

LOUISIANA USED MOTOR VEHICLE COMMISSION

STATE OF LOUISIANA

REGULAR MEETING

OCTOBER 17, 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

COMMISSIONERS PRESENT:

5

6 MR. TONY CORMIER

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

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

SHERI MORRIS, ESQUIRE

23 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

1 MR. POTEET:

2 Roll call.

3 MS. BARON:

4 John Poteet?

5 MR. POTEET:

6 Here.

7 MS. BARON:

8 Dino Taylor?

9 MR. TAYLOR:

10 Here.

11 MS. BARON:

12 Tony Cormier?

13 MR. CORMIER:

14 Here.

15 MS. BARON:

16 Ron Duplessis?

17 MR. DUPLESSIS:

18 Here.

19 MS. BARON:

20 George Floyd?

21 MR. FLOYD:

22 Here.

23 MS. BARON:

24 Jimmy Granger?

25 MR. GRANGER:

1 (No response.)

2 MS. BARON:

3 Darty Smith?

4 MR. SMITH:

5 Here.

6 MS. BARON:

7 Steve Olave?

8 MR. OLAVE:

9 Here.

10 MS. BARON:

11 Ricky Donnell?

12 MR. DONNELL:

13 Here.

14 MS. BARON:

15 Richard Watts?

16 MR. WATTS:

17 (No response.)

18 MS. BARON:

19 Mr. Chairman, we have a quorum.

20 MR. POTEET:

21 Excellent.

22 Do we have anyone here today for public  
23 comments?

24 MS. BARON:

25 We do not.

1 MR. POTEET:

2 All right. Hopefully, everyone has had a  
3 chance to read the minutes from the prior meeting.  
4 If there are no changes or discussion, I would like  
5 to entertain a motion.

6 MR. OLAVE:

7 I make a motion, Mr. Chairman, that we  
8 accept the minutes.

9 MR. SMITH:

10 Second.

11 MR. POTEET:

12 Second right here.

13 All in favor, say, "Aye."

14 (All "Aye" responses.)

15 MR. POTEET:

16 Any opposed?

17 MR. POTEET:

18 All right. The motion carries. Okay.  
19 So we have a special guest today, Mr. McKowen. We  
20 can get started with that review of the financial  
21 report, the Legislative audit report.

22 MR. MCKOWEN:

23 Okay. As I have done for the last four  
24 or five years, I guess, I did audit your financial  
25 statements as of June 30th of this year.

1           If we flip past the table of contents,  
2   the first page is my audit report. And the second  
3   paragraph points out that the financial statements  
4   are the responsibility of management and my  
5   responsibility is to offer an opinion about whether  
6   they comply with generally accepted accounting  
7   principles.

8           So then towards the top of Page 2, under  
9   the paragraph marked opinion, I say, yes, in my  
10   opinion, the statements are presumed fairly. The  
11   next section is Derek's management discussion and  
12   analysis and I'm going to skip over all that. It  
13   basically provides the same information as the rest  
14   of the report that I will go over. So if you look  
15   on Page 11, that's your statement of net position or  
16   balance sheet. You ended the year with two and a  
17   half million dollars in current assets. Almost all  
18   of that is in cash and CDs. You did have net  
19   receivables of right at 100,000. That's all from  
20   fines. And we had allowance account of 91,000. So  
21   you've got some old stuff on there and Mona and I  
22   sat down and we kind of tried to identify what is  
23   reasonably expected to be collected and what is  
24   probably never going to be accepted.

25           You also have land, buildings, equipment

1 that's been depreciated down to an amount of 170,00.

2 So you had total assets of 2.7 million.

3 The next line on the report is deferred  
4 outflows of resources and that's all related to the  
5 pension liability that we had to put on the books  
6 last year. Current liabilities of 334,000, most of  
7 that is your unearned revenue, which is the second  
8 year of your two year license cycle. It's basically  
9 a deposit. You earned half of it this year and  
10 you'll earn the other half next year. And even  
11 though you've got it staggered, that's the amount  
12 that is attributable to the current -- to the year  
13 that we're in right now.

14 Non-current liabilities, compensated  
15 absences, that's just vacation time. Other  
16 post-employment, employment benefits, is the  
17 actuarial value of insurance premium -- health  
18 insurance premium that you will have to pay for  
19 employees after their retirement. Net pension  
20 liability is a number that I get from LASERS, the  
21 Louisiana State Employees' Retirement System. They  
22 are required to have an audit of the value of the  
23 pension plan, which is actuarially -- what it comes  
24 down to is LASERS has a deficit in funding of 7  
25 billion dollars as of the end of the year. And each

1 agency now has to show their proportionate share of  
2 that deficit. And your number for this year is  
3 right at 3 -- I'm sorry, 3 million dollars.

4           And Mona and I are not real comfortable  
5 with that number. It basically doubled from last  
6 year and something ain't right. The number of  
7 employees, the amount of salary hadn't change that  
8 much and I don't know whether they made an error in  
9 their number last year or whether it's a bad number  
10 this year, but I think Mona is going to give them a  
11 call and at least make them aware of it, that  
12 something is up.

13           Deferred inflows of resources of 122,000,  
14 again that's related to the pension. So because of  
15 the huge pension liability, your unrestricted net  
16 position is negative \$500,000. And you do have the  
17 \$170,000 invested in capital assets. So your total  
18 deficit is 370,000.

19           Please bear with me. I'm just going to  
20 go over the numbers and I think we're going to skip  
21 over the notes and everything else this time around.  
22 I looked at it this morning. There's really nothing  
23 that I need to make you aware of. It just gives a  
24 little more detail of these numbers that I'm going  
25 over here.

1           So on Page 12 is your statement of  
2 revenues, expenses, and net position, and that's  
3 just an income statement. Total revenues for the  
4 year were 1.4 million. Operating expenses for the  
5 year were 1.7. So you had a negative income amount  
6 of 300,000. You had a little interest income and  
7 you did get rid of two vehicles for which you got  
8 \$2,300 back. They were fully depreciated. So you  
9 lost 290,000 for the year.

10           And, again, your net position of 300 --  
11 negative 369,000. Statement of cash flow is on Page  
12 13. Attempts to reconcile -- attempt to answer the  
13 question, if you lost \$300,000, how did you cash go  
14 up by 200? And, basically, the answer to that is,  
15 they tacked on all this pension liability business  
16 that didn't cost you any cash, but that's basically  
17 where your loss came from.

18           MR. POTEET:

19           Could I ask you a question about the  
20 pension liability?

21           MR. McKOWEN:

22           Yes.

23           MR. POTEET:

24           Is that -- so the State -- LASERS, is  
25 giving that number to us?

1 MR. MCKOWEN:

2 Their auditor is.

3 MR. POTEET:

4 Their auditor is giving that number. And  
5 so in the reconciliation of that number, do they  
6 list the liabilities, do they list --

7 MR. MCKOWEN:

8 They do. They do. And there's several  
9 hundred agencies that participate in LASERS.

10 MR. POTEET:

11 It doesn't make sense.

12 MR. MCKOWEN:

13 Your liability went up from .025 percent  
14 to .044 percent. So when -- that part of 7 billion  
15 dollars, that's a big number.

16 MR. POTEET:

17 Right. And so is there any chance that  
18 what they're doing is that we're sharing in someone  
19 else's?

20 MR. MCKOWEN:

21 It's possible.

22 MR. POTEET:

23 Sharing in the big number?

24 MR. MCKOWEN:

25 They could be confusing you with the

1 Motor Vehicle Commission.

2 MS. MORRIS:

3 I think part of it is due to the fact a  
4 lot of State -- the privatization of some State  
5 agencies, the number of employees has changed.  
6 Current employees has dropped.

7 MR. POTEET:

8 So actual State employees are down?

9 MS. MORRIS:

10 Yes.

11 MR. MCKOWEN:

12 I've done three or four other audits,  
13 though, and they didn't go up near as much as this  
14 one.

15 MR. POTEET:

16 So that's definitely something for us to  
17 look into. Okay. I was just curious.

18 MR. MCKOWEN:

19 I would have looked into it more, but the  
20 Legislative Auditor is just going to send it right  
21 back to me and say, no, this is not the number that  
22 you were given.

23 MR. POTEET:

24 Okay.

25 MS. ANDERSON:

1           We just feel like it bears asking the  
2 question, why did it go up, you know. If there's,  
3 you know, some answer to that or some -- you know,  
4 they'll look into it or whatever. That's fine. But  
5 it just bears asking the question because of the  
6 drastic change and --

7           MR. MCKOWEN:

8           If you want me -- if we get an answer,  
9 yes, that's a bad number and you want me to re-issue  
10 my report, I can do that, either that or just wait  
11 until next year.

12          MR. POTEET:

13           I'd just wait until next year. We're  
14 probably not going to get an answer any time soon.

15          MR. MCKOWEN:

16           Probably not, because they're just going  
17 to say, well, this is what the actuaries and the  
18 auditors told us.

19          MR. DUPLESSIS:

20           There has to be a white paper behind the  
21 actuarial assumption.

22          MR. MCKOWEN:

23           There is, the audit report for LASERS.

24          MR. DUPLESSIS:

25           Right. But is that kind of globo when

1 they did a -- they did a line item entry or they  
2 actually looked at our agency and said, this is our  
3 exposure down the line?

4 MR. MCKOWEN:

5 I'm not sure I'm following the question.  
6 With the standing audit, there's a list.

7 MR. DUPLESSIS:

8 Do they take the 7 billion and they just  
9 divide it by the number of exposures or do they  
10 actually look at our agency and determine the  
11 exposure?

12 MR. MCKOWEN:

13 No. They don't look at your agency, per  
14 se. They -- well, in fact, I noticed the other day  
15 that they claimed that your total salaries for last  
16 year was \$800,000 and that's way out of line.

17 MR. PARNELL:

18 Right.

19 MR. DUPLESSIS:

20 So I guess it does bear, you know,  
21 questioning the white paper behind the actuarial  
22 assumption.

23 MR. MCKOWEN:

24 Yes.

25 MR. OLAVE:

1           It's got to be subjective to some  
2 scrutiny if the numbers are so far out of whack. I  
3 mean --

4           MR. DUPLESSIS:

5           Well, they could use two different  
6 methods. One is actual method and the other is --  
7 what do they call it, accrual. So if they use the  
8 actual method versus the accrual, I mean that would  
9 explain it, but it sounds like there's errors, you  
10 know, if it is actual.

11          MR. POTEET:

12           All right. Mona will just report back to  
13 us when we have some answers on it. But I would  
14 think this may drag on for a while.

15          MS. ANDERSON:

16           And it could just be simply an error on  
17 the part of the auditor that did the calculations,  
18 you know. That's a lot of agencies to divvy this up  
19 between and calculate all those, you know, amounts,  
20 percentages, and what-have-you. So they could have  
21 just put it on the wrong line.

22          MR. McKOWEN:

23           Okay. The next section is the notes.  
24 There's really not much to point out there. I'm  
25 going to skip over that this year. So then your

1 required supplementary information starts on Page  
2 34. That's just a comparison of budget amounts to  
3 actual. And you're under-budgeted expenditures by  
4 \$400,000, but almost all of that is due to the  
5 pension stuff and I didn't want to have a finding  
6 for that. I mean, y'all didn't even know what the  
7 numbers were until after year end, nothing you could  
8 have known about it. Pages 35 and 36 are more  
9 required pension disclosures. Page 38, the  
10 Legislative audit, actually the State statute  
11 requires that we disclose the per diems. Page 39  
12 would require we disclose Derek's salary and  
13 benefits. Page 40 is my report on internal control,  
14 no findings.

15 Mr. Chairman, I think I'm going to leave  
16 it at that.

17 MR. POTEET:

18 Excellent.

19 Does anyone have any questions for Mr.  
20 McKowen?

21 (No response.)

22 MR. POTEET:

23 And I've been through a lot of audits  
24 and, you know, when you sum it up that way, it's a  
25 good day.

1 MR. MCKOWEN:

2 Yes, clean. It was clean.

3 MR. POTEET:

4 Very good. All right. Congratulations  
5 to Mona and the whole staff here. I think that this  
6 audit shows that we're doing things we're supposed  
7 to be doing.

8 Do we need to approve this or is this  
9 just the report?

10 MS. MORRIS:

11 This is just the report.

12 MR. POTEET:

13 Okay. Thank you very much.

14 MR. MCKOWEN:

15 Thank you. See you next year.

16 MR. POTEET:

17 All right. The next thing on the agenda  
18 is the review of the financial report. Mona.

19 MS. ANDERSON:

20 And I would just like to thank John.  
21 He's very -- you know, he was very accommodating  
22 with our schedules and, you know, with the goal to  
23 get our audit done in a timely basis. So I really  
24 appreciate his help with that.

25 MR. MCKOWEN:

1 Thank you. It's always a pleasure.

2 MS. ANDERSON:

3 Okay. If you'll turn in your packet to  
4 your statement of net position, the cash in the bank  
5 at the -- in the operating account at the end of  
6 September was -- had decreased to \$1,825,564 and  
7 we're taking care of that decrease right now as I  
8 speak. We've started to receive renewals. And so  
9 it's flowing in nicely now.

10 The fines accounts receivable decreased  
11 to \$238,748. At the -- the equipment increased  
12 slightly under the assets -- other assets. We  
13 purchased a couple of laptops to replace some six  
14 year old equipment that we had there that was  
15 malfunctioning. All of the other assets remained  
16 the same. Under the liability section, the  
17 liabilities in general increased due to we had three  
18 payrolls in September. So we had not yet paid those  
19 benefits out at the end of September.

20 On the second page there, the long-term  
21 liabilities increased with the start of the renewal  
22 period just a small amount, but a small -- some  
23 small entries in the 2017. And the 2016 revenue was  
24 \$1,064,932 and the other was \$1,000. Turning on in  
25 your packet to the statement of revenues, expenses,

1 and net position, middle of the page down at the  
2 bottom, the year-to-date revenues were \$198,639  
3 compared to \$199,982 last year, a small difference,  
4 probably just the timing.

5           On Page 5, the salaries were higher due  
6 to the three pay periods falling in September.  
7 Whereas, last year it fell in October. The  
8 remainder of the expenses were slightly higher than  
9 the previous year. And on the last page, the  
10 unaudited change in the net position was a negative  
11 \$37,350. So these were issued prior to the entry of  
12 the audit transactions. So in October, I will enter  
13 the transactions and you'll see the resulting -- the  
14 result mainly of the net pension liability in the  
15 October statement.

16           Turning on to Page 6, the revenues,  
17 expenditures, and expenditures comparison, the  
18 report shows month-to-month and the net position  
19 compared to the previous year, and the chart  
20 following that is a graph of those figures.

21           On the next page is the chart of our  
22 revenue with the auction transaction fees being the  
23 largest amounts at this time. On the following page  
24 is the certificate of deposit report and there were  
25 no changes in September for those CDs.

1           Page 10 is your accounts receivable  
2 hearings report. We assessed \$8,025 in fines in  
3 September and we collected \$5,626. A couple of  
4 those were on -- are on payment plans. So you'll  
5 see those ongoing. The balance in the accounts  
6 receivable fines was \$238,748, which was shown on  
7 the statement of net position.

8           So unless there are any questions, that  
9 concludes my report, Mr. Chairman.

10          MR. POTEET:

11                 Does anybody have any questions?

12                 (No response.)

13          MR. POTEET:

14                 Doesn't sound like it. Okay. I'll  
15 entertain a motion to approve the financial  
16 statement.

17          MR. CORMIER:

18                 I make a motion, Mr. Chairman.

19          MR. OLAVE:

20                 I second the motion.

21          MR. POTEET:

22                 Steve.

23                 All in favor, say, "Aye."

24                 (All "Aye" responses.)

25          MR. POTEET:

1 Any opposed?

2 (No response.)

3 MR. POTEET:

4 The motion carries. All right.

5 Ratification of imposed penalties, Derek.

6 MR. PARNELL:

7 Commissioners, once again, you'll find in  
8 your packet a chart that illustrates the dealers  
9 that have imposed civil penalties or for the month  
10 of September. I have determined that the public's  
11 interest can be best served without further  
12 administrative action or proceedings. I will  
13 announce the names on the record, for the record,  
14 and list the name of -- the amount of the fine.

15 Do we have anyone -- any representation  
16 from dealers that are on the list?

17 MS. BARON:

18 No one is here.

19 MR. PARNELL:

20 First on the list is Expert Auto Sales &  
21 Service from Baton Rouge, Louisiana. The violation  
22 fine was \$500. Maximus Motor Cars from Slidell,  
23 Louisiana, fine amount was \$1,050. JLD Enterprises,  
24 LLC from Opelousas, Louisiana, fine amount was \$250,  
25 which leaves a total fine for the month of September

1 of \$1,800.

2 Commissioners, I ask that you ratify the  
3 imposed penalties for the month of September.

4 MR. OLAVE:

5 I make a motion, Mr. Chairman.

6 MR. SMITH:

7 I'll second.

8 MR. POTEET:

9 All in favor, say, "Aye."

10 (All "Aye" responses.)

11 MR. POTEET:

12 Any opposed?

13 (No response.)

14 MR. POTEET:

15 Okay. Those are now ratified.

16 Now, we've got the revocations, right?

17 MR. PARNELL:

18 Yes. Commissioners, you'll find the next  
19 page in your packet will be a chart that illustrates  
20 the revocations for the month. Since we don't have  
21 anyone present, I will go through the list.  
22 Guerrero's Auto Sales from Scott, Louisiana, notice  
23 of revocation was on 9/12/16. Country Equipment &  
24 Salvage Company from Bunkie, Louisiana, notice of  
25 revocation was 9/12 of '16. Bayou Scrap and

1 Recycling, LLC from Winnfield, Louisiana, notice of  
2 revocation was 09/12/16. Tony's Auto Sales from  
3 Lafayette Louisiana, notice of revocation was  
4 9/12/16. Auto Max of Alexandria from Alexandria,  
5 Louisiana, notice of revocation was 9/12/16. Delta  
6 Auto Wholesalers from Kenner, Louisiana, notice of  
7 revocation was 9/12/16. Haven's P.O.V. from  
8 Merryville, Louisiana, notice of revocation was  
9 09/12 of '16. Derrin's Auto Wholesale, LLC from  
10 Folsom, Louisiana, notice of revocation was 09/12 of  
11 '16. George's Junk Cars from Monroe, Louisiana,  
12 notice of revocation was 09/12 of '16. Elite Auto  
13 Sales from New Iberia, Louisiana, notice of  
14 revocation was 09/12/16. Royal Auto Sales from  
15 Lafayette, Louisiana, notice of revocation was  
16 09/12/16. Southwest Auto Sales and Salvage from  
17 Dequincy, Louisiana, notice of revocation was  
18 09/12/16. And Murph's Auto Sales from Baton Rouge,  
19 Louisiana, notice of revocation was 9/12/16.

20           Commissioners, I ask that you ratify the  
21 revocations and ratifications for the month of  
22 September.

23           MR. POTEET:

24                     September 12th was a busy day, wasn't it?  
25 I need a motion.

1 MR. OLAVE:

2 I make a motion, Mr. Chairman, to accept  
3 the ratifications.

4 MR. SMITH:

5 Second.

6 MR. POTEET:

7 All in favor, say, "Aye."

8 (All "Aye" responses.)

9 MR. POTEET:

10 Any opposed?

11 (No response.)

12 MR. POTEET:

13 All right. Those ratifications pass.

14 Next, we have the Executive Director's  
15 report.

16 MR. PARNELL:

17 First, we'll go through the compliance  
18 investigation. If you turn in your packet, you will  
19 find some reports that illustrate the month of  
20 September, the alleged issue accounts. The first  
21 one, there were 157 alleged issues for the month of  
22 September.

23 The next report is a case report that  
24 illustrates the amount of cases that were closed  
25 during the month -- the amount of cases that were

1 assigned, I should say. The amount of cases that  
2 were assigned were 85 assigned cases in September.

3 The next report is the department summary  
4 report, which illustrates the number of cases that  
5 were closed in the month of September. There were  
6 56 cases closed in the month of September.

7 And general information, myself,  
8 Commissioners, on October 3rd of 2016, Commissioner  
9 Duplessis and I, we met with representatives from  
10 the Governor's Office of Homeland Security and  
11 Emergency Preparedness, GOHSEP, to discuss a  
12 possible FEMA-backed program for flooded vehicles in  
13 Louisiana. The program would be to assist the  
14 vehicle owners recover and also help with the  
15 disposal of thousands flooded vehicles in the state  
16 of Louisiana. According to FEMA, persons may apply  
17 for federal assistance through the Small Business  
18 Administration, SBA, and may be eligible to borrow  
19 up to \$40,000 to repair or replace personal  
20 vehicles, including automobiles damaged or destroyed  
21 in the disaster. Most of the vehicles that were  
22 damaged in the flood were considered to be debris.  
23 If someone has been denied an SBA loan and if  
24 insurance is insufficient, they may receive a grant  
25 from FEMA to repair or replace their vehicle.

1           I reached out to the Executive Counsel  
2 for GOHSEP, Danielle Aymond, and she has been in  
3 contact with FEMA since our meeting and she said she  
4 didn't have any additional information to kind of  
5 give as far as what we can do to assist in that  
6 process. There may be some opportunities for our  
7 agency to work closely with GOHSEP and FEMA on this  
8 program. I would kind of like Commissioner  
9 Duplessis to kind of speak on what his thoughts are  
10 on it.

11           MR. DUPLESSIS:

12           You know, this is a pretty cool program.  
13 This is designed for the guy -- let's say the guy is  
14 a plumber and he lost his truck and he can't work,  
15 he can't get credit, because he lost his house and  
16 life is pretty rough on him. So FEMA has come in  
17 and they've designed a program by which they can get  
18 these people back to work either by grant or loan.  
19 The issue where we come in is a little bit like the  
20 issue that we may talk about later with salvage  
21 vehicles. These cars are ruled debris and you can't  
22 sit them on the side of the road. So you have to go  
23 through the salvage industry. And we talked about  
24 all the -- you know, the proponents of that, that we  
25 will have to eventually bring to Hulk. It's got to

1 have all the fluorocarbons taken out, the gas, the  
2 batteries, the tires shredded, that sort of thing,  
3 kind of standard stuff. And what that does is, that  
4 puts us into the area of making sure that the people  
5 that are contracted to do the disposal are properly  
6 licensed. Otherwise, the program won't work.

7           So they're going to appoint, if you will,  
8 a clerk of the works, someone that's going to come  
9 in and contract with licensed and approved  
10 contractors to do the salvage removal, the towing  
11 companies, which we don't -- we're not involved in,  
12 but we're kind of taking the lead on that, because  
13 they want a compact committee right now. And I do  
14 work with GOHSEP and the National Guard. That's how  
15 I got involved. At the end of the day, Texas is  
16 doing this. There's no reason for us not to do this  
17 to get our people employed, get them back, make life  
18 -- like your friend that lost his house, get them  
19 back engaged again, so we can service the other  
20 buildings and houses that have been destroyed and  
21 get our economy going again. So it's going to take  
22 a little kind of back and forth with the Office of  
23 Motor Vehicle and I think it's going to be a great  
24 thing for the State. We have to put up -- Derek,  
25 the State has got to match 10 percent or something

1 like that.

2 MR. PARNELL:

3 I think that's what it is.

4 MR. DUPLESSIS:

5 Yes. It's not much money and if we can  
6 find that money, it's going to turn the car business  
7 into a -- every aspect, the salvage, the -- all  
8 those guys, the towing company, the used car lots,  
9 the new car lots, hopefully, and everybody will  
10 benefit from this program and we've been behind the  
11 eight ball, because we're not coordinated. So at  
12 the end of the day, it looks like a great program.  
13 I pushed on that button this morning and I think I  
14 talked to Derek and we are just waiting to launch  
15 that.

16 So the Governor's Office is going to meet  
17 this week. So when we do, it's going to be a -- I  
18 think a big coup. It's a big announcement. And  
19 we'll be there -- you know, if we can get this  
20 coordinated with the OMV and we can get it  
21 coordinated with the Governor's Office, we'll have a  
22 big announcement. And, therefore, we're taking the  
23 lead.

24 And new car -- and, you know, there's no  
25 new cars -- once they're titled, there's no new

1 cars. This is not their gig. This is our  
2 responsibility.

3           So I immediately stuck my hand up and  
4 said, that's our territory, we'll take that, we'll  
5 move with it, and here we are. So we have to  
6 probably come up with some guidelines for the proper  
7 contractors in their licensing. I think we can do  
8 that with maybe a special designation or maybe a  
9 rule, but we also can take control of working with  
10 the clerk of the works. And they're just going to  
11 oversee that the contractor is compliant and do  
12 their job.

13           So there's going to be kind of an  
14 independent contractor, no matter who they are. We  
15 also probably will have to work to develop those  
16 credentials as well and figure out a way not to  
17 license them, but to take the lead on getting them  
18 approved, so everything is properly disposed of, the  
19 money is handled properly, the application, the  
20 whole bit. So I think it's a great -- it is a great  
21 opportunity for the Used Car Commission and our  
22 constituents and our -- I guess our Louisiana -- our  
23 clients within the Used Car Commission.

24           MR. POTEET:

25           So this would be an additional license or

1 would it be a -- like a temporary license of some  
2 sort? I'm kind of confused.

3 MR. DUPLESSIS:

4 I think we can come up with a rule and  
5 I'm going to immediately defer to counsel like you  
6 do, Mr. Chairman, because we're kind in some  
7 uncharted areas that I'm not qualified to speak of,  
8 but I think maybe by executive order that we can  
9 create maybe an emergency designation to get things  
10 done, but I'm quickly going to defer to Ms. Morris  
11 on that. And, Robert, chime in, please. I'm  
12 clueless how the legal -- I'm a car dealer. So I  
13 have abandon disregard for the law, unless I need  
14 it.

15 MS. MORRIS:

16 Generally, with the grant program, the  
17 State participates in the grant and the State has  
18 requirements. The State can delegate to different  
19 agencies within the State to handle those  
20 requirements. It seems that the salvage dealers  
21 would qualify to do that work.

22 MR. POTEET:

23 So to qualify, would they need a -- would  
24 they need some kind of a new additional license or  
25 would they need to kind of --

1 MS. MORRIS:

2 They might under the -- the program might  
3 require a certification. It might require an  
4 affidavit. It might require an additional  
5 background check, because our background checks are  
6 at the time of licensing, whatever requirements. It  
7 might require an onsite inspection or something like  
8 that. The vehicles might have to be segregated or  
9 there might -- you know, whatever requirements come  
10 along with the grant, there will have to be some  
11 State entity to ensure that those requirements are  
12 being met for whatever agency the money is running  
13 through. If the money is running through GOHSEP or  
14 Homeland -- some sort of entity within the Division  
15 of Administration, you'll have to report to that  
16 agency.

17 MR. POTEET:

18 Darty, do you have any comments?

19 MR. SMITH:

20 Not really, unless it's with the auto  
21 crushers. I don't know if we regulate those.

22 MR. DUPLESSIS:

23 I think the one thing we are going to  
24 have to do under the guidelines of the program,  
25 they're -- this is kind of our portfolio. So

1 they're expecting us to take the lead as the  
2 industry agency. The one thing that they're seeing  
3 currently is they're seeing a lot of tow companies  
4 come in from Texas that aren't properly licensed and  
5 they're renting yards. I've been approached to rent  
6 a yard and they're just leaving these cars  
7 abandoned. I think some of y'all -- John, you  
8 probably have seen it for sure. Darty, you're  
9 probably aware of it. There's yards that are still  
10 sitting there rusting away since Katrina and they're  
11 just -- they're uncontrolled and are left.

12 One of the things that they want to do is  
13 go about the under-pending of the property, whether  
14 it's purchased, it's leased, and what the  
15 contractual relation is, so these things don't just  
16 sit and rust like the trailers have done. They want  
17 an end game to it and they'll pay that bill, but  
18 they want to know that that car is leaving Joe the  
19 Plumber's place. He's getting a replacement car to  
20 get transportation to do his services.

21 Then, that car eventually goes to a  
22 staging lot, then crushes, and it's over. That's  
23 part of what they are looking for us to -- I think  
24 certification is the correct application. And then  
25 we have to certify that the land is going to be

1 cleaned up and have to look at the contract under  
2 it. So that is the nutshell. The meeting lasted  
3 about an hour and 20 minutes or so and it was kind  
4 of nonstop as to, you know, what we were doing.

5 MR. POTEET:

6 The environmental impact has to be looked  
7 at. I guess the OMV would be in charge of making  
8 sure that the title -- everything was handled  
9 properly through the --

10 MR. DUPLESSIS:

11 It was x'd out. It was disposed of, I  
12 guess, through Hulk, if that would be the correct --

13 MR. HALLACK:

14 I think during Katrina we had tons of  
15 crushers that came in from out of state and that was  
16 where we came in. We had to try to figure out what  
17 to do with all these crushers that were operating in  
18 the state that weren't licensed.

19 Kim, do you remember what we ended up  
20 doing, did we end up giving them a temporary license  
21 or something like that?

22 MS. BARON:

23 I believe so. It was hard to track them  
24 down --

25 MR. HALLACK:

1 Yes.

2 MS. BARON:

3 -- because they all came in -- you know,  
4 they would all come in and -- usually at night and  
5 they would just crush all night long and -- you  
6 know, and then by the next morning, they would be  
7 gone, you know. So it was just the ones that we  
8 could find, we just went ahead and gave the  
9 temporary license to and they, you know --

10 MR. HALLACK:

11 They were making so much money.

12 MS. BARON:

13 Yes.

14 MR. HALLACK:

15 A \$250 license --

16 MS. BARON:

17 Yes.

18 MR. HALLACK:

19 -- and a bond wasn't required.

20 MS. BARON:

21 No, and no insurance or anything. It was  
22 just a license.

23 MR. TAYLOR:

24 How long did this continue after Katrina,  
25 was this like a three month deal?

1 MR. HALLACK:

2 A couple of years.

3 MS. BARON:

4 It took them awhile.

5 MR. DUPLESSIS:

6 And part of the problem was, they passed  
7 this emergency bill through LADA and LMVC and it was  
8 a title bill that no one still understands. In  
9 fact, we can't -- it's on the books, but nobody  
10 knows how to interpret it and we've been getting  
11 calls. And, in fact, we talked about it in the last  
12 meeting. The problem is, they didn't see the down  
13 range consequences and I think we need to look at  
14 that in the Legislative Session.

15 MR. OLAVE:

16 There were two parts to that, Mr.  
17 Chairman. I was on the Commission back then.

18 MR. POTEET:

19 Okay.

20 MR. OLAVE:

21 The first part was they were trying to  
22 stop the cars from leaving the state. I remember  
23 hearing reports, State Police had cars -- you know,  
24 a tractor-trailer full of cars pulled over and  
25 really no -- not knowing what to do with them. They

1 were afraid of cars leaving the state, getting  
2 re-titled and showing back up. So the first, I  
3 think, emergency legislation they did was that they  
4 mandated all the cars had to be salvaged in  
5 Louisiana, crushed, and what-have-you.

6 MS. BARON:

7 A certificate of destruction.

8 MR. OLAVE:

9 That's where all the crushers came in and  
10 I remember Kim, she's right, they would -- you know,  
11 they would pop up and they would send State Police  
12 to investigate. There would be an empty lot the  
13 next day and they would be, you know, 30 miles up  
14 the road doing the same thing, you know.

15 MR. POTEET:

16 Yes.

17 MR. OLAVE:

18 So it was a -- it just showed we never  
19 dealt with anything like that. So there were  
20 reactionary programs everywhere, you know.

21 MS. BARON:

22 That's where the actual certificate of  
23 distribution came was for Katrina, and then just --  
24 I mean, there were graveyards of cars in Livingston  
25 Parish up until about maybe a year ago and now

1 they've finally gotten rid of all of those, so.

2 MR. POTEET:

3 Well, maybe this will be the start of  
4 something a little more permanent.

5 MR. OLAVE:

6 A plan is definitely needed.

7 MR. POTEET:

8 As opposed to, you know, when something  
9 happens. I'm pretty sure -- I'm not into crystal  
10 balls, but I'm pretty sure we'll have another  
11 disaster. So, I mean, the more we plan for that,  
12 maybe we'll have something when we're -- when people  
13 are thinking clearly as opposed to being in an  
14 emergency situation, maybe if we had something that  
15 made sense and this sounds like the start of  
16 something like that.

17 MR. DUPLESSIS:

18 Right.

19 MR. POTEET:

20 Especially, if we can get FEMA to stick  
21 in some of the money, too.

22 MR. DUPLESSIS:

23 Yes, and the Governor's Office, I think,  
24 would support the legislation when the FEMA grants  
25 come down. So if you follow the Governor's Office

1 with the money, we've got a pretty good deal.

2 MR. POTEET:

3 All right. Anything else?

4 MR. PARNELL:

5 Yes. During the 2016 Legislative  
6 Session, there was some legislation that Chairman  
7 Carmody of the House Commerce Committee, he was  
8 wanting to push through as far as what that  
9 legislation was, is that they wanted our agency to  
10 be the lead on that database that was out there.  
11 During the session, we were able to kind of work  
12 with Jesse McCormick and the capital partners to  
13 kind of get them to do a resolution to where we kind  
14 of not have that bill move forward, but what -- I'm  
15 trying to reach out to him now, so we can go ahead  
16 and try to set up a meeting. Because that House  
17 Resolution 153 did state that we need to work with  
18 the Office of Motor Vehicles, our agency, and the  
19 Department of Revenue, and try to get a response  
20 back in to them. I think it was February of '17, I  
21 think it is. So we're trying to reach out to them  
22 just to make sure, you know, we can go ahead and  
23 start that study. It's really a study with  
24 feasibility whether or not the database is needed.  
25 We would actually house the database, because what

1 that -- the original legislation was saying that we  
2 were responsible for the database. They would  
3 assist in the beginning of it, but everything else  
4 was on us throughout, straight from our budget. So  
5 we'll try to get a meeting with them as soon as  
6 possible, so we can go ahead and start the study  
7 process. So we'll make sure we've done our due  
8 diligence and all that we're supposed to do toward  
9 completing that House Resolution.

10 One last thing, I -- we did a compliance  
11 investigator position posting. We posted for two  
12 job vacancies and put it out there on the Civil  
13 Service website for five days. We're looking for  
14 individuals in District 4 -- District 3 and District  
15 4. District 3 is mainly the Lafayette area.  
16 District 4 is the Baton Rouge area. We -- I'm still  
17 trying to -- we want to find ourselves being more  
18 proactive as we enforce our dealers being -- rather  
19 than being more reactive, is what we're doing now.  
20 Basically, we're reactive, you know. If a complaint  
21 comes in, we deal with the complaint itself, but I  
22 would like to get to the point where we can actually  
23 get out, of course it will take more investigators  
24 than that, and get out there and be proactive, in  
25 touch with the dealers and talk with them to see

1 what's going on with them more often, if we can get  
2 around to all of them at some point. I mean, that's  
3 what I would like to see happen, but, you know -- so  
4 we've got a ton of resumés, a ton of applications.  
5 So we're going through that process right now and  
6 just trying to go through and see if we can narrow  
7 down to get some persons in here to interview for  
8 the position.

9 MR. POTEET:

10 Did you say two positions?

11 MR. PARNELL:

12 Yes, two positions.

13 MR. POTEET:

14 Okay. Items for the next agenda, we --  
15 the next meeting is scheduled for November 21st, but  
16 I can't make it and I was just wondering -- that is  
17 Thanksgiving week. I would like us to move the  
18 meeting to the next week, to Monday the 28th.

19 Does anybody -- what does everybody think  
20 about that?

21 (No audible response.)

22 MR. POTEET:

23 Well, that sounds like we would have at  
24 least a quorum. We couldn't move it to the 14th,  
25 because you guys have a seminar going on. So we'll

1 move that.

2 Any other discussion, any other things  
3 going on?

4 MR. FLOYD:

5 Anything with DMV about the flood  
6 statements?

7 MR. PARNELL:

8 Nothing else on that. It's kind of --  
9 not died out. I mean, they're still requiring it,  
10 but we did talk to them. I mean, what did Ms.  
11 Jarreau tell us, that they are only looking at the  
12 last assignment.

13 MR. POTEET:

14 That doesn't make any sense.

15 MR. PARNELL:

16 Yes. I mean, you want everybody to do  
17 each assignment, but they're only worried about the  
18 last assignment. So I was trying to push to get  
19 some language and -- but that wasn't happening, so.

20 MR. POTEET:

21 So maybe in the -- I don't know if that's  
22 something we want to look at in the next Legislative  
23 Session, some sort of -- at least maybe float that  
24 out there some kind of way.

25 MR. DUPLESSIS:

1           I've heard of no one getting turned down  
2 for licensing, I'll say that. I don't -- that has  
3 not been an impediment from -- Steve, any of y'all?  
4 It seems like it was almost a knee jerk formality  
5 that they forgot about. So I'm confused, but I  
6 think we need to look at the whole thing and set the  
7 trend, because this is our turf and, you know, this  
8 is -- we need to take the lead on this whole  
9 legislative package. It's ridiculous, because you  
10 look at the laws and I don't understand them. I  
11 read them four to five times and I just couldn't --

12           MR. POTEET:

13           Okay. No further discussion.

14           All right. Adjourned until the 28th.

15

16

17           (Meeting adjourned at 10:15 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 October 17, 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 October 24, 2016, Baton Rouge, Louisiana.

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BETTY D. GLISSMAN, CCR  
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