



Nebraska Autobody Association

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# News Capsule

Nebraska Autobody Association - Automotive & Business News



The owner of a Nebraska sprinkler company will spend over two and a half years in prison for hiring illegal aliens after an investigation by numerous governmental agencies including the IRS and ICE (Immigration and Customs Enforcement agency). In addition to the prison term, the owner has to pay over \$430,000 in penalties and restitution. "Employers who take advantage of illegal labor to gain a competitive advantage for their own profit will be aggressively prosecuted," said Claude Arnold, special agent in charge of the ICE Office of Investigations in St. Paul, Minn. "Regardless of whether a company has 50 employees or 50,000 employees, ICE will enforce the law against employers who tolerate or perpetuate a shadow economy." Employers wishing additional information can find ICE strongly encourages employers to review IMAGE program materials available at:

The future of Detroit's automakers now rests with White House decision makers after the Senate rejected the automakers call for an infusion of capital. President George Bush is now considering tapping a portion of the \$700 billion TARP funds as a loan to automakers that face insolvency without an immediate loan. Loans will likely be subject to further union concessions and management changes. A collapse of the automakers is estimated to result in the loss of up to 3 million jobs. All three Nebraska Congressmen voted against a bailout package.

Shocking allegations of how Wall Street insider Bernard Madoff created a Ponzi scheme that defrauded investors of an estimated \$50 billion begs the question: Where was the SEC, the regulators that are charged with detecting and preventing such widespread fraud? The Securities and Exchange Commission (SEC), much like state departments of insurance, no longer provide robust protection for consumers but instead provide protection for the industries they are supposed to regulate. Nebraska claimants continue to receive substandard windshield installations due to state regulatory inaction despite ample documentation of dangerous claims settlement practices that result from inadequate reimbursements.

Suppliers of OEM parts are facing tough economic decisions and challenges. Some suppliers, facing tighter credit markets and accumulating accounts receivables, are in jeopardy of insolvency, a consequence that may cause disruptions in supply chains beyond Detroit. Neil De Koker, of the Original Equipment Suppliers Association said, "suppliers will not be able to get through the month without continued payments from carmakers. Suppliers are restructuring to adapt to tougher economic times, a process that translates into layoffs and plant closings. Other suppliers, such as Kongsberg Automotive, a global supplier of automotive products, will close some U.S. facilities in Kansas and Ohio and transfer operations to Mexico, a move that will idle over 200 workers. Commenting on the restructuring, Olav Volldal, CEO of Kongsberg Automotive, said that the restructuring "is driven by the global automotive market collapse... like other automotive suppliers, Kongsberg has seen drastic volume reductions globally over the last few months, and the largest impact has so far been in North America. These cuts are necessary to align our manufacturing to the new market realities."

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