

BOARD OF EMPLOYEE LEASING COMPANIES
GENERAL BUSINESS MEETING MINUTES

THE SHERATON ORLANDO NORTH HOTEL
600 NORTH LAKE DESTINY DRIVE
MAITLAND, FLORIDA 32751
407-660-9000

NOVEMBER 17, 2010
10:00 a.m. EST

I. CALL TO ORDER

The meeting was called to order at approximately 11:36 a.m. EST by Mr. Abram Finkelstein, Board Chair.

II. ROLL CALL

MEMBERS PRESENT

Abram Finkelstein, Chair
John L. Jones, Vice Chair
Celeste Dockery
Keith W. Reeves
Deborah Segal

MEMBERS ABSENT

Marjorie Seltzer (excused)

STAFF PRESENT

Rick Morrison, Executive Director, DBPR
Krista B. Woodard, Government Analyst II, DBPR
Mary Ellen Clark, Board Counsel, Office of the Attorney General
Jody Lane, Prosecuting Attorney, DBPR

OTHERS PRESENT

Michael Miller, Esquire, Kunkel, Miller & Hament, P.A. and FAPEO
Timothy Tack, Esquire, Kunkel, Miller & Hament, P.A.
Donald Moore
Mike Willson
Will Tenney
Terry Koch
Mark Lowery
David Fernandez
Bill Robinson

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

III. PLEDGE OF ALLEGIANCE

Mr. Finkelstein led all in the Pledge of Allegiance

IV. REVIEW AND APPROVAL OF THE OCTOBER 20, 2010 TELEPHONE CONFERENCE CALL MEETING MINUTES

MOTION: Mr. Jones moved to approve the minutes.
SECOND: Ms. Segal seconded the motion and it passed unanimously.

V. DISCIPLINARY PROCEEDINGS – Office of the General Counsel

Due to the absence of a quorum, disciplinary proceedings were tabled until the next scheduled in-person meeting.

VI. REVIEW AND CONSIDERATION OF EMPLOYEE LEASING AND CONTROLLING PERSON APPLICATIONS

- A. Amlease Corporation (GL Applicant)
- B. SOI-31 of AR, Inc. (GM Applicant)
- C. Mayberry HR Outsourcing, Inc. (GM Applicant)
- D. ALSUB-36, Inc. (GM Applicant)
- E. Summit Services, Inc. d/b/a Summit American, Inc. SOI
 - Gilbert Aleman, CO 708
 - Carl Guidice, CO 727
 - Anthony Danon, CO 787
 - Michael Willson, CO 800

Mr. Finkelstein presented the group leader and group member applications.

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

VII. REVIEW AND CONSIDERATION OF DE MINIMIS EXEMPTION AND REGISTRATION APPLICATIONS

- A. Employers One Source Group, Inc.
(Teresita M. Batista, President)

Mr. Finkelstein advised that discussion of this application is tabled until the next meeting.

- B. R.M. Personnel, Inc.
(Ceci Mulvihill, Elvia M. Doyle, Martha Stumbo, Officers)

Mr. Finkelstein presented the company application of R.M. Personnel, Inc.

Ms. Dockery asked if a representative of the company was present to answer questions. No one responded.

Ms. Dockery stated she had questions about the COI, stating it did not match the information provided in the application and the policy does not list that it provides coverage for leased employees in Florida.

MOTION: Ms. Dockery moved to table discussion until the next meeting and advised staff to send notice to the applicant to submit a corrected COI and policy information.
SECOND: Ms. Segal seconded the motion and it passed unanimously.

VIII. REVIEW AND CONSIDERATION OF CHANGE OF OWNERSHIP APPLICATIONS

- A. **Leasing Resources of America, Inc. - GL 149**
Leasing Resources of America 2, Inc. – GM 369
Leasing Resources of America 3, Inc. – GM 371
Leasing Resources of America 4, Inc. – GM 370
(Daniel E. Ricker, CO 935 – CP Relinquishment)

Mr. Finkelstein presented the change of ownership and controlling person relinquishment applications.

MOTION: Ms. Segal moved to approve the change of ownership applications.
SECOND: Ms. Dockery seconded the motion and it passed unanimously.

MOTION: Ms. Segal moved to accept the relinquishment of Mr. Daniel Ricker.
SECOND: Mr. Jones seconded the motion and it passed unanimously.

- B. **CoAdvantage Resources, Inc. – GL 82**
CoAdvantage Resources IV, Inc. – GM 280
CoAdvantage Resources-Florida, Inc. – GM 260
- C. **CoAdvantage Resources 15, Inc. (f/k/a NELCO Benefit Group, Inc.) – GM 73**
- D. **CoAdvantage Resources 12, Inc. (f/k/a NELCO One, Inc.) – GM 287**
- E. **CoAdvantage Resources V, Inc. – GM 246**
CoAdvantage Payroll Tax Services, Inc. – GM 262
- F. **CoAdvantage Resources 14, Inc. (f/k/a NELCO Master, Inc.) – GM 75**
CoAdvantage Resources 13, Inc. (f/k/a National Employee Leasing Company) – GL 36
CoAdvantage Resources 16, Inc. (f/k/a NELCO International, Inc.) – GM 74
NELCO Three, Inc. – GM 286
- G. **NELCO Two, Inc. – GM 285**
CoAdvantage Resources 11, Inc. – GL 69
NELCO Seven, Inc. – GM 142
NELCO Eight, Inc. – GM 141
- H. **CoAdvantage Resources V, Inc. – GM 246**
CoAdvantage Payroll Tax Services, Inc. – GM 262
- I. **CoAdvantage Resources 12, Inc. f/k/a NELCO One, Inc. – GM 287**
- J. **CoAdvantage Resources 15, Inc. f/k/a NELCO Benefit Group, Inc. – GM 73**
- K. **Global Employment Solutions PEO, Inc. – GL 8**
Global Employment Solutions PEO II, Inc. – GM 293

Global Employment Solutions PEO III, Inc. – GM 279
Global Employment Solutions PEO V, Inc. – GM 27
Global Employment Solutions PEO VI, Inc. – GM 294

L. Global Employment Solutions PEO VII, Inc. – GL 147

Mr. Timothy Tack presented the change of ownership applications for all of the companies listed.

MOTION: Mr. Jones moved to approve all of the change of ownership applications.

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

IX. REVIEW AND CONSIDERATION OF EMPLOYEE LEASING COMPANY NAME CHANGES

A. Freedom HR Solutions, Inc. – GM 320

TO: Administrative Concepts 2010, Inc.

Mr. Finkelstein presented the name change application.

MOTION: Mr. Finkelstein moved to approve the applications.

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

B. Mullis Group IV, Inc. – GM 192

TO: Enterprise HR II, Inc.

Mr. Finkelstein presented the name change application.

MOTION: Ms. Segal moved to approve the application.

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

C. SEMCO IV, Inc. – GL 105

TO: Progressive Employer Management Company, Inc.

D. SEMCO V, Inc. – GM 201

TO: Progressive Employer Management Company II, Inc.

Mr. Finkelstein presented the name change applications.

MOTION: Mr. Finkelstein moved to approve the applications.

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

X. REVIEW AND CONSIDERATION OF CONTROLLING PERSON RELINQUISHMENTS

A. Douglas P. Devlin, CO 743

TriNet HR Corporation – EL 320

TriNet HR II, Inc. – GL 99

TriNet HR V, Inc. – GM 45

Mr. Finkelstein presented the controlling person relinquishment of Douglas P. Devlin.

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

XI. REPORTS

A. Office of the General Counsel – Jody Lane

Ms. Lane advised that her report was included in the agenda materials and that we were up-to-date until the quorum problem today.

Ms. Clark suggested having one current board member and to invite an old board member to serve on the probable cause panel to avoid problems such as this in the future, if members are not appointed to the board soon. She advised that it was not wise to have two sitting members serving on the panel at the same time. The board members agreed with the suggestion.

Mr. Finkelstein asked Mr. Reeves if he would chair the panel. Mr. Reeves agreed.

Mr. Finkelstein stated that he and Mr. Morrison would get in contact with old board members to see if they would serve on the panel.

B. Office of the Attorney General – Mary Ellen Clark

Ms. Clark advised that a revised rules report was included in the addendum materials. She also informed the board of the new rule making requirements that may become effective soon.

The Board took the following actions with respect to rules:

- **61G7-5.001 Application Procedures: Applications Form; Fees; Confidential Information; Denial of Application; Request for Hearing**

Ms. Clark informed that language had been approved at the February 2010 meeting; however, extensive correspondence had been received from JAPC. She further stated that no substantive response has been supplied. She advised that what is being asked is regarding the board's application.

Ms. Clark asked staff to provide copies of the board applications when rules pertaining to them are being discussed.

After further discussion, the board agreed to defer further action on this rule.

- **61G7-5.0033 Consolidated and Combined Financial Statements**

(1) All reviewed or audited financial statements submitted to the Department by Florida licensed employee leasing companies shall be presented in accordance with Generally Accepted Accounting Principles (GAAP), as defined by Rule 61H1-20.007, F.A.C.

(2) An employee leasing company or an employee leasing company group that is a subsidiary or a member of another entity that may otherwise be included in the consolidated financial statements of a parent or a controlling entity, may submit individual reviewed or audited financial statements to satisfy the filing requirements of Section 468.525(3)(e), F.S.

(3) An employee leasing company or an employee leasing company group may be included in the consolidated financial statements of a licensed or non-licensed parent or controlling entity to meet the requirements of Section 468.525(3)(e), F.S., as applicable, so long as there are Board-approved cross guarantees between the parent or controlling entity and all Florida-licensed employee leasing companies included in such statements.

(4) A Florida-licensed employee leasing company, employee leasing company group, employee leasing company groups, or any combination thereof, may submit combined audited or reviewed financial statements to meet the requirements of Section 468.525(3)(e), F.S. as applicable, so long as there are Board-approved cross-guarantees between all employee leasing companies and all entities covered in the combined financial statement are Florida-licensed employee leasing companies. Other entities may not be included in combined financial statements.

~~(1) An employee leasing company or an employee leasing group may submit consolidated audited or reviewed financial statements to meet the requirements of Section 468.525(3)(e), F.S., as applicable, so long as the entity exercising control over the entities that are reporting on a consolidated basis is a member of the employee leasing company group, or in the case of an ELC license, as long as the entity exercising control is a properly licensed employee leasing company and there are cross guarantees for all entities licensed under Chapter 468, Part XI, Florida Statutes. Consolidation principles provided in Generally Accepted Accounting Principles (GAAP) Rule 61H1-22.003, F.A.C., shall be followed when electing to submit consolidated financial statements. Non-licensed entities may be included in the consolidated statements so long as the foregoing requirements are met.~~

~~(2) An employee leasing company group may submit combined audited or reviewed financial statements to meet the requirements of Section 468.525(3)(e), F.S., as applicable, so long as all entities covered in the combined financial statement reports are members of the Florida licensed employee leasing company group. Other entities may not be included in combined financial statements.~~

~~Rulemaking Specific Authority 468.522, 468.525(3)(e) FS. Law Implemented 468.525(3)(e) FS. History-New 5-26-96, Amended 9-5-04, 11-9-06,_____.~~

MOTION: Ms. Segal made a motion to approve the proposed amended language and directed Ms. Clark to notice the language in the FAW.

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

MOTION: Mr. Jones made a motion to approve the SERC as provided in the agenda materials with grammatical corrections.

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

- **61G7-5.005 Deficiency in Tangible Accounting Net Worth; Guaranty Form Acceptable to Board; Sufficient Evidence of Guarantor's Adequate Resources.**

Ms. Clark informed that language had been approved at the February 2010 meeting also, but a new JAPC letter has been received and must be answered. She advised that she is not prepared to answer that letter today.

Mr. Finkelstein stated that he would be willing to assist Ms. Clark with the response to JAPC and if there are any changes to the proposed language; the language would be brought back to the board for approval.

- **61G7-10.0012 Workers' Compensation Liability Statement**

Each audited or reviewed financial statement submitted to the Board pursuant to Section 468.525(3)(e), F.S., and Rules 61G7-5.0031 and 61G7-5.0032, F.A.C., shall include a statement, signed by the chief executive officer (CEO) and chief financial officer (CFO) of the employee leasing company ~~as well as the independent certified public accountant (CPA) auditing or reviewing the financial statement~~, in substantially one of the following forms:

(1) For the period(s) represented in the attached financial statements, we had a guaranteed cost policy for workers' compensation provided by an admitted insurance carrier licensed to do business in the State of Florida. This policy does not have a deductible feature or other retention and is not subject to additional premium or assessment on the basis of claims and loss experience. We have no financial exposure to workers' compensation insurers with respect to policies covering prior periods. Thus, we have no additional liability for workers' compensation that must be presented on our financial statements.

Year End: _____

Signed: _____

CEO

CFO

Date: _____

Date: _____

Acknowledgment by independent accountants:

~~We have examined the above assertion made by management of (employee leasing company) in connection with workers' compensation liability as of _____. Our examination was made in accordance with standards established by the American Institute of Certified Public Accountants and, accordingly, included such procedures as we considered necessary in the circumstances.~~

~~In our opinion, the assertion represented by management referred to above fairly presents, in all material respects, the workers' compensation liability as of _____ in accordance with generally accepted accounting principles.~~

CPA

Date

Or,

(2) Workers' compensation constitutes a very significant cost in the operation of an employee leasing company. Many employee leasing companies choose to provide workers' compensation coverage through insurance arrangements that may involve certain retention of risks.

The determination of an appropriate accrual that adequately reflects the cost retained by the employee leasing company is essential to the fair representation of the employee leasing company's financial position and results of operation for the reporting period, in accordance with generally accepted accounting principles.

Ultimate costs for workers' compensation must include a reserve for loss development and a provision for incurred but not reported claims, as determined through the utilization of a variety of generally acceptable actuarial methodologies.

We hereby represent that our financial statements' accrual for workers' compensation is based upon a methodology that accounts for loss development and incurred but not reported claims for the period covered by the attached financial statements, and for all prior periods for which we may have continued financial exposure, as follows:

- (a) By an opinion by a Fellow or Associate of the Casualty Actuarial Society, and that such reserve or accrual lies within the range opined upon by such actuary; or
- (b) By application of National Council on Compensation Insurance's state-wide loss development factors for each state where the employee leasing company has exposure; or
- (c) Through our workers' compensation carriers' loss development factors as furnished to us in writing by an appropriate corporate underwriter or actuary employed by the carrier; or
- (d) Through other methodologies described in detail on Exhibit A hereto, resulting in a loss

development factor of _____, which our independent accountants consider adequate to enable them to express an opinion on the financial statements as required by Section 468.525(3)(e), F.S., and Rules 61G7-5.0031 and 61G7-5.0032, F.A.C.

Year End: _____

Signed:

CEO

CFO

Date: _____

Date: _____

Acknowledgment by independent accountants:

~~We have examined the above assertion made by management of (employee leasing company) in connection with the methodology used in determining workers' compensation liability as of _____. Our examination was made in accordance with standards established by the American Institute of Certified Public Accountants and, accordingly, included such procedures as we considered necessary in the circumstances. In our opinion, the assertion represented by management referred to above presents the methodology used in determining workers' compensation liability as of _____, which fairly presents, in all material respects, the workers' compensation liability in accordance with generally accepted accounting principles.~~

CPA

Date

Rulemaking Specific Authority 468.522, 468.524(2), 468.525(3), 468.526, 468.530(3), 468.531 FS. Law Implemented 468.525(3)(e), 468.529 FS. History— New 1-17-99, _____.

MOTION: Mr. Jones made a motion to approve the proposed amended language and directed Ms. Clark to notice the language in the FAW.

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

MOTION: Mr. Jones made a motion that the amendment to the rule would not have an adverse impact on small business.

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

- **61G7-10.0014 Requirements for Evidence of Worker's Compensation Coverage**

Ms. Clark informed that some time in March 2010 the board asked that this rule be noticed for rule development, but she was not aware of any action that has been taken since then.

After further discussion, the board asked staff and counsel to try to find any draft amended language to the rule and have it presented to the board at the February 2011 meeting.

- **61G7-10.002 Reporting of Change of Status Required; Effect on Licensee; Change of Licensee Name**

Ms. Clark informed that there was some language approved for this rule in February 2010. She advised that there was a letter received from JAPC in June 2010 that was never answered.

Ms. Clark stated she would get with Mr. Finkelstein to draft responses to the JAPC letters.

C. Executive Director – Rick Morrison

Mr. Morrison gave a synopsis of the Monthly Enforcement Report contained in the agenda materials.

D. Chairperson – Abram Finkelstein

No Report.

XII. OLD BUSINESS

None

XIII. NEW BUSINESS

Ms. Clark asked if it was possible to change the February 17, 2011 meeting date to another time due to a conflict with her schedule.

The board agreed to change the February 17, 2011 meeting date to February 22-23, 2011. The 22nd of February will be a Rules Discussion meeting and training for the paperless agendas.

XIV. PUBLIC COMMENT

None

XV. ADJOURNMENT

MOTION: Ms. Dockery moved to adjourn.

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

The meeting adjourned at 1:40 p.m.