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LOUISIANA USED MOTOR VEHICLE COMMISSION
STATE OF LOUISIANA

REGULAR MEETING
December 21, 2020
BEGINNING AT 9:30 A.M.
HELD BY VIDEOCONFERENCE
3132 VALLEY CREEK
BATON ROUGE, LOUISIANA

REPORTED BY:
BETTY D. GLISSMAN, CCR

1 APPEARANCES:

2

3 CHAIRMAN:

MR. JOHN POTEET

4

5 COMMISSIONERS PRESENT:

MR. TRAVIS BROWN

6

MR. JEFFEREY BRITT

7

MR. TONY CORMIER

8

MR. RICKY DONNELL

9

MR. GEORGE FLOYD

10

MR. STEPHEN OLAVE

11

MR. MATTHEW PEDERSON

12

MR. DINO TAYLOR

13

MR. RICHARD WATTS

14

15

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18

REPRESENTING THE LOUISIANA USED MOTOR

19

VEHICLE COMMISSION:

20

21

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

22

23

24

SHERI MORRIS, ESQUIRE
DAIGLE, FISSE & KESSENICH, PLC
8480 BLUEBONNET BOULEVARD, SUITE F
BATON ROUGE, LOUISIANA 70810

25

1 ALSO PRESENT:

2 MS. KIM BARON

3 MR. DEREK PARNELL

4 MS. MONA ANDERSON

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1 (Pledge of Allegiance.)

2 MR. POTEET:

3 I guess the first thing on the agenda
4 is the certification of this meeting. Is there
5 anything that we have to do with that? Kim or
6 Derek?

7 MS. BARON:

8 It just has to be stated. We don't
9 have an attorney here yet if y'all want to wait
10 or do you want to continue?

11 MR. POTEET:

12 Do we have anything we need them for?

13 MS. BARON:

14 Not at this point.

15 MR. PARNELL:

16 Just for legal matters, we will need
17 Sheri.

18 MR. POTEET:

19 All right. Let's go ahead and have a
20 roll call.

21 MS. BARON:

22 Before we do the roll call, I just
23 want everybody to know that we have a new
24 commission member, Mr. Travis Brown. Mr. Brown
25 is a crusher.

1 MR. BROWN:
2 Good morning.
3 MR. POTEET:
4 Welcome, Travis. Okay. Kim, do you
5 want to do the roll call, please, now.
6 MS. BARON:
7 John Poteet?
8 MR. POTEET:
9 Here.
10 MS. BARON:
11 George Floyd?
12 MR. FLOYD:
13 Here.
14 MS. BARON:
15 Tony Cormier?
16 MR. CORMIER:
17 Here.
18 MS. BARON:
19 Matthew Pederson?
20 MR. PEDERSON:
21 Here.
22 MS. BARON:
23 Richard Watts?
24 MR. WATTS:
25 Here.

1 MS. BARON:
2 Steve Olave?
3 MR. OLAVE:
4 Here.
5 MS. BARON:
6 Ricky Donnell?
7 MR. DONNELL:
8 Here.
9 MS. BARON:
10 Dino Taylor?
11 MR. TAYLOR:
12 Here.
13 MS. BARON:
14 Jefferey Britt?
15 MR. BRITT:
16 Here.
17 MS. BARON:
18 Travis Brown?
19 MR. BROWN:
20 Here.
21 MS. BARON:
22 Mr. Chairman, we have a quorum.
23 John Poteet.
24 MR. POTEET:
25 Great. Do we have anyone for public

1 comments? I am assuming not.

2 MS. BARON:

3 No, sir. Not today.

4 MR. POTEET:

5 Okay. As a reminder to everybody.
6 When you are not speaking, if you would mute
7 yourself. That makes it a lot easier for
8 everything to flow properly. And then when you
9 do speak, make sure you unmute yourself.
10 Somebody will remind you if you have not done
11 that. It is just a lot easier. I am sure
12 you-all have done several of these calls. I
13 have done quite a few. And when everybody
14 starts talking at the same time, it is
15 horrible.

16 So the first thing on the agenda or
17 the next thing on the agenda is the adoption
18 and approval of minutes. Hopefully, everybody
19 has had a chance to read those. I need a
20 motion to approve.

21 MR. WATTS:

22 I make a motion.

23 MR. CORMIER:

24 Second.

25 MR. POTEET:

1 We have a motion and a second.

2 All in favor, say, "Aye."

3 (All "Aye" responses.)

4 MR. POTEET:

5 Are there any opposed?

6 (No response.)

7 MR. POTEET:

8 All right. Then, we have adopted
9 minutes. The next thing is the financial
10 matters. Do we have Mona here today to do that
11 for us?

12 MS. ANDERSON:

13 Yes, sir.

14 MR. POTEET:

15 All right. Let's go ahead and go.

16 MS. ANDERSON:

17 If you turn in your packet to the
18 financial statements ending November 30, 2020.
19 Page 1 is the statement of net position. The
20 operating account had an ending balance in
21 November of \$2,056,000. The fines accounts
22 receivable were \$457,670. The current
23 liabilities, which would be on page 2, was
24 \$79,274. The long-term liabilities were
25 \$278,000. And the total long-term liabilities

1 were \$4,699,734. That resulted in a net
2 position, we usually call it the fund balance,
3 of a negative \$237,600.

4 Turning to page 3 is your statement
5 of revenues, expenses, and changes in net
6 position. The bottom of the page, the
7 year-to-date revenues were \$327,800 compared
8 to -- I am sorry -- compared to last year this
9 time of was \$853,800. That's \$567,000 drop in
10 revenue.

11 The change on page 5, the change in
12 net position, was a negative -- I am sorry --
13 page 4 -- I am sorry. I was right. Page 5,
14 the total expenses year to date were \$567,400.
15 And the ending change in net position again was
16 a negative \$239,605 compared to \$294,600 last
17 year. And, of course, that's because we are
18 not getting any renewal revenues for our dealer
19 licenses.

20 On page 6 is the year-to-date budget
21 to actual expenditures. This chart depicts
22 expenditures compared to the budget and we
23 should be roughly at 42 percent of budget and
24 we are at or below that in all amounts.

25 On pages 7 and 8, the report is your

1 four year revenue comparison. And we had about
2 a 25 percent decrease over the '18/'19 fiscal
3 year that being because we are not taking in
4 the same revenue. And you can see that
5 depicted on the chart on page 8.

6 On page 9, the accounts receivable --
7 I am sorry. The certificate of deposit report,
8 there were no changes on that to date. On
9 page 10 is the accounts receivable hearing
10 fines report. In November, we assessed \$7,700
11 and we collected \$2,900 for an ending balance
12 of \$457,670.

13 So unless there are any questions,
14 Mr. Chairman, that concludes my report.

15 MR. POTEET:

16 Thank you, Mona. Does anyone have --
17 any of the commissioners have any questions for
18 Mona at this time?

19 No questions, okay. I would ask for
20 a motion to approve the financial report.

21 MR. OLAVE:

22 Motion.

23 MR. CORMIER:

24 Second.

25 MR. POTEET:

1 All in favor, say, "Aye."

2 (All "Aye" responses.)

3 MR. POTEET:

4 Any opposed?

5 (No response.)

6 MR. POTEET:

7 That passes. The next thing on the
8 agenda are legal matters. So who wants to
9 discuss legal matters?

10 MS. MORRIS:

11 That's me. I was just asked -- we do
12 to have two pending suits. Both of them have
13 been turned over to the office -- well,
14 actually one is pending and one is not pending.
15 And I was asked to give you a report. It's
16 been a while since we met in person. And
17 because we have the authority to go into
18 executive session to discuss legal meters, we
19 have not done so because of the Zoom meetings.
20 It is just pretty difficult to do it that way.

21 So we have currently -- we have had
22 two suits. One has been resolved by the
23 Attorney General's Office. As you-all may
24 recall that we pay premiums to the Office of
25 Risk Management. It's a self-insurance funds.

1 Both of the matters were eligible for coverage
2 and defense by the risk pool and they were both
3 assigned to be handled in-house at the Attorney
4 General's Office. Once has resolved, but we
5 have a related complaint. So I really don't
6 want to get into that discussion until I
7 confirm that the complaint is going to be
8 closed. During this year, we also have not had
9 too many hearings, administrative hearings, due
10 to the fact that we are meeting remotely.

11 And then there is another complaint.
12 So at the next meeting, I would like to have an
13 executive session to kind of bring the board up
14 to date on that and to discuss the strategy
15 that the Attorney General's Office is, you
16 know, their plan of action for handling the
17 suit. But I would request that we defer that
18 discussion really until we can meet in
19 executive session in person.

20 MR. OLAVE:

21 Well, I would ask this question.
22 What can you discuss with us that's already
23 public record? Because, you know, I know -- I
24 know one of these cases you had sent me the
25 actual suit over a year ago and that case had

1 been pending -- from the looks of it, has been
2 pending for a year or two before you sent the
3 suit. And then I discovered again, even though
4 that I had interest in that case based on the
5 allegations that were made, which I found
6 pretty serious allegations, that at the last
7 meeting I found out or two meetings ago I found
8 out that the case was settled. And I know Jeff
9 Britt asked a question how come we don't know
10 about any of these things? If the case has
11 been -- one of the cases has been settled and
12 the rest of it is public record with the suit
13 filed, why aren't we brought into this? Why
14 isn't this information shared? Like my
15 questions about the settlement is who settled
16 this case? Who decided to settle it?

17 MS. MORRIS:

18 As I stated earlier, the agency pays
19 into a self-insurance pool at the Office of
20 Risk Management. We had coverage for certain
21 cases, not all cases. So, for instance,
22 appeals of administrative decisions are not
23 covered; injunctions are not covered. But
24 this -- the case that you are referring to was
25 covered. It was submitted to the Attorney

1 General's Office. And then the Attorney
2 General's Office appoints counsel and they have
3 some in-house counsel and they have some
4 contract counsel. I serve as a subcontract
5 counsel to the Attorney General's Office to the
6 risk pool, but I cannot handle a case related
7 to the agencies that I otherwise represent. So
8 it was assigned in-house.

9 The agency does not -- once it is
10 assigned in-house and it is defended, it is
11 just like your insurance company. It is
12 defended by the insurance company. So we
13 assist them with gathering documents and
14 everything, but we really don't defend the case
15 or determine when it is going to be settled.
16 The case that you are speaking about, there was
17 a complaint also filed with the Commission.
18 The case as settled in April of 2020, which
19 is -- you know, we haven't had a meeting which
20 we can have an executive session since then.
21 And we also have not had a meeting at which we
22 can have an administrative hearing, if
23 necessary, to do so to resolve that matter. So
24 that is the issue with that one case.

25 The other case was filed and the

1 Attorney General's Office has taken over that
2 case. They are handling it. It's assigned
3 out. And certainly we can advise the
4 Commissioners of the status of it, but to do so
5 in an open forum, I think is maybe prejudicial
6 to the case. And so we would like to have the
7 Assistant A.G. address the Commission, but I
8 would prefer to do that in executive session so
9 that you-all can ask questions and they can
10 candidly answer those questions and we can
11 determine the appropriate strategy, if
12 necessary. But really it's been accepted for
13 defense in coverage.

14 So the rule of the agency is just
15 really to provide the Attorney General's Office
16 with the information that they need from our
17 records.

18 MR. OLAVE:

19 So we don't have to approve any
20 settlement as a Commission?

21 MS. MORRIS:

22 Not if we are not paying -- it is not
23 coming out of our budget.

24 MR. OLAVE:

25 No, I realize that. But we don't

1 have any say in the settlement? In other
2 words, if they decide that there is some
3 liability, they just go ahead and pay it
4 without any authorization from our Commission
5 or anything?

6 MS. MORRIS:

7 They do not need authorization of the
8 Commission to settle a case just based on a
9 monetary settlement that the Commission is not
10 going to pay.

11 MR. BRITT:

12 Here's -- let me chime in. Here is
13 the bigger picture. Sheri, I understand
14 wholeheartedly Risk Management to go settle
15 suits. And that's what they are being paid
16 for. But the issues that I have -- let's back
17 it up. Let's back the train up. You and Derek
18 have full knowledge of what's going on. I know
19 how Risk Management works. They either had a
20 discussion with you or Derek or somebody and
21 gave you an outline of what's going on. And
22 then one day they called you or Derek or both
23 of y'all and said, hey, we are fixing to settle
24 this, just letting you know. And I don't --
25 frankly, I don't care if they told you how much

1 it was for or not. The point is there is a
2 process and I know the process.

3 It is like when I was sheriff, our
4 Risk Management would settle something, I
5 didn't agree with; I just had to do it. It
6 wasn't anything that I could do about it.
7 That's their decision. But on the in-house
8 here is what gets made in-house. We had a
9 complaint against an agent. An agent, from
10 what I read, is actually was acting under the
11 color of law and could have been charged with a
12 federal crime. And that's what I got an issue
13 with that.

14 And here is the other issue I have
15 with that is that somebody in that office,
16 Derek, whether it was you or Sheri, or one of
17 the other Commissioners, if anybody was
18 involved, had knowledge of it. We should have
19 been notified.

20 What if -- let me just throw a for
21 instance. What if Dino and I and Ricky are
22 having lunch at the Mohawk in Monroe and some
23 reporter walks up or news guy and says, hey,
24 you guys are the three of the used car
25 commissioners, we heard one of our agents did

1 such-and-such. Naturally, I am going to say
2 defer to the counsel or to Derek for a
3 response. But the same things goes to John and
4 I and Tony are in Baton Rouge and we are
5 sitting at Mike Anderson's or somewhere having
6 lunch and one of those guys from "The Advocate"
7 walks up and says, hey, we just pulled this
8 report of this lawsuit up and it is involving
9 one of your agents. I say all of that to say
10 this: We should have knowledge of those
11 complaints against our employees. I don't want
12 to get into the middle of letting -- telling
13 Risk Management what to do. We should have had
14 the knowledge of what happened. And I think
15 that this is what stems from all of this.

16 And, Derek, I will say this: I am
17 not sitting in your seat, but I sat in that
18 seat with 125 of them underneath me and I know
19 what it is like to have employees. And I don't
20 care if you are the Commissioner of the Car
21 Commission or Sheriff or whatever, your
22 employees are always going to be your biggest
23 nightmare. And that's just it. And you can't
24 control what happens while they were on the
25 street. But what you can control is how they

1 operate. And once they make a mistake, that's
2 our job to assist you in keeping them herded up
3 or coming under the guidelines to keep them
4 herded up. I mean, I just feel like as
5 commissioners we need to be aware of complaints
6 against our employees.

7 And I just feel like, Sheri, that
8 there are some things that went on with that
9 the Commissioners should have been well aware
10 of. And I get all of this about the COVID, I
11 do. And we do need to have a face-to-face
12 meeting somewhere where we can be social
13 distancing or whatever. He had to get some
14 things aired out. But at the end of the day
15 what this boils down to me is not the
16 settlement, because that's life. That's going
17 to happen. And it is something, you know,
18 Sheri, as you said, sometimes all that is out
19 of our control and it is.

20 But I do know this, beyond a shadow
21 of a doubt one to three people had to have
22 knowledge that this was going to be settled.
23 And I just feel like the Commissioners should
24 have been briefed, whether it was a phone call
25 or something, prior to all of this. And, you

1 know, I just think we need to regroup on how we
2 handle some of this stuff.

3 I mean, now you are telling us there
4 is a related complaint on that case that was
5 settled. I mean, is that concerning our agent
6 again? Or is that concerning -- you know,
7 there are so many different options.

8 MS. MORRIS:

9 The complaint that is coming before
10 our Commission are handled by Mr. Hallack. And
11 the Commission and myself, because I am the
12 advisor to the Commission, we do not have any
13 information about the complaints of the
14 investigation until it is presented to us at
15 the administrative hearing. So that is a
16 necessary part of the process that you-all are
17 arbitrators of those complaints. And so it
18 is -- it goes through a process that we are not
19 a part of, the Commissioners and myself. So
20 that it is determined whether -- what type of
21 investigation needs to be done and whether it
22 is a complaint that's justified. And then an
23 administrative complaint is filed and people
24 are subpoenaed and then it comes before us for
25 a hearing if that is necessary. So I do not

1 have any knowledge at this point as to the
2 status of that complaint.

3 MR. OLAVE:

4 Sheri, I agree with you. I agree
5 with you. But the thing that is different here
6 is the minute a lawsuit is filed and it becomes
7 public record, you know, then there is no
8 keeping that from anybody. It is not having
9 prior knowledge to something. If we have a
10 hearing after a lawsuit is filed for the
11 same -- because we got a hearing next month, my
12 understanding, with the attorney for the case
13 we are talking about, but we all have prior
14 knowledge of it. That's not going to affect
15 our ability to judge it, but the prior
16 knowledge is public record when they filed the
17 lawsuit.

18 And I couldn't agree with the sheriff
19 more. Listen, I have been -- you know, we
20 haven't always seen eye to eye, Derek, and I do
21 appreciate what you do there. This is
22 something that I have been asking about for, I
23 don't know how long, a year, a year and a half
24 about this case. I have been concerned about
25 it. You know I have been somewhat critical as

1 to the way our investigators go out and handle
2 dealers. I have been vocal about that, several
3 meetings that I have said those things. You
4 know, the fact that we have this -- these
5 serious allegations against one of our agents
6 doesn't necessarily prove my point, but it does
7 lend to the fact, you know, we need -- I think
8 we need something else in the field. We need a
9 different approach, different attitude as the
10 investigators go. Maybe that's happened
11 already. I don't know. I try to stay out of
12 daily operations.

13 But I would ask you one question,
14 Derek. How do you define the role of the
15 Commissioners? What is our role here in your
16 opinion? There is no wrong answer. What is
17 our role here in your opinion?

18 MR. PARNELL:

19 The role in the Commission is broken
20 down in two ways in my opinion. The day-to-day
21 functions of this Commission, which deals with
22 the human resource aspect, falls under my
23 authority from what I have been told since I
24 have been with the Commission for the past 11
25 years. If things do elevate to a higher level,

1 I do always notify you-all, but granted, maybe
2 it should have happened sooner, the case
3 itself. This case was supposed to happen in
4 March but -- of 2020 and some other issues took
5 place with this consumer, which made the
6 complaint, which kind of pushed things back.
7 This past situation -- the overall role I think
8 that you-all create the law. We bring issues
9 before you that are definitely very relevant.
10 This is a very relevant situation. But as I
11 stated before, this is a situation that an
12 investigator did operate outside of his role of
13 investigator. We had discussions about this
14 situation. This investigator was reprimanded.
15 This investigator has been told what his role
16 is and what his role is not. And I believe
17 that what he did do was something that should
18 not have happened. But I think you-all create
19 the law and I make sure that it is followed day
20 to day.

21 I think when we do have situations
22 that arise, you should be notified and I have
23 always done my best job at making sure that you
24 know everything that's going on. I don't hide
25 things from you. Maybe this could have been

1 handled in an earlier situation. I never
2 withheld any information from anybody before
3 the Board or any situation.

4 This is a situation that although you
5 do have knowledge of it -- and, honestly, we
6 are still planning to have a hearing with this
7 situation. As I stated to you before,
8 everything that's in this lawsuit is about the
9 hearing. Everything that happened in that
10 lawsuit is the entire hearing within itself.
11 As I always understood, if you -- we are going
12 to have a hearing, which we are planning on
13 doing in January, that I can't discuss with you
14 all of the information that is going to be at
15 that hearing.

16 Being that, I do want to know this.
17 Being that you do know as much information as
18 you know that is public record, can we still
19 even have this hearing?

20 MR. OLAVE:

21 Personally, I wouldn't see why not
22 because they have lawsuits after our hearings
23 and our hearings are public record and they
24 continue on with lawsuits after that. So they
25 are able to sit in, you know, and decide a

1 decision after we have had a hearing. So, I
2 mean, if it's public record, I wouldn't see why
3 we couldn't have an impartial hearing.

4 I do believe there has been some
5 press that has been set, the settlement in the
6 lawsuit. If they found -- if they found
7 liability there. Why would they settle a case
8 if they had no liability?

9 MS. MORRIS:

10 Cases are settled all of the time
11 without admission of liability because the cost
12 to defend them sometimes --

13 MR. PARNELL:

14 Supercedes.

15 MR. OLAVE:

16 But that is understood. But if there
17 was no basis for the case then, we would have a
18 line of lawsuits with people with their hand
19 out for 10 or 15 grand, whatever they settled
20 for, because it is cheaper to settle the case.
21 There has to be a basis for the case first.

22 MS. MORRIS:

23 I am going to request that we not
24 discuss the case when we don't have the
25 complaint if there is going to be a scheduled

1 hearing in January.

2 MR. BRITT:

3 Yes, yes.

4 MR. OLAVE:

5 I was asking the administrative parts
6 of the Commission's actions here. I am not
7 discussing the details of the case at all.

8 MS. MORRIS:

9 It might be better if we defer the
10 discussion to January if the hearing is in
11 January.

12 MR. PARNELL:

13 Again, let me reiterate what I stated
14 to you-all. This is a situation where a staff
15 member goes beyond his role as an investigator.
16 This staff member was reprimanded. This staff
17 member was -- I spoke with him on several
18 occasions. And, I mean, that's what has
19 happened with this investigator.

20 MR. BRITT:

21 Derek, let me say this. You answered
22 the question perfectly and the way you handled
23 the investigator, okay. But what you said is
24 what we should have known when it happened.
25 And to me that's part of the biggest issue.

1 MR. PARNELL:

2 Okay.

3 MR. BRITT:

4 And, I mean, that's the way you
5 handle an investigator or officer that does
6 something out of whack. You handled it, but I
7 think everybody --

8 MR. PARNELL:

9 I understand.

10 MR. BRITT:

11 We should have had prior knowledge to
12 that and to me that's what a lot of this is
13 about.

14 MR. PARNELL:

15 Well, I will say this -- not to cut
16 you off. I take responsibility for that.

17 MR. BRITT:

18 I understand.

19 MR. PARNELL:

20 And I should have brought it to you
21 in the same fashion that it was discussed today
22 prior. And I take responsibility. I have no
23 problem doing that. My whole goal is trying to
24 make sure that you are informed about
25 everything that is going on. In the 11 years

1 that I have been here, I believe that I have
2 done, you know, that to a T. Now, this is
3 something that I should have brought to you
4 prior. But the understanding that I had --
5 maybe those may have been misguided on how this
6 happened -- because the understanding that I
7 had is that if you have a -- granted, we are
8 talking about the administrative side of
9 things, that the human resources side of
10 things. Most often, I don't bring human
11 resource information to you. That happens all
12 of the time here.

13 In my opinion, it is not always
14 necessary, but this was something that I should
15 have brought to you and I apologize for that.
16 Moving forward, this will not happen.

17 MR. OLAVE:

18 My last question is this. You said
19 you reprimanded the investigator; we are the
20 public here and the petition was filed
21 publicly. Does that mean that the petition was
22 accurate?

23 MR. PARNELL:

24 The petition was accurate to an
25 extent, yes.

1 MR. DONNELL:

2 I have a question for Ms. Morris when
3 y'all get through.

4 MR. OLAVE:

5 I am done.

6 MS. MORRIS:

7 The personnel matters can't be
8 discussed in public session. That should be
9 executive session item as well. So if there
10 needs to be additional discussion of the
11 personnel matter, we need to notify the person
12 and then have an appropriate discussion in
13 executive session if the individual desires it
14 to be in executive session.

15 MR. DONNELL:

16 Ms. Morris, I have a question for
17 you.

18 MS. MORRIS:

19 Yes, sir.

20 MR. DONNELL:

21 Help me with this. The counsel for
22 the Attorney General, is it Cons or Connice
23 (phonetic), the little lady that handled this
24 case?

25 MS. MORRIS:

1 There were actually three assistant
2 Attorney Generals. It was assigned originally
3 to Gerard Johnson. Gerard left the Attorney
4 General's Office and is employed by a law firm
5 now. And then it was assigned to (inaudible)
6 who is also no longer at the Attorney General's
7 Office.

8 MR. DONNELL:

9 Well, I can tell you that she and I
10 talked and she says I can assure you, someone
11 with your Commission agreed to this settlement
12 or our underwriters wouldn't have paid the
13 claim. So, you know, I went to the Attorney
14 General's Office and they brought me a little
15 settlement out there and it didn't really have
16 a lot on it. But they cc'd you a letter. So,
17 you know, that lets me know that you are
18 involved in it. So, I guess, what I am asking
19 you to do now is maybe get all of the forms
20 that maybe Risk Management has and let's look
21 at them at the next meeting.

22 MS. MORRIS:

23 Okay. We will do so.

24 MR. DONNELL:

25 That's all that I have.

1 Derek, if we are going to refer all
2 of the personnel matters in executive session,
3 I want you to invite that person, our employee.

4 MR. PARNELL:

5 Absolutely. I definitely have him
6 here. I started to bring him on today just in
7 case, but I figured that we will get into a
8 different conversation about it.

9 MR. DONNELL:

10 I have some questions for that
11 meeting, too.

12 MR. PARNELL:

13 Absolutely, absolutely.

14 MR. POTEET:

15 I think what we need to do is make
16 sure, Derek, that we have the executive session
17 on the agenda, that we prepare for it. In
18 light of everything that has been presented to
19 us today. Also, Sheri has agreed to bring all
20 of the documents as Mr. Donnell has requested.
21 So I think all of this will enlighten us in a
22 lot of ways as to how these things were handled
23 and how they were held, you know, between the
24 attorneys.

25 One of the things that I would like

1 to say, too, is I understand -- I understand
2 Derek's difficulty in this. And, you know, and
3 I agree with the other Commissioners that Derek
4 should have brought this to our attention ahead
5 of time. I think that sometimes we get into
6 situations like this, all of us do, where it is
7 like I don't know whether I should say
8 something or not say something. And we tend to
9 err on the side of being very conservative
10 about what information is let out. So, Derek,
11 I think that this session has certainly given
12 us the opportunity to discuss how we should
13 handle these sort of things going forward and
14 keeping it within the guidelines of the legal
15 information that is released from our meetings
16 since they are public meetings. I understand
17 sensitivity of the public meeting makes it very
18 difficult sometimes. And I think that's why we
19 have -- why we have attorneys around us all of
20 the time to make sure we don't say something
21 that gets out that shouldn't be out. But it
22 does put us always -- always walking on a very
23 fine line. And I think that if anybody knows
24 this, Mr. Britt would know it, that you are
25 always -- when you are in a public setting, you

1 are always on a fine line. And it's easy to
2 cross over that. So I would encourage
3 everybody to communicate better on the next
4 time something like this happens, because there
5 probably will be a next time. And let's see if
6 we can't get this thing resolved and get the
7 information out to us as Commissioners and then
8 whatever is proper is out to the public.

9 MR. OLAVE:

10 I have a follow-up question. My
11 question is to you, Mr. Chairman, and our Vice
12 Chairman. Did either one of you know about the
13 settlement?

14 MR. WATTS:

15 I did.

16 MR. POTEET:

17 No. Yes, I think that there was a
18 discussion that there was a possible
19 settlement. I can't say that I didn't know
20 nothing, but not any details at all.

21 MR. OLAVE:

22 Because I remember -- again, we
23 didn't know about it at the time, but I
24 remember discussing it in your office with
25 you -- or the case at least in your office with

1 you about it, I guess, maybe a year ago. It
2 was definitely before COVID, January, February.
3 Do you remember that conversation in your
4 office?

5 MR. POTEET:

6 Yes. I remember. Yes. And if I
7 remember right, it was along the lines of I
8 don't know very much about it.

9 MR. OLAVE:

10 No, absolutely.

11 MR. POTEET:

12 That's the only thing, though.

13 MR. BRITT:

14 I want to say one last thing. Derek,
15 I want you to understand, when all of this came
16 up, I am not looking for an instant replay. I
17 am just looking for a solution for us moving
18 forward to where we are on the right -- where
19 everybody is on the same page. What has
20 happened, has happened. Let's just look at it
21 that way and let's just move forward. I mean,
22 you can wake me up at 2 o'clock in the morning
23 and say we need to take and we can talk. I
24 don't care. But let's just move forward with
25 what we need to do.

1 MR. DONNELL:

2 That's what I am saying, too. The
3 last thing we want is -- what is the reporter's
4 name that busts our chops all of the time down
5 there. You sent me a video one time, Derek,
6 selling without a license. We don't need all
7 of that.

8 MR. PARNELL:

9 No, absolutely not. Absolutely not.
10 Once again, Commissioners, I do apologize that
11 I did not give out the information to you in an
12 earlier fashion. I did not try to prevent you
13 from knowing anything that's going on. I know
14 that I did handle the situation as best as I
15 saw fit, and moving forward, in all instances,
16 I will be sure to make sure that you know about
17 the administrative functions that is going as
18 it may relate to other issues, not specific to
19 cases.

20 MR. POTEET:

21 All right. Is there any other
22 discussion on this? Any other legal matters,
23 Sheri, that we need to talk about at this time?

24 MS. MORRIS:

25 No other litigation matters. I would

1 just remind you that it is December and the
2 session comes up quickly. So if there is any
3 thought that we need any legislative
4 corrections or adjustments that we need to do,
5 because generally in December we have a meeting
6 with the industry to get feedback. But I know
7 that's not possible this year. But if we have
8 anything that needs to be straightened up, we
9 need to get that in order to do so.

10 MR. POTEET:

11 All right. Are we ready to move on?

12 MR. BRITT:

13 Yes, sir.

14 MR. POTEET:

15 Okay. Ratification of imposed
16 penalties, Derek.

17 MR. PARNELL:

18 Commissioners, you will find in your
19 packet a chart that illustrates the licensees
20 last were in violation of state law. These
21 cases have been investigated and I have
22 determined that the public interest can be
23 served without further administrative
24 proceeding. Thus, civil penalties were
25 imposed. I will announce names on the list

1 that is provided here.

2 The first person on the list is Ethan
3 Automotive from Baton Rouge, Louisiana; the
4 fine amount was \$800. Samuel Taylor doing
5 business as Just Shining Used Cars from Baton
6 Rouge, Louisiana; fine amount is \$250. Premier
7 Autos, LLC, from Shreveport, Louisiana; fine
8 amount is \$250. Mark Karimi doing business as
9 Marko's Auto from Baton Rouge, Louisiana; fine
10 amount is \$350.

11 All of these situations, the dealer
12 has worked with the Commission and has resolved
13 the complaints and to make the complainants'
14 whole. The total fine amount in civil
15 penalties was \$1,650. Commissioners, I ask
16 that you ratify the imposed civil penalties
17 assessed.

18 MR. POTEET:

19 I make a motion we ratify. I need a
20 second.

21 MR. BRITT:

22 Second.

23 MR. POTEET:

24 All in favor, say, "Aye."

25 (All "Aye" responses.)

1 MR. POTEET:

2 Any opposed?

3 (No response.)

4 MR. POTEET:

5 All right. Executive director's
6 report.

7 MR. PARNELL:

8 Just some updates that have been
9 happening. As we discussed in the past, Office
10 of Motor Vehicle was looking to us to become an
11 entity, -- I am sorry -- that issue dealer
12 plates to our independent used car dealers. We
13 have received the application packet; it is
14 rather extensive and rather long. So we are
15 going through that process now in order to
16 become one of the authorities that can issue
17 dealer plates. It is going to be the thing
18 that is going to be able to help our dealers
19 for efficiency. Primarily because, you know,
20 most of our dealers, they come to us anyway
21 asking about their dealer plates all of the
22 time.

23 We are currently going through the
24 renewal process. It has been going very well.
25 I have not had any concerns and/or issues even

1 at the same time we have had a turnover in
2 staff to licensing individuals, they are no
3 longer with us, and we have brought two more
4 licensing staff members on. One came last week
5 and one actually started today. These persons,
6 they were up to date on everything once they
7 left the agency so that worked out very well
8 for us.

9 One of the things that kind of came
10 up this past month, everything else has been
11 fairly mundane and redundant. But one thing
12 did come up. I did get a call from Senator
13 Ronnie Jones out of Lake Charles. He's asked
14 if I could meet with Ty Rommel (phonetic). He
15 is a lobbyist for a company called Carvana.

16 I am sure that we all have heard of
17 Carvana. That's the ones with the vending
18 machine so to speak. What he called for me is
19 he kind of wanted me to have a discussion with
20 him just to kind of know what Carvana is doing.
21 Carvana right now is planning to bring their
22 business here to the Louisiana market. So I
23 did set up a Zoom meeting. With that Zoom
24 meeting I had Commission Counsel Robert
25 Hallack, myself, Ms. Baron, and the executive

1 director for Carvana, their internal counsel.
2 They kind of met with us to kind of give us an
3 explanation of what their plans are in
4 Louisiana.

5 Pretty much the way their business
6 model works is the first thing they do when
7 they want to come into an area is set up a hub
8 location. With that hub location what they
9 will do there is something that they would just
10 house vehicles at. What they expressed to us
11 that a hub location -- their total plan is to
12 be licensed in all 50 states. Most of the
13 states that they are licensed in already -- all
14 50 of the states they do have finance licenses
15 in. With the hub location, that's just a place
16 where they house their vehicles when they
17 purchase them or they have some trade-ins. So
18 no consumers would ever be at those locations.

19 The process that they go through is
20 they go through an inspection station. Those
21 vehicles go through an inspection station and
22 that's where they certify all of the vehicles
23 that they have in their stock. They described
24 to me that none of their vehicles is over ten
25 years. Nothing has over 100,000 miles on those

1 vehicles. Every vehicle that they sell has a
2 7-day money-back guarantee of no questions
3 asked. Every vehicle that they sell has a
4 100-day 4,800-mile warranty on those vehicles.

5 The point of sale is done completely
6 online. All paperwork, everything throughout
7 the entire purchase of the vehicle is done
8 online for the consumer. What they do at the
9 point of the consumer signing all documents and
10 they will either set up with that consumer's
11 vehicle to go one of the vending machines or
12 they deliver the vehicle in person. Again, I
13 say everything is done online.

14 What they are calling just to find
15 out, you know, if the hub location with all of
16 the other agencies -- all of the other states
17 that they are licensed in, they do license the
18 inspection station and the vending machine
19 location. None of the other locations for the
20 hub location have a license. And that's what
21 they were concerned. Like, if they come to the
22 Louisiana market, how will we see the hub
23 location.

24 During the meeting, Counselor Hallack
25 was on the call. And we said that we would

1 bring it to the Board just to have a discussion
2 just to let know what they are doing, what
3 their plans were coming into the state of
4 Louisiana. I would ask Counselor Hallack to
5 advise of any input that he received from that
6 Zoom meeting or any thoughts that he may have
7 to advise the Commissioners of moving forward
8 with this business.

9 MR. HALLACK:

10 You know, they say -- they tell us
11 that if they have a physical presence in the
12 state of Louisiana, whether that's one of their
13 distribution centers or one of their car
14 vending machines, that once they have a
15 physical presence here, they will get a license
16 here. Right now they have nine distribution
17 centers throughout the United States. One in
18 Atlanta, one in Memphis, one in Fort Worth, one
19 in Houston. And they are thinking about
20 putting up a distribution center either Baton
21 Rouge or New Orleans. They are also
22 considering whether or not to put up one of
23 their vending machines somewhere either here or
24 in New Orleans.

25 Now, even though it may sound like

1 the vending machine, maybe a place where you
2 buy a car, you cannot buy a car at the vending
3 machine. You cannot buy a Carvana car at their
4 distribution center. You can only buy Carvana
5 vehicle online. And there is no negotiation.
6 You pay the price that's listed. But the only
7 way that you will buy the car is through the
8 Internet. You cannot buy the car either at the
9 distribution center or at the vending machine.

10 The vending machine, you have already
11 paid for the car. You just go down through
12 there and pretend like you are getting
13 something out of a vending machine, but that's
14 it. The only thing that happens at the
15 vending, there is somebody -- an attendant
16 there to assist with getting the car. But the
17 attendant has no role in terms of negotiating a
18 price or anything like that.

19 The title -- the title is taken care
20 of all online. The title, they tell us, there
21 is never a problem with the title because they
22 always have the title before the car is sold.
23 So distribution of the title, getting the title
24 to the customer, there is never a problem for
25 Carvana.

1 MR. DONNELL:

2 I have a question. Maybe you or
3 Derek can answer. Have they sold a car in
4 Louisiana yet?

5 MR. HALLACK:

6 I would bet that they have.

7 MR. PARNELL:

8 More than likely they have, yes,
9 because they are totally online.

10 MR. DONNELL:

11 They are trying to obtain a license
12 from us? That's what they are asking for is a
13 license?

14 MR. OLAVE:

15 They are saying they don't need a
16 license. They think they don't need a license.

17 MR. DONNELL:

18 You know, if we got a license to sell
19 cars in Louisiana, they need to have a license.
20 So I would suggest that they need to cease and
21 desist selling cars in Louisiana.

22 MR. OLAVE:

23 Yes. I know, the whole Internet
24 thing is interesting because, you know, Robert
25 is -- again, I am reading into that. Robert is

1 suggesting that the sale takes place on the
2 Internet so it really doesn't happen at a
3 physical presence. There are no negotiations
4 so that kind of eliminates salespeople's
5 license. But I don't think eliminates dealer
6 license.

7 MR. DONNELL:

8 That's exactly it.

9 MR. OLAVE:

10 I will tell you this. Do they issue
11 a 60-day Louisiana temp tag and who makes that?

12 MR. HALLACK:

13 There is no reason for a temp tag
14 because they have the title.

15 MR. OLAVE:

16 How does the customer leave with the
17 vehicle? It's already registered with a hard
18 plate on it? If they have the title or not,
19 they still have to get the registration done.
20 So if the customer takes the vehicle, he either
21 has got to have a 60-day tag, a hard plate, or
22 he drives it without anything.

23 MR. HALLACK:

24 No, no. He doesn't drive it without
25 a title and without registration. It is my

1 understanding that Carvana does the
2 registration.

3 MR. DONNELL:

4 So there is a hard tag on the car
5 when it gets delivered.

6 MR. OLAVE:

7 I don't see how that's possible.

8 MR. DONNELL:

9 I don't see how it is possible
10 either. I can't understand is that John has to
11 have a dealer's license, you know, Matt does
12 and there are no exceptions.

13 MR. HALLACK:

14 Well, Kim, is it true that we don't
15 have any complaints on Carvana?

16 MS. BARON:

17 We have zero complaints on Carvana.
18 I have not had any inquiry about Carvana.

19 MR. OLAVE:

20 Yes. They have a good reputation or
21 whatever. They got good customer service or
22 whatever that keeps the complaints out. That
23 doesn't change the licensing thing, I don't
24 believe.

25 MR. HALLACK:

1 Well, and you also have another
2 company called Vroom that basically works the
3 same.

4 MR. DONNELL:

5 Same thing.

6 MR. HALLACK:

7 I want you to understand, both of
8 them have people at the auctions, online
9 auctions. They all buy their cars from a
10 location in Arizona, but it is all online.
11 They buy their cars online basically.

12 So we looked at this in terms of
13 whether they need a license or not. And our
14 laws does not require a dealer -- a person who
15 is selling used motor vehicles to have a
16 brick-and-mortar store. It does not require
17 that. It also says in our definition of a used
18 motor vehicle dealer that it may be sales over
19 the Internet.

20 MR. DONNELL:

21 But it does say they need a license.

22 MR. HALLACK:

23 That's what I am saying. If you are
24 a used motor dealer, you need a license.

25 MR. DONNELL:

1 Do we need to vote on that issue
2 right now, whether they need a license or not?

3 MR. POTEET:

4 One thing is, you know, we talked
5 about this before for years about how do we
6 regulate somebody who is selling something over
7 the Internet to a consumer in your state. And
8 it does become difficult. I am going to give
9 you an example of something that I did. It was
10 not a used car, but most of you know I drive a
11 Tesla. So bought that Tesla from Tesla in
12 California. I didn't go out there. I bought
13 it strictly online. They think delivered the
14 car to me. I picked it up Houston. They had a
15 California temp tag on it, because it was sold
16 to me in Fremont, California, where they build
17 the car. And I took all of my paperwork down
18 to the local OMV and paid my taxes and got a
19 tag.

20 So does Tesla sell cars in the state
21 of Louisiana? Yes. Do they have a location
22 where you could buy a car? No. So, you know,
23 I think we always are trying to find a way to
24 regulate these people, but if you have a
25 location in Omaha, Nebraska, and you sell the

1 car to somebody here in Louisiana, they can put
2 a Nebraska temp tag on it and drive it around
3 until they get their documents to go pay taxes
4 on it. I don't know how we get around that.

5 I agree with everything you guys have
6 said. I agree with you, Ricky, that when
7 somebody comes into this state and does
8 business, they should have a used motor vehicle
9 license just like I have to have. But I don't
10 know how we regulate somebody that doesn't
11 physically sell the car in our state. I would
12 be happy for somebody to tell us how to do that
13 so we can properly regulate them.

14 And to somebody's point, I think it
15 was yours, Ricky, the question is: Have we had
16 any complaints on Carvana? Until you have a
17 complaint on somebody, it's hard to do much
18 else with it because, you know, it gets into
19 eBay and Amazon and all of these other --
20 Tesla, these companies that are selling
21 strictly online.

22 So I feel like we are between a rock
23 and a hard place on this. I don't know how to
24 get around it. I am not smart enough to figure
25 this one out.

1 MR. DONNELL:

2 I wonder what Lessie thinks about
3 Tesla, a new manufacturer, selling cars in the
4 state of Louisiana. I wonder if they have a
5 license with the New Car Commission.

6 MR. POTEET:

7 I don't know about that. I guess we
8 can check into that.

9 MR. TAYLOR:

10 One thing that I want to say if you
11 guys don't mind. 60 percent of my business is
12 originated online. 60 percent -- sell to Texas
13 residents all of the time. I do not have a
14 license in the state of Texas. I do not want
15 Carvana to have a huge presence in the state of
16 Louisiana because they are strong and they are
17 powerful and they can possible affect business.
18 However, Texas has not one time come to me and
19 asked me to get a Texas license for selling to
20 residents. And that is the same thing Carvana
21 is doing. I give them a Louisiana temp tag.

22 MS. BARON:

23 Dino, do they ever step into your
24 office? Where is the paperwork done?
25 Everything is strictly online when you do a car

1 like that?

2 MR. TAYLOR:

3 We have about two processes.
4 Sometimes when they buy, they drive over here
5 and they sign. We also have the ability for
6 them to sign online.

7 MS. BARON:

8 But you never go into Texas and have
9 them sign there.

10 MR. TAYLOR:

11 Correct.

12 MS. BARON:

13 That's probably why Texas has never
14 asked you to have a license because you are not
15 actually going to Texas to do the paperwork.

16 Robert, as I understand, when we were
17 on the phone, Carvana, if I understand right,
18 it seems like they said they have licenses from
19 Texas and Arizona that they put on the
20 vehicles. Do you recall them saying anything
21 about that? They have a license in Arizona and
22 Texas when we were talking. And I thought they
23 had said something about all of their temp tags
24 and stuff came from Arizona and Texas. But
25 maybe I misunderstood what they were saying.

1 But they did say that they do collect
2 all of the taxes and everything. So I am not
3 sure -- I am not a dealer, so I am not sure
4 what the process is. But if I am correct in
5 this state, if you have the tax, title, and
6 license when you go to the Office of Motor
7 Vehicle, they will give you a tag. And if you
8 pay the tax, title, and license right then,
9 they have handed me before a hard plate. When
10 I have gone and paid the taxes and registration
11 on a car that I have purchased from someone, if
12 you just purchase it from an individual, that's
13 how it is. But I don't know whether one of
14 your car dealers can tell me that, how
15 difficult is it if you took the title and the
16 tax money and everything to the actual DMV that
17 they hand you a hard plate or would they also
18 give you a temporary tag.

19 MR. OLAVE:

20 No. They will give you a hard plate
21 if you got the title and the taxes.

22 MS. BARON:

23 Maybe that is what they are doing.
24 If they may something here that -- they may
25 have something set with the DMV where they send

1 the title -- the taxes, title, and license
2 money, that they actually issue that tag and it
3 gets put on that car and the person picks it
4 up.

5 MR. OLAVE:

6 Let me ask. What's to stop a
7 dealer -- again, if this is the way it's going
8 with the Internet, I am good with it. But like
9 Dino's example. Dino, what if you just stop
10 taking customers altogether and you had all of
11 your cars on your lot, but you didn't take
12 customers or talk to anybody about them or
13 anything, and all you did was tell the customer
14 to solicit your business online. You know, see
15 us online and all. Would you have to have a
16 license? You are in Louisiana. You don't have
17 salespeople talking to customers. You have
18 prices on your Internet and you got a sign in
19 your yard that says please see us at
20 www.cartown.com.

21 MR. TAYLOR:

22 You are selling cars in the state of
23 Louisiana at that time.

24 MR. OLAVE:

25 All you are doing is Internet

1 business. You are not seeing anybody.

2 MS. BARON:

3 But you are giving them the paperwork
4 here in Louisiana. If you are doing
5 person-to-person paperwork.

6 MR. OLAVE:

7 Is it our tax paperwork? Is it the
8 registration?

9 MR. TAYLOR:

10 If they are going to have a
11 distribution center here, I think they need to
12 be licensed.

13 MR. OLAVE:

14 I agree. I couldn't agree more. Are
15 they really complaining about a \$400 license?

16 MR. PARNELL:

17 No. They are not complaining about
18 it at all. They said they plan on getting
19 licensed in all 50 states anyway. I think what
20 they are saying -- what I understand is that
21 the hub location they don't feel like they
22 should have a license. But the inspection
23 station and the vending machines, they
24 should -- they will get licenses with that.
25 The hub location is what they use primarily

1 just to store the vehicle prior to it being
2 sold or anything. That's typically the first
3 thing they do. They are saying that they don't
4 have licenses in any other state before the hub
5 location, but they have licenses for the
6 inspection and the vending machine.

7 I think the whole thing was how did
8 Louisiana view the hub location, the storage
9 location. Nothing happens at that location.
10 Again, when they purchase the vehicles, they
11 just bring the cars and store them here. And
12 once it goes to the inspection station, that is
13 where the vehicle is pretty much, I guess, sold
14 online once they do that. Their concern was
15 primarily about the hub location. If they do
16 it in the state, how would we view that
17 location being a storage yard. Do we think
18 that they would need a license for that.

19 MR. BRITT:

20 They are taking possession of the
21 cars that they are storing or do they take
22 possession at their vending machine?

23 MR. PARNELL:

24 They only take possession of a
25 vehicle either at their home, because it is

1 going to delivered, or at the vending machine.
2 That's the only place they take possession at.
3 Not the inspection station or anything.

4 MR. BRITT:

5 Dino, I got a question for you. When
6 you sell online to somebody in Marshall, Texas,
7 they are paying you the taxes for that county
8 over there. You are sending all of that that
9 in from your lot, correct?

10 MR. TAYLOR:

11 That's not correct. We send the
12 taxes in. They have to go over there and get a
13 physical inspection on the vehicle. We will
14 have sent all of the taxes in and then they
15 come in right behind and get that inspection.

16 MR. BRITT:

17 Your consumers are either picking up
18 straight off of your lot and doing the
19 paperwork there or either they are doing the
20 paperwork online and they are having the
21 vehicle delivered?

22 MR. TAYLOR:

23 Correct. Or coming to pick it up.
24 Either one.

25 MR. BRITT:

1 Is it your employee that is
2 delivering or a delivery company?

3 MR. TAYLOR:

4 My employee.

5 MR. BRITT:

6 Okay. Are you charging a fee for
7 that?

8 MR. TAYLOR:

9 Every deal is different. Sometimes.

10 MR. BRITT:

11 I got you. I am just trying to grasp
12 this vending machine idea.

13 MR. PARNELL:

14 As they say even about the vending
15 machine itself, I think Counselor Hallack
16 touched on it just now, when -- if a person
17 goes, a consumer goes and say, I want to
18 experience a vending machine situation, it is
19 the situation -- I think you may have seen it
20 online -- where it is just an experience that
21 they are selling at that place. The person
22 that works at the vending machine, only
23 paperwork that they sign off is that basically
24 stating that you have the car now. The deal
25 itself has been done prior to they even get to

1 a position or where they are able to get the
2 car delivered or picked up.

3 So in the delivery situation, they
4 say it is the exact same way. When they
5 deliver the vehicle, they are just handing that
6 vehicle and the keys off to the individual and
7 just basically signing something saying that
8 they received the vehicle. In the delivery and
9 in the vending machine situation, that's how
10 they advised us that they handle it.

11 MS. BARON:

12 Carvana is completely online. There
13 is -- they do not have any face-to-face contact
14 with anybody.

15 MR. DONNELL:

16 Why don't we do this, Derek? Why
17 don't we have a representative meet us by Zoom
18 the next meeting or in February.

19 MR. PARNELL:

20 We can do that, yes. Basically, they
21 have no problem doing that.

22 MR. DONNELL:

23 Maybe we will get to come back at
24 some point and that will allow us to meet them
25 down here.

1 MR. BRITT:

2 Now Vroom is doing the same thing.
3 Is that what y'all said a while ago?

4 MR. PARNELL:

5 For many years, yes. You are going
6 to start see a lot more commercials for both in
7 Louisiana, because that means that they are
8 probably planning on setting up, I guess, a
9 station of a vehicle pick-up place here as
10 well. But prior to the last, I think, three
11 years or so, I didn't really see any
12 commercials at all really for either. But as
13 of late, I have been seeing quite a few of them
14 lately.

15 MS. BARON:

16 Did they actually do the sale or do
17 they just pick up your car and you sell it to
18 them?

19 MR. PARNELL:

20 It goes both ways.

21 MS. BARON:

22 Are they strict on what they give you
23 for your car?

24 MR. PARNELL:

25 Carvana, they will do the same thing,

1 too. They have a big part of their business,
2 as they described, they purchase cars, you
3 know. A lot of them from persons. So they
4 will pick it up the same way.

5 I was concerned that they asked that,
6 you know, I wanted to make sure we talk about.
7 At the two locations, the inspection station
8 and the vending machine, they will have
9 licenses for these, as they stated, but they
10 were just concerned about the storage yard, how
11 would Louisiana view that.

12 I will reach out to them.

13 MR. DONNELL:

14 I think Matt and John would have some
15 insight on the storage lot, you know.

16 MR. POTEET:

17 When you say "the storage lot."

18 MR. DONNELL:

19 I mean, you got a lot of stuff
20 sitting at your lot on consignment, maybe that
21 is somewhere close. I don't know.

22 MR. POTEET:

23 I don't really see that as the same
24 thing, because if you consign a car to me, you
25 don't turn over ownership to me.

1 I think that if you look at somebody
2 like Vroom, Vroom bought Texas Direct. I think
3 some of you might know Texas Direct, because we
4 actually have a Texas Direct buyer at our sale
5 on a regular basis for a long time. And, you
6 know, Texas Direct, that was the way that they
7 had been doing business for years. You could
8 go to their lot over there in Houston, but they
9 ignored you pretty much. I mean, if you wanted
10 to buy a car, you could come there and
11 physically look at it. But if you asked a
12 question or anything, they would say go get in
13 your car and get your computer.

14 I think this form of buying is going
15 to become more prevalent. And the way we
16 regulate these kinds of people is going to --
17 there may have to be new taxes and legislation
18 that kind of covers something like this.
19 Because you do have -- I mean, you talk to
20 somebody like Dino who is doing really the same
21 kind of business, he is not required to get a
22 Texas dealer's license. And I will bet you he
23 sold cars to customers in Arkansas. I bet he
24 sold cars to people in Mississippi.

25 I don't know how many of you have

1 dealer licenses in other states. It is not
2 really required. And for my purposes at the
3 auction, the only thing we require is that you
4 have a legitimate dealer's license in the state
5 and/or country that you are coming from. You
6 know, we have lots of Mexican dealers. We have
7 dealers from Central America, South America,
8 especially buying online, and we don't require
9 them to have a Louisiana license. We require
10 them to have a license in the jurisdiction that
11 they sell cars in.

12 MR. BRITT:

13 We just need to get ahead of this way
14 the best we can and a grip on it before it
15 starts snowballing. Whatever we do, we have to
16 move quick.

17 MR. POTEET:

18 Yes.

19 MR. BRITT:

20 And they won't be the last ones.

21 MR. POTEET:

22 Well, I guess the question that was
23 brought up -- that Ricky brought up about a
24 complaint. I guess when you get to the point
25 about the complaint, if somebody complained to

1 our Commission about Carvana, the first answer
2 would be they are not licensed in our state.
3 Now, what comes after that answer, I am not
4 sure of. But the first answer is going to be
5 they are not licensed here. I don't know.

6 MR. PARNELL:

7 And the way they described it, you
8 know, even if there was a complaint, the state
9 agency would probably be one of the last to
10 know about it. Because the way they have their
11 structure set up, as they described it, there
12 is a section within -- for disputes within
13 Carvana itself. So more often, we wouldn't
14 necessarily hear about a complaint unless it is
15 something pretty egregious and pretty horrible
16 just by the way they have their business model
17 set up. So that may also be part of the reason
18 why we haven't really had any complaints.

19 MR. BRITT:

20 The storage facility doesn't bother
21 me as much having the vending location or
22 whatever. As far as the storage facility,
23 that's no different if I talk 20 acres of my
24 place and let John and Dino and Ricky all bring
25 ten cars apiece and just store them there. I

1 am not selling them; I am just letting them
2 park them there for storage. So, I mean, but
3 the vending deal is what concerns me.

4 MR. PARNELL:

5 And what they expressed -- to
6 reiterate this -- the hub location, which is
7 the storage location, that is the thing they
8 don't feel needs to have a license. But the
9 vending machine and the inspection station,
10 they are licensed in other states and they are
11 willing to get a license for those.

12 MR. BRITT:

13 I would almost have a tendency to
14 agree with them a little bit.

15 MR. PARNELL:

16 So they are saying they want to get
17 licensed anyway. The hub location is what they
18 were really, really questioning.

19 MR. DONNELL:

20 What I am trying to say is we are a
21 consumer advocate; that's our mission to take
22 care of the consumer. And right now we have no
23 way to govern that.

24 MR. POTEET:

25 I agree with that, Ricky. I think

1 what Derek is saying, though, they are actually
2 coming to us with an olive branch, if you want
3 to call it that, saying we do want to -- we
4 understand the licensing, we just don't want to
5 license our, quote, storage facility.

6 MR. DONNELL:

7 That's fine.

8 MR. PARNELL:

9 That's what they are saying, yes.

10 MR. DONNELL:

11 The only reason that I said anything,
12 John, was I know they are selling cars in
13 Louisiana, you know.

14 MR. POTEET:

15 Yes. So Tesla. So he is Vroom. So
16 is Dino Taylor.

17 MR. DONNELL:

18 So am I.

19 MR. POTEET:

20 Well, if you think about it, this is
21 the way I see something like this. They came
22 to us. They want to follow the procedures.
23 They are starting off on the right foot. So I
24 feel good about that part.

25 Derek, do you have anything else? I

1 have a question. It has nothing to do with
2 this, but I want to make sure that you were
3 finished with everything that you had.

4 MR. PARNELL:

5 I am. Yes, go ahead.

6 MR. POTEET:

7 Somebody asked me the other day have
8 we made any progress on the continuing ed
9 program?

10 MR. PARNELL:

11 At it relates to continuing education
12 for our agency, I haven't really heard
13 anything. LIADA, I haven't really heard
14 anything from them. I don't know. Is that
15 where it came from? I am not sure.

16 MR. POTEET:

17 Yes. They were asking where are we
18 on it? And I said it's been so long. I
19 remember when they came and they showed us
20 their questions, typical test questions, and
21 all of that. That's the last thing I kind of
22 knew about it.

23 MR. PARNELL:

24 There is nothing necessarily to
25 prevent it to start rolling out. We just need

1 to -- I think we set up guidelines. Sheri, if
2 I am not mistaken. Counselor Hallack.

3 We just need to get the applications
4 out to persons and see what they are going to
5 do.

6 MR. POTEET:

7 I can have the new director talk to
8 you?

9 MR. PARNELL:

10 Yes, yes.

11 MR. POTEET:

12 The next time she asks me. I will
13 see her tomorrow, I think.

14 MR. DONNELL:

15 There was another kick in that case,
16 too. They were supposed to supply us with a
17 lobbyist and they fired the first one. And so
18 we need to -- kind of look at whatever lobbyist
19 they want so we can -- they need to hire and we
20 need to look at his background.

21 MR. TAYLOR:

22 I don't think that our legislation
23 that we wrote has anything to with them
24 supplying a lobbyist. We didn't reach out to
25 them specifically. They reached out to

1 third-party companies that would like to do the
2 class.

3 MR. PARNELL:

4 That's correct.

5 MR. DONNELL:

6 I am not going to approve a class
7 unless we got a lobbyist.

8 MS. BARON:

9 Who is the new executive director?

10 MR. POTEET:

11 I would have to tell you that I
12 forgot her name. I am sorry.

13 MS. BARON:

14 I was given the name of one girl and
15 I tried to send an email and it came back.

16 MR. POTEET:

17 Emily? There is another one now.

18 MS. BARON:

19 Christy is the one that I had the
20 email address for and it shot it back.

21 MR. OLAVE:

22 Christy Walker?

23 MR. PEDERSON:

24 Would that be Marissa, maybe, John?

25 MR. POTEET:

1 Marissa, yes, that's correct. It is
2 Marissa.

3 MS. BARON:

4 What is it? Marissa?

5 MR. PEDERSON:

6 Marissa, I am not quite sure how to
7 spell it, though.

8 MR. POTEET:

9 I don't know her information, but we
10 can get it.

11 MS. BARON:

12 Okay. Because they haven't been
13 getting anything from me, because nobody has
14 ever reached out as to who has taken over after
15 Emily. Emily told me that she was leaving and
16 the other girl was taking over. And then she
17 just sort of disappeared and then I didn't know
18 if anybody else came on.

19 MR. POTEET:

20 Yes. Okay. That's all that I had,
21 Derek. Does anybody have any -- I think the
22 next agenda, we have already gotten a lot of
23 progress on that with the legal stuff. Does
24 anybody have anything else that you want to add
25 for the next agenda?

1 MS. BARON:

2 The next Commission meeting will be
3 later than normal, please note, because of the
4 holiday that's on the third Monday. So it is
5 going to be the 25th of January instead of the
6 18th.

7 And for those of you who have not
8 done the ethics, we need that before December
9 31, please.

10 MR. PARNELL:

11 Commissioners, before we go, I just
12 want to make sure that I am clear as to what we
13 are having on the next Commission meeting. The
14 first item that I wrote down was we still need
15 to discuss the legal concerns, primarily the
16 administrative process that took place as it
17 relates to that particular situation that took
18 place; is that correct?

19 MR. DONNELL:

20 Yes. We want to hear from that
21 defendant's lawyer that keeps trying to get on
22 our agenda. We need to get him.

23 MR. PARNELL:

24 That's also what we plan on having as
25 a hearing, also. So that's two separate

1 things. The first thing is I just want to make
2 sure we are going to discuss the administrative
3 process that took place as it related to that
4 situation, i.e., the investigator.

5 We want to have the Carvana
6 representatives. Is this necessarily for
7 January or February? Would y'all like that as
8 well in January? We also plan on having the
9 hearings for that particular case itself in
10 January. So am I correct?

11 MR. BRITT:

12 Let's do Carvana in February.

13 MR. DONNELL:

14 Maybe we will get a chance to be back
15 in Baton Rouge.

16 MS. BARON:

17 We also have another hearing next
18 month.

19 MR. PARNELL:

20 Two hearings, correct.

21 MR. HALLACK:

22 I think on the other hearing, I think
23 we are going to meet with them. It is going to
24 be a rather big hearing, at least two other
25 lawyers involved. And we may be meeting with

1 them to see if they prefer the option of
2 meeting live. And I don't know if we are
3 meeting live in January or not.

4 MS. BARON:

5 We were going to offer it to the
6 dealers if they wanted to come to the office,
7 the Commissioners would still be on Zoom,
8 because we cannot social distance in the board
9 room. It is just impossible. But we were
10 going to let the dealers come to the office and
11 they can appear from here on Zoom instead of
12 doing it from their own respective places or
13 what have you. We are just too see how that is
14 going to play out. But we are going to meet
15 with them about the first of January to see,
16 you know, what can be done or what have you.
17 It is going to be kind of hard to do it with
18 them there and us here and y'all there, you
19 know, so I don't know.

20 MR. BRITT:

21 How does everybody feel about if we
22 did come up with a location in Baton Rouge
23 where we can all be 15 to 20 feet apart and be
24 in one room? Does anybody have any problems
25 with that?

1 MR. DONNELL:

2 I don't have any objection to that.
3 In fact, Derek had brought up the State
4 Archives building. Didn't you, Derek?

5 MR. PARNELL:

6 In the past, yes. The past we have
7 used it for administrative -- well, right
8 before we had our session, we would meet there
9 a few times. We have done that, because it is
10 a larger environment, larger space.

11 MR. BRITT:

12 I feel that we can get the LSA
13 building and it's got a large enough space in
14 the dining area that we can do it. And,
15 possibly, their main meeting room. But I know
16 the dining area over there would be plenty big
17 enough. They wouldn't charge us anything.

18 As a matter of fact, I will be seeing
19 one of the guys in the next day or two. I will
20 run it by them and ask them.

21 MR. OLAVE:

22 Personally, I would like to have the
23 option to either come or not depending on what
24 is going on at that time.

25 MR. BRITT:

1 Right.

2 MR. OLAVE:

3 I would like to be part of the
4 meeting, but maybe it could be a Zoom hybrid
5 kind of thing if y'all want to have a physical
6 meeting. At least give us the option to
7 participate via Zoom.

8 MR. POTEET:

9 I think that's a pretty good idea.

10 Are we ready to adjourn?

11 MR. OLAVE:

12 I sure hope so.

13 MR. DONNELL:

14 I guess so.

15 MR. POTEET:

16 I am going to take that as a motion
17 and a second.

18

19 (Meeting adjourned at 10:49 a.m.)

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REPORTER'S CERTIFICATE

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2
3 I, BETTY D. GLISSMAN, Certified Court
4 Reporter, Certificate No. 86150, in and for the
5 State of Louisiana, do hereby certify that the
6 Louisiana Used Motor Vehicle Commission
7 December 21, 2020, meeting was reported by me
8 in the stenotype reporting method, was prepared
9 and transcribed by me or under my personal
10 direction and supervision, and is a true and
11 correct transcript to the best of my ability
12 and understanding.

13 This January 5, 2021, Baton Rouge,
14 Louisiana.

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22 BETTY D. GLISSMAN, CCR
23 CERTIFIED COURT REPORTER
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