



AUTOMOTIVE
RECYCLERS
OF MICHIGAN

2018 ARM Road Show
wrap-up starts
on page 20

YARDTALK

Issue 3

The Official Publication of the Automotive Recyclers of Michigan

Spring 2018

The President's Message

Another excellent Road Show is in the books, and we have all of you to thank.

Thank you to the Daniels, who were gracious enough to let us use GoGo Classic Cars and Showroom as our venue. The



Ross Lewicki

setting, with its large display of classic cars, was very appropriate and even though it was smaller than some of our previous venues, the size was perfect and made it that much easier to socialize.

Thank you to Go Go Auto Parts, Airway Auto Parts & Recycling, and Morris Rose Auto Parts for letting us tour your yards and a special thanks to Morris Rose and the Kalamazoo Fire Department for the fire demonstration. The yard tour is one of the main draws for many of us and it is always rewarding to see the diversity of automotive recycling facilities such as yours. I know it's not fun to have over a hundred non-customers walking around your yard in the middle of the

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ARM Wraps Up Another Successful Road Show

By Slater Shroyer

This year's ARM Road Show was *definitely* exciting!

We spent the time surrounded by Ron Daniels' car collection which ranges from classics to muscle cars and everything in between. GoGo Classic Cars and Showroom is a beautifully restored building that offered space and character.

On the Friday bus tour at Morris Rose Auto Parts, the local fire department set up three vehicles and set them on fire. While this was a controlled setting with multiple trucks on-hand ready to battle the blaze, it didn't take long to see how fast a car fire could spread!

Mother Nature added some excitement too as wind gusts turned the outdoor tents into giant sails and knocked the main tent down for the count. Several people described to how crazy it was to watch the giant anchoring



ARM Road Show hosts Dee and Ron Daniels pose with Daisy.

drums get lifted right off the ground. If there's video of the tent tragedy floating around out there somewhere on a smartphone (and I'm sure there is) ARM would like to get a copy for the archives. Luckily there was room indoors for everyone and the show went forward in spite of it all.

We had some great speakers: Sandy Blalock, the new acting CEO

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Let the Road Show begin! Pictured from left: Jennifer Benson, Ron Daniels, Charlie Chapman and Ross Lewicki



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Build relationships to gain professional success

I recently read that our professional success is not determined by our work performance, but by the relationships we build over time. For all of us who attended our recent Road Show & Business Networking Conference, we most certainly are on the road to professional and personal success with all the networking that took place that weekend, thanks to our gracious and welcoming hosts, Dee and Ron Daniels. They certainly set the tone for a wonderful event as they truly rolled



Barb Utter

out the welcoming mat from the time we arrived until the last one of us left. What a venue. And in spite of the terrifying 50 plus mile an hour winds on Friday morning that destroyed our food/speaker tent and was a huge threat to all of their beautiful classic cars, they made certain everything still went smoothly

for all us. They were amazing hosts.

I have always believed that good things come out of everything, even if you wonder at the time what it could possibly be. And we all know that when there is a crisis, recyclers are at their best and come together, but you also hope that you are never really tested. However, we were tested, and I think we passed with flying colors. While the majority of us were participating in the Friday yard tours, I received that dreaded call no one wants. When I heard Kathy's voice I knew in a split second there was a problem, but never dreamed it could possibly be the ruin our Road Show. She said "Barb, we have a huge problem. Our tent is being destroyed by the winds and I'm concerned that the parked cars are next." She assured me everyone was OK but it needed to be totally dismantled before there were injuries and more damages. Your first thought is, "oh no, the Road Show is ruined". But then your brain kicks in and teamwork begins. Fast forward a few hours and after many conversations with Ross and other Board members, the situation was under control and Plan B was instituted. We remained on schedule and of course we continued with our Yard Tours throughout this process.

So as I have been reflecting on the events of the Road Show and have been having a difficult time letting the "if only we had had the tent we could have" thoughts go, I realized that the devastating winds may truly been a blessing in disguise. In fact, they may have had a posi-

tive spin on our Road Show. We were forced into tighter quarters, which made conversations more readily accessible and in fact, necessary, since we couldn't congregate with just our friends and fellow workers, plus everyone pitched in and helped make the disaster turn into a positive experience. So much so, that if you didn't see the pile of tent rubble and bare chairs and tables sitting in strange places, you probably thought our tight venue was by design. Team work at its best! Recyclers at their best!

A very special thank you to all of you who helped us move quickly to Plan B: to our Board of Directors for their input and support, our vendors and speakers who willingly shared their time and their space, to our caterers who were so resilient and accommodating, to the town of Galesburg for offering to help us provide eating space if we needed it, to Charlie Chapman who helps Ron & Dee at the Showroom and was there for us as well, to Brenna and Lauren for all their work and support to Kathy & I, and to all of you, our members. I have always said we are a very special group of recyclers and once again, you proved me true and I am so grateful. You are amazing! I would be remiss if I didn't give an extra huge shout out of thanks and hugs to our Kathy and to our President Ross Lewicki. Their help and support was above and beyond anything anyone could possibly hope for and quite frankly, they were my rock. As a leader you know you have to stay focused and in control and you try to keep your cool and not get snarky (which doesn't always work as well as you hope) but it certainly is a blessing when you have a Kathy and a Ross by your side.

We're truly only as successful as the members and friends we have and each day I count my blessings that we have each other. Networking and building relationships is the key to everything, whether it is with loved ones, business associates, employees, friends or just acquaintances, it truly is the key to all that we do. My favorite author, "Unknown" said, "The best leader is the one who has the sense to surround him or herself with winning people." My utmost thanks to all of you for being those very special winning people for me.

I think summer is finally here. I sure hope you are finding time to enjoy it with family and friends. I think I hear the cottage calling me. 🚗

Love & hugs,
Barb



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48439

ARM Road Show

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of Automotive Recyclers Association (ARA), gave an informative update on many of the challenges and changes happening at the national level of both the association and the industry. Paul D'Adamo gave us a seminar about which animal we identify with as well as an explanation of the recall program for airbags. Amanda Zmolek of Copart gave us insight into the differences and similarities we might have identifying with millennials. We also got to see first-hand pictures from Shannon Nordstrom of the fire at his facility and the changes it inspired during their rebuilding.

There was an emphasis this year on learning from one another and this was the focus of the roundtable discussions held Saturday morning.

ARM would like to thank our hosts, Ron and Dee Daniels and the great folks at GoGo's. Thanks to Jason

Fisher for running our Top Dog Competition. Thanks to Glenn Neuner, Gordon Middleton and Jason Fisher for being our Auctioneers and to Kathy, Gina Johnson, Lauren and Brenna for setting up and keeping track of it all. We appreciate everyone who made donations and want to thank all of the volunteers who kept everything going so smoothly.

It's also important to make sure we thank the sponsors and vendors, the past presidents who worked the bar, and all of the participants who attended and made this a show to remember.

Thank you and we look forward to seeing you next year! 🚗



Our main tent may have taken a beating, but Mother Nature couldn't keep us from meeting!





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The President's Message

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day asking you a bunch of questions while you're trying to do business, but these yard tours allow us as an industry to feel more of a sense of community. I have personally been inspired by some of your processes and set ups and was comforted to know that some of the things that bug me about my yard aren't exclusive to my yard. For anyone who has never been to the Road Show or maybe hasn't been in a while, you really should take advantage of the yard tour next year. It is rare to find an industry where competitors gladly open their doors to each other for the sake of sharing ideas and making each other better.

Thank you to all the vendors who year after year support our industry not only with their amazing products and services that keep making business better for us, but also their financial support of our Association. Without them and their presence it would be much more difficult for us as an industry to continue to grow and evolve.

Thank you to our guest speakers, Sandy Blalock, ARA President, Shannon Nordstrom of Nordstrom's Automotive, Paul D'Adamo RAS Core, Amanda Zmolek, Copart, and Paul Secker, SAS Forks. The perspective, experience, and support that you share with ARM is greatly appreciated and we would love to have

you back any time.

Thank you to the Board and to the committees that worked hard to pull off another successful Road Show. We all know these shows don't happen haphazardly. It takes a lot of you working behind the scenes to not only make the decisions, but to take action and get it done. Thank you for your time and dedication.

Thank you to all of you who donated and bid on auction items. Thank you to Glenn and Gordon for running the auction. A special thank you to Morris Rose for being the last man standing and helping to raise a total of \$11,725.00 for ARM.

Lastly and most importantly, I would like to thank Barb and Kathy. None of us are more responsible for making the Road Show happen than you two. Barb and Kathy spend countless hours worrying and working for our benefit. Their passion leaves its mark on the show that can best be seen in its unrivaled professionalism. Very few state associations have anything close to what we have. We are blessed to have Barb and Kathy and we all owe them gratitude for the time and energy they put into the Road Show. Thank you so much! 🚗

Ross Lewicki
ARM President



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United Recyclers Group – Don Porter, Georgetown, TX

New Owners:

Matt Ghazal – Eagle Auto Parts, Three Rivers, MI

Robin & Chris Roberge – Oil City Auto Parts,
Shepherd, MI

FUTURE RECYCLERS

We are excited to welcome our newest recyclers. It looks like we may need to provide a nursery at our next event. Congratulations to:

Jennifer and Eric Benson of Go Go Auto Parts on the birth of their grandson Sullivan, born February 10, 2018.

Parents Callie & Ryan Lewicki of Rex Metal Recycling and grandparents Marty & Pam Lewicki of Highway Auto Parts on the birth of their son & grandson Rex on April 13, 2018.

Ryan Corrie of George's Auto Parts, stepson to Lance Dekeyser, on the birth of his son Jackson on April 17, 2018.

Justin Ploughman, of Shroyer Auto Parts & Jessica Lindeman on the birth of their son Jameson Robert on April 19, 2018.

Parents Jake & Kelsey Weller and grandparents Skip & Sheri Weller, Weller Auto Parts, on the birth of Quinn Katherine on April 26, 2018.

Robin & Chris Roberge of Oil City Auto Parts on the birth of their son Mitchell Parker on May 31, 2018. 🚗

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How to Combat Illegal and Unlicensed Competition

By Dave Kendziorski
Stormtech Inc.

Unlicensed and unregulated dismantlers are undercutting your business and stealing your profits. Up to 30% of end-of-life vehicles are illegally purchased and stripped down by operators who sell the parts at low cash prices while dumping hazardous waste into the environment. Economically, these operators unfairly compete against professional recyclers, avoid most income and sales taxes, neglect insurance obligations, and ignore safe work practices. Defective auto parts pose a public safety risk by contributing to serious vehicle collisions.



Recyclers seeking a level playing field are encouraged to report suspected illegal activity to the appropriate state environmental and licensing agencies. Most agencies are required to respond to complaints, but that response is typically lukewarm and s-l-o-w. If contacted, these operators typically face no consequences if they promise to follow the rules in the future, as they quietly move to a different location and start another slimy enterprise.

We need a more aggressive approach. Let's examine what California has done. California Governor Edmund

G. Brown, Jr. signed a bill that requires the California Department of Motor Vehicles (CDMV) to collaborate with six other state agencies to investigate and target illegal auto dismantling. In November 2017 CDMV launched an ambitious statewide campaign to inform the public of the economic and safety risks posed by illegal vehicle parts operators. The public awareness efforts included a poster and webpage, and numerous press releases. An online reporting system was created to allow the public to report complaints. Hundreds of complaints have been submitted and investigated.



CDMV formed a Vehicle Dismantler Strike Team staffed by numerous agency investigators and law enforcement officers. The Strike Team identifies "problem areas" and then conducts Strike Team Operations involving up to a dozen investigators and officers who swarm clusters of dismantlers checking compliance with environmental and licensing regulations; inspecting VINs, engines, and license plates to recover stolen vehicles; impounding vehicles; and finding other related violations. Each Strike Team Operation targets between 15 to over 50 dismantling "businesses".

According to CDMV Investigations Acting Chief Mary Bienko, "It is against the law for anyone to act as a vehicle dismantler without having an established place of business, meeting specific requirements, and having a valid license or temporary permit issued by the Department of Motor Vehicles. The sole mission of our Vehicle Dismantler Strike Team is to identify and shut down unlicensed vehicle dismantlers."

In less than one year, 19 Strike Team Operations throughout California have investigated 465 dismantling businesses and issued 219 citations. Many vehicles were impounded and several dismantling businesses have been forced to close. The awareness of the underground dismantling problem has increased dramatically within state government and local communities. California DMV and other regulators are continuing this effort to fight the underground dismantling economy. 🚗

Photos courtesy of California Department of Motor Vehicles.



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Airbags and SRS Sales

Is the Reward Worth the Risk?

By Marty Hollingshead

Years ago, when Greenleaf became part of the Auto Recycling Industry, they made some business decisions that at the time seemed puzzling, but they make perfect sense today. They did not sell any safety related parts, i.e.: brake parts, steering components, and SRS components (airbags and modules).

We will talk about airbags and all the negative notoriety that they have received lately and whether it is a good idea to discontinue selling them. First, we must realize that at best, we have a limited market for this part type.

Let's look at what our market currently is for this part type.

All top-rated insurance carriers will not authorize the use of anything other than new OEM SRS components for collision repairs.

This leaves us with three primary end users. These are:

1. Rebuilders of Salvage Vehicles, 2. Substandard insurance carriers and the shops that perform the work for them, 3. The Do-It-Yourselfer.

All three of these end users pose the highest risk in that they are more likely to cut corners and not repair the vehicles correctly. Whether you realize it or not, even though you did not fix the vehicle, you can and probably will be named in a Lawsuit if one of these repaired vehicles' SRS System fails to deploy as designed.

Let's look at recalls.

While it is easy enough to check at the time of inventory as well as the point of sale if your airbag is under a recall, what do we do when we have sold an airbag or SRS component, and it is now the subject of a future recall? Whose responsibility will it be to notify the shop or person who purchased this airbag? Will it fall on the Recycler? The other big question here is, how would we be able to practically track and administrate this?

When a vehicle is involved in a collision and the SRS system fails to operate as designed resulting in injury or death, there will probably be an investigation for cause and effect. Each airbag and module have a serial number that will identify the supplier as well as the vehicle from which it came. When attorneys see that an undeployed airbag came from a vehicle in the possession of a Recycler, that Recycler will now be subject as a defendant in any future legal action from this incident. While we all have Product Liability



Coverage in our Commercial Insurance Policy, will we be able to have and afford ample coverage if these types of suits increase? Odds are, the insurance carriers will limit coverage and/or make us pay significantly higher premiums to cover their risk.

LKQ was recently named as a defendant over a non-recalled undeployed airbag that was in a rebuilt vehicle that resulted in a fatality. They did nothing wrong. This was not a recalled airbag or SRS module and to the best of my knowledge, this vehicle was improperly repaired and delivered to the customer with an Airbag light on. How or why this happened is beyond me, but the end result is, a person lost their life needlessly. The fault clearly lies with whoever fixed this vehicle, but LKQ (because they have the deepest pockets) will probably be the primary defendant in this suit.

What would happen if an independent Recycler was named in this kind of suit? Would we have the means

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ARA Press Release Addresses Attacks on Recycled Parts; FTC Letter to Hyundai

On May 21 ARA issued a press release expressing disappointment with a recent revision by Hyundai Motor America to its policies regarding the use of replacement parts and manufacturer warranties. In the release, ARA strongly urged the Federal Trade Commission (FTC) to take swift action in response to what appears to be automotive manufacturers' coordinated efforts to force recycled original equipment manufacturer (OEM) parts out of the market.

"We understand that the revisions to Hyundai's policy statements come in response to an April 9 letter from the FTC expressing concern that warranty language on a Hyundai website aimed at consumers could be a violation of the Magnuson Moss Warranty Act, which clearly spells out that the use of recycled parts does not void warranty coverage," said ARA Interim CEO Sandy Blalock. "While ARA applauded the FTC's action in April, unfortunately, the revised language published by Hyundai continues to purposefully mischaracterize recycled OEM parts and mislead consumers. We believe that a full investigation by the FTC is still needed," said Blalock.

ARA has met several times with the FTC to protect the industry's position in the replacement parts market and discuss concerns that auto manufacturers have become more aggressive in their attacks on the use of recycled OEM parts. OEMs have launched these attacks by releasing position statements, repair specifications and procedures that are both biased and based on weak or no apparent scientific research claiming that genuine recycled OEM parts are inferior to new OEM parts. Please visit the ARA homepage to read the full statement: www.a-r-a.org.

ARA urges all members to share this press release with customers, business partners, and other colleagues to help hold auto manufacturers accountable for their attacks on recycled OEM parts utilization.

Auto Dealers Win Auto Lending Practices Issue

In a win for the nation's auto dealers, President Trump recently signed into law a bill repealing guidelines by the Consumer Financial Protection Bureau (CFPB) addressing lending practices. The guidelines

attempted to address "...steps that lenders should take to address discrimination by auto dealers, who often determine the terms for car loans that they help facilitate for their customers."

Congressional proponents of the rollback felt that the CFPB overstepped their jurisdictional mandate and did not follow formal rule-making processes. Opponents of the move argued that the President was "...turning his back on consumers by giving auto dealers license to discriminate against minorities.

Fiat Chrysler Recalls 4.8 million U.S. Vehicles

Fiat Chrysler Automobiles (FCA) announced a recent recall of approximately 4.8 million vehicles because of defective cruise control, following a "consumer advisory" issued by the National Highway Traffic Safety Administration (NHTSA). NHTSA "strongly encouraged vehicle owners to stop using cruise control" in FCA vehicles spanning 6 model years. According to FCA the cruise control acceleration can be "overpowered by the vehicle's brakes", a problem caused by a software defect.

Vehicles impacted include various model 2014–2018 Dodge and Jeep SUVs, Ram pickups and Chrysler sedans. FCA is also recalling vehicles in Mexico, Canada and in other international markets. No injuries have yet been reported due to this defect.

Dispute Continues in California Between Toyota Dealer and Automaker Over Prius Repairs

A California Toyota dealer continues a lawsuit against the automaker alleging breach of contract and fraud regarding a remedy for a Prius that the dealer claims is not effective. Apparently, hundreds of thousands of certain models of 2014 – 2015 Priuses lose power while in operation because the inverter can overheat. While Toyota provided an earlier software fix for the defect, the Southern California dealer, Roger Hogan, is experiencing "a steady flow" of these vehicles that were previously fixed being brought back with the same problem. Hogan says that he has stopped selling this popular vehicle after seeing over 100 cars with this issue.

According to the suit, the software fix for the inverter costs about \$80 per vehicle while the cost of replacing



the inverter can run up to \$3,000. Hogan alleges that he has an estimated \$1 million in Priuses that he will not sell. Toyota on the other hand is fighting the charges and claims that they "...believe Mr. Hogan's lawsuit is motivated primarily by a separate dispute he has with Toyota over management and succession issues involving his dealership, not the effectiveness of the Prius inverter recall."


Have You Visited the NEW Automotive Recycling Career Zone Website?

Recently ARA and the ARA Educational Foundation announced the launch of the Automotive Recycling Career Zone website: <http://www.araef.org>.

Your ARA and ARA Educational Foundation leadership have been listening and know the importance of automotive recycling career recruitment and the challenges of finding top quality employees. The ARA Educational Foundation funded the building of the AR Career Zone

website for both job seekers and employer job listings. ARA member employers can now list jobs for free and reach over 17,000 potential employees through the Career Zone's partnership with job site www.sp2.org.

Take a look today! <http://www.araef.org>.

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Simple Spill Control for Vehicle Storage

By Dave Kendzierski
Stormtech Inc.

Even after processing and fluid removal, spills and leaks can occur beneath vehicles stored outside in the vehicle storage area. This problem is particularly common in self service (u-pull-it) facilities where customers remove parts and hoses that contain residual fluids.

The following recommendations can help reduce these spills and leaks:

1. Properly drain and remove the fluids as much as possible and tightly cap or plug the openings. Sloppy or rushed fluid removal will increase leaks and spills.
2. In self service facilities, encourage customers (signs, written instructions) to be careful to avoid spills and prevent fluid releases. Consider providing small Spill Kits through the vehicle storage area.



3. Conduct daily inspections and clean up debris and spills — not just when the vehicles are removed and taken to a scrap recycler.
4. In self service facilities, place a carpeted floor mat under every vehicle that still contains a motor/transmission, and other problem parts (such as a leaking rear axle assembly). When the vehicle is scrapped, just throw the soiled floor mat into the vehicle. As an alternative, you can insert small trays beneath the vehicles, but they tend to be kicked or blown over which spills the contents. 🚗

Airbags and SRS Sales

Continued from page 10

to properly defend ourselves? What if we lost? Would we be able to afford to pay the judgment or would it put us out of business?

Auto Recyclers always seem to be the target lately.

In light of all of the problems that I have just talked about, we have made a business decision here at Northlake to not inventory or sell any SRS (Supplementary Restraint System) components. This includes all airbags, seatbelt pretensioners, and control modules. We feel that the potential for future liabilities is not worth the revenue that we would receive. More importantly, we do not want to be party to, whether directly or indirectly, any potential injuries or fatalities that can come from the use of our part.

Despite whatever differences we may have with LKQ, we do need to work with and support them on issues like this. We are all in the same boat on this one. I think that we all need to take a hard look at this and agree that at the end of the day maybe there are some critical, safety-related part types that should not be resold. We need to look at the big picture and weigh short-term profit vs potential future liability and loss. To me this makes sense from a business as well as a moral and ethical standpoint.

*Now is the time for us all to get together. **We need to improve the negative perception of our industry!*** 🚗



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Expectations: Do you meet or exceed them?

By Theresa Colbert

Expectations – we all have them. We have expectations of our kids, our spouses, our employers or employees, and so many others.

It's funny, really, when it comes to our industry. So many people think we are working in "junkyards." This includes some yard owners, employees, and a large percentage of your customers. When a yard owner calls his own yard a "junkyard," his expectations seem to be lower

than some other yard owners. Things like cleanliness, warranties, inventory being correct, and employees being on time to work.

A lot of recyclers have "dismantling facilities," or a "recycling facility," or my personal favorites, "the de-manufacturing facility" or "salvage yard." Regardless of what you call it, you have to set expectations. For yourself, for your employees, and for the parts you sell.

I can walk into a yard and within

two minutes know what the owner's expectations are in many areas.

I walked into a yard one day and was joking with the owner; I told him I found a weed out front and he about had a conniption fit. He said, "oh dang my weed sprayer is broken! Did you pull it!?!?" I laughed so hard! There was no weed! I knew this man would freak out if he had weeds in front of his yard. His expectations were set so high that he would not even allow one weed in his yard. The same gentleman has kept several of his employees for over 20 years, his parts are clean and inventoried correctly, and other yards are never worried about buying parts from this man.

I understand that there are not enough hours in the day to get everything done that we need to. The good Lord knows that I have hardly been on time for anything since I came to work at Car-Part.com six years ago. Now, instead of telling people I will be there at 2 PM, I say, "I will be there in the afternoon." When I started this job, my expectation for myself was that every visit I made to a customer was going to take the same amount of time. I quickly realized that was not the case.

I really hope that you are not an underachiever when it comes to expectations. We spend so much time trying to get rid of the "junkyard mentality" that you need to be aware of your OWN expectations, as a yard owner, manager or employee. We can't just meet them – we have to exceed them!

Have a great month! As always, if you have any questions for me, please email me at TheresaC@Car-Part.com or call/text my cell at 859-802-2382. 🚗

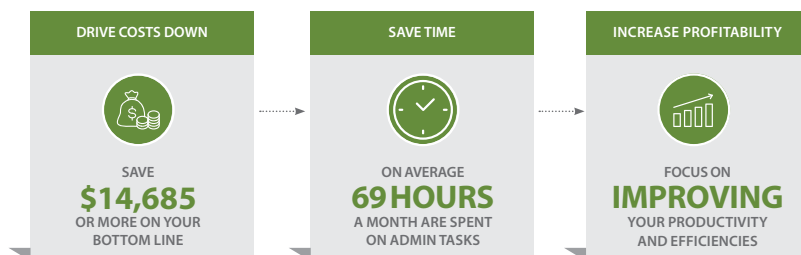
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Kelly Badillo
Automotive Recyclers Association

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- 2 Select the programs you want to learn more about
- 3 Enter your contact info and click "Request Information"



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MIOSHA focusing new efforts on electrical violations

By Slater Shroyer

During a recent insurance inspection, my Loss Control Consultant (fancy name for insurance inspector) informed me that MIOSHA is now focusing new efforts on electrical violations. Trainers are instructing everyone to be aware that MIOSHA plans to charge a minimum \$5000.00 per incident. This means that they are no longer being classified as *serious*, they are now considered *willful*. This difference is important as the maximum fine per violation is currently \$70,000.00.

We should also be aware of Senate Bill 479 which seeks to increase the maximum civil penalties for serious violations from \$7000 to \$12,675 *per violation*. The maximum fines for willful and repeated violations would be increased from \$70,000 to \$126,749. (That's also *per violation*)

So, what are some of these willful violations?

Frayed or damaged extension cords. There is no MIOSHA approved method to repair extension cords, so electrical tape or shrink wrap won't pass. New plugs

before the damaged section may be allowed as a fix, if it's properly installed. Key word here being "may." With fines this large on the line, I'm not personally going to green-light anything. Also, broken or missing ground prongs mean the entire cord is a violation.

Circuit-breaker panels with faded writing. The writing must be clear, and even the unused fuses or circuits must be unused. Pencil is not recommended.



Open enclosures such as knock-outs or missing breakers.

Lock-Out Tag-Out policies that do not include electrical devices.

Continued on page 34

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Let's Talk Recalls . . . Measure Twice, Cut Once

By Katie Stark and Paul D'Adamo
Rebuilders Automotive Supply

A simple rule of construction is "Measure Twice, Cut Once." It means that we should measure for accuracy before we commit time and resources. If we cut the wrong size board, it becomes unusable, therefore its value is ZERO. Recalled parts have ZERO Value. Airbags that are part of the recall have a value (\$55 for driver's side and \$60 passenger side – \$115 for the pair). In Auto Recycling, measuring or assessing the value of time and labor is a good foundation to determine our return on investment.

Our goal in this article is to persuade you to start an airbag recall procedure within your business. We have been awestruck by business owners' comments that it isn't worth pulling airbags from inventory, even though recalled parts have a value of ZERO as inventory but have value as a buyback. We decided to make a business case for the quick and efficient removal of airbags using the Measure Twice, Cut Once axiom.

Measurements

1. Liability – Not in my House!

- What is the chance of that airbag being sold to a customer?
- What is the chance of that airbag causing the next injury or death?
- What will this negligence cost you and your business? Your primary objective as a corporate entity is to eliminate risk.

2. Financial – You will need several measurements for this example.

- Average Ticket – Set of airbags removed from a vehicle in the buyback program = \$115 (L \$55, R \$60)
 - What is the average return on a catalytic converter today? 6 months ago? 6 months from now?

- What is the average return on an aluminum wheel?
- What is the average return on the average 25 pounds of wire pulled from a vehicle?

3. Process – Are you a Full Serve Dismantle, Parts on Demand (Pull As You Go), or Self Service operation?

- Full Serve – Dismantle Report should have three categories:
 - Parts for Warehouse
 - Parts for Cores
 - Parts for Recall
- Parts on Demand (pull as you go)
 - Take bulk list and create individual work orders per car for each set
 - Don't try to eat the elephant in one bite by creating a massive list!! The big list tends to get kicked down the road and not get done.
- Self Service
 - Identify recalls on vehicles at check-in
 - Remove buyback airbags at check-in or during de-pollution so they are not in the yard.

4. Terms of Sale

- Recalled parts have a one-way ticket to destruction. No Warranty, No Returns.

5. The Future – Create Process and Procedures Now!

- History has proved that Recalls are not going away. Create a system of Identification, Removal, Segregation, and Handling that will protect you and your business.

Final thoughts:

- Do the Right Thing – Remove Recalled Airbags from your vehicles.
- Look after yourself, your family, and your customers – Run VIN Checks on their vehicles.
- Be Safe and Live Mas! 🚗

State of Michigan Vehicle Dealer Training

The Michigan Department of State is offering full-day training in Lansing to assist all classes of licensed vehicle dealers and their staff on the basic requirements of the Michigan Vehicle Code. There are no course registration fees.

- **Pre-registration is required.** Registration is first come, first served at www.Michigan.gov/SOS. Use this link to get to the self-registration page.
 - If a course date does not appear in the drop-down menu, it means the class is full. Please register for another date, or check back at a later date for openings.
 - Picture ID is required for entry into the building where training is held.

- **Who should attend?**
 - Any class A, B, C, D, E, F, G, R, or W dealership may attend full-day trainings.
 - Dealership owners, managers, sales and office staff.
- **What will be covered?**
 - Michigan.gov/sos and other state Web sites
 - Vehicle Trade-In Credit
 - 2017 Vehicle Registration Fees
 - TR-210/TR-209 Secured Interest Change on Title Process
 - Dealership Records
 - Dealer Plate Usage
 - Your Questions

Training Dates, Times and Locations:

Date:	Day:	Hours:	Location:
July 19, 2018	Thursday	10 am to 4 pm	Operations Center, Lansing
August 15, 2018	Wednesday	10 am to 4 pm	Operations Center, Lansing
September 11, 2018	Tuesday	10 am to 4 pm	Operations Center, Lansing
October 18, 2018	Thursday	10 am to 4 pm	Operations Center, Lansing
November 13, 2018	Tuesday	10 am to 4 pm	Operations Center, Lansing
December 3, 2018	Monday	10 am to 4 pm	Operations Center, Lansing

In the online registration module, if a course does not appear in the drop-down menu, it means the class is full. Please register for another date, or check back at a later date for openings.

For questions or assistance with registration, contact the Business Regulation Section at 517-335-1799.

We do take periodic breaks and a lunch. There is an on-site cafeteria and nearby fast-food.

Operations Center, 7285 Parsons Drive, Dimondale 48821

10th Annual ARM Road Show & Business Networking Conference



Record Number of Recyclers Attend 2018 Yard Tours

By Barb Utter

A huge thank you to Ron & Dee Daniels and Jennifer & Eric Benson of Go Go Auto Parts, Cheryl and Mark Hense of Airway Auto Parts and Mark & Brad Rose and Jayson Doren of Morris Rose Auto Parts for hosting our 2018 Road Show Yard Tours. The tours are always one of the highlights of our event and this year was no exception. We had 114 registrants and I think I saw a few members who may just have happened to stop by and of course we were happy to have them join us.

Our tour was held on Friday, so not only did our hosts extend their most gracious hospitality and unselfish

sharing, they were also conducting business as usual. Not an easy feat, but being the professional recyclers that they are, they were not only able to service their customers, but they were able to make all of us feel very welcome as we toured their facilities. As recyclers, we are always curious how the "other guy" does it, so these tours provide us the opportunity to gain new ideas and to chat with our colleagues as to what works and what doesn't as we commiserate on the future of the industry. From the comments we have received, it was productive day and a great time was had by all. 🚗



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Thank You!!!



The Automotive Recyclers of Michigan would like to sincerely thank the following members and friends for their most generous support of our 10th Annual Road Show and Business Networking Conference.

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Galesburg Meat Co.
George's Auto Parts
Highway Auto Parts
Hollander
J & R Truck Parts
Middleton Auto Parts
Morris Rose Auto Parts
Northlake Auto Recyclers
Pete's Auto & Truck Parts
Rebuilders Automotive Supply
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Last Man Standing Donators:

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Go Go Auto Parts
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Morris Rose Auto Parts – Brad Rose
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Neuner's Automotive Recyclers
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Premier Auto & Truck Parts
Ryan's Pick-a-Part
Barb Utter

Special Event Sponsors:

Coffee Bar – Earl's Battery Service
Saturday Breakfast – Checkmate by Car-Part.com
Saturday Lunch – Worldwide Equipment Sales of Michigan
Top Dog – Northlake Auto Recyclers
Tour Bus – Ferrous Processing & Trading Co.



Speakers & Trainers:

Sandy Blalock – ARA Interim CEO
Paul D'Adamo – RAS "Recall Guy"
Shannon Nordstrom – Nordstrom's Automotive
Paul Secker – SAS Forks
Amanda Zmolek – Copart, Industry Relations Analyst

Round Table Facilitators:

Jayson Doren – Morris Rose Auto Parts
Daniel Gray – Doug's Auto Recyclers
Di Haranda – Morris Rose Auto Parts

Road Show Directory Advertisers:

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Tour Hosts:

Mark & Cheryl Hense
Airway Auto Parts
Ron & Dee Daniels
Jennifer & Eric Benson
Go Go Auto Parts
Brad & Mark Rose
Jayson Doren
Morris Rose Auto Parts

Photography:

Thank you Charlie Chapman of GoGo Classic Cars & Showroom

Auctioneer:

Glenn Neuner, Neuner's Automotive Recyclers

Bartenders:

Thank you to all our Past Presidents, Board Members, and Members that volunteered to bartend.



10th Annual ARM Road Show & Business Networking Conference



2nd Annual **TOP DOG** Contest a Huge Hit!

By Jason Fisher

This year's 2nd Annual "Top Dog" contest was held at GoGo Classic Cars and Showroom, as part of ARM's annual Road Show, lived up to its billing as anticipated.

For the past two years we have reached out to all ARM member facilities, large and small, to submit (without disclosure) their production numbers for the first quarter of 2018, from "W" status, to "U" as well as "Y" status parts pulls and round ups in an effort to recognize our "go to" production staffs for all of their hard work that largely goes unnoticed.



Not only was the "top dog" from each category, broken down by facility size, they were awarded a cash prize along with the coveted "your boss will do ___ for you" award, but also every participant as well received a smaller cash prize and the opportunity to draw from the hat the favor their boss was to perform for them. Some examples included: wash the employee's car/truck; wash employee's tool box and work area; take employee to lunch; VIP parking for the day; and be in charge of production for a day.

This event definitely did not disappoint! The look on each participant's face when they drew from the hat was absolutely priceless, with lots of laughs and high-fives to go around.



We can only hope as you read this article you too will submit your numbers next year to keep this event going and growing. Our production staff's

do not get the recognition they so deserve — so what a great way to make this happen. What's even better? We will never disclose your facility's production numbers to anyone else, as they are only used to determine first place, with all others still receiving a monetary award along with the "boss's favor".

A special shout out and thank you goes out to Marty Hollingshead from Northlake Auto Recyclers in Hammond, Indiana, for his generous sponsorship of all cash prizes awarded to all of our participants.

We look forward to a continued effort to help make this grow and continue to be an annual event at the Road Show to again give our production staff the credit due to them. Without them, there would be no need for our sales and management staff.

Our hats off to all of our production staff. I urge you to take time to walk out into your warehouse and personally thank them for the jobs they do for us "behind the scenes" to make many of us who we are! 🚗



10th Annual ARM Road Show & Business Networking Conference



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2018 ARM Road Show Roundtable Discussions Well Attended

By Jayson Doren

We had a fantastic turnout (over 50 attendees) for our department-based roundtable discussions.

At the sales roundtable we covered several important topics from how overwhelming our industry can be for a new salesperson and how to adapt. We were fortunate to have a couple of veteran salespeople, so we discussed how they manage to handle their loyal (large) customer base and still be able to multi-task and stay focused on their daily routine.

Another topic that I personally enjoyed was the importance on being able to adapt to constant change whether in our own companies or in our industry, especially the rapidly growing E-commerce section of our industry and the challenges and more importantly, the opportunities it brings!

Topics discussed at the Production roundtable:

The importance of getting newly arrived vehicles inventoried and priced quickly and how that can help drive the decision of what vehicles come into dismantling and why. Some companies do it by age of vehicle, stock #, or a major component part being sold off the vehicle.

Tricks of the trade in dismantling were discussed regarding different processes to be as efficient as possible (unbolting or pulling anything that requires power while the vehicle still powers up) to staging unbolt parts in the vehicle and properly identifying parts. Verifying damage and accuracy of the parts that were inventoried.

Topics discussed regarding yard pulls: How to deal with a customer waiting order and the importance of communication between not only salesperson and customer regarding pulls but between salesperson and yard personnel as well.

Getting parts pulled throughout the day to meet cut off times (UPS, freight truck, your own delivery system)

Finally, the ever-changing weather extremes that we in Michigan are fortunate enough to deal with and how we manage to make it through all four seasons!

Topics discussed in the quality control, shipping/receiving roundtable:

Time management, how to best meet the deadlines for different shipments, also how packaging varies based on the method of delivery to customers (our trucks, UPS, FedEx, PRP, Midwest, freight etc...)

How to use your individual yard management system to help make your QC department as efficient as possible.

The importance of verifying the condition of parts are as described and making adjustment prior to shipping to help minimize returns, customer complaints and credits.

Lastly and most importantly, the overwhelming topic that we covered in all groups was the importance of each individual department inside our businesses (owners, managers, sales, accounting, QC, delivery drivers) was working together as a TEAM with the common goal to succeed, grow and prosper not only as a business but as individuals as well.

Thanks to all who participated and special thank you to Daniel Gray & Diane Haranda for helping lead the individual group discussions. 🚗

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Have you ever sat around and griped about the rules and regulations that face our industry?

Do you say to yourself "I wish there was something I could do" or wish you had a say in what changes are made or what new Bills are passed?

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Together we are making a difference!!

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Check Fraud: How Well is Your Bank Protecting You?

By Slater Shroyer

Sometimes it pays to be a little bit OCD. Perhaps my obsession with monitoring the bank accounts stems from trying to weather the Great Recession, or it might be that after we opened a set of scales we write a small mountain of checks every day. Either way, I have become the slightly paranoid little guy who checks the bank account balances multiple times a day. *Every day.*

Writing so many checks means that I can spot a real check from a fake one pretty quickly. This is why it came as a bit of a surprise when there were two checks trying to clear the bank that I spotted as forgeries even though they clearly had my signature at the bottom. *It's definitely my signature.*



Luckily my bank has a wonderful feature referred to as “real-time checking.” In my case, I can see checks that are going to post before they actually clear. It gave me the opportunity to call and point out the forgeries before they had time to come out of the account. As both checks were written for \$1200, this would have been more than a minor inconvenience.

Unfortunately, once your bank account information has been compromised there’s nothing to do but close the account out. New fakes will just keep coming... and coming... and coming. The nightmare can often last for weeks. In my case, fake checks for various amounts using new names and check numbers show up every day, and they all have that same signature at the bottom... *mine.*

So what’s going on?

In this case, someone got a copy of a check. The original had been deposited remotely by a local customer. Remote deposit is this cool feature many people now

have on their smartphones that allow them to deposit a check by taking a picture and never physically sending it in. Unfortunately, that means the check itself is still out there.

According to a report from JP Morgan, in 2016 over 75% of companies were targets of some type of payment fraud.

The first forgery attempt used most of the original check copy, including the check number and my signature. The difference was that the name, amount and date had all been changed. Slight differences in the fonts made it easy to point out that the checks were fake, though the folks in operations at the bank could be forgiven if it slipped through as the forgery was pretty decent. The signature was clearly a copy taken from the original check and it showed up on every forgery attempt that came through *with zero variation*. At one point I was asked if I use a stamp. I don’t, so the lack of variation in the signature became another giveaway to look for.

The next day several more checks tried to clear. These had been written to a different person and the forgery attempt was somewhat better in quality. The account was placed on a security lock-down as we began the process of closing it out. For anyone who hasn’t had to close out a checking account, take it from me that this is a paperwork nightmare. You can’t stop writing checks while you’re still in business and you can’t completely make the change to a new account until new checks arrive. Freshly opened accounts generally come with about a dozen starter checks... that would likely last us less than an hour.

I rush-ordered the new checks and began sending reports to the bank every day with all of the information for checks being written. The operations office checked every piece of paper by hand to make sure that it looked

Continued on page 33



After **75 Years** from the time when our father started this business with two Model T's in his Mom's backyard, **Marek Auto Parts** *closed* on **May 31, 2018**.

This had been a hard decision to make, but now we know the timing was right.

Marek Auto Service will remain open and will continue with normal business operations.

Marek Auto Parts and the **Marek Family** would like to thank you for your past patronage for the many years we proudly took care of your automotive parts needs.

FIRE!

It will never happen to me! *Think again.*

By Shannon Nordstrom VP/GM Owner
Nordstrom's Automotive Inc.
Chairman of ARA's Certified Auto Recycler Committee

Nordstrom's Automotive of Garretson, SD is very proud of the fact that they have achieved and maintained the Automotive Recyclers Associations (ARA's) Certified Auto Recycler (CAR) accreditation since 1999. We are also excited we took the next step in customer service by agreeing to the Code of Ethics and participating in the CSI portion of Gold Seal Program. Our involvement in these programs has been paramount in the growth of our business and bringing us amazing business opportunities doing business the Gold Seal way and putting our company on a shorter list of facilities in the country that have taken these steps.

Part of the Certified Auto Recycler Program outlines Safety Standards that should be used as Best Management Practices in the operation (BMP). We have strived to adhere to these standards as we have grown our business in rural South Dakota from a dairy farm harvesting crops and milk, to a full time Automotive Recycling Facility with 70 plus employees.

Have we done things perfect along the way? Of course not. We have learned from the school of hard knocks, our peers, industry teachings and numerous publications. At almost exactly 4 PM on July 25th, I had one of our staff members briskly interrupt a meeting our leadership team was having with visiting business partners from out of town with the words you never want to hear; "we've got a fire! It's bad!" I will never forget the look on our team member's face, and he was not even involved, he was just asked to run and break the news.

This is where the reason I write this article comes into view. The fact that we had a fire in one of our dismantling areas is horrible. Team member's lives were at stake and the very heartbeat of any recycling business surrounds your dismantling efforts. This is the event you think will never happen to your company, it

will be someone else I will read about. (This time it was me, who is it next time?)

In our TD-08 Dismantling bay, (two of our 8 dismantling stations) two dismantlers work on a variety of vehicles. On the day of the fire, on one hoist was a 90 Ranger being prepped for the EWE PULLET self service operation and on the other hoist was a 2011 Crown Victoria squad car being dissected with many

low mileage high quality parts being removed. The dismantler of the squad car had just gotten assistance from another co-worker to negotiate the fuel tank away from the filler neck and lowered it onto the rubber lined transport cart that is used to bring the tanks to the pneumatic transfer station. This is the safe process that takes the fuel out of the building to outside storage that is in secondary containment under roof. In the process of lowering the almost full tank to the cart and working to suck the tank dry, some gas was spilled. While

a small gas spill is not uncommon in the process of dismantling, this spill was a bit more than that occasional splash that will come out when removing a line or pump. As the dismantler was draining the tank, he decided to multi-task and work on removing the fuel pump from the tank. He was using an 18v brand name re-chargeable ¼ inch impact tool, not unlike a tool you will find in the hands of dismantlers across the country. As he triggered the device for what we believe was the 8th time, disaster struck. His arm could feel the rush of the fire as it grew from the back of his tool and felt as if it was crawling up his arm. In reaction he threw his arm back and dropped the tool. As he did this, fire instantaneously traveled from his tool to the previously mentioned spill of gas on the floor and quickly the tank engulfed in a huge ball of fire in the corner of the shop. He was able to get away from the fire with only some singed hair on his arm. The other dismantler reacted quickly and got away from the fireball also. No one was injured. Here is where my story talks to you about how I am proud of our staff and the importance of being a



Certified Auto Recycler. I want to encourage everyone to pay attention to the things I write to tell you.

As we quickly departed the meeting, our assistant manager grabbed the extinguisher from the wall of my office and we stopped by the maintenance shed to grab extras from the reserve units just in case. As we approached on foot, we could see the smoke and flames already making their way out of TD-08. We found our team members from different departments rallying together in EXTREMELY brave fashion, relaying fire extinguishers and taking turns approaching the fire to knock down the fire and work the side wall of the adjoining buildings. We had a gathering point and assured ourselves that no one else was in the blazing area. Our staff expelled over 50 fire extinguishers in our efforts to contain the blaze. The staff member who had the blaze start in his hand knew from employee orientation that he was empowered to call 911, help was on the way. We worked feverously to save what we could. The fire department arrived in 14 minutes from the time of the call and was able to drive through clear and open pathways to a very good spot to set up. With the help of five Volunteer fire departments with 68 firefighters logged into the scene available and an aerial ladder truck the blaze was contained to the shop area. There was only minor damage to the connected warehouses D and E that house countless dollars of ready to sell inventory. Firewalls designed into the buildings to seal the shop from other buildings in case of a fire held up long enough for containment of the blaze. Our staff knew how to use the extinguishers and they were all current, inspected and operational. They knew where they were at because they are strategically placed around our facility, over 100 of them!

Why would I write to expose to the recycling world about Nordstrom's having a fire in the portion of its dismantling area? I do it because I am PROUD of our organization. The CAR standards gave our facility in rural South Dakota the roadmap for being prepared for the worst.

We had good housekeeping that allowed for 27 fire trucks and support vehicles to easily get close to the shop area. We had ample tested, correct, and ready fire extinguishers available. We had team members who had been trained in monthly meetings to know how to properly use the extinguishers and understand things such as meeting points and locations of safety equipment. Our safety committee had many recommendations from their monthly meetings that had been brought to staff. All in all, without the pride in organization and proper equipment and training, staff

members could have been injured or worse yet killed; our entire complex of connected buildings would have easily been destroyed. Because of what we do on a regular basis, we were prepared with the correct equipment and what to do during a time of crisis. Other than the mistakes that caused the fire; good housekeeping minimized potential fuel sources that would have allowed the fire to quickly spread beyond the initial area. Doors that connect the buildings were closed, not allowing for any more spreading than necessary. Our use of the ARA torch protocol and our rules do not allow for open flame or cutting wheel in our dismantling shop had kept us fire free since we built this shop in 1999; but we learned we were not safe enough if proper procedures are not followed. We were not ready to have a building destroyed, but we were ready to react quickly and efficiently.

Thank you brave staff members!

Thank you volunteer fire departments!

Thank you ARA & ARM for offering us the CAR/MICAR program and the associated knowledge base available with training seminars at conventions. We also know that the ARA University can be a huge help in helping you be prepared and also ready to react. Are you prepared? Get a MICAR application today and lead your staff to make CAR/MICAR standards the standard at your business. 🚗

File A Complaint on Unlicensed Vehicle Dealers

***ARM Will File the
Complaint for you!***

**Contact Barb at
arm@mi.automotiverecyclers.org**

or

810-695-6760 or 800-831-2519

or

**Follow the link below and complete the
Reporting an Unlicensed Dealer Form**



[http://www.michigan.gov/documents/
curbstoner_form_65906_7.pdf](http://www.michigan.gov/documents/curbstoner_form_65906_7.pdf)

Third Party Vendors and Data Reselling

Who's in your Wallet?

By Marty Hollingshead

I would like to start this article with a phone call that we received the other day from a long-time customer. He wanted to know why we need VIN numbers from the vehicles he needs parts for and what are we doing with them? We told him that we need the VIN to verify the year and model of the vehicle to ensure the customer is getting the right parts. We also told him that nothing is done with the VIN after that point. He then proceeded to tell us that he had a customer-pay collision repair that he had done the week before, and two days after the job was done, the customer had looked on CARFAX



and saw that he had an accident report on his vehicle. He was obviously upset with the shop because there was no police report, tow, or insurance claim filed on this vehicle. It turns out that this was a late-model, high value foreign car and because of this, now he will realize diminished value on this car when he trades it in or sells it. This was not a high-ticket repair, it was only a little more than \$3,000.

There was another recent story from the Automotive Service Association (ASA), that warned shops on third-party data reselling. This said that some third-party vendors that collision and mechanical shops do business with might be selling their customers' data to other third parties. This also raises concerns obviously that the shop owners might not be aware when theirs, as well as their customers' data, is being shared and/or sold. Coincidentally, one of ASA's board members encountered the same situation in which estimate data was

unknowingly shared with CARFAX within 48 hours of his estimate being created. His customer was also irate because the value of his vehicle was also impacted severely. He wanted to know why the shop would share his information without his consent. The shop owner obviously is not the culprit here. To date, this shop has not determined who shared the data. CARFAX will not disclose from where this information came, but in both instances, an estimate was written (this obviously is probably where CARFAX got their information from). This estimator states that they did not give this information to CARFAX, at least not directly. However, the question to ask here is, was this data passed on to a data company that did sell it to CARFAX?

Let's look at this scenario: A customer purchases a brand new full-sized SUV that they spent \$70,000 for. One month later, this vehicle gets damaged in a mall parking lot. Let's say the repair ticket for this incident is about \$3,000, which today obviously means that the damage is not that bad, but the owner had to make a police report to file a claim with his Insurance Carrier. Now let's fast forward two years later and this customer wants to trade this SUV in for a new one. The salesman tells him that because it has a bad CARFAX, that they either can't accept the vehicle as a trade-in, or they would have to give him considerably less. This customer is obviously not going to be happy, is he? So, what will happen on claims going forward now, with all of this reporting being done? Will Insurance Companies now be subjected to pay diminished value as well as the cost of the claim? Will this \$3,000 claim cost the Insurance Company \$13,000? **What this will mean for consumers is higher loss severity, and obviously higher premiums.**

I do agree that a company like CARFAX is needed from a Consumer Information and Protection standpoint. I think that they do serve a good role in the market because they inform consumers about vehicles with dubious history. The biggest issue here is what should and should not be reported? Should a smaller ticket repair impact this vehicle in a negative way to where it now has diminished value and less desirable to a prospective buyer? As a result of all of this, ASA has developed a Data Security Policy Agreement for its members as well as its

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Check Fraud: How Well is Your Bank Protecting You?

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real and matched the list. Meanwhile the forgeries kept coming and they kept getting closer and closer to looking like the real deal. It took four days to finally close the account while still manually checking all of the straggling checks that people (or companies) might take weeks or even months to cash. *The forgeries keep coming.*

As I mentioned, my bank offers “real-time checking” which allows clients to see checks and activity before it all hard-posts at the end of the day. This feature is great if someone checks the account throughout the day looking for suspicious activity. Catching these forgeries in advance of the end-of-day saved the company from having to go back after thousands of dollars. I have spoken to a few other business owners who weren’t so lucky. Some of them didn’t realize there was a problem until checks bounced because the accounts had been cleared out. Once the money has been paid out, it can be a long process to get any of it back.

Every disputed check has to have a paperwork trail documenting that it is a forgery and explicitly instructing the bank not to pay it. Part of the daily deposit routine now includes signing affidavits for bad checks.

One might think that it would be easy to do something about this situation. The checks are being deposited somewhere, right? Sadly, it’s not as easy as one might think. Every couple of days the names on the checks change and the bank accounts being deposited into seem change as well. Furthermore, filing a police report (something we did immediately) does not necessarily mean that there will be much action if the check fraud isn’t being perpetrated by someone in the local jurisdiction. Also, unless you or the bank lost actual money, there won’t be much action taken.

Just as I was wondering how I managed to get so darned lucky, I received a strange check in the mail. It was for a company based in New York, but I couldn’t find any open orders for them. After about an hour of searching for a possible invoice, I looked the company up online and made a phone call. A guy with a very thick East-Coast accent informed me that his information had been hacked and someone was sending out scam checks with his business name on them. Clearly I wasn’t alone.

According to a report from JP Morgan, in 2016 over 75% of companies were targets of some type of payment fraud. Moreover, three-quarters of those fraud attempts were some form of check fraud. According to Relyco, a specialty paper company, the FBI estimates over 500 million checks are forged annually in the US and check fraud losses total \$18.7 billion per year. As checks remain the most common form of payment for business to business (B2B) transactions, it makes sense that it remains one of the most common targets for fraud.

JP Morgan also found that 64% of companies report using a daily reconciliation or other internal process to guard against check fraud. A large number have also started using a service known as “positive pay” where a list of all the checks issued get presented to the bank and all incoming checks are compared against the master list.

There are a number of ways companies are using to make their checks more difficult to forge. The most common is using a “VOID” feature that prints the word VOID when a check is scanned or copied. With the advent of mobile payments, however, many of the basic check security devices are becoming less effective. I can personally attest that all of the checks in question seem to be going through a form of mobile deposit. No one is walking into a branch office and trying to cash a forged check, at least not yet anyways.

With payment fraud being such a large problem, it would seem like a great time to evaluate our internal systems to try and catch these actions early. Unfortunately most of us (myself included) won’t realize there is a problem until we find ourselves victims. I was lucky enough to catch this attempt before it cost thousands of dollars. I’m also lucky that I have a bank that invested in real-time checking and were able to take quick action. Have you checked your accounts lately or asked your banking institution what they’re doing to protect you from fraud? 🚗

Recycle! Recycle! Recycle!

Third Party Vendors and Data Reselling

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customers to protect shop and customer data. The core of this Security Agreement states that this data is proprietary for the shop and cannot be passed on or sold to others in individual or aggregate form.

With this being said, there is something for us Auto Recyclers to learn from this lesson. We need to be very careful with who we allow to access our data, and more importantly, know what they are doing with it after they receive it. There are many third-party suppliers that we use, and we need to have a similar agreement in place.

Ideally, we need a Gatekeeper. This would be one party, and only one party, that could access our data and be a point of distribution to other third-party vendors. This will more than likely have to be our Yard

MIOSHA focusing new efforts on electrical violations

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Obviously this list is not all-inclusive. There are potential violations lurking everywhere. As an example: extension cords are considered temporary wiring and must be removed as soon as the project has been completed. There is an exception for decorative lighting which allows cords to be left in place for a maximum of 90 days. An inspector can (and probably will) ask a random employee how long a cord has been in use. If they say it's been there all year, that testimony could be used as evidence. Employee interviews are a part of MIOSHA inspections so make sure that your co-workers are informed, understand and follow acceptable procedures.

Most insurance carriers will send Loss Control Consultants to your facility for little or no cost. These are the experts who may be able to help you avert a potentially costly inspection from MIOSHA. If you have any concerns about your facility, now might be a good time to check with your carrier and ask for help from an invaluable resource. 🚗

F.Y.I.

The deadline for the next issue of the Automotive Recyclers of Michigan *YardTalk* newsletter is August 17, 2018. If you would like to place an advertisement or submit an article, please call the ARM office at 800-831-2519.

Management System (YMS). After all, they have access to all of our data, and they would be the best choice for this Gatekeeper.

They would be responsible for securing and sending the data to the third-party vendors via a Dashboard that each Recycler would have that we would control and also show what data is going to whom.

Each third-party vendor would have to sign a Data Use Agreement that would be very similar to what ASA has for their members.

Our data is proprietary and private, and we need to secure and protect it.

Data obviously has great value and is a very powerful tool. It can also be very helpful when used correctly, but it can also be very harmful when misused or when it falls into the wrong hands. We all should look at the User Agreements that we have in place with our YMS's, as well as these third-party vendors. Take the time to actually read through it thoroughly. Don't be afraid to ask questions. I think you would be as surprised as I was, to find what is really in there. **Remember, what you don't know can and will hurt you!** 🚗

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