

ON THE

BLOCK

THE OFFICIAL MAGAZINE OF NAAA



ADVOCATING BY EDUCATING

LEFT TO RIGHT: NAAA PRESIDENT ELLIE JOHNSON, U.S. REPRESENTATIVE SUSAN W. BROOKS, NAAA PRESIDENT-ELECT MIKE BROWNING, AND NAAA CHIEF EXECUTIVE OFFICER FRANK HACKETT

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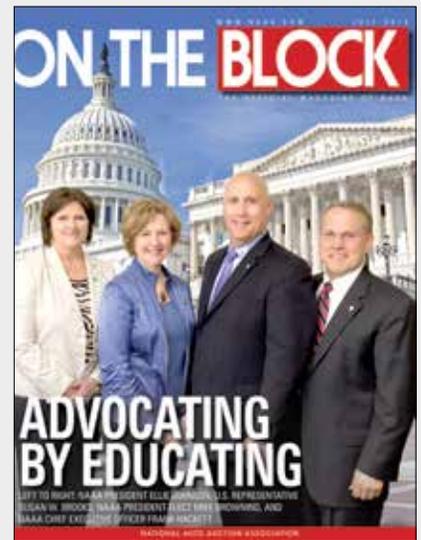
IN THIS ISSUE

ON THE BLOCK MAGAZINE

VOL. 2 NO. 4

COLUMNS

- 04** **PRESIDENT'S MESSAGE**
NAAA President Ellie Johnson discusses National Auto Auction Week and other highlights of the year.
-
- 06** **SAFETY FIRST**
KAR Auction Services CEO Jim Hallett addresses NAAA Safety Committee.
-
- 07** **LEGAL BRIEFS**
Know the NAAA Bylaws to protect yourself and preserve the association.
-
- 08** **ASSOCIATION NEWS**
Next Gear Capital encourages members to take advantage of the resources of NAAA membership. Also this month, NAAA 2015 Scholarship applications are announced.
-
- 10** **AUCTION COMMUNITY**
ADESA takes center stage in this month's Auction Community Column with various community involvement activities.
-
- 12** **COVER STORY**
NAAA's "Day on the Hill" promotes member interests and relationship building with nation's lawmakers.
-
- 14** **MARKETWISE**
True Frame's vehicle history reports, Manheim's enhanced imaging suite, Auto IMS, and Manheim's mobile auction network expansion are all highlighted.
-
- 16** **ARBITRATION CORNER**
NAAA Arbitration Policy Summary of Changes



THE OFFICIAL MAGAZINE OF THE
NATIONAL AUTO AUCTION ASSOCIATION



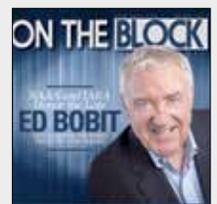
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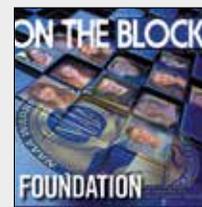
PREVIOUS ISSUES



MAY 2015



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National Auto Auction Week Just One Highlight of a Bright Year



ELLIE JOHNSON

Our enthusiasm always rises as National Auto Auction Week approaches, and coming off an extraordinary year in 2014 and a terrific first half of 2015, we are very excited about the many events

taking place at member auctions across the country.

National Auto Auction Week will be held August 17-21 across the country. I want to remind our members to send us photos of the special events they have planned to honor and entertain our dealer partners, auction employees, vendors and friends with food, fun and giveaways! The NAAA headquarters have provided a National Auto Auction Week webpage on the Association's website (www.naaa.com) to help you

with your auction's celebration of this very special week.

Last year was a tremendous success for our members. NAAA auctions sold more than 8.7 million vehicles in 2014, with a gross value of \$81.8 billion, according to the NAAA's 17th Annual Survey. Judging by the volumes, and lease vehicles returning to the market, 2015 promises to be another highly successful year.

These figures show the strength and depth of a mature industry. Despite numerous challenges to the U.S. economy, our industry has demonstrated its resiliency over the past 65 years.

The NAAA Scholastic Foundation has grown to \$2.25 million (and is still growing), and is now a self-sustaining resource that ensures a legacy of learning and enhanced access to higher education for future generations of NAAA member families.

We have helped dozens of deserving students from the NAAA family pursue

their dreams of a higher education, thanks to the benevolent spirit and generous support of member auction and their affiliates.

In addition to the generosity in giving to the scholarship fund, our member auctions have a tradition of giving



back to their communities, sponsoring everything from children's sports, area hospitals and service organizations. NAAA members on average each give over \$52,000 annually to a variety of local charities across the country.

Also, please mark your calendars for our NAAA 67th annual Convention and Exposition, Sept. 22-24, 2015, at Hilton Bonnet Creek Orlando, in Orlando, Fla. We look forward to seeing you there! ■

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Jim Hallett Addresses NAAA Safety Committee

KAR Auction Services CEO Says Safety Should Start at the Top

Jim Hallett left quite an impression on the NAAA Safety Committee at our meeting hosted by ADESA/KAR Auction Services at their headquarters in Carmel, IN on April 22, 2015. You might assume a CEO and Chairman of the Board of a Fortune 1000 Company would be hesitant to take time to attend a meeting not centered on economic forecasts or revenue reports. However, not only did Mr. Hallett take the time to address our committee, but he encouraged us to produce tangible results in the industry and pledged to provide resources developed by KAR to help us do so.

Mr. Hallett's background is that of an independent auction operator and he candidly recalled to our group a severe injury to a friend that was caused in the auction lane years ago. Unfortunately, there are plenty of others in the auction business who have been through a similar experience and those memories do not fade.

The NAAA Safety Committee has identified several areas in which we will focus our attention over the coming

months. Distracted driving, delivering the message of safety to the dealers and getting their "buy in" to improve safety in the lanes, along with utilizing Safe T. Sam (the mascot developed by KAR), and updating the Cycle of Safety DVD top the priority list for the committee. Advocating and implementing the use of fluorescent safety vests for all employees who are on the auction lot at any time will also be rolled out by the NAAA in the coming months. The safety vests not only improve the visibility of the employees wearing them, they also set the tone of safety for the entire workplace. The mindset that safety is a integrated through all operations of the auction is reinforced through the use of the high profile safety vests and is natural starting point for the auction industry to improve safety.

A key point driven home by Mr. Hallett in our recent meeting is that safety must start at the top. Mr. Hallett delivers a personal message to the employees of KAR (ADESA, AFC,

IAA) via video that empowers each employee to take action to ensure his or her own personal safety and the safety of customers. As we look ahead to implementing changes in the culture at auto auctions across the country, the safety "buy in" and mandate must come from the top of each organization, whether chain or independent. The reaction of the industry to NAAA President Ellie Johnson's mission to improve safety at all auctions has been positive and continues to gain momentum from KAR, Manheim, America's Auto Auction Harrisburg, Brashers, and all the independent auto auctions that have been approached. The future of safety in the industry appears bright, or perhaps more appropriately, fluorescent. ■

BY MICHAEL J. ROHDY

Area Senior Vice President of Arthur J. Gallagher Risk-Management Services, Inc.



2015 NAAA Annual Convention
Live from the Hilton Orlando Bonnet Creek in Orlando, FL
September 22-24, 2015

60 MINUTES | **TOP 100 Arbitration Questions Answered**

Safe T. Sam Appearance

ALL STAR LINE-UP OF SPEAKERS & SPECIAL APPEARANCES

Mary Matalin & James Carville

Josh Linkner

"Sweet Lou" Piniella

Know NAAA's Bylaws to Protect Yourself and Preserve the Association

Members of the National Auto Auction Association well appreciate and understand the value of membership in the association. NAAA stands for integrity and the association is well recognized as being standard setting for the auto auction industry. NAAA members also benefit from relationships with other successful and influential constituents in the industry, information dissemination, educational opportunities, political influence, advertising platforms and group discounts on goods and services.

To ensure all that NAAA members are invested in and committed to the highest standards of ethical and business conduct in the wholesale auto auction industry, the NAAA Membership Committee, Executive Committee and board carefully review and consider membership applications in accordance with the rigorous standards set forth in the NAAA Bylaws.

Association Bylaws exist to regulate the internal affairs of the NAAA. The Bylaws include clear, concise and objective criteria for initial eligibility and continued membership that are reasonably related to the function of the NAAA. They also establish a defined process for disciplinary action, suspension, and expulsion measures for any current member, officer, or director. Because membership in the NAAA matters, our leadership and entire membership must be ever vigilant to ensure that our membership criteria are applied consistently and objectively.

Consistency and objectivity in the application of such rules and procedures is important to avoid any suggestion that a potential member or existing member is being treated differently for any reason that could be construed to be anticompetitive. Otherwise, consequences could exist under the antitrust laws. Importantly, antitrust laws do not exist to protect any individual competitor in the industry, but rather they serve to protect the competitive environment. Thus, if our committee members stray from the objective criteria established in the bylaws in the process of denying a person or entity membership, such conduct could subject NAAA to particular scrutiny and the risk of being accused of engaging in anticompetitive conduct.

To avoid creating such a risk, we all need to keep in mind the following as ground rules for member and committee conduct:

- Strictly and consistently comply with and apply the NAAA's Bylaws, policies, rules, resolutions and Code of Ethics.
- If negatively commenting on

a membership application or recommending denial, ensure any derogatory comments or statements are stated with particularity and supported with information from identifiable and reliable sources. For example, merely recommending denial or rejection of an application based on hearsay, innuendo or rumor is insufficient. Instead, members should articulate statements of fact with citation to the source of the information and reference to the applicable rule or provision that such conduct violates or standard with which such conduct does not comport.

- Ensure complete record keeping during regular or special session meetings regarding membership matters and disciplinary matters, to include comprehensive minutes and prompt review of the minutes for errors.

- Committee chairs and board members must ensure membership rejections and member suspensions and expulsions state with particularity the reasons for the decision.

In sum, it is important for all members to remain cognizant of the bylaws not only to protect their own individual interests, but also to preserve NAAA's organizational interests and to mitigate against potential liability exposure. And, by all means, if you ever have questions, please consult with NAAA's executive leadership and counsel. ■



BY THOMAS E. LYNCH III
Esquire - NAAA General Counsel

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NAAA: A Resource Like No Other for Dealers and Auctions

Auctions date back to the times of Babylon and ancient Greece, making them one of the oldest forms of transacting goods and services. While the National Auto Auction Association hasn't been around as long, the organization has played an integral part as a valuable resource for dealers and auctions since its founding in 1948.

The auto auction industry continues to see growth in the lanes. This past May, the NAAA reported that the number of vehicles entering auctions grew 3.6 percent in 2014 and the number of units sold increased 6.2 percent, showing the vitality and maturity of the industry.

With a current membership of 329 auto auctions, selling over 8.7 million units per year, the NAAA plays a major role in the industry's success. As the voice of the auto auction industry, the organization protects and promotes the interests of its members by supplying helpful services like setting standards, providing training and tracking legislation. Among its many services, NAAA:

- *Standardizes and protects the industry.* Dealers can be confident that they will be treated fairly and know what to expect when they buy and sell at an NAAA location because of the policies in place that are aimed at ensuring transparency in all transactions. These policies, created with the input of industry leaders, are clearly defined, but the NAAA is nimble enough to evolve and react to changing industry dynamics.

- *Sets auctions up for success with training.* Training and education are vital to making auctions successful. Members of the NAAA have the opportunity for such training and education through their membership. From arbitration to auction standards to new policy overviews, the organization provides multiple training resources throughout the country at NAAA-member auctions.

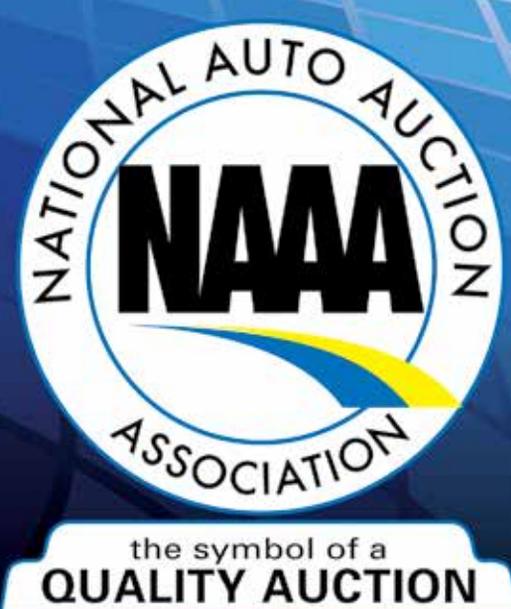
One example of the training available to NAAA members is the Auction Standards Training Program, which consists of two days of information-packed classroom and hands-on training for anyone looking

to increase their knowledge about vehicle inspections and arbitration trends.

- *Tracks legislation.* In addition to setting standards and providing training, the NAAA assists the auto industry with legislation tracking. Through its Legislative Reporter service, the organization provides updated information on all federal and state legislation that could have an impact on the industry.

At the end of the day, the auction business is all about people. Keeping with this idea, the NAAA gives back to its members and communities. One example of this is the Warren Young, Sr., Scholastic Foundation. Established in 2004, this non-profit foundation awards a total of \$52,000 in scholarship funds for full-time study annually to full-time employees of NAAA member auctions or corporate offices, their children, or their grandchildren. ■

BY JULIE DANIEL
Director of Auction Sales and Development
NextGear Capital



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the symbol of a
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NAAA's Scholastic Foundation Announces 2015 Scholarships



Warren Young, Sr., Scholastic Foundation awards a total of \$52,000 to 12 students

The Warren Young, Sr., Scholastic Foundation announced in April the 12 students selected as 2015 scholarship recipients. Established in 2004 by the National Auto Auction Association and named in honor of industry pioneer Warren Young, Sr., the nonprofit foundation awards a total of \$52,000 annually in a dozen merit scholarships for full-time study.

Recipients are chosen based on a variety of qualifications including academic record; leadership skills; honors, goals and aspirations; work experience; and community involvement. Financial awards range from \$3,000 to a two-year college or vocational-technical school to \$5,000 to a four-year institution. The awards are made using stringent guidelines and recommendations developed by Scholarship America, an independent organization that reviews the applications.

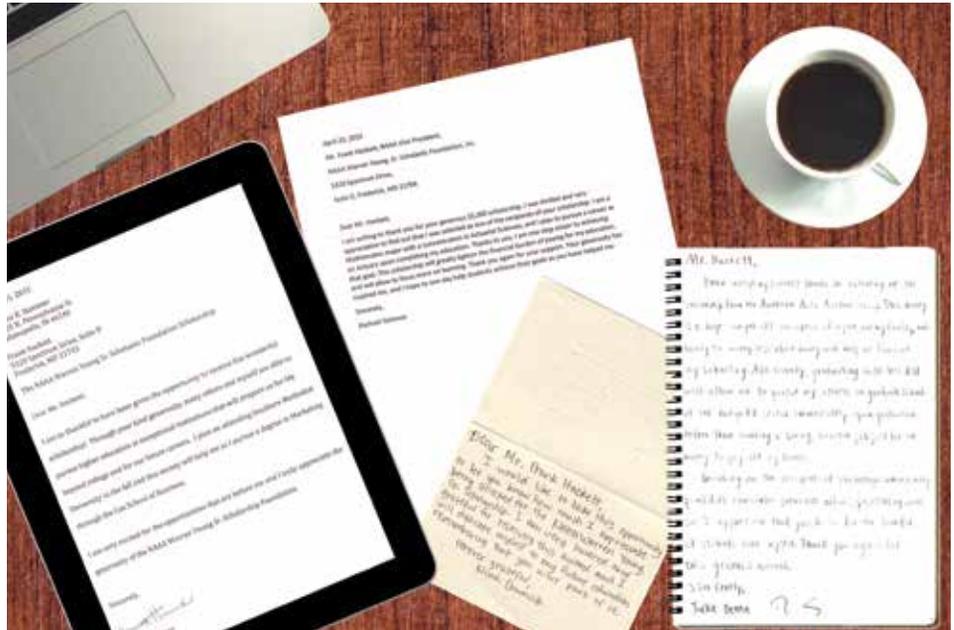
To be eligible, applicants must be full-time employees of NAAA member auctions or corporate offices, their children or grandchildren, and plan to enroll or be enrolled in full-time undergraduate study at an accredited institution for the entire upcoming academic year.

"Over the years, our Scholastic Foundation has helped dozens of deserving students from the NAAA family pursue their dreams of a higher education, thanks to the benevolent spirit and generous support of member auction and their affiliates," notes NAAA President Ellie Johnson.

She adds that the fund has grown to \$2.25 million and is a self-sustaining resource that ensures a legacy of learning and enhanced access to higher education for future generations of the NAAA.

"The Scholastic Foundation is a major example of our commitment to education and training opportunities for all our members," says Johnson. "Fostering younger members of our industry to encourage their participation today is essential for the NAAA and the remarketing industry of tomorrow."

One of the founders of the Warren Young Sr. Scholarship Foundation, Patty Stanley, Carolina Auto Auction, says she believes this is a "wonderful program



and is proud that the auction industry gives back to the family."

"Last year we raised \$576,300 during our pedal car auction with State Line Auto Auction generating the highest bid of \$102,000 for one of the pedal cars," Stanley says. "With this last round of donations, the foundation's scholarship program is now self-sustaining. We also raised the amount we give to the 12 recipients each year."

Students attending four-year colleges are now awarded \$5,000, up from \$4,000, and students at two-year colleges are awarded \$3,000, up from \$2,000.

"It is so fulfilling to see how this program has grown and all the good it does," she says. "Scholarship awards are selected based on their applications by a third-party, so all recipients are awarded scholarships based on their academic excellence."

Out of the 62 applications received for the 2015-2016 academic year, the Warren Young, Sr., Scholastic Foundation selected the following outstanding students for scholarships.

This year's 12 scholarship winners are: Nina M. Emmick, KCI KANSAS CITY, Carolina Auto Auction Scholarship; Nicolaus J. Nazarenkov, MANHEIM, Southern Chapter Scholarship; Jake Dennie, ADESA,

FINANCIAL AWARDS RANGE FROM \$3,000 TO A TWO-YEAR COLLEGE OR VOCATIONAL-TECHNICAL SCHOOL TO \$5,000 TO A FOUR-YEAR INSTITUTION.

American Auto Auction Group, LLC, Scholarship; Alexa Hernandez, ADESA SAN DIEGO, Indiana Auto Auction Scholarship; Lauren A. Cole, KAR AUCTION SERVICES/ADESA, Midwest Chapter Scholarship; Rachael C. Gehman, ABC - LANCASTER, Auction Broadcasting Company Scholarship; Emma K. Hammer, ADESA, Auction Insurance Agency, Scholarship; Logan R. Swofford, AMERICA'S AUTO AUCTION - AUSTIN/SAN ANTONIO, Western Chapter Scholarship; Samantha M. Helm, MANHEIM LAKELAND, Black Book Scholarship; Raymoore R. Banks, MANHEIM PALM BEACH, Black Book Scholarship; Thomas V. Ranucci, ADESA BOSTON, Ruth Hart-Stephens Memorial Scholarship; and Ashley L. Adams, MANHEIM TORONTO, Manheim Scholarship. ■

Canadian Auctioneer College Graduates First ADESA-Only Class



First graduates of the Canadian Auctioneer College's ADESA-only class: **3rd Row:** Gregg Maidment (SVP Operations ADESA Canada, Auctioneer school graduate 1983), Phil Faulkner, Matt Budolosky, Matt McLeod, Alain Groulx, Brad Powell, Joe Zhou, Jason Mistry **2nd Row:** Scott Rennie, Tom Burns, Barb Richards, Cathia Begin, John Ross, Lisa Scott (SVP Sales & Operations ADESA Canada, Auctioneer school graduate 1992), John Sampson **1st Row:** Rick Hemond, Nick Maidment, Jeff Connell, Pat Segin, Dan Leslie.

Within ADESA's Canadian auctions, currently eight general managers serve as auctioneers in the company's weekly sales, and three members of ADESA Canada's executive leadership team have carried the skill for 20+ years, filling in where needed.

ADESA asked the general managers to find candidates from their auctions who would be interested in attending

the Canadian Auctioneer College to become certified auctioneers. Sixteen employees—from sales managers to clerks—accepted.

The Canadian Auctioneer College customized an ADESA-only class and curriculum that was tailored to the wholesale auction business. Through this one-week course, averaging 14-hour days, the school trained the newest

additions to the auctioneer teams.

The graduates returned to their sites and have been given a mentor from the current auctioneer team. They are up on the auction block each week to ensure they are successful with their new skill. ■

BY LISA SCOTT

ADESA Senior Vice President
Sales and Marketing and Atlantic Operations

Auction of Porsche at ADESA Indianapolis Benefits JDRF

ADESA has a long history of supporting the Juvenile Diabetes Research Foundation (JDRF). And that support hasn't gone unnoticed by ADESA customers.

Earlier this year, after learning of his daughter's Type 1 diabetes diagnosis, a dealer customer at ADESA Indianapolis approached the auction's general manager, Dave Emerson, about auctioning off a car and sending the funds to JDRF. The car the father chose to donate? A 2013 Porsche Cayenne Turbo.

The Porsche was the first vehicle on the run list at ADESA Indianapolis' sale on March 17. The auction had a full house and, because Dave Emerson notified



The auction of this 2013 Porsche Cayenne Turbo brought in \$77,000 for juvenile diabetes research and treatment.

general managers at all the ADESA auctions about this special vehicle

at auction, there were lots of potential bidders online as well. When the gavel went down, the Porsche went for \$77,000 to a dealer who'd come to the sale from Elizabethtown, Ky.

This is just the latest entry on the list of JDRF efforts for Dave Emerson and ADESA Indianapolis. Last fall, Emerson served as chairman of the local Walk to Cure Diabetes, which benefits JDRF. As part of that event, he raffled off a 1971 Pontiac GTO that was donated by ADESA Indianapolis. That raffle added \$59,000 to the Walk's total intake. ■

BY CAROL SEWELL

ADESA Vice President of Marketing

Building Leaders One Institute at a Time

Akron, OH — This past April, the Leadership Institute held its fourth annual conference. For those of you who are not familiar with this program, it was something that Charlotte Pyle created during her presidency in the hopes of allowing NAAA to offer yearly



workshops at which auction managers listen to and interact with various people and companies that have been recognized globally for their exceptional methods of leadership and empowerment.

Years one and two of the institute took place at Disney World in Orlando; last year it was at the Ritz Carlton in Washington D.C., and this past April it was held at the Broadmoor Hotel in Colorado Springs. Having been a committee member and attendee since its inception, I must admit that the Leadership Institute is a “can’t miss” workshop for any auction owner wishing to continue to find ways to improve both levels of leadership and customer service at their auctions.

From team building exercises that had attendees running all around Epcot Center in Orlando, to a scavenger hunt that sent over 80 managers through the Garden of the Gods in Colorado Springs, the Leadership Institute continues to find ways of reaching out to and inspiring all who participate. As a young auction owner, I always want to find workshops, keynote speakers, reading materials or other industry leaders that I feel can aid in making my auction an ever-evolving



success. In fact, after listening to Jeff Hargett, Senior Corporate Director of Culture Transformation at the Ritz-Carlton Leadership Center, speak to the our auction group in April 2014 at the Washington D.C. Ritz-Carlton, I decided to truly immerse my staff into the “customer service” experience. So, I decided to have Mr. Hargett come to the Ritz-Carlton Cleveland and speak to our entire auction staff on exceptional service and customer loyalty, as I truly felt that each and every (in excess of 200) person needed to witness what our staff had been privileged to hear in D.C.

The response that I received from my staff was nothing short of amazing and I know that it bled off onto our customers. Not to mention, it was pretty neat to see all of my drivers, post-sale inspection staff, counter help, kitchen staff, title/registration department, fleet/lease/repo crew, floor plan services, reconditioning guys, lot crew, main office and upper management all participating and interacting with Mr.

Hargett and truly growing as a company. Attempting to take something back on the same scale from the Broadmoor might be a bit more challenging as our speaker, Kate Manzanares, truly set the bar quite high. I figured that if nothing more, I would challenge our auction to adopt Kate’s mission statement, which she and her thousands of employees live by at the Broadmoor: “To go above and beyond our guests’ expectations through our commitment to maintaining a positive attitude, providing exemplary service and superior accommodations.” I think it is safe to say that every auction would be better served by living up to those expectations...or to simply by attending the next Leadership Institute put on by NAAA in 2016! ■

BY CHAD M. BAILEY
President,
Akron Auto Auction



Together, the many auctions that support TFS sales contributed a total of \$429,050, \$45,000 of which came from ADESA.

ADESA Joins Toyota Financial Services in Supporting Girl Scouts

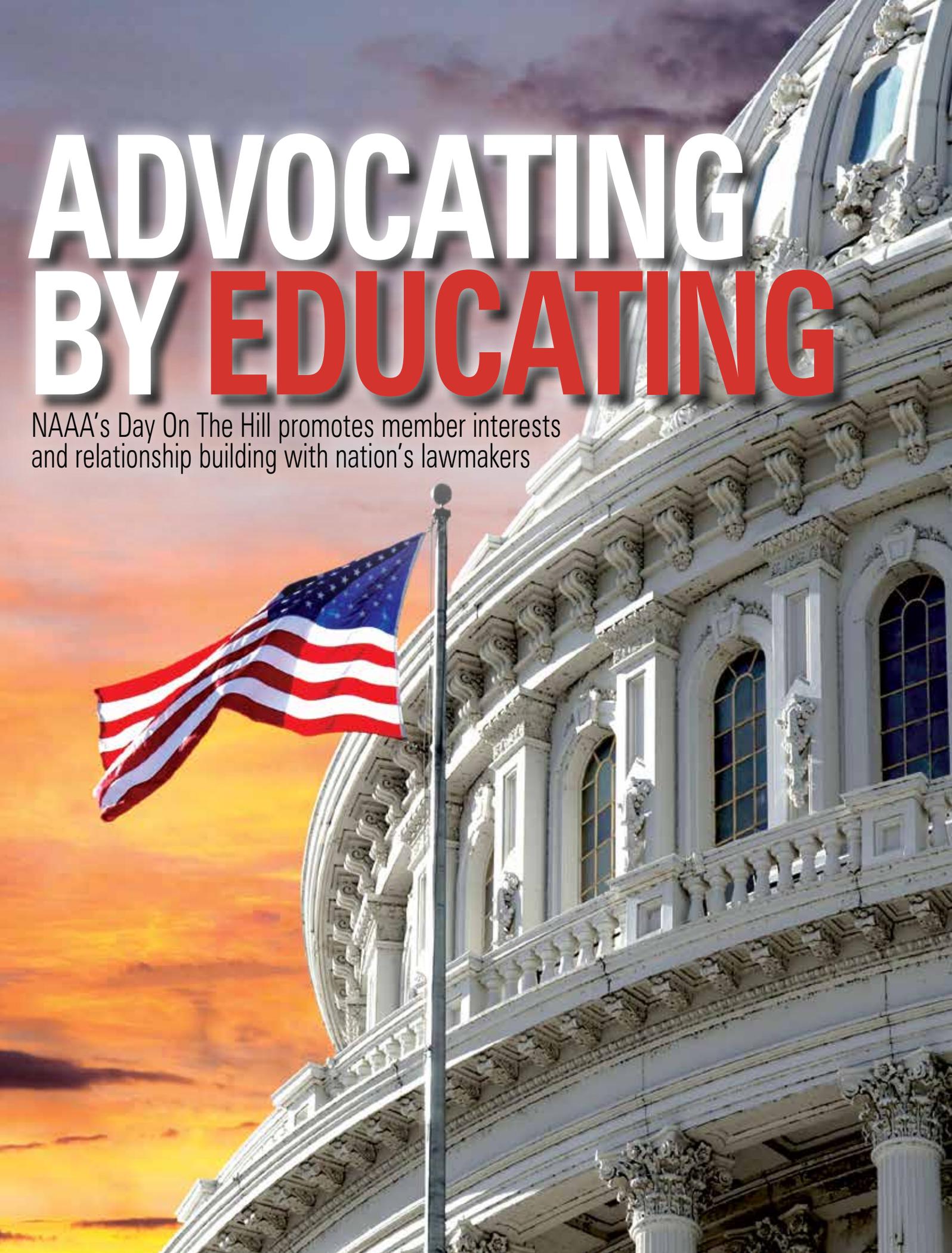
The Girl Scouts of the USA recently launched a program called “Driving My Financial Future,” which teaches girls financial empowerment skills. These are crucial skills—learning to manage personal finances, save money and plan for the future—that girls need to achieve their dreams.

Through this program, Toyota Financial Services (TFS) is conducting financial empowerment events nationwide that include scholarship opportunities, educational games and a chance for Girl Scouts to earn their financial literacy badges.

ADESA auctions are supporting TFS in this effort with a \$45,000 contribution. In mid-April, team members from ADESA Los Angeles represented the company at the program’s national kickoff and check-presentation event in California.

At the event, 140 Girl Scouts participated in activities and challenges that enabled them to earn their financial literacy badges. Volunteers from TFS and representatives from ADESA and other auctions took part too, just for fun. ■

BY CAROL SEWELL
ADESA Vice President of Marketing



ADVOCATING BY **EDUCATING**

NAAA's Day On The Hill promotes member interests
and relationship building with nation's lawmakers

A lawmaker hailing from the Hoosier State helped the National Auto Auction Association kick off a successful Day On The Hill this May in Washington, D.C. With her Indiana 5th Congressional District home to the Automotive Finance Corporation, NextGear Capital, ADESA headquarters and various auto auctions, U.S. Rep. Susan W. Brooks proved a natural choice as the guest of honor and speaker at the annual event's opening breakfast.

Rep. Brooks, whose committee assignments include the House Energy and Commerce Subcommittee on Commerce, Manufacturing and Trade, and who also serves as a member of the Congressional Automotive Caucus, briefed the delegation on legislation and policies relevant to the auto industry and NAAA members' businesses.

"Congresswoman Brooks is very familiar with our industry — in fact, she had just toured NextGear's corporate offices in Carmel, Indiana, which is where she lives," notes NAAA Chief Executive Officer Frank Hackett. "She's receptive to our issues and both she and her staff demonstrated a genuine interest in having a good working relationship with us."

"IT'S REWARDING TO INFORM OUR REPRESENTATIVES IN WASHINGTON ABOUT OUR BUSINESSES IN THEIR DISTRICTS AND HOW POTENTIAL CHANGES IN REGULATIONS CAN **IMPACT THE INDUSTRY, AFFECTING JOBS AND THE LIVELIHOODS OF THEIR CONSTITUENTS."**

Ellie Johnson
President of NAAA

He adds that making this connection with the congresswoman is just one example of the ongoing advocacy effort's main goals.

"Promoting and protecting the interests of our members and the industry requires a proactive approach that's as much educating as advocating," Hackett explains. "It's about establishing a trust and rapport with politicians and policymakers that grows into a strong working relationship, so when we request their help on legislative issues that can impact on our industry and individual livelihoods, they already know who we are and what we do. And they know who they can count on when they need input from experts in this field or support in an election campaign."

Following the breakfast briefing from Rep. Brooks, the legislative liaison team joined members of the National Automobile Dealers Association (NADA) to tackle



an itinerary of meetings with the offices of both the House and Senate leadership, legislative aides and instrumental committees with major influence on legislation of interest to auto auctions.

"Cooperation is key to everyone's shared success," Hackett says, noting that the support from NADA and the National Independent Automobile Dealers Association (NIADA) make these events possible and that NAAA and NIADA alternate in planning and leading the advocacy days.

In 2011, recognizing its mutual interests and that there's strength in numbers when it comes to influence on Capitol Hill, NAAA joined in an unprecedented strategic partnership with NADA and NIADA to form a new advocacy team. Combined, they represent 1.3 million employees at 55,614 dealerships and auctions with total annual sales of \$682 billion.

Last year, NAAA established a partnership with the National Auctioneers Association (NAA) to add another major industry organization to the united advocacy efforts.

"This strategic partnership, assisted by the professional lobbying firm of Federal Advocates and our PAC, gives us a powerful, united voice in our nation's capital," says Hackett.

NAAA Legislative and Operations Manager Tricia Heon agrees, noting that since launching the association's federal lobbying initiative, the expanding legislative liaison team — along with the growing financial support of NAAA's Political Action Com-

mittee — has gained the attention of lawmakers in the nation's capital.

"As a delegation of major groups united to represent the interests of the remarketing industry, those we meet with are much more engaged and interested in what we have to say," reports Heon. "We've received a lot of positive feedback from congressmen's offices about wanting to visit an auction in their districts or having us present an educational session to learn more."

She recounts how three years ago when the transportation bill, known as MAP-21, was before Congress, an amendment with dire consequences for auto auctions was proposed. The amendment mandated requirements for auto auctions that would have dramatically altered their operations to the point of making it financially impossible to do business. But thanks to NAAA's legislative liaisons, who educated the amendment's sponsor about the damaging effects to the auction business, the measure was withdrawn.

"We're monitoring legislation and working closely with our registered lobbyists and elected officials to ensure there are no surprises like that again and that the auto auction industry remains protected," assures Heon.

Although it was a long, busy day, NAAA President Ellie Johnson found the time spent on the Hill a satisfying experience.

"It's rewarding to inform our representatives in Washington about our businesses in their districts and how potential changes in regulations can impact the industry, affecting jobs and the livelihoods of their constituents," she remarks. "For me, it's also very inspiring to see how the various segments of the remarketing community, from auctioneers and independent dealers to large auto auction corporations, can work together to make a difference for the good of

TrueFrame's Vehicle History Reports Detail Severity of Damage and Repairs

There is nothing more frustrating for an automotive retailer than finding a great vehicle that may have sustained minor damage in an accident, but having to back off the unit because it will just mean added hoops for a salesman to jump through during the sales process.

Enter TrueFrame, a Birmingham, Ala.-based firm that has created a vehicle history report that provides detailed information on vehicle damage from any accidents, as well as service records and odometer measurements, according to a recent article in *Auto Remarketing* magazine.

Yes, this sounds familiar with reports like CarFax and AutoCheck in the marketplace, but TrueFrame was created after listening to countless dealers and wholesalers who noted that these other reports don't always detail the severity of damage and repairs. Without this information, dealers have to make their best guess as to what happened to the vehicle, and that has a chilling effect on both their willingness to retail the unit as well as the price they are willing to pay if they still choose to buy it.

According to *Auto Remarketing*, TrueFrame, which launched in 2014, works with Carfax and AutoCheck, and its inspection report data are designed to complement the vehicle history information provided by those companies.

Ben Puckett, president of TrueFrame, said though the services has been extensively tested with NAAA members, Manheim, ServNet and ADESA to work out the bugs in the actual inspection process, the service is not yet available at the auctions.

"What we found was that it works great; the dealers who were buying cars at the auction that had TrueFrames on them gave us really positive feedback," Puckett said, "which led us to offering TrueFrame to dealers directly."

He noted, however, the company was not quite ready to move TrueFrame "that far upstream with it at the auction level," because the tool was not integrated with Carfax at that point and was just a standalone inspection offering, and TrueFrame wanted to educate dealers further about how the offering could benefit them on the retail side.

Information about vehicle damage includes:

- ▶ Was the vehicle in a serious accident?
- ▶ What work was done to the vehicle as a result of the accident?
- ▶ Is there existing cosmetic damage to the vehicle?
- ▶ Does the vehicle meet TrueFrame's Structural Standards?
- ▶ Is the vehicle structurally sound?

Benefits to the dealer include the ability to:

- ▶ Retail the car in the first place.
- ▶ Sell it faster.
- ▶ Earn a greater return on investment and make more money on the car.

Puckett said TrueFrame has a few areas targeted for 2015, including Minneapolis, Philadelphia, Dallas, Houston and San Antonio. ■

Manheim's Enhanced Vehicle Imaging Suite Generates Gains for Toyota Financial Services

Case Study Examines TFS Growth in Conversion Rates, Bids and Retention

As a result of Toyota Financial Services' (TFS) need to find a new and more efficient way to sell their vehicle inventory, Manheim and TFS formed a partnership that led to TFS's implementation of Manheim's Enhanced Vehicle Imaging (EVI). TFS's conversion rates have risen 17 percent, and have achieved gains in both bids per sale and retention value, as documented in a recent case study released by both organizations.

"We needed to adopt a new approach to sell our inventory," said Mike Reid, national remarketing manager for TFS. "Moving from lane sales to online proved to be a disruptive process for our dealers at first. Making buying decisions without actually seeing a vehicle first hand was difficult for many dealers. But with enhanced imaging, our dealers are able to view their target vehicle inventory online very similarly to the physical auction lane. We are well on our way to creating a virtual showroom experience that allows our dealers to purchase vehicles with confidence around the world."

Designed to help consignors increase sales and conversion rates, EVI provides the highest resolution images available, delivering showroom quality that helps sell vehicles online quickly. The improved package, offered with Manheim InSight ECR Condition Reports, provides customers up to 18 vehicle images, 'heat map' graphics that help buyers quickly assess vehicle condition and a dedicated photo staff with the goal of ensuring consistent image quality and standards across all Manheim locations.

During last year's trial of the product for TFS's online auction sales at Manheim Ohio and Manheim Phoenix, EVI helped TFS achieve a 17 percent gain in conversion rate to 62 percent in a sample size of nearly 2,700 vehicles. During that trial, the results showed a 26 percent rise in the number of



bids and a 1.1 percent increase in retention value, or an increase of \$132 per vehicle.

In May 2014, TFS fully adopted EVI for all of its vehicles consigned at the 20 Manheim operating locations with the product. Projections are for all TFS consigned vehicles at those Manheim auctions – more than 65,000 vehicles in total – to go through the EVI process this year. Since the completion of the trial, Manheim expanded the number of operating locations offering EVI to 21, with the addition of Manheim Toronto.

"This partnership has been very beneficial to both Toyota and Manheim," said Bonnie Hensler, vice president of product development for Manheim. "The feedback has been positive for EVI, an innovative product designed to help our customers showcase vehicles better. As 21 of our operating locations already have the EVI photo booths in place, we are expanding the program to include other OEMs."

The 21 Manheim operating locations currently with the imaging product in place include: Manheim Atlanta, Manheim Baltimore-Washington, Manheim Denver, Manheim Fredericksburg, Manheim Kansas City, Manheim Milwaukee, Manheim Minneapolis, Manheim Nashville, Manheim Nevada, Manheim New Jersey, Manheim Ohio, Manheim Orlando, Manheim Pennsylvania, Manheim Phoenix, Manheim Riverside, Manheim San Diego, Manheim San Francisco Bay, Manheim Seattle, Manheim Statesville, Manheim Texas Hobby and Manheim Toronto. ■

AutoIMS Expertise = Customer Satisfaction for Auctions

AutoIMS is a web-based, inventory management system that allows member auctions and commercial consignors to manage their remarketing inventory from assignment to sale and beyond. As the needs of the commercial consignor base have grown, so has the functionality of AutoIMS. And when auctions have the AutoIMS basics “down pat,” they can handle assignments with confidence and accuracy, moving them through the inventory process in accordance with customer guidelines. Auctions that take the time to learn more about AutoIMS are simply better equipped to tackle customer demands head-on.

Training topics are wide-ranging, and every auction has unique challenges and opportunities on which to focus. Some of the hottest areas for training include:

- ▶ Electronic Data Interchange (EDI) —How AutoIMS and auction systems exchange data automatically and update the inventory records
- ▶ Data Analytics — Using reports to gather information and get ahead of client scorecards
- ▶ Transportation — Tips and tricks for transportation managers to get units to auction on time
- ▶ Customized Layout — How to arrange your data columns for at-a-glance access in every vehicle status, including numerous popular ‘cheats’ that make life easier.
- ▶ Administration — Setting up AutoIMS users, e-mail notifications and more.

Too often we hear fleet lease and commercial account managers say how much they love AutoIMS, but feel it is underutilized at their auction. AutoIMS is always available for impromptu training or help, but usually users wait until there is a problem to call. The best auctions get out from behind that 8-ball, and have added confidence for when things inevitably go wrong.

“Clients are often ahead of their auction partners...”

One great example where clients are often ahead of their

auction partners is LiveReports, the powerful yet easy-to-use data engine behind AutoIMS. The trick is to just jump in, and some training helps immensely. A dedicated trainer takes the audience step-by-step through identifying the information need, showing existing best practice reports, and teaching users how to ‘fish’ for what they need going forward.

One-way users can become very comfortable when working with reports is to use the report templates. These templates were recently overhauled to become even simpler, but more effective. Templates available include:

- ▶ Block — Inspect units for sale before they run through the lane.
- ▶ Charges — Billing 101; Eliminate erroneous fees; charge for everything that’s valid.
- ▶ Cleared for Sale Status — Put these cars in the sale.
- ▶ Inventory by Vehicle Status — Get an accurate unit “head count” for the big picture.
- ▶ Notes — Track note messages between auctions and consignors so nothing escapes your attention.
- ▶ On-Hold On-Block Status — Be sure you don’t sell any cars on hold.
- ▶ Pending Assignments — Start the assignment off right.
- ▶ Repair Approvals — Recondition the right items, and fast.
- ▶ Repair Estimate Document — Get even further ahead of repairs.
- ▶ Sold Results — Close out sales perfectly.
- ▶ Title Status — Avoid selling cars without a title.

AutoIMS takes great pride in helping auctions meet and beat client expectations across all phases of the remarketing lifecycle. Training staff will work closely with all auction departments that interface with commercial consignors to ensure proficiency with the system’s robust features.

For more information or to schedule AutoIMS training, call Customer Service (888) 683-2272 or email us at training@autoims.com. ■

Have Auction, Will Travel: Manheim Announces Expansion of Mobile Auction Network

Mobile auctions provide dealers “anywhere, anytime” access to live sales

In response to growing demand among independent dealers for choices in how to conduct business, Manheim added two new state-of-the-art trucks to its fast-growing mobile auction network. The company also outlined plans to roll out up to eight additional mobile units later this year, bringing the total number in service to as many as 24 by year’s end. Highlighted by their enhanced portability and upgraded technology, the new units will offer dealers more flexibility and greater access to needed vehicle inventory while creating business efficiencies.



“Our customers tell us they need easier, more convenient ways to buy and sell,” said Janet Barnard, president of Manheim North America. “Backed by more than a decade of success in conducting mobile auctions, these sales are offering dealers in underserved markets another way to conduct business based on their needs.”

The new mobile units, the first of which are being rolled out in Pennsylvania and Texas, feature a new portability set-up that allows dealers to remove the “auction in the box” unit from the vehicle and facilitate an auction anywhere there is demand, including dealerships, conference centers and warehouses, or even open fields. All units are equipped with the same simulcast capability offered by Manheim’s physical auctions, enabling auctioneered, live bidding on premise and online. Manheim also provides the support services dealers have come to expect and appreciate, including financing, condition reporting and inspection services.

Not only does Manheim bring the technology and expertise to host an auction on the dealer’s grounds, it also brings the buyers through its targeted marketing and sales efforts. Offering the largest and most advanced mobile sale offering in the industry, Manheim conducts more than 25 mobile auction sales each month, attracting more than 100 participating dealers on average at a typical sale. In addition to a broader buyer base, dealers who host a mobile auction also benefit from a reduction in transportation and travel costs normally incurred when bringing vehicles to a physical auction.

“The investments we are making in our mobile auction network represents our commitment to all of our customers – from small, independent dealers to large franchises and everyone in between,” Barnard said. “Not only are we better able to cater to their specific needs, but we’re also extending the reach and excitement of the live, wholesale auction experience.” ■



MATT ARIAS
Manheim Director of Operational Excellence



NAAA Arbitration Policy: Summary of Changes

Effective Date: May 4, 2015

The NAAA Arbitration and Structural Damage Policies are intended to provide adequate disclosure to the buyer for informed purchase decisions and to limit arbitrations for the seller. This policy serves as the primary criteria for all arbitration proceedings. The following updates have been made to the policy and will take effect on May 4, 2015.

Arbitration Policy In-Lane and Online Policy Updates:

(1) Section 2. Sale Light System:

1. **Green Light – “Ride and Drive”:** Additional verbiage to clarify the “Seller” is guaranteeing vehicle under the green light. In addition any defect or issues requiring disclosure per this policy should be announced using the green/yellow lights.
2. **Yellow Light – “Limited Guarantee”:** Verbiage added when the yellow light is to be used “*in conjunction with the green light or when ‘limited guarantee’ is announced*”.
3. **Red Light – “As-Is”:** Added verbiage to include vehicles selling under the red light will only qualify for arbitration under the rules outlined “*in this policy*”. **NOTE:** Vehicles selling under the red light *ONLY*, Structural Damage remains a required disclosure.
4. **Red and Yellow Light – “As-Is, No Arbitration”:** New to policy – “*Vehicles selling under the red and yellow light will only qualify for arbitration under the rules outlined in this policy. (As-Is dollar amount, model years, and mileage is subject to local auction policy)*”. **NOTE:** Structural Damage and other disclosures may not be required.
Refer to APPENDIX I. NAAA Arbitration Policy Guidelines below for Seller Disclosure Requirements.
5. **Blue Light – “Title Attached/Title Unavailable/Title Absent”:** If ‘title attached/unavailable/absent’ is not announced, a vehicle could be arbitrated for “*no title in the absence of local auction policy*”. Removed the term “misrepresentation”

(2) Section 3. Seller Responsibilities:

1. New to Policy: (4) If a vehicle is being offered for sale by a Third Party, the legal owner must be disclosed by Seller prior to sale.
2. (5) Added verbiage reinforcing a seller’s obligation to a minimum disclosure requirement which are inclusive of the dollar amount threshold and disclosure requirements stated in the policy.

(3) Section 4. Buyers Responsibilities:

1. (2) In addition to recommending PSI’s, online buyers should also consider *warranty or assurance* products from the auction on vehicles purchased.
2. (3) added “*Walk-Around*” for informational and convenience purposes for the buyer.
3. (10) Seller to provide negotiable title to the auction: Replaced “24 Hours” with “*close of business on the next day (excluding weekends and auction observed holidays)*”.

(4) Section 6. Arbitration Guidelines:

1. (4) Not subject to arbitration (c) Noise and Inherent Conditions: advising users that additional resources can be found on NAAA’s Standards page at www.NAAA.com.

NAAA Structural Damage Policy updates:

- (1) **Seller Disclosure Requirements:** (1) added “*aka kinked or broken*” to existing permanent structural damage.
- (2) **Structural Damage Disclosure Requirement:** - See Appendix II below:
 1. Floor/Trunk Panels, added “*existing damage, removed, modified, repaired or replaced panels*”
 2. Removed the asterisk from #7 (D pillar) and #13



APPENDIX I. NAAA Arbitration Policy Guidelines: Updates to Seller Disclosure Requirements in RED

| Appendix I. NAAA Arbitration Policy Guidelines | | | | | | | | |
|---|----------------------------------|---------------------|----------------|-------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| NAAA Seller Disclosure/Announcement Requirements | Disclosure/Announcement Required | | | | Arbitration Time Periods | | | |
| | Green Light Only | Yellow Light Only | Red Light Only | Red-Yellow Light | Green Light Only | Yellow Light Only | Red Light Only | Red-Yellow Light |
| | "Ride & Drive" | "Limited Guarantee" | "As-Is" | "As-Is, No Arbitration" | "Ride & Drive" | "Limited Guarantee" | "As-Is" | "As-Is, No Arbitration" |
| Major Components | | | | | | | | |
| Engine Problem* | YES | YES | NO | NO | A or C | A or C | N/A | N/A |
| Cracked or Replaced Block* | YES | YES | NO | NO | A or C | A or C | N/A | N/A |
| Transmission Problem* | YES | YES | NO | NO | A or C | A or C | N/A | N/A |
| Oil System Inoperable* | YES | YES | NO | NO | A or C | A or C | N/A | N/A |
| ARS Problem* | YES | NO | NO | NO | A or C | N/A | N/A | N/A |
| Emission Control equipment missing or inoperable* | YES | NO | NO | NO | A or C | N/A | N/A | N/A |
| Air conditioning system* | YES | NO | NO | NO | A or C | N/A | N/A | N/A |
| SRS missing or problem with airbag* | YES | NO | NO | NO | B or C | N/A | N/A | N/A |
| Vehicle History Issues | | | | | | | | |
| Structural Damage/Certified Structural Repair or Replacement/Structural Alteration per NAAA Structural Damage Policy | YES | YES | YES | NO | B or C | B or C | B or C | N/A |
| Not Actual Miles/Inoperative Odometer** | YES | YES | YES | YES | B or C | B or C | B or C | B or C |
| Salvage or Reconstructed/Theft/Recovery/Stealer Vehicles (including history) | YES | YES | YES | YES | B or C | B or C | B or C | B or C |
| Bonded Insurance and/or Salvage Titles (including history)** | YES | YES | YES | YES | B or C | B or C | B or C | B or C |
| Flood Damage (By Auction Inspection) | YES | YES | YES | NO | B or C | B or C | B or C | N/A |
| Lemon Law/Manufacturer's Buyback** | YES | YES | YES | YES | B or C | B or C | B or C | B or C |
| State-based VIN plates (including bit vehicles) | YES | NO | NO | NO | B or C | N/A | N/A | N/A |
| Taxis, Livery vehicles, Police vehicles, government vehicles | YES | NO | NO | NO | B or C | N/A | N/A | N/A |
| Previous Canadian vehicles | YES | NO | NO | NO | B or C | N/A | N/A | N/A |
| Grey Market vehicles** | YES | YES | YES | YES | B or C | B or C | B or C | B or C |
| Vehicles being sold with no title (Bill of Sale only) | YES | YES | YES | YES | B or C | B or C | B or C | B or C |
| Voided Factory Warranty | YES | NO | NO | NO | B or C | N/A | N/A | N/A |
| Fuel Conversion | YES | NO | NO | NO | B or C | N/A | N/A | N/A |
| Non-Original Engine (excludes items replaced under Manufacturer's warranty) | YES | NO | NO | NO | B or C | N/A | N/A | N/A |
| Current model year and up to 4 model years old | YES | NO | NO | NO | B or C | N/A | N/A | N/A |
| Logo or Deal Misrepresentation | YES | NO | NO | NO | A or C | N/A | N/A | N/A |
| Bio-Hazard vehicles as required by law | YES | YES | YES | YES | A or C | A or C | A or C | A or C |
| Flood Damage History (discovered by DMV and/or insurance company records) | YES | YES | YES | NO | 120 Days | 120 Days | 120 Days | N/A |
| Other Issues | | | | | | | | |
| Vehicle Accessory Electrical Problems* (Current model year and up to 4 model years old) | YES | NO | NO | NO | A or C | N/A | N/A | N/A |
| Paintwork (2 panels or more) on current model year and newer (excludes bumpers) | YES | NO | NO | NO | A or C | N/A | N/A | N/A |
| Vehicles not equipped with air conditioning (excludes vehicles 10 model years old or older) | YES | NO | NO | NO | A or C | N/A | N/A | N/A |
| Vehicles being sold with a CO, HHO, or Repo Affidavit title (if required by law) | YES | YES | YES | YES | 7 days after receipt of title |
| Pending state or local DMV fees or taxes over \$100 due on vehicle (if required by law) | YES | YES | YES | YES | 7 days after receipt of title |
| Any disclosure required by law | YES | YES | YES | YES | 7 days after receipt of title |
| Time Period VS. Sale Channel Breakdown | | | | | | | | |
| *A* In-line-Sale Day Only | | | | | | | | |
| *B* In-line-7 Calendar Days Only | | | | | | | | |
| *C* Online-2 Calendar days within verified receipt of the vehicle from seller and/or auction not to exceed 10 calendar days from the original sale date | | | | | | | | |
| **Must disclose defects that are singularly \$500 or more to repair | | | | | | | | |
| ***These transactions may be subject to arbitration regardless of the stated time limits. | | | | | | | | |



APPENDIX II. Structural Damage Disclosure Requirements: Updates highlighted in RED

| Structural Components | Structural Damage Disclosure Requirement | | |
|---|--|---|--------------------|
| | Unibody | Unibody on Conventional Frame | Conventional Frame |
| 1 Frame Rails (Including front, center and rear rails) | Existing Damage, Removed, Modified, Repaired, or Replaced | | |
| 2 Spring Pod, Torque Box or Stabilizer Mount | N/A | Existing Damage, Removed, Modified, Repaired, or Replaced | |
| 3 Cross Members (except bolt-on) | Existing Damage, Removed, Modified, Repaired, or Replaced | | |
| 4 Apron Assembly | Existing Damage, Removed, Modified, Repaired, or Replaced | | N/A |
| 5 Strut Tower Assembly | Existing Damage, Removed, Modified, Repaired, or Replaced | | N/A |
| 6 Cowl Panel/Firewall | Existing Damage, Removed, Modified, Repaired, or Replaced | | N/A |
| 7 Support Pillars (includes A, B, C* D) | Existing Damage, Removed, Modified, Repaired, or Replaced | | |
| 8 Roof Braces/Bows | Existing Damage, Removed, Modified, Repaired, or Replaced | | |
| 9 Rocker Panel (Outer) | Replacement Only | | N/A |
| 10 Rocker Panel (Inner) | Existing Damage, Removed, Modified, Repaired, or Replaced | | N/A |
| 11 Floor/Trunk Panels | Tears 1" or more, existing damage, removed, modified, repaired or replaced panels | | N/A |
| 12 Quarter* or Cab* Panel | Replacement Only | | N/A |
| 13 Inner Quarter Panel Assembly (includes inner wheelhouse panel, rear strut tower, & wheelhouse extension lower) | Existing Damage, Removed, Modified, Repaired, or Replaced | | N/A |

*Only applies to components deemed structural per the vehicle manufacturer.