

LOUISIANA USED MOTOR VEHICLE COMMISSION

STATE OF LOUISIANA

REGULAR MEETING

November 21, 2011

BEGINNING AT 9:32 A.M.

3132 VALLEY CREEK

BATON ROUGE, LOUISIANA

REPORTED BY:

BETTY D. GLISSMAN, CCR

Betty D. Glissman, CCR  
(225) 754-8609

1 APPEARANCES:

2 CHAIRMAN:

3 MR. JOHN POTEET

4

5 COMMISSIONERS PRESENT:

6 MR. GEORGE BREWER

7 MR. RHETT BOURGEOIS

8 MR. RON DUPLESSIS

9 MR. GEORGE FLOYD

10 MR. HENRY "DARTY" SMITH

11 MR. DINO TAYLOR

12 MR. DOUGLAS TURNER

13

14

15 REPRESENTING THE LOUISIANA USED MOTOR  
16 VEHICLE COMMISSION:

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

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

22

23

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25

1 ALSO PRESENT:

2

3 MS. KIM BARON

4 MR. DEREK PARNELL

5 MS. MONA ANDERSON

6 MR. BUTCH WRIGHT

7 MR. KEVIN REMBRIT

8 MR. DAVE ROPPOLO

9 MR. COLLIN CASTILLE

10 MS. JUNE POWELL

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1 MR. POTEET:

2 All right. Let's get  
3 started.

4 Mr. Bourgeois, would you lead  
5 us in the Pledge?

6 (PLEDGE OF ALLEGIANCE)

7 MR. POTEET:

8 Ms. Baron, do the roll call,  
9 please.

10 MS. BARON:

11 John Poteet?

12 MR. POTEET:

13 Here.

14 MS. BARON:

15 George Brewer?

16 MR. BREWER:

17 Here.

18 MS. BARON:

19 Louis Bourgeois?

20 MR. BOURGEOIS:

21 Yes, ma'am, here.

22 MS. BARON:

23 Tony Cormier?

24 MR. CORMIER:

25 (No response.)

1 MS. BARON:  
2 Ron Duplessis?

3 MR. DUPLESSIS:  
4 (No response.)

5 MS. BARON:  
6 George Floyd?

7 MR. FLOYD:  
8 Here.

9 MS. BARON:  
10 Kirby Roy?

11 MR. ROY:  
12 (No response.)

13 MS. BARON:  
14 Darty Smith?

15 MR. SMITH:  
16 Here.

17 MS. BARON:  
18 Douglas Turner?

19 MR. TURNER:  
20 (No response.)

21 MS. BARON:  
22 Dino Taylor?

23 MR. TAYLOR:  
24 Here.

25

1 MS. BARON:

2 We have a quorum.

3 MR. POTEET:

4 Thank you.

5 Do we have anyone here for  
6 public comments?

7 MS. BARON:

8 No, sir. They are all on the  
9 agenda.

10 MR. POTEET:

11 Okay. Items for discussion,  
12 we need an approval of minutes from the  
13 previous meeting.

14 Did everyone get a chance to  
15 read the minutes? Any comments or questions  
16 about the minutes from the last meeting?

17 (No response.)

18 MR. SMITH:

19 I make a motion.

20 MR. BOURGEOIS:

21 I second.

22 MR. POTEET:

23 I have a motion to approve  
24 the minutes and a second.

25 All in favor, say "Aye."

1 (All "Aye" responses.)

2 MR. POTEET:

3 None opposed.

4 Mona, I think it's time to  
5 review the financial report.

6 MS. ANDERSON:

7 Good morning. If everybody  
8 will turn to the financial statements in  
9 your packet, Page 1 is the balance sheet.  
10 The cash account balance for the end of  
11 October was \$778,285, which was up  
12 significantly from last year, and that's  
13 partially due to the deferred revenues that  
14 we have this year. On Page 2 of the report,  
15 if you will notice about midway of the page,  
16 we have our deferred revenue codes which are  
17 new. Those codes were generated from our  
18 two year license renewals this year and the  
19 total deferred revenue there is \$48,675. We  
20 are looking into -- we are investigating  
21 some alternative investment options to  
22 present to the Commission for these funds,  
23 so that we can segregate them out of the  
24 bank account, but we are, you know, getting  
25 information about that at this stage. Those

1 figures will increase and they offset the  
2 added amount in the cash account.

3           On Pages 3 through 6, you  
4 have the revenue and expenditure statement.  
5 On Page 4 of this report about midway, you  
6 can see that our year-to-date revenues were  
7 \$327,406 and that was down slightly from  
8 last year. You can see that last year it  
9 was \$382,000. On the expenditure side, the  
10 targeted percentage that we look for to  
11 remain in the budget in October is 66  
12 percent and on the total expenditures, we  
13 are about 72 percent right now. Within the  
14 category -- within each category, I think we  
15 are still in good shape. About midway of  
16 that same page, you can see the year-to-date  
17 salaries and related expenditures are  
18 \$200,846, and this reflects the last month  
19 that we'll -- I'm sorry, this month and next  
20 month, we will see the -- our expenditures  
21 for the OGB, Office of Group Benefits, will  
22 remain the same. In December, it's going to  
23 go up. We've already received increased  
24 benefit expenditures for the plan year --  
25 for the 2012 plan year and we start



1 deducting that in December.

2 MR. POTEET:

3 How much is that increase?

4 MS. ANDERSON:

5 Sir?

6 MR. POTEET:

7 How much is that increase?

8 MS. ANDERSON:

9 Five percent.

10 On Page 5 of this report, the  
11 total operating expenditures were under  
12 budget. The printing expenditures -- well,  
13 you can see our percentage was 69.6 percent,  
14 which is well under the target, and our  
15 printing expenses included the printing of  
16 those packets that were sent out with the  
17 maps in them, and the postage, the same  
18 thing for that, those packets that were sent  
19 out.

20 The professional services  
21 includes the rest of the charges for setting  
22 up our computers and servers and the new  
23 programs and what-have-you.

24 And on Page 6, the  
25 year-to-date revenue over expenditures for

1 the month was roughly \$130,000, which  
2 brought the year-to-date up to a \$45,352  
3 gain for the year-to-date figure. We were  
4 at a loss last month.

5 And if you will turn on to  
6 the following page, the revenue and  
7 expenditure report reflects that same  
8 figure, \$45,352.

9 On Page 8, the certificate of  
10 deposit summary is unchanged. We are  
11 renewing those Landmark certificates and, as  
12 you can see, they went from 1.45 percent to  
13 point nine percent. That is the best we can  
14 do in this market.

15 If you will turn to Page 9 on  
16 the accounts receivable report, it is pretty  
17 much unchanged from last month. The  
18 remaining amount is \$25,775. We have  
19 collected Eveque's Towing. That balance  
20 there has been collected.

21 And unless there are any  
22 other questions, that concludes my report.

23 MR. POTEET:

24 That was collected after you  
25 closed the books for October?

1 MS. ANDERSON:

2 Well, actually, it was  
3 collected but coded into another account.  
4 So it didn't come off of this report.

5 MR. POTEET:

6 Okay.

7 MS. ANDERSON:

8 So you'll see it -- we'll  
9 correct that coding and have it come off  
10 next month.

11 Thank you very much.

12 MR. POTEET:

13 Thank you, Mona.

14 Does anybody have any  
15 questions for Mona?

16 MR. BREWER:

17 Didn't we talk about writing  
18 off the \$2,000 for Mid-City Auto?

19 MR. TURNER:

20 Yes, we did.

21 MR. POTEET:

22 I thought we did. We did,  
23 didn't we?

24 MS. ANDERSON:

25 We did.

1                   Kim, do they have some sort  
2 of appeals or something open on them?

3                   MS. BARON:

4                   Not Mid-City, no.

5                   MR. POTEET:

6                   I thought we agreed to write  
7 that off.

8                   MS. ANDERSON:

9                   So we'll take it off.

10                  MR. POTEET:

11                  If we look back at the  
12 minutes, I think we agreed to that last  
13 month.

14                  On Scott's Enterprise, are we  
15 going to file on that bond on that?

16                  MS. BARON:

17                  It has been filed.

18                  MR. POTEET:

19                  Does anybody else have  
20 anything?

21                  MR. BOURGEOIS:

22                  I make a motion.

23                  MR. POTEET:

24                  I have a motion to approve  
25 the financial report.

1 MR. BREWER:

2 Second it.

3 MR. POTEET:

4 A second.

5 All in favor, say "Aye."

6 (All "Aye" responses.)

7 MR. POTEET:

8 Any opposed?

9 (No response.)

10 MR. POTEET:

11 All right. Let's see. The  
12 next thing on the agenda are legal matters  
13 the pending litigation.

14 Mr. Hallack, have you got  
15 something to report?

16 MR. HALLACK:

17 The only appeal that we have  
18 right now is the Value Imports appeal that  
19 was heard by Judge Hernandez.

20 MR. POTEET:

21 Let me explain to you. The  
22 meetings don't always go this quick. Don't  
23 get used to this.

24 All right. The next thing on  
25 the agenda was something that I have been

1 talking to Derek about, out of state bonded  
2 titles. And the reason I bring this up, it  
3 hasn't been an issue for us at our auction  
4 yet, but I got a call recently from Steve  
5 Chaisson.

6 What's the name of his --

7 MR. TAYLOR:

8 Greater Shreveport.

9 MR. POTEET:

10 Greater Shreveport.

11 And I don't know if you guys  
12 -- those of you that are actually in the  
13 retail business, but not aware of this, we  
14 recently passed a law in the state, I would  
15 say maybe a year or two ago, that we can't  
16 accept an out of state bonded title. Now,  
17 if you haven't have any problems with that,  
18 you are going to if you get a bonded title  
19 from --

20 MR. TURNER:

21 I just got a problem with it.

22 MR. POTEET:

23 I don't know where that  
24 legislation came from or what the purpose of  
25 it is, but I think we are going to start

1 having problems. You are going to start  
2 seeing some issues come up.

3 MR. TURNER:

4 Well, I had a big issue. I  
5 retailed a vehicle -- when I bought the  
6 vehicle at the auction, and when we sold it  
7 and we got the title in, it said bonded  
8 title on it and, of course, we couldn't  
9 register the vehicle. The auction got  
10 involved and they couldn't solve the  
11 problem. So after about three months, they  
12 wound up -- we had to unwind the deal, get  
13 the customer back in and give him money  
14 back. It was a financed deal, we had to pay  
15 the interest on the loan. It was a big  
16 mess.

17 MR. POTEET:

18 It's going to be a problem.  
19 Steve, the owner of the auction up there,  
20 had called me, because he -- you know, his  
21 first question was, well, how do you handle  
22 a bonded title? And I said, I don't know,  
23 let me check with my office staff and ask.  
24 And they said, well, we used to handle it  
25 this way, but now we can't do anything with

1 it. I said, so if somebody moves here from  
2 Texas or Mississippi and -- or Arkansas and  
3 has a bonded title, if they go in and trade  
4 their car in, what happens? And they said,  
5 well, to our knowledge, the transaction can  
6 never go through. So if you have a bonded  
7 title from any other state and you --  
8 Louisiana will not accept it under any  
9 circumstances.

10 MR. DUPLESSIS:

11 Now, you are saying bonded.

12 Do you mean branded as well?

13 MR. TURNER:

14 No, bonded.

15 MR. POTEET:

16 It's a bonded title or bonded  
17 vehicle title. That's where a title gets  
18 lost or something and you put up a bond in  
19 your state to get a new title. If it has  
20 that on the title -- so it's branded bonded.  
21 If it comes in and says bonded title,  
22 Louisiana will not accept that title under  
23 any circumstances.

24 MS. BARON:

25 Where was that title from?



1 MR. TURNER:

2 Texas.

3 MR. POTEET:

4 And I think most of you know,  
5 my partners and I have an auction in Texas.  
6 So I talked to my title clerks there and  
7 asked them what they could do about, you  
8 know, doing anything, and they said wait  
9 three years, after three years you can get a  
10 new title. So I think this is an issue that  
11 as dealers and as a Commission, we need to  
12 start looking into this and finding out what  
13 we can do to either get the law changed or  
14 getting something -- because you are going  
15 to -- Doug has already seen it, but, number  
16 one, at auctions, we do business with a lot  
17 of out of state selling dealers. So we're  
18 bound to get a bonded title sooner or later.  
19 Number two, if you -- if people -- you know,  
20 they're not as transient as they used to be,  
21 but people still move in and out of state,  
22 especially those of you who have dealerships  
23 close to other states, people are coming  
24 across state lines, they are being  
25 transferred in and out, and then there are

1 going to be problems. If you get one or  
2 two, you may say, well, that's not that big  
3 a deal, but believe me, they are a big deal.

4 MR. TURNER:

5 A nightmare.

6 MR. POTEET:

7 One is a problem.

8 Does anybody else have any  
9 comments or ideas about bonded titles?

10 MR. TURNER:

11 A bonded title specifically,  
12 somebody that goes to get a duplicate title  
13 in one of those states? Nobody could give  
14 me a straight answer on that.

15 MR. POTEET:

16 It's not exactly a duplicate.  
17 It's -- can you explain that?

18 MS. POWELL:

19 A bonded title is when  
20 someone acquires a vehicle, but no original  
21 title is ever presented. They can post a  
22 bond with that state and that way if  
23 somebody comes back and claims that vehicle  
24 later --

25 MR. TURNER:

1 I got you.

2 MS. POWELL:

3 -- they can dispute that  
4 actual title. But the thing is, you could  
5 get to Mississippi and you could get one for  
6 \$100 or something and that's why there's an  
7 issue with it.

8 MR. POTEET:

9 Well, at our auction, you  
10 know, we put in a procedure that if you sell  
11 a car with a bonded title, you're  
12 responsible for all expenses that the buyer  
13 gets until that title shows up. And that's  
14 the only way I can protect the buyer. So if  
15 you don't announce the bonded title, it  
16 comes in as a bonded title and the guy has  
17 gone in and put new tires on the car and  
18 fixed the transmission, you're going to be  
19 responsible for that. I don't know what  
20 else to do. And I think you're going to see  
21 some more problems, and whether we need to  
22 try to lobby to change the law, I'm not  
23 sure, but we certainly need to be aware of  
24 it, because it's going to come up.

25 Kevin.

1 MR. REMBRIT:

2 I'm familiar with the one  
3 that Doug was involved in, the one that Doug  
4 was in. A lot of people think a bonded  
5 title is a \$200 -- just an old junk car that  
6 somebody has lost the title or whatever.  
7 The one that Doug was talking about was a  
8 \$15,000 Harley-Davidson truck. It was a  
9 nice vehicle. It was a repo and, for  
10 whatever reason, that they couldn't get a  
11 clear title, so they got a bonded title.  
12 And it's coming up a lot more. It's  
13 happening a lot more and it's happening a  
14 lot more and it's going to end up being at  
15 the auction level. It's going to be on  
16 every level and it's going to be a car that  
17 you don't know it's bonded when it's sold.  
18 This vehicle went two months and everybody  
19 thought the title was fine, and then in the  
20 little bitty letter, it showed up bonded.  
21 Nobody noticed it until Doug retailed it.  
22 The retail people found it. They found it  
23 when they went to title it at the state.  
24 So, I mean, it happens just -- I mean, it's  
25 going to come up more and more and it's not

1 always a piece of junk truck, but a little  
2 bit higher dollar vehicle.

3 MR. POTEET:

4 The one Steve, from Greater  
5 Shreveport, he was calling -- he actually  
6 had three of them. So they do a lot of  
7 business up in Shreveport and, obviously, in  
8 Arkansas and Texas, and he said that he's  
9 really concerned about it with Texas. They  
10 were all three Texas bonded titles and none  
11 of them were pieces of junk.

12 MR. REMBRIT:

13 This happened -- I think the  
14 Legislature, I think, it changed a year and  
15 a half ago or something like that. It's not  
16 been very long.

17 MR. POTEET:

18 That's what I thought.

19 MR. REMBRIT:

20 And before that, I don't know  
21 that we've ever run into a problem with it  
22 in our state getting those transferred and  
23 one coming back to haunt us, that it was  
24 something that the title was gotten with a  
25 problem.

1 MR. POTEET:

2 Did they have any discussions  
3 as to what we should do here? I don't think  
4 we can ignore it. I think it's going to pop  
5 up more.

6 MR. TURNER:

7 Do we know why the law was  
8 made?

9 MR. POTEET:

10 I didn't even know -- I  
11 didn't know there was a law until I heard it  
12 from Steve.

13 MR. TURNER:

14 Who would have made the law?

15 MR. POTEET:

16 Our Legislature, but I'm not  
17 sure who would have been backing it.

18 MR. DUPLESSIS:

19 It probably came out of the  
20 Department of Motor Vehicles.

21 MR. PARNELL:

22 Maybe Motor Vehicles.

23 MS. MORRIS:

24 Do you want us to contact the  
25 auction?

1 MR. BREWER:

2 Has the New Car Commission  
3 been notified? I'm sure they have, but I  
4 know there in Houma, the Honda store took  
5 one in on trade and I think they had to go  
6 back to Texas and straighten the mess out.  
7 I don't know. I didn't buy the car. I know  
8 that.

9 MR. POTEET:

10 I know the one you're talking  
11 about.

12 MR. BREWER:

13 Oh, really.

14 MR. POTEET:

15 Yes. I had no involvement.  
16 I just had somebody ask me for some help on  
17 it.

18 MR. BREWER:

19 Right.

20 MR. POTEET:

21 I wasn't able to do anything.

22 MR. BREWER:

23 Do they have to go back to  
24 the state and pay the bond or pay off the  
25 bond?

1 MR. POTEET:

2 No. Once you've gotten a  
3 bonded title, that's what it's going to be.  
4 In Texas, it means that you've got to wait a  
5 certain period of time before you can get  
6 another kind of title.

7 Kevin had a comment.

8 MR. REMBRIT:

9 George, the title becomes --  
10 the title is useless in Louisiana.  
11 Louisiana is -- from what I understand, the  
12 State of Louisiana does not recognize that  
13 as a negotiable title. It's like a piece of  
14 paper, no good. The State of Louisiana will  
15 never change a bonded title into a Louisiana  
16 title.

17 MR. POTEET:

18 That's exactly right.

19 MR. REMBRIT:

20 So the car can feasibly never  
21 be re-titled in Louisiana. It's got to be  
22 brought back out of state.

23 MR. BREWER:

24 I'm going to let the new car  
25 dealers know not to accept them. I don't



1 even know if they are aware or that.

2 MR. REMBRIT:

3 Most people aren't aware.

4 MR. BOURGEOIS:

5 Can you notify all the new  
6 car dealers by some type of press release?

7 MR. DUPLESSIS:

8 Put it on the website.

9 MR. BOURGEOIS:

10 I think we need to do a mail  
11 out.

12 MR. TAYLOR:

13 Do any of the services pick  
14 it up, Carfax or anything like that?

15 MR. TURNER:

16 I don't think they do.

17 MR. POTEET:

18 I don't think they do because  
19 in every state except this one, it's a  
20 negotiable title.

21 MR. TAYLOR:

22 Okay.

23 MR. POTEET:

24 Well, Sheri will do a little  
25 research on it and we'll put it -- we'll

1 post it on the website and maybe all of you  
2 in your spare time or when you talk to  
3 people can ask if they've had any experience  
4 with that.

5 MR. TURNER:

6 That's actually the second  
7 one that I've had. The first one I had was  
8 probably a year or so ago and it was a  
9 vehicle we bought out of the auction in  
10 Dallas and we sent it back to them and they  
11 washed it somewhere, somehow, and within  
12 about a month, a month and a half, they sent  
13 us back a clear title.

14 MR. POTEET:

15 Well, I asked that question  
16 of my clerks in Houston and they said there  
17 are ways it can be done, but generally it  
18 takes -- it is just a long time or it has to  
19 go -- you know, that one may have been to  
20 the point where it was close to the three  
21 years or whatever, you know, and each state  
22 has different rules about how the bonded  
23 title is -- comes about and how it can be  
24 changed into a regular title.

25 MR. TURNER:

1                   I think based on the dealer  
2 in another state that would accept that sold  
3 it to that dealer on paper and the dealer  
4 got clean title and sold it back to the  
5 auction and the auction sold it back to me.

6                   MR. POTEET:

7                   That might work, but I  
8 wouldn't want to do that on a regular basis.

9                   MR. HALLACK:

10                   Just looking at the law --  
11 the rule says it's authorized by two laws,  
12 32:706.1 and 707. Neither 706.1 or 707  
13 mentioned bonded or branded titles. So what  
14 I'm thinking is this is not a law. This is  
15 a regulation by the Office of Motor  
16 Vehicles. So it wouldn't do you any good to  
17 change the law. The law doesn't have  
18 anything in it with regard to bonded or  
19 branded titles. This is just a regulation  
20 of the Office of Motor Vehicles. So I would  
21 contact the Office of Motor Vehicles and try  
22 to find who it was that adopted this rule.

23                   MR. PARNELL:

24                   The only thing that I found  
25 was what you said, it's something from the

1 Office of Motor Vehicles. I have it in your  
2 packet. It doesn't mention anything about  
3 bonded titles.

4 MR. HALLACK:

5 That's how it's written as  
6 additional title work. I don't even know if  
7 that's really law.

8 MR. POTEET:

9 Well, it may not be law, but  
10 when you go down to their office and try to  
11 get a title --

12 MR. HALLACK:

13 You need to go to the Office  
14 of Motor Vehicles and tell them the problem  
15 that our dealers are having.

16 MR. POTEET:

17 Well, usually, these things  
18 have some reason behind them.

19 MR. TURNER:

20 Something happened somewhere.

21 MR. POTEET:

22 Something happened somewhere  
23 down the road.

24 MR. DUPLESSIS:

25 Well, if you've ever sat in a

1 meeting with DMV like Derek and I have, you  
2 just kind of shake your head. And we really  
3 were perplexed at the meeting we had with  
4 them. I'm going to call Casey and Casey, he  
5 is kind of a title expert in the state, and  
6 he will convey to me, and then we will call  
7 DMV and I'll call Bob and Lessie at the  
8 other commission. And I think you're right.  
9 I think it's something they got in their  
10 craw and they reacted to and they tend to do  
11 that, right now.

12 MR. POTEET:

13 Casey and Casey are the ones  
14 that advised us that they wouldn't accept  
15 them. I mean, we didn't go into any detail.

16 MR. DUPLESSIS:

17 I can get the history.

18 MR. POTEET:

19 Let's get the rest of the  
20 story.

21 MR. DUPLESSIS:

22 I'll get the rest of the  
23 story and see how we can navigate from  
24 there.

25 MR. POTEET:

1                   Good. It looks like we have  
2 enough people working on that.

3                   Any other discussion on that?

4                   (No response.)

5                   MR. POTEET:

6                   We've got on the agenda here  
7 discussion of rent-to-own and contingent  
8 liability.

9                   MR. PARNELL:

10                   Commissioners, this  
11 discussion is one that has been discussed in  
12 the past in relation to Revised Statute  
13 32:793 (D), particularly the last two  
14 sentences in that statute, which reads: It  
15 shall not be sufficient for any rental  
16 dealer to share in a policy of insurance,  
17 which could, under any circumstances, create  
18 a limit of less than that set forth herein.  
19 Such policy shall be placed, if available,  
20 from an insurance company licensed, bonded  
21 and admitted in the State of Louisiana.

22                   Of course, there's been a lot  
23 of discussion and a lot of interpretation of  
24 what "if available" technically means and  
25 there has been a lot of argument. Some say

1 that there are numerous admitted carriers  
2 that have it and it's available, and the  
3 other end of the spectrum or traversely, if  
4 there are only two carriers that will write  
5 and it requires that you join and pay a per  
6 vehicle charge, then that insurance is not  
7 available to you.

8           You know, during our 2010  
9 legislative session, we said here in the  
10 Commission if there's more than one admitted  
11 carrier who offers a contingent liability  
12 policy in Louisiana, the dealer applicant  
13 seeking to perform rent-to-own or rent with  
14 option to purchase program must obtain a  
15 contingent liability insurance policy from  
16 one of these admitted carriers, otherwise,  
17 the dealer will not be granted a license to  
18 perform rent-to-own in this state.

19           What has happened is,  
20 recently -- you know, we go through our  
21 insurance runs and see what insurances --  
22 what everyone has. Of our 88 rent-to-own  
23 dealers, we had three dealers that make up  
24 about five dealerships that did not have the  
25 contingent liability insurance described in

1 the statute. Thus, we set up a compliance  
2 meeting with all of those dealers to discuss  
3 the matter. Because of the 2012 licensing,  
4 these dealers would not receive a licensed  
5 from the Commission unless they obtain that  
6 insurance how it's written in the statute,  
7 you know, and I did it kind of over the  
8 phone. I did meet with one of them in  
9 person, but after discussing -- after  
10 speaking with all of the dealers, I learned  
11 that all three of them had decided to move  
12 their contract -- change their contract and  
13 move their dealership to lease versus  
14 rent-to-own. So for the 2012 licensing  
15 year, these guys are going to lease versus  
16 rent-to-own. And I did invite Mr. Roppolo  
17 and Mr. Castille to come and kind of speak  
18 to the Commission a little bit of the  
19 reasons why they went ahead and decided to  
20 go to lease.

21                   So if you will, Mr. Roppolo,  
22 or whichever one would like to go first.

23                   MR. CASTILLE:

24                   My name is Collin Castille.  
25 I want to thank y'all for listening to me.



1 I know this problem keeps cropping up, and I  
2 really appreciate the time that you've put  
3 in listening to it. We are going to be  
4 switching to leasing because the current  
5 requirements -- the insurance requirements  
6 are just not feasible for our side. We have  
7 about 2,000 vehicles and they want to charge  
8 anywhere between seven to 14 times more for  
9 the policy than I could get it from a  
10 stronger, bigger, more sound insurance  
11 company. Right now I have it with Lloyds of  
12 London, which is the biggest, strongest  
13 insurance company in the world and -- but I  
14 understand that there are rules and laws in  
15 place and you guys have to enforce them. I  
16 would like to stay with you -- with our  
17 licenseship now with you because you've been  
18 very -- you've helped us a lot. You've been  
19 very accommodating in trying to help us.  
20 You've listened to both sides of the  
21 problem. I think you've been very fair.  
22 But it's just not feasible for us to stay.  
23 So we're leaving. And I have a feeling that  
24 as you rent-to-own licensors grow, they're  
25 going to run into the same problem and be

1 leaving as well.

2                   It is with regret that we are  
3 leaving. We would like to stay because  
4 we've always had a good relationship and we  
5 tried to get the law changed to be more fair  
6 to allow more competition in, and we just  
7 weren't -- we just failed at it this year.  
8 If it comes along again, if the question  
9 arises again, if this situation comes up  
10 again, I would be glad to help in any way I  
11 can to help in resolving the matter. Even  
12 though I'm not with you anymore, I would be  
13 glad to help because I think I have a pretty  
14 good knowledge of the problem. I do ask --  
15 I have my licenses. I received them last  
16 week.

17                   MR. PARNELL:

18                   Your lease license?

19                   MR. CASTILLE:

20                   My lease license, I'm sorry,  
21 yes. My lease license, I received them last  
22 week. I have one left that I need to get  
23 for the Hammond location that hasn't opened,  
24 yet. We haven't opened it, but we're going  
25 to be opening it soon. The problem is --

1 right now is that we have a little problem  
2 with a software issue in getting the leases  
3 loaded into the software and starting --  
4 being able to start using them. I'm hoping  
5 that we'll be able to have them in use  
6 within a couple of weeks. I applied for the  
7 lease license in July or June -- actually, I  
8 think it was June. It has taken them this  
9 long for us to get the license. I'm asking  
10 for -- that you allow us to keep our license  
11 and operate under your licenseship for --  
12 until the end of December, until our license  
13 is up. Our license is up at the end of  
14 December.

15                   We have contingent liability  
16 with Lloyds of London and we're working to  
17 where you guys won't have to hear from us  
18 anymore. I know you're kind of sick of  
19 hearing about this problem. I know that  
20 there are only three of us that don't have  
21 the correct insurance. I believe, though,  
22 that the problem isn't just us three. I  
23 believe that everybody working with SEADRA  
24 or Rent-T-Own with -- I believe that the  
25 vast majority of them would be much happier

1 if they didn't have to do that. These  
2 companies force you to pay for services that  
3 you don't need or want. They force you to  
4 join a club and pay for these services that  
5 you didn't need or want. They charge an  
6 enormous amount for the insurance that  
7 should be -- they don't act like insurance  
8 companies. They don't act -- they don't --  
9 they provide -- they force you to buy  
10 services that a normal insurance company  
11 wouldn't do, and I believe that there would  
12 be others that would be happy to leave that  
13 if it was so -- it's not just us three.  
14 Anyway, that's all I have to say and I  
15 appreciate again all of the help that you  
16 have given us and the understanding and the  
17 listening to our side. You've been very  
18 patient. I appreciate it.

19 MR. PARNELL:

20 One thing that Representative  
21 Cortez did during this last legislative  
22 session, he put forth House Resolution 115  
23 between the Department of Insurance and the  
24 Used Motor Vehicle Commission. It asked us  
25 to conduct a study whether there's a need

1 for mandating contingent liability coverage  
2 for rental dealers and whether an adequate  
3 market for such insurance exists in the  
4 state. I have been in contact with one of  
5 the Deputy Commissioners at the Insurance  
6 Commission and we're trying to set up a  
7 meeting now. I'm trying do something in  
8 early December so we can kind of sit and  
9 start studying whether or not it's necessary  
10 to even have that insurance. So before the  
11 2012 legislative session, we will have a  
12 report that we can give to them -- give to  
13 the Commerce committee.

14 Mr. Roppolo, I know you  
15 wanted to speak as well to the topic, if you  
16 will.

17 MR. ROPPOLO:

18 Yes. Thank you.

19 My name is Dave Roppolo. My  
20 business Skyline Imports and I'm here in  
21 Baton Rouge, and we're in the same boat that  
22 Mr. Castille is in. Of course, we're a  
23 fraction of the size of Everybody Rides, but  
24 I've been doing rent-to-own for over 10  
25 years. And when I started out in 2001,

1 SEADRA approached me and sold me on their  
2 whole deal of they can help me get my  
3 contracts done, monitor my customers'  
4 insurance to make sure there's no lapse or  
5 no exposure for their contingent policy.  
6 Well, after about six months of paying these  
7 guys to monitor the insurance for my cars, I  
8 realized that they weren't doing that at  
9 all. I was paying them \$1,000 a month and  
10 never hearing from them unless my payment  
11 was late.

12                   So, finally, you know, I  
13 looked to -- called up -- I forget who was  
14 running it back then. I asked them -- I  
15 said, what -- can you give me an idea of  
16 what I'm pay for here? He said, well, we're  
17 monitoring your insurance, and this and  
18 that. I said, well, I don't have any  
19 e-mails, any faxes, any letters, any calls  
20 from you guys and I have at least 10 people  
21 a month whose insurance is on the verge of  
22 lapsing and I haven't heard from y'all.  
23 Well, one thing led to another and I just  
24 said, well, you know what, I'm not going to  
25 pay you anymore because we don't need the

1 service that you are supposed to be  
2 providing me.

3 Well, they threatened to sue  
4 me and their attorney called me and I said,  
5 look, just give me the service that I'm  
6 paying for and I'll get back on board with  
7 you guys. Well, I never heard from them,  
8 again. They literally just left me alone.  
9 So I got out of the rent-to-own business. I  
10 worked for Insurance Auto Auction for a few  
11 years, came back to Baton Rouge in '07 and  
12 opened up a new rent-to-own lot and ran into  
13 the same problem. Only the problem now was  
14 that the State was literally strong arming  
15 and saying, if you want to do rent-to-own,  
16 you have got to get insurance through one of  
17 these guys, get insurance from one of these  
18 guys. You can't just go in like you can on  
19 your homeowners policy, pay them for a  
20 policy and be done with it. You have to  
21 join their club and they are going to tell  
22 you what their club is going to do for you.  
23 And I said, well, I don't have a third  
24 option, I can't just buy an insurance  
25 policy? If I go to State Farm to get an

1 insurance policy for my house and I don't  
2 like the way they treating me or whatever,  
3 I'm just going to go to Allstate or, you  
4 know, whoever else.

5 Well, the State is forcing  
6 guys like me and Collin here to get  
7 insurance with these businesses regardless  
8 of the mafia treatment they're doing to us.  
9 Because I call it mafia treatment, because  
10 back then if you didn't pay the mafia, you  
11 weren't in business. So I can't continue  
12 selling cars like I've been doing unless I  
13 pay these guys for basically nothing.

14 So I met with Derek a few  
15 weeks back and I gave him a couple of  
16 examples that my wife asked me to give about  
17 why I was so ticked off about it. I told  
18 her and I told Derek when I went to pay for  
19 my new homeowners policy back in July, I  
20 wrote a check to State Farm and I was done.  
21 State Farm didn't tell me for \$20 a month  
22 per room, they are going to come in and  
23 change all of my smoke detector batteries  
24 and make sure that my exposure was limited,  
25 because smoke detectors work, and then not



1 come in and do it. That's all SEADRA does,  
2 and you know what, I believe in free  
3 enterprise. If they can find dealers who  
4 will bite and do that, that's fantastic for  
5 them. That's what America is about. But if  
6 the State is going to mandate that these two  
7 companies are the only ones that can write  
8 it, they need to provide us with a third,  
9 fourth, fifth or sixth option that has  
10 insurance that is just as good. I have the  
11 same Lloyds of London policy that Mr.  
12 Castille has and their company is rated  
13 higher than the other two companies. But  
14 the State doesn't do that.

15               So we are literally in a bind  
16 because SEADRA lobbied so good against this  
17 whole cause, I am literally in a sheer panic  
18 right now because I found out the day I  
19 submitted my 2012 application, that the  
20 insurance policy that was accepted this year  
21 is no longer good. So I have got 30 days to  
22 do what Mr. Castille has done and switch  
23 over to the State -- to the New Car  
24 Commission, I'm sorry, and get a new lease  
25 approved, get all the licensing approved

1 before January first. Otherwise, I'm  
2 operating illegally. As far as I'm  
3 concerned right now, I guess I can't do  
4 rent-to-own policies. That rug has been  
5 pulled out from under me with basically no  
6 notice. So if you would also allow me to  
7 continue operating the way I'm operating  
8 until the December 31st, I would really  
9 appreciate it because I'm not really sure  
10 that by the first I'll be able to have my  
11 lease license in place. I won't be doing  
12 rent-to-own. I may have to do retail until  
13 I get it all straight. But we really have  
14 no options, Collin and I, you know, we just  
15 don't.

16           And I know SEADRA -- I  
17 believe Derek said that SEADRA said, we're  
18 trying to play hard ball or what-not, but  
19 the fact of the matter is, we just don't  
20 have any other options. And I don't need a  
21 business partner, I just need an insurance  
22 policy, and because SEADRA won't just sell  
23 the rent-to-own dealers just an insurance  
24 policy and make their commission and move  
25 one, Collin and I are having to spend

1 thousands of dollars to change our course of  
2 business and it's just -- it's not fair at  
3 all, you know. So any consideration I could  
4 get, at least until the end of the year,  
5 would be greatly appreciated. My contingent  
6 policy is good. I just renewed it two  
7 months ago, \$2,000 almost and it's good  
8 until next year at this at time, but it's  
9 not worth the paper it's written on. So,  
10 anyway, that's all I have.

11 MR. POTEET:

12 Thank you.

13 MR. PARNELL:

14 Commissioner Duplessis, do  
15 you have anything that you want to --

16 MR. DUPLESSIS:

17 Oh, my God, where am I going  
18 to start? Mr. Arceri owns Everybody Rides  
19 and he --

20 MR. PARNELL:

21 He's insurance.

22 MR. DUPLESSIS:

23 I'm sorry, Chris Arceri.

24 MR. HALLACK:

25 He is insurance.

1 MR. ROPPOLO:

2 He sold us the policy we  
3 currently have, the Lloyds policy.

4 MR. DUPLESSIS:

5 He sent me Lloyds of London  
6 criteria and like Director Parnell said,  
7 we've been charged with studying this issue  
8 and we have to stay neutral until we're  
9 asked to. So whoever got this to a study  
10 committee did quite a good job. Now, we can  
11 look at it objectively, I think. You know,  
12 I have a couple questions. You went to the  
13 New Car Commission because of the lease, and  
14 I take it that your new insurance or  
15 contracts are good with them on a lease  
16 basis, right?

17 MR. CASTILLE:

18 Mine has been approved by  
19 them yet. His has not yet. He's had his  
20 there since July he told me.

21 MR. POTEET:

22 But, basically, he could copy  
23 your contract and be good to go.

24 MR. CASTILLE:

25 Right.

1 MR. DUPLESSIS:

2 What's the difference in  
3 liability for you guys to do rent-to-own  
4 versus lease? It seems like it's more  
5 feasible on the lease side, more exposure  
6 for you on the rent-to-own. Just tell me  
7 that real quick. We'll get an idea.  
8 Because I think there will be a discussion  
9 on that side.

10 MR. CASTILLE:

11 When you say liability, what  
12 type of liability do you mean?

13 MR. DUPLESSIS:

14 It seems like you have more  
15 inherent liability on a lease contract than  
16 you do on a rent-to-own.

17 MR. CASTILLE:

18 In terms of --

19 MR. DUPLESSIS:

20 Exposure, tortuous suits.

21 MR. HALLACK:

22 Let me kind of explain one of  
23 basic differences between rent-to-own and  
24 lease. In a rent-to-own contract, the  
25 titled vehicle remains with the dealer. The

1 dealer still owns the vehicle under  
2 rent-to-own. Now, under a lease contract,  
3 the lease contract is supposed to go to an  
4 automobile leasing company. So the dealer  
5 then has absolutely no exposure, no  
6 liability, as long as the lease goes to a  
7 leasing company. I think that's the way  
8 Bobby Jiles in Lafayette does his  
9 lease-to-own is that he -- all his leasing  
10 contracts are in a leasing company. And a  
11 leasing company is actually licensed by the  
12 New Car Commission.

13 MR. DUPLESSIS:

14 Right, that's correct.

15 MR. CASTILLE:

16 Right. That's one way to do  
17 it. Another way to do it is, you can -- you  
18 still have the same liability because Bobby  
19 Jiles owns the leasing corporation. The  
20 dealership doesn't, but as a person, as an  
21 individual, the difference in liability is  
22 none. I'll tell you, it makes it less of a  
23 headache because right now under the  
24 rent-to-own contracts, insurance flags,  
25 Everybody Rides has to clear those insurance

1 flags. You know, it's a huge headache to  
2 always constantly have to clear those  
3 insurance flags. Under leasing, we don't  
4 have to clear the insurance flags. The  
5 flags go to the lessor because the  
6 Department of Motor Vehicles, whenever you  
7 license a rent-to-own simply -- and this is  
8 the sole reason why on a rent-to-own title,  
9 there is no -- it just says rent-to-own --  
10 what does it say?

11 MR. ROPPOLO:

12 It will say owner, Everybody  
13 Rides, rented to John Smith.

14 MR. CASTILLE:

15 All it has is the name, not  
16 his address or anything. So whenever an  
17 insurance flag comes up, we get the  
18 insurance flag because they don't know where  
19 to notify them. Whereas, on a lease, it has  
20 the -- it has his name and the address and  
21 all. So they notify him.

22 MR. HALLACK:

23 And, also, in a lease, there  
24 is no requirement for any type of contingent  
25 liability insurance.

1 MR. DUPLESSIS:

2 Correct, because the  
3 ownership is theoretically transferred to a  
4 leasing company.

5 MR. HALLACK:

6 Right. So under rent-to-own,  
7 the dealer has responsibility to make sure  
8 that car has insurance on it. Under a  
9 lease-to-own, the lessor has zero  
10 responsibility to make sure that car has  
11 insurance on it. So, I mean, in terms of  
12 accountability, rent-to-own is much better  
13 because the dealer still has responsibility  
14 and accountability for making sure that  
15 vehicle has insurance on it.

16 MR. DUPLESSIS:

17 What does this do for you guys  
18 repossessing a car for a customer or client  
19 that doesn't pay? It seems like  
20 rent-to-own, you could go get it pretty  
21 quickly and lease-to-own has a whole  
22 different set of hurdles. Would y'all  
23 explain that to us?

24 MR. CASTILLE:

25 The basic difference is, you



1 have to wait 30 days before you can go under  
2 the lease. And here, it's kind of up in the  
3 air, but you can go a little quicker. I  
4 think it's like five days or so.

5 MR. HALLACK:

6 Well, actually, under  
7 rent-to-own, we never really prescribed it.  
8 There is a time period under rent-to-own you  
9 can go repossess it on one default.  
10 Whereas, the lease, there is a whole section  
11 of law that deals with the repossession of a  
12 leased vehicle. Again, under rent-to-own,  
13 the title remains in the dealer's name.  
14 Theoretically, you can just go and pick it  
15 up because the vehicle is in his name.  
16 Under lease-to-own, you have a whole set of  
17 laws that you have to follow to repossess  
18 that vehicle and it's very much like  
19 repossessing a car you've sold.

20 MR. DUPLESSIS:

21 So what I'm gathering is,  
22 y'all are talking about a situation you  
23 haven't experienced yet, you haven't repo'd  
24 a car under a lease contract.

25 MR. CASTILLE:

1                   That's correct. I do know  
2 also, though, that the vast majority of our  
3 repos under rent-to-own is because of the  
4 insurance. They are repos for insurance  
5 more than payments. I mean, we let people  
6 slide on payments when, you know, we know  
7 going into the contract that there are going  
8 to be people that these are the type of  
9 customers that are going to have a problem  
10 every once in a while in making a payment.  
11 We let them slide on payments. You cannot  
12 let them slide a day on the insurance  
13 because the contingent liability requires  
14 that they are constantly insured. So they  
15 will -- it's required in that policy that  
16 you have -- that they have to be covered.  
17 So almost all -- I would say 70 percent of  
18 our repossessions are because of the  
19 contingent liability insurance requirement.

20                   MR. DUPLESSIS:

21                   The lapse.

22                   Derek, refresh my memory with  
23 Nick Gautreaux. He's got a new set of  
24 products that he is rolling out from the  
25 Department of Motor Vehicles. One of them

1 is automatic insurance notification that the  
2 insurance lapses; is that correct?

3 MR. PARNELL:

4 He is talking of that, but --

5 MR. DUPLESSIS:

6 That's not in place?

7 MR. PARNELL:

8 Not yet, no. No, not yet. I  
9 know that's in the infancy stages of him  
10 trying to get that established. I met with  
11 him about two weeks ago and beyond that, we  
12 haven't discussed that.

13 MR. DUPLESSIS:

14 So if he can achieve that, I  
15 believe the fee was just really cheap. It  
16 was like 20, 50, 100 bucks a month. So if  
17 he could achieve that, then we could  
18 transfer that notification to that customer.  
19 And the way it works is, any time the  
20 insurance lapses, it automatically notifies  
21 the selling responsible agency, whoever it  
22 is. Then that basically would accomplish  
23 the insurance notification issue, right?

24 MR. PARNELL:

25 Right.

1 MR. DUPLESSIS:

2 For a flat fee, which is very  
3 reasonable.

4 How often do y'all have an  
5 issue with contingent liability actually  
6 being filed on you guys, if there is an  
7 issue?

8 MR. CASTILLE:

9 I haven't had one in over a  
10 year now. I haven't had a claim. What  
11 happens is, a lawyer will find out that you  
12 own the car and they ask for insurance. You  
13 have to notify them that you have the  
14 contingency. I've never had one actually go  
15 to court and pay out in the 10 years I've  
16 been doing this, or nine years I've been  
17 doing this. They've never paid. They've  
18 given, like, \$3,000 or \$4,000 to go away,  
19 but they've never -- I think what's happened  
20 is, now the lawyers in Lafayette, they  
21 realize that and they've kind of left me  
22 alone. They've realized what they have to  
23 prove for the contingent liability to kick  
24 in and actually pay, and they never have  
25 that. So they just stopped even notifying

1 -- you know, stopped suing us.

2 MR. HALLACK:

3 In terms of your question  
4 about notification, both of these dealers  
5 have systems within their business that they  
6 receive instant notification.

7 MR. CASTILLE:

8 For insurance lapses?

9 MR. HALLACK:

10 Yes.

11 MR. CASTILLE:

12 Yes. When a customer comes  
13 in or when a customer mails in a payment, we  
14 check to make sure that the customer has  
15 insurance either with the agent or on the  
16 website. So every single month, every  
17 single customer, and when you are talking  
18 2,000 of them, it's a big task to do. I'm  
19 sure he's doing the same thing. We all have  
20 to do that. It's in our interest that the  
21 customer has insurance.

22 MR. ROPPOLO:

23 Mr. Duplessis, I use -- most  
24 of my customers, probably 90 percent of my  
25 customers, use Go Auto, and they have an

1 e-mail notification. Any change of their  
2 policy whether they pay, they come in  
3 and change their address, change their phone  
4 number, don't pay, try to take the vehicle  
5 off, as soon as anything happens on that  
6 policy, we get an e-mail. I have a specific  
7 e-mail address that all day sits there and  
8 any change -- or any e-mail that comes to  
9 us, we are on top of it before they even  
10 mail their 10 day letter out. So we  
11 virtually have less than a one percent  
12 exposure, if any, for ours.

13 MR. DUPLESSIS:

14 Were SEADRA and Rent-T-Own  
15 invited today?

16 MR. PARNELL:

17 We sent it out to SEADRA.

18 MS. BARON:

19 I sent to Phelps Dunbar.

20 MR. PARNELL:

21 We did sent them to their  
22 attorney.

23 MR. DUPLESSIS:

24 I guess we're going to have a  
25 meeting with the Department of Insurance,

1 and then we are going to set this for a  
2 hearing in our legislative session in what,  
3 January or February?

4 MR. PARNELL:

5 We need to do it by then  
6 because I guess filing is in March.

7 MR. DUPLESSIS:

8 The early part of March.

9 MS. MORRIS:

10 Pre-filing is going to be --

11 MR. HALLACK:

12 It's generally March 15.

13 MS. MORRIS:

14 It's around mid March,

15 because the session is --

16 MR. DUPLESSIS:

17 Well, I guess we are going to  
18 have the hearing and have the Commissioners  
19 come to a conclusion. That concludes my  
20 questions.

21 MR. BOURGEOIS:

22 Do we have an Attorney  
23 General's opinion on this at all?

24 MR. HALLACK:

25 Yes.

1 MR. BOURGEOIS:

2 What was it?

3 MR. HALLACK:

4 It's not worth the paper it's  
5 written on.

6 MR. BOURGEOIS:

7 Well, what was it, though?

8 MR. HALLACK:

9 It was something about that  
10 we need to comply with the law and enforce  
11 the laws as it's written. And as the law is  
12 written, these dealers must have contingent  
13 liability insurance with an admitted carrier  
14 and there are only two admitted carriers  
15 selling contingent liability insurance in  
16 the State of Louisiana and both of them  
17 require that you have membership an  
18 organization before you can purchase the  
19 insurance.

20 MR. BOURGEOIS:

21 If they sue the State saying  
22 that we are enforcing a monopoly, can they  
23 sue the State?

24 MR. HALLACK:

25 No.



1 MR. BOURGEOIS:

2 They can't sue the State?

3 MR. HALLACK:

4 No. In fact, really, this is  
5 the first time that we've actually come to  
6 these dealers and said, look, guys, you've  
7 got to get on board with what the statute  
8 requires, and you've got a choice, one of  
9 two, either GMI, which is sold by Northland,  
10 or Great American, which is sold by SEADRA.  
11 Both of those require you to be a member of  
12 their association in order to be able to  
13 purchase those policies. But that's just  
14 where we're at. We're in a position where  
15 we have to enforce our law and we're losing  
16 three dealers to the New Car Commission. If  
17 I was in this business and I saw that I  
18 wouldn't have to pay lots of money that they  
19 would have to pay, I would also go to lease  
20 as well. So, I mean, I think it keeps a lot  
21 of dealers from doing this type of  
22 financing. I think we have the potential to  
23 lose dealers who may see a way out through  
24 leasing.

25 What they are here today,

1    though, is to ask you to stay the  
2    enforcement of the statute until they get  
3    their licenses approved by the New Car  
4    Commission.  And just to let you know, too,  
5    we're talking about the difference between  
6    rent-to-own and the difference between  
7    lease-to-own.  There's a difference between  
8    what the Commission is actually licensing  
9    and regulates.  Our statute says that  
10   we license and regulate anything that  
11   is two years or older that's being rented.  
12   A vehicle that is two years or older that's  
13   being rented comes under us.  So anything  
14   that's new or the current model year or a  
15   year later is a lease that's regulated by  
16   the New Car Commission,            and I would bet  
17   that most of your rent-to-own people are not  
18   renting vehicles that are new or of the  
19   previous model year.

20                   MR. ROPPOLO:

21                    It would be a good bet.

22                   MR. HALLACK:

23                    Right.  So I'm not sure how  
24   the New Car Commission can actually take  
25   them as licensees, but they are.

1 MR. POTEET:

2 They are kind of orphans

3 right now.

4 MR. HALLACK:

5 Yes. I mean --

6 MR. POTEET:

7 Well, as far as your license

8 through the end of year, it's only 40 more

9 days.

10 MR. DUPLESSIS:

11 Can we legally do it?

12 MR. TURNER:

13 We have the authority to do

14 it.

15 MS. MORRIS:

16 Well, we don't have a case

17 against them pending to take their license,

18 do we?

19 MR. HALLACK:

20 I think what Derek did was

21 say that we are going to have a compliance

22 meeting and you need to come in for the

23 compliance meeting and show that you are in

24 compliance with the law. Even though they

25 have insurance through Lloyds of London,

1 Lloyds of London is not an admitted carrier.

2 MR. POTEET:

3 Could we have that compliance  
4 meeting on December 31?

5 MR. HALLACK:

6 He's already had it.

7 MS. MORRIS:

8 Well, once he has the  
9 compliance meeting, then Mr. Hallack would  
10 have to file charges and you would have to  
11 conduct a hearing. We only have one more  
12 meeting this year.

13 MR. HALLACK:

14 Right. What we do have that  
15 you probably could do is Policy #78. We  
16 have discussed this policy before. Policy  
17 #78 defines what the statute means in terms  
18 of what is available. You know, we have a  
19 letter from the Department of Insurance  
20 stating that it's not available if you are  
21 required to be a member of an association,  
22 and that's how certain staff members at the  
23 Department of Insurance interpret that.  
24 It's not available to these gentlemen if  
25 they have to be members of that association

1 in order to purchase that insurance.

2 Now, when we wrote Policy #78  
3 many, many years ago -- because in 2004 when  
4 this Statute 793 was enacted, there was only  
5 one contingent liability admitted carrier in  
6 the State and that was Great American. And,  
7 of course, you had to be a member of SEADRA  
8 in order to purchase the Great American  
9 policy. So we admitted Policy #78 and said,  
10 if there is only one, that you can go to the  
11 approved list -- the Department of Insurance  
12 approved list and, certainly, Lloyds of  
13 London is on the approved list. I think  
14 there's probably, like, 30 companies that  
15 are on the approved list that can sell  
16 contingent liability insurance.

17 So when we wrote Policy #78,  
18 there was only one admitted carrier and we  
19 defined it as being -- well, if you've got  
20 to be a member of that organization in order  
21 to purchase that policy, then it's not  
22 available. Years later, 2010, the broker  
23 for that policy tried to introduce  
24 legislation to remove if available. They  
25 weren't successful, but part of the trade

1 off was that if there are at least two  
2 admitted carriers, then the dealer has to  
3 get insurance from one of the two. We never  
4 actually signed off on that policy, but it  
5 was part of -- kind of an agreement that we  
6 would oppose legislation that didn't at  
7 least do that. But we never really signed  
8 off on an admitted -- amended Policy #78.  
9 So, basically, if you still feel like when  
10 78 was written that if it's not available  
11 because you have to be a member of an  
12 organization in order to have the insurance,  
13 then you can interpret it that way. And we  
14 have had it -- 78 on the agenda before and  
15 we've really never acted on it.

16           Now, you have to look at it  
17 from the other side, too. You've got 85  
18 dealers who are all members of these  
19 organizations and they are paying thousands  
20 of dollars a month to have this insurance.  
21 How do they feel about somebody who's not  
22 doing that, you know, playing devil's  
23 advocate, if you will? So you have 85  
24 dealers who are members of the organization,  
25 who are paying the membership fees. How do

1 they feel about us not enforcing this  
2 statute the way it's written? So, I mean,  
3 on one side, you realize that what is  
4 occurring sounds like it may be creating a  
5 monopoly. On the other side, you've got 85  
6 dealers who are complying.

7 MR. PARNELL:

8 And the underlying, going  
9 back to the session, the main thing that was  
10 always stated about our Commission is that  
11 we are not following the law the way it's  
12 written. I just didn't want us to get into  
13 an issue as it relates to that.

14 MR. HALLACK:

15 Right. Every legislative  
16 session, we hear the same old argument, that  
17 we're not enforcing the law as it's written.  
18 About every year, the Executive Director  
19 receives a letter saying, you are not  
20 enforcing the law as it's written. They put  
21 pressure on not just the Executive Director,  
22 but anybody in state office that has  
23 anything to do with this, there's pressure  
24 on them to make sure that this law is  
25 enforced as it's written.

1 MR. CASTILLE:

2 Can I say something real  
3 quick? I think up until recently, up until  
4 2010, there always was one other company  
5 that met all of the requirements, or 2009,  
6 that was the one that I had, and I forget  
7 the name of it right now. I forget who it  
8 was.

9 MR. HALLACK:

10 Lexington is who it was.

11 MR. CASTILLE:

12 It was Lexington. And I had  
13 Lexington. It was in 2010. Lexington said,  
14 look, this is a small line for us, just --  
15 we just don't want to deal with it anymore.  
16 There's very few customers that they had.  
17 We don't want to deal with it anymore. They  
18 didn't want -- I think they became a non --

19 MR. HALLACK:

20 Non-admitted.

21 MR. CASTILLE:

22 -- non-admitted company. So  
23 at that point, we lost that and that -- you  
24 know, up until then, I was always in  
25 compliance. It's whenever I had to join



1 that club that charged me a bunch -- as I  
2 said, I can't do that. It's really -- it  
3 really was fiscally not feasible with 2,000  
4 vehicles. You just cannot do it and  
5 survive.

6 MR. PARNELL:

7 There was one other insurance  
8 company, I think until recently, that we had  
9 some dealings with that met the statute how  
10 it's written, but that company would not  
11 write anymore.

12 MS. BARON:

13 Lincoln.

14 MR. PARNELL:

15 Lincoln.

16 They wouldn't write any more  
17 policies in the state. But the  
18 policyholders that they had, they didn't get  
19 rid of them or anything, but I think now we  
20 don't even have those guys.

21 MR. HALLACK:

22 I think we have one other  
23 dealer that has a policy through GMI and he  
24 got somehow grandfathered in and that's Rock  
25 and Roll Motors out of Orleans.

1 MR. POTEET:

2 Well, we need to move on from  
3 here. What do you suggest we do, do you  
4 have any suggestions?

5 MR. HALLACK:

6 Well, I would suggest that --  
7 staying enforcement of it.

8 MR. CASTILLE:

9 I would ask that you guys  
10 revisit the if available question and stay  
11 enforcement you have an answer on that. I  
12 know it's -- I know this is a thorn in  
13 y'all's side. It's been going on and on and  
14 on and on. But there is -- we're close to  
15 the end of the tunnel and the December 31st  
16 will be, you know, the time that we ask for.

17 MR. DUPLESSIS:

18 Sheri, advise us. I'm  
19 clueless.

20 MR. POTEET:

21 Sheri is saying that the  
22 license is valid through the end of year.

23 MS. MORRIS:

24 Unless somebody wants to  
25 revoke it. We don't have any proceeding

1 before us to suspend or revoke their  
2 license. We only have one more meeting  
3 between now and the end of year.

4 MR. BOURGEOIS:

5 That sounds good. He already  
6 has his lease license.

7 MR. POTEET:

8 I mean, I'm not sure we need  
9 to do anything. I think that's really --

10 MR. TURNER:

11 I don't think there is  
12 nothing to do until somebody wants to --

13 MS. MORRIS:

14 Somebody applies for a 2010  
15 license, and then the staff should issue  
16 those and bring them to the Board. From  
17 what I understand they are not going to  
18 apply for it.

19 MR. POTEET:

20 I say we don't do anything  
21 and let them go on about their business.

22 MR. BOURGEOIS:

23 That sounds good.

24 MR. TURNER:

25 You agree.

1 MR. POTEET:

2 Do we vote to do anything?

3 MR. DUPLESSIS:

4 There's no action to be  
5 taken.

6 MR. POTEET:

7 There is nothing for us to  
8 do, that's exactly right.

9 MR. TURNER:

10 Let's move on.

11 MR. PARNELL:

12 So the meeting that we are  
13 supposed to have, and I'm trying to get a  
14 lock down date of when we want to do that,  
15 so we can go ahead and kind of move forward  
16 with that.

17 MR. DUPLESSIS:

18 I will say one more thing  
19 about what Mr. Roppolo mad about the strong  
20 arm attack. They attempted that on me last  
21 session and I giggled, and we just moved on,  
22 but it was amazing how they pressured Derek  
23 and myself, and Sheri and me just kind of  
24 laughed at them went on and really nothing  
25 happened. The worse thing that happened to

1 them, they got into a study. So you guys  
2 did a good job on that point. You didn't  
3 have a win.

4 MR. CASTILLE:

5 No. They had nine -- I'm  
6 know I'm not exaggerating. There is an  
7 article that they had nine lobbyists -- they  
8 hired nine lobbyists, and I talked to one  
9 Senator and -- that was with us and he said,  
10 well, I'm going to have to vote against it.  
11 Nine lobbyists called me and told me to vote  
12 no. You realize they were all hired by the  
13 same guy, huh? He said, well, I understand  
14 that. I said, well, how about if I have my  
15 one lobbyist call you nine times and tell  
16 you the same thing nine times.

17 MR. DUPLESSIS:

18 All right, sir.

19 MR. POTEET:

20 I think we're going to move  
21 on to the Executive Director's report.

22 MR. PARNELL:

23 Review of complaint of  
24 activities, if you look with me in your  
25 packets, I do have some documents there to

1 report. The alleged issue counts, the first  
2 item that's on there. If you will notice,  
3 there were 68 alleged issues in the month of  
4 October. Twenty-one were requested refunds.  
5 Seven were non-delivery of titles. And, as  
6 always, these alleged issues are the kind of  
7 things that are related, some of which --  
8 one area of alleged concern is addressed.  
9 The other ones typically kind of go away  
10 and/or decrease.

11           The second item is the case  
12 report. This breaks out the number of cases  
13 per investigator that have been assigned for  
14 the month of October. If you will look in  
15 your document, you have 56 assigned cases in  
16 the month of October. Eighteen of these  
17 cases were completed. Thirty-eight of these  
18 cases are still open. From the month of  
19 October, there is a 32 percent completion  
20 rate for the cases that were assigned and  
21 completed in the month of October.

22           The last document is the  
23 Department's summary report. This  
24 Department summary illustrates the total  
25 number of cases closed by October, 2011 and

1 not all opened in the month of October,  
2 which is 42 cases closed. This document --  
3 if you have any other questions on the  
4 numbers and what we're doing in the  
5 investigation side of these, please ask  
6 those questions.

7 MR. POTEET:

8 All right. Do you have any  
9 questions about any of that?

10 (No response.)

11 MR. PARNELL:

12 The next item is the license  
13 renewal update. We're working diligently to  
14 insure the turn around time is a lot better  
15 than it's been in the past on our licenses  
16 -- renewing our licenses. Thus, we did go  
17 to our online process where we're getting  
18 much more numbers of people that are  
19 actually doing it online, which I don't have  
20 a percentage right now about how many thus  
21 far have gone online, but I do know that  
22 transactions last year at this point were  
23 about 506 transactions online for the month  
24 of October. This year, it's doubled that --  
25 a little bit more than doubled that. We

1 went from 43,000 last year online to 145,000  
2 last year in that one month timeframe. I'm  
3 trying to get -- gear everyone to try to  
4 move towards the online process, because  
5 it's going to make it a lot easier and a lot  
6 more efficient for us to actually process  
7 the licenses moving forward. We did run  
8 into some kinds and some issues with the  
9 upgrade, but we're working through those  
10 things now and the licensing system is  
11 working fairly well right now. We still  
12 have a couple of things we still need to try  
13 to work out and take down, so we can  
14 actually be a little bit better moving  
15 forward on those projects.

16           The next item is the meeting  
17 with the Office of Motor Vehicles. On  
18 November 14, I did have a meeting with Motor  
19 Vehicles, Commissioner Gautreaux. They had  
20 some representatives from the Motor Vehicle  
21 Commission and some title companies. Mainly  
22 what the meeting was talking about, the  
23 temporary tag database, which Commissioner  
24 Gautreaux informed me that they are -- they  
25 want to actually move forward and put a



1 deadline on when all dealers need to  
2 actually start using the temp tag database,  
3 which is going to be January 1. They have  
4 said things in the past -- they moved it  
5 three or four times throughout the year  
6 because of issues -- because it's not  
7 actually doing what it's supposed to do.  
8 But now he says he's going to try to get out  
9 some information -- some documentation to  
10 everyone to let us know that this is the way  
11 they are going to actually have to start  
12 doing it. So, everyone, please notify the  
13 dealers around you that are licensed through  
14 us to please get on there and register and  
15 start using it, because as I understand,  
16 beyond January 1, they are not going to be  
17 able to get their temp tags any other way  
18 other than going online and applying for  
19 them that way.

20 MR. TURNER:

21 Are they sending out a notice  
22 to all of the dealers?

23 MR. PARNELL:

24 Well, I gathered he was, yes.

25 MR. TURNER:

1 I haven't gotten anything.

2 MR. PARNELL:

3 No. He hasn't done it yet.

4 What I understood is they are going to do  
5 it, I guess, around December -- the  
6 beginning of December. I don't know how  
7 they're going to do it. I don't want to  
8 spend a lot of money on it yet, but, I mean,  
9 we do need to get the information out to  
10 everybody. We did assist with him in June,  
11 we put it out on the website. Once we send  
12 out our packet information, we send it out  
13 there and just notifying everybody -- just  
14 let everybody know that this is coming. So  
15 please make sure that you start getting on  
16 there and registering. But outside of that,  
17 I don't know what they're going to do. I  
18 gathered from what he said that they're  
19 going to send it out to the dealers, but I  
20 doubt that. I doubt they're going -- I  
21 think they may just get the information to  
22 us and we try to get it out to everyone,  
23 though.

24 MR. POTEET:

25 So they're going to get it to

1 you by December 30th or so?

2 MR. PARNELL:

3 Yes, more than likely. They  
4 didn't really give me a real defined  
5 deadline on that. I met with him. I was  
6 thinking this week that something would come  
7 out, but nothing on that came out as it  
8 relates to that.

9 MR. TURNER:

10 I had a discussion with Dan  
11 Casey probably -- I ran into him about a  
12 month ago, about this, and they were still  
13 trying to figure it out as far as the  
14 software and it's still -- they don't have  
15 it together, the way he was telling me.

16 MR. PARNELL:

17 That's why he moved that date  
18 several times already this year. He said  
19 this is --

20 MR. POTEET:

21 I doubt seriously they are  
22 going to have it ready by -- in 40 days.

23 MR. PARNELL:

24 I agree, just because of the  
25 issues that they were having.

1 MR. POTEET:

2 Less than six weeks.

3 MR. PARNELL:

4 That's coming up. So I don't  
5 know exactly when they're going to define  
6 it.

7 The other item that we kind  
8 of discussed was dealer plates. I think you  
9 remember this. If you remember this when we  
10 were down there talking about dealer plates,  
11 they said they wanted to change the dealer  
12 plate colors. The used and the new have  
13 different color plates. What they did have  
14 was an example of a new dealer plate and it  
15 was black lettering with a gold background  
16 on it. They want to go to having different  
17 color dealer plates to better be able to  
18 designate the used and new dealers. One  
19 thing he asked is that we -- you know, this  
20 is not anything that they are trying to put  
21 forth early, early on in the year, but I  
22 think towards the first quarter of the year,  
23 getting into the first quarter of the year,  
24 he asked that we kind of look at colors that  
25 we want to have our -- the dealer plates be.

1                   With that, that concludes my  
2 Director's report. If you have any  
3 questions or comments or concerns or  
4 anything, please let me know.

5                   MR. POTEET:

6                   We need to adjourn and  
7 reconvene for the hearing. We need to  
8 motion to adjourn.

9                   MR. SMITH:

10                  I make the motion.

11                  MR. BOURGEOIS:

12                  Second.

13                  MR. POTEET:

14                  We'll adjourn for 10 minutes.

15  
16                  (Whereupon, at 10:39 a.m. the meeting was  
17                                  adjourned.)

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1 REPORTER'S CERTIFICATE

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I, BETTY D. GLISSMAN, Certified

4

Court Reporter, Certificate No. 86150, in

5

and for the State of Louisiana, do hereby

6

certify that the Louisiana Used Motor

7

Vehicle Commission November 21, 2010 meeting

8

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reporting method, was prepared and

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direction and supervision, and is a true and

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correct transcript to the best of my ability

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and understanding.

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This November 30, 2011, Baton

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Rouge, Louisiana.

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BETTY D. GLISSMAN, CCR

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