

LOUISIANA USED MOTOR VEHICLE COMMISSION  
STATE OF LOUISIANA

REGULAR MEETING  
JUNE 20, 2016  
BEGINNING AT 9:30 A.M.

3132 VALLEY CREEK  
BATON ROUGE, LOUISIANA

REPORTED BY:  
BETTY D. GLISSMAN, CCR

1 APPEARANCES:

2

3 CHAIRMAN:

MR. JOHN POTEET

4

5 COMMISSIONERS PRESENT:

6 MR. TONY CORMIER (arrived late)

7 MR. RICKY DONNELL

8 MR. RON DUPLESSIS

9 MR. GEORGE FLOYD

10 MR. STEPHEN OLAVE

11 MR. KIRBY ROY

12 MR. HENRY "DARTY" SMITH

13 MR. DINO TAYLOR

14 MR. RICHARD WATTS

15

16

17 REPRESENTING THE LOUISIANA USED MOTOR

18 VEHICLE COMMISSION:

19

20 ROBERT W. HALLACK, ESQUIRE  
HALLACK LAW OFFICE  
21 13007 JUSTICE AVENUE  
BATON ROUGE, LOUISIANA 70816

22

23 SHERI MORRIS, ESQUIRE  
ROEDEL, PARSONS, KOCH, BLACHE,  
BALHOFF & McCOLLISTER  
24 8440 JEFFERSON HIGHWAY, SUITE 301  
BATON ROUGE, LOUISIANA 70809

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ALSO PRESENT:

- MS. KIM BARON
- MR. DEREK PARNELL
- MS. MONA ANDERSON
- MS. TONYA BURKS
- MS. STACY GAUDIN
- MR. MONTIE WISENOR
- MR. NESTOR GUILLORY
- MR. PERRY ESPONGE
- MR. DWAYNE TAMBLING

1 (Pledge of Allegiance)

2 MR. POTEET:

3 Kim, roll call, please.

4 MS. BARON:

5 John Poteet?

6 MR. POTEET:

7 Here.

8 MS. BARON:

9 Dino Taylor?

10 MR. TAYLOR:

11 Here.

12 MS. BARON:

13 Tony Cormier?

14 MR. CORMIER:

15 (No response.)

16 MS. BARON:

17 Ron Duplessis?

18 MR. DUPLESSIS:

19 Here.

20 MS. BARON:

21 George Floyd?

22 MR. FLOYD:

23 Here.

24 MS. BARON:

25 Kirby Roy?

1 MR. ROY:

2 Here.

3 MS. BARON:

4 Darty Smith?

5 MR. SMITH:

6 Here.

7 MS. BARON:

8 Steve Olave?

9 MR. OLAVE:

10 Here.

11 MS. BARON:

12 Ricky Donnell?

13 MR. DONNELL:

14 Here.

15 MS. BARON:

16 And Richard Watts?

17 MR. WATTS:

18 Yes.

19 MS. BARON:

20 Mr. Chairman, we have a quorum.

21 MR. POTEET:

22 Excellent. Welcome to the two new  
23 members. I'm glad you guys are here. We've been --  
24 we've been short. We haven't had 10 full  
25 Commissioners in three years. So it's great to have

1 you here.

2 We're going to get started off with a  
3 long day. The first thing I want to do, though, is  
4 we need to make an amendment to the agenda. We need  
5 to amend the agenda. I'd like to put in as --  
6 between the budget amendments and the ratification  
7 of imposed penalties Ms. Morris' invoice for the  
8 month of April. So I'm making that motion to add  
9 that on the agenda. I need a second.

10 MR. SMITH:

11 I'll second.

12 MR. POTEET:

13 Second.

14 All in favor, say, "Aye."

15 (All "Aye" responses).

16 MR. POTEET:

17 Any opposed?

18 (No response.)

19 MR. POTEET:

20 So we'll slide it in. We had a unanimous  
21 vote. We do have oath of office for several  
22 members. So we may have to do that vote again just  
23 as a matter of -- a technical matter. So we'll have  
24 the oath of office. We've got Ricky Donnell, Ron  
25 Duplessis, Steve Olave, Dino Taylor, and Richard

1 Watts.

2 (The oath of office given.)

3 MR. POTEET:

4 Okay. We're going to -- we're going to  
5 real quickly go back and take a vote on that.

6 All in favor, say, "Aye."

7 (All "Aye" responses).

8 MR. POTEET:

9 Any opposed?

10 (No response.)

11 MR. POTEET:

12 All right. Do we have anyone here today  
13 for public comments?

14 MS. BARON:

15 We do not.

16 MR. POTEET:

17 All right. We -- since we didn't have a  
18 our quorum at the last meeting, we've got to double  
19 up on some of these things. We need an adoption and  
20 approval of the minutes from April and May. I think  
21 we can do those in one motion.

22 MR. OLAVE:

23 Mr. Chairman, I make a motion we adopt  
24 the minutes for both April and May.

25 MR. POTEET:

1                   Second?

2           MR. SMITH:

3                   I'll second.

4           MR. POTEET:

5                   All in favor, say, "Aye."

6                   (All "Aye" responses).

7           MR. POTEET:

8                   Any opposed?

9                   (No response).

10          MR. POTEET:

11                   Those pass. Now, we'll get to the hard  
12 work. Mona, run us through three months. This is a  
13 -- you realize it's a quarter of the year.

14          MS. ANDERSON:

15                   I do.

16          MR. POTEET:

17                   All right. We have our fiscal year end  
18 and budget amendments to cover.

19          MS. ANDERSON:

20                   So we're going to just hit the highlights  
21 of the statements and if you have any questions, you  
22 can ask them afterwards.

23                   So if you will turn in your binders to  
24 the financial statements for the month ending March  
25 31st, the cash in the bank at the end of the month



1 was \$2,009,389, which was up about \$222,000 from  
2 March of last year. The hearing fines from February  
3 were down. They decreased due to some write offs,  
4 mainly the Wego Auto Sales, which we'll get into  
5 that in a few minutes.

6 The current liabilities towards the --  
7 I'm sorry, on the next page, were \$48,406, which is  
8 a normal balance. The deferred fees, which are our  
9 second year revenue, we deferred those 2017 fees,  
10 were \$251,430. On the following page, the statement  
11 of revenues and expenses and changes in net  
12 position, the revenue was slightly lower -- I'm  
13 sorry, significantly lower by about \$285,000 due in  
14 part to some large write offs of the -- of hearing  
15 fines. And on this report on the last page, which  
16 if you'll turn two more pages, you can see the  
17 year-to-date figures.

18 The expenses increased about \$35,000  
19 primarily in the areas of computer-related expenses,  
20 postage, and professional services. All of the  
21 maintenance line items decreased for the month.

22 The year-to-date net position was  
23 \$345,152, which was about a \$320,000 decrease from  
24 the prior year, but that's mainly because we're  
25 comparing apples to oranges due to the different

1 districts renewing.

2           And if you'll turn on to the following  
3 two or three pages, you'll have a month-to-month  
4 comparison of the revenue, expenses, and net  
5 position. And the chart shows the same figures, and  
6 then a bar graph showing the year-to-date fee  
7 revenue. And that chart shows our recovery of the  
8 dip that we had was due to the recognition of the  
9 pension liability on last year's audit. So we're  
10 recovering from that figure.

11           The following report is the certificate  
12 of deposit. There was -- summary, there were no  
13 changes in the CDs this month -- in the month of  
14 March. And on the final page is the accounts  
15 receivable for the fines. Fines of \$15,450 were --  
16 I'm sorry \$15,450 were assessed and payments of the  
17 same were collected. Down at the bottom under the  
18 Attorney General cases, we wrote off the \$80,500 for  
19 Wego Auto Sales. And the balance at the end of  
20 March was \$141,300.

21           Turning on to the statement for April, on  
22 the statement of net position, the cash in the bank  
23 was \$1,967,000. Current assets were \$2,518,000.  
24 All the other assets remained pretty much the same.  
25 The liabilities on the second page were \$43,920 and

1 the deferred inflows were -- that 2017 revenue was  
2 \$255,030.

3 On the following page, the statement of  
4 revenue, expenses, and changes in net position, the  
5 year-to-date revenue at the bottom of that page, the  
6 third column, was \$1,217,619. The year-to-date  
7 expenses on the last page were 285 -- I'm sorry, the  
8 expenses were approximately \$73,000 increase. There  
9 were three pay dates in April. So there was a  
10 difference between that month and last year. The  
11 year-to-date net position was \$285,907 compared to  
12 \$642,974 last year.

13 I'd like to bring to your attention under  
14 the miscellaneous expenses account. In April, the  
15 miscellaneous expenses totaled \$8,238 and the year  
16 to date was \$11,744 and the reason behind that, the  
17 -- when we reviewed the March and April bank  
18 statements, it was noted that there were a number of  
19 checks that were not in the check -- the check  
20 sequence for the agency. We investigated and  
21 determined that these checks were created using the  
22 agency account number and the bank routing number.  
23 Various business names were at the head of the  
24 check. There were various bank logos at the head of  
25 the check, but the agency banking information was at

1 the bottom of all of the checks. The total of the  
2 checks were \$16,927.

3           Immediately on finding this, I spoke with  
4 Mr. Parnell. We contacted the bank. To date, the  
5 bank has recovered all of our funds and we have  
6 instituted internal controls that we had not done  
7 before, but we feel this is a good answer to this  
8 problem. We instituted a program called Positive  
9 Pay with JP Morgan Chase. By using this program, we  
10 submit our check register online and as the checks  
11 are presented to the bank, the bank compares that to  
12 the register, so that no checks go through that's  
13 not on that list. If there is a check that is not  
14 on the list, both myself and Mr. Parnell receive an  
15 e-mail daily that indicates if there are any checks  
16 that don't coincide with the registers.

17           According to the Revised Statutes, we  
18 notified all of the agencies necessary. When  
19 government funds -- when it's regarding government  
20 funds, you must notify the bank, of course, the  
21 Baton Rouge Police Department. We filed a report  
22 with the financial crimes division. We notified the  
23 Legislative Auditor. We talked with our auditor,  
24 John McKowen, who you've met and we discussed this  
25 with Chairman Poteet. As I said, we instituted the

1 Positive Pay and we feel like it's working. We've  
2 talked to other agencies who have had experienced  
3 this same type of fraudulent activity. It's just  
4 the nature of the game nowadays. But if you have  
5 any questions, I'll be willing to answer whatever  
6 questions you might have about it. I think Chairman  
7 Taylor told us that he has been using Positive Pay  
8 and has had good experience with that.

9 MR. TAYLOR:

10 Yes. We called the same group. I  
11 believe it was the same people. A year later since  
12 we put it into play, they've tried to run checks on  
13 us again and, just basically, they get your routing  
14 number and your checking account number and they  
15 manufacture checks. Anyway, they -- they  
16 continuously were doing it to us for a while, but  
17 they quit for a long time and now they're hitting us  
18 again, and the Positive Pay system has worked  
19 perfectly. It's more work on our ladies at the  
20 office, but it -- it does work, so.

21 MR. POTEET:

22 Does anybody have any questions about any  
23 of that?

24 (No response.)

25 MR. POTEET:

1           I'm glad we were able to recover all the  
2 funds. Sometimes -- I had a situation like this in  
3 a business that I was with more than 20 years ago  
4 and it took almost four years to recover our funds  
5 from the bank. It was a much larger amount, about  
6 20 times that amount, but we did get it all back.  
7 But, you know, once you give them your check -- once  
8 you've given a check to somebody, they have all the  
9 information they need. It's just a matter of how  
10 can they get it back through the system. And  
11 Positive Pay is the only way I know of to prevent  
12 that, you know, because the bank -- if the checks  
13 looks good and if the signatures look right, the  
14 bank doesn't have much reason not to pay the check.  
15 So I think --

16           MS. ANDERSON:

17           The banks don't do -- you know,  
18 previously in years past, the banks would compare  
19 checks and signatures and things like that, and  
20 that's gone by the wayside. The banks just run it  
21 through a machine. So the Positive Pay is the only  
22 solution to that and staying on top of it.

23           MR. POTEET:

24           Okay.

25           MS. ANDERSON:

1           And so the rest of the reports -- again  
2           on the next page, we have the revenue, expenses, and  
3           net position, month to month, and the graph of those  
4           figures. And then we have a pie chart of our  
5           revenue, which you can see at this -- we're at the  
6           end of our renewal period. So the majority of our  
7           fees are auction transaction fees or hearing fines.

8           On the report for the certificate of  
9           deposit, the Landmark CDs matured in April and it  
10          renewed at .60 percent.

11          MR. POTEET:

12                 One quick question, and I apologize,  
13                 follow-up question to the -- to the problem with the  
14                 checks. When were those checks actually written,  
15                 like were they were they trying to -- were they  
16                 negotiated in March, is that how we caught it?

17          MS. ANDERSON:

18                 There were a few in March and there were  
19                 a few in April and they were still trying in May,  
20                 but by that time, we had instituted Positive Pay and  
21                 it stopped it. Originally, they would actually  
22                 throw checks out -- I think the first check was to  
23                 O'Reilly and it was for a small amount. And then  
24                 they immediately jumped up -- once they figured out  
25                 that went through, they jumped up to higher figures.

1 MR. POTEET:

2 How many total -- how many checks total?

3 MS. ANDERSON:

4 I think there were something like 15  
5 checks, something like that, and most of the checks  
6 were written to Walmart and --

7 MR. PARNELL:

8 AGB.

9 MS. ANDERSON:

10 -- AGB, which is some kind of grocery  
11 chain out of Texas. And they -- those entities run  
12 the check at the register, and then they hand the  
13 check back to the individual. There were two checks  
14 that had -- we had actual images of the checks. And  
15 as I said, one of them said -- had a Chase logo at  
16 the top. The other one had a Commerce Bank logo and  
17 at the top, it had something -- Autoplex 2000, and  
18 Sinclair's, and, you know -- and -- but you could  
19 tell the signature looked like the same person was  
20 writing the check out, but it was a different name.  
21 They would have the entity name and a manager's name  
22 and they would sign that manager's name to a check.  
23 So I'm pretty sure we're talking about somebody  
24 who's done this a few times before.

25 MR. POTEET:



1           Thank you for that. Thank you for the  
2 follow-up.

3           MS. ANDERSON:

4           Okay. And so if you turn on to the  
5 accounts receivable, in April -- in the April  
6 finances, we collected \$10,500 in -- assessed and  
7 collected \$10,500.

8           Moving on to the May statements, okay, so  
9 the cash in the bank at the end of May was  
10 \$1,972,654, which was a slight increase over the  
11 prior month. There was no increase in the fines.  
12 And the current liabilities were \$60,000 -- I'm  
13 sorry, \$68,031. We did receive a couple of checks  
14 from bond carriers that you see there in the claim  
15 against bond and those will be -- they were checks  
16 written to the consumers and other entities in June.  
17 So that's why the current liabilities were a little  
18 higher than normal.

19           On page -- on the second page, the 2017  
20 deferred revenues was \$257,350. On the statement of  
21 revenues, expenses, and changes in net position, the  
22 year-to-date revenues were \$1,265,611. And we are  
23 getting a little bit better interest on our  
24 operating account and our CDs over last year. A few  
25 of our CDs have increased their interest rate.

1           On the last page, the year-to-date  
2 expenses were \$1,022,425 and you can see there that  
3 the miscellaneous expenses shows a negative amount,  
4 and that's because that's the return of those  
5 fraudulent checks. On those checks, we got the  
6 money back. And there were -- the charges were in  
7 the previous month. And so there were -- of that,  
8 there were 17 -- about \$17,000 in checks. There  
9 were -- \$16,000 was recovered in May and the  
10 remainder was recovered in June. And the  
11 year-to-date net position was \$243,185.

12           Again, on the next page is the  
13 month-to-month comparison, and then the graph of  
14 that figure, which pretty much looks the same as  
15 before, and then a bar graph of the year-to-date fee  
16 revenue. On the certificate of deposit report,  
17 there were no changes for the month of May. And on  
18 the last page, we collected \$18,900 in fines on Da  
19 Cruizin Cajun and EZ Cars and Trucks.

20           So if there are not any questions about  
21 the finances, then I guess we need a motion to do --  
22 to approve those before we go on the budget.

23           MR. POTEET:

24           Yes. Before we do that, I want to let  
25 the record show that Commissioner Tony Cormier is

1 here now.

2 Okay. So are there any questions for  
3 Mona regarding the March, April, and May statements?  
4 Any comments, questions?

5 MR. CORMIER:

6 I have a question. What is going on with  
7 the checks?

8 MR. POTEET:

9 Well, we had -- just before you came in,  
10 we had a discussion of that. What happened was, we  
11 had some fraudulent activity and we instituted some  
12 new policies to prevent that from happening in the  
13 future. And the good news of this is we recovered  
14 all the money. It was about \$16,000, I believe.

15 MR. CORMIER:

16 Okay.

17 MR. POTEET:

18 So we have recovered it. If you want  
19 more information, we can discuss it later, but it  
20 was something we discovered. We went to the bank.  
21 We got it figured out and we passed on the  
22 investigation to certain agencies and hopefully  
23 we'll find out who did it.

24 MS. ANDERSON:

25 The police department did call back after

1 the original report and they're investigating. So  
2 we're hoping they'll recover some videos of the  
3 people passing the checks.

4 MR. POTEET:

5 Okay. So I need a motion. I think we  
6 can do all of three of those in one motion.

7 MR. TAYLOR:

8 I make a motion we accept the March,  
9 April, and May financial statements.

10 MR. OLAVE:

11 I second the motion, Mr. Chairman.

12 MR. POTEET:

13 Second by Mr. Olave.

14 All in favor, say, "Aye."

15 (All "Aye" responses.)

16 MR. POTEET.

17 Any opposed?

18 (No response.)

19 MR. POTEET:

20 All right. That motion passes. Now,  
21 we're going to move on to the budget -- the amended  
22 2015-2016 budget. Mona.

23 MS. ANDERSON:

24 All right. In your packets, you should  
25 have the proposed budget amendments. At the end of

1 the year, we made slight adjustments to our budget.  
2 The budget was originally prepared in September of  
3 2014 based on the estimates that we had at that  
4 time, which needs some adjustment. In the first  
5 column there, you'll see the original approved  
6 budget. The second column is our estimate of what  
7 the actual figures will be for the year. The third  
8 column is what's going to remain -- what would  
9 remain in the budget if we left it as approved, and  
10 then our proposed budget amendments and how the  
11 budget would look after we -- if we approve these  
12 amendments. The revenues were amended to bring them  
13 in line with what we actually received.

14 Of course, the largest changes were in  
15 the auction transaction fees and the hearing fines.  
16 The auctions turned out to be a lot higher than what  
17 we thought. The hearing fines are not -- we can't  
18 estimate that in advance. So those also turned out  
19 to be a little more than what we had estimated.

20 Under the expenses, the changes in  
21 salaries and benefits, there were some increases,  
22 decreases, but a net increase of about \$1,100. And  
23 under the maintenance categories, we didn't -- it  
24 came in a lot lower than normal. We were estimating  
25 some maintenance on the air-conditioning, which

1 didn't happen yet, but we didn't count those. So  
2 those categories came in lower. Professional  
3 services had some increases. Capital outlays were  
4 lower, because we purchased -- at the end of the  
5 last fiscal year, we purchased two new vehicles that  
6 went in last fiscal year. So we purchased no  
7 vehicles this fiscal year. And that -- that's  
8 pretty much the end of the amendments.

9 And so unless there are any questions,  
10 that concludes my reports -- report on that. And we  
11 would need a vote to amend the budget as indicated.

12 MR. TAYLOR:

13 I make a motion we accept the amendments  
14 to the budget.

15 MR. OLAVE:

16 I second the motion, Mr. Chairman.

17 MR. POTEET:

18 All in favor, say, "Aye."

19 (All "Aye" responses.)

20 MR. POTEET:

21 Any opposed?

22 (No response.)

23 MR. POTEET:

24 The motion carries. Thank you, Mona,  
25 good work.

1 All right. At this point is where we  
2 have the amendment to pay Ms. Morris' invoice.

3 MR. PARNELL:

4 Commissioners, if you will turn to the  
5 second page in your packet, you will find Attorney  
6 Morris' bill of services for the month of April. I  
7 have reviewed the services that were performed and  
8 accounting has reviewed the time calculations and  
9 they are correct. Attorney Morris' bill for the  
10 month April 2016 is \$3,129.50. Commissioners, I ask  
11 that you approve payment of Attorney Morris' bill.

12 MR. POTEET:

13 I need a motion.

14 MR. SMITH:

15 I make a motion to approve.

16 MR. CORMIER:

17 Second.

18 MR. POTEET:

19 Second over here, that was Tony.

20 All in favor, say, "Aye."

21 (All "Aye" responses.)

22 MR. POTEET:

23 Any opposed?

24 (No response.)

25 MR. POTEET:

1           The motion carries. All right. The next  
2 thing we have is ratification of imposed penalties.

3           MR. PARNELL:

4           Commissioners, if you turn to the pages  
5 in your packets, you will find the ratification of  
6 imposed penalties. I have determined that the  
7 public interest can be served without further  
8 administration hearing. I will announce the names  
9 of the dealers that have imposed civil penalties and  
10 the date that they made payment to make sure that we  
11 have no representation present. Do we have any  
12 representation from dealers that are listed on the  
13 chart?

14          MR. POTEET:

15           While Kim is checking on that, I'll just  
16 break it down for new Commissioners. What we do is,  
17 when -- when there's an investigation done, Derek  
18 will -- will go in and say, look, we're going to  
19 fine these guys this and there's no discussion  
20 really. They -- they agree it to it or they -- they  
21 go away, and there's no further administrative  
22 responsibility. But we determine at the advice of  
23 counsel that we -- the Commissioners should be  
24 ratifying those actions. So each month, we have a  
25 list of these. There are no hearings involved. If



1 somebody does show up to protest it, then they're  
2 allowed to come in. And so we can go through --  
3 we've got one that might be out there? We go  
4 through each one and he tells us what it is, and  
5 then at the end, we ratify them. But later you will  
6 see, we have some hearings, some people who don't  
7 want to agree to the fine or have other reasons to  
8 come in and be heard. We can reject any of these,  
9 too.

10 MR. PARNELL:

11 She said there was one out there --  
12 somebody is out there, but they're not listed on the  
13 chart. They're not listed on our agenda. So there  
14 may be something other than what we're looking at  
15 doing here. Do you want me to wait for her to get  
16 back?

17 MR. POTEET:

18 No. We'll go ahead and we'll find out.

19 MR. PARNELL:

20 All right. Let's go through the list.  
21 First of the list is Bridges Enterprises from  
22 Metairie, Louisiana, their fine amount was \$300.  
23 Auto World from Alexandria, Louisiana, fine amount  
24 was \$600. I-49 Truck and Auto Sales from Lafayette,  
25 Louisiana, their total fine amount was \$4,000, but

1 they asked me could they make two payments. They  
2 did so and they've paid. RV Liquidators, LLC from  
3 Hammond, Louisiana, fine amount was \$200. Select  
4 Car Company, Incorporated from Shreveport,  
5 Louisiana, fine amount was \$1,400. Preferred Motors  
6 Auto Sales, LLC from Bastrop, Louisiana, fine amount  
7 was \$950. Ride Today, LLC from Pollock, Louisiana,  
8 fine amount was \$1,000. Priceline Motors from  
9 Covington, Louisiana, fine amount was \$900. They  
10 have paid two payments of \$450. Vidalia Auto Sales  
11 and Glass from Vidalia, Louisiana, fine amount was  
12 \$400. Scoops Auto, LLC from Denham Springs,  
13 Louisiana, fine amount was \$250. Lee's Motorsports  
14 Park, LLC from Leesville, Louisiana, fine amount was  
15 \$1,000. Drive Off Auto Sales, LLC from Lafayette,  
16 Louisiana, fine amount was \$700. And finally Gee's  
17 Auto Sales, Incorporated from Shreveport, Louisiana,  
18 fine amount was \$250.

19 Total fine amounts for the month -- the  
20 two months of April and May was \$11,950.

21 Commissioners, I ask that you ratify the imposed  
22 civil penalties that were assessed.

23 MR. ROY:

24 I make a motion.

25 MR. SMITH:

1                   Second.

2           MR. POTEET:

3                   We have a motion from Kirby and a second  
4 from Darty.

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. That passes. So you have  
12 something else.

13          MS. BARON:

14                   He'll need to come back and talk to Mr.  
15 Parnell. So we're good.

16          MR. POTEET:

17                   Okay. Next, we have the legislative  
18 report. Mr. Duplessis, what do you have for us?

19          MR. DUPLESSIS:

20                   Successful year in the Legislature. We  
21 passed Act 288 by Representative Price, who has been  
22 a dear friend of the Commission. There was a lot of  
23 cleanup work. Sheri, I'm going to let you talk  
24 about that and we have a House resolution later on  
25 by Carmody that's really interesting. I'll let you

1 speak to that. You've been more involved in that  
2 than I have.

3 MS. MORRIS:

4 Okay. Well, the Act 288 was pretty much  
5 the changes that we requested that went through the  
6 legislative process. This -- this act becomes  
7 effective August 1st and there will be a change in  
8 the bond amount. So I'm going to coordinate with  
9 the staff to put in place a policy, so that the next  
10 renewal, the people will pay the increased fine  
11 amount with the two year licenses. We've got to  
12 send out some notices, those sorts of things. With  
13 respect to the resolution, this is -- there was a  
14 bill filed by Representative Carmody, who is the  
15 Chairman of the Commerce Committee, at the request  
16 of an auto recycler, and we did not feel that we  
17 could handle what was in the bill that would have  
18 required this Commission to have a database to track  
19 certain types of transactions. And so we requested  
20 that maybe it be studied before there's legislation  
21 and we were able to get a study resolution, and this  
22 study resolution was kind of a collaboration between  
23 us and the entity that requested the legislation in  
24 the first place, which gives us a year to work with  
25 the Office of Motor Vehicles to be able to determine

1 whether there's a need for this -- these  
2 transactions to be traced in a separate database.  
3 The Office of Motor Vehicles already has the Auto  
4 Hulk database and it's all been -- everything is  
5 already recorded in this database. And so it might  
6 be that it's more efficient to add to one of those  
7 databases rather than to create a new one, but these  
8 are basically cars that are being purchased by not  
9 dealers to retail, but by individuals, and the  
10 individuals may be meeting the definition of a  
11 dealer and not having a dealer's license or there  
12 might be vehicles that are not -- if the vehicle is  
13 re-registered in Louisiana, then that's tracked.

14           There's a lot of vehicles that are  
15 transferred through the Office, but never registered  
16 in Louisiana and that could be because they're sold  
17 in another state and registered in another state.  
18 And so I think some of the assumptions that were  
19 made by the people that requested the legislation  
20 are probably not accurate. It's not that there's  
21 such a large gap, it's that the vehicles are  
22 probably going out of state, but only tracking  
23 Louisiana data and not Texas data and the  
24 surrounding states or even out of the country, we  
25 don't have a way to determine how many vehicles are

1 kind of lost in our databases.

2           So I think the Office of Motor Vehicles'  
3 suggestion was that really it's something that needs  
4 to be addressed at a national level. However, the  
5 request of the bill wanted something to be done by  
6 the State. So we're going to again participate in a  
7 study resolution that we did before we did the study  
8 resolution on the insurance. And so it will require  
9 us to either have the whole Commission study it or  
10 set up a committee to study it or designate the  
11 staff to do the study, however y'all want to do it,  
12 but the Legislature will probably be contacting us.  
13 They're in session until June 23rd, so probably  
14 somewhere between now and then. And then once they  
15 kind of recover from that session, they'll probably  
16 be contacting us to set up some dates. But I don't  
17 think that we have really much data. The only data  
18 that we can contribute are the transaction fees from  
19 the auctions, but all others --

20           MR. POTEET:

21           And those are all pretty much salvage --  
22 I mean, salvage transactions, you know. In the --  
23 in the auction industry, just about every auction in  
24 the National Auto Auction Association, which I think  
25 there are six in our State, I'm not 100 percent sure

1 of that, we all utilize a database called Auto  
2 Check, which is something like CarFax only it's  
3 reliable and -- but here's the problem with that  
4 kind of data, because it's good. Every car that  
5 comes through our auction, we run the VIN through  
6 that Auto Check report and it tells us all kinds of  
7 things. It tells us if the car has been in an  
8 accident. It tells us if the car has some -- you  
9 know, if it's at another auction and the mileage is  
10 reported differently. It's got a lot of data. The  
11 problem is, like anything else, if the insurance  
12 company doesn't put the data in properly or another  
13 auction doesn't put the data in properly, if  
14 somebody neglects to put the data in properly, then,  
15 you know, that's -- the database is only as good as  
16 the information that's going in.

17 But here's the second part, that's only  
18 cars and trucks that are going through those  
19 auctions. If -- if you live in Iowa and you move to  
20 Louisiana and you've got some kind of a problem  
21 vehicle, you don't sell to it a dealer or through an  
22 auction, and most people don't sell their personal  
23 vehicles through auctions, there's no -- there's no  
24 database that has that information. I mean, the  
25 auction can supply a significant amount of it. In

1 fact, you could probably have that studied. We can  
2 sign into the CarFax and Auto Check, but you're  
3 still not going to have everything you need.

4 So I just wanted to kind of fill you guys  
5 in that don't understand or know how the auctions  
6 get their information. So I think it's going to  
7 take a lot of work to get something like that put  
8 together that's reliable. Again, we consider Auto  
9 Check to be reliable, but it's only reliable to a  
10 certain point.

11 MS. MORRIS:

12 And the proposal, you know, was to have  
13 the auctions collect the fee to fund the database  
14 and to have the salvage auctions enter all the data,  
15 but they are already entering into another database.  
16 So it just didn't seem efficient and the cost of  
17 producing such a database was really unknown. So we  
18 didn't know if the fees would be there. So that's  
19 why we requested that it be studied.

20 MR. POTEET:

21 And also for the new guys, and really for  
22 the rest of you, too, just remember the whole car  
23 auctions, these are cars that run and drive and  
24 everything is okay, and those go through the kind of  
25 auctions that I own. And then you have salvage



1 auctions like Copart and places like that. Those  
2 are two completely different sets of vehicles and  
3 they have a lot of -- each one has its own pedigree,  
4 if you want to call it that. So there is a lot of  
5 information out there and gaining it from consumers  
6 sometimes is very difficult.

7 All right. Thank you for that. I did  
8 want to ask you just to kind of summarize again what  
9 -- what are the new bond rules.

10 MS. MORRIS:

11 Everybody is going to be \$50,000 now. So  
12 we did have a split, you know, based upon the number  
13 of dealers that were sold in the prior year, but  
14 that seemed administrative -- creates some  
15 administrative difficulties and also it seems like  
16 the -- a lot of the claims that have come before us  
17 in hearings, that lower bond amount wasn't  
18 sufficient even for the smaller dealers. So really  
19 the change is to the smaller dealers. The larger  
20 dealers already have the \$50,000.

21 MR. PARNELL:

22 It was 20 or 35?

23 MR. POTEET:

24 It was 20 and 35 and everybody is now 50  
25 and we felt that that was the best thing to -- to

1     serve the public and -- you know, because some of  
2     these transactions, once you start getting into the  
3     cost, a \$20,000 bond is not early enough.

4             MR. TAYLOR:

5                     Real quick, and I don't want to argue.

6             MR. POTEET:

7                     No.

8             MR. TAYLOR:

9                     Hit one more time, when are they going to  
10     be required to get this -- to increase their bond  
11     limit?

12             MR. MORRIS:

13                     On their next renewal unless they have a  
14     two-year license and if they still have -- you know,  
15     if they renewed it for two years, 2016 and 2017, by  
16     January, they are going to need a bond for the 2017  
17     year at the right amount. Once they are going to  
18     renew in the fall, it will be that next one, but  
19     anybody in the new dealership -- the new  
20     applications that are pending now, they're going to  
21     be required to have it as of August 1st.

22             MR. TAYLOR:

23                     Okay.

24             MR. POTEET:

25                     Any other questions about the legislative

1 report? Mr. Duplessis reported we had a pretty good  
2 year legislatively.

3 MR. DUPLESSIS:

4 It was. It was. One comment on the --  
5 on the study resolution, I don't think we're going  
6 to have really, as a Commission, anything to do with  
7 this. It's probably going to be yourself and Sheri,  
8 but this is a Homeland Security issue and it's way,  
9 way bigger than what we can do in the State. And  
10 they're trying to track terrorism cars. They're  
11 trying to -- trying to -- trying to track the death  
12 certificate of vehicles, so they don't go out and  
13 they don't get out in the Middle East and they can  
14 track it. And that's -- you know, that's way too  
15 big for this Commission. I mean, that's a national  
16 scope. So that will give it to you in a capsule.

17 MS. MORRIS:

18 In addition to that, the people that  
19 asked for the legislation, I think that it was --  
20 the Legislature kind of grabbed onto to it, because  
21 they said all of these transactions are  
22 disappearing, and so they were looking at it as a  
23 way to collect additional sales tax, but if they're  
24 being registered in another state, that's not going  
25 to help us, but I think that was kind of what, you

1 know, the Legislature kind of hung onto, is do we  
2 have this gap where sales tax is missing and we can  
3 get some more sales tax. And I don't know that  
4 we're going to wind up in that place, but it lived  
5 as long as it did as a bill.

6 MR. POTEET:

7 Okay. The next thing on our agenda is  
8 the Executive Director's report.

9 MR. PARNELL:

10 Commissioners, the enforcement division  
11 has worked really hard to satisfy consumer  
12 complaints and to make sure our dealers are  
13 following the Commission laws and statutes. If you  
14 go a little further in your packet, you'll find some  
15 charts -- some charts that will give you the numbers  
16 during the months of April and May. 5-day notices,  
17 there were 12 5-day notices that were issued. 35  
18 physical inspections were done. 141 site visits  
19 were done. Violations were -- 42 violations were  
20 issued. Assist the consumers with money being  
21 returned is \$25,110.58.

22 If you look in your packet, you will find  
23 this chart that I just mentioned, keep flipping  
24 through. The first one that you will find is the  
25 alleged issue counts for the months of April and

1 May. There were 280 alleged issues during those  
2 months. The next document you will find is the case  
3 report. The case report illustrates the amount of  
4 assigned cases for those months -- during those  
5 months and there were 181 cases assigned in April  
6 and May. 38 of those assigned cases were closed.

7 The last report is the department summary  
8 report, which just illustrates through those two  
9 months the number of cases total that were closed,  
10 and there were 84 total cases closed.

11 Commissioners, I don't have any more  
12 information as of now. I don't have anything in  
13 general -- general information either. We kind of  
14 touched on what we've done. Well, let me give you a  
15 little more information. What we've done thus far  
16 as the bond -- the \$50,000 bond, we did send out a  
17 mass e-mail to all dealers. We also put it on our  
18 website. So they'll have some issues that they can  
19 go in and read, any new legislation that we've done.  
20 Typically, we always continue to try to get it out  
21 to everybody as best as possible, but that's the  
22 avenue that we've taken thus far. And Attorney  
23 Morris has kind of gone through what our policy will  
24 read once we go -- get to that point and draft it  
25 and put it out there for everyone. So if you have

1 any questions or comments or concerns, feel free.

2 MR. POTEET:

3 No questions. All right. I guess now we  
4 need to take a break, because I think the next thing  
5 are the hearings, right? Yes. So we've got five  
6 hearings today. Is there any reason we should take  
7 these in any different order than they're listed  
8 here, Mr. Hallack?

9 MR. HALLACK:

10 Normally, we start with people who bring  
11 -- bring in lawyers, people who have lawyers with  
12 them. We can try to do those first, because the  
13 lawyers are generally charging them by the hour. So  
14 I like to get those in and get them out of the way.

15 MS. BARON:

16 We will need to change the order, because  
17 the only person that has an attorney is Baton Rouge  
18 Sports and Imports. Yes, he is here.

19 MR. HALLACK:

20 He is here?

21 MS. BARON:

22 The attorney is. I did not see Mr.  
23 Reeves.

24 MR. HALLACK:

25 Today, it probably would be a good idea

1 to go through some that -- that don't have a lawyer  
2 first. Generally, when we have a lawyer that's  
3 present, the hearing can be quite contentious. It  
4 takes a lawyer to screw things up really well. So  
5 if we have some that don't have attorneys, it might  
6 be better to go through those first.

7 Just to give you an idea of what they  
8 look like, how they -- if you've never served on a  
9 -- on a commission or an agency, it might be a good  
10 thing just to go through a couple of easy ones just  
11 to get your feet on the ground.

12 MR. POTEET:

13 So you don't want to follow these in the  
14 orders that they're listed?

15 MR. HALLACK:

16 Let's just go with the way they are  
17 listed. Right now, let's just go with the way that  
18 they're listed.

19 For the new fellows, I guess, I should  
20 explain -- but just for -- to let you guys know and  
21 all you fellows that have been on here before, it's  
22 kind of like a recap, but I'm just going to go over  
23 it and tell you what -- what to expect before we  
24 bring people in, if that's okay.

25 Okay. So when we do hearings, there are

1 three types of hearings. There are -- when people  
2 have applications that have been denied, they have  
3 the right to appeal the application process to the  
4 Commission. We don't have one of those today, but  
5 that's the kind of hearing that we have.

6 The other hearing we have is an  
7 interlocutory cease and desist. A cease and desist  
8 is where somebody is out there doing illegal  
9 activity. They're violating the statutes of the  
10 Commission and we issue a cease and desist that  
11 says, stop doing that illegal activity. That's the  
12 second type of hearing that we can have.

13 The third type of hearing that we have is  
14 for people who have violated the statutes and  
15 regulations of this Commission. The statute that  
16 has all our violations for used motor vehicle  
17 dealers is Title 32, Section 792. That has all the  
18 violations for used motor vehicle dealers. We also  
19 license or regulate dismantlers, parts recyclers,  
20 crushers, businesses of that nature, and they have  
21 their own violation statutes. We don't have one of  
22 those coming before you today, but the thing that  
23 you need to concentrate on is -- is 792. When it  
24 comes to license application appeals process, that  
25 burden of proof is on the dealer or -- or the



1 applicant to show why he should have a license.

2           The other process -- the other hearings  
3 that we have, injunctions and fines and penalties,  
4 that burden of proof is on the Commission to show  
5 that that dealer has committed that violation or  
6 that he's committed that illegal activity for which  
7 he should be stopped. I should also point out, too,  
8 on the injunction, that process does not go by the  
9 20-day rule. That can be immediate, because that's  
10 something that the Commission sees as an illegal  
11 activity and we want to stop that illegal activity  
12 immediately. So the same notice process for fines  
13 and hearings does not apply to injunctions. That --  
14 again, that's an activity that we see that's illegal  
15 that we want them to stop immediately. Generally,  
16 we use that power when we see a curbstoner or a  
17 dealer who is -- someone who is dealing cars without  
18 a license. So it's usually an unlicensed activity  
19 that we want them to stop immediately.

20           Also to let you know, I'm Robert Hallack.  
21 I'm the attorney who presents this or prosecutes  
22 violations of our statutes. Ms. Morris is the  
23 advising attorney. I cannot advise you on what you  
24 should do. You can't combine the prosecuting and  
25 advising rolls together. It's like a district

1 attorney can't -- he can't pass judgment. Only a  
2 judge can do that. So I can only present it to you.  
3 Ms. Morris, her role is to advise you on what that  
4 is. Okay. So that's generally hearings that come  
5 before the Commission, those three types.

6           The first type we're going to have today  
7 -- and I'm still not bringing them in yet, because I  
8 want to run them through what the process is. What  
9 we'll do is, we'll introduce the party. We'll ask  
10 the dealer to -- if the dealer shows up, we'll ask  
11 him to introduce himself. And that -- that's a very  
12 important process, because as a public servant now  
13 that you are, you have certain ethical  
14 responsibilities. And so when we have somebody that  
15 is before you, it's important that whether you know  
16 the person or not, and not just know it, but if you  
17 have like a contractual relationship with this  
18 person, if this person has consignment agreements  
19 with you or something to that effect and you say,  
20 oh, well, I know this guy, or, I'm -- I'm -- I'm  
21 really close friends with him, or, I have a  
22 contractual relationship, he does consignment  
23 agreements with my dealership, something of that  
24 nature, then it's important that if you see it --  
25 not just hear what is in public, but when you see

1 the notice come through your e-mail and say, oh, I  
2 know that dealer, I have consignment agreements with  
3 that dealer, you need to let one of the -- you need  
4 to let Mr. Parnell know, and then you need to get  
5 with the attorneys. The attorneys then need to  
6 figure out whether or not you have what we call a  
7 conflict of interest. So that's important today.  
8 You'll be introduced to -- I think there are four  
9 hearings, right, Kim.

10 MR. POTEET:

11 Five.

12 MR. HALLACK:

13 So there are five hearings today. You  
14 will be introduced to five different people and  
15 you'll need to let us know if you think there's a  
16 problem. If there is a problem, if there is a  
17 conflict of interest problem, we always want to try  
18 to address those before we get into the public  
19 hearing.

20 Okay. Now -- so once we introduce  
21 ourselves to the party, I'll make a brief statement  
22 as to what the case is about. If it's an  
23 interlocutory cease and desist, if it's a hearing on  
24 fines and penalties, I'll make a brief introduction  
25 of what the case is about. Then, we'll talk about

1 the evidence. The evidence consists of documents,  
2 exhibits, and witness statements. So that's how the  
3 process generally goes.

4 I know that's a quick, quick introduction  
5 to the hearings. You'll get it as you go. All  
6 these guys have been here multiple years. You can  
7 look to them for -- for help and figure out what --  
8 what -- what's going on. It's a good idea to always  
9 start with the statute, which is 32.792, take a look  
10 at that and figure out there are violations for  
11 certain activities.

12 I mean, I'll never forget, we had a new  
13 Commissioner, who's not here anymore, but he -- he  
14 found it very interesting that there was a violation  
15 for something he admitted, I do that all the time.  
16 So look through 792, familiarize yourself with what  
17 those violations are. So it's true, right.

18 MR. POTEET:

19 It is nobody in this room.

20 MR. HALLACK:

21 I made sure he wasn't here.

22 MR. DUPLESSIS:

23 I remember it real well, "I do that all  
24 of the time."

25 MR. HALLACK:

1           So does anybody have any questions before  
2 we bring in the first one?

3           (No response.)

4           MR. HALLACK:

5           We can take a break.

6           MR. POTEET:

7           Yes. We will actually adjourn this  
8 meeting and we reconvene after about a five or six  
9 minute break. So thank you for that explanation.  
10 That's the first time I've heard it explained.

11          MR. SMITH:

12          I make a motion.

13          MS. BARON:

14          Just one thing, for the new  
15 Commissioners, if you want to keep what's in your  
16 binder, that's fine, leave the tabs but leave the  
17 binder here.

18          MR. SMITH:

19          I'll make a motion.

20          MR. TAYLOR:

21          Second.

22          MR. POTEET:

23          All in favor, say, "Aye."

24          (All "Aye" responses.)

25          MR. POTEET:

1                   All right. We'll come back here in five,  
2 six, seven minutes.

3

4

5                   (Meeting adjourned at 10:22 a.m.)

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## REPORTER'S CERTIFICATE

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I, BETTY D. GLISSMAN, Certified Court Reporter, Certificate No. 86150, in and for the State of Louisiana, do hereby certify that the Louisiana Used Motor Vehicle Commission June 20, 2016, meeting was reported by me in the stenotype reporting method, was prepared and transcribed by me or under my personal direction and supervision, and is a true and correct transcript to the best of my ability and understanding.

This June 30, 2016, Baton Rouge, Louisiana.

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BETTY D. GLISSMAN, CCR  
CERTIFIED COURT REPORTER