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LOUISIANA USED MOTOR VEHICLE COMMISSION

STATE OF LOUISIANA

REGULAR MEETING

SEPTEMBER 16, 2013

BEGINNING AT 9:30 A.M.

3132 VALLEY CREEK DRIVE

BATON ROUGE, LOUISIANA 70808

REPORTED BY: Sara Piazza, CCR

1 APPEARANCES:

2 CHAIRMAN:

3 MR. JOHN POTEET

4

5 COMMISSIONERS PRESENT:

6 MR. GEORGE BREWER

7 MR. HENRY "DARTY" SMITH

8 MR. DINO TAYLOR

9 MR. GEORGE FLOYD

10 MR. RON DUPLESSIS

11 MR. TONY CORMIER

12 MR. KIRBY ROY

13

14 REPRESENTING THE LOUISIANA USED MOTOR VEHICLE
15 COMMISSION:

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

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

25

1 ALSO PRESENT:

2

3 MS. KIM BARON

4 MR. DEREK PARNELL

5 MS. MONA ANDERSON

6 MR. ERIC STRODERD

7 MR. JOHN MCKOWEN

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1 (Pledge of Allegiance.)

2 MR. POTEET:

3 Ms. Baron, roll call, please.

4 MS. BARON:

5 John Poteet?

6 MR. POTEET:

7 Here.

8 MS. BARON:

9 George Brewer?

10 MR. BREWER:

11 Here.

12 MS. BARON:

13 Dino Taylor?

14 MR. TAYLOR:

15 Here.

16 MS. BARON:

17 Tony Cormier?

18 (No Response.)

19 MS. BARON:

20 He's on his way. Ron Duplessis?

21 MR. DUPLESSIS:

22 Here.

23 MS. BARON:

24 George Floyd?

25 MR. FLOYD:

1 Here.

2 MS. BARON:

3 Kirby Roy?

4 MR. ROY:

5 Here.

6 MS. BARON:

7 And Darty Smith?

8 MR. SMITH:

9 Here.

10 MS. BARON:

11 Mr. Chairman, we have a quorum.

12 MR. POTEET:

13 Thank you. Do we have anyone
14 here for public comments?

15 MS. BARON:

16 No, sir. We do not.

17 MR. POTEET:

18 All right. Okay. First thing
19 under items for discussion, we need an approval
20 of minutes from the previous meeting.

21 MR. SMITH:

22 I'll make a motion.

23 MR. BREWER:

24 Second.

25 MR. POTEET:

1 Second. All in favor say,

2 "Aye."

3 (All "Aye" responses.)

4 MR. POTEET:

5 Any opposed? All right. The

6 motion passes. We're going to move on to

7 financial matters. And today we have Mr. John

8 McKowen with the Legislative Audit Report and

9 we're going to flip that and have Mr. McKowen

10 go first.

11 MR. MCKOWEN:

12 Thank you, Mr. Chairman. I hope

13 everybody brought the report that Mona sent out

14 to you last week.

15 MS. BARON:

16 It's in the back of your

17 packets.

18 MR. MCKOWEN:

19 If you flip over to the end to

20 page 1, that's my audit report. I did perform

21 an audit of the Commission as of June 30th of

22 this year. If you look at the verbiage in the

23 report, management was responsible for the

24 preparation and fair presentation of the

25 statements. My responsibility is to express an

1 opinion on the statements that are prepared.
2 So if you flip over to the next page, I say in
3 my opinion: The financial statements referred
4 to above are presented fairly. So that's what
5 you want to hear.

6 Let's flip over to page 5.
7 That's management's discussion and analysis.
8 That's just an overview that Derek and Mona put
9 together. I helped a little bit with the
10 numbers I had from last year. That is required
11 information and it is also the responsibility
12 of management.

13 So if you move on to page 11,
14 that's your actual financial statements. And
15 I'm going to try to be brief this morning. No
16 surprises, no findings. Everything was
17 clean -- clean as it could be this year. I'll
18 just hit the highlights.

19 You had current assets, mostly
20 cash and CDs that were a million nine. You
21 have a few fixed assets, the building here,
22 automobiles and so forth at 190,000 there. You
23 see you've got total assets of a little over
24 two million.

25 Your biggest liability or your

1 biggest current liability is what we called
2 deferred revenue. And that's nothing more than
3 the second year of the two-year license. It's
4 just a parking spot. From an accounting
5 standpoint, you recognize this year's income
6 this year and you defer next year's revenue and
7 claim it in that period.

8 (Mr. Cormier entered the room.)

9 MR. MCKOWEN:

10 Other than that, under long-term
11 liabilities, you've got \$600,000 in other
12 post-employment benefit plans payable, and
13 that's just the cost of your healthcare that
14 you will owe to your retirees in years to come.

15 The next page is your income
16 statement. You had operating revenues of a
17 million-one, operating expenses of just under a
18 million dollars. Change in net assets --
19 everybody else would call that net income -- it
20 was 144,000. So again, we ended with total net
21 assets of a 1,039,000.

22 The next page is the statement
23 of cash flows. That just reconciles your
24 increase in cash for the year back to the next
25 income. And I'm not going to go through all

1 that. That just attempts to explain the
2 difference between cash basis and accrual
3 basis.

4 On page 16 of the notes to the
5 financial statements, it just gives you a
6 little more detail on each line item in your
7 statements. Again, no surprises there. I'm
8 not going to go through all of that.

9 On page 27 is your budget
10 compared to actual. Everything looked fine in
11 there. Page 29 is the disclosure per diem as
12 required by state statute. Page 30 is my
13 report on compliance with the laws and internal
14 control. Everything looked fine there.

15 And Mr. Chairman, as I said,
16 there's no surprises. That's my report.

17 MR. POTEET:

18 Thank you, Mr. McKowen. Do any
19 of the commissioners have any questions for
20 Mr. McKowen? I guess not. Thank you.

21 MR. MCKOWEN:

22 Thank you very much.

23 MR. POTEET:

24 And good job to Mona and the
25 rest of the management team. This is good news

1 to have a nice clean audit. All right. So
2 let's move on to the review of the financial
3 report. Thank you, John.

4 MS. ANDERSON:

5 If you'll turn to your financial
6 statements in your packet. These are financial
7 statements for the month ending August 31st.
8 On page 1, your statement of net position, the
9 balance in the operating account at the end of
10 August was 1,235,000. We increased the
11 accounts receivable hearing and fines to
12 66,500. Under the uncollectible accounts,
13 we've increased that to \$6,300. The figure
14 shown here on the balance sheet after we did
15 adjust the interest for the audit, that changed
16 the entries for July and of course August.
17 That changed some of the figures on the balance
18 sheet. The uncollectible accounts was one of
19 them. Those are the accounts that we have
20 referred to the Attorney General's office for
21 collection.

22 And just to inform you, we
23 recently received a letter from the Office of
24 Debt Recovery, which is a new office for the
25 State. They're going to be doing the

1 collection for the State. When we received the
2 letter, they informed us that we had to turn
3 over accounts that were over 60 days. So we
4 inquired about that. But there was some leeway
5 there. What they're telling me is that that 60
6 days does not start until after we have
7 collected from the insurance company. We were
8 concerned about that. Sometimes it takes us a
9 little while to get the insurance company's --
10 the information they need, get them to pay us.
11 On the hearings and fines, sometimes, you know,
12 it could be a year to 18 months before we get
13 paid. And so what he's telling me is that
14 they -- they're not going to start that 60 days
15 until we actually have payment. And then the
16 remainder, if there's any remaining, would come
17 from the dealer. So that was a good -- a good
18 thing for us. But we did -- those are the
19 accounts we had already referred to them. And
20 when we get to that report you'll see what
21 those reports are.

22 The current liabilities at the
23 end of the period down at the bottom of the
24 page were \$32,226. On page 2, another slight
25 change in terminology. What we had is deferred

1 revenues and just -- it's a little weird --
2 they're going to have us call them deferred
3 inflows. So it's the same thing. They totaled
4 \$311,600.

5 And if you'll turn onto the
6 Statement of Revenues, Expenditures, and Change
7 in Net Position. On page 3, the total revenues
8 year-to-date were \$83,925, which was about a
9 \$6,500 increase from year-to-date last year.
10 Twenty-three hundred dollars of that was an
11 increase in hearings and fines. We are
12 stepping up our efforts there. The auction
13 transaction fees were increased \$2,800. And
14 the reinstatement fee is \$1,200.

15 Under expenses, the salaries
16 related benefits increased \$11,900 from last
17 year, primarily in salaries and retirement.
18 The remainder of the expenses, however,
19 decreased by 14,000. We had less in
20 computer-related expenses, less legal expenses.
21 We did receive the new premium on our business
22 insurance, if you will, from the Office of Risk
23 Management and it did go up. We paid about
24 \$7,900 last year to 10,000 this year. So that
25 is accrued on a monthly basis in these

1 statements.

2 So on page 5 the net loss here
3 today \$50,405 compared to \$52,636 for the same
4 period last year.

5 On page 6 you have a Revenue,
6 Expenses and Net Position Summary Report, again
7 showing our net loss of -- and we did go back
8 and amend the June and July figures to reflect
9 the changes that we put through for the audit
10 as of June 30.

11 The following page is a chart of
12 those items and you can see that at this point
13 in the year, our expenses generally do exceed
14 our revenue. The following page shows you a
15 breakdown of our fees and you can see that the
16 hearings and fines did increase some but at
17 this time of the year, the main part of our
18 fees are from auction transactions.

19 On page 9, the Certificate of
20 Deposit Summary shows that we renewed the
21 Community Trust Bank CD matured. Originally
22 they had told us that it would be 42 percent.
23 It did come in at point-45 percent, so that was
24 a little better than what we thought, but still
25 we, you know, were not able to obtain anything

1 better than that so we rolled it over and
2 rolled that CD over.

3 On page 10, the Accounts
4 Receivable Hearing and Fines, we broke this
5 report down like we talked about earlier that
6 we referred to accounts with the Attorney
7 General's office, \$6,300, that's what you see
8 down at the bottom. It remains in our books as
9 an uncollectible amount and so it's an offset
10 to the total of 66,500 that was shown on the
11 balance sheet. We did collect from -- we put
12 through some fines for August and we collected
13 them. We had AAA Affordable Glass, Jay's Auto,
14 and Luxury Motors had fines. And we collected
15 some fines from Aces Used Cars and PCC Auto
16 Brokers.

17 And so unless there are any
18 other questions about the finances, that
19 concludes my report, Mr. Chairman.

20 MR. POTEET:

21 Thank you. Does anyone have any
22 questions? No questions. All right. Well, we
23 need a motion for approval.

24 MR. BREWER:

25 I make a motion we approve the

1 minutes.

2 MR. POTEET:

3 Mr. Brewer.

4 MR. ROY:

5 Second.

6 MR. POTEET:

7 Second from Mr. Roy. All in

8 favor say, "Aye."

9 (All "Aye" responses.)

10 MR. POTEET:

11 Any opposed? All right. The

12 motion passes. All right. The next thing on

13 our agenda is the discussion of the Louisiana

14 Auctioneers Licensing Board. They had a

15 meeting on September 10th. If you remember

16 from our last meeting, there were some

17 issues -- there have been some issues brought

18 up by the LALB concerning their licensing of

19 auctioneers and our licensing of auctions. So

20 I guess we can open the floor.

21 You have a letter that I

22 received from Tessa Steinkamp. Tessa is the

23 chairman of that board, so that's there. If

24 you haven't had a chance, I just sent this over

25 to Derek. If you could just take a second to

1 read through that. As you can see, she's not
2 really recommending anything. She just thinks
3 we should start talking more or less, which is
4 probably -- as an auction owner, yeah, I can
5 see how there can be some confusion. When I
6 first opened the business here back in '02 I
7 was confused. In fact, I was not in compliance
8 with your commission. And I didn't realize
9 that.

10 So does anyone have any comments
11 about any of this at this point in time, Derek
12 or Sheri or Robert?

13 MR. HALLACK:

14 There is an interagency
15 agreement between the two agencies.

16 MR. PARNELL:

17 Oh, there is one? Okay.

18 MS. MORRIS:

19 They're not aware of it because
20 that's what they're asking.

21 MR. POTEET:

22 Where is that located?

23 MR. HALLACK:

24 It should be in this office. I
25 know they have it somewhere. I mean, it's back

1 from around 2003, 2005. It's not the first
2 time this issue has come up.

3 MS. MORRIS:

4 Maybe if we could search for it,
5 we could start there and see if it's still
6 applicable. We did change our auction -- the
7 statutes are a little bit different. Maybe we
8 could just update that if somebody could find
9 it.

10 MS. BARON:

11 I'll look for it.

12 MR. POTEET:

13 Is it a -- where would that be
14 filed?

15 MS. MORRIS:

16 In the minutes probably.

17 MR. POTEET:

18 No, I don't mean physically
19 filed. If we knew that we'd have it, I guess.
20 No, I mean who -- isn't there somebody that you
21 take that to and file it with the state?

22 MS. MORRIS:

23 No. Each agency --

24 MR. POTEET:

25 Each agency keeps a copy. Maybe

1 we should tell them, "Please refer to their
2 interagency agreement." I guess that wouldn't
3 be fair, would it?

4 MR. HALLACK:

5 I'm not sure if their lawyer is
6 the same person or not but the lawyer --

7 MS. MORRIS:

8 It's Anna Dow.

9 MR. HALLACK:

10 Yeah, that's her. She was in
11 existence then, too.

12 MR. PARNELL:

13 She was the main one saying that
14 they didn't have anything on record between the
15 two agencies.

16 MS. MORRIS:

17 She was saying that they have an
18 interagency agreement with another agency. I
19 can't remember what other agency she was
20 suggesting.

21 MR. POTEET:

22 Realtors maybe?

23 MS. MORRIS:

24 I don't know.

25 MR. POTEET:

1 Because you know, auctioneers --

2 MS. MORRIS:

3 It might be the Real Estate

4 Commission.

5 MR. POTEET:

6 -- do real estate auctions.

7 MS. MORRIS:

8 It might be the Real Estate

9 Commission.

10 MR. PARNELL:

11 No, it wasn't Wildlife and

12 Fisheries.

13 MR. POTEET:

14 Wildlife and Fisheries? That's

15 what they stated in the --

16 MS. MORRIS:

17 Agriculture. Department of

18 Agriculture.

19 MR. PARNELL:

20 Oh, okay.

21 MR. POTEET:

22 Something like that.

23 MR. PARNELL:

24 Okay.

25 MS. MORRIS:

1 Maybe if they would send us a
2 copy of the one they have with agriculture, we
3 could look at that and see how they --

4 MR. HALLACK:

5 Well, I think we should try to
6 find the one that we have with them.

7 MS. MORRIS:

8 And also try to find ours.

9 MR. HALLACK:

10 Why don't we call Lois. Maybe
11 she knows where she would have put it or
12 something.

13 MS. MORRIS:

14 Couldn't we search the computer
15 files for --

16 MR. PARNELL:

17 Is one of the concerns is
18 whether or not an auction, an auction license,
19 should be held with our board as well as --

20 MR. HALLACK:

21 It was a dual licensing question
22 like this.

23 MR. TAYLOR:

24 John, can you give us the 45
25 second-, one-minute deal on how it should

1 happen, how it's supposed to be handled
2 properly between these?

3 MR. POTEET:

4 Well, probably not. But I can
5 tell you as an owner of a business that's being
6 regulated by two different agencies, the way I
7 understand it is the Auctioneer Licensing
8 Board, they license anyone that's going to do
9 any kind of an auction in the state of
10 Louisiana. And they have two types of
11 licenses. They have an auctioneer license. So
12 if you're, you know, an auctioneer that
13 actually does the auctioning of whatever it is,
14 vehicles, land, jewelry, et cetera, then you
15 would have a certain type of license. And I'm
16 required -- if I hire an auctioneer, I'm
17 required to have a copy of his Louisiana
18 license in my file in case of an audit or they
19 come by for an investigation.

20 And then they also license
21 businesses that are auction businesses. And so
22 we are licensed as a business. I'm not a
23 licensed auctioneer. I am not a -- I don't
24 know how to do that. So I have a separate
25 license just for that, to be an owner of an

1 auction. So they, as I understand it, and they
2 used to have a -- you know, a continuing ed
3 sort of a set-up. And I went to their
4 continuing ed the last time they had it before
5 they stopped doing it, and I sat in a classroom
6 for eight hours and they talked about vehicle
7 auctions for about ten minutes. I mean,
8 virtually the entire discussion was guns and
9 real estate. I mean, they had a guy from the
10 FBI. They had a tobacco -- you know, whatever
11 it's called -- Alcohol, Tobacco and Firearms.
12 They had real estate people. When they got to
13 cars, it was like, oh, yeah, and we also do
14 cars. So that's the end of the meeting. And
15 it was like, okay. So I spent my day there
16 like I was supposed to.

17 I've only had an investigator
18 come by one time with their board and all he
19 did was ask to see the licenses of the people
20 that were auctioning. He came on an auction
21 day. That's all he was looking for. He looked
22 at our license, which was right there on the
23 wall. He asked to see the license of every
24 person who was on the block. We gave them to
25 him. That was the end of it. So now there's

1 under the definition of a used car dealer.
2 That was the license. It was a UD license and
3 auction. Anybody that did auctions of used
4 motor vehicles had to have a UD license. It
5 all came under the UD license. Auctions
6 largely went unregulated since the beginning
7 until John and them developed some rules and
8 regulations and laws that dealt with auctions,
9 which probably first I think with Mr. Duplessis
10 probably around 2010 or something like that.

11 MR. POTEET:

12 It was before that, I think
13 because it was before -- they were already in
14 discussion before I came onto the commission.
15 And I think I've been on the commissions since
16 either '08 or '09.

17 MR. HALLACK:

18 It might have been around '08.

19 MR. POTEET:

20 Okay. So that's -- it was
21 already in process when I came on the
22 commission.

23 MR. HALLACK:

24 Right. So it largely went
25 unregulated until around 2008. And so -- and

1 then we changed our licensing structure in
2 2010, 2011, something like that. And we
3 created a license called the auction license.
4 But it's still the same. We still license the
5 same people that we've always licensed. None
6 of that's changed. We're not trying to. And I
7 think back in 2003 or 2004 when this issue came
8 up, it was: You're not trying to license
9 people who just randomly occasionally sell used
10 cars. And I think our understanding was if the
11 auction's primary business was auctioning cars,
12 then they had to get a license with us. They
13 just wanted to make sure that we weren't trying
14 to get -- require somebody to have a license
15 that was just occasionally selling a car.

16 MR. TAYLOR:

17 So if an estate sale auctioneer
18 had one car in an estate sale, he doesn't have
19 to --

20 MR. HALLACK:

21 Right. That's correct.

22 MR. POTEET:

23 Also we discussed this a while
24 back, we -- I forgot who was here -- but there
25 was a company from Lafayette that had an

1 interest in somebody that owed money. And at
2 the time, I ask Derek, I said, Why don't they
3 have a license? And they only auction their
4 own vehicles. So if you're a -- if Ron decided
5 he was going to auction off his used cars at
6 his place, he would not be required to be
7 licensed by us because he's auctioning off his
8 own -- his own her own merchandise, not
9 somebody else's -- whereas we auction other
10 people's merchandise. We don't own the cars --
11 well, sometimes we do own them, but that's a
12 different story. There's never a good story
13 involved with that.

14 MR. HALLACK:

15 There are situations where an
16 auction comes into a dealership to auction that
17 dealership's cars. That auction has to have a
18 license.

19 MR. POTEET:

20 Yes. And that was something
21 that came up a while back with the trailers.
22 Remember the trailer issue? Because what we
23 were saying was that you had to have some place
24 of business because if you don't have a place
25 where people can, you know, come back with

1 well, her complaint was that somebody that had
2 to get a license from us was complaining that
3 why should they get a license from the LALB and
4 also us. So that's where it really came from.
5 And as far as the letter, she says we should
6 try to notify them whenever we issue licenses.
7 I guess we can give them a list of all of our
8 auction license fees. That would be what she's
9 looking for.

10 So I think everybody here agrees
11 that our next step is to get the interagency
12 agreement, dig that up, and try to find that.
13 And I'll contact Tessa and tell her that we're
14 going to -- there is an interagency agreement.
15 We'll get it to them.

16 MR. HALLACK:

17 Yeah. I think probably the
18 concern is at one time we didn't really talk
19 about auctions in our law. They were just
20 considered to be UD people. And then we
21 separated out and created a license for
22 auctions to make it clear, but nothing's
23 changed. We don't license any more or less
24 than what we used to do.

25 MR. POTEET:

1 Well, as I said, I had to get a
2 license back in '02, I mean, as far back as
3 '02, you know, we were required to have two
4 different licenses. I'm pretty sure.

5 MS. MORRIS:

6 It was just called UD.

7 MR. POTEET:

8 Do you know if that's regulated?

9 MS. MORRIS:

10 Yeah. The actual license came
11 later.

12 MR. POTEET:

13 I think the reason for the
14 auctions for this commission was we were a
15 unique type of business that was transferring
16 titles, doing -- we did everything that a used
17 car dealer would do except sell to the retail
18 public. And I guess she also mentions in here
19 public auctions. Do we license public
20 auctions?

21 MR. HALLACK:

22 Yes.

23 MR. PARNELL:

24 Yes.

25 MR. POTEET:

1 We're just charging her two years' worth at one
2 time.

3 MR. DUPLESSIS:

4 What do we do in the case of
5 like Barrett-Jackson -- in New Orleans, they
6 have one called Vicari that's popping up pretty
7 often. Do we license them, do you know?

8 MS. BARON:

9 Who is it?

10 MR. DUPLESSIS:

11 Vicari.

12 MR. PARNELL:

13 Vicari. Barrett-Jackson.

14 MR. POTEET:

15 It's like a --

16 MR. DUPLESSIS:

17 What you see on TV.

18 MR. POTEET:

19 They're auctioning expensive
20 cars?

21 MR. DUPLESSIS:

22 You know, '64 Corvette rolls in,
23 that sort of thing.

24 MR. POTEET:

25 I don't know.

1 MR. DUPLESSIS:

2 Well, that's a public auction.

3 It's not substantially cars. It's cars.

4 MS. BARON:

5 She's had an auction license
6 since '08. Since the inception of it. Your
7 first one was in '08. Her first one was in
8 '08.

9 MR. POTEET:

10 Okay.

11 MS. BARON:

12 She just -- I guess she just
13 didn't read the information about it increasing
14 to a two-year. That's why it took her by
15 surprise when she had to pay it. She thought
16 we were overcharging her when she was actually
17 paying the right amount.

18 MR. POTEET:

19 Okay.

20 MR. HALLACK:

21 When is that Vicari auction?

22 It's in October, isn't it?

23 MR. DUPLESSIS:

24 Yeah. There is one coming in
25 October. I believe that's on the Mississippi

1 Gulf Coast with Cruise the Coast. But there
2 was just recently one here, let's see, I want
3 to say in August.

4 MS. BARON:
5 Vicari Motorsports?

6 MR. DUPLESSIS:
7 Yeah, that's probably it. Where
8 are they located? New Orleans?

9 MS. BARON:
10 Harvey.

11 MR. POTEET:
12 So they don't have a license?

13 MS. BARON:
14 They don't have an auction
15 license.

16 MR. POTEET:
17 Oh, they have a used --

18 MS. BARON:
19 They just have a used car
20 license. So we'll look into that.

21 MR. POTEET:
22 Okay. Any other discussion on
23 that?

24 MS. BARON:
25 Would that be considered a trade

1 show?

2 MR. DUPLESSIS:

3 No. It's an outright public
4 auction. It's just like the ones who -- like
5 Christie's. And you register. You get a
6 catalog. You go online and you bid on -- in
7 fact, I bid on a couple cars a few weeks ago.

8 MS. BARON:

9 And it's used cars?

10 MR. DUPLESSIS:

11 Yeah. It's classics. It's like
12 Barrett-Jackson.

13 MS. BARON:

14 Oh, okay. All right.

15 MR. DUPLESSIS:

16 Concours cars, hotrods.

17 MS. BARON:

18 I'll have Stacy look at that.

19 MR. POTEET:

20 All right. Next item is a
21 discussion of our replacement commissioners.

22 MR. PARNELL:

23 Commissioners, once again, I did
24 speak with Holly Robinson, who is the assistant
25 to the director of the Board of Commissions

1 regarding our two vacant appointments. During
2 the discussion, she kind of informed me that
3 they have not yet hired a board -- I'm sorry, a
4 director for the Board and Commissions. But
5 within our discussion we kind of talked a
6 little bit about it, and I asked her could she
7 review what type of files she had and see who
8 put their name out there to -- I guess you
9 would say apply to be appointment for our
10 board. And she said there wasn't very much
11 information out there at all. She said they
12 only had one applicant that she saw that had
13 applied online.

14 With that said, she asked that
15 if I could ask you all if there's a person that
16 you know that may be interested in becoming a
17 commissioner with our board, that we would need
18 to actually have those persons actually send a
19 letter of intent, I guess you would say.

20 What they want to do is, we
21 have -- we need someone to cover our area, our
22 public service commission district area in our
23 greater New Orleans area, which Doug Turner
24 was. And we also need a consumer
25 representative, which is an at-large position.

1 If there are any persons that you may know,
2 please have them go to the Governor's Board and
3 Commissions website and/or send me their letter
4 and I can go ahead and get that to the Board
5 and Commissions director so that we can
6 somewhat move forward with getting information
7 on getting someone appointed. Because they
8 haven't done anything yet.

9 MR. POTEET:

10 So we have to kind of take it on
11 ourselves to get it done?

12 MR. PARNELL:

13 Yeah. She said typically what
14 happens is you get a lot of representatives.
15 They have people that they want to be on the
16 board and you will have more information, more
17 persons wanting to be on boards. But with our
18 agency, there's really only one applicant she's
19 found out there.

20 MR. POTEET:

21 So we essentially need someone
22 from New Orleans?

23 MR. PARNELL:

24 Yes. From the New Orleans area,
25 the greater New Orleans area.

1 MR. CORMIER:

2 As a consumer, they can be from
3 anywhere.

4 MR. POTEET:

5 Anywhere.

6 MS. MORRIS:

7 It's probably better to be
8 closer in the area so they don't have to travel
9 so far.

10 MR. DUPLESSIS:

11 So they can be a used car
12 dealer?

13 MR. PARNELL:

14 They can. Sure.

15 MR. POTEET:

16 Okay. All right. We'll start
17 searching around. I'll see several of them
18 tomorrow. I'll tell them all the benefits.
19 Okay. The next thing on our agenda is the
20 executive director's report. Derek.

21 MR. PARNELL:

22 All right. The first item is
23 review of point totals to determine total
24 complaint reports in the back of your binder.
25 The first item would be the alleged issue count

1 of 85 alleged issues for the month of August.
2 The number one issue is non-delivery of title
3 with 18.

4 The second report that we have
5 is a case report. It's the number of assigned
6 cases that were assigned in the month of
7 August. There were 72 assigned cases.
8 Twenty-six of the cases have been completed.

9 The last report is the
10 Department of Summary Report, which illustrates
11 the total number of cases that have been closed
12 for the month of August. With that said, what
13 we've been doing last week, we kind of dug in a
14 little bit deeper with investigators we've met
15 and we kind of had some discussions on -- I
16 really informed them that I need them to be a
17 little bit more aggressive with what they're
18 going out in the field in writing these
19 violations when they need to write the
20 violations rather than letting them pass.

21 What they've been doing -- not
22 all of them, some of them -- have been kind of
23 letting them pass and kind of giving warnings,
24 and a second or third warning. Whereas, we
25 need to really increase our presence a bit more

1 in the field. And so we need to make sure that
2 our dealers understand that if you are
3 committing a violation that you would have to
4 pay for it.

5 If you notice on our fines,
6 we've really increased our -- we increased our
7 money a little bit on our fines and in our
8 budget because of that, you know. We haven't
9 had a lot of hearings lately, but we have been
10 issuing a lot of citations. And we come in,
11 Kim and I, at the time we sit down and kind of
12 go through them. And we issue fines, send it
13 out to them. And they've been paying these
14 fines back. So with that said, I'm just trying
15 to increase what we're doing as investigators
16 out in the field to make sure that we are not
17 giving so many dealers so many passes.

18 The second item -- does anyone
19 have any questions or comments about that?
20 There was something that I was talking with
21 Dino Taylor about. He asked the question,
22 well, how many times -- how much -- because
23 when we get to hearings usually they've had so
24 many issues. I mean, it's so big at that
25 point, you know. What we're trying to really

1 design whenever we have complaints -- I mean,
2 I'm sorry -- whenever I have dealers that have
3 four complaints or more, I want the
4 investigator to go out and do an audit on their
5 business to see exactly what's going on with
6 them. Because I've had some last year had
7 maybe 13 complaints but they didn't make it to
8 a hearing because they would actually go in and
9 work with the consumer and get everything
10 solved prior to it going before the board as a
11 complaint. And I've instructed the commission
12 that's something that we have to kind of change
13 because our -- it gets too large, you know.

14 And then throughout the entire
15 time, we should have more regulation on them.
16 We should be violating them more often
17 throughout that timeframe. Are there any more
18 questions about the complaints?

19 Just some general information,
20 we -- well, I don't really have any general
21 information. We probably should have taken
22 that off of there.

23 MR. POTEET:

24 Well, I mean, how do you guys
25 that are car dealers feel about that? I mean,

1 I think that dealers that are following the law
2 probably want to see people who are not
3 following the law get written up. I mean, you
4 know, I understand the warning concept. I
5 don't think there's anything wrong with that.
6 But you know, after you get your first warning,
7 you shouldn't be getting two or three or four.
8 I mean, we're supposed to be protecting the
9 consumers. We're supposed to be making sure
10 everybody follows the rules. If I'm a car
11 dealer, it's like in my business -- if somebody
12 shows up late every day, my other employees say
13 well, I guess if you don't get in trouble for
14 being late, everybody can be late.

15 MR. DUPLESSIS:

16 Is that a written warning or a
17 verbal warning?

18 MR. PARNELL:

19 It's usually verbal. I mean,
20 whether I issue a fine or not, they can still
21 issue a violation of a citation to them. And,
22 you know, when it comes into the office, I can
23 see how many times they have been cited, then
24 I'll go from there as far as issuing an actual
25 monetary violation.

1 MR. DUPLESSIS:

2 If you give them too much slack,
3 it's an injustice that they'll continue and
4 continue and continue until they do show up in
5 here like some of these that we've had. And I
6 think being more proactive, I really like the
7 four citations in a year, or four complaints in
8 a year to go in there and an audit. It does
9 the dealer a favor. It makes him say, hey, I
10 need to tighten up before they get to a
11 position that they're sitting in here and you
12 got hurt retail customers all over your town or
13 your parish.

14 MR. POTEET:

15 And thousands and thousands of
16 dollars in fines that you can't pay.

17 MR. DUPLESSIS:

18 Being a little bit more
19 proactive can really help curb some of this
20 stuff in the future, I believe.

21 MR. POTEET:

22 I agree. Okay.

23 MR. BREWER:

24 I have a question.

25 MR. POTEET:

1 Yes, sir.

2 MR. BREWER:

3 What is the latest on the
4 insurance and the note to car lots? I had one
5 of our customers there in Houma call me last
6 week and said he's still having trouble with
7 the insurance people.

8 MR. POTEET:

9 Are you talking about the
10 rent-to-own?

11 MR. BREWER:

12 Rent-to-own. I'm sorry.

13 MR. POTEET:

14 Yeah. We've got -- Derek and I
15 went back to -- I've had some dealers talk to
16 me about it, too. I guess we're -- maybe we
17 didn't make ourselves very clear that you've
18 got to get insurance. And you know, their
19 complaint was that they -- if I remember
20 right -- it's all right here -- the discussion
21 we had back last summer was with Mike Hickey.
22 And Mike came in and he said he didn't want to
23 get insurance through whoever it was, some were
24 through SEADRA. And so we said, well, you
25 know, you have to have insurance. So they went

1 through SEADRA. SEADRA never would quote
2 insurance. That was the way I remember it. So
3 we came down with two admitted carriers, which
4 are Northland and Lancer -- is that right?
5 Northland and Lancer?

6 MR. HALLACK:

7 Northland is the exclusive
8 broker for Lancer.

9 MR. POTEET:

10 Oh, okay. All right. So you
11 know, when -- they have to get some kind of
12 insurance. Now, if they get turned down by
13 them or they get no response from them, which
14 is what happened with Mr. Hickey -- he got no
15 response, as I remember. So you can go to
16 another non-admitted carrier. If you can't --
17 our regulations say you have to have contingent
18 liability insurance. And it says you have to
19 have an admitted carrier when available. So if
20 somebody doesn't quote you or won't take you
21 on, then you can go to someone else. I think
22 that sums it up.

23 MR. BREWER:

24 Suppose they are accepted at a
25 higher price?

1 MR. POTEET:

2 By the admitted carrier?

3 MR. BREWER:

4 Right.

5 MR. POTEET:

6 Well, you know, unless it is

7 something --

8 MS. MORRIS:

9 We have two admitted carriers.

10 They have to exhaust both carries.

11 MR. BREWER:

12 So Northland and Lancer is who

13 they need to contact, right?

14 MR. POTEET:

15 Right.

16 MR. BREWER:

17 Okay.

18 MR. POTEET:

19 And then if they -- if that

20 fails, then they can go to someone else.

21 MR. PARNELL:

22 See, at that time last summer --

23 MS. MORRIS:

24 At the time Mr. Hickey came,

25 there was only one admitted carrier.

1 MR. POTEET:

2 There was only admitted carrier.

3 MS. MORRIS:

4 Now there's two. So you have to
5 exhaust both of them. You have to be declined
6 by both of them.

7 MS. BARON:

8 Because you have SEADRA who is
9 the exclusive broker for Great American and you
10 have Northland who is the exclusive broker for
11 Lancer.

12 MR. BREWER:

13 Okay.

14 MS. BARON:

15 And those two admitted carriers
16 carry the contingent liability. And I have
17 some contact information for Lancer if you need
18 that.

19 MR. BREWER:

20 Thank you.

21 MS. BARON:

22 I can e-mail it to you.

23 MR. BREWER:

24 Thank you very much.

25 MR. POTEET:

1 So there are other insurance
2 companies but they're not admitted.

3 MS. MORRIS:

4 Right.

5 MR. BREWER:

6 Right.

7 MR. POTEET:

8 So if you're turned down by an
9 admitted carrier or the admitted carrier
10 refuses to respond to you, you've got to prove
11 that to us. You know, you can't just come and
12 say, well, I called them and they didn't return
13 my calls.

14 MR. BREWER:

15 Right.

16 MR. POTEET:

17 Mr. Hickey did it the right way
18 last year. He had, you know, all his
19 documentation. He had the certified letter,
20 the e-mail, he had everything. So that's where
21 it stands.

22 MR. BREWER:

23 All right. Thank you.

24 MR. POTEET:

25 Sure. Okay. The next thing on

1 our agenda are the ratifications of license
2 revocation.

3 MR. PARNELL:

4 Commissioners, please find in
5 your packet a chart that illustrates the
6 dealerships that have been revoked. I ask that
7 you ratify the revocations to make them
8 official. Each dealer was given ample
9 opportunity to become compliant. The first on
10 the list is RBD Auto Sales located at 6700
11 Lapalco Boulevard, Marrero, Louisiana 70072.
12 License UD number is 243742. Do we have anyone
13 here that represents that agency?

14 MS. BARON:

15 No, sir.

16 MR. PARNELL:

17 All right. The notice of
18 insurance cancellation was received on July
19 14th of 2013 to our offices. The commission
20 office revoked their license back to July 14th
21 because of the canceled insurance. A
22 suspension notice was sent on August 8th, 2013
23 giving them 10 days to comply. Their final
24 revocation was sent out on September 3rd, 2013.
25 Commissioners, I ask that you ratify the

1 revocation of RBD Auto Sales and their
2 salespersons.

3 MR. POTEET:

4 Any discussion? We need a
5 motion to ratify.

6 MR. SMITH:

7 I'll make a motion.

8 MR. BREWER:

9 Second.

10 MR. POTEET:

11 Second. All in favor, say,

12 "Aye."

13 (All "Aye" responses.)

14 MR. POTEET:

15 Any opposed? All right. That
16 one was revoked.

17 MR. PARNELL:

18 The next one on the list is
19 Willie Payne's Used Cars. They're located at
20 12143 Florida Boulevard, Baton Rouge, Louisiana
21 70815. Their license UD number is 243551. Is
22 there someone here as a representative of
23 Willie Payne's Used Cars?

24 MS. BARON:

25 No, sir.

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MR. PARNELL:

The notice of insurance expiration was received in our office on July 23rd, 2013. They were revoked back to July 24th, 2013 because of the insurance expiration. Suspension notice was sent out August 12th of 2013, giving them 10 days to comply. The final revocation was sent out September 3rd, 2013. Commissioners, I ask that you ratify the revocation of Willie Payne's Used Cars and their salespersons.

MR. POTEET:

Any discussion there? Motion?

MR. SMITH:

I'll make a motion.

MR. BREWER:

I'll second.

MR. POTEET:

All in favor say, "Aye."

(All "Aye" responses.)

MR. POTEET:

Any opposed? All right. That one is revoked too, Willie Payne's Used Cars. Next?

MR. PARNELL:

1 The third one on the list is
2 Exquisite Auto Sales, LLC. They're located at
3 1101 Southwest Evangeline Thruway in Lafayette,
4 Louisiana, 70501. They're license UD number is
5 273774 -- 243774. I apologize. Is there
6 anyone here as a representative for Exquisite
7 Auto Sales?

8 MS. BARON:

9 No, sir.

10 MR. PARNELL:

11 Notice of bond cancellation was
12 received at these office on August 13th of
13 2013. Their license was revoked back to August
14 13th of 2013 because of the bond cancellation.
15 Suspension notice was sent out August 13th,
16 giving them 10 days to comply. Final
17 revocation notice was sent out September 3rd of
18 2013. Commissioners, I ask that you ratify the
19 revocation of Exquisite Auto Sales, LLC and
20 their salespersons.

21 MR. POTEET:

22 Any discussion on Exquisite? We
23 need a motion.

24 MR. CORMIER:

25 I'll make a motion.

1 MR. POTEET:

2 Second?

3 MR. SMITH:

4 Second.

5 MR. POTEET:

6 Second. All in favor, say,

7 "Aye."

8 (All "Aye" responses.)

9 MR. POTEET:

10 Any opposed? All right.

11 Exquisite Auto Sales is revoked.

12 MR. PARNELL:

13 The fourth one on the list is

14 Greater Motor Cars, LLC. They are located at

15 2327 Cameron Street in Lafayette, Louisiana

16 70506. Their license UD number is 243745. Is

17 there a representative for Greater Motor Cars,

18 LLC present?

19 MS. BARON:

20 No, sir.

21 MR. PARNELL:

22 Okay. Notice of insurance

23 cancellation was received June 4th of 2013 in

24 the LUMVC offices. They were revoked back to

25 July 4th of 2013 because of that canceled

1 insurance. Suspension notice was sent out on
2 July 10th of 2013, giving them 10 days to
3 comply. Final revocation notice was sent out
4 on August 7th, 2013. Commissioners, I ask that
5 you ratify the revocation of Greater Motor
6 Cars, LLC and their salespersons.

7 MR. POTEET:

8 Any discussion on Greater Motor
9 Cars? Need a motion.

10 MR. SMITH:

11 I'll make a motion.

12 MR. BREWER:

13 Second.

14 MR. POTEET:

15 Second. All in favor, say,
16 "Aye."

17 (All "Aye" responses.)

18 MR. POTEET:

19 Any opposed? All right.
20 Greater Motor Cars, LLC is revoked. All right.
21 No compliance hearings today. It looks like
22 we're not quite Georgia-Florida speed, but
23 we're close. Meeting adjourned.

24 (Meeting adjourned at 10:19 a.m.)

1 R E P O R T E R ' S C E R T I F I C A T E

2 I, Sara Piazza, a Certified Court Reporter
3 (#29026), for the State of Louisiana, do hereby
4 certify that the foregoing 53 pages were transcribed
5 by me in the above-entitled cause;

6 That the proceedings were reported by me
7 in stenomask reporting method, was prepared and
8 transcribed by me or under my personal direction and
9 supervision, and is a true and correct transcript to
10 the best of my ability and understanding; That the
11 transcript has been prepared in compliance with
12 transcript format guidelines required by the statute
13 or by the rules of the board; That I have acted in
14 compliance with the prohibition on contractual
15 relationships, as defined by Louisiana Code of Civil
16 Procedure Article 1434 and in rules and advisory
17 opinions of the board;

18 That I am not related to counsel or to the
19 parties herein, nor am I otherwise interested in the
20 outcome of this matter.

21 This certification is valid only for a
22 transcript accompanied by my handwritten or digital
23 signature and the image of my State authorized seal
24 on this page.

1 SIGNED THIS SEPTEMBER 24, 2013

2

3 SARA PIAZZA, CCR

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