

**South Carolina Board of Accountancy
SC Department of Labor, Licensing and Regulation
9:00 a.m., Thursday, December 3, 2009
Synergy Business Park, Kingstree Building
110 Centerview Drive, Conference Room 108
Columbia, SC**

MINUTES

Call to Order

Bobby R Creech, Jr., CPA, Chair, called the board meeting of the South Carolina Board of Accountancy to order on December 3, 2009, at 9:07 a.m., with a quorum present. Other Board members present were: Mark T. Hobbs, CPA, Vice Chair, Anthony Callander, CPA, Secretary, Donnie Burkett, CPA, Robert Baldwin, CPA, Gary F. Forte, CIMC, and Malane Pike, Esq.

Staff members participating in the meeting included: Michael R. Teague, Administrative Assistant, and Amy Holleman, Administrative Specialist. LLR employees attending the meeting included: Sharon Dantzler, Office of General Counsel, Rion Alvey, Assistant Deputy Director and Sandra Dickert, Administrative Assistant.

a. Public Notice

Mr. Creech announced that this meeting was being held in accordance with the Freedom of Information Act by notice mailed to The State Newspaper; Associated Press; WIS-TV and all other interested persons, organizations or news media. In addition, the notice was posted on the bulletin board at the main entrance of the Kingstree Building.

Pledge of Allegiance

All present recited the Pledge of Allegiance.

Consideration of Excuses for Absences of Board Members

Mr. Creech noted Mr. Wendell Lunsford's absence from this meeting would be excused due to a death in the family.

Adoption of Agenda

MOTION

Mr. Hobbs made a motion the Board adopt the agenda as presented. Mr. Burkett seconded the motion, which carried unanimously.

Approval of Minutes of Meeting Held on October 22, 2009

MOTION

Mr. Burkett made a motion the Board approve the minutes of the October 22, 2009 meeting. Mr. Hobbs seconded the motion, which carried unanimously.

Complaint & Investigative Activity

A. Consideration of Consent Agreement and Other Special Matters

i. Richard A. Montgomery, Reciprocity Application Consent Agreement

Mr. Teague briefed the Board regarding the circumstances of Mr. Montgomery's consent agreement. Mr. Montgomery actively held out to the public when he relocated to Myrtle Beach in late 2002 until 2009 without a South Carolina CPA license. Board staff became aware of the situation when he applied for a reciprocal license, then forwarded the application to the

Character & Fitness Committee. The Committee agreed that a Consent Agreement was warranted based on the time Mr Montgomery practiced in South Carolina without a license.

MOTION

Mr. Burkett made a motion the Board accept the consent agreement. Mr. Callander seconded the motion, which carried unanimously.

B. Number of Open Complaints

There are currently 14 active complaints.

C. Approval of Case Dismissal Report (Investigators)

Mr. Teague identified to the Board two case dismissals, #2008-23 and #2009-17.

MOTION

Mr. Burkett made a motion the Board accept the dismissal report. Mr. Hobbs seconded the motion, which carried unanimously.

Information Update

D. Chairman's Remarks

Mr. Creech stated the Annual NASBA Conference held in Phoenix, Arizona was a good meeting. Mr Hobbs and Mr Burkett, whom also attended, briefed the rest of the Board on information presented.

Mr Hobbs indicated the District of Columbia is aggressively moving forward in licensing Tax Prepares. Mr Burkett added DC would never approve Mobility, as over 80% of their revenue comes from out of state licensing

Mr. Creech stated the upcoming NASBA Eastern Regional Meeting is going to be at the Francis Marion Hotel in Charleston, June 9-11, 2010.

MOTION

Mr. Hobbs made a motion for the Board to seek total reimbursement for the entire Board to attend the Eastern Regional Meeting since the Board of Accountancy is hosting the meeting. Ms. Pike seconded the motion, which carried unanimously.

E. Advisory Opinions, Sharon Dantzler, Office of General Counsel

Ms Dantzler was not able to attend this portion of meeting to provide any information.

F. Legislative Update, Sharon Dantzler, Office of General Counsel

Mr. Teague noted staff did not receive any comments regarding the proposed statute or regulations.

Mr. Hobbs stated that effective January 1, 2009 the report review is eliminated and is no longer available. He further stated the Board now has engagement and system reviews. He recommended correcting the proposed legislation to note the change.

Mr. Creech stated there is confusion regarding mobility. He noted that a CPA practicing in South Carolina with an original out of state California license and a reciprocity license under South Carolina must maintain the original California license. He noted mobility is only if the CPA never had a California license. He suggested a press release be issued regarding this information prior to the next license renewal.

G. Administrator's Report, Rion Alvey

1. Administrative Law Court Rulings

Mr. Teague stated three of the four cases, which went before the Administrative Law Court; the court upheld the Accountancy Board's decision. He further stated the ALC did issue Mr. Tsunemori a cease and desist order from further practice of accounting until he is properly licensed and fined \$10,000.00 for willful violation, which was to be paid within ninety days of the final order. He noted the fine has yet to be paid.

Mr. Teague stated Mr. McQuage entered into a consent agreement with the Administrative Law Court, which included a cease and desist order from the practice of public accounting in the state until such time he is re-licensed, an injunction issued against him, and a fine of \$500.00 to be paid within thirty days of the order. He noted Mr. McQuage paid the fine.

Mr. Teague stated Mr. Gambrell was ordered to cease and desist from accounting within the state until such time he is re-licensed, was fined \$5,000.00 to be paid within thirty days of the order. He noted Mr. Gambrell paid the fine in October 2009.

Mr. Teague noted the ALC denied the injunction against Mr. Erwin. He further stated Mr. Erwin must move through the full reinstatement process again.

2. Focus Questions

See attached focus questions for answers as determined by the Board.

Mr. Hobbs stated he had discussed the South Carolina regulation referring to a firm employing an individual whose South Carolina license had been revoked during the annual conference. He was asked why the revocation was limited to South Carolina and did not include all states. He noted the current regulation does not state a revocation from any state. Mr Creech stated it may be a scrivener's error which was not caught.

2. Old Business

There was no old business for discussion.

New Business

A. Regulation/Legislative Committee – Donald Burkett

No reported information from this committee.

i. Peer Review Committee – Mark Hobbs

a. Peer Review Program Oversight Report

Mr. Hobbs presented the Board members with a report from Mr. Jim Holloway regarding the peer review program. Mr. Hobbs stated the Board has adopted the AICPA Peer Review Program to fulfill the Board's requirement for a Peer Review Program. The Board also retained Mr Holloway to provide oversight to the Board making sure the Program meet our objectives of the law. Mr Hobbs is going to ask Mr. Holloway to provide a similar report for future December Board meetings to summarize the Peer Review Program. As you can see from today's report, we can place reliance on South Carolina Association of CPA's (SCACPA) and the Peer Review roles as accomplishing the Boards objectives.

MOTION

Mr. Hobbs made a motion for the Board to enter executive session to consult legal counsel. Mr. Burkett seconded the motion, which carried unanimously.

MOTION

Mr. Hobbs made a motion the Board return to public session. Mr. Burkett seconded the motion, which carried unanimously.

Mr. Creech noted for the record, no votes taken during the executive session.

Mr. Hobbs stated some of the firms participating in the Peer Review Program elected to drop out of the Peer Review Program before completing certain conditional items that were a result of their Peer Review. He further stated he understands those firms have communicated to SCAPA that they will no longer issue financial statements or do any attest work negating the need to participate in the Peer Review Program.

MOTION

Mr. Hobbs made a motion, in order for a firm to be in good standing in accordance with statute, the firm must complete any action required by the AICPA Peer Review program, as administered by SCAPA. Mr. Burkett seconded the motion, which carried unanimously.

Mr Hobbs reminded the Board that Regulation 1-09 requires firms that receive either a modified or adverse peer review to forward a copy of the report within 30 days to Board staff. Ms Pike asked Erin Hardwick, SCACPA Administrator, whether SCACPA is notifying the firms when issuing a Conditional Letter of Acceptance to send a copy of either the modified or adverse report to the Board. Ms Hardwick indicated that she was not aware and will look into it. Mr Creech emphasized communication between SCAPA and Board staff, by means of a list of those Peer Reviews completed identifying any with Modified or Adverse reports so staff can take appropriate action. Mr Hobbs added that firms cannot decide to drop out of the program to avoid remedial action once a Peer Review has started. If such action takes place Board staff needs to be notified to initiate a complaint against the firm.

ii. Report of Education/Experience Committee – Malane Pike

No reported information from this committee.

iii. Report of CPE Committee – Malane Pike

No reported information from this committee.

iv. Report of Examination/CBT Committee – Anthony Callander

No reported information from this committee.

v. Other Professional Issues Committee – Wendell Lunsford

Timothy C. Cornelison, CPA, LLC – Firm Registration Application Hearing due to failure to renew firm registration in 2007. Mr. Hobbs recused himself from participating and voting in this matter and left the room at this time.

A court reporter recorded the proceeding in order to provide a verbatim transcript in accordance with the law.

MOTION

Mr. Burkett made a motion for the Board to enter executive session to consult legal counsel. Ms. Pike seconded the motion, which carried unanimously.

MOTION

Mr. Baldwin made a motion the Board return to public session. Mr. Burkett seconded the motion, which carried unanimously.

Mr. Creech noted for the record, that no official action was taken during executive session.

MOTION

Ms. Pike made a motion that this matter be determined as follows, Mr. Cornelison is required to register and pay the renewal fee of \$50 for each on the three years he did not renew, pay the \$500 reinstatement fee, and any reference of a public reprimand or probation be removed from the Consent Agreement. Mr. Burkett seconded the motion, which carried unanimously.

vi. Report of Qualification for Licensure Committee – Robert Baldwin

No reported information from this committee.

vii. Report of Character and Fitness Committee – Robert Baldwin

Mr. Baldwin stated there is one applicant for reinstatement, Mr. Bruce D. Marshall. He noted Mr. Marshall had allowed his license to lapse on December 31, 2007. He further stated Mr. Marshall applied for reinstatement on September 23, 2009. He said Mr. Marshall had a deficiency of nine hours in his continuing education, which he has now completed. He noted the committee has reviewed the application and recommended reinstatement.

B. IFRS Report from San Francisco Conference – Malane Pike

Ms. Pike noted several countries attended the meeting in which International Financial Reporting Standards was introduced. She further stated discussions during the forum included how IFRS is going to be regulated, countries having different laws, and states must change laws to accommodate IFRS (Further information see attached).

When considering Mutual Recognition Agreements we should be cognizant of the two different types; bridging agreement, each participant agrees to give credit for whatever they can or a common content agreement, where the International Qualifications Appraisal Board (IQAB) has determined the education, exam, and experience requirements are substantial similar among the participants of the agreement. So, in the future we will need to determine what type an agreement we have to consider before making a decision.

Public Comments

Ms. Erin Hardwick of SCAPA stated the joint CPA Oath ceremony was held within the past two weeks. She further stated there were 25 new CPAs present for the ceremony. She noted the next joint ceremony is to be held on April 28, 2010 which is the CPA Day with the state legislature.

Ms. Hardwick stated SCAPA is preparing for the upcoming legislative session, which begins January 12, 2010. She further stated there are a number of legislative matters going before the legislature.

Ms. Hardwick stated during SCAPAs recent summit the organization recognized Mr. Bob Baldwin for going above and beyond the call of duty toward the accounting profession.

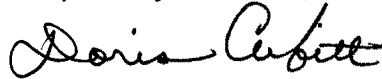
Adjournment

MOTION

There being no further business Mr. Burkett made a motion the meeting be adjourned. Mr. Baldwin seconded the motion, which carried unanimously.

The December 3, 2009 meeting of the SC Board of Accountancy adjourned at 12:07 p.m.

Respectfully submitted,

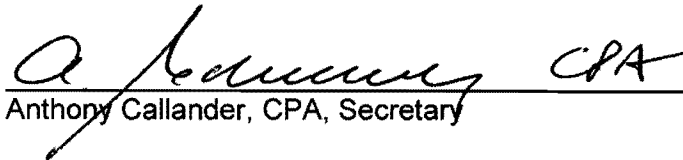


Doris E Cubitt, CPA
Administrator

Approved at the January 28, 2010 Board Meeting.



Bobby Creech, CPA, Chair



Anthony Callander, CPA, Secretary