

**BOARD OF EMPLOYEE LEASING COMPANIES
GENERAL BUSINESS MEETING MINUTES
THE CASA MONICA HOTEL
95 CORDOVA STREET
ST. AUGUSTINE, FLORIDA 32084**

**NOVEMBER 13, 2013
1:00 P.M.**

I. CALL TO ORDER

The meeting was called to order at approximately 1:19 p.m. EST by Mr. John Jones, Board Chair.

II. ROLL CALL

MEMBERS PRESENT

John Jones, Chair
Abram Finkelstein, Vice Chair
Eric Arfons
Suzette DiMascio
Keith Reeves
Philip Stamatyades

MEMBER ABSENT

Scott Buchanan

STAFF PRESENT

Rick Morrison, Executive Director, DBPR
Krista B. Woodard, Government Analyst II, DBPR
Mary Ellen Clark, Board Counsel, Office of Attorney General
C. Erica White, Prosecuting Attorney, DBPR
Erin Moreno, Government Analyst I, BPR

OTHERS PRESENT

Mark Mark, Department of Financial Services
Michael Miller, Kunkel, Miller & Hament, P.A. and FAPEO
Timothy Tack, Kunkel, Miller & Hament, P.A.
Torben Madson, Kunkel Miller & Hament, P.A.
John Hardin
B. Anthony Foley
Michael Triemer

The meeting was opened with a roll call and a quorum was established.

III. THE PLEDGE OF ALLEGIANCE

Mr. Jones led all in the Pledge of Allegiance.

IV. REVIEW AND APPROVAL OF THE SEPTEMBER 18-19, 2013 GENERAL BUSINESS MEETING MINUTES

MOTION: Mr. Arfons moved to approve the minutes.
SECOND: Mr. Finkelstein seconded the motion and it passed unanimously.

V. REVIEW AND APPROVAL OF THE OCTOBER 16, 2013 TELPEHONE CONFERENCE CALL MEETING MINUTES

MOTION: Mr. Finkelstein moved to approve the minutes.
SECOND: Mr. Arfons seconded the motion and it passed unanimously.

VI. DISCIPLINARY PROCEEDINGS – Office of the General Counsel

A. MOTION FOR WAIVER OF RIGHTS AND FINAL ORDER

1. Philip Lawrence 2013-008505

PCP: Dockery and Seltzer – April 17, 2013

Ms. White presented the case explaining it stems from violations involving failure to pay its unemployment taxes and the associated penalty, interest, and fees.

MOTION: Mr. Jones moved that the Respondent has waived its rights to a hearing.
SECOND: Ms. DiMascio seconded the motion and it passed unanimously.

MOTION: Mr. Jones moved to adopt the allegations of fact and conclusions of law contained in the administrative complaint as those of board.
SECOND: Mr. Finkelstein seconded the motion and it passed unanimously.

MOTION: Mr. Finkelstein moved to impose costs of \$150.92 and revocation of the license.
SECOND: Mr. Reeves seconded the motion and it passed unanimously.

2. First Financial Employee Leasing, IV 2013-008503

PCP: Dockery and Seltzer – April 17, 2013

Ms. White presented the case explaining it stems from violations involving failure to pay its unemployment taxes and the associated penalty, interest, and fees.

MOTION: Mr. Jones moved that the Respondent has waived its rights to a hearing.
SECOND: Ms. DiMascio seconded the motion and it passed unanimously.

MOTION: Mr. Jones moved to adopt the allegations of fact and conclusions of law contained in the administrative complaint as those of board.
SECOND: Mr. Finkelstein seconded the motion and it passed unanimously.

MOTION: Mr. Finkelstein moved to impose costs of \$117.76 and revocation of the license.
SECOND: Mr. Reeves seconded the motion and it passed unanimously.

B. SETTLEMENT STIPULATIONS

- 1. John Walker Hardin** **2013-009366**
- 2. Leasing Resources of America 4, Inc.** **2013-001053**
PCP: Reeves and DiMascio – September 18, 2013

Ms. White presented the cases explaining they stem from violations involving failure to maintain positive net working capital as reflected in the 2011 annual financial statement.

Ms. White stated the settlement stipulation provides for imposition of an administrative fine of \$2500.00, costs of \$78.10, with joint and several liabilities for payment of the fine and costs.

MOTION: Mr. Finkelstein moved to adopt the terms of the settlement stipulation as the final order of the board.

SECOND: Mr. Arfons seconded the motion and it passed unanimously.

C. VOLUNTARY RELINQUISHMENT OF LICENSE

- 1. Administrative Concepts Corporation** **2012-020944**
- 2. Administrative Concepts 20003 Corporation** **2012-026906**
- 3. 21st Century Concepts, LLC** **2012-026433**
- 4. Administrative Concepts 2000 Corporation** **2012-028740**
- 5. Sarah M. Peel** **2012-028741**
PCP: Reeves and DiMascio – September 18, 2013

- 6. 21st Century Concepts, LLC** **2011-058406**
- 7. Administrative Concepts 2010, Inc.** **2011-058407**
- 8. Simple Employer Solutions** **2011-045744**
- 9. Sarah M. Peel** **2011-058399**
PCP: Dockery and Seltzer – May 16, 2012

Ms. White advised that she was pulling all of the above mentioned cases for Voluntary Relinquishment and would bring them back to the February 2014 meeting.

- 10. Professional Payroll Solutions** **2013-028117**
PCP: N/A

Ms. White presented the case explaining it stems from failure to submit quarterly reports for quarters ended March 2012, December 2012 and March 2013 and failure to submit the annual assessment for 2012.

Ms. White stated that the Subject would cease operations as an employee leasing company and has executed a Voluntary Relinquishment with no right of reapplication. She further stated that the Subject waived the finding of probable cause and confidentiality.

Mr. Miller was present and represented the Respondent.

Mr. Jones asked what happened to the employees.

Mr. Miller stated that a change of ownership was forthcoming, but there is a question about repossessions.

Mr. Finkelstein stated the case should remain open until the Respondent files the notice of sale.

After further discussion, the following motion was made.

MOTION: Mr. Finkelstein moved to reject the voluntary relinquishment.
SECOND: Mr. Reeves seconded the motion and it passed unanimously.

11. Richard K. Reiling

2013-028120

PCP: N/A

Ms. White presented the case explaining it stems from failure to submit quarterly reports for quarters ended March 2012, December 2012 and March 2013 and failure to submit the annual assessment for 2012.

Ms. White stated that the Subject would cease operations as an employee leasing company and has executed a Voluntary Relinquishment with no right of reapplication. She further stated that the Subject waived the finding of probable cause and confidentiality.

Mr. Miller was present and represented the Respondent.

Mr. Jones asked what happened to the employees.

Mr. Miller stated that a change of ownership was forthcoming, but there is a question about repossessions.

Mr. Finkelstein stated the case should remain open until the Respondent files the notice of sale.

After further discussion, the following motion was made.

MOTION: Mr. Reeves moved to reject the voluntary relinquishment.
SECOND: Mr. Jones seconded the motion and it passed unanimously.

12. Bruce Thomas Smith

2013-015337

13. Larry James Bennett

2013-015339

PCP: N/A

Ms. White advised that she was pulling the above mentioned cases for Voluntary Relinquishment and would bring them back to the February 2014 meeting.

14. Venture Resources Group

2012-042345

PCP: N/A

Ms. White presented the case stating that the respondent would cease operations as an employee leasing company and has executed a Voluntary Relinquishment with no right of reapplication. She further stated that the Respondent has waived the finding of probable cause and confidentiality and has agreed to pay an administrative fine of \$500 and costs of \$55.07.

Mr. Miller stated that he must inform the board that there is an on-going litigation with a workers' compensation carrier.

The board asked the following questions:

- How did the deficit occur? The nature of the deficit? How were they resolved?
- Did the employees moved to other SCI companies? If so, were the same people involved?
- Is Henry Hardin and John Hardin related?
- When did the employee relations end in Florida? Where did they go?
- Should the board have been notified of the sale based on the 2010 Florida Statute for employee leasing?

After further discussion, the following motion was made.

MOTION: Mr. Jones moved to reject the settlement stipulation.

SECOND: Mr. Arfons seconded the motion and it passed unanimously.

The meeting recessed at 4:10 p.m. until the next day, November 14, 2013 at 9:00 a.m.

**BOARD OF EMPLOYEE LEASING COMPANIES
GENERAL BUSINESS MEETING MINUTES
THE CASA MONICA HOTEL
95 CORDOVA STREET
ST. AUGUSTINE, FLORIDA 32084**

**NOVEMBER 14, 2013
9:00 A.M.**

I. CALL TO ORDER

The meeting was called to order at approximately 9:20 a.m. EST by Mr. John Jones, Board Chair.

II. ROLL CALL

MEMBERS PRESENT

John Jones, Chair
Abram Finkelstein, Vice Chair
Eric Arfons
Scott Buchanan
Suzette DiMascio
Keith Reeves
Philip Stamatyades

MEMBER ABSENT

STAFF PRESENT

Rick Morrison, Executive Director, DBPR
Krista B. Woodard, Government Analyst II, DBPR
Mary Ellen Clark, Board Counsel, Office of Attorney General
C. Erica White, Prosecuting Attorney, DBPR
Erin Moreno, Government Analyst I, BPR

OTHERS PRESENT

Mark Mark, Department of Financial Services
Michael Miller, Kunkel, Miller & Hament, P.A. and FAPEO
Timothy Tack, Kunkel, Miller & Hament, P.A.
Torben Madson, Kunkel Miller & Hament, P.A.
Michael Sepesy
John Reynolds
Deb Rabe
R.B. Knapp
Bonner Upshaw

The meeting was opened with a roll call and a quorum was established.

III. THE PLEDGE OF ALLEGIANCE

Mr. Jones led all in the Pledge of Allegiance.

IV. REVIEW AND CONSIDERATION OF EMPLOYEE LEASING COMPANY AND CONTROLLING PERSON APPLICATIONS

- A. Administrative Employer Services, Inc. (GL Applicant)**
- B. AES Management, Inc. (GM Applicant)**
- C. AES Select PEO Services, LLC (GM Applicant)**
- D. AES Select HR Services, LLC (GM Applicant)**
David Otto, Controlling Person Applicant

Mr. Jones presented the company and controlling person applications stating he had a few questions.

Ms. Clark asked if anyone was present to represent the applicants. No one answered.

Mr. Reeves advised that updated financial statements and proof of workers' compensation coverage were needed.

Mr. Jones stated that it appeared that the companies were operating in the state without a license based on the submitted UCT forms for 2010.

Mr. Jones asked the department to check into opening an unlicensed activity case on the companies and Mr. Otto.

After further discussion, the board made the following motion.

MOTION: Mr. Finkelstein moved to deny the company applications stating that the applications do not demonstrate the requirements of Section 468.525(3) (a) and (b), FS, have been met and acting as an employee leasing company without an active license.

SECOND: Mr. Arfons seconded the motion and it passed unanimously.

MOTION: Mr. Reeves moved to deny the controlling person application of Mr. Otto stating that he have been acting as a controlling person without an active license.

SECOND: Mr. Buchanan seconded the motion and it passed unanimously.

- E. APEX Employer Solutions of Florida Inc. I (GL Applicant)**
- F. APEX Employer Solutions of Florida Inc. II (GM Applicant)**
Deborah L. Rabe, Controlling Person Applicant

Mr. Jones presented the company application controlling person applications.

Mr. Finkelstein asked questions about Mr. Knapp's involvement in the company and the bankruptcy proceedings listed on the historical sketch included in the applications.

Mr. Knapp was present and sworn in and addressed the board.

After a lengthy discussion, the following motion was made.

MOTION: Mr. Finkelstein moved to approve the applications pending Mr. Knapp submit a statement advising that he would change his share of stock to non-voting.

SECOND: Ms. DiMascio seconded the motion and it passed unanimously.

The board recessed for a break at 10:45 a.m.
The board re-convened at 11:12 a.m.

G. HL-SER, Inc. (EL Applicant)
John P. Bower, Controlling Person Applicant

****Termination of Employee Leasing Company Operations****
**** HL-SER, Inc. – DM 85 ****

Mr. Woodard advised that she had received correspondence from the applicants wishing to withdraw the applications and request for termination of employee leasing company operations for the DM license.

H. RBI Innovations, Inc. (EL Applicant)
Michael P. Sepesy, Controlling Person Applicant

Mr. Jones presented the company and controlling person applications stating he had questions for the applicants.

Mr. Sepesy was present and sworn in.

After a very lengthy discussion, the following motion was made.

MOTION: Ms. DiMascio moved to table discussion of the applications until the December 2013 meeting at which time Mr. Sepesy could provide an updated application, credit report and information on the relationship of this company applicant and CAS and Direct HR.
SECOND: Mr. Finkelstein seconded the motion and it passed unanimously.

I. Trion Solutions, Inc. (GL Applicant)
J. Trion Solutions II, Inc. (GM Applicant)
Bonner C. Upshaw III, Controlling Person Applicant

Mr. Jones presented the company and controlling person applications.

MOTION: Ms. DiMascio moved to approve the applications.
SECOND: Mr. Finkelstein seconded the motion and it passed unanimously.

V. REVIEW AND CONSIDERATION OF DE MINIMIS EXEMPTION AND REGISTRATION APPLICATION

A. Strategic Staffing Services, Inc. d/b/a Total HR
(James E. Harwood, Owner)

Mr. Jones presented the company application for Strategic Staffing Services, Inc. d/b/a Total HR.

MOTION: Mr. Jones moved to approve the application.
SECOND: Mr. Arfons seconded the motion and it passed unanimously.

VI. REVIEW AND CONSIDERATION OF EMPLOYEE LEASING COMPANY NAME CHANGES

- A. **Odyssey One Source of Florida, Inc. – EL 346**
TO: **CoAdvantage Resources 52, Inc. d/b/a CoAdvantage**

Mr. Jones presented the name change application.

MOTION: Mr. Finkelstein moved to approve the name change application.
SECOND: Mr. Arfons seconded the motion and it passed unanimously.

VII. REVIEW AND CONSIDERATION OF CONTROLLING PERSON RELINQUISHMENTS

- A. **Mark Lowrey, CO 966**
CoAdvantage Resources 24, Inc. – GL 8
CoAdvantage Resources 13, Inc. – GL 36
CoAdvantage Resources 11, Inc. – GL 69
CoAdvantage Resources, Inc. – GL 82
Co Advantage Resources 29, Inc. – GL 147
CIP PEO I, Inc. – GL 187
CoAdvantage Resources 52, Inc. – EL 346
(Group Members are included in list of companies)

Mr. Jones presented the controlling person relinquishment of Mr. Mark Lowrey.

MOTION: Mr. Finkelstein moved to accept the controlling person relinquishment.
SECOND: Mr. Arfons seconded the motion and it passed unanimously.

The board recessed for a break at 12:00 p.m.
The board re-convened at 12:15 p.m.

VIII. REPORTS

- A. **Office of the General Counsel – C. Erica White**
- **Prosecuting Attorney's Report**

Ms. White reported that the prosecuting attorney's report was included in the agenda materials and she also provided an updated/current report in the board members' folders.

- B. **Executive Director – Richard Morrison**

Mr. Morrison gave a synopsis of the following reports:

- Financial Report – Operating Account – 09/30/2013
- Financial Report – Unlicensed Activity Account – 09/30/2013
- Financial Projections thru June 2017

Mr. Morrison provided a synopsis of the reports and explained the reason for the deficit.

C. Chairperson – John Jones

No Report.

D. Office of the Attorney General – Mary Ellen Clark

- **November 2013 Rules Report**

Ms. Clark enthusiastically informed that the changes to Rule 61G7-10.002, FAC would become effective on November 24, 2013 after many years of work. She stated that anyone that wanted to submit changes to the rule could submit them now.

The board thanked Ms. Clark for her continued work on that rule.

IX. OLD BUSINESS

- **E-mail from Mike Miller – Rule 61G7-10.0011 Annual Financial Statements**

Mr. Miller gave an overview of what services are provided by Employer Services Assurance Corporation (ESAC).

He advised that he was speaking on behalf of FAPEO that they supported ESAC, with the request to extend the existing quarterly report rule 61G7-10.001(4), FAC and their wish to encompass the annual reports.

He further stated that FAPEO likes the concept, but has questions about how to make this happen and wanted to know the board's thoughts on this request.

The board expressed that they had a lot of questions that needed to be answered also, especially regarding statutory compliance and how the process has worked so far with the quarterly reports.

After a very lengthy discussion, the board agreed to the following language change to Rule 61G7-10.001, F.A.C. Examination of Financial Records; Verification of Compliance.

(1) – (3) *No change.*

(4) An employee leasing company may satisfy the requirements of this rule by being accredited in good standing by the Employer Services Assurance Corporation (ESAC). Should an employee leasing company lose its accredited in good standing status with ESAC, within five working days of the loss of such status, both ESAC and the employee leasing company shall notify the board in writing of the loss of such.

After further discussion, the following motion was made.

MOTION: Mr. Jones moved to approve the proposed changes to Rule 61G7-10.001, F.A.C and notice the rule for change.

SECOND: Mr. Finkelstein seconded the motion and it passed unanimously.

After approval of the proposed language, Ms. Clark asked the board to determine whether it would require the preparation of a SERC.

MOTION: Mr. Jones moved that the proposed amendments to Rule 61G7-10.001, F.A.C. would not have an adverse impact on small business.
SECOND: Mr. Finkelstein seconded the motion and it passed unanimously.

MOTION: Mr. Jones moved that the proposed language would not be likely to directly or indirectly increase regulatory costs to any entity (including government) in excess of \$200,000 in the aggregate in Florida within 1 year after implementation.
SECOND: Mr. Finkelstein seconded the motion and it passed unanimously.

Ms. Clark stated based on the board's responses to the questions, a SERC would not be needed.

X. NEW BUSINESS

Mr. Miller stated he would like to schedule a discussion about the following matters.

- VIE and Combined Financial Statements
- Possible rule changes to Rule 61G7-5.0031 and 61G7-5.0033, FAC

Ms. Clark advised that if someone would file a Petition for a Variance or Waiver that discussions would begin. She further stated that a Petition for a Variance or Waiver would apply to any employee company that is similarly situated, if the board rules on it. She further clarified that the board would be required to rule similarly on other petitions that demonstrate the same circumstances.

Mr. Miller advised that information is very helpful.

XI. PUBLIC COMMENTS

NONE

XII. ADJOURNMENT

MOTION: Mr. Reeves moved to adjourn the meeting at 12:30 p.m.
SECOND: Ms. DiMascio seconded the motion and it passed unanimously.

Transcripts and/or recordings of the meeting can be obtained upon request.