

North Star Plating Co.

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May 7, 1996

To: Stanley

From: Kim

RE: May 2nd 1996 CAPA Board Meeting

While still fresh in my mind, I thought I would relay some thoughts from the CAPA board meeting in May.

The board is dealing with the fact that support is wavering with some existing insurance company supporters. There has been major changes in the hierarchy of some CAPA supporting insurance companies. New executives unfamiliar with the entire certification program, are trying to measure their companies "Bang for the Buck". There are still a number of insurance companies who preach the benefits of CAPA, push for the use of CAPA parts, but have either withdrawn support or never financially participated from the start. As is usually the case, 1996 is looked at as a pivotal year.

Jack Gillis was excited with his response in Europe. Jack looks at Europe as a potential market for seal sales. He feels they have a desire for certification standards particularly on parts they import from Taiwan.

The Board is somewhat concerned that there have been no new parts submitted for approval in 1996.

In response to Vincent Chou's letter the Board feels that the current standards put in place should not be reduced. These truly are minimum standards for parts that are LKQ to their OEM counterpart. There is still a concern (present company included) about poor quality CAPA parts still making it into the market place. It is felt that lower standards or extension in deadlines will not help eliminate this problem.

One area of concern was the lack of membership support by distributor members. Last year there were 105 distributors that payed the nominal \$100.00 for CAPA membership. This year 129 distributors were solicited and 47 have joined. I don't think this sends a very good signal from our side of the table. I would suggest we send something from the board to our members.

The projection for seal sales is expected to stay the same. Some parts will fall off the system because they don't meet the timetable to meet "SPC" and "Fixture" criteria, but year end sales are expected to increase due to January '97 seal price increase.

The technical committee will re-visit certifying lamps, re-bars and radiators. Modine has been asking about certification because they are tired of being painted with the same brush as some of the Chinese radiators of marginal quality.

The board reviewed a video tape (about CAPA) that they had commissioned - it was well received just as it was at our distributor meeting in Nashville. It will be presented to our entire membership in Las Vegas.

This is about all the information my notes will render, until next time.

Respectfully Submitted,



Kim

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781-2838.

(Massachusetts)

John Sulkala, 1986-87
522-6040

(Texas)

John ...

July 23, 1992

Mr. Stan Rodman, Executive Director
Automotive Body Parts Association, Inc.
2500 Wilcrest Dr., Suite 510
Houston, TX 77042

Dear Stan:

In reply to your letter of July 17, 1992.

Yes, it really is about Consumer Choice, and with the current program in place we believe it is not an informed consumer. He or she is not allowed to choose the parts, like they chose their automobile.

Are you crying because you don't have the funds to advertise competitively? Your members are the ones that got greedy and cut a deal to further themselves.

You copied someone elses ideas, and you cut prices. The only ones who have benefited from this are your members, the insurance companies and some Taiwan worker.

You whine around saying you are protecting the consumer from higher insurance costs, while in fact insurance costs have not gone down since the introduction of aftermarket parts.

Maybe I don't get it, but I believe the loss of jobs from America does nothing to help the economic condition of our country. It really is nice that you protect the consumer from the high cost of insurance while giving their jobs away. They will not be happy as they realize their insurance premium has gone up not down and now they are unable to pay, because they have NO job.

As I look through the CAPA catalog I see sixteen manufacturers listed, twelve are in Taiwan, three in America, and one in Canada. We will assume the suppliers you use are from similar countries

Does ABPA believe they are any thing more than a tool used by the insurance companies to coerce the OE's into lowering prices? You just got in bed with the OTHER monopolists.

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Our position is one of clarification to the insurance companies, of what works, and what does not work. If your parts were of "like, kind and quality", collision repairers would not have a leg to stand on in this issue.

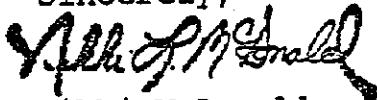
Not only have we received a cut in profit margins as you mention , but we have also had to suffer through testing and retesting parts that were not equivalent.

Collision repairers have been forced to deal with less than reputable suppliers, haggle for refunds, pay restock fees for parts that did not fit, and (I quote from the ABPA warranty) reinstall "no cost replacement parts, LABOR EXCLUDED." If this is rewarding collision repairers for our skill level, please leave us out.

That wise SCRS Executive, is still around and we have not changed our policy. "We want a GOOD part to work with at a fair price and conveniently delivered."

If you and your organization can ever accomplish that this debate will be over.

Sincerely,



Nikki McDonald
Board Chairman

cc: SCRS Officers

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