

Minutes of the South Carolina Board of Accountancy
Thursday, April 24, 2008, at 9AM in Room 111 (Board Meeting)
Synergy Office Park, Kingstree Building, 110 Centerview Drive
Columbia, South Carolina

Donald H. Burkett, CPA, Chair, called the Board Meeting of the South Carolina Board of Accountancy to order on April 24, 2008, at 9:15 a.m., with a quorum present. Other Board members present were Mark T. Hobbs, CPA; Bobby R Creech, Jr., CPA; John Camp, CPA; Anthony Callander, CPA and Wendell Lunsford, Accounting Practitioner. The Chair acknowledged that a new Board member, Malane Pike, Esq., was appointed April 4, 2008, expires June 30, 2012, to replace Joyce Green who resigned February 18, 2008.

The Board excused the absence of Malane Pike, Esq., Public Member, from the Board meeting based on a previously arranged engagement.

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

Guests in attendance were Sharon Dantzler and Paula Magargle, Office of General Counsel for LLR; Erin Hardwick from the SC Association of CPA's (SCACPA); Charles Talbert, III, CPA as Chair of the Legislative Committee for SCACPA; Gale Bell representing the SC Society of Accountants; Suzanne Jolicoeur from the American Institute of Certified Public Accountants (AICPA); Corky Erwin Harper and Dan Fritze Esqs from Nelson Mullins Riley & Scarborough, LLP both representing Dow Lohnes Price Tax Consulting Group, LLC (DLP) and Geoffrey Christian, CPA from Dow Lohnes Price Tax Consulting Group, LLC (DLP).

The Chair announced the meeting was 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 Bobby Creech led all present in the Pledge of Allegiance.

1. On motion by Mark Hobbs, seconded by Anthony Callander, and unanimously passed, the Board adopted the agenda after moving George E. Simmons' Agreement to Relinquish License to Practice from item 9A to item 6.
2. On motion by Mark Hobbs, seconded by Bobby Creech, and unanimously passed, the Board approved the minutes of the meeting held on January 30, 2008.
3. George E. Simmons, AP #152, Case #2006-6. On motion by Mark Hobbs, seconded by Wendell Lunsford, and unanimously passed, the Board approved the Agreement to Relinquish License to Practice as presented. A copy is attached to these minutes and will be made part of the public record.

4. Charles Talbert provided an update regarding the Mobility bill in the S.C. State Senate Labor, Commerce and Industry Committee as it pertains to license regulation of the practice of CPAs and registered firms across state borders. He stressed that the bill would alleviate administrative steps in registering each out-of-state CPA individually for the Accountancy staff as well as the CPAs themselves. Each out-of-state CPA that engages in work for South Carolina clients would automatically subject themselves to the laws and regulations of the S.C. Board of Accountancy. Mark Hobbs asked what the Federal Government's position is pertaining to Mobility. Mr Talbert indicated that the Department of Treasury is studying the issue and has recommended that, in the event that the individual states do not adopt mobility by 2010, the federal government will mandate mobility throughout the states. He also stated that an amendment was added to the bill by Representative Harry F. Cato that would allow licensees who are not employed or associated with a registered firm and hold themselves out as a professional other than a CPA to use the title "Certified Public Accountant" or initials "CPA" in a way incidental to the primary function of their profession, including in connection with power of attorney designation forms. He stated that SCACPA did not approve of the amendment and would pull the bill if the amendment was left on as a rider to the Mobility Bill.
5. Ms Sue Corky Erwin Harper Esq. from Nelson Mullins Riley & Scarborough, LLP law firm introduced her law partner Mr Daniel Fritze, representing Dow Lohnes Price Tax Consulting Group, LLC (DLP), and Geoffey Christian, CPA from DLP. She yielded the floor to Mr Fritze who made a presentation to the Board.

Mr Fritze told the Board that they asked Rep Cato to allow the Mobility Bill go forward without their amendment since the Board agreed to hear DLP.

DLP is a Greenville based firm that provides tax consulting services. They have 15 employees, eight of which are CPAs. DLP does not do any financial statement preparation, audit, attest or compilation type services. They do not give any advice regarding account control system procedures. DLP does not have CPA in its name nor do they identify themselves publicly in any way as being a CPA firm (Currently they use CPA on their business cards). The only time the CPAs identify themselves as CPAs is when they file Power of Attorney forms with state and federal tax authorities. They contend that those documents are not considered public documents; they are only viewed by the tax authorities and by the clients, so they are not holding out to the public. Mr Fritze then referred to a handout (attached) of relevant Board statutes and regulations referring to the "practice of accounting" and "holding out". He specifically pointed out Regulation 1-05(A) "A licensee who offers to engage in the practice of accounting for compensation must apply for registration as a firm or be employed or associated with a registered firm." If a CPA provides financial accounting work or if the CPA uses the CPA title, then Reg 1-05(A) requires them to register as or be employed by a CPA firm. Since DLP does not use CPA anywhere in their firm name nor do they provide attest functions, it appears to them that they do not need to register as a CPA firm.

On motion by John Camp, seconded by Anthony Callander, and unanimously passed, the Board agreed not to enforce any action against Dow Lohnes Price Tax Consulting Group, LLC until the December 11, 2008 Board Meeting allowing the Board to study the situation further, focus on Regulation 1-05(A), and to come up with a resolution in this matter.

On motion by Mark Hobbs, seconded by Bobby Creech, unanimously passed, the Board went into Executive Session to discuss statutory and regulatory changes. On coming out of executive session on motion by Mark Hobbs, seconded by Anthony Callander, and unanimously passed, the Chair announced that no votes were taken while in executive session.

On motion by Bobby Creech, seconded by Anthony Callander, and unanimously passed, the Board authorized Sharon Dantzler to publish a notice of comment to address potential changes to the Board Regulations, specifically Regulation 1-05, in the June Registry and the drafting of the potential regulations.

6. Complaint & Investigative Activity:

A. Consent agreements and other special matters:

Foy N. Chalk, CPA - AFI #1294. On motion by John Camp, seconded by Mark Hobbs, and unanimously passed, the Board approved the consent agreement as presented. A copy is attached to these minutes and will be made part of the public record.

Matthew R. Patz, CPA, PC – AFI #2244. On motion by Mark Hobbs, seconded by John Camp, and unanimously passed, the Board approved the consent agreement as presented. A copy is attached to these minutes and will be made part of the public record.

Jonathan I. Godwin, CPA #5511. On motion by Mark Hobbs, seconded by John Camp, and unanimously passed, the Board approved the consent agreement 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 the Board received them as information. (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. 2007-28, 2007-33. (Copy of report attached)

7. Information Update

A. Chair's remarks:

Donald Burkett attended the National Association of State Boards of Accountancy (NASBA) Board of Directors meeting. The major concern was about the CPA Exam and whether or not the exam will be continued to be controlled by AICPA or by NASBA.

B. Advisory Opinions: None

Legislative Update: None

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

The National Association of State Board's of Accountancy's (NASBA) Eastern Regional meeting is June 11th through 13th in Asheville, NC at the Grove Park Inn. Mr Burkett will be going and will be funded by NASBA since he is the Mid-Atlantic Regional Director. NASBA awards scholarships for newly appointed board members to attend the next available Regional Meeting after appointment, so Ms Malane Pike will be attending the Asheville meeting, where she will attend the new member orientation. The rest of the travel requests are being submitted for approval.

Mr Donald Burkett is applying to continue as NASBA's Mid-Atlantic Regional Director. North Carolina indicated that they will support him in his bid for a second term.

The Annual NASBA Meeting will be held October 26th through 29th in Boston. Interested Board members should speak with Doris so she can submit travel requests for approval. Traditionally LLR approves two Board Members and the Administrator to attend the Annual Meetings.

If you want to know about upcoming NASBA events, you can go to their web site www.NASBA.org.

LLR's Information Service's department is writing a program to allow NASBA's Accounting Licensing Database to skim the information needed from LLR's database.

Accountancy staff sent an email blast notifying licensees and registrants about the new newsletter on our web site. Since it was posted on March 28 there have been 1,910 hits on the site.

CPA Day at the State House is May 13th. The oath ceremony for new CPAs is that afternoon. SCACPA is helping with the logistics.

When Doris attended the Executive Directors meeting in February, she made a point to talk to the Executive Directors of CA, MS, TX and the OK Boards to see what they do with their new CPA Certificates. Apparently they hold their certificates until after the

Oath Ceremonies which are conducted one to four times a year. The Board and SCACPA plan to have a ceremony twice a year. The proposal is to hold the unclaimed certificates from the ceremony for one month to encourage licensees to attend and receive them early; however, the license cards will be mailed along with a letter about their license once the certificates are signed.

On motion by Mark Hobbs, seconded by Bobby Creech, and unanimously passed, the Board adopted the holding of the certificates for newly licensed CPAs until the next Oath Ceremony and holding the unclaimed certificates for one month after the ceremony which would then be mailed to the licensees.

The Quality Review will be held on May 20th and 21st. We only have 16 CPAs coming in on Tuesday and nine CPAs coming in on Wednesday to review audits. Jim Holloway will be writing up the final report. All volunteers can receive up to 8 hours of CPE credit per day.

Ms Malane Pike, Esq. is our new Board member. She is the Administrator over the Property Division for the S.C. Department of Revenue and was their lead litigator. DOR has an annual meeting the last full week in April each year, which is where she is today. In order for her to attend all Board Meetings and also allow more breathing room after the tax rush it is being suggested to move the April Board meetings to sometime in May for future years. Mr Burkett asked the staff to send an email to all Board members so that they can check with their schedule whether or not May 7th or May 13th would be the better date for the move in 2009.

Doris introduced Ms Suzanne Jolicoeur from the American Institute of Certified Public Accountants (AICPA). She is the new manager of their State Regulatory Outreach office. Suzanne was the previous Executive Director for the Michigan Board of Accountancy.

Ms Jolicoeur addressed the Board and informed them that she is part of Sherri Bangles' team for State Regulation & Legislation based out of the AICPA's Durham, NC office. She will be working with the state boards on a variety of issues which includes Mobility. Twenty-Two states have adopted mobility legislation so far with various implementation dates. There are another 10 or so states with legislation pending. Michigan has legislation at their state house much like South Carolina.

She is also working with the AICPA's Peer Review team on the Facilitated State Board Action Program which provides transparency toward accountancy. Licensees will eventually

be able to upload their Peer Review information to a secure web site and the different Boards can go and review them without requesting copies from the licensees themselves.

She is also involved on the Exam Team regarding Exam issues. The hot issue at the moment is providing the CPA Exam internationally to include the possibility of issuing a credential.

Donald Burkett mentioned that at an April 17, 2008 Directors meeting they signed the renewal of the Professional Mutual Recognition Agreement between the US, Canada, and Mexico.

Mark Hobbs presented an update about NASBA's Communication Committee; the committee is trying to adopt best practices throughout all the State Boards of Accountancy. He has been assigned several states to contact to encourage cooperation with NASBA in sharing communication ideas about press releases, newsletters, web pages, and other avenues. He will be a speaker at the Regional Meeting in Asheville concerning the Communications Committee activities.

- D. The Financial Report: The Board received the financial report as information.
- 8. Old Business. There was no old business
- 9. New Business

Regulation/Legislative Committee

- A. Peer Review Committee: Mark Hobbs

Mark Hobbs asked Doris for an update about the Peer Review contract. Doris mentioned that she has been in contact with Erin Hardwick at SCACPA and, they are finalizing a contract.

- B. Report of Education/Experience Committee: Bobby Creech

No Report

- C. Report of CPE Committee: Bobby Creech

Bobby Creech asked Doris about sending out CPE Audits for 2008. She stated that the process for 2008 has yet to start.

- D. Report of Examination/CBT Committee: Anthony Callander

No Report

E. Other Professional Issues Committee – Wendell Lunsford

No Report

F. Report of Qualification for Licensure Committee: Anthony Callander

On motion by Mark Hobbs, seconded by Bobby Creech and unanimously passed, the exam grades for the October/November testing window were reviewed and accepted by the Board.

G. Report of Character and Fitness Committee: John Camp

The committee has met several times and has moved forward several reinstatement applications to reinstate. There is one application that might have to be brought to the full board for disposition.

10. The Oath Ceremony was discussed earlier in the meeting. Mr Burkett encouraged all Board members to attend the May 13 event. The ceremony will be held at the Clarion Hotel at 4:15 right before the reception starts.
11. Public Comment: Anthony Callander announced that he is retiring from Ernst & Young after 36 years at the end of June.
12. On motion by Mark Hobbs, seconded by Bobby Creech, and unanimously passed, the meeting was adjourned at 10:49am by the Chair.
13. The next meeting dates are as follows:

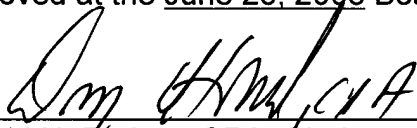
2008	
June 26, Thursday (Board Meeting)	Room 108
July 23, Wednesday (Hearings, if needed)	Room 108
August 21, Thursday (Board Meeting)	Room 108
September 24, Wednesday (Board Meeting)	Room 108
November 20, Thursday (Hearings, if needed)	Room 201-03
December 11, Thursday (Board Meeting)	Room 108

Respectfully submitted,



Doris Cubitt, Administrator

Approved at the June 26, 2008 Board Meeting.



Donald H. Burkett, CPA, Chair



Mark T. Hobbs, CPA, Secretary