

NY Dealers Withdraw From CARS Program By Hundreds

Dan Strumpf, AP Auto Writer

NEW YORK (AP) — Hundreds of auto dealers in the New York area have withdrawn from the government's Cash for Clunkers program, citing delays in getting reimbursed by the government, a dealership group said Wednesday.

The Greater New York Automobile Dealers Association, which represents dealerships in the New York metro area, said about half its 425 members have left the program because they cannot afford to offer more rebates. They're also worried about getting repaid.

"(The government) needs to move the system forward and they need to start paying these dealers," said Mark Schienberg, the group's president. "This is a cash-dependent business."

The program offers up to \$4,500 to shoppers who trade in vehicles getting 18 mpg or less for a more fuel-efficient car or truck. Dealers pay the rebates out of pocket, then must wait to be reimbursed by the government. But administrative snags and heavy paperwork have created a backlog of unpaid claims.

Schienberg said the group's dealers have been repaid for only about 2 percent of the clunkers deals they've made so far.

Many dealers have said they are worried they won't get repaid at all, while others have waited so long to get reimbursed they don't have the cash to fund any more rebates, Schienberg said.

"The program is a great program in the sense that it's creating a lot of floor traffic that a lot of dealers haven't seen in a long time," he said.

"But it's in the hands of this enormous bureaucracy and regulatory agency," he added. "If they don't get out of their own way, this program is going to be a huge failure."

The program is administered by the Department of Transportation. Transportation Secretary Ray LaHood said Wednesday that dealers will be repaid for the clunkers deals they have completed.

"I know dealers are frustrated. They're going to get their money," LaHood told reporters. He said the Obama administration would soon announce how much longer the \$3 billion car incentive program will last.

Through early Wednesday, auto dealers have made clunkers deals worth \$1.81

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billion, resulting in 435,102 new car sales, according to the DOT.

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