

Minutes of the South Carolina Board of Accountancy
Friday, June 29, 2007, at 9AM in Room 108 (Board Meeting)
Synergy Office Park, Kingstree Building, 110 Centerview Drive
Columbia, South Carolina

Donald H. Burkett, CPA, Vice-Chair, called the Board Meeting of the South Carolina Board of Accountancy to order on June 29, 2007, at 9:10 a.m., with a quorum present. Other Board members present were Mark T. Hobbs, CPA; Bobby R Creech, Jr., CPA; Anthony Callander, CPA; John Camp, CPA; and Wendell Lunsford, Accounting Practitioner.

Based on advance notice, the absence of Joyce Green, Public Member was excused from the Board meeting.

Jamison W. Hinds, Esq. submitted his resignation effective June 27, 2007. Please contact Doris Cubitt with any suggestions for an attorney to serve as a public member.

Staff members participating in the meeting included: Doris E. Cubitt, Administrator, Michael R Teague, Administrative Assistant, and Amy Holleman, Administrative Specialist.

The Chair announced the meeting was being held in accordance with section 30-4-80 of the South Carolina Freedom of Information Act by notice mailed to The State Newspaper, Associated Press, WIS-TV, and all other requesting persons, organizations, or news media. In addition, Board Staff posted notice on the bulletin board at the main entrance of the Kingstree Building.

The Board observed a moment of silence after which Mark Hobbs led all present in the Pledge of Allegiance.

Guests in attendance were Charles Talbert, Geoff Christensen and Claudia Price, both of DowLohnesPrice, Gerald Yarborough and Phil Hanushsk, both of D.G. Yarborough, CPA, Steve Wood, Derrick Molley and Erin Hardwick from the SC Association of CPA's (SCACPA). Lisa F. Huffman from Garber Reporting Service was the court reporter.

1. Doris Cubitt recommended moving item #11(A)(6), David Yarborough reconsideration of Reciprocity Application to follow Robert Hollar's hearing. On motion by Mark Hobbs, seconded by Bobby Creech, and unanimously passed, the Board voted to change the agenda as recommended for the meeting.
2. On motion by Mark Hobbs, seconded by Anthony Callander, and unanimously passed, the minutes of the meeting held on April 26, 2007 were approved.
3. Donald Burkett welcomed John Camp as the newest member of the Board. Mr Camp replaces Charles Talbert, III, CPA whose term expired 6/30/06.
4. Donald Burkett recognized Charles Talbert by awarding him a plaque for his service to the Board and to South Carolina. He was instrumental in drafting the current statute and regulations.

5. The Board held a hearing on a complaint against Christopher L. Parnell, CPA, #1885, Case No. 2007-05. Sheridan Spoon, Esquire represented the Board; James Saxon acted as advice counsel to the Chair.

Respondent was not present and was not represented by counsel. After counsel presented the testimony of witnesses, arguments, and rebuttals, on motion by Bobby Creech, seconded by Mark Hobbs, and unanimously passed, the Board went into Executive Session to receive legal counsel. On coming out of executive session on motion by Mark Hobbs, seconded by Anthony Callander, and unanimously passed, the Chair announced that there were no votes taken while in executive session.

On motion by Anthony Callander, seconded by Bobby Creech, and unanimously passed the Board, the Board found Mr Parnell in violation of SC Code Section 40-1-110 (c), (e), (f), (g), (k) and (l), 40-2-110(2), (5), (6), (7) and (8), (1976, as amended) and Regulation 1-02, 1-04, 1-19(A) and (D), and 1-21(A) and is suspended for a period of two (2) years. Prior to reinstatement, Mr Parnell must appear before the Character & Fitness Committee. Mr Parnell shall pay a fine of \$10,000. Failure to pay may result in the revocation of his certificate and registration until such time as full payment has been made.

6. The Board held a hearing on a complaint against Robert S. Hollar, CPA, #4837, Case #2007-06. Sheridan Spoon, Esquire represented the Board; James Saxon acted as advice counsel to the Chair; and Mr Hollar represented himself.

After counsel presented the testimony of witnesses, arguments, and rebuttals and a rebuttal by the Respondent, on motion by Mark Hobbs, seconded by Bobby Creech, and unanimously passed, the Board went into Executive Session to receive legal counsel. On coming out of executive session on motion by Wendell Lunsford, seconded by Mark Hobbs, and unanimously passed, the Chair announced that there were no votes taken while in executive session.

On motion by Mark Hobbs, seconded by Bobby Creech, and unanimously passed, the Board upheld Mr Hollar's revocation. Mr Hollar may apply for reinstatement at such time as he meets all requirements for licensing.

7. Complaint & Investigative Activity:

- A. Consent agreements and other special matters:

Julia M. Gordon, CPA #4851 Case #2009-9. On motion by Mark Hobbs, seconded by Bobby Creech, and unanimously passed, the Board approved the consent order as presented. A copy is attached to these minutes and will be made part of the public record.

- B. Doris Cubitt presented the list of new complaints, and they were received as information by the Board. (Copy of report attached)

- C. The Board approved the following cases for dismissal on motion by Mark Hobbs, seconded by Bobby Creech, and unanimously passed: Case No's. 2005-28, 2007-5, 2007-8, 2007-9, 2007-10, and 2007-15. (Copy of report attached)

8. Information Update

- A. Chair's remarks:

The Williamsburg NASBA meeting was very informative.

Donald Burkett was elected to the National Association of State Boards of Accountancy's Examination as the Mid Atlantic Regional Director.

- B. There were no advisory opinions.

- C. Legislative Update:

The regulations were printed in the May 25, 2007 edition of the State Register.

- D. The Board received the Administrator's report as information, and the report contained the following:

The Board is becoming so active in NASBA and that is good for the Board. The appointment of Charles Talbert to the Exam Review Board is a very prestigious appointment and Donald Burkett's appointment as the Mid Atlantic Regional Director is very important.

Mobility was a big topic at the regional meeting, and that we will need to address it in the near future.

Elections are on the agenda today. Once the officers have been elected different committee vacancies need to be filled.

A CPE Audit Committee needs to be formed to evaluate the CPE Audits that we have received. Staff is currently reviewing the audits for a preliminary review to determine: 1. All requested information has been received. 2. The hours are correctly added and are equal to 40 or more hours. 3. That all self-study courses are QAS approved. Staff is unable to determine whether or not certain courses are acceptable to the profession, so it would be up to the committee to make that determination.

Yellowbook CPE needs to be addressed.

Mark Hobbs indicated that the Yellowbook Governmental Auditing Requirements has an 80 hour CPE requirement every 2 years. The spirit of the Yellowbook is intended for auditors to take courses that are non-traditional audit courses, i.e. not sufficient A&A courses that you can take 80 hours every 2 years unless you take the same courses over and over. The spirit of the Yellowbook is to encourage governmental auditors to take courses like municipal finance, understanding the budget system, understanding appropriations, insurance reserve fund, getting details about the SC State Retirement System if they are governmental auditors. He had asked Doris Cubitt whether Yellowbook CPE would be acceptable for our annual requirement for CPE in order to renew? This should also be addressed by the Committee.

Donald Burkett asked how the make up of the committee should be. Whether it should be all Board members or also include outside CPA's to make up the committee.

Doris indicated that committees should be composed of at least one member of the Board and volunteer licensees.

The Board needs to convene a work session concerning standard Consent Agreements for specified violations. The Office of Investigation and Enforcement of LLR wants to work out standard Consent Agreements that could be issued without going through the complete IRC process, but the Consent Agreement will come before the Board as the final approving authority. This process will only be for those Consent Agreements where the violations are generic in nature.

We will have copies of our previous Consent Agreements for the committee to review. The committee will then determine the standard consent stipulations for particular situations.

Donald Burkett suggested that the Character & Fitness committee be tasked with the project and to make recommendations to the Board.

Mobility – Doris will send information on number of licensees that would be affected by the mobility issue.

The Mobility changes are compared to having a drivers license. A licensee would receive a license by one state and that one license would be accepted through out the US. So, we would lose the Practice Privilege registrants, Out-of-State firms and all Reciprocity licensees outside of South Carolina. The reduction would affect the amount of funds that normally come in. The Board may need to raise the license fee to help offset the loss.

There was discussion regarding adding additional days for Quality Audit Reviews. The last review was on May 22 and 23, 2007. There was some discussion as to having another review later in the year.

On motion by Mark Hobbs, seconded by Bobby Creech, and unanimously passed, the Board voted to have an additional day or two in order to work through the remaining audits.

Donald Burkett asked about the status of Jim Holloway's contract as the Peer Review oversight chair.

A draft has been completed and there has been some discussion within LLR about the amount per hour. Donald Burkett wants the contract to be finalized so it can be in place.

- E. The Financial Report was received as information.
- 9. Old Business. There was no old business
- 10. New Business

Regulation/Legislative Committee

A. Peer Review Committee: Mark Hobbs

About 150 new firms have enrolled into the Peer Review program. Most of the firms have never been in a Peer Review program. SCACPA may need more resources than we have committed financially.

There is a exposure draft of the revised Peer Review standards; comments must be in by June 30, 2007. The draft appears to have a lot of good changes. AICPA is are going to consolidate the Review and Engagement Report into one Engagement Report; they are going away from the Letter of Comments and moving toward a "Pass", "Pass with Deficiencies", and "Fail" Peer Review Report. The changes will go into effect January 1, 2009, depending on the comments received.

B. Report of Education/Experience Committee: Bobby Creech

No Report

C. Report of CPE Committee: Bobby Creech

No Report

D. Report of Examination/CBT Committee: Vacant

No Report

E. Other Professional Issues Committee: Vacant

1. On motion by Mark Hobbs, seconded by Bobby Creech, and unanimously passed, the Board voted to have DowLohnesPrice, Tax Consulting Group, LLC, to register as a CPA firm if anyone in the firm is using the title Certified Public Accountant or the abbreviation, CPA, or any other title or designation in the form of their practice, which is covered under our practice act.
2. When an individual is licensed in another state, working in industry in South Carolina, and uses the CPA designation on business cards or letterhead, does he/she need a Reciprocity license? The Board concluded that the individual will need to obtain a reciprocity license with South Carolina if he or she either lives or works in SC and is holding out by using the CPA designation.

F. Report of Qualification for Licensure Committee: Vacant

1. On motion by Mark Hobbs, seconded by Bobby Creech, and unanimously passed, the Board went into Executive Session. On coming out of executive session on motion by John Camp seconded by Mark Hobbs, and unanimously passed, the Chair announced that there were no votes taken while in executive session.

On motion by Wendell Lunsford, seconded by Mark Hobbs, and unanimously passed, the Board voted to grant Mr Yarborough's reciprocity license provided all necessary paperwork has been completed and the firm takes the necessary steps to register as an In-State firm and pays a \$500 penalty.

2. On motion by Mark Hobbs, seconded by Wendell Lunsford and unanimously passed, the Board voted to grant Jeanine McCall's request to accept the 150 semester hours as stated on the Louisiana State University transcripts.
3. CPA Exam Grades did not arrive

G. Report of Character and Fitness Committee: Vacant

No Report

11. Election of officers for 2007-2008

On motion by Bobby Creech and seconded by Anthony Callender, and unanimously passed, the Board voted to have Donald Burkett as Chair.

On motion by Donald Burkett and seconded by John Camp, and unanimously passed, the Board voted to have Bobby Creech as Vice Chair.

On motion by Bobby Creech and seconded by Wendell Lunsford, and unanimously passed, the Board voted to have Mark Hobbs as Secretary/Treasurer.

Donald Burkett appointed John Camp as Chair for the Character & Fitness Committee, Anthony Callander as Chair for the Qualification for Licensure and Examination/CBT Committee's, Wendell Lunsford as Chair for the Other Professional Issues Committee.

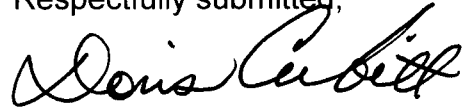
12. On motion by Donald Burkett, seconded by Mark Hobbs, and unanimously passed, the meeting was adjourned at 4:16pm by the Chair.

13. The next meeting dates are as follows:

2007	
July 26, Thursday (Hearings, if needed)	Room 201-03
August 23, Thursday (Board Meeting)	Room 201-03
September 27, Thursday (Hearings, if needed)	Room 201-03
October 25, Thursday (Board Meeting)	Room 108
November 15, Thursday (Hearings, if needed)	Room 108
December 6, Thursday (Board Meeting)	Room 108

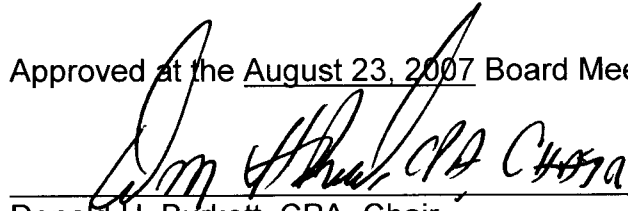
2008	
January 23, Wednesday (Board Meeting)	Room 108
February	No Meeting
March	No Meeting
April 24, Thursday (Board Meeting)	Room 201-03
May 22, Thursday (Hearings, if needed)	Room 108
June 26, Thursday (Board Meeting)	Room 108
July 23, Wednesday (Hearings, if needed)	Room 108
August 21, Thursday (Board Meeting)	Room 108
September 24, Wednesday (Hearings, if needed)	Room 108
October 30, Thursday (Board Meeting)	Room 108
November 20, Thursday (Hearings, if needed)	Room 201-03
December 11, Thursday (Board Meeting)	Room 108

Respectfully submitted,

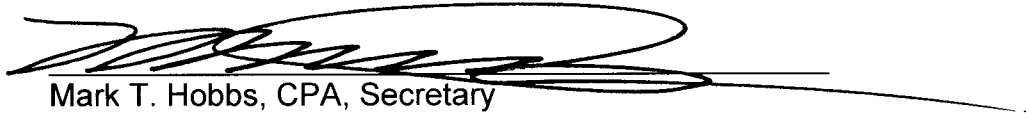


Doris Cubitt, Administrator

Approved at the August 23, 2007 Board Meeting.



Donald H. Burkett, CPA, Chair



Mark T. Hobbs, CPA, Secretary