

LOUISIANA USED MOTOR VEHICLE COMMISSION
STATE OF LOUISIANA

REGULAR MEETING
January 30, 2012
BEGINNING AT 9:35 A.M.

3132 VALLEY CREEK
BATON ROUGE, LOUISIANA

REPORTED BY:
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1 APPEARANCES:

2

3 CHAIRMAN:

4 MR. JOHN POTEET

5

6 COMMISSIONERS PRESENT:

7 MR. GEORGE BREWER

8 MR. TONY CORMIER (arrived late)

9 MR. RON DUPLESSIS

10 MR. GEORGE FLOYD (arrived late)

11 MR. KIRBY ROY

12 MR. HENRY "DARTY" SMITH

13 MR. DINO TAYLOR

14 MR. DOUGLAS TURNER

15

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17 REPRESENTING THE LOUISIANA USED MOTOR
18 VEHICLE COMMISSION:

19 ROBERT W. HALLACK, ESQUIRE
20 HALLACK LAW OFFICE
13007 JUSTICE AVENUE
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 MR. KEVIN REMBRANT

7 MS. SHEILA JONES

8 MS. JUNE POWELL

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1 MR. POTEET:

2 Let's start off with the Pledge
3 of Allegiance.

4 (PLEDGE OF ALLEGIANCE)

5 MR. POTEET:

6 Ms. Baron, roll call.

7 MS. BARON:

8 John Poteet?

9 MR. POTEET:

10 Here.

11 MS. BARON:

12 George Brewer?

13 MR. BREWER:

14 (No response.)

15 MS. BARON:

16 Louis Bourgeois?

17 MR. BOURGEOIS:

18 (No response.)

19 MS. BARON:

20 Tony Cormier?

21 MR. CORMIER:

22 (No response.)

23 MS. BARON:

24 Ron Duplessis?

25

1 MR. DUPLESSIS:

2 Here.

3 MS. BARON:

4 George Floyd?

5 MR. FLOYD:

6 (No response.)

7 MS. BARON:

8 Kirby Roy?

9 MR. ROY:

10 Here.

11 MS. BARON:

12 There's Mr. Floyd.

13 Darty Smith?

14 MR. SMITH:

15 Here.

16 MS. BARON:

17 Douglas Turner?

18 MR. TURNER:

19 Here.

20 MS. BARON:

21 Dino Taylor?

22 MR. TAYLOR:

23 Here.

24 MS. BARON:

25 Mr. Chairman, we have a quorum.

1 MR. POTEET:

2 All right. Thank you.

3 Is there anyone here for public
4 comments?

5 MS. BARON:

6 No, sir.

7 MR. POTEET:

8 All right. Items for
9 discussion, the first item is we need approval
10 of the minutes from the previous meeting.
11 Have y'all got those and had a chance to read
12 through them?

13 MR. TURNER:

14 Motion to approve the minutes.

15 MR. SMITH:

16 I'll second.

17 MR. POTEET:

18 All in favor, say "Aye."

19 (All "Aye" responses.)

20 MR. POTEET:

21 Okay. The motion is approved.

22 Mona, are you ready for the --
23 to go over the financial matters?

24 MS. ANDERSON:

25 Turn in your packets to the

1 financial statements for the month ending
2 December 31st. And if you will turn to Page
3 1, the balance sheet, the cash balance on
4 December 31st was \$1,269,191 and that was
5 compared to -- last year's cash balance at the
6 end of December was \$808,000, which is a
7 significant increase. Part of that is our
8 deferred revenue, which you'll see on the
9 second page there, but even splitting out the
10 deferred revenue, our cash balance would be a
11 million 83, which is a good size increase in
12 cash flow. Regarding the deferred revenue,
13 like I said on the second page there, you can
14 see our deferred revenue codes. They total
15 \$186,415. We discussed last time whether or
16 not we wanted to segregate those funds out of
17 the regular operating account.

18 I contacted a couple of other
19 agencies, only one of which did multi year
20 licensing. The Board of Contractors does
21 multi year licensing and they don't have a
22 specific account for the deferred revenue, but
23 when -- they accumulate funds and they put
24 them in CDs. So our options on that -- they,
25 of course, also do what we do with the general

1 ledger, so that you can see, you know, what
2 our deferred revenues are. But our options on
3 that, where the funds are now in our regular
4 operating account, we get .01 percent. By the
5 time -- we get a higher interest rate, but
6 they also charge us an analysis fee, which
7 kind of offsets that. And CDs right now, the
8 best that we've been looking at is .5 percent
9 on a six month CD, which would be what we want
10 to look at on this. The money is in the
11 operating account now. If we segregate it out
12 into another account this month, next month we
13 could withdraw it by the time the renewal
14 season picks up at the end of this year.

15 We talked about a high yield
16 savings account, which gives you a little bit
17 more flexibility. You can withdraw and
18 deposit into that account on a monthly basis.
19 They give you so many withdrawals and deposits
20 per month. So it's up to you on what, if
21 anything, you want to do with this money. It
22 can remain in the operating account and, you
23 know, just be reflected on the balance sheet
24 as it is now or move it to a high yield
25 savings account. Now, if we do that, we're

1 going to have to go before the Cash Management
2 Review Board to open that account, which I
3 understand is not complicated and entails a
4 short application and submitting that and, you
5 know, they advise -- you advise them why you
6 are doing it, which would be -- you know,
7 deferred revenue is a good explanation of
8 that. So I guess we want to talk about what
9 you would be interested in doing with that
10 money.

11 MR. POTEET:

12 When the auditor was here,
13 didn't we discuss the possibility of setting
14 up some accounts for future obligations?

15 MS. ANDERSON:

16 Right.

17 MR. POTEET:

18 Do you remember that?

19 MS. ANDERSON:

20 She was talking about -- she
21 discussed liability accounts that we had and
22 was saying that they're looking at -- now,
23 that would be just within the general ledger
24 to set up some liability accounts. It's
25 possible they're going to start making us

1 track more of the liabilities the way we do
2 the OPEB liability, post employment benefit
3 liability. We do that right now, but there's
4 -- they now have more things that are coming
5 down the pipe that we have to account for.

6 MR. POTEET:

7 Well, I realize that that's two
8 different -- I mean, cash is one thing and the
9 accounting another.

10 MS. ANDERSON:

11 Yes, sir.

12 MR. POTEET:

13 But do we have to -- if we set
14 up a liability account like that, do we have
15 to separate that cash? I'm just curious if we
16 -- or do we just --

17 MS. ANDERSON:

18 Well, we currently have
19 liability accounts. Those are deferred
20 revenue accounts. Those are liability
21 accounts that we have set up to show our
22 deferred revenue. If we set up a physical
23 bank account, then that would not affect those
24 types of things that the auditor discussed.

25 MR. POTEET:

1 Okay. I was just thinking for
2 the other -- the future -- was it pension
3 costs that she was suggesting; is that what it
4 was?

5 MS. ANDERSON:

6 That's just so that you see --
7 on your balance sheet, it better reflects what
8 you have. You know, you have all of this --
9 these assets up here, and then it better
10 reflects what your liabilities really are.
11 They're feeling like, you know, we have a lot
12 of pension type liability out there that not
13 all entities show on their balance sheet.

14 MR. POTEET:

15 Okay. So for the cash then,
16 we've got three options, as I understand it --

17 MS. ANDERSON:

18 Yes.

19 MR. POTEET:

20 -- leave it where it is, put it
21 into a CD, or put it into a high yield savings
22 account, that's a -- high yield is sort of
23 relative, right? What would that be, 2.2
24 percent?

25 MS. ANDERSON:

1 Okay. What we have currently,
2 we get about .01 percent. A CD would be .5
3 percent, which would be your highest, but you
4 can't do anything with that money. You can't
5 add to it. You can't -- so we would have to
6 determine a set amount, move that money over
7 and that would be it. You wouldn't add to it
8 or take it out until it matures. And then,
9 the high yield is .17 percent, but you have
10 flexibility in moving money, put more money
11 in, take it out, you know, as needed.

12 MR. POTEET:

13 Do any of the Commissioners have
14 any comments on that?

15 MR. TURNER:

16 I figure why not buy the CD?
17 We're not going to use the money. We're
18 holding the money.

19 MR. POTEET:

20 A six month CD is what you're
21 talking about, right?

22 MS. ANDERSON:

23 Yes. A \$100,000 CD -- we've got
24 \$186,000 in there. You know, we can look at
25 whatever increments you want, you know, maybe

1 look at it again at the end of January as to
2 what our total deferred revenues are. That's
3 really closer to the end of our season.

4 MR. POTEET:

5 Does anybody else have any
6 comments on that?

7 (No response.)

8 MR. POTEET:

9 I agree with Doug. I think that
10 the -- you know, it's not like we need the
11 money. We don't need to be concerned with
12 that, moving the money in and out, at least
13 not at this point in time. So I would suggest
14 we take the highest yield even if it is a
15 pittance.

16 MR. TURNER:

17 It's better than nothing.

18 MR. POTEET:

19 Better than nothing, that's
20 right.

21 MS. ANDERSON:

22 Do you want to go ahead and do
23 \$100,000 now?

24 MR. POTEET:

25 Any comments on that? I don't

1 see why we shouldn't. Do we need a motion for
2 that? I need a motion to put \$100,000 to open
3 a CD -- a six month CD for \$100,000.

4 MR. TURNER:

5 I make a motion that we put
6 \$100,000 in a CD for six months.

7 MR. POTEET:

8 Do I have a second?

9 MR. SMITH:

10 I'll second.

11 MR. POTEET:

12 All in favor, say "Aye."

13 (All "Aye" responses.)

14 MR. POTEET:

15 Any opposed?

16 (No response.)

17 MR. POTEET:

18 All right.

19 MS. ANDERSON:

20 Thank you.

21 MR. POTEET:

22 We'll go ahead and do that.

23 MS. ANDERSON:

24 Moving on to the balance sheet,

25 the accounts receivable hearings account

1 currently has \$24,900 in it. That increase is
2 \$1,850 this month.

3 On Page 2, the -- like we
4 discussed, the deferred revenue is \$186,000,
5 and the year-to-date revenue over expenditures
6 is \$377,448.

7 If you move on to Pages 3
8 through 6 is your revenue and expenditure
9 statement. The first page is our revenue.
10 Pif you flip to Page 4, you can see our
11 year-to-date revenue is \$822,931 compared to
12 the same period last year on the far
13 right-hand side, \$773,419. At the end of
14 December, we will have -- we completed the
15 first half of our fiscal year. So, at that
16 point, we should have 50 percent of
17 expenditures remaining in the budget and we
18 currently have 56.45. So we're in good shape
19 with our expenditures.

20 On Page 4, the salaries are --
21 we have 54 percent remaining in the budget.
22 So we're in good shape there. On Page 5 under
23 the operating expenditures, we have 56 percent
24 left. The only line item that is rather high
25 -- higher than budgeted is the miscellaneous,

1 and that's due to the merchant credit card
2 fees that we incurred this year. When we did
3 the budget, we hadn't anticipated so much
4 online credit card payment, and so those fees
5 are reflected in there. We'll probably amend
6 the budget closer to the end of the fiscal
7 year to show an increase in that area. We
8 should start to see it diminish from here on
9 out, though.

10 And professional services as a
11 whole are under budget. The IT services were
12 up due to the costs associated with making our
13 applications available online.

14 And on Page 6, the year-to-date
15 revenue, as we said before, was \$377,448. And
16 that's again reflected on the next page, on
17 Page 7, your revenue and expenditure
18 comparison for last year.

19 On Page 8 is our certificate of
20 deposit report, and we did have some CDs that
21 matured in -- on January 3rd with Concordia
22 and we went ahead and renewed those for a
23 whole year this time. The rate for six months
24 was what we had before, was .5. We got a .75
25 rate by doing it for a year. Hopefully, by

1 then we'll have some changes in the rate -- up
2 in the rates.

3 And on the last page, Page 9,
4 the accounts receivable hearing report, we
5 added a couple of line items, Affordable
6 Comfort for \$700 and Night Affordable Used
7 Cars for \$1,450, bringing your total that you
8 saw on the balance sheet to \$24,900.

9 That concludes the financial
10 statement report. Do you have any questions?

11 MR. POTEET:

12 I just have a comment. It's
13 nice to see the accounts receivable report now
14 ties to the balance sheet. Thank you for
15 that.

16 All right. Does anybody have
17 any comments or questions for Mona or Derek?

18 (No response.)

19 MR. POTEET:

20 I guess we'll need a motion to
21 approve that, don't we?

22 MR. ROY:

23 I make a motion to accept.

24 MR. POTEET:

25 We've got a motion.

1 Second?

2 MR. CORMIER:

3 Second.

4 MR. POTEET:

5 We have a second.

6 All in favor, say "Aye."

7 (All "Aye" responses.)

8 MR. POTEET:

9 Okay. I guess, Mona, you're
10 still on tap here for the 12/13 budget.

11 MS. ANDERSON:

12 Yes, sir.

13 In your packet, you have this
14 large document, 14 sheets, for the 2012/2013
15 budget. The document that you might want to
16 pull out, the first two sheets, BC1 and BC2,
17 those indicate your revenues and expenditures.
18 The means of financing is your revenue sheet
19 and the following sheet is your expenditures
20 for the year.

21 On the revenue sheet, we are
22 proposing \$1,166,477 in revenue, which is
23 about a 4.8 percent increase over what we're
24 estimating for this year. The estimated
25 increase between last year's budget and --

1 last year's actual and this year's actual at
2 this midpoint was -- is about three percent --
3 three .3 percent between 2010/11 and 11/12.

4 On BC2, these are your
5 expenditures, these totals. The following
6 sheets, the sheets following that -- those
7 expenditures give you the itemized amounts for
8 those totals there. So if you'll turn to
9 BR6A, it's about halfway through, that gives
10 you the individual salary amounts that are
11 reflected on that first page there. The
12 budgeted salaries mid page there are \$467,478.
13 We did build in a four percent increase in the
14 event that the freeze on salaries is lifted.

15 This sheet also -- it shows you
16 we've got two positions that we've added, one
17 for another Administrative Coordinator 3,
18 which will be like the dealer technician
19 positions, and Compliance Investigator 3. The
20 Compliance Investigator position was in the
21 budget. You can see there for this year at --
22 for half a year and we went ahead and showed
23 it for the whole year. And we also budgeted
24 for a student worker to do scanning and
25 what-have-you, which we didn't have -- you

1 know, which we haven't used yet this year.

2 Both the retirement and the
3 group insurance there reflects changes. Mid
4 year this year, the retirement increased --
5 our contribution to the retirement increased
6 3.6 percent and the group insurance cost
7 increased five percent. So what you see there
8 in the 2012/13 budget is an annualized amount
9 of that. So that's why the increase in the
10 salaries there and on -- reflected on that
11 first page. We added two positions and
12 increased those benefits to an annual amount.
13 So all of that brings your total salaries,
14 which are shown on that BC2 page, to \$782,921.

15 On the operating expenses, if
16 you'll turn to BC8, you can see our operating
17 -- our suggested operating budget. We
18 included about a seven percent increase over
19 the estimated end of the year for this fiscal
20 year. We included additional funds in the
21 miscellaneous category. That's for those
22 credit card fees -- merchant credit card fees
23 that we pay.

24 Moving on to BC9, you have your
25 professional services fees. Legal fees were

1 budgeted at the maximum contract amount as a
2 precautionary measure. We don't anticipate
3 using that this year and -- or next year, but
4 we used the entire contract amount to budget.

5 On BC10, you can see other
6 charges, which are primarily computer related
7 charges. We've got \$3,000 to DPS for our
8 access to their database. We budgeted \$33,000
9 under the CAVU E-licensing. What's in that
10 figure, the CAVU fee this year was \$15,000,
11 possible to increase -- that it would increase
12 to \$18,000. So we budgeted \$18,000, and we
13 also budgeted \$15,000 to include for the
14 development of a new software blueprint, which
15 Derek is going to discuss with you later. So
16 that brought that figure to that front sheet,
17 BC2. So your total budgeted other charge is
18 \$43,000.

19 And on BC11, the schedule of
20 acquisitions and major repairs, we're
21 scheduling to purchase another vehicle. If we
22 add a field investigator, we're going to need
23 another vehicle, plus we've got some vehicles
24 that are out in the field that have really
25 high mileage that we may to have to replace.

1 We also budgeted \$26,500 in
2 office acquisitions for office furniture and
3 computer equipment for the added staff. Some
4 of our desks are getting on up in there in
5 years.

6 And under major repairs, we
7 included contingent funds for repairs of
8 vehicles, the building, the parking lot, so on
9 and so forth.

10 And so that brings your -- on
11 that original sheet, BC2, that brings your
12 total budgeted -- proposed budgeted
13 expenditures to \$1,165,490.

14 And on BC3, the fund balance,
15 that shows you the -- again, the proposed
16 income and expenditures and the resulting fund
17 balance.

18 Unless anyone has any questions,
19 that concludes my report on the proposed
20 budget. And we would need a resolution to
21 adopt the budget.

22 MR. POTEET:

23 Any discussion? Questions? How
24 about a motion to -- what is the motion going
25 to be?

1 MS. ANDERSON:

2 Sheri, can you tell him?

3 MS. MORRIS:

4 A resolution to adopt the
5 budget.

6 MR. POTEET:

7 A resolution to adopt the budget
8 for --

9 MR. TURNER:

10 Do we have to vote on this
11 today?

12 MR. POTEET:

13 Well, yes.

14 MS. MORRIS:

15 We have time to submit it to the
16 Division, I believe in February before your
17 meeting, but it can be amended if -- it's got
18 to be presented to the --

19 MS. ANDERSON:

20 This is -- they went to a new
21 online system and there was some confusion
22 about this. The letter that they sent out was
23 not real specific and it did not discuss
24 deadlines. However, I think that the revised
25 statute has not changed, that we're supposed

1 to submit our budget the first of the year.
2 And in addition to that, I spoke with Nancy
3 Clemont at the Legislative Auditor's Office,
4 which she is not the final say, but that's
5 someone we submit to, and she said 1/1. So
6 I've heard all different things.

7 MR. POTEET:

8 Yes, I understood that it had to
9 be done by the end of January. But we can
10 make changes to it?

11 MS. ANDERSON:

12 That's correct. We can amend --

13 MR. POTEET:

14 We just have to give them
15 something that says this is what we -- this is
16 our best estimate at this point in time.

17 MR. TURNER:

18 I think it's just that we don't
19 have much time to look this over.

20 MR. POTEET:

21 That's true.

22 MR. TURNER:

23 On the surface, there seems to
24 be quite a bit of increases over last year's
25 budget and are we sure we want to do that. I

1 know we've got more revenue coming in,
2 naturally, and maybe desks and furniture and
3 all of that is needed. We just paid to
4 upgrade the computers, I thought, on the
5 laptops. Maybe more is needed, but we haven't
6 discussed that as a Board. That's the only
7 thing I'm saying.

8 MR. POTEET:

9 Well, we can discuss some of
10 that now if you want to, or ask some
11 questions. If you're saying you want to wait
12 and get a little bit closer before we get into
13 a full scale discussion, we'll have
14 opportunity to look at these things as we get
15 closer to the --

16 MR. TURNER:

17 Well, I guess I'm just saying
18 are these things actually needed or is this a
19 wish list?

20 MR. PARNELL:

21 No, these are things that are
22 actually needed. I always try to operate on
23 the bare minimum of what we need. If I do
24 increase staff sizes, which I have to do that,
25 I'm going to need to get them updated

1 computers as well as the rest of the staff.
2 Desks, yes, they're falling apart, but if
3 that's an issue, I won't get them, you know.
4 What I want to operate on is bare minimum.
5 That's what I've been trying to operate on
6 since I've been doing this.

7 MR. POTEET:

8 One thing Ms. Morris just
9 informed me is that we can -- some of these
10 things we're adding, like new positions and
11 things like that, we can actually have Derek
12 present those things to us as we -- you know,
13 at that point in time, some of these more
14 expensive additions to the budget. This way
15 we have it approved.

16 I think there's been some
17 controversy lately about, you know, needing
18 some more people here, not just from within,
19 but also from our constituents, that we need
20 more help. So I think that Derek's point,
21 what we're doing is, we're trying to plan for
22 those things that we're going to need, and
23 then we can -- we'll certainly look at each
24 thing as it comes up. I understand your point
25 that we have just thrown it in here and here's

1 your million dollar budget and let's accept
2 it. But I think we've got to have something
3 that we send to the State -- submit to the
4 State and I think this is an extremely
5 conservative budget.

6 MR. DUPLESSIS:

7 We can amend it at any time.

8 MR. POTEET:

9 Yes, we can amend it and we can
10 also have Derek present, you know, when he's
11 getting ready to hire somebody.

12 MS. MORRIS:

13 You can approve it and just put
14 the provision that the Executive Director
15 can't act upon any of these increases until
16 they are approved by the Commission and that
17 way --

18 MR. TURNER:

19 I mean to add people and spend
20 more money, we all need to discuss it and
21 agree to it and go forward from there. If we
22 need to do it today, that's fine. I just want
23 to be clear on that.

24 MR. POTEET:

25 I think one of the things --

1 when I first came on the Commission, I was
2 kind of like you are, I mean, we have these
3 budget deadlines in the middle of the year. I
4 mean, you know, the year runs from July to
5 June, but we have to do our budget in January.
6 I mean, in my business I don't do that. I
7 don't know of anybody that plans their budget
8 that far ahead. I mean, they've got some
9 ideas. So as it turns out, the way that the
10 State works is somewhat like that. This is
11 more or less -- I don't want to use that term,
12 but it is kind of an estimate.

13 MS. ANDERSON:

14 Correct.

15 MR. POTEET:

16 It's our best guess at this time
17 of what we're going to do, but it doesn't mean
18 that we can't discuss these things as we go
19 along, certainly individually and sort of on a
20 big picture scale, too. So that's -- some of
21 that's inherent in the resolution.

22 MS. MORRIS:

23 And none of these can be
24 extended before July 1st, anyway. So we have
25 until July 1, 2012.

1 MR. POTEET:

2 Does that make you feel better?

3 MR. TURNER:

4 Yes.

5 MR. POTEET:

6 Okay. So do we have a
7 resolution on the floor? I forgot if we have
8 one or not. I don't think anybody made a
9 motion.

10 MR. CORMIER:

11 I make a motion to approve the
12 resolution, and I don't know whatever else
13 that you stated.

14 MR. SMITH:

15 I'll second.

16 MR. CORMIER:

17 What was the rest of that?

18 MR. POTEET:

19 I would just add on that Derek
20 would bring to us any new expenditures to
21 discuss.

22 MR. SMITH:

23 I second.

24 MR. POTEET:

25 All in favor, say "Aye."

1 (All "Aye" responses.)

2 MS. ANDERSON:

3 Thank you.

4 MR. POTEET:

5 All right. The next thing on
6 our agenda is the payment of invoices. I
7 think we have Mr. Hallack's invoice here to
8 approve. If everyone would take a look at
9 that.

10 MR. PARNELL:

11 I have gone through the line
12 items on the invoice to assure that hours
13 worked and tasks completed are correct.

14 MR. POTEET:

15 Any discussion on this invoice?

16 MR. TURNER:

17 Motion to accept this invoice
18 and pay Mr. Hallack.

19 MR. POTEET:

20 I need a second.

21 MR. CORMIER:

22 Second.

23 MR. POTEET:

24 All those in favor, say "Aye."

25 (All "Aye" responses.)

1 MR. POTEET:

2 Any opposed?

3 (No response.)

4 MR. POTEET:

5 Okay. Mr. Hallack, you are
6 covered for one more month.

7 MR. HALLACK:

8 Okay.

9 MR. POTEET:

10 The other thing I wanted to
11 bring up to the Commission, we -- right now,
12 we're set up -- the Executive Director can
13 approve anything up to \$1,500. I've been
14 thinking about this a little bit lately, and I
15 think that's probably a pretty low number. I
16 would like to extend that to \$3,000. We
17 certainly see the expenditures in our review
18 of the financials that we have every month
19 from Mona and, you know, I think things like
20 this, Mr. Hallack's invoice, we just -- this
21 is a good example. He just told us we should
22 approve it and we did. I think some of this
23 stuff can be relegated to his approval level.
24 I would like to see it raised up to \$3,000.

25 MR. ROY:

1 I'll so move.

2 MR. POTEET:

3 I have a motion to raise the
4 approval level for the Executive Director to
5 \$3,000.

6 Do I have a second?

7 MR. TURNER:

8 Second.

9 MR. POTEET:

10 All in favor, say "Aye."

11 (All "Aye" responses.)

12 MR. POTEET:

13 Any opposed?

14 (No response.)

15 MR. POTEET:

16 All right. So, Derek, you can
17 now approve things up to \$3,000.

18 The next thing, we've got legal
19 matters and pending litigation.

20 MR. HALLACK:

21 Well, you can see from the bill
22 some of the stuff we've been working on. One
23 is a Petition For Injunctive Relief against
24 AAA Automotive. I don't know if you remember,
25 we had several used car dealers from Monroe in

1 here. I think three of the business entities
2 all got licenses from us and one did not and
3 one still refuses to get licenses from us. He
4 is still operating some type of website
5 selling used parts. So we had to file a
6 Petition For Injunctive Relief to get a court
7 to order him out of business. This order only
8 goes so far, and then we have to enforce our
9 cease and desist order and this is how we do
10 it. We file a Petition For Injunctive Relief
11 where the dealer is, which is Monroe, and we
12 have a Monroe judge order him to stop selling
13 used parts in the State of Louisiana. If he
14 then violates the court order, he is in
15 contempt of court and the judge can do any
16 number of things to him when he is in
17 contempt, issue a fine, put him in jail. We
18 actually had a dealer from Monroe named Don
19 Best who was supposed to come out front and
20 wear a sandwich board thing, I won't sell used
21 cars out a license. He got an excuse from a
22 chiropractor and he didn't have to actually
23 come out and do it. Then, he ran to
24 California, so he wouldn't have to ever do it,
25 again. So that was part of the court order.

1 MR. POTEET:

2 Would you?

3 MR. HALLACK:

4 He had to walk around in the
5 parking lot with a sandwich board on saying
6 that he won't sell used cars in Louisiana
7 without a license.

8 MR. POTEET:

9 Just out of curiosity, what is
10 AAA's reason behind not wanting to be
11 licensed? Refresh my memory.

12 MR. HALLACK:

13 Well, they never appeared. So
14 we really don't know, only what Montie Wisenor
15 tells us, that he went to him. He's gone to
16 him several times and talked to him personally
17 and they just refused to get a license,
18 period. The other three, they -- as you
19 remember, they all three got licenses. So
20 basic -- I can't remember the name of the
21 other two, but they all got licenses.

22 MR. POTEET:

23 Okay.

24 MR. HALLACK:

25 So on February 10th, if you are

1 in Monroe and you want to come by and sit in
2 the hearing, it will be -- I don't remember
3 all of the details, but it will be 9:00,
4 Derek?

5 MR. PARNELL:

6 Yes.

7 MR. HALLACK:

8 And Derek and I are going to
9 ride up to Monroe and Montie is going to
10 testify.

11 MR. TAYLOR:

12 Let me ask you a question. This
13 reminds me of the Performance deal we were
14 talking about earlier, and this has been going
15 on since July 11th. I'm not complaining. I'm
16 asking, so I'll understand. What are we on,
17 the eighth right now that they've still been
18 operating without a license and Montie has
19 been by there a couple of times; is that
20 correct?

21 MR. HALLACK:

22 Yes, sir.

23 MR. TAYLOR:

24 So my question is, this happened
25 with Performance, they continued staying out

1 there in business for, what was it, six, eight
2 months, maybe even closer to a year --

3 MR. HALLACK:

4 Yes, sir.

5 MR. TAYLOR:

6 -- and they are steadily,
7 steadily pounding customers and just taking
8 advantage of them.

9 MR. HALLACK:

10 And they're right across the
11 street from a Commissioner, Marvin Smith.

12 MR. TAYLOR:

13 Marvin Ramsey.

14 MR. HALLACK:

15 Ramsey, I'm sorry.

16 MR. TAYLOR:

17 So my question to you is: Is
18 there anything we can do to speed this process
19 up to shut people down like that or do you
20 give them a three month warning, a four month
21 warning, to cease and desist, and then it goes
22 into the judicial system, what happens here?

23 MR. HALLACK:

24 Well, with regard to AAA, we had
25 a process that we had to go by. First, we

1 issued a cease and desist, and I think the
2 first time, we had a hearing on one -- one of
3 the potential dealers actually showed up. And
4 I think Mr. Poteet wanted to try to get
5 everybody in here to see if they had an
6 explanation for what was going on. So the
7 next month, we actually got three of the four
8 guys to come back. And after that point, you
9 know, Montie had to build his case against the
10 guy who is actually operating. So he goes by
11 and he checks the Internet to see if he's
12 still got his website up and running and also,
13 too, with regard to AAA, we've received
14 several complaints since we had the cease and
15 desist hearing before the Commission. So
16 we've had complaints from consumers that
17 prompted even further investigation into it.
18 In other words, we've got people out there who
19 are buying used parts, but are not actually
20 receiving them.

21 Montie has actually gone to the
22 sheriff's office in Ouachita Parish and showed
23 them, you know, this is a crime. One, he is
24 operating without a license. That's a
25 misdemeanor under our statute. That's the

1 quickest way, generally, to get somebody to
2 stop operating. Then, Montie tried to show
3 them that they are actually committing a
4 theft. I mean, they are selling these used
5 parts and they are not delivering the used
6 parts.

7 MR. TAYLOR:

8 And he got no help.

9 MR. HALLACK:

10 He got absolutely no help from
11 the sheriff's office. Now, like Performance,
12 the sheriff's office wasn't much help there
13 either. We went to court, and I think Judge
14 Alvin Sharp was our judge, and he ordered them
15 to get out of business and by the time the
16 order even came down, they had shut down the
17 dealership and were gone.

18 MR. POTEET:

19 I believe, also, didn't we --
20 not to delay things, but we were unsure
21 originally if we were even supposed to be
22 regulating these people, because remember the
23 complaints went to the Attorney General's
24 Office and the Attorney General -- I remember
25 we had some people here from the AG's Office

1 came in and were trying to get us to work on
2 that, which we did. But I think it's one of
3 the things that we weren't really sure about
4 right in the very beginning, as I remember it.

5 I'm not a hundred percent sure
6 of that, but I think there was a little bit of
7 a delay there, and then there was some time
8 that we needed to kind of understand the
9 issues involved. I mean, it's obvious now
10 what they should be doing, but I think it kind
11 of dragged a little bit while we figured out
12 what the heck was going on.

13 MR. HALLACK:

14 It's a little different for used
15 parts, because there's nobody there to stop
16 that transaction, unlike a used car dealer,
17 you know, the Office of Motor Vehicles won't
18 let the transaction pass where his number has
19 been terminated. So he can get out there and
20 sell used parts on the Internet or whatever
21 and there's no agency that can stop him from
22 doing that. So it falls upon us to do it.

23 MR. TAYLOR:

24 It distresses me that my
25 sheriff's department didn't help much more

1 than that, but anyway.

2 MR. HALLACK:

3 You know, they have in the past.

4 You know, they've worked with us in the past.

5 We've had some other bad dealers in the Monroe
6 area.

7 MR. TAYLOR:

8 Yes, we sure have.

9 MR. HALLACK:

10 The sheriff's office did help
11 us, then. I think on Donald Best, they were
12 pretty helpful there, and I think they pretty
13 much were part of the reason that scared him
14 out of Louisiana. So I don't know if you
15 remember Donald Best.

16 MR. TAYLOR:

17 Oh, absolutely, yes.

18 MR. HALLACK:

19 But we're going to have another
20 one coming up pretty soon it seems like. The
21 other matter is --

22 MR. TAYLOR:

23 If you need any help contacting
24 anybody at our sheriff's department that might
25 could make something move forward, please

1 don't hesitate to call me.

2 MR. HALLACK:

3 Okay. I sure will.

4 The other matter I think is the
5 appeal of Value Import, Mohammad Ibrahim. We
6 had oral argument on his appeal. He appealed
7 the decision of the Commission suspending --
8 revoking his license and issuing a fine. So
9 he appealed that to the 19th JDC, and Judge
10 Hernandez ruled that our decision was good and
11 he confirmed our decision. So, now, he has
12 the right to appeal it further to the First
13 Circuit Court of Appeals. I don't think he's
14 going to do that. He called -- his attorney
15 called my office Thursday and asked if his
16 client, Mohammad Ibrahim, could apply for a
17 salesman license and I told him -- I said
18 there's nothing automatic in the law that
19 would prevent him from applying, but I just
20 didn't think it was very likely the Commission
21 would grant him a salesman license.

22 MR. POTEET:

23 That's a pretty good guess.

24 MR. HALLACK:

25 So that was kind of like the

1 last thing we were waiting on here before we
2 started injunction proceedings against him,
3 because it does appear that he is still
4 operating a used car lot. I don't know how he
5 can get his transactions through, but he is at
6 the lot and he's still got lots cars on the
7 lot.

8 MR. PARNELL:

9 Recently, the last couple of
10 months or so, we received an application for
11 licensure. We believe -- one of our
12 investigators believes that the person that
13 submitted the application is his wife. The
14 name of the business has changed to Remas
15 Import versus the Value Import, same business
16 location. The phone numbers are still
17 Mohammad's phone numbers, so -- and the name
18 as another dealer, he told me that that name
19 is the name of his daughter that was recently
20 born. So at this point, what we've done is we
21 are taking the applications in, but I'm going
22 to send the investigator out to interview the
23 individual who submitted the application to
24 us, because we do have a policy and procedure,
25 which is Policy and Procedure 40, that

1 basically states that if the Commission
2 revokes a license that a relative or someone
3 related to that person, we have the right to
4 revoke that or just not give them their
5 license --

6 MR. HALLACK:

7 Deny their license.

8 MR. PARNELL:

9 -- deny their license as well.

10 So on those grounds, we are going to do a
11 little bit more investigating. Exactly, is
12 that him, honestly off the record, I believe
13 it's him and nothing has changed. So we're
14 just going to --

15 MR. TURNER:

16 It sounds like he wants to get a
17 salesman license.

18 MR. POTEET:

19 Exactly.

20 Whatever happened with the TV --
21 was this the guy that was -- at the TV station
22 that was investigated, have they kind of
23 dropped that?

24 MR. PARNELL:

25 Yes, they haven't made any more

1 moves at all on that.

2 MR. POTEET:

3 It's not big enough news, I
4 guess.

5 MR. TURNER:

6 What about his fine, did we ever
7 collect that?

8 MR. PARNELL:

9 No.

10 MR. POTEET:

11 It's on the receivables list,
12 isn't it?

13 MS. BARON:

14 We haven't filed for it, yet.

15 MR. HALLACK:

16 It's been on appeal.

17 MS. BARON:

18 It was on appeal.

19 MR. POTEET:

20 Oh, that's right. Yes, of
21 course.

22 MS. BARON:

23 How long do we have to wait to
24 see if he's going to appeal?

25 MR. HALLACK:

1 I think we can go ahead and file
2 for it.

3 MS. BARON:

4 We can go ahead and file the
5 claim?

6 MR. PARNELL:

7 I think that was a fine of
8 \$38,000.

9 MR. POTEET:

10 It was pretty high.

11 MS. BARON:

12 And his bond is for 20.

13 MR. DUPLESSIS:

14 Mr. Chairman, I've got a
15 question for Sheri and maybe Robert. We're
16 going into this legislative session and we've
17 got a concept called willful failure to
18 comply, and I know y'all have some experience
19 with other commissions. You know what if we
20 kind of grow tired of this and we say we want
21 to go to the next step, is there another
22 remedy for a commission to become a little
23 more harsh in enforcing such non-compliance to
24 their laws and their regulations?

25

1 MR. HALLACK:

2 Beyond what our statute allows
3 -- now, our statute allows that we can
4 penalize them by issuing a fine. We can
5 revoke their license and we can enjoin them
6 from operating. And it's a misdemeanor for
7 somebody to operate in these businesses
8 without a license. So I think getting a
9 little bit more aggressive with the local law
10 enforcement would help.

11 I know that Ronnie Wisenor --
12 back when we used to regulate motorcycles,
13 there were a lot of people who sold
14 motorcycles out of crates and stuff like that,
15 and Ronnie Wisenor was able to get the Rapides
16 Sheriff's Department to go with him to
17 everybody that was trying to sell motorcycles
18 without a license. And they would issue --
19 the sheriff's office would tissue a ticket
20 right then. It was extremely effective for
21 the sheriff to come out there and write a
22 ticket to somebody for selling without
23 license. But that's about all our statute
24 allows, penalties, revocation, injunction and
25 criminal punishment.

1 MR. DUPLESSIS:

2 That was kind of my question.
3 Should we change the statute? If we consider
4 that we would change the statute, what would
5 we change it to?

6 MR. HALLACK:

7 Well, I think one of the things
8 that we tried to advocate back in 2011 was --
9 there's a statute in there for black market
10 sales that Representative Smiley at the time
11 had written and put in our law. Basically, it
12 says that if somebody pretends to be a
13 licensee of our Commission, if he puts his
14 name out there that says Mike's Used Cars and
15 he pretends to be a business, but he's not
16 licensed by us, the fine was \$1,000 where our
17 minimum fine really exceeds that now, and I
18 had always recommended that we bump that up to
19 \$5,000. So that's somebody who is committing
20 fraud and acting like a dealer. We don't see
21 that very often, but it does happen. I think
22 it would be applicable to, like, AAA. They
23 definitely acted like a dealer in used parts
24 and they are certainly guilty of what the
25 black market sales statute was about.

1 MR. TAYLOR:

2 I don't think if you increased
3 his fine, this guy right here, I don't care if
4 you increased this guy's fine to \$25,000, it
5 doesn't matter. That's irrelevant and I don't
6 think that's what you were asking.

7 MR. DUPLESSIS:

8 I think we should shut him down
9 quickly.

10 MR. POTEET:

11 Back to what you were saying
12 before about, you know, these guys that are
13 operating while they are in the process of
14 appealing and all this, you know, what
15 publicity do we -- all we have is what's in
16 the public record. I don't think there's
17 anything -- you know, like in a restaurant, if
18 you get a bad grade on your health rating,
19 it's right up there for everybody to see.

20 MR. HALLACK:

21 That's a pretty good idea. I
22 know we post those on the Internet, right, our
23 hearing decisions, and things like that, and
24 we do send a press release to the local
25 newspaper.

1 MR. POTEET:

2 Okay. Ms. Morris just said we
3 can require them to post it, but they don't
4 even come to defend themselves here, but
5 couldn't we have our investigator go out there
6 and post it on their business?

7 MR. HALLACK:

8 Sure.

9 MR. POTEET:

10 I guess they could rip it off
11 the window, but, I mean --

12 MS. MORRIS:

13 I have one board that requires
14 the licensees that are fined or suspended to
15 post the order next to their license. They
16 have to post their license, and then post the
17 order -- they have to post the order next to
18 the license and if they fail to do that, of
19 course, that's a violation of a board order.
20 But like AAA, they're not licensed. When you
21 are dealing with an unlicensed person, they
22 don't have a bond. So it doesn't really
23 matter how much you fine them. One other
24 thing that we could do is also report them to
25 the Department of Revenue and the local sales

1 tax, because they probably are not paying
2 sales tax on transactions and maybe the
3 occupational license, whoever processes the
4 occupational license and the sales tax for the
5 local government might assist and the
6 Department of Revenue might send their
7 investigator to assist and maybe all of those
8 things together, but it's unfair for the
9 legitimate businesses to compete with people
10 that are not paying occupational license,
11 sales tax.

12 MR. POTEET:

13 Well, it's not only unfair, but
14 it's also -- you know, the consumers are
15 definitely paying --

16 MS. MORRIS:

17 And they are not getting good
18 products either.

19 MR. CORMIER:

20 Is he still in business?

21 MR. HALLACK:

22 Now, AAA, Montie Wisenor went
23 out to his business. The actual office
24 location of his business was closed, and then
25 -- but he still maintains the website and I

1 think the only way Montie has been able to
2 reach him is to go to his residence. So his
3 actual business front appears to be closed.

4 MR. POTEET:

5 I think that Ron has a good
6 point. I mean, maybe we ought to think about
7 ways we could do something more to certainly
8 publicize what's going on, so that the public,
9 the consumers, know what kind of people these
10 are that -- and also to protect the people
11 that try to follow the rules. I mean, that's
12 part of -- that's why we're here to begin
13 with.

14 MR. HALLACK:

15 I think we do put it on the
16 website and we do send a press release to the
17 local newspapers, but beyond that, I don't
18 think there's much else we can do. Now, we
19 didn't do it in AAA, but we've got another one
20 that's coming down through the pipe that we
21 did notify the Department of Revenue that they
22 were selling stuff without a license, and I
23 think the next step is to contact the local
24 tax assessor, because they would owe an ad
25 valorem tax on the inventory.

1 MR. POTEET:

2 I'm going to ask Sheri to kind
3 of give us a -- maybe by the next meeting, to
4 give us -- Derek some of the ideas that some
5 of the other commissions use to crack down on
6 these guys and maybe we can do it. I think
7 you're right. I think we just kind of flood
8 them with reporting it to the sheriff and
9 reporting it to the taxing authority,
10 reporting it to the Attorney General, to --
11 you know, the Marines, whoever we can report
12 it to, you know, just to -- because, I think
13 it's very unfair to the dealers that have to
14 compete against these guys and certainly
15 consumers, you know, they don't have the kind
16 of background and information hardly as it is
17 to make a decision. So if these guys like
18 this guy that's operating on the Internet, not
19 only the people in Louisiana, but there are
20 people all over the country that are, you
21 know, just doing a search and here this guy
22 pops up. I just think there's more we should
23 do.

24 MR. TAYLOR:

25 To be honest, I've heard a field

1 officer, two of them in particular, complain
2 about their ability to do anything at all.
3 They've said -- I mean, one way I can bring it
4 up and keep hammer it, because I just watched
5 Performance 40 vehicles a month, 50 vehicles a
6 month, after they got the cease and desist,
7 after this, and then were just pounding these
8 guys, man. It was horrible. Now, I produce a
9 title and, et cetera, but I've remember
10 calling Montie, why can't y'all do anything
11 about this. These guys are a block away from
12 me and he was just as frustrated as I was as a
13 business owner and it's not just Performance.
14 It's just one that I'm familiar with. There
15 are a lot of them that spawned from those guys
16 in Ouachita Parish and they are like gypsies
17 just rolling through my town, you know. So
18 there definitely needs to be something to
19 speed that process up, I would think.

20 MR. POTEET:

21 Well, we're going to work on
22 that. We can come up with some more stuff.

23 The next policy and procedure --
24 I think we've already done number one there.
25 We've done a resolution adopting the budget.

1 Okay.

2 Discussion of salvage titles, do
3 you want to defer that?

4 MR. PARNELL:

5 Let's put that for the next
6 meeting.

7 MR. POTEET:

8 We'll defer that until the next
9 meeting.

10 Discussion of licensing and
11 archiving software.

12 MR. PARNELL:

13 Commissioners, some months ago,
14 I notified you that licensing software CAVU
15 that we're working with, they were bought out
16 by a larger North Carolina company called Iron
17 Data. Also, we upgraded the CAVU software to
18 a dot-net version, which we're operating on,
19 now. At that time, we were informed that with
20 the purchase and upgrade with Iron Data that
21 we would see great improvement in our
22 maintenance services, which includes our
23 communication with them, their online
24 processing, production, pretty much just
25 everything was supposed to be much more

1 efficient for us and we would be able to
2 operate a lot better than we have in the past.

3 I didn't want to make a move on
4 -- I know before, some of our Commissioners,
5 Commissioner Duplessis specifically, did
6 mention that he believed that CAVU was not the
7 way that we needed to go at that time, but I
8 did want to make sure before I made a move on
9 anything in looking at other software that we
10 potentially were not the reason. A lot of our
11 issues, I thought initially in the beginning,
12 had a lot to do with our training, because
13 there was a lot about CAVU that we didn't know
14 about and weren't doing.

15 With that said, during the
16 license period, you know, it became evident to
17 me that, you know, we've had a lot of training
18 with them. We've worked with them very close.
19 It's evident that we do need to look for other
20 licensing software and go to a different
21 direction for the future, something that's
22 much more better suited for us. We had many
23 delays that took place with our renewal
24 process this year. Initially starting out, we
25 got put about 20 days or so behind initially

1 because of CAVU not being able to provide us
2 with what we needed at that time to get
3 moving, get started with our online process.

4 Our communication has improved,
5 yes. But, I mean, communication is not
6 enough. I need product. I need it to move
7 and I need it to work immediately. When we
8 run into issues, we've had some things that
9 we've had issues with that we've been trying
10 to get fixed and operated since October and we
11 still haven't gotten that from them. So I
12 kind of want to let you guys know that I want
13 to start looking at other licensing software.
14 I kind of started the process talking to other
15 State agencies to find out who they are
16 licensed with, talking to some of these
17 licensing companies just to find out what we
18 can get for the money. We won't be making a
19 move any time soon. I'm looking kind of
20 around 2013 before we get away from CAVU. So
21 our next renewal period will still be with
22 them, because that process -- I do want to
23 pick something and research it well enough to
24 understand that this product could be
25 something we use for the next 15 or 20 years.

1 So I want to make sure it's meeting our needs
2 holistically.

3 We have talked with some other
4 agencies that ran into problems with CAVU,
5 trying to get away from them. They had the
6 cloud environment. One agency in particular,
7 they were talking -- many agencies that we
8 talked with that have CAVU, they're just as
9 unsatisfied as we are with the product. What
10 we did this past year when we bought the
11 servers, and it made it a lot easier for us to
12 obtain our data, they don't control that. We
13 have our data or another. So whenever we get
14 to the point where we need to do a data
15 conversation, we can pull our own data off of
16 our servers prior to notifying them that we
17 are moving from them. I did have Ms. Morris
18 kind of look through the CAVU contract to kind
19 of give us some better ideas as to exactly
20 what their contract is stating and how it
21 locks us in.

22 So, Sheri, can you kind of tell
23 the Commissioners a little bit more?

24 MS. MORRIS:

25 The contract, to my surprise,

1 says it can be terminated by the Commission at
2 any time. So we don't have a 30 notice, a 60
3 day notice, or anything like. The only
4 financial obligation we have to them is -- the
5 way -- and, actually, the contract was never
6 actually signed. It was presented to us and a
7 revised version was presented to you and was
8 not actually signed, but they did come in and
9 install the software and have been providing
10 services. We're supposed pay an annual fee of
11 \$1,500 and it says if you terminate during the
12 year, you don't get any rebate of that. They
13 haven't billed us the \$1,500 -- the \$15,000.
14 They haven't billed us for it. So we haven't
15 paid it, yet. So, at this point, we're not --
16 we haven't even paid it through June, because
17 we haven't received the invoice. So we're not
18 out any money from that side, but presumably
19 we'll owe them about \$15,000. The contract
20 says it's billable at the beginning of the
21 year, but maybe they're going to bill -- -

22 MR. POTEET:

23 The calendar year or our fiscal
24 year?

25 MS. MORRIS:

1 It was July first, the way the
2 contract runs. So I don't think there's a
3 whole lot of problem with getting out of the
4 contract.

5 MR. PARNELL:

6 So, I mean, we paid that same
7 amount last year. So we --

8 MR. POTEET:

9 Well, technically, we owe it to
10 them.

11 MR. PARNELL:

12 Yes. So we know that and we
13 will make that payment to them. The problem
14 we're having is just getting production out of
15 them.

16 Another situation that -- the
17 reason why I want to go to a different
18 solution is because we have to do our records
19 retention and we have to archive our files. I
20 want to have a software that I can kind of
21 integrate our archiving as well as our
22 licensing program, so we don't have to spend
23 time in our off season standing at our copier
24 just scanning everything, everything and try
25 uploading the files and storing our files

1 there. We have to get more efficient in what
2 we're doing. We have to move forward with the
3 technology, and we do have to have some
4 upgrades to do that.

5 So I'm starting that process
6 right now to let you know that I'm looking
7 into different licensing programs. I'm also
8 looking into different archiving software as
9 well. I've met with two companies already
10 just to get a proposal from them and what I'll
11 ultimately do once we kind of look at exactly
12 what we need, I'll have those companies come
13 in and make presentations to you
14 Commissioners, so you can kind of look at what
15 we're looking at doing for the future. But we
16 have to make some changes. Typically, what
17 we've have been doing in the past, we go
18 through our State Archive Board -- Commission,
19 I would say. They charge about \$5,000 per
20 year. The last time we did it, we did two
21 years at a time. So it was \$10,000 payment
22 that we made to them just to get -- what is it
23 called over there, the machine.

24 MR. POTEET:

25 Microfilm.

1 MR. PARNELL:

2 Microfilm, and that microfilm
3 machine, we can't even get any parts for it
4 anymore, it's so outdated. We still have it
5 and use it, but once it goes, it's gone. So
6 it's such a waste of time and money to really
7 try to invest into that machine when one of
8 the things that we're working on right now is
9 making sure that our State archives or
10 retention is -- we have a new version of what
11 we were trying to get approved before. I
12 think it was a five year retention schedule
13 that we had to follow. I think we tried to
14 cut some of it down to three years. So, right
15 now, we're working with State Archives just to
16 try to insure that our retention schedule is
17 set up prior to actually moving forward with
18 any of these things.

19 I just kind of -- do y'all --
20 does anyone have any ideas? I know
21 Commissioner Duplessis was very instrumental
22 in the beginning as it related to CAVU, but do
23 you have any ideas or any options that you may
24 think of?

25 MR. DUPLESSIS:

1 I wouldn't wait the year. I
2 would just, boom, as soon as possible, because
3 I think it would hinder your operation. I've
4 said that for a long time and I just don't
5 think they're a good software. They're not
6 cooperative. They have held you back in
7 trying to come online, trying to do renewals
8 online and I just -- you know, they're just a
9 big company that doesn't care about you. They
10 want to send you bills and they don't want to
11 send you service.

12 MR. POTEET:

13 I agree with Mr. Duplessis.

14 Do we have someone within the
15 State, is there an organization or an agency
16 or somebody that reviews software products or
17 are you on your own here?

18 MR. PARNELL:

19 We're kind of on our own.

20 MS. MORRIS:

21 For the data processing
22 equipment you would have to do a request for a
23 proposal, but they're doing some research,
24 because in order to even write a request for a
25 proposal, you have to --

1 MR. POTEET:

2 Know what you're asking for.

3 MS. MORRIS:

4 -- have an idea and really the
5 basis of what we have -- we know what we have
6 doesn't work, but to see what other options
7 are available. So you have to go through that
8 research process, and then you have to
9 interview those that are interested. You have
10 to advertise it and interview those that are
11 interested.

12 MR. PARNELL:

13 Ideally, I would like to be away
14 from CAVU, yes, before our next renewal period
15 starting in September, but realistically I
16 don't know if that can actually feasibly be
17 done with the process that we need to do as
18 relates to proposals and finding the right
19 software solution.

20 MR. DUPLESSIS:

21 Can you set up a parallel?
22 That's what -- another company I own, we set
23 up a parallel and we ran a backup.

24 MR. PARNELL:

25 Yes, we were talking about that.

1 MR. DUPLESSIS:

2 And the only good thing is my
3 people wanted off the previous software so
4 bad, they really invested time to get off it
5 and get on the new one and we still ran a set
6 of books with a couple of computers and left
7 them standing. I mean, it just went like a
8 piece of cake.

9 MR. POTEET:

10 Well, I think there are two
11 sides to this. You know, it's kind of the old
12 saying what's worse, the devil you know or the
13 devil you don't know. We kind of know what's
14 bad about CAVU and I think that it is a good
15 idea to try to get as much research done
16 before we move to the -- to another software.
17 On the other hand, it would be nice if we had
18 something that worked the next renewal period.
19 So Ron's point, the sooner we can get
20 something done.

21 MR. PARNELL:

22 I agree.

23 MR. POTEET:

24 So I would just say, you know,
25 do as much research as you can and if you feel

1 like pulling the trigger, talk to us and talk
2 to some of these other agencies to see what
3 they think.

4 MR. PARNELL:

5 The reason why I say I didn't
6 want to -- really want to rush into it for
7 September is because I know that September,
8 we're going to have less licenses to renew,
9 because half of our dealers -- well, Districts
10 4 and 5 are going to be on their two year
11 license already. So it'll be one, two and
12 three. And salesman licenses are really the
13 only ones that we're going to be licensing
14 next year. So that's why I really want to
15 make sure that the right thing is what we
16 pick.

17 MR. POTEET:

18 Again, I think you've got two
19 sides to look at. One is getting this thing
20 done and get on to the next process, but you
21 also don't want to jump into the middle of
22 something --

23 MR. PARNELL:

24 One thing I do know is that the
25 box programs that are out there are kind of

1 generic ones. I talked to one software
2 company. They can customize one, but the cost
3 of that is going to be exorbitant. But I'm
4 just trying to weigh those options to see if
5 there are some box programs that could
6 actually work with us, benefit us in what we
7 need, of our needs, and then maybe we wouldn't
8 need to go to a custom system, because the
9 cost is going to be a huge difference. In
10 just speaking with those companies themselves,
11 they've all said the same thing, their cost is
12 going to be a far greater cost with a custom
13 system but, of course, you know, there's a bad
14 side about that, because it hasn't been proven
15 either. With a custom system, it's going to
16 be all us, so whatever is not really there or
17 working properly.

18 MR. POTEET:

19 Well, I guess that kind of begs
20 the question, roughly, how much are you
21 talking, do you know?

22 MR. PARNELL:

23 What did they say?

24 MS. ANDERSON:

25 The one we that we looked at, a

1 custom, he wanted 15 just to develop a
2 blueprint, just to sit down and ask us -- we
3 come up with questions, we want it to do this
4 in licensing, we want it to do this in
5 accounting, we want this step, that step.

6 MR. POTEET:

7 He wants \$15,000 for an
8 estimate, basically.

9 MR. PARNELL:

10 Basically, yes.

11 MS. ANDERSON:

12 For the questions answered.

13 They take the questions, which is the
14 blueprint for them to develop a program.

15 MR. PARNELL:

16 Because they're going to bill us
17 hours just to sit and talk with us about it
18 and what I saw on their report is about \$95 an
19 hour.

20 MR. POTEET:

21 So you're probably talking about
22 maybe \$15,000 when it's done?

23 MR. PARNELL:

24 Hopefully.

25 MR. POTEET:

1 \$75,000?

2 MR. PARNELL:

3 Hopefully. I would love it to
4 be in the \$50,000 range.

5 MR. POTEET:

6 Well, I think that we've got a
7 -- I don't want to say we're between a rock
8 and a hard place here, but I think we just
9 spend as much time as we can and let's get to
10 the point that we can maybe discuss it. I
11 think we've been discussing this for three
12 years.

13 MR. DUPLESSIS:

14 It's three years.

15 MR. POTEET:

16 Three since I have been here.

17 MR. DUPLESSIS:

18 I'm here from day one.

19 Sheri, what's your experience --
20 I know you've had -- you and Roy have had some
21 experience with a company that really sounds
22 pretty promising and I don't know how pricey
23 they were or how many agencies --

24 MS. MORRIS:

25 It's difficult for a small

1 agency to afford a custom program. I know
2 some of the agencies I represent have a lot
3 more licensees. One of them, like the Nursing
4 Board, they have in-house IT and they just
5 pretty much designed their own program and
6 they worked some with contract people, but it
7 was a very large investment for them. The
8 Cosmetology Board is -- right now, their
9 system is outdated. They're looking for
10 licensing software, but the cost of
11 customizing it is very steep. They found one
12 company that is totally a cloud service and we
13 were uncomfortable with that, because the data
14 is not local and if you wanted to get off of
15 it, it was a huge cost. So it's hard for a
16 small agency to afford the customization. I'm
17 kind of surprised that there's not some open
18 ended licensing software that, you know, could
19 take applications, money, associate criteria
20 for the licenses and just kind of be set up,
21 but I don't know that anybody has found one
22 that's, you know, open that you could come in
23 and put your specs. Everybody -- there are a
24 lot of customized software that a lot of State
25 agencies have spent a lot of money on. I

1 think at one time we talked about the New
2 Motor Vehicle Commission, they have a
3 customized program and maybe seeing if that
4 programmer could work with us.

5 MR. PARNELL:

6 I kind of spoke with someone
7 there and looked at their program. I think
8 it's actually more antiquated than what I
9 would see us move to.

10 MR. POTEET:

11 That's good news.

12 MR. DUPLESSIS:

13 He can get a good deal on that
14 one.

15 MR. PARNELL:

16 I kind of sat with our IT person
17 and just kind of -- just talked about this and
18 what the process could be moving forward. He
19 did have a list of about seven or eight
20 licensing softwares that he knew of and he
21 kind of gave the names on some. We've kind of
22 started looking into those guys and just
23 seeing what they -- what kind of process do
24 they have, what could they do in relation to
25 what we need.

1 MS. MORRIS:

2 Sometimes you can contact the
3 other states that have the same licensing or
4 same license.

5 MR. PARNELL:

6 I have had some of those.

7 MS. MORRIS:

8 Sometimes, the other states'
9 model will work pretty good, and then you have
10 to customize it, but it's very hard. There's
11 no real easy way to do it.

12 MR. PARNELL:

13 But we're really buckling down
14 on this endeavor just to -- we have to do
15 something. I'm spending a lot of time on
16 trying to research and find out who is going
17 to give us the best product, so we can
18 actually move in the direction we want to and
19 not just be told we can do this and do this
20 and when it comes down to it, you know, we
21 can't.

22 MR. POTEET:

23 All right. The next thing is
24 discussion of the licensing renewal process.

25 MR. PARNELL:

1 This is something that has been
2 placed on the agenda, because of the current
3 process. We just kind of looked at -- this
4 was something that I know Chairman Poteet
5 wanted to kind of have on the agenda, because
6 we do get complaints. I think everyone
7 received the e-mail from a gentleman that sent
8 out a complaint stating that they had
9 submitted so long ago and we're not doing
10 anything in relation to getting him his
11 license. One thing we've always -- we've done
12 and, of course, there are a lot of things we
13 can do to improve, but all of the dealers who
14 submit their licenses -- their applications to
15 us before November 1, those licensees are
16 guaranteed to have theirs by January 1. For
17 everyone that comes in after that --
18 subsequent after that, they are going to just
19 -- they are going to be put in date order for
20 when we received it. The gentleman that
21 submitted that long e-mail speaking of how
22 negative we were, how bad we were doing,
23 basically he submitted his mid December and we
24 didn't get his bonding insurance until January
25 17th. But Commissioner -- I'm sorry, I mean,

1 Chairman Poteet and I were kind of just
2 discussing about maybe some communication
3 processes that we could kind of improve upon.
4 So I don't know.

5 MR. POTEET:

6 Yes. You know, I talked -- you
7 know, having an auction, a lot of dealers come
8 in and talk to me about what's going on and
9 there are a couple of things. One is, I know
10 that every auction seems to have a different
11 policy about how to handle these licensees.
12 Now, our -- the way we handle it, which I
13 think makes the most sense, is that if
14 somebody comes in and they don't have their
15 license -- well, first of all, we kind of --
16 you know, the first week, we kind of give them
17 a -- you know, don't worry too much about it.
18 If they are there, we're assuming that they're
19 trying to be in business and everything. But
20 after that, we go on to the website and it
21 says -- I think it says license in process --
22 renewal in process or something like that.

23 MS. BARON:

24 Active in renewal.

25 MR. POTEET:

1 Active in renewal, that's it.

2 If it says active in renewal, we let them go

3 ahead and do business, because that indicates

4 to me that it's only a procedure of getting

5 that license through the process. They've

6 already sent their money in. They've already

7 done pretty much everything they have to do.

8 But the other part of that is, I think that

9 the frustration I hear -- and this is what I'm

10 hearing. Now, you guys tell me if this is

11 true. The frustration is there's sort of a we

12 don't know what's going on kind of thing. And

13 I know that here in the office -- and I

14 understand, I'm hearing it from their side of

15 the table, so they may not be telling me the

16 whole story, hey, I haven't got my license.

17 Well, you know, you sent it in on December

18 29th. You're probably not going to have it,

19 yet. But maybe there needs to be a procedure

20 that says when we get your license, that if we

21 don't have -- if you've done something wrong,

22 you sent the wrong information or you didn't

23 send your bond or your insurance is not

24 updated, any of those things, that there will

25 be a form or something that gets e-mailed to

1 them immediately and we have something
2 in-house that would say -- and this is just a
3 suggestion. I'm not saying this is the way to
4 do it, but just some ideas, that within two
5 weeks, they would get something back that
6 says, you've submitted a license that's
7 incorrect for these reasons. And there can
8 only be so many reasons. I mean, it's not
9 like -- you know, it's pretty simple. Your
10 credit card doesn't work. You know, you
11 didn't send in your bond information,
12 whatever. And then, maybe there should be a
13 point in time where if somebody doesn't have
14 their license within four weeks of their
15 application or within four weeks of time that
16 their credit card has even hit, because that's
17 -- you know, that's what some of these guys
18 said, well, they took my money out. Okay.
19 Well, then that probably means everything is
20 okay. They're just trying to get through the
21 process. But just to appease that would be to
22 send something back to them saying that, you
23 know, once you've hit four weeks, if you don't
24 have your license within four weeks, then we
25 need to look at it and see what the problem

1 is.

2 And I don't know if four weeks
3 is the right time, or three weeks, but I think
4 what we're missing here -- and this is my
5 impression. My impression is that we're
6 missing a communication process with guys who
7 don't yet have their license, for whatever
8 reason, whether it's their fault or our fault
9 or, you know, it slipped through the cracks.
10 We're processing a lot of stuff in a very
11 short period of time. So there can be
12 mistakes made, but there are -- also, the
13 complaints that I hear is that we don't return
14 phone calls, we don't return e-mails. You
15 know, I haven't investigated that to see if
16 we're not returning phone calls or e-mails,
17 but my guess is, it's probably not quite as
18 bad as they're complaining. But if you had
19 some kind of process that says, this is how it
20 works, then that might make at least the
21 person who doesn't have his license yet a
22 little happier.

23 MR. PARNELL:

24 One thing we talked about, I
25 kind of mentioned to you all in the past, was

1 that in speaking with our IT person, I kind of
2 wanted him to kind of set up for us,
3 basically, an e-mail address for all our
4 licensees. I think that's -- that can help us
5 greatly. We get e-mail addresses now. Of
6 course, when we send out mass e-mails to
7 everyone, we get -- probably 50 percent of
8 them come back to us non-deliverable. I want
9 to set up that e-mail address primarily
10 because I want to get away from us sending out
11 paper documents to everybody. Once we set
12 that e-mail address up, they can pretty much
13 -- everything -- I wanted to really work with
14 our -- the statuses that we have in the
15 system, kind of in line with what you're
16 talking about. If we look at someone that we
17 have, whatever information is missing, I would
18 like it to automatically generate an e-mail
19 and send out to that person to let them know,
20 hey, this is what's going on with you. But I
21 just think that that will help a great deal,
22 communication, yes. They say that all of the
23 time, yes, we just haven't heard anything, and
24 a lot of it is because we haven't gotten to
25 them, yet.

1 But the calls -- what we've done
2 -- midday also could kind of contribute to it
3 as well. Midday from, I think 10:00 to 2:00,
4 we put the answering service on where it's
5 going directly to the voicemail, because
6 sitting up there just issuing licenses myself,
7 I see that phone call after phone call is
8 coming in and they never really get a chance
9 to get right back to the process itself,
10 because they're answering questions all day
11 pretty much about where is my license, you
12 know, and so that has become incredibly
13 cumbersome for the dealer techs.

14 But I think the e-mail address,
15 once it gets set up, it's going to be -- it's
16 going to allow somebody to actually get to
17 them and, basically, I want to set it up to
18 say -- we're going to send it out to them and
19 let them know that all documentation pretty
20 much coming from us will go to this e-mail
21 address. This e-mail address is where you're
22 going to be able to go in. You're going to be
23 able to log into our website and find out, you
24 know, everything that you need to know about
25 you license. A lot of people say that they

1 don't have computers or what-not, but at this
2 point, they're really going to have to do
3 that. For us to continue to still -- we're
4 still trying to -- I pushed the online process
5 this year a lot more than we have in the past,
6 but we still had quite a few still sending
7 hard copies to us, because I just didn't push
8 it as a total. But next year, I really want
9 to push it as a total, as a whole, the online
10 process, because I think if everyone sits down
11 and actually does it, they'll see that it's
12 much better and much faster and they can get
13 their information in to us faster and the
14 sooner we can move forward. But I am looking
15 into trying to get that e-mail address set up
16 with our IT person. We do have three servers
17 right now, and I can dedicate one of those
18 servers primarily to that.

19 MR. POTEET:

20 Are there any comments on any of
21 that?

22 MR. TURNER:

23 The biggest to me, I know the
24 first page in the packet when we send it out
25 says submit by November 1st. It's in bold

1 print. It needs to be like three inch letters
2 or something. People will call me, well, you
3 know, I don't know why I didn't get it. I
4 say, when did you send it in? The beginning
5 of December. Well, it was supposed to be in
6 by the beginning of November. That's why you
7 don't have it.

8 MR. PARNELL:

9 We got a lot of calls. People
10 will come in, I didn't get a renewal packet.
11 I didn't get a renewal packet. When we sent
12 out the information to them, a lot of those
13 people, they would tell us, well, I got the
14 information, but I threw it away. A lot of
15 them didn't even know about the two year
16 licenses, because they got the information and
17 they just threw it away and didn't read it.
18 So it's going to be a process.

19 MR. POTEET:

20 My opinion -- and this is just
21 my opinion. I don't think we're doing a bad
22 job, but I think we've got to keep in mind
23 that some of these guys, it's hard to get
24 through to them and it's hard to get things
25 right, and our goal is to get them all

1 licensed and get them licensed within a
2 certain period of time. Kevin -- I mean,
3 Kevin is the safety director of LIADA.

4 Have you heard much complaints?

5 MR. REMBRANT:

6 Oh, yes, yes.

7 MR. POTEET:

8 So that's what I'm saying. I
9 hear the complaints at the auction, but I
10 can't -- I don't have time to go there and
11 look at each person's thing and say, well, you
12 know, this is why you didn't do it or this is
13 why -- I'm just saying if we had something
14 that says, this is our procedures and
15 everything, then that would give the guy who
16 is complaining, I haven't heard from these
17 guys in six weeks --

18 MR. REMBRANT:

19 Explain to them it's what we've
20 come and they suggested here at the Commission
21 is please e-mail them, because if you call
22 them, they can only answer X amount of calls,
23 and every time you call them, you stop them
24 from doing what they're doing. So we
25 suggested that y'all request to e-mail them

1 and most of them did say when they e-mailed a
2 request and they didn't get a response,
3 they're not going to respond by phone, but if
4 they e-mail, they will get a response this is
5 missing. And I do know several people that
6 told me that they had something -- they said,
7 well, I didn't know there was something
8 missing. But other people did tell me when
9 there was something that they were missing,
10 their bond was missing, et cetera, that the
11 Commission did e-mail and say, this is what
12 we're missing. The e-mail system seems to be
13 working much better than the phone calls.
14 Some just don't know to e-mail and that's what
15 we've been kind of pushing them to do.

16 MS. BARON:

17 That's one of the first things
18 they do in the morning is when they come in,
19 they open their e-mail and see -- I mean,
20 they've had as many as 50, 75, 100 e-mails
21 when they come back on Monday morning and it
22 take them -- you know, it takes a good -- it
23 takes awhile to read -- you know, to respond
24 to all of those e-mails, but they do. They
25 work through them and they respond to them and

1 they print stuff off and they get -- you know,
2 they get as much of it done. They forward
3 some of them to me and I answer them. But the
4 phone calls, we've had to put the phone on
5 that voicemail, because in one day or one and
6 a half days, I guess, there were 160 calls
7 just from a 11:00 to 2:00. That's a lot of
8 phone calls.

9 MR. POTEET:

10 I think everyone understands
11 that the phone calls are just slowing the
12 process down.

13 MS. BARON:

14 And everybody that calls just
15 says, I need a status on my license, I need a
16 status on my license, I need a status. And a
17 lot of the people, I tell them, when did you
18 send it? Well, I sent it mid December, and
19 then you look it up and it was 28th of
20 December, you know. I say, well, it's going
21 to be a couple of weeks. They call back in a
22 couple of weeks, you know, where's my license
23 and I say, well, that was an estimate, this is
24 -- you know, we've gotten to it. We sent you
25 the send back letter. This is what you need.

1 You haven't sent it back, you know, and until
2 they get those requirements and stuff to us,
3 but it's a process.

4 And some people -- we start
5 getting bonds and insurance like a month
6 before the renewals even go out, because some
7 of the people that are in the business know
8 this is what they need. They go to their
9 insurance company and they get it from the
10 insurance company and send it to us. So by
11 the time we get to it and we pull that stuff,
12 it's ready to issue and we issue it and it's
13 gone. But then we have these people that
14 don't have computers or they don't have this
15 or they don't have that and they don't
16 understand and -- and they threw our packet
17 away and didn't send it in. You know, they
18 didn't even read it. They'll tell you, oh, I
19 didn't read that, I just threw it away from
20 y'all. Well, this is why you don't know the
21 process.

22 Yes, there are some people that
23 have sent their stuff in and they are -- we
24 are still waiting. You know, they sent it on
25 November 1st or before that, but we're still

1 waiting on them to send us the requirements
2 and they just haven't. And I have had people
3 call and say, you know, I sent it to you. It
4 gets lost in the mail. E-mail it. Fax it.
5 And I try to, you know, express to everybody,
6 if you e-mail it, that's our choice. That's
7 our preferred way of getting things for you.
8 If you can't, just fax it to us, and then
9 call, you know, leave us a message, I faxed
10 you so and so, did you get it? You know, and
11 that way, we'll know to look for it, you know,
12 and if it's not here, then we can them back
13 and say, well, we didn't get it. But, you
14 know, yes --

15 MR. POTEET:

16 I think we've made huge progress
17 over the last couple of years, and I think
18 each time we go through this -- obviously,
19 next time we do it, we're going to have
20 approximately half as many to do, because
21 we've gone to the two year licensing, but if
22 we can do a few more things to get it
23 regulated, I guess is the way to say it, so
24 people understand what they have to do, and
25 then that's probably -- what is that, the

1 80/20 rule?

2 MR. DUPLESSIS:

3 Let me ask one question. Kevin,
4 are y'all going to have a convention this
5 year?

6 MR. REMBRANT:

7 Yes, sir.

8 MR. DUPLESSIS:

9 When?

10 MR. REMBRANT:

11 It's going to be in the
12 beginning of August, August 2nd through 5th in
13 New Orleans.

14 MR. PARNELL:

15 Well, Derek, why don't you
16 appear?

17 MR. REMBRANT:

18 We'll have information on it
19 shortly.

20 MR. DUPLESSIS:

21 Okay. I mean, you actually have
22 a businessmen there. Why don't you just have
23 Derek appear at the convention with the
24 renewal concept, maybe with Kim, and y'all get
25 some ideas and some feedback and spread -- how

1 many dealers come to that?

2 MR. REMBRANT:

3 You've got one hundred.

4 MR. POTEET:

5 It's not a huge number, but it's

6 -- and they go back and talk to their --

7 MR. REMBRANT:

8 They bring information out.

9 MR. DUPLESSIS:

10 What do you have, 1,800 dealers,

11 right now?

12 MR. POTEET:

13 In the LIADA --

14 MR. REMBRANT:

15 In the used car dealers license;

16 is that what --

17 MR. POTEET:

18 No, in LIADA.

19 MR. REMBRANT:

20 In LIADA, probably 800 dealers.

21 MR. DUPLESSIS:

22 Eight hundred. How many

23 licensees do you have?

24 MS. BARON:

25 About three.

1 MR. DUPLESSIS:

2 Three thousand?

3 MS. BARON:

4 Yes.

5 MR. DUPLESSIS:

6 Word can filter out and you
7 might want to send something out to the
8 auctions, because the two things they do is
9 they interact with other dealers and they
10 interact with the auctions. So you might want
11 to post something at the auctions as well.

12 MR. REMBRANT:

13 Well, we have a website that we
14 have it posted on. I had suggested also -- we
15 were talking -- Derek and I were talking last
16 week at the meeting down at the Insurance
17 Commission, and if we can even -- I don't know
18 what date we send the new license information
19 out, maybe that could be speeded up and gotten
20 out earlier, so we can -- the window isn't as
21 big -- I mean, as tight. If -- and I don't
22 know if there's a reason that we only do it
23 for a certain amount. Maybe that information
24 could get out in August instead of waiting
25 until September. I don't -- and that could --

1 that will open up the window a little further
2 of more people getting ahead of schedule.
3 We'll be happy to get all of the information
4 out that we can. If that is information
5 that's ready at the convention, we can get it
6 out there at the convention if it's ready that
7 early. That may be too early, but at least we
8 could get the ball rolling on the timeframe.

9 MR. DUPLESSIS:

10 You could prep them. Would you
11 be willing to share your e-mail base with us?

12 MR. REMBRANT:

13 Sure.

14 MR. DUPLESSIS:

15 That might pick you up a good
16 number of e-mails.

17 MR. REMBRANT:

18 We are working on that as well.
19 The e-mail sure seems to work a lot better.
20 Anybody that complains with us, we told them
21 to e-mail. We call them back a week later and
22 say, did you get the information you need, and
23 they got it back. So it is the most efficient
24 way to go off line trying to get stuff across.

25 MR. POTEET:

1 That's a good suggestion, Ron,
2 because the LIADA, out of the 3,000 dealers we
3 have, those guys are a little more attuned to
4 what's going on, the 800 members. So that's
5 good.

6 Anything else on that?

7 (No response.)

8 MR. POTEET:

9 We've got the review of
10 complaint totals. Do you want to do that real
11 quick?

12 MR. PARNELL:

13 Okay. If you turn to your
14 packets to the alleged issue counts. For the
15 month of December 2011, there were 71 alleged
16 issues. The highest alleged issues were
17 refund requests with 18. Non-delivery of
18 titles were 14. A lot of those like -- as I
19 typically say that they're kind of
20 interrelated. One side of that issue is dealt
21 with. The other side typically goes away.
22 The next document is a case report. There
23 were 55 assigned cases in December. Nineteen
24 cases were closed leaving approximately 36
25 open in December. The last document just

1 shows that there are 18 total cases open.

2 One thing I'm looking at doing
3 is -- in that District 3, we haven't had a
4 field investigator in that area. We've been
5 pulling Ronnie from the District 2 area and
6 sometimes Stacy from the New Orleans area,
7 they kind of do some work in that area. So
8 I'm looking at -- we did budget last year to
9 hire an additional field person to be in that
10 area. So I'm trying to look at that right
11 now. We're going to talk to Civil Service and
12 find out the requirements that we need --
13 well, that person to ask, so I can actually
14 start moving in that direction.

15 MR. POTEET:

16 Any other discussion on that?

17 (No response.)

18 MR. POTEET:

19 I guess we'll take about a five
20 minute break and get into the Legislative
21 Committee meeting, which is pretty much the
22 last thing, but I think it's going to take us
23 a few minutes.

24 (Recess taken.)

25 MR. POTEET:

1 The next item on the agenda is
2 the Legislative Committee. We had a meeting
3 on Thursday -- was it Thursday?

4 MS. BARON:
5 Wednesday.

6 MR. POTEET:
7 Yes, it was last week.

8 MS. BARON:
9 The 25th.

10 MR. POTEET:
11 And Mr. Duplessis is the head of
12 our Legislative Committee and I'm going to
13 turn it over to him at this time.

14 MR. DUPLESSIS:
15 Thank you, John.
16 It was actually a pretty good
17 meeting and everybody behaved. It was
18 constructive and I thought it was great. I
19 think the main thing that we were there on was
20 House Resolution 115 about the contingent
21 liability coverage for rent-to-own dealers.
22 And I'm going to ask Mr. Ed O'Brien, Deputy
23 Commissioner of the Insurance Commission, to
24 really kind of lead us off here for the
25 scientific aspect of it.

1 MR. O'BRIEN:

2 The scientific aspect of it, the
3 insurance aspect.

4 MR. POTEET:

5 By the way, we appreciate you
6 coming over.

7 MR. O'BRIEN:

8 No problem.

9 MR. DUPLESSIS:

10 Thank you very much.

11 MR. POTEET:

12 You've been sitting through two
13 hours of meeting before we got to you.

14 MR. O'BRIEN:

15 And I concur with Mr. Duplessis.

16 The meeting Wednesday was -- for me, was
17 particularly informative. There are some
18 issues. I think all of us probably got
19 involved in this process via some legislation
20 last year that certainly I wasn't aware of and
21 I would assume that you probably weren't real
22 aware of it either until it actually hit the
23 floor and was discussed in the Insurance
24 Committee. And the resolution asks about
25 availability. Then, it goes on to state

1 further from the insurance standpoint might
2 there be a bigger market if non-admitted
3 companies were there.

4 Additionally, it asked for a
5 legal opinion on contingent liability and
6 vicarious liability. I'm not going to talk
7 about that. That's up to the lawyers, and the
8 lawyer who is going to work on this for the
9 Department of Insurance was at that meeting
10 yesterday -- or Wednesday, and he came away
11 with a lot of information. He's a great
12 researcher. So he's looking at other states
13 and how the federal law interacts with what
14 we're doing in Louisiana.

15 SEADRA was there and they
16 behaved themselves. They were respectful.
17 There are a couple of things that I want to
18 touch on for you and I'm looking -- I have in
19 front of me 32:793, your statute regarding
20 renting with the option to purchase program.
21 Clearly, it says that the liability should be
22 100/300, \$100,000 per occurrence, \$300,000 per
23 -- in the aggregate and \$50,000 property
24 damage. It also says that the company must --
25 or that if available, the insurance has to be

1 purchased through a company admitted to the
2 market in Louisiana. Non-admitted companies
3 are called surplus line companies and probably
4 the most notable one is Lloyds of London.

5 I will tell you, during the
6 meeting, they mentioned another non-admitted
7 company, and I was glad to hear that you
8 mentioned the name of a car dealer who
9 probably doesn't operate above board. Well,
10 that particular company -- and I can't
11 remember who it is, my ears perked up, because
12 that company, we have had with the Department
13 some trouble with them years ago.

14 So I'm going to start working on
15 my response to this with Derek. He and I are
16 going to get together. I hope to have my
17 draft version done by Mardi Gras. That's my
18 goal. And Derek and I are going to talk a
19 little bit after the meeting today or later
20 this week about what I'm going to say.

21 One of the issues is, my
22 understanding is there are 88 -- probably more
23 than that now, 88 rent-to-own dealers. So you
24 don't have a big market to attract a lot of
25 insurance companies. So to open it up to

1 non-admitted companies doesn't necessarily
2 mean they're going to start running in here to
3 write business, especially with 88. Even if
4 you had 100, that's not a big sample or a big
5 market for that, for that particular type of
6 company.

7 The two companies that you do --
8 that do write this program are good companies.
9 They are A rated, A.M. Best A rated, and
10 they're admitted and they're fine companies.
11 I think the argument or some of the concern
12 from the Legislature was the cost to join
13 that, and I think that that probably gets
14 right to the heart of the matter, the cost to
15 join them.

16 And I will tell you on the
17 record, as business people, probably your
18 second biggest cost other than salaries is
19 insurance in your business. I don't think
20 anybody wants to challenge that. They can.
21 That's just kind of the way it is. It's not
22 cheap. SEADRA does -- SEADRA and the other
23 company do provide a benefit, in my opinion,
24 to someone who would want to get into the
25 business, because they offer them an

1 opportunity to get into the business, and then
2 they teach them the business and things like
3 that. Someone entering any business, any type
4 of business whatsoever, if you have no
5 experience, you're going to pay more for
6 insurance than someone who has been doing it
7 to for five years or 10 years that has
8 experiences they can show to an insurance
9 company. I have been doing it. Here are my
10 results. Here are my losses, boom, boom,
11 boom. Somebody new doesn't have that
12 background. So it's a little more difficult
13 for them to buy insurance. And that is not
14 just car dealers or automobile dealers.
15 That's true of carpentry and masonry or
16 jewelry stores or anything.

17 One of the questions you asked
18 is, is insurance available to a dealer where
19 the dealer is required to be a member of an
20 organization and pay substantial fees in order
21 to obtain that coverage? Yes. I can provide
22 you examples of companies that require you be
23 a member of an association. The biggest one,
24 you'll see them advertise, is personal
25 insurances, USAA. That is for military

1 people. If you are non-military, you can't
2 buy insurance from them, or your father.

3 There are affinity groups that
4 write business in this state and to be a
5 member of the affinity group, you have to be,
6 for example, maybe a Maytag dealership. You
7 have to have an association with that and I
8 know, Mr. Duplessis, you may be familiar with
9 that, but I --

10 MR. DUPLESSIS:

11 Certainly.

12 MR. O'BRIEN:

13 -- think General Motors, you
14 have to be a General Motors dealer to buy --
15 years ago, to buy a certain type of coverage
16 from them. That's not uncommon and that isn't
17 necessarily a bad practice. I'll say that,
18 because a lot of those infinity groups have
19 minimum loss control requirements. So you
20 can't just be -- I'm not going to pick on
21 General Motors. Pharmacists and jewelers both
22 have insurance companies. There's a
23 pharmacist mutual insurance company. You have
24 to be a licensed pharmacist to be a member
25 there, but to get insurance from them, not

1 only do you have to be a pharmacist, but you
2 have to be a pharmacist in good standing, and
3 probably not had a lot of malpractice claims.
4 Jewelers insurance companies are real, real
5 particular on who they insure when it comes to
6 loss control, particularly theft. So you have
7 to have certain vaults and all of that,
8 extraneous things. So the fact that you have
9 to be a member of something to buy insurance
10 is not -- does not violate any statute in the
11 State of Louisiana, from my standpoint.

12 Again, I think that availability
13 are two enough. I would sure like to see
14 more. I think we would. The fact -- I think
15 the fact and the thing that I'm kind of
16 arguing -- or arguing with myself and the
17 attorney who is going to write this, is it
18 available if you have to be a member of an
19 organization? And that's the thing that I've
20 got to broach in my mind and how to prevent
21 that in this particular paper. And that's
22 kind of where we are, now. I've learned a
23 lot, probably more than I ever thought in my
24 life about rent-to-own auto insurance, and it
25 is interesting.

1 In the meeting last Wednesday, I
2 learned more and I think I'm better prepared
3 now to make a pretty good statement to the
4 Department of Insurance. This is your bill.
5 This is your baileywick. I'm not going to
6 tell you what to do. I don't want to tell you
7 what to do. You know more about the car
8 business than I do. I'll tell you that right
9 now. I know about insurance, but I don't know
10 -- and I know how to insure things, but I
11 don't know the day-to-day operation of your
12 business. And the more I'm exposed to it
13 today, it's a lot more complicated than I ever
14 thought. I thought I just had to go buy a
15 car, write a check and drive it away, or write
16 checks for three years or whatever.

17 A couple of things, if you do
18 consider amending 793, I would recommend that
19 you would put in an A.M. Best requirement --
20 rating requirement and the company, either
21 admitted or non-admitted, have a minimum
22 requirement of A from A.M. Best, which is
23 exceptional, and that has to do with financial
24 size and that has to do with their ability to
25 pay claims. And that would be for admitted or

1 non-admitted if you decide to do something
2 with the Legislature this year. I think that
3 would clear a lot of things. And, like I
4 said, this is going to be up to you.

5 I don't see in Resolution 115
6 that they're asking you to come to the
7 Legislature this session with any legislation.
8 I don't think that's a requirement. They just
9 want information. So -- and, by the way, the
10 person who authored this, Representative
11 Cortez, is now a Senator. So I don't know. I
12 haven't spoken with him and I really don't
13 want to, because -- I mean, I may want to and
14 I could. I don't know where he is on this
15 issue right now. And there was a person in
16 Lafayette, I think one of his constituents,
17 who brought this whole thing up. And the
18 testimony I heard Wednesday was pretty
19 informative to me for the fact the people who
20 were complaining about the price and having to
21 be a member of these organizations are the
22 people -- the dealers who have been in the
23 business for a number of years. And if you've
24 been at it for a number of years, you probably
25 pretty much know that business and know how to

1 operate it profitably and avoid some of the
2 problems you may have in the rent-to-own.

3 You know, I'm here to answer any
4 questions that you may have on this. Most of
5 our statute regarding liability for non-auto
6 insurance refers to the minimum limits of 15,
7 30, 25. That's not a lot of insurance today.
8 I don't know that that would even pay an
9 ambulance bill or a hospital emergency room.
10 I'm not saying take that facetiously. You
11 know, medical costs are just high. 100/300,
12 really anymore isn't that high. I would guess
13 most of you gentlemen, if you have a
14 dealership, probably have one that has at
15 least a million dollars or half a million, I
16 don't know, or it's none of my business, but
17 you understand some of the pitfalls with that.
18 So, you know, what you do is up to you. I
19 don't know that Commissioner Donelon really,
20 as he would say, has a dog in this hunt. So
21 we just kind of got in this on an interesting
22 discussion at the Legislature and SEADRA is a
23 well organized operation.

24 Is that a fair statement, Derek?

25 MR. PARNELL:

1 Well, yes, for what they're
2 doing.

3 MR. O'BRIEN:

4 For what they're doing, yes.

5 MR. PARNELL:

6 I have a question for you.

7 MR. O'BRIEN:

8 Sure.

9 MR. PARNELL:

10 Is an admitted carrier with an
11 A.M. Best rating of A a better company or a
12 more sound company than a non-admitted carrier
13 with maybe an A.M. Best rating of A plus?
14 What's the difference?

15 MR. O'BRIEN:

16 No, A, A plus -- the highest
17 rating is A plus plus. Okay. The lowest
18 rating is C. Actually, they have a D rating,
19 but when they're in a D rating, they're in
20 court and they're out of business. Okay. So
21 C is the lower one.

22 When a company gets to a B, our
23 financial people get real interested in
24 watching them. It has nothing to do more or
25 less not with the quality of the company, but

1 their ability to pay claims. It's all
2 strictly financial. If -- for instance, have
3 any of you heard of Scottsdale Insurance
4 Company? You probably haven't. They're a
5 non-admitted surplus lines carrier and they do
6 business in Louisiana and they're pretty --
7 they're a reputable non-admitted company.
8 They're owned by Nationwide. Nationwide is an
9 A plus or A plus plus carrier on the admitted
10 side. Nationwide doesn't do business in
11 Louisiana on the admitted basis, they do
12 non-admitted.

13 Lexington Insurance is owned by
14 Charter, which is the old AIG, and they have a
15 good financial rating on their financial
16 rating. Lloyds of London is not really an
17 insurance company, but the syndicates of
18 Lloyds have an A plus rating. So it really
19 doesn't do anything more than determine their
20 ability to pay a claim should it happen and
21 that's really basically what we regulate, the
22 companies have the financial ability to pay
23 claims and they honor their contracts.

24 The difference between
25 non-admitted companies and admitted, if you

1 are an admitted company, you have to file your
2 rates and your forms with the Department of
3 Insurance and we have to approve that.

4 Non-admitted companies don't. So if you're
5 insured with a company, a Lloyds of London
6 type company, or Lexington or whatever, they
7 can change their -- you know, they can write a
8 form that's different than Great American,
9 maybe broader, maybe not quite as broad, but
10 we don't see those forms. So, you know, there
11 is a potential there for some abuse. However,
12 most courts have held that it's an insured's
13 responsibility to read their insurance
14 contract.

15 So, from that, I can't comment
16 on what's better, what's worse. When I owned
17 my home in Jefferson Parish, I just sold it in
18 November, I was insured with a non-admitted
19 company. And I can give you 1,500 reasons why
20 I was, you know, and they were A plus rated.
21 They're a good company. Now, if they went
22 under, I wouldn't have the protection of the
23 Guaranty Fund.

24 MR. POTEET:

25 So can I ask a question about

1 that?

2 MR. O'BRIEN:

3 Sure.

4 MR. POTEET:

5 I mean, it's -- I think most
6 people, when they get into this argument or
7 this discussion about admitted versus
8 non-admitted, it comes down to a simple one is
9 good and one is not so good, or one is better
10 than the other. But as I understand it,
11 that's really what they should be looking at
12 is the A.M. Best rating --

13 MR. O'BRIEN:

14 Correct, their financial ability
15 to --

16 MR. POTEET:

17 -- to determine if they are a
18 good insurance company.

19 MR. O'BRIEN:

20 Right, and read the contract. A
21 surplus lines insurance company may issue a
22 policy -- a million dollar policy with no duty
23 to defend in their general liability. We
24 won't allow that in an admitted company.

25 There are two exceptions,

1 lawyers professional liability and insurance
2 agents professional liability. Those two
3 people should know what they're buying. But
4 there are products available with advanced
5 costs in the -- within the insurance, they
6 have the option of buying it without defense
7 cost. From the testimony we heard Wednesday,
8 it appears that, though, most of the losses or
9 most of the claims dollars that these
10 companies paid were defense costs, not
11 necessarily indemnity payments, which is not
12 unusual for any general liability type policy.
13 So there are some differences, but to say one
14 is better than the other without reading them
15 side by side and comparing, no.

16 After Hurricane Katrina, the
17 Lloyds market -- if there was no Lloyds
18 market, nothing would have been built back in
19 New Orleans or Jefferson Parish, because the
20 admitted market pretty much abandoned it. And
21 two years after Katrina, I had some insurance
22 agent friends tell me not only was -- the
23 admitted market was coming back, but the
24 non-admitted market provided broader coverage.
25 So they can be competitive.

1 Generally, surplus lines are for
2 hard to place risks, offshore. Louisiana is
3 the fifth largest state for non-admitted risk.
4 Does that means we're bad drivers or bad
5 people? No. If you look at the timber
6 industry, which is extra hazardous, oil and
7 gas is extra hazardous, offshore, shipping,
8 all of that lends itself to a surplus lines
9 type business. So I can't say if they're bad.

10 However, if you have a rated
11 company with a B rating from A.M. Best and a
12 non-admitted company with a B rating from A.M.
13 Best, neither one of them are particularly
14 good. So that's why if you do go forward with
15 the legislation -- and I'm not here to
16 convince you one way or the other, you know, I
17 would consider putting in an A.M. Best
18 requirement that the company be stable, and I
19 think that will protect the rent-to-own
20 dealers and, ultimately, the consumers should
21 they need that coverage. So it's a real hard
22 -- you know, to say that Dealer A is better
23 than Dealer B, well, you know, I can't make
24 that determination. I would guess that you
25 all probably can't either. You know the bad

1 guys and we do, too. We know the bad guys,
2 too.

3 MR. POTEET:

4 I think that's important
5 information. I think that that -- you know,
6 if we're going to do something going forward,
7 if our -- again, looking back at what our
8 mission is, it's important to make sure that
9 the -- I mean, an A.M. Best rating is a much
10 -- much more important than admitted versus
11 non-admitted. That's what I'm getting out of
12 this conversation.

13 MR. O'BRIEN:

14 I think you're right on that.
15 And, you know, the fact that you would open
16 this up to non-admitted -- and I'm not
17 encouraging you to do it one way or the other,
18 to open it to non-admitted, make sure you have
19 that A rating in there. It doesn't
20 necessarily mean that you open up a market to
21 a non-admitted company with 88 people that
22 they're going to come rushing in here to
23 compete for those 88 pieces of business. So
24 you may open it up and Lloyds of London may
25 write one policy, they may write none.

1 Scottsdale may not write any.

2 Lexington -- they all have
3 niches that they go after and I don't know on
4 a country-wide basis if rent-to-own is -- I
5 don't know what their marketing is in other
6 states and how they do it. But those are just
7 some things to consider if you do anything.
8 I'm sure -- I've had the pleasure to go to
9 several of your meetings and I think you'll do
10 the right thing.

11 MR. DUPLESSIS:

12 Okay.

13 MR. POTEET:

14 Do we have anything else for --

15 MR. PARNELL:

16 I don't have anything.

17 MR. O'BRIEN:

18 Good, good. Well, any time, I
19 can be here. You know, I'm just around the
20 corner.

21 MR. POTEET:

22 You've been extremely helpful
23 and very patient with us --

24 MR. O'BRIEN:

25 Sure, sure.

1 MR. POTEET:

2 -- and this is one of the things
3 that it would be nice if it was just a black
4 and white issue, but obviously it's not. A
5 lot of different people have a lot of
6 different opinions about this.

7 MR. O'BRIEN:

8 And a lot of people have very
9 strong opinions about this.

10 MR. POTEET:

11 Yes, that's true.

12 MR. O'BRIEN:

13 But that isn't all bad either.
14 But I think from your business, generally good
15 competition is good for business.

16 MR. POTEET:

17 Right.

18 MR. O'BRIEN:

19 Certainly, from the insurance
20 industry, and I've been involved in it for 35
21 years, competition helps keep prices down. So
22 the more product you have available to shop,
23 the better you may be at negotiating a better
24 price when your policy comes up for renewal.
25 You all know that. You deal with it every

1 year.

2 MR. DUPLESSIS:

3 Okay. Ed, would you stay for a
4 few minutes, because --

5 MR. O'BRIEN:

6 Sure.

7 MR. DUPLESSIS:

8 -- there are going to be some
9 things that are way over my head.

10 MR. O'BRIEN:

11 Sure.

12 MR. DUPLESSIS:

13 I'm going to ask the lawyers to
14 -- and John to jump in here when I go astray
15 on you. First of all, I think that's the
16 scope of our work here with House Resolution
17 115, and it's a Study Committee report. I
18 think that we're going to have a position and
19 the Insurance Commission is going to have a
20 position, and we would probably like ours to
21 be as consistent and germane in our reporting
22 as possible, the things we can agree on and
23 maybe some things that we can't, but at this
24 point, I think we're pretty -- I think we have
25 some opinions. You know, first of all, some

1 interesting things came out at the meeting
2 that SEADRA showed and they were very polite
3 and not heavy handed with time, and I asked
4 them to submit a position statement.

5 Have they done that?

6 MR. PARNELL:

7 Not yet, no. I think he was
8 going to get it to me this week at some point,
9 but not as of today, no. He mentioned that he
10 wouldn't be able to have it today.

11 MR. DUPLESSIS:

12 I understand that. So we're
13 going to move with our report to the
14 Commission.

15 And, Sheri, what's our time
16 deadline on this, can you give us a quick
17 idea? I think we have to have it before the
18 session starts, which is what, the 3rd or 4th
19 of March; is that correct?

20 MS. BARON:

21 The 12th -- March 12th.

22 MR. DUPLESSIS:

23 March 12th.

24 So we have some time, but we
25 don't have all the time in the world. We've

1 got to bring it to conclusion probably at the
2 end of the next Commission meeting is kind of
3 my thought. The first thing that I noticed,
4 and we asked SEADRA to talk about what they
5 did, and SEADRA is not an insurer. SEADRA is
6 a broker agent that is representing insurance.
7 And what we found is -- you know, there's a
8 membership, which is not very costly, and I
9 don't think that -- my opinion is 20, 50, 100
10 dollars if you are in the rent-to-own
11 business. That doesn't -- that's not a fee so
12 onerous that it precludes you from membership.

13 But what we did find, the actual
14 insurance was not very high. I mean, it was
15 \$1,500, \$3,000, depending on your volume,
16 whatever it was, but at \$20 a car, sometimes,
17 you know, what, 2,000 cars, \$400,000, well
18 that becomes onerous and that precludes you
19 from making that payment. But what you got
20 from that for that was you got a monitoring
21 system, and you had a lot of educational
22 dollars wrapped around it that made you a good
23 rent-to-own dealer.

24 Then, we had one dealer that
25 stood up and said, I'm grandfathered in and I

1 got SEADRA insurance through, what, Great
2 American.

3 MR. HALLACK:

4 No, it wasn't SEADRA insurance.

5 It was --

6 MS. BARON:

7 Rent-T-Own.

8 MR. DUPLESSIS:

9 Rent-T-Own, who is --

10 MR. HALLACK:

11 GMI.

12 MR. DUPLESSIS:

13 He's got, I don't know, how many
14 cars has Keith Kiraly have out there, almost
15 1,000?

16 MS. BARON:

17 Yes.

18 MR. DUPLESSIS:

19 Several thousand, and I think
20 his whole insurance fee was maybe \$1,500 a
21 year. And then there's another gentleman
22 that's paying \$400,000. Now, 30, 35, you
23 know, we don't have a million. But when it's
24 \$1,500 and \$400,000, we have an official
25 committee meeting and I have to say, that

1 difference is just enormous. And with that I
2 found -- you know, it was my conclusion, and
3 you just do the math, the guy has been in
4 business for a number of years, he knows how
5 to do the business. So for him to be
6 mandatorily charged for that educational
7 process I think is cumbersome and probably is
8 something that we should look at.

9 So kind of my recommendation,
10 this is potentially a litigious, ugly, tough
11 business unless you've really got a well oiled
12 machine. It was kind of my thought process
13 that the Used Car Commission should have a
14 test and we should have a seminar for our
15 potential rent-to-own owners and make sure
16 that they're up to date on the compliance
17 issues, that they've got a good understanding.
18 And I think the first thing that the used --
19 rent-to-own dealers agree on is, number one,
20 we're a good dealer, you've been doing it, we
21 know how to do it. We've had bad dealers.
22 You're going to have bad dealers in every
23 profession, but it doesn't matter what the
24 fees are, there are just going to be bad
25 dealers.

1 And I think we saw evidence of
2 that today. So I think that is something
3 that, in this particular case, is so
4 complicated in having such a quick
5 repossession process that we might want to
6 consider as a Commission of having a test and
7 seminar and being able to actually have a
8 licensing test for rent-to-own, which if
9 you're going to be in this business and you
10 can't pass the test, in my opinion, you ought
11 not to be in the business. So I think that
12 would cure one thing.

13 The other thing that we found
14 with SEADRA was that they had quick reporting
15 and they had the insurance companies reporting
16 to them, and then they notified the dealer.
17 Well, that probably can happen in today's
18 world with a proper lien instrument on a
19 vehicle, that the dealer can be named on the
20 lien to the insurance company and get instant
21 notification. The other thing -- the other
22 technique that's out there, and you're going
23 to have to get me an update on this, Derek,
24 when we met with Nick Gautreaux, the
25 Department of Motor Vehicles had a vehicle --

1 they had a system for notifying dealers now if
2 insurance is dropped immediately. And, to me,
3 if they can provide that service for 50, 100
4 bucks a month, that's what this is all about
5 is making sure that the vehicle is insured.
6 And there was another concept, and you're
7 going to have to help me, legal staff, there
8 was an act out there, what is it?

9 MR. HALLACK:

10 Graves amendment.

11 MS. MORRIS:

12 The Graves amendment, which
13 actually may find that these dealers -- in
14 this State, we do not have a contingent
15 liability or vicarious liability concept
16 that's really true and penetrates the veil to
17 the actual dealer. Now, we're going to do
18 some research about that. So I'm not going to
19 say that this insurance is not valid, and
20 we're going to recommend insurance until that
21 concept is proved to be valid. But it's
22 hanging out there as to whether it is a real
23 concept.

24 SEADRA also said that they spent
25 more time defending -- being a named defendant

1 than they did actually working lawsuits, that
2 just being named in a suit, they had to make a
3 court appearance and that was running up some
4 bills. But they wouldn't produce any
5 statistical data on claims, and we asked them
6 to do that. I was under the assumption that
7 there were not very many and they were few and
8 far between. Do I know that? Absolutely,
9 not. Did they submit statistical data? They
10 haven't. So I think that helps kind of what
11 -- you know, our position on it.

12 In my opinion, I think the
13 markets should be open. We've had a number of
14 dealers move to lease-to-own, which is a New
15 Car Commission item. That's one of their
16 licensees, but it's lease-to-own. It doesn't
17 say used or new. The lease-to-own is pretty
18 sticky and I think these guys are very -- they
19 put themselves in harm's way by going to
20 leasing, because that creates a whole
21 different set of tentacles for the dealer and
22 the lessee. But it does -- they've done it to
23 avoid the high insurance costs.

24 And we -- if we can't come to a
25 conclusion, we may ask the New Motor Vehicle

1 Commission if we can license the lease-to-own
2 as well. And I won't start an argument on
3 that today, but that's something that we can
4 consider down the road, because they're
5 jumping out of our agency to another agency
6 and I'm not sure that the New Car Commission
7 wants to deal with them or they won't any
8 more, but, you know, they're claiming they
9 want to get rid of stuff until it comes time
10 to get it, and then they want to own it again.
11 So we've seen all of that.

12 And, basically, I think we need
13 to probably have a committee meeting before
14 our next meeting to draw these things to
15 conclusion with Mr. O'Brien, the Department of
16 Insurance, so we can get a clear defined
17 response to 115. That concludes my side.

18 MR. POTEET:

19 Well, I think that's -- you
20 summed it up pretty well, Ron. You know, to
21 me, that -- the issue, we've been hearing
22 about this for a while. The issue really is
23 -- it's sort of a restrictive type -- an
24 arrangement and all of the discussions I've
25 heard, and I have been convinced that there is

1 no real need for that restriction to be on
2 these dealers. I mean, we've got -- we've
3 kind of got two issues. One is whether or not
4 the insurance is even needed, and then the
5 second thing is, you know, how do we get this
6 thing down to such a restrictive thing that
7 only a couple of insurance companies can be
8 used, even though we know that there's
9 something available -- we've heard that from
10 other dealers, that there are insurances that
11 are A.M. Best rated, you know, good ratings
12 that are available, but they're not really
13 allowed to use them. So I think that some of
14 -- the way that the legislation -- the laws
15 are written now can be changed around to
16 something that's fairer to the dealers.
17 That's what I think.

18 MR. DUPLESSIS:

19 I would concur.

20 Sheri, any thoughts? Does
21 anybody have any --

22 MS. MORRIS:

23 Well, I think the cost to the
24 dealers gets passed off to the consumer and
25 they are pricing some people out of the

1 market. So it's also restrictive from that
2 side. You're restricting the number of
3 transactions where you have to pay another
4 \$240 for the insurance for that particular
5 vehicle, everybody said it was \$20 a month per
6 vehicle. So you have to add \$240 a year,
7 you're eliminating some transactions that
8 somebody could otherwise afford.

9 MR. DUPLESSIS:

10 Robert.

11 MR. HALLACK:

12 Well, there are a lot of issues
13 presented by this. First of all, I question
14 whether it even provides the coverage of the
15 contingent -- the statute. You pay \$1,500 a
16 year for a policy that's supposed to coverage
17 2,000 vehicles per month, or 1,000, or 20, or
18 however many it is, for the risk that the
19 operator won't carry insurance, \$1,500 is not
20 what that would cost. That would cost
21 \$50,000. If that's what -- if that's the risk
22 that you're insuring, it would cost a lot more
23 expensive. It would be a lot more expensive.

24 I've reviewed these policies,
25 most of them. The \$1,500 policies do not

1 provide the coverage. They do not. They
2 provide for the dealer's contingent liability.
3 They provide for the dealer's vicarious
4 liability. So a lot of these policies don't
5 even provide the coverage that was intended by
6 the statute. The statute intended the
7 coverage to be there in case the operator did
8 not maintain coverage on the vehicle they were
9 renting. That's what the coverage is supposed
10 to be there for. It is not there for the
11 dealer's vicarious liability, because there is
12 no vicarious liability for the dealer. Yes,
13 if you're paying \$1,500 to cover your
14 vicarious liability, that's what it's going to
15 cover. It's going to cover something that
16 doesn't even exist. That's why it's \$1,500.
17 You're getting -- you're paying for nothing.

18 So, I mean, first of all, you've
19 got to make sure that the policies provide the
20 coverage that was intended by the statute,
21 which I don't think they do, especially the
22 \$1,500 policies. Even the people from SEADRA
23 said if you're paying \$1,500, you're not
24 getting the coverage that the statute
25 intended. I do believe that if you open up

1 this market, you're going to have many more
2 than 88 dealers. You know, like I said
3 before, in 2007, we had 120 dealers that did
4 this. I don't see a dealer not taking
5 advantage of this if you open it up and make
6 it available to dealers. It's just -- it
7 would be crazy -- it would be hard for a
8 dealer not to do this if it was financially
9 able to do it and if you open up the insurance
10 market to a dealer, I promise you, you're
11 going to have -- you're going to double your
12 numbers of people that are doing it in your
13 first six months, because if I'm a dealer and
14 I could sell a car this way, I'm going to do
15 it. But I can't do it now based on how
16 restrictive this insurance is.

17 MR. DUPLESSIS:

18 I agree with that. And what we
19 don't have in the State is buy here, pay here
20 that I -- well, we do have buy here, pay here,
21 but it's so restrictive, you get the
22 repossession back. This is all about getting
23 the repossession back quickly, and you don't
24 have to up front the taxes and license and
25 that sort of thing. You can do that at the

1 end or you can bill those fees in as you're
2 paying along. You know, the other thing that
3 I see here is, I don't think that you're going
4 to have a whole bunch of dealers jump into it
5 exclusively, but it will become a side bar to
6 this business, and it may have -- they may
7 sell 30 a month and do three rent-to-owns a
8 month, and I think you'll see a significant
9 increase in business that way. That's my
10 recommendation.

11 MR. HALLACK:

12 Rent-to-own is not covered under
13 Regulation M or Z. They are not the subject
14 of those regulations at all. They're not
15 subject to the repossession law. They're so
16 many advantages for a dealer to do it. The
17 only restriction on a dealer being able to do
18 it is being able to get this contingent
19 liability insurance coverage.

20 MR. DUPLESSIS:

21 Any other comments on this
22 particular line item? I think we're good.

23 Ed, thank you so much for coming
24 and we appreciate it. You're welcome to stay.

25 MR. O'BRIEN:

1 We'll be back.

2 MR. POTEET:

3 All right. Thanks.

4 MR. DUPLESSIS:

5 The next item, repossession for
6 a rent-to-own dealer. Robert, I'm not sure
7 what we concluded.

8 MR. HALLACK:

9 Well, the statute does have a
10 default provision in it, but failing to follow
11 -- let me back up. The statute has a
12 provision that requires a dealer to have a
13 default, which means he's got to place the
14 consumer in default before he repossesses it,
15 but there's no penalty for that. I think we
16 have to make it a penalty that a dealer must
17 place a consumer in default before he goes and
18 grabs the car. And the statute -- I think
19 it's 10 days or whatever --

20 MR. CORMIER:

21 Five days.

22 MR. HALLACK:

23 -- five days, that at least do
24 -- give the customer five days notice before
25 he places him in default and grabs the car.

1 There's no penalty provision for that. So we
2 need to -- right now, it's just -- you're
3 required to do it, but there's no penalty
4 provision for failing to do it. So we've at
5 least got to make a penalty to do it. Years
6 ago when we started -- when the Commission
7 started regulating rent-to-own, we had horror
8 stories about them grabbing cars from people
9 at the shopping -- shopping, groceries, at
10 work, you know, and things like that. So I
11 think we've got to make at least a penalty
12 provision that if they grab a car without them
13 putting a customer in default, there's got to
14 be something for that.

15 MR. DUPLESSIS:

16 That's based on payment, but we
17 also talked about --

18 MR. HALLACK:

19 Insurance.

20 MR. DUPLESSIS:

21 -- implementation of insurance.

22 What was my position on insurance, if they've
23 already notified you before they cut your
24 insurance off, that's standard notice for me
25 and this is what we're talking about, about

1 insurance, and if we want to police our own
2 industry here. To me, that's notice enough,
3 you don't have insurance, yank the car.

4 MR. HALLACK:

5 Well, the insurance cancellation
6 notice that an operator is going to get is 10
7 days.

8 MR. DUPLESSIS:

9 Right. So he also has 10 days
10 to reinstate the insurance.

11 MR. HALLACK:

12 You have a grace period of 10
13 days to reinstate that insurance policy.

14 MR. DUPLESSIS:

15 Do you feel that that's adequate
16 in your mind, after 10 days, boom?

17 MR. HALLACK:

18 Oh, yes, 10 days is fine. I
19 don't have a problem with that. Does the
20 dealer have to give that notice in addition to
21 the insurance company? That's the question.

22 MR. POTEET:

23 I think that was one of the
24 questions that came up was that, you know, if
25 the insurance company gives you 10 days, and

1 then you don't respond, then you add 10 days
2 onto that for the dealer. Now, you've got the
3 customer driving around for additional 10 days
4 with no insurance.

5 MR. DUPLESSIS:

6 Yes, but I think we agree that
7 if they get notice and they don't deal with
8 the insurance policy and get it reinstated,
9 then it's time to repo.

10 MR. POTEET:

11 I mean, can the law be written
12 that way that those two things coincide?

13 MR. HALLACK:

14 Sure, absolutely.

15 MR. POTEET:

16 If you get a 10 day notice from
17 the insurance company, that's equivalent to a
18 10 day notice that you are going to repossess.

19 MR. HALLACK:

20 Yes.

21 MR. POTEET:

22 So on day 10, you don't have
23 insurance, we're going to pick the car up.

24 MR. HALLACK:

25 Right. We'll have one provision

1 for default for non-payment of the -- to the
2 dealer and we'll add another one that deals
3 with failure to maintain insurance.

4 MR. POTEET:

5 Okay.

6 MR. HALLACK:

7 One runs 10 days from the
8 dealer's notice. One runs 10 days from the
9 notice of cancellation from the insurance.

10 MR. TURNER:

11 That would be on the contract
12 that the customer signs.

13 MR. HALLACK:

14 It's required by law to be on
15 the contract, but there's no penalty provision
16 for if they grab a car.

17 MR. POTEET:

18 That's what you want to add in
19 there, too, is some kind of penalty for --

20 MR. HALLACK:

21 Right.

22 MR. POTEET:

23 -- for the dealer violating
24 that.

25 MR. HALLACK:

1 Right.

2 MR. DUPLESSIS:

3 Okay. Item C, violation for
4 willful failure to comply. I think we had
5 some instances of that today. And I wasn't
6 going to put this on the agenda in the
7 legislative session, but we did and all of the
8 dealers got -- like us, we're the good
9 dealers. You know, to have somebody oppose
10 this, the bad dealer would have to show up and
11 be vocal about it. I thought it was a fairly
12 easy one to pass the agenda item. And, you
13 know, Robert, I think that's going to require
14 -- not us, but it's going to require legalese
15 from you and Sheri and probably Chairman
16 Poteet and myself, because that's going to be
17 -- we've got to figure out how to do that.

18 MR. HALLACK:

19 Well, it's already in the law.
20 It pertains to dismantlers. All we've got to
21 do is take the same provision and put it in
22 there for used motor vehicle dealers.

23 MR. POTEET:

24 Yes, Ma'am.

25 MS. POWELL:

1 We could also use that statute
2 for our rent-to-own dealers, too, who do not
3 comply with what they are supposed to do, but
4 without that statute in it, it makes it kind
5 of hard for us to do that.

6 MR. POTEET:

7 That's true. That's true.

8 MR. HALLACK:

9 The example that we gave
10 everybody is that there are certain provisions
11 in the law that we don't cover. For instance,
12 salvage titles, there's nothing in our law
13 with regard to if you sell a vehicle without a
14 salvage title that should have had a salvage
15 title without making the disclosure. So by
16 putting this -- bringing back the willful
17 failure to provide, we can reach and grab
18 other statutes that may not be in our law, but
19 may pertain to a used motor vehicle
20 transaction.

21 MR. POTEET:

22 Right.

23 MR. HALLACK:

24 So we can write a ticket for it,
25 then, you know, if a dealer sells a car

1 without disclosing it has a salvage title, you
2 might can write a ticket for fraud if the
3 dealer knew that it had been branded salvage.
4 But, otherwise, you can reach and grab these
5 other regulations and statute and make them
6 applicable and write a ticket for that.

7 MR. DUPLESSIS:

8 Any other comments on this one?

9 MR. POTEET:

10 I think that's something that we
11 need to get back from that.

12 MR. DUPLESSIS:

13 I agree.

14 Spot delivery, deposit
15 disclosure, and one item down, down payment,
16 these are, in my mind -- and I think it came
17 out in our legislative meeting that these were
18 all three different items and they carry
19 different characteristics. We need the spot
20 delivery law and I think that what we have
21 heard from the gentleman from Monroe was his
22 wife who was so intimated.

23 MR. TAYLOR:

24 Shreveport -- Bossier,
25 Shreveport.

1 MR. DUPLESSIS:

2 Anyway, he shopped the deal.

3 Well, you can legally do that. We just don't
4 have the legal provision to allow him to do
5 that. And, you know, let them run on a T-tag
6 and a five day tag and all that kind of thing,
7 that just doesn't work. They are still -- the
8 dealers in this State are still responsible
9 for Regulation M and on the leasing side,
10 Regulation C, which is federal -- those are
11 federal laws, and whether we have something on
12 our books or not, it really doesn't matter.
13 It's the way that it is. There is a current
14 spot delivery law with the New Car Commission
15 that -- the new car statutes, but it's
16 actually an error. It's a 30 day period.
17 Federal law says you have 20 days to cash a
18 deal. And here's the problem, if you shop a
19 deal for 20 days, let's say you have a step
20 contract or a subprime that has an acquisition
21 fee, if you hold that contract for 20 days and
22 you can't get it cashed, you become the
23 lender. Somebody forces you. That doesn't
24 mean that you can't go repossess it after 60
25 days, but then you have to go through the

1 repossession laws and all that sort of thing.
2 So I think we owe an obligation to our
3 constituents to have the law accurate and have
4 it germane to what federal law is and not put
5 in harm's way. So I think there's a spot
6 delivery statute out there that we're going to
7 look at and we're going to research, and we're
8 going to, I think, hold that out for the
9 legislation this year.

10 MR. TURNER:

11 There's none right now?

12 MR. HALLACK:

13 Not on used motor vehicles.

14 MR. DUPLESSIS:

15 No, not in the used car
16 business, no. There's none.

17 And the other, I think, issue
18 was a deposit and a down payment. And I think
19 the way we all agree, and there's probably
20 going to be some discussion about it, a
21 deposit is -- the way that we heard it in the
22 legislative session, it is an amount of money
23 put down in order to come back and consummate
24 a cash deal. A down payment is an amount of
25 money that's put down in order to finance a

1 contract. And those are two distinctly
2 different birds of a feather. The deposit
3 means that you have a deal, you're bringing
4 back the rest of the money and you're going to
5 have to have a deposit written on a contract,
6 and if they don't come back in a certain
7 amount of time, then you can sell the vehicle.
8 It should be specified, you've got five days,
9 seven days, 10 days to come back and pay the
10 cash balance, because the dealer can't hold it
11 forever. And if he rolls you in a car, then
12 he's taken on his own obligation to get the
13 rest of his money. And a down payment, he's
14 got to get you -- spot delivery to you, and
15 then probably create what's called a bailment
16 agreement in order to get that vehicle back
17 legally after so many days, so he doesn't run
18 into the 20 days and he has a period of time
19 to get you financed.

20 Let's face it, you know, a lot
21 of your customers today don't have the best
22 credit and you're trying to find a lending
23 agency to get them laid down with, but if you
24 sell that car on Friday night, which is -- you
25 know, it happens, and you've got to try and

1 shop on Saturday, a lot of your lending
2 institutions aren't open, you've got to get
3 them Monday, but if you want to spot deliver
4 them, then you have to have some interest.
5 You have to have a set of contracts and spot
6 delivery for them.

7 And we also heard that, hey, if
8 we do this, what is the customer responsible
9 for? And, number one, I think the customer
10 should be responsible for any physical damage
11 inflicted on the car, that would be taken from
12 the deposit, and 35 cents a mile would be the
13 maximum fee per mile. Now, we have some guys
14 kind of charging the entire down payment
15 deposit. And we've heard of that occurring a
16 number of times knowing they couldn't get them
17 financed. You know, that's just a bad deal.
18 If you can't get financed and he comes up with
19 his entire down payment of \$1,500, I mean,
20 that's not a good cool deal. You'll never get
21 financed. Those guys are trying to make their
22 required gross on that car, and then sit back.
23 That's just a bad consumer law. That's just a
24 bad law, period. It just doesn't make good
25 relations to the business community or the

1 general public. So those were the kind of
2 things that we saw.

3 MR. TURNER:

4 I think they can legally keep
5 the money.

6 MR. DUPLESSIS:

7 Well, you have earnest money,
8 which they can. If they were tell you, hey,
9 go to the auction and get me a three quarter
10 ton dually and -- with a gooseneck, single
11 cab, you go get it and they give you \$3,500
12 down, well, that's a tough unit for you to
13 move. You know, you would have never bought
14 that unit. You're probably entitled to keep a
15 good portion of that, but earnest money is
16 vastly different than a down payment or
17 deposit.

18 MR. HALLACK:

19 Mr. Turner, based on the present
20 law right now, earnest money, if the dealer
21 failed to deliver, if you use the law that's
22 in the code -- in the Civil Code, if the
23 dealer cannot produce the car that the deposit
24 was on, technically by law, the dealer owes
25 the deposit plus an equal amount. If the

1 consumer, for whatever reason, buys another
2 car somewhere, under the earnest money law,
3 the consumer loses the money entirely. That
4 is really the law.

5 MR. TURNER:

6 I'm familiar with that. Every
7 receipt that we write says earnest money. We
8 don't say deposit, we don't say down payment,
9 we say earnest money. I mean, I learned that
10 a long time ago to mainly protect my people.
11 You know, a guy comes in and gives you \$2,000
12 down, get me financed and you put him in a car
13 and he comes back two days to bring your car
14 back and he's in a new car from a place across
15 the street, you know.

16 MR. HALLACK:

17 Well, then he -- by law, he is
18 supposed to lose his deposit.

19 MR. TURNER:

20 Yes.

21 MS. MORRIS:

22 You have to designate it as
23 earnest money to be able to --

24 MR. TURNER:

25 It has to be earnest money, yes.

1 Well, I would say -- you know, I bought cars
2 for people, have them shipped in from out of
3 state, a specific type to car, but to do that,
4 I told the people, look, if it gets here and
5 it's not what you want, we don't have a deal,
6 I'm not going to keep your money. But I'm
7 real sure if he has seen all the pictures, all
8 the description, you know, and he could pay
9 for it, he's already approved for financing,
10 paying cash it is not a problem with somebody
11 backing up like that. I guess it could
12 happen. I guess it does happen.

13 MR. POTEET:

14 Well, I think that's the
15 difference in, you know, somebody that's
16 complying with the law and somebody like
17 yourself that has good business policies.

18 MR. TURNER:

19 Right.

20 MR. POTEET:

21 A lot of times, you can get
22 yourself in trouble or could cause ill will
23 between you and the customer.

24 MR. HALLACK:

25 I mean, this is one of the

1 biggest problems facing the Commission. We
2 saw it from the people in Shreveport basically
3 selling cars on a deposit. There was the guy
4 in Metairie who was keeping deposits.

5 MR. TURNER:

6 That's because his business was
7 taking the deposits.

8 MR. POTEET:

9 That's the whole purpose. The
10 cars were almost irrelevant.

11 MR. TURNER:

12 It wasn't how many cars that he
13 was selling, it was how many deposits.

14 MR. DUPLESSIS:

15 So, I mean, I think we need to
16 define down payment, deposit, and spot
17 delivery, and come up with legislation that
18 works in the committee meeting.

19 MR. HALLACK:

20 We wrote this in 2007, but based
21 on the meetings we had, we definitely need to
22 shape it up.

23 MS. MORRIS:

24 I agree.

25 MR. DUPLESSIS:

1 Any comments, questions,
2 concerns?

3 MS. BARON:

4 Ron, what would happen in the
5 event that this physical damage of 35 cents
6 per mile exceeded the down payment, would they
7 be -- could you charge the consumer for --

8 MR. HALLACK:

9 If there was a law.

10 MS. BARON:

11 -- if it were more than that,
12 you know, if it was more than what they had
13 actually put down?

14 MR. DUPLESSIS:

15 Sure. I mean, if there was a
16 law on the books that they would be
17 responsible for physical damage, then -- but
18 then the used car dealer is going to have to
19 go after him and pursue him and get a judgment
20 --

21 MS. BARON:

22 Yes.

23 MR. DUPLESSIS:

24 -- you know, and the practical
25 aspects of that are you take your loss and

1 move on to another day.

2 MR. POTEET:

3 That's a business decision.

4 MR. DUPLESSIS:

5 Yes, it is.

6 MR. TURNER:

7 What we will do sometimes in a
8 deal, we will do a loaner agreement. And, you
9 know, use their insurance and it is spelled
10 out in a loan agreement, you know, there's so
11 many miles you can drive, if you go over that,
12 you have to pay this, and we have the
13 insurance coverage.

14 MR. DUPLESSIS:

15 Well, that's the same as a
16 bailment agreement and we'll work on -- Casey
17 and Casey does a real good job with a number
18 those things. We're going to lean on them.
19 They write a lot of by-laws. They help write
20 them. We're going to engage them to do a
21 practical side of the business. And we're
22 going lean on them to help us work out that
23 language.

24 MR. POTEET:

25 I was just going to say, I would

1 encourage any of you that are used car dealers
2 to stay in contact with Ron and Derek and
3 myself, so, you know, you see what we're doing
4 and if you have any suggestions -- and, Kevin,
5 the same thing, you know, you're representing
6 a pretty broad group of people there. So any
7 ideas that you have or concerns about anything
8 that we're here ready to make sure all of that
9 is communicated out.

10 MR. REMBRANT:

11 Definitely.

12 MR. HALLACK:

13 Just to let you know, we're --
14 in 10 days, we're going to get you something
15 in an e-mail for you to put your eyes on and
16 look at. It's not in concrete and if there's
17 anything you don't like, it's not -- you know,
18 don't shoot the messenger kind of thing. It's
19 all flexible. Any provision that you see is
20 all flexible, and you may even have a better
21 idea on how it should look or be written or
22 something like that. But this is just a rough
23 draft that you're going to be getting in 10
24 days and be able to discuss at the next
25 meeting. So the next meeting is going to be

1 pretty important.

2 MR. POTEET:

3 Well, you know, just to follow
4 up on that, I think that our Commission, one
5 thing that we're trying to do and we pride
6 ourselves on is, we're not trying to push
7 anything -- shove anything down anybody's
8 throat. We want to try to do the best job we
9 can as Commissioners, but we -- also, it's
10 good to have input from the people that we're
11 regulating. You know, the more input we have
12 and get back to what Dino hit on a lot and
13 Doug earlier is, you know, every time somebody
14 is doing something they shouldn't be doing,
15 that means the good guys are being penalized,
16 and we don't want the good guys to be
17 penalized.

18 Yes, sir.

19 MR. REMBRANT:

20 Most dealers don't want more
21 regulation, but if they have some good
22 guidelines to follow, then they can fall back
23 on those and it ultimately protects the
24 consumer.

25 MR. POTEET:

1 That's the other thing, we're
2 trying to streamline some of these things, so
3 that they're understandable and it makes
4 sense.

5 MR. TURNER:

6 There are some gray areas out
7 there. That's what we're all saying.

8 MR. POTEET:

9 You can't make them all, but
10 certainly you can make it a little easier to
11 understand.

12 MR. DUPLESSIS:

13 That concludes me.

14 MR. POTEET:

15 Is there anything else we need
16 to discuss today?

17 (No response.)

18 MR. POTEET:

19 When is the next meeting?

20 MS. BARON:

21 The 20th.

22 MR. POTEET:

23 February 20th.

24 MR. TURNER:

25 Motion to adjourn.

1 MR. POTEET:

2 Motion to adjourn.

3 Second?

4 MR. CORMIER:

5 Second.

6 MR. POTEET:

7 All in favor?

8 (All "Aye" responses.)

9

10 (Meeting was adjourned at 12:09.)

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1 REPORTER'S CERTIFICATE

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I, BETTY D. GLISSMAN, Certified

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Court Reporter, Certificate No. 86150, in and

5

for the State of Louisiana, do hereby certify

6

that the Louisiana Used Motor Vehicle

7

Commission January 30, 2011 meeting was

8

reported by me in the stenotype reporting

9

method, was prepared and transcribed by me or

10

under my personal direction and supervision,

11

and is a true and correct transcript to the

12

best of my ability and understanding.

13

This February 9, 2012, Baton Rouge,

14

Louisiana.

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BETTY D. GLISSMAN, CCR

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CERTIFIED COURT REPORTER

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