NYS ASSOCIATION OF SERVICE STATIONS & REPAIR SHOPS, INC.

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INSIDE THIS ISSUE

Retailers React as Judge Rejects Swipe Fee Settlement

Multiple retail industry groups expressed support for the formal rejection of a proposed $30 billion settlement of a class-action antitrust lawsuit over credit and debit card fees charged to merchants.

U.S. District Court Judge Margo Brodie formally issued her ruling on June 25, less than two weeks after stating she was unlikely to approve the settlement, which industry advocates have criticized for providing short-term relief and freeing Visa and Mastercard to raise swipe fees without limit thereafter.

Judge Brodie's decision could force parties to negotiate a settlement more favorable to merchants or continue to trial, reported Reuters. She plans to issue a written opinion explaining her reasoning after giving the card networks and merchants until June 28 to request redactions.

"We appreciate that there was recognition of the fatal flaws that would have made the settlement a bad deal for Main Street rather than a correction of credit-card industry violations of the antitrust laws," said Christopher Jones, executive committee member of the Merchants Payments Coalition (MPC) and National Grocers Association (NGA) Senior Vice President of Government Relations and Counsel.

The MPC again urged Congress to pass the Credit Card Competition Act. To send an email to your congressional members supporting this act, go to
www.votervoice.net/NACS/Campaigns/116405/Respond

"Visa and Mastercard wanted a settlement that would let them keep price-fixing swipe fees and blocking competition," MPC Executive Committee member and NGA Chief Government Relations Officer and Counsel Christopher Jones said. "Thankfully, the judge made the right call in recognizing what a bad deal this would have been for Main Street merchants and their customers. It's extremely unusual for a judge to reject a settlement at the preliminary stage, so this shows how far Visa and Mastercard's proposal missed the mark."

Majority of Voters Support Federal Action on Credit Card Fees

A broad, bipartisan majority of likely voters want Congress to pass the Credit Card Competition Act (CCCA), with both Democrats and Republicans more likely to support Senate candidates who back the measure, according to a new survey released by the Merchants Payments Coalition (MPC).

The CCCA would require banks with at least $100 billion in assets to enable cards they issue to be processed over at least two unaffiliated networks — Visa or Mastercard, plus a competitor like NYCE, Star, Shazam or Discover. Meanwhile, merchants would be free to decide which enabled network they would prefer to use.

According to the survey, 55% of likely voters in this fall's general election support the CCCA while only 7% oppose it, and 38% are unsure. Supporters outnumber opponents by nearly 50 percentage points.

Additionally, the survey found 42% of voters are more likely to support a Senate candidate who supports the bill, with only 7% less likely to do so. Among Democrats, 46% favor a candidate who supports the bill while only 6% would more likely oppose the candidate. Among Republicans, 41% favor a CCCA supporter while only 7% would lean against them based on the CCCA.

Bill opponents have claimed the CCCA would cause a reduction in credit card rewards, but surprisingly, 37% of respondents said the loss-of-rewards message would make them more likely to support the bill, with only 15% less likely to support it.

The results come after a federal judge recently rejected a proposed settlement in a nearly 20-year-old class-action lawsuit over Visa and Mastercard credit card swipe fees, calling the temporary reduction in fees "paltry." The judge also noted that experts indicated the fees had been rising year over year.

Overall swipe fees hit a record $172 billion last year and are most merchants' highest operating cost after labor, potentially driving up prices by more than $1,100 a year for the average family.

The survey of 2,040 likely general election voters was conducted June 3-6 by the polling firm co/efficient through mobile phone texts and landline telephone interviews. The results were weighted by age, gender, education level, race, region and self-reported political party and have a margin of error of plus or minus 3.17%.

US Supreme Court Rules Card Swipe Fee Challenge Should Be Heard

A North Dakota convenience store can move forward with its lawsuit against the Federal Reserve over debit card swipe fee regulations, the U.S. Supreme Court ruled July 1.

The 6-3 decision found that the lawsuit filed by Corner Post, located in Watford City, N.J., is not blocked by the statute of limitations because the time limit did not begin for the business until it began accepting debit cards upon opening for business in 2018, reported the Associated Press (AP).

Corner Post challenged the Federal Reserve's Regulation II, which was implemented in 2011 and capped the amount of interchange fees banks can charge merchants for processing debit card transactions, as Convenience Store News reported.

The retailer argued that the cap on debit card swipe fees was set higher than intended by Congress. Corner Post claims that its relevant average costs for processing a debit-card transaction ranged from 3.6 to 5cts per transaction.

In a 6-3 ruling, the high court allowed Corner Post to challenge the swipe fee rules, overturning a lower court decision that said the six-year statute of limitations for contesting the 2011 rule had expired before the retailer filed suit in 2021.

Corner Post opened in March 2018 and the justices agreed with its argument that the statute of limitations governing its challenge should be calculated from when it was first harmed by the swipe fee rule, not when the rule was adopted. The ruling allows Corner Post to challenge the 21ct debit card interchange fee set by the U.S. Federal Reserve Board.

Writing the opinion for the majority, Justice Amy Coney Barrett said allowing the statute of limitations to be calculated on a plaintiff-centric basis is in keeping with the United States' "deep-rooted historic tradition that everyone should have his own day in court."

In her dissent, Justice Ketanji Brown Jackson wrote that the ruling and the court's decision in another case released this term, Loper Bright Enterprises v. Raimondo, authorized a "tsunami of lawsuits" against agencies that have the potential to "devastate the functioning of the Federal Government."

Barrett was joined in the majority by Justices John Roberts, Clarence Thomas, Samuel Alito, Neil Gorsuch and Brett Kavanaugh. Brown was joined her dissent by Justices Elena Kagan and Sonia Sotomayor.

FTC Announces Rule Banning Noncompetes

On Tuesday, April 23, 2024, the Federal Trade Commission (FTC) voted 3-2 along party lines to approve its new rule on non-competes. The new rule, which will take effect in 120 days, essentially bans non-competes for all workers, finding them "an unfair method of competition – and therefore a violation of Section 5 of the FTC Act."

Notably, a non-compete clause is broadly defined by the new rule as a "contractual term or workplace policy that prohibits a worker from, penalizes a worker for, or functions to prevent a worker from seeking or accepting work in the United States with a different person where such work would begin after the conclusion of the employment or operating a business in the United States after the conclusion of the employment."

The new rule applies retroactively to prior agreements, other than those for senior executives earning more than $151,164 a year in a "policy-making position." Employers must provide notice to other workers subject to non-compete agreements that they are no longer enforceable.

Not limited to employees, the non-compete ban extends to independent contractors, externs, interns, volunteers, apprentices, and sole proprietors who provide a service to a person. It does not include non-competes entered into pursuant to a bona fide sale of a business entity or in a franchisor-franchisee relationship.

While the rule is final, expect legal challenges to follow. For example, the U.S. Chamber of Commerce, the nation's largest business lobby, told reporters it plans to sue over the rule, claiming the FTC is not authorized to make this rule, that non-competes are not categorically unfair, and the rule is arbitrary. The Chamber's thoughts were echoed by the opposing Republican FTC Commissioners, who cited concerns about the FTC's authority.

However, it's important to clarify that while non-compete agreements are no longer permissible, other forms of employment contracts, such as non-disclosure and confidentiality agreements, remain unaffected. As the dust settles on this landmark decision, it is clear that legal challenges and debates over the FTC's authority will continue to unfold. Stay tuned for further developments on the regulation of non-compete agreements and the ensuing legal battles

NRF: U.S. Economy Appears Resilient as Nation Faces 'Critical Moment'

As inflation continues to ease and the Federal Reserve ponders when to lower interest rates, the nation is in a "critical moment" of waiting to see what will happen next, National Retail Federation (NRF) Chief Economist Jack Kleinhenz said.

As it has over the past two years, the Fed must balance using high interest rates to reduce inflation with the risk that keeping rates too high for too long could slow the economy to the point of recession.

According to the report, year-over-year gross domestic product growth dropped from 3.4% in the fourth quarter of 2023 to 1.4% in the first quarter of 2024 — its lowest point since the spring of 2022. A key contributor to the deceleration was slower consumer activity — a goal of high interest rates intended to tame inflation without causing a recession.

Year-over-year inflation as measured by the Personal Consumption Expenditures Price Index dropped from 3.4% in Q1 2024 to 2.6% in May (Q2 2024). Most inflation came in the price of services, which were up 3.9% in May while prices for goods were down 0.1%, NRF reported.

Disposable personal income was up 3.7% year over year in May, while personal consumption was up 5.1% and the savings rate rose to 3.9%, its highest level in four months. In addition, the labor market "continues to display resilience" and has driven income growth ahead of inflation, Kleinhenz said. Employment rebounded strongly in May with a gain of 272,000 jobs following a 165,000-job increase in April. Average monthly job gains through May were 248,000, just under the 2023 average of 251,000.

The June University of Michigan Consumer Sentiment Survey revealed concerns about the effect of high prices and slowing wage growth on families' finances, but also found that consumers were confident inflation will continue to moderate.

Breaking Down Equipment Costs
R. Dutch Silverstein

A fundamental calculation to make before buying or leasing a piece of equipment is to not only determine whether it will pay for itself but also if it will produce a profit.

There is a terrible calculation that is often used by those selling the equipment to "help" the potential buyer make this decision, and it generally goes something like this:

Sales revenue generated by the use of the product minus the cost of production in labor dollars for that operation. That number is then divided into the monthly payment to determine the break-even number. An example might look something like this:

- Equipment cost = $24,000
- Monthly payment = $845
- Sales price of service performed= $100
- Labor cost = $35

The equipment salesperson would likely say, "Divide your monthly payment of $845 by $65 ($100-$35=$65) to arrive at your break-even number of 13."

He might then continue, "If you do the job 13 times you break even and pay for the equipment, and on the 14th time you make a profit." With few exceptions, this is profoundly untrue in almost every case.

What the salesman wrongly assumes is that all of the revenue aside from the direct labor cost is applied to the monthly payment as a result of the use of the equipment. But we know this is wrong. We have fixed expenses that must be paid irrespective of whether we have customers or not. We need to know how much revenue we must produce each hour we are open to meet our expenses including desired profit. Is there a quick way to approximate how much revenue a piece of equipment must generate to cover our obligations and make a profit? Yes, there is.

Note your gross revenue for the last calendar/fiscal year and your pre-tax net operating profit, both of which are on your P&L. In its simplest form, your pre-tax net operating profit is the amount you are left with after all of your expenses are paid at the end of the year before paying the tax needed to pay on your profit. If your business had a gross revenue of $500,000 last year and at the end of the year you had $50,000 remaining (before taxes), your business would have a pre-tax net operating profit of 10%. An industry goal is 20%, though most independent shops are below 10%.

When we buy a piece of equipment, we must generate additional revenue to pay for it or be compelled to take the money out of company savings. In our example, the shop owner has a monthly payment of $845. If their shop has a pre-tax net operating profit of 10%, (he keeps 10 cents out of every dollar) the equipment must generate an additional $101,400 per year/ $8,450 per month/$405.60 per day (based on 250 working days per year) just to break even in one year. To accomplish that, they have several choices: 1) divide that figure by their average R/O and figure out how much additional car count he needs to pay for the equipment, 2) determine how much is needed to increase the current

ARO to cover the cost of the equipment based on historical average, 3) raise his labor rate to spread the cost over all of the shops total average monthly hours.

There's an old expression in business: "Gross revenue pay the expenses, Net pays the owner." This calculation teaches us that the more we increase our net operating profit as a percentage of sales, the more we get to keep as owners. Additionally, it provides a barometer that we may use to measure our success and judge how well our business model is performing. As a bonus, it also helps to show us the true cost of the "discount" that we gave someone. Remember that $3 bulb you gave your customer? Well, if you have a 10% NOP, you need to sell $30 to pay for it.

The calculation I mentioned at the beginning of this column works if all of your monthly fixed expenses have been paid at a point earlier in the month. So, if you've had a great month, and by the Wednesday of week three (of a four-week month) you've paid all of your fixed expenses, then and only then can you apportion more of the revenue earned by use of the equipment towards paying for that equipment.

It's something to think about.

Ratchet+Wrench Industry Survey Report

Chris Jones

Featuring data collected from nearly 400 auto repair shops across the United States, the 2024 Ratchet+Wrench Industry Survey Report remains your trusted resource year after year for an at-a-glance look at the independent auto repair industry as reported by your peers.

Notable trends highlighted in this year's report include labor rate by region, the impact of knowledge gaps and learning loss on technicians, the effect advisors have on shop revenue, and how online scheduling increases business.

In each of its four sections—Industry Overview, KPI, Leadership, and Tech+Tools—you'll get comparative data segmented by category to give you benchmarks that help you visualize how your operations align with auto repair shops the same size and scope as yours.

For a second year, the Ratchet+Wrench Industry Survey Report examines the operational and leadership style of woman-owned auto repair shops, plus you'll get a closer look at the correlation between shops actively engaged in marketing and their customer acquisition

All this and more comes packaged in this 35-page report available to you free here.

Numbers: Cash is (Still) King

In 2024, more consumers are choosing to repair their existing vehicles rather than purchase new ones. This trend is driven by soaring prices for new and used cars and continued economic uncertainty. The average new car price is $47,500 (Worldpac).

Independent auto repair shops provide consumers a more economical alternative, supported by the availability of high-quality aftermarket parts and skilled technicians. Repair shops that effectively meet customer expectations remain profitable and sustainable.

As shown in the 2024 Ratchet+Wrench Industry Survey Report, in the 400 shops polled, median annual revenue fell between $750,000 and $999,999 are the median business model.

- Under $250,000: 9%
- $250,000-$499,999: 9%
- $750,000-$999,999: 11%
- Over $2,500,000: 19%
- $500,000-$749,999: 8%
- $1,000,000-$2,499,999: 39%
- Unknown: 5%

Ride-Share Drivers Misinformed on Vehicle Tire Safety

A recent survey conducted by mobile data company Anyline found that many of those using their vehicles for ride-share services are misinformed about how to maintain their tires, reports Forbes.

Of the 335 current ride-share drivers surveyed, 80% said that safety is important for their passengers, with 64% claiming they check their tires regularly–but 48% of these drivers are conducting only visual inspections.

Furthermore, 23% of drivers were under the belief that a tire tread depth of 1/32 of an inch is acceptable, which is far less than industry standards. Jeffrey Lack, vice president of marketing at Discount Tire, said the chain recommends tire replacements when it reaches 4/32 of an inch.

38% of ride-share drivers also reported a tire-related emergency or sudden loss of pressure occurring while on the job, and over 40% have been forced to cancel rides due to maintenance issues.

Though these issues can be particularly challenging for those who rely on their vehicles for income, the survey results are likely reflective of the driving population at large, noted the U.S. Tire Manufacturers Association's Senior Vice President of Public Affairs, Kim Kleine.

Tire Explosion That Killed Florida Shop Employee Under Investigation

The recent death of an auto shop employee from an exploding tire has raised questions and led to the launch of an investigation, reports Fox 4.

Last weekend, Rick Hanson was inflating a tire at the Firestone he worked at in Cape Coral, Florida, when it fatally exploded.

According to a police report on the incident, an employee working alongside Hanson noticed that the tire was being overinflated, and cautioned him to stop. But for Bill Abouatallah, who has 40 years in the auto repair industry, it still didn't add up.

"They say 200 PSI before a tire can blow up," explained Abouatallah. "I don't know how you can get 200 PSI–most shops are 130 to 150 PSI on the air compressor."

Abouatallah offered other explanations for what could have caused the explosion, such as the tire being old or dry rotted, but ultimately, he described the entire incident as strange.

Hanson was far from an irresponsible employee, having a reputation among customers for doing all he could to make them feel taken care of. The incident is currently under investigation by the Occupational Safety and Health Administration (OSHA) to better understand what led to the tragedy.

Automaker Group Urges Congress to Backpedal on Automatic Emergency Braking Mandate

Automakers are speaking out against the National Highway Traffic Safety Administration's (NHTSA) decision to require automatic emergency braking (AEB) on all new vehicles by 2029, reports the Verge.

Initially announced by NHTSA this past April, the new standards will require all vehicles to have the capability to stop at up to speeds of 62mph to avoid striking a vehicle in front of them. When a potential collision with a lead vehicle is detected, the vehicle must be able to brake at up to 90 mph.

It must also be able to detect pedestrians in daylight and at night, and have the capability to stop at up to 45mph to avoid striking them.

Opposition to these standards was voiced through a letter sent out to Congress by the Alliance for Automotive Innovation's CEO John Bozzella. He argued that AEB's sudden braking could catch other drivers off guard, leading to an increase in rear-end collisions.

Bozzella cited test data from NHTSA, which found that only one vehicle was able to meet its proposed AEB requirements, as evidence of existing technology not yet being able to comply. Additionally, he noted the potential cost increases associated with implementing the hardware needed to have AEB in every vehicle.

Ford Issues Another Recall For Pickup Truck Transmissions Downshifting

Ford has recalled more than 550,000 pickup trucks due to transmissions involuntarily falling into a lower gear, reports ABC News.

The recall applies to certain 2014 model year F-150 trucks, which are prone to downshifting into first gear regardless of speed. The problem reportedly lies with a signal being lost between the transmission speed sensor and the powertrain control computer, as well as corroded connector pins.

This recall follows an investigation launched by NHTSA in March over complaints of over 540,000 Ford trucks from model year 2014 abruptly downshifting to a lower gear.

Though Ford said the problem will impact less than 1% of recalled vehicles, the F-Series pickup vehicles are the top-selling vehicles in the U.S., and the automaker has received 396 warranty and field reports as well as 124 customer complaints related to the issue, comprising a total of 482 affected trucks.

The U.S. government has received 130 complaints related to the problem–52 of which detail a loss of power or the rear wheels locking up. Another two complaints claimed injuries occurred as a result, and one other complaint alleges a crash.

Moving Steering Wheels Lead to Recall Of over 30K Ford Mustangs

Over 30,700 Mustangs were recalled by Ford due to a defective steering sensor that could cause drivers to lose control, reports Fox Business.

The recall impacts 2022-2023 model year Mustangs, due to an issue that stems from a miscalibrated secondary digital torque sensor in the steering gear.

Recalled vehicles are prone to their steering wheels moving involuntarily, potentially leading to a driver losing control and crashing. No known injuries or accidents related to the problem have occurred.

To resolve the issue, dealers will implement a software update. According to USA Today, owners of recalled vehicles who have already paid to have the issue fixed will be eligible for reimbursement from Ford until Aug. 22.

General Motors Issues Second Chevy Bolt Recall Following Failed Repairs

General Motors is once again having to recall certain models of its Chevy Bolt EVs due to recall repairs not being fully carried out, according to Green Car Reports.

A review of service records by GM showed that many of these vehicles, which were previously recalled for battery fire risks, did not have their prescribed repairs completed, which was the installation of a diagnostic software.

The reason for this may lie with GM's service software system. According to the automaker, it would sometimes allow a technician working on a recalled vehicle to process a warranty claim before completing installation of the new software.

Now, 66 models of the 2020-2022 Bolt EV hatchback and 6 models of the 2022 Bolt EUV are being recalled to have the diagnostic software properly installed.

GM is not aware of any incidents related to the issue, but is advising drivers to set their vehicle's charge level to 90% and park outside after charging, and to not let the battery fall below 70 miles of range or charge indoors overnight.

Owners will receive recall notices beginning Aug. 5. Some vehicle owners may even be eligible for up to $700 to $1,400 in compensation following a class-action settlement from GM and LG Energy Solution.

A Busy Week For Recalls

During the last week of June , several recalls were issued by the National Highway Traffic Safety Administration (NHTSA), impacting approximately a million vehicles, reports USA Today.

1,995 vehicles were recalled by Jaguar for the oil filter housing potentially cracking and leaking oil onto the engine, presenting the risk of fire. The 2024 model year Defender, Discovery, Range Rover, Range Rover Sport, and Range Rover Velar are all affected. To remedy the problem, dealers will replace the filter housing, oil filter, and o-rings, and owners will be notified by Aug. 9.

General Motors recalled 6,746 vehicles, comprised of 2023-2025 Cadillac XT5s and 2024-2025 Cadillac XT6s, for an issue related to the instrument panel not alerting the driver when the hazard warning lights, high beams, or turn signals are engaged. Dealers will update the instrument panel's software to fix the issue.

Nissan recalled 7,222 of its two-wheel drive Infiniti vehicles, including the 2011-2013 M56; 2012-2013 M35 Hybrid; 2014-2018 Q50; 2014-2018 Q70 Hybrid; 2014-2019 Q70; and 2015-2019 Q70L. These vehicles are prone to the driveshaft breaking, leading to a loss of power or roll away vehicle. Owners are expected to be notified by Aug. 12, with dealers instructed to replace the driveshaft.

11,650 of Chrysler's 2014-2019 Fiat 500s were recalled for the tire pressure monitoring system (TPMS) not displaying when necessary: a violation of Federal Motor Vehicle Safety Standard number 138, "Tire Pressure Monitoring Systems." Dealers will reprogram TPMS electronic control unit modules, with owners being made aware by Aug. 14.

Tesla's Cybertruck was the subject of two recalls last week, one of which was for 11,383 of the 2024 Cybertruck model over an improperly adhered trunk bed trim sail applique that's prone to coming off. Tesla service will use an adhesion promoter and pressure sensitive tape, or replace missing applique, to remedy the issue.

Another 11,688 Cybertrucks were also recalled for the front windshield wiper motor controller failing as a result of an electrical current overload. Tesla service will replace the wiper motor as a solution. Owners impacted by both of these recalls will receive notices beginning Aug. 18.

Porsche recalled 31,689 of its 2020-2025 Taycan vehicles due to the front brake hoses potentially cracking and leaking fluid. Letters will be mailed beginning July 3, and dealers will replace the front brake hoses.

145,254 Toyota vehicles were recalled over the driver's side airbag failing to unroll properly and potentially deploying partly out of the window. Included in the recall are the Lexus TX350, Lexus TX500 Hybrid, and Lexus TX550 Hybrid+, as well as the Toyota Grand Highlander and its hybrid counterpart.

Toyota is currently developing a solution for the defect, though owners will receive notices between Aug. 5 and Aug. 19, and another once a remedy is found.

Around another 11,000 Lexus SUVs were recalled by Toyota for the driver and front passenger seat head restraints detaching, with dealers instructed to replace the head restraints and owners receiving notices by late August.

Finally, Volkswagen issued a couple of recalls: 9,653 of its 2022-2024 Audi RS E-Tron GTs and Audi E-Tron GTs were recalled for the front axle brake hoses being prone to tearing, leaking, and causing a brake circuit failure. Dealers will replace the front axle brake hoses and owners will receive notice by Aug. 16.

The automaker also recalled another 271,330 of its 2021-2024 Atlas and 2020-2024 Atlas Cross Sport vehicles for its passenger occupant detection system potentially containing a wiring defect, causing it to not enable the passenger seat's airbag. Dealers will replace the PODS sensor mat
and wiring harness and owners will receive notices by Aug. 16.

BMW Recalls 291,112 Vehicles for Risk of Injury Upon Rear Crash

291,112 vehicles are being recalled by BMW due to concerns with the rear cargo rails coming detached.

Reuters reported that recalled vehicles are at risk of their interior cargo rails detaching upon a rear collision, according to the U.S. National Highway Traffic Safety Administration.

Vehicles affected by the recall include certain X3 sDrive30i, X3 xDrive30i, X3 M40i, and X3 M models produced between 2018 and 2023.

Dealers will be instructed to replace the vehicle's rear cargo rail attachment bolts to resolve the issue.

NHTSA Opens Probe into 150k Ram, Jeep Vehicles

The National Highway Traffic Safety Administration (NHTSA) has opened a probe into certain Stellantis vehicles over complaints of vehicles losing power, shifting into park, and engaging the emergency brake, reports The Associated Press.

A total of around 150,000 vehicles, comprised of model year 2022 Ram pickup trucks and Jeep Wagoneer SUVs, are covered in the probe. All of these vehicles contain Stellantis' 5.7-liter Hemi e-Torque mild hybrid system, allowing them to power themselves.

NHTSA first announced the launch of its probe yesterday after receiving 80 complaints from vehicle owners alleging their engines shut down–typically while driving at low speeds. In some cases, the vehicle would not start again afterward.

A recall was issued by Stellantis for around 131,000 Ram pickups and Jeep Wagoneers with the same hybrid system last April.

With the launch of the probe, NHTSA will be seeing whicch models are affected by the problem, what's causing it, and the frequency of it. It may result in the agency issuing a recall.

J.D. Power Study: Ram Vehicles Display Least Number of Problems; Polestar Ranks Last

J.D. Power's recent 2024 U.S. Initial Quality Study reveals what automotive brands give drivers the most problems, reports the Street.

The study ranked automakers based on how many problems are encountered for every 100 vehicles. The industry average turned out to be 195 problems per 100 vehicles, with mass market brands averaging at 181 problems per 100 vehicles and premium brands averaging at 232 problems per 100 vehicles.

The Best Performers

Coming out on top with the least amount of problems was Ram, which displayed 145 problems per 100 vehicles. It was followed by Chevrolet with 160 problems, Hyundai with 162 problems, Kia with 163 problems, Buick with 164, and Nissan with 166.

When looking strictly at luxury brands, Porsche displayed the least number of issues: 172 per 100 vehicles. It ranked in 8th place total, and was followed by fellow luxury brand Lexus with 174 problems.

Ford comes in at 9th place with 179 problems, followed by Honda, which displayed 181 issues.

The Worst Performers

The bottom 10 performers on the list are populated by multiple EV makers, with Polestar performing the worst of all at 316 problems per 100 vehicles.

It's followed in performance by Dodge, which ranked the second worst of all brands with 301 problems. Tying for third worst were Tesla and Rivian, which both came in at 266 problems per 100 vehicles.

California Mirai Drivers Sue Toyota for Lack of Hydrogen Refueling Stations

Toyota is facing a class-action lawsuit alleging the automaker led consumers to believe there were adequate fueling stations available for its hydrogen-powered Mirai vehicle, according to Hydrogen Insight.

Filed in California, the suit claims the Mirai was sold with promises of easily accessible refueling hydrogen options, and is accusing Toyota of fraudulent concealment and misrepresentation, breaches of implied warranty, and violating California's false advertising law.

Automakers to Receive $1.7B in Federal Funds to Convert to Electric Vehicle Manufacturing

The White House is dolling out $1.7 billion to Stellantis, General Motors, and Volvo to convert vacant or underperforming manufacturing plants to produce electric vehicles instead, reports Bloomberg.

The funds will be granted by the Energy Department and will go to facilities located across eight states. The initiative is part of a program within the Inflation Reduction Act dedicated to bolstering domestic production of EVs, hybrids, and other vehicles.

Stellantis will be receiving almost $585 million to transition a disused Fiat Chrysler plant in Illinois to manufacture EVs, and will also begin making electric drives at its current transmission plant in Indiana.

Another $500 million will be allocated for a GM assembly plant in Lansing, Michigan, to manufacture EVs instead of internal combustion engine vehicles, and Volvo is being given $208 million to begin producing electric trucks at three existing facilities.

The funds have not yet been made final, but under the current proposal, Energy Secretary Jennifer Granholm said it's expected to save approximately 15,000 jobs and create almost 3,000 more.

BP Expands Ultra-Fast EV Charging Network

BP is making strides in its electric vehicle (EV) charging journey. The mobility company inked a deal for its global EV charging business, bp pulse, to install and operate EV charging Gigahubs on 75 sites with Simon Property Group, a real estate investment trust engaged in the ownership of premier shopping, dining, entertainment and mixed-use destinations.

The deal will deliver more than 900 ultra-fast charging bays that support nearly every make and model of EVs on the market today across all locations. The first locations will open to the public in early 2026.

"We're pleased to complete this deal with Simon and expand our ultra-fast charging network footprint in the U.S. The Simon portfolio aligns with bp pulse's strategy to deploy ultra-fast charging across the West Coast, East Coast, Sun Belt and Great Lakes, and we are thrilled to team up with Simon so that EV drivers have a range of retail offerings at their impressive destinations," said Richard Bartlett, CEO at bp pulse.

Simon destinations are just the latest sites identified for the bp pulse EV charging network in the United States, following earlier announcements including the build out of the Gigahub network near high-demand locations, including airports, major metropolitan areas and bp-owned properties across the country.

Worldwide, BP pulse has a network of more than 33,900 charging bays and aims to roll out more than 100,000 by 2030. In 2023 the number of charge points in the bp pulse network grew by 35% year on year.

The charging stations will be found via the BP pulse app, the Simon EV charging webpage and all major map platforms. BP pulse's proprietary energy management solution, Omega, will optimize energy usage on site.

US Gasoline Station Dollar Sales Fall to 32-Month Low in June: Census Bureau

U.S. gasoline station dollar sales, which rose over the first five months of this year, fell to a 32-month low in June, according to Census Bureau data updated this week.

The agency said total sales in June fell to $51.918 billion, down about 3% from $53.512 billion in May and

0.4% below $52.131 billion in June 2023. Gasoline station sales have not been below $52 billion since October 2021. The Census data goes back to 1992.

Recent data suggests inflation remained a factor over the last several quarters. Gasoline station dollar sales for the second quarter were $160.093 billion, up 0.3% from the first quarter and 0.8% above the same period of last year.

But a dip in inflation shows up in comparing the first half of 2024 with thefirst six months of 2023. U.S. gasoline station sales were $319.667 billion inthe first half of this year, down 1.7% from $325.175 billion a year ago, according to the Census Bureau numbers.

Sales rose above $50 billion for the first time in September 2021 and exceeded $60 billion for the first time in March 2022. Fuel station sales peaked in June 2022 at about $68 billion when the price of gasoline reached a record high. The total was above $60 billion for seven months that year. Since the end of 2022, total dollar sales have ranged from $52 billion to $56 billion per month.

The numbers are adjusted for seasonal variation and holiday and trading-day differences, but not for price changes, the bureau said.

--Reporting by Donna Harris

April Gasoline, Distillate Demand Stronger Than Weekly Data Showed: EIA

The final gasoline and distillate product supplied figures for April were higher than what had been reported on a weekly basis during the month, the Energy Information Administration's Petroleum Supply Monthly showed Friday.

Based on the final April renderings, April gasoline product supplied was about 2.5% higher than the weekly data had indicated. The final April figure came in at 8.831 million b/d compared to an average of just over 8.605 million b/d based on the weekly reports.

While stronger than originally reported, April gasoline consumption continues to trail last year as April 2023 saw gasoline demand at 8.996 million b/d, about 1.8% better than this year. OPIS April same-store sales data show that gasoline demand was down 4.6% versus April 2023.

Like gasoline, the distillate product supplied figure for April was much stronger than the weekly data had indicated at the time.

Final April distillate demand was roughly 9.5%, or 329,500 b/d, higher than the weekly figures. April final demand was listed at 3.801 million b/d versus a weekly average of 3.471 million b/d at the time.

Additionally, the EIA calculated renewable diesel demand at 222,000 b/d in April. While there is a short history of renewable diesel product supplied, the April figure is the second highest on record, just 3,000 b/d shy of February's 225,000 b/d.

When combined with biodiesel, total product supplied of renewable diesel and biodiesel, according to EIA, averaged 303,000 b/d in April.

--Reporting by Denton Cinquegrana,

US Gasoline Price Index Falls for a Second Straight Month, BLS Says

The U.S. Gasoline Price Index fell for a second straight month in June, down 3.8% from May and 2.5% below May 2023, the Bureau of Labor Statistics said Thursday in an update to the Consumer Price Index.

The overall June energy index declined by 2% from May, but was up 1% year to year. Over the month, the price of fuel oil fell by 2.4% from May, but rose 0.8% year to year. Electricity costs were down 0.7% month to month, but up 4.4% year to year. Price indexes for both products have fallen for two straight months.

The natural gas utility price rose 2.4% in June after falling by 0.8% in May. It was up 3.7% year to year, BLS said.

The U.S. inflation rate fell in June after holding steady in May. The CPI was down 0.1% in June, but up 3% year to year, smaller than the 3.3% year-to-year increase in May, the government said.

--Reporting by Donna Harris

DOE Completes 1 Million Bbl Gasoline Sale From its Reserve to Five Companies

The Department of Energy said on Tuesday it has sold 1 million bbl of gasoline from its Northeast Gasoline Supply Reserve to five companies to complete a previously announced move aiming to lower prices at the gas pump this summer.

DOE said it awarded contracts to BP (500,000 bbl), George E. Warren (100,000 bbl), Vitol (200,000 bbl), Freepoint Commodities (100,000 bbl) and Irving Oil (98,824 bbl).

DOE said the gasoline was sold at an average price of $2.34/gal and would be released from its reserve to the companies no later than June 30 and would hit the market soon after.

The NYMEX RBOB contract for July delivery settled at $2.529/gal on June 28.

DOE said the sale would increase gasoline supply for local retailers ahead of the U.S. Fourth of July holiday, particularly for the states of Maine, New Hampshire, Vermont, Massachusetts, Connecticut, Rhode Island, New York, New Jersey and Pennsylvania.

The average U.S. retail price for regular gasoline was $3.501/gal on Tuesday, down from $3.535 a year ago, according to AAA. OPIS is a provider of daily retail fuel pricing data to AAA.

In May, DOE said the gasoline sale would consist of 900,000 bbl from the Port Reading, N.J., site and 98,824 bbl from the South Portland site in Maine, which are part of the Northeast Gasoline Supply Reserve storage sites.

The reserve, which was created after Superstorm Sandy ravaged the region in 2012, has never been tapped but holds 700,000 bbl of gasoline in the New York Harbor, 200,000 bbl at a Boston terminal and 100,000 bbl in South Portland, Maine.

--Reporting by Frank Tang

IEA sees Major Oil Capacity Glut by 2030 as Demand Peaks

The world is facing a major oil capacity glut in the current decade that could trigger lower prices and test OPEC's market control as global oil demand peaks, the International Energy Agency said June 12. Global oil demand, including biofuels, will likely level off near 106 million b/d toward the end of this decade, up from just over 102 million b/d in 2023, due to the boom in electric vehicles, renewable energy and fuel efficiencies, the IEA said in its latest annual mid -term outlook, "Oil 2024."

Total oil demand is still forecast to rise by 3.2 million b/d between 2023 and 2030, supported by increased use of jet fuel and feedstocks from the petrochemical sector. As in recent years, oil demand growth will be underpinned by Asia's biggest economies, with growth in China driven by the petrochemical sector, while in India, transport fuels will see significant gains, the IEA said. By contrast, oil demand in developed economies is expected to continue a structural decline, falling from around 46 million b/d in 2023 to less than 43 million b/d by 2030, the lowest since 1991.

A year ago, the IEA had predicted that global oil demand would peak by the end of the decade after rising 6% to 105.7 million b/d through the 2022-2028 period. S&P Global Commodity Insights forecasts global oil demand -- including biofuels -- peaking at around 109 million b/d in 2034, with a gradual decline in the following years and only falling below 100 million b/d in 2050.

Commodity Insights forecasts demand averaging 104.8 million b/d in 2024. Separately, the IEA cut its 2024 global oil demand growth forecast for a third consecutive month, trimming 100,000 b/d from the estimate, citing contracting demand in OECD countries and signs that Chinese demand growth slumped to just 95,000 b/d in April. Helped by an upward revision to its 2023 demand estimates, the IEA now sees world oil demand growing by just 960,000 b/ d this year to average 103.2 million b/d.

“Oil's subdued outlook is expected to carry forward into 2025, with a modest increase of 1 million b/d reflecting lackluster economic growth, an expanding EV fleet and vehicle efficiency gains,” the IEA said in its latest monthly oil market report. The IEA's latest revision to its 2024 demand forecast puts it at increasing odds with the much more bullish outlook of OPEC producers. OPEC on June 11 reiterated its forecasts for global oil demand growth of 2.25 million b/d for 2024 and 1.85 million b/d for 2025. The US' Energy Information Administration also said June 11 that it sees oil demand rising by 1.1 million b/d this year to average 103 million b/d.

Average Hourly Wage at US Gasoline Stations Rises to Record High in May: BLS

The average hourly wages for nonmanagerial workers at U.S. retail gasoline stations and retail gasoline stations with convenience stores rose in May as the average for gasoline stations reached a record high and the average wage for convenience stores with fuel approached the high mark reached in January, the Bureau of Labor Statistics said on Friday.

Wages rose for the second month in a row. The May average hourly wage for gasoline stations increased to $17.30, up 5cts month to month after the April average was adjusted upward by 2cts. That was up 2.5% from a year ago when the average wage was $16.88/hour.

The May average hourly wage for gasoline stations with convenience stores increased to $17.10, up 6cts from the April average, which BLS adjusted 3cts higher and was 2.7% above May 2023, when the average hourly wage was $16.65, the bureau reported. In January, the average hourly wage reached a record high of $17.15.

Competing channels like supermarkets and liquor stores also increased wages. BLS said the average hourly wage at supermarkets in May was up by 6cts from April to $17.74, 4.3% higher than a year ago. The average hourly wage at liquor stores also rose by 6cts in May from April to $17.77, up 1.7% year to year.

The average hourly wage for nonmanagerial workers across all retail businesses has risen in each of the last five months, the bureau's data showed. In June, the average retail worker made $21.05, up from $20.99 in May, $20.90 in April, $20.81 in March and $20.69 in February. The May wage was 2.2% higher year to year.

The latest monthly figures are not seasonally adjusted.

--Reporting by Donna Harris

Retailers & Law Enforcement Build Upon Anti-Theft Collaboration

The Retail Industry Leaders Association (RILA) and the National District Attorneys Association (NDAA) launched the 2024 Store Walk Initiative to tackle organized retail crime, habitual theft and its impact on communities.

The initiative is in its second year and allows the organizations to connect retailers with local prosecutors to facilitate a better understanding of shared challenges, exchange insights and identify ways both parties can collaborate to reduce retail crime and recidivism.

According to RILA, last year's inaugural Store Walk Initiative led to more than 100 district attorney offices representing cities large and small across the United States to participate in store walks with leading retail asset protection leaders and store management teams. The Initiative has enabled more effective communication and strategic coordination around ORC cases, which have ultimately led to successful prosecutions and crime deterrence.

The Store Walk Initiative is just one aspect of the organizations' ongoing collaborative efforts. The Vibrant Communities Initiative, also launched in 2023, brings together district attorneys, police departments, social service organizations and other stakeholders to increase information sharing, test new technology solutions, and address the underlying social issues driving crime.

Retailers interested in participating in the Store Walk Initiative can learn more about it and register here.

Value-Seeking Tobacco Consumers Impact Cigarette Sales

In what has become a recurring trend, cigarette sales are taking a hit as adult tobacco consumers turn to less expensive backbar products.

According to Goldman Sachs' second quarter of 2024 "Nicotine Nuggets" survey, continued economic pressures have led many tobacco consumers to grow increasingly selective in their purchases, turning to more affordable alternatives, such as fourth tier/deep discount cigarettes, modern oral tobacco and illicit/gray market disposable vapor products.

This is driving lower usage of cigarettes and further downtrading, reported Bonnie Herzog, managing director and senior consumer analyst at Goldman Sachs.

As Herzog pointed out, takeaways from the Q2 "Nicotine Nuggets" include:

1. Cigarette volumes remain pressured with declines easing marginally in the second quarter by approximately 10 basis points vs. the previous quarter, reflecting continued shifts away from the category to cheaper alternatives beyond deep discount cigarettes, such as vapor products — including illicit market options — and nicotine pouches.
2. Manufacturer pricing power appears weaker relative to a year ago to a majority (54%) of survey respondents, although less than the Q1 survey at 62%.
3. Promotional activity strengthened across electronic cigarettes and oral nicotine as manufacturers invest to drive market share.
4. Illicit e-cigarette market activity is a growing concern and continues to negatively impact cigarette volumes with most retailers still very pessimistic that the U.S. Food and Drug Administration enforcement will improve the situation in the near term.

Feedback is based on retailer and wholesaler contacts representing 95,000 retail locations across the United States, or roughly 65% of all tobacco outlets.

New England Retailers Launch Campaign to Fight Generational Tobacco Bans

The New England Convenience Store and Energy Marketers Association (NECSEMA) launched Citizens for Adult Choice, a grassroots campaign to oppose "generational" bans on tobacco and nicotine products.

The organization had previously brought a suit to overturn such a ban passed by the town of Brookline, Mass., preventing the sale of tobacco products to anyone born after Jan. 1, 2000. However, earlier this year, the State Supreme Court upheld the regulation, maintaining that state law recognizes the authority of local communities to take steps to limit the sale of harmful products.

NECSEMA is continuing to explore the possibility of appealing the decision, maintaining that generational bans could threaten civil liberties in Massachusetts, potentially allowing local municipalities to prohibit a host of other products or activities, such as gambling, alcohol, cannabis or sugary drinks.

In the meantime, Citizens for Adult Choice will work to educate lawmakers and raise public awareness about the implications of bans on the sale of tobacco and nicotine products to adults, especially as local boards of health are following suit in other communities, enacting bylaws that bar certain adults from purchasing legal products in their hometowns.

Proponents of generational bans in Brookline and other communities purport to be targeting youth smoking, but NECSEMA believes these prohibitions do little to address underage smoking as they primarily target adults.

Federal Agents Seize $1M-Plus Worth of Unauthorized Vapor Products

The U.S. Food and Drug Administration (FDA) and U.S. Customs and Border Protection (CBP) seized 53,700 unauthorized e-cigarette products valued at more than $1.08 million.

While the shipment was found at a Chicago port of entry, the unauthorized products were intended for a wholesaler based in Mississippi, according to the FDA.

The seized shipment, which arrived in the United States from China, included 179 boxes of unauthorized e-cigarettes that were mislabeled as other items. When the FDA and CBP examined the products, they determined the shipment violated the Federal Food, Drug and Cosmetic Act.

The FDA and CBP are part of a recently formed federal multiagency task force to address the illegal distribution and sale of e-cigarettes. Though the two agencies had previously worked on joint operations, the task force allows partners in the federal government to better coordinate and streamline efforts to bring all available criminal and civil tools to bear against companies trying to evade the law.

As part of the FDA's comprehensive approach to law enforcement, within the past year, the agency has taken several first-of-their-kind actions, including coordinating with CBP to seize more than $18 million in unauthorized e-cigarettes during a joint operation at LAX airport, and in the spring, it coordinated with the U.S. Department of Justice and U.S. Marshals Service to seize over $700,000 worth of unauthorized cigarettes from a warehouse in California.

In addition to product seizures, to date, FDA has issued 680 warning letters to firms for manufacturing, selling, and/or distributing illegal unauthorized new tobacco products, issued more than 600 warning letters to retailers for the sale of unauthorized tobacco products, and filed civil money penalty complaints against 60 manufacturers and more than 140 retailers for distribution and/or sale of unauthorized tobacco products.

When Is The Best Time To Have Your Clerks Certified To Sell Tobacco?

NOW. Now, before your clerk fails a sting. If your certified clerk fails a sting, you receive one point against your license. If another certified clerk (because you fired the first one) fails a sting, you will have a second point against your license. It is not until the third certified clerk fails a sting that your lottery and tobacco license will be pulled. Even in this case there is a benefit, after serving your suspension, the three points will be removed.

If an uncertified clerk fails a sting, you will receive two points against your license. Let's say you train your clerks then. The next failed sting will add another point, making three points. Your license will be pulled for a year, and there is nothing you can do about it. It still makes sense to have your clerks certified after the first failed sting for two reasons. A certified clerk is less likely to fail that second sting. If they do, the three points will be removed from your license after you serve your suspension. If you don't have your clerk certified, only three of your four points will be removed and you will be well on your way to another suspension or revocation.

A certified clerk is much less likely to sell to underage customers, meaning you are less likely to have to deal with the hassle of a failed sting. It just makes good business sense to certify your clerks. Remember training them is not the same as certifying them.

ONE MORE THING TO DO TODAY. CHECK YOUR CLERKS CERTIFICATION. IT EXPIRES AFTER THREE YEARS. IF YOUR EMPLOYEE'S CERTIFICATION IS EXPIRED, IT IS THE SAME AS IF IT NEVER EXISTED.

For more information on certifying your clerks call the association at 518-452-4367

Your Inspection License May be Worth Money

Depending on where you are located, it may be possible to sell your license. Before merely turning it in, contact the association for further information.

DMV Record Retrieval

DMV record retrieval is available to association members and affiliates at a cost of $12 per record. Additionally, you may order DMV certified paper abstracts of driver's license, vehicle registration, and vehicle title records for an additional fee of $2 per abstract. Please call (518) 452-4367

NYVIP MESSAGE No. 303

DATE: 07/16/2024

TO: ALL INSPECTION STATIONS

FROM: NYS DEPT. OF MOTOR VEHICLES

SUBJECT: REMINDER: Three Common Concerns

PLEASE BRING THIS MESSAGE TO THE ATTENTION OF THE STATION OWNER AND/OR MANAGER

DMV is sending this important reminder to all inspection stations due to recent feedback we have received from the public and the industry. All New York State Public Inspection Stations are required to:

- **Employ at least one full-time employee who is a certified motor vehicle inspector to perform inspections.**
- **Have a window tint meter capable of measuring visible light transmittance through immovable glass. (Group 1a and 2a stations only)**
- **Make an appointment within 8 calendar days if an inspection cannot be performed immediately.**

The Department would prefer to remind stations of these requirements so that corrective action can be taken, if necessary, before a DMV Inspector uncovers any deficiencies. As per section 79.9 of the Inspection Regulations DMV may prevent further inspections from occurring if it finds a station lacks required equipment or personnel to perform inspections. Failure to abide by these regulatory requirements could also result in administrative action and substantial penalties. Please make appropriate staff aware of these requirements.

SSDA®

SERVICE STATION DEALERS OF AMERICA
AND ALLIED TRADES

SSDA-AT and others Call for Movement on Right to Repair Legislation

Dear Members of the House Energy and Commerce Committee:

We, the undersigned, are writing to express our strong support for HR 906, The Right to Equitable and Professional Auto Industry Repair Act (REPAIR Act), as prepared for full committee consideration by lead sponsor Dr. Neal Dunn (R-FL). We respectfully request your support for its inclusion and passage at the next Energy and Commerce markup.

We applaud and support the efforts of Dr. Dunn to ensure that the concerns raised by members of the Energy and Commerce Subcommittee on Innovation, Data, and Commerce were heard and addressed after the subcommittee markup.

Specifically, Dr. Dunn addressed cybersecurity concerns with the Standardized Access Platform (SAP) by having the necessary vehicle repair data now shared through the already existing Original Equipment Manufacturer (OEM) dealer and partner network. Further, Dr. Dunn made significant edits related to autonomous vehicles, the use of consumer data, and preemption.

This bipartisan legislation, with more than 50 cosponsors evenly divided between Republicans and Democrats, would preserve consumer access to high quality and affordable vehicle repair by ensuring that vehicle owners and their repairer of choice have equal access to repair and maintenance tools, components, and data.

As vehicle technology continues to evolve and grow more complex, effectively repairing and maintaining cars, buses, and trucks will require access to data, software, compatible replacement components, training, and sophisticated diagnostic tools. The current law is inadequate to address growing competitive concerns created by new technology, and the REPAIR Act would guarantee the right of owners and their designated repair facilities to fully maintain and repair modern vehicles, while ensuring cybersecurity for critical vehicle systems.

Consumers clearly desire this ability to have options for vehicle service and maintenance. An April 2024 national Consumer Reports survey found that when "it comes to automotive service facilities, Consumer Reports members prefer independent shops—and, in some cases, chains—over dealerships... The only types of service facilities to receive top scores in overall satisfaction in our survey were independent repair shops as a group (which also received higher marks across the board than any other category).

Modern vehicles are computers on wheels, with some new vehicles having more than one hundred million lines of code. This innovative technology requires specific parts, manuals, diagnostic tools and more, which, when restricted by the vehicle manufacturer, can eliminate the ability of the more than 150,000 independent repair shops in the United States to compete for this business.

The REPAIR Act allows the vehicle owner the freedom to utilize the most accessible and affordable repair option available. The REPAIR Act protects open competition within the market, which will drive further innovation and create affordable repair options for consumers.

This issue will become even more critical as the U.S. vehicle fleet continues to age. According to the latest data from S&P Global Mobility, the "average age of cars and light trucks in the United States has risen again to a new record of 12.6 years in 2024, up by two months over 2023."

In its April 2024 survey, Consumer Reports found that: "The older the car, the less likely its owner was to take it to a dealership for repairs. For example, about 80 percent of drivers with a car from model year 2023 went to the dealership, while only 18 percent took a model-year 2000 car to the dealership."

The independent aftermarket is a critical economic engine in every congressional district and state across the nation, with more than 4,500,000 employees and a fiscal impact of more than $600 billion annually. The REPAIR Act eliminates an existential threat to these jobs and the economy, while ensuring a robust ecosystem of repair options. Consumers will be able to select their repair facility of choice and have access to a variety of aftermarket parts. Independent repair shops will continue to be able to provide timely and quality repair and maintenance choices to their customers.

We urge you to support this legislation and move it through the committee as soon as possible.

Sincerely,
SSDA-AT , Auto Care Association, and 23 other associations and organizations

Who Can You Trust Anymore?

Greg Bunch

There's an old saying about motorcycle riders: there are those who have gone down and those who will go down. Knowing that my love for speed could eventually lead to injury or death, combined with a promise I made to my mom as a kid, is why I don't ride motorcycles. Unfortunately, having been in business for 23 years, I've come to believe there are only two types of business owners: those who have been stolen from and those who will be stolen from.

The rise in employee dishonesty is alarming. Many of my shop-owner friends and clients have recently experienced

In another case, an employee was running a side business and ordering his parts from the shop's account. When the audit was complete, it was well over $20,000 in parts that were paid for by the shop owner! When these situations arise, the question often is: should we call the police? My answer is always yes. If they get away with it, they'll likely do it again until they're caught. Pressing charges helps protect the rest of us in the industry.

I speak from experience. I once had to put a bookkeeper in jail for 30 days after discovering she had been embezzling for about a year and a half. We will never know exactly how much she stole, but she was convicted of stealing $52,000, but it was probably double that amount. It was devastating to learn that someone I and my employees trusted completely was stealing from me.

Theft isn't limited to physical goods or money. Poor company policies can also open doors to external threats. For instance, one of my shop owner friends had $500,000 stolen from his bank account by hackers. The breach was traced back to an employee using the same password for everything and when he used it on a website that was compromised, the hackers got it, they used the stolen password to get into his work email, and then they figured out his email allowed the hackers to access the whole companies email admin portal and intercept correspondence between the owner and the bank. While the employee didn't steal directly, their lack of a strong password policy facilitated the theft.

The emotional impact of discovering that a trusted employee has betrayed you can be devastating. Trust is a fundamental aspect of any relationship, and when it is broken, it can lead to a range of intense emotions, including anger, sadness, disbelief, and even shame. According to psychologists, betrayal can trigger a grief response similar to losing a loved one.

Going through this situation recently, and those who have had it happen, know that this emotional rollercoaster can affect both your personal and professional life.

Psychologist Dr. Karen Lawson states, "Betrayal by a trusted employee can feel like a personal attack. It's not just the financial loss that hurts; it's the breaking of a bond, the realization that someone you valued and relied on has deceived you."

Dealing with the betrayal of a trusted employee is emotionally taxing. It's important to acknowledge and process your feelings rather than suppressing them. This might involve talking to a therapist, a trusted friend, or a mentor. Just being able to vent your frustrations can be a healthy way to begin healing and regain some balance.

It's also important not to blame yourself for not seeing the signs. Remember, the fault lies with the person who chose to betray your trust, and even the best business owners can be deceived. I found this is easier said than done, but taking this perspective can help you deal with the feelings of self-doubt and guilt.

Taking time to reflect on what happened and why can provide what you need to look at in your business and your approach to protecting what you have worked so hard to build. This reflection might reveal any red flags you missed and help you learn from the experience to protect your business in the future better. It's not about blaming yourself but about understanding the dynamics that led to the betrayal and using that knowledge to improve your business practices.

Trust within your team is essential but should be built gradually. This doesn't mean being cynical but rather implementing checks and balances to ensure such incidents are less likely to happen again. Trust should be given cautiously and built over time, supported by clear policies and accountability.

You can’t completely eliminate the possibility of theft, but you can take steps to protect your business. Ronald Reagan said it best: “Trust, but verify.” Here are some immediate actions you can take:

First, ensure that you conduct deposit audits. Make sure the cash drawer is counted daily, and any excess is deposited. Regularly audit these deposits to catch any discrepancies early.

Next, conduct parts audits to verify that parts purchased land on tickets and are marked up according to your policy. This is how many shop owners have caught employees stealing parts. Regular parts audits help maintain inventory accuracy and identify discrepancies that could indicate theft. Where there is smoke, there is fire!

Deleted ticket checks are also important. Watch for deleted tickets or tickets paid with cash that show a discount. We have caught two service advisors pocketing the cash and deleting the ticket.

Legal audits are another critical step. Have your attorney review job descriptions, pay plans, and legal agreements with employees and contractors to protect your intellectual property and trade secrets. Clear legal documentation can prevent misunderstandings and provide a basis for action if theft occurs.

Implementing strong cybersecurity measures is something to start looking at today. Ensure password policies and regular cybersecurity audits to prevent external attacks. Training employees on cybersecurity and best practices can also minimize risks associated with phishing and other cyber threats. This will be an ongoing battle; scammers and hackers are getting better and better every day.

Finally, maintain awareness, understand human nature, and use common sense. Don’t give up on trusting people but be diligent in protecting your assets. Regularly communicate with your team about the importance of integrity, honesty, and accountability.

Ultimately, your fiduciary responsibility as a business owner is to safeguard your company. It may not be comfortable, but I challenge you to audit your company and take action before you learn the hard way. Being proactive about trust and verification can save your business from significant harm.

Dealing with betrayal is never easy, but it can be a valuable learning experience. You can better protect your business by implementing strong preventive measures, being vigilant, and maintaining a balanced approach to trust.