

I. EXECUTIVE ORDERS

DCT 83-3—Commission on Medical Malpractice proposal date ..... 105 X

II. EMERGENCY RULES

Commerce Department:
Office of Financial Institutions—Transition of savings liabilities ..... 105
Education Department:
Board of Elementary and Secondary Education—Statewide inservice regulations ..... 105
Governor’s Office:
Commission on Law Enforcement and Administration of Criminal Justice—Disbursement of DWI funds ..... 106
Public Safety Department:
Highway Safety Commission—Disbursement of DWI funds ..... 106

III. RULES

Agriculture Department:
State Entomologist—Inspection fees for nurseries and greenhouses ..... 106
Commerce Department:
Office of Financial Institutions—Licensing of small business financing companies ..... 107
Small Business Equity Corporation—Rules ..... 122
Education Department:
Board of Elementary and Secondary Education—School bus standards, Act 754 regulations ..... 130
Governor’s Office:
Division of Administration—Disposing of state-owned buildings ..... 130
Health and Human Resources Department:
Office of Family Security—Criteria clarification for rehabilitation plans ..... 130 X
Eight eligibility changes in Food Stamp Program ..... 130 X
First full month of institutionalization requirement ..... 131 +
Increase fees for non-AFDC locator services ..... 131 +
Involuntary military allotments, IV-D program ..... 132 +
MAP (Title XIX) for habilitation services in ICFs I and II ..... 132 +
Physician visits minimum for ICFs I and II ..... 132 T

IV. NOTICES OF INTENT

Agriculture Department:
Advisory Commission of Pesticides—Proposed Rules ..... 132
Seed Commission—Certified seed ..... 133
Structural Pest Control Commission—Fees ..... 134
Commerce Department:
Office of Commerce and Industry—Enterprise Zone Program ..... 135
Education Department:
Board of Elementary and Secondary Education—Migrant education, inservice education, others ..... 135
Governor’s Office:
Engineers Selection Board—Rules for selection procedure ..... 137

This public document was published at a cost of \$2.45 per copy, by Baton Rouge Printing Co., Inc., P. O. Box 97, Baton Rouge, La. as a service to the state agencies in keeping them cognizant of the new rules and regulations under the authority of R.S. 49:951-968. This material was printed in accordance with the standards for printing by state agencies established pursuant to R.S. 43:31. Printing of this material was purchased in accordance with the provisions of Title 43 of the Louisiana Revised Statutes.

Health and Human Resources Department:	
Office of Family Security—Amend standard deduction for LTC/HCBS recipients with earned income .....	138 +
—Cease payment of specimen collection .....	139 +
Countable value of burial spaces and vaults .....	139
—Discontinue use of Professional Standards Review Organizations (PSRO) .....	140 +
—Elimination of podiatry program .....	141 +
—Eliminate payment for hearing aids, batteries and repairs for Title XIX recipients over 21 .....	141 +
—Implementation of SSI Transfer of Resources Policy .....	142 +
Limits on exemptions for therapeutic leave days for Title XIX recipients in ICF-H's .....	142
—Prior authorization for dental crowns .....	143
—Reduction in hospital leave days for long-term care recipients .....	143
Reimbursement rates for home health services .....	144
Office of Health Services and Environmental Quality—Individual home sewage mechanical plants acceptable list .....	145 +
Office of the Secretary—Programs for victims of family violence fund .....	145 +
Rate setting manual for residential care and Title XIX State Plan .....	146 +
Labor Department:	
Office of Employment Security—Regulation 37. Types of employment .....	148
Regulation 38. Proof of unemployment .....	148
Transportation and Development Department:	
Board of Registration for Professional Engineers and Land Surveyors—Approval to take examination .....	149
Expiration and renewals .....	149
Material and Testing Laboratory—Fuel Oil specifications .....	150
Kerosine specifications .....	150
Office of Public Works—Licensing of water well contractors .....	151
Office of Weights and Standards—Escort requirements .....	151
Treasury Department:	
Board of Trustees, State Employees Group Benefits Program—Exclude private duty nursing services .....	152
Increase major medical deductible .....	152
Increase room and board allowance .....	153
Sponsored dependent parents .....	153
Subrogation .....	153
Bond Commission—Non-traditional tax-exempt bond issues .....	154

## V. COMMITTEE REPORTS

Commerce Department:	
Board of Certified Public Accountants—Disapproval of Rule .....	155
Office of Financial Institutions—Approval of Rules .....	155
Racing Commission—Approval of Rules .....	155
Disapproval of Rules .....	155
Small Business Equity Corporation—Approval of Rules .....	156

## VI. POTPOURRI

Agriculture Department:	
State Entomologist—Sweet potato weevil quarantine .....	156
Health and Human Resources Department:	
Office of Family Security—Notices available in each parish .....	156 +
Natural Resources Department:	
Fishermen's Gear Compensation Fund—Claims .....	157
Office of Conservation—Hearing on disposal well, LaSalle Parish .....	160
Hearing on disposal well, West Baton Rouge Parish .....	160
Revenue and Taxation Department:	
Tax Commission—Levels of appraisals and assessment .....	161

# Executive Orders

## EXECUTIVE ORDER DCT 83-3

WHEREAS, by virtue of Executive Order No. 82-14 issued on June 3, 1982, I have created a Governor's Commission on Medical Malpractice to study problems related to medical review panel procedures in order to assure the adequate protection of all medical patients; and

WHEREAS, it is vital to the mission of the commission that it have sufficient time to study relevant information regarding the critical problem of medical malpractice insurance;

NOW, THEREFORE, I, DAVID C. TREEN, Governor of the State of Louisiana, by virtue of the authority vested in me by the Constitution and applicable statutes of the State of Louisiana, do hereby amend Executive Order No. 82-14 to provide that said commission shall make proposals for legislation to the Governor prior to the fifteenth day of April of 1983.

IN WITNESS WHEREOF, I have hereunto set my hand officially and caused to be affixed the Great Seal of the State of Louisiana, at the Capitol, in the City of Baton Rouge, on this the 21st day of February, A.D., 1983.

David C. Treen  
Governor of Louisiana

association in accordance with the following Rule:

(a) Definitions: when used in this Rule, "Savings liability" shall mean the aggregate amount of savings accounts or shares of members, including earnings credited to such accounts, less redemptions and withdrawals.

(b) An association, by a two-thirds vote of its board of directors, shall approve a plan to assume liability to pay savings or the liabilities of, transfer assets in consideration of the assumption of liabilities for any portion of the savings accounts, deposits made in, or other liabilities of such association to, or acquire the assets of or assume liability to pay any liabilities of any state or federally chartered association. The agreement shall state that it is effective only when approved by the Commissioner of Financial Institutions, State of Louisiana, and the Federal Home Loan Bank Board and shall specify (1) the location of its home office and branch offices; (2) the location and name of any disappearing main offices and branches; (3) the basis on which its savings accounts will be issued; (4) the location of savings accounts relocated due to main office of branch office closure; and (5) list all savings accounts of the disappearing association(s) that are in excess of the Federal Savings and Loan Insurance limit.

(c) Notwithstanding any other provision of this Rule, the Commissioner may require that the plan be submitted to the voting members of the acquiring association at a duly called meeting and that the plan, to be effective, be approved by them.

This Emergency Rule was necessary in order to allow the immediate transition of the savings liabilities of a savings and loan association that is being liquidated by the Federal Savings and Loan Insurance Corporation into a viable, solvent association. This action was taken in accordance with the emergency provision of the Administrative Procedure Act.

Hunter O. Wagner, Jr.  
Commissioner

# Emergency Rules

## DECLARATION OF EMERGENCY

### Department of Commerce Office of Financial Institutions

Under the authority granted by R.S. 6:902B, the Commissioner of Financial Institutions hereby adopts the following Rule, effective March 7, 1983, for the purpose of establishing a means by which State Chartered Savings and Loan Associations may acquire the savings accounts and liabilities of a savings and loan association that is being liquidated by the Federal Savings and Loan Insurance Corporation, and to give the Commissioner of Financial Institutions authority consistent with that granted the Federal Savings and Loan Insurance Corporation by Federal Savings and Loan Insurance Rules and Regulations 563.22 and the National Housing Act, Section 406.

### RULE

Notwithstanding limitations imposed by Chapter 9, Title 6, Louisiana Revised Statutes, a State Chartered Savings and Loan Association may agree to acquire the savings liability of another

## DECLARATION OF EMERGENCY

### Board of Elementary and Secondary Education

The State Board of Elementary and Secondary Education, at its meeting of February 24, 1983, exercised those powers conferred by the emergency provisions of the Administrative Procedure Act R.S. 49:953B and adopted the following as Emergency Rule:

Bulletin 1625, *Statewide Inservice Regulations 1983-84 - Act 36*.

This emergency adoption is necessary because those school systems which opt to participate in the Act 36 Statewide Inservice Education program must have the Regulations in order to make their inservice education plans prior to the established deadline. Since school personnel from over the parishes are involved in planning the statewide inservice education program for teachers, sufficient time must be allowed for these persons to meet and plan their programs prior to submitting their plans to the Department of Education by the June 15 deadline.

James V. Soileau  
Executive Director

## DECLARATION OF EMERGENCY

### Louisiana Commission on Law Enforcement and Administration of Criminal Justice and the Department of Public Safety Highway Safety Commission

The Louisiana Commission on Law Enforcement and Administration of Criminal Justice and the Department of Public Safety, Highway Safety Commission, have exercised those powers conferred by the emergency provision of the Administrative Procedure Act, R.S. 49:953B and promulgated the following Rules. This action has been taken for the reason that, in the 1982 Regular Session of the Legislature, R.S. 14:98(B), (C), (D) was amended and reenacted and a new subsection (G) was enacted, relative to the crime of operating a vehicle while intoxicated and to provide for certain penalties (Act 14). These mandatory requirements became effective January 1, 1983. Act 14 specifically states that convicted DWI offenders must serve ten days in jail or, if sentence is suspended, two days in jail and four days community work release, with appropriate screening and schools.

Because this Act placed an additional financial burden on local governments and because many DWI offenders are not being adjudicated, the Louisiana Legislature, in Special Session in January of 1983, established the DWI Law Enforcement Fund (R.S. 48:1258) to assist local governments.

The Emergency Rules provide for the expedient disbursement of the \$2 million DWI Law Enforcement Fund and will allow local governments and local law enforcement agencies to more effectively combat the drinking drivers who continue to kill and maim Louisiana citizens.

1. Only local governmental or local law enforcement agencies may apply for DWI enforcement fund money. A private, non-profit or related organization does not meet eligibility requirements unless included in a proposal from a local government or local police agency.

2. Proposals for grant funding will be accepted only when presented on the prescribed DWI enforcement fund form available upon request from the Governor's Office, Louisiana Commission on Law Enforcement and Administration of Criminal Justice or the Louisiana Highway Safety Commission.

3. Any local governmental agency or local law enforcement agency requesting aid is required to submit identical proposals (with original signatures) to each of the following addresses:

- A. Office of the Governor  
P. O. Box 44004  
Baton Rouge, LA 70804
- B. Louisiana Commission on Law Enforcement and Administration of Criminal Justice  
1885 Wooddale Boulevard  
Baton Rouge, LA 70806
- C. Louisiana Highway Safety Commission  
P. O. Box 44061  
Baton Rouge, LA 70804

4. R.S. 48:1358 establishes the following six categories as eligible for grant funding:

- A. Enforcement personnel and equipment;
- B. Prosecution;
- C. Supervision of work release programs;
- D. Probation supervision;
- E. Acquisition and operation of incarceration facilities; and
- F. Alcohol and substance abuse programs.

A proposal for grant funds may include one or more of the above categories.

5. The Louisiana Commission on Law Enforcement and Administration of Criminal Justice and the Louisiana Highway

Safety Commission shall prioritize requests using the following criteria:

- A. Acquisition and operation of incarceration facilities and supervision of work release programs;
- B. Probation supervision;
- C. Enforcement personnel and equipment;
- D. Prosecution;
- E. Alcohol and substance abuse programs.

6. Patrol vehicles (cars) will not be considered eligible items for funding. Purchases of large pieces of equipment or items will be reviewed on an individual basis.

7. The Louisiana Commission on Law Enforcement and Administration of Criminal Justice and the Louisiana Highway Safety Commission shall review applications and make recommendations for funding to the Governor within 30 days after receipt of the proposal. At the expiration of at least 45 days after receipt of request the Governor may make a grant to the requesting local governmental or local law enforcement agency.

8. R.S. 48:1358 states that the Governor may require such reporting measures as he deems advisable to insure that funds allocated are expended in accordance with the intent of the Legislature and the provisions of Section B of 48:1358 compliance measures are as follows:

A. Quarterly progress reports shall be submitted during the term of the contract to include funds expended by category, items purchased plus support documentation (purchase orders), hours worked, and supplies.

B. Only those items listed in the approved application will be purchased. However, if it is necessary to make a change, a written amendment must be submitted to the two Commissions and approved prior to making the purchase.

C. A maximum of five percent fluctuation in any cost category is authorized provided complete justification is included in the next quarterly report.

D. Legible copies of all support documentation must accompany any report of expenditures. A separate file must be maintained on all project activities and documentation for audit purposes according to state law.

9. The two Commissions may monitor grant projects as deemed necessary.

10. All monies not expended at the end of the grant period shall be returned to the state.

Elmer B. Litchfield  
Executive Director  
Commission of Law  
Enforcement and  
Administration of  
Criminal Justice

Stephen M. Young  
Executive Director  
Highway Safety  
Commission

## Rules

### RULE

#### Department of Agriculture State Entomologist

Notice is hereby given that the Department of Agriculture, State Entomologist, under the authority granted in LSA 3:1655 and in accordance with Notice of Intent published on June 20, 1982, has adopted the following Rule relative to inspection fees for nurseries and greenhouses:

Fees shall be levied for the inspection of nursery stock

grown or propagated for sale or distribution as follows:

a. \$25 for nurseries with acreage of more than 2,500 square feet and/or greenhouse space of more than 200 square feet.

b. \$5 for nurseries with acreage of 2,500 square feet or less and/or greenhouse space of 200 square feet or less.

The above fees will be pro-rated for the period July 1, 1982, through January 31, 1983. The following pro-rated portion of the annual fee will be due for the period July 1, 1982, through January 31, 1983:

a. \$14.50 for nurseries with acreage of more than 2,500 square feet and/or greenhouse space of more than 200 square feet.

b. \$3 for nurseries with acreage of 2,500 square feet or less and/or greenhouse space of 200 square feet or less.

Thereafter, the total fees of \$25 and \$5, as above stated, shall be payable for each annual period beginning on February 1 and ending on January 31.

All monies derived from the collection of said fees shall be deposited in a special fund and used to help defray the expenses incurred for salaries for inspecting said nursery stock.

Bob Odom  
Commissioner

## **RULE**

### **Department of Commerce Office of Financial Institutions**

The Commissioner of Financial Institutions has adopted the following Rules and Regulations, to be effective March 20, 1983.

#### **STATE LICENSING OF QUALIFIED SMALL BUSINESS FINANCING COMPANIES**

##### **Rule 1. Purpose**

It is the purpose of these Rules and Regulations to provide procedures for the equitable and efficient licensing of qualified small business financing companies and the monitoring of same in order to establish the continued eligibility of said companies to participate in the equity leveraging program provided for in R.S. 33:9081-9092 and R.S. 33:9061-9072, respectively. These Rules and Regulations implement specifically: R.S. 33:9068 governing state licenses, authority, and application procedures; R.S. 33:9070, governing prohibited and restricted activities, conflicts of interest, and penalties; and R.S. 33:9071, governing reporting and recordkeeping.

##### **Rule 2. Definitions**

(1) CDC "Community Development Corporation" means a community-based non profit corporation organized under the general laws of the state to carry out certain community services, and funded as such by the Community Services Administration or other federal agencies of the United States.

(2) "Commissioner" shall mean the Commissioner of Financial Institutions, State of Louisiana.

(3) "Development Company" means an enterprise incorporated under the laws of the state, formed for the purpose of furthering the economic development of its community and environs, and with authority to promote and assist the growth and development of small business concerns in the areas covered by their operations. Such corporation may be organized either as a profit or non profit enterprise.

(4) "Leverage" shall mean federal leverage, private leverage, public leverage, and state leverage.

(5) MESBIC "Minority Enterprise Small Business Investment Corporation" means a corporation, organized under the general laws of the state, to provide capital to minority small business and licensed according to applicable federal laws and regulations.

(6) "Qualified Small Business Financing Company" shall mean either a corporation, or a limited partnership organized pursuant to federal regulations, and in conformity with R.S. 33:9082, et seq, to which a federal license or a state chartered, or authorization has been granted to operate as a SBIC, MESBIC, CDC, or Development Company.

(7) SBIC "Small Business Investment Corporation" means a corporation organized under the general laws of the state to provide capital to small businesses and licensed according to applicable federal laws and regulations.

(8) "Small Business Financing Companies" shall mean a company organized under the general laws of the state to provide capital to small businesses and licensed according to applicable federal and state laws and regulations.

##### **Rule 3. Procedures for Preparing and Filing Applications**

3.1. Any qualified small business financing company may apply to the Commissioner of Financial Institutions for a state license establishing the eligibility of said company to participate in the equity leveraging program provided for in R.S. 33:9081-9092 and R.S. 33:9061-9072, respectively.

3.2. The application for such a license by a qualified small business financing company shall be forwarded to the Commissioner of Financial Institutions on OFI Forms 2, beginning on March 20, 1983. Two signed copies of the application (including exhibits and all other accompanying papers and documents) shall be filed with the Commissioner of Financial Institutions, Post Office Box 44095, Capitol Station, Baton Rouge, LA 70804, or 5420 Corporate Boulevard, Suite 207, Baton Rouge, LA 70808, as per the instructions accompanying OFI Form 2, hereinbelow provided. A notice of receipt shall be mailed or otherwise delivered to the applicant as soon as practical upon receipt by the Commissioner.

3.3. Application forms with accompanying instructions, copies of these Rules and Regulations, the Rules and Regulations of the Louisiana Small Business Equity Corporation, and the authorizing legislation provided for in R.S. 33:9081-9092 and R.S. 33:9061-9072 may be obtained in person at 5420 Corporate Boulevard, Suite 207, Baton Rouge, LA, or by letter of request mailed to: Commissioner of Financial Institutions, Post Office Box 44095, Capitol Station, Baton Rouge, LA 70804.

3.4. Each application shall be accompanied by a certified or bank cashier's check in the amount of \$500, payable to "Commissioner of Financial Institutions," as an examination and filing fee. In the event the application is denied, the \$500 examination and filing fee is non-refundable.

3.5. The application shall also be accompanied by a certified copy of a resolution or resolutions of the Board of Directors of such applicant (and of any corporation partnership or person controlling such applicant) specifically authorizing the person or persons signing the application and any consent on behalf of the applicant to sign and file the same.

3.6. If amendments are required to be made to the application either by request of the Commissioner or the applicant, one copy of each amendment shall be filed with the Commissioner by the applicant promptly upon the occurrence of the event necessitating such amendment. The applicant shall be responsible for accuracy of the application and any and all changes of facts, circumstances or certification of information contained in the original application shall be promptly amended before final review and determination by the Commissioner as to the award of a license.

3.7. Any application or any amendment or exhibit thereto may be withdrawn by the applicant upon written request to the Commissioner. The request shall be signed and shall state the grounds upon which made. The request shall be deemed granted seven days after receipt by the Commissioner, unless he shall order conditions to the acceptance thereof, in which event withdrawal will be effective upon written notice to him of compliance therewith. If an application is withdrawn, the examination and filing fee paid upon filing the application will not be returned. The papers comprising any withdrawn application or amendment or exhibit thereto shall not be removed from the files of the Commissioner, but shall be retained therein.

3.8. All persons signing an application shall be deemed, in the absence of a statement to the contrary, to possess the following powers:

- (a) to amend the application; or
- (b) to request the withdrawal of an application, or amendment or an exhibit.

3.9. An application filed in compliance with these Rules may be accompanied by a request that the Commissioner transmit a decision on the application without first conducting a detailed investigation or holding a hearing. The Commissioner may upon his discretion after consultation with applicable federal agencies and after review of the application and documents contained therein, deem that no detailed investigation is required. However, in the event that an application is denied, and applicant desires to protest the denial or requests an investigation or hearing, he shall promptly file a surety bond issued by a bonding company licensed to do business in the State of Louisiana, in the principal amount of \$5,000 (or such lesser amount as the Commissioner may permit upon request) conditioned to provide for payments of the costs of any investigation or hearing with respect to the application.

#### Rule 4. Application and Instructions

Application for a license to operate a Small Business Financing Company shall be made on OFI Forms 2 and 2A according to instructions contained therein and OFI Form 2B. Copies of these forms and instructions may be obtained in person or by mail at the address referred to in Rule 3.3 above.

#### Rule 5. Review of License Application

5.1. In his review of said application for license, and any amendments made thereto, the Commissioner of Financial Institutions shall ascertain and shall certify in writing the following:

- (a) That the applicant company is, in fact, a holder of a valid license, authorization, or charter to operate as a qualified small business financing company within the State of Louisiana;
- (b) That the applicant company is currently in compliance with all applicable federal and state regulations governing or affecting the operation of said companies;
- (c) That the applicant company has the required capital to participate in the equity leverage program, or, in the case of an applicant company proposing to receive state leverage funds, conditional upon its own promise of first having secured or increased its own private paid-in capital, the financial capacity to raise such capital;
- (d) That the applicant company has and shall maintain a qualified and competent board of directors and management to assure the continued proper operation of the company;
- (e) That the proposed or actual board members and management of the applicant company are fully conversant with the legislative intent of R.S. 33:9081-9092 and R.S. 33:9061-9072 respectively, the purposes of such legislation, and the Rules and Regulations promulgated by the Commissioner of Financial Institutions and the Louisiana Small Business Equity Corporation with respect to said legislation and are fully committed to carry out the letter and spirit of same;

(f) That the applicant company has made public notice in a newspaper of general circulation in the proposed area of operation at least one week following the filing of the application in the manner prescribed in OFI Form 2 and OFI Form 2B; and

(g) That the applicant company has or shall have and shall maintain a reasonably accessible office, which will display the license, and the name of the Licensee, have a listed telephone number, and be open to the public during regular business hours.

5.2. After receipt and due consideration of the application, the Commissioner of Financial Institutions shall approve or deny the application and shall notify the applicant of such action. If the application is approved, notice of such approval, together with a copy of the license shall be transmitted to the Louisiana Small Business Equity Corporation and the licensee may apply to said corporation for financial assistance in accordance with the provisions of R.S. 33:9081-9092 and the Rules and Regulations of the Corporation. If, however, the application for license is denied by the Commissioner, he must specify in writing the reasons for such denial and shall forward same to the applicant. Included among the bases for such denial may be findings to the effect that:

(a) The applicant is not a qualified small business financing concern under R.S. 33:9081-9092.

(b) The applicant is in the process of having its license, charter, or authorization revoked or is in litigation or in some other process affecting its further solvency or its status as a licensee or

(c) The board or management of the applicant does not possess, in the judgment of the Commissioner, sufficient competence to manage properly and prudently the funds potentially provided to it under the provisions of R.S. 33:9081-9092.

(d) The applicant has not demonstrated that it is fully conversant with the legislative intent of R.S. 33:9081-9092, and with the regulations developed pursuant to it, or that it is fully committed to carry out the letter and spirit of said regulations.

#### Rule 6. Continued Review of the Operations of the State Licensee

6.1. The Commissioner of Financial Institutions shall retain the authority to periodically review the operations of any state licensee, upon his own initiation or upon request of the Louisiana Small Business Equity Corporation. Such reviews shall attempt to ascertain information relevant to the bases for denial, hereinabove described, as well as any other information deemed relevant to the sound management and intended use of the funds provided for by R.S. 33:9081-9092.

Based upon the results of such periodic review, the Commissioner of Financial Institutions shall retain the right to:

- (a) Continue the license status of the licensed small business financing company.
- (b) Outline those corrective steps which must be taken by the licensed small business financing company in order to retain that license.
- (c) Revoke the state license of the small business financing company.

In the event that the outlined corrective steps are not taken, or the license of a small business financing company is revoked, all funds which the licensee has received under the provisions of R.S. 33:9081-9092 shall be immediately due and payable, except that where a senior lender such as the Small Business Administration has provided additional leverage to the licensee, executive action to collect such funds shall not be taken without prior consultation with, and full regard for the rights of priority of, such senior lenders.

6.2. Every licensee shall provide a copy of the quarterly report required under R.S. 33:9071 to the Commissioner at the same time as such report is provided to the Louisiana Small Business Equity Corporation.

6.3. Every licensee shall maintain current financial records and books of account in accordance with accepted accounting

standards. The Commissioner shall be furnished a copy of financial reports at the same time and with the same regularity as these are prepared for management, stockholders, partners, or other regulating agencies, but not less than once annually, together with accompanying independent public accountant's certificates.

6.4. The Commissioner may inspect the records of any licensee during normal business hours, and may charge reasonable inspection fees. In the event of discrepancies or other related cause, the Commissioner may cause the books of the licensees to be audited at the licensee's expense.

Rule 7. Transfer and Surrender of Licenses

7.1. A state license issued pursuant to these Rules and Regulations shall not be transferred in any manner without prior written approval by the Commissioner of Financial Institutions. A state license shall not be surrendered without prior approval by the Commissioner.

Rule 8. Coordination

8.1. The Commissioner of Financial Institutions shall take such steps as may be necessary and appropriate to coordinate and cooperate with the Louisiana Small Business Equity Corporation, federal agencies and departments, state agencies and departments, local governmental agencies and departments, private sector organizations and small businesses in order to assure that the purposes of R.S. 33:9081-9092 and R.S. 33:9061-9072 are met to the fullest extent possible.

Hunter O. Wagner, Jr.  
Commissioner of Financial Institutions

OFFICE OF FINANCIAL INSTITUTIONS  
QUALIFIED SMALL BUSINESS FINANCING COMPANY

License Application

Date of Application \_\_\_\_\_

Item 1. Name of Applicant

\_\_\_\_\_  
\_\_\_\_\_

(Note: Small Business Financing Company includes, but is not limited to Community Development Corporations (non-profit), State Development Companies, Local Development Companies, Minority Enterprise Small Investment Corporations, and a qualified small business financing company.)

Item 2. Location of Applicant

Street and No. \_\_\_\_\_

City and State \_\_\_\_\_

Parish \_\_\_\_\_

Zip Code \_\_\_\_\_ Telephone \_\_\_\_\_

Item 3. Type of Company

a) Investment

Small Business Investment Company

Minority Enterprise Small Business Investment Corporation

b) Development

Certified Development Company

Community Development Company

Other

Specify:

Item 4. Type of Authorization for Application: (copy must be attached)

a) Federal License

b) Charter filed with Secretary of State, State of Louisiana

c) Certificate of Authority granted by a Federal Agency  ;

State Agency  ; Other Municipality or Political Subdivision

d) Other  Explain:



Item 5. Capitalization

a) Corporation <sup>(1)</sup>

Number of fully paid shares @ \_\_\_\_\_ = \_\_\_\_\_

Undivided profits \_\_\_\_\_

Other net worth or equity accounts \_\_\_\_\_

Less organizational expense (newly chartered) ( \_\_\_\_\_ )

TOTAL NET WORTH \_\_\_\_\_

(1) If other than newly chartered, 3 years of financial and operating statements must be attached. Newly chartered must have pro-forma statements.

b) Partnership <sup>(2)</sup>

Number of partners @ \_\_\_\_\_ contribution \_\_\_\_\_

Less organizational expense (new) ( \_\_\_\_\_ )

NET CONTRIBUTION \_\_\_\_\_

(2) 3 years of financial and operating statements or pro-forma statements must accompany application.

c) Non-profit Corporation <sup>(3)</sup>

Assets \_\_\_\_\_

Liabilities \_\_\_\_\_

(3) 3 years of financial and operating statements or pro-forma statements must be attached.

d) Other

Explain:

Item 6. What will be the source of the required "Louisiana Fund" investment in order that state leverage funds may be received?

a) Existing net worth or equity

b) Additional paid-in capital

(1) Have the funds been paid-in?  Yes  No If no, when?

(2) Have commitments or pledges been obtained?  Yes  No

c) Partner Contribution

(1) Have contributions already been made?  Yes  No If no, when?

(2) Have commitments or pledges been obtained?  Yes  No

d) Borrowed money

(1) Lender: \_\_\_\_\_

(2) Amount: \_\_\_\_\_

(3) Terms of loan: \_\_\_\_\_

e) Other

Explain:

Item 7. In what geographical area will funds be utilized?

---

---

---

Item 8. Need for licensee in operating area. (May attach the applicable portion of a SBA or other federal agency application if submitted in the last two years)

---

---

---

---

---

Item 9. Plan of Operations

Give any affiliation between the Investment Advisor and any Associate of the applicant and state if Investment Advisor is connected in any way with any licensee.

---

---

---

---

Give affiliation or association between any officer, director, or general manager or 10% owner of the applicant and any other licensee or the Investment Advisor of any other licensee.

---

---

---

---

(Note: May submit the applicable portion of a SBA or other federal agency application if submitted in the last two years.)

Item 10. Management and Control

- a) List directors, how selected, length of present term, and percentage of ownership; or
- b) List partners and percentage of partnership.
- c) List all parties or entities that own or will own 10% or more of the outstanding stock that are not directors;
- d) List all officers and percentage of ownership.

Item 11. Articles

- a) A copy of the Articles of Incorporation; certified by the Secretary of State, shall be filed with OFI; or (Attachment No. \_\_\_\_\_)
- b) The partnership agreement provided if a partnership; or (Attachment No. \_\_\_\_\_)
- c) Applicable license or authorization and/or bylaws, operating procedures or whatever is used as operational guidelines must be furnished for all other applicants. (Attachment No. \_\_\_\_\_)

Item 12. Bylaws of Applicant (If not required in Item 11) (Attachment No. \_\_\_\_\_)

Item 13. Certified copies of minutes of the meeting of directors at which the present directors were elected. (Attachment No. \_\_\_\_\_)

Item 14. Certified copies of minutes of the meeting of directors at which the present corporate officers were appointed. (Attachment No. \_\_\_\_\_)

Item 15. Certified copies of a resolution of the Board of Directors authorizing the execution and submission of this license application. (Attachment No. \_\_\_\_\_)

Item 16. Name of bank or banks in which cash is or will be deposited and the name of the custodian of securities, if any. \_\_\_\_\_

---

---

Item 17. Letter or letters addressed to OFI from bank(s) or custodian(s) to evidence cash or securities on deposit to the account of the applicant or in escrow and setting forth therein any encumbrances or restrictions against such deposits. (Attachment No. \_\_\_\_\_)

Item 18. Certified copy of SBA Certification Certificate. (Attachment No. \_\_\_\_\_)

Item 19. A written opinion of independent counsel for the applicant addressed to OFI stating that:

- a) The applicant has complied with all applicable local, state, and federal laws in the formation and organization of the company; (Attachment No. \_\_\_\_\_)
- b) The applicant, in selling its securities to obtain the required private capital, has complied with every law, regulation, and obligation relating to or controlling the sale of its securities and is and will be authorized and entitled to receive and retain the funds paid or to be paid to it by each entity in consideration for said securities issued or to be issued by the applicant. (Attachment No. \_\_\_\_\_)

Item 20. Names of persons assisting in preparation of this application.

- a) In connection with the preparation or presentation of this application, list the names, addresses, description of services, total compensation paid, or to be paid, of all attorneys, accountants, appraisers, agents, and all other parties engaged by or on behalf of the applicant for the purpose of rendering professional or other services of any nature whatever to the applicant. (Attachment No. \_\_\_\_\_)
  - b) What is the source of payment for these expenditures? \_\_\_\_\_
- 
- 

Item 21. Projection of income and expenses

Provide a 3-year projection of income and expenses, taking into consideration SBA and LASBEC leverage and increases in private capital. (Attachment No. \_\_\_\_\_)

Item 22. Fiscal year-end: \_\_\_\_\_

Item 23. Declaration of Applicant

(Note: This declaration is to be executed by the Applicant Corporation, Corporate General Partner, or Development Company, and in their individual capacities by all officers and directors of the Applicant Corporation, CGP, or Company, either proposed or duly elected, and by all persons who own or intend to own, directly or indirectly, 10% or more of the voting securities of the Applicant Corporation or CGP.

- (a) We represent that the Licensee will be operated in full conformity with the Small Business Investment Act of 1958, as amended; the Small Business Administration Regulations pertaining thereto; and the Louisiana Small Business Investment Law of 1980.

(b) We have not and will not, directly or indirectly, use any funds advanced by any small business investment company to any small business concern, or use any funds available as a result of funds advanced by a small business investment company to a small business concern, to purchase any securities of the Licensee or for the purpose of repaying any obligation incurred in connection with the furnishing of funds to be used for the purchase of any securities of the Licensee.

(c) We hereby certify that all information submitted in this OFI Form 2 and in the exhibits submitted therewith, or in connection therewith, is true and correct to the best of the knowledge and belief of each one of us and that it is being submitted for the purpose of obtaining a license to operate as a small business financing company. We further agree that all statements made in this OFI Form 2 and in the said exhibits are to be considered material for the purpose of inducing OFI to issue a license in reliance on the said statements.

EXECUTION

\_\_\_\_\_  
(Name of Licensee)

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Typed Name)

\_\_\_\_\_  
(Title)

ATTEST:

\_\_\_\_\_  
(Secretary) Dated this \_\_\_\_\_ Day of \_\_\_\_\_, 19\_\_\_\_

INDIVIDUAL EXECUTION

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Typed Name)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Typed Name)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Typed Name)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Typed Name)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Typed Name)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Typed Name)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Typed Name)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Typed Name)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Typed Name)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Typed Name)

APPLICATION PREPARER/CONTACT: \_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Address)

\_\_\_\_\_  
(Telephone)

OFFICE OF FINANCIAL INSTITUTIONS

STATEMENT OF PERSONAL HISTORY AND QUALIFICATION OF MANAGEMENT (1)

See Information and General Instructions, OFI Form 2B

Name of Applicant or Licensee

Address (Street, City, State and ZIP Code)

1. First Name in Full	Middle Name in Full (If none, so state)	Last
-----------------------	--	------

2. Date of Birth (Month, day & year)	3. Place of Birth (City, State or Foreign Country)	4. Citizen of U. S.?  <input type="checkbox"/> Yes <input type="checkbox"/> No
--------------------------------------	---	--

5. Relationship with Applicant

Director

Officer

10% share or stockholder

6. Starting with present address, list residence addresses for last ten years:

<u>From (Date)</u>	<u>To (Date)</u>	<u>Address</u>
--------------------	------------------	----------------

7. Employment and Professional History and Education: Attach a summary of business or professional experience during the last ten years up to and including the present, stating the periods of each primary activity, the names, addresses and nature of business of the firms, concerns or entities with which associated; title, position in such concerns; basic functions and responsibilities; and a summary of your education showing highest level attained (such as high school graduate, some college, one year college, three years college, bachelor's degree, master's degree, etc. - giving, when applicable, name of higher educational institution, your specialization, and date of degree), together with a summary of any special experience or qualification pertinent to the Applicant's management responsibilities.

8. Present Affiliations: Attach a list of all business concerns with which you are presently affiliated as an officer, director, or in any other official capacity, or by way of direct or indirect ownership or control of 10% or more of any class of stock of, or proprietary interest in, such concerns. Show names, addresses, and nature of business of such concerns, and details of relationship and ownership; including the percentage of any stock or proprietary interest owned.

9. List Three Character References: (Other than former employers, relatives or fellow Applicants.)

<u>Full Name</u>	<u>Home or Business Address</u>	<u>Business or Occupation</u>
------------------	---------------------------------	-------------------------------

10. Have you ever been, directly or indirectly, the subject of an insolvency, bankruptcy, or creditor's rights proceeding, or has any corporation of which you have been an officer, director, or controlling shareholder, been the subject of such proceedings?  Yes  No (If yes, furnish complete details of such proceedings in a separate exhibit, including, if pertinent, the court, title of proceedings, date and docket number, as well as the ultimate disposition thereof.)

11. Have you ever been convicted of any criminal offense other than a misdemeanor involving minor motor vehicle violations?  Yes  No (If yes, furnish details as described in Item 10)

12. Have you, or has any corporation, partnership or other business entity with which you are presently or have heretofore been affiliated (as defined in Item 8, above), ever been convicted of a felony or other criminal offense involving dishonesty or breach of trust, or found civilly liable or permanently or temporarily enjoined by a court by reason of any act or practice involving fraud or breach of trust?  Yes  No (If yes, furnish relevant details of any such proceeding in a separate exhibit including the information, indictment or complaint and the court, title of proceeding, date and docket number)

13. Have you ever been refused bond?  Yes  No (If yes, explain)

14. Are you affiliated with any other Licensee or are you a close relative of any person affiliated with the Applicant or Licensee.  Yes  No (If yes, explain.)

15. During any part of the past five years has a request for financial assistance been made to any Federal or State agency by you or any corporation, partnership or other business entity with which you are presently or have been heretofore affiliated (as defined in Item 8, above)?  Yes  No (If yes, furnish details in a separate exhibit, including current status of any assistance received.)

16. Describe any affiliation, past or present, with any other Small Business Financing Company.

17. Is any LASBEC employee or any member of an Advisory Council for the Louisiana Small Business Equity Corporation related to you by blood, marriage or adoption? Does any LASBEC employee or member of any such Advisory Council have present or have they had any past, direct or indirect, financial interest in or affiliation with any concern of which you are a director, officer, or owner of 10% or more of any class of its stock or other proprietary interest?  Yes  No (If yes, list their names, addresses, and relationships on a separate attachment.)



18. If you own or will own 10% or more of the private capital of the Licensee, were borrowed funds used or will they be used in purchasing said private capital?  Yes  No (If yes, attach a statement, giving full details, including your net worth, amount borrowed or to be borrowed, source of funds borrowed or to be borrowed, security and/or guarantors and terms of repayment.)

19. Have you or any concern with which you are affiliated directly, or indirectly, borrowed funds from or sold securities to any licensed small business investment company?  Yes  No (If yes, attach a statement giving all pertinent details relative thereto, including the names of all parties to the transaction, the amounts involved, terms, use of proceeds, etc.)

) May attach the applicable portion of an SBA or other federal agency application if submitted in last two years.

The information on this form will be used in connection with an investigation of your experience and character.

The nature and scope of the investigation may include contact with banks, other financial institutions, individuals, business associates, law enforcement offices, and any areas which will assist OFI in making an adequate appraisal of your general business reputation, character, management experience and financial soundness. This constitutes the notifications required by section 606 of the Federal Fair Credit Reporting Act.

CERTIFICATE: I hereby certify that all information submitted in this Form 2A, and in the Exhibits submitted therewith or in connection therewith, is true and complete to the best of my knowledge and belief. I have read OFI Form 2 "License Application," filed by \_\_\_\_\_ and the amendments thereto, and hereby agree that in my proposed capacity as \_\_\_\_\_ (show affiliation) I will be bound by the representations made in said application and amendments.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

INFORMATION AND GENERAL INSTRUCTIONS

FOR LICENSE APPLICANTS

Under the Louisiana Small Business Investment  
Law of 1980, as Amended

A small business financing company means either a corporation, or a limited partnership organized pursuant to federal regulations, and in conformity with the Louisiana Small Business Investment Law of 1980, to which a federal license or a state charter, or authorization has been granted to operate as a SBIC, MESBIC, CDC, or development company. Such a company must comply with all applicable State and Federal laws affecting its operations, as well as all existing and future rules and regulations issued under the Small Business Investment Act of 1958, as amended and the Louisiana Small Business Investment Law of 1980, as amended.

Prospective applicants should be familiar with the Acts, Laws and Regulations referred to in the preceding paragraph.

OFI Form 2

OFI Form 2 "License Application" is to be prepared in duplicate and delivered to the Commissioner of Financial Institutions, Suite 207, 5420 Corporate Boulevard, Baton Rouge, Louisiana, 70808, or mailed to the Commissioner of Financial Institutions, P. O. Box 44095, Capitol Station, Baton Rouge, Louisiana, 70804. The license application must include a \$500.00 license processing fee, payable to the Commissioner of Financial Institutions. This fee is not returnable, even if the application is denied. Please complete all items which are applicable to the form of the applicant (corporation or limited partnership).

All exhibits accompanying the license application should be typed on good quality bond paper. The required duplicates may be a carbon copy, on good manifold paper, or it may be a copying machine reproduction. Each sheet of the exhibits must be identified at the top by a number reference to the related item, the caption designated for such item, the name of the license applicant, and the date of submission. Separate sheets must be used for each exhibit. If more than one sheet is necessary for an exhibit, such sheets must be stapled together at the top.

Before the Commissioner issues a license, he must receive from applicant's legal counsel a statement that all SEC and SBA rules and regulations have been complied with.

OFI Form 2A

OFI Form 2A "Statement of Personal History and Qualification of Management", is to be filed in duplicate when the License Application (OFI Form 2) is filed with the Commissioner. A Form 2A is required for each officer (including the general manager), director, and direct or indirect owner of 10% or more of the voting securities of the license applicant, as well as each officer, director and manager of the Corporate General Partner (CGP) of a limited partnership. If a corporation or entity other than a natural person owns or will own 10% or more, 2A's shall be filed by each stockholder or owner of such equity whose ownership of the Small Business Financing Company would by attribution, amount to 10% or more. In addition, the CGP or such corporation or entity shall file as an exhibit its own balance sheet as of a reasonably recent date prior to the filing.

Notice of Publication

After filing the application with the Commissioner, applicants shall publish public notice of such application in a newspaper of general circulation in the proposed area of operation for at least one week. The notice shall include the name and location of the proposed licensee, its areas of operation and the names and addresses of the officers, directors, and owners of ten or more percent of any class of stock, or the corporate general partner, and the corporate general partner's name and address, and each partner owning 10% or more of the unincorporated licensee's private capital.

Hunter O. Wagner  
Commissioner

## RULE

### Department of Commerce Louisiana Small Business Equity Corporation

The Louisiana Small Business Equity Corporation (LASBEC), Department of Commerce, does hereby adopt the following Rules and Regulations to be effective.

#### Rule 1. Purpose and Intent

It is the purpose of these Rules and Regulations to provide procedures for the effective implementation of the Louisiana Small Business Investment Law of 1980.

The Louisiana Small Business Investment Law of 1980 was authorized by Act 697 of the 1980 Regular Session of the Louisiana Legislature. On authority of Revised Statutes 24:253, the provisions of Act 697 were designated as Chapter 29 of Title 33 of the Louisiana Revised Statutes of 1950, containing Revised Statutes 33:9061 through 33:9072.

It is the purpose of said Law to stimulate the flow of private equity capital and long-term loans and other financial assistance for the sound financing of the development, expansion and retention of small business concerns in the state as a means of providing high levels of employment and income growth and expanded social and economic opportunities, especially to disadvantaged persons and within distressed areas. The Law will be implemented and administered by the Louisiana Small Business Equity Corporation pursuant to Chapter 30 of Title 33:9081 through 9092 of the Louisiana Revised Statutes of 1950.

It is the intent of the law to contribute to this purpose through the provision of equity leverage financing and other financial assistance to qualified small business financing companies and small business concerns. The law, therefore, shall be implemented in such a manner as to assure maximum federal, public and private leverage. It is the intent of the law to keep financial decision-making to the greatest extent possible in private hands and to keep state administrative costs as low as possible. It is also the intent of the law that the greatest possible portion of the funds authorized by the law be placed through licensees in small business growth concerns, which, in general, are those which contribute most directly to greater employment, productivity, and production of wealth in the state, as opposed to those small concerns whose growth potential is limited or whose market tends to be inelastic as a function of supply.

Exceptions to this policy are permitted to be made when the recipient small business concerns are either disadvantaged concerns or are firms locating in distressed areas as defined in the law or in state enterprise zones as authorized by R.S. 51:1788. In such cases, however, priority shall be given to disadvantaged or distressed area concerns which are also growth concerns or concerns located in state enterprise zones.

#### Rule 2. Definitions

When used in these Rules, unless the context otherwise requires, the following words will have the following meanings:

(1) "Associate of LASBEC" means any of the following:

(a) An officer, director, employee, or any person regularly serving LASBEC in the capacity of a paid investment adviser or attorney at law.

(b) Any close relative of any person described in Subparagraph (a) of this Paragraph.

(c) For the purpose of this definition, any person in any of the relationships described in Subparagraphs (a) and (b) of this Paragraph within six months before or after the date on which LASBEC provided licensee's assistance, shall be deemed to have been in such relationship as of the date of LASBEC's assistance.

(d) The term "associate of LASBEC" shall not include an

unpaid adviser of LASBEC, unless such an adviser is also involved in any of the relationships described under Subparagraphs (a) through (c) above.

(2) "Board" or "Board of Directors" means the governing board of LASBEC.

(3) "Candidate project" means a business idea to be developed in the form of a feasibility study, for promotion by a public or private body, there being a demonstrated need for the business but for which there exists at the time no entrepreneurial group with the technical expertise and financial capability which has committed to carry out the project.

(4) "Certified Development Company" means a development company organized to operate on a local, regional or statewide basis, as either a private nonprofit corporation or a for-profit stock corporation, to sell debentures pertaining to identifiable small concerns with SBA's guarantee, and to render other assistance to small businesses.

(5) "Close relative" means ancestor, lineal descendant, brother or sister and lineal descendants of either, spouse, father-in-law, mother-in-law, son-in-law, brother-in-law, daughter-in-law, or sister-in-law.

(6) "Community Development Corporation (CDC)" means a community-based, nonprofit corporation organized under the general laws of the state to carry out certain community services, and assisted as such by the Community Services Administration or one or another federal agencies of the United States.

(7) "Control" means the possession, direct or indirect, or the power to direct or cause the direction of the management and policies of a licensee or a small concern whether through the ownership of voting securities, by contract, or otherwise.

(8) "Cooperative Economic Development Corporation" means a nonprofit economic development corporation organized under the authority of R.S. 33:9020 et seq. to develop the economy of the state and local subdivisions thereof.

(9) "Corporation" means the Louisiana Small Business Equity Corporation (LASBEC).

(10) "Development company" means an enterprise incorporated under the laws of the state, formed for the purpose of furthering the economic development of its community and environs, and with authority to promote and assist the growth and development of small business concerns in the areas covered by their operations. Such corporation may be organized either as a profit or nonprofit enterprise. The term includes, but is not limited to, the following types of companies: certified development companies, community development corporations, cooperative economic development corporations, and EDA-assisted development companies and revolving funds.

(11) "Disadvantaged concern" means a small concern owned by a person or persons whose participation in the free enterprise system is hampered because of social or economic disadvantages.

(12) "Distressed area" means any subarea of a political subdivision, which has been traditionally recognized by custom or by previous governmental designation to be a subarea, and which possesses all of the following characteristics: a per capita income which is 80 percent or less of the median income of the political subdivision in which it is located; an unemployment rate which is six percent or higher and which is three percent higher than the average unemployment rate of the political subdivision taken as a whole; and a percentage of individuals and families in poverty that is ten percent or more of the entire subarea; all of which characteristics must be certified to by the political subdivision in which the subarea is located.

(13) "Feasibility studies" means studies which are directly and immediately relevant to the potential creation or expansion of