

**Board Meeting**  
**Thursday, November 13, 1997**  
**Conference Call**  
**Minutes**

Participants: Board: Tim Clark, Safeco Insurance Co.; Clarence Ditlow, Center for Auto Safety; Gary Mellini, Allstate Insurance Co.; Tom Willson, Liberty Mutual Insurance Co.; Kim Wood, North Star/NECO; Israel Yzaguirre (and Rod Enlow), USAA; Jack Billington ( for Eldon Ziegler), Nationwide Insurance Co. Advisors: Bob Hurns, NAI; Bill Schroeder, Alliance of American Insurers. CAPA Staff: Jack Gillis, Karen Fierst, Scott Davidson.

I. Antitrust Statement

Gillis read CAPA's antitrust statement.

II. Accept Minutes of June 4, 1997 Meeting

Gillis indicated that there are some minor changes which need to be made to the draft circulated to the Board. After these changes are made, revised minutes will be sent to Board members for review and acceptance.

III. Executive Director's Report

A. Board Business

1. Annual Meeting - CAPA will send annual meeting notices and proxies prior to NACE. Clark motioned, and Willson seconded, that the meeting be held at CAPA headquarters for the purpose of elections. Accepted unanimously. As long as at least 10% of each member category submits proxies, the election and annual meeting can take place with the Executive Director and a witness present.
2. Nominations of three Board members whose terms end 12/97 - Nominating Committee member, Willson, recommended that Plucinski, Ziegler and Clark each be nominated to serve an additional term. Mellini seconded the motion. Accepted unanimously. Ballots will be sent to appropriate membership categories so that the election can be held at the December Annual meeting.

3. Board Election of President - Mellini's 2 year term expired at the end of October. Prior to discussion, Mellini disconnected from the call. Willson motioned to reelect Mellini. Yzaguerra seconded. Accepted unanimously. Mellini's term as Board President will end 10/99. Mellini reconnected after the vote was taken.

B. Financial Update

Gillis is preparing a 1998 Budget and final 1997, to be distributed at the December 3<sup>rd</sup> Board meeting. He gave a verbal update of the current financial situation.

C. Membership

1. Insurance Company solicitations will be sent next week

a. 1997 members: 16; contributors: 12 - five companies have resigned. GEICO indicated that they believe the assessment formula results in inequitable fees. It was decided that Gillis will work with Mayer of GEICO and the Board to develop a new fee schedule and postpone mailing 1998 assessments until Board approval of new formula has been received.

b. Insurance Company Summit will be held Thursday., December 4. 1:00 p.m. to 3:00 p.m. . in the Mirage Hotel in Las Vegas.

2. Distributors

a. 1997 Membership is 54, down from over 100 a few years ago

b. Distributor Membership concept: ABPA has recommended that it include a CAPA membership with its own membership solicitations. They hope to collect \$25 a quarter, in connection with ABPA dues, rather than having CAPA invoice. Therefore, CAPA would receive 4 checks a year from ABPA, rather than individual checks from Distributors. The proposal was unanimously accepted

3. Collision Repairers

a. 1997 Membership - 20

b. 1997 Supporters - 5

4. Consumers - Center for Auto Safety, at this time, remains the only consumer group member.

D. Program (as of October 31, 1997)

1. Parts - Total - 1951 - should end the year with between 1950 and 2000. 85 YTD decertifications and 36 YTD deletions - fewer than expected. 64 part numbers have 2 decertified lots within the previous 12 months.
2. 1997 Projections: 336 of the 417 projected approved parts have already been certified. In spite of 1997 decertifications, manufacturers will come close to meeting their projections for adding new parts.
3. 1998 Projections: Will not have until December.
4. Participants - 26 Full (Highway will soon be out, too few parts and too few seal purchases, doesn't want to pay annual fee); 9 Limited
5. Participant Fines - imposed because of major infractions
  - a. Conjoin Key - \$90,000 due mid January - has agreed to pay
  - b. TY - \$130,000, due end of December - have not heard from them yet
  - c. Tie Shine will receive notice of a substantial fine (over \$60,000) shortly
6. Seal sales: Currently 1,660,000. Will meet budgeted 1.7 million seal sales May surpass 2,000,000.

E. Report on Quality and Marketplace Seminar

1. Good Representation: Manufacturers making 80% of CAPA sheet metal parts attended.
2. Responses: Over all positive responses and desire to conduct similar seminars in the future expressed.

F. Legal Update

1. Legal Fees Incurred as a Result of Class Actions (July 7<sup>th</sup> memo) - discussion postponed until December 3 meeting.
2. Class Action Suits - On November 4, 1997 Gillis testified as an expert witness for State Farm in a hearing on a potential national class certification in connection with a lawsuit in Illinois.

IV. Legislative Update

- A. Situation with ASA disclosure proposal - Gillis reported on a recent meeting with Bob Redding.
- B. 1997/98 Legislative Activity

1. '97 - movement in 18 states
2. '98 - expect extensive campaign using ASA recommended disclosure  
Early activity expected in Florida and Mississippi.

C Discuss CAPA Management Legislative Proposal

The concept of CAPA, or some other entity, promoting state or federal aftermarket part disclosure and usage legislation, and whether CAPA should take an reactive or pro active role was discussed. It was tabled until the December 3 meeting. Prior to that Schroeder and Hurns, as members of the Government Affairs Committee, will develop strategies to be considered by the Board.

V. Certification Categories

Yzageurra suggested that CAPA revisit the type of parts it certifies. After brief discussion, the issue was tabled until the December 3 meeting.

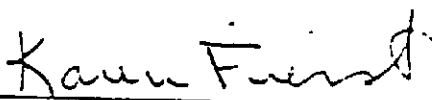
VI. New Business

No new business was raised.

VII. Upcoming Meetings

- A. The next Board meeting will be 3:30 p.m. to 5:30 p.m. Wednesday December 3, at the MGM Grand Hotel, Las Vegas.
- B. The Inter-Industry Communication Forum will be Thursday, December 4, from 8:30 a.m. to 11:00 a.m. The Insurance Summit will be from 1:00 p.m. to 3:00 p.m. on the same day. Both meetings will be held at the Mirage Hotel.

Respectfully Submitted



Karen Fierst

Secretary of the Meeting

Certified Automotive Parts Association  
Washington, D.C.

July 7, 1992

Stan Rodman  
Executive Director  
ABPA  
2500 Wilcrest, Suite 510  
Houston, TX 77042

Dear Stan,


Please find enclosed the results of our aftermarket part distributors survey that was conducted in December of 1991. I thought you might be interested in sharing some of these results with your membership.

I was quite disappointed at the return rate. As you can see, we sent out 450 surveys in December 1991. This was after it was strongly suggested to me by your membership that distributors would be willing to provide this type of information.

I think you'll find that of those few who responded, the vast majority choose to substitute non-CAPA parts when CAPA parts are unavailable. As you know, this provides no incentive for the manufacturer to conform to CAPA standards. And why should they? It is expensive for them to meet CAPA standards and because distributors don't insist on CAPA, they have no need to incur those expenses. This widespread distributor practice of taking CAPA substitutes when no CAPA parts are available is one of the most significant obstacles to CAPA's success.

Stan, I look forward to your comments and reactions, if any, to this information. Feel free to distribute this information to your membership.

Sincerely,

  
Jack Gillis  
Executive Director

ABPA 0001

870200

## Aftermarket Part Distributors Survey

Part I

Approximately 450 surveys sent in December, 1991. Twenty-seven responses received by April 28, 1992. This represents about a 6% return rate.

1. Do you sort CAPA certified parts upon receipt for quality?

Yes 14

No 13

2. If yes, what percentage of CAPA certified parts meet your standards?<sup>1</sup>

100% 0

90% 10

75% 3

50% 1

less than 50% 1

Varies too much to generalize 1

3. What do you do with CAPA certified parts that don't meet your standards?

Sample responses:

Return to manufacturer/importer (often for refund or replacement) 11

Sell parts at a discount 3

File complaint with CAPA, set part aside until complaint is settled 3

Inform manufacturers 2

Donate to vocational school 2

Sell parts as "non-certified" 2

Destroy the part 1

Part II

1. When you order CAPA certified parts, do you allow the supplier/manufacturer to substitute non-CAPA parts if CAPA parts are unavailable?

Yes 19

No 4

Sometimes 2

2. If yes, what percentage of your CAPA part orders are filled with CAPA parts?<sup>2</sup>

100% 0

90% 3

75% 8

50% 5

less than 50% 5

250200

<sup>1</sup> Some respondents who answered "no" to #1 indicated percentage.

<sup>2</sup> Responses indicating a range were placed in the nearest whole percentage.

ABPA 0002

3. Please rate the CAPA certified manufacturers below by how often they fill your orders for certified parts. *Use only if you order direct from manufacturer.*

	Never	Occasionally	Frequently	Always
The Colonels			21% (4)	79% (15)
Conjoin Key		50% (3)	33% (2)	17% (1)
Ensure		100% (3)		
Evergreen		62% (5)	25% (2)	13% (1)
Gordon		33% (3)	45% (4)	22% (2)
Haur Tay		42% (3)	29% (2)	29% (2)
Jui Li		66% (4)	17% (1)	17% (1)
Legion		43% (3)	14% (1)	43% (3)
Lio Ho	28% (2)	43% (3)	28% (2)	
Nan Jhi	25% (1)	25% (1)	25% (1)	25% (1)
Nupar				100% (9)
Parts of America				100% (4)
Polywheels			24% (4)	76% (13)
Sing Yuen Ta		43% (3)	43% (3)	14% (1)
Supreme		50% (2)	25% (1)	25% (1)
Tie Feng		80% (4)		20% (1)
Tong Yang		40% (4)	60% (6)	
Yeou Wei		80% (4)		20% (1)
Yung Jen		60% (3)	20% (1)	20% (1)
Yung Shine		24% (2)	38% (3)	38% (3)

552202

ABPA 0003

4. Please rate the trading companies with whom you deal by how often they fill your orders for certified parts. *Note: Some trading companies are also manufacturers. List only those companies that you use as trading companies.*

Name of Supplier	Never	Occasionally	Frequently	Always
AP		50% (1)	50% (1)	
Apex		29% (2)	71% (5)	
Auto Bumper		100% (1)		
CalWest		50% (1)	50% (1)	
East Dragon		50% (2)	50% (2)	
H/R Plating				100% (1)
Innovative			50% (1)	50% (1)
Keystone		100% (1)		
Kojak			67% (2)	33% (1)
KSI		67% (2)	33% (1)	
Lio Ho			100% (1)	
NDW		100% (1)		
Nordan			100% (1)	
Polywheels				100% (1)
Shvi Tan		50% (1)	50% (1)	
SJ Trading			100% (1)	
Taiwan Everpride				100% (1)
Tong Yang		100% (1)		
TYED		100% (1)		
Unique		100% (1)		
Veng		100% (1)		
Yung Shine			100% (1)	

5. Have you ever refused a shipment of parts because it was not CAPA certified?

Yes 4  
No 20

6. Would you be willing to provide CAPA with your purchase orders for CAPA certified parts?

Yes 15  
No 7

000005

ABPA 0004