

MEMORANDUM



Automotive Parts & Service Association Of Illinois

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SPRINGFIELD, IL 62712-6818

1-800-369-2964 - FAX 1-800-779-1179

www.apsail.com

DATE: May 3, 2007

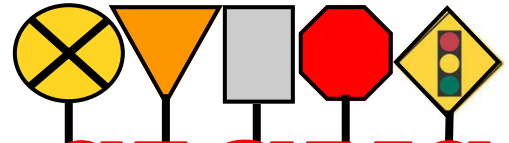
TO: APSA of Illinois Members

FROM: Jan Firth, Executive Vice President

SUBJECT: Monthly Newsletter Delivery

We are currently delivering your monthly newsletter by fax or mail. Most members are receiving their information via email. Although we are happy to continue your present method of delivery, email is a much more timely way to communicate with our members. During this busy legislative season, there are many times when we need to distribute information as quickly as possible. If you have access to email please let me know and I will add you to our email listing.

If you would like copies of any of the attached information referred to in the newsletter, please contact us at 1-800-369-2964. Thank you for your cooperation and enjoy the May 2007 "Road Signs."



ROAD SIGNS

website: www.apsail.com

JAN FIRTH, Executive Vice President

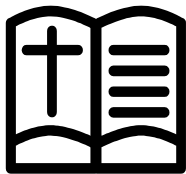
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In observance of
Memorial Day,
the association
office will be closed
Monday, May 29.

*Have a safe
Memorial Day
weekend.*

PRESIDENT'S MESSAGE

Dear Fellow Members,

Last Wednesday, April 18th, I and fellow members (L-R) Gordon Botts, Woodstock, John Rice, Bloomington, EVP Jan Firth and myself, and Rick Nicholls, Jr., Rockford attended the Anti-Gross Receipts- Payroll Tax Rally in Springfield. You would have been proud of the 650+ business people who took time off from their businesses to protest these unfair taxes. They came from all over the state and represented a broad gamete of businesses that the governor claims do not pay their fair share.



The meeting started with a rally at the Springfield Hilton. We were greeted by protesters who left as soon as the TV cameras stopped filming. Many fine speakers were heard from. They brought out many points of these bills that are real killers. I am sure Jan and Jay will have much more to say about this later. The organizers somehow fed our multitudes lunch, in record time, and then we were off to the State Capitol Building.

My eyes were really opened that afternoon. Another rally was held in front of the Capitol Building. Once again, a fine array of speakers was heard from. We were gathered out in front, because the governor's stooges were inside. It took over an hour to get inside because of the huge crowds of people representing various issues. We had them all out- numbered. Once inside I took off to visit my legislators. They were all busy working, but I left my card and let them know I would be back.

I then went down to the rotunda and watched a rally by the Chicago Alliance for the Homeless, all dressed in matching yellow tee shirts. How did they get there? Who bought the tee shirts? Wouldn't they be better off back home working? Maybe they wouldn't be homeless!

I then watched several adults coaching children in red tee shirts, on what to say to the legislators. Shouldn't the children have been in school? Finally I wanted to go into the Chambers to listen to the debate on the bills. But we had previously been told these seats had been reserved by the governor for his supporters. Smell a rat?

This was an afternoon well spent on a lesson in true democracy. On one side, business people who took time off and paid their own way to protest unfair taxation. vs. staged photo opps., with people bussed in being given preferential treatment. At who's expense?

Please don't let them get away with this! Do all you can to stop it. It's your future.

Jim McKay
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jmckay@mckayauto.net

MEMBERSHIP

NEW Member

- Stephenson’s Service & Repair, Wayne City



MEMBERSHIP ANNIVERSARIES

5 Years

- Holland & Sons, Inc., Mendota

15 Years

- Ramel Phillips 66 Service Station, Chicago
- Mel & Sons Radiators, Melrose Park

20 Years

- Premier Auto Supply, Inc., Chicago


35 Years

- All Products Automotive, Inc., Chicago

45 Years

- Truck Parts Company, Chicago

CONGRATULATIONS to these MEMBERS!!



Thank you for your membership and continuous support of the Association!

WELCOME NEW STAFF MEMBER - SUE BROOKMAN -

Sue Brookman recently joined the staff of APSA of Illinois as the Membership Services and Technology Coordinator. She is originally from southwestern Missouri and now resides in Pawnee with her husband, Bill. She is a mother of four and grandmother of five, the youngest grandchild is seven and the oldest is 23 (it helps in the count, that there is a set of triplet granddaughters.)

Sue has worked in membership services since 1991 for an association on behalf of architects and most recently with the FFA (Future Farmers of America) Alumni and she looks forward to assisting the members of APSA of Illinois. Please welcome Sue when she answers our phones.



SUE BROOKMAN

GOLDEN RECOGNITION AWARD

★ If you know a member (individual) who has been in the automotive aftermarket industry over 50 years, submit his/her name to APSA of IL at (800) 369-2964! He/She will be honored with a “Golden Recognition Award” at the Annual Meeting in September. ★

STUDENT LOANS / SCHOLARSHIP PROGRAM

COMMUNICATE WITH YOUR COMMUNITY COLLEGES! Let them know we have student loans and scholarships available. [The applications are available at:](#)



Student Loans:

http://www.apsail.com/Documents/Ralph_Silverman/Loan_app_0805.pdf

Scholarships:

http://www.apsail.com/Documents/Ralph_Silverman/Scholarship_app_0805.pdf



Application DEADLINE for loans and scholarships is JUNE 30th

Do you need part-time help now? Summer help? Need a place to hold training sessions for employees? Contact your local community college or high school automotive instructor for help. Sign them up as Education Members of the association – dues are only \$40 per year (even offer to pay their dues). Communication with them and their students is the key to the future of our industry!

FEDERATED INSURANCE COMPANY

Membership – active membership – in your business association can be a most profitable experience. It’s like this: Your association is made up of people like you. They share the same problems. But, they also share the solutions. And, that’s the key. Your association is a communication of ideas. You Contribute. You benefit. And, in the long run, you profit.



Federated works with many types of businesses. Some of the most successful business people we know are association members. People working together to help each other.

That’s your association. That’s also Federated. http://www.apsail.com/Documents/00%2002%20FC_7x10%20Good%20Idea.pdf

EMAIL IS TIMELY ... LET US KNOW YOURS TODAY!



We feel the information in our newsletter is very valuable and would be glad to share. Since we are now emailing this newsletter, we would be happy to send a copy to each of your branch stores if you provide an email address to us. Send the email addresses to jan@apsail.com. If you are receiving this newsletter by fax or mail and now have an email address, let us know what it is and you will be included in the emailed information.

[FYI: We do NOT release our email list to anyone for any purpose.]

CALENDARS! • CALENDARS!! CALENDARS!!!

THE 2008 CALENDARS ARE COMING ... THE CALENDARS ARE COMING!!

2 0 0 8						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	



ORDER FROM APSA OF IL!!

INDUSTRY INDICATORS REPORT

The Industry Indicators file consists of five worksheets. The "Auto Retail Report" worksheet contains indicators relevant to the automotive aftermarket retail industry, while the "Auto Parts Manufacturing Report" contains indicators relevant to the automotive parts manufacturing industry, and the "Heavy Duty Aftermarket Report" worksheet contains indicators relevant to the heavy duty aftermarket.



For each indicator, these reports include the values from the last three months, percent changes from the previous year and an assessment of the trend for that indicator. The report also includes a "Raw Data" worksheet that contains the historical data for each indicator and a "Sources" worksheet that contains a list of the sources and definitions for each indicator.

The Industry Indicators Report can be accessed here:

http://www.magnetmail.net/images/clients/AutoAfterM/attach/AAIA_Industry_Indicators.xls

CONSUMER CORNER

By Illinois Attorney General Lisa Madigan

Protect your identity when thieves go "Phishing" for information. Phishing is a computer-based scam designed to trick unsuspecting consumers into revealing sensitive financial information to identity thieves. Once thieves have this information, you may quickly find yourself the victim of identity theft. **Click on this link to learn more:** <http://www.apsail.com/Documents/April%2007%20AG%20Consumer%20Corner.pdf>

2007 NEW EPA ASBESTOS BROCHURE TARGETS AUTO MECHANICS



The U.S. EPA has released a new brochure that provides health and safety information for professional and DIY mechanics who may work with asbestos-containing automotive components. The publication — which bears a title that could only have originated in Washington, DC: **Current Best Practices for Preventing Asbestos Exposure Among Brake and Clutch Repair Workers** — emphasizes the need to prevent asbestos fibers from escaping into the air during repair work.

While it's impossible to tell if clutch and brake components contain asbestos, the booklet advises mechanics to assume the presence of asbestos. It warns against blowing dust from brakes and clutches with compressed air. It also details three methods for containing asbestos dust in a professional repair shop.



The **brochure is available** on the EPA asbestos website at <http://www.epa.gov/asbestos/pubs/brakesbrochure.html>
[Source: *Automotive Week/Service Executive*]

Online Registration/Brochure Now Available for 2007 eForum™

BETHESDA, MARYLAND – For the first-time ever, online registration is now available for the 2007 Aftermarket eForum™. When visitors log on to www.aftermarketforum.com they will be linked to a website where they can complete their registration electronically. They also have the option of downloading a PDF registration form that can be sent via fax or mail.

Also, available at the website is copy of the 2007 Aftermarket eForum brochure. Plus the website has been updated with the most up-to-date schedule, presentation descriptions and speaker bios. Early bird registration discount rates are available through Friday, June 1, 2007.

The 2007 eForum, “**eBusiness Innovations Driving Aftermarket Growth**,” is scheduled for July 16-18, at the Hyatt Regency O’Hare in Chicago, Ill.

“Attendees will hear and see, first hand, the innovative technologies that aftermarket suppliers, retailers and distributors are using to increase their top line and manage expenses,” said Scott Luckett, eForum planning chairman and AAIA vice president, technology standards and solutions “The Aftermarket eForum is designed for decision-makers who want to maximize the effectiveness of their inventory investment,



e-business strategy and business efficiency. Presentations will focus on innovative solutions that have been deployed by your suppliers, peers and competitors.”

For more information on the 2007 Aftermarket eForum™ visit www.AftermarketForum.com, or contact Barbara Clark of AAIA at 301-654-6664.

About The Aftermarket eForum™

Now entering its seventh year, the Aftermarket eForum™ is produced by the Automotive Aftermarket Industry Association (AAIA), in conjunction with Automotive Aftermarket Suppliers Association (AASA), Automotive Industries Association (AIA) of Canada, Automotive Warehouse Distributors Association (AWDA), Motor & Equipment Manufacturers Association (MEMA), and Specialty Equipment Market Association (SEMA) to provide an educational and business development symposium dedicated to e-commerce and supply chain technology solutions in the vehicle aftermarket.

90 YEARS IN BUSINESS FOR MONROE MOTOR PRODUCTS

**90th
Anniversary**

Rochester, NY-based Monroe Motor Products, a Parts Plus member of the Automotive Distribution Network, is celebrating its 90th anniversary this year. The Pullman Taxicab Co., founded in 1917 by Max and Issac Gordon, led to the formation of Gordon Motor Parts, which evolved into Monroe Motor Products. Max's son, Burt, became president and CEO of the company in the 1970s. Burt's son, Michael is the company's current president and CEO. Monroe has about a dozen warehouse and company-owned Parts Plus auto-parts stores servicing customers across New York from Rochester to Potsdam, as well as northern Pennsylvania. [Source: *Automotive Week/The Greensheet*]

“UNDER THE DOME”

By Jay Shattuck

Business interests and APSA hit a grand slam on April 18th with its lobby day against the gross receipts tax. Over 600 businesses, including several APSA members, from a multitude of industries and from all corners of the State, made their voices heard on the GRT in Springfield. In addition, several small business owners testified at the hearing on the GRT and the Governor's healthcare proposal. In my 30 years of lobbying, the GRT has energized, mobilized and unified the business community more than any other issue. The broad and pointed opposition from employers against the GRT is unprecedented. Many legislators have indicated to me that they have received thousands of emails, letters and phone calls against the GRT.

While we have been effective thus far, you must continue to be vigilant and pay attention to the happenings in Springfield. First, House Speaker Mike Madigan recently indicated that it was his belief that some form of a tax increase was needed and would be passed this session. Second, some lawmakers are indicating opposition to the current form of the GRT, but are leaving themselves political wiggle room to support a scaled back version of the GRT. Some are actively suggesting that they could support the GRT with a higher than \$2 million revenue exemption. Finally, most of the attention is being directed at the GRT while the Governor's 3% tax on wages to pay for his plan to expand government-provided healthcare is flying under the radar screen. The Governor could pass his healthcare plan without passing the GRT. Today, there is luke warm support to his proposal on healthcare and without a similar expression of opposition as generated against the GRT, his healthcare plan could pass this Spring.

What should you do to make an impact? In politics, like life there are three types of people...people who act, people who watch others act, and people who do not pay attention. Be part of the group that acts. Contact your legislators on the GRT and the healthcare legislation. While the healthcare issue is more complicated, APSA has information to help you cut through the details and focus on the



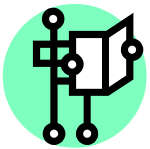
problems the measure will cause to your health plan. For example, APSA is participating with other associations and Humana to help APSA members calculate how much the Governor's proposal could cost your health benefit plan you provide to your employees or yourself. Go to: <http://www.calculatethecost.com/IL2007>

Before this session is over, many issues impacting your cost of doing business will be considered by the General Assembly. Be involved, communicate your viewpoints to your legislators and participate in the debate. You can make a huge difference as was done on April 18th.

That's APSA member Gordon Botts in the far left hand corner with his anti-GRT sign. More signs are available by contacting the APSA office.

Jay Shattuck
Shattuck & Associates, Inc.
Phone (217) 544-5490

USE THOSE LEGISLATIVE DIRECTORIES!



You recently received a copy of the 2007-2008 Legislative Directory of the Ninety-fifth General Assembly of Illinois, a benefit of your membership in APSA of Illinois. There has never been a more appropriate time to use those directories than right now! This is definitely a critical time for the future of all businesses in Illinois. Our Governor has proposed a massive tax increase – resting

on the backs of Illinois business. Talk to your legislators, fellow businessmen, and employees about the impact of this tax proposal. It will be a fight to the bitter end. Our president, Jim McKay and our lobbyist, Jay Shattuck have given you valuable information to think about. Go to our website www.apsail.com to calculate the costs of the payroll tax and the GRT tax. We have also included some talking points on these issues.

The association's Political Action Committee also needs your financial support to help us keep up the work in Springfield. Your contributions will allow us to support legislative candidates that understand our issues. Complete the form included with the legislative directory mailing and send your contribution today. We certainly appreciate those who have so generously contributed to date. Your businesses and the aftermarket industry depend on your financial commitment!

ITC CASE SUMMARY: The Biggest Threat to the Aftermarket



Ford Global Technologies filed a complaint with the United States International Trade Commission on December 6, 2005 alleging the violations of importing certain automotive parts by reason of design patent infringements. There were six named aftermarket parts manufacturing and distributing entities upon which the complaint served; several Taiwan manufacturers and two U.S. distributors including Keystone Automotive Industries, Inc.

In late December the ITC ordered an investigation be held to determine whether there was a breach of fourteen design patents modeled after the Ford F-150 truck including grilles, head lamps, bumpers, hoods, fenders, side view mirrors and tail lamps. The automaker has requested that the ITC issue a cease order to stop importation of these parts into the U.S. On May 4th, the judge rules in favor of Ford's summary judgment and dismissed some of the aftermarket's defenses including right of repair, exhaustion, license and patent misuse. These were key arguments to setting

precedent in order to prevent future patent attacks.

The ITC hearing was held August 21-25 in a courtroom filled with aftermarket crash parts and walls lined with boxes of evidence. The judge listened to the verbal battles between the aftermarket and the original equipment manufacturers. Ford, in its complaint, proposed to challenge the right of the independent aftermarket to produce and distribute ten of the fourteen crash parts intended for the F-150. Keystone strongly defended evidence of prior art, claiming that patent infringement could not have taken place if the designs were already in the market place and in use. A good part of the defense would ride on the "public use" arguments.

In October, a letter from Ford Motors was sent to Keystone and others manufacturing and distributing aftermarket parts, putting them on notice of 160 design patents on their automobile parts (some mechanical) and an additional 100 pending patents. If the aftermarket reproduces and distributes any of the mentioned parts, they will be willfully infringing on these specific patents. This

violation will incur the highest amount of damages and Ford's legal fees.

On December 4, 2006, the judge issues his initial decision finding that three parts were invalidated due to the "public use" arguments and seven parts were found to be valid and infringed. His initial determination is subject to review by the ITC by the end of this year. To date, the cost of the defense is \$6.8 million and is now expected to go into the double digits.

This action by Ford is the single biggest threat to the future of all aftermarket parts. We can all expect that the other car companies will line up to do the same. This is an assault on the entire industry. It is now absolutely necessary for the industry to join together and fight this injustice. The financial burden of this defense is tremendous and help is needed to prevail. The patent law is being turned on its head and we need to act now!

[Source: Eileen Sottile, Keystone Automotive]

NOTE: Patent reform legislation has been introduced in both the U.S. House and Senate.

CAWA Fights the Retail Sales Ban of R134a Refrigerant

The California Air Resources Board (CARB) is poised to take action that would ban the retail sale of R134a automotive refrigerant as an early action item pursuant to Health and Safety Code Section 38560.5. R134a is used as a refrigerant in nearly all U.S. vehicles. Based on a study by Frost and Sullivan, **a retail sale ban on R134a will:**

- Have a negligible impact on emissions of global warming gasses.
- Place the brunt of the economic burden of the reductions on low and fixed income Californians who work on their own air conditioners.

In addition to the promise of emerging new refrigerants, the automotive air conditioning industry has embarked on self-directed efforts to reduce emissions. Such efforts include raising the awareness of safe handling through product education, as well as container seal improvements, and advocating for the inclusion of a/c system inspection through the state's Smog Check program to address concerns over a leak-refill cycle.

Most recently, the California State Legislature enacted legislation, A.B. 32 (Chapter 488, Statutes of 2006), that requires CARB to implement measures aimed at capping global warming gasses at 1990 levels by 2020. As part of this legislation, CARB is mandated to develop a list of "discreet early action greenhouse gas emission reduction measures" by June 2007, with regulations for these actions being promulgated on or before Jan. 1, 2010 (Health and Safety Code 38560 et seq.).

CARB has pointed to a ban on the retail sale of R134a as a possible target for early regulatory action under the new law. CARB has expressed three concerns about the do-it-yourself use of R134a in automotive air conditioners, the can heel or residue left in the can after completing a recharge, the possible continuous cycle of leak-refill-leak-refill and the discarding of partially filled cans.

Finally, according to automotive chemical manufacturers, there is another compelling reason not to ban the retail sale of R134a.

At least three manufacturers have replacements for R134a refrigerant that have very low global warming potential. They will, in all probability, be used in all cars manufactured starting in 2011. However, the manufacturers need time to transition to the next generation refrigerants.

The California/Nevada Automotive Wholesalers' Association (CAWA) has joined a growing coalition of organizations all opposed to the retail sales ban. The coalition "Stay Cool California" has been formed to protect Californian's ability to do it themselves and spread the word to consumers who take pride in working on their vehicles. "Stay Cool California" has launched a Web site, www.staycoolcalifornia.com, to educate and motivate consumers, do-it-yourselfers, auto enthusiasts and hobbyists to take action and send a message to the legislature urging their help in opposing this proposed consumer ban that hurts hundreds of thousands of Californians' pocketbooks.



TOLL FREE **HOTLINE** — 1-800-369-2964
 TOLL FREE **FAX** — 1-800-779-1179
WEB SITE — www.apsail.com
e-mail — info@apsail.com

**APSA of Illinois ...
 is your one-stop shop.
 Call us today!**

2007 CALENDAR OF EVENTS

May 8-9	<u>Global Automotive Aftermarket Symposium (GAAS)</u> Hyatt Regency O'Hare, Chicago
May 16-17	<u>APSA of IL Board/Committee/PAC Meetings</u> Association Office, Springfield
June 12-13	<u>AAIA Legislative Summit</u> The Washington Court Hotel, Washington, DC
July 16-18	<u>Aftermarket eForum</u> Hyatt Regency O'Hare, Chicago
Sept 21-22	<u>APSA of IL Annual Meeting/Board/Committee Meetings</u> Eagle Creek Resort, Findlay, IL



SUPPORT YOUR
 LOCAL GUARD AND
 RESERVE TROOPS!



CAR CARE GUIDE NOW AVAILABLE!



The Car Care Council's new Car Care Guide, a first-of-its-kind reference guide for motorists, is now available to the independent aftermarket.

Focus group research revealed that shop owners, counterpersons and technicians would find the guide valuable when discussing recommended maintenance and repair to their customers.

Consumers interviewed agreed that they would trust information from a credible third party like the Car Care Council. The successful "Be Car Care Aware" consumer education campaign has demonstrated motorists' interest in

vehicle maintenance information and advice.

The 56-page guide covers nine major service occasions and 12 component groups of the vehicle, plus service interval recommendations, a maintenance log and more.

For more information about the Car Care Guide go to www.apsail.com and click on the Car Care Guide Order Form, or call 1-800-369-2964, or review the sample copy sent with the December, 2006 "Road Signs. APSA of IL has purchased a quantity of these guides and has them in house.

If you or your service customers would like to purchase these to pass on to the repair shop customer simply use the order form for your supply of booklets.

This newsletter is designed to provide accurate information, but the discussion is general in nature and should not be acted upon without obtaining professional advice from a licensed attorney or certified public accountant.

WE CAN DO IT BETTER TOGETHER!

