

STATE OF LOUISIANA

OFFICE OF STATE INSPECTOR GENERAL



Liquefied Petroleum Gas Commission

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July 13, 2010

File No. 1-08-0016

STATE OF LOUISIANA

OFFICE OF STATE INSPECTOR GENERAL



Liquefied Petroleum Gas Commission

Stephen B. Street, Jr.
State Inspector General

A handwritten signature in blue ink, appearing to be "BJ", is written over a horizontal line.

Endorsed by:
Governor Bobby Jindal

July 7, 2010

File No. 1-08-0016

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BOBBY JINDAL
GOVERNOR

STEPHEN B. STREET, JR.
STATE INSPECTOR GENERAL

State of Louisiana
Office of the Governor
Office of State Inspector General

May 12, 2010

Honorable Bobby Jindal
Governor of the State of Louisiana
P.O. Box 94004
Baton Rouge, LA 70804-9004

Re: Case No. 1-08-0016

Dear Governor Jindal:

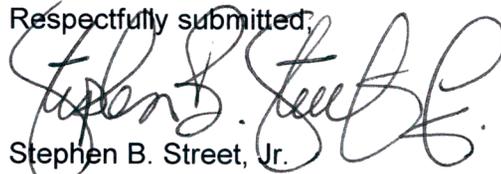
This report addresses concerns raised about expenditures from the Liquefied Petroleum Gas Commission's Market Development Fund and its advertising contractor, Creative Communications. The report identifies three proposed expenditures for safety seminars which were approved at rate which is not justified or supported by documentation, excessive expenditures for services provided by the advertising contractor, and the disposition of LSU football tickets received as part of an advertising package. The report includes three recommendations that if implemented we feel will address the findings detailed in this report.

We provided drafts of the report to the following:

- Liquefied Petroleum Gas Commission
- Louisiana Propane Gas Association
- Department of Public Safety
- Creative Communications

Their written response is included as Appendix B.

Respectfully submitted,


Stephen B. Street, Jr.
State Inspector General

SBS/gd
Enclosure

Executive Summary

The Office of State Inspector General received a complaint questioning expenditures from the Liquefied Petroleum Gas Commission's (Commission) market development fund. Questions were also asked concerning actions taken by the Commission's former executive director, Charles Fuller, who is now deceased, and its advertising contractor, Creative Communications, which is owned by Randy Hayden.

Our investigation revealed the following:

- Randy Hayden, who is both the Executive Director of the Louisiana Propane Gas Association (Association), a private trade association, and through his company, Creative Communications, the advertising contractor to the Commission (a public body under the Louisiana Department of Public Safety), submitted invoices to the Commission in the amounts of \$12,000, \$10,000, and \$10,000 for safety seminars given to propane dealers in 2006, 2007 and 2008.

In the 2007 invoice for \$10,000, Mr. Hayden invoiced expenses for speaker fees, room and equipment rental, when in fact the speakers did not receive payment for the speaking engagement.

The Commission's former executive director approved the charges and forwarded them to Jill Boudreaux, Undersecretary of the Louisiana Department of Public Safety, for payment. The Department of Public Safety is mandated by La. R.S. 40:1851 to pay reasonable and legitimate charges for such safety seminars.

Ms. Boudreaux questioned the charges and directed Mr. Hayden to provide a more detailed breakdown of the charges. Mr. Hayden submitted documents to the Commission purporting to support expenses associated with the safety seminars. The documents were intended to cause the expenditure of public funds or to prevent Mr. Hayden from having to reimburse those funds already paid him for the 2006 seminar.

The documents submitted by Mr. Hayden contained the following:

- Several of the documents appear to contain false information, including time sheets for work performed by Creative Communications' employees who did not work on the safety seminar for the year in question, who were no longer employed by Mr. Hayden, and who were living outside the state of Louisiana during the year for which their services were billed.
- Expenditures for Creative Communications' staff working the entire three day convention. Mr. Hayden stated that the three day convention supports the safety seminar; therefore, all expenses for the convention are related to the two and one-half hour safety seminar. He further stated that Creative Communications could

not separate safety seminar expenses from expenditures for the entire convention.

In addition, Mr. Hayden submitted hourly charges for Creative Communications' employees purportedly preparing for and working the two and one-half hour safety seminars in the following amounts:

Year	Labor Hours Claimed By Employees	Labor Amount Charged	Effective Labor Rate Per Seminar Hour
2006	128.0	\$6,520	\$2,608
2007	139.5	\$7,470	\$2,988
2008	100.0	\$4,700	\$ 940

After Ms. Boudreaux continued to question the legitimacy of the charges, the Commission sought an Attorney General's opinion seeking to define Ms. Boudreaux's authority to question Commission contracts and deny payment of an invoice based on an ambiguity or dispute in the interpretation of certain terms in the contract.

The Attorney General issued Opinion 08-0275 stating that Ms. Boudreaux was acting within the scope of her authority and duties as DPS's Chief Financial Officer in questioning the charges.

- The rate of commission for media expenses which Mr. Hayden invoiced and Mr. Fuller approved was in excess of the stated contract rate. This resulted in the overpayment of approximately \$18,380 during the 2005 through 2008 contract period.
- Mr. Hayden auctioned LSU football season tickets obtained through an advertising contract, which the Commission paid for with public funds. Mr. Hayden donated the proceeds from the auction to the Association's political action committee, a non-public entity.

Background

The Commission is a statutory body with the authority to make and enforce rules in accordance with La. R.S. 40:1846. This statute allows the Commission to enact and enforce reasonable rules as it deems necessary in the interest of public safety governing the storage, sale, transportation and use of liquefied petroleum gases.

The Commission consists of five members. One is the Secretary of the Department of Public Safety and Corrections or his designee, who serves as an ex officio member. The other four members are appointed by the Governor.

In addition to regulating industry activities, the Commission administers a fund used for marketing and promoting the use of liquefied petroleum gas. La. R.S. 40:1851 and La. R.S. 40:1851.1 allow proceeds from the fund to be used to enhance consumer and employee safety and training, to provide for research and development of clean and efficient propane utilization equipment, and to inform and educate the public about safety and other issues associated with the use of propane. The Commission refers to this fund as the market development fund.

The Commission chose to hire a contractor to give advice and assist with the market development fund. In 2005 the Commission chose, through a competitive bid process, Mr. Hayden's company, Creative Communications, Inc., as the advertising contractor. The contract between the Commission and Mr. Hayden had a one-year term commencing July 1, 2005 with two one-year options extending the contract through June 30, 2008.

Actual expenditures from the market development fund totaled \$1,552,582 during the period July 2005 through January 2008.

The Commission received invoices for services in connection with safety seminars that included fees from both the Association and from Creative Communications, Inc. As an aid to understanding how that process worked, we have attached a diagram showing the key steps in the process (Appendix A).

Subsequent to the completion of field work by the State Office of Inspector General, the Commission and Mr. Hayden entered into a new contract which addresses some of the issues described in this report.

Scope and Methodology

We conducted our investigation in accordance with Principles and Standards for Offices of Inspector General as promulgated by the Association of Inspectors General.

The scope of the investigation was limited to the advertising contract effective July 1, 2005 through June 30, 2008.

The investigation consisted of reviewing laws, rules, regulations, contract terms and expenditures as well as interviewing pertinent individuals, including Mr. Fuller, Mr. Hayden and Association officials.

Market Development Fund

The Commission's market development fund is established through La. R.S. 40:1851. Revenue sources for the fund include fees collected from permit holders, contributions from the federal Propane Education Research Council (PERC), and up to \$300,000 of annual transfers from the Commission, as allowed by La. R.S. 40:1849(D)(5). La. R.S. 40:1851.1(B) and 15 USC §6404 restrict the use of these funds and nowhere authorize using the funds to pay for the Association's conventions.

La. R.S. 40:1851 requires the Commission to establish a board to give advice on expenditures from the fund. The Commission refers to the board as the market development advisory committee (advisory committee). The advisory committee is comprised of up to nine members who must be LP gas permit holders. The advisory committee works directly with Mr. Hayden to formulate two advertising campaigns per year, which are submitted to the Commission for discussion and approval.

The majority of advisory committee members are also members of the Association. Mr. Hayden is executive director of the Association and simultaneously represents the Commission as its advertising contractor.

PERC is a federal organization with the mission of, according to 15 USC §6404(f), developing "programs to enhance consumer and employee safety and training, to provide for research and development of clean and efficient propane utilization equipment, to inform and educate the public about safety and other issues associated with the use of propane..." PERC rule 10.12.4 prohibits the funds it grants to states through its rebate program from being used "to provide a general sponsorship for state association conventions." The Commission received PERC rebate funds in excess of \$300,000 during the period of this review.

Safety Seminars

Mr. Hayden invoiced the Commission \$32,000 through his advertising contract for three safety seminars held during the Association's annual conventions. The amounts charged for each two and one-half hour safety seminar indicates a general sponsorship for the entire convention and not just a safety seminar.

The Commission maintains only one account for the market development fund. Therefore, the revenue used for convention expenditures cannot be delineated from the PERC and Commission funds deposited into the account, even though those funds are prohibited from being used for conventions.

The Commission approved all three expenditures for the safety seminars as a part of the spring media campaigns submitted by Mr. Hayden. The Commission agreed to flat fees to compensate the Association and Mr. Hayden for the work performed to provide safety seminars.

A review of the recorded Commission meetings indicates that neither the Commission nor Mr. Hayden clarified the goals and deliverables of the safety seminars before approving the expenditures. The contract between the Commission and Mr. Hayden was written with the primary goal of producing and placing advertising products for the benefit of the propane industry. The contract did not provide for safety seminars and related products.

Mr. Hayden stated that the original invoices were billed at a cost he felt was fair for that type of seminar. Mr. Hayden stated that neither he nor the Association knew how much a safety seminar would cost but decided the program would be open to anyone wishing to attend. Therefore, they needed to prepare for the possibility of several hundred people attending. Mr. Hayden further explained the flat fee amounts charged by stating that the Louisiana Department of Labor pays between \$400 and \$500 per person for similar training.

Information we obtained from the Department of Labor contradicts Mr. Hayden's statement. According to a Department of Labor program manager, safety training seminars generally cost between \$25 and \$32 per hour, per person trained. The program manager provided documents showing the Department of Labor paid the Association for training at a rate of \$25 per hour per person trained.

Mr. Hayden stated that total attendance at each of the safety seminars ranged between 30 and 50 people, with between 3 and 12 participants not registered convention attendees. Mr. Hayden estimated the entire convention cost the Association between \$12,000 and \$15,000 per year.

Using the numbers given by Mr. Hayden, similar training for 30 to 50 participants would range from a low of \$12,000 (30 participants x \$400 each) to a high of \$25,000 (50 participants x \$500 each).

Using the numbers provided by the Department of Labor, the cost of a two and one-half hour safety seminar would range from a low of \$1,875 (30 participants x \$25 per hour) to a high of \$4,000 (50 participants x \$32 per hour).

Article 1983 of the Louisiana Civil Code requires that both parties to a contract fulfill their obligations in good faith. Both Ms. Boudreaux and the State Inspector General rejected Mr. Hayden's explanation for the flat fee invoices due to the apparent excessive amounts being charged. Mr. Hayden either knew or should have known the approximate number of participants at the safety seminar and the true costs of the seminar.

La. R.S. 39:1672 provides that the state's chief procurement officer may bar a contractor from doing business with the state for cause. Under that same statute, the chief procurement officer also may suspend a contractor from consideration for contracts during an investigation if he finds probable cause exists that could

lead to the contractor's debarment. Under the statute, grounds for debarment include conviction of a criminal offense relating to the contract; conviction of an offense indicating a lack of business integrity or business honesty directly affecting responsibility as a state contractor; conviction of antitrust laws regarding submission of bids or proposals; deliberate failure without good cause to perform according to contract specifications; a recent record of failure to perform according to contract terms, and "any other cause the chief procurement officer determines to be so serious and compelling as to affect responsibility as a state contractor." La. R.S. 39:1672.C.

Ms. Boudreaux, Mr. Hayden, and officials from the Department of Public Safety, the Commission and the Association held several meetings to discuss various expenditures from the market development fund. Ms. Boudreaux explained to the participants that safety seminars provided by the Association would be paid because the legislation establishing the market development fund allows for safety training. However, Department of Public Safety officials informed Mr. Hayden and the Association that the cost of safety seminars would require legitimate and verifiable supporting documentation. Mr. Hayden was informed during the meeting that he could be reimbursed for safety seminar expenses at a reasonable amount per person or for itemized, actual costs of the seminar.

As a result of Ms. Boudreaux's refusal to pay invoices submitted by Mr. Hayden, the Commission's chairman, James Hopson, asked the Louisiana Attorney General for an opinion concerning the authority of the Undersecretary in regard to Commission contracts and approved expenditures. Attorney General opinion 08-0275 in part states the following:

"The Undersecretary is charged with the supervision and management of contracts within DPS&C. Given the Undersecretary's powers in La. R.S. 36:406(B)(1), the Undersecretary has the authority to dispute the payment of a contract."

Mr. Hayden chose to submit revised invoices for each of the safety seminars held during the Association's 2006, 2007 and 2008 annual conventions. He invoiced the following amounts for safety seminars:

	<u>Original Invoice</u>	<u>Revised Invoice</u>
• 2006 Seminar	\$12,000	\$7,715.12
• 2007 Seminar	\$10,000	\$9,422.36
• 2008 Seminar	\$10,000	\$9,502.73

Mr. Hayden stated that the new invoices were prepared at his instruction by Creative Communications employee Lori Berteau. Mr. Hayden said that he made an effort to arrive at the original invoice amount on the revised invoice. He further stated that some of the itemized costs listed on the revised invoices were created in order to obtain the original flat fee amount. Mr. Hayden gave an example of charging \$75 per hour multiplied by the number of hours required to obtain a given itemized charge.

Mr. Hayden stated that the revised invoices include charges from Creative Communications (of which he is the sole owner), and the Association (where he serves as the executive director). He explained that the Association provides the safety seminar then bills Creative Communications. Creative Communications then invoices the Commission for its own expenditures and those of the Association for the safety seminar.

Mr. Hayden stated that the three day convention supports the safety seminar; therefore, all expenses for the convention are related to the two and one-half hour safety seminar. Mr. Hayden explained that he could not separate safety seminar expenses from expenditures for the entire convention.

Mr. Hayden stated that while submitting safety seminar invoices to the Commission, he was primarily acting as the Association's executive director and representing its interests. Mr. Hayden stated that he wanted the Association to receive the entire dollar amount agreed upon by the Association, the advisory committee, and the Commission.

Mr. Hayden stated that the revised invoices submitted to the Commission, including Association invoices, were all prepared at the Creative Communications office.

Mr. Hayden stated that Creative Communications employees shown on the three Association invoices were paid for their services by Creative Communications. He also stated that his employees work the annual convention as a part of his company's client account with the Association.

However, Mr. Hayden was unable to explain why the Association's invoice shows that Creative Communications employees worked for the Association during the annual convention at times other than while the safety seminar was conducted.

Mr. Hayden stated that Association invoices prepared by his office are normally sent to Billy Cox, an Association member, for review and approval. We spoke to two Association officials, Mr. Cox and Dominique Monlezun, the former treasurer. Mr. Monlezun stated that he does not recall seeing the Association invoices used by Mr. Hayden to support the revised invoices. Mr. Cox stated that he has not seen the revised Association invoices that bill Creative Communications for three safety seminars, which Creative Communications submitted to the Commission.

Mr. Cox stated that he reviewed the original flat fee invoices as referenced by his initials located at the bottom the invoice. After reviewing the revised invoices, Mr. Cox stated that the invoices appear to bill for expenditures of the entire convention and are not restricted to the safety seminars. He also stated that if he had reviewed the revised invoices, which are partially supported by an Association invoice, he would have required Mr. Hayden to supply additional information.

Mr. Cox further stated that Creative Communications employees worked during the Association's convention. However, he said the expenditure for Creative Communications' staff working at the convention should have been included in the monthly fee paid to Mr. Hayden for his executive director duties.

Mr. Monlezun does not believe that Mr. Hayden can create an invoice for the Association without a vote of the Association's Board. Mr. Monlezun does not recall Mr. Hayden telling the Association's Board that he had to create invoices to satisfy the state's requirements for documenting the safety seminars.

2006 Convention

Original Invoice

On June 28, 2006, Mr. Hayden submitted a \$12,000 flat fee invoice for the 2006 safety seminar. He stated that \$3,000 of the total amount is his fee for being the speaker during the two and one-half hour seminar. Mr. Hayden also stated that the topic of his presentation was media relations, a topic he routinely presents to various groups. His fee ranges from \$500 per person to \$5,000 for a monthly retainer.

Mr. Hayden stated that the remaining \$9,000 covered expenditures associated with the safety seminar, but was unable to document how those expenses were incurred. Mr. Hayden's only explanation for the \$9,000 charge was that the advisory committee and Commission approved the flat fee amount for the safety seminar.

Revised Invoice

After being required to repay the \$12,000 received from the Commission, Mr. Hayden submitted a revised Creative Communications invoice totaling \$7,715.12 for the 2006 safety seminar. This invoice was approved by Mr. Fuller on August 27, 2008, listing two charges as follows:

- \$3,000 - Mr. Hayden, 40 hours @ \$75/hr. for "Seminar Design & Preparation"
- \$4,715.12 - Safety & Training Seminar

Mr. Hayden provided no supporting documents for the \$3,000 charge.

The second amount on the Creative Communications invoice totaling \$4,715 is supported by an Association invoice listing eight line item charges. The invoice billed to Creative Communications does not provide an explanation or supporting documentation for the eight charges. Five of the eight charges are for the following:

- \$1,600 - Preparation and distribution of materials, 40 hours at \$40 per hour.
- \$1,280 - Two Creative Communications, Inc., employees working two eight hour days (32 total hours) at \$40 per hour.

- \$640 - Preparation for seminar coordination, scheduling and reservations, 16 hours at \$40 per hour.
- \$243.38 - Two nights lodging for Creative Communications staff.
- \$396.04 - Two nights lodging for the Association's president.

This invoice bills a total of 128 hours worked by Creative Communications for a total dollar amount of \$6,520. The amount billed for labor equals \$2,608 for each safety seminar hour produced.

Mr. Hayden stated that the \$1,280 line item charge represents his employees' working the entire convention. He said that in order for the employees to work the safety seminar they had to be at the entire convention and that he could not separate safety seminar expenses from those of the entire convention. He further stated that he assumes the line item charges listed for Creative Communications staff were listed in order to reach the original flat fee amount.

Ms. Berteau stated that she is aware the safety seminar was approximately three hours in length. She speculated that the remainder of hours worked was spent on general convention duties. Ms. Berteau does not know what work was performed for the \$640 and \$1,600 charges. She stated that these amounts were included at Mr. Hayden's direction.

2007 Convention

Original Invoice

On November 29, 2007, Mr. Hayden submitted a \$10,000 invoice listing "Safety Seminar Speaker @ Annual Meeting." The charge is supported by an Association invoice billing Creative Communications in the amount of \$10,000 for "2007 Summer Convention - safety seminar speaker fees, room and equipment rental." The Association's invoice names two speakers.

Ms. Boudreaux questioned the \$10,000 charge and requested that Mr. Hayden supply supporting documentation. Mr. Hayden supplied a statement from the conference center showing a \$1,000 deposit and \$10,887.11 balance due from the Association. Charges shown on the statement included but were not limited to the following:

- Banquet expenses \$6,738
- Guest Rooms \$2,002
- Pro Shop \$1,512

Mr. Hayden stated that the conference center statement was not intended as support of the \$10,000 invoice but only to prove the Association held a conference. He said the listing of speaker fees on the invoice was a mistake and that the Association did not pay the safety seminar speakers. Mr. Hayden said the invoice was based on approximately 30 attendees at \$350 per person but he could not provide a list of seminar attendees. Mr. Hayden stated that the

advisory committee and Commission approved a \$10,000 flat fee for the safety seminar.

Mr. Hayden provided a list containing the names of 50 individuals registered to attend the 2007 Summer Convention who he said may or may not have attended the safety seminar.

Revised Invoice

Mr. Hayden, on behalf of Creative Communications submitted a revised invoice to the state requesting payment in the amount of \$9,422.36 for the 2007 "Safety & Training Seminar." Mr. Fuller approved the invoice on August 27, 2008, containing the following two charges:

- \$4,050 - Creative Communications administrative preparation for seminar, 54 hours at \$75 per hour.
- \$5,372.36 - Safety and Training Seminar.

Mr. Hayden included a time and attendance sheet for a former Creative Communications employee to support the \$4,050 charge. The time sheet indicates the employee worked 91 hours during the month of June, which is when the convention was held. A line is drawn on the time and attendance sheet after the June 19 entry with a total of 54.25 hours worked. The time and attendance sheet does not specify a year.

When we spoke with the former employee, she stated that she worked for Creative Communications as an intern during the summer of 2006 and not the summer of 2007. She stated that she was living in North Carolina during the month of June 2007 and did not work on the presentation for the 2007 convention. She further stated that while employed by Creative Communications in June 2006, she did not work on the 2006 Association convention.

The dates and day of the week shown on the time and attendance sheet submitted by Mr. Hayden correspond to the June 2006 calendar and not the June 2007 calendar, confirming the former employee's statement.

The second charge listed on the invoice in the amount of \$5,372.36 is supported by an Association invoice to Creative Communications. Line item charges include the following:

- \$1,500.00 - Meeting and Seminar Preparation, 37.5 hours billed at \$40 per hour. This line item charge is supported by a former Creative Communications staff member's timesheet for work purported to have been performed during June. The time sheet does not list a year.
- \$599.43 - Three nights lodging for the Association's president.
- \$1,920.00 - Two Creative Communications staff members working the convention for three days each, eight hours per day.

- \$267.90 - Two nights lodging for Creative Communications employees.

This invoice bills for 139.5 hours of work by Creative Communications employees for a total of \$7,470. The amount equates to an average cost per seminar hour of \$2,988.

We spoke with the former employee named on the time and attendance sheet supporting the \$1,500 line item expenditure in the 2007 invoice. She stated that she worked for Mr. Hayden as an intern during calendar year 2006. She further explained that between January 2007 and July 2007 she lived in Alabama. She stated that she did not work on the 2006 or 2007 safety seminar or Association convention.

The dates and days of the week recorded on the time and attendance sheet correspond to the June 2006 calendar, confirming the former employee's statement.

Mr. Hayden stated that the time and attendance sheets submitted with the invoice may be for interns who did not work on the safety seminar. He stated that if these two employees did not work on the safety seminar and convention, then someone else at Creative Communications did. Mr. Hayden said that Creative Communications employees worked during the entire convention but the safety seminar portion of the total expenditures for their time could not be separated from expenditures associated with the entire convention.

Lori Berteau of Creative Communications stated that Mr. Hayden specifically instructed her to include the time and attendance records for the two interns. She does not know if the interns named on the time and attendance records actually worked at the convention or safety seminar but stated that Creative Communications interns are usually assigned to projects such as the Association's annual convention.

2008 Convention

Original Invoice

On June 30, 2008, Mr. Hayden invoiced the Commission \$10,000 for a pair of two and one-half hour safety seminars held during the Association's annual convention. Mr. Hayden supported this invoice with safety seminar sign-in sheets indicating that approximately 23 participants attended the first day seminar and approximately 10 participants attended the second day seminar.

Revised Invoice

Mr. Hayden submitted a revised invoice for the convention totaling \$9,502.73. This invoice, which Mr. Fuller approved on August 27, 2008, lists two charges as follows:

- \$1,500 - Creative Communications administrative fee, 20 hours of service by an un-named Creative Communications employee at \$75 per hour.

This charge is not supported by documentation.

- \$8,002.73 - Two day training seminar.

The second charge is supported by an Association invoice to Creative Communications. The Association invoice in part lists the following charges:

- \$1,029.06 - Lodging costs for Creative Communications employees, along with the Louisiana and National Associations' presidents.
- \$2,071.40 - Conference Center dining room charges.
- \$232.83 - Gifts for seminar speaker and dignitaries.
- \$3,200 - Creative Communications employees invoiced at \$40 per hour. This line item charge bills Creative Communications for three Creative Communications employees working 24 hours each and one Creative Communications employee working eight hours.

This invoice bills 100 hours of work by Creative Communications employees, totaling \$4,700. This amount equates to \$940 per hour for each safety seminar hour.

Mr. Hayden stated that the \$1,500 charge represents an administrative fee specifically for Creative Communications. The administrative fee includes duties such as obtaining a speaker, working with the speaker's topic, acquiring hotel rooms and sending information to convention participants. Mr. Hayden did not offer an explanation for the other line item charges listed on the invoice.

Ms. Berteau did not know the purpose of the \$1,500 line item but was instructed by Mr. Hayden to include the amount on this invoice. Ms. Berteau stated that she personally worked at this convention and that charges listed for rooms and Creative Communications employee work hours were for the entire convention, not just for the safety seminar.

Media Commission Overpayment

The Commission entered into a contract with Creative Communications to provide advertising with local media outlets. The contract called for Mr. Hayden to receive a commission calculated at "7½% of the cost of advertising placed." Mr. Hayden received a 15% discount from the media outlet and invoiced the Commission that discounted rate. However, he charged his rate of commission based upon the original amount before the discount, resulting in an overpayment of \$18,380.

After Ms. Boudreaux learned that the Commission paid Mr. Hayden at a rate above what was allowed in the contract, she demanded that Mr. Hayden repay the \$18,380, which he did under protest.

Mr. Hayden stated that the method he used to calculate the media rate of commission is the standard within the advertising industry. According to Mr. Hayden, all parties to the contract, including Mr. Fuller and the Commission, were aware of the media commission rate and approved his method of calculation.

The practice of paying a media commission based upon an amount not actually expended appears to violate the terms of the contract between Creative Communications and the State of Louisiana.

Donation of State Assets

Mr. Hayden, with the knowledge of Mr. Fuller and the market development advisory committee, auctioned LSU football season tickets and hospitality passes obtained through the state advertising contract. Mr. Hayden received approximately \$1,900 from the auctions which he gave to the Association's political action committee, a non-public entity.

The Louisiana Constitution, Article 7, Section 14(A) contains a general prohibition against the donation of state property. It states, "...the funds, credit, property, or things of value of the state or of any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private."

The advertising sponsorship contracts list the parties as Creative Communications, RE: Louisiana Propane Gas Association, and CBS Collegiate Sports Properties, Inc., as manager of LSU Sports Properties. The first contract covered the period July 1, 2006 through June 30, 2007 with a net fee of \$61,300. The second contract covered the period July 1, 2007 through June 30, 2008 with a net fee of \$42,500.

Mr. Hayden stated that the contract should have read Liquefied Petroleum Gas Commission and not the Louisiana Propane Gas Association. Mr. Hayden stated that the Association is not involved in the contract. Creative Communications billed the market development fund and received payment for the entire contract amounts along with its advertising commission.

Both contracts include 15-second and 30-second advertisements broadcast on radio and television during LSU sporting events. Deliverables listed in Exhibit A of each contract include two LSU football season tickets and four memberships to the LSU Sports Properties Hospitality Area. In short, public funds paid for the advertising, the football tickets, and the hospitality passes.

Mr. Hayden provided an accounting record maintained by Creative Communications for the Association's political action committee. The accounting record does not specifically identify proceeds from the auction; however, Creative

Communications' staff identified deposits to the political action committee totaling \$646 for the 2006 auction and \$1,274 for the 2007 auction.

In a written statement, Mr. Hayden explained that the season tickets and hospitality passes were given to Creative Communications due to its long-standing relationship with LSU Sports Properties. Mr. Hayden wrote, "Unfortunately the tickets were included as part of the contract language...We then chose the rather poor option of agreeing to raffle the tickets for the industry's Political Action Committee...This, however, was only done with the absolute belief that Creative Communications was the rightful owner of those tickets."

Mr. Fuller stated that the market development advisory committee discussed the LSU tickets and the decision was made to auction the tickets. His statement is supported by an interview with advisory committee member Mr. Cox and minutes of the June 23, 2006 meeting. The advisory committee minutes do not specifically discuss the tickets or their disposition but records the LSU advertising purchase including the tickets and membership passes.

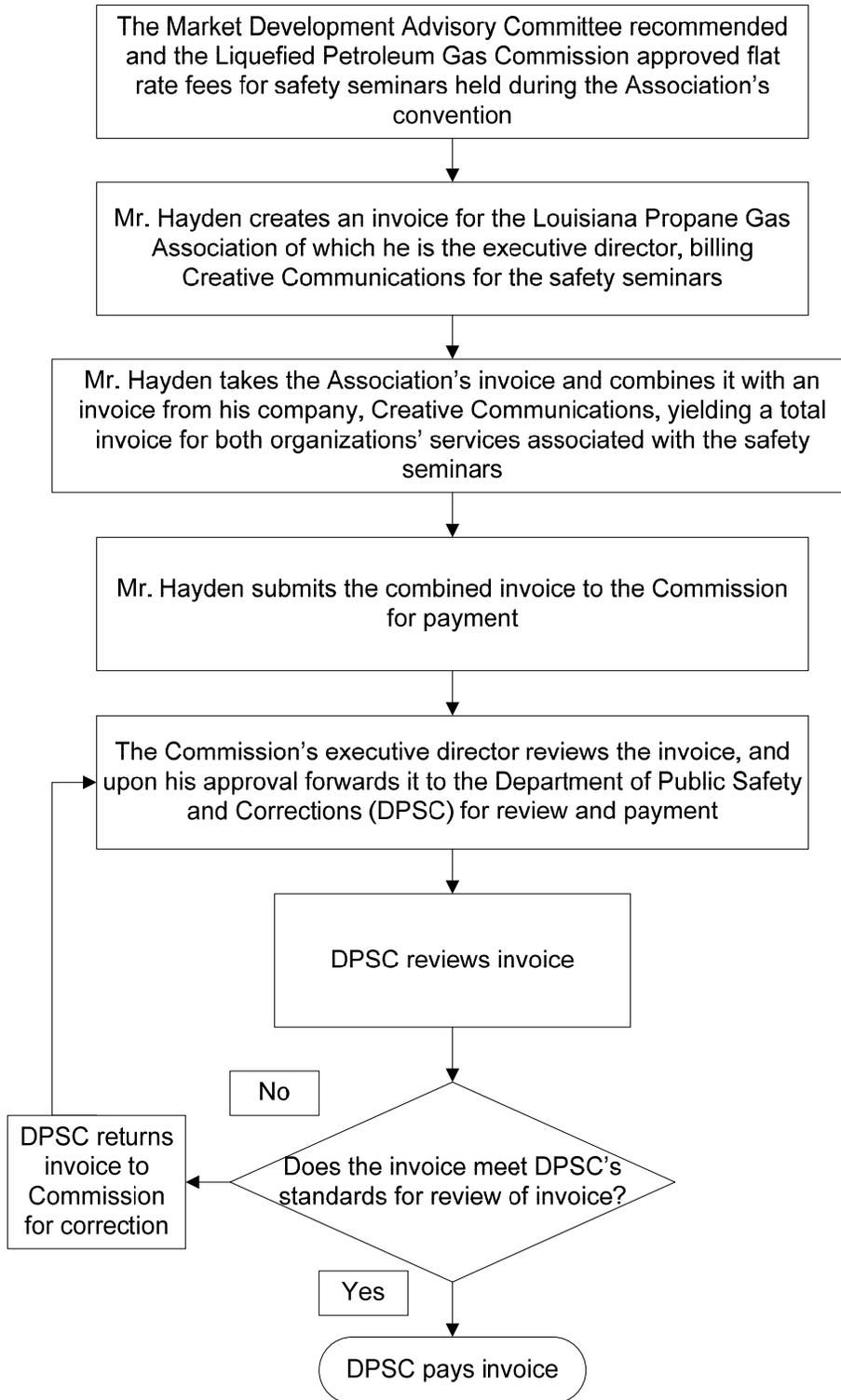
Recommendations:

1. The Commission's approval of flat fee expenditures for the Association's safety seminars at a rate which appears to support the entire convention has resulted in questions concerning performance of their fiduciary duties in relation to safeguarding state assets. The Commission should require supporting information and ensure that appropriate goods and services are delivered before approving expenditures from the market development fund.
2. Financial support by the Commission for the Association's convention is not included in state law and is specifically prohibited by PERC's policy, rules and procedures. By contrast, safety seminars are legitimate Commission projects. Therefore, Ms. Boudreaux should consider requiring the Commission to calculate a reasonable rate for each safety seminar based on verifiable information supporting their actual costs.
3. Due to Mr. Hayden's apparent lack of good faith in submitting invoices with inflated and provably false expenditures for safety seminars along with his donating the proceeds from the sale of football tickets obtained with public funds, the state's chief procurement officer should evaluate and consider whether it is appropriate to initiate debarment and/or suspension proceedings for Mr. Hayden and Creative Communications, Inc., pursuant to La. R.S. 39:1672.

APPENDIX A

Flow Chart of Invoices for Safety Seminars

Flow Chart of Invoices for Safety Seminars



APPENDIX B

Responses

**Mr. Randy Hayden
Creative Communications, Inc.**

(Attachments are included with report published on IG website)



creative [communications], inc.

Regarding case:
1-08-0016

April 28, 2010

Mr. Stephen B. Street, Jr.
State Inspector General
P.O. Box 94095
Baton Rouge, La. 70804-9095

Dear Mr. Street:

Thank you for the opportunity to respond, once again, to the issues you raised in Case No. 1080016. Much of my response can be found in the previous response sent August 22, 2008, which I've attached to this document. In that regard, let me say that I am confused and disappointed that no reference was made in this report to the previous investigation, the previous report, the previous responses or, most importantly, the previous resolutions.

Given the fact that this case number remains the same as from my previous response, I would assume and hope that ALL the responses from ALL the parties involved from the beginning of this investigation would be included in a final packet—including responses from Mr. Fuller and the LP Gas Commission, the Market Development Advisory Board and any others that were involved in these issues.

In specific response to your questions, I concur with parts of the report, concur in part with other parts and disagree with parts of the report. I will reiterate the corrective plans that have been undertaken and those that remain along with the completion date of each.

The three main areas that are addressed are: 1. Market Development Fund; 2. Media Commission Overpayment; and, 3. Donation of State Assets.

Market Development Fund:

Again, I refer you to the previous responses dated August 22, 2008 for detailed clarification of our position. In addition, we must make it clear that as for the assertion that PERC funds were used to pay for a state association convention, we absolutely disagree. The IP report failed to mention that the STATE applied for PERC funds. The state has NEVER applied for PERC funds to pay for an association convention. PERC, itself, and LPGC records will both say the Louisiana LP Gas Commission NEVER requested PERC funds be used for anything other than advertising. Also, these funds can only be sent to the state after an approved request is made. PERC would have NEVER approved such a request. ALL PERC funds were used for advertising and NO PERC funds have ever been used for an association convention. ANY assertion to the contrary is just not true. Furthermore, we disagree with the assertion that the state cannot "delineate from PERC and Commission funds." The state knows where EVERY commission dollar came from and where EVERY commission dollar went. Likewise, the state knows where EVERY PERC dollar came from and where EVERY PERC dollar went.

Governmental and Public Relations

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Phone 225.763.8988 • Fax 225.763.8989
Web: www.creativecommunicationsinc.com

As to the safety seminars, again, refer to the previous responses from 2008. But in answer to the updated information, we absolutely admit to having made mistakes in some of the details of the new invoices. We have been forthright and honest in acknowledging those mistakes. However, we must make a few points clear: First, the Commission asked the association to provide safety training. The flat fee invoices from the Louisiana Propane Gas Association were pre-approved by the Market Development Advisory Board and the LP Gas Commission and the 2006 invoice was paid as presented in the flat-fee format. It was not until much later that Creative Communications was made aware that it would have to get more detailed invoices from vendors. The vendor could not easily provide this information since it had never been required to produce it until well after the events. It was in the efforts to recreate these expenses, well after the fact, that mistakes were made. We acknowledge mistakes were made but vehemently disagree with any inference that the mistakes were knowingly false or fraudulently made. The IG's office did find that some of the interns and staff members who were inaccurately listed on bills were not actually at the events. Though we presented names of those who did, indeed, work on the seminars, those people were not contacted. Clearly the work was done, we made mistakes in listing the wrong people. Nevertheless, as the report indicates, even though we believe the flat fee invoices should have been approved as presented, we gave our best efforts to revise the invoices to meet the needs of the state. With the approval of the vendor, those invoices were actually lower than the vendor's bid for services. We believe this clearly shows that EVERYONE involved was making the best effort possible to come up with solutions acceptable to all, and clearly shows that there were never any attempts to knowingly make fraudulent claims or receive compensation for anything other than what was previously agreed upon.

Media Commission Overpayment

Again, please see the detailed response from 2008. We checked with several state departments and several similar vendors and ALL of their agreements with vendors read differently. However, what is not different is the FACT that media commissions are based on GROSS charges. As your report states, the contract reads "7 ½% of the cost of advertising placed." The IG reads that as the "cost" to me as an agency—net cost. I, and everyone else who has a state contract for advertising, read that as the "cost" to the client. In this case, the GROSS cost to the industry. This fact has been made abundantly clear in EVERY RFP we participated in. Most recently, we even spelled out how we billed commissions with actual examples. Nevertheless, the state chose to rework our commission structure in the most recent contract period, which we reluctantly agreed to do. Therefore, we VEHEMENTLY disagree that there have ever been any media commission overpayments, and that no other state agency forces its media partner to base commissions on net prices as opposed to the well-recognized standard of basing commissions on the gross "costs" of advertising placed. Finally, there is absolutely no mention that Creative Communications has for years agreed to split commissions with the industry, thus saving dealers literally thousands of dollars in marketing costs to the fund.

Donation of state assets

Please see the responses from 2008. It is disappointing that no mention was made of the fact that the entity that gave us the LSU tickets (LSU Sports Properties) and the individual who gave them to us (Ward Wyatt) wrote a letter clearly stating that the tickets were meant for Creative Communications in appreciation for a long-standing relationship with the network and the university—that was not just our assertion, that was the intent of the owner of the tickets (please see his letter in the 2008 response.)

Recommendations

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Recommendation #1

We are in complete agreement with recommendation number one. Efforts have been made to be more accessible and offer more detail of proposed programs. We have enjoyed working with the new Commission and have developed a greater understanding of their role, as well as the role of Ms. Boudreau's office. We are working out the kinks and it is my belief that all involved are please and supportive of the process we have now developed to make the process more transparent and accountable.

Recommendation #2

We agree completely with the recommendation but disagree with the inference of the supporting statement that presumes the state, commission, or Market Development Board supported plans, applied for or used PERC dollars for a state association convention. This did not happen. Nevertheless, we are encouraged by the suggestion that Ms. Boudreau's office should require the Commission to help calculate a reasonable rate for such safety seminars. I am told the Association welcomes the opportunity to discuss this possibility.

Recommendation #3

We very strongly disagree with recommendation #3. Not one of the invoices in question was "inflated" beyond budgeted amounts pre-approved by the Market Development Advisory Board or the La. Gas Commission. Yes, mistakes were made. I dare say mistakes are made on a very high percentage of invoices sent to the state. But they are mistakes—not fraud. The accounting departments throughout state government typically send the invoices back explaining the problems and requesting changes. That is what happened here. Since that time, we have enjoyed a mutually respectful relationship with the accounting office. We understand their concerns and are doing everything to meet their needs. But banning this company from ever doing business with the state is an unusually harsh punishment—especially for a small business that has done everything possible to help this industry, and this state. If the Commission and the industry do not want us to help with their marketing efforts, they will have a chance to find another vendor shortly as a new RFP has been requested. We believe penalties such as this should be reserved for the most heinous of state vendors. We certainly do not believe that the honest mistakes of a small business' bookkeepers and managers merits such a death penalty.

Final summary...

We were disappointed that the report does not spell out the extraordinary efforts our company has made to resolve these issues—efforts undertaken more than a year and a half ago. The state has asked for reimbursement of funds—we have written checks for EVERYTHING asked for including paying reimbursement for commission we strongly believe we are legally entitled to. We offered a compromise on commissions but have heard nothing. We have paid EVERY vendor who was owed money from the Market Development Fund while the state holds our invoices awaiting a final dispensation of this report. (We've paid everyone except the LPGA which has asked that we withhold payment, though we are still liable for \$29,000) Let me repeat—the state has held up payments to us for very legitimate expenses for, in some cases, over two years. WE paid those vendors. We were forced to take our loans, hire attorneys and have paid thousands of dollars defending our company, our employees and our reputations. We are very disappointed that reasonable people cannot get together to work this out—we've done everything you have asked. We did it 18 months ago. To ban our future service to Louisiana and its citizens, we believe, would not only maliciously hurt us, but needlessly hurt the LP Gas Industry and, ultimately, everyone in our state.

Governmental and Public Relations

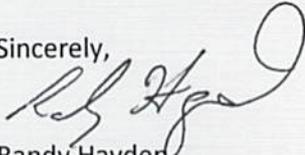
P.O. Box 14204 • Baton Rouge, LA 70898

Phone 225.763.8988 • Fax 225.763.8989

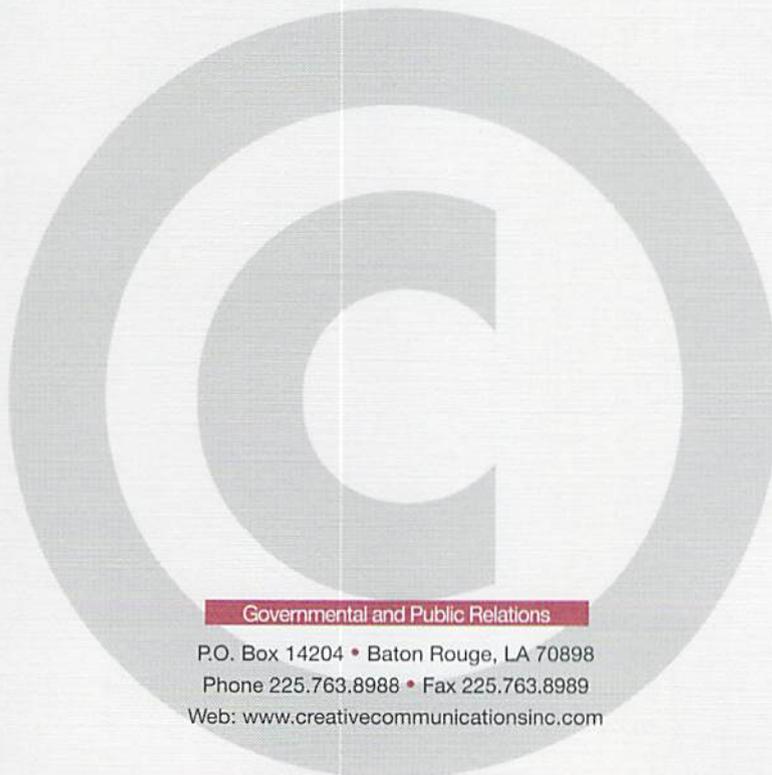
Web: www.creativecommunicationsinc.com

Thank you for the opportunity to respond. Please let us know the next steps.

Sincerely,



Randy Hayden
President
Creative Communications, Inc.



Governmental and Public Relations

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OFFICE OF
STATE INSPECTOR GENERAL



creative [communications], inc.

August 22, 2008

Mr. Stephen B. Street, Jr.
State Inspector General
P.O. Box 94095
Baton Rouge, La. 70804-9095

Dear Mr. Street:

Thank you for the opportunity to respond to the issues you raised in Case No. 1080016. I will try to be as clear, concise and factual in my response as possible. Let me first say I appreciate the professionalism and thoroughness displayed by Mr. Gordon Devall of your staff during this investigation. I do not agree with all of his conclusions but I certainly respect his opinions and the manner he conducted himself during the investigation.

Let me first say that I absolutely disagree about the conclusions reached regarding our commission structure and our payments for safety training. However, my defense in these matters has taken a great deal of time, energy and money—all factors I have weighed in the ultimate decisions I am proposing as “corrective actions.” I need to make it absolutely clear—we do not believe we have done anything wrong in the matter of billing for our commissions or billing for pre-approved safety training sessions. Any concessions made by my company regarding those issues are made simply to resolve the matter as quickly, efficiently and economically as possible without having to resort to costly litigation.

In an effort to resolve this matter in the manner stated above, I am attaching a copy of correspondence sent to the Office of Management and Finance in which we agreed to pay under protest the outstanding charges they believe are due. This letter represents our best, good-faith effort to resolve the issue quickly, efficiently and economically.

Responses

Issue 1: Charles Fuller Campaign Letter

This is the first time we have heard of this problem. I never saw the letter in question and it has never been mentioned to me by anyone who may have seen or been sent the letter. Therefore, I do not think it is appropriate for me to comment on this item. I do want to remind you that the Louisiana Propane Gas Association Board of Directors had taken a position in support of Mr. Fuller being reappointed as Executive Director of the LP Gas Commission and reiterated that position during a recent board meeting last week.

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Issue 2: Commission Overpayment

Conclusion: We do not concur with the conclusion reached by the IG's office. Please refer to the attached letter (Exhibit A) sent from Creative Communications to the Department of Public Safety as well as a copy of the contract from the Department of Economic Development (Exhibit B). We have tried our best to explain how advertising agencies work, how "standard" commissions are derived and what the true "cost" of advertising is. Please notice the current state contract between the Department of Economic Development and the Peter Mayer Advertising Agency. On page 5 under "Payment Terms" you'll find that their contract refers to "A standard 15% commission." We have consistently referred to the "standard 15% commission" when making our bids. After speaking with the LED officials and members of the Peter Mayer firm, we found out that they calculate their "standard 15% commission" by one of two ways (Note: both ways arrive at the same figure)—When media commissions are offered (radio, TV and others) the agency takes 15% commission FROM THE GROSS. If commissions are not offered (print, billboards, etc.) the net figure is divided by .85 to give the agency a true, standard 15% commission.

For example, if a radio spot costs \$100, taking a standard 15% commission means the agency makes \$15 dollars and writes a check for \$85. However, if a print ad is run (not commissionable) for \$85, the agency simply divides the net by .85 which once again gives a "standard 15% commission." So in both cases, the agency makes \$15 and pays \$85. However, in both cases, the "cost" of the advertising is \$100—a gross figure. To further make our point, please refer to the TV and radio station letters that clearly say the "cost" of their advertising is a GROSS COST and that agency commissions are figured from that GROSS COST.

In our case, however, we agreed to provide our services for HALF the "standard 15% commission." This is where the misleading figure of 7½% commission is derived. I will repeat that in our RFP (Exhibit C) and in our presentations before the Market Development Advisory Committee, we were specifically asked exactly how much "commission" we would make on a budget of \$300,000. Our response to the RFP clearly says we will apply "7.5% commission" and that our compensation would be \$22,500. The ONLY way you can come up with \$22,500 out of a \$300,000 budget is if the \$300,000 is a GROSS figure and 7½% is taken FROM THE GROSS.

To be fair, we recognize the confusion. We will even acknowledge that reasonable people who are not aware of industry practices can honestly come to a conclusion similar to Mr. Devall's. After discussing the matter with legal counsel, we believe we would have a VERY strong case if the matter were to be litigated. However, I abhor lawsuits and their associated costs. Therefore we very reluctantly have offered a costly compromise which we hope will satisfy both the Department of Public Safety and the IG's office.

Recommendations and resolutions: We have already sent a check for what the Dept. of Public Safety considers outstanding (Exhibit D). It is our very sincere hope that they will reconsider their position on our commission structure and acknowledge that we have NOT been overpaid but have been consistently paid (for SIX YEARS) half of the standard 15%

commissions which is exactly what we proposed and what we (and the Commission) have in good faith agreed to. We believe the proper solution should have been to have the state revise the contract to better reflect the unanimous understanding of the Market Development Committee, the Commission and its Executive Director—all of whom understood that Creative Communications was providing the services for HALF the STANDARD 15% COMMISSION. If, after having received all of this information, the Department does not reverse its current position, we hope it will accept our compromise offer which figures a TRUE 7½% commission above the net expenses.

Finally, as for the recommendation that future contracts be clarified, we are pleased to report that we once again have been honored to be awarded a contract for next year's advertising. We have signed the contract which spells out a compensation structure EXACTLY as we have been billing for the past six years.

Issue 3: Convention Expenditures

Once again, we respectfully do not concur with several of the assumptions set forth in the report. We believe the most important factor in this issue is the omitted fact that the COMMISSION ASKED me to go to the Market Development Advisory Committee and come up with plans to address their safety and training concerns. I was specifically told by Commission members that the inspectors at the Commission had requested that we look at using Market Development funds to buy a training vehicle. Not only did the members of the Market Development Committee question whether the fund could be used to purchase such a vehicle, they unanimously felt it was a bad idea. As an alternative, the Market Development Committee agreed to ask the Louisiana Propane Gas Association if it would put on a safety training seminar for everyone in the industry. Ms. Debbie Cannon from Gas Equipment, Inc. was in charge of Safety and Education for the Association at that time as well as being the Chairman of the Convention Committee. She agreed to work a seminar format into the agenda of the Association's annual convention. She explained that it would be difficult to determine costs for a seminar that could host EVERY propane dealer and propane industry employee in the state! The Association agreed to host the safety training seminar and invite EVERY propane dealer and their employees to attend. To make sure all costs would be covered and to adequately pay the Association for the considerable time it takes to plan, promote and present such a seminar, the Association offered to do the program in 2006 for \$12,000. The Market Development Advisory Committee felt this was a fair fee for the services being rendered and included it in their recommendations to the Commission. The Commission then unanimously approved funding for the seminar. There was no "per hour" charge. There was no "per person" charge. There was simply a flat fee that was being charged by the Association. When submitted to the state, this invoice was paid in a timely manner with absolutely no questions asked.

This report and the state's refusal to pay the invoices for subsequent seminars have put us in a very awkward position. Creative Communications was TOLD BY THE COMMISSION to come up with a plan for safety and training for EVERYONE in the industry. We found a vendor that agreed to do it for a flat fee. The training and the fee were both pre-approved by the bodies that have the most direct oversight over these funds and our contract. We did what we were TOLD to do.

Conclusion: We disagree with the methodology used to determine that the “fees appear excessive” when compared to other training rates. This is clearly an apples/oranges comparison. This vendor (LPGA) took on the monumental and risky task of setting up a training seminar for EVERY dealer and, conceivably, EVERY propane employee in the state. Nothing like this had ever been done before by this vendor so it had nothing proven from which to base its price. After the first year, it was determined that the Association could safely host such a seminar for less money—thus the \$10,000 flat fee in 2007 and 2008.

On the positive side, we appreciate the IG’s office making the determination that such seminars are covered in the existing contract and are particularly thankful that the office also determined that Creative Communications could charge its \$75/hour fee for services related to these seminars. We most definitely concur in this finding.

Recommendations and resolutions: We concur with the recommendation that “The Commission should consider calculating a reasonable rate for the two seminars, based on verifiable information....” We believe, in fact, that the Commission has ALREADY considered this information and has ALREADY approved these expenditures. However, in an effort to work through the sticking points, I have been authorized by the Board of Directors of the Louisiana Propane Gas Association to refund, under protest, their \$9,000 fee for the 2006 seminar. Likewise, I will refund, under protest, my \$3,000 fee (Exhibit E). In addition, the Board has directed me to revise the 2006, 2007 and 2008 invoices to reflect “all reasonable and identifiable” costs associated with the planning, promotion and presentation of these seminars and submit new invoices for the department’s review. As for the immediate future, the Louisiana Propane Gas Association will no longer provide industry-wide training using Market Development Funds unless all charges are pre-approved in writing.

Issue 4: Donation of State Assets

We appreciate the research, detail and background that are presented in this section of the report. However, we once again cannot completely concur with the conclusion or the recommendation because we think an important omission has been made. Regarding the LSU tickets and the auction of those tickets, yes, the tickets were part of a “contract” which we signed with LSU Sports Properties. However, in a letter sent from the General Manager Ward Wyatt (Exhibit F), he CLEARLY maintains that “LSU Sports Properties has maintained a business relationship with Creative Communications and has provided Creative Communications LSU Football season tickets as part of that long-standing relationship.” Note—he says he has provided CREATIVE COMMUNICATIONS, not the state, or “client” with tickets. We understand this may sound like we are splitting hairs but it is our belief and Mr. Wyatt’s as well, that the tickets were to be given to Creative Communications for our use. Unfortunately, the tickets were included as part of the contract language. Once this became known, it became very difficult for Creative Communications to simply take ownership of “our” tickets. We then chose the rather poor option of agreeing to raffle the tickets for the industry’s Political Action Committee. This, however, was only done with the absolute belief that Creative Communications was the rightful owner of those tickets.

Conclusion: "Creative Communications" signed the contract with LSU Sports Properties. This was a special negotiated contract and not a standard "package." We believed then, as we do now, that the tickets were given to Creative Communications as a "Thank You" for a long relationship with LSU. In hindsight, I believe we all now realize that the tickets should not have been included in a contract for advertising. I am told that LSU Sports Properties is revising its procedures and contracts as a result of what has happened.

Recommendations and resolutions: I have spoken with the Chairman and members of the PAC board in question who all are quite upset about this matter. They have authorized me to make the following offer to hopefully resolve this part of the dispute as quickly as possible. First, the individuals who participated in the auction (Exhibit F) did so with the honest and innocent belief that they were making legal contributions to their industry PAC. It was most certainly not their intention to have the proceeds go to the Market Development Fund. Therefore we will approach the Commission at its next meeting and offer to pay the printed value of the tickets to the Market Development Fund. In addition, I will repay each of the participants who made a contribution the full value of their contribution.

In conclusion, we have been aware of many of these issues for a few months now and are eager to resolve the problems, sign a new contract and get on with providing the industry with the very best marketing program possible. I have asked to meet in Executive Session with the Commission at its regularly scheduled meeting next week to address your recommendations and our proposed solutions. It is my intention to update this response at that time with a summary of their recommendations and offer it to you as an addendum. It is my fervent hope that all of these issues can be resolved quickly and without the need for further action. Therefore, I would respectfully ask that you wait until receiving my updated responses before issuing a final report. I will have the Commission's response available for your review by the close of business Friday, August 29th.

Thank you, again, for your kind consideration of our position and our recommended course of action.

Sincerely,

Randy Hayden
President

Attachments

A

August 11, 2008

Ms. Danielle H. LeBouef
Executive Staff Officer
Public Safety Services
P.O. Box 66614
Baton Rouge, LA 70896

Re: Creative Communications/LP Gas Association

Dear Ms. LeBouef:

Thank you for the opportunity to respond to your concerns regarding the LP Gas Commission's contract with Creative Communications. Let me first say, in an effort to move forward we have written a check for the outstanding amount due and are paying this amount under protest. It is our very strong belief that we have performed all of our services within the legal guidelines outlined in our contract. Moreover, we believe we have performed these services at the direction and under the guidance of the Market Development Advisory Committee, the LP Gas Commission and its' executive director.

Despite the fact that we believe our billing has been consistent with the letter and intentions of the RFP and our contract, we will acknowledge that reasonable people may have justifiable reasons to disagree with us. Because of this confusion we have gone to great lengths to ensure that our next contract clarifies all of the points of current contention.

With regard to the question of agency commissions, it has been presented in all of our RFP presentations and it was and is our intention that Creative Communications would split all applicable commissions and return half of those commissions to the Market Development Fund. We believe this will be verified by the Market Development Advisory Committee, the Commission and its executive director. Obviously, the method of determining this split has been called to question, even though the billing method has remained consistent for the past six years.

Our position has been that the contract allows us to charge a full 7½ percent commission from a gross advertising cost. The words "commission" and "cost" are important. "Commissions" are generally figured from a gross bill, which are the "costs" of those advertisements. We have included letters from many of our vendors who testify that the "cost" of their product is a gross figure and that "commissions" are calculated from that figure.

The state's position is that a commission should be calculated from a net advertising cost. After reviewing similar contracts with other state agencies, we have found that there is absolutely no consistency in determining how commissions are to be calculated. However, in an effort to compromise on this issue we would propose the following: rather than calculating a 7½ percent commission off the gross cost of advertising, we will agree to a method of compensation that will calculate a true 7½ percent commission on top of the net cost of advertising. The formula we propose for making this calculation is the same formula that is used by the Department of Tourism

and its relationship with Peter Mayer Advertising acting as agent for the state's tourism account. That calculation simply divides the net advertising expenses by .925 (7½ percent commission) to come up with a true 7½ percent commission figure. Specifically in our instance, those figures are as follows: Net advertising invoices = \$1,387,677.33 divided by .925 (7½ percent commission) equals a total payment due to Creative Communications of \$1,500,191.60. Using this calculation the actual amount overpaid to Creative Communications is \$9,942.20. As you can see, this calculation is a true compromise between both of our positions and we believe will stand up to any audit based on the current language of the contract as well as the precedent from other state agencies.

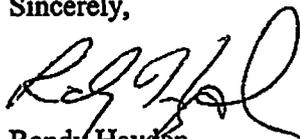
Regarding the training sessions hosted by the LP Gas Association, once again we believe that our services are covered by the letter and intent of the existing contract in response to the RFP requested by the state. We believe these seminars are covered under the scope of services B section that asks us to conduct: #6 "public relations program" and #9 "design and conduct special promotions". Perhaps more importantly the Market Development Advisory Committee, the LP Gas Commission and its' executive director all believed these services would be covered under the existing contract and have all testified to that fact. We, too, believe that these services would stand up to an audit review. However, as for the documentation backing up the costs for these services, we have done the best job possible in providing this information. It is our sincere hope that the state recognize that the services were approved in advance and were performed for the agreed upon rate. We hope that the accompanying materials will provide sufficient documentation to support these facts.

As for the remaining invoices, we acknowledge and apologize for the errors in correctly calculating reimbursements as is required under the contract. We have resubmitted these invoices and have modified our accounting practices to avoid this problem in the future.

Finally, as for the pending contract, we believe we made it clear in our response to the RFP as to exactly how the billing would be accomplished and exactly which services would be provided for that compensation. We would welcome a review of this contract by your department to help us clarify any misleading or omitted language which may prevent us from having these problems in the future. Most importantly we hope that you will accept this check as a good faith effort to clear up the misunderstandings of the old contract and allow the new contract to take effect as soon as possible.

Please let us know of any concerns or comments you may have.

Sincerely,



Randy Hayden

RLH/cpr
Enclosure

B

CONSULTING SERVICES AGREEMENT
between
STATE OF LOUISIANA,
DEPARTMENT OF ECONOMIC DEVELOPMENT
and
Peter A. Mayer Advertising, Inc.

Be It Known, that effective as of the 1st day of July, 2008, the Louisiana Department of Economic Development, Capitol Annex Building, 1051 North 3rd Street, P. O. Box 94185, Baton Rouge, LA 70804-9185 (hereinafter sometimes referred to as the "Department", "LED" or "State"), and Peter A. Mayer Advertising, Inc., 324 Camp Street, New Orleans, LA. 70130, (hereinafter sometimes referred to as "Agent" or as "Contractor"), have entered into this Consulting Services Agreement (sometimes herein called "agreement" or "contract") under the following terms and conditions.

I. Introduction

In accordance with Article VII, Section 14 (c) of the Constitution of the State of Louisiana, in order to serve the public for the purposes hereinafter declared, the Louisiana Department of Economic Development and Peter A. Mayer Advertising, Inc., have entered into this Consulting Services Agreement.

The Louisiana Department of Economic Development, also known as Louisiana Economic Development (LED), is responsible for promoting Louisiana as a location for retaining, expanding and launching domestic and international business operations. The Communications & Marketing Division oversees and manages all facets of the LED brand, while also building awareness of the state's economic development opportunities and achievements through targeted visual and written communications. LED's specific purpose for engaging in these communications and marketing activities is to generate legitimate inquiries from responsible sources and to create a favorable image of the state as a place in which to live, work and do business.

The State of Louisiana has embarked upon a strategic plan to serve as a guide to lead the State's transition into a new economy. *Louisiana: Vision 2020* is the Master Plan for Economic Development for the State of Louisiana. In support of the goals of *Vision 2020*, the Contractor proposes to undertake the programs and projects as described under Section II, "Scope of Services" below to provide necessary services. The State is seeking assistance in the delivery of its economic development message, including its investments in strategic planning and direction, graphic design and production, message development, visual identity and consistency, paid and earned media, web site development, marketing collateral, project management, consumer research and other promotional, marketing and advertising-related services; and the Contractor is willing to assist the State in these endeavors. All of this will help the state in seeking out opportunities for the creation of economic growth in Louisiana and will help in the creation of new companies or the retention of existing businesses for our State, which in turn will help to create new jobs or to retain existing jobs for the citizens of Louisiana.

This project has a public purpose and is in the public interest of the State of Louisiana and its citizens.

II. Scope of Services

The **Goals** of this contract are for the Contractor to provide assistance to LED in the delivery of its economic development message, including its investments in strategic planning and direction, graphic design and production, message development, visual identity and consistency, paid and earned media, web site development, marketing collateral, project management, consumer research and other promotional, marketing and advertising-related services; and the Contractor is willing to assist the State in these endeavors. All of this will help the state in seeking out opportunities for the creation of economic growth in Louisiana and will help in the creation of new companies or the retention of existing businesses for our State, which in turn will help to create new jobs or to retain existing jobs for the citizens of Louisiana.

The **Objectives** of this contract are to create a working relationship with a firm that will work with LED and establish vision and goals for the promotion of the State's economic development program, and to provide support to the State as well as support to the Contractor in each of their endeavors to obtain and provide assistance for LED in the delivery of its economic development message, including its investments in strategic planning and direction, graphic design and production, message development, visual identity and consistency, paid and earned media, web site development, marketing collateral, project management, consumer research and other promotional, marketing and advertising-related services; and the Contractor is willing to assist the State in these endeavors. All of this will help the state in seeking out opportunities for the creation of economic growth in Louisiana and will help in the creation of new companies or the retention of existing businesses for our State, which in turn will help to create new jobs or to retain existing jobs for the citizens of Louisiana.

And in connection therewith, the Contractor agrees to work under the supervision of a member of the LED staff, and to furnish all of the following services, including:

- a. Strategic planning;
- b. Creative development;
- c. Web site development, programming, hosting and management;
- d. Paid media research, buying and management;
- e. Project management;
- f. Production management;
- g. Public relations planning and management;
- h. Consumer research/testing;
- i. Account services and management; and
- j. Accounting.

Additional work to be performed by the Contractor includes:

1. Develop and execute an integrated marketing and communications program in support of LED's mission and brand.
2. Produce or assist in the strategic creation and production of print, audio-visual, trade graphics and displays, radio, video/DVD, web and electronic marketing tools that establish a consistent visual image of LED and effectively promote key messages to target audiences.
3. Assist in the logistics and coordination of special events and in the development and source identification of promotional items.
4. Provide advice and counsel to LED on matters related to marketing and communications.

5. Coordinate and supervise agency-placed printing (not to exceed 20 percent of the contract total.)

All services shall be provided by the Contractor to LED in accordance with Sections 13, 14 and 15 of the Contractor's Proposal, copies of which are attached to this agreement as an Exhibit and are made a part hereof by this reference.

The Scope of Services Required of the Contractor will be:

"A" Services (compensated by media commission):

1. Analyze the advertising and marketing needs of LED;
2. Prepare an image and advertising plan;
3. Develop concepts, themes, layouts, messaging and copy for print, web and broadcast ads;
4. Research, develop and manage a state, national and international media strategy, plan and schedule;
5. Place advertising on behalf of LED;
6. Pay media outlets on behalf of LED;
7. Verify media, production and vendor invoices;
8. Provide all necessary documentation of invoices;
9. Supervise services 1 through 8; and

"B" Services (compensated hourly):

10. Prepare finished copy for advertisements, web site, brochures, high-quality presentations (Flash, Director), talking points, speeches, films, DVDs and videos, etc., as directed;
11. Prepare mock-ups and finished layouts for the above items as directed;
12. Acquire professional-quality photography and other materials required to execute above items listed in #10;
13. Design, supervise production and assist with approval process for ready to print artwork for all marketing pieces;
14. Design and supervise production of trade show booths, presentations, DVDs, films, videos, radio spots and other electronic art and materials;
15. Conduct telemarketing/advertising projects;
16. Design and conduct direct-mail programs;
17. Assist with execution of active and responsive strategic PR program and activities, including media research, writing press releases, news stories, developing media pitches and helping to cultivate state, national and international media relationships;
18. Develop design and conduct special promotions as directed;
19. Initiate and help to manage an advertising response program;
20. Coordinate and direct logistics of special events and conferences;
21. Conduct various other communications and marketing-related programs as requested to support a small internal staff;
22. Prepare invoices and billing for all marketing related activities; and
23. Supervise services 10 through 23.

The Contractor shall proceed with its services only upon written authorizations issued from time to time by LED (such written authorization may be called a "Notice to Proceed" or "NtP", or an "Advertising Purchase Memorandum" or "APM"), with all services necessary to the performance, in proper sequence and in the time specified, of the items of work for the project.

III. Deliverables

The Contractor shall provide to LED: (1) the services contracted for under this agreement, including copies of all materials, items, or documents prepared or obtained by the Contractor pursuant to this contract, and all copy, artwork, layouts, designs, photographs, plates negatives, proposals, computer disks, graphics, DVDs and other such materials etc., prepared, generated or obtained in connection with the services provided pursuant to this agreement; (2) Invoices requesting payments due hereunder, including a summary description or brief recap of the Contractor's services provided pursuant to and in fulfillment of the goals and objectives of this agreement during the previous period which are included in the Invoice.

Contractor shall also submit to LED copies of all contracts with outside consultants and service providers relative to this agreement, if any, upon the final execution thereof.

Additionally, the Contractor shall submit to LED written quarterly Progress Reports summarizing its activities measured against the goals and objectives of this contract demonstrating the use of strategies and tactics outlined in its proposals to LED. Such quarterly reports shall be due to LED not later than **September 30, December 31, March 31, and June 30**, of each calendar year during the term or extended term of this agreement. The Final Report shall be the report that's due June 30 of the final year of this agreement.

Quarterly reports will summarize results of work performed to successfully deliver LED's message locally and globally according to the strategic communications and marketing plan devised at the beginning of the fiscal year. Metrics may include jobs and investments, legitimate inquiries from target audiences, number and value of positive media placements, added value opportunities and web traffic counts.

IV. LED's Contract Monitor

The Secretary of LED, or his designee, will designate and may change from time to time, one or more persons on his staff to act as the LED's project representative or as the "Contract Monitor" for this project, to provide liaison between the Contractor and the LED, and to perform various duties, which are specifically provided for in this agreement.

V. Performance Measures

Performance Measures for this contract shall include the Contractor's timely and successful performance and completion of the services required and to be performed pursuant to and consistent with the provisions, goals and objectives of this agreement; including the timely production of the creative concepts, copy, layouts, advertising, brochures, graphics, DVDs, proposals, newspaper advertising, television and radio spots; and including the timely completion of projects authorized by LED pursuant to this contract; as well as the Contractor's timely submission of quarterly Progress Reports.

VI. Monitoring Plan

During the term of this agreement, representatives of the Contractor shall discuss with LED's Contract Monitor the progress and results of the project, ongoing plans for the continuation of the project, and any other matters relating to the project. The LED Contract Monitor shall review with the Contractor its plans for its performance of the duties and services hereunder prior to the performance thereof; shall review and approve drafts and layouts of creative work, written materials, proofs of materials, etc., prior to implementation, printing, release and distribution; and shall continually review and analyze Contractor's performance of services pursuant to this agreement, the "Notices to Proceed" ("NTP"), the "Advertising Purchase Memos" ("APMs") and any other authorizations issued to the Contractor from time to time, as well as Contractor's written

quarterly Progress Reports and Invoices, to ensure Contractor's compliance with contract requirements and Scope of Services, and to determine the progress being made by the Contractor. The Contract Monitor shall also:

- A. Contact Contractor for further detail, information or documentation, or to secure any missing deliverables whenever necessary;
- B. Assure that items/payments requested in Invoices are in compliance with this agreement;
- C. Coordinate with LED's fiscal office for payments to Contractor, and/or obtaining of any further needed documentation; and
- D. Maintain telephone and/or e-mail contact with Contractor on contract activity and/or make visits to the Contractor and site in order to review the progress and completion of the Contractor's services, to assure that performance goals are being achieved, and to verify information when needed.

Between required performance reporting dates, Contractor shall inform LED of all problems, delays or adverse conditions that will materially affect the ability to attain program objectives, prevent the meeting of time schedules and goals, or preclude the attainment of project work units by established time schedules and goals. Contractor's disclosure shall be accompanied by a statement describing the action taken or contemplated by Contractor, and any assistance which may be needed to resolve the situation.

VII. Budgeted Amount / Maximum Fee / Contract Cost

The budgeted amount for this project, the Contractor's maximum fee, and the total cost to LED of the project contemplated by this agreement shall not exceed the total sum of **FIVE MILLION FIVE HUNDRED THOUSAND & NO/100 (\$ 5,500,000.00) DOLLARS**, which sum shall be inclusive of all fees, costs and any reimbursable expenses (including travel expenses, if any) to be paid by LED in connection with the services to be provided under this agreement. The total billings for all services and expenses covered by this contract shall not exceed the total amount stated above. This is the total sum that has been allocated for this project by the Department of Economic Development. Any payments/reimbursements, which may be due under this agreement, will be allowed only for charges/expenditures occurring between and including the dates of July 1, 2008, and June 30, 2009, unless the term of this contract is extended, as hereinafter provided.

VIII. Payment Terms

Contractor shall be compensated for its services, as follows:

- (1) A standard 15% commission shall be paid for media placements for items 1 through 9, listed as "A" Services, under Scope of Services Required above; however, the Contractor may not charge a 15% commission or fee for the processing of Invoices, "Notices to Proceed" ("NtP"), "Advertising Purchasing Memorandums" ("APMs"), or any other authorizations; and the Contractor may not charge a 15% commission or fee on media buys directed or negotiated by LED; and
- (2) For items 10 through 23, listed as "B" Services, under Scope of Services Required above, the Contractor may not add any 15% commission or fee, but instead the Contractor's compensation shall be paid on an hourly basis, as follows:

Bids & Estimates	\$115
Clerical	N/C*
Client administrative	N/C*

Client contact	N/C*
Client planning	N/C*
Computer mechanical	\$50
Copywriting	\$115
Creative concept	N/C*
Creative supervision	\$145 (Creative Directors only)
Delivery/runs	Outside charge - billed at cost
Design and layout	\$115
Events logistics	\$115
Events planning	\$115
Illustration	Outside charge - billed at cost
Job supervision/Account executive	N/C*
Photography/time	\$115 (supervision)
Production supervision	\$115
Project management	\$115 (when requested by client and not covered by commission)
PR client contact	\$115
PR events/assistance	\$115
PR planning	\$115
PR research	\$115
PR writing	\$115
Storyboard	Outside charge - billed at cost
Strategic direction	N/C*
Proofreading	\$115

*These items are covered by media commission income and are not billed hourly.

In consideration of the services to be provided as described above, and provided progress and/or completion of the Contractor's services are to the reasonable satisfaction of LED, payment of the sums stated above shall be made to the Contractor by LED, in periodic payments for that portion of the services that have been provided, after the receipt from the Contractor and approval by LED of the Contractor's periodic Invoices requesting payment, including a summary description or brief recap of the Contractor's services provided pursuant to and in fulfillment of the goals and objectives of this agreement during the previous period, which are included in the Invoice; and the Contractor's submission of each such Invoice shall constitute a certification from the Contractor that all services required in connection with this contract for the time period reflected in the Invoice have been fully performed and completed justifying the requested payment. All Invoices must be itemized, and must contain the "Notice to Proceed" ("NtP"), "Advertising Purchase Memorandum" ("APM"), or any other authorization number issued by LED which initiated and authorized the project. All original documentation supporting the Invoices shall be maintained by Contractor, and shall be subject to audit, as hereinafter stated. Contractor shall determine the frequency that such Invoices are to be submitted to LED, but such frequency shall not exceed one (1) Invoice per calendar month.

Special travel expenses incurred by Contractor's personnel on behalf of LED, if any, shall be reimbursed only in the event that this agreement provides for such reimbursement, such travel

expenses and their reimbursement are included in the approved budgeted amount or maximum fee, such travel expenses are approved by LED, and then only in accordance with and as limited by Division of Administration Policy and Procedure Memorandum No. 49. Invoices and/or receipts for any reimbursable expenses or travel expenses must be provided to LED or attached to Contractor's periodic Invoices for reimbursement.

On materials produced by outside suppliers, LED agrees to pay the Contractor the cost of such materials as invoiced by the suppliers, plus any additional taxes incurred by the Contractor, and the Contractor may not add to or mark up any such costs by adding any additional 15% commission or fee thereto. Sub-contractors utilized by the Contractor on LED projects must be approved by either the Secretary of LED or the Deputy Secretary and the Undersecretary of LED or her designee in advance of the start of the project.

IX. Contract Term / LED's Extension Option

This contract shall begin as of July 1, 2008; this project and all of the Contractor's services hereunder shall be completed by June 30, 2009; and (in order to provide LED with sufficient time to review and approve the Contractor's performance and work product, and to approve and pay Contractor's final Invoice) this contract shall terminate on July 31, 2009, unless amended and extended in writing and approved by all parties, including the Director of the Office of Contractual Review, or the Commissioner of Administration.

LED shall have the option to renew or extend this agreement for up to two (2) additional years; which option may be exercised by LED either by renewing or extending this Agreement for a two (2) year term, or for one (1) year only, and then if LED elects to do so, it may again be extended for another year.

X. Tax Liability

Contractor hereby agrees that the responsibility for payment of any taxes from the funds thus received under this agreement shall be the Contractor's obligation, identified under Contractor's Federal Tax Identification Number: 72-0643322.

XI. Termination for Convenience

Either party may terminate this contract at any time by giving thirty (30) days written notice. The State may amend this contract due to budgetary reductions or changes in funding priorities by the State upon giving thirty (30) days written notice.

XII. Termination for Cause

The State may terminate this agreement for cause based upon the failure of the Contractor to comply with the terms and/or conditions of this agreement, provided that the State shall give Contractor written notice specifying Contractor's failure. If within thirty (30) days after receipt of such notice, the Contractor shall not have either corrected such failure or, in a case which cannot be corrected in thirty (30) days, begun in good faith to correct said failure and thereafter proceeded diligently to complete such correction, then the State may, at its option, place the Contractor in default and this agreement shall terminate on the date specified in such notice. The Contractor may exercise any rights available to it under Louisiana law to terminate for cause upon the failure of the State to comply with the terms and conditions of this agreement; provided that the Contractor shall give the State written notice specifying the State's failure and a reasonable opportunity for the State to cure the defect.

XIII. Remedies for Default

Any claim or controversy arising out of this contract shall be resolved under the provisions of LSA – R.S. 39:1524 through 1526.

In the event the Contractor defaults on this agreement, breaches the terms of this agreement, ceases to do business or ceases to do business in Louisiana during the term of this agreement, this agreement shall be terminated as provided in Section XII above, and within thirty (30) days of such termination the Contractor shall repay to the State the amount of all funds disbursed to the Contractor under this agreement for all work not yet performed or completed or not satisfactorily performed or completed.

XIV. Ownership of Materials

All records, reports, documents and other materials delivered or transmitted to Contractor by the State shall remain the property of the State, and shall, upon request, be returned by Contractor to the State, at Contractor's expense, at the termination or expiration of this contract. All records, reports, documents, or other materials related to this contract and/or obtained, prepared or produced by Contractor in connection with the performance of the services contracted for herein shall become the property of the State, and shall, upon request, be provided or returned by Contractor to the State, at the Contractor's expense, at the termination or expiration of this contract.

XV. Assignment of Interest

Contractor shall not assign any interest in this contract and shall not transfer any interest in same (whether by assignment, novation or otherwise), without the prior written consent of the State; provided however, that claims for money due or to become due to Contractor from the State may be assigned to a bank, trust company, or other financial institution without such prior written consent. Notice of any such assignment or transfer shall be furnished promptly to the State. The State shall in all cases pay only the Contractor for services provided; and the Contractor shall directly pay any assignments out of any payments received from the State.

XVI. Audits and Auditors

It is hereby agreed that the Legislative Auditor of the State of Louisiana, and/or the Office of the Governor, Division of Administration auditors, and/or the LED auditor shall have the option of auditing all records and accounts of the Contractor that relate to this contract, as well as all contracts with outside consultants and service providers relative to the performance of services under this agreement.

XVII. Fiscal Funding (applies to multi-year contracts only)

The continuation of this contract is contingent upon the appropriation of funds to fulfill the requirements of the contract by the Louisiana legislature. If the legislature fails to appropriate sufficient monies to provide for the continuation of the contract, or if such appropriation is reduced by the veto of the Governor or by any means provided in the appropriations act to prevent the total appropriation for the year from exceeding revenues for that year, or for any other lawful purpose, and the effect of such reduction is to provide insufficient monies for the continuation of the contract, this contract shall terminate on the date of the beginning of the first fiscal year for which funds are not appropriated.

XVIII. Discrimination Clause

The Contractor agrees to abide by the requirements of the following as applicable: Title VI of the Civil Rights Act of 1964 and Title VII of the Civil Rights Act of 1964, as amended by the Equal Employment Opportunity Act of 1972, Federal Executive Order 11246 as amended, the

Rehabilitation Act of 1973, as amended, the Vietnam Era Veteran's Readjustment Assistance Act of 1974, Title IX of the Education Amendments of 1972, the Age Discrimination Act of 1975, the Fair Housing Act of 1968 as amended, and Contractor agrees to abide by the requirements of the Americans with Disabilities Act of 1990.

Contractor agrees not to discriminate in its employment practices, not to discriminate against participants, and will render services under this contract without discrimination, and without regard to race, color, religion, sex, sexual orientation, national origin, veteran status, political affiliation, or disabilities.

Any act of discrimination committed by Contractor, or failure to comply with these statutory obligations when applicable, shall be grounds for the termination of this contract.

XXIX. Public Liability

Contractor hereby agrees to protect, defend, indemnify, save and hold harmless the State of Louisiana, all State Departments, Agencies, Boards and Commissions, its officers, agents, servants and employees, including volunteers, from and against any and all claims, demands, expenses and liability arising out of injury or death to any person or the damage, loss or destruction of any property which may occur or in any way grow out of any act or omission of Contractor, its agents, servants, and employees or any and all costs, expenses and/or attorney fees incurred by Contractor as a result of any claims, demands and/or causes of action except for those claims, demands, and/or causes of action arising out of the negligence of the State of Louisiana, its State Departments, Agencies, Boards and Commissions, its agents, representatives, and/or employees. Contractor agrees to investigate, handle, respond to, provide defense for and defend any such claims, demands, or suit at its sole expense and agrees to bear all other costs and expenses related thereto, even if it (claims, etc.) is groundless, false or fraudulent.

XX. State Liability

The State's liability under this agreement shall be limited to the dollar amount of the agreed compensation, budgeted amount or maximum fee shown in this agreement; and the State shall not in any way be responsible for any additional monetary sums or for any actual, general, special, compensatory, consequential, punitive, pecuniary or plenary damages, any interest, attorney's fees, or for any other or additional claims whatsoever which may be made by any party to this agreement.

XXI. Headings

The Section "Headings" and paragraphs and their numerical and alphabetical notations, for the purpose of this contract, are solely for the ease of reference.

XXII. Agreement Approval

This agreement shall not be effective until it has been approved and signed by all parties, and until it has been approved by the Director of the Office of Contractual Review, or the Commissioner of Administration.

XXIII. Notice of Insufficiency

It is the responsibility of the Contractor to advise the LED in advance if contract funds or contract terms may be insufficient to complete contract objectives.

XXIV. Choice of Law; Conflicts of Interest; Code of Ethics

This is a Louisiana contract and all of its terms shall be construed in accordance with and all disputes shall be governed by the laws of the State of Louisiana, of the United States of America;

and all parties submit themselves to the jurisdiction of the Courts located in the Parish of East Baton Rouge, in the State of Louisiana, in the event of any legal proceedings in connection with this contract.

Contractor warrants that Contractor and Contractor's representatives are familiar with and will comply with all applicable laws of the State of Louisiana. By accepting this engagement the Contractor is agreeing to work for and provide services to or for LED, and thereby subjects Contractor's firm and employees to the Laws of the State of Louisiana, including particularly, but not limited to, State laws relating to Conflicts of Interest, as well as the State Code of Governmental Ethics which applies to the Contractor in the performance of services called for under this contract. The Contractor agrees to immediately notify the State if potential conflicts of interest or violations of the State Code of Governmental Ethics arise at any time during the term of this agreement.

XXV. Entire Agreement: Order of Precedence

This contract, together with the "Request for Proposal" ("RFP") and addenda issued thereto by LED, the Proposal submitted by the Contractor in response to LED's RFP, as well as any exhibits and/or attachments specifically incorporated herein by reference, constitute the entire agreement between the parties with respect to the subject matter of this contract.

In the event of any inconsistent or incompatible provisions, this signed agreement (excluding the RFP, the addenda, and the Contractor's Proposal) shall take precedence, followed by the provisions of the RFP and the addenda, and then by the terms of the Contractor's Proposal.

(The remainder of this page has been intentionally left blank.)

IN WITNESS WHEREOF, this Consulting Services Agreement has been signed by the undersigned duly authorized officer of the Contractor, for the purposes, uses, benefits and considerations herein expressed, in the presence of the undersigned competent witnesses, at New Orleans, Louisiana, on the date shown below, to be effective as of the date stated above, after a due reading of the whole document.

WITNESSES:

**Peter A. Mayer Advertising, Inc.,
Contractor**

Witness

By: _____ (Date)
Name: Mark A. Mayer,
Title: President

Witness

IN WITNESS WHEREOF, this Consulting Services Agreement has been signed by the undersigned duly authorized representative of LED, for the purposes, uses, benefits and considerations herein expressed, in the presence of the undersigned competent witnesses, at Baton Rouge, Louisiana, on the date shown below, to be effective as of the date stated above, after a due reading of the whole document.

WITNESSES:

**LOUISIANA DEPARTMENT
OF ECONOMIC DEVELOPMENT**

Witness

By: _____ (Date)
Name: Fran Gladden,
Title: Undersecretary of LED

Witness

**Carole Dupré,
LED Contract Monitor**

“Exhibit”

Sections 13, 14 & 15 of the Contractor’s Proposal

13. Description of capabilities/facilities for the production of copy, finished art, graphics, etc.

Peter A. Mayer Advertising is first and foremost a marketing-driven agency. Marketing strategy drives everything we do. While everyone at Peter A. Mayer Advertising takes part in the development of a marketing strategy, the primary responsibility resides with our Account Service group.

Typically an account executive will begin with an immersion phase – learning everything they can learn about your business: goals, objectives, strategies, challenges and opportunities. This immersion phase includes, but is not limited to, interviewing you and members of your company, reading the relevant trades, performing secondary research such as a competitive spending analysis, and analyzing the competition.

Next comes the analysis phase. Here the information derived from in-market research and secondary research resources is sifted, analyzed and questioned to determine what, if any, questions remain unanswered. These unanswered questions provide the basis for primary research studies. Once any primary research is fielded and the results are available, the account executive will once again return to the analysis phase.

From this analysis a Creative Brief is produced. This brief is co-written with the client and, once agreed to, becomes the primary strategic document that drives all marketing communications development.

The Creative Brief defines critical issues such as target market, objectives, competitive analysis, key consumer benefit and supporting selling points. It helps to objectify the creative process and keeps it on track by providing a blueprint for the creative team to follow.

After initial client input and the development of the Creative Brief, the creative team builds several possible conceptual approaches, all of which are measured against the Creative Brief. The approaches are then presented to the client, who is encouraged to meet directly with the creative team members actually doing the work.

Concepts deemed appropriate for further development are then taken to a more finished stage, which would typically include computer layouts and/or storyboards.

After again meeting with the client, a final idea or ideas are typically selected to be tested against consumers. Consumer concept testing results and additional client input lead to final layouts and scripts.

From this point, upon agreement that all the work is “on strategy” and with client approval, the work is taken to the stage of final production. This stage would typically include film production, photography, music production and the creation of final materials for printing or publication.

At each stage of the process, the client has ample opportunity to guide the project and, as always, the work is continually checked against the Creative Brief.

Peter A. Mayer Advertising insists on always rooting the creative process in a clear marketing strategy in order to ensure successful outcomes for our client. This rigorous application of the principles of strategic marketing has resulted in outstanding marketing successes for our clients. At Peter A. Mayer Advertising, we produce advertising that produces results.

PMA has extensive capabilities in the areas of creative concepting, copywriting, art direction, proofreading/copy editing and production. With a total in-house staff of 26 writers, artists and production professionals, we are able to offer an exceptional depth of talent and service to Louisiana Economic Development. In addition to our creative and copywriting teams Peter Mayer Advertising also employs proofreaders to ensure consistency and accuracy of all materials.

PMA is capable of providing the following creative and production services:

- Concept Development (all media)
- Creative Copywriting
- Editorial/Proofreading
- Art Direction/Graphic Design
- Computer-Aided Design
- Photographic Supervision
- Printing Supervision
- Production Art
- Broadcast Production Supervision
- Audio/Visual Production
- Website Design

We take full advantage of the most current interactive technologies and tools available to enhance both the quality and efficiency of our operations. Our capabilities include:

- Macintosh- and PC-compatible workstations with AV capabilities
- Adobe Flash
- Adobe Acrobat
- Adobe After Effects
- HTML, XHTML, PHP, AJAX, ActionScript, JavaScript, CSS, MySQL, SQL
- Adobe Flash Player
- Adobe InDesign
- Adobe Photoshop
- Adobe Dreamweaver

Peter Mayer Advertising's Interactive Division offers clients an integrated approach to online marketing. We work closely with all of the major disciplines at Peter Mayer Advertising, including Media, Creative & PR, to ensure cross-media consistency for our clients. We create digital brand experiences that help clients generate awareness, loyalty and growth. We've created successful interactive marketing campaigns for other clients.

Our capabilities include:

- Strategy
- Site planning and documentation
- Research
- Interactive marketing and advertising
- Online advertising (Search and Display)
- User experience design

- Interactive PR/viral
- Technology
- Custom site development
- Content Management System development
- Email marketing and deployment
- Online ad development
- eCommerce
- Search Engine Optimization
- Database development
- Quality Assurance testing

- Creative
- Brand-sensitive design (websites, interactive media and email marketing)
- Content development and production
- Web interface design & art direction
- Rich media, including Flash animation, video and audio

14. Description of capabilities/facilities for providing editorial services for all marketing pieces, including research.

In addition to our creative department's expertise in providing editorial services for brochures and other forms of collateral, Peter A. Mayer has a full-service Public Relations department to provide editorial placement in the form of nonpaid media placement.

Editorial

Public Relations Services

Peter A. Mayer Public Relations, a division of Peter A. Mayer Advertising, provides a staff of twelve full-time professionals to serve Louisiana Economic Development's media relations and public outreach needs.

With experience in the development and implementation of editorial board meetings with leading publications across the nation, Peter Mayer Public Relations (PAM PR) will provide Louisiana Economic Development with additional value in the dissemination of key messages to support the efforts of the marketing program, including the development of strategic editorial supporting the state's positioning.

Services offered include creating and publicizing newsworthy events and announcements; working with local, regional, national and international media organizations and responding to specific media inquiries; planning and management of special events and ceremonies designed to carry the Louisiana Economic Development message; developing communication and interview skills for key department leaders; and coordinating crisis communications processes that provide a communications road map for dealing with unexpected events that could affect the state's economic image.

PAM PR also offers comprehensive editorial services, including news releases; public service announcement scripts and other news materials; newsletter writing and editing; feature articles and guest editorials; and brochures, speeches and key presentations. A key to our success is the ability to put ourselves in the place of the message recipients and tailor our communications to their needs and concerns. A message must have emotional or financial impact upon its target audience. All our editorial services are

based upon the precept of framing our clients' messages in terms of what the receivers want to hear.

A second key focus is on measurable results. We take great pride in our ability to gather results of programs and campaigns undertaken for our clients and verify results through clipping analysis, broadcast monitoring, readership/viewership statistics and other means of tracking.

In addition to these services, our Public Affairs Department can assist you with the management of issues in both the public and private sectors.

PAM Public Relations Capabilities

Message Creation

Every member of our public relations team has extensive writing experience and will help you create letters, press releases, grants, email alerts and PowerPoint presentations that target your audiences with specific, well-written messages.

Publication Development

Working with the internal Creative and Production teams, PAM PR will ensure that all of your publications are professional and creative and that they reach all of your most important audiences, including staff, members, media and general public.

Media Relations

With extensive media contacts – nationally, regionally and locally – PAM PR will not only create targeted media lists and distribute your materials, but will also be able to follow up with personal phone calls to the many reporters we already know.

In addition to providing turn-key public relations services, over the years, PAM PR has also partnered successfully with other PR agencies to ensure a strategic and encompassing media outreach program. For instance, in 2007, the agency coordinated the national tour for a group of New Orleans civic leaders who volunteered their time to travel across the nation relating their personal experiences with the recovery from Hurricane Katrina. In addition to working with local team partners from Tulane University and the Office of the City Council President, our team worked with a New York-based agency to reach out to media in the Washington, D.C. area. This partnership provided a number of media appointments which included the *Washington Post* and National Public Radio (NPR). And in 2004, the agency worked in partnership with DCI while providing counsel to Greater New Orleans Inc. (GNO Inc.) in creating and implementing media tours in the New Orleans region. DCI provided its vast library of media relationships in building tours of the region in order to elicit editorial coverage of the area. When and if such partnerships should become beneficial to Louisiana Economic Development, we would be happy to discuss.

Special Events

PAM PR has executed successful events such as press conferences, and fundraising lunches and dinners for numerous clients, including hotels, restaurants, beverage companies, golf tournaments, amusement parks and wireless phone service providers. We custom-tailor events for each client's specific purpose.

Research

Research provides crucial insight into how target audiences express and act on needs, wants, attitudes and opinions. This insight drives effective advertising campaigns. Peter A. Mayer Advertising and Public Relations has access to some of the most extensive secondary research resources of any agency in the Southeast region. The details on these resources are outlined under question number 15, which asks about media research capabilities. By no means are their applications limited to media, however. One of the many benefits of working with an integrated, full service agency is the way we make comprehensive use of this secondary research for our clients: the fruits of our research findings inform strategy at every level, not just media.

In addition, we are highly experienced in the design, application and analysis of a wide range of primary marketing research techniques, both qualitative and quantitative. However, Peter A. Mayer Advertising does not have an in-house primary research department. This is by design. Because we are heavy users of primary research, often as a measurement tool (which determines the effectiveness of our work), we wish to avoid the appearance of a conflict of interest. To ensure this, we keep research at arm's length. In fact, we prefer that our clients contract for research directly, rather than through the agency, but let us direct the research project and give us access to the data.

15. Description of media research capabilities.

Peter A. Mayer subscribes to more quantitative and qualitative research resources than any advertising agency in the region. We utilize the most advanced, up-to-date planning and buying systems available. This means more efficient time spent on each campaign, allowing us to allocate resources and personnel appropriately for each client and each campaign.

Our aim is to ensure that every media plan is on target, efficient and effective, thereby delivering the right target audience at the right time in the right environment for the right price. In order to do this, we utilize the following research resources:

- IMS Integrated Suite for Media Planning
- Strata Broadcast Buying Software
- Nielsen
 - Spot Television Ratings
 - Adviews Competitive Spending Reports
 - @Plan Interactive Qualitative Research
 - AdRelevance Competitive Interactive Spending Reports
- Arbitron – Spot Radio Ratings
- Scarborough and Media Audit – Spot Market Analysis
- MRI and Simmons – National and Regional Market Analysis
- Monroe Mendelsohn Research – Upscale Market Analysis
- SRDS/SRDS Lifestyle Analyst
- Media Market Guide/SQAD
- Iconoculture
- AAAA and AMIN Libraries

Detailed Descriptions of Media/Research Tools:

IMS (Interactive Market Systems)

Supplier of media planning software and services. Provides access to Scarborough, Media Audit, MRI, Simmons and Monroe Mendelsohn syndicated research. Allows for integration of survey data with proprietary planning tools. The sophisticated software includes a variety of programs designed to provide customized media recommendations including media mix optimization, reach/frequency modeling, daypart mix analyses, target audience profiling and product usage/media consumption reporting.

Strata

Full service media management software to help facilitate broadcast planning, evaluation, buying, billing, reconciliation and posting. The system allows buyers to use Nielsen and Arbitron data to create and place effective broadcast media schedules. Strata's many features enable multiple demographic buying and analyses; historical trending to track Sweeps, cost per points and spending; integration of quantitative and qualitative ratings; electronic invoicing; media and accounting interfacing for invoice reconciliation; multi-ranker broadcast reports; station and audience composition reporting; tracking spending per campaign, client, ownership groups, etc., for future negotiations; reach and frequency reporting by week, station or total campaign.

Nielsen

Industry-standard research tool for estimating spot television audiences. Nielsen provides the basis for a multitude of reports to analyze television consumption including local television audience estimates by market, demographic segment, station, daypart, program and time period averages. Data available from these reports include HUTs/PUTs (Households/Persons Using Television), ratings, shares, cumes and audience compositions. It also tracks seasonal variances and previous historical trends.

Nielsen AdViews

Detailed source of national and local competitive data for traditional media including magazine, newspaper, radio, television and outdoor. In addition to various ways of reporting estimated spending levels (by year, month, week, market, category, parent company, etc.), AdViews also monitors competitive creative executions.

Nielsen @Plan

Generally regarded as the industry's leading online targeting resource, @Plan provides website qualitative and quantitative information. Captures everything from basic demographics to lifestyle and preference data for over 3,000 available profile points. Used to determine the most effective websites to reach a defined target audience.

Nielsen AdRelevance

Captures advertising activity across all major industries, channels, ad formats and ad types on the web. Program answers the who, what, when, where, how and how much of competitive online advertising campaigns.

Arbitron

Industry-standard research tool for estimating spot radio audiences. Data provides the basis for a multitude of reports to analyze radio consumption including radio listening locations, station identifiers, listening start and stop times and demographic, socioeconomic, and lifestyle information. Reports are available by

market, demographic segments, for each station in a market, by daypart, by place of listening and by station duplication. Data available from these reports include PURs (People Using Radio), average quarter hour and cume ratings and shares as well as historical trending.

Scarborough and Media Audit

Comprehensive local market measurement of socioeconomic characteristics, media usage, retail shopping and other consumer behaviors including demographics, lifestyle traits and leisure activities. Over 75 local markets are monitored nationwide by gathering information from adults aged 18 or older.

Mediamark Research Inc. (MRI) and Simmons Market Research (SMRB)

These are important national industry survey tools providing in-depth marketing data. The reports include target audience profiles with audience universe estimates, media consumption habits, demographic/lifestyle analysis, competitive media and brand/product reviews, consumer attitude insights/motivators and psychographic traits.

Monroe Mendelsohn Research (MMR)

MMR offers data based on adults who have HH incomes of \$85K+. Because of its accumulated expertise in the affluent arena, MMR is recognized as a definitive research source of media habits and lifestyles of affluent adults in the U.S. Reports include readership of more than 90 publications read by upscale adults. MMR also measures consumption of broadcast media, demography, product expenditures, investments, travel preferences and automobile ownership.

SRDS (Standard Rate and Data Service)

A variety of source books providing media descriptions, market profiles, sales contacts, estimated costs, deadlines and other general data and research statistics. Individual SRDS resources we subscribe to include Consumer Publications, Business & Trade Publications, Community Publications, Interactive, Newspaper, Out-Of-Home, Spot Radio, Spot TV and Cable as well as the *Newspaper Circulation Analysis Book* and the *Lifestyle Market Analyst*.

Media Market Guide (MMG)

Published by Spot Quotations and Data (SQAD). Directory of media cost estimates and information for spot market planning. MMG includes populations, TV HH data and cable coverage/penetration for spot markets; CPP and CPM estimates by demo and daypart for spot TV; CPP by demo and daypart for spot radio; costs, circulation and market coverage for newspapers; costs plus circulation and subscriber profiles for city and regional magazines.

Spot Quotations and Data (SQAD)

Provides a range of monthly 30-second television CPP estimates for all DMAs. Survey is gathered via executives at advertising agencies, media buying services, and historical trending. Costs are reported in three scales to indicate estimates that will range based on timing, "rich" media schedules and local economic conditions.

Iconoculture

Consumer Research and Advisory Service that helps clients understand the "why" behind the "what" of consumer behavior. Provides insights on trends and consumer behavior through a multidimensional, 360-degree view of a variety of audiences. Services include:

- * **Advisory Service Insights** – Access to a premier team of Consumer Strategists, each with in-depth category or demographic expertise and marketplace experience.
- * **Consumer Trend Database** – 24/7 access to a comprehensive online database of current and emerging consumer trends and analysis.
- * **Weekly Newsletters** – Highlights from the week in consumer culture delivered via email.
- * **Webcasts** – Consumer Strategists discuss hot topics and immediate strategic implications.
- * **Point of View Briefs** – Consumer Strategists offer provocative opinions on business risks and emerging opportunities within specific segments and categories.
- * **Consumer Outlooks** – Consumer Strategists explore the top-level trends driving distinct generations, markets and categories.

AAAA and AMIN Libraries

The agency's affiliation with these two respected professional organizations allows us access to their vast libraries, which include archived articles, proprietary research, industry updates, category profiles, white papers and POVs.

C



creative [communications], inc.

A Governmental, Media and Public Relations Firm

Written Proposal

**Louisiana Liquefied Petroleum Gas
Commission**

10630 North Oak Hills Parkway, Suite A • Baton Rouge, LA 70898
P.O. Box 14204 • Baton Rouge, LA 70898
(225) 763-8988 • Fax (225) 763-8989

Estimate of agency compensation based on a \$300,000 budget:
Applying 7.5% commission, the compensation for this budget figure is equal to \$22,500.

BOBBY JINDAL
GOVERNOR



JILL P. BOUDREAU
UNDERSECRETARY

State of Louisiana
Department of Public Safety and Corrections
Public Safety Services

June 27, 2008
OMF-FS-09-8424-003

Mr. Randy Hayden, Director
Creative Communications, Inc.
Post Office Box 14202
Baton Rouge, Louisiana 70809

Dear Mr. Hayden:

Staff within the Financial Services Division of Department of Public Safety has completed its review of the invoices which have been paid under the Creative Communications Inc. contract and have identified discrepancies relating to the following items.

- The contract stipulates that a 7.5% media commission shall be paid on all services which are provided under the Scope of Contract services "A" and states specifically that the media commission shall be 7.5% of the cost of advertising placed.
- The contract does not provide for services relating to conventions or safety seminars.
- The contract does provide for payment of expenses incurred under Scope of Contract Services "B" and "C" such as travel, in accordance with PPM 49, long distance telephone, postage, fax charges, shipping charges and an hourly rate of \$75, and these charges are excluded from the media commission.

Attached is a spreadsheet detailing the invoice amounts which have been overpaid or paid in error to Creative Communications which total \$30,615.67. The outstanding invoices, which have been adjusted accordingly, can be used as credits for Creative Communications which makes the balance due to Public Safety Services \$14,866.71. Please contact Ms. Jill P. Boudreaux, Undersecretary at 925-6032, or you may reach me at 925-6279, if you have questions or wish to discuss payment.

Sincerely,

Kay DeBenedetto
Director, Financial Services Division

CC: Colonel Michael Edmonson, Deputy Secretary
Jill P. Boudreaux, Undersecretary
Kathy Williams, Legal Affairs
Charles Fuller, Director, LPGC

"An Equal Opportunity Employer"

OFFICE OF MANAGEMENT & FINANCE, P.O. BOX 66614, BATON ROUGE, LOUISIANA 70896

2008.06.27 90560.110

LPG Market Development Fund

Creative Invoice #	Type of Invoice	Invoice Date	Net Invoice Amount	Plus 7.5%	Due to Creative	Paid to Creative	Amount Overpaid/(Due)	Status
*****	1	*****	1,387,677.33	104,075.80	1,491,753.13	1,510,133.82	18,380.69	Paid
2250	5	08/24/06	3,133.03		3,133.03	3,368.01	234.98	Paid
2205	4	06/28/06	12,000.00		-	12,000.00	12,000.00	Paid
2703	3	11/29/07	6,000.00		6,000.00	-	(6,000.00)	Pending
2703	4	11/29/07	10,000.00		-	-	-	Pending
2766	1	03/24/08	7,882.94		7,772.25	-	(7,772.25)	Pending
E. Davenport	2	04/09/08	28.28		28.28	-	(28.28)	Pending
H. Little	2	04/09/08	248.60		194.21	-	(194.21)	Pending
R. Hayden	2	04/09/08	295.55		249.22	-	(249.22)	Pending
2788	1	04/27/08	1,523.53		1,505.00	-	(1,505.00)	Pending

Total Amount Overpaid/(Due)

\$ 1,510,635.12 \$ 1,525,501.83 \$ 14,866.71

***** This entry represents all invoices (from 07/01/05) for Media services which were billed incorrectly. Detail by invoice is available.

Legend	
Media Invoices	1
Travel	2
Publications	3
Conferences	4
Trade Show	5

Services should have been invoiced at the "Cost of Advertising plus 7.5% Media Commission"

Backup documentation does not substantiate services as being reimbursable.

Media commission is not eligible on Trade Show expenditures.

Department of Public Safety

Check Number: 11862
Check Date: Aug 7, 2008
Duplicate
Check Amount: \$14,866.71

Item to be Paid - Description

Discount Taken Amount Paid

Refund in dispute to Department of Public Safety

14,866.71

Check Number: 11862

Memo:

Aug 7, 2008

14,866.71

Fourteen Thousand Eight Hundred Sixty-Six and 71/100 Dollars

Department of Public Safety

Department of Public Safety

Check Number: 11862
Check Date: Aug 7, 2008
Duplicate
Check Amount: \$14,866.71

Item to be Paid - Description

Discount Taken Amount Paid

Refund in dispute to Department of Public Safety

14,866.71

CREATIVE COMMUNICATIONS, INC.
 P.O. BOX 14204
 BATON ROUGE, LA 70898
 (225) 763-6968 FAX (225) 763-6969

JPMorgan Private Bank JPMorgan Chase Bank, N.A.
 Baton Rouge, Louisiana

11886

E

Check Number: 11886
 84-13-654

Memo: 2006 Reimb-Paid under protest

DATE	AMOUNT
Aug 22, 2008	9,000.00

PAY Nine Thousand and 00/100 Dollars

TO THE ORDER OF: Department of Public Safety
 Market Development Fund

R. J. [Signature]
 AUTHORIZED SIGNATURE

Security features. Details on back.

⑈0⑆11886⑈ ⑆065400137⑆ 644158461⑈

CREATIVE COMMUNICATIONS, INC.

11886

Department of Public Safety

Check Number: 11886
 Check Date: Aug 22, 2008

Duplicate

Check Amount: \$9,000.00

Item to be Paid - Description	Discount Taken	Amount Paid
2006 Reimbursement - Paid Under Protest		9,000.00

11885


creative communications, inc.
P.O. BOX 14204
BATON ROUGE, LA 70898
(225) 763-6888 FAX (225) 763-8589

JPMorgan  JPMorgan Chase Bank, N.A.
Private Bank Baton Rouge, Louisiana

Check Number: 11887
84-13-654

Memo: 2006 Reimb-Paid Under Protest

DATE AMOUNT
Aug 22, 2008 3,000.00

PAY Three Thousand and 00/100 Dollars

TO THE ORDER OF: Department of Public Safety
Market Development Fund


AUTHORIZED SIGNATURE

Security features. Details on back.

⑈0 1 1885⑈ ⑆065400137⑆ 644158461⑈

CREATIVE COMMUNICATIONS, INC.

11885

Department of Public Safety

Check Number: 11887
Check Date: Aug 22, 2008

Duplicate

Check Amount: \$3,000.00

Item to be Paid - Description	Discount Taken	Amount Paid
2006 Reimbursement - Paid under protest		3,000.00



LSU Ticket Auction Results 2006-2007

Tickets Purchased				Reimbursed to Purchaser		
*\$ deposited to LPGA PAC				*all refunds paid by CCI		
2006				2008		
Purchaser	Reference	Date	Amt. Rec'd	Date	Amt. Ref.	Check #
Trinity	10378124	9/1/2006	(160.00)	8/21/2008	160.00	11874
Kenny Lucero	4069	10/2/2006	(83.00)	8/21/2008	83.00	11876
Reed, Inc.	21176	10/18/2006	(255.00)	8/21/2008	255.00	11877
kenny Lucero	4103	10/25/2006	(65.00)	8/21/2008	65.00	11878
Trinity	10391288	12/12/2006	(83.00)	8/21/2008	83.00	11875
			(646.00)		646.00	
2007						
Purchaser	Reference	Date	Amount			
Billy Cox	4315	9/17/2007	(225.00)	8/21/2008	\$ 225.00	11879
David Archer	3527	9/17/2007	(200.00)	8/21/2008	\$ 200.00	11880
Randy Hayden	11186	9/17/2007	(100.00)	8/21/2008	\$ 100.00	11881
Tom O'Neal	6623	10/23/2007	(200.00)	8/21/2008	\$ 200.00	11882
Enbridge (Dufour)	131116967	10/30/2007	(300.00)	8/21/2008	\$ 300.00	11883
Kenny Lucero	4761	11/5/2007	(249.00)	8/21/2008	\$ 249.00	118843
			(1274.00)		\$ 1,274.00	
Received for 2006 & 2007			\$ (1,920.00)	Refunded	\$ 1,920.00	

7

creative (commercial), Inc.
P.O. BOX 14204
BATON ROUGE, LA 70898
(225) 763-8988 FAX (225) 763-8989

JPMorgan Private Bank JPMorgan Chase Bank, N.A.
Baton Rouge, Louisiana

11884

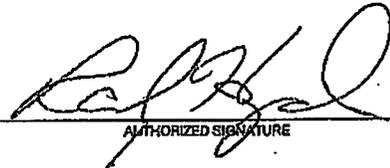
Check Number: 11884
84-13-654

Memo: Refund ck#4761 11/05/07

DATE	AMOUNT
Aug 21, 2008	249.00

PAY Two Hundred Forty-Nine and 00/100 Dollars

TO THE ORDER OF: Kenny Lucero


AUTHORIZED SIGNATURE

⑈011884⑈ ⑆065400137⑆ 644158461⑈

Security features. Details on back.

creative (commercial), Inc.
P.O. BOX 14204
BATON ROUGE, LA 70898
(225) 763-8989 FAX (225) 763-8989

JPMorgan Private Bank JPMorgan Chase Bank, N.A.
Baton Rouge, Louisiana

11883

Check Number: 11883
84-13-654

Memo: Refund ck#1311169674 10/24/07

DATE	AMOUNT
Aug 21, 2008	300.00

PAY Three Hundred and 00/100 Dollars

TO THE ORDER OF: Enbridge 1100


AUTHORIZED SIGNATURE

⑈011883⑈ ⑆065400137⑆ 644158461⑈

Security features. Details on back.

creative (commercial), Inc.
P.O. BOX 14204
BATON ROUGE, LA 70898
(225) 763-8989 FAX (225) 763-8989

JPMorgan Private Bank JPMorgan Chase Bank, N.A.
Baton Rouge, Louisiana

11882

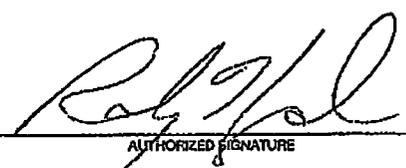
Check Number: 11882
84-13-654

Memo: Refund Ck#6623 10/12/07

DATE	AMOUNT
Aug 21, 2008	200.00

PAY Two Hundred and 00/100 Dollars

TO THE ORDER OF: Tom O'Neal
PO Box 536
Choudrant, LA 71227-0536
USA


AUTHORIZED SIGNATURE

⑈011882⑈ ⑆065400137⑆ 644158461⑈

Security features. Details on back.

11881



credit (communications), Inc.
P.O. BOX 14204
BATON ROUGE, LA 70899
(225) 763-8988 FAX (225) 763-8989

JPMorgan Private Bank

JPMorgan Chase Bank, N.A.
Baton Rouge, Louisiana

Check Number: 11881

84-13-654

Memo: Refund ck# 11186 08/22/07

DATE

AMOUNT

Aug 21, 2008

100.00

PAY One Hundred and 00/100 Dollars

TO THE ORDER OF: Randy Hayden
13144 Perkins Road
Suite A
Baton Rouge, LA 70810

AUTHORIZED SIGNATURE

Security features. Details on back.

⑈0 1 188 1⑈ ⑆065400137⑆ 644 1 5846 1⑈

11880



credit (communications), Inc.
P.O. BOX 14204
BATON ROUGE, LA 70899
(225) 763-8988 FAX (225) 763-8989

JPMorgan Private Bank

JPMorgan Chase Bank, N.A.
Baton Rouge, Louisiana

Check Number: 11880

84-13-654

Memo: Refund ck# 3527 09/03/07

DATE

AMOUNT

Aug 21, 2008

200.00

PAY Two Hundred and 00/100 Dollars

TO THE ORDER OF: David Archer
1327 Hammann Drive
Amelia, OH 45102
USA

AUTHORIZED SIGNATURE

Security features. Details on back.

⑈0 1 1880 ⑈ ⑆065400137⑆ 644 1 5846 1⑈

11879



credit (communications), Inc.
P.O. BOX 14204
BATON ROUGE, LA 70899
(225) 763-8988 FAX (225) 763-8989

JPMorgan Private Bank

JPMorgan Chase Bank, N.A.
Baton Rouge, Louisiana

Check Number: 11879

84-13-654

Memo: Refund ck# 4315 09/10/07

DATE

AMOUNT

Aug 21, 2008

225.00

PAY Two Hundred Twenty-Five and 00/100 Dollars

TO THE ORDER OF: Billy Cox
114 Heritage Dr.
West Monroe, LA 71291
USA

AUTHORIZED SIGNATURE

Security features. Details on back.

⑈0 1 1879 ⑈ ⑆065400137⑆ 644 1 5846 1⑈

11878


Credit Union (Community Bank), Inc.
P.O. BOX 14204
BATON ROUGE, LA 70899
(225) 763-6568 FAX (225) 763-6569

JPMorgan 
Private Bank JPMorgan Chase Bank, N.A.
Baton Rouge, Louisiana

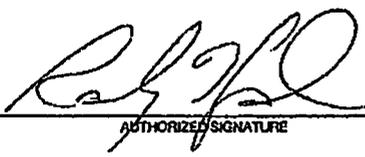
Check Number: 11878
84-13-654

Memo: Refund ck#14103 10/17/06

DATE	AMOUNT
Aug 21, 2008	65.00

PAY Sixty-Five and 00/100 Dollars

TO THE ORDER OF: Kenny Lucero


AUTHORIZED SIGNATURE

⑈011878⑈ ⑆065400137⑆ 644158461⑈

Security features. Details on back.

11877


Credit Union (Community Bank), Inc.
P.O. BOX 14204
BATON ROUGE, LA 70899
(225) 763-6568 FAX (225) 763-6569

JPMorgan 
Private Bank JPMorgan Chase Bank, N.A.
Baton Rouge, Louisiana

Check Number: 11877
84-13-654

Memo: Refund ck#021176 10/09/06

DATE	AMOUNT
Aug 21, 2008	255.00

PAY Two Hundred Fifty-Five and 00/100 Dollars

TO THE ORDER OF: Reed, Inc.
1706 Aymond Street
Eunice, LA 70535
USA


AUTHORIZED SIGNATURE

⑈011877⑈ ⑆065400137⑆ 644158461⑈

Security features. Details on back.

11876


Credit Union (Community Bank), Inc.
P.O. BOX 14204
BATON ROUGE, LA 70899
(225) 763-6568 FAX (225) 763-6569

JPMorgan 
Private Bank JPMorgan Chase Bank, N.A.
Baton Rouge, Louisiana

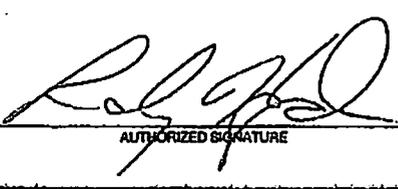
Check Number: 11876
84-13-654

Memo: Refund ck #4069 09/23/06

DATE	AMOUNT
Aug 21, 2008	83.00

PAY Eighty-Three and 00/100 Dollars

TO THE ORDER OF: Kenny Lucero
141 Bluebonnet Drive
Crowley, LA 70526
USA


AUTHORIZED SIGNATURE

⑈011876⑈ ⑆065400137⑆ 644158461⑈

Security features. Details on back.

11875



creative (communications), inc.
P.O. BOX 14204
BATON ROUGE, LA 70898
(225) 783-8988 FAX (225) 783-8989

JPMorgan
Private Bank

JPMorgan Chase Bank, N.A.
Baton Rouge, Louisiana

Check Number: 11875
84-13-654

Memo: Refund ck# 10378124

DATE

AMOUNT

Aug 21, 2008

160.00

PAY One Hundred Sixty and 00/100 Dollars

TO THE ORDER OF: Trinity Industries, Inc.
P.O. Box 568887
Dallas, TX 75358-8887
USA

R. H. H. H.
AUTHORIZED SIGNATURE

Security features. Details on back.

⑈0 1 1875⑈ ⑆065400 137⑆ 644 15846 1⑈

11874



creative (communications), inc.
P.O. BOX 14204
BATON ROUGE, LA 70898
(225) 783-8988 FAX (225) 783-8989

JPMorgan
Private Bank

JPMorgan Chase Bank, N.A.
Baton Rouge, Louisiana

Check Number: 11874
84-13-654

Memo: Refund ck #10391288 12/04/06

DATE

AMOUNT

Aug 21, 2008

83.00

PAY Eighty-Three and 00/100 Dollars

TO THE ORDER OF: Trinity Industries, Inc.
P.O. Box 568887
Dallas, TX 75358-8887
USA

R. H. H. H.
AUTHORIZED SIGNATURE

Security features. Details on back.

⑈0 1 1874⑈ ⑆065400 137⑆ 644 15846 1⑈



April 15, 2008

Mr. Randy Hayden
President
Creative Communications
P.O. Box 14204
Baton Rouge, La. 70898

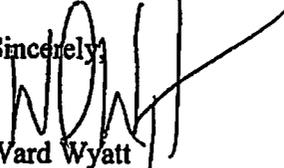
Dear Randy,

I would like to follow up with you regarding our discussion regarding the marketing partnership that Creative Communications has held with LSU Sports Properties. CBS Collegiate Sports Properties, Inc. as Manager of LSU Sports Properties has been granted authority by Louisiana State University, as well as the LSU Athletic Department to execute and fulfill all aspects of its corporate partnership programs. This includes on-premise signage, game sponsorships, hospitality/tickets, radio, television, print, Internet, and logo marketing.

LSU Sports Properties has maintained a business relationship with Creative Communications and has provided Creative Communications LSU Football season tickets as part of that long-standing relationship.

If you have any questions or concerns please feel free to call me at (225) 578-7169. LSU Sports Properties remains committed to providing Creative Communications and it's clients the most efficient and effective platform in which to convey it's messages throughout the state of Louisiana and beyond. I remain available to speak with you at any time.

Sincerely,


Ward Wyatt
General Manager
LSU Sports Properties

Mr. Stephen B. Street, Jr.
State Inspector General
P.O. Box 94095
Baton Rouge, La. 70804-9095

Addendum to Response of
August 22, 2008

Dear Mr. Street:

Thank you for the opportunity to finalize my response to Case Number 1080016. I have already sent in the majority of my response and was simply waiting to meet with the LP Gas Commission to address their concerns.

As a result of my meeting in Executive Session with the members of the Commission, we are offering these additional suggestions for resolution of the issue you have raised.

Again, regarding Issue #1, the Commission and I both agree that we have no standing to address the issues specific to Mr. Charles Fuller.

Issue Number 2. It was very gratifying to hear the positive comments from Commission members regarding our proactive approach to addressing the issue of commission "overpayments." I'm sure the Commission will specifically address this in its response but it made it clear to me that the members of the Commission believe there was absolutely no intent to falsify information or defraud the state. It understood that our proposal in winning the RFP clearly stated that the 7 ½ % commission on a \$300,000 budget would result in a fee of \$22,500. The ONLY way to arrive at that figure is to calculate commissions the way we have done for the past six years—splitting standard agency commissions in half, based on gross costs. Several commission members said they felt we went way beyond a reasonable response by writing a check for the disputed amount and all expressed concern that we were offering a settlement not because we believe we have done anything wrong, but because the costs of litigation are considerable and the chance of having those costs reimbursed are Nil! In any event, our preference remains that the state simply agree to revise the existing contract to better reflect the terms specifically stated in our proposal, the understanding of the Commission, the Market Development Advisory Committee and those in the office of management and finance who authorized the payment of these commissions for the past six years. If for some reason this is not an acceptable solution, we have offered a compromise explained in our previous response.

Issue Number 3. The Commission was pleased that the IG's office found that our contract does, indeed, allow for training and safety promotions such as those provided by the LP Gas Association. They were also pleased that the IG's report allowed for a charge of \$75 per hour as compensation for providing some of those services. The Commission reiterated its position that they authorized those seminars and approved a flat-fee structure for compensation. In an effort to move forward, we have written reimbursement checks under protest in the amounts of \$3000

for Creative Communications services and \$9000 for the LP Gas Association's services. (See attached letter). We have been authorized by the LP Gas Association to seek whatever reimbursement we can to meet our obligations to that organization. We submitted revised invoices with as much detailed information as possible. Once again, the Commission has approved our invoices which will be forwarded to the office of Management and Finance. All three invoices for safety and training seminars have been approved for amounts lower than previously approved by the Commission. Creative Communications has an agreement with the LP Gas Association that neither party will sue for damages with the understanding that Creative Communications would make all efforts to make the Association whole. Practically speaking, this means Creative Communications will not make ANY money from these seminars, the Association will make significantly less than it contracted for its services, and the Commission will seek other avenues for training in the future.

Finally, Issue #4. Creative Communications has offered to reimburse the Market Development Fund for the cost of LSU tickets from which the state has claimed it owned. The Commission, however, felt the same as the IG's office in that all the identifiable proceeds of the auctions should be reimbursed to the Market Development Fund. While we continue to disagree on this matter, we have sent the Office of Management and Finance a check for the amount of \$1920.00 which is the amount of proceeds received as a result of the PAC auction.

We hope this provides a suitable response for your investigation and we hope you can and will acknowledge that we have gone far beyond reasonable efforts to resolve this matter quickly, honorably and efficiently.

Please let us know if we can provide additional information. We look forward to hearing from you soon.

Sincerely,

Randy Hayden
President

Mr. Joey Cordill
Louisiana Propane Gas Association



Mr. Stephen B. Street Jr.
State Inspector General

Regarding case 1-08-0016

Dear Mr. Street:

04/30/10

Thank you for the opportunity for the Louisiana Propane Gas Association (hereafter LPGA) to respond to the report by your office concerning case no. 1080016. There are items in the report that the LPGA certainly disagrees with, some with which we concur, some we would like to clarify, and others we have no knowledge of and therefore cannot respond. We will address our concerns both in general and as pertains to specific portions of your report as we feel appropriate.

The LPGA would first like to take the opportunity to expand and clarify the information in the "Background" section of your report. We certainly do not argue any statutes quoted. We would like to inform the Office of Inspector General of facts that may or may not be known about the propane industry in Louisiana. The LP Gas Commission is indeed a statutory body that regulates the LP industry. What is not stated in your background information is the fact that the commission is wholly funded by fees assessed on the industry. No public funds i.e. Tax payer money, support this regulatory body period. I hope the Inspector General will not miss the significance of that fact. The LPGA suspects that very few industries in Louisiana are forced to pay for their own regulation. Please do not think this in any way insinuates that the LP industry or LPGA "owns" the LP Gas Commission. We in fact as your report clearly states have very little to do with the makeup of the commission. We have no control over the ex officio member by definition, and the Governor selects the other four members with very limited input from the industry. The LPGA would also like to stress the portion of your report that explains the funding of the Market Development fund. The fund is sourced totally by industry money. The three sources as you correctly report are fees collected from permit holders for the purpose of market development, PERC funds which are also fees paid by the industry, and up to \$300,000 per year of transfers in excess fees levied by the commission on the industry over and above what is required by the commission budget. Although the LPGA understands the legal basis for the report terming these "public funds", we vehemently oppose any assertion that public tax payer monies have in any way been misused.

The report also reads as if improprieties exist in the relationship and make up of the LPGA, the Market Development Advisory Committee and Creative Communication roles with respect to each body. The LPGA would like to make the Inspector General aware that service on the LPGA board and the advisory committee are strictly voluntary.

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Neither group gets paid a stipend, a per diem or even expenses period. Therefore it is very difficult to find a large pool of industry representatives willing to serve on such a basis. The LPGA association would also like to point out that all of its efforts on behalf of the LP Gas industry and all efforts of the MDAC benefit the industry as a whole. No individual dealers or companies or areas of the state are excluded from benefitting from our efforts no matter if they actively participate or not.

The LPGA also agrees (as to the extent we have knowledge and or control) with the last paragraph of your background. Many of the areas addressed in this report have been rectified in the current contract with Creative Communication.

MARKET DEVELOPMENT FUND

The LPGA would like to re-iterate that this section of your report clearly outlines that no tax payer money is used in funding the Market Development fund. We would also like to refute any notion of impropriety implied in paragraph three of this section. The simple fact is that there is a small pool of people concerned enough about the industry to volunteer the time and expense involved to serve in the LPGA and the advisory committee. The fact may well be that Creative Communication would never have applied to be the contractor for the Market Development Fund if not for his work with the LPGA. That however is no crime. It is the opinion of the Board of the LPGA that the LP industry in Louisiana has been served very well and very economically by Creative Communication. The board of the LPGA contends that one serious flaw in logic is used in the assertion in your report that PERC and state funds are commingled to the point of being untraceable. The fact is that PERC funds are received on a grant basis. That is we make application to PERC for funding on specific items and if those items meet standards and are approved PERC sends funds. No applications were made to PERC to attempt to support our convention, therefore the assertion that PERC funds were used for that purpose is incorrect.

SAFETY SEMINARS

The bulk of the report deals with the issue of safety seminars held in conjunction with the LPGA summer convention for the years 2006 - 2008. The LPGA can not respond to all aspects of this section of the report due to having no knowledge or control over the contract language with Creative Communication and the LP Gas Commission. We will respond to many of the report findings as listed below:

- 1) Your report clearly states that "the Commission approved the flat fees to compensate the Association for the work performed to provide safety seminars."



We agree totally. The commission did not approve "an amount up to...", or a fee on a "cost plus basis", or a "per attendee basis". The commission did not require any expenses to be tracked or maintained. The commission with industry funds hired the association to perform a service, and we performed that service and extended invitations to all permit holders free of charge. Therefore we feel very strongly that per article 1983 of LA Civil code, the LPGA did fulfill our obligations in good faith. Indeed we maintain that the state decided the rules as had been implemented in 1989 would change and not allow release of our funds in good faith.

2) We would like to make clear that nothing was hidden in this process. We would also like to make clear that a state attorney sits in on every commission meeting and could have stopped this with any legal objection. No objection was raised and the seminars were approved. Creative Communication, the LP Gas Commission and the LPGA all acted in good faith. In fact as your report details the first seminar was approved and the funds released. When called into questions the funds were asked to be refunded. This supports our claim that the rules as we understood them had been changed.

3)The comparison in the report of these seminar rates to those of the LA Dept of Labor are in no way germane. The Dept of Labor provides training at a rate subsidised by tax payer funds. The Dept of Labor will also not engage in all types of training and therefore should not be considered as a competing market. The Department of Labor will also not issue an invitation to receive training without prior paperwork and approval of employees.

4)Many companies who offer training services in a variety industries charge a rate of \$200 to \$300 per employee for a 1/2 day session (not necessarily defined as 4 hours). Using those industry norms, 40 participants at \$250 is \$10,000 a figure that is in line with charges in question.

5)The LPGA does not agree with the attempt by Creative Communication to support the charges for seminars with erroneous information. Please consider a different set of circumstances. Suppose Creative had supplied invoices that were seen as legitimate by this office and Ms. Boudreaux in amounts in excess of contracted payments. Would these questions have ever been raised? Would Ms. Boudreaux have approved a release of funds in excess of what the Commission had agreed? Or to carry that a step further, the LPGA spends too much money on the seminars and the contracted fee does not cover expenses. Would the LPGA have been able to petition the commission for more money?

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6)The LPGA has used the term "release of funds" several times in our response. This is not on accident. We think the term "release of funds" is much more accurate then "pay". The commission is charged with overseeing the funds, not as the source of funds. The commission and therefore state do not actually pay for the efforts of the Market Development Fund, but rather they release industry funds for approved projects.

MEDIA COMMISSION OVERPAYMENT

The LPGA cannot really speak to this section of the report. We have no first-hand knowledge of the RFP proceedings or contract. It is our understanding that a state attorney and a representative from Ms. Boudreauxs office are present during proceedings. We state this simply to support the fact that there was no intent to defraud on the part of Mr Hayden or Creative Communication. He should have read the contract more clearly if it is worded as Ms. Boudreaux contends.

DONATION OF STATE ASSETS

The LPGA agrees that the handling of the football tickets was a mistake. We do feel it was a totally honest mistake for several reasons. We all were under the impression that these were the property of Creative Communications. The Board and Mr. Hayden were actually trying to avoid the appearance of any personal gain or receiving of gifts. Because of those facts we thought raffling off the tickets was the most above board action to take. In hind sight that was a naive position. We continue to stress the actual source of the funds paying for the advertising contract is not public funds in spirit. It is also our understanding the proceeds from the raffle were returned.

RECOMMENDATIONS

- 1) The board of the LPGA thinks our response does support the fact that the Commission did perform their fiduciary responsibilities in this matter. No legal objections were raised at the time these issues were approved and the contracted services were performed by the LPGA.
- 2) We agree with the recommendation that Ms. Boudreaux should allow the release of funds to pay a substantial amount of the agreed upon rate for the safety seminars. However, any supporting documentation will be virtually impossible to produce, because no records were required to support a flat fee contract. The board has



also learned its lesson and will likely never again try to work with the state to provide any services.

3) We strongly disagree with the finding that Mr. Hayden exhibited a lack of good faith or intent to defraud in any of these instances. Were errors in judgment made? Absolutely. Mr. Hayden should not have given in to the pressure both personal and financial placed on him by various state agencies to support the seminar expenses. We have responded to the allegations on the donated property. Mr. Hayden again did not attempt to defraud or seek personal gain from these items. To the contrary he gave up these football related items that he could have used personally, and no one ever been the wiser. We also do not agree with the finding to bar Creative Communication from bidding on state contracts. The board does not feel that Mr. Hayden personally gained from any of the accusations leveled in this report. This board is also of the understanding that Creative Communication won this contract under a competitive bid process, and that the commissions charged by Creative Communication are significantly below the advertising industry norm of 15%. This board based on the evidence of the state of the industry and the advertising programs developed and implemented by Creative Communication, affirms that Mr. Hayden in no possible light could be seen as having deliberately failed to perform according to contract specifications pursuant to LA R.S. 39:1672.C.

Respectfully,

A handwritten signature in black ink that reads "Joey Cordill ADB".

Joey Cordill
President LPGA

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A copy of this report has been made available for public inspection at the Office of State Inspector General and is posted on the Office of State Inspector General's website at www.oig.louisiana.gov. Reference should be made to Case No. 1-08-0016. If you need any assistance relative to this report, please contact Greg Lindsey, CIA, CIG, State Audit Director at (225) 342-4262.

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