

SOUTH CAROLINA DEPARTMENT OF LABOR, LICENSING AND  
REGULATION

BEFORE THE SOUTH CAROLINA COSMETOLOGY BOARD

AUGUST 8, 2011

BOARD MEMBERS:

ROSANNE KINLEY, CHAIRMAN

MELANIE THOMPSON, VICE CHAIRMAN

CYNTHIA RODGERS

KATHERINE WEBB

DELORIS GILMER

SELENA BROWN

JAMIE SAXON, ADVICE COUNSEL

This meeting held in room 115 at the South Carolina Department of Labor, Licensing and Regulation, The Kingstree Building, 110 Centerview Drive, Columbia, South Carolina, reported by Cecelia P. Englert, Verbatim Court Reporter and Notary Public in and for the State of South Carolina; said meeting being held on the 8th day of August, 2011, scheduled for 10:00 a.m. and commencing at 10:03 a.m.

1 MS. KINLEY: I call this meeting to order. Public  
2 notice of this meeting was properly posted at the  
3 South Carolina Board of Cosmetology Office, Synergy  
4 Business Park, Kingstree Building, and provided to  
5 all requesting persons, organizations and news  
6 media in compliance with Section 30-4-80 of the  
7 South Carolina Freedom of Information Act. May we  
8 all stand for Pledge of Allegiance.

9 (All stand and recite the pledge.)

10 MS. KINLEY: Rules of the meeting: Don't speak out of  
11 turn. Don't show out. If you do, I'm going to  
12 throw you out, then call you back in when the  
13 time's ready. Introduction of board members and  
14 all other persons attending, if we can start in the  
15 back left corner where Chesley's supposed to be  
16 sitting, but she fooled me this time.

17 MS. MORRISON: I'm Angela Morrison, Aiken School of  
18 Cosmetology.

19 MS. SMITH: Gloria Smith, South Carolina Association of  
20 Cosmetology Schools.

21 MS. PAXTON: Sheri Paxton, Palmetto Academy of  
22 Cosmetology.

23 MR. LACY: Jay Lacy of Lacy (inaudible).

24 MR. KERR: Donn Kerr, Aesthetics International.

25 MS. PHILLIPS: Chesley Phillips, Nail, Skin and Hair.

1 MS. ARCHER: Good morning. Frances Archer, the Nail  
2 Clinic School of Manicuring.

3 MR. MACELHINEY: Bob MacElhiney, the Academy of Hair  
4 Technology and SCACS.

5 MR. NIXON: I'm Blake Nixon from the Academy of Hair  
6 Technology.

7 MR. GELBERD: Sewell Gelberd, Academy Cosmetology,  
8 Wella Professional School.

9 MR. LOCHRIDGE: Ken Lochridge, Carolina College of Hair  
10 Design.

11 MS. WILLIAMS: Sheila Williams, Virginia College.

12 MR. DAWSON: Steven Dawson, Kenneth Shuler School of  
13 Cosmetology.

14 MS. POINTE: Tieira Pointe, (inaudible) Technical  
15 College.

16 MR. BILLS: Scott Bills, Paul Mitchell Cosmetology  
17 Schools.

18 MR. COOK: Ron Cook, LLR.

19 MR. BLACKMON: Ronnie Blackmon, LLR.

20 MS. DEBENEDETTO: Jessica DeBenedetto, LLR.

21 MS. BUCHANAN: Dottie Buchanan, LLR.

22 MS. TAYLOR: Matteah Taylor, LLR.

23 MS. BROWN: Selena Brown, Cosmetology board member.

24 MS. WEBB: Kathy Webb, board member.

25 MS. RODGERS: Cindy Rodgers, board member.

1 MR. COLTON: Sean Colton, SMT.

2 MS. KINLEY: Rosanne Kinley, board member.

3 MS. THOMPSON: Melanie Thompson, board member.

4 MS. GILMER: Deloris Gilmer, board member.

5 MR. SAXON: Jamie Saxon, advice counsel temporarily,  
6 while the board's advice counsel is on vacation.

7 (Off-the-record discussion.)

8 MS. KINLEY: There are no excused absentees. I would  
9 like to let everyone know that Shirley Wilder's  
10 sister passed away this weekend, so if everyone  
11 would keep Shirley and the family in their prayers.  
12 I think they were very, very close, and I'm sure  
13 Shirley is having a very difficult time right now.

14 Approval of the agenda.

15 MS. THOMPSON: Make a motion to approve.

16 MS. RODGERS: Second.

17 MS. KINLEY: Have a motion and a second to approve the  
18 agenda. Any discussion? Hearing none, all those  
19 in favor signify by saying aye.

20 BOARD MEMBERS: Aye.

21 MS. KINLEY: Opposed? Motion carries. There is no  
22 chairman's remarks. The only thing -- the reason  
23 we have asked you here today is this is the biggest  
24 mouse trap we've been able to come up with.  
25 Everyone in this room knows that there is a

1           tremendous amount of fraud in the cosmetology  
2           industry. And every time LLR comes up with a way  
3           to protect the public, just like any person that  
4           wants to break the law, they find a way around it.

5           So the board, along with LLR, along with  
6           legal, along with SMT, have really been looking at  
7           ways to cut down on the fraud. We've met countless  
8           times, countless hours, inspectors, investigators,  
9           Mr. Cook, to just try to combat this problem. We  
10          think we have come up with a solution. Is it going  
11          to be perfect? Probably not. You know, probably  
12          somewhere down the line, there will be someone else  
13          who can circumvent this process. But we're real  
14          excited about it.

15          For those of you who might have attended the  
16          November regularly-scheduled board meeting, Mr.  
17          Sean Colton with SMT IQT made a presentation. The  
18          board has recently unanimously voted to go with IQT  
19          in this direction. And I've asked Sean to come  
20          back today to make that presentation to the  
21          schools. This involves the schools. What we want  
22          to do is introduce fingerprinting at enrollment.  
23          Fingerprinting will be at the computer-based test  
24          sites. And then the biggest process of  
25          fingerprinting and photographing the 30,000

1 licensees that already exist in this state.

2 The schools are going to help participate in  
3 that. I'm sending 30,000 people into your schools  
4 to get fingerprinted and photographs.

5 MS. THOMPSON: All at the same time.

6 MS. KINLEY: Yeah. They're going to have window -- a  
7 five-day window to do this. Just kidding. Don't  
8 anybody have an out of body. There's proposals  
9 that will make it easier for the schools to embrace  
10 this monetarily and logistically. There's 117,  
11 120-some schools in the state. I don't have to  
12 have participation by every school. But to make  
13 this an easier process, I do have to have  
14 participation throughout the state, so that no one  
15 is having to be encumbered by driving two or three  
16 hours to comply with this.

17 Jamie Saxon's here today. He has researched  
18 this through the legal aspects. We've been given  
19 the green light that this is legal to obtain these  
20 fingerprints and photographs, because we're only  
21 using it for identification purposes only. It's  
22 not going to be turned over to the FBI. It's not  
23 going to be turned over to immigration. It is to  
24 prove you are who you say you are. I know you want  
25 to. Back there they are going "why not?"

1           But that's the reason we've been allowed to do  
2           it, because this is only going to be used -- it  
3           will be stored at the data bank in Charlotte. It  
4           will be a one-time fee. It will never happen to  
5           them again. But we've reached a point in this  
6           environment that we live in that this is the  
7           solution to the problem. I mean, you have to be  
8           fingerprinted at Disneyland. You have to be  
9           fingerprinted if you go to a bank that is not yours  
10          to cash a check. And so it's not a new process;  
11          just new in the cosmetology industry.

12           And from what I understand, cosmetology being  
13          the red-headed stepchild in this world, as I know  
14          -- do you feel personally offended there, Melanie?  
15          LLR is going to use us as a pilot program. So I'm  
16          really, really excited about this. And I hope  
17          everybody embraces this with open arms. And we  
18          will work through the logistics and through the  
19          problems together.

20           At this point, I'm going to turn it over to  
21          Sean Colton to do a little presentation and explain  
22          the process to you a little bit more.

23          MR. COLTON: I know I've done this presentation a couple  
24          times, so just bear with me. I've forgotten my  
25          little, cool contraptions to show you on the

1 screen, so we're going to talk through this. If  
2 you have any questions through any of this process,  
3 please do not hesitate to just raise your hand and  
4 ask, okay?

5 MS. KINLEY: Can I interrupt you one second, Sean?

6 MR. COLTON: Yeah.

7 MS. KINLEY: When you do raise your hand to ask a  
8 question, if you would, stand and identify yourself  
9 and the school that you are representing, so that  
10 Ciel can get it in the minutes, please.

11 MR. COLTON: All right. Just to give you a brief recap  
12 of who I am, my name's Sean Colton. I'm director  
13 of operations for Schroeder Measurement  
14 Technologies and Iso-Quality Testing. Schroeder  
15 Measurement Technologies has had a long, long-  
16 standing relationship with NIC. We helped develop  
17 the exams and we also are one of the administrating  
18 partners. I came to work at SMT probably about  
19 four and a half years ago, from the Knox County  
20 Sheriff's Department in Knoxville, Tennessee.  
21 Before that, I had some previous management and  
22 director experience, but I was tired of being a cop  
23 and I wanted to get back into the management  
24 industry. So I ended up in Florida at Schroeder  
25 Measurement Technologies.

1           To let y'all know, biometrics with a license  
2           or certification is nothing new. I've had a PI  
3           license in Tennessee and in Florida; both of those  
4           I had to provide fingerprints prior to getting my  
5           license. I know teachers, lawyers, counselors,  
6           nurses, it runs the gamut across in different  
7           industries. So biometrics are nothing new. They  
8           are necessary if you do want to ensure somebody is  
9           who they say they are. And as a -- I guess a  
10          personal protection against the people who come to  
11          your businesses to get their hair cut, their nails  
12          done, all that. It's definitely a public safety  
13          concern.

14          Now, why are biometrics important? Well, you  
15          know, IDS are great, but you can go buy them down  
16          the street. You can buy a license with any name  
17          you want. College students have been doing it for  
18          years. There are gangs in different cities that  
19          make millions and millions of dollars every year on  
20          making fake IDS, all sorts, passports, Social  
21          Security cards and driver's licenses. Especially,  
22          if two people -- this issue comes in if you have  
23          twins or siblings that look alike. There are  
24          instances where dads have taken exams for sons or  
25          visa versa. So those are really, really the issues

1 that I guess start the need for the biometrics.

2 Now, I want y'all to bear with me too, because  
3 if I get a little nervous, please forgive me  
4 because I'm not a public speaker by trade, by any  
5 stretch of the imagination. I'm a operations guy,  
6 so just bear with me. And if y'all do have  
7 questions, it helps the process, okay?

8 Now, what started the biometrics with us was  
9 one of the cosmetology boards in the state of Ohio  
10 came to us and said, "Sean, y'all did such a great  
11 job here. We need to find a way to stop stand-in  
12 test-takers." It's happening all the time. People  
13 are advertising on Craig's List, people are  
14 advertising here and there, they'll go take the  
15 exam for a thousand dollars for somebody, and we  
16 have no real way to catch them. They get a fake ID  
17 and it's really simple.

18 I said, "Okay. Well, let's see what we can do  
19 here." We went through all the processes. And the  
20 one thing that's unique to everybody is a  
21 fingerprint. It's been used since the 1400s in  
22 China to identify people. It is the one thing that  
23 is unique and can convict people and put them in  
24 jail. So I said, "Let's see what we can do with  
25 this." We looked at a ton of programs. There are

1 a lot of programs out there that say, "Yeah, we can  
2 give you a fingerprint biometric," but all they do  
3 is usually a one-to-one comparison.

4 Like Rosanne said, if you go to Disney World  
5 or Carowinds or some place else and you have a  
6 season pass, they have you put your finger on there  
7 with your season pass. And then the arm will go  
8 down and say, "Yes, this is you." But what that  
9 system is doing is just a one-to-one comparison.  
10 It's saying you are -- "Joe Smith is Joe Smith."  
11 It's not comparing that fingerprint against  
12 everybody else in the database.

13 So we said we need to take it one step  
14 farther. We found an algorithm that is also used  
15 by the FBI and other police departments that if Joe  
16 Smith is in our database, he can never ever be in  
17 the database again as anybody else. So we  
18 implemented this about almost a year ago now in  
19 Ohio. They were all excited; we were really  
20 pumped.

21 And after about two weeks, I hadn't heard  
22 anything and I was wondering how it was going, and  
23 I was going to call them that next week. But he  
24 called me that day, so excited he couldn't stand  
25 it. They caught their first person. Somebody had

1           come in; they were previously in the database.  
2           They were coming to take the test as somebody else.  
3           They were so excited, they called the state police.  
4           State police came out, charged him with identity  
5           theft, because they were going to get a state  
6           license and they were pretending to be somebody  
7           else.

8                     So we went on a little bit longer. After  
9           that, about once a week, they caught people. The  
10          state of -- they only test at one location.  
11          Everybody in the state drive to their board office.  
12          But they put a police officer assigned to that  
13          facility because they were catching so many people.

14                    It ended up -- I went up there for a public  
15          hearing they had where it ended up breaking a human  
16          trafficking ring. People were being smuggled in,  
17          getting licenses, school hours were being forced.  
18          It was coming from everywhere. But they would get  
19          them a license, then they could work in the state.  
20          And it ended up breaking up a human smuggling ring.  
21          So that is what we've done in the state of Ohio,  
22          and that was just in the last six or eight months.

23                    Now, of course, other industries are excited  
24          to hear this. The FAA has contacted us. One of  
25          the Department of Defense contractors have

1 contracted us, along with a couple other clients.

2 And the board here in North and South Carolina.

3 So what we wanted to do with this is we wanted  
4 to capture a picture every time this person's here.  
5 We wanted to capture multiple fingerprints on  
6 multiple fingers. Why? Because you'd be amazed at  
7 how many people try to scar up their fingers or do  
8 something just to not -- so you won't get enough  
9 menucia points to make a positive identification.

10 So we capture a couple fingers, multiple  
11 fingerprints, just to ensure we are getting who  
12 they say they are. And we also get a picture. So  
13 if the inspectors go out to a salon, they say,  
14 "Okay. Let's just have everybody come up here.  
15 Just put your finger on real quick; we'll verify  
16 you are who you say you are." Then it's all done;  
17 that's it. In a matter of two minutes, they are  
18 done. Everybody in there is licensed, and you  
19 ensure the public safety.

20 (Off the record.)

21 MR. COLTON: Now, I want to make sure everybody's on the  
22 same page here. All we're trying to do is confirm  
23 somebody's identity. We want to ensure the person  
24 that signs up for school, enrolls in school, goes  
25 through school and the person that takes the test

1 and the person that works in the field are all the  
2 same people, okay? I know there are a ton of other  
3 needs for this, but that's the only purpose this  
4 will serve, okay?

5 We're not here to catch illegal immigrants.  
6 We're not here to catch federal felons. We're not  
7 here to help the police with warrant service. I  
8 mean, we're not here to do that. All we're trying  
9 to do is make sure that people who enroll in school  
10 are the people that take the test and are  
11 eventually working in the industry. So we are not  
12 comparing this to any other database. We're not  
13 doing anything else, okay?

14 One thing is, when we are doing this, you need  
15 to have consistency. So definitely, we would be  
16 there to assist with anything you need, but you  
17 always need to get the same two fingers because I  
18 can see schools or something saying, "Hey, look" --  
19 especially, not in this area, but if somebody's  
20 selling hours or they want to circumvent the  
21 system, I can see them try to do multiple fingers  
22 or trying to do different things.

23 So we are always going to tell our testing  
24 centers the same thing: You always get one of the  
25 index fingers. If one of them doesn't show, show

1 the other one. But we've never had one that's  
2 given a false positive to an identification or not  
3 been in the database.

4 Again, the benefits here, you confirm who the  
5 candidate is. You'll eliminate stand-in test-  
6 takers. You can also eliminate the selling of  
7 hours. Now, how would that work? Well, once we  
8 get past this initial, I guess the word's on the  
9 tip of my tongue -- but once you get the initial  
10 service of getting the implementation to get  
11 everybody in the database, after that, when  
12 candidates come in, register for school, you get  
13 their fingerprint, you get their picture and pump  
14 them into the system, we could easily tell you from  
15 the time they are inputted into the system to the  
16 time they take the test.

17 Now, y'all know how many hours are supposed to  
18 be in there. We could easily tell -- if the State  
19 Board came to us and said, "Hey, can you give us  
20 anybody who's been under a year? Who's been under  
21 a year of getting into the system to taking the  
22 test?" Absolutely; here you go.

23 So we give you that data and they can do  
24 whatever they deem necessary with that data. They  
25 can look at the schools; they can look at other

1 issues; they can set up red flags however they  
2 want. But again, the purpose of this is to ensure  
3 the public's health and safety.

4 So you start getting people on the front-end.  
5 You can ensure they're getting all their hours.  
6 Then you can ensure they're taking the test. And  
7 then when the inspectors go out, you can ensure,  
8 those people are the ones working with that license  
9 and they didn't sell it on Craig's List or  
10 somewhere else to somebody who doesn't deserve to  
11 be there.

12 Also, this will really, really eliminate some  
13 kinds of cheating, as in one candidate's only going  
14 to be able to sit for one candidate. They're not  
15 going to be able to go tons and tons of times as  
16 different people to harvest questions, again, to  
17 devalue the exam. By harvest questions, I mean,  
18 they sit multiple times, try to fail consistently  
19 to sell the questions out there. And some of the  
20 questions have sold for in excess of \$1200 a piece,  
21 just to get people to pass the exam.

22 Another benefit of it is, the more states that  
23 do get on with the national exam and we do get  
24 their fingerprints, you can assist with  
25 reciprocity. Now, one issue we had I know in Ohio

1 -- again, I'll talk about them a lot because I  
2 worked closely with them -- is I was up there and  
3 they had a candidate come in and wanted a cos.  
4 license. Now, they had an esthetician license, I  
5 believe it was, and they're supposed to  
6 automatically be able to get a cos. license, if  
7 they can prove their hours. Well, she had this  
8 document that didn't look right, and they said,  
9 "No, I'm sorry, we're not going to let you take the  
10 test. You're not going to see our test because  
11 we're not sure about the data, and you needed this  
12 kind of license."

13 So the lady was upset, but she left. Two days  
14 later, she came back with the necessary license  
15 from another state. I think it was from Florida.  
16 She came back with a cos license from Florida and  
17 hours. Now, that would be a big red flag and they  
18 didn't let her in; they didn't give her this  
19 license. But I'm sure that happens everywhere.

20 So the more national states we have and the  
21 more fingerprints we have, all they would have to  
22 do -- if somebody came to South Carolina from Ohio  
23 where they tested in January, all you'd have to say  
24 is, "Hey, Sean, let's figure out if we can compare  
25 this candidate's fingerprint to the one that's up

1           there and make sure they did actually take the  
2           test." That simple. Again, fingerprints don't  
3           change. You will always be able to confirm that  
4           person's identity.

5           Again, the success. I know I'm going all over  
6           the place and you got to forgive me. But it's been  
7           in -- it's been in place, again, in Ohio since  
8           August. It's over a year now, just at a year. And  
9           they've caught, man, somebody about once a week.  
10          They catch somebody once a week trying to cheat,  
11          and they still have the police come and pick them  
12          up.

13          Now, I know one thing, there's different  
14          models we can work with here, but one they're  
15          wanting to verify at the test centers. Now in  
16          order to do that, you need to capture the  
17          fingerprint and the image, the photograph, at the  
18          school level. Now, I know this is where the  
19          questions are going to come in. But, I mean, the  
20          biggest thing here is candidates at your school, we  
21          are going to give you the software. There's no  
22          charge for the software. We're going to do this  
23          because our goal is to work with the state. And  
24          again, my goal has always been to have a long-term  
25          relationship with our clients.

1           So we've created this program that we'll  
2           publish to all the schools. The way it would work  
3           is somebody comes in. You capture their image, you  
4           type in their information, you put the school, and  
5           then you capture a fingerprint, the right  
6           fingerprints, and that's it; it uploads. I see  
7           about three or four minutes for a candidate that  
8           comes in. Any updates, we're going to take care  
9           of. Any issues you have, you call us; we will help  
10          you through the issues. But, I mean, that's pretty  
11          much it.

12          The only other piece to do it is a fingerprint  
13          reader, the license and then a camera. Now the  
14          license, we are paying for the license for the  
15          entire state. And what you need a license for is  
16          the algorithm that compares the fingerprints. You  
17          can have a fingerprint reader, but all it will do  
18          is capture the prints. It's not going to do any  
19          comparisons. You need the actual algorithm and the  
20          license to do the comparison against the database,  
21          so it will tell you "This person's already in our  
22          database. They tested as Frank Jones on this other  
23          date." The whole brain of the program is the  
24          algorithm.

25          And then we are taking care of all the

1 database storage and security, which is behind a  
2 double firewall system in Charlotte at a company  
3 called Peak 10. Peak 10, yeah. You can Google it.  
4 They're a topnotch security system. If anything  
5 ever happens there, the data automatically rolls  
6 over, but nobody can ever get to it. I know there  
7 was a group Anonymous that attacks certain places,  
8 but they usually -- I read up on the police stuff,  
9 but there was five police departments that were  
10 hacked into because they went to this little  
11 company in the middle of Arkansas. I mean, you've  
12 got to be real careful where this data is stored  
13 and where it is secured.

14 Now again, this data is not our data. This  
15 data belongs to the State of South Carolina. All  
16 the fingerprints we collect, all the data we  
17 collect, belongs to the State Board of South  
18 Carolina. We're not going to do anything with it.  
19 All we're doing is the comparisons of the  
20 fingerprints and providing them data on request.

21 Any questions with that?

22 MR. MACELHINEY: If you're comparing it with data from  
23 other states --

24 MS. KINLEY: Bob, if you can stand and identify yourself  
25 and the school so she can get it on record.

1 MR. MACELHINEY: Bob MacElhiney, AHT in Greenville. But  
2 you are comparing it with data from other states as  
3 well, right?

4 MR. COLTON: Only if it's requested of us.

5 MR. MACELHINEY: Okay.

6 MR. COLTON: Right now, we're only in the state. It's  
7 going to be compared against state license-holders.  
8 Candidates, when they go in and -- when one of the  
9 inspectors go into a salon or a nail salon or  
10 wherever they're at and they say "Let's see if  
11 you're in the South Carolina database," that's all  
12 we're checking. The state-to-state comparison  
13 would only work for reciprocity or to catch other  
14 issues that we're not going to worry about right  
15 now. I mean, our main goal here is to get people  
16 in the database and ensure the public safety by  
17 comparing the fingerprint of the person that tested  
18 to the one that's in the industry working.

19 MR. MACELHINEY: May I ask a follow-up question.

20 MR. COLTON: Yeah.

21 MR. MACELHINEY: Not that it would bother me, but once  
22 you have data like that, if the FBI wanted it, you  
23 can't refuse them, can you?

24 MR. COLTON: We can refuse them. But it wouldn't come  
25 to us. It would go to the State Board of South

1 Carolina. Because we're not going to provide  
2 anybody with the data except for --

3 MS. THOMPSON: Do you know the legality of that?

4 MR. SAXON: I don't, but I could find out.

5 MS. THOMPSON: Okay. We'll find out and get you that.

6 MR. MACELHINEY: It doesn't bother me.

7 MS. THOMPSON: Right.

8 MR. MACELHINEY: I was in the military, so --

9 MS. THOMPSON: I have a question. You said "Make sure  
10 you get the proper fingerprint." Are your  
11 fingerprints the same on your index fingers for  
12 your left and your right hand?

13 MR. COLTON: No.

14 MS. THOMPSON: No.

15 MR. COLTON: Every fingerprint on every finger is  
16 different.

17 MS. THOMPSON: So would you require that it be always  
18 the right hand? I mean, how would you --

19 MR. COLTON: We get both. We get three from the right,  
20 three from the left.

21 MS. THOMPSON: Got you, okay.

22 MR. COLTON: That way, if somebody -- if a lady came in,  
23 "Ah, man, I burned this finger on a curling iron;  
24 it's in a big wand," you know, they're not going to  
25 burn all their fingers. So we try to get multiple

1 fingers just to -- you laugh; I've seen it. I've  
2 seen it. So you grab multiple fingers and multiple  
3 prints just in case they try to hold it to the side  
4 or just in case they try to put it all the way up  
5 on the screen.

6 MR. LOCHRIDGE: Ken Lochridge, Carolina College of Hair  
7 Design. You're not going to stand there and tell  
8 me you're going to refuse a subpoena from the FBI.

9 MR. COLTON: Well, we would have to send it to them.  
10 It's not our data. It's not our data, is what I'm  
11 saying.

12 MR. LOCHRIDGE: If you're subpoenaed --

13 MR. COLTON: No, no, I understand how it works.

14 MR. LOCHRIDGE: If you're subpoenaed, your lawyer is  
15 going to say "We're not going to release this?"

16 MR. COLTON: I'm not going to say --

17 MR. SAXON: The lawyer would say -- the lawyer could say  
18 any number of things.

19 MR. COLTON: That's right.

20 MR. LOCHRIDGE: But you also mentioned, there are other  
21 issues that you didn't want to go into right now.

22 MR. COLTON: Right. I mean if --

23 MR. LOCHRIDGE: What other issues are you talking about?

24 MR. COLTON: With testing other states, with comparing  
25 against other states. Is that what you were

1 talking about?

2 MR. LOCHRIDGE: I don't know. You simply said "there  
3 are other issues that we will look at later, but  
4 right now we just want to get everybody into the  
5 database." What other issues will you be looking  
6 at later?

7 MR. COLTON: No, there were --

8 (Off the record discussion.)

9 MR. COLTON: No, if anything comes up -- when I was  
10 referring to him when there is other things,  
11 there's a ton of stuff. If we started getting  
12 fingerprints of people that have one name in Ohio  
13 and then another name here, or another in Texas and  
14 another name in Pennsylvania, those are the other  
15 issues I'm referring to. I mean, right now, our  
16 main goal is to secure the State of South Carolina.

17 MR. LOCHRIDGE: But if they -- if you're not comparing,  
18 how would you find out they would have other names?  
19 If you're not comparing this state to other states,  
20 how would you be aware of that?

21 MR. COLTON: We have to build the database before we can  
22 do the comparisons. I mean, we don't have the  
23 fingerprints in there to do the comparisons yet.

24 MR. GELBERD: Sewell Gelberd, Academy of Cosmetology.  
25 Has this been tested in the courts in other states?

1 Have they tested it yet?

2 MR. COLTON: Well, yeah. I mean, it's working right now  
3 in the state of Ohio.

4 MR. GELBERD: No, I know it's -- I know it's up and  
5 running, but has it been tested?

6 MR. SAXON: I don't know of any --

7 MR. GELBERD: Has somebody brought a suit?

8 MR. SAXON: I don't know of any suits so far.

9 MR. COLTON: No, we haven't had a suit brought against  
10 us. I apologize.

11 MR. SAXON: But so many professions use this; it's just  
12 not an unusual thing.

13 MR. GELBERD: But there's some civil --

14 MR. SAXON: I know I've been a lawyer since 1992 and I  
15 had to do fingerprinting before I could do that.

16 MR. GELBERD: There's all kinds of controversy now with  
17 testing people and getting on airplanes, and I was  
18 just -- there's years of lawsuits coming on that.

19 MR. SAXON: This is a completely different matter. And,  
20 frankly, it's just not much of a question anymore.  
21 Knock on wood.

22 MS. WILLIAMS: Sheila Williams from Virginia College.  
23 You said that your company would provide the  
24 software. What is the software actually?

25 MR. COLTON: The software is pretty much an interface

1           that would talk -- it's a web-based interface that  
2           would talk to our database. Anybody can use it;  
3           it's really simple. You come in; it's going to  
4           pretty much have two options. One, it's going to  
5           be to input people into the system and two, it  
6           would be for like inspectors to compare. There's  
7           only one of two options.

8           And there still may be -- the reason there's  
9           two options is because until the database is built  
10          and everything is there, some of the inspectors may  
11          still have to input people into the database. But  
12          you have either an entry or a comparison. And on  
13          the entry side, you'll just go to a web page.  
14          You'll have a -- each one of you would have your  
15          own secure log-in and password. You'll log in. It  
16          will prompt you to take a picture. It will prompt  
17          you to add their name, their number.

18          And then we've got to talk. The one thing I  
19          don't think we've just clarified yet is to assign  
20          it a unique candidate number at that point.  
21          Because you do have to have a unique candidate  
22          number to follow the candidate through the whole  
23          process. And I know we've talked about it, and my  
24          vision would be that's the number that would  
25          eventually be on their license, if they did pass

1 the exam and so on and so forth.

2 MS. WILLIAMS: Okay. Follow-up with that, we are right  
3 now using fingerprints as our clock hours --

4 MR. COLTON: Right.

5 MS. WILLIAMS: -- in our system. So would that be  
6 integrated? Or would that --

7 MR. COLTON: I don't know. The algorithm is the part  
8 that gets intriguing, because I don't know if  
9 you're doing any sort of comparison with what you  
10 are gathering. Right? Yours is just saying "this  
11 person was here today."

12 MS. WILLIAMS: Right.

13 MR. COLTON: It's not really saying "this person is five  
14 people in our database," right?

15 MS. WILLIAMS: Okay. No.

16 MR. COLTON: Right. The algorithm is what makes the  
17 program unique. And when you capture -- like I  
18 said, when you capture fingerprints with a time.  
19 There's laptops with fingerprints. But if there's  
20 five different profiles in there, five different  
21 people could have the same fingerprint. This  
22 system does not allow that to happen. Only one  
23 person can have one fingerprint in our database.

24 MS. WILLIAMS: And would that also clock -- I mean track  
25 -- it would be just a one-time enrollment and then

1 follow. It's not a constant --

2 MR. COLTON: No. They enroll one time, then it follows  
3 them through the whole process. And then that  
4 fingerprint is with them for however long they want  
5 to work in the industry.

6 MS. WILLIAMS: Okay.

7 MS. THOMPSON: I have just a quick question. Is your  
8 software compatible with most of the equipment and  
9 such out there? What's the potential cost or  
10 involvement of whatever else these guys are going  
11 to have to purchase to make it compatible with your  
12 software?

13 MR. COLTON: Well, most of y'all already have cameras.  
14 The only thing that would be out there that I know  
15 of right now that would be a cost, and I said this  
16 when I was here in November. I said it in another  
17 presentation; I was here in March, I think, or  
18 February. The only cost that I see is \$80 for the  
19 fingerprint reader; that's it.

20 Now, I know there have been some discussions  
21 on how to do this. And if y'all are collecting it,  
22 I know there was some talk of y'all also collecting  
23 a fee every time you get somebody enrolled into the  
24 system. And that would definitely offset and will  
25 go well over whatever you're paying for the \$80.

1           Now, most of all, you should have a camera.

2           I'm sure y'all already have cameras. But if you  
3           don't, the fingerprint reader is \$80, and the  
4           camera is like --

5   MS. SMITH: Just a regular digital camera?

6   MR. COLTON: Yeah. Just like a digital camera.

7   MS. KINLEY: Who spoke out? Gloria?

8   MS. SMITH: Gloria. I'm sorry.

9   MS. KINLEY: I'm sorry.

10   MR. COLTON: That's all right. But yeah, just like a  
11           digital camera that hooks up into a USB port. The  
12           program will see your camera. And you see, and  
13           those are about 20 bucks. So the most I see you're  
14           out is around a hundred, hundred and ten dollars.

15   MS. THOMPSON: But when we're talking about cost, as a  
16           provider school owners, you could tack on a fee for  
17           each person who comes through your school to do  
18           that, and then --

19   MR. COLTON: That's what I was -- yeah, there's going to  
20           be some sort --

21   MS. THOMPSON: -- far surpass that expense.

22   MR. COLTON: Yeah. I know he had his hand up first.

23   MR. MACELHINEY: Yeah, I had two follow-up questions to  
24           my original question. One was would this be able  
25           to be used for continuing ed as well for

1 identification, once the system is complete? And  
2 secondly, it would probably be wise not to mention  
3 that this stuff couldn't be used by the FBI because  
4 if the FBI did ask for it and it was given to them,  
5 we would be misleading them. So it would probably  
6 be better not to bring that whole subject up.

7 MS. KINLEY: Okay. I don't think we need to get hung up  
8 on the FBI. I mean, this is --

9 MR. MACELHINEY: I don't either. But I have heard  
10 people say they didn't want their fingerprints  
11 taken.

12 MS. KINLEY: It's our ball game.

13 MR. MACELHINEY: Huh?

14 MS. KINLEY: It's our ball game.

15 MR. MACELHINEY: Yeah.

16 MS. KINLEY: And if they want to become licensed in the  
17 State of South Carolina in the cosmetology  
18 industry, this is what we are going to be  
19 requiring. If they don't want to give us their  
20 fingerprints, then they don't go to school, they  
21 don't get tested, they don't get a license.

22 MR. MACELHINEY: I have no problem with that. When I  
23 was in the first grade, I was fingerprinted. I was  
24 fingerprinted when I went in the military. You  
25 know, so my fingerprints are there.

1 MS. THOMPSON: In fact, I'm fingerprinted when I go to  
2 the doctor now.

3 MR. MACELHINEY: Well, my doctor doesn't do that. But  
4 I'm just saying, it would probably be better -- it  
5 would probably be better to say "Look, this is a  
6 requirement for a license," and end it. Not even  
7 discuss the stuff about the FBI.

8 MS. KINLEY: Jamie has something to say.

9 MR. SAXON: In my opinion -- and again, I'm filling in  
10 for somebody, so this is off the cuff -- the FBI or  
11 any other government agency can get this  
12 information probably, if they go through the proper  
13 legal channels to do it. But this board's use is  
14 only for the purposes that have been --

15 MR. MACELHINEY: Sure, I understand.

16 MR. SAXON: -- described. And it simply is not an  
17 unusual -- it's not even -- it's more common than  
18 not in professions around the country, as far as I  
19 can tell. Certainly, every lawyer in the country  
20 has to be fingerprinted. All five -- I mean, all  
21 ten -- all ten have to be fingerprinted.

22 MR. MACELHINEY: Yeah, I don't -- again, I don't have  
23 any problem. I just don't want to misrepresent it  
24 when a --

25 MR. SAXON: I don't think I would represent it at all --

1 MR. MACELHINEY: Yeah, that's what I'm saying.

2 MR. SAXON: -- because that's giving legal advice --

3 MR. MACELHINEY: Sure.

4 MR. SAXON: -- and I wouldn't do it.

5 MR. DAWSON: Steven Dawson, Kenneth Shuler Schools. Two

6 questions: One, transfers. We've got students

7 that will transfer from Bob's school to our school

8 or vice versa. We fingerprint them in one school.

9 Do we fingerprint them again in another school?

10 MR. COLTON: No. All you would do, instead of clicking

11 on the input button, you'd click on the verify.

12 MR. DAWSON: Okay.

13 MR. COLTON: Their fingerprint would already be in the

14 database.

15 MR. DAWSON: Okay. And so --

16 MR. COLTON: And then you would be able to see their

17 picture, their information already filled in.

18 MR. DAWSON: Okay.

19 MS. RODGERS: And you'd know who it is --

20 MR. COLTON: And you know who it is.

21 MR. DAWSON: All right. Next question: Multiple

22 licenses with fingerprints. So a student comes to

23 us, they go through the cosmetology program,

24 decides to come back through us to go through the

25 instructor training program.

1 MR. COLTON: They wouldn't have to be input again. All  
2 it would be is a --

3 MS. RODGERS: To verify.

4 MR. DAWSON: And just verify.

5 MR. COLTON: You would verify, and then you would change  
6 the --

7 MR. DAWSON: Sure.

8 MR. COLTON: -- the title of the exam to whatever  
9 they're going -- if they're coming for nail tech or  
10 they're coming for hair design or whatever it is,  
11 you would just put that as well, because they'd  
12 already be there for cos or nail tech, whatever it  
13 is. You would just have to put them in as the  
14 other one. So when they did take the test --

15 MR. DAWSON: They would not --

16 MS. THOMPSON: So the software allows for dual-  
17 licensure.

18 MR. COLTON: Yes.

19 MS. THOMPSON: What you were talking about is the  
20 becoming instructor.

21 MR. COLTON: Absolutely.

22 MS. THOMPSON: That supercedes. But Rosanne is duly-  
23 licensed, so you'd --

24 MR. COLTON: It would have to.

25 MS. THOMPSON: Okay.

1 MR. COLTON: Yeah. Because then you would have multiple  
2 profiles with a multiple -- no, it has to follow as  
3 many licenses as they have.

4 MR. DAWSON: Follow-up with that, you're talking about a  
5 specific ID number for these individuals?

6 MR. COLTON: Yes.

7 MR. DAWSON: Which is going to be difficult to do when  
8 you've got 30,000-plus licensed individuals in  
9 order -- if we start doing this with individual  
10 locations coming up with these numbers, unless we  
11 use something like Social Security numbers.

12 MR. COLTON: No, no, no. The computer will --

13 MR. DAWSON: Automatically --

14 MR. COLTON: -- generate -- in the web-based program, it  
15 will automatically generate a number --

16 MR. DAWSON: Okay.

17 MR. COLTON: -- when you start a person. Now, we just  
18 have to discuss how that number needs to be  
19 reflected or what needs to be in that number.

20 MR. DAWSON: Okay.

21 MR. BILLS: Scott Bills, Paul Mitchell Schools. Are you  
22 going to upload the list of all registered  
23 cosmetologist, to automatically assign that number  
24 to them? Or you just going to change everybody's  
25 number?

1 MR. COLTON: They already -- we can look, but they've  
2 already got a number. My goal would be to use that  
3 number.

4 MR. BILLS: Use that number, automatic upload? So  
5 followup questions too for this: Is those little  
6 \$80 fingerprint scanners high enough -- I use  
7 fingerprints for employees now for the same  
8 reasons, but different biometrics for our students.  
9 There's a lot of fingerprint readers out there.  
10 Little \$80 ones are not all that reliable a lot of  
11 times. Are those going to be solid enough to  
12 capture the type of images we're talking about?

13 MR. COLTON: We've used them a ton, and the technology  
14 is getting better. I mean, it's not like you're  
15 buying something cheap on Ebay anymore. I mean,  
16 you've got so many different biometric forms coming  
17 out, but everybody wants to try to get the business  
18 to provide these. And I've gone to many, many  
19 providers of different fingerprint readers. And  
20 the actual fingerprint readers are dirt-cheap  
21 because they get them in bulk and --

22 MR. BILLS: Right.

23 MR. COLTON: -- what we're paying for mostly, the \$80,  
24 is the algorithm, to ensure it's going to compare  
25 against the database. Now, again, the technology

1           has improved so much. I think you're even going to  
2           see prices drop more.

3   MR. BILLS: And last question: Can you just use a high-  
4           end webcam so it's faster? You don't have to --

5   MR. COLTON: Yeah.

6   MR. BILLS: -- have a separate camera?

7   MR. COLTON: Yeah.

8   MR. BILLS: Okay.

9   MR. COLTON: I know there were a couple --

10   MR. LOCHRIDGE: Ken Lochridge, Carolina College of Hair  
11           Design. I'm assuming you will provide us a list of  
12           acceptable hardware?

13   MR. COLTON: Yeah.

14   MR. LOCHRIDGE: And I have another question, which I  
15           actually got answered when I was waiting on that.  
16           And my question was going to be " Is there really a  
17           need? And then I happened to remember that there  
18           was a hearing a few years ago and it turned out  
19           that the -- maybe this might have been more than a  
20           decade ago. But the school owner had put down the  
21           wrong Social Security number because he did not  
22           want to disclose his background. That school was  
23           shut down eventually by the board. In Greenville,  
24           there's been one former competitor that was closed  
25           for selling hours. There was another competitor

1           that was closed for -- I think even just selling  
2           licenses and false testing. And it's kind of like  
3           whether or not this is visible to everyone, there  
4           is a need for it in the industry.

5                     And one other comment, I just looked around  
6           the room. I think I'm probably the only school-  
7           owner in here that was in business when we first  
8           started continuing ed.

9   MS. SMITH: No.

10   MR. LOCHRIDGE: And that was -- the negativity was  
11           overwhelming. And while I do think this is good, I  
12           will -- assuming this rolls forward -- I will be a  
13           part of it. But I would hopefully request -- and  
14           it might require a little effort or more effort on  
15           the part of LL&R, but if we could not be slammed  
16           with people getting this requirement at license  
17           renewal, that would make this a more positive  
18           thing, if they could filter it in over a period of  
19           time.

20   MS. KINLEY: And I do see us giving them a very long  
21           window to do this. But you know what  
22           procrastinators these people are?

23   MR. COLTON: You just read my mind.

24   MS. KINLEY: So if we give them a year to do it, prior  
25           to March 10, 2013 --

1 MS. THOMPSON: They're not going to show up.

2 MS. KINLEY: -- you're still going to have a huge --

3 MR. LOCHRIDGE: They're going to --

4 MS. THOMPSON: Charge them more after that.

5 MR. LOCHRIDGE: But can you say that if you wish to be  
6 licensed in this state, A through F will come in by  
7 January of so-and-so or we're revoking your  
8 license, and then filter it in.

9 MS. KINLEY: Yeah, we can work the logistics out.

10 MR. LOCHRIDGE: That's what I'm trying to say,  
11 because --

12 MS. KINLEY: I understand where you're coming from.

13 MR. LOCHRIDGE: -- because if, in fact, y'all don't come  
14 up with something like that, I ain't --

15 MS. THOMPSON: Well, the other thing, though, is you can  
16 make it where you could say, if you come between  
17 February 15th and March the 10th, it's going to  
18 cost you a hundred dollars. But if you come prior  
19 to February the 15th, it's going to cost you 20.

20 MR. LOCHRIDGE: Well, they're still going to  
21 procrastinate to pay the at-door price. And I'm  
22 just saying that --

23 MS. THOMPSON: Well, that would cut down some too.

24 MR. LOCHRIDGE: -- you have a meeting here, asking us to  
25 work with you and support you. I'm saying, "Okay.

1 Support us and come up with a system that filters  
2 this in six times a year, because the board has the  
3 ability to revoke their license. You're asking us  
4 for support; okay, we'll support you. Support us,  
5 because I'm telling you, I personally will not be a  
6 part until after the initial one until such time --

7 MS. THOMPSON: You want to see it tested out first.

8 MR. LOCHRIDGE: Listen, I'm telling you, that was one of  
9 the most miserable experiences in my 30-plus years  
10 in this industry.

11 MS. KINLEY: Well, we could also go so far as require  
12 them to schedule an appointment at one of these  
13 schools. And if you only allowed ten a day to come  
14 in, then "Sorry, we're booked."

15 MR. LOCHRIDGE: Well, I don't think there will be that  
16 big an issue if the board --

17 MS. KINLEY: We can work those logistics out, and we  
18 definitely see that --

19 MR. LOCHRIDGE: But, like I say, it's got to be  
20 something other than they all come in, because  
21 they're all going to procrastinate. They'll pay  
22 penalties; they'll still put it off. They're  
23 hoping you'll say "(inaudible)." They're going to  
24 whine and -- so anyhow --

25 MS. KINLEY?: Us? Whine?

1 MS. THOMPSON: And I agree, absolutely.

2 MR. LOCHRIDGE: Thank you.

3 MS. THOMPSON: And I liked your suggestion of the A  
4 through F and, I mean, I think that would work  
5 well.

6 MS. WILLIAMS: So out of -- oh, go ahead.

7 COURT REPORTER: Your name?

8 MS. WILLIAMS: Sheila Williams, Virginia College. So  
9 out of his question, the people that are already  
10 licensed in the industry would come to the  
11 locations that have this technology.

12 MR. COLTON: Yeah. The board here is going to work some  
13 logistics with some of the schools. I don't know  
14 if they'll do all 112, but they'll have to go --  
15 they don't want them to travel a lot. These people  
16 are already set up. They don't want to take a  
17 whole day to go across the state just to get their  
18 fingerprint. So they'll talk with y'all and get  
19 some schools to agree, "Yeah, we'll take them  
20 here."

21 MS. WILLIAMS: Okay.

22 MR. COLTON: Maybe you can set up certain days of the  
23 week and they can put it on the website. And other  
24 issues, you can narrow it down by last names, first  
25 initial, you know. But, yeah, the goal would be to

1 feed them to some of the schools, get their  
2 fingerprints in the system, let y'all capture that  
3 data for us and for the state, and then --

4 MS. WILLIAMS: So the schools --

5 MR. COLTON: -- make a little bit of money on top of --

6 MS. WILLIAMS: -- can charge the people that come.

7 Okay.

8 MS. THOMPSON: Absolutely.

9 MR. COLTON: And we're going to -- yeah. The charging  
10 and stuff has to be worked out I know with the  
11 board. But, yeah, the goal is to let y'all make  
12 something on the side as well, just to re-coop your  
13 time, your trouble and the equipment; you had to  
14 pay for it.

15 MS. PHILLIPS: Chesley Phillips, Nail, Skin and Hair of  
16 America. First of all, I'd like to say that I  
17 fully support this idea. We have implemented it  
18 into our continuing education program two -- three  
19 years ago. It did not go over well, and I assume  
20 that most of the reason, without getting into the  
21 whole FBI discussion, is because we deal largely  
22 with the male industry. And we do -- we find  
23 somebody lying about something at just about every  
24 continuing education class that we have, boldly.  
25 And the longer I've been in this industry, the

1 bolder they have gotten.

2 The second thing I'd like to say is, I would  
3 like to also see it implemented some kind of way,  
4 even though it won't require everything, online,  
5 because we won't require it online. Because there  
6 wasn't the support there. And thirdly, I'd like to  
7 say that you-all should be very happy that you  
8 didn't have to do all of the beginning work that  
9 they've done and only have to buy the machine,  
10 because we spent thousands and thousands and  
11 thousands of dollars on our equipment in testing  
12 and development.

13 MR. COLTON: Now just to go -- I know you asked a  
14 question earlier about continuing education. You  
15 know, once this system's in place, we have  
16 discussed it in Ohio and we discussed it with a  
17 couple other states we've talked to about after  
18 it's implemented, we get people in the database,  
19 the next step would be to let the schools use it  
20 also to track their candidates hours. And then  
21 again, that would always be attached to the same  
22 record. It's got the same number; it's got the  
23 same person. They could clock in when they came  
24 in; they could clock in when they leave. That way,  
25 the schools that are doing it right can prove

1           they're doing it right. And the schools that are  
2           trying to sell hours or other stuff, well, they're  
3           going to have a hard time getting one person to  
4           show up five days a week in the morning and night,  
5           to show when they're coming and going.

6           So, again, that is the next step; that is the  
7           next thought. Again, we would work with the  
8           schools after that or the board. But the first --  
9           this could easily be turned into something like  
10          that. But the first purpose of this is just to get  
11          everybody in the database, make sure people are who  
12          they say they are when they're working in the  
13          field.

14       MR. MACELHINEY: And I have a follow-up question. Bob  
15          MacElhiney again. And that is, when people are  
16          taking their licensing exam, would they be able to  
17          now, instead of sending identification, go take the  
18          exam with their fingerprint?

19       MR. COLTON: That would be up to the board. I mean,  
20          that would be a question --

21       MS. KINLEY: I missed the question.

22       MR. MACELHINEY: They're taking their licensing exam.  
23          Right now, they have to send two IDS. Would they  
24          need to still do that, if we're going to have this  
25          method in there?

1 MS. KINLEY: I would think so. I would think so. I  
2 don't see doing away with that.

3 MS. THOMPSON: Or may possibly just one --

4 MS. KINLEY: One.

5 MS. THOMPSON: -- issued photo ID or something like  
6 that. You may have touched on this when you were  
7 talking about continuing education. But is this  
8 something that the schools could incorporate to  
9 help them with their time clocks? This software,  
10 would it be compatible with their current software  
11 that they may have that the students use their  
12 fingerprint to actually sign in and sign out?

13 MR. COLTON: I don't know. I'd have to see what  
14 program. I don't know. I honestly don't know  
15 enough about the programs.

16 MS. THOMPSON: I don't know enough about computers to  
17 even know what to ask, so --

18 MR. BILLS: Probably not. I wouldn't want -- I would  
19 not want to, because I don't want that database  
20 messing with -- Scott Bills, Paul Mitchell Schools.  
21 Just thinking about that from technology, and I'm  
22 sort of a tech geek, fully admit it, the first  
23 thing, I brought this -- I've thought about this in  
24 the past, and the more I've thought about it, I  
25 would not want this database going anywhere near my

1 other databases. The logistics of it are a  
2 nightmare. You're talking about a little device  
3 that's this-by-this (speaker indicates); it sits up  
4 at the front desk. We use biometric in our school  
5 for all of our students now, and it's the God-send.  
6 But, you know, and we're using \$3,000 hand scanners  
7 to do this, just to make --

8 MR. COLTON: That's with the whole palm?

9 MR. BILLS: Yeah, that's the whole palm. It's the  
10 biometric ones. But I would not want -- for \$80,  
11 it's not worth the hassle, quite honestly. And you  
12 would have to then port it out to -- and there's  
13 probably ten different types of software tracking  
14 that we use, depending on what you're doing  
15 internally, what you're doing for your reservation  
16 management system, what you're doing for your  
17 student record-management. There's no reason to do  
18 that.

19 MR. COLTON: Right.

20 MR. BILLS: It would be a screaming nightmare.

21 MR. COLTON: And there are systems that do that well.

22 There's no reason to just compare them or merge  
23 them together.

24 MR. BILLS: Yeah.

25 MS. KINLEY: Nobody's even talked about the price. I'm

1 surprised. It's my understanding, you will charge  
2 \$12 per person for this.

3 MR. COLTON: That's it.

4 MS. KINLEY: Correct. I envision the schools  
5 incorporating this into their contract fee. And I  
6 would -- at that point, in the contract fee, I'm  
7 imagining -- Jamie, correct me if I'm wrong -- you  
8 could charge whatever you wanted to.

9 MR. SAXON: Within reason.

10 MS. KINLEY: Yeah. And then, yeah, your contract has to  
11 be approved by the board, so don't get wild over  
12 here now.

13 MR. SAXON: It should not be a money-making process.

14 MS. KINLEY: But at those 30,000 people --

15 MR. SAXON: Your costs.

16 MS. KINLEY: Exactly. -- I could see y'all charging --

17 MR. SAXON: And show them costs.

18 MS. KINLEY: -- 15 and keeping three dollars a head, to  
19 process people through there.

20 MR. SAXON: I don't foresee any problem as long as  
21 you're covering costs and you're showing your cost.  
22 And that you're covering those and not trying to  
23 get a windfall of some kind.

24 MS. THOMPSON: But why couldn't they make --

25 MS. WEBB: For their time.

1 MS. THOMPSON: Yeah, make up manpower.

2 MR. SAXON: That's part of cost to me. To me, that's  
3 part of cost, your time and effort.

4 MR. COLTON: Did you say 20 bucks; 12 goes to them --

5 MS. THOMPSON: I mean, that's what I was thinking.

6 MR. COLTON: -- we keep eight.

7 MS. THOMPSON: Right.

8 MR. SAXON: The only time I see any legal entity having  
9 a problem with it is if it's viewed as an abusive  
10 diescretion.

11 MS. WEBB: What's abusive to you?

12 MR. SAXON: Well, you know, if your costs are this, with  
13 how much time and effort and all, and you're  
14 charging maybe 50 percent more than that --

15 MS. WEBB: Right.

16 MR. SAXON: -- that would be a problem, probably, and it  
17 wouldn't be fair.

18 MS. KINLEY: Ken.

19 MR. LOCHRIDGE: Ken Lochridge, Carolina College of Hair  
20 Design. Instead of each school paying a bill each  
21 month and whatever, how about if the state pays the  
22 bill that he sends and you guys pay the state and  
23 incorporate it into their license fee? I don't  
24 care about doing this for three bucks a head or  
25 even ten bucks a head. I'll do it to be a part of

1 the system, but billing and keeping up with that's  
2 just another thing.

3 And it's kind of like, I view that somewhat as  
4 the state wants something but wants the schools to  
5 collect the money for it. If you guys want this,  
6 add \$12 to the license fee and pay for it.

7 MS. KINLEY: It's a one-time fee.

8 MS. THOMPSON: I think the hope is that we not have to  
9 wait until license renewal to get it all done, to  
10 tack on --

11 MR. LOCHRIDGE: Well, we --

12 MS. THOMPSON: -- an extra --

13 MR. LOCHRIDGE: -- hopefully, we're not going to wait on  
14 license renewal to do this anyhow.'

15 MS. THOMPSON: Right.

16 MR. LOCHRIDGE: One of the reasons to phase this in is  
17 so that you can debug it with the first ones,  
18 instead of debugging it when you get slammed with  
19 everybody.

20 MS. WEBB: But Ken, here is the thing. If you still go  
21 back to the basic with it all, you're still trying  
22 to cut out all the fraud. And I guess I would  
23 think, trying to be more of the part to make it  
24 easier, the way that we were discussing it earlier.  
25 So you feel like, though, that the -- you still

1           feel that the state --

2                           (Talking over one another.)

3 MR. LOCHRIDGE: I think that the state's the one wanting  
4 this; the state's the one that's going to maintain  
5 the database; the state's the one that going to  
6 have access to it.

7 MS. WEBB: -- to make it simpler.

8 MS. KINLEY: One at a time.

9 MS. WEBB: Sorry about that. I'm sorry.

10 COURT REPORTER: I just missed that whole dialogue.

11 MS. RODGERS: Let me just ask this question. If this is  
12 a one-time fee and he's suggesting that we do this  
13 through the state, would that not cause a lot more  
14 cost to the state, the paperwork, the stuff we have  
15 to do? And it can only be one time? It's not  
16 going to be every single time these renewals go  
17 out?

18 MR. SAXON: I would think so. But that's a question  
19 better asked of your administrators.

20 MS. KINLEY: But that would require a reg change also.

21 MR. SAXON: That's right.

22 MS. KINLEY: And I don't think -- I think the  
23 simplest --

24 MR. SAXON: I think y'all are allowed to --

25 MS. KINLEY: -- cleanest way --

1 MR. SAXON: -- to obtain certain kinds of fees?

2 MS. KINLEY: Right.

3 MR. SAXON: This is not addressed because it wasn't  
4 envisioned at the time. It would require changing  
5 your laws and regs.

6 MR. COLTON: What I would see happening, and this is --  
7 this would probably be the best solution that would  
8 solve everything, okay? Is one, you increase  
9 whatever -- if you want to increase your fee that  
10 your students pay you by ten bucks, then do it for  
11 your time to collect it. And then when you put the  
12 fingerprints into the system, maybe a credit card  
13 box pops up, and you collect the money right there  
14 and process it right to us. Then nobody else is --  
15 there's no true-ups; there's no anything.

16 MR. LOCHRIDGE: How about just let them pay you per  
17 applicant? I don't want to get into record keeping  
18 and the billing. And it's kind of like you're  
19 acting like one hand, we can't make money at this;  
20 one hand, we will make money at this. You know,  
21 personally, I don't care enough about the fraud  
22 within the state to do the bookkeeping. But if  
23 this is something that the state wants, I do not  
24 see how we -- and in terms of these people coming  
25 in, they're going to act like we're making a ton of

1 money with this \$15 and we're the one that's going  
2 to catch the grief for collecting the \$15.

3 So if someone else could collect it, that  
4 would just suit me fine. I don't care about three  
5 bucks a head. I don't care -- I don't even care  
6 about ten bucks a head, which he said was maybe a  
7 problem. Ten bucks a head, are you kidding me?  
8 Who cares? I'm in here to do this; get gone. How  
9 about if your company collects it and ties it to  
10 the --

11 MS. COLTON: That's what he just said.

12 MR. LOCHRIDGE: -- you know, just --

13 MR. COLTON: Yeah, that's what I just said. I mean, it  
14 would -- when they came in -- when it came in, it  
15 would come in, or a perspective student. And you  
16 collect their stuff. Then a credit card box pops  
17 up and they can -- you collect the money right  
18 there and it goes to us. There's no bookkeeping or  
19 record keeping.

20 MR. LOCHRIDGE: So the money goes to you on that and we  
21 -- okay. Then you can cut us a check for three  
22 dollars a head.

23 MS. KINLEY: So you want the best of both worlds, Ken,  
24 is what I'm seeing here.

25 MR. LOCHRIDGE: If he can do that, that's fine. But

1           see, this is -- the actual mechanics of this --  
2           this all sounds really good and I am for the  
3           concept to stop fraud.

4   MS. KINLEY: Really? Really?

5   MR. LOCHRIDGE: But when you stand there face-to-face  
6           dealing with these people, and a bunch of them,  
7           there's going to be overwhelming negativity. And  
8           I'm trying to keep the negativity down --

9   MS. RODGERS: Ken, can I ask you a question? How many  
10           -- or approximately -- I mean, I know you don't  
11           know the exact number, but about how many students  
12           do you fee like you deal with in this situation?  
13           How many students do you feel like you would have  
14           come to your school?

15   MR. LOCHRIDGE: I don't feel like there's going to be  
16           the slightest problem with students. I think the  
17           problem's going to be with the licensees that are  
18           going to have to come here.

19   MS. RODGERS: So how many do you feel you may have  
20           there? How many just --

21   MR. LOCHRIDGE: I don't think I'll see the slightest  
22           problem with students. But I think 30,000 people  
23           are going to be up in arms and we'll have to deal  
24           with it. And if we're collecting the money and  
25           they're paying a check to our school, or if that

1 check comes up or that credit card bill comes up to  
2 our school, that's just going to be one more thing  
3 that will cause us grief on the initial 30,000  
4 licensees.

5 MS. RODGERS: But your one school, right? You are one  
6 school? How many schools do you have?

7 MR. LOCHRIDGE: Two.

8 MS. RODGERS: Two schools? I don't think all 30,000's  
9 going to be coming to your two schools, is what I'm  
10 saying. It's going to be throughout or disbursed  
11 throughout the different owners that are doing the  
12 biometric system. And I still understand what you  
13 mean about the number and how large the number is.  
14 But we're starting to get into a whole other ball  
15 game of things, and we could sit here and what-if  
16 this thing to death. But we can work the things  
17 out, I think, as far as if this is --

18 MR. LOCHRIDGE: When they jump up and down, can I give  
19 out your phone number?

20 MS. RODGERS: Yeah.

21 ME. KINLEY: I think they all have my phone number.

22 MS. WEBB: Just do your students.

23 MS. KINLEY: Just do your students.

24 (Talking over one another.)

25 MS. KINLEY: You don't have to participate as far as,

1           you know, the public.

2   MS. DUVAL: Colleen DuVall, Regency Beauty Institute.

3           My biggest question is, I understand what he's  
4           saying because, you know, I'm a campus manager, new  
5           to this, so I'm new to this meeting. First one  
6           I've ever been to, so bare with me a little bit.

7           I teach continuing ed, held 200 people easy in  
8           a class, no problems. And we continue to hear  
9           those same gripes, just in a continuing ed, about  
10          the fee that they're paying for continuing ed, and  
11          that they feel the State Board has taken so much  
12          away, newsletters, this, that and the other.

13          So opposing another fee to them for this, as a  
14          licensee as well, my concern would also be I  
15          understand and totally agree with identity  
16          protection, but -- and that you guys are wanting to  
17          subcontract a third-party company or a second-  
18          party, whatever it is, to get all of this for you  
19          guys, this information. But again, like he said,  
20          we are going to catch a lot. Every 30,000 people,  
21          I guarantee you are going to have another comment  
22          to make, because they're already making comments  
23          about with the State Board fees we pay to  
24          continuing ed.

25   MS. KINLEY: Number one, you don't pay any state board

1 fees for continuing ed. We don't get any of that  
2 money, nothing.

3 MS. WEBB: That goes to show you what they know.

4 MS. KINLEY: The continuing ed providers; the University  
5 of South Carolina gets seven dollars for  
6 verification of attendance. The South Carolina  
7 Board of Cosmetology, the Department of LLR, gets  
8 zero. That's where you have to educate. But the  
9 licensees, are they going to complain? Yeah.  
10 They're going to complain about filing their taxes.  
11 They don't file their taxes. I can't prevent -- I  
12 can't make everybody happy. And this is what the  
13 world has come to, though. That's what our  
14 industry has come to. And laws are enacted because  
15 of problems out there.

16 MS. DUVALL: Right.

17 MS. KINLEY: And so this is the step that we've had --  
18 that we've been dealt with, that we're having to  
19 come forward and face. Is it going to be easy?  
20 No. And I'm not requiring, or this board is not  
21 going to require that every 117 or 120 schools out  
22 there participate in this. That's why we're saying  
23 you can charge a fee to make it a little bit more  
24 palatable to you. But it is what it is.

25 MS. THOMPSON: Three dollars a --

1 MS. KINLEY: It is what it is.

2 MS. WEBB: Even with newsletters, that was not something  
3 that we took away. And did a lot of things --

4 MS. KINLEY: Right. It's our ball game.

5 MS. WEBB: -- that have not --

6 MS. DUVAL: Colleen DuVall again. If I may just say,  
7 thank you very much for clearing that up because  
8 I've been teaching continuing ed now for ten years  
9 and that's the first time I've ever heard that. So  
10 as far as that y'all don't make anything off of it.  
11 So that really -- and --

12 MS. KINLEY: Have you ever mailed us a check? How  
13 would we make any money off of this?

14 (Talking over one another.)

15 MS. DUVAL: This is just for clarification. So I'm not  
16 knocking the door. I'm just telling you what --  
17 I'm just letting you guys know, you know, just  
18 basically what we as the educators are hearing out  
19 there.

20 So can I move past that? Please explain the  
21 word to me, algorithm.

22 MR. COLTON: Algorithm. There's a -- in some --

23 AUDIENCE MEMBER: It's mathematical.

24 MR. COLTON: Yeah, mathematical --

25 AUDIENCE MEMBER: It's all mathematical.

1 MR. COLTON: -- scientific equation that you put in  
2 there that compares all the menucia points, the  
3 swirls, the dents, the ridges, to identify you as  
4 who you are.

5 MS. DUVAL: Okay. And then one last question, and then  
6 Steven I'll let you have your time. Sorry.  
7 Hackers. They're out there everywhere. And  
8 something that I'm not sure if this was mentioned  
9 earlier, but my question would be that if  
10 somebody's in the witness protection whatever that  
11 is, I would assume that they would have already  
12 been fingerprinted through the FBI and have all of  
13 their information.

14 So security to keep them safe, I know that  
15 I've had one that crossed through my school that we  
16 could not do the fingerprint enrolling simply  
17 because of that. There was also other things that  
18 I could not do because she was in there. So  
19 safety/security-wise, is it is a system that is  
20 hack-proof?

21 MR. COLTON: Well, I can tell you, I will never say  
22 everything's hack-proof because there's always  
23 somebody that will prove those people wrong, okay?  
24 But this server that houses the fingerprints is on  
25 the same database that we keep our high-stake exams

1 behind, okay? We do exams for the DOD, the CIA,  
2 the department of -- whatever you want to throw  
3 acronym out there. And those are high-stakes exams  
4 that cannot be compromised or we're liable. So we  
5 do, it's behind a double-firewall, double-secure  
6 system out in Charlotte on Peak 10. And if  
7 anything happens there, they roll it over somewhere  
8 else.

9 MS. DUVALL: Okay.

10 MR. COLTON: We've taken every step possible to ensure  
11 that the security and integrity of our exams and  
12 our client's data. You've had your hand up  
13 forever.

14 MR. MACELHINEY: Bob MacElhiney again, Academy of Hair  
15 Technology. I honestly think that most of the  
16 honest people working in this industry will enjoy  
17 knowing that we're reducing fraud. And if it's so,  
18 this is going to protect the honest people and  
19 eliminate a large percentage of fraud. I think  
20 most of them will buy into that. And again, I may  
21 be naive.

22 But I also think, though, at the same time,  
23 there needs to be a real effort, because in  
24 Greenville, I know there was school -- schools, I'm  
25 sorry -- salons in the Greer area that aren't

1 licensed and they operate and they're very slick.  
2 The people run out the doors or actually have safe  
3 rooms where they hide when the inspectors come.  
4 And, you know, that also is fraud; they're working  
5 without licenses. So I hope that we're going to  
6 double down --

7 MR. COLTON: This will really help eliminate that,  
8 though. I mean, if an inspector goes in with a  
9 computer and a fingerprint reader and tells all  
10 the members of that salon to come up and let's see  
11 who you are, even if they're running out the back  
12 door --

13 MR. MACELHINEY: No, they go into the back room. They  
14 have a safe room.

15 MR. COLTON: They have a safe room. But the people  
16 there, there's got to be somebody that stays to  
17 work.

18 MR. MACELHINEY: Well, anyway. Y'all know --

19 MS. KINLEY: Jamie.

20 MR. SAXON: I don't propose to speak for LLR or even the  
21 board. But if this is presented properly, it's a  
22 win-win situation for all the constituencies: The  
23 profession, the person, and all of the schools and  
24 the people in South Carolina are protected. And a  
25 person who's giving his or her identity to the

1 school is protected by knowing that somebody else  
2 can't use that same identity for nefarious  
3 purposes.

4 MS. KINLEY: Thank you.

5 MR. DAWSON: So -- Steven Dawson, Kenneth Shuler Schools  
6 -- let's get to the question that everybody's  
7 talking about. How are they being notified that  
8 this is going to happen? Is the State Board going  
9 to be sending out a letter to all licensed  
10 individuals?

11 MS. KINLEY: First thing we'll do is a email blast. I'm  
12 sure a lot of y'all have been getting email blasts  
13 here recently, capturing all the email addresses,  
14 when you've been renewing your license. We'll do a  
15 email blast. It will be on the website. And then,  
16 yeah, hopefully we'll be able to do a mail-out  
17 along with that.

18 MR. DAWSON: Okay. All right. Second thing, is this  
19 possibly going to mean a regulation change in  
20 regards to what schools are going to be required to  
21 do?

22 MS. KINLEY: It will be -- that will be part of the  
23 contract.

24 MR. DAWSON: Okay.

25 MS. KINLEY: And we are addressing that in the regs. I

1 spoke with Jamie about that this morning. But we  
2 are covered right now to move forward with this.  
3 But to make everything cleaner, and without  
4 question, we are going to address it in the regs.  
5 But we've already been -- like I said, we've  
6 already been given the green light that our regs  
7 allow this.

8 MS. THOMPSON: Shawonda in the back.

9 MS. MORRISON: Angela Morrison, Aiken School -- I'm  
10 sorry.

11 MS. KINLEY: Go ahead.

12 MS. MORRISON: Two things that I just want to say real  
13 quick. One, being salon-owner and a school-owner,  
14 I know that you're going to get that from people  
15 that are in the industry that are not, you know, in  
16 the school. But if it's starting -- we got to  
17 start somewhere, just like everything else we do,  
18 and changing this industry, for this to be the  
19 biggest industry change about change, they act  
20 crazy when it's something that they're not used to  
21 doing.

22 So, you know, and just like you were saying,  
23 you know, you get bombarded or whatever, we get  
24 that every continuing ed; I get that every day. I  
25 get called every day. And, you know, I just think

1           that it's a good idea and I'm all in for it. And  
2           if it's -- if you're not -- it's not going to be  
3           for your school, you to participate, then, you  
4           know, just do your students that are coming in.  
5           I'm not with technology either so I may not be the  
6           person that needs -- I can use the camera, but, no  
7           -- but I'm just saying, you know, for me -- I mean,  
8           I've only been doing this six years, so y'all got  
9           years on me and I know that.

10           But I'm just saying, something's got to happen  
11           somewhere because everybody's going to it. And  
12           they are licensed professionals. Any other  
13           professional industry has to do other things  
14           besides just go six hours of continuing ed. And  
15           it's time for our industry to step up the ball  
16           game, and either they're in or they're out. That's  
17           the way I feel.

18   MS. KINLEY: Thank you. Shawonda.

19   MS. THOMAS: Shawonda Thomas. I totally agree with her.  
20           I think it's a great idea. And I think when we  
21           start some place, it will trickle down, you know,  
22           in continuing ed with no license that we can have  
23           it there, because that's the complaint, everybody  
24           working with no license. So I think once you get  
25           it in the database, it will roll down. And I think

1       it's awesome, because I'm tired of the questions,  
2       no license, people allowing these people to work in  
3       their industry. And that's a big complaint that I  
4       have. And how do you address that to the board, no  
5       licensees -- because everybody hear its all the  
6       time. You know, I think it's awesome. I'm  
7       excited; I'm ready.

8       MS. KINLEY: Thank you. Ken.

9       MR. LOCHRIDGE: Ken Lochridge, Carolina College. Madam  
10      Chairman, I think you're probably right. I think  
11      Bob was right. I believe that the honest people  
12      are going to say this is a one-time fee and it will  
13      stop a lot of that stuff. And so -- but I do  
14      foresee a problem if it's all at one time. So  
15      please work with us on phasing this thing in.

16      MS. KINLEY: I promise you, we will. I promise you.  
17      Chesley.

18      MS. PHILLIPS: Chesley Phillips, Nail, Skin, Hair of  
19      America. I think that I have a solution for areas  
20      that might not be hit. I can set up a van with my  
21      IT guy and --

22      MS. KINLEY: Mobile licensing.

23      MS. PHILLIPS: -- and I can just --

24      MS. THOMPSON: Zip around.

25      MS. PHILLIPS: -- hit all the areas that aren't hit by

1           somebody that -- so just let me know, so I can get  
2           our van ready.

3   MR. BILLS:   Scott Bills, Paul Mitchell Schools.   When we  
4           require payment for this, one thing I see, because  
5           we all deal with fraud every day on checks and  
6           credit cards and all that kind of stuff, can we do  
7           a cash-only requirement for this?

8   MS. KINLEY:   I really would much rather do this -- you  
9           know, LLR doesn't accept cash for your license  
10          renewal or for a license.   So I really don't want  
11          to do cash-only.

12   MS. THOMPSON:   But if they allow cash payment in their  
13          schools for their tuition, why couldn't they?

14   MS. KINLEY:   Well, you know, those are logistics.   But  
15          if we were doing this, like one suggestion was that  
16          a credit card would pop up and the fee would go  
17          straight to SMT, and they reimburse the schools.  
18          So we'll work that logistically out.

19   MR. BILLS:   Ultimately decide how that's going to have  
20          to be.   But put that in your notices, because I  
21          don't want somebody showing up with a check in my  
22          door or cash or whatever that may be.

23   MS. KINLEY:   Yeah.   I'm taking notes as to what the  
24          issues that we have to work out.

25   MR. COLTON:   And I want you to just before we -- you

1 know, this is a huge implementation. And there's  
2 going to be some things that come up that we  
3 haven't thought of yet. So just bear with us  
4 through the implementation process of this. And  
5 then once it does -- once it starts running, it's  
6 going to be amazing. I truly believe all the  
7 people that are working in the industry are going  
8 to love it, because then they don't have to worry  
9 about losing an appointment to somebody who isn't  
10 licensed. It will be easier for the inspectors to  
11 catch these individuals who are fraudulently  
12 working under other people's licenses, you know.

13 So just know, there are going to be hiccups --  
14 anytime there are big implementations like this  
15 that I've been through, there are always little  
16 things that come up. So if one of them is trying  
17 to find a way to accept a check payment, I mean,  
18 we'll just have to find a way to work around it.

19 MS. KINLEY: Jessica.

20 MS. DEBENEDETTO: I had a question. Let's say the  
21 school puts in somebody by the name of Sandra, you  
22 know, who went and she changes her name. How do  
23 you guys go about doing the change?

24 MR. COLTON: Well, I can tell you, with the high-stakes  
25 contracts we use, we require -- and it's usually up

1 to the client because it's not up to us; I want to  
2 make it clear. But most of our clients require, if  
3 somebody changes their name due to marriage, due to  
4 adoption, due to whatever other reason a legal name  
5 change, they require the candidate or individual  
6 produce something from the court that says "I've  
7 legally changed --

8 MS. DEBENEDETTO: Right.

9 MR. COLTON: -- my name."

10 MS. DEBENEDETTO: But see, where the problem -- the  
11 problem goes for us is that when they're put in the  
12 system, they'll be -- they'll switch their names  
13 different ways, as much way as they can. They'll  
14 have four names, okay? But legally, it will show  
15 the right way as they're saying it. So our problem  
16 goes by, do we go by what their documents are  
17 saying? Or what the school put in? See,  
18 there's --

19 MR. COLTON: I would go --

20 MS. DEBENEDETTO: We have that problem.

21 MR. COLTON: -- I would go by the documents because when  
22 they go take the test, they're going to go by the  
23 document they have. And I know what you're talking  
24 about. The best way -- we've dealt with this a  
25 lot. And when the names are changed a lot like

1           that, it's because of fraud or some other reason.  
2           We are going to go right by the name on the  
3           documentation. We're not going to alter it any  
4           way. But still, no matter how they write their  
5           name, when there's a fingerprint in the system,  
6           it's going to come up with that picture and that  
7           person -- do you know what I mean? -- however they  
8           put their name in. And I know -- again, they'll  
9           have their own unique identifier number.

10                    So if there's seven of the same names living  
11           in the same house, they're still going to have a  
12           different picture and a different number. That's  
13           why you need --

14   MS. RODGERS: They're always going to have --

15   MR. COLTON: -- a unique --

16   MS. RODGERS: -- same fingerprint --

17   MR. COLTON: That's right. They'll always have the same  
18           fingerprint. And you need them to have that unique  
19           identifying number as well.

20   MS. DANIELS-PETERSON: Betty Peterson of Betty's Career  
21           College of Cosmetology. I have a question here on  
22           the IQT system because I came in on the end,  
23           basically. Can you explain that a little bit more  
24           in detail? I'm sorry about that.

25   MR. COLTON: I didn't really discuss the IQT system yet,

1           so I'll just tell everybody. What IQT --

2   MS. DANIELS-PETERSON: I'm sorry.

3   MR. COLTON: That's okay. We are a computer-based  
4           testing company as well, and we do computer-based  
5           exams for just about any industry you can think of.  
6           Now, some things that are unique about our system  
7           is, one, it takes like a missile silo approach to  
8           launch the exams. No one person ever has the pass  
9           code to launch the exams. You've got a proctor who  
10          has their pass code. You've got the candidate who  
11          has a separate pass code. That is never the same  
12          person, so one person never has access to the exam,  
13          except for at one of our sites.

14                 Second, we require a Mac address, which is  
15                 like a unique fingerprint of the computer, to be in  
16                 our system prior to the exam being administered.  
17                 If the Mac address is not in our system, the exam  
18                 will not be launched. So you've got those two  
19                 things. So, third, every exam is scrambled on the  
20                 fly, which means no candidate, no matter how many  
21                 you send there, will ever see the exams in the same  
22                 order.

23                 So it gets rid of quasi keys. Which what are  
24                 quasi keys? They are in paper/pencil format or  
25                 computer-based exams that are not shuffled, you can

1           have somebody there put A, B, A, A, C, C, C and  
2           this will get you an 80. And they can sell it  
3           anywhere they want for that test code and test  
4           form. Happens all the time.

5                     With a truly-scrambled computer-based test,  
6           there's no way they can do it, because it's always  
7           in a different order. They put that quasi key in  
8           there, we also get flagged with a low score on some  
9           of the quality checks we do. But that's pretty  
10          much what the system does.

11                    We contract with colleges and universities  
12          throughout most states. We're part of the NCTA  
13          Corporation; they're the National Collegiate  
14          Testing Association. What these are are colleges  
15          and universities who banded together and saw a need  
16          for organization such as ours. And they have  
17          plenty of leftover computers that they're not using  
18          in their computer labs. So they set up a testing  
19          center in their lab and they let candidates come  
20          in. They have regular proctors. They are  
21          employees of the state. So there's a lot more  
22          security and consistency on the exam administration  
23          side.

24   MS. DANIELS-PETERSON: Wonderful.

25   MR. COLTON: Any other questions?

1 MS. KINLEY: Ron, you have anything you want to input as  
2 far as LLR?

3 MR. COOK: I'll be glad to answer any questions if they  
4 have any on our side of the house?

5 MS. THOMPSON: I just have a quick question. When Ken  
6 brought up possibly considering LLR taking the  
7 payment and yada, yada, yada, is that even  
8 something that LLR is capable or willing to  
9 consider? Or is that something that we should put  
10 the kabash on right now.

11 MR. COOK: My being on the licensure side Melanie, I  
12 think that was something that you and Rosanne  
13 probably need to take up with the director. Two  
14 things she's trying to get away from is walk-ins  
15 here. So the same reason this gentleman was  
16 discussing earlier --

17 MS. THOMPSON: No body loves us.

18 MR. COOK: You know, we have had the parking lot full  
19 and every floor full of folks here from your  
20 industry for licensure purposes.

21 MS. KINLEY: Her industry; not mine.

22 MR. COOK: And it gets rather confusing. It's also --  
23 the same thing this gentleman -- the logistics of  
24 collecting and disbursing --

25 MS. THOMPSON: Right.

1 MR. COOK: -- becomes a real nightmare, so --

2 MS. THOMPSON: Right. That's why I didn't even know if  
3 it was --

4 MR. COOK: I was listening to his comments and some of  
5 the other concerns. And that's probably something  
6 that you and Rosanne need to talk about to the  
7 board. And then coordinate that with Ms. Templeton  
8 and the administrative staff here. As you know,  
9 we've been with Sean now since January. In the  
10 many, many meetings that we've had and I've heard a  
11 couple things brought up from the industry this  
12 morning that we have not addressed.

13 So I think for the benefit of these folks,  
14 there's a lot of things that you're going to have  
15 to go back and sit down with Jamie and the  
16 administrative staff here and with us and answer  
17 some of these. And I know Jamie's been over there  
18 writing vigorously, taking notes.

19 MR. SAXON: It's four pages so far.

20 MR. COOK: I know there are a number of things we're  
21 going to have to do to tweak this.

22 MS. THOMPSON: Right.

23 MR. COOK: And as I believe the lady up on the corner  
24 just said, no new system comes without tweaking.  
25 So as we implement it and get into it, it will

1           become necessary to do some tweaking. There's  
2           going to be some glitches. There's going to be  
3           some things that we all overlooked, so -- let me  
4           make one comment. We didn't give a lot of history  
5           to these folks this morning. And maybe we need to  
6           do that just real quick.

7           We have put -- for the benefit of you folks --  
8           we've put a lot, a lot of work into this. A lot of  
9           hours have gone into research. The entire focus  
10          here is to do two things. To protect the integrity  
11          of the standards of your industry and to protect  
12          the public. And we can't protect the public  
13          without your assistance, to protect the standards  
14          of your industry.

15          So this is not something that was looked at or  
16          developed to inconvenience or punish anyone. It is  
17          -- again as I said, and I emphasize -- to protect  
18          the standards of your industry, the professionalism  
19          of your industry. And through that, to allow us to  
20          protect the public, which is what we are charged  
21          with.

22          So that's the history of it. And when we  
23          reorganized in January, the first thing we did was  
24          we met with Rosanne to talk about problems that we  
25          have, problems that you have, to come together and

1 just lay it on the table. One of the first things  
2 we talked about was fraud in your industry. It is  
3 rampant. We see it every day. It compromises the  
4 integrity of your industry and the professional  
5 standards of your industry.

6 That was the first thing that Rosanne brought  
7 to our attention when we met with her. We started  
8 immediately. I asked Mr. Blackmon, who is the  
9 chief inspector, to sit down and give me a briefing  
10 on what they were seeing out there as inspectors  
11 that was contributing to this fraud. We went back  
12 and met with Rosanne and Melanie again. We've had  
13 numerous meetings with them as this has progressed,  
14 to get us to this point. We've asked Sean and some  
15 other people to come in, tell us what's out there  
16 in the industry that we can implement that will  
17 protect the integrity of the standards of your  
18 industry through which we can protect the public.

19 MS. KINLEY: And Ron, most people don't know who you  
20 are, what your title is here. So you might want to  
21 fill them in on that.

22 MR. COOK: I am the assistant deputy director for  
23 enforcement for the Office of Investigation and  
24 Enforcements. My responsibility is to manage the  
25 inspection staff, those dreaded folks that show up

1 at your door every so often and want to start  
2 plundering and meddling and looking for those safe  
3 rooms and the back rooms, standing at the back door  
4 when four run out the back door that give us all  
5 the headaches.

6 MS. THOMPSON: Who are overworked and underpaid and  
7 underappreciated.

8 MR. COOK: Understand, definitely. Yes, ma'am. But we  
9 are diligently working, not to be a incumbrance to  
10 your profession, but to be part of your profession,  
11 again, to allow you to enhance the integrity of  
12 your standards and allow us to protect the public  
13 with you through those enhancements.

14 The inspectors have received extensive  
15 training since January in both customer service  
16 skills and their inspection ability. We have had  
17 numerous hours of training. We will continue to do  
18 that. Someone back here mentioned continuing ed.  
19 We have implemented continuing education and  
20 training of our inspectors. We are also looking at  
21 some updated technology to assist us in working  
22 with you in the inspection process.

23 As Sean mentioned, we will in the not-too-  
24 distant future, rather coming in with a pad,  
25 inspectors will have an iPad. They will have a

1 biometric reader that plugs into that iPad, that if  
2 they suspect something is wrong with a license,  
3 they will ask you to please put your finger in the  
4 reader and it will instantaneously tell that  
5 inspector if you are in fact who you say you are  
6 and you have the license on the wall.

7 So those are the type things that we're doing  
8 and it's all been through your board, their  
9 willingness to work with us to represent you in the  
10 industry. So these ladies sitting up here have  
11 worked diligently for you as for my knowledge since  
12 January, working with us to upgrade and protect the  
13 standards of your industry, the integrity of your  
14 industry and the public health.

15 MS. THOMPSON: And as a board member, we appreciate your  
16 willingness to help facilitate this. But also just  
17 have another question. Do you hear from your other  
18 boards and your other licensed professions? Do you  
19 see that this is something that they may all want  
20 to incorporate?

21 MR. COOK: That's a good question, and yes, ma'am. This  
22 is not the only board we have fraud in the  
23 licensure process.

24 MS. THOMPSON: Thank God.

25 MS. KINLEY: We just have the most.

1 MR. COOK: We do have it in other professions. And as I  
2 think Rosanne said earlier, this is a pilot  
3 program. Thank goodness to the graciousness of  
4 your industry and your board agreeing to be the  
5 pilot. We've talked with Sean about expanding this  
6 eventually for all of the boards. We have 41  
7 boards here. We can't do all 41 at one time.  
8 Again, going back to what this gentleman said, can  
9 you imagine the logistical nightmare that would be?  
10 So we're going to take one board at the time. And  
11 once we get all of the --

12 MS. THOMPSON: Kinks worked out.

13 MR. COOK: -- glitches tweaked, then probably, hopefully  
14 it will be a smoother process for the rest of the  
15 boards.

16 MS. THOMPSON: Do you have other boards who've already  
17 expressed an interest? Or did any of the other  
18 boards even know what's happening? or what the  
19 possibilities are?

20 MR. COOK: I can't answer that.

21 MS. THOMPSON: I just meant --

22 MR. COOK: All I know is the assistant deputy for the --

23 MS. THOMPSON: I didn't know if may just possibly you  
24 had heard of --

25 MR. COOK: But I can tell you from the inspection side,

1 we have seen and the administrators for the  
2 inspection side of some of the boards have  
3 expressed concern about fraud in their industries.  
4 But we are looking at that, and we are working with  
5 them, just like we did with you folks.

6 MS. THOMPSON: Good. That's great. Thank you.

7 MR. COOK: Was there anything I missed that you think I  
8 need to mention?

9 MR. LOCHRIDGE: Madam Chair, Ken Lochridge, Carolina  
10 College of Hair Design. If the board approaches  
11 this with the licensees in a manner that this is a  
12 move by LL&R to prevent systemwide fraud and that  
13 other boards will be implementing it, I think it  
14 will go across a lot smoother. And I'm not sure  
15 that the average hairdresser who complies with the  
16 law -- I think the schools hear about it, but I  
17 think most hairdressers don't really realize how  
18 much fraud is out there. And if it's approached in  
19 terms of identity theft and that sort of thing,  
20 then it might be the PR that helps us. If it's  
21 LL&R and not just you hairdressers.

22 MR. COOK: You're exactly right.

23 MS. THOMPSON: It's all about the package.

24 MR. SAXON: That's sort of the nature of fraud. You  
25 don't always know it's there.

1 MR. COOK: When the inspectors go out into the very  
2 rural area to go into the one-person shop that's  
3 been there for 25 years, and they have their  
4 regular clientele, those folks oftentimes have no  
5 clue what's going on in the metropolitan areas  
6 where you got a large shop with a very transient  
7 clientele, and sometimes transient employees.

8 MS. KINLEY: Betty, did you have something?

9 MS. DANIELS-PETERSON: Yes, yes. Betty Daniels-  
10 Peterson, Betty's Career College of Cosmetology. I  
11 want to first commend the board on your efforts and  
12 your ability to combat fraud and what you're, you  
13 know, the fact that you're going way out to do it,  
14 and that's a great thing. I do have a question  
15 about, just like the deputy was saying, you know,  
16 it's all about protecting the public's health and  
17 the welfare of the public. That's the purpose of  
18 us being licensees or licensing these people as,  
19 you know, professionals in the industry.

20 I have a concern about the shampooers license.  
21 You know, it's not even a license.

22 MS. RODGERS: There is a no license.

23 MS. DANIELS-PETERSON: It's just a -- it's no license.

24 And Mark Sanford passed the law back in, was it,  
25 2008, where people can actually go in and just

1 get a job in a salon and just shampoo hair. I  
2 really have a problem with that because under --  
3 that don't -- actually don't know all of the  
4 different --

5 MS. KINLEY: I was there. I opposed the law. This  
6 board, when I say "I," I'm always saying, this  
7 board. This board and the school owners all went,  
8 the continuing ed owner, you know, we went, we  
9 opposed that law; we lost.

10 MS. DANIELS-PETERSON: And it is all --

11 MS. KINLEY: So it is --

12 MS. DANIELS-PETERSON: -- about protecting --

13 MS. KINLEY: -- what it is.

14 MS. DANIELS-PETERSON: --the public health.

15 MS. RODGERS: So let's hope that our owners have sense  
16 enough to know who their letting shampoo and only  
17 hire the ones that are licensed.

18 MS. DANIELS-PETERSON: Yeah. They need to be able --

19 MS. KINLEY: We can't change --

20 MS. THOMPSON: It goes back to employer responsibility.

21 MS. KINLEY: Right.

22 MS. THOMPSON: And if -- you can set your standards in  
23 your business --

24 MS. KINLEY: Right.

25 MS. THOMPSON: -- who you will allow to be employed and

1           what they're allowed to do. And that's how you can  
2           control it. Otherwise, it's out of our hands,  
3           because it was a law. And as we've said a thousand  
4           times before in the board meetings, we can't nor  
5           will we break the law for any one for any reason.  
6           Unfortunately, this one works against us.

7   MS. DANIELS-PETERSON: It is. I mean, you've got all  
8           these disease and disorders of the hair and skin  
9           and scalp. And even with the Braider's License,  
10          they have to learn --

11   MS. THOMPSON: It's a certificate, isn't it?

12   MS. DANIELS-PETERSON: -- all of this. They have to do  
13          a certificate. Even under the Barber Board, they  
14          have to do a shampooers licensing, which is still  
15          great. I'm glad that's there under that board.

16   MS. THOMPSON: Contact your legislators.

17   MS. DANIELS-PETERSON: You know, that -- it's just --

18   MS. THOMPSON: Contact them.

19   MS. DANIELS-PETERSON: -- ludicrous.

20   MS. THOMPSON: I mean, they're the only ones that can do  
21          anything about it at this point.

22   MS. DANIELS-PETERSON: Uh-huh.

23   MS. KINLEY: Are there any other questions?

24                               (NO RESPONSE.)

25   MS. KINLEY: So I'm feeling that most of the schools



1 CERTIFICATE OF REPORTER

2 I, CECELIA P. ENGLERT, COURT REPORTER AND NOTARY  
3 PUBLIC IN AND FOR THE STATE OF SOUTH CAROLINA AT LARGE,  
4 HEREBY CERTIFY THAT I RECORDED AND TRANSCRIBED THE SOUTH  
5 CAROLINA DEPARTMENT OF LABOR, LICENSING AND REGULATION,  
6 COSMETOLOGY BOARD HEARINGS ON THE 8TH DAY OF AUGUST,  
7 2011, AND THAT THE FOREGOING 81 PAGES CONSTITUTE A TRUE  
8 AND CORRECT TRANSCRIPTION OF THE SAID HEARINGS.

9 I FURTHER CERTIFY THAT I AM NEITHER ATTORNEY NOR  
10 COUNSEL FOR, NOR RELATED TO OR EMPLOYED BY ANY OF THE  
11 PARTIES CONNECTED WITH THIS ACTION, NOR AM I FINANCIALLY  
12 INTERESTED IN SAID CAUSE.

13 I FURTHER CERTIFY THAT THE ORIGINAL OF SAID  
14 TRANSCRIPT WAS THEREAFTER SEALED BY ME AND DELIVERED TO  
15 LISA HAWSEY, SCLLR - COSMETOLOGY BOARD, KINGSTREE  
16 BUILDING, 110 CENTERVIEW DRIVE, COLUMBIA, SOUTH  
17 CAROLINA, WHO WILL RETAIN THIS SEALED ORIGINAL  
18 TRANSCRIPT.

19 IN WITNESS WHEREOF, I HAVE SET MY HAND AND SEAL  
20 THIS 10TH DAY OF SEPTEMBER, 2011.

21 \_\_\_\_\_  
22 CECELIA P. ENGLERT, COURT REPORTER  
23 MY COMMISSION EXPIRES JUNE 03, 2018  
24