



Monthly Bulletin

Chairman's Corner

As I wrap up my year as your Chairman, I want to thank every California dealer who stepped up and got involved. This year showed us all what CNCDA can accomplish when we work together to focus on the issues that matter most to our dealerships.



Dealer Day 2025 was a historical moment for our association. More than 200 dealers joined us in Sacramento and held a record number of legislative meetings. That level of turnout sent a message that our members are a strong and united front. Our push on SB 791 advanced farther than any attempt in recent history because of your calls, emails, and the way you told your stories. Even though the bill was ultimately vetoed, we proved that, together, our voices carry real weight.

We maintained that same energy throughout the year. From strong engagement in our compliance webinars and updates, to the conversations about ACC2 and our Calibrate campaign, our members showed that they are informed, active, and willing to stand up for the future of their stores. The relationship-building at our in-person events and our Annual Convention has also bolstered our association. We also saw incredible growth in our NextGen group, which has become an important leadership pipeline for our association. Our next generation of dealer leaders is stepping forward and paving the way for the rest of the country.

I am so proud of the work we did together. CNCDA remains the first resource for California's dealers when the stakes are high, and this year reaffirmed that our strength comes from our unity and our willingness to show up.

As I transition out of the Chairman role, I want to thank our Board, committees, and staff for their support and commitment. I also want to congratulate Jessie Dosanjh, your incoming 2026 Chairman. Your board will have a busy year, and I know they will guide this association with focus and determination.

It has been an honor to serve as your Chairman. Thank you for your membership, trust, and dedication to keeping our industry strong.

Happy holidays,

Robb Hernandez,
Chairman, CNCDA
Camino Real Chevrolet

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CNCDA to CARB: Future ZEV Rules Must be Better Aligned with Consumer Demand and State Infrastructure

By: Anthony Bento, Chief Legal Officer

At the beginning of 2025, many California dealers faced the prospect of massive declines of inventory due to the increasing stringency of CARB's ZEV requirements. Thankfully, developments at the federal and state level have greatly reduced this threat and it appears unlikely that CARB will be able to revive many of its ZEV requirements until Trump leaves office in 2029.



Although CARB's authority has been diminished, the state remains committed to electrification. Towards that end, it began a process to solicit feedback from all interested stakeholders on how it should best proceed. Responding to this invitation, CNCDA submitted a comment letter outlining our recommendations. You can download [a copy of the letter here](#).

Our chief recommendation is that any future ZEV rule must be better aligned with customer demand and the state's EV infrastructure. A major problem with CARB's 2035 ZEV requirements (i.e., Advanced Clean Cars II, or ACC II) is that it attempted to push forward ZEV adoption far beyond customer demand and EV charging station infrastructure. This would have been a disaster for our industry and for California consumers, as automakers would have been forced to "comply" with state ZEV sales ratios by reducing allocation of internal combustion vehicles.

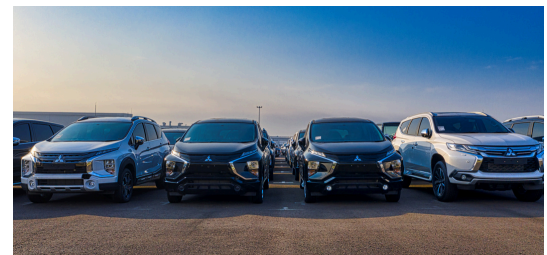
Another major problem with ACC II was that it did not recognize the benefits of most hybrid vehicles, which were treated the same as gas cars. Any future rule should include hybrids, as they provide significant customer and environmental benefits.

Moving forward, CNCDA will closely monitor CARB's efforts on ZEVs and work alongside other industry and community groups to ensure that all California voices are heard at CARB on this important matter.

California Transportation Commission Vehicle Weight Study Comment Letter

By: Les Swizer, Legal & Regulatory Affairs Counsel

CNCDA recently had the opportunity to participate in a California Transportation Commission (CTC) work group evaluating a study analyzing the relation of vehicle weight to outcomes for vulnerable road users such as pedestrians or bicyclists. Many industry and community stakeholders provided input and opinion during the meetings on a variety of topics ranging from road degradation to improving built environments.



After several months of participation, CNCDA submitted formal comments to the CTC. Our concerns with the study centered on its failure to make a causal connection between vehicle weight and vulnerable user outcomes, and to oppose proposals for taxing California consumers based on vehicle weight, especially at a time when vehicle affordability is higher than ever. CNCDA members can read the [letter](#) on CNCDA Comply.

If you have any questions or wish to discuss further, please do not hesitate to reach out to the CNCDA Legal Team at **916-441-2599** or legalhotline@cncda.org.

Dealer Lawsuits Against Hyundai Continue to Grow

By: Les Swizer, Legal & Regulatory Affairs Counsel

At least dealer three lawsuits are currently pending against Hyundai and Genesis in Southern California alone, alleging numerous violations of California franchise law, among other claims. In its complaint in *Sowell Automotive, Inc. v. Hyundai Motor America*, the dealer plaintiff allegations are as follows:



- Hyundai Motor America (HMA) and Genesis Motor America (GMA) continued to pressure the dealer to undertake multi-million-dollar facility modifications, including the construction of a ground-up, standalone Genesis gallery, disregarding the dealer's return on investment. Further, HMA/GMA repeatedly ignored the dealer's requests for evidence of financial feasibility for the upgrade, despite the dealer's legal right to a mutual written agreement.
- When the dealer declined these facility upgrades, HMA designed a scheme that resulted in the dealer receiving a Default Letter after being placed on the Core Operational Performance Program ('COPP'). This was done by deliberately under-allocating inventory needed to meet the Minimum Sales Requirement ("MSR") – the dealer was left with a 27% allocation shortfall in 2019–2022, a 41% shortfall in 2023, and was allocated unsellable vehicles unfit for the dealer's climate.
- The sales-performance requirements imposed by HMA were impossible to achieve due to years of inventory starvation and manipulation of performance metrics, which caused a loss of customer base and created a downward spiral driven by HMA's allocation algorithm.
- HMA/GMA intentionally interfered with bona fide efforts to sell the dealership by intimidating potential buyers with unreasonable and unlawful facility-upgrade demands, requiring construction of a separate Genesis facility or surrender of the Genesis franchise as a condition of purchase, thereby discouraging buyers from proceeding with applications for HMA/GMA approval and ultimately destroying legitimate sale opportunities.
- In contravention of California state franchise laws, HMA paid approximately \$361,000 to the dealer, attempting to force involuntary surrender of the Genesis line. Because of these statutory protections the dealer was able to retain the Genesis line and enter a separate DSSA with GMA as an independent franchise, however HMA later conditioned the continued operation of Hyundai on either surrendering the Genesis franchise or constructing the standalone Genesis facility.
- HMA assessed unlawful and undisclosed arbitrary fees, including a \$20,000 "Genesis Cohabitation Fee" and a \$15,000 "Image Evaluation Fee".
- HMA's multi-year actions were orchestrated to constructively minimize, devalue, and ultimately terminate or coerce the discontinuation of this family-owned, single-point dealership, consistent with what appears to be HMA's broader objective of replacing smaller, independent dealers with larger dealer groups.

The dealer plaintiff in *M.R.S. Brown, LLC v. Hyundai Motor America* alleges HMA offered predatory construction loan terms, imposed unreasonable facility upgrade requirements, and then withheld inventory to force plaintiff to sell. The dealer plaintiff in *M.R.S. Brown* also alleges racial discrimination.

Along the same vein, the dealer plaintiff in *Jasper Auto Group, Inc. vs. Hyundai Motor America*, A California Corporation alleges HMA/GMA withheld inventory to make sales targets impossible to constructively terminate the dealership when the dealer pushed back on unreasonable facility upgrades. (Cont.)

Dealer Lawsuits Against Hyundai Continue to Grow (Cont.)

If the allegations in the complaints filed by these three separate Southern California dealers are true, Hyundai is potentially in violation of numerous statutes in California's dealer franchise law.

The thrust of these cases exemplifies the continued struggle to maintain a balanced relationship between dealer and OEM. OEMs are increasingly leveraging facility programs, relocations, brand upgrades, and other methods to wield control over dealer networks, and dealers are using the power of their statutory rights to fight back.

The behaviors alleged in these lawsuits are exactly those CNCDA has and continues to seek to eliminate through legislative action, robust lobbying efforts, public education campaigns, and continued efforts to build relationships with state regulators such as the New Motor Vehicle Board, Bureau of Automotive Repair, Department of Motor Vehicles, and others. While these rights are robust, they are not self-executing, and dealers are encouraged to consult with competent counsel early when issues arise around renewal, relocation, facility upgrades, or transfers. It is important to review addendums and demands on existing agreements closely with competent counsel for inconsistencies with statutory protections and to evaluate potential remedies for the dealership.

As always, if you have any questions, please feel free to reach out to the CNCDA Legal Team at **916-441-2599** or legalhotline@cncda.org.

For more information on the cases referenced in this article, dealers can contact Bobby Samini of Samini Block Law Firm at **949-724-0900**.

Cases referenced:

Sowell Automotive, Inc. v. Hyundai Motor America [Case No.: 30-2025-01488447-CU-BC-NJC]

M.R.S. Brown, LLC vs. Hyundai Motor America [Case No.: 30-2024-01442232-CU-BC-NJC]

Jasper Auto Group, Inc. vs. Hyundai Motor America, A California Corporation [Case No.: 30-2025-01483100-CU-BC-NJC]

Important Compliance Reminder for Political Donors: Major Donor Form 461

By: Andrea Daugherty, Political Engagement Manager

Did you or your dealership(s) contribute a cumulative total of \$10,000 or more to state or local PACs and/or candidates so far this year? If the answer is yes and if all the contributions are from the same entity (including multiple dealerships with the same parent organization), you **MUST** file a Major Donor Committee Campaign Statement (Form 461) by **February 2, 2026**.*



The Fair Political Practices Commission requires companies that made contributions totaling \$10,000 or more to file a Major Donor Committee Campaign Statement ([Form 461](#)). **Failure to file campaign statements may result in late filing penalties (\$10/day) and fines (up to \$5,000/violation).**

For questions or assistance with your filing obligations, please contact Andrea Daugherty, Political Engagement Manager, at adaugherty@cncda.org.

**File only if contributions were made in 2025 and not disclosed on an earlier statement.*

“

CNCDA BUZZWORDS

“ ‘We rolled up our sleeves and worked with Senator Allen and the bill sponsors over several months,’ Brian Maas, President of the CNCDA told me.’ What started out as a carte blanche 10-day return policy became a much narrower three-day return for vehicles under \$50,000 with a mandatory restocking fee.’ ”

– Tighter regulations are costing dealers millions—here’s what’s driving the crackdown (Car Dealership Guy), 11/14/25

”

Complete the EIR Survey Today!

By: Autumn Heacox, Director of Communications & Marketing

Your data supports CNCDA’s advocacy! Our [Economic Impact Report](#) shows legislators in Sacramento the real value of California’s franchised dealers, including more than 130,000 jobs, billions in tax revenue, and the community support your stores provide statewide. Your past survey input helped drive wins like PAGA reform and AB 473, which protect dealerships from unfair lawsuits and direct-to-consumer threats.



The survey is anonymous, and you can submit aggregated data for all stores. The survey can be completed by any authorized employee and estimates are acceptable. Every response strengthens CNCDA’s position in Sacramento. **Complete the EIR survey today at www.cncda.org/eir.**

Questions? Contact Autumn Heacox at (916) 441-2599 x105 or communications@cncda.org.

Thank You to CNCDA PAC Donors!

By: Andrea Daugherty, Political Engagement Manager

As 2025 comes to a close, we want to express our gratitude to those who made contributions to the CNCDA PAC this year. Your commitment has strengthened our voice as an industry.

CNCDA PAC, a political action committee sponsored by CNCDA, provides an important way for new car dealers to become part of the political process. It is one of the most influential PACs in the state and supports candidates who are pro-dealer and promote a strong California business climate. CNCDA PAC expands a dealer’s influence beyond their legislative district. It helps direct money to candidates and officeholders from throughout the state who understand your issues and need our support.



Donors to the PAC ensure we are entering the 2026 election year with momentum. With your continued partnership, we can amplify our advocacy efforts where they matter most.

Thank you to our PAC donors for standing with us and investing in the future of all franchised new card and truck dealers. When it comes to advocacy, and fighting on your behalf, our work is never done. We need to ensure we maintain a strong PAC and hope we can count on your support once again in 2026. For more information on donating to CNCDA PAC, please contact Political Engagement Manager, Andrea Daugherty, at adaugherty@cncda.org.

CNCDA POLITICAL ACTION COMMITTEE
2025 CHAIRMAN'S CLUB

LIST AS OF 12/1/25

JOIN TODAY:



ELITE (\$9,800+)

Shaun Del Grande, Del Grande Dealer Group
Inder Dosanjh, Dublin Buick GMC
Jessie Dosanjh, Stevens Creek Chevrolet
Matt Hall, AutoNation Western Region
Ken Harvey, Dublin Honda
Taz Harvey, Dublin Mazda
Chris Holzshu, Lithia Motors
Roger Penske, Sr., SoCal Penske Dealer Group
Steve Pleau, Future Automotive Group
Nick Price, Price Family Dealerships
R.J. Romero, Oremor Automotive Group
David Simpson, Simpson Buick GMC Cadillac of Buena Park
David Smith, Sonic Automotive
Jeff Swickard, Swickard Auto Group
Bernie Wolfe, Penske Automotive Group

PLATINUM (\$5,000- \$9,799)

Beau Boeckmann, Galpin Ford
Michael Bouquet, Honda Santa Maria
Matt Browning, Browning Mazda
Ed Cornelius, Dublin Toyota
Stephen Cornelius, Stevens Creek Toyota
Troy Duhon, Toyota Of Poway
Aaron Feldman, Pacific Honda
John Garff, Hamer Toyota
Ed Glazer, US Auto Trust
Don Groppetti, Nissan of Visalia
Rinaldi Halim, Sierra Automotive Group
Jeff Hodge, Santa Cruz Toyota and Santa Cruz Subaru
Sean Hogan, Los Angeles Chrysler Dodge Jeep RAM
Tim Hutcherson, Downey Nissan
Fletcher Jones, Jr., Fletcher Jones Motor Cars
Lars Jorgensen, Paso Robles Chevrolet

Bob Khajehnouri, Temecula Hyundai
Kevin Knight, Sunrise Ford Fontana
Mike McNulty, Home Motors
Ted Nicholas, Three-Way Chevrolet Cadillac
Rick Niello, Jr., The Niello Company
Joseph Putnam, Putnam Subaru Burlingame
Marty Putnam, Putnam Lexus
Kent Putnam, Putnam Mazda
Victoria Rusnak, Audi Pasadena
Roger S. Penske, Jr., SoCal Penske Dealer Group
Pete Shaver, BP Ford of Long Beach
Devinder Singh Bains, Turlock Chrysler Dodge Jeep RAM
Michael Sullivan, LACarGuy
Taso Theodorou, Kearny Mesa Chrysler Dodge Jeep RAM
David Wilson, Wilson Automotive Group
Rami Yanni, Nissan Of Vacaville
Mathew Zaheri, Stevens Creek Chrysler Jeep Dodge

GOLD (\$2,500- \$4,999)

Cheryl Bedford, Sunset Auto Center
Dan Broderick, Santa Monica Buick GMC
Edgar Castellanos, Trust Palmdale Honda
Nathan Clarke, Imperial Valley Honda
Douglas Donnellan, San Francisco Toyota
Ryan Fitzpatrick, Coliseum Lexus of Oakland
Dennis Hardin, Hardin Honda
Robert Hemborg, Hemborg Ford
Tor Hemborg, Hemborg Ford
Kirk Heppler, Hendrick Automotive Group
Robert Hoehn, Hoehn Honda
Jamie Kopf, Boardwalk Volkswagen
Benjamin Kopf, III, Towne Ford
Jamie Kopf, Jr., Boardwalk Chrysler Dodge Jeep RAM
Dennis Lin, Century West BMW
Kim Mesfin, Affinity Truck Center

Richard Michaelson, Riverside Honda
Thomas Nokes, Antioch Toyota
Mark Normandin, Normandin Chrysler Dodge Jeep
RAM Fiat
Troy Paulence, Imperial Valley Honda
David Pedder, Pedder Nissan
Ken Phillips, Car Pros Honda El Monte
Scott Pitman, Harbor Chevrolet
Manuel Prieto, Sanger Chevrolet Buick GMC
Jeffrey Rachor, Cerritos Nissan Infiniti
Karl Schmidt, Hello Mazda of Valencia
Damon Shelly, Irvine BMW
Brandon Steven, Harbor Chevrolet
Dan Umansky, Livermore Honda
Nasser Watar, Mercedes Benz Of Encino

SILVER (\$1,500- \$2,499)

Kenneth Adgate, Rio Vista Ford
Angie Alexander, Alexander Buick GMC
of Simi Valley
Catherine Andrews, Bob Smith BMW
George Athan, Porche San Diego
Ahmed Azzam, Lexus of Concord
Chris Baughman, Sunset Honda
Ed Baur, Land Rover Jaguar San Diego
Tom Bell, Tom Bell Chevrolet
Gad Bitton, Ferrari South Bay
Garth Blumenthal, Mercedes Benz of
Temecula
Pat Bolter, Mercedes Benz of Laguna
Niguel
Jim Bone, Jim Bone Kia
Miles Brandon, Capistrano Volkswagen
Douglas Bravo, Bravo Chrysler Dodge
Jeep Ram
Steve Bussjaeger, Star Ford Lincoln
Mike Caposio, Rotolo Chevrolet
Chuck Caruso, Jimmy Vasser Toyota
Salomon Chidan Charur, Dalton Motors
David Conant, Norm Reeves Dealerships
Melvin Cooper, Chevrolet Of Watsonville
Clifford Cummings, Toyota of San
Bernardino
Raj Dhami, EPIC Chevrolet Cadillac
Andrew Doran, Wondries Toyota
David Dow, Antelope Valley Nissan
Howard Drake, Casa de Cadillac
John Driebe, Mazda Roseville
David Ellis, Glendale Dodge Chrysler Jeep
Dianna Freeman, Freeman Toyota
Pietro Frigerio, Lamborghini Newport
Beach
Larry Geweke, Geweke Ford
Issam Ghreiwati, Surf City Nissan
Jay Gill, Gilroy Chevrolet Cadillac
Sal Gonzales, Culver City Volvo/Mazda
Martin Greenwood, Greenwood Chevrolet
Michael George, Audi San Diego
Kenneth Grody, Ken Grody Ford
James Hannay, Burlingame Audi Porsche

Dan Harper, Mid City Motor World
Trevor Harper, Harper Motors
K.C. Heidler, Tom's Truck Center
Frank Hickingbotham, Mercedes Benz
of Palm Springs
Carlos Hidalgo, Stockton Hyundai
Stephen Hinkle, Volvo Cars San Diego
Chad Hoblit, Hoblit Chrysler Dodge
Jeep RAM
David Hoblit, Hoblit Motors
Steven Hopkins, Steve Hopkins Honda
Darrick Hoskins, My Nissan Kia
Greg Kaminsky, Toyota Of El Cajon
Jon Keller, Keller Ford Lincoln
John Kiefer, Palm Springs Kia
Alam Khan, Diamond Chevrolet Buick
GMC Cadillac of Palmdale
Christopher Leggio, Mark Christopher
Auto Center
Patrick Lustig, Beach Cities Toyota
Chad Martin, Subaru Of Ontario
Michael Martin, Glendora Chevrolet
Giacomo Mattioli, Ferrari Beverly Hills
Brian McCafferty, One Toyota of
Oakland
David Meese, Volvo Cars Walnut Creek
Paul Montalbano, Stewart Chevrolet
Tim Moran, Tim Moran Auto Group
David Morganson, Interstate Truck
Center-Stockton
Philip Mossy, Mossy Toyota
Michael Mullahey, Mullahey Ford
Tim Mullahey, Central Ford
Gary Myers, Hyundai Genesis Of
Escondido
Steve Myers, Toyota Of Escondido
Tom O'Gara, O'Gara Coach Beverly Hills
Mike Patel, Honda Marin
Gregory Penske, Penske Automotive
Group
Chuck Peterson, Folsom Lake Ford
Bob Pniak, Cypress Coast Ford Lincoln
Tim Razzari, Razzari Nissan

Eloy Renfrow, Santa Maria Nissan Mazda
Jeff Robinson, Scott Robinson Honda
Simon Sarriedine, Envision Auto Group
Anne Smith Boland, Bob Smith BMW
Tim Smith, Bob Smith BMW
Mark Smothers, Smothers European
Volvo Cars
Steve Song, F.H. Dailey Chevrolet
James Speck, Volvo of Orange County
David Stone, Merle Stone Chevrolet
Larry Stone, Stone Chevrolet Buick GMC
Jeffrey Sukay, Kirby Subaru Of Ventura
Paul Thiel, Palm Springs Motors
Jeff Thompson, Thompson's Auto & Truck
Centers
Ronald Thompson, Thompsons Toyota
of Placerville
Tony Toohey, Auburn Toyota
Larry Van Tuyl, Northridge Toyota
Gordon Walton, Walnut Creek Honda
CJ Wilson, BMW Fresno
Rose Winter, Winter Chevrolet
Barry Wishengrad, Infiniti Of Van Nuys
Kevin Wuepper, Lexus Of Glendale
Ash Zaki, Euromotors Auto Group
Robert Zamora, Toyota Town of Stockton

2026 Sponsorships Now Available

By: Rebecca Matulich, Director of Strategic Partnerships

Thank you to our sponsors who have already secured 2026 sponsorships, we truly appreciate your continued support!

With more than 1,200 highly engaged dealer members, the California New Car Dealers Association is the nation's largest state auto dealer association. Our sponsors play a vital role in strengthening our mission and delivering value to dealers across California.

Our [2026 Sponsorship Guide](#) is now available, offering a variety of opportunities to connect with our dealer community. If you are interested in becoming a CNCDA Sponsor, please contact Rebecca Matulich at rmatulich@cncda.org.



DIAMOND



TITANIUM



PLATINUM



GOLD



SILVER



BRONZE



A Smoother Ride Ahead: PAGA Reform Brings Balance Back to California Workplaces

By: *The PAGA Coalition*

California's franchised new car dealers are seeing tangible benefits from the 2024 PAGA reforms. Once burdened by broad, costly lawsuits, dealerships are now experiencing faster claim resolutions and fairer outcomes.

According to a new report by California's leading employment attorneys, the new rules limit claims to actual violations, reduce inflated penalties and reward employers who take reasonable steps to comply with labor laws.



Key early benefits of the reforms include:

- **Narrower Standing Reduces Frivolous Lawsuits.** Employers and defense lawyers report they are now routinely knocking out claims early by proving the plaintiff didn't experience certain violations, dramatically shrinking exposure. Claims are resolved faster and for less money because legal disputes are narrower and more manageable.
- **More Money & Faster Resolution for Employees.** PAGA reforms increased the employee share of penalties from 25% to 35%, with the state receiving 65%. The early resolution process through the state's Labor and Workforce Development Agency (LWDA) also limits the need for extended and costly litigation.
- **Reduced Penalties for Employers.** Reduced penalties now balance fairness and enforcement. Defense firms report significantly reduced penalties on employers because of the PAGA reforms.
- **One-Year Limitations Period.** PAGA reforms clarified standing law that a plaintiff must have experienced a violation within the past year to bring a claim.
- **Ability to Limit the Scope of Claims and Evidence to Ensure Manageability.** Courts now have explicit authority to limit the evidence to be presented at trial or otherwise limit the scope of a PAGA claim to ensure cases remain manageable for trial.
- **Employers Doubling Down on Compliance Efforts.** Employers are doubling down on their compliance efforts, conducting audits more frequently, training managers and updating policies proactively.

These early successes show that California's PAGA reforms are working as intended, helping employees, employers and our economy move forward together.



Have You Chipped In To Support Technician Recruitment This Year?

By: Kim McPhaul, CNCDA Foundation President

CNCDA Foundation is the only not-for-profit organization with the sole mission of recruiting more skilled technicians into dealerships in California.

Have you supported this mission with your annual dealership donation? Please make your \$500 tax-deductible donation at <https://cncdaf.square.site/>

Chip in \$500 per rooftop to fuel the pipeline. Your donation funds high-impact Career Days, job fairs, internships, and apprenticeships that turn students into shop-ready candidates.

Direct ROI for your stores. Your \$500 helps source and route motivated talent to nearby dealerships—reducing time-to-hire and turnover.

Stronger together. When every dealer participates, the Foundation can scale statewide and keep a steady pool of skilled technicians flowing to California dealerships.

The CNCDA Foundation is a separate charitable organization from CNCDA and therefore counts on you contributing to support its mission. Please pay Foundation invoices as you would your Association membership dues—your support directly funds technician development across California.

Visit www.cncdafoundation.org to learn more or contact Felicia Palombi at (916) 441-2599 or fpalombi@cncda.org.



Pictured above is dealer Anne Smith, Bob Smith BMW MINI, at a Job Fair co-hosted by CNCDA Foundation and GLANCA.

THANK YOU

SHINGLE SPRINGS SUBARU!

Your abandoned 2009 Civic became a \$1,000 donation, supporting tech recruitment.

DO YOU HAVE A JUNKER?

CALL 877-778-4483

CNCDA
FOUNDATION



California Appellate Court Confirms Dealership's Use of Hybrid Hourly Technician Pay Plans That Pay Base Hourly Rate Plus Production Bonus Based on Labor Hours Flagged

By: HR Hotlink and Fine, Boggs, & Perkins, LLP

Finally, some good news for California automobile dealerships on automotive service technician pay: the California Court of Appeal, Second Appellate District recently held that technician pay plans which pay technicians an hourly wage for each hour worked plus a bonus based on flag hours produced complies with California law. In *Mora v. C.E. Enterprises, Inc.*, the Court rejected the employees' argument that the pay plan amounted to a piece rate pay system which improperly used flat rate bonus earnings to meet the dealership's obligation to pay minimum wage for each hour worked.



In the "good ole days," before *Gonzalez v. Downtown LA Motors*, we could pay technicians a pure flat rate as long as they made two times the State Minimum Wage base, if they provided their own tools. *Gonzalez* ended all that for California dealers. In 2013, the Court of Appeal determined in *Gonzalez v. Downtown LA Motors* that this traditional flat rate system violated California's minimum wage requirements, holding that a dealership could not "borrow" from the technician's flat rate earnings to meet the dealership's minimum wage obligation for the non-productive time when the technician was not flagging hours. Under this "no borrowing" rule, the dealership was required to separately compensate the technician for the non-productive time. Effective in 2016, the Legislature added Labor Code § 226.2, requiring that employees who are compensated on a piece-rate basis to be separately compensated for rest and recovery periods.

In response to *Gonzalez*, CNCDA and its employment counsel, Fine, Boggs & Perkins LLP, developed new technician pay plans and associated calculators, which compensated technicians for all hours worked at a rate that met or exceeded the applicable minimum wage requirement by paying a Base Hourly Rate for each hour actually worked. The pay plans included a production bonus offering the opportunity to earn additional pay based on labor hours flagged during the pay period.

The good news: the base hourly wage plus production bonus methodology has been approved by a California Court of Appeal. In the *Mora* decision, the Court of Appeal held that the pay plans did not violate the "no borrowing" rule established by *Gonzalez*, finding that "[u]nlike the pay plan in *Gonzalez*, the hourly pay plan actually pays each employee for every hour actually worked (clock time) and merely provides the opportunity to earn 'flag bonus pay' as a reward for efficiency." Since the pay plan did not borrow compensation from the flag bonus pay to meet the dealership's minimum wage requirement, the employees could not establish a violation. The Court also held that the technician pay plan did not violate the rest and recovery provisions of Labor Code § 226.2, based on the employees' failure to establish evidence that they were ever paid less than double the minimum wage or any overtime wages for all the time recorded on their biometric time cards, which includes any and all "unproductive time when they were not working on cars[.]" Finally, the Court rejected the employees' PAGA claims, holding that they had not set forth the specific theories of liability in their PAGA notice to the LWDA.

Impact on Dealerships. The *Mora* case provides an excellent example of how a legally compliant pay plan can reduce a dealership's exposure to wage-and-hour claims. Dealerships should review their pay plans with experienced employment counsel to ensure that technicians are separately paid for each clock hour worked, and that there is no borrowing of flag bonus compensation to meet the hourly wage requirement. All pay plans should be in writing, signed by both the employee and the dealership, and should be supported by accurate time records and wage statements. Moreover, using a calculator and Labor Code Sec. 226-compliant report can keep dealerships compliant. These pay plans are available through Fine, Boggs & Perkins LLP and HR Hotlink.

If you have any questions about technician pay plans or any other employment issues, please contact the Association's employment counsel John P. Boggs (jboggs@employerlawyers.com) of Fine, Boggs & Perkins, LLP (650) 712-8908.

Showroom Update

By: McKenna Bediamol, Administrative Coordinator

The Showroom is decked out and ready to go for your next board meeting, fundraiser or reception this holiday season! With an upgraded high-def video wall, flexible setup space, catered food (for a separate fee), and much more, you are sure to have an amazing event with us here in The Showroom!

If you're interested in hosting an event or displaying your vehicle, please reach out to Cathy Mason at cmason@cncda.org or call (916) 441-2599 x115.



Sharing Your Dealership Good News!

By: CNCDA Staff

This Season of Giving, CNCDA is proud to spotlight the ways California dealers are spreading cheer in their communities. Whether it's organizing toy and food drives, supporting local schools, or volunteering with local nonprofits, we love to share these inspiring acts of service on our website and social media.

[Click here to check out the Good News from your fellow dealers in the month of November.](#)

Check out stories from the following dealers:

- Fairfield Subaru
- Hansel Ford Lincoln
- Lexus of Oxnard
- Liberty Chevrolet
- Riverside Subaru
- Simpson Chevrolet of Garden Grove
- Temecula Hyundai



To share YOUR good news, reach out to McKenna Bediamol at mbediamol@cncda.org.



**CONGRATULATIONS TO ALL
CBT NEWS 40 UNDER 40 NOMINEES!**



Donald Wallace Kemp
General Sales Manager
Stowasser Buick GMC



Ellena Woodhams-Sweet
Chief Compliance Officer
Stevens Management Company



George Keriakes
Platform-General Manager
Sedano Auto Group



UPCOMING 2025 EVENTS

Register at cncda.org/events

Follow CNCDA!



CNCDA
California New Car Dealers Association

Attendees get a copy of
our 2025 Legislative
Summary!

2025 NEW LAWS SEMINARS

REGISTER NOW!

DEC 8	SAN DIEGO
DEC 9	ORANGE COUNTY
DEC 10	BURBANK
DEC 15	WALNUT CREEK
DEC 16	FRESNO
DEC 17	SACRAMENTO
DEC 18	WEBINAR
JAN 6	REDDING

WWW.CNCDA.ORG

CNCDA
California New Car Dealers Association

WELCOME 2026 PARTY

FEBRUARY 4

Wynn Las Vegas
6:00 PM - 8:00 PM

2026 NADASHOW
LAS VEGAS
TUESDAY-FRIDAY
FEB. 3-6

**SHIFTING
GEARS**

NEW SCHEDULE
AND FEATURES

CNCDA
California New Car Dealers Association

PRESENTED WITH:
COMPLYAUTO

CALIFORNIA CARS ACT

COMPLIANCE GUIDANCE FOR DEALERS

TUESDAY | MARCH 10 | 10 AM-11:30 AM

REGISTRATION OPENS FEBRUARY 2026

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CNCDA

Dealer Day 2026

APRIL 7 | SACRAMENTO

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EVENTS

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Thank you for reading!

THE CALIFORNIA NEW CAR DEALERS ASSOCIATION	916-441-2599
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