

**BOARD OF EMPLOYEE LEASING COMPANIES
TELEPHONE CONFERENCE CALL MEETING MINUTES
WEDNESDAY, JANUARY 19, 2011
10:00 a.m. EST
MEET-ME-NUMBER: (888) 808-6959**

I. CALL TO ORDER

The meeting was called to order at approximately 10:00 a.m. EST by Mr. Abram Finkelstein, Board Chair.

II. ROLL CALL

MEMBERS PRESENT

Abram Finkelstein, Chair
John Jones, Vice Chair
Celeste Dockery
Keith Reeves

MEMBERS ABSENT

STAFF PRESENT

Rick Morrison, Executive Director, DBPR
Krista Woodard, Government Analyst II, DBPR
Mary Ellen Clark, Board Counsel, Office of the Attorney General
Eric Hurst, Prosecuting Attorney, DBPR

OTHERS PRESENT

Mark Mark, Department of Financial Services, Workers' Compensation
Michael Miller, Kunkel, Miller & Hament, P.A.
Timothy Tack, Kunkel, Miller & Hament, P.A.
Scott Buchanan
Chris Cona
Curtis Donovan
Monica Dusek
Rodney Jordan
Judy Malone
Larry Kosta
Dana Grutchfield
Corey Witzel
Matt Thomas
Will Tenney

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

III. REVIEW AND APPROVAL OF THE DECEMBER 22, 2010 TELEPHONE CONFERENCE CALL MEETING MINUTES

MOTION: Mr. Jones moved to approve the minutes.

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

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

**A. Choice Employer Solutions, Inc. (EL Applicant)
Chris Cona, Controlling Person Applicant**

Mr. Finkelstein presented the company and controlling person applications.

MOTION: Ms. Dockery moved to approve the applications.

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

**B. Tampa Service Company, Inc. (GL Applicant)
d/b/a Pacesetter Personnel Services – Payroll Services Division**

**C. Florida Staffing Service, Inc. (GM Applicant)
Kenneth Joekel, CO 790
Larry Kosta, CO 794**

(EL Termination – Tampa Service Company, Inc. – EL 344)

Mr. Finkelstein presented the group leader and group member applications. He also presented the termination of operations for Tampa Service company, Inc.

MOTION: Mr. Finkelstein moved to approve the applications and termination of operations.

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

**D. Curtis Donovan, Controlling Person Applicant
STS National Management Services, Inc. d/b/a MBA VII – EL 407**

Mr. Finkelstein presented the controlling person application of Mr. Donovan.

Mr. Donovan was present and represented by Mr. Michael Miller.

Mr. Finkelstein stated he was very concerned about this application, especially the credit report.

Questions were asked of Mr. Donovan concerning his credit report and certain accounts. Mr. Donovan and Mr. Miller addressed the board concerning the accounts.

After a lengthy discussion, Mr. Miller waived the 90-day deemer clause to allow Mr. Donovan time to gather additional information pertaining to his credit.

MOTION: Mr. Reeves moved to table discussion of this application for 90 days to allow Mr. Donovan time to submit additional information relating to his credit report and to increase the comfort level of the board.

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

- E. **Melvin Klinghoffer, Controlling Person Applicant**
 - A-1 Contract Staffing III, LLC – GL 111**
 - A-1 Contract Staffing II, LLC – GM 342**
 - A-1 Contract Staffing, Inc. – GM 278**
 - Pay Admin, LLC – GM 406**

Mr. Finkelstein presented the controlling person application of Mr. Klinghoffer.

Ms. Dockery abstained from the discussion and vote due to her relationship with Mr. Klinghoffer. She stated that based on their relationship, she would not be able to be fair or impartial.

MOTION: Mr. Jones moved to approve the application.

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

V. **REVIEW AND CONSIDERATION OF TERMINATION OF EMPLOYEE LEASING COMPANY OPERATIONS**

A. **Infiniti Resource Management, LLC – EL 290**

Mr. Finkelstein presented the application for termination of operations.

Mr. Reeves asked about the outstanding liabilities listed on the termination form. No one was present to answer the questions asked.

MOTION: Mr. Reeves moved to table discussion of the application until more information is received pertaining to the outstanding liabilities.

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

VI. **REVIEW AND CONSIDERATION OF CONTROLLING PERSON RELINQUISHMENTS**

A. **Teresa Lynn Dick, CO 710**

Administrative Concepts Corporation – GL 108

Administrative Concepts 2000 Corporation – GM 268

21st Century Concepts LLC d/b/a Administrative Concepts – GM 333

Administrative Concepts 2003, Inc. – GM 359

Simple Employer Solutions, Inc. – GL 126

Administrative Concepts 2010, Inc. – GM 320

Mr. Finkelstein presented the controlling person relinquishment of Teresa Lynn Dick.

MOTION: Mr. Finkelstein moved to accept the relinquishment.

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

B. **John Walker Hardin, CO 797**

Accountfirst Insurance Services, Inc. – EL 303

HHG I, Inc. – EL 304

SC of Florida II, Inc. – EL 260

SCI Global HR, Inc. – EL 394

SCI HR Outsourcing, Inc. – EL 395

Staffing Concepts National, Inc. – EL 127
Venture Resources Group, LLC – EL 138

Mr. Finkelstein presented the controlling person relinquishment of John Walker Hardin from the companies listed.

Ms. Woodard advised that Mr. Hardin would maintain his license with other employee leasing companies.

MOTION: Mr. Finkelstein moved to accept the relinquishment.

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

VII. REPORTS

A. Office of the Attorney General – Mary Ellen Clark

Ms. Clark advised that she resubmitted the Rules Report that was included in the December agenda. She informed that at the December meeting it was determined that two of the rules previously voted upon would not require the enhanced SERC that was called for by the new legislation and House Bill 1565.

She further stated that since that meeting, Mr. Morrison has been diligently working on the enhanced SERCS and he has provided additional information such a competed SERC or information on why he believes that a SERC is not required.

Ms. Clark further stated that what is being presented, that could be voted upon, is a SERC or worksheets for Rules 61G7-5.001, 61G7-5.0033, and 61G7-5.005, Florida Administrative Code.

The following actions were taken:

- **Rule 61G7-5.001, F.A.C. Application Procedures: Applications Form; Fees; Confidential Information; Denial of Application; Request for Hearing**

MOTION: Mr. Finkelstein moved to approve the SERC as presented.

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

Ms. Clark advised that the board must still respond to the letters from JAPC dating back to June 2010 before further action on the rule can be taken.

- **Rule 61G7-5.0033, F.A.C. Consolidated and Combined Financial Statements**

Ms. Clark advised that the following language was approved at the November 17, 2010 and was published on December 3, 2010. She further stated that at the November 17, 2010 meeting, the board asked that a SERC be prepared for its review.

(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,_____.~~

Mr. Morrison presented additional information pertaining to the enhanced SERC and why he thinks that it is not required.

After review of the additional information, Ms. Clark asked the following questions:

1. Will the proposed rule amendments have an adverse impact on small business?

MOTION: Ms. Dockery moved that the proposed amendments to Rule 61G7-5.0033, F.A.C. would not have an adverse impact on small business.

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

2. Will the proposed rule amendments 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?

MOTION: Mr. Finkelstein 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. Jones seconded the motion and it passed unanimously.

Ms. Clark stated based on the board's response to the questions, an enhanced SERC would not need needed and advised Mr. Morrison to submit the proposed rule amendment to the Governor's Office of Fiscal Accountability and Regulatory Reform through DBPR's Accountability and Regulatory Affairs Office.

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

Ms. Clark advised that the following language was approved at the February 17, 2010 and was published on April 30, 2010. She further stated that at the November 17, 2010 meeting, the board asked that a SERC be prepared for its review. Ms. Clark advised that if the board wanted to make any changes to the language, it would need to be voted upon and then it would need to be determined if an enhanced SERC is required. The board amended the language to read:

(1) When an applicant chooses to have a guaranty to offset any deficiency in tangible accounting net worth regarding an initial application, accounting net worth or working capital regarding a renewal application, such guaranty shall be made on Form DBPR EL 4505, entitled "Board Approved Guaranty Form," effective 3-18-04, which is incorporated herein by reference and available from the Board at 1940 North Monroe Street, Tallahassee, Florida 32399-0750 and from its Website located at <http://www.myflorida.com/dbpr/pro/emplo/forms.html>. Such guaranty shall be irrevocable until such time that the deficiency causing the guaranty has been corrected, as demonstrated by the applicant's annual financial statement, meeting the requirements of Rule 61G7-5.0032, F.A.C., or until a new guaranty has been submitted and found acceptable by the Board to replace the previously submitted guaranty.

(2) through (3) No change.

Rulemaking Specific Authority 468.522, 468.525(3)(d) FS. Law Implemented 468.525(3) FS. History--New 9-6-93, Amended 5-29-94, 5-26-96, 9-5-04, 6-8-08,_____.

MOTION: Mr. Finkelstein moved to approve the amended language as presented.
SECOND: Mr. Reeves seconded the motion and it passed unanimously.

After approval of the language, Ms. Clark asked the following questions:

1. Will the proposed rule amendments have an adverse impact on small business?

MOTION: Mr. Finkelstein moved that the proposed amendments to Rule 61G7-5.005, F.A.C. would not have an adverse impact on small business.
SECOND: Mr. Reeves seconded the motion and it passed unanimously.

2. Will the proposed rule amendments 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?

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 response to the questions, an enhanced SERC would not need needed. She further stated that the board must still respond to the letters from JAPC dating back to June 2010.

B. Office of the General Counsel – Eric Hurst

No Report.

C. Executive Director – Rick Morrison

No Report.

D. Chairperson – Abram Finkelstein

Mr. Finkelstein mentioned that the February 15, 2011 meeting scheduled for rules discussion should be tabled until a later date and proposed a one day meeting on Wednesday, February 16, 2011 only.

The board agreed to a one-day meeting on February 16, 2011.

VIII. OLD BUSINESS

None

IX. NEW BUSINESS

None

X. PUBLIC COMMENTS

Mr. Will Tenney asked about changing the structure of the board to include brokers or insurance agents.

Ms. Clark advised that a change of that nature would be a statutory change and he would need to have someone to sponsor an amendment to Section 468.521(2), Florida Statutes.

XI. ADJOURNMENT

MOTION: Mr. Reeves moved to adjourn.

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

The meeting adjourned at 11:45 a.m.

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