

Protecting Maryland Consumers



“GM faced harsh criticism for waiting 11 years to begin recalling millions of cars with ignition switch problems that have been linked to fatalities.”

Fortune 12/28/2014

GM Board chairman Theodore Soslo “Yes, we should have known earlier...”

NYT 9/7/2014

Mary Barra, GM CEO, wants the scandal to remain a constant reminder of what happens when people don't do the right thing...

Fortune 12/28/2014

Read full text at www.ConsumerAuto.org

- How Manufacturers Endanger Consumers' Lives by Failing to Provide Warranty Repairs, Delaying Recalls
- How Car Buyers Get Cheated By Deceptive Incentive/Rebate Programs

See Solutions Inside

ConsumerAuto.org

January 2016



Please do the right thing for Maryland consumers.

Over 60 million recalls in 2014.

Numerous deaths and injuries.

Dealer's techs see recalls coming.

Dealers are not allowed to tell the truth to consumers.

Manufacturer react aggressively to block even minor attempts to inform consumers.

SENATE BILL 511

R4

0lr1588

By: **Senators Frosh and Forehand**
Introduced and read first time: February 3, 2010
Assigned to: Judicial Proceedings

A BILL ENTITLED

1 AN ACT concerning

2 **Vehicle Manufacturers – Advertising – Prohibiting Threats to Dealers**

3 FOR the purpose of prohibiting a vehicle manufacturer, either directly or through an
4 agent, employee, affiliate, or representative, from threatening a dealer with the
5 loss of certain benefits for listing the manufacturer's invoice price for a vehicle
6 in certain advertising if the advertisement contains a certain notice and is not
7 in violation of the Maryland Consumer Protection Act; prohibiting a vehicle
8 manufacturer, either directly or through an agent, employee, affiliate, or
9 representative, from threatening a dealer with the loss of certain benefits for
10 listing certain information about another manufacturer on the dealer's website,
11 if the dealer has a franchise agreement with the other dealer; and generally
12 relating to vehicle manufacturers.

The Federal Trade Commission advises consumers to know the factory invoice price of new cars...

but when MD tried to protect dealers' rights to disclose invoice costs, Honda threatened to retaliate.

Re: SB 511 Letter of Opposition

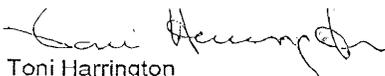
Dear Chairman Frosh:

American Honda Motor Co., Inc is opposed to SB 511. Several of our Maryland dealers have expressed concern about the bill as well.

The bill pretends to be pro consumer. It is not. It hurts a manufacturer's brand which is harmful to consumers of the product in the State of Maryland. Further, the bill will lead to a withholding of a benefit for dealers in Maryland and will very likely put Maryland dealers at a competitive disadvantage with other dealers of the same brand in neighboring states. After the unintended consequences of last year's franchise bill, we suggest that the Committee not approve the bill.

American Honda appreciates the opportunity to express our views. If you have any questions, please feel free to contact me at Toni_Harrington@ahm.honda.com or at 202-661-4400.

Sincerely,



Toni Harrington

Assistant Vice President
Government Affairs

Dear Reader:

The sale of motor vehicles in Maryland vitally affects the state's economy and its citizens. Fair business transactions can only be conducted when dealers and consumers are protected against deceptive practices by auto manufacturers.

I am writing to bring to your attention the need to update the regulations of the relationship between motor vehicle dealers and motor vehicle manufacturers in Maryland. Today, there is substantial disparity in bargaining power between automobile manufacturers and dealers – and that hurts Maryland consumers. Legislative action is needed not only to protect dealers but to ensure Maryland consumers are fairly treated.

Manufacturers have long used their economic power to insist on conditions that local dealerships can only meet if they violate state law, wink at federal regulations, and sacrifice their own sound financial standing. They do this even though it is dealers alone who bear all the real estate and infrastructure costs related to their sales and service locations that make it possible for manufacturers to distribute their products.

The 2014 General Motors recall due to faulty ignition switches in GM cars, and the more than 40 deaths from the defect that prompted that recall, remind us of the critical function of state regulation. If this current scandal sounds familiar, remember the Firestone tire and Ford Explorer debacle in 2000 and the Toyota recalls of 2009- 2011, which also were prompted by defects that cost lives. These scandals are evidence that the industry cannot be trusted to police itself.

All 50 state legislatures are trying to deal with the economic consequences to consumers of the practices automobile manufacturers foist on their dealers. In the presentation following this letter, I have laid out the case for why legislation is needed, and the solutions we ask you to consider.

Legislation is needed:

- To level the playing field for consumers by making sure all consumers have fair access to warranty repairs, timely recalls, incentives and consumer rebates.
- To give dealers and consumers more transparency by mandating that dealers' have the same right to control prices and disclose information on their websites that they have in bricks-and-mortar stores.
- To protect dealers and consumers against retaliation by manufacturers, to grant dealers the right to free speech in communications with consumers, to ensure the right to jury trial and that dealers have the right to buy in Maryland.

We ask you to act to protect hundreds of Maryland dealerships, their thousands of Maryland employees, and the tens of thousands of Maryland consumers. I sincerely ask you to take the time to review the attached material and look forward to speaking with you about this matter soon.

George Rose
ConsumerAuto.org

**ConsumerAuto.org is a coalition of consumer advocates and auto dealers.
Our mission is to create policies and legislation that makes for a fair and
transparent buying and ownership experience.**

Weak oversight, industry secrecy create plague of recalls, even deaths for consumers.

Excerpt From:

“Weak Oversight, Deadly Cars”

Clarence Ditlow and Ralph Nader. “Weak Oversight, Deadly Cars.” *The New York Times*. 28 Oct. 2014.

“WHEN regulators sleep and auto companies place profits over safety, safety defects pile up. A record number of vehicles — more than 50 million — have been recalled this year, a result of congressional hearings and Justice Department prosecutions, which exposed a mass of deadly defects that the auto industry had concealed.

From the Ford Explorer rollovers in the 1990s and Toyotas’ issue with unintended acceleration in the 2000s to the recent fatal consequences of defective General Motors ignition switches and Takata airbags, the auto companies hid defects to avoid recalls and save money...

“...the auto companies hid defects to avoid recalls and save money...”

Since the National Traffic and Motor Vehicle Safety Act was enacted in 1966, the industry has blocked any meaningful provision for criminal penalties that would make company executives who concealed defects or decided not to recall dangerous vehicles subject to prison sentences. No single reform would change corporate behavior as much as this...”

Read in full at ConsumerAuto.org

Excerpt From:

“G.M. Lawyers Hid Fatal Flaw From Critics and One Another”

Bill Vlasic. “G.M. Lawyers Hid Fatal Flaw, From Critics and One Another.” *The New York Times*. 6 Jun. 2014.

“To the legal department at General Motors, secrecy ruled. Employees were discouraged from taking notes in meetings. Workers’ emails were examined once a year for sensitive information that might be used against the company. G.M. lawyers even kept their knowledge of fatal accidents related to a defective ignition switch from their own boss, the company’s general counsel, Michael P Millikin...”

Read in full at ConsumerAuto.org

Consumers and dealers are ill-equipped to deal with these huge international concerns that routinely put profit ahead of customers.

Excerpt From:

“Toyota Admits Misleading Customers; Agrees To \$1.2 Billion Criminal Fine”

Joann Muller. “Toyota Admits Misleading Customers; Agrees To \$1.2 Billion Criminal Fine.” *Forbes*. 19 Mar. 2014.

“In a stunning punch to one of the most admired car-makers in the world, the U.S. Justice Department today announced a criminal fraud charge against Toyota Motor for misleading customers about unintended acceleration complaints in its cars...”

Read in full at ConsumerAuto.org

Excerpt From:

“Hyundai to pay \$17.35M fine for recall delay”

“Hyundai to pay \$17.35M fine for recall delay.” *Detroit News*. 9 Aug. 2014.

“Hyundai Motor Co. agreed to pay a \$17.35 million civil penalty for delaying a 2013 recall...”

This is the latest example of NHTSA taking a hard line with automakers for delaying recalls. It fined General Motors Co. a record \$35 million in May for delaying an ignition switch recall of 2.6 million vehicles linked to 13 deaths and 54 crashes. Ford Motor Co. paid \$17.35 million in 2013 for delaying a recall of 420,000 Ford Escape SUVs linked to one death and 9 injuries. NHTSA fined Toyota Motor Corp. nearly \$50 million for delaying three separate recalls...”

Read in full at ConsumerAuto.org

Dealers and Consumers struggle to cope

Several people have died and more than 30 injured by airbags that can spew metal debris into drivers and passengers in an accident. For more than a decade, airbag makers and car manufacturers knew about the problem -- but hid the information from consumers.

Excerpt From:

“Honda pushes dealers for buyers’ signatures on airbag liability”

Arlena Sawyers. “Honda pushes dealers for buyers’ signatures on airbag liability.” *Automotive News*. 28 Jul. 2014.

“I understand that if this used car I’m buying is in a crash, the airbag could kill me.”

“I understand that if this used car I’m buying is in a crash, the airbag could kill me.” That’s the gist of a document that American Honda Motor Co. wants it’s dealers to require buyers of 2001-11 used Honda and Acura vehicles to sign.

...managing partner of Honda of Covington in suburban New Orleans, says she believes the signed document helps protect dealers... operating partner of Winter Haven Honda in Florida... says he is getting no push back from consumers about signing the document.

Many dealers feel they must do what the factory says, even when it’s obviously wrong... Read in full at ConsumerAuto.org

Excerpt From:

“Airbag Maker Takata Saw and Hid Risk in 2004, Former Workers Say.”

Hiroko Tabuchi. “Airbag Maker Takata Saw and Hid Risk in 2004, Former Workers Say.” *The New York Times*. 6 Nov. 2014.

“Alarmed by a report a decade ago that one of its airbags had ruptured and spewed metal debris at a driver in Alabama, the Japanese manufacturer Takata secretly conducted tests on 50 airbags it retrieved from scrapyards, according to two former employees involved in the tests, one of whom was a senior member of its testing lab...

The two spoke on the condition of anonymity because of fear of retribution...

“That put a lot of pressure and incentive on us to never miss a shipment,” said one of the former managers. “I’d argue, ‘what if my daughter bought the car with the bad airbag?’ But the plant would tell us, ‘Just ship it.’”

Read in full at ConsumerAuto.org

Manufacturers often delay expensive safety recalls until the last possible moment. Their employees and dealers are kept silent by intimidation.

State law must protect both of them so that they can protect consumers.

with powerful and secretive car manufacturers.

Excerpt From:

“Air Bag Recalls Trigger New Scrutiny”

Jeff Bennett and Christopher Rogers and Christopher Matthews. “Air Bag Recalls Trigger New Scrutiny.” *The Wall Street Journal*. 22 Oct. 2014.

“The Manhattan U.S. attorney’s office is investigating whether air bag supplier Takata Corp. made misleading statements about the safety of its air bags to U.S. regulators, people familiar with the matter said. The probe is at a preliminary stage and could end without any charges filed...”

Clarence Ditlow, executive director of the Center for Auto Safety, said NHTSA has the power to compel Takata and the car companies to conduct an official safety recall on all cars equipped with the faulty air bags. “The law requires a safety recall but they’re letting the manufacturers do service campaigns”...

The calls for action accelerated after a third death was blamed by police on an exploding air bag. On Oct. 2, Florida resident Hien Tran died four days after she crashed her 2001 Honda Accord and was pierced in the neck by debris from the air bag, police said. Authorities originally believed her wounds were caused by an assault.

The regulator also has said it learned earlier this month of new tests by Toyota Motor Corp. and Takata that heightened concern about the safety of vehicles in hot, humid states. The agency responded with urgent warnings to owners of 7.8 million vehicles manufactured by 10 auto makers to “act immediately” to replace “defective Takata air bags”...

In 2010, the NHTSA said that air bag-related fatalities had reached “near-zero” levels. The regulator then reported only two confirmed cases of death from the air bag deployment in 2007 and one in 2008. That is down from the average of nearly 20 fatalities a year in the 1990s, peaking at 52 in 1997. Roughly two-thirds of those deaths were of children riding in the front seat...”

Read in full at ConsumerAuto.org

Excerpt From:

“Takata’s use of unusual chemicals to expand airbags may face safety probe”

“Takata’s use of unusual chemicals to expand airbags may face safety probe.” *Automotive News*. Oct. 2014.

“An investigation into airbags made by Takata Corp. that have been linked to at least four deaths and more than 30 injuries in the U.S. may look at the company’s unusual choice of ammonium nitrate to inflate its airbags...”

“No other supplier other than Takata has used this ammonium nitrate,” said Jochen Siebert, Shanghai based managing director of JSC Automotive Consulting, which advises automakers and parts suppliers...

The company improperly stored chemicals and mishandled explosive propellants used in its airbags at its plant in Monclova, Mexico, Hitoshi Sano, the company’s vice president of investor relations, said during an interview in August...”

Read in full at ConsumerAuto.org

**Takata is in this group.
- maker of the exploding airbags -**

Excerpt From:

“Automakers can stop supplier price-fixing now, but will they?”

“Automakers can stop supplier price-fixing now, but will they?” *Automotive News*. 22 Nov. 2014.

“The U.S. Department of Justice has assessed \$2.4 billion in fines on 32 auto parts suppliers and charged 46 individuals -- nearly all of them Japanese -- in the largest antitrust prosecution in U.S. history...”

Read in full at ConsumerAuto.org

Dealers see the problems first and can help -- but manufacturers prevent dealers from giving consumers what they need to protect themselves.

Excerpt From:

“TOYOTA WARRANTY POLICY & PROCEDURES”

Policy 5.21, Warranty Solicitation. *Toyota Service Policy and Procedure*. May 2014.

“Dealer solicitation of customers in connection with warranty service, Technical Service Bulletins (TSB), Customer Support Programs (CSP) and the like, is prohibited. Specifically, dealers may not solicit customers or advertise in any form of media including oral, written, graphic, or picture. This also includes but is not limited to statement or representation made by the dealer contained in a notice, sign, billboard, poster, display, flyer, brochure, pamphlet, letter, radio, television, internet and any other medium in connection with warranty service TSBs, CSPs and the like...”

If it is determined that a dealer has violated this policy, reimbursement for work performed may be subject to chargeback...”

Read in full at ConsumerAuto.org

Consumers need a “firewall” of protection from manufacturers. Dealers can help, but the states must protect dealers from retaliation by manufacturers.

Excerpt From:

“Legal Liability Notice EMAIL”

“Legal Liability Notice.” Hyundai Motor America.
19 Jun. 2014. Email.

*Subject: Service Campaign TT5 - 2015 Sonata (LF)
Front Brake Caliper Inspection and Replacement (TSB#
14-01-025)*

*“LEGAL LIABILITY NOTICE: **You are required to keep confidential any and all information and documents provided to you** in the conduct of carrying out work for this service campaign...”*

Read in full at ConsumerAuto.org

Dealers are not allowed to tell consumers about brake problems that could potentially risk their lives.

Manufacturers forbid the disclosure of information directly to consumers.

To protect consumers against dangerous defects, we need to tweak the law to make sure that dealers can control their own websites, speak freely to consumers and won't face retaliation from manufacturers for telling carbuyers about safety issues.

Excerpt From:

“Service P&P Manual”

“Service P&P Manual.” General Motors Policy and Procedure Manuals.

“Warranty Solicitation Policy

GM prohibits the Service Agent calling, mailing, distributing materials, advertising, or otherwise communicating to customers for the correction of warranty or special coverage condition(s) where no customer notification has been made by GM.”

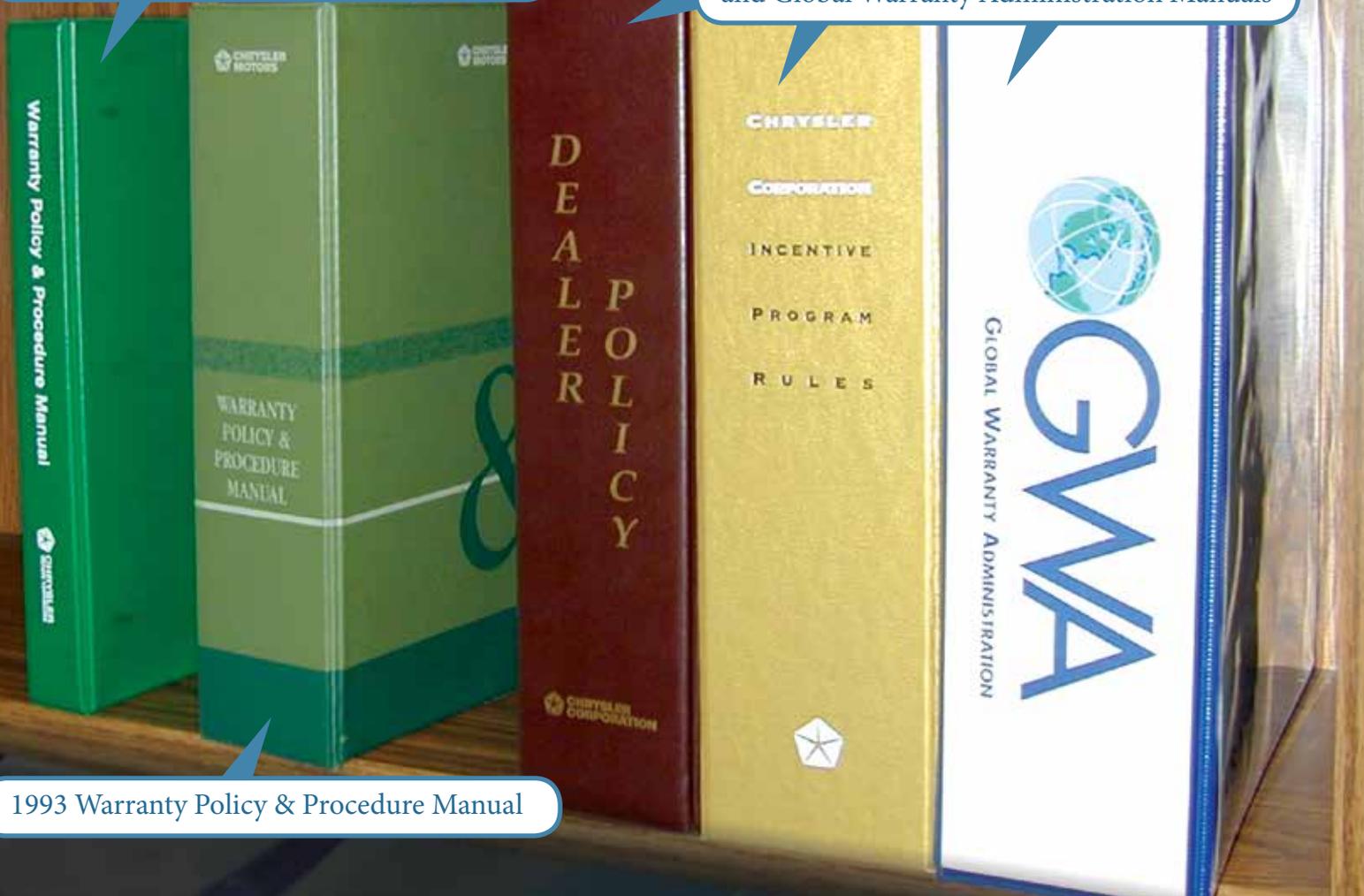
Read in full at ConsumerAuto.org

Complexity of Warranty, Incentives & Rebates

- 1978 to Present -

1978 Warranty Policy & Procedure Manual

2003 Dealer Policy, Incentive Program Rules, and Global Warranty Administration Manuals



1993 Warranty Policy & Procedure Manual

These manuals are now online. GM's is over 700 pages, Chrysler's and Toyota's are each over 500 pages. In addition to the complexity, dealers are prohibited from discussing much of this with consumers.

These regulations make it almost impossible for dealers to be in compliance all the time, and that's why audit times must be reduced. If a dealer can reasonably show that a consumer received an incentive, manufacturers should never be permitted to charge back the dealer amounts that would cause them to receive less than the average incentive paid statewide for that vehicle.

It's not just warranty and repair policies that are very complex. The rebate and incentive offers manufacturers trumpet to get consumers into the showroom are so confusing that carbuyers often don't understand what offers are available on what cars – and what price they ought to pay on any given day. Even *Automotive News* is writing about the confusion.

Excerpt From:

“How to navigate the incentives maze”

George Yacik. “How to navigate the incentives maze.” *Automotive News*. 13 Oct. 2014.

“From cash rebates to discount financing to lease subvention deals, complex automaker incentive programs keep dealership F&I departments constantly on their toes to find car buyers the best deals...”

“Complex manufacturer incentives are incredibly common,” says Rob Drury, executive director of the Association of Christian Financial Advisors in San Antonio, a nonprofit network of financial professionals. “Many incentives are subject to eligibility, and it is common for these to be incompatible with others.”

“For example, factory rebates are usually not available to be used alongside manufacturer-sponsored special financing, and some eligibility-driven incentives cannot be used in combination with others. If one isn't careful, this can be very confusing”...

...General Motors typically has 20 to 25 programs in a given month; August's offerings totaled 66 pages...

Shuman, who says lenders' lease programs at his store can change “three, four, even five times a month.” gives kudos to Chrysler Capital for a computer system called the incentive configurator...

“A lot of consumers think incentive programs are too complicated, too limiting and, in the worst cases, just a come-on to get them interested and into the dealership.” says Jack Nerad, executive market analyst for Kelley Blue Book. “At that point they discover the vehicle they really want doesn't carry the incentive...”

Read in full at ConsumerAuto.org

Manufacturers have replaced the historic dealer discount (25%) from sticker price with Incentives and rebates. Today dealers pay almost full retail sticker price (about 97%) to the manufacturer before the vehicle is shipped. By manipulating prices to consumers through incentives and rebates, manufacturers have been able to reduce the discount to consumers dramatically. They have caused great stress for consumers because prices are constantly changing. Consumers get one price on Monday, but may get another on Thursday because of a manufacturer change. From the consumer's viewpoint this is a very deceptive business practice by the manufacturer. Unfortunately, consumers think the dealers are doing it.

That's why we believe the law should require manufacturers to provide the same bargaining opportunity, on the same vehicle, at every dealership of that brand, for all consumers throughout the state. Consumers have no way of knowing which dealers are getting incentives.

Manufacturers try to take control of dealers' websites -- it's hurtful for consumers.

Excerpt From:

“IMR PROGRAM - DEALER PRIMARY WEBSITE COMPLIANCE NOTICE”

“IMR Program - Dealer Primary Website Compliance Notice.” *GM Global Connect*. 13 May 2014.

“Effective March 7, 2014 a change was made to the IMR [In Market Retail] program guidelines regarding Dealer Primary Website Compliance. The change stated that eligibility for Sales IMR Match Funds will require that each dealer’s primary website feature only GM vehicles , products or services. A dealer’s primary website is defined as the site to which a dealer directs traffic via dealer paid advertising and/or search engine optimization that features GM vehicles, products or services.

“Like your physical store, your website is your virtual showroom where the customer is coming to shop your vehicle inventory.”

The purpose of the IMR program is to create a customer shopping experience that is the most compelling and brand focused environment possible for GM products and services. Like your physical store, your website is your virtual showroom where the customer is coming to shop your vehicle inventory. It is contrary to the program, and to the interests of GM, to enable websites that include the ability to shop new, non-GM vehicles , products or services...”

Read in full at ConsumerAuto.org

GM is used as an example.

All manufacturers control what dealers are allowed to say and do about warranty and incentives through complex rules, the threat of punitive audits, higher objectives and assignments, control of the dealer’s website and threats of retaliation.



Excerpt From:

“G.M. ‘Bullied’ Manufacturer Over Poorly Designed Part, Email Says”

Bill Vlasic. “G.M. ‘Bullied’ Manufacturer Over Poorly Designed Part, Email Says.” *The New York Times*. 21 Nov. 2014.

“DETROIT -- General Motors pressured a supplier to continue producing a substandard ignition switch a decade ago and leaned on the company to improve it even though it could not be fixed, a newly disclosed email shows...”

Read in full at ConsumerAuto.org

A bully bullies everybody. Manufacturers bully dealers too and consumers are hurt.

GM and other manufacturers acknowledge that a dealer’s physical store is the same as a dealer’s virtual store on the web. That’s why the website must be under our control and included in the definition of the existing dealers’ physical facility under Maryland law.

If dealers have control of their website, they will be able to provide consumers useful product comparisons as well as service and recall information. On May 13, 2014, GM effectively took complete control of dealers’ websites. This is very bad for consumers as it prohibits competitive comparisons and true price information. Each dealer’s website must be a major part of the firewall protecting consumers.

AUTO MANUFACTURERS Work to Limit Competition, Information for Consumers: MARYLAND CONSUMERS NEED Reforms to Improve Safety, Cut Costs

Auto manufacturers have implemented a number of rules and practices that curb competition among dealers and brands, limit the information dealers can provide to consumers, impose unnecessary costs on dealers (which leads to higher prices for consumers), and discourage dealers from looking out for the best interests of their consumers.

Here are nine reforms Maryland consumers and dealers need to improve safety, cut costs, bolster competition, and speed up repairs and recalls:

1. Full disclosure of warranty adjustments, service bulletins, other safety information: Many carmakers prohibit dealers from disclosing important secret warranty and safety information to their customers. Unless the customer specifically complains about a related defect, the factory won't allow dealers to tell a customer even about defects that are well-known safety hazards. Such secrecy can put customers at risk from deadly defects and undermine the value of their cars.

2. No retaliation against dealers that do the right thing: Automakers often retaliate against dealers that put their customers first. Sometimes they threaten to retaliate against all dealers to object to a law the Maryland legislature has passed or is considering and sometimes they retaliate against individual dealers that do warranty work when it is needed. No manufacturer should be able to retaliate against dealers, dealer employees, or consumers because they support legislation that protects them or exercise a right or protection provided by law. Freeing dealers from the threat of retaliation will empower them to do the right thing for their customers.

3. Let dealers control their own websites: Automakers are taking control of their dealers' websites to limit the product comparison and price information dealers can provide online. Several manufacturers have instituted "Minimum Advertised Sales Prices" that can prevent dealers from advertising the true low prices for their cars. Many manufacturers also prohibit dealers from advertising the invoice price for cars on their websites – even though leading consumer groups including the Federal Trade Commission and the Montgomery County Office of Consumer Protection advise consumers to find out the invoice price before negotiating to buy a car. Manufacturers also require dealers to use their own hand-selected website vendors, which adds thousands of dollars in extra costs for each website a dealer maintains. Giving dealers more control over their websites would save money and help consumers come to the showroom armed with better information about the prices and features different cars and brands offer.

4.Limit audit times for warranty and incentive work: Maryland allows carmakers to audit dealers for nine months after warranty work and six months on incentive offers. That's much more time than they really need in this electronic age in which carmakers monitor those transactions electronically day-to-day. Manufacturers like the power those long audit times give them. But with an average dealer spending more than \$250,000/month on warranty and incentive offers, dealers can end up with hundreds of thousands – or even millions – of dollars at risk at the whim of a manufacturer's audit. With so much at risk, dealers have a strong incentive to please the factory instead of their customers – by keeping their warranty and repair expenses low and avoiding taking other steps that meet the needs of their customers but cost the factory money. That makes it harder for carbuyers to get the repair work they need done and gives dealers strong incentive to please the factory, not their customers.

5.Stop unfair use of clerical errors to deny payment for warranty work: Manufacturers audit dealers' warranty work closely – and often use trivial clerical errors on repair forms as an excuse to refuse to pay dealers for repair work they've done for consumers. In 2009, the legislature passed a bill to make sure dealers that do warranty work get paid for their work by the manufacturer. For a few years, that law pretty much ended the problem of manufacturers refusing to pay for warranty work dealers had already performed. But that language was altered as part of other reforms the legislature passed in 2014 on warranty reimbursement rates. We need to restore the protections granted by the 2009 language – so that dealers can do the work consumers need without fear of financial retribution for clerical errors.

6.Right to a jury trial: Manufacturers don't like jury trials either for their consumers or their dealers. Juries tend to protect the rights of the small guys – and the dealer is a small guy when compared to the legal clout of manufacturers. That's why some manufacturers are trying to force dealers to give up their right to a jury trial in disputes with carmakers. Dealers need access to jury trials to allow them to stand up to the anti-consumer policies of the manufacturers.

7.Attorney's fees: A dealer that is willing to challenge the power and legal clout of a manufacturer is undertaking a major risk. Dealers courageous enough to do so should be allowed to win attorney's fees if they are successful in their challenge for hearings before the MVA and other regulatory bodies as well as in court.

8.Let dealers choose more lower-cost local suppliers: Manufacturers require dealers to use vendors for construction, signs, supplies, etc., that are selected by the manufacturers. Those vendors don't have to be located in Maryland – and often charge more than local suppliers do. Dealers should have the opportunity to select a qualified vendor of their own for this work. Maryland dealers will often choose to buy more from the vendors they work with in their own communities. That means money in the pockets of other MD small business and savings dealers can pass on in lower prices to MD carbuyers.

9.Increase fines for auto manufacturers: The maximum fines for carmakers that violate Maryland's consumer protection laws have not been raised for years. With the top fine stuck at just \$50,000 – a trivial sum for a giant carmaker like GM or Toyota – those fines are no real deterrent to misconduct by the manufacturers. We have seen at the national level that increasing penalties on manufacturers for their wrongful acts has had a positive effect in quicker and more complete recalls and safety campaigns. What works at the federal level will also work at the state level to protect consumers.

Consumer Auto developed this package of nine reforms to improve safety, transparency, and fairness for all Maryland carbuyers and drivers. The reforms are intended to work together to make sure consumers have better access to important safety and product information about their cars and to curb abusive practices by the big automakers (including retaliation, abusive audits, limits on ability to disclose information) that make it difficult for dealers to do the right thing for their customers.

These reforms have been reviewed by, and won support from, the consumer advocates and experts on auto fraud and safety issues who comprise Consumer Auto's advisory board.

Record problems for consumers because manufacturers put their profits first.

“The report exposes a mindset throughout the company that was so self-absorbed, so bent on self-preservation and self-protection that it routinely put its customers last.”

- Gretchen Morgansen. New York Times, June 7, 2014.

Writing about GM

Read in full at ConsumerAuto.org

Dealer technicians see problems developing that often lead to recalls. They see them before anyone. Dealers could help consumers, but manufacturers won't allow it. They bully everyone to get their way. The state must use its police power through state law to stop the bullying and allow dealers to protect consumers, and get recalls accomplished when the problems first occur. Lives are at stake.

Auto manufacturers are huge international businesses whose executives are under constant pressure to produce bottom line profits. They exert enormous power over dealers, and through dealers consumers, who are the last concern of manufacturers.

As Lord Acton said “Power corrupts, and absolute power corrupts absolutely.”

This booklet describes the abuses as seen in the press by experts and our suggested steps to protect consumers, dealers and the more than 21,000 Marylanders working in dealerships.

Record number of more than 60 million cars recalled in 2014.

Record profits for auto manufacturers despite the recalls.

“Toyota Expects Record Profit”

Yoko Kubota. “Toyota Expects Record Profit.” *The Wall Street Journal*. 5 Nov. 2014.

Read in full at ConsumerAuto.org

“GM earns \$1.38 billion in 3Q, beats estimates”

Melissa Berden. “GM earns \$1.38 billion in 3Q beats estimates.” *The Detroit News*. 23 Oct. 2014.

Read in full at ConsumerAuto.org

“Chrysler Group Q3 profits rise 32% to \$611 million on Jeep, Ram gains”

Larry P. Vellequette. “Chrysler Group Q3 profits rise 32% to \$611 million on Jeep, Ram gains.” *Automotive News*. 5 Nov. 2014.

Read in full at ConsumerAuto.org