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LOUISIANA USED MOTOR VEHICLE COMMISSION
STATE OF LOUISIANA

REGULAR MEETING
AUGUST 19, 2013
BEGINNING AT 9:58 A.M.

3132 VALLEY CREEK
BATON ROUGE, LOUISIANA

REPORTED BY:
BETTY D. GLISSMAN, CCR

1 APPEARANCES:

2

3 CHAIRMAN:

4 MR. JOHN POTEET

5

6 COMMISSIONERS PRESENT:

7 MR. GEORGE BREWER

8 MR. TONY CORMIER

9 MR. GEORGE FLOYD

10 MR. HENRY "DARTY" SMITH

11 MR. DINO TAYLOR

12

13

14

15 REPRESENTING THE LOUISIANA USED MOTOR

16 VEHICLE COMMISSION:

17

18 ROBERT W. HALLACK, ESQUIRE
19 HALLACK LAW OFFICE
13007 JUSTICE AVENUE
20 BATON ROUGE, LOUISIANA 70816

21 SHERI MORRIS, ESQUIRE
22 ROEDEL, PARSONS, KOCH, BLACHE,
BALHOFF & McCOLLISTER
8440 JEFFERSON HIGHWAY, SUITE 301
23 BATON ROUGE, LOUISIANA 70809

24

25

1 ALSO PRESENT:

2
3 MS. KIM BARON

4 MR. DEREK PARNELL

5 MS. MONA ANDERSON

6 MS. TONYA BURKS

7 MR. ERIC STRODERT

8 MR. DWAYNE TAMBLING

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1 (Pledge of Allegiance.)
2 MR. POTEET:
3 Kim, roll call.
4 MS. BARON:
5 John Poteet?
6 MR. POTEET:
7 Here.
8 MS. BARON:
9 George Brewer?
10 MR. BREWER:
11 Here.
12 MS. BARON:
13 Dino Taylor?
14 MR. TAYLOR:
15 Here.
16 MS. BARON:
17 Tony Cormier?
18 MR. CORMIER:
19 Here.
20 MS. BARON:
21 Ron Duplessis?
22 MR. DUPLESSIS:
23 (No response.)
24 MS. BARON:
25 George Floyd?

1 MR. FLOYD:
2 Here.
3 MS. BARON:
4 Kirby Roy?
5 MR. ROY:
6 (No response.)
7 MS. BARON:
8 Darty Smith?
9 MR. SMITH:
10 Here.
11 MS. BARON:
12 Mr. Chairman, we have a
13 quorum.
14 MR. POTEET:
15 All right. Do we have anyone
16 here today for public comments?
17 MS. BARON:
18 No, sir.
19 MR. POTEET:
20 No public comments. Okay.
21 Items for discussion, we need
22 an approval of the minutes from the previous
23 meeting. I am assuming everybody has had a
24 chance to look those over.
25

1 MR. TAYLOR:

2 I make a motion.

3 MR. BREWER:

4 I second.

5 MR. POTEET:

6 Motion, second.

7 All in favor, say, "Aye."

8 (All "Aye" responses.)

9 MR. POTEET:

10 Any opposed?

11 (No response.)

12 MR. POTEET:

13 That motion passes.

14 We'll move on to financial
15 matters.

16 Mona, you've been waiting
17 patiently. Are you ready?

18 MS. ANDERSON:

19 Okay. Well, this month, we
20 made some changes in the statements. The
21 Governmental Accounting Standards Board
22 recently changed some items on how financial
23 statements for enterprise funds are issued.
24 The only effect that it has on us is just on
25 terminology. So our statements have been

1 renamed. What you previously saw as the
2 balance sheet is now called the statement of
3 net position; and the revenues and
4 expenditures statement is now same thing,
5 but it uses the term net position with that.

6 So if you'll turn to Page 1
7 of your statement, the statement of net
8 position shows that the balance in the
9 operating account at the end of July was
10 \$1,299,364. The accounts receivable
11 hearings and fines were \$63,450. Down at
12 the bottom of the page, the current
13 liabilities are \$46,271. In there -- in the
14 accounts payable, we had \$16,118 was the
15 CAVU maintenance fee, which will be paid in
16 this next month. So it's due and payable.

17 On Page 2 of the report, the
18 deferred revenues at this point in the year
19 are \$309,000.

20 On Page 3 is the statement of
21 revenues, expenses and changes in net
22 position. This report reflects the new
23 budget under annual budget there on the
24 left-hand side. On this first page here,
25 the year-to-date revenue was \$45,756, the

1 largest increase being in the auction
2 transaction fees from last year. Under the
3 expenses, salaries and related benefits were
4 \$46,582 compared to \$42,650 in 2012. The
5 remainder of expenses were up about \$6,000.
6 That's primarily due to some June invoices
7 that were received too late to approve them
8 in the last fiscal year.

9 On Page 5, the net loss for
10 July was \$17,334 compared to approximately
11 \$12,000 last year.

12 On the following page is a
13 recap of the net position and on Page 8 is
14 the graph of that -- of those figures there.
15 Our net position is staying fairly steady.
16 On Page 8, we have a breakdown of our fee
17 revenue and, as you can see, our auction
18 transaction fees are the largest part of our
19 fees at this point in the year, followed by
20 our UD licenses, and then the hearing costs
21 and fines.

22 On Page 9 is the certificate
23 of deposit summary. There's no change on
24 this at this point. However, our CD at
25 Community Trust Bank is coming up and the

1 rate is anticipated to drop to point 20. I
2 have researched some other banks. There are
3 some in north Louisiana that can give us a
4 point five-five, but you have to go there to
5 take the CD out. They will not do it over
6 the phone or electronically. All of the
7 other rates that I got were under point two.
8 They were point one-five, point 10.

9 MR. POTEET:

10 You wouldn't make enough to
11 pay your expenses to go up there and back.

12 MS. ANDERSON:

13 No. Locally, all of them are
14 in that point one and point one-five rate.

15 On the following Page 10 is
16 the accounts receivable hearings and fines.
17 We added \$2,400 in fines and collected or
18 wrote off \$900 for the balance of \$63,450.
19 And this week, we will wrap up -- the
20 auditor will finalize the 2012/2013 fiscal
21 year audit. He's almost complete with it.
22 It's almost complete right now, and so we
23 should be meeting with him this week to
24 finalize that and we should have it to
25 present to you at the next meeting.

1 MR. POTEET:

2 Did he have any interim
3 findings that were --

4 MS. ANDERSON:

5 No, sir. No, sir.
6 Everything was fine.

7 And so unless there are any
8 questions, Mr. Chairman, that concludes my
9 report.

10 MR. POTEET:

11 Thank you, Mona.

12 Does anyone have any
13 questions for Mona regarding the financial
14 statements -- or the -- what do you call it
15 now, the statement of net position?

16 (No response.)

17 MR. POTEET:

18 Okay. I think we need a
19 motion to approve.

20 MR. SMITH:

21 I make a motion.

22 MR. TAYLOR:

23 Second.

24 MR. POTEET:

25 Motion, and Dino second.

1 All in favor, say, "Aye."

2 (All "Aye" responses.)

3 MR. POTEET:

4 Any opposed?

5 (No response.)

6 MR. POTEET:

7 The motion passes.

8 The next thing we have on our
9 agenda is the appointment of the Finance
10 Chairman.

11 MR. PARNELL:

12 Commissioners, during the
13 July Commission meeting at the request of
14 the absent, at that time, Chairman Poteet, I
15 asked if there were any interested members
16 that wanted to serve as the Finance Chair to
17 send me an e-mail of interest. I did
18 receive an e-mail from Commissioner Taylor.
19 So I don't know how you want to handle this.

20 MR. POTEET:

21 I can just appoint him,
22 right?

23 Would you like that
24 appointment?

25

1 MR. TAYLOR:

2 I guess so.

3 MR. POTEET:

4 Does anyone else -- would
5 anyone else like the position?

6 By the overwhelming response
7 we got to the e-mail --

8 MR. SMITH:

9 Laying low.

10 MR. POTEET:

11 I don't think it's all that
12 difficult of a position. It's more of an
13 advisory sort of thing.

14 MR. PARNELL:

15 What we'll do is a little bit
16 different than in the past. We kind of want
17 to maybe set up a conference call with you,
18 Mona, and myself, so we can kind of go
19 through the agenda items and whatever other
20 items that we need to go over with you.

21 MR. TAYLOR:

22 So, like, two or three days
23 in advance you're talking about?

24 MR. HALLACK:

25 Yes, no later than the

1 Wednesday prior to a Commission meeting or
2 any other time prior to that, any other time
3 we need to discuss items.

4 MR. POTEET:

5 Congratulations, Mr. Taylor.
6 I do need to remind you that there will be
7 no increase in pay. Okay.

8 Executive Director's report,
9 Derek.

10 MR. PARNELL:

11 The first item is review of
12 the complaint totals. If you'll turn with
13 me in your packet, you will find the alleged
14 issue counts. Notice that there were 104
15 alleged issues for the month of July, the
16 highest being the license plate and
17 registration.

18 The next document is the case
19 report. Notice that in the month of July,
20 there were 66 cases assigned to our
21 investigators. Fourteen cases were
22 completed. Fifty-two cases are remaining
23 open.

24 The last document is the
25 department summary report, which illustrates

1 there are 59 total cases closed for the
2 month of July. Our new compliance
3 investigator has been doing a great job.
4 Actually, the transition over from the
5 Department -- Louisiana Real Estate
6 Commission over to here is really well,
7 pretty much the job she was kind of doing
8 already in this area. So she just really
9 learned our laws and our statutes, but she
10 is very aggressive. She goes out -- and I
11 don't know if any of you got the chance to
12 meet her out in the field, but she's doing a
13 wonderful job.

14 So the second item under the
15 Director's report is general information.
16 There was an item that -- brought to my
17 attention by Counselor Hallack under legal
18 matters that was between Value Import and
19 the Louisiana Used Motor Vehicle Commission.

20 MR. HALLACK:

21 We got back the decision from
22 the Court of Appeal. It actually came in
23 the mail Saturday. They affirmed the lower
24 court's decision. So everything is good
25 with that. In other words, we won. He's

1 still has the ability to a writ application
2 to the Supreme Court, but I kind of think he
3 won't do that. There really isn't anything
4 in here that would -- the Court of Appeal --
5 I mean, the Supreme Court would take a look
6 at.

7 MR. TAYLOR:

8 Was that Bowling, was that
9 Value, was that Bowling?

10 MR. HALLACK:

11 No. This was Value Import,
12 Mohammed Ibrahim.

13 MR. TAYLOR:

14 Which one was Bowling?

15 MR. HALLACK:

16 A-1.

17 MS. MORRIS:

18 The opinion is very lengthy.
19 Robert just handed it to me and I haven't
20 had a chance to review it, but it was --
21 they challenged -- he challenged the
22 procedure, whether or not he was denied a
23 continuance, and so part of that was that,
24 but I think they went through our procedure
25 very thoroughly and found our procedure to

1 be appropriate and they distinguished it
2 from two cases of other boards that didn't
3 have appropriate procedures. And I know
4 that this Commission had asked the Attorney
5 General -- had sent the Attorney General an
6 opinion request a number of years ago asking
7 whether it was necessary to have counsel for
8 the Commission, and the Attorney General
9 kind of sidestepped and said, well, you have
10 to make sure your roles are divided, but
11 this -- the court kind of went through the
12 procedure and said that there was evidence
13 that the roles were divided between the
14 Prosecutor's function and the Board's
15 functions. So I think that's a good comment
16 of the procedure that's been used.

17 MR. HALLACK:

18 Yes. I think this would be a
19 good decision for all boards and commissions
20 to read because it is very in-depth, like
21 she pointed out, and it goes through our --
22 it really nitpicks what we did and found
23 that what we did was good, exceptional.

24 MR. POTEET:

25 Well, the court says here, I

1 am looking at the analysis, and the core of
2 his objection to what we did was that we --
3 that all these factors constituted a denial
4 of due process and, in fact, they deprived
5 him of his right to counsel and did not
6 allow him sufficient time to conduct
7 discovery, subpoena witnesses and other the
8 numerous violations charged. I haven't read
9 the rest of this, but that was -- to me,
10 this is kind of a textbook case of how --
11 because he's complaining about everything.

12 MS. MORRIS:

13 I think that they looked at
14 the whole process of due process and I
15 represented communities before this
16 situations before -- many, many years ago
17 and I didn't think they liked some of the
18 procedures and we have changed a lot of
19 those procedures. So now because you have
20 that pre-hearing meeting and you have an
21 opportunity that the short notice is not
22 depriving anybody of notice because they
23 really had more notice than just the hearing
24 notice. I think that's important.

25 MR. POTEET:

1 So that's a good thing.

2 MR. HALLACK:

3 Yes.

4 MS. MORRIS:

5 And they said the two
6 counsels were disagreeing. So that shows
7 that we were not advocates for the Board.

8 MR. POTEET:

9 I thought that's what
10 attorneys do, disagree.

11 MR. PARNELL:

12 Other information under
13 general information, in recent months, we
14 have been meeting with various licensing
15 companies with thoughts of moving our
16 current licensing software from CAVU. One
17 of the -- recently, one of the license
18 companies, in particular, came out and
19 chatted with various staff, kind of looked
20 at what type of functionality we currently
21 have to better determine exactly what we're
22 looking for in the future and moving with
23 another licensing solution. Surprisingly,
24 they were impressed with CAVU and the amount
25 of functionality that we currently have.

1 According to them, that's something that's
2 very rare in a licensing software, to have
3 as much functionality as we do. I mean, we
4 do have quite a bit of functionality, but
5 our biggest beef has always been with our
6 customer service from them. Be that as it
7 may, we're still looking. I wanted to try
8 to have something established, a new
9 solution, by the 2014 licensing year, but
10 hearing that and hearing that the cost of
11 creating a licensing solution with the same
12 functionality that we have currently would
13 be extraordinarily expensive. So what I
14 want to look at -- maybe reaching out to
15 some other licensing agencies that use CAVU
16 currently and maybe try to see about -- if
17 we can, in collaboration, go out and, you
18 know, find licensing solutions that would
19 work for all of us and kind of share in that
20 cost because it can get incredibly
21 expensive, from what I understand, and
22 they're working on a quote to give to us, so
23 we can kind of look at it a little bit more
24 in-depth.

25 As you can see, the next

1 item, we did get our new furniture in. I
2 don't know if you guys really noticed it
3 walking into the lobby. We do have some
4 items. We have -- five offices have got new
5 furniture in them. Friday is when we did
6 receive everything in. The new furniture
7 came in Friday afternoon as well. The next
8 project that we're currently working on is
9 to replace the signage by the street and on
10 the building. We did move it to this fiscal
11 year. And Mona -- we did send out some
12 information to receive quotes. So we're
13 trying to go ahead and move forward on that.
14 That completes the Executive Director's
15 report.

16 MR. POTEET:

17 Thank you, Derek.

18 Does anybody have any
19 questions for Derek?

20 (No response.)

21 MR. POTEET:

22 All right. The next item on
23 the agenda are the ratifications of license
24 revocations. We've done this a few times,
25 and I have to be honest, I can't remember

1 exactly which way we decided to go.

2 MR. PARNELL:

3 Well, I think the way we did
4 it during our last Commission meeting went
5 pretty smooth and pretty well. I will
6 explain and get started with that, so we can
7 kind of get a look. Commissioners, please
8 find in your packet the chart that
9 illustrates the dealerships that had been
10 revoked by ratifying the revocations to make
11 it official. The first one on your list is
12 Elite Motors. The first item -- the first
13 one is Elite Motors NOLA, LLC. They're
14 located at 2329 Orleans Avenue, New Orleans,
15 Louisiana, 70119. The UD license number is
16 243158.

17 Is there anyone here
18 representing Elite Motors?

19 (No response.)

20 MR. PARNELL:

21 Commissioners, the notice of
22 insurance cancellation was received by this
23 Commission on June 17th of 2013. The
24 license was revoked back to October 25th of
25 2012 because of the cancelled insurance. A

1 suspension notice was sent July 10, 2013
2 giving them approximately 10 days to comply.
3 Final revocation was sent on August 7th of
4 2013. Commissioners, I ask that you ratify
5 the revocation of Elite Motors NOLA, LLC and
6 their salesperson.

7 MR. POTEET:

8 Do I have a motion to ratify
9 the revocation?

10 MR. SMITH:

11 I make a motion.

12 MR. POTEET:

13 Darty.

14 MR. CORMIER:

15 Second.

16 MR. POTEET:

17 And we have a second over
18 here from Tony.

19 All in favor of the
20 revocation of this license, say, "Aye."

21 (All "Aye" responses.)

22 MR. POTEET:

23 Any opposed?

24 (No response.)

25 MR. POTEET:

1 All right. That one is done.

2 MR. PARNELL:

3 The next one on the list was
4 A-1 Auto Sales, LLC. Their location is 3622
5 Paris Avenue, New Orleans, Louisiana, 70122.
6 The UD license number is 243303.

7 Is there anyone here
8 representing A-1 Auto Sales?

9 (No response.)

10 MR. PARNELL:

11 No.

12 The notice of bond
13 cancellation was received by our office on
14 June 6, 2013. The license was revoked on
15 July 15th of 2013 because of the bond
16 cancellation. A suspension notice was sent
17 July 16th of 2013 giving them 10 days to
18 comply. The final revocation notice was
19 sent August 5th of 2013. The Commission
20 held a hearing and issued a judgment against
21 the dealer on September 17th of 2013 (sic).
22 The Commission ordered the dealer to pay the
23 fine of the amount of \$23,875. The dealer
24 did not make payments. The Commission went
25 after the bond to obtain collection of the

1 fees levied against the dealer. June 7,
2 2013, the Commission received the full bond
3 payment of \$23,875. Commissioners, I ask
4 that you ratify the revocation of A-1 Auto
5 Sales, LLC and their sales person.

6 MR. POTEET:

7 Do I have a motion?

8 MR. CORMIER:

9 I make a motion.

10 MR. POTEET:

11 I have a motion from Tony.

12 Second?

13 MR. BREWER:

14 Second.

15 MR. POTEET:

16 George Brewer second.

17 MR. POTEET:

18 All in favor, say, "Aye."

19 (All "Aye" responses.)

20 MR. POTEET:

21 Any opposed?

22 (No response.)

23 MR. POTEET:

24 A-1 is revoked.

25 The next dealership is

1 Trillions Autoplex, LLC located at 905
2 Michael Street, Marrero, Louisiana, 70072.
3 The UD license number is 243096. They were
4 revoked back to May 8th of 2013 because of
5 expired insurance. A suspension notice was
6 sent on July 29th of 2013 giving them 10
7 days to comply. Final revocation notice was
8 sen on August 9, 2013. Commissioners, I ask
9 that you ratify the revocation of Trillions
10 Autoplex, LLC and their salesperson.

11 MR. POTEET:

12 Motion?

13 MR. BREWER:

14 No one is here?

15 MR. PARNELL:

16 Is there anyone here?

17 (No response.)

18 MR. POTEET:

19 I need a motion.

20 MR. SMITH:

21 (Makes motion.)

22 MR. POTEET:

23 All right. We have a motion
24 from Darty.

25 MR. BREWER:

1 Second.

2 MR. POTEET:

3 Second from George Brewer.

4 All in favor, say, "Aye."

5 (All "Aye" responses.)

6 MR. POTEET:

7 Any opposed?

8 (No response.)

9 MR. POTEET:

10 Trillions Autoplex, LLC is
11 revoked.

12 MR. PARNELL:

13 That concludes the
14 ratification of licenses.

15 MR. POTEET:

16 All right. It looks like we
17 have no compliance hearings.

18 Items for next agenda.

19 Does anyone have anything?

20 MR. TAYLOR:

21 Derek, I think we discussed
22 this last time. We are sending somebody out
23 there to check the lot and make sure that --

24 MR. PARNELL:

25 Yes, absolutely. Before we

1 get to this point, we've already sent out
2 the investigator to do a final check to make
3 sure that everything is not operating.

4 MR. POTEET:

5 Does anybody have anything
6 for the next agenda at this point? You can
7 always e-mail Derek and let him know.

8 MR. HALLACK:

9 Do you think we need to do
10 something a little bit more formal about the
11 finance -- motor vehicle sales finance
12 license?

13 MR. PARNELL:

14 Just send it out to our
15 dealer?

16 MR. HALLACK:

17 Yes, or something. I know we
18 don't want to stir that hornet's nest.

19 MR. PARNELL:

20 Why don't we -- Sheri and I
21 went down and met with the New Car
22 Commission and we were supposed to be
23 receiving some documentation from their --
24 Burgess McCranie, but we never received any.

25 MS. MORRIS:

1 They had agreed to put
2 together, like, an information sheet for us
3 to review to make sure that the information
4 was going to prospective licensees and was
5 consistent between the two Commissions, and
6 then if we had any areas where we didn't
7 agree, we were going to sit down again and
8 try to go through those, but we haven't
9 received it. I can send Burgess a reminder.
10 We did that during the session.

11 MR. HALLACK:

12 One of the things -- the
13 extension of this is, they have to have this
14 license and they have to comply with their
15 advertising rules and regulations, and I
16 think we've had some dealers that have some
17 problems with that, you know.

18 MR. POTEET:

19 I think until we have
20 something in writing from them to send to
21 our dealers, I'm not sure what we need to
22 do. How aggressive are they in this?

23 MR. PARNELL:

24 It just depends.

25 MR. POTEET:

1 It's inconsistent.

2 MR. PARNELL:

3 It's inconsistent, yes. It's
4 not something that they regularly every day
5 going out and looking at it, but they're out
6 there and if they do see something, they go
7 really hard then, but they are not actively
8 pursuing it.

9 MR. TAYLOR:

10 If this becomes repetitive we
11 will look at it, like you said earlier, the
12 statute says you only have one or two of the
13 licenses. If this starts to become very,
14 very repetitive, I'm going to assume that 70
15 percent of all these used car dealers have a
16 credit application and if I'm wrong, it's 80
17 percent. So that could, you know,
18 eventually be the demise of the Used Car
19 Commission, but Duplessis says that they
20 actually don't want our people. They're
21 doing all they can. So I -- but I don't
22 know if we need to figure out some type of
23 way to handle a finance license for our used
24 car dealers, but this ball is going to start
25 rolling quickly and hurt us.

1 MR. POTEET:

2 Yes. I was just thinking,
3 should we challenge that in some way?

4 MR. HALLACK:

5 Well, the most unfair part of
6 it for used motor vehicle dealers is that
7 the law exempts new car dealers. So the law
8 only applies to used car dealers and they
9 don't even license and regulate used car
10 dealers. So because new car dealers are
11 exempted under the law, the only people that
12 they're regulating are used car dealers. I
13 mean, it should be something that this
14 Commission should be monitoring, regulating,
15 licensing.

16 MR. POTEET:

17 I think so, too.

18 What do you think?

19 MS. MORRIS:

20 You would have to have -- I
21 guess some of the people that have
22 complained about it or the Commission has
23 argued are subject to file a petition for
24 declaratory ruling and let them rule on it,
25 and then you could appeal it to a district

1 court.

2 MR. POTEET:

3 Well, I think we -- I mean,
4 is that something we should be doing?

5 MR. HALLACK:

6 I think what you said earlier
7 is probably correct, unless it -- until it
8 becomes a problem. I mean, I've had an
9 investigator tell me that he's had three or
10 four dealers complain about it. Somebody in
11 Lake Charles has complained about it because
12 they came in and they said, you can't
13 advertise this, and then here locally, I see
14 some things that dealers advertise in terms
15 of their ability to get a finance rate that
16 I know that the New Car Commission, if they
17 knew about it, they would not allow that
18 dealer to do that kind of advertising on TV.
19 So, I mean, you know, it depends on how
20 serious they want to be. Right now it's
21 just revenue for them, not so much
22 regulation.

23 MR. TAYLOR:

24 Do you think some of these
25 field officers are going out there on their

1 own, not because they're pressured by Derek
2 Parnell and the Used Car Commission, but
3 they're going out there on their own and
4 doing this with nobody telling them to do
5 it, and if that's because of their
6 advertising, 100 percent. You understand
7 what I'm saying?

8 MR. HALLACK:

9 Well, I think they had to
10 have some kind of policy statement to the
11 effect that these are things that we are now
12 regulating and you need to watch out for
13 these things.

14 MR. TAYLOR:

15 I wonder if the Used Car
16 Commission going into the next session would
17 strengthen our advertising laws to put us
18 more -- I don't know, Tony, don't throw
19 nothing at me -- put us a little bit more on
20 a level of advertising with new car stores.
21 I wonder if their finance people or their
22 field officers would stop coming to our
23 stores as much if we start regulating that.

24 MR. POTEET:

25 If you interpret it like

1 that, then wouldn't you be superseding their
2 law? I mean, that's -- my point is, maybe
3 back to what Sheri was saying, we need
4 somebody to kind of look at some of this
5 stuff and to get some kind of conflict here
6 between regulatory bodies because I agree
7 with Robert. I mean, it doesn't make sense
8 that they're regulating us for something
9 that they're not even regulating the core of
10 their regulatory -- you know, whatever it
11 is, regulatory role.

12 MR. TAYLOR:

13 In defense of them, the lady
14 -- the New Car Commission field investigator
15 on I-20 up there, she's out now. She's in
16 every new car store. She is hammering them.
17 I mean, she is -- she reads their
18 advertising to the umph. So they are
19 getting regulated real heavily up there,
20 more so than -- not that Montie is not doing
21 a great job, he is, but they're getting
22 regulated more so than us.

23 MR. POTEET:

24 I'm always torn between the
25 idea of let's see what happens and let's

1 stir the hornet's nest. I mean, I think, at
2 the very least, we should be prepared to
3 sort of, if fight is the right word, but I
4 like Dino's ideas, that maybe we should be
5 regulating them, maybe we should come up
6 with something and try to get that through
7 that would eliminate that requirement for
8 them to regulate our dealers.

9 MR. HALLACK:

10 It's a tough sell for them to
11 say that we need this, because they're not
12 Internet dealers, you know. And, you know,
13 if I'm a used motor vehicle dealer and I
14 have to get that license, yet I have no say
15 on their board, whatsoever --

16 MR. POTEET:

17 That's a good point.

18 MR. HALLACK:

19 -- you know. I think it's a
20 good sell to the Legislature, but it's going
21 to be hard to take that revenue away from
22 them.

23 MR. TAYLOR:

24 Does anybody have any idea
25 how many finance dealers they're regulating

1 in the State?

2 MR. HALLACK:

3 At \$400 apiece.

4 MR. PARNELL:

5 We pulled it up. Do you know
6 what that number was, Tonya?

7 MS. BARON:

8 How many dealers have a
9 finance license, do you remember? We pulled
10 it up at one time.

11 MS. BURKS:

12 No, I don't remember.

13 MR. POTEET:

14 That's a good point, Robert.
15 I mean, if there are any used motor vehicle
16 dealers on their Board --

17 MR. HALLACK:

18 You would think.

19 MR. POTEET:

20 Taxation without
21 representation. That's the whole
22 revolution. I mean, there should be at
23 least one used motor vehicle dealer on the
24 Board if they would like to expand that.

25 MR. HALLACK:

1 That's the reason why they
2 don't want used motor vehicle dealers on
3 their Board because numbers-wise, it was
4 3,500 used motor vehicle dealers and new
5 probably -- maybe 500.

6 MR. PARNELL:

7 Three hundred fifty.

8 MR. HALLACK:

9 To adequately represent used
10 motor vehicle dealers, they would have to
11 have more used motor vehicle dealers on
12 their Board. So they're not about to give
13 up control of their Board to used motor
14 vehicle dealers.

15 MR. POTEET:

16 Maybe then when we get closer
17 to the legislative session, maybe that's
18 what we should be looking at is coming up
19 with our own set of guidelines and try to
20 get that through. Does that make sense?

21 MS. MORRIS:

22 I think you can adopt rules.
23 Do we have some authority to adopt rules to
24 regulate advertising?

25 MR. HALLACK:

1 Well, yes.

2 MR. POTEET:

3 But there's already a law on
4 the books for them.

5 MR. HALLACK:

6 Yes. They have -- their
7 advertising rules are in their rules and
8 regulations. They're not in the statute.
9 We could do the same thing. We have a
10 statute that says it's a violation for a
11 used motor vehicle dealer to have deceptive
12 or misleading advertising.

13 MR. PARNELL:

14 That's just a policy, right?

15 MR. HALLACK:

16 No. That's a statute. So we
17 could adopt rules and recollections to
18 coincide with that statute.

19 MR. TAYLOR:

20 My point being, if that would
21 satisfy them, maybe they would stay away
22 from us.

23 MR. HALLACK:

24 I think at one time way back
25 when Mike Roberts was the Chairman, they

1 came to us with that idea, that you don't
2 have anything like we do that's very
3 detailed, and we decided we didn't want
4 anything very detailed, and then we brought
5 it back up. I think Mr. Poteet and Mr.
6 Floyd were on the Commission at the time and
7 Mr. Robinson was the Chairman and we had
8 something detailed, and then I think the
9 Board's consensus was we didn't really need
10 it, because everybody should be able to look
11 and see what's deceptive and misleading
12 advertising.

13 MR. PARNELL:

14 We can establish a policy and
15 procedure on it.

16 MR. POTEET:

17 That's something Derek should
18 start working on, too, looking at that and
19 working with the attorneys to come up with
20 some -- an appropriate way. I guess I'm
21 leaning towards not stirring up the hornet's
22 nest, but being prepared to take it forward,
23 because I think Dino brings up a good point,
24 if they do get aggressive, you're going to
25 have a lot of people unhappy. You're going

1 to have a lot of people not understanding
2 what we're supposed to be doing and not
3 understanding who's supposed to be
4 regulating them. I mean, it could be a
5 mess.

6 MR. HALLACK:

7 Just what is originating a
8 loan, handing paper?

9 MR. POTEET:

10 That was the first thing --
11 when you brought that up a few months ago,
12 that was the first thing, what's the legal
13 definition of originating a loan, handing
14 somebody an application. I don't know.
15 That, to me, doesn't make sense.

16 MR. HALLACK:

17 Apparently, Mr. Floyd did
18 something -- they have something out there
19 to say what is originating.

20 MR. POTEET:

21 Handing them paper, handing
22 them the app.

23 MR. FLOYD:

24 As long they don't do the
25 app. They can do a buyer's order with VIN

1 number, year, make and model. You can hand
2 it to them and they physically take it to X
3 finance company, and then you are not
4 originating. You are still receiving a
5 check when they do the deal.

6 MR. POTEET:

7 You might make a
8 recommendation to somebody that you should
9 go see one of these three finance companies.

10 MR. FLOYD:

11 Correct.

12 MR. POTEET:

13 And then they go hand it --
14 in other words, you're out of it until that
15 deal --

16 MR. PARNELL:

17 Even if you have a computer
18 set up in your office.

19 MR. FLOYD:

20 They don't like that. They
21 don't want people coming in.

22 MR. HALLACK:

23 As a lawyer, if I -- a lot of
24 lawyers do this. I don't. If I tell my
25 client to go out and get their own medical

1 records or go out there and get their own
2 accident report and bring it back to me,
3 that's too risky, you know. I think if
4 you're sending out people to the bank,
5 you're losing those people.

6 MR. POTEET:

7 Yes. That's what we're
8 saying here. I mean, once the guy walks out
9 of my dealership, I've already lost the
10 immediacy of the deal and who knows what
11 he's going to think in the next 20 minutes
12 or the next hour.

13 MR. BREWER:

14 As soon as he finds out he's
15 going to get approved, he's going to -- may
16 go somewhere else.

17 MR. CORMIER:

18 Somebody else is going to get
19 the deal.

20 MR. POTEET:

21 Well, maybe there needs to be
22 some kind of a legal definition of
23 origination of a loan.

24 MS. MORRIS:

25 That hasn't got anything to

1 do with it. That's their interpretation,
2 that they were not relying upon any law or
3 -- I mean, it was just their definition.

4 MR. PARNELL:

5 That's why we're waiting to
6 get the documents from them.

7 MS. MORRIS:

8 So we want to just kind of
9 see --

10 MR. POTEET:

11 And you're still waiting.

12 MR. HALLACK:

13 Right.

14 MR. POTEET:

15 Right now you're still
16 waiting.

17 MS. MORRIS:

18 Because we had talked about,
19 like, if people have a computer and just let
20 them click on the bank and fill in their --

21 MR. PARNELL:

22 But they claim -- at that
23 point, you wouldn't need a finance license.

24 MS. MORRIS:

25 They said you won't need a

1 finance license.

2 MR. PARNELL:

3 Because if a consumer is in
4 your office and you have a computer set up
5 and they sit at that computer, you're not
6 originating that loan. They're doing it
7 online. It's the same thing as if they were
8 sitting at home doing it online. I mean,
9 that was just something that we were just
10 talking about and I asked them that.

11 MR. POTEET:

12 Well, I think that -- you
13 know, this is the way I feel about it now.
14 We should start preparing to try to move
15 that regulatory issue over to our side,
16 because it's our dealers. If not, I think
17 this is going to be -- down the road, it
18 might be years, it might be months, it's
19 going to be an issue. It could be a serious
20 issue.

21 MR. HALLACK:

22 We need to keep a collection
23 of who this is affecting in case you need to
24 call somebody before the Legislature to
25 testify.

1 MR. BREWER:

2 I tell you, from our
3 organization, our office manager refuses to
4 let our salesmen take a credit app without a
5 finance license. And especially being on
6 the Commission, I don't want to do anything
7 wrong. So we're doing it the right way.
8 But so many dealers are doing it the wrong
9 way and they probably don't even realize
10 they're doing it the wrong way.

11 MR. POTEET:

12 Yes. I think that's the
13 issue.

14 MS. MORRIS:

15 That's why we felt like we
16 needed some instructions. We thought that
17 in the dealer training course, some of that
18 could be integrated. It's not that people
19 are intending on not following the law, but
20 they're not aware.

21 MR. TAYLOR:

22 How many dealers have
23 complained? You told me some dealers
24 complained. How many?

25 MR. STROBERT:

1 On behalf of the Louisiana
2 Independent Auto Dealers Association, we've
3 had multiple and multiple. It would be
4 somewhere in the ballpark of between five
5 and seven dealers that we've had complaining
6 in regards to the same thing that you went
7 through, the investigator showing up on
8 their property asking them for a \$400
9 licensing fee.

10 And, you know, I think at
11 some level what happens is, the entry level
12 auto dealer doesn't really have a choice.
13 Here's a dealer that can take their
14 application or send that over to the bank,
15 and the goal of that independent auto dealer
16 is to one day be able to be able to have
17 indirect opportunity with a particular
18 finance company, but it's not easy on behalf
19 of the auto dealer.

20 So -- and besides the fact
21 the \$400 licensing fee, when you're filling
22 out the application, nine times out of 10,
23 the auto dealer won't have the necessary
24 information to fill out on the licensing
25 fee. So these guys are having to also go

1 out and pay fees or documentation fees to
2 gather up information, whether it be zoning
3 information on behalf of their dealership,
4 whether it be anything that they would not
5 know about their dealership from property
6 and anything along those lines.

7 So we're hearing multiple
8 complaints about the licensing fee, which a
9 lot of dealers don't feel like it's right
10 that they should be paying for something
11 that they're not doing inside their own
12 dealership.

13 MR. FLOYD:

14 The investigator, I asked
15 her, I said, well, our attorneys -- we're
16 still discussing it. Oh, no, the Used Car
17 Commission agreed with us and it's final.
18 I'm like, really, I didn't know that.

19 MR. PARNELL:

20 Did you tell them that you
21 were on the Commission?

22 MR. FLOYD:

23 Yes. That's when I brought
24 it up. And she was like, that's the way
25 it's going to be. So I said, okay, like the

1 police.

2 MR. CORMIER:

3 And that was someone with the
4 New Car Commission?

5 MR. FLOYD:

6 Yes, an investigator.

7 MR. TAYLOR:

8 You're telling me \$400 will
9 get you out of here now.

10 MR. HALLACK:

11 Now, their licensees are
12 required to put up a lot of information in
13 their application for the dealer license or
14 -- you know, including very private
15 financial information, because I remember
16 when a lot of the recreational products
17 dealers went to the New Car Commission, they
18 were going crazy because of all the
19 financial information that they were
20 requesting, because one of their
21 requirements for a license is, you have to
22 show that you're financially able. They're
23 equating a trailer dealer with a Cadillac
24 dealer, you know.

25 Sure, a Cadillac dealer has

1 to show all kind of financial ability to run
2 that dealership, but a guy that's selling
3 utility trailers. So they were all
4 complaining that they had to put up all that
5 financial information. I guess you don't
6 have to do that for the finance license.

7 MR. TAYLOR:

8 I think you do.

9 MR. HALLACK:

10 See, we have a lot of dealers
11 that would have problems with that, putting
12 up their financial statements and all of
13 that.

14 MR. TAYLOR:

15 We had to go through every
16 bit of that with our finance license, every
17 bit of it.

18 MR. HALLACK:

19 See, our -- we don't require
20 that out of our dealers, right? I mean, we
21 don't require them to submit financial
22 statements or income tax returns?

23 MS. MORRIS:

24 We kind of accept a bond and
25 we do require them to purchase a bond, and

1 we changed the bond requirements to make it
2 more -- closer to reflect their volume. So
3 that's the financial stability that you have
4 is the bond.

5 MR. HALLACK:

6 So I wonder if there's ever
7 been a license that they denied for a
8 financial sales license. Then that would
9 affect our dealers.

10 MS. MORRIS:

11 I don't know. I guess we
12 would have had heard of it if it was a used
13 car dealer. It seems like the new car
14 dealers would have to go through that with
15 the franchise, anyway. You're not going to
16 get a franchise without all of the
17 financials.

18 MR. POTEET:

19 There aren't any other items
20 for discussion today. I move that we
21 adjourn the meeting.

22 Any opposed?

23 MR. SMITH:

24 I make a motion.
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MR. TAYLOR:

Second.

MR. POTEET:

All in favor, say, "Aye."

(All "Aye" responses.)

MR. POTEET:

The meeting is adjourned.

(Meeting adjourned at 10:40 a.m.)

REPORTER'S CERTIFICATE

1
2
3 I, BETTY D. GLISSMAN, Certified
4 Court Reporter, Certificate No. 86150, in
5 and for the State of Louisiana, do hereby
6 certify that the Louisiana Used Motor
7 Vehicle Commission August 19, 2013 meeting
8 was reported by me in the stenotype
9 reporting method, was prepared and
10 transcribed by me or under my personal
11 direction and supervision, and is a true and
12 correct transcript to the best of my ability
13 and understanding.

14 This August 26, 2013, Baton Rouge,
15 Louisiana.

16
17
18
19
20
21
22
23 _____
24 BETTY D. GLISSMAN, CCR
25 CERTIFIED COURT REPORTER

Betty D. Glissman, CCR