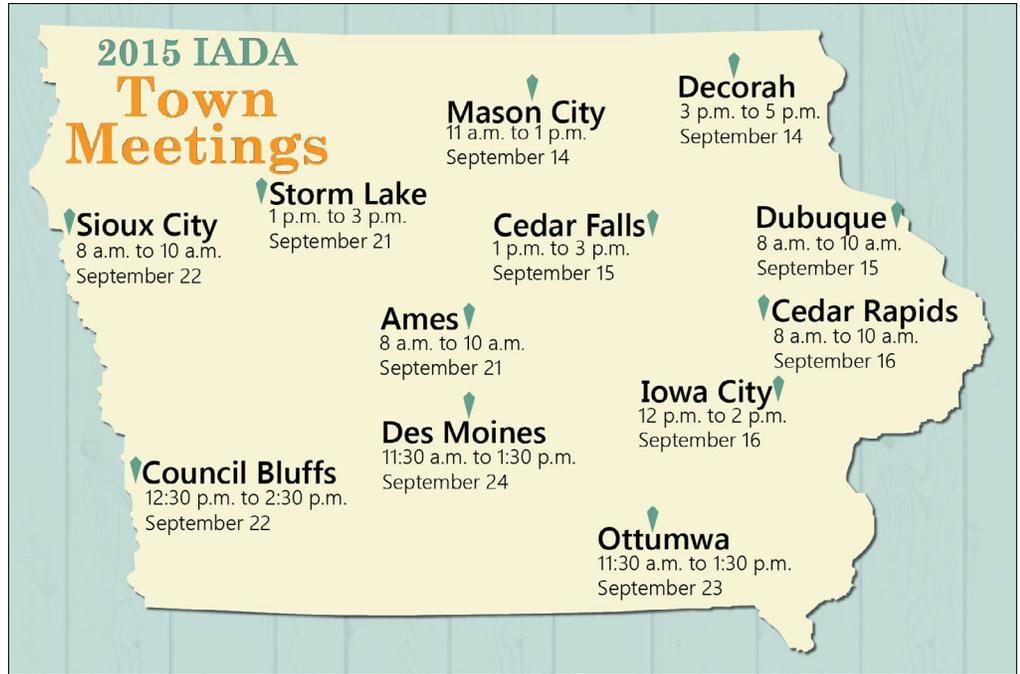
As the executive of your state dealer association, there are simply things I have to talk with you about. Please notice that I said “with” not “to.” You and I need to get together so I can tell you about changes in statutory and regulatory requirements that affect your business. You and I need to get together so you can tell me about problems, trends and frustrations that are impacting your business. But you and I need to do more than just talk about it, we need to get our calendars out and schedule a time.

Seriously, get your calendar out. I’m open the second and third week of September. In fact, I have dedicated those two weeks to being at 12 different locations around Iowa to have conversations with dealers and their key staffers at the IADA Town Meetings. Please notice that I said “and” not “or.” This conversation is going to work best if both dealers and key employees are in the room. I know September seems like a long way away, but calendars have a way of filling up. As long as you have yours out, please take a minute and get the date that works best for you written down.

I promise not to waste your time. I promise not to try to sell you anything. I promise not to ask for donations or political contributions.

And I promise to listen. If there's anything that you want to make sure we discuss, feel free to give me a call or [send me an email](#) ahead of time. So take a look at the schedule below, and pencil IADA in on your calendar. You and I really should get together.

Bruce Anderson may be reached at 515.440.7630 or banderson@iada.com.



2015 Town Meetings Schedule

Ames

September 21, 2015

8 a.m. to 10 a.m.

[Gateway Hotel & Conference Center](#)

Cedar Falls

September 15, 2015

1 p.m. to 3 p.m.

[Park Place Event Centre](#)

Cedar Rapids

September 16, 2015

8 a.m. to 10 a.m.

[Cedar Rapids Marriott](#)

Council Bluffs

September 22, 2015

12:30 p.m. to 2:30 p.m.

[Hilton Garden Inn](#)

Decorah

September 14, 2015

3 p.m. to 5 p.m.

[Hotel Winneshiek](#)

Dubuque

September 15, 2015

8 a.m. to 10 a.m.

[Hotel Julien](#)

Iowa City

September 16, 2015

12 p.m. to 2 p.m.

[Coralville Marriott Hotel](#)

Mason City

September 14, 2015

11 a.m. to 1 p.m.

[Historic Park Inn Hotel](#)

Ottumwa

September 23, 2015

11:30 a.m. to 1:30 p.m.

[Bridge View Center](#)

Sioux City

September 22, 2015

8 a.m. to 10 a.m.

[Hilton Garden Inn](#)

Storm Lake

September 21, 2015

1 p.m. to 3 p.m.

[King's Pointe Resort](#)

West Des Moines

September 24, 2015

11:30 a.m. to 1:30 p.m.

[Des Moines Golf & Country Club](#)

Card Acceptance Best Practices

Playing it Safe at the Point of Sale

From TSYS Merchant Solutions

It is out there waiting. Waiting for you to let your guard down and misstep. And if you do, it will find its way into your business, threatening your profits and reputation. The threat is fraud.

In spite of technological advances and other efforts, criminals are still finding ways to carry out fraudulent activity. Should they come your way, there are steps you can take to limit your risk.

- Recognize the warning signs. They are different for card-present and card-not-present transactions. Make sure you and your employees know what they are.
- Follow best practices. Ensure everyone with customer contact knows how to properly accept a card for payment. Best practices are different for card-present and card-not-present transactions.

Card-Present Transactions

Having a card available for payment does not always ensure a safe transaction. There are several warning signs, and best practices to prevent card-present fraud.

Six Warning Signs of Card-Present Fraud

Certain customer behaviors could point to card fraud, but don't necessarily indicate criminal activity. Become familiar with your customers and let your instincts steer you in the right direction. Watch for customers who:

- Purchase a large amount of merchandise without regard to size, style, color or price
- Ask no questions on major purchases
- Try to distract or rush you during the sale
- Make purchases and leave the store, then return to make another purchase
- Make large purchases just after opening or as the store is closing
- Refuse free delivery for large items

Card-Present Best Practices

Use the following best practices when accepting card-present purchases:

1. Check the card security features to make sure that the card has not been altered.
2. Swipe the stripe through the terminal in one direction only.
3. Check the authorization response and take appropriate action

Authorization Response	Appropriate Action
Approved	Ask the customer to sign the sales receipt.
Declined	Return the card to the customer and ask for another method of payment.
Call or Call Center	Call your voice authorization center and tell the operator you have a "call" or "Call Center" response. Follow the operators instructions.

Authorization Response	Appropriate Action
Pick Up	Keep the card if it can be done peacefully.
No Match	Swipe the card and re-key the last four digits. If "no match" appears again, keep the card if it can be done peacefully. Request a Code 10 authorization.

4. Get the cardholder's signature on the transaction receipt.
5. Compare the name, account number, and signature on the card to those on the transaction receipt. They should match.

If a card cannot be swiped, card account data must be entered into a POS terminal. A word of warning: key-entering a transaction increases the risk of accepting a counterfeit card because the magnetic stripe information is not available.

Use the following steps when key-entering a transaction:

1. Check the POS terminal to ensure it is operating properly. If the terminal is OK and the problem appears to be with the card's magnetic stripe, continue.
2. Match the account number. Verify the embossed account number on the front of the card matches the number indented on the back.
3. Check the expiration date. Look at the "good thru" or "valid thru" date to be sure the card hasn't expired. If the card has a "valid from" date, be sure the card isn't being used before it is valid.
4. Make a manual imprint of the card.
5. Ask the customer to sign the imprinted sales draft.
6. Check the signature on the card to ensure it matches the signature on the sales draft. Do not accept an unsigned card.

If you suspect fraud, immediately make a Code 10 call to your voice authorization center.

Card-Not-Present Transactions

Businesses accepting card-not-present purchases must take extra precautions to limit exposure to fraud.

Card-Not-Present Warning Signs

When more than one of the following occurs during a card-not-present transaction, fraud might be involved. Follow up, just in case.

- First-time shopper. Criminals are always looking for new victims.
- Larger-than-normal orders. Because stolen cards or account numbers have a limited life span, crooks need to maximize the size of their purchases.
- Orders that include several of the same item. Receiving multiples of the same item increases a criminal's profits.
- Orders made up of big-ticket items. These items have maximum resale value and maximum profit potential.
- "Rush" or "overnight" shipping. Crooks want their

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fraudulently obtained items as soon as possible, and since they aren't paying, they aren't concerned about extra delivery charges.

- Shipping to an international address. A significant number of fraudulent transactions are shipped to fraudulent cardholders outside of the U.S.
- Transactions with similar account numbers. This is often a signal the account numbers have been generated using software available on the Internet.
- Shipping to a single address, but transactions placed on multiple cards. This could indicate an account number generated by special software, or a batch of stolen cards.
- Multiple transactions on one card over a very short period of time. Often this is an attempt to "run a card" until an account is closed.
- Multiple transactions on one card or a similar card with a single billing address, but multiple shipping addresses. A signal of organized activity rather than a single fraudster at work.
- In online transactions, multiple cards used from a single IP (Internet Protocol) address. The use of more than one or two cards could indicate a fraud scheme.
- Orders from Internet addresses that offer free email services. These email services involve no billing relationships, and often offer neither an audit trail nor verification that a legitimate cardholder has opened the account.

Card-Not-Present Best Practices

Take the following steps to stay ahead of crooks and reduce your fraud exposure when accepting card-not-present transactions.

1. Get an authorization.
2. Ask for the card expiration date and include it in your authorization request. An invalid or missing expiration date can indicate the person on the other end does not have the actual card in hand.
3. Use fraud detection tools like Address Verification Service (AVS) and Card Verification Value (CVV) as part of your authorization process.
4. Be on the lookout for questionable transaction data or other signs indicating an "out of pattern" order.
5. If you receive an authorization but still suspect fraud:
 - a. Ask for additional information (e.g., request the financial institution name on the card).
 - b. Contact the cardholder with any questions.
 - c. Confirm the order separately by sending a note via the customer's billing address rather than the ship-to address.

Remember, an authorization is not a guarantee of payment. An authorization means funds are available and the card has not yet been reported as lost or stolen.

In all cases, if you suspect fraud, immediately make a Code 10 call to your voice authorization center.

Code 10

If you suspect fraud at any time during the transaction process, you can make a Code 10 authorization request. This alerts the card issuer to the suspicious activity, without alerting the customer.

Code 10 steps:

- Keep the card in hand to quickly respond to questions.
- Call your voice authorization center and say, "I have a Code 10 authorization request."
 - The voice authorization center may ask for transaction details. The call will then be transferred to the card issuer. A special operator will ask a series of yes/no questions to determine whether you are suspicious of the card or cardholder.
- Answer all questions calmly and in a normal voice.

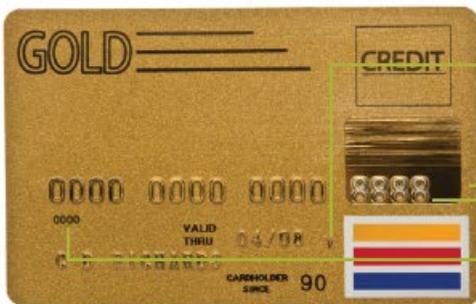
You're Not Alone

Business owners using TSYS Merchant Solutions for their processing are not fighting fraud alone. TSYS Merchant Solutions takes fraud very seriously, and has numerous safeguards in place to reduce risk.

- TSYS Merchant Solutions' state-of-the-art processing platform includes fraud-detecting technology that monitors transactions for suspicious activity. If a questionable transaction is uncovered, a customer service representative will call the affected business owner to verify information.
- TSYS Merchant Solutions screens business owners' accounts and infrastructure to ensure technology is set up correctly.
- TSYS Merchant Solutions has representatives who sit on industry and card brand committees focused on reducing fraud.
- TSYS Merchant Solutions maintains close associations with government agencies and fraud-fighting groups to stay abreast of fraudulent activity and the latest crime fighting efforts.

Look for more fraud prevention, security and reference guides at USA.Visa.com, Mastercard.com, and DiscoverNetwork.com.

TSYS Merchant Solutions is an IADA preferred provider.



- Card Brand security character
- Signature
- Hologram
- Embossed account number
- Printed number

