

LOUISIANA USED MOTOR VEHICLE COMMISSION

STATE OF LOUISIANA

REGULAR MEETING

JUNE 20, 2011

BEGINNING AT 9:36 A.M.

3132 VALLEY CREEK

BATON ROUGE, LOUISIANA

REPORTED BY:

BETTY D. GLISSMAN, CCR

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

1 APPEARANCES:

2 CHAIRMAN:

3 MR. JOHN POTEET
4

5 COMMISSIONERS PRESENT:

6 MR. GEORGE BREWER

7 MR. TONY CORMIER (ARRIVED LATE)

8 MR. RON DUPLESSIS

9 MR. GEORGE FLOYD

10 MR. KIRBY ROY

11 MR. HENRY "DARTY" SMITH

12 MR. DOUGLAS TURNER
13
14

15 REPRESENTING THE LOUISIANA USED MOTOR
16 VEHICLE COMMISSION:

17 ROBERT W. HALLACK, ESQUIRE
18 HALLACK LAW OFFICE
19 13007 JUSTICE AVENUE
20 BATON ROUGE, LOUISIANA 70816
21
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25

1 ALSO PRESENT:

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- MS. KIM BARON
- MR. DEREK PARNELL
- MS. MONA ANDERSON
- MR. BUTCH WRIGHT
- MS. SHEILA JONES

1 MR. POTEET:

2 Pledge of Allegiance.

3 Ron, do you want to lead us in the Pledge?

4 (Pledge of Allegiance)

5 MR. POTEET:

6 Thank you.

7 Kim, if you can do a roll
8 call for us.

9 MS. BARON:

10 John Poteet?

11 MR. POTEET:

12 Here.

13 MS. BARON:

14 George Brewer?

15 MR. BREWER:

16 Here.

17 MS. BARON:

18 Louis Bourgeois?

19 MR. BOURGEOIS:

20 (No response.)

21 MS. BARON:

22 Tony Cormier?

23 MR. CORMIER:

24 (No response.)

25 MS. BARON:

1 Ron Duplessis?

2 MR. DUPLESSIS:

3 Here.

4 MS. BARON:

5 George Floyd?

6 MR. FLOYD:

7 Here.

8 MS. BARON:

9 Kirby Roy?

10 MR. ROY:

11 Here.

12 MS. BARON:

13 Darty Smith?

14 MR. SMITH:

15 Here.

16 MS. BARON:

17 And Douglas Turner?

18 MR. TURNER:

19 Here.

20 MS. BARON:

21 Mr. Chairman, we have a

22 quorum.

23 MR. POTEET:

24 Excellent.

25 Do we have any public

1 comments today?

2 MS. BARON:

3 No, sir.

4 MR. POTEET:

5 Items for discussion, the
6 first thing is the approval of the minutes
7 from the previous meeting. I'm assuming
8 everyone has had a chance to read the
9 previous minutes. Most of you have. We
10 should get approval of the minutes from the
11 previous meeting.

12 MR. SMITH:

13 I'll make a motion.

14 MR. POTEET:

15 We have a motion.

16 MR. BREWER:

17 Second.

18 MR. POTEET:

19 And a second.

20 All in favor?

21 (All "Aye" responses.)

22 MR. POTEET:

23 All right. Financial
24 matters, review of the financial report.

25 Mona, are you ready?

1 MS. ANDERSON:

2 In your packet, you have the
3 financial statement for the month ending May
4 31st. On Page 1 of the financial statement,
5 the bank balance as of the end of the month
6 was \$745,000. The bank account balance in
7 May of last year was only \$592,000. So
8 we're looking pretty good this year. On
9 Page 2 of the balance sheet, the revenues
10 over expenditures, which is shown as profit
11 and loss there, is \$200,234.

12 On to the revenue and
13 expenditure statement, this is the new
14 combined statement that we did that pretty
15 much put together several reports that you
16 were previously looking at. It gives you
17 the budgeted amount, the month to date, year
18 to date, and what's remaining in our budget,
19 and then the comparison to the same period
20 last year.

21 On Page 4 in the middle of
22 the page, the year-to-date revenues were
23 \$1,031,255, which is about \$79,000 higher
24 than year to date of last year. The end of
25 the year actual revenues will probably be

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1 only slightly short of the budgeted amount.
2 The budgeted amount there is a little high,
3 but we are going to get close to it. On the
4 expenditure side, the year-to-date salaries
5 on that same page there and the related
6 benefits are \$14,000 lower than in 2010.

7 On Page 5, the operating
8 expenses in the middle of the page, the year
9 to date total is down by over \$18,000 for
10 the same period as last year, and we had
11 significant savings in the area of telephone
12 expenditures. The professional services at
13 the bottom of the page for the month were
14 \$3,800 and that includes some preparation
15 work that's being done for the installation
16 of the CAVU.net and the Peachtree Premium
17 Accounting.

18 On Page 6, the revenue over
19 expenditures for the month was a \$21,000
20 loss, but the year to date was \$200,234
21 compared to \$65,000 for last year. And if
22 you will continue on to the revenue and
23 expenditure comparison, you will see that
24 same figure in the middle of the page,
25 \$200,234.

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1 On Page 8, your certificate
2 of deposit -- certificates of deposit, we've
3 got a couple of certificates that are coming
4 up in July -- on July 3rd and our plan was
5 to renew one of them for three months and
6 one of them annually, so we will get a good
7 spread of the dates and we can spend some
8 time researching the banking institutions.
9 We have been looking at some and have found
10 some that are interesting on an annual basis
11 or a multi year basis. So, we -- and they
12 are included on the state list. So we will
13 be talking to them to see -- to get
14 information about that.

15 On Page 9, the accounts
16 receivable report, there is no change in
17 that. We had no judgments to add anything
18 to that report.

19 And if there are no
20 questions, then that concludes the
21 presentation of the financial statement, but
22 we do have a budget amendment to look at,
23 also.

24 MR. POTEET:

25 Does anybody have any

1 questions on the statements for Mona?

2 MR. TURNER:

3 The \$23,000 for Midcity Auto,
4 where are we at with that bond -- collecting
5 for the bond?

6 MS. BARON:

7 They have not responded
8 as of the letter that we sent telling
9 them that the bond was for that. I have it
10 on my calendar to call them this week and
11 see what's taking so long. I can call them
12 and see if they are going to -- you know,
13 they may be pondering the thought or they
14 may be looking to see if he is going to be
15 able pay any of that.

16 MR. TURNER:

17 Okay.

18 MR. DUPLESSIS:

19 How about the other boat
20 company?

21 MS. BARON:

22 Sundance?

23 MR. DUPLESSIS:

24 Sundance. I don't see them
25 listed on here.

1 MR. PARNELL:

2 No, we will talk about that
3 under legal matters, but nothing is listed
4 for them.

5 MS. ANDERSON:

6 We need to approve the
7 financials first.

8 MR. POTEET:

9 We need an approval.

10 MR. TURNER:

11 I make a motion to approve
12 the financials.

13 MR. ROY:

14 Second.

15 MR. POTEET:

16 All in favor?

17 (All "Aye" responses.)

18 MR. POTEET:

19 Those are approved.

20 MR. DUPLESSIS:

21 Well done.

22 MS. ANDERSON:

23 So if you will turn to Page
24 10, our proposed budget amendments. Since
25 this is the final month of the fiscal year,

1 June is, we are trying to amend our budget
2 to bring it in line. There were some --
3 when the budget was originally estimated in
4 the fall of 2009, some of the estimates were
5 a little high. There were some areas that
6 -- item -- line items that were estimated
7 that we do not need. So in going through
8 that, we estimated -- on Page 11, we
9 estimated the end of year revenues there
10 and, like I said, you can see there that we
11 are hoping to get pretty close to our
12 budgeted amount.

13 The -- in the salaries area,
14 there were -- there was \$34,500 of
15 termination salaries that were put in the
16 budget for 2010 and '11, and that was not
17 needed. That was from the prior year. That
18 along with -- on Page 12, the insurance came
19 in a lot lower than estimated, about
20 \$14,000. So those two items gave us some
21 leeway to move some money around in the
22 budget. I need to go -- kind of go through
23 this form a little bit. Basically, your
24 budget is in the first column. We are
25 estimating our end of year in the second

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1 column and estimating what we are going to
2 have remaining in the budget in that third
3 column, then our proposed amendments, and if
4 those are approved how the budget would be
5 revised in the last column. So some areas
6 that we need to revise on Page 11, the
7 salaries were a little higher than expected
8 mainly due to the double income in the
9 accounting department. So we've got some
10 salaries and related items. Any time you
11 increase the salary amounts, then you
12 must increase the retirement and taxes
13 and what-have-you. So you can see there the
14 change in the second to last column, the
15 proposed amendments, moving that money out
16 of the termination and into the other areas.

17 Then on Page 12, the
18 operating expenses, we are just basically
19 moving some money around into categories
20 that we need to have increases, and it was
21 mainly due to under estimation of the
22 expenses when the budget was done, like I
23 said, late 2009. On Page 13, the
24 professional services category of the
25 budget, we are amending that. Professional

1 services/other includes our IT contract, and
2 so we've had some extra expenses there to
3 prepare for the new servers or the new
4 programs. Under other charges on that same
5 page, the computer system, we had an
6 increase in the CAVU maintenance fee. So we
7 need to amend the budget to take that into
8 consideration.

9 And lastly under the capital
10 outlay, there -- an increase. There is
11 virtually nothing other than the vehicle
12 that was budgeted at the beginning of the
13 year. In the capital outlay office, we had
14 an air-conditioning unit that went out and
15 had to be replaced. That \$15,000 also
16 includes the servers, which was
17 approximately \$5,000, and the related
18 software, licenses, which was about \$4,700.
19 The capital outlay/other would be laptops
20 for the field employees. So we are --
21 basically, we didn't have anything other
22 than automotive in that in those capital
23 outlay categories. But as you can see, at
24 the far -- second to last column, the net
25 change in expenditures that we are

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1 recommending is zero. We are just moving
2 money around in the budget. There has been
3 no increase in the total expenditures.

4 So if there are no questions
5 and the Commission agrees to these
6 amendments, then we need a motion to amend
7 the budget.

8 MR. POTEET:

9 Does anybody have any
10 questions about any of these things? I
11 think most of the stuff we have been
12 tracking through the year and we have known
13 all of this was going to be here. So I
14 guess we just need a motion to approve the
15 proposed budget amendments.

16 MR. CORMIER:

17 I make a motion to approve
18 the budget.

19 MR. SMITH:

20 I second.

21 MR. POTEET:

22 We have a motion and a
23 second.

24 All in favor, say "Aye."

25 (All "Aye" responses.)

1 MS. ANDERSON:

2 Thank you.

3 MR. POTEET:

4 Mona, good work.

5 MR. DUPLESSIS:

6 Very nice.

7 MR. POTEET:

8 We've got an invoice -- Mr.
9 Hallack's invoice here. We've got to
10 approve that.

11 Does anybody have any
12 questions for Mr. Hallack regarding that?
13 This is the first time I've had a chance to
14 look at it.

15 MR. PARNELL:

16 Commissioners, I have
17 reviewed and verified line for line that the
18 services that are reflected on Attorney
19 Hallack's bill are accurate on what was
20 actually performed. So if you have any
21 questions about going into detail about it,
22 please feel free to ask Attorney Hallack.

23 MR. POTEET:

24 Thank you, Derek.

25 Does anybody have any

1 questions?

2 MR. ROY:

3 I make a motion to accept.

4 MR. POTEET:

5 We have a motion to approve
6 Mr. Hallack's invoice.

7 MR. CORMIER:

8 Second.

9 MR. POTEET:

10 A second from Mr. Cormier.
11 All in favor, say "Aye."

12 (All "Aye" responses.)

13 MR. POTEET:

14 All right. Mr. Hallack, you
15 will get paid.

16 MR. HALLACK:

17 Thank you.

18 MR. POTEET:

19 Speaking of that, let's move
20 on to legal matters.

21 Derek, Robert, go ahead.

22 MR. PARNELL:

23 I will hand this off to our
24 attorney and let him kind of discuss this.
25 At our last meeting, we kind of talked about

1 Sundance Boats and the offer that they
2 presented to us. So I will let Mr. Hallack
3 kind of go through it.

4 MR. HALLACK:

5 At our last meeting, we
6 approved a -- making an offer to them of
7 \$175,000. We presented that to Wally Bell,
8 who is the President of Sundance Boats, and
9 his response was that he is hiring an
10 attorney to file bankruptcy. He hasn't done
11 it yet and that's been a month ago. So I
12 spoke with the Attorney General's Office,
13 Stacy Landry who is head of the Collections
14 Division of the Attorney General's Office.
15 The Attorney General's Office does not
16 engage in any out of state collection. They
17 don't have any reciprocating agreements with
18 any other Attorney General's Office. A long
19 time ago during the tobacco litigation,
20 there were some reciprocating agreements
21 with regard to the tobacco judgments, but
22 that's the only time that they ever had any
23 type of reciprocating agreements with other
24 states Attorney General's Office. So they
25 cannot help us collect this debt against a

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1 non-resident. So we are going to have to
2 hire an attorney in Georgia to collect this
3 for us. So I think we need to give Derek
4 approval or authority to find an attorney in
5 Georgia who would collect this. I would
6 suggest looking into somebody who will do it
7 on a percentage basis, a contingency basis.

8 MR. BREWER:

9 He didn't come back with a
10 counteroffer?

11 MR. HALLACK:

12 No, sir. His only response
13 was, okay, I'm hiring an attorney to file
14 bankruptcy.

15 MR. ROY:

16 What's the total?

17 MR. PARNELL:

18 It was like \$250,000 that we
19 are looking at and the offer that -- he came
20 back initially with a \$20,000 offer --

21 MR. HALLACK:

22 To be split with the dealer.

23 MR. PARNELL:

24 -- and the dealer and the
25 Board last month suggested, I think,

1 \$175,000 to go back to an offer for him and
2 that's what -- his reply was that.

3 MR. HALLACK:

4 It might be a pretty good
5 idea to go back with the bottom line to him
6 before we have to hire an attorney. You
7 know, at our last meeting, we were thinking
8 that the Attorney General's Office could
9 help us with this judgment, but they can't.

10 MR. POTEET:

11 Well, his offer of \$20,000 is
12 a long way from \$250,000.

13 MR. HALLACK:

14 Oh, yes.

15 MR. POTEET:

16 I mean, what number would we
17 go back with, \$100,000?

18 MR. HALLACK:

19 I would think \$100,000 would
20 be -- just tell him, this is it, otherwise,
21 we'll put you in bankruptcy.

22 MR. TURNER:

23 We discussed trying to get
24 real financials from him. Getting nowhere
25 with that?

1 MR. HALLACK:

2 His response was that he
3 doesn't provide certified financials to his
4 lenders. He did provide us with income tax
5 returns for 2009 and 2010 for the
6 corporation.

7 MR. DUPLESSIS:

8 Is it an LLC?

9 MR. HALLACK:

10 It's an Inc. It's a
11 corporation.

12 MR. DUPLESSIS:

13 Mr. Chairman, I will tell you
14 this, over -- just as point of information.
15 I ran into a very, very, very large boat
16 dealer, maybe one of the top ten in the
17 nation, and he gave me some statistics I
18 will share with you. And when we had the RV
19 here, I believe Robert and I along with Jeff
20 sat down with the marine industry and we
21 were suspect that the marine industry was
22 doing skip aheads and they came to us about
23 this particular issue. And what we noted
24 was, hey, we are happy to help with this
25 law, but what you can't do is take this boat

1 line and call it ABC and this boat line and
2 call it XYZ and put it down the street, and
3 the other thing you can't do is to come out
4 with the 2014 model right in 2011. And
5 since they are not controlled by the DOT or
6 Transportation or anyone, they are kind of
7 like the truckers, I guess. But he told me
8 in '08 and '09 and '10 that the industry
9 shed 60 percent of their dealers, and only
10 10 percent of the manufacturers went out.
11 And they have reduced themselves down to one
12 lender, which I now believe is GE Capital.
13 And we can ask for any financials and
14 certainly he would have to provide
15 financials for GE Capital with a floor plan
16 source, but he kind of told me that what we
17 thought was happening, stacking the dealers
18 up and pushing the inventory, was clearly
19 the issue in the basis of this law. I do
20 think that if we get him to \$150,000,
21 \$175,000, we will make every marine industry
22 publication in North America and maybe some
23 foreign countries. So I must tell you,
24 that's -- and it probably needs to be
25 cleaned up, but when you lose 60 percent of

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1 your dealers and 10 percent of your
2 manufacturers, I think something is askew.
3 That's my observation.

4 MR. POTEET:

5 Interesting.

6 MR. HALLACK:

7 He's thumbed his nose at us
8 and the dealers for a long time. So -- but,
9 based on his behavior, I don't see why we
10 should cooperate. I think the fact is that
11 if we have to hire an attorney and he takes
12 a percentage of what we recover, if he can
13 recover before they file bankruptcy or
14 whatever -- you've got to remember, also,
15 too, in bankruptcy -- and that's our only
16 risk is bankruptcy. There's no other down
17 side to this. It's only bankruptcy, but
18 it's a bad risk, because administrative
19 fines and penalties are the first thing to
20 be discharged. They rank the lowest in
21 terms of the debts. I mean, like for
22 instance, you have -- secured debts are
23 always the highest priority, administrative
24 fines and penalties, bottom, the absolute
25 bottom. So we would come off first over

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1 anything.

2 What would an attorney charge
3 for something like this? Depending on the
4 amount of money that he recovers, usually --
5 a lot of times, they have percentages at
6 certain amounts, you know, 25 percent for
7 the first \$50,000 and it goes down when it
8 gets over that. But we didn't know this
9 information from the Secretary of State's
10 Office until Thursday -- I mean, I'm sorry,
11 the Attorney General's Office, because they
12 didn't know how to answer the question for
13 over a week.

14 MR. POTEET:

15 That's interesting in itself.
16 I think that -- my opinion is, I don't think
17 there's any point in going back with a lower
18 offer, personally. I mean, if he's going to
19 declare bankruptcy, because we are going to
20 go after \$175,000, he is going to declare
21 bankruptcy over any amount, if he really is
22 going to declare bankruptcy.

23 I mean, any other comments on
24 that? I mean, do you think we should go
25 back with a lower amount, does anybody

1 think, or just go -- let's get an attorney
2 and go after the \$175,000?

3 MR. TURNER:

4 I agree with you, John, I
5 hate to -- we've played around with it long
6 enough. I guess we need to find an attorney
7 and go after him.

8 MR. POTEET:

9 Your point about the
10 bankruptcy, if he does, it doesn't matter
11 whether we are going after \$25,000 or
12 \$175,000. We can't get it discharged,
13 anyway.

14 MR. BREWER:

15 The boat dealer is going to
16 get his share of that, isn't he, the \$10,000
17 or something that he is entitled to?

18 MR. HALLACK:

19 Well, he said here -- and I
20 think the number was somewhere between 10
21 and 20. You know, we have tried to work
22 with him to get him to do stuff for the
23 dealer. I've encouraged him to try to work
24 with the dealer outside of us and he hasn't
25 done that. He keeps insisting that it

1 depends on what we do as to what he will do
2 with the dealer.

3 MR. POTEET:

4 In other words, he is
5 blackmailing us, he tells us he'll take care
6 of the dealer if we leave him alone?

7 MR. HALLACK:

8 Oh, no.

9 MR. POTEET:

10 That's what it sounds like to
11 me.

12 MR. HALLACK:

13 No, I'm sorry if it came out
14 that way. I don't know what his purpose is
15 to say that I want to see what I do with you
16 guys before I do anything with the dealer.
17 Whereas, he owes the dealer between 10 and
18 20. It seems like he would want to take
19 care of that right quick.

20 MR. PARNELL:

21 I think the dealer said it
22 was about \$13,500 or something.

23 MR. POTEET:

24 I think the number was like
25 13.

1 MR. POTEET:

2 Is he going after him, too?

3 MR. HALLACK:

4 No. He's taking absolutely
5 no legal action. Of course, there has been
6 no reason for him to either.

7 MR. BREWER:

8 I think he recovered most of
9 his money, didn't he?

10 MR. HALLACK:

11 He got some of the boats
12 back. He didn't recover the money.

13 MR. BREWER:

14 He sold some of the boats
15 short.

16 MR. HALLACK:

17 Right. I think he originally
18 had seven boats and I think he has one left
19 that the guy repurchased like in November of
20 2009, I believe is what he said.

21 MS. BARON:

22 So what does his loss come
23 from?

24 MR. HALLACK:

25 The penalty. The Commission

1 awarded a one and a half percent per month
2 each month that he did not make the
3 repurchase and he never paid any portion of
4 that.

5 MS. BARON:

6 That's where Northlake's loss
7 is coming from, his \$13,500 or whatever that
8 he's claiming.

9 MR. HALLACK:

10 Most of it, I think, comes
11 from the penalties.

12 MS. BARON:

13 From the penalties. Okay.

14 MR. BREWER:

15 So he is really not out that
16 much.

17 MR. DUPLESSIS:

18 You are ordered to secure
19 those boats in a non-sale area.

20 MS. BARON:

21 Right.

22 MR. DUPLESSIS:

23 And he had to pay floor plan
24 of those --

25 MS. BARON:

1 That's right.

2 MR. DUPLESSIS:

3 -- and then, he eventually
4 decided that he was going to receive no
5 help. So he took immediate losses and did
6 sell them contrary to our law, but we
7 recognized that what you do when they are
8 getting old and he had to take positive
9 measures to mitigate the loss.

10 MS. BARON:

11 I had forgotten he had to
12 remove them.

13 MR. POTEET:

14 Okay. So everybody agrees
15 that we should get an attorney in Georgia
16 and go after our money.

17 MR. HALLACK:

18 Okay.

19 MR. PARNELL:

20 And the attorney in Georgia,
21 you want it to be on a percentage basis,
22 because it relates to --

23 MR. TURNER:

24 On a contingency fee basis.

25 MR. POTEET:

1 I think so, because I don't
2 want to sink a lot of money into something
3 that who knows where it will end up.

4 MR. HALLACK:

5 Right. Well, I think at the
6 next meeting, Derek should probably present
7 some options as to what -- who we hire or
8 how we pay them or whatever.

9 MR. POTEET:

10 I think that's a good idea.
11 Derek, does that sound good
12 to you?

13 MR. PARNELL:

14 That sounds great.

15 MR. HALLACK:

16 Let me say this. It's all in
17 our accounts receivable and it should be.
18 We have a similar judgment against
19 Crownline. We don't have the judgment,
20 because we put that on hold due to the
21 Sundance thing, but we can get a similar
22 judgment against Crownline. The reason why
23 we never pursued Crownline is because we
24 were told that he went into some type of
25 state liquidation, but I spoke to a former

1 Commissioner, Steve Berry, who was a
2 Crownline dealer, and Steve said -- told me
3 that he sees no difference, that nothing
4 apparently happened, and he still sells
5 Crownline boats and Crownline boats are
6 still being sold in Louisiana by a
7 Shreveport dealer. So I think that's
8 another -- and that's a bigger judgment,
9 because they never paid anything. They
10 never made a repurchase or anything. They
11 filed for state liquidation and they never
12 completed the state liquidation.

13 MR. PARNELL:

14 How long ago was that?

15 MR. HALLACK:

16 Crownline came right after.

17 MS. BARON:

18 It was 2009.

19 MR. HALLACK:

20 No, it was '08.

21 MR. POTEET:

22 Ron, we were here.

23 MR. DUPLESSIS:

24 Yes, we were, and I remember
25 that deal. He is licensed as a manufacturer

1 in the State of Louisiana.

2 MR. HALLACK:

3 I don't know if in the last
4 year and a half he is, but when I spoke with
5 Steve Berry probably six months ago, Steve
6 was selling Crownline boats. So he had to
7 have a license.

8 MR. DUPLESSIS:

9 We should report the action
10 to the new --

11 MR. HALLACK:

12 Well, like I said, we put
13 that on hold because of what was going on
14 with Sundance. But, I mean, we can get the
15 same kind of judgment against Crownline. It
16 is just that the information that we had two
17 years ago was that Crownline was filing for
18 state liquidation.

19 MR. DUPLESSIS:

20 Is this our action at this
21 point? I would think it is seeing how it
22 took place at that point in time in our
23 authority --

24 MR. HALLACK:

25 Sure, absolutely.

1 MR. DUPLESSIS:

2 -- and that's our judgment,
3 but, you know, we probably need to have a
4 hearing and we couldn't -- I don't know if
5 we can do it here or we would have to do it
6 through the Recreational and New Car
7 Commission.

8 MR. HALLACK:

9 No. We have an order. We
10 just need to do the same -- we just need to
11 file -- the lawsuit has already been filed.
12 We just have not presented a judgment to the
13 court. The judgment would be absolutely the
14 same thing as what we did in Sundance, but
15 it would be for substantially a lot more
16 money. It's just that the information we
17 had was that they were in liquidation and we
18 found out later the liquidation was stopped,
19 that they didn't complete it, and they still
20 sell boats and they still sell boats in
21 Louisiana.

22 MR. POTEET:

23 I think we ought to follow up
24 on that.

25 MR. TURNER:

1 How much would it cost us to
2 follow up at this point?

3 MR. HALLACK:

4 Not much. I mean, I would
5 have to pursue the judgment in St. Tammany
6 Parish. This was another dealer in St.
7 Tammany Parish that they did not repurchase
8 the boats and they never repurchased his
9 boats. He lost his dealership in
10 Mandeville, but now he operates in Gonzales.
11 He has a small dealership in Gonzales. So
12 we would have to get in touch with him to
13 see what he has done, if he's done anything,
14 if he is even still in business.

15 MS. BARON:

16 Who was that?

17 MR. HALLACK:

18 Performance Marine.

19 MS. BARON:

20 Performance Marine.

21 MR. TURNER:

22 So what are we talking about,
23 less than \$1,000?

24 MR. HALLACK:

25 Yes, sir.

1 MR. POTEET:

2 I think we should do that, at
3 least follow up on it and see where it
4 stands and what we can do with it.

5 MR. HALLACK:

6 I think getting Derek and
7 Mona to looking into where Crownline is --

8 MR. POTEET:

9 Do we know if they are
10 licensed right now?

11 MR. HALLACK:

12 That was six months ago when
13 I spoke to Steve Berry. Steve Berry used to
14 be the marine representative on the
15 Commission. He is a marine dealer in
16 Alexandria.

17 MR. PARNELL:

18 I'll try to get some research
19 -- do a little research on it and find out
20 something.

21 MR. BREWER:

22 Well, why are they only
23 showing \$350 for Crownline Motors?

24 MR. HALLACK:

25 Well, I don't know.

1 MR. POTEET:

2 I think because we stopped
3 pursuing it.

4 MR. HALLACK:

5 That's correct.

6 MS. ANDERSON:

7 Well, you did have a
8 judgment.

9 MR. HALLACK:

10 We did not have a judgment.
11 We do need it if you want to pursue it. We
12 have made service on them. All we've got to
13 do is take a judgment to court and get the
14 judgment signed.

15 MR. POTEET:

16 Let's do it. It's worth
17 spending a little time on it and seeing what
18 we can come up with.

19 Anything else on any of these
20 legal matters pending litigation?

21 MR. HALLACK:

22 No, sir.

23 MR. POTEET:

24 Discussion of the Office of
25 Motor Vehicle policy change, temp tag

1 database.

2 MR. PARNELL:

3 Commissioners, this is
4 something we kind of talked about. We had
5 some discussions in the past about it, not
6 in great detail, but this past week, I tried
7 to get out some information to you as it
8 relates to this. The Office of Motor
9 Vehicle, along with State Police, they have
10 been working there doing a temporary tag
11 database to better monitor and regulate the
12 amount of temp tags that are floating
13 throwing out there illegally. In your
14 packet, if you will turn with me to the
15 policy and procedure section, you will find
16 -- I believe I sent this out to everyone.
17 It's an initial letter kind of notifying
18 everyone from Office of Motor Vehicles, of
19 course, that the temp tag database is
20 actually set up now and currently the only
21 way that you will be able to get temp tags
22 in the future will be to actually go online
23 and go through this process. Right now,
24 currently, they just want to have our
25 dealers go in and register right now and not

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1 to actually go forward with trying to get
2 the actual temp tags to themselves. What
3 this is, it's a 22 page electronic temporary
4 tags manual. I was talking to Commissioner
5 Duplessis the other day and he was voicing
6 some concerns.

7 So if you will, Commissioner,
8 would you please kind of go into what some
9 of your concerns were?

10 MR. DUPLESSIS:

11 This is new form the
12 Department of Motor Vehicles, Nick Gautreau,
13 is a real forceful progressive guy, and I
14 think this is a great thing from law
15 enforcement and from our side if you are a
16 dealer, this is a very good thing. While I
17 agree with everything he is doing, I think
18 there's still time and it's not prepared
19 correctly. Currently, you have around,
20 Derek, tell me here, I would say 12 to 14
21 screens on the computer to go through.

22 MR. PARNELL:

23 Yes.

24 MR. DUPLESSIS:

25 We estimated close to 400

1 keystrokes to produce a temporary tag. And
2 we can't currently register -- our dealers
3 can't register, because we have
4 predominantly, as far as I know, four digit
5 dealer numbers and it only provides space
6 for three. So we can't even get our guys to
7 register and you get a little mom and pop
8 deal, they've said, hey, we don't care if
9 you don't have a computer, go to the
10 library. Now, let's say that you do eight
11 or 10 of these a month -- you know, I'm all
12 for having people with computers, but when
13 you are doing a deal for the practical
14 matter and the guy went to get a deal done
15 and get out, and then you have to do -- this
16 is to get a temp tag. This isn't where they
17 move into the rest of your deal file. I
18 have a funny feeling that we are going to go
19 to the public library and you are going to
20 see a long line of used car dealers sitting
21 there waiting to get the computer. Then,
22 you are going to have to print the stuff,
23 and then you are going to have to print the
24 tag and the back tag. I think it's a great
25 deal. I just don't think it's near close to

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1 being perfected. And Nick -- we sat down
2 with Nick and, boy, he just charges into the
3 dark and, you know, caution to the wind.

4 You know, I think, Butch, you
5 guys ought to take this back to your guys
6 and, you know, I think that the new car
7 dealers can relatively accomplish it very
8 easily, because we have maybe 400 or 500,
9 600 franchises, but normally you have only
10 one dealer number, so it doesn't exceed
11 1,000, and they can quickly convert to a
12 three digit number. Our problem is, if you
13 want a three digit number, you are going to
14 have to start assigning alphas, A, B, C, and
15 have a 26 digit code or something, you know.
16 So I think it's going to be a mess. I think
17 it's well conceived, but poorly executed and
18 ill timed. And I don't even think that we
19 can comply with the order even if we thought
20 it was a good idea or had a desire.

21 MS. JONES:

22 I've already had complaints
23 about this through the association.

24 MR. DUPLESSIS:

25 Oh, just wait.

1 MR. PARNELL:

2 What were some of the
3 complaints that you were receiving?

4 MS. JONES:

5 They just thought it was a
6 waste of time. They didn't have a computer.
7 They didn't even know where to start. They
8 are looking at this 22 pages and they are
9 like, what? They don't understand it.

10 MR. DUPLESSIS:

11 In my opinion, you are going
12 to have to have online reporting. That's 22
13 pages to get a temp tag. I must say, I'm
14 probably going to need my 17-year-old
15 daughter and 18-year-old son and a
16 programmer coach me through getting a T-tag.

17 MR. PARNELL:

18 As I understood -- at the
19 last meeting, I think we went through that.
20 There is a tutorial out there that they can
21 kind of sit through and it will actually go
22 through the clicks itself and you just watch
23 it, but I don't know that to be factual. So
24 I don't know how much that would help.

25 MS. JONES:

1 Is it going to be the 22
2 points every time to get a temp tag or is
3 that just to register?

4 MR. PARNELL:

5 Well, that's for both,
6 registering and --

7 MS. BARON:

8 Every time, you are going to
9 do that.

10 MR. DUPLESSIS:

11 So you walk in there with the
12 deal folder and you are sitting won, and if
13 you are like me -- but imagine having to
14 input all of that stuff and not make errors,
15 and then print out a T-tag and if you make
16 an error, it's all registered online. You
17 know, let me say this, their system is in
18 Texas and other states that you go in, you
19 pull the screens together and you can print
20 out a temp tag. There is a service to do
21 that, which to me, I'm not opposed to what
22 he is trying to do. I'm opposed to how he
23 is trying to drop it on the dealers and
24 complicate their lives unnecessarily.

25 MR. TURNER:

1 I thought that was going to
2 be just a way of registering the T-tags you
3 give out. I didn't realize you are going to
4 print the T-tags. I thought we were still
5 going to get the T-tags and when you issued
6 it, you had to go online to issue it. What
7 are you going to print out, a T-tag on
8 paper?

9 MR. DUPLESSIS:

10 Yes. And then you have a
11 back tag that you put on the back of the
12 license, and then you print another copy to
13 keep in your file, and then, eventually, you
14 are going to go in and it's going to have --
15 when you click on the site, it will have the
16 license plate number printed there for you,
17 and let's say it's 625 SEB, it's -- will be
18 your license plate number. You will print
19 that and that will be your actual tag. They
20 will send that to the Department of
21 Corrections or whoever they get their
22 stamped plates from. I guess now they are
23 going to start silk screening them, and then
24 you can get that deal. Then, if you want
25 like the bear tag or the LSU tag, you punch

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1 and click all of that. But, hopefully,
2 Kasey and those companies will take that
3 over, and then they will ask you to print it
4 and that's going to be your tag. This is a
5 progressive step under Homeland Security and
6 a bunch of other agencies to -- it's common
7 now all across the country, a common system,
8 but I have to tell you, he is way premature
9 in what he is trying to do. It's going to
10 be quite complicated.

11 MR. PARNELL:

12 In you packet right here, the
13 first 12 pages are just registering. The
14 last 10 pages are actually for temp tag
15 issuing, but once you register, you don't
16 have to register anymore. That's where you
17 get your password and all of that stuff. So
18 you will just go in and click on your
19 password, and then go straight to the
20 issuing area.

21 MR. CORMIER:

22 So about half the work after
23 you register?

24 MR. PARNELL:

25 Right. Well, right now, they

1 haven't given the go ahead to actually start
2 doing the issuing process. Right now they
3 just want to get everyone to get registered
4 in the system and that way, once they get
5 the go to do the actual temp tags
6 themselves, issuing, that's when you would
7 have to go in and do it. Last month, we
8 went in for a meeting and they were trying
9 to have it -- have everything done and ready
10 to go for June 1, but that was really --
11 that was absurd. This month, I don't have a
12 definite date -- I think what they are
13 saying is July 1 to try to get everyone
14 registered, but I'll get on the phone today
15 with them and try to figure out exactly what
16 the deal is with that.

17 MR. DUPLESSIS:

18 You're going have to get past
19 the three and four digit thing.

20 MR. PARNELL:

21 Well, yes, that will be
22 another -- because that wasn't something
23 that came up in our earlier discussions.

24 MR. TURNER:

25 How are we going to notify

1 the dealers?

2 MR. PARNELL:

3 That's going to be our
4 biggest concern. I'm happy to do a mail out
5 in order just to get it out. The cost is
6 going to be more expensive. We went through
7 and tried to do the e-mail on Saturday and
8 we still had a lot of issues with that, but
9 I will go ahead and try to do the e-mail
10 itself anyway, because I will get in touch
11 with a lot of them if I can. The majority
12 of them will come back to me undeliverable,
13 but I'm happy to do a mail out just to get
14 them out.

15 MR. DUPLESSIS:

16 Well, Derek, isn't this their
17 deal?

18 MR. PARNELL:

19 It is.

20 MR. DUPLESSIS:

21 Why would we give them our
22 dealer files?

23 MR. POTEET:

24 Let them send them out.

25 MS. JONES:

1 They have sent some out.

2 MR. PARNELL:

3 They've sent a lot of stuff
4 out.

5 MR. POTEET:

6 Just out of curiosity, how
7 did this come about?

8 MR. PARNELL:

9 Well, initially, it came up
10 because of the use of temp tags, you know,
11 that's out there and Senator Gautreau --
12 well former Senator Gautreau, Nick Gautreau,
13 this is one of his babies. It's really
14 controlled by State Police, because they
15 said they would run into situations where --
16 well, it's hard for them to monitor the
17 amount of temp tags that are out there.
18 They mentioned to us that they have had
19 dealers that have maybe five salesmen, but
20 like 22 temp tags just floating around, just
21 doing stuff. They are selling them,
22 basically, and this past week, actually on
23 Friday, one of my investigators found on
24 Craig's list that there was a dealer or
25 someone was selling a temp tag for 30 bucks,

1 do with it what you will. I didn't print it
2 out. I'm sorry, I should have had it with
3 me. I'm looking at this and it's basically
4 temp tags for sale \$30.

5 MR. POTEET:

6 Isn't that illegal?

7 MR. PARNELL:

8 The gist of what they are
9 trying to do is trying to control the amount
10 of temp tags out there, the illegal ones,
11 but we forwarded it to State Police and they
12 are looking into that. I was surprised that
13 they were that bold.

14 MR. TURNER:

15 How are the dealers going to
16 pay for the T-tags?

17 MR. DUPLESSIS:

18 You're going to have a
19 running account with the Department of Motor
20 Vehicle or you can do a tag agent like Kasey
21 is the one that I am familiar with.
22 This has been around for about five or six
23 years. The previous Director, Ms. Holiday,
24 had all of this ability, but never brought
25 it to fruition due to the administration

1 conflicts with State Police, but it's out
2 there and they had had these abilities
3 forever. Her problem was trying to work
4 through the processes to get it to where it
5 was a deliverable product and it's still
6 not, in my opinion, not a deliverable
7 product, but the trailer industry says
8 anything with a license tag is going to have
9 to go through this. And what they are
10 trying to do is, they are also going to be
11 able to see here are some of the other
12 problems is if you are not timely with your
13 contracts and your temp tags and a number of
14 things, it can all be in the database and
15 they also can tell the rent-to-own dealers
16 if the insurance is expired, if the
17 lienholder is expired, and it's kind of
18 self-perpetuating income. It's going to be
19 an income driver. There's a lot of
20 information that can be had by the
21 Department.

22 MR. BREWER:

23 Have the taxes ever been paid
24 on this?

25 MR. DUPLESSIS:

1 Everything, you name it.

2 MR. BREWER:

3 They can track it a lot
4 better.

5 MR. DUPLESSIS:

6 Right. Yes, Mississippi,
7 Louisiana, RV, the floating temp tags, not
8 paying for a new car on a dealer tag, all of
9 that can be done and you are not going to
10 stop that. That's not even worth the fight.
11 You just need to look at the process to get
12 the dealers to keep their business going.

13 MR. POTEET:

14 Doug, you should have gone
15 there and told them your idea.

16 MR. TURNER:

17 Well, when she came here a
18 couple of months and talked to us about it,
19 that's what it sounded like she was talking
20 about.

21 MR. POTEET:

22 That's what it sounded like
23 to me, too.

24 MR. TURNER:

25 That would be not nearly as

1 much time, really.

2 MR. CORMIER:

3 What can we as a Commission
4 do about this?

5 MR. PARNELL:

6 Well, I -- honestly, I don't
7 know what we really could do with it,
8 because this is -- I mean, because this is
9 something they are trying to go live with
10 very soon, but as it relates to the numbers,
11 the three or four digit numbers, I'm of the
12 assumption that this is something that we
13 are trying to apply to it, if we can get
14 past the hiccup on the three or four
15 numbers. Beyond that, I think this is what
16 it is at this point. That's the impression
17 that I have gotten.

18 MR. POTEET:

19 I'm thinking that what's
20 going to happen is like the LIADA has gotten
21 complaints, we are going to be hearing from
22 dealers.

23 MR. PARNELL:

24 The way that it was presented
25 to me -- what I would do, I'm going to try

1 to forward it all to them, I mean, because
2 this is their thing and they did come to all
3 of the associations and commissions and
4 asked us to help them get it moving forward.
5 That's how we got involved with it, but, you
6 know, this is -- I'm going to direct all of
7 those questions to them. Even on their
8 first -- their initial letter, they said all
9 questions and concerns go directly to them.

10 MR. DUPLESSIS:

11 I think, number one, Mr.
12 Hallack needs to look at the exact statute
13 that enables the Department of Motor Vehicle
14 to implement this and see what the law
15 actually says. This is directed by the
16 Executive Director of the Department of
17 Motor Vehicle. That doesn't necessarily
18 mean it's law. So we need to look at the
19 statute, number one.

20 Butch, you need to motivate
21 y'all's, number two. We need to get Dan
22 Kasey involved and you need to be involved
23 and Lessie House from the New Car Commission
24 with her dealers and Bob Israel from the New
25 Car Commission and that's the end of it. I

1 will call Kasey. He has come to see me on a
2 number of issues this year and maybe we can
3 just have another come to your senses
4 meeting about implementation and getting
5 this correct, because I think it's a great
6 idea. It's very, very poor timing for
7 implementation. The economy is tough enough
8 to saddle dealers with another 22 page and
9 12 step 400 keystroke compliance. It's just
10 not for the economy's benefit right now.

11 MR. POTEET:

12 Well, I think that it's
13 cumbersome. It looks extremely cumbersome
14 and it doesn't seem to be well thought out
15 in terms of its role at all. So whatever we
16 can do to at least get them to come to their
17 senses.

18 MR. HALLACK:

19 I can tell you right now when
20 it comes to whether something is legal or
21 not, Office of Motor Vehicles really doesn't
22 care. They've implemented some rules that
23 are contrary to their statutes. I mean,
24 they have no qualms about doing that.
25 And we have looked at things that they have

1 done before and we have -- where did they
2 get the authority to do this, you know?

3 MR. PARNELL:

4 I've seen them several times
5 down at the Legislature, at the capitol this
6 year. I'm going to have to try to track it
7 and see exactly what they are trying to do.
8 It may be in relation to this. I'm assuming
9 it is being that they said let's try to
10 register now and we will wait a little while
11 before it's time to actually try to do the
12 issuing. So I think they are trying to do a
13 pre-step with the registration and if they
14 do have a bill that's out there and it does
15 pass, they are going to want to move forward
16 with this. So I'll try to dig and see if I
17 can find it.

18 MR. POTEET:

19 Yes. I think we need to --
20 one more thing on your to do list.

21 MR. PARNELL:

22 That's fine.

23 MR. POTEET:

24 Is there any other discussion
25 on this or any other questions on any of

1 this? Any suggestions for Derek?

2 Okay. I think we should move
3 on to the Executive Director's report.

4 MR. PARNELL:

5 The report this month, I just
6 have a review of the complaint totals. So
7 if you will turn with me, if you will, to
8 complaint totals in your packet, the first
9 document that you'll see is the alleged
10 issue counts. There were 85 alleged issues
11 in the month of May, 21 for non-delivery of
12 title. Twenty-six of those are refund. In
13 most instances, there are -- they both, I
14 think, are related. Once they get their
15 title and they are satisfied, they did not
16 pursue the refund. So those were really, I
17 think, related. As I go through the
18 complaints, I notice that sometimes I have
19 -- one person has both of these complaints
20 and, as I said, once the title is delivered
21 to them, they don't worry about the refund.
22 They are just typically angry at that time.

23 The second document in the
24 report is the case report. It breaks out
25 the amount of cases per investigator that

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1 were assigned for the month of May. If you
2 notice, the first column is assigned cases
3 in May. The second column, which are 70, 21
4 is the completed cases, open cases are 49.
5 The total percent complete of cases assigned
6 in the month of May was 30 percent.

7 The third document, if you
8 will, is the total cases that were closed in
9 the month of May, which was 83. It has a
10 small break out of field supervisors -- I
11 mean, support tech supervisor and field
12 investigators. The last document, if you
13 will, is the comparison between May 2010
14 versus May of 2011. In May 2010, there were
15 52 cases and in May of 2011, there were 58
16 cases assigned in the month. If you notice
17 that it shows 58 total on this report in
18 relation to the second page. The second
19 report you may see 70 assigned cases in the
20 month. The discrepancy is due to the first
21 two columns on the second page. The second
22 report, claims against surety bonds and my
23 assigned cases, which is 12. Seventy minus
24 12 gives you 58 for that month.

25 Do we have any questions,

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1 comments, about the complaints?

2 (No response.)

3 MR. PARNELL:

4 That's all I've got.

5 MR. POTEET:

6 We'll move on to the
7 Legislative Committee, Mr. Duplessis.

8 MR. DUPLESSIS:

9 Interesting session, very
10 little going on, surprises and stuff. It
11 depends on how you feel about House Bill
12 400. This is the about the insurance -- the
13 contingent liability insurance for the
14 rent-to-own dealers. It was introduced by
15 Representative Cortez in the House and they
16 quickly realized that it wasn't a Commerce
17 Committee, it was more an Insurance
18 Committee. So they sent it over to the
19 Senate side under the insurance. And pretty
20 much, the House Commerce Committee figured
21 out what the bill was about. They did a
22 very good job of understanding it and they
23 did a good job of pushing it to the
24 insurance. And, basically, I think -- Derek
25 and I, along with Mr. Hallack, have talked

1 and we just don't have a lot of issues that
2 come to the Commission about contingent
3 liability insurance and the fact that it's
4 costing \$20 or \$30 a month and you have to
5 have a membership and that sort of thing, do
6 you have a rent-to-own insurance policy,
7 that essentially doesn't appear to be paying
8 out much and not very often do we have an
9 occurrence and especially with the Motor
10 Vehicle Commission's ability -- the
11 Department of Motor Vehicles' ability to
12 identify uninsured drivers.

13 So a dealer out of Lafayette
14 cited this -- hired a lobbyist, wrote a bill
15 and it's moving through fine. It currently
16 has been reduced to no membership in a
17 particular organization with no
18 non-completes or franchised areas and you
19 can go to B-list -- best rated B-list
20 providers, which is Lloyd's of London and
21 people like that, they can provide a much,
22 much lower cost instead of -- I would say
23 it's almost 10 percent of the current
24 premium. Would that be correct?

25 MR. PARNELL:

1 And in relation to --

2 MR. DUPLESSIS:

3 In relationship to what they
4 are currently charging.

5 MR. PARNELL:

6 Yes. Yes, sir.

7 MR. DUPLESSIS:

8 It's about 10 percent. So
9 it's a 90 percent savings and I think the
10 Legislature is filtering down to the
11 consumers of the State of Louisiana that are
12 trying to get basic transportation and I
13 think they've hung onto the bill and I
14 expect passage. It may go to a Conference
15 Committee, but it's being lobbied heavy on
16 both sides, but I think it's in the best
17 interest of the people of Louisiana. So we
18 had minor input at the Commerce Committee
19 side, and then backed away from it and
20 thought that that was our position was to
21 provide information and experience from the
22 Used Car Commission side. So that's the
23 only thing out there that I see of any
24 consequence.

25 MR. TURNER:

1 It looks like it's going to
2 pass?

3 MR. PARNELL:

4 Well, it kind of does the way
5 it's written right now, but for some reason,
6 last week it was scheduled to be on the
7 Senate Chamber floor, but it kept getting
8 moved and moved, and the third time it
9 happened, it was supposed to be there
10 yesterday as well and they moved it, again.
11 I don't know what that -- what reasoning
12 that could be, but if you remember our last
13 meeting, that was -- we kind of had that
14 dealer in here and he kind of discussed all
15 of the pros and cons about it and why he
16 really created that bill.

17 In your packet, you'll kind
18 of see Representative Cortez's notes that he
19 put out there and I found it on that
20 website. The way -- it was kind of brutal.
21 Mr. Hallack and I were sitting there when it
22 was in insurance and it was brutal. They
23 kind of discussed that for about an hour and
24 40 minutes. Then, they got that bill
25 reduced to make it illegal to have to join

1 an organization or something in order to
2 obtain insurance. Now, would that be
3 beneficial? I -- personally, I think it
4 would be for the dealers, because the main
5 complaint and the main concern that we've
6 ever had dealing with this is about having
7 to join that agency or that organization in
8 order to -- and pay that \$20 per car in
9 order to get the insurance, and then the
10 limited number of insurance agents that are
11 actually writing, which is two, four in the
12 State are admitted, but only two are going
13 to write and both of those, you have to have
14 that -- you have to pay that per car. One
15 is \$20 per car one is \$10 per car. But, you
16 know, I thought it was a pretty interesting
17 chain of events when we were there. It was
18 something to see, I'll tell you that, how it
19 was happening. But this amendment, I don't
20 know what it's going to do on the floor.
21 Hopefully, it will pass. I think that will
22 open up the business a little bit for other
23 dealers and other insurance.

24 This particular Collin
25 Castille, the guy who is actually pushing

1 this bill, you know, they came to him during
2 that committee -- they came to him a couple
3 of weeks prior to that and basically told
4 him they will give him what he wants if
5 he drops this bill, not to move forward with
6 it. And the surprising thing is that they
7 actually put that in writing. So while we
8 were in the Senate Committee, they actually
9 read that e-mail to the Senators and they
10 were like -- it was just -- it was something
11 to see.

12 MR. CORMIER:

13 They were offering him only

14 --

15 MR. PARNELL:

16 Just to drop it.

17 MR. CORMIER:

18 -- just to keep your mouth
19 shut it.

20 MR. PARNELL:

21 I think it's very commendable
22 of Collin Castile. You know, he called me.
23 He kind of told me about it and I told him I
24 thought it was very commendable, because
25 they will give him anything he wanted,

1 basically, and for him to still push forward
2 and try to assist the rest of the dealers
3 that have this insurance, they do
4 rent-ti-own and that's very commendable of
5 him to do that.

6 MR. CORMIER:

7 Absolutely.

8 MR. PARNELL:

9 I know he is in your area.

10 MR. CORMIER:

11 Well, he said it would defeat
12 his whole purpose because it was about what
13 is right and what is wrong, not what they
14 were going to do just for him. But that was
15 pretty bold of them to actually make him the
16 offer, you know, we will take care of you,
17 just drop it, just drop this whole mess.

18 MR. DUPLESSIS:

19 This could very well go to an
20 ethics violation.

21 MR. CORMIER:

22 Especially they have it in
23 writing.

24 MR. PARNELL:

25 And within that, if I recall,

1 he said something about he can't do anything
2 like the next four years or something like
3 that, if he agrees to drop it and sign off
4 on that. So it was a chain of events. So
5 again yesterday it was supposed to go to the
6 Senate. We are kind of watching it just to
7 see what happens with it. It's moved --
8 it's scheduled, again. So it will probably
9 be one day this week when they hit it, when
10 it goes on the floor again for actual
11 debate. They kind of talked about it a
12 little bit yesterday evening around 5:18,
13 but then they just moved it, again. So I
14 don't know if that is the logic on the other
15 side trying to move -- because he is very
16 crafty. So it was just -- it was an amazing
17 process to see.

18 MR. CORMIER:

19 They had eight lobbyists just
20 for this bill.

21 MR. DUPLESSIS:

22 Well, they are trying to get
23 it in conference. There is a lot of money
24 at stake.

25 MR. CORMIER:

1 There's a lot of money and
2 it's really not costing them anything.

3 MR. DUPLESSIS:

4 Right.

5 MR. PARNELL:

6 The way they did the bill
7 when it went to the House floor, it just
8 kind of went 180 from what's currently
9 written and it just really helped them more.
10 So this last amendment that makes it
11 illegal, I thought that was just an
12 interesting chain of events. They are
13 fighting it. I know that. So that's why I
14 was hoping that they were prepared, they
15 were very prepared the last time.

16 MR. POTEET:

17 When does the Session end?

18 MR. DUPLESSIS:

19 In two weeks. What they are
20 trying to do is they are trying to extend it
21 far enough to get it in what's called a
22 Conference Committee, and that's their only
23 hope of saving -- I think on the association
24 side, saving the bill in some sort of form.
25 I suspect that it will pass or it will go to

1 Conference Committee and it will be -- it
2 will come out positive for the people of
3 Louisiana.

4 MR. PARNELL:

5 If it goes to Conference
6 Committee, that means that they will have
7 three House members and three Senate
8 members.

9 Can you kind of explain that?

10 MR. DUPLESSIS:

11 Conference Committee is
12 normally used for -- you try to push it in
13 there if you are losing. If you are
14 winning, you don't want to do that. And I
15 think currently considering his group and
16 Cortez will win. And you get three House,
17 three Senate and you go behind closed doors
18 and you play let's make a deal, and then
19 whatever comes out, it's a lot like making
20 sausage, you know what comes out, but you
21 may not want to watch the process, what
22 takes place to make it. And you have a
23 chairman and you go to the Session and it
24 can go a lot of different ways, but actually
25 that's a political observation, the

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1 Conference Committee and it's a dangerous
2 thing.

3 MR. HALLACK:

4 If you look at the history of
5 it, it came out of the House Insurance
6 Committee very favorable to -- you've got to
7 remember, on one end of this, you have a
8 broker who wants the exclusive market for
9 this contingent policy. On the other hand,
10 you want a dealer who wants to open the
11 market up, so that he can buy cheaper
12 insurance for this. That's basically what
13 it is. So it came out of the Senate -- of
14 the House Insurance Committee favorable to
15 the dealer opening up the market, so that he
16 can have other providers he can go to to buy
17 the product from. So it leaves there in a
18 nice shape for the dealer, goes to the House
19 floor, and they do a total 180 and the House
20 approves it. They vote on it, but according
21 to the dealer, the House members got the
22 word that the author approved these changes,
23 which is -- it happens. And I can tell you,
24 when it made its way to the Senate Insurance
25 Committee, the broker was willing to lie

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1 about anything to get his stuff done. You
2 have to sign on the back of a card an oath
3 that you are testifying to the truth that
4 really -- I don't how they sign theirs, but
5 it goes to the -- so it leaves the House
6 floor totally favorable to the broker, goes
7 to the Senate Insurance Committee and they
8 change it up and make it favorable to the
9 dealer. So, now, it's got to go to the
10 Senate floor, but I think they are going to
11 try to turn it into a Commerce Committee or
12 Concurrence Committee or something like
13 that. I think it's probably -- I think
14 everybody knows that it's probably going to
15 die. I think so, because the dealer came to
16 me and he said, we are intending to come to
17 the Commission and ask the Commission to
18 review Policy #78 and give us what they
19 think Policy #78 means. So they are going
20 to come to us to ask us to review our rule
21 on it and depending on what this Commission
22 finds, they are going to take it to court.

23 MR. POTEET:

24 Didn't we talk about in the
25 last meeting, getting rid of the contingent

1 liability?

2 MR. HALLACK:

3 Yes, that's the Legislature.
4 And Derek fought this last year, same thing.
5 I mean -- and it was only the Commission
6 that stood up there and fought it last year.
7 And Ron was a pretty good part of that.

8 MR. POTEET:

9 I still don't understand how
10 this is not a restraint of trade.

11 MR. HALLACK:

12 It is a restraint of trade.

13 MR. POTEET:

14 Why don't --

15 MR. HALLACK:

16 Nobody has ever challenged
17 it. It's an absolute monopoly. Then they
18 got up there and they testified before the
19 Senate Committee that there are at least six
20 other insurance companies that will provide
21 contingent liability insurance. One of them
22 has been out of business for 10 years.

23 MR. PARNELL:

24 They called the agency and
25 kind of actually let them know where all of

1 those other insurers -- where they came
2 from. You know, it's right back down to the
3 same two.

4 MR. HALLACK:

5 We've only had two since
6 2009. Prior -- and this has been something
7 that this Commission has regulated since
8 1998. Since 1998 -- from 1998 to 2008,
9 there was only one and that's a monopoly.

10 MR. PARNELL:

11 But we are just trying
12 to keep our eyes on it and see what it
13 does.

14 MR. DUPLESSIS:

15 I think it may -- I think
16 it's got a chance of getting out of the
17 Senate, and then it may go to the
18 Concurrence Committee.

19 MR. HALLACK:

20 The way the amendment is
21 worded, it says that it will be illegal for
22 someone to charge a fee to have this
23 insurance. Well, who determines the
24 legality of it? It's our statute, but we
25 don't regulate the broker. So who is going

1 to stop the broker from charging the fee,
2 us? We don't regulate the broker.

3 MR. POTEET:

4 That would be the Insurance
5 Commissioner.

6 MR. HALLACK:

7 But it's not in his statutes
8 to regulate, it's in ours.

9 MS. BARON:

10 It is in our statute to
11 regulate?

12 MR. HALLACK:

13 Yes. The amendment, if it
14 goes through, will be in our statute to
15 regulate, but yet they are not a member of
16 this Commission.

17 MR. DUPLESSIS:

18 Public hearing.

19 MR. HALLACK:

20 There's no way that the law,
21 as it's written right now, can be
22 enforceable.

23 MR. DUPLESSIS:

24 Mr. Chairman, that completes
25 my legislative report.

1 MR. POTEET:

2 Thank you.

3 MR. TURNER:

4 Has anybody talked to the
5 Governor's Office about this?

6 MR. DUPLESSIS:

7 You know, I would think that
8 -- I'm not sure it's really within our -- we
9 probably need to talk to Sheri, what's in
10 our limits of ethics. As Commissioners, we
11 have to be very careful with that, and the
12 reason why we only report it is for
13 informational direction and when we reported
14 it, they got it and they sent it to the
15 insurance side and now it's being wrangled
16 and couched and postured and everything
17 else. I think it's so late that the
18 Governor's Office could do something about
19 it, but I just don't know how procedurally,
20 it's so late in the session they could
21 do it.

22 And, Derek, you may want to
23 make those phone calls. You may want to
24 talk to Sheri for that. She seems to be our
25 ethics guru, but we have to be careful not

1 to step over the lines.

2 MR. POTEET:

3 We talked about that last
4 time.

5 MR. HALLACK:

6 I don't think there is any
7 prohibition for a Commissioner as I
8 understand. The prohibition is for a public
9 employee. A public employee cannot give --
10 I mean, they always give information, but
11 they cannot take a position, you know. It's
12 something well thought out and well planned.
13 You present it to a Representative with a
14 list of questions that elicits information
15 that is favorable or unfavorable to your
16 bill, and that's how it's normally handled
17 and as a public servant, you give that
18 information. You don't put it -- you try to
19 present it as objective as possible.

20 MR. DUPLESSIS:

21 We could present the
22 legislation next year and I feel comfortable
23 presenting it.

24 MR. HALLACK:

25 I mean, we wrote a bill in

1 2007 with the Attorney General's Office to
2 clean this whole thing up and they keep
3 telling everybody that we got our butts
4 kicked in committee and it never went
5 anywhere.

6 MR. DUPLESSIS:

7 They pulled it, if I'm not
8 mistaken.

9 MR. HALLACK:

10 We pulled it almost the day
11 we put it in.

12 MR. DUPLESSIS:

13 Yes, we pulled it instantly
14 because of a conflict.

15 MR. HALLACK:

16 No, it wasn't really a
17 conflict.

18 MR. DUPLESSIS:

19 Internal conflict.

20 MR. HALLACK:

21 Yes, whatever. So, I mean,
22 we took a positive stance on this and really
23 wanted to do right by the law and we just
24 didn't have the ability to finish it off.
25 And the crazy thing is, what we proposed to

1 do was so consumer friendly, you know. I
2 mean, there's not many states that have this
3 type of law. I mean, so we looked at a few,
4 I think Colorado, Oklahoma, Minnesota, but
5 it was cutting edge and we needed to clean
6 it up.

7 MR. POTEET:

8 All right. Well, we'll see
9 what happens.

10 There are no hearings today.
11 That's good.

12 Is there anything else that
13 we need to discuss? I think items for next
14 agenda, we've already got a couple things on
15 there, more about the temp tag database and
16 we'll work on that some more, and then more
17 about our litigation.

18 MR. HALLACK:

19 Crownline.

20 MR. POTEET:

21 Well, Crownline and Sundance.

22 Does anybody else have any
23 other comments or questions?

24 MR. TURNER:

25 Motion to adjourn.

1 MR. POTEET:
2 We have a motion to adjourn.
3 MR. SMITH:
4 I second it.
5 MR. POTEET:
6 Second.
7 We are adjourned.

8
9 (The meeting adjourned at 10:44 a.m.)
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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 June 20, 2011 meeting was
8 reported by me in the stenotype reporting
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10 or under my personal direction and
11 supervision, and is a true and correct
12 transcript to the best of my ability and
13 understanding.

14 This July 5, 2011, Baton Rouge,
15 Louisiana.
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