

LOUISIANA USED MOTOR VEHICLE COMMISSION
STATE OF LOUISIANA

REGULAR MEETING
DECEMBER 17, 2012
BEGINNING AT 9:33 A.M.

3132 VALLEY CREEK
BATON ROUGE, LOUISIANA

REPORTED BY:
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1 APPEARANCES:

2

3 CHAIRMAN:

4 MR. JOHN POTEET

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6 COMMISSIONERS PRESENT:

7 MR. GEORGE BREWER

8 MR. RON DUPLESSIS

9 MR. GEORGE FLOYD

10 MR. HENRY "DARTY" SMITH

11 MR. DINO TAYLOR

12 MR. DOUGLAS TURNER

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16 REPRESENTING THE LOUISIANA USED MOTOR
17 VEHICLE COMMISSION:

18

ROBERT W. HALLACK, ESQUIRE

19

HALLACK LAW OFFICE

20

13007 JUSTICE AVENUE

21

BATON ROUGE, LOUISIANA 70816

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25

1 ALSO PRESENT:

2

3 MS. KIM BARON

4 MR. DEREK PARNELL

5 MS. MONA ANDERSON

6 MS. BECKY BERTRAND

7 MS. TONYA BURKS

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1 (Pledge of Allegiance.)

2 MR. POTEET:

3 Roll call.

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 MR. CORMIER:

19 (No response.)

20 MS. BARON:

21 Ron Duplessis?

22 MR. DUPLESSIS:

23 Here.

24 MS. BARON:

25 George Floyd?

1 MR. FLOYD:

2 Here.

3 MS. BARON:

4 Kirby Roy?

5 MR. ROY:

6 (No response.)

7 MS. BARON:

8 Darty Smith?

9 MR. SMITH:

10 Here.

11 MS. BARON:

12 And Douglas Turner?

13 MR. TURNER:

14 Here.

15 MS. BARON:

16 Mr. Chairman, we have a

17 quorum.

18 MR. POTEET:

19 Has everybody had a chance to

20 read -- do we have any public comments?

21 MS. BARON:

22 No, sir.

23 MR. POTEET:

24 No public comments. Okay.

25 Everyone has had a chance to

1 read the minutes from the previous meeting,
2 I'm assuming. So if there's no discussion
3 of that, can I get a motion for approval?

4 MR. BREWER:

5 I make a motion we approve
6 the minutes of the meeting.

7 MR. SMITH:

8 I second.

9 MR. POTEET:

10 George motion, Darty second.

11 All in favor, say, "Aye."

12 (All "Aye" responses.)

13 MR. POTEET:

14 The motion passes.

15 Financial matters, review of
16 the financial report in November. Mona.

17 MS. ANDERSON:

18 If you'll turn in your
19 packets to your financial statements, there
20 are financial statements for November. On
21 the balance sheet on Page 1, the balance in
22 the bank account at the end of November was
23 \$1,321,504. One hundred and seventy-seven
24 thousand of that was deferred revenue for
25 next year. The balance in the accounts

1 receivable hearings and fines account was
2 \$92,150. At the bottom of the page, our
3 current liabilities are \$37,414.

4 On Page 2, you can see our
5 deferred revenue. We have revenue for 2013
6 and 2014 and we're slowly moving the 2013 to
7 the income statement.

8 On Pages 3 through 5 is the
9 income statement compared to the budget of
10 last year, this year. At the bottom of the
11 page, the current month's revenue was
12 \$235,837, which is almost identical to what
13 it was this time last year. The
14 year-to-date revenues were \$539,038, which
15 is down slightly from last year at \$562,000.
16 I think that most of that was due to --
17 we're moving the deferred revenues over from
18 the balance sheet into the income statement,
19 the 2013 revenues, and we did that on a
20 straight line basis, just divided it up
21 between October through March and, actually,
22 I think we're going to -- in the future,
23 we'll probably kind of do more in October,
24 November, December and less in the following
25 year because I think that more closely

1 mimics how our fees flowed in the prior
2 year. So that's why there's a differences
3 in the revenue.

4 MR. POTEET:

5 Well, once you have some
6 experience, you can do it on a proportioned
7 basis.

8 MS. ANDERSON:

9 Right.

10 MR. POTEET:

11 It's hard to get what that's
12 going to be in advance.

13 MS. ANDERSON:

14 We just didn't know that, you
15 know, originally when we did it. No one
16 really had experience doing this.

17 On Page 4, the -- well, the
18 salary expenditures are up about \$31,000
19 from last year. Part of that is additional
20 staff we added. Part of it is an increase
21 in the retirement contribution that we have
22 to give. So, overall, there was an increase
23 of about \$31,000. All the other
24 expenditures were slightly lower than last
25 year.

1 And on Page 5, the
2 year-to-date revenue over expenditures was
3 \$165,760, which is down some from the prior
4 year and, again, I think that's mostly due
5 to our revenue and the increase in the
6 salaries.

7 On the following page, on
8 Page 6, is the revenue and expenditure
9 comparison. You see our net income again of
10 \$165,760.

11 On Page 7 of the report is
12 our accounts receivable hearings report.
13 Again, the balance is \$92,150. Car Boyz was
14 added to the report in November.

15 And on the last page is our
16 CD report. That pretty much is the same as
17 it was last month. We've got a couple of
18 CDs at Concordia that are expiring in
19 January. I contacted Concordia and the rate
20 has gone down to point 55. So here we go.

21 MR. TURNER:

22 Geez.

23 MS. ANDERSON:

24 We'll be investigating to see
25 if we have some banks that can do a little

1 better than that, but I wouldn't expect too
2 much on that. And unless there are any
3 questions, that concludes my financial
4 report.

5 MR. POTEET:

6 Okay. Any other questions
7 about the financial report?

8 (No response.)

9 MR. POTEET:

10 Let's see. We've got --
11 should we go ahead and approve this before
12 we go on the budget? I need a motion to
13 approve --

14 MR. TURNER:

15 Motion to approve the
16 financials from last month.

17 MR. POTEET:

18 I've got a motion.

19 Second?

20 MR. TAYLOR:

21 Second.

22 MR. POTEET:

23 I've got a second from Dino.

24 All in favor, say "Aye."

25 (All "Aye" responses.)

1 MR. POTEET:

2 The motion is approved.

3 All right. Mona, you can
4 jump right into the '13-'14 budget.

5 MS. ANDERSON:

6 Okay. This form is pretty
7 much as you saw it last year. We actually
8 entered this on the website for this fiscal
9 year. This is the 2013-'14 budget and just
10 this last year -- Pages 1 and 2 are pretty
11 much a recap of the rest of the budget. So
12 if you want to pull those out or whatever,
13 because we'll be referring back and forth to
14 those ongoing.

15 On BC-1, the proposed
16 budgeted income is \$1,195,616, which is
17 about a five percent increase over what
18 we're estimating for this year. Then,
19 moving on to the expenditure on the -- I'm
20 sorry, on the revenues, we don't generally
21 book a lot into the enforcement actions,
22 which are our hearings and fines, but
23 sometimes it is significantly different like
24 it was last year.

25 On BC-2, this gives you our

1 expenditures for the year and we'll be
2 flipping back and forth from that page.
3 This is a summary of it. Regarding the
4 salaries, if you'll turn to -- it's BR-6 --
5 I'm sorry, BR-6A is our salaries for the
6 year. Under the budgeted amount, we have
7 budgeted \$527,840.

8 MS. BARON:

9 Hold on, Mona, we don't have
10 it.

11 MR. DUPLESSIS:

12 Go ahead. We'll understand.

13 MR. TURNER:

14 Let me ask you a question
15 while we're doing that. On BC-2, under
16 legal, \$80,000 is what we budgeted this
17 year?

18 MS. ANDERSON:

19 Yes, sir. We budget the
20 maximum on those, so that -- you know, the
21 maximum of the contract, and so we're not
22 anywhere near that.

23 MR. TURNER:

24 Actually, that's probably
25 where we are.

1 MS. ANDERSON:

2 Yes, sir, but we always do
3 that -- you know, if we got into a legal
4 problem, we would want to have that in the
5 budget.

6 MR. TURNER:

7 I think I asked that same
8 question last year.

9 MS. ANDERSON:

10 I know it's kind of confusing
11 because you're looking at what we actually
12 did.

13 MR. TURNER:

14 The line right below that
15 under other, \$32,000, and you're raising
16 that in the next budget year to \$43,000.
17 What does that encompass?

18 MS. ANDERSON:

19 Okay. The other charges are
20 -- it's a number of things, but it's
21 basically our accounting. If you turn to
22 BC-10, \$3,000 of it is for our access to the
23 driver's license database. We've got
24 \$36,000 in there for a possible replacement
25 of CAVU. We're going to be looking at

1 specifications and getting quotes from
2 people to purchase that will probably
3 require that we pay something up front for
4 them to evaluate and make a proposal, and
5 then we're going to have to pay in addition
6 to that to actually have it -- what a
7 company would charge to actually develop it.
8 So we put that in that line item, and then
9 the \$4,000 is our other software --
10 accounting software, our -- we've got Adobe
11 to work on our website, that kind of thing.

12 So everybody has got BR-6A
13 and, like I said, mostly what's in there
14 under the salaries, we had two -- I'm sorry,
15 three position changes and we also built a
16 four percent cost of living in there in case
17 that happens with the State. You know, we
18 don't know that this far in advance, but we
19 put things in contingent -- on a contingent
20 basis. And, then, we also added a part-time
21 compliance investigator. I think Derek is
22 in negotiations with some people to hire
23 somebody maybe in January, and so then they
24 would go -- it's shown as half a year in the
25 actual 2012-'13 and the full year for

1 '13-'14.

2 In addition to that, the
3 retirement and the group insurance both show
4 decreases. We might not have that, but
5 retirement I think you can pretty much bank
6 on -- it's been about a three percent
7 increase each year. They're trying to take
8 care of that unfunded liability in LASERS.
9 So we've had about a three percent increase
10 every year.

11 Group insurance, nobody
12 really knows about that, but I budgeted a 10
13 percent increase just in case. It could
14 stay the same. It could decrease. But
15 they're going to privatize and I don't know
16 what would happen, you know, the next year,
17 whether they would go with Blue Cross,
18 again. But if we have an increase, then
19 we've already built that into the budget.

20 Okay. So all of that, that
21 527, when you roll forward to -- I'm sorry,
22 when you go forward to the BC-6, which is
23 right in front of that, you can see the
24 salaries, \$527,840, and you see some
25 overtime, Board compensation, so on and so

1 forth, and all the benefits. And that
2 figure down at the bottom carries forward to
3 BC-2 for our total salary and benefits of
4 \$858,726.

5 So moving on, the operating
6 expenses are on BC-8. We pretty much did a
7 6.5 percent increase over the -- what we
8 estimate for this year, no big changes in
9 there. The miscellaneous category, this is
10 the State's documents. So our financials
11 have the miscellaneous category broken out
12 and this does not, but that does include
13 things like our merchant credit card fees,
14 our criminal background check, bank fees, so
15 and so forth. But at this point, you know,
16 we're barely into this year. So, you know,
17 to predict '13-'14, we pretty much just did
18 an increase there. And, then, moving
19 forward on BC-9 was where we were talking
20 about our professional contracts. These are
21 pretty much what they were for this year.
22 We don't anticipate any changes in the
23 contracts. We gave a little additional to
24 -- Roy Hebert was only budgeted at \$2,000.
25 The contract is more than that, but -- and

1 for our IT service contract, which was
2 really low, we moved it up to \$30,000. So
3 this is effective -- in July of next year is
4 when we would be looking to make this
5 change.

6 Again, the other charges were
7 as we discussed earlier. We've got access
8 to the driver's license database, the
9 possibility of looking at a new program or,
10 you know, if we have to continue with CAVU,
11 then we would have the funds for that, and
12 all of our auxiliary software and accounting
13 software.

14 And on BC-11, the last page,
15 our acquisitions and major repairs. We put
16 \$1,000 into the acquisition for building
17 grounds and general plant. Hopefully, we
18 find a little bit more professional looking
19 sign. We don't know how much we can
20 anticipate for that.

21 And, then, adding -- the
22 \$17,000 was to add either an additional or a
23 replacement vehicle. All of our vehicles
24 are getting older. And, then, we added
25 \$10,000 in there for a replacement of any

1 office printers, furniture, you know, any
2 kind of equipment that we would have break
3 down there, if we had to purchase anything.

4 And, then, down at the
5 bottom, the major repairs, we included
6 contingent funds for repairs to vehicles,
7 the building, the parking lot. So all of
8 that folds up into BC-2.

9 Our proposed budgeted
10 expenditures for 2013-'14 are \$1,217,771.
11 And on the following page, you can see our
12 fund balance and an indication of what we
13 anticipate our net income and -- to be at
14 the end of the these two years. So unless
15 there are any questions, that concludes my
16 report.

17 Mr. Chairman, we need a
18 resolution to adopt the budget.

19 MR. POTEET:

20 We don't have to have a
21 resolution -- we don't -- but it's part of
22 the budget. So if you want, I will read it
23 out loud for everyone. Do you want to read
24 it?

25 MS. BARON:

1 I can.

2 MR. POTEET:

3 Do you want me to read it?

4 MS. BARON:

5 "Louisiana Used Motor Vehicle
6 Commission, Resolution Adopting the
7 2013-2014 Fiscal Year Operating Budget.

8 Whereas, in order to receive
9 approval of its proposed operating budget
10 for the fiscal year which begins July 01,
11 2013 and ends June 30, 2014, it is necessary
12 for the Louisiana Used Motor Vehicle
13 Commission to adopt a proposed budget based
14 upon anticipated revenues and expenditures;
15 and

16 Whereas, the Commission,
17 which operates solely on self-generated
18 funds receives no State general funds;

19 Therefore, Be It Resolved,
20 that the attached detailed estimate of
21 revenues for the fiscal year beginning July
22 01, 2013 and ending June 30, 2014 be and the
23 same is hereby adopted to serve as an
24 Opening Budget of Revenues for the
25 Commission; and

1 Therefore, Be It Further
2 Resolved, that the attached detailed
3 estimate of expenditures for the fiscal year
4 beginning July 01, 2013 and ending June 30,
5 2014, be and the same is hereby adopted to
6 serve as an Opening Budget of Expenditures
7 for the Commission; and

8 Therefore, Be It Further
9 Resolved, that the adoption of this Budget
10 of Expenditures be and the same is hereby
11 declared to operate as an appropriation of
12 the amount therein set forth within the
13 terms of the budget classifications; and

14 Therefore, Be It Further
15 Resolved, the funds available for operating
16 expenditures are available only to the
17 extent such funds are included within the FY
18 2013/2014 Budget; and.

19 Therefore, Be It Further
20 Resolved, that the Commission's Executive
21 Director may authorize transfers between
22 line items of expenditures within a function
23 or department, provided such transfers shall
24 not exceed ten (10%) percent of the total
25 budget for the department or function. All

1 other budget adjustments must be approved by
2 the Commission.

3 The foregoing resolution with
4 the attached budget for the 2013-2014 fiscal
5 year was duly adopted on the 17th day of
6 December, 2012.

7 MR. POTEET:

8 We need a motion to pass the
9 resolution.

10 MR. SMITH:

11 I'll make a motion.

12 MR. BREWER:

13 Second.

14 MR. POTEET:

15 All in favor, say, "Aye."

16 (All "Aye" responses.)

17 MR. POTEET:

18 Okay.

19 Any more financial matters we
20 need to discuss?

21 (No response.)

22 MR. POTEET:

23 Mona, you did good.

24 MS. ANDERSON:

25 Thank you.

1 MR. POTEET:

2 All right. The next thing we
3 have are legal matters and pending
4 litigation.

5 MR. HALLACK:

6 I think you have the two
7 appeals on the agenda. One is the appeal of
8 Value Imports. We filed our brief. We're
9 just waiting for a decision from the Court
10 of Appeals on that. The other one is on A-1
11 Autoplex. We're filing an answer and
12 lodging the record soon, this week. So
13 everything is under control there, too.
14 Yes, that's the stay order. It's in place
15 until January 7th until we have the hearing
16 on this matter.

17 MR. TAYLOR:

18 Robert, also, when I am back
19 at home and I'm still having trouble
20 understanding this. Maybe it's because I'm
21 not very sharp. But did this whole -- in
22 order for these guys to be able to get a stay
23 granted, the 30 days, and I know you've
24 walked me through it once, maybe twice, I'm
25 still having trouble understanding what we

1 can do about it in the future. Is there
2 anything we can do about it in the future,
3 as getting any stuff changed to where people
4 can't get a stay granted as easily as
5 they're getting it right now because these
6 people, they're still operating their
7 business, correct?

8 MR. HALLACK:

9 A-1 Autoplex, yes.

10 MR. TAYLOR:

11 It bothers me and --

12 MR. HALLACK:

13 Y'all didn't suspend their
14 license. You didn't suspend them or revoke
15 them. You just issued a fine. So they're
16 able to operate.

17 MR. TAYLOR:

18 Yes, that's correct.

19 MR. DUPLESSIS:

20 We suspended their license on
21 A-1, didn't we suspend them?

22 MS. BARON:

23 Until the fee was paid and
24 the fee hasn't been paid.

25 MR. TAYLOR:

1 The fee is still on the
2 books.

3 MS. BARON:

4 Yes. They haven't paid the
5 fine.

6 MR. PARNELL:

7 They haven't paid the fine.

8 MR. DUPLESSIS:

9 Right. And, then part of
10 their restitution was to take care of all
11 outstanding debts before they were
12 reinstated and pay off the inventory that
13 they had acquired illegally, which is on the
14 books, the acquisition and disposition of
15 used cars inventory, to take care of that
16 before they can be reinstated. So there's
17 actually kind of two fines pending.

18 MR. HALLACK:

19 Well --

20 MS. BARON:

21 But doesn't the stay prevent
22 us from doing it -- from allowing that? We
23 have to allow him to be --

24 MR. HALLACK:

25 Right. First of all, the

1 order that was issued, it was kind of
2 against the law. You said it was suspended
3 immediately. You can't suspend the license
4 immediately.

5 Under our law, our judgments,
6 our orders, are not enforceable for 30 days
7 after they have been mailed to the dealer.
8 That's the way the law reads. So it's not
9 enforceable for 30 days. During that time,
10 the dealer has the opportunity to decide
11 whether or not he's going to appeal it. So
12 that's what happened with A-1. They
13 appealed it and they got a stay order. And
14 so their stay order would affect everything
15 in that order whether it was a suspension,
16 whether it was a fine, all of that, and it's
17 set for a hearing on January 7th to try to
18 break the order or see whether the judge is
19 going to continue the order.

20 If it was just a fine, the
21 judge would be more than likely willing to
22 stay the order because it's just money, but
23 being that he was suspended or if it was
24 somebody that had been revoked, they would
25 be less inclined to stay that type of order.

1 In the past, when we had a situation where
2 it was a fine only, we didn't enforce it
3 until the appeal had gone through. It's not
4 a lengthy process. It's generally something
5 we can get done in three to four months.
6 And so with that thought, you know, we can
7 just let it ride until we can get the
8 decision from the District Court. But if it
9 involved a suspension or revocation, we
10 would normally enforce that and that's what
11 we've done in the past. In this particular
12 situation, the judge went ahead and stayed
13 it with the hearing on the stay set for
14 January 7th. So, at that time, the court
15 will take evidence as to whether the stay
16 will continue or whether they'll dismiss the
17 stay.

18 MR. PARNELL:

19 I guess my question is, is
20 this something we legislatively need to look
21 at, a change in the language and the
22 statute, regarding the 30 days? I think
23 that's what you're kind of asking.

24 MR. TAYLOR:

25 Yes.

1 MR. HALLACK:

2 Well, you know --

3 MR. TAYLOR:

4 Does it matter? I mean, will
5 it affect the process, will they still get
6 it granted after 30 days is not fair.

7 MR. HALLACK:

8 Well, they will still be able
9 to go get it, but there are situations in
10 which the judge does not have the authority
11 to grant it without a hearing, and I think
12 that's what Ms. Morris had said at the last
13 meeting, that if it was enforceable from the
14 time they received it, then the judge, by
15 law, could not grant it without a hearing.
16 So that -- basically, if you have that in
17 effect now, if you changed the way the
18 statute is written -- like I said, right
19 now, the way it's written, it's
20 unenforceable until 30 days after he
21 receives the order.

22 Okay. If you change that to
23 say that it's enforceable at the moment that
24 he receives it, then a judge does not have
25 the leisure of granting it without a

1 hearing. The judge may still hold a hearing
2 and decide at the hearing whether or not to
3 enforce the decision. And a lot of that
4 will go -- a lot of what the judge will look
5 at will be how well done was the decision,
6 you know, just bare bones prima facie look
7 at what happened, you know, if it was pretty
8 obvious that the dealer had done something
9 wrong or maybe there was some error or
10 something happened, and they'll take those
11 kind of things into consideration in
12 determining whether to grant a stay or not.
13 But I can promise you probably 90 percent of
14 the judges in Baton Rouge are going to go
15 ahead and grant a stay because it's just --
16 it doesn't create a harm, you know. The
17 harm would be requiring somebody to put up
18 \$20,000, and, then two or three months
19 later, reverse it and everybody would have
20 to give the money back.

21 Like I said, it's not that
22 long of a process because we can usually get
23 it done in two to four months. That's why
24 the courts let it go, you know.

25 MR. POTEET:

1 Let me ask a question here.
2 Would this be the same analogy -- if you get
3 caught speeding -- I'm driving down the
4 highway and I'm doing 85 miles an hour and I
5 get pulled over and they give me a ticket, I
6 can still drive until that ticket is due. I
7 haven't -- by signing the ticket, I don't
8 admit guilt. Four weeks later -- it's been
9 so long since I got ticket, so I don't know
10 how long you have, but I'll probably get one
11 today. So is it -- you know, let's say five
12 weeks later, you have to pay that fine. So
13 between the time you get the ticket and the
14 time you go and pay the fine, you can
15 decide, well, I'm not going to pay the fine,
16 I'm going to go to court and fight this.

17 MR. HALLACK:

18 Right.

19 MR. POTEET:

20 Does that analogy apply here?

21 MR. HALLACK:

22 It's even closer to, like, a
23 civil judgment. A civil judgment -- when
24 you get a civil judgment against somebody --
25 and I just got one a couple months ago, and

1 my client is real frustrated because I want
2 to get out there and get that money as
3 quickly as I can. Well, when you get a
4 civil judgment like a money judgment, first
5 of all, they have seven days in which to
6 apply for a re-hearing back to that court.
7 Okay. Value did that with us. They applied
8 for a re-hearing. So you have seven days in
9 which to apply for a re-hearing. Then, once
10 you -- after those seven days -- and let's
11 say you didn't apply for a re-hearing. If
12 you apply for a re-hearing, you'll have the
13 same thing even further down the road, but
14 let's say the seven days passes and you
15 don't ask for a re-hearing, then you've got
16 30 days in which to file a suspensive
17 appeal, an appeal where you put up a bond,
18 but that suspends the effect of the
19 judgment, but if you don't take a suspensive
20 appeal and you take a devolutive appeal
21 where you're required to actually pay the
22 judgment, you've got 60 days. It's just
23 really a time period in which the litigant
24 determines whether or not they want to
25 appeal it or not, you know.

1 Like in Value Imports, they
2 actually asked for an extension to put up
3 the money for the appeal. So they bought
4 themselves a lot more time. So it's just a
5 process by which you're giving time to the
6 litigant to determine whether or not he's
7 going to file an appeal or pay the judgment.
8 That's what it's analogous to. To say that
9 it's -- if you go back and you re-write the
10 legislation to say that it's enforceable at
11 the time, the dealer receives it, he can
12 still go to court and apply for a stay, and
13 I think 90 percent of the judges would grant
14 him a stay just for -- because it's a
15 process that you usually can get done rather
16 quickly.

17 MR. PARNELL:

18 But if he doesn't, it's
19 enforceable at the point when he receives
20 the judgment from us, right?

21 MR. HALLACK:

22 That's correct. And, like I
23 said -- I think I said this in the last
24 meeting. The best thing about that is where
25 they don't take an appeal and you can

1 immediately go get your money. Otherwise,
2 you have to wait 30 days to get your money.

3 MR. DUPLESSIS:

4 But, I mean, you know, it's a
5 good thing in a way because I've seen enough
6 of this. If we were to find him guilty and
7 take him and put him out of business and he
8 was to win the appeal, then we would get a
9 lawsuit of loss funds and revenue. And, you
10 know, I don't think that's a lot of money,
11 but you don't want the exposure, you don't
12 want the publicity, you don't want to be on
13 your heels paying defense lawyers.

14 MR. POTEET:

15 And we don't want to look
16 like we don't know what we're doing. Every
17 time something comes up in the press, it is
18 going to look like what are these guys
19 doing.

20 MR. DUPLESSIS:

21 Oh, yes, you run a muck.

22 MR. POTEET:

23 Just fine people right and
24 left.

25 MR. DUPLESSIS:

1 Yes. We don't want that.

2 You've got to hold your breath. I actually
3 think that that part is a bitter pill to
4 swallow is a good thing. Let me tell you
5 what frustrates me, and I think we need to
6 improve our process where we can take care
7 of some of that. You know, one of the
8 things that we saw with him, and we need to
9 address this legislatively, is the
10 intercompany or interlocutory transfer of
11 license. And that this is what we've seen
12 in two or three cases. When they start to
13 get in trouble, they shift over to their
14 wives, and we saw one gentleman shift over
15 to his daughter, who was, like, I don't know
16 why I'm here and I'm not in the business.
17 And that's actually a straw transfer and we
18 can put an end to that pretty quickly.

19 The other thing we need to do
20 is revoke his salesman's license, which is a
21 much lower threshold than the whole
22 dealership. So we could yank his salesman's
23 license. What we do is we put a flag on it
24 in the future to have him reinstated and to
25 overcome those obstacles we've set in the

1 threshold that he has to fulfill in order to
2 get another license. So those are two
3 things that we can do to put a -- I would
4 highly recommend that you swallow the 30-day
5 pill because the other side -- the down side
6 of it is not good, but within that 30 days,
7 we can still fine him. We can still bring
8 him in and if he's still doing those things
9 -- because that 30 days may be 60, 90 days
10 if they're smart, and we can still nail him,
11 still fine him, because he's still actively
12 in the business, but there are a couple of
13 things that we can do. If I were -- Sheri
14 and Robert are far more qualified to address
15 it than myself.

16 MR. POTEET:

17 Were you going to say
18 something?

19 MR. TAYLOR:

20 You know, it concerns me when
21 we say three or four months is not a long
22 period of time and we've all seen them and
23 the damage that they do when they know
24 they're going out in that three to four
25 months is greater than the damage they've

1 done in the 10 years or five years or one
2 year of business, and that's to protect the
3 consumer. It's painful to be able to see
4 these guys stay in business for another
5 three or four months. I don't know if
6 there's an answer to it, but it just
7 scratches on me all the time.

8 MR. DUPLESSIS:

9 I agree.

10 MR. POTEET:

11 I think that Ron has got a
12 good point. We can go ahead and go out
13 there and catch him doing the same thing
14 during this appeal process, right?

15 MR. HALLACK:

16 That's correct.

17 MR. POTEET:

18 I mean, he still has to
19 follow the laws and the guidelines that
20 we've presented. So I would think that we
21 -- between now and the time this comes to
22 court, if we say, you know, well, Your
23 Honor, here's what happened, we fined him
24 for this and oh, by the way, we also caught
25 him doing the same thing on December 10th

1 and December 18th and January 2nd, 3rd, 4th,
2 5th, 6th, and the 12th. So it actually
3 solidifies our case, but if we're going to
4 do that, then we've got to make a -- I guess
5 a structural procedural type thing where our
6 investigators -- when we've got somebody
7 sitting out here is we watch them a little
8 bit closer.

9 MR. TURNER:

10 We're doing that.

11 MR. POTEET:

12 There's no harassment on
13 that.

14 MR. TURNER:

15 We're doing that now.

16 MR. PARNELL:

17 Every week -- an investigator
18 is visiting his location every week just to
19 ensure that -- to see what he's doing, you
20 know.

21 MR. DUPLESSIS:

22 Robert, what if we did --
23 there may be a middle ground here, which
24 might be the best way, is if we get him,
25 and, then we take away his salesman's

1 license, could we be proactive in filing a
2 restraining order against him? That would
3 escalate a hearing rather quickly to show
4 the judge that we can put him out of
5 business for a reason, to protect the
6 public. And our job here is to protect
7 honesty in the business, free trade, and
8 make sure the consumers -- the scales are
9 equal and if he is go egregious, we possibly
10 could take the proactive move and file a
11 restraining order.

12 MR. HALLACK:

13 We could do that. If we find
14 that he's doing the same stuff that he's
15 always been doing or we find that he's
16 writing hot checks again or he's taking cars
17 from dealers and not selling them, not
18 repaying the dealer, certainly, we could do
19 a temporary restraining order. I mean,
20 there's grounds for it within our law to do
21 something like that.

22 MS. MORRIS:

23 But here's the downside of
24 that, and I look at things in time lines.
25 We're not going to be meeting for two or

1 three weeks. How could we self-authorize
2 the Executive Director to take that step to
3 move legal counsel forward to get the
4 restraining order in the meantime, or is
5 that even important to us?

6 MR. HALLACK:

7 Well, we have what we call
8 the interlocutory seizure. It's a set
9 order, which basically says that you have to
10 cease what you're doing now. Upon receipt
11 of the notice, you have to cease and desist,
12 but you will have an opportunity at the next
13 hearing date to show the Commissioners why
14 it is that you should be able to continue
15 doing your business in this manner.

16 We had that with Milford Lee.
17 We had a situation where there were some
18 violations, cars being sold from different
19 locations, stuff like that, and we set it up
20 for a cease and desist order, and what we
21 did was, we signed an order saying, you have
22 to cease doing it now, but you'll have an
23 opportunity to come before the Commission to
24 show why you should be allowed to continue
25 doing your activity. And he hasn't come

1 back in. So the cease and desist order
2 continues. And we've had investigators --
3 and I think Mr. Parnell has actually gone by
4 there and I think the lot is pretty much
5 closed.

6 MR. PARNELL:

7 Yes.

8 MR. HALLACK:

9 There are no cars for
10 display, no employees there, and so there's
11 been no rush to get it before you as
12 Commissioners on a hearing because the guy
13 has stopped doing his business. I think the
14 investigator has gone by even the residence
15 -- not just the dealership location, but
16 he's gone by the residence to make sure he's
17 not displaying vehicles from his residence,
18 because I think that was the complaint, was
19 that he had sold a vehicle from his son's
20 residence.

21 MR. DUPLESSIS:

22 There is a way to get there.

23 MR. HALLACK:

24 Well, that's how we do it.

25 You've got to immediately stop doing it. If

1 you want to take it to the Commission and
2 have it reversed, you can do it at the next
3 Commission meeting, but it's an immediate
4 action on our part. You must cease doing
5 this activity immediately.

6 MR. DUPLESSIS:

7 But that means the case has
8 to be put together in a timely manner.

9 MR. PARNELL:

10 Well, typically, it's already
11 started.

12 MR. DUPLESSIS:

13 It's already started. That's
14 right.

15 MR. HALLACK:

16 But before he signs the order
17 -- before he signs that order, he has to
18 have proof that something is going on. I
19 think we did one on Damon -- we did a cease
20 and desist on Damon, but he came in and
21 showed us that he had taken care of whatever
22 it was that he had been -- that the cease
23 and desist had been issued for. I don't
24 remember off the top of my head.

25 MR. PARNELL:

1 Because he was initially
2 scheduled to come back in last month at the
3 Commission meeting, but he did come in that
4 week before and showed -- you were there
5 with me. He showed that he had taken care
6 of those issues that we found that were
7 still outstanding, that were new issues
8 since he had his hearing.

9 MR. HALLACK:

10 But he took care of it. So
11 that's the way it's effective. We actually
12 stopped him from doing it. He came in and
13 showed that he was going to take care of it
14 and that's what he did. So, you know, the
15 benefit of removing the 30 days is not much
16 benefit, not much benefit at all. One --
17 the only benefit really is that you get an
18 immediate judgment that you can enforce
19 immediately as opposed to waiting 30 days.
20 That's a situation where they don't take an
21 appeal, or where they do take an appeal,
22 they can still go to a judge and ask for a
23 stay and depending on the language in the
24 statute, the judge will either have to do --
25 will either be able to do that in his office

1 or he'll have to do it in a full blown
2 hearing, but it's just part of the appeal
3 process.

4 MR. POTEET:

5 Does that make you feel
6 better or worse?

7 MR. TAYLOR:

8 So our best course of action
9 is to just make sure our investigators stay
10 on top of them after we levy fines.

11 MR. POTEET:

12 You know, it seems to me in
13 the years I have been on the Commission,
14 we've had more appeals lately. I don't know
15 if that's because these guys are just
16 fighting so hard or they think that we're
17 wrong and they're going to win because -- in
18 the end, we are going to win. I mean, if
19 they clean up their act, I guess that's a
20 good thing. We can get them in here and get
21 them straightened out, but if they don't,
22 they're not going to stay in business.

23 MR. HALLACK:

24 Yes. I don't know what the
25 motivation would be for Value Imports. The

1 evidence was pretty clear on Value Imports.
2 He was not delivering the title within 60
3 days. I mean -- so he went through one
4 judge in the 19th Judicial District. He's a
5 fairly fair judge and, you know, he affirmed
6 our decision. They decided to take it to
7 the First Circuit. I think it was -- I
8 think originally the dealer believed that if
9 he kept appealing it that he could keep
10 doing his business until we told him, no,
11 you can't do it, you didn't ask for a stay,
12 so you can't do it.

13 It's amazing the number of
14 lawyers who don't know of the stay
15 mechanism. It's not automatic. You know,
16 when you appeal a judgment from District
17 Court it's stayed if you file a suspensive,
18 but not if you file a devolutive. You have
19 to allow them the course of appeal, but you
20 just have to stay on it and make sure it
21 gets done as quickly as possible.

22 MR. TAYLOR:

23 I promise not to ask you
24 again next month.

25 MR. HALLACK:

1 No. That's okay.

2 MR. POTEET:

3 It is a good discussion.

4 MR. HALLACK:

5 Like I said, I've got a
6 client that's got a civil money judgment and
7 they're aggravated as they can be.

8 MR. POTEET:

9 They can't get their money.

10 MR. HALLACK:

11 They can't get their money, I
12 want it, I want my money.

13 MR. POTEET:

14 Well, I think that the
15 conclusion, the bottom line, of all this is
16 that once we do have somebody that's in a
17 position of appealing, we have to stay on
18 top of it. If we really think they're bad
19 guys, I mean, that's the only alternative we
20 have. We can't just let them -- say, okay,
21 well, we fined them, now we don't need to
22 worry about them, anymore.

23 MR. TAYLOR:

24 Okay. Thank you.

25 MR. POTEET:

1 Thank you.

2 All right. Let's see.

3 Executive Director's report is the next
4 thing on the agenda.

5 MR. PARNELL:

6 Okay. The report this month
7 is -- I'm going to start with the review of
8 complaint totals. If you'll turn with me in
9 your packets, you will find the alleged
10 issue counts. There were 74 alleged issues
11 for the month of November. Twenty-one of
12 those issues were requests for refunds.
13 Typically, it's higher for non-delivery of
14 title and requested refunds. The second
15 report that you'll find is a case report,
16 which shows that for the month of November,
17 57 cases were assigned to our field
18 investigators. Of those 57 cases, 13 of
19 those cases were completed, which leaves 44
20 of those cases open. We still -- if you'll
21 turn with me to the next page showing the
22 department summary report, it shows that --
23 it illustrates there's a total 42 total
24 cases that were closed for the month. As
25 always, we have cases that may take a little

1 bit longer to get a resolution to, but what
2 we've been doing here in the office, it's
3 helped out a great deal. We kind of split
4 some of the duties in the office as it
5 relates to processing the complaint forms,
6 making sure that we're getting things out
7 more efficient. We are able to get out all
8 information. Once a complaint is closed --
9 at one point, we were kind of dragging
10 behind a little bit. When we closed the
11 cases out, we weren't always getting to them
12 to send out notification to the complainant
13 and to let them know that the complaint was
14 closed and this was the findings of the case
15 that we've gone through.

16 Moving forward starting in
17 January, I want to expound much more on what
18 information I'm giving you during our
19 complaint totals when we talk about
20 compliance and investigation because there's
21 a lot more that goes on that I really want
22 you all to really know and understand that's
23 going on out there other than just the basic
24 numbers. I started that some months back,
25 but I really want to get back to that, so we

1 can really grasp exactly what's going on.
2 Although, I do have four investigators out
3 there, it's amazing to see, you know, how
4 much they're able to get accomplished
5 throughout the State with just that, that
6 small group.

7 As I said before, moving into
8 January, hopefully I'll be able to get my
9 part-time person on. She is very -- she has
10 been in state -- with the Office of Motor
11 Vehicles for over 20 years. She's retired
12 from them. She is looking to come on and do
13 some work with us. I think it's going to be
14 a great benefit for us, but also in the
15 future, I'm still looking to increase our
16 size, field investigation, because we do
17 need to be more proactive in what we're
18 doing. The reverse is being completely
19 reactive.

20 The next item on the
21 Director's report is the licensing update.
22 We've been doing very well this year. Since
23 I've been here, this is the best we've done.
24 Of course, we have half of the licenses to
25 license this year, but with the addition of

1 staff and everything -- you know, normally,
2 looking at it in the past, we had two
3 persons working that since I have been here
4 and we'll be at least 40 to 60 days behind.
5 Right now, we're on December 17th and
6 they're working, like, on December 13th and
7 December 10th. So, you know, that's huge
8 from what we've been doing in the past for
9 dealers.

10 MR. TURNER:

11 It's almost a miracle.

12 MR. PARNELL:

13 Yes. It's a huge improvement
14 on what we've done, but we have a long way
15 to go to really get this place as systematic
16 and as efficient as it can be and we're
17 going to continue to work towards that and
18 continue to try to move around persons in
19 the office to better fit certain areas and
20 just grow from there. Pretty much, that's
21 my -- the end of my report. If anybody has
22 any questions or comments, please --

23 MR. POTEET:

24 I have a question. Refresh
25 my memory. Why are we only hiring this

1 person part-time, why not full-time?

2 MR. PARNELL:

3 Well, for her -- specifically
4 her, she's retired with the State of
5 Louisiana and she really just needs only to
6 work part-time. For me, it's kind of
7 helping me out a little bit more with the
8 situation with my investigator in the Baton
9 Rouge area. She hasn't been able to really
10 be out there because of illness. So I still
11 plan to bring on one full-time employee as
12 well, but --

13 MR. POTEET:

14 In addition to her.

15 MR. PARNELL:

16 In addition, yes. With her,
17 it's going to be such a huge benefit, you
18 know, her knowledge base and her skill set
19 and helping out in this area and the Lake
20 Charles area. And, number two, I don't have
21 to pay benefits and all that other stuff.
22 So I have her work 30 hours, that will save
23 us a lot of money.

24 MR. POTEET:

25 Doesn't she also have some --

1 I'm trying to remember our conversation
2 earlier. Doesn't she have some negative
3 consequence in her retirement if she took a
4 full-time --

5 MR. PARNELL:

6 If she did, yes, it can be.
7 You know, that's what we're kind of working
8 on right now. She's also talking with
9 LASERS on what to do. To reinstate back
10 from the State service, it can take effect
11 on your retirement if you're already
12 collecting retirement. So it's a certain
13 amount of hours that she can work and
14 there's a certain amount of wage that she
15 can make per hour. We'll try to keep her
16 wages low, so we won't pay too much. It
17 sounds great to me. It's the kind of
18 situation where she's only retired because
19 her husband was ill and she needed to take
20 care of him, but she really wants to get
21 back and she asked me two years ago about
22 potentially coming on here because she
23 wasn't happy with Motor Vehicle.

24 MR. POTEET:

25 But we're still going to make

1 an attempt to hire another full-time
2 investigator soon?

3 MR. PARNELL:

4 As soon as we can, yes. My
5 goal is to do that.

6 MR. POTEET:

7 By the end of the first
8 quarter, hopefully?

9 MR. PARNELL:

10 I'm striving for that.

11 MR. POTEET:

12 I don't want to put you on
13 the spot, but --

14 MR. PARNELL:

15 Yes. We went through that
16 process last time, probably about six months
17 ago, and like I say, I want to wait a little
18 while and maybe the pool could change up a
19 little bit going through that process, two
20 or three hundred resumes we had. I only
21 found maybe two or three and we went through
22 the interviewing process. Two of them
23 weren't nowhere near what I'm looking for to
24 actually fit. One was -- I thought was
25 actually really perfect, but she wanted too

1 much money. So we can't mess with her.

2 That's kind of basically --

3 MR. TAYLOR:

4 We're pretty tough. My
5 salesman interview takes about three
6 minutes. That's why my turnover is pretty
7 high.

8 MR. PARNELL:

9 But, you know, we have to
10 -- as I said, we have to get more proactive
11 in investigating and being out there
12 for -- and just change the face of the
13 agency holistically, you know, and just
14 being out there. The word has gotten around
15 that we've stiffened up what we've been
16 doing. I think that's a huge help, but
17 I think if we had more investigators out
18 there kind of touching -- dealing with
19 complaints and talking to dealers more
20 often, I think it would benefit them far
21 more, you know, because some dealers have
22 not gotten anyone to talk to them in maybe
23 two years.

24 MR. POTEET:

25 How many dealers do we

1 license?

2 MR. PARNELL:

3 It is about 3,400.

4 MR. POTEET:

5 Thirty-four hundred dealers?

6 MR. PARNELL:

7 Yes.

8 MR. POTEET:

9 Across all of the inspectors
10 that we have.

11 MR. PARNELL:

12 Yes. So, we're talking about
13 5,000.

14 MR. POTEET:

15 Salesmen?

16 MR. PARNELL:

17 Yes, salesmen and --
18 anywhere -- it was -- last year, it was
19 about 3,100, but I think they increased by
20 about 300 or 400. So we're about 3,400,
21 3,500 dealers.

22 MR. POTEET:

23 I think by the middle of
24 2014, that 3,400 might be up closer to
25 4,000. That's my prediction. So I think we

1 -- at least, if we're going through the
2 process of thinking about investigators, you
3 know, my personal opinion, we might even
4 need two more, but, you know, that's a lot
5 of dealers across a large expansive
6 territory for three or four people to
7 handle.

8 MR. PARNELL:

9 And that's -- also, you have
10 to take some relief off of some of them
11 because I have -- some of my investigators
12 are driving a lot of miles, you know, coming
13 from north Louisiana all the way down here
14 every week -- every other week or weekly,
15 you know. That's kind of taxing on those
16 individuals and our vehicles as wells.

17 MR. POTEET:

18 Right. Okay.

19 The next thing is the
20 discussion on the 2013 legislative session.
21 Ron.

22 MR. DUPLESSIS:

23 We've set the meeting and I
24 guess it's going to be here in our office
25 because basically -- the last couple of

1 years, we had this big room but they didn't
2 show up. So I think we can handle it here.
3 The date is, what, the 17th?

4 MS. BARON:

5 The 10th.

6 MR. DUPLESSIS:

7 The 10th of January at one
8 o'clock.

9 Basically, I think we need to
10 do some in-house cleanup with promulgation
11 of rules and take our policy to rules and
12 timing of that. I may have to count on
13 Sheri because I'm not sure we want to put
14 out a lot of information until after the
15 session is at least halfway or over because
16 it creates confliction in your legislative
17 package. Basically, a lot of what we're
18 going to see, I think, coming out of that
19 meeting. We're going to also have to look
20 at cleaning up our statutes of interoffice
21 transfer of the license from, if you will,
22 traditional husband to wife or something of
23 that nature because we really don't have
24 that reaching power right now to say
25 shutdown an operation. What we are faced

1 with is kind of what you're looking at is a
2 salesman who is creating all the problems
3 while the true dealership ownership is in
4 the name of a wife, who is not -- or a
5 spouse or someone who is not actually active
6 in the business. We've researched it. So
7 there is a way to handle that, so we can
8 bring that to closure. And, basically, we
9 have to watch the salesman's license to make
10 sure that if we're going to shut an entity
11 down, that we do it directly.

12 The other aspect is the
13 dealer plates, which if you're going to get
14 to -- if you're going to get to your 4,000
15 number, the way to do is to not issue dealer
16 plates in excess of the salesmen's license.
17 I think a lot of guys right now are not
18 licensing their sales people. So we need to
19 take a close look at that. Last session, we
20 had the benefit of Motor Vehicle changing
21 the color of the plates and now that gives
22 us direct identification of these plates.
23 And I think we need to follow that.

24 We also need to have a
25 meeting with the New Motor Vehicle and

1 Department of Motor Vehicle to see what's on
2 their plate. That's actually an interstate
3 agreement that we all hooked up, what,
4 seven, eight -- 10 years ago that we're
5 required to meet with them and see what's on
6 their agenda and either support their
7 legislation or modify their legislation to
8 make them aware of what we're facing or we
9 may actually have to play the other side of
10 legislation playing defense, not offense and
11 make sure that no one is passing onerous
12 laws towards the Commission, like attaching
13 our Commission last year to the Department
14 of Revenue or whoever it was. So we have to
15 always play defense.

16 And I guess the other gorilla
17 that we see in the closet is basically the
18 rent-to-own insurance and how we're going to
19 approach that and come together again to see
20 how we make it conducive for the consumer
21 and the dealer, but still protect the
22 public. So it's a complicated situation,
23 not one that I think that I see clearly. So
24 I think everybody is going to have to work
25 on that.

1 MR. PARNELL:

2 I just want to make a quick
3 comment on RTO insurance, rent-to-own
4 insurance. Recently, within the past two
5 weeks, we did receive about, what is it, 10
6 insurance policies from an agent. We're
7 still researching the matter. What we found
8 is it seems as though that there is one
9 other insurance carrier out there, I think
10 Landshire Insurance, but the declaration
11 page and the information reads the exact
12 same as it did with Great American and the
13 insurance companies that are out here that
14 are with the State, and this company is with
15 the State. It is an admitted carrier -- it
16 is admitted within the State. So,
17 hopefully, we're going to try to get some
18 finality with that this week on whether or
19 not that is an admitted carrier that our
20 dealers can use now. If so, that is one
21 that is not required to be part of the any
22 of those associations. It's a completely
23 separate entity from what we're gathering
24 thus far.

25 We did reach out to the

1 Department of Insurance. We're going to
2 gather some more information from them. His
3 first initial response was that it seems as
4 though it is -- it is an admitted carrier,
5 but it seems as though that this is one that
6 we will be able to use in the future. So I
7 think it will help a great deal as far as
8 RTO, what we do in the future for
9 legislation, what we do in relation to
10 allowing dealers to go with, for example,
11 Lloyds of London. This just adds another
12 alternative to where we can still insure
13 that they are with an admitted carrier.

14 MR. DUPLESSIS:

15 That cures that.

16 MR. TURNER:

17 What if the admitted carriers
18 are double the prices of Lloyds of London?

19 MR. PARNELL:

20 I don't think that's the
21 case.

22 What did you find out?

23 MS. BARON:

24 She didn't send nothing.

25 MR. PARNELL:

1 We'll get more information on
2 that. I don't think it is a large increase
3 because it's, like, 10 dealers who just
4 submitted their paperwork for license this
5 year. So if it was an increase, then we
6 wouldn't have had that many dealers wanting
7 to use this insurance.

8 MR. POTEET:

9 That's true. The other thing
10 that I'm curious about, have we heard
11 anything from our friends over there?

12 MR. PARNELL:

13 I have not heard anything.

14 MR. POTEET:

15 I mean, I guess we need to
16 keep our ears open and find out what they're
17 up to, you know, if anything comes up that
18 we're going to have to deal with there.

19 Ron, have you heard anything?

20 MR. DUPLESSIS:

21 Not at all. And if Landshire
22 is a viable option, then we have to play
23 defense, even if we have a play on the
24 table.

25 MR. POTEET:

1 That's what I'm concerned
2 about is if they're going to blind side us.

3 MR. DUPLESSIS:

4 I think it's coming.

5 MR. POTEET:

6 We know we're going to be
7 blind sided. We just don't know where it's
8 coming from.

9 MR. DUPLESSIS:

10 Are they admitted in the
11 State with that type of policy?

12 MR. PARNELL:

13 Yes. We're just trying to
14 get final word from the company themselves.
15 I want it in writing from them. The
16 Department of Insurance -- when I go down to
17 the Department of Insurance website, it
18 shows the exact same -- its coverages as the
19 two companies that are out there right now,
20 Great American and International Interstate.
21 So from the outside, from what I'm looking
22 at now, it does look like it is a hundred
23 percent admitted carrier that we'll be able
24 to use, but I still want to wait until we
25 get final documentation from the Department

1 of Insurance before we go ahead and accept
2 these.

3 MR. POTEET:

4 Officially.

5 MR. PARNELL:

6 Yes. I want something a
7 little bit more solid. Even from the
8 insurance company themselves, I know they're
9 still having a lot of issues from the
10 hurricane. I think their offices were still
11 down. They lost a lot of stuff, but I --
12 they're north -- in the New York area is
13 where their company is based out of. So I
14 just want to make sure that -- before we
15 move any further with that, I want to make
16 sure that I have good, clean, clear
17 documentation that this is an admitted
18 carrier that does carry this type of
19 insurance and we have another avenue, which
20 I think is amazing.

21 MR. POTEET:

22 I think you're right to get
23 that.

24 MR. PARNELL:

25 It's just a touchy situation

1 and it has been for so long.

2 MR. POTEET:

3 What time is that meeting
4 going to be on January 10th?

5 MR. PARNELL:

6 Ten o'clock.

7 MR. DUPLESSIS:

8 Mr. Chairman, I think we
9 ought to form a small committee of
10 Commissioners to look at everything out
11 there. I don't see anything out there. I
12 see a lot of what's brought to us, but these
13 are the practitioners in the business and I
14 think they need to take a strong look at
15 what's going on in the industry.

16 MR. POTEET:

17 Okay.

18 MR. DUPLESSIS:

19 And that would be following
20 the meeting after we bring conclusion and
21 get a legislative package.

22 MR. POTEET:

23 You're talking about a couple
24 of the dealers?

25 MR. DUPLESSIS:

1 Yes. And, actually, we can
2 do it after the Commission meeting. That
3 would be following. So we would have plenty
4 of time to get a report to the Commission
5 and bring other issues up.

6 MR. HALLACK:

7 I don't know where we are in
8 our e-mail notification, but if that's
9 simple enough, we can e-mail an agenda to
10 the dealers in plenty of time for them to
11 think about what they would like to see and
12 participate.

13 MR. DUPLESSIS:

14 You could get the word out
15 through LIADA.

16 MR. HALLACK:

17 I remember years ago when we
18 tried to put a law into effect into the
19 books. Basically, we were going to put
20 Policy 60 in the book to the effect that you
21 cannot transfer a license to your immediate
22 family or to a business associate after you
23 had lost a license or it had been revoked,
24 suspended or whatever, and we had a
25 Commissioner that was vehemently opposed to

1 doing that.

2 MR. POTEET:

3 Is that considered a
4 restraint of trade, I mean, is there some
5 sort of --

6 MR. HALLACK:

7 No. It's still
8 discretionary. I mean, it's in there, but
9 it's whether you want to enforce it or not.
10 It's up to the Commissioners. It only
11 stands for a potential denial of a license.

12 MR. DUPLESSIS:

13 Well, you have straw -- you
14 have straw laws all over the place, you
15 know, straw purchase of a gun, of credit, of
16 anything. I mean, clearly, the courts have
17 ruled that the person that represents
18 themselves as the taker is the taker, and I
19 don't think -- if you go into the straw
20 laws, you're completely insulated.

21 MR. POTEET:

22 You mentioned a committee. I
23 would like to say instead of a committee of
24 people, why don't we all sort of volunteer
25 to stay on top of this stuff and talk to

1 dealers and get the information in because,
2 you know, I see dealers -- well, I'll see
3 them one -- two times by January 10th, but
4 we're always talking to those of us in the
5 auction business you're talking to pretty
6 regularly, but also you guys are talking to
7 each other and other -- you're doing
8 transactions or talking. So let's just say
9 all of us are on that committee. Let's do
10 whatever we can to kind of sniff out what's
11 needed. I know the first thing is going to
12 be curbstoning. I already know that. I
13 don't have to talk to anybody else. That's
14 the first thing that always comes up.

15 MR. HALLACK:

16 That's something we will have
17 to get with the Office of Motor Vehicles.

18 MR. POTEET:

19 I think there are still some
20 things we could do there. But along the
21 discussion of curbstoning, I think it's more
22 of an enforcement thing than it is coming up
23 with new rules. I mean, we've got enough
24 rules. We've just got to find a way to --

25 MR. HALLACK:

1 To help us enforce it. It
2 would be nice if they had to put some kind
3 of information in that car to identify who's
4 selling it, at least the VIN number. Don't
5 cover up the VIN number. Do something to
6 identify who is selling that car.

7 MR. POTEET:

8 But, I mean, the problem with
9 that is, if somebody is curbstoning already,
10 and, then they're doing all these other
11 things they shouldn't be doing, I mean
12 George doesn't do that on his lot and you
13 guys that are licensed don't do that kind of
14 thing. That's what I'm saying. You've got
15 to find somebody to find where the
16 curbstoner is before you worry about what --
17 is he covering up the VIN number, is he
18 doing -- well, that's a discussion for
19 later.

20 Our next Commission meeting
21 is not going to be on the regular day.

22 MS. BARON:

23 It's on the 28th.

24 MR. POTEET:

25 The 28th.

1 MR. PARNELL:

2 I want to give one more
3 update, if I will, the thing I was talking
4 with you about a little bit earlier.

5 MR. POTEET:

6 Yes.

7 MR. PARNELL:

8 Last week, Counsel Sheri
9 Morris and I, we met with Steve Duke, who is
10 the Executive Director for the Louisiana
11 Manufacturing and Housing Association, which
12 is right up the street, actually. He's also
13 a lobbyist as well. We met with he and Chip
14 Deshotel. What he is, is he was a President
15 of the Scrap Dealers Association. What
16 happened last year during the Legislature,
17 there was probably about nine or 10 bills
18 that were out there about scrap dealers
19 themselves, and Steve Duke was one of those
20 bills that was out there. And what they're
21 trying to do is -- this is an industry that
22 is currently not being licensed from what I
23 gather and what I understand. What they're
24 trying to do is find an agency that will
25 license and regulate scrap dealers in the

1 entire state.

2 We kind of met with them just
3 trying to feel them out to see what they're
4 talking about or what they're asking about.
5 We found out there's about 75 or so scrap
6 dealers around the entire state. What they
7 did was, we just -- it was an informal
8 meeting. We were just kind of -- just
9 talking, what may be the pros and cons of
10 this. What we have to do is kind of put
11 together a little proposal for us. I told
12 him prior to the January 10th meeting, maybe
13 we could request it at that point, but just
14 a proposal to kind of talk about what it is
15 that they're looking for of an agency, which
16 -- basically, look into someone to regulate
17 that industry.

18 So as an agency ourselves, we
19 need to really kind of maybe look at what it
20 is that we will accept, but we probably
21 wouldn't know that until we really look at
22 the proposal that they're presenting to us.

23 Just as a side bit of
24 information, I just wanted you to know what
25 we're kind of looking at right now. I don't

1 know if it's necessarily beneficial for us
2 right now or not. We'll have to look at
3 that and get the numbers for it.

4 MR. DUPLESSIS:

5 That's going to take
6 legislation, I think, to do that.

7 MR. PARNELL:

8 Absolutely.

9 MR. DUPLESSIS:

10 And, then, we'll have to have
11 a representative number of people on the
12 Commission.

13 MR. PARNELL:

14 Yes.

15 MR. POTEET:

16 We also -- the kind of fear
17 that we were talking about earlier is that
18 -- let's just say 50 or 100 scrap dealers in
19 the state that have never been regulated.
20 So it's going to be -- in the beginning, it
21 would be kind of like herding cats. They're
22 not going to -- you know, when you walk up
23 and say, well, we are from the government,
24 we're here to help you, they're not going to
25 believe one word of that. But still I think

1 it's something we should at least entertain.

2 MR. TURNER:

3 Well, certainly, as a car
4 dealer, I don't want to be associated with
5 scrap metal.

6 MR. HALLACK:

7 Years ago, we used to license
8 and regulate scrap dealers. We still have
9 the definition of a scrap dealer in our
10 book.

11 MR. BREWER:

12 We've run into a problem here
13 lately of buying vehicles that have a
14 previous salvage title. Somehow, we're
15 going to have to warn the dealers to check
16 -- Autocheck or Casey and Casey or
17 something. I bought a \$10,000 Ford truck
18 from a Mississippi dealer. It has a good
19 Mississippi title. I ran it through your
20 auction and I found out that it had a
21 previous Alabama salvage title. I'm stuck
22 with this \$10,000 truck. I don't know what
23 the hell to do with it, but this is
24 happening more and more. I had three this
25 month just to me.

1 MR. POTEET:

2 That's why we at the auction
3 that the vehicles that are consigned to our
4 auction goes through Autocheck. In fact, if
5 it's an institutional vehicle, it goes
6 throughout Autocheck twice. What we do is,
7 we run it through when it comes onto our
8 lot, and, then -- because, obviously --
9 well, in some cases, they get sold pretty
10 quick, but sometimes they're there as long
11 as three, four or five weeks, in the process
12 to get a title. Then, we run it through
13 Autocheck, again. We run our -- everything
14 that's consigned gets run throughout
15 Autocheck sometime between Monday morning
16 and the point that it comes in on Tuesday,
17 even the cars that come in at the last
18 minute. We've had dealers that tried to do
19 that. At one time, they knew that we were
20 only running the Autocheck until 8:30 in the
21 morning. I don't know how they found that
22 out. So, now, we just -- it is not hard to
23 do, we run a separate report. But
24 everything we have, we run through Autocheck
25 for that very reason because that's the only

1 way you're going to find out.

2 MR. BREWER:

3 Well, we buy about 300
4 cars a month. So it's kind of hard to check
5 all these things coming in. This was bought
6 over the telephone and we paid for it and it
7 had a good Mississippi title, but --

8 MR. POTEET:

9 After the meeting, I'll help
10 you on what can be done there.

11 MR. BREWER:

12 It looks like it's becoming a
13 problem.

14 MR. DUPLESSIS:

15 There's an alternative to
16 that.

17 MR. BREWER:

18 It's becoming a pretty big
19 problem. A lot of cars that were damaged,
20 the customer is actually buying these cars
21 back, then trading them in. Some of the
22 dealers are kind of getting caught with
23 them.

24 MR. POTEET:

25 Well, one of the things that

1 I discussed with friends of mine that are
2 not in the car business, they're always
3 talking about how great, you know, certain
4 -- I don't know what the name of this
5 company is, but they advertise on TV a
6 lot -- and they say they will protect you,
7 there's no way. If you have a -- let's say
8 you have a vehicle of your own and you are
9 in some kind of a wreck, if you don't ever
10 turn in that information in to the insurance
11 company, it's very difficult for that
12 information to come out. There are a lot of
13 ways to get around some of this stuff and
14 it's not usually car dealers that are
15 getting around it. It's the consumers doing
16 it.

17 MR. BREWER:

18 Right.

19 MS. BARON:

20 Well, I can tell you what's
21 happened here twice just recently is that
22 dealers in Louisiana have sold salvage
23 vehicles to people that live in Mississippi
24 and Mississippi will not title that. They
25 will not change that title over and they're

1 having to come back in to Louisiana and get
2 with the Department of Motor Vehicles.
3 We're having to call the dealer. They're
4 having to issue a reconstructed Louisiana
5 title to the dealer, and, then he has to
6 sign it over to the Mississippi resident,
7 and, then Mississippi will transfer it into
8 their name. But they will not transfer a
9 salvage title.

10 MR. BREWER:

11 If I have a clean Mississippi
12 title, can I sell that in Louisiana or is it
13 going to be flagged?

14 MS. BARON:

15 It's not -- I've had people
16 that have bought vehicles that Mississippi
17 has washed the titles and they wanted to go
18 back on the dealer because they found out
19 later that it was a salvage and there's not
20 a whole lot we can do about because the
21 dealer didn't know that it was a salvage,
22 and you've got to kind of go back, you know,
23 through the chain and see if everybody can
24 get their money back. But a lot of times,
25 we can't enforce that because we don't know,

1 because they've washed that title.

2 MR. POTEET:

3 You are not likely to have
4 that kind of problem happen at the auction,
5 because of what we do. We found out.

6 MR. BREWER:

7 I saw it on the report.

8 MR. POTEET:

9 You found out too late.

10 MS. BARON:

11 That's the way the consumers
12 are finding out, but if you sell a salvage
13 title to a Mississippi resident, then it is
14 going to come back. You're going to have to
15 come back and make it a reconstructed title
16 before the Mississippi resident can get it
17 registered in Mississippi.

18 MR. DUPLESSIS:

19 That's something that can be
20 handled with the two departments of Motor
21 Vehicle, but you can jump chain all the way
22 back to the person that originally scrubbed
23 the title and you can get your money back
24 from them.

25 MS. BARON:

1 How can you tell who actually
2 bought the --

3 MR. DUPLESSIS:

4 You watch the chain of title
5 from the time that it was --

6 MS. BARON:

7 You can trace it back.

8 MR. POTEET:

9 But you still have to -- I
10 mean, once you do that, it's kind of like
11 the judgment, you're --

12 MS. BARON:

13 Right.

14 MR. POTEET:

15 -- when are you going to
16 squeeze that out of them.

17 MR. TAYLOR:

18 We retailed one last year and
19 it was a lengthy civil matter. Long story
20 short, I had to buy it back from the
21 customer and put them in another vehicle,
22 and I set it to the side and we just -- I
23 mean, it took me six to eight months to get
24 it resolved with the dealer up in
25 Shreveport, but, you know, if it wouldn't

1 have been for another dealer that didn't
2 have the funds to purchase the vehicle back
3 and you have a customer out there riding
4 around, that's something for six to eight
5 months until the matter received.

6 MR. DUPLESSIS:

7 That's correct.

8 MR. TAYLOR:

9 It gets pretty ugly.

10 MR. POTEET:

11 Okay. I guess that's it.

12 We're done.

13 MS. BARON:

14 Please do your ethics. Those
15 of you that have not done it. Please do
16 your ethics training, so went don't get a
17 fine.

18
19
20 (Meeting adjourned at 10:49 a.m.)
21
22
23
24
25

1 REPORTER'S CERTIFICATE

2
3 I, BETTY D. GLISSMAN, Certified
4 Court Reporter, Certificate No. 86150, in
5 and for the State of Louisiana, do hereby
6 certify that the Louisiana Used Motor
7 Vehicle Commission December 17, 2012 meeting
8 was reported by me in the stenotype
9 reporting method, was prepared and
10 transcribed by me or under my personal
11 direction and supervision, and is a true and
12 correct transcript to the best of my ability
13 and understanding.

14 This January 2, 2013, Baton Rouge,
15 Louisiana.

16
17
18
19
20
21

22 _____
23 BETTY D. GLISSMAN, CCR
24 CERTIFIED COURT REPORTER
25