

**BOARD OF EMPLOYEE LEASING COMPANIES
GENERAL BUSINESS MEETING MINUTES
THE DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION
1940 NORTH MONROE STREET
TALLAHASSEE, FLORIDA 32399
850-487-1395**

**MARCH 21, 2012
1:00 p.m. EST**

I. CALL TO ORDER

The meeting was called to order at approximately 1:30 p.m. EST by Mr. John Jones, Board Chair.

II. ROLL CALL

MEMBERS PRESENT

John Jones, Chair
Abram Finkelstein, Vice Chair
Eric Arfons
Celeste Dockery

MEMBERS ABSENT

None

STAFF PRESENT

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

OTHERS PRESENT

Michael Miller, Kunkel, Miller & Hament, P.A. and FAPEO
Tim Stanfield
Todd Cohen
Sandra Robinson
Kela Timmons
Anissa McDuffie

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. DISCIPLINARY PROCEEDINGS – Office of the General Counsel

A. SETTLEMENT STIPULATIONS

Case #

1. Alabama Staff, Inc.

2010-049403

(PCP: Reeves and Jones – April 20, 2011)

Mr. Hurst presented the case explaining it stems from violations involving failure to maintain positive net worth and positive working capital for the March 2010 and June 2010 quarterly reports, and failure to maintain a positive net worth and positive net working capital for the 2009 annual financial statement.

Mr. Hurst stated the settlement stipulation provides for imposition of an administrative fine of \$3000.00 and costs of \$338.54.

MOTION: Ms. Dockery moved to adopt the terms of the settlement stipulation as the final order of the board.

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

Mr. Jones was recused from the vote due to his participation on the probable cause panel.

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| 2. | Ambrose Employer Group, LLC | 2010-049711 |
| 3. | John Powers Iorillo | 2010-049703 |
| 4. | Greg Slamowitz | 2010-049715 |

(PCP: Reeves and Jones – April 20, 2011)

Mr. Hurst presented the cases explaining they stem from violations involving failure to timely submit the March 2010 quarterly report, failure to timely submit the audited Annual Financial Statement for 2009, and failure to timely submit the annual assessment for 2009.

Mr. Hurst stated the settlement stipulation provides for imposition of an administrative fine of \$4000.00, costs of \$284.59, with joint and several liability for payment of the fine and costs.

MOTION: Ms. Dockery 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.

Mr. Jones was recused from the vote due to his participation on the probable cause panel.

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| 5. | Business Owners Services & Consulting, Inc. | 2010-051910 |
| 6. | Thomas B. Rumfelt | 2010-051917 |

(PCP: Reeves and Landrum – July 20, 2011)

Mr. Hurst presented the cases explaining they stem from violations involving failure to timely submit the March 2009 thru June 2010 and March 2011 and June 2011 quarterly reports, failure to timely submit the Annual Financial Statement for 2009, and failure to timely submit the annual assessment for 2009.

Mr. Hurst stated the settlement stipulation provides for the waiver of confidentiality and waiver of presentation of this matter to the probable cause panel as it pertains to additional violations of failure to timely submit the March and June 2011 quarterly reports. He further stated the stipulation provides for the imposition of an administrative fine of \$5000.00, costs of \$229.25, voluntary relinquishment of the company and controlling person license with no rights to reapply, with joint and several liability for payment of the fine and costs.

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

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

7. **Compass Employment Services, LLC** 2010-051939
8. **James Richard Hicks** 2010-051936
(PCP: Jones and Landrum – November 17, 2011)

Mr. Hurst stated these cases were being pulled from the agenda due to the receipt of new information being received too late to include in the agenda materials; therefore they will be presented at the next meeting.

9. **Complete Personnel Logistics, Inc.** 2010-016998
10. **Jason Lucarelli** 2010-017002
11. **Samuel Lucarelli** 2010-016977
(PCP: Reeves and Dockery – November 17, 2010)

Mr. Hurst presented the cases explaining they stem from violations involving failure to submit the December 2009 quarterly report.

Mr. Hurst stated the settlement stipulation provides for the dismissal of the remaining counts in the original administrative complaint. He stated subsequent investigation found that there were no violations on those items. He further stated the stipulation provides for the imposition of an administrative fine of \$1500.00, costs of \$381.06, dismissal of Counts 1-5 and 7 of the administrative complaint with joint and several liability for payment of the fine and costs.

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

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

Ms. Dockery was recused from the vote due to her participation on the probable cause panel.

12. **Employee Management Services III, Inc.** 2010-016848
(PCP: Reeves and Dockery – September 15, 2010)

Mr. Hurst presented the case explaining it stems from violations involving failure to submit the March 2008 thru December 2009 quarterly reports, allowing an unlicensed person to operate as a controlling person, and failure to submit an audited or reviewed Annual Financial Statement for 2008.

Mr. Hurst stated the settlement stipulation provides for imposition of an administrative fine of \$8500.00.

Mr. Hurst advised that the companion case for Mr. Brown is being dismissed because Mr. Brown is deceased.

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

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

Ms. Dockery was recused from the vote due to her participation on the probable cause panel.

13. **Payday, Inc.** 2009-055554
14. **Reid Rushing** 2009-055581

(PCP: Reeves and Dockery – September 15, 2010)

Mr. Hurst presented the cases explaining they stem from violations involving failure to timely submit the December 2008 quarterly report, failure to timely submit the 2008 workers' compensation liability statement, and failure to timely submit the Annual Financial Statement for 2008.

Mr. Hurst stated the settlement stipulation provides for the waiver of confidentiality and waiver of presentation of this matter to the probable cause panel as it pertains to the additional violations of failure to timely submit the March and June 2011 quarterly reports. He further stated the stipulation provides for the imposition of an administrative fine of \$5250.00, costs of \$396.26 with joint and several liability for payment of the fine and costs.

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

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

Ms. Dockery was recused from the vote due to her participation on the probable cause panel.

15. **United Temps, Inc.** 2009-052508
16. **Michael Graney** 2009-052521
17. **Richard Simon** 2009-052532
18. **Carol Stein** 2009-052546

(PCP: Reeves and Dockery – September 15, 2010)

Mr. Hurst presented the cases explaining they stem from violations involving failure to timely submit the March 2008, September 2008, December 2008, March 2009, and June 2009 quarterly reports, failure to meet the net working capital and net worth requirements for the December 2008 and March 2009 quarterly reports, and failure to submit the Annual Financial Statement for 2008.

Mr. Hurst stated the settlement stipulation provides for imposition of an administrative fine of \$8000.00, costs of \$569.16 with joint and several liability for payment of the fine and costs.

MOTION: Mr. Jones 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.

Ms. Dockery was recused from the vote due to her participation on the probable cause panel.

B. MOTION FOR WAIVER OF RIGHTS AND FINAL ORDER

1. **Afford-A-Staff, Inc.** 2010-049660

(PCP: Jones and Reeves – April 20, 2011)

Mr. Hurst presented the case explaining it stems from violations involving failure to timely submit the March 2009 thru December 2010 quarterly reports, and failure to submit the audited or reviewed Annual Financial Statement for 2009

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

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

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

Mr. Jones was recused from the vote due to his participation on the probable cause panel.

2. Oliver Ackerley **2010-049677**
(PCP: Jones and Reeves – April 20, 2011)

Mr. Hurst advised that Mr. Ackerley is deceased and asked for dismissal of the case.

MOTION: Ms. Dockery moved to dismiss the case.
SECOND: Mr. Finkelstein seconded the motion and it passed unanimously.

Mr. Jones was recused from the vote due to his participation on the probable cause panel.

3. Exceptional Personnel, Inc. **2010-016779**
(PCP: Reeves and Dockery – November 17, 2010)

Mr. Hurst presented the case explaining it stems from violations involving failure to submit the September 2009 and December 2009 quarterly reports, failure to submit the audited or reviewed Annual Financial Statement for 2008, and failure to maintain positive net worth and working capital for the March 2009 quarterly report.

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

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

MOTION: Mr. Jones moved to impose an administrative fine of \$5000, costs of \$174.45, and revocation of the license.
SECOND: Mr. Finkelstein seconded the motion and it passed unanimously.

Ms. Dockery was recused from the vote due to her participation on the probable cause panel.

4. Susan Ralston **2010-016788**
(PCP: Reeves and Dockery – November 17, 2010)

Mr. Hurst presented the case explaining it stems from violations involving failure to submit the September 2009 and December 2009 quarterly reports, failure to submit the audited or reviewed Annual Financial Statement for 2008, and failure to maintain positive net worth and working capital for the March 2009 quarterly report.

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

MOTION: Mr. Jones moved to impose an administrative fine of \$5000, costs of \$111.21, and revocation of the license.
SECOND: Mr. Finkelstein seconded the motion and it passed unanimously.

Ms. Dockery was recused from the vote due to her participation on the probable cause panel.

5. National Paymaster, Inc. 2010-021872
(PCP: Reeves and Dockery – November 17, 2010)

Mr. Hurst presented the case explaining it stems from violations involving failure to timely submit the March 2008 thru December 2009 quarterly reports, and failure to submit the audited or reviewed Annual Financial Statements for 2008 and 2009.

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

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

MOTION: Mr. Finkelstein moved to impose an administrative fine of \$14,000, costs of \$211.46, and revocation of the license.
SECOND: Mr. Jones seconded the motion and it passed unanimously.

Ms. Dockery was recused from the vote due to her participation on the probable cause panel.

6. Shane Cooper 2010-021896
(PCP: Reeves and Dockery – November 17, 2010)

Mr. Hurst presented the case explaining it stems from violations involving failure to timely submit the March 2008 thru December 2009 quarterly reports, and failure to submit the audited or reviewed Annual Financial Statements for 2008 and 2009.

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

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

MOTION: Mr. Finkelstein moved to impose an administrative fine of \$14,000, costs of \$211.46, and revocation of the license.
SECOND: Mr. Arfons seconded the motion and it passed unanimously.

Ms. Dockery was recused from the vote due to her participation on the probable cause panel.

7. **Personnel Advantage East, Inc.** **2009-012867**
8. **Chris Layne** **2009-012862**
(PCP: *Finkelstein and Dockery – September 16, 2009*)

Mr. Hurst advised that these cases are being pulled from the agenda for lack of a quorum and will be presented at a later meeting.

9. **Pyramid Employer Services III, Inc.** **2010-051018**
10. **Kathryn Saunders Dyndul** **2010-050981**
(PCP: *PCP: Reeves and Landrum – July 20, 2011*)

Mr. Hurst advised that these cases are being tabled until the May 2012 meeting at the request of the licensees.

C. VOLUNTARY RELINQUISHMENT OF LICENSE

Mr. Hurst stated that no one is recused from these cases because they have not been before the probable cause panel. He stated that in lieu of the probable cause proceedings, the Respondents have executed a Voluntary Relinquishment of Licensure.

1. **Hallmark Human Resources, Inc.** **2011-045360**
(PCP: *N/A*)

Mr. Hurst presented the case explaining it stems from failure to file quarterly reports for the quarters ending March 2010 thru June 2011 and the 2010 Annual Financial Statement.

Mr. Hurst stated that the Subject would cease operations and has executed a Voluntary Relinquishment with no right of reapplication. He further stated that the Subject waived the finding of probable cause and confidentiality.

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

2. **Thomas Delena Willis** **2011-045356**
(PCP: *N/A*)

Mr. Hurst presented the case explaining it stems from failure to file quarterly reports for the quarters ending March 2010 thru June 2011 and the 2010 Annual Financial Statement.

Mr. Hurst stated that the Subject would cease operations and has executed a Voluntary Relinquishment with no right of reapplication. He further stated that the Subject waived the finding of probable cause and confidentiality.

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

3.	American Business Solutions, Inc.	2011-045704
4.	ABS 3, Inc.	2011-057659
5.	RSK Group, Inc.	2011-057665
6.	Kate Reynolds Kraska	2011-057650

(PCP: N/A)

Mr. Hurst presented the cases explaining they stem from failure to file a quarterly report for the quarter ending March 2011.

Mr. Hurst stated that the Subject would cease operations and has executed a Voluntary Relinquishment with no right of reapplication. He further stated that the Subject waived the finding of probable cause and confidentiality.

MOTION: Mr. Finkelstein moved to accept the voluntary relinquishment.

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

Mr. Jones asked if the board office had heard anything about appointments to the board.

Mr. Morrison advised that he had not gotten information about new appointments, but he had received notification that the Legislature did not confirm any of the department's board members.

Ms. Clark advised that if Mr. Arfons is not re-appointed to the board by April 23, 2012 he would not be able to serve on the board.

V. REPORTS

A. Office of the Attorney General – Mary Ellen Clark

1. March 2012 Rules Report

Ms. Clark informed that the Rules Report and other associated materials were scheduled for the meeting on March 22, 2012; however, if the board wanted to go ahead and discuss it, they could and save everything but the vote for the meeting on the next day.

Ms. Clark stated she wanted to have some general discussion over the rules that the board has been working on and setting it up for discussion on tomorrow.

She stated in addition to the rules, she sent an e-mail to the board members detailing the votes that would be in order on the next day. She further stated that there would need to be another discussion of the forms. She stated Ms. Kathleen Brown-Blake would be attending the meeting on the next day to present the forms and to talk about the changes that she is recommending for the forms.

Ms. Clark advised that there were two rules that the board was still working on and more work is needed. She stated the rules that are still being worked on are 61G7-5.001 and 61G7-10.002, F.A.C.

She stated the work that was done on Rule 61G7-5.002, F.A.C., the assessment reduction, became effective on February 28, 2012.

Regarding Rule 61G7-5.001, F.A.C., Ms. Clark stated the latest information she received was a letter from JAPC dated January 13, 2012 with a new set of comments. She further stated that the board has been working on this rule since 2010.

Ms. Clark stated that after a lot of work on the rule last summer, more changes was recommended by DBPR and the new language was noticed and a new letter from JAPC was received.

Ms. Clark recommended removing all the language that identified the forms individually in Rule 61G7-5.001, F.A.C. and approve the language as identified on page two of the rules report.

She advised that if the board approved the language, they would need to answer the questions as required by Section 120.541, F.A.C. wherein it asks if the proposed rule would have an adverse impact on small businesses or be likely to directly or indirectly increase the regulatory cost in excess of \$200,000 in the aggregate within one year after implementation of the rule.

Ms. Clark informed that based on their answers to the questions previously, a new SERC would not need to be prepared, but the current SERC is valid.

Regarding Rule 61G7-10.002, F.A.C, Ms. Clark recommended the board withdraw the rule-making efforts that have been in the works for over two years and to start over due to the rule being completely bogged down because of forms.

After a lengthy discussion about the two rules, the following motion was made to recess.

VI. RECESS

MOTION: Mr. Finkelstein moved to recess the meeting to the next day, March 22, 2012 at 10:30 a.m.

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

The meeting recessed at 4:25 p.m.

**BOARD OF EMPLOYEE LEASING COMPANIES
GENERAL BUSINESS MEETING
THE DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION
1940 NORTH MONROE STREET
TALLAHASSEE, FLORIDA 32399
850-487-1395**

**MARCH 22, 2012
10:30 a.m. EST**

I. CALL TO ORDER

The meeting was called to order at approximately 10:32 a.m. EST by Mr. John Jones, Board Chair.

II. ROLL CALL

MEMBERS PRESENT

John Jones, Chair
Abram Finkelstein, Vice-Chair
Eric Arfons
Celeste Dockery

MEMBERS ABSENT

None

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.
Cesar Martinez
Katherine Lake
Sandra Robinson
Brian Duff
Kela Timmons
Karan Campbell-Everett
Dan Johnson
Tena Mayberry
Todd Cohen
Tim Stanfield

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

III. THE PLEDGE OF ALLEGIANCE

Mr. John Jones led all in the Pledge of Allegiance.

IV. GREETINGS FROM SECRETARY KEN LAWSON AND DIVISION DIRECTORS G.W. HARRELL AND JERRY WILSON

Secretary Lawson addressed the board stating the department's mission is not to provide regulation that is over-bearing but one that will help businesses flourish.

Secretary Lawson informed that Jerry Wilson, Director of Regulations, is currently working on a project that would audit the industry that is more business friendly and less heavy handed while maintaining oversight. He advised that it is the department's goal to send a message that we have rules in place and decisions in place that makes sense and is not over-bearing.

Jerry Wilson, Division Director of Regulations, addressed the board giving an overview of the purpose of the Division of Regulations. He informed that he handles the investigations and complaints for the Division of Professions and they also regulate the farm labor contractors and child labor employment.

Mr. Wilson stated that 99% of employee leasing complaints are generated internally. He stated that one case can generate five to ten complaints. Therefore, he is looking at the statutory ability to audit and investigate employee leasing companies. He stated the department wants to be proactive instead of reactive.

Mr. Wilson stated he is proposing to audit every employee leasing company every year. He stated his division would be dedicating a person to work with Krista and her staff to get on top of this. He further stated they would start with the fourth quarter quarterly reports. He stated they were going to look at who submitted the reports and who didn't. He stated the companies that did not submit the fourth quarter reports would be the first on the list to be audited.

Mr. Wilson stated the audit would consist of making sure the companies are in compliance with the board's statutes and rules. He gave an overview of the audit process.

Mr. Wilson stated his division has access to the Department of Financial Services' website that would allow them to see the policy and expiration dates of workers' compensation policies. He further stated that his division has a Memorandum of Understanding with the Department of Revenue to access their database, through the Farm Labor Program that allows them to look-up unemployment taxes. He stated he has asked for an addendum to the Memorandum to include employee leasing. He stated they are now able to see if any employee leasing company owe or is delinquent with their unemployment taxes. He further stated that they would continue to review the balance sheets and income statements to make sure that the companies are in the "black".

Mr. Wilson also stated he understood the board's concerns about asset purchases, etc. and that type of issue would be at the front of the line for the audits.

G.W. Harrell, Division Director of Professions, addressed the board stating they wanted to replace a reactive, cumbersome system of reviewing the quarterly reports with a proactive, aggressive system that represents less of a burden to those businesses that are in compliance.

Mr. Harrell stated, with the compliance audits, they will check every one of the licensees on a minimum of an annual basis. He stated the companies not in compliance with the audit would be referred for an investigation. He stated they would like to work on this immediately and asked the board to designate at least one member as a liaison to work with the department between now and the next meeting to review the scope of the compliance audit or checklist that they had developed. He stated they would get started at the end of this month as soon as they know of the

companies that did not submit the quarterly reports in a timely fashion. He further stated they would be the companies that would get audited first, those that did not submit the last quarterly report.

Mr. Harrell stated that at the next meeting, they would present a full scope of the compliance audit for the board's comments and review.

Mr. Morrison clarified that Ms. Woodard does not have a staff, but takes care of all the quarterlies and assessments by herself.

Mr. Jones asked if the audit would be by mail or in person.

Mr. Wilson stated he found it most effective to just get the company on the phone and if necessary he would send out an investigator.

Mr. Finkelstein stated that the department was going to start with the people that did not submit their quarterlies. He asked if that was going to be an on-going method or would it be done every quarter. He stated it sounded as if they were replacing the quarterly reports.

Mr. Harrell stated they would start with those companies that did not submit for the fourth quarter, but they are going to audit every single company.

Mr. Finkelstein stated he was skeptical that they would be able to audit each company within one year in a meaningful way. He asked if they were concerned that a year was a long time.

Mr. Wilson stated yes he was concerned about the timeframe, but the Annual Report and Annual Assessment will still be in place. He stated that would allow them to gauge a year's worth of information and their compliance rate. He stated he is aware of the concerns and they are going to be proactive instead of reactive.

Ms. Dockery asked if the audit was going to be a cursory audit because some employee leasing companies play shell games with the payment of taxes, and this happens on a federal level. She asked if this audit is going to give a false sense of security.

Mr. Harrell stated it would be a compliance audit and if needed, they would refer companies to our contracted expert CPA for handling. He stated all violations would not be of a financial matter and it would not be cost effective to hire a CPA for those matters.

Mr. Michael Miller asked for re-affirmation that the information that is supplied in the audit is exempt from the public records act.

Mr. Harrell stated he would discuss that issue with the Public Records Attorney and will let him know the decision.

Mr. Finkelstein stated this would be a dramatic change from self-regulation to regulation by the department. He stated currently the members of the industry have the ability to come before the board to talk about the rules and things that the board is contemplating. He stated that while the audit that they are proposing now seems fairly innocuous, he has a concern that it does not resemble the message that the Secretary relayed earlier which was to make it easier for businesses. He stated he could see a more difficult and cumbersome process that's not nearly as effective.

Mr. Harrell stated his sentiment is just the opposite. He stated it should not be more burdensome to comply with the audit versus compliance with the quarterly report requirement.

Mr. Miller stated he would be discussing the department's suggestion with FAPEO at their next meeting and he would get back to everyone on their opinion. He stated he hopes with this audit that the emphasis would be on achieving compliance and understanding the requirements of the law.

Ms. Dockery asked if the employee leasing companies would be required or expected to file quarterly reports once the audit begins.

Mr. Harrell stated that is an issue they would like to discuss with the board at a later meeting. He stated he does expect a transition period, but they were not prepared to discuss that issue then.

Mr. Finkelstein stated he would have a concern with that because it seems as if they would be increasing regulatory burden on the industry and not decreasing it. He stated he does not see that as being consistent with the goals of the department.

Mr. Harrell once again stated that they were contemplating a transition period, and that they would be prepared to come back to discuss the audit and quarterly reports at the next meeting.

Mr. Arfons stated the liaison will be a critical piece and how well it blends with what the State is trying to do. He stated he likes the preconception of an audit in that it is a step in the direction of pro-activity. He further stated that the board is going to need information on how that is going to happen and be manifested.

Mr. Arfons stated the next in-person meeting is going to be very important in understanding what has been put together and agreed upon.

Mr. Miller asked what is being determined as the next meeting, the next in-person meeting or telephonic meeting.

The board agreed it should be the next in-person meeting in Sarasota, Florida.

Mr. Todd Cohen, with the Trinet companies, stated that he supports being proactive, but he is concerned about the interim phase. He stated it seems as if the department is adding additional layers of regulation. He would suggest eliminating the quarterly reports during this pilot project to eliminate the two layers of regulation.

The board agreed that Mr. Jones would serve at the liaison from the board to assist the department with the audit process.

Mr. Jones thanked Mr. Wilson and Mr. Harrell for their time.

V. REVIEW AND APPROVAL OF THE JANUARY 25, 2012 TELEPHONE CONFERENCE CALL MEETING MINUTES

MOTION: Ms. Dockery moved to approve the minutes.

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

VI. REVIEW AND APPROVAL OF THE FEBRUARY 15, 2012 TELEPHONE CONFERENCE CALL MEETING MINUTES

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

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

**A. Direct Placement Group, LLC (EL Applicant)
Melody Nicole Medina, Controlling Person Applicant**

Mr. Jones presented the company and controlling person application.

Mr. Jones asked if anyone was present to answer questions. No one responded.

Ms. Dockery stated that she would like for the applicants to appear to clarify the workers' compensation and to answer questions about number of Florida employees. She further stated she would like to receive a letter from the agent stating that the policy is for an employee leasing company and will cover leased employees.

MOTION: Mr. Finkelstein moved to table discussion of the applications until the April 2012 meeting at which the applicants would be able to appear to answer questions.
SECOND: Mr. Arfons seconded the motion and it passed unanimously.

**B. National Employer Services III, Inc. (GM Applicant)
Charles P. Wellborn, Con 549
Cesar R. Martinez, CO 824**

Mr. Jones presented the company application.

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

- C. Workforce Business Services, Inc. (GL Applicant)**
- D. Workforce Business Services Two, Inc. (GM Applicant)**
- E. Workforce Business Services Three, Inc. (GM Applicant)**
- F. Workforce Business Services Four, Inc. (GM Applicant)
Robert W. Kelly IV, CO 562**

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

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

VIII. APPLICATIONS FOR OF CHANGE OF OWNERSHIP

- A. DedicatedHR USA, Inc. – GL 162**
- B. DedicatedHR I, Inc. – GM 405**

Mr. Jones presented the change of ownership applications for the companies.

MOTION: Ms. Dockery moved to approve the change of ownership applications.

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

IX. REVIEW AND CONSIDERATION OF TERMINATION OF EMPLOYEE LEASING COMPANY OPERATIONS

- A. Employee Leasing Solutions Two, Inc. – GL 96
Employee Leasing Solutions, Inc. – GM 228
Employee Leasing Solutions Three, Inc. – GM 229
Employee Leasing Solutions Four – GM 230
Employee Leasing Solutions Holding Company, Inc. – GM 290**

Mr. Jones presented the termination of operations for the companies asking if all obligations have been paid.

Mr. Dan Johnson, General Counsel for the company, stated that all obligations have been paid.

Mr. Johnson asked if the company would still be required to comply with the end of the year audit requirements.

The board agreed that compliance with the end of year audit requirements were expected.

MOTION: Mr. Finkelstein moved to accept the termination of operation applications.

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

Controlling Person Relinquishments:

William J. Mullis, CO 563

Brian R. Varnadore, CO 527

Mr. Jones presented the controlling person relinquishments of Mr. Mullis and Mr. Varnadore.

MOTION: Mr. Finkelstein moved to approve the relinquishments of Mr. Mullis and Mr. Varnadore.

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

X. REVIEW AND CONSIDERATION OF CONTROLLING PERSON RELINQUISHMENTS

- A. Michael Jerome Burns, CO 897
ADP TotalSource I, Inc. – GL 33
ADP TotalSource Services, Inc. - GL 4
ADP TotalSource, Inc. – GL 104
ADP TotalSource CO XXII, Inc. – GL 118
(Group Members are included in the list of companies)**

Mr. Jones presented the controlling person relinquishment of Mr. Michael Burns.

MOTION: Mr. Jones moved to accept the controlling person relinquishment.

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

- B. Joseph DeRosa, Con 957**
 AlphaStaff, Inc. – GL 49
 Alpha FLA 6, Inc. – GM 292
 AlphaStaff 3, Inc. – GM 234
 AlphaStaff Systems V, Inc. – GM 238
 AlphaNY2, Inc. – GM 317
 Alpha NYPEO, Inc. – GM 319
 Equity Leasing-Finance II, Inc. – GM 239
 AlphaGA 2, Inc. – GM 386
 ASI Resources, Inc. – GM 387

Mr. Jones presented the controlling person relinquishment of Mr. Joseph DeRosa.

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

XI. REPORTS

A. Office of the Attorney General – Mary Ellen Clark

1. March 2012 Rules Report

Ms. Clark informed that there were two rules that required action – Rules 61G7-5.001 and 61G7-10.002, F.A.C.

Ms. Clark stated that she provided a rewrite to Rule 61G7-5.001, F.A.C on page two of the rules report. She advised that she removed the language about the forms.

March 2012 Draft

61G7-5.001 Application Procedure; Application Form; Fees; Confidential Information; Denial of Application; Request for Hearing.

(1) Applicants for licensure as an employee leasing company ~~or as a controlling person~~ shall file a completed application on a form prescribed by the Department Form DBPR EL 4501, "Application for Licensure as an Employee Leasing Company," effective March 18, 2004 and/or Form DBPR EL 4510, "Application for Licensure as an Employee Leasing Company Controlling Person," effective March 18, 2004. The forms, together with their attached instructions for completing the application forms, are incorporated herein by reference and may be obtained from the Board's office at 1940 North Monroe Street, Tallahassee, Florida 32399-0750 or from its Website located at www.myflorida.com. Applicants shall cure all deficiencies in their application noted by the board within 90 days from the date of the letter notifying the applicant or the application will be denied as an incomplete application. For purposes of this rule, an application is complete when all items on the application form have been fully answered, the applicant has paid the application fee specified in subsection (2), and has submitted all attendant documentation, certifications, ~~electronic fingerprints through the Department's vendor fingerprint cards~~, explanations of answers, and other items specified in the form and its attached instructions. An application for licensure as an employee leasing company or group will not be deemed complete until both the controlling person(s) and employee leasing company parts are complete.

(2) The application fee shall be \$250 for each employee leasing company applicants, ~~\$106.75~~ \$106.75 for each controlling person applicants, \$250 for each change of ownership applicants, and registration fees for de minimus operations of \$250 for a single employee leasing company and \$500 for a de minimus ~~an~~ employee leasing company group.

(3) License fees shall be assessed as follows:

(a) For initial licensure applications to be effective in the first year of the biennium:

1. \$600.00 ~~4,000~~ for each controlling person;

2. ~~\$900.00~~ ~~4,500~~ for each employee leasing company;

3. ~~\$1,500~~ ~~2,500~~ for each employee leasing company group.

(b) For initial licensure applications to be effective in the second year of the biennium:

1. ~~\$300~~ ~~500~~ for each controlling person;

2. ~~\$450~~ ~~750~~ for each employee leasing company;

3. ~~\$750~~ ~~4,250~~ for each employee leasing company group.

(c) For renewal licensure applications:

1. ~~\$600~~ ~~4,000~~ for each controlling person;

2. ~~\$900~~ ~~4,500~~ for each employee leasing company;

3. ~~\$1,500~~ ~~2,500~~ for each employee leasing company group.

(d) For purposes of this rule the first year of the biennium shall end on April 30 of every ~~odd~~ ~~even~~-numbered year.

(e) Unlicensed Activity Fee. From each fee for initial licensure and each fee for licensure renewal, \$5.00 shall be earmarked for the purpose of combatting unlicensed activity.

(f) Initial assessments shall be paid as per Rule 61G7-5.002, F.A.C.

(4) through (5) No change.

(6) In determining that an applicant meets the licensure requirements in Section 468.525, F.S., the Board must find that the applicant:

(a) In the case of an individual applying for licensure as a controlling person:

1. Is at least 18 years of age;

2. Is of good moral character as defined in Section 468.525(2)(a), F.S.;

3. Has sufficient education or experience to successfully operate as a controlling person of an employee leasing company.

4. Notwithstanding the foregoing, an applicant shall not be deemed to meet the requirements of Section 468.525(1)(c), F.S., if the applicant has been affiliated directly or indirectly with any person, persons or entities (not only an employee leasing company) whose business operations are being or have been operated in a manner detrimental to clients, employees, governmental agencies, investors or creditors through the improper manipulation of assets or accounts. The foregoing shall apply only if the applicant would have been considered a "controlling person" of any such entity as that term is defined in Section 468.520(7), F.S. "Business operations which are deemed to be detrimental to clients, employees, governmental agencies, investors or creditors" shall mean a history, pattern or significant incidence of the following:

a. The imposition of federal or state withholding or payroll tax liens,

b. Unpaid federal, state or local withholding or payroll taxes,

c. Violating federal wage and hour laws,

d. Failure to comply with state or federal workers' compensation requirements,

e. Failure to comply with applicable laws relating to the providing and maintenance of health insurance benefits to employees, and

f. Failure to comply with occupational health and safety act (OSHA) requirements.

5. If any person applying for licensure as a controlling person, pursuant to Section 468.525, F.S., has engaged in the activities set forth in sub-subparagraphs 4.a. through f. above, this shall not be deemed to be an automatic bar to licensure. In determining whether to approve an applicant for licensure in spite of such activities, the Board shall consider the following factors:

a. The length of time since the prior activity.

b. The steps taken by the applicant to insure the non-occurrence of similar actions in the future.

c. The restitution of any damages suffered by any company, client or victim of the applicant's actions.

d. The lack of any recurrent actions by the applicant.

e. The lack of any wrongful intent by the applicant at the time of the action.

6. Any controlling person's license approved by the board shall exist only in conjunction with a license granted to an employee leasing company. When any controlling person ceases to meet the statutory and rule criteria to be a controlling person then the controlling person's license shall expire and become null and void. If a controlling person notifies the Department within ninety (90) days of the event which ends the individual's status as a controlling person that the individual is going to become a controlling person with another employee leasing company then a new controlling person license will be issued upon payment of a \$5.00 ~~transfer application~~ fee and written notification to the Department from all employee leasing

companies involved. For such an application only, the background checks required of all initial controlling person applicants shall be waived insofar as the information would be available from the previous licensure file.

(b) In the case of a sole proprietorship, partnership, corporation, or other form of business entity applying for licensure as an employee leasing company:

1. If a corporation is validly organized in the State of Florida, or appropriately registered as a Foreign Corporation doing business in the State of Florida as evidenced by a Certificate of Standing issued by the Florida Secretary of State.

2. Has and is maintaining, at the time of application, a positive working capital as determined in accordance with generally accepted accounting principles as demonstrated in the information filed with the application.

3. Has a tangible accounting net worth of not less than \$50,000 in accordance with generally accepted accounting principles as demonstrated in the information filed with the application.

4. Has, at the time of application, a contract form meeting the requirements of Sections 468.525(3) and (4), F.S., which will be used after licensure to engage in employee leasing with new or renewal clients.

5. Has provided with the application a certificate of workers' compensation insurance coverage which shall name the Board as a Certificate Holder and shall provide for a minimum of 30 days' notification of cancellation or if a policy from the Florida Workers' Compensation Joint Underwriting Underwriters Association (FWCJUA JUA) or from any carrier authorized by the Florida Office of Insurance Regulation is to be utilized by the applicant, the applicant has provided a letter from the FWCJUA JUA or other authorized carrier which sets forth that the policy will issue immediately upon licensure by the Board, and the policy issues from the JUA within thirty (30) days of the FWCJUA JUA or other authorized carrier's notification from the Board that the applicant has been approved subject to the JUA policy issuing. The employee leasing company may not contract to provide any services to leased employees until the JUA policy has issued.

6.a. Has provided with the application a valid certificate of workers' compensation insurance coverage, pursuant to Rule 61G7-10.0014, F.A.C., for all copies of the declaration pages and all endorsements on all plans for worker's compensation insurance covering leased employees. Notice of any changes in these insurance plans shall be submitted to the Department in writing along with the new certificate of workers' compensation insurance coverage ~~copies of any policies, declaration pages and endorsements~~ within sixty (60) days; or

b. Has supplied the Board a letter signed by an agent or a carrier authorized to bind coverage on behalf of such carrier, which substantially reads as follows:

Board of Employee Leasing Companies
Division of Business and Professional Regulation
Northwood Centre
1940 North Monroe Street
Tallahassee, Florida 32399

RE: _____

Dear _____:

Enclosed is a copy of the Certificate of Liability Insurance for _____ is an authorized agent and has the authority to bind coverage with _____. This policy number is _____, effective from _____ to _____ and issued to _____. This policy provides coverage to leased employees in Florida.

7.a. ~~With regard to all plans of group insurance for the provision of health benefits to leased employees, has~~ Has provided the Board a signed statement that is substantially in the form set forth in Rule 61G7-5.001(12)(b), F.A.C. with the application ~~copies of the policies, declaration pages and all endorsements on all plans or arrangements of group insurance for the provision of health benefits to leased employees. Notice of any changes in these insurance plans shall be submitted to the Department in writing along with copies of any policies, declaration pages and endorsements within sixty (60) days; or~~ An additional signed statement shall be submitted to the Board within (60) days of any material change in any such plan offered to leased employees.

b. ~~Has supplied the Board the affidavit set forth in paragraph 61G7-5.001(12)(b), F.A.C.~~

(7) No change.

(8) If the Board determines that an applicant is not qualified for licensure it shall notify the applicant of its intent to deny the applicant's application, which notice shall become a final order of the Board after 21 days. Within this 21-day period the applicant may file with the Board's office a request for ~~formal or informal~~ hearing pursuant to Section 120.57(1) or (2), F.S. A request for ~~formal~~ hearing pursuant to Section 120.57(1), F.S. shall comply with the requirements of Rule ~~28-106.201~~ 28-5.204,

F.A.C.

(9) through (11) No change.

(12)(a) ~~Every employee leasing company or employee leasing company group which sponsors a plan for health benefits for its employees shall submit a complete copy of the plan or health insurance policy to the Board for review to insure compliance with subsection 468.529(1), F.S. In the event that the Board's review indicates that the submitted plan or policy is a self-insured plan of health benefits, the applicant or licensee shall submit an amended policy in conformity with subsection 468.529(1), F.S.~~

~~(b) As an alternative to the submission of the plan or health insurance policy as provided in paragraph (a) the~~ The applicant or licensee, within (60) days of a licensee's obtaining a plan of group insurance for the provision of health benefits shall ~~may~~ submit a signed statement or affidavit from the insurer ~~showing that the policy or plan is in compliance. Such statement~~ Nothing in this rule shall impose any requirement on any insurer to provide such an affidavit. In the event that an affidavit is submitted, it shall be in substantially the following form:

AFFIDAVIT

I, (name of signatory), ~~after being duly sworn upon my oath, depose and state:~~

1. I am employed by (name of employer) as (position). (Name of employer), is an admitted insurance carrier in the State of Florida. I possess the authority to make the following statements on behalf of (name of employer) and to bind (name of employer) concerning the statements made herein.

2. It is my understanding that, ~~as a requirement for licensure as an employee leasing company in Florida,~~ an employee leasing company may not sponsor a plan of self-insurance for health benefits except as may be permitted by the provisions of the Florida Insurance Code or, if applicable, by Pub. L. No. 93-406, the Employees Retirement Income Security Act. (name of insurer) Group Insurance Policy # issued to (name of leasing company), is in compliance with the requirements of this law as it is a fully insured insurance product which is fully insured by (name of insurer). Notwithstanding any provision in the policy which could be interpreted to the contrary (name of insurer) is ultimately fully responsible for all incurred claims under the terms of the policy.

After having read the above statements, I ~~state~~ swear that they are true and correct to the best of my knowledge and belief.

~~FURTHER AFFIANT SAYETH NAUGHT.~~

~~Subscribed to before me this _____ day of _____, 20____, by _____, who being known to me/ produced written identification in the form of _____, and did take an oath.~~

~~Notary Public~~

~~My Commission Expires _____~~

~~Rulemaking Specific Authority 420.53(1), 455.2281, 468.522, 468.524, 468.5245, 468.5275 FS. Law Implemented 455.213(11), 455.2281, 468.524, 468.5245, 468.525, 468.526, 468.527, 468.5275, 468.529 FS. History—New 5-5-92, Amended 7-15-92, 10-20-92, Formerly 21EE-5.001, Amended 10-24-93, 3-14-94, 7-4-94, 9-8-94, 11-13-94, 2-13-95, 6-4-95, 11-9-95, 5-26-96, 5-19-97, 4-29-99, 9-5-04, _____.~~

MOTION: Mr. Finkelstein moved to approve the language as written on page two of the rules report.

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

After approval of the proposed 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 61G7-5.001, F.A.C. would have an adverse impact on small business.

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

Ms. Clark stated based on the board's responses to the questions, the SERC from November 2011 was sufficient and a new one would not be needed.

Ms. Clark informed that Rule 61G7-5.002, F.A.C. was included for informational purposes only.

Ms. Clark advised that Rule 61G7-10.002, F.A.C. would require a major overhaul of the forms and recommended withdrawing the notice for rulemaking and beginning with a new Intent of Rulemaking.

MOTION: Mr. Jones moved to withdraw the rule-making efforts for Rule 61G7-10.002, F.A.C.

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

Ms. Kathleen Brown-Blake, Rules Attorney for DBPR, addressed the board concerning forms. She gave an overview of the Apply Now Project which revamps the application forms.

Ms. Brown-Blake stated with the board's approval, she has renumbered the board forms 1-15 so that whenever licensees or applicants look at the forms they would be sequentially numbered, which would be less confusing for the applicants.

Mr. Morrison stated he has provided a copy of the draft forms for board review. Ms. Brown-Blake advised that she has not completed the changes to the Employee Leasing Company Attestation to Financial Statements form (EL-03) because she is still working on the language with JAPC

Ms. Clark informed that the board needed to approve the forms presented by Ms. Brown-Blake.

MOTION: Mr. Finkelstein moved to approve the changes to forms EL-02 thru EL-14 excluding EL-03.

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

B. Office of the General Counsel – Eric Hurst

Mr. Hurst stated that the Prosecuting Attorney's report was included in the agenda materials.

C. Executive Director – Rick Morrison

Mr. Morrison gave a synopsis of the following reports:

- The Operating and Unlicensed Activity Accounts ended December 31, 2011
- Financial Projections 06/30/07 – 06/30/15
- Monthly Enforcement

Mr. Morrison also stated that he provided a copy of the decision by Judge Clark in the supplemental agenda materials.

Mr. Finkelstein asked Mr. Morrison to provide him with a copy of the Motion for Summary Judgment for the decision.

D. Chairperson – John Jones

No Report.

XII. OLD BUSINESS

None

XIII. NEW BUSINESS

A. Discussion on Review of Change of Ownership Applications and Notifications

A lengthy discussion ensued about when a company would be required to submit an application or just a notification whenever there is a change in ownership.

Mr. Morrison and Mr. Finkelstein agreed to work on a form or forms that would address this issue and present them at the next meeting wherein they would have another discussion on the matter.

XIV. ELECTIONS

The board agreed to table elections until Mr. Arfons has been reappointed to the board.

XV. PUBLIC COMMENTS

A. Presentation from Ms. Sandra Robinson, Executive Director, with Florida Workers' Compensation Insurance Guaranty Association (FWCIGA)

Ms. Robinson gave a presentation on what FWCIGA is and the mission of the guaranty funds. She also provided information about what happens when an insurance company is unable to meet its obligation to pay claims.

Mr. Jones thanked Ms. Robinson for her presentation.

XVI. ADJOURNMENT

MOTION: Mr. Finkelstein moved to adjourn.

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

The meeting adjourned at 2:02 p.m.

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