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Date: 2/4/2009 8:26:04 PM  
Subject: Sub-Contracting Issues Involving Extra Mile Truck Driver Training School

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Mrs. Adams:

I am submitting a chain of events document to review in reference to the Extra Mile renewal issue. Additionally, I will try to explain the origination of the partnership involving more than one school. In the beginning only the Truck Driver Training School rented a classroom space from the technical college, and all contracts were to be strictly between the student and the Truck Driver Training School.

Nick Dudek formerly manager of Elite Truck driver Training School approached Bill Kurts former Supervisor of the CDL Compliance Office in approximately 2005 with a request to enter into an agreement with a local Technical College to allow the truck driver training school to grant to Elite the allowance to use classroom space at the Technical College to train classes involving students enrolled in the Elite TDTS. I instructed Bill Kurts to seek an opinion from the Office Of General Counsel and he took the request to Patrick Teague who worked at that time for Val Valenta. Mr. Teague reviewed the request and approved the rental type partnership, but just like now, we can't get any opinions, interpretations, or approvals in writing. The document that is below is an explanation from Mr. Bill Kurts that outlined the arrangement that was agreed upon with General Counsel as an allowance. There were no business rules or processes written for this allowance by the Supervisor of the CDL Compliance Office.

From what Bill Kurts recalls in speaking with Pat Teague many years ago with reference to "private truck driver training" schools contracting with a "technical college" or any other entity.  
Said school could contract with another tech college or entity as long as the private school was issuing the certificate and payment. The contract was with the student and private school.  
The private school could then pay rent or a fee for each student. The tech college was only a place to do business similar to a car school who used a motel conference room for a classroom.  
The technical college could state to a potential student that the private school did offer a class at their school and then provide the potential student the private school information.  
This was many years ago.

We have reviewed the files from Xtra Mile driver training from when Bill Kurts was a supervisor and found several letters from Mr. Seagle (owner of Xtra Mile driver training) asking for consideration to open schools at different technical schools (reference to letter several requests dated 2006). These letters have the perception of being operated as a satellite office for Xtra Mile. There are no attached contracts between Xtra Mile and these colleges. These letters indicate Xtra Mile is performing all duties and acting as a truck school. There is no indication that the technical colleges were collecting funds, enrolling students, issuing graduating certificates, and advertising as a truck school. (James Davison became concerned with the repeated request from XTRA Mile to open satellite offices at Technical Schools however, those request did not supply copies of the contracts etc. Through continued request we were supplied a copy of some contracts. When we had the opportunity to speak with Mr. Valenta about the issues involving the request from XTRA Mile to "Grandfather" some of their Instructors who had crimes of moral turpitude now on their SLED report, we also asked him to review some of the contracts supplied to us by XTRA Mile. He reviewed the documents and then examined the regulations under 90-100 (Y) TDTS regulations and stated that the sub-contracting was not permissible unless both parties were fully licensed as a TDTS and met all requirements in 91-101 (1) (2) of the TDTS regulations.

Bill Kurts separated employment with the department in November 2006. Mr. James Davison was promoted from inspection agent to Supervisor in Feb. 2007. James Davison sent notification out to all Truck Schools as required every year in May 2007 that stated the various requirements for the upcoming renewal year (June 30). In this was a request for all schools to send in copies of contracts as required under 38-108d SC Truck School Regulations.

In approximately Aug. 2007, a complaint was initiated from Xtra Mile and during the interview process James Davison and Susan Fullmore were directed to have no further contact with Xtra Mile until the conclusion of the complaint (per Kevin Worley of Office of Integrity and Accountability). When we received confirmation that the 2007 legislation had passed defining "moral turpitude" I asked Ms. Phelps to see if General Counsel could provide an opinion as to whether the Department could permit Truck Driver Training School Instructors who were approved in the past to be "Grandfathered" since the Supreme Courts rulings identified crimes that would now make them ineligible to retain or renew their Instructors license. On Aug. 8, 2007 we requested from our office of General Counsel (Val Valenta) for an allowance for those schools and instructors impacted for an allowance to grandfather. During this time James Davison was told to leave Xtra Mile alone until there was a ruling on the investigation that he was under.  
August 30, 2007 we presented Ms. Phelps a letter to mail to Xtra Mile outlining deficiencies in the information requested that was deficient for the renewal of their license. This letter was approved by Ms. Phelps to be sent out on March 28, 2008.

During the period that CDL Compliance received evidence that the revisions to the Truck Driver Training School for 2007 had passed, we had allowed all schools that had instructors who were awaiting an opinion from General Counsel to continue to operate pending the guidance from our Office Of General Counsel in reference to the Grandfather allowance. All other TDTS had met compliance and were issued their annual license. The schools with instructors who were to be impacted by the "moral turpitude" definition were not given renewal licenses and the instructors certificate was not renewed until Val provided an opinion.

On Dec. 19, 2007 the Department mailed out a letter with the attached new regulations that were signed into law in July 2007 by Governor Sanford. These regulations gave clear cut definitions of moral turpitude as established by the South Carolina Supreme Court.

The Office of Integrity and Accountability were involved in a investigation concerning a complaint against James Davison, Supervisor, CDL Compliance and Susan Fullmore, DMV Inspection Agent, this investigation lasted eleven months. The findings of the investigation explained to CDL Compliance by the OIA was that there was no valid basis for the complaint.

On July 24, 2008, James Davison was asked to be present at a meeting involving the technical colleges who are fully licensed as Truck Driver Training Schools who had concerns about the new regulations and how they affected the schools refund policy that was different from the current regulation changes. During this meeting Mr. Davison only expected the four license Technical Colleges to be present, however there were ten other colleges attending the meeting. It was determined through this meeting that all of these ten colleges were advertising as truck schools, recruiting the students, enrolling them as a student in the college and issuing certificates upon their graduation. This practice fully meets the definition of a truck driver training school as defined in 90-100(y) of the Truck Driver Training School regulations. We were unaware this was happening until the information was disclosed in the meeting.

October 6, 2008, Val Valenta supported the language present in the letter sent to all Truck Driver Training Schools and that sub-contracting was not an allowance based on the on the TDTS regulations 90-100.

As soon as XTRA Mile received their notice they ask to have an audience with the Directors Office and after the meeting we were advised that the investigation into the CDL Compliance issues involving our staff had been re-opened and Xtra Mile was again allowed to continue and had never met the compliance from 2007 requirements to receive a Truck School License. The required documentation was only received through repeated efforts from Karl McClary in 2008.

After the complaints filed by Mr. Seagle were reviewed the Office of General Counsel had a change opinion and determined the allowance was permissible if certain conditions were met as outlined in the second letter.

After the letter initial letter of October 6, 2008, providing the opinion that the practice of sub-contracting had to stop, the CDL Compliance Office received telephone complaints that at a job fair in Florence that Mr. Seagle had stated that he had every thing fixed after he went to a politician and he was continuing to recruit additional students at the event.

### **Chain of Events Involving Xtra Mile's Extended Operation As A Truck Driver Training School**

May 1, 2006 - Check list sent out to all truck schools in the state to identify items needed for renewal.

May 17, 2007-SLED report for James Seagle and attached driver record.

September 27, 2007-Email documentation referencing SLED report for Calvin Dubose who was an TDTS Instructor for XTRA mile who had a crime of moral turpitude and who need to have his SLED report amended to reflect a disposition on a criminal conviction show on his SLED report.

Insurance verification documents reflecting XTRA Mile Driver Training as the insured and an effective date of June 13, 2007.

December 19, 2007, a letter of "Notice" informing all schools of the new regulations passed JULY, 2007. The new Truck Driver Training School Regulations were also included in the packet. (This is the new regulations that XTRA Mile claimed a few weeks ago that we had never sent them) The item dated September 27, 2007, reflects a telephone conversation with Jim Seagle's son-in-law where he was asking questions about the new truck school regulations they say they never received.

March 28, 2008 a letter informing XTRA Mile of the needed documents to renew their school license. ( This was a detailed document identifying each area of findings where additional information was needed or corrections to findings need to be applied.

May 16, 2008 letter to announce schedule for annual truck school inspection.

(During this school inspection our auditors had an opportunity to review documents as allowed 90-108 Of the TDTS regulations. During the audit it was discovered that documents, contracts, etc. that had not been submitted for review the prior year and were not compliant with the regulatory requirements for TDTS participants.)

July 29,2008 - Sonia Covington,Management Specialist with the CDL Compliance Office communicated with XTRA Mile and forwarded to them at their request a copy of a letter already sent to all schools (including them) identifying the renewal checklist. (Note: June 30,2008 was the deadline per the truck school regulations)

August 1,2008- Jennifer Stillwell had Mr. Seagle sign a receipt indicating he was given a Truck School Renewal Packet at 12:35 on this date.

August 1,2008 - Notice I approved after discussion with Ms. Phelps and Mr. Davison.The e-mail below reads as follows:

To All:  
As per a conversation with Ms. Annie Phelps this afternoon at approximately 4:30 pm,we are going to hold off the renewal for this school until we have a meeting with General Counsel in regards to the school license lapse as well as the interpretation by Val Valenta has made that each entity must be licensed as its own school.Annie asked that Phillip Porter be assigned to assist us with a notice or draft to inform all parties in reference to these issues.

Thanks,

Jimmy

August 1,2008 - James Seagle submitted to the department his application to be an instructor,however it did not contain a SLED background check as required.  
(During the meeting Mr. Seagle made accusations that CDL Compliance was requiring this of him and he had already complied.It can be confirmed through the OIA office that his statement was unfounded and he had not surrendered a current SLED check as required.)

August 1 ,2008 - Received application and other required documents for Calvin Dubose an Instructor for XTRA Mile who had a crime of "moral turpitude" on his SLED check and was ineligible to renew his instructors license.  
( I think that after further review our legal counsel has ruled that Mr. Dubose was however eligible even though it (resisting arrest) is listed in the law as a crime of "moral turpitude".)

#### **DC Truck Driver Training School - Owner David Colburn**

October 28,2008,the CDL Compliance Office received a letter of complaint on from Mr. Colburn referencing the change in opinion from legal counsel.

November 21,2008, the CDL Compliance Office received an additional letter of complaint fro Mr. Colburn stating that he had not received a reply to his letter dated October,28,2008.

December 11,2008, the CDL Compliance Office received an additional letter of questions from Mr. Colburn that he had about the change in the interpretation from General Counsel.

December 17,2008,the CDL Compliance Office received an additional letter where he had sent a request to the Lt. Governor's Office asking for assistance and clarification of the two letters from the department.

January 13,2008, the CDL Compliance Office received an additional letter informing the department that the states technical Colleges were continuing to operate in violation of the initial letter and ask that the department take what ever action necessary to make it stop.

January 27,2009,the CDL Compliance Office received an additional letter via fax that explained the State Attorney General's ruling that the regulations required complete compliance as stated in the department first ruling.

