

SOUTH CAROLINA DEPARTMENT OF LABOR, LICENSING AND
REGULATION

BEFORE THE SOUTH CAROLINA BOARD OF ACCOUNTANCY

JANUARY 25, 2012

BOARD MEMBERS:

MARK T. HOBBS, CHAIRMAN

ROBERT W. BALDWIN, VICE CHAIRMAN

DONALD H. BURKETT

DAVID C. NICHOLS

MARK S. CROCKER

GARY F. FORTE

WENDELL E. LUNSFORD

MALANE PIKE

TANYA G. GREENLEE

DEAN GRIGG, ADVICE COUNSEL

This meeting/hearing were held 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/hearing being held on the 25th day of January, 2012, scheduled for 9:00 a.m.

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20 Court Reporter's note:

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22 -- indicates interruption; incomplete phrases; trailing
23 off; unfinished sentences

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1 MR. HOBBS: Call the meeting to
2 order. This meeting is being held in accordance
3 with the Freedom of Information Act by notice
4 mailed to The State Newspaper, Associated Press,
5 WIS-TV and all other interested persons,
6 organizations or news media. In addition, a notice
7 was posted on the bulletin board at the main
8 entrance of the Kingstree Building. I'd like to
9 welcome everyone. I'd like to ask Vice Chairman
10 Baldwin to give a moment of silence and to lead us
11 in the pledge.

12 MR. BALDWIN: Stand. A moment of
13 silence, in particular for some of our friends
14 we've lost. And I'm remembering Randy Scott, who
15 was a great CPA, and of course, other CPAs. So a
16 moment of silence, please.

17 (Moment of silence is observed.)

18 MR. BALDWIN: Join me in the Pledge
19 of Allegiance, please.

20 (Pledge of Allegiance is recited.)

21 MR. HOBBS: It's great to have
22 everyone here. We've got a hundred percent
23 participation, and again, welcome to everyone.

24 Item 3, the adoption of our agenda. You
25 should have all received it. We've got one change

1 that has happened late yesterday afternoon. The
2 hearing with Charles A. Finley, CPA #2442, with
3 those various cases that we were supposed to hear
4 today, the prosecution has requested a continuance,
5 which we granted. And that will not be on our
6 program today, and that's Item No. 5.

7 So what I would like to do is have a motion we
8 accept the agenda as amended for Item 5.

9 MR. BURKETT: I so move.

10 MR. BALDWIN: I'll second.

11 MR. HOBBS: There's a motion on the
12 floor by several people. Mr. Burkett, I think was
13 one of them, and then I have a second by Mr.
14 Baldwin. Any discussion?

15 (NO RESPONSE.)

16 MR. HOBBS: All in favor, please say
17 aye.

18 BOARD MEMBERS: Aye.

19 MR. HOBBS: Any opposed? Great. So
20 that is our game plan for today. Approval of the
21 meeting minutes. Has everyone had an opportunity
22 to read the minutes from our December 1st, 2011
23 board meeting?

24 MR. BURKETT: Move they be approved.

25 MR. FORTE: Second.

1 MR. HOBBS: There's a motion on the
2 floor by Mr. Burkett and a second by Mr. Forte.

3 MS. PIKE: Mr. Hobbs, I need one
4 tiny change on those minutes, just as a point of
5 clarification concerning the offer plea. And,
6 Michael, would you read the change that I made,
7 please?

8 MR. TEAGUE: For Mr. Smith, there
9 was a motion. Mr. Griggs informed the counsel and
10 the defendant that the board is asking to see the
11 transcript -- as an exhibit. Only the two
12 sentences where a presiding judge asked where was
13 it being entered, and Mr. Smith's response. That's
14 the original.

15 And what it needs to say is "Presiding judge
16 asked what plea was being entered, and Mr. Smith's
17 response."

18 MR. BURKETT: I'll amend my motion
19 to accept that change.

20 MR. HOBBS: Thank you, Mr. Burkett.
21 Mr. Forte?

22 MR. FORTE: Second it.

23 MR. HOBBS: There is a motion and a
24 second. Any discussion on that?

25 (NO RESPONSE.)

1 MR. HOBBS: All in favor, please say
2 aye.

3 BOARD MEMBERS: Aye.

4 MR. HOBBS: Any opposed? Thank you
5 very much. Complaint and investigative activity.
6 Think you have a report in front of you. Doris,
7 would you like to comment on any of those? Or do
8 we have somebody from --

9 MS. CUBITT: I think Sharon Wolfe is
10 coming down. She's not here yet from OIE.

11 MR. HOBBS: Shall we defer this
12 until she's here?

13 MS. CUBITT: We can. Or I'll answer
14 any questions, if you've got any questions.

15 MR. HOBBS: Well, since we have a
16 little more time today than we have in other
17 meetings because our agenda is fairly light, with
18 the hearing one, would you mind just going through,
19 for some of the new people here, maybe some of
20 these line items, that may be -- elaborate on it.
21 Or would you feel more comfortable with somebody
22 from the investigation area talk about it?

23 MS. CUBITT: Okay. I'll be glad to
24 answer questions on it. And if I don't have an
25 appropriate answer or don't have as detailed an

1 answer as you want, we'll be glad to let Sharon,
2 you know, discuss that when she comes, if that's
3 all right with you, Dean.

4 MR. GRIGG: All right with me? I'm
5 sorry. Yeah, that's fine with me. Sure.

6 MR. HOBBS: Well, I think a lot of
7 these things are self-explanatory, as I think about
8 it. But sometimes we just accept this report, and
9 I don't think we as a board a lot of times look at
10 it. Maybe it would make good sense for us to look
11 at it, think about the days that these cases are
12 outstanding and --

13 MS. CUBITT: Under "case statuses"
14 on the first line, it says "active investigation."
15 The average days is 226. We have seven cases open,
16 which is a very small amount. We did have some
17 really old cases, and those were closed by hearings
18 and various things. There are several of those
19 seven that -- it will probably take a couple
20 months, but we'll move forward. I know how hard
21 they're working on that and that they're actively
22 doing that. But those particular cases take a lot
23 of information.

24 MR. HOBBS: Doris, do you know how
25 many people work on those cases? How many

1 investigators work on seven cases? Is it one
2 investigator?

3 MS. CUBITT: We have one
4 investigator assigned to us. Her name is Stella
5 Hammond. She's fairly new. She does other boards
6 also. And she does have her bachelor's degree in
7 accounting, so that was a positive thing. And she
8 does work with Mr. Holloway on cases that need his
9 expertise or more input. And she will come talk to
10 me about cases, if she needs advice on something.
11 So I think that's going well.

12 We've closed four cases. There were four
13 cases that were sent in that we do not open. A "do
14 not open case" is a case where somebody's upset,
15 but what they're upset about isn't contained in our
16 practice act. It might be a poor business
17 decision. They might not have treated them nice.
18 They might have been rude to them. You know, we
19 don't regulate that.

20 We also don't regulate fees. Once CPA may
21 charge a hundred dollars an hour, another may
22 charge \$500 an hour. However, if they don't get
23 the product that they contracted for, then we do
24 get involved in it. So if the work wasn't
25 performed but they took the money, we do get

1 involved in that part of it.

2 We've got one case pending a board hearing,
3 and that would be the case, I would think, that was
4 continued today. And then there's one that's
5 pending a hearing.

6 MR. HOBBS: So chances are, the case
7 we postponed today, is pending board hearing, that
8 number one right there?

9 MS. CUBITT: Yes, sir.

10 MR. HOBBS: So we can put this into
11 perspective.

12 MS. CUBITT: And then there's
13 another case that's pending scheduling for hearing.
14 So it's not just the scheduling, I don't think.
15 Pulling the last bits of it together, it's been
16 assigned from OIE down to the general counsel
17 office. And they're working and getting all their
18 stuff together, so they can present the case and
19 then schedule it.

20 MR. HOBBS: And I think we have
21 someone here from general counsel office; don't we?

22 MR. ROGERS: Yes, sir. Andrew
23 Rogers from Office of General Counsel.

24 MR. HOBBS: Well, we welcome you
25 here. I don't think I've seen you here before,

1 we're glad you're here with us.

2 MR. ROGERS: Thank you, sir.

3 MS. CUBITT: Andrew is our new
4 attorney.

5 MR. HOBBS: And what was his name
6 again?

7 MR. ROGERS: Andrew Rogers.

8 MR. HOBBS: Rogers.

9 MR. ROGERS: Rogers.

10 MS. CUBITT: He's very nice.

11 MR. HOBBS: Well, Andrew, welcome.

12 MR. ROGERS: Thank you, sir. I
13 wasn't prepared to speak with the board, so I
14 didn't have any remarks or anything to present. So
15 I was just sitting in to observe and see how you
16 guys do your business, get to know you a little bit
17 better.

18 MR. HOBBS: Well, if you'd like to
19 make any comments, you're welcome.

20 MR. ROGERS: Thank you, sir.

21 MR. HOBBS: But we're glad to have
22 you on board. How long have you been with the
23 agency?

24 MR. ROGERS: I've been with the
25 agency since October. I am assigned to about ten

1 boards, all business boards. Before I came here, I
2 was a prosecutor for Richland County for about five
3 years. I started out doing narcotics prosecution
4 and branched off into property crimes and
5 specialized in the City of Columbia and University
6 of South Carolina, Benedict, Allen, those
7 jurisdictions downtown.

8 MR. HOBBS: Will you be handling
9 some of our prosecution?

10 MR. ROGERS: I think I am the only
11 prosecutor for your board. So, yes, sir.

12 MR. HOBBS: Okay. So we may see you
13 next meeting, as a prosecutor.

14 MR. ROGERS: Yes, sir. And I was
15 listening to the case that was continued for
16 Finley. I don't know -- I'm not aware of any
17 accountancy cases yet on my docket. So there might
18 -- I don't know if that case is assigned to another
19 prosecutor --

20 MR. GRIGG: Andrew, I was about to
21 say, I think, to fill them in a little bit, Suzanne
22 Hawkins has been their attorney. But there's some
23 change going on in y'all's office.

24 MR. ROGERS: Suzanne has requested a
25 change from business boards to medical boards. And

1 so she's in the process of transitioning her cases
2 to all medical now.

3 MR. GRIGG: So she'll finish up the
4 cases already on her plate, but --

5 MR. ROGERS: Right.

6 MR. GRIGG: -- you're getting up to
7 speed, so that you can --

8 MR. ROGERS: Correct.

9 MR. GRIGG: -- go forward.

10 MR. ROGERS: She's not taking any
11 additional cases. So I think that case is still
12 assigned to her for prosecution. But any new cases
13 that come on, they will be assigned to me for
14 prosecution.

15 MR. HOBBS: Anybody have any
16 questions of Mr. Rogers?

17 (NO RESPONSE.)

18 MR. HOBBS: Well, it's nice to meet
19 you.

20 MR. ROGERS: Thank you, sir.

21 MR. HOBBS: And welcome. And we
22 look forward to seeing you there in that chair
23 there more often.

24 MR. ROGERS: Yes, sir. I look
25 forward to working with the board.

1 MR. HOBBS: You know, one thing from
2 a standpoint, we as accountants, we like to get
3 things done. You know, sometimes when things -- it
4 doesn't matter if things get continued, but
5 sometimes we like -- you know, we have deadlines.
6 You know, we kind of like -- we don't like to put
7 things off sometimes, unless it's a real good
8 reason.

9 MR. ROGERS: Yes, sir.

10 MR. HOBBS: You know, that's just
11 the way I feel about it. But we're glad to have
12 you on board and hopefully we'll be doing our job
13 to protect the public.

14 MR. ROGERS: Yes, sir. And
15 protecting the public is something I take very
16 seriously. I've been working with the state for
17 almost -- this is my sixth year now as a
18 prosecutor. So it's something I take very
19 seriously, protecting the public, and moving cases
20 here. I look forward to presenting some cases
21 before the board.

22 MR. HOBBS: Wonderful. Thank you
23 very much.

24 MR. ROGERS: Thank you, sir.

25 MR. HOBBS: Doris, going down this

1 little report here, the four unlicensed respondent
2 packs.

3 MS. CUBITT: Yes, sir.

4 MR. HOBBS: What would that be?
5 Would that be someone -- I mean, is that something
6 you're not comfortable asking, that we ought to ask
7 somebody that's more familiar with this report?

8 MS. CUBITT: Okay. Michael's going
9 to help me here, get back to where I need to be.
10 What can happen there, generally, an unlicensed
11 person, if they've never been licensed, won't come
12 before the board because we don't have jurisdiction
13 over that. But in that case, if I get something in
14 and somebody's issued a audit report or a reviewed
15 report and they're not licensed or have never been
16 licensed, our office, my office, issues a cease and
17 desist to that person.

18 But then sometimes if somebody had held a
19 license -- that doesn't happen real often, but
20 sometimes those will happen -- and so they might be
21 unlicensed right now, or right when the time that
22 they did some work. And so we're bringing that
23 case before y'all. That would either end up as a
24 consent agreement or a hearing.

25 MR. HOBBS: Doris and I have had

1 discussions within the last week about the State
2 Controller General accepting reports from
3 municipalities related to their activity as part of
4 the state law. And some of those reports haven't
5 probably been issued by a licensed by licensed
6 accountants.

7 MS. CUBITT: Yes, sir.

8 MR. HOBBS: And we think there's a
9 fair amount of that going on. And we think state
10 government is accepting those reports, and some of
11 that's not being turned over to the Board of
12 Accountancy.

13 I asked the Controller General's Office about
14 that, and their first response to me was, if they
15 have an issue about the work product, they go to
16 the State Auditor's office, Rich Gilbert. And I
17 told them that I thought they should be notifying
18 the Board of Accountancy, so we'd see what was
19 happening with those reports.

20 And Doris and I have been chatting about
21 whether we think that's an area we think she ought
22 to discuss with the Controller General's Office
23 about her role and the Board of Accountancy's role
24 as trying to regulate the accounting profession.
25 And she told me that she would do it, as long as

1 this board felt like it was something we wanted her
2 to do.

3 Isn't that what you said, Doris?

4 MS. CUBITT: Yes, sir.

5 MR. BALDWIN: I'll just speak for
6 myself. I would enthusiastically support that
7 position because I believe that's exactly -- the
8 Controller is holding out that he is working for
9 transparency in government, and quality audits are
10 part of that. So I'm very much behind that
11 suggestion.

12 MR. HOBBS: Does anybody else have
13 strong feelings on that? Or --

14 MR. BURKETT: I think it's something
15 we ought to do.

16 MR. BALDWIN: Yep.

17 MR. BURKETT: Kind of easy answer to
18 that question.

19 MR. BALDWIN: Yeah.

20 MR. HOBBS: It's a softball toss;
21 isn't it?

22 MR. BALDWIN: Yeah.

23 MR. HOBBS: Well, can we get that as
24 a motion, so Doris will feel comfortable pursuing
25 that with the Controller General's Office?

1 MR. BALDWIN: I move that we
2 authorize our administrator, Doris Cubitt, to
3 communicate with the Controller of the State of
4 South Carolina concerning review of the audit to
5 the financial statements represented the various
6 municipalities and counties within the state.

7 MR. BURKETT: Second.

8 MR. HOBBS: We got a motion on the
9 floor by Mr. Baldwin and a second by Mr. Burkett.
10 Any discussion? Sound good, Mark?

11 MR. CROCKER: Uh-huh.

12 MR. HOBBS: All in favor, please say
13 aye.

14 BOARD MEMBERS: Aye.

15 MR. HOBBS: Any opposed? Thank you
16 very much.

17 MS. CUBITT: I'll be glad to go down
18 there. What I primarily would look for to begin
19 with is unlicensed people that are doing these
20 reports. My background is in tax, so I'm not going
21 to recognize the substandard work as quickly as
22 somebody that does that. Or when we have our
23 quality audit review, and those are reviewed here
24 in the building, but I definitely can pick out the
25 unlicensed people and work on that. And I will

1 take care of that.

2 MR. HOBBS: All right. Well, we'll
3 hold off on anything else on the complaint
4 investigation until someone from there comes in.
5 And you want to continue with your report, Doris?

6 MS. CUBITT: Yes, sir. Thank you.

7 MR. HOBBS: Thank you, Mr. Rogers.

8 MR. ROGERS: Yes, sir. Thank you.

9 It's a pleasure to be with you.

10 MS. CUBITT: I've got a couple of
11 things, just information type things. And one
12 thing I do need a vote on, and that would be travel
13 to the conferences. As background, I was appointed
14 to the executive director's committee for NASBA.
15 And the primary function of that committee is
16 planning a once-a-year meeting for all of the
17 executive directors. And that's a really good
18 meeting for me because it's nuts and bolts, and
19 it's with all of the other executive directors in
20 the other states. And, you know, "What have you
21 seen? And what didn't work? And what did work?
22 And where do you see problems?" and things like
23 that. So it's a really good meeting. And that
24 will be March the 10th in San Antonio.

25 And at the same time, they're having the legal

1 conference. And I believe at the last board
2 meeting, you voted and voted that Malane wanted to
3 go as an attorney to a legal conference, to see
4 what information would be provided to attorneys.

5 The next meeting coming up after that would be
6 the Eastern Regional meeting, and that will be June
7 the 13th to the 15th. For our new board members,
8 that's the meeting where they will receive a
9 scholarship from NASBA so that they can go. And
10 you have to go in a day before. And you get a
11 whole day of NASBA and how things work and all the
12 acronyms in an orientation-type thing. And it's
13 usually been received really well. And that
14 meeting's in Philadelphia.

15 The western regional meeting is June the 27th
16 and 29th, and it's in Anchorage, Alaska. And by
17 their policy, the executive committee always meets
18 the last day, which is a Friday, and then the
19 Saturday after the last regional meeting, whichever
20 one turns up last, because sometimes they move them
21 around.

22 And so since this one is -- this time it will
23 be held at the meeting, the western meeting in
24 Alaska, I wanted to know if the board thought it
25 would be more economical for me, not just money,

1 but rather than me having to go out, and then two
2 weeks later come back and then have to fly, you
3 know -- they'll pay my travel; that's not the
4 issue. But to be out again, it would be a quick in
5 and out.

6 So my suggestion is that I attend the western
7 regional meeting that time. And we have done that
8 from time to time. But I wanted your input on
9 that. And you also need to go ahead at this time
10 and vote, LLR will pay to send two board members to
11 the regional meeting, and that's besides the two
12 members that are going on scholarship. So y'all
13 needs to make a motion, needs to be in the record,
14 who's going to go.

15 MR. HOBBS: Well, let's have a
16 discussion of Doris' travel plans first. Doris,
17 we're really discussing you being -- the real issue
18 is you being away from your office. And I don't
19 know -- that's really -- you know, it seems to me
20 like if you just really want to go to the one in
21 the west and you don't need to go to both of them,
22 that that makes sense to me. But does anybody else
23 have any strong feelings about it? I mean, I
24 certainly don't know why you would necessarily want
25 to go to both of those meetings, unless there was a

1 valid reason for going to both of them, because
2 it's a lot of the same material; isn't it?

3 MS. CUBITT: Yes, sir. It's
4 supposed to be basically the same material. They
5 just divided the country in half. And sometimes
6 because of scheduling and people's schedule won't
7 work, it's very frequent for people to go to the
8 other regional meeting. Time-wise, it would just
9 help me out to not have to go twice.

10 MR. HOBBS: The only disadvantage is
11 you would not be at the eastern regional meeting,
12 if that's where we send our new members, right?

13 MS. CUBITT: Yes, sir.

14 MR. HOBBS: That might be the
15 only --

16 MS. CUBITT: I wouldn't be there to
17 assist them.

18 MR. HOBBS: That would be the only
19 disadvantage.

20 MR. BURKETT: Well, I really think
21 it's best she go to the western, because if she's
22 got the meeting after that. And the agendas are
23 the same. I've prepared those agendas before; it's
24 the same agenda. It may be a little different
25 speakers, but the agenda's the same.

1 MS. PIKE: But is there somebody
2 else from the board that's going to be at the
3 eastern regional meeting that could be with the new
4 members?

5 MR. BALDWIN: There you go.

6 MS. PIKE: I mean --

7 MR. BALDWIN: I should be there.

8 MS. PIKE: -- that should take care
9 of that.

10 MR. BALDWIN: I should be there.

11 MR. BURKETT: Right.

12 MR. HOBBS: And I've been going. So
13 I probably would like to go to the eastern
14 regional. So I'll be there to help them. But they
15 may want -- Doris knows more of the operations and
16 they might ask more operations questions. They
17 will have to ask those questions by email.

18 MR. BURKETT: Well, I really think,
19 Mark, that if one of us is going to be there, it's
20 not necessary for her to be at that meeting, at
21 that eastern meeting.

22 MR. HOBBS: Yeah.

23 MR. BURKETT: Because we've been to
24 enough meetings to where we can help the new people
25 get along.

1 MR. HOBBS: Now, who would be -- who
2 would be going to the -- Mark and Tanya going to
3 the -- does that look like y'all can go to that
4 Philadelphia meeting?

5 MR. CROCKER: I can check.

6 MR. HOBBS: Yeah. Y'all ought to
7 try to see if you -- I think it would be real good
8 if you could go. So Donny, would you make that in
9 a motion, that we think Doris should go to the
10 western meeting?

11 MR. BURKETT: Well, I think that
12 what we need to vote on is me clearing Doris. We
13 need to vote on -- we need to vote on the fact that
14 you want to go -- you need to go to the ED
15 Conference, you need to go to the western regional.
16 Is there anything else we need to vote on your
17 travel?

18 MS. CUBITT: On my travel, that's
19 all.

20 MR. BURKETT: So I'd like to make a
21 motion that we approve Doris' travel to the ED
22 Conference in March, as well as to the western
23 regional. That takes care of Doris.

24 MR. BALDWIN: Second.

25 MR. HOBBS: Second by Mr. Baldwin.

1 Any discussion? Doris, that suit you?

2 MS. CUBITT: Uh-huh.

3 MR. HOBBS: Any discussion?

4 (NO RESPONSE.)

5 MR. HOBBS: All in favor, please say
6 aye.

7 BOARD MEMBERS: Aye.

8 MR. HOBBS: Any opposed? Thank you.

9 MR. BURKETT: And I appreciate Doris
10 serving with ED because that's a -- I was talking
11 with other EDs that go to these things, that's a
12 great conference they put on. I've never been to
13 one, but it really is a good conference.

14 MR. HOBBS: In talking about the
15 other board members that may want to attend the
16 Philadelphia meeting, now I've been to a lot of
17 meetings, so I could certainly sit out this one if
18 someone else would like to go, if they'll pay for
19 two people. Because I've been to every regional
20 meeting I think they've had, or every annual
21 meeting they've had. So if anybody else would like
22 to go, that will be fine. So if you don't want to
23 tell me today, if you don't want to tell me today,
24 we can bring that up at the April meeting, or we
25 can talk to me over the phone. So I don't think we

1 need to vote on that today.

2 If we don't have two people wanting to go, I
3 will go, because I like going. But if you'd like
4 to go, talk to me about the two people that want to
5 go, because I can certainly sit one out and let
6 somebody go, share our participation. I do not
7 want to be a NASBA hog. So, Wendell, if you wanted
8 to go to Philadelphia --

9 MR. LUNSFORD: I don't know. I'd
10 have to check --

11 MR. HOBBS: Well, I'm -- just make a
12 decision. If y'all call me or email me --

13 MR. BALDWIN: It's the 13th
14 through the 15th of June.

15 MR. HOBBS: -- 13th through the 15th
16 of June. And we'll deal with that. But like I
17 said, we got two slots. Donny doesn't need one,
18 Mark doesn't need one and Tony doesn't need one.
19 But anybody else wanting to go, let me know. And
20 I'd like to share participation.

21 MR. BALDWIN: I'm okay with it
22 too.

23 MR. HOBBS: You're okay with that?

24 MR. BALDWIN: With sharing too,
25 yeah. I mean, if Gary or --

1 MR. HOBBS: Or anybody else.

2 MR. BALDWIN: Or Malane or, I mean,
3 speak up because --

4 MR. HOBBS: And you don't have to do
5 it today. You can check your calendar and let us
6 know. And then we'll decide from there. Now, we
7 have one other --

8 MR. BURKETT: Well, I need to make a
9 motion that we -- I think we need to make a motion
10 that we send two people.

11 MR. BALDWIN: Let's do that.

12 MR. BURKETT: I make a motion that
13 we send two people, that the board pay for expenses
14 of two people going, additional people going to the
15 regional meeting. And I'm going to say "regional"
16 because it might be eastern or western. But
17 hopefully, it would be the eastern regional at
18 best.

19 MR. BALDWIN: Second.

20 MR. BURKETT: My motion is for a
21 regional meeting.

22 MR. HOBBS: There's a motion that
23 our board pays for two members to go, to be
24 determined at a later date, and there's a second by
25 Mr. Baldwin. Any discussion?

1 (NO RESPONSE.)

2 MR. HOBBS: All in favor, please say
3 aye.

4 BOARD MEMBERS: Aye.

5 MR. HOBBS: Any opposed? Thank you.

6 MS. CUBITT: When y'all are deciding
7 who you might want to send and how that might work
8 out, they're not opposed to more people going, but
9 they're only going to pay for two.

10 MR. HOBBS: I certainly understand
11 that.

12 MR. BALDWIN: Right.

13 MR. HOBBS: If anybody wants to go
14 on their own, they're welcome to pay their own
15 nickle, right?

16 MS. CUBITT: Yes, sir.

17 MR. HOBBS: Now, we also have
18 another thing we're supposed to deal with today
19 about Mr. Davenport. And I'm going to -- his
20 nomination for --

21 MS. CUBITT: Yes, sir.

22 MR. HOBBS: And I wanted to tell
23 everybody about that, then I'm going to ask Donny
24 to make a few comments. Walter Davenport is a CPA
25 with Cherry, Bekaert and Holland out of Raleigh, I

1 believe, and he's in North Carolina. He is seeking
2 our nomination or recommendation for vice chair of
3 NASBA. I know all of you have not met Walter
4 Davenport, but I hold him in high regard. And I
5 think I'm going to ask Donny to make some comments
6 about him, if you would Donny, about everybody.

7 And what we hope to do, what we're looking to
8 do from this, as a result of this meeting, is to
9 make a recommendation that we support his
10 nomination for vice chair to NASBA. That's what
11 we're seeking to do as a result of this meeting
12 today.

13 MR. BURKETT: Well, I've known
14 Walter now for five years and served on a couple
15 committees with him. He is somebody who has been
16 on the NASBA board for nine years. And I think
17 he'll do a great job as vice chair, which will
18 become -- he'll become, at that point in time,
19 chair the next year. But I think Walter would be a
20 good choice, somebody who carries the NASBA flag
21 very well, also independent thinker, and so he
22 doesn't just go along with what NASBA says. And
23 somebody who's just been very important -- he's
24 been kind of a mentor to me, viewing NASBA. And I
25 think he's also from North Carolina; we've always

1 tried to support some of the things North Carolina
2 wants to do. And I think Walter would just be a
3 good choice. He's been kind of a mentor to me,
4 since I've been on the board for NASBA. He calls
5 me "brother," we're so close. So just a good guy.

6 MR. HOBBS: Have you met Walter?

7 MR. BALDWIN: I believe so, yeah.

8 MR. HOBBS: Does anybody else know
9 Walter?

10 MS. PIKE: I know who he is, yes.

11 MR. BALDWIN: I like those North
12 Carolina people.

13 MR. HOBBS: Well, Donny, would you
14 make that in the form of a motion?

15 MR. BURKETT: Let somebody else make
16 it, and I have a reason for that, because I've had
17 other people ask me if we would support them. I'd
18 rather somebody else make that motion.

19 MR. BALDWIN: I'll be glad to.

20 MR. BURKETT: Since I'm on the
21 board, I got caught by three people this weekend,
22 wanting me to support them, and I told them I'd let
23 the board decide.

24 MR. HOBBS: Well, I apologize.

25 MR. BURKETT: And I don't mean that

1 to be --

2 MR. HOBBS: I'm certainly not trying
3 to put you in the cross --

4 MR. BALDWIN: I would nominate
5 Walter from North Carolina for the -- I would
6 suggest -- let me restate that. I make a motion
7 that this board resolve to support Walter's
8 nomination to vice chairmanship of the National
9 Association of State Boards of Accountancy.

10 MS. PIKE: Second.

11 MR. HOBBS: And as part of that,
12 Doris can draft that letter --

13 MR. BALDWIN: And draft such letter.

14 MR. HOBBS: Yeah. And we've got a
15 second by Ms. Pike. Anymore discussion about that?
16 I reckon it may be worth seeing who are the other
17 candidates, but we have supported Walter in his
18 efforts last time, and I think we need to support
19 him again, so --

20 MR. BALDWIN: And I know Malane
21 agrees with me that reads Walter Davenport. Make
22 sure I put the full name together in the motion.

23 MR. HOBBS: All in favor, please say
24 aye.

25 BOARD MEMBERS: Aye.

1 MR. HOBBS: Any opposed? All right.
2 Thank you very much.

3 MR. BURKETT: Yeah, we are going
4 fast; aren't we?

5 MS. CUBITT: Can I finish my report?

6 MR. HOBBS: Yes, ma'am.

7 MR. BURKETT: We may be going too
8 fast.

9 MS. CUBITT: We had discussed
10 clerking service at the last meeting. And I am
11 checking into that and trying to get some prices
12 and whatnot. And as soon as I get that, get it
13 firmed up, I will go through channels of LLR and
14 see if that is something that they will allow us to
15 do. I think y'all were all here last time, and
16 North Carolina does a clerking service. And they
17 get a lot of unlicensed practice that way, or
18 people holding out that they shouldn't be, and that
19 type thing. And the board had expressed an
20 interest in that.

21 A couple of information things, the -- oh,
22 back to the travel. If you know you're going to
23 any meeting, reservations are already open and you
24 can go to the NASBA's website and see the hotel
25 number and all that. I would recommend that you go

1 ahead and make your room reservation, to be sure
2 you don't have a problem getting a room. And that
3 if something happens and you don't go, of course,
4 you can always cancel a room. You can't do your
5 flight that way, but you could a room. So I would
6 recommend that people --

7 MR. BURKETT: What I tell people to
8 do is, if you don't know for sure, make the
9 reservation for a day before you think you can get
10 there and the day after you're going to leave,
11 because you can always shorten it. They will not
12 let you expand it. I'm going to make mine -- we
13 make them a couple days in advance and a day after
14 I think I'm going to leave, and I always shorten
15 it.

16 MR. BALDWIN: Otherwise, you end up
17 with a bad roommate.

18 MR. BURKETT: Bob Baldwin didn't do
19 that, and I had to enter him in as a roommate one
20 night, so it can't be any worse than that. I rest
21 my case.

22 MS. CUBITT: The report that came
23 out from NASBA says that the IRS has picked the
24 NASBA registry as an acceptable accrediting agency
25 for the IRS for continuing education. So the

1 people that are registered on NASBA's registry are
2 accepted by the IRS as acceptable providers. So
3 that was a good recognition for NASBA to be picked
4 as the first group to do --

5 MR. BURKETT: In fact, the IRS
6 actually called NASBA and asked NASBA to do that.

7 MS. CUBITT: Okay.

8 MR. BURKETT: Although it had to go
9 through the process, they wanted, they wanted that
10 -- they wanted NASBA -- they wanted NASBA to do
11 that, so that was the best way of getting that done
12 quickly.

13 MS. CUBITT: They have made some
14 changes to the IQEX exam. Which the IQEX is
15 someone who's a CPA in another country that we
16 recognize and they can come into the country and
17 show their credentials from their other country and
18 take the IQEX exam, and then be issued a license in
19 various states here. And it used to just be once a
20 year and it was a special exam. They have changed
21 it to the regs section of the exam. And they can
22 take it four times a year, where before it was only
23 offered once.

24 And NASBA had had a lot of veterans calling,
25 asking about if they were in the program for the

1 veterans to receive reimbursement for educational
2 type things or taking the test. And NASBA was not,
3 but they made an effort to work on that. And now,
4 the exam is approved for veterans reimbursement for
5 up to \$2,000. So that was a positive move for
6 them.

7 And NASBA and AICPA have given final approval
8 to revisions to the continuing professional
9 education provider's standards, and we will make
10 sure that's posted on the website. I don't know if
11 it's -- it's not on your thing. I just got that
12 in. And so I'll make sure y'all get a copy of
13 that. And that's all I had.

14 MR. HOBBS: Doris, included in your
15 report, could we include a discussion of the status
16 of our law that we proposed? the Board of
17 Accountancy law?

18 MS. CUBITT: Yes, sir. We got the
19 law ready and, apparently, there's been a
20 miscommunication. And my understanding was that
21 LLR was going to introduce the law, but they would
22 not lobby for the law. And we would have to --
23 board members would have to be lobby, or the
24 association would have to assist, or whatever. And
25 I found out this morning that the bill has not been

1 introduced, that we would have to get our own
2 sponsor and we would have to get it introduced. So
3 that is something that y'all --

4 MR. GRIGG: And, Doris, for the
5 record, I had the same understanding. So, I mean,
6 it's not --

7 MR. BALDWIN: You said that at one
8 of the meetings.

9 MR. GRIGG: Yeah. And so Doris and
10 I will try to figure that out and see what's going
11 on, because I think we all were under that
12 impression.

13 MS. CUBITT: And I will tell you
14 that the director and the governor are opposed to
15 some portions of our bill. And so Ms. Templeton
16 wanted you to be aware of that.

17 MR. HOBBS: What are those portions?

18 MS. CUBITT: That has not been
19 shared with me.

20 MR. GRIGG: And I learned of it this
21 morning, as you did.

22 MR. HOBBS: Is that possibly why it
23 didn't get introduced?

24 MS. CUBITT: Well, I'm not -- I
25 don't think so, because the way the email was

1 worded to me implies that they're not going to
2 introduce any legislation. But I don't have enough
3 information. This came up just minutes before I
4 came down here.

5 MR. HOBBS: The regulations got
6 introduced, right?

7 MS. CUBITT: Yes, sir.

8 MR. BURKETT: I'll make a motion
9 that Doris gets with Ms. Templeton. Find out
10 exactly what parts she opposes and email this board
11 at the earliest possible time.

12 MR. BALDWIN: Second.

13 MR. HOBBS: Motion by Mr. Burkett, a
14 second by Mr. Baldwin. Any discussion on that, Mr.
15 Advice Counsel?

16 MR. GRIGG: Go ahead and vote and
17 then I'll say what I was going to say.

18 MR. HOBBS: Anybody else have any
19 other thoughts? Let's vote on it. I reckon that
20 is what we should do.

21 MR. BURKETT: I want to know what
22 she opposes.

23 MR. GRIGG: Well, and that is what I
24 was going to say. Doris tried to get Grant
25 Gillespie down here. And, I mean, I know you

1 emailed him this morning.

2 MS. CUBITT: Have you heard
3 anything?

4 MR. GRIGG: I haven't heard back
5 from him, so I don't know if he's not in yet --

6 MR. HOBBS: Can we tell everybody --

7 MR. GRIGG: -- this morning.

8 MR. HOBBS: -- who Grant Gillespie
9 is?

10 MR. GRIGG: He's a legislative
11 liaison, right?

12 MS. CUBITT: Yeah.

13 MR. GRIGG: I guess that's his
14 official title.

15 MS. CUBITT: He's supposed to be
16 following legislation, all the legislation that's
17 introduced over there.

18 MR. GRIGG: For those of you that
19 were at that symposium back in the fall --

20 MR. BALDWIN: Oh, yes, I
21 remember.

22 MR. GRIGG: -- he's a taller
23 gentleman that got up and

24 MR. BURKETT: Oh, yeah.

25 MR. GRIGG: -- spoke after Mr.

1 Templeton did.

2 MR. BURKETT: The reason I'm making
3 a motion from the board, so it's not coming from
4 Doris, it's coming from us, to find out what the
5 deal is, because I need to know what the deal is
6 ASAP. I mean, I'm not -- you know, I thought this
7 bill was going to be introduced by LLR. And I'm
8 really upset it wasn't introduced by LLR, and
9 that's been changed on us.

10 MR. HOBBS: I agree. It caught me
11 off guard, too.

12 MR. BURKETT: If we need to
13 introduce the bill, we'll get it done. But we need
14 to know what the deal is.

15 MR. HOBBS: Well, we're kind of
16 behind. I reckon that's why I was trying --

17 MR. BURKETT: We're kind of behind.

18 MR. HOBBS: We're here and it's end
19 of January.

20 MS. PIKE: We're very --

21 COURT REPORTER: Y'all have got
22 to talk one at a time, because I'm not hearing you;
23 I'm sorry.

24 MR. HOBBS: That's okay.

25 MS. PIKE: We're very much behind

1 the eight ball. I suspect, I don't know this, but
2 I suspect that one of the problems is that in our
3 bill, we say that the Board of Accountancy has to
4 approve the individual selected by the
5 administration of the department to serve as the
6 administrator of the board.

7 I think there's a problem because in the
8 engine bill changes, you know, that was part of
9 what we didn't like, remember, because we were not
10 -- we were losing our input. Prior to this, there
11 were -- we would submit three candidates to the
12 director, and the director would choose one of
13 those candidates as the administrator.
14 Unfortunately, that is not something that she chose
15 to leave in here when these engine bill changes
16 were submitted.

17 MR. BURKETT: I understand. I want
18 to know what she opposes, so we'll know what we're
19 up against, to get this bill passed.

20 MR. HOBBS: All right. We got a
21 motion, we got a second, we've had some discussion.
22 All in favor, please say aye.

23 BOARD MEMBERS: Aye.

24 MR. HOBBS: Any opposed? Well, for
25 information purposes -- and this may be a question

1 more for our advice counsel -- what are our -- or
2 maybe Malane, what are our choices to try to get
3 this thing jump-started again in the legislature,
4 this late?

5 MS. PIKE: I think the best thing we
6 can do is ask SCAPA to help out with this because I
7 think we are way far down the road here. And we
8 will absolutely have to have their help in order to
9 get this moving. Otherwise, we are dead in the
10 water.

11 MR. HOBBS: Would you agree with
12 that?

13 MR. GRIGG: I agree that you're
14 going to need help. And, you know, you are going
15 to need to go out and find your own sponsors and
16 lobbyists anyway, which I think we all understood.
17 I think the question is the introduction of it
18 which, honestly, has come as a surprise to not only
19 y'all, but to myself and to Doris as well. So,
20 unfortunately -- and like I said, to Doris' credit,
21 she tried to get somebody down here to get y'all
22 some answers this morning. I wish we had something
23 more to tell you, other than we're as confused as
24 you are. But I do think Malane's right. I think
25 y'all need to jump on it as quickly as you can and

1 not expect to wait on LLR.

2 MR. BURKETT: January 25th. I
3 thought this was going to be done by now.

4 MR. HOBBS: Well, you mentioned that
5 we have to hire our own lobbyists. Are you talking
6 about the Board of Accountancy? Your recommending
7 the Board of Accountancy to hire our own lobbyists?

8 MR. GRIGG: Well, and that was
9 stated in that symposium. My recollection of what
10 was stated by Ms. Templeton and Mr. Gillespie in
11 that symposium was that LLR, the director, myself,
12 Doris, whomever, but LLR, the agency, would not
13 argue for or against any board's bills. That they
14 would be submitted and then, yes, the boards would
15 be responsible, whether they wanted a lobbyist in
16 their corner, whether they wanted an organization
17 in their corner, whatever the case may be. But
18 they would be responsible for finding sponsorship
19 and, you know, taking care of that part of it.
20 That was my understanding of how it worked.

21 And, Doris, you're nodding your head. Is that
22 what you understood as well?

23 MS. CUBITT: Yeah. But I kind of
24 hear the undertone of remarks going.

25 MR. HOBBS: I'm fixing to have a

1 followup question.

2 MS. CUBITT: I know. I know. I
3 think what the director meant when she said
4 "lobbyists" was for y'all to lobby for your bill.
5 I think that there's some laws in state government
6 that would not allow you to hire a lobbyist.

7 MR. BALDWIN: Yeah.

8 MR. GRIGG: Well, and I might have
9 -- yeah, I might have used a poor term in "hire."
10 I didn't really -- if that what you're --

11 MS. CUBITT: Well, you didn't use
12 that term, but I could see the light in Mark's
13 eyes.

14 MR. BURKETT: I don't think -- I
15 don't think this board could hire a lobbyist.

16 MS. PIKE: I agree.

17 MR. BURKETT: I've been told that
18 before.

19 MS. PIKE: I agree with that.

20 MR. BURKETT: I'm not sure whether
21 that's true or not.

22 MR. HOBBS: Well, I would like to --
23 I would like to officially ask our advice counsel
24 to consider that and let me know, and I'll share it
25 with everybody else. We have never been told that

1 they will not introduce this legislation, after we
2 were told they were. We're behind the eight ball,
3 without us going to beg to the trade organization
4 for help. This board wants this bill passed. How
5 can we do it? And if we have to go retain the
6 services of someone to help us get it done, does
7 the law allow us to spend it out of our resources?
8 That is my question. And you don't have to tell me
9 today.

10 MR. GRIGG: And I truthfully, hire
11 or beg, I don't know the right terminology, and so
12 I may have used a poor choice of words. But I
13 think the way it was presented was, you would need
14 to find your own sponsorship. And I think that was
15 for all the boards at that point, to support or to
16 push for your bill.

17 So whether it's -- I'll find out the legality
18 of how you have to do it, whether you have to hire
19 or whether you can't hire --

20 MR. HOBBS: Well, here's another
21 question --

22 MR. GRIGG: -- or what.

23 MR. HOBBS: -- that I'm perplexed
24 with now. We were told we really couldn't
25 participate in lobbying activities.

1 MS. CUBITT: That's correct.

2 MR. HOBBS: I was told point blank
3 that I could not participate in lobbying
4 activities. I have not gone to meetings involving
5 legislative affairs at SCAPA because I was told I
6 could not participate in lobbying activities. Now
7 I'm told if I'm going to get this bill passed, I
8 have to figure out how to do it. And how can I
9 engage that if I don't participate in lobbying
10 activities?

11 MR. BURKETT: We were told we could
12 only do informational. We could only answer
13 questions, give information. So I'm like Mark.
14 I'm confused about where we are.

15 MR. HOBBS: I have not participated
16 in meetings. I have cancelled going, for that very
17 reason. And now I'm told here I have to go do it
18 ourselves, if this board wants to get something
19 passed? I got to go to the legislature? And I've
20 got to find a sponsor?

21 MR. GRIGG: I don't think that's
22 what they meant, was you directly. I think they
23 meant you have to go find a sponsor, but you're not
24 in there participating in the meetings.

25 MR. HOBBS: Well, how am I going to

1 communicate why we need it if --

2 MR. GRIGG: I don't know. This is
3 what --

4 MS. PIKE: I think legally that you
5 cannot hire a lobbyist as a board. I think I've
6 read this legislation before for another reason.
7 So I think that this really does hamstring us
8 entirely.

9 MR. HOBBS: Do you understand my
10 frustration?

11 MR. GRIGG: I absolutely do. And
12 I'm not telling y'all one way or the other. I'm
13 simply telling y'all what was said at the time.
14 And we're all as confused as you are, so --

15 MR. HOBBS: But you understand where
16 we're at.

17 MR. GRIGG: Absolutely.

18 MS. PIKE: In other agencies, the
19 way that this is handled is that the agency goes
20 about getting the legislation introduced. And if
21 they can -- for example, I can understand where
22 perhaps they would not go over and lobby on our
23 behalf, and it would be our duty to answer
24 questions with regard to it. But typically, the
25 agency goes forth and introduces the legislation.

1 MR. HOBBS: I was specifically told,
2 the only involvement we could have is if we were
3 asked by the House or the Senate to come
4 participate in hearings; that's all we could do.

5 MR. BALDWIN: Right.

6 MR. HOBBS: For information only.

7 MR. BURKETT: You will get the
8 information back to Mark. We don't need to make a
9 motion. You will just get that done.

10 MR. GRIGG: Yeah.

11 MR. BURKETT: I mean, this is high
12 priority to me. I mean, it's January the 25th, and
13 we have not got our bill introduced yet.

14 MR. HOBBS: Well, what worries me
15 more than that, we don't even have a plan for
16 getting it introduced.

17 MR. BURKETT: That was my point. So
18 we need to know ASAP what we can or cannot do --

19 MR. BALDWIN: Yeah.

20 MR. BURKETT: -- so we can move
21 forward. I'm not sure what SCAPA is willing to do
22 or not willing to do. They've been very helpful to
23 us in the past. But, you know, now we've got a --
24 we've got a staff that has been skipped, right?
25 that we thought was being done.

1 MR. HOBBS: Well, I think what we do
2 is we wait and hear back, whether we can use our
3 resources. I think that's our first step.

4 MR. BURKETT: And I'd like to know
5 that, and something in writing about what we can or
6 cannot do.

7 MR. BALDWIN: Right.

8 MR. BURKETT: That's really it. As
9 far as, quote, lobbying or what can I do and not
10 do, because I don't overstep my bounds.

11 MR. HOBBS: No. We've been --

12 MR. BURKETT: But I want to get this
13 law passed.

14 MR. HOBBS: Yeah, I agree. All
15 right. Well, I think we -- anybody got any
16 questions on that? Anybody got any suggestions? I
17 appreciate your help with that.

18 MR. BURKETT: Yeah, thank you.
19 Thank you, Doris. That's not directed at y'all.
20 That's just a matter of --

21 MR. BALDWIN: Bell had a question.

22 MR. BELL (Audience member): Could I
23 ask a question?

24 MR. HOBBS: Yes, sir. I think you
25 can.

1 MR. BELL: If you can't do lobbying,
2 why does our law have a legislative liaison? Isn't
3 that (inaudible)?

4 MR. GRIGG: And again, I think Doris
5 and I are both just regurgitating what we thought
6 we were told, as well as what we thought the boards
7 were told at that symposium and during this whole
8 process over the last few months. Mr. Gillespie
9 will have to answer for himself exactly what his
10 role is. You know, I mean, obviously, we're all a
11 little confused as to what the process was supposed
12 to be. So I don't have answers for --

13 MR. HOBBS: Well, I would also like
14 to know if the reason the bill didn't get
15 introduced is because they didn't like the content,
16 if that's the primary reason.

17 MS. CUBITT: Well, when y'all take a
18 break, I'll be glad to see if I can get Mr.
19 Gillespie on his phone and see if I can get him to
20 come talk to y'all.

21 MR. GRIGG: We can try to do that
22 today. And if not, Doris and I will get it as soon
23 as we can for you.

24 MR. BURKETT: But I understand
25 y'all's two frustration. This isn't pointed at

1 all.

2 MR. BALDWIN: No.

3 MR. GRIGG: I mean, y'all have got
4 to realize --

5 MR. BURKETT: I mean, I've been
6 going through this for years. I'm just tired of
7 it.

8 MR. GRIGG: I now have to find out
9 if this is with all my boards. So I've got no idea
10 what's going on; I got to be honest with you.

11 MR. HOBBS: Doris, do you have
12 anything else under your report?

13 MS. CUBITT: No, sir.

14 MR. HOBBS: Why don't we take about
15 a five minute break and let's see if we can't get
16 Mr. Gillespie down here, while we got it hot on our
17 mind. Why don't we take a five minute coffee
18 break.

19 MR. BURKETT: Maybe I need ten
20 minutes.

21 MR. HOBBS: Ten minutes. I hate to
22 get off the subject, while we're hot on the trail.

23 (Off the record.)

24 MR. HOBBS: Like to call the meeting
25 back to order, if everybody is ready. I would make

1 one request, anybody that speaks from the audience,
2 if you would, for the benefit of our court
3 reporter, say who you are if you address -- if you
4 have comments, if you'd do that, please.

5 Doris, did you have any luck with getting
6 anyone to help us?

7 MS. CUBITT: I located Mr. Grant and
8 he is downtown, was late for going into a ten
9 o'clock meeting. Said he could be here, he
10 thought, right after eleven, and would talk to
11 y'all.

12 MR. HOBBS: Okay. Wonderful.

13 (Off-the-record discussion.)

14 MR. HOBBS: Anything else, Doris?

15 MS. CUBITT: He did indicate that he
16 would not be introducing the bill. He did tell me
17 two of his concerns. One is the language in our
18 bill that says that the board picks the
19 administrator. And the changes they're introducing
20 to the engine bill -- currently in the engine bill,
21 it says that the board would submit three names to
22 the director and she would pick from those names.
23 So the board had some input in that. And they're
24 removing that. So it would just be a director
25 selection process. The director would decide. So

1 since they're changing that that way, they were not
2 happy with what we had in ours.

3 And he also expressed -- they both didn't
4 understand, he and Catherine, about our language
5 that was giving you protection, the liability
6 protection language. And I tried to explain it to
7 him, but I'm sure Malane could do a better job.

8 MR. GRIGG: That was discussed with
9 the director.

10 MR. HOBBS: Well, one other thing
11 that Vice Chairman Baldwin and I were talking about
12 and we were thinking about during the break, and we
13 were thinking about it with Mr. Rogers, have we
14 ever -- Mr. Rogers is going to be one of our
15 prosecuting attorneys.

16 MS. CUBITT: He'll be our only --

17 MR. HOBBS: Yeah, he's going to be
18 our prosecuting attorney.

19 MS. CUBITT: Yes, sir.

20 MR. HOBBS: Has there been any kind
21 of prior history or allowing him to attend a NASBA
22 meeting, to kind of learn what the issues are
23 facing the profession and our job as a Board of
24 Accountancy?

25 MS. CUBITT: I would think that that

1 would be a possibility. I know in the past, Sharon
2 Dantzler has attended a meeting. And, for example,
3 as advice attorney, you know, Dean might would
4 attend. It would be whatever y'all would think.

5 MR. HOBBS: How would be -- if we
6 thought the advice counsel and the prosecuting
7 attorney would benefit from participating,
8 especially since we got -- really, we have a new
9 advice counsel and a new prosecutor.

10 MR. BALDWIN: Exactly.

11 MR. HOBBS: Would that be in
12 addition to our board members that we could get to
13 participate?

14 MS. CUBITT: Yes. You could make
15 the request. Yes, sir.

16 MR. BALDWIN: I think we should.

17 MR. HOBBS: What do y'all think
18 about that, as far as the board?

19 MR. BURKETT: Sharon would go to.
20 She always had a good report. She didn't go to
21 annual meetings. Which meeting did she go to?

22 MS. CUBITT: Sharon? She went to
23 the legal conference.

24 MR. BURKETT: Legal Conference.

25 MS. CUBITT: It's held at the same

1 time as the executive director's conference. They
2 have them in together. In fact, they bring them
3 altogether as a group for a short period of time,
4 and then they break out and they each do things
5 more relative to their area.

6 MR. BURKETT: This is Donny. But
7 Sharon always reported favorably when she went to
8 those things. She'd learn things that helped for
9 her. So I think it's important. I think if we can
10 make that recommendation --

11 MR. HOBBS: Well, could we possibly
12 get a motion that our board would like our advice
13 counsel and prosecutor to participate in NASBA
14 meetings, if their schedule allows it and if
15 they're able to go?

16 MR. BALDWIN: I'd be glad to make
17 that motion. I would move that our advice counsel
18 and prosecuting attorney be permitted to attend a
19 NASBA meeting that most meets their needs, to learn
20 about accountancy, to be able to be effective as
21 counsel and prosecutor.

22 MR. BURKETT: Second.

23 MR. HOBBS: We got a motion; we got
24 a second by Mr. Burkett. Any other discussion on
25 that? I think it makes great sense.

1 MR. CROCKER: Having not been, is
2 that a condensed lesson in those meetings that
3 he'll get?

4 MR. BALDWIN: I'll share with you --
5 go ahead, Malane.

6 MS. PIKE: I have been to those and
7 they are very good. They have a call of the
8 various state -- they have a roll call of the
9 states, and each and every state talks about the
10 various legal issues that they are confronted with.
11 Then there are various speakers that talk about
12 legal issues. And they give drafting hints where
13 they have run into problems with drafting statutes,
14 so that other states don't fall into those same
15 pitfalls.

16 I have found it to be very interesting and
17 very productive. And I have used some of those
18 principles here. I'll be happy to sit out and let
19 them go, since I have been in the past.

20 MR. BALDWIN: I don't think that's
21 the intent of the motion.

22 MS. PIKE: I know. I know. But I
23 would be happy to do that if, you know, there's not
24 funding available, because they probably need --
25 I've been there before and I kind of know what the

1 issues are. And so it would be more beneficial for
2 them to go probably than for me to go.

3 MS. CUBITT: We do have the funding.

4 MS. PIKE: Do we?

5 MR. HOBBS: We have resources. And,
6 you know, we've got new people in both positions,
7 and I don't understand why we can't spend a little
8 bit of money to have them brought up-to-date on the
9 issues that our board faces.

10 MR. CROCKER: Has NASBA ever given
11 training specific for prosecuting attorneys?

12 MR. HOBBS: Not to my knowledge.

13 MR. BALDWIN: I don't know that.

14 But I will say that --

15 MR. BURKETT: What they're trying to
16 do now is set up -- this is Donny -- NASBA is
17 trying to set up an investigative manual to help
18 people, investigators, but not for the attorneys;
19 to help the investigators.

20 MR. HOBBS: Well, we've got a motion
21 on the floor and a second, and we've had some
22 discussion. Good discussion. I think it's time
23 for a vote. All in favor, please say aye.

24 BOARD MEMBERS: Aye.

25 MR. HOBBS: Any opposed? All right.

1 Thank you very much.

2 MR. BURKETT: Thank you Mark.

3 That's good.

4 MR. HOBBS: That's good. Good,
5 good, good. All right. We're moving right along
6 here. We'll have another recess probably at about
7 a little after 11, and then we'll hopefully adjourn
8 -- looks like our schedule will have us adjourning
9 probably before noon today. But we may need to
10 take another recess about 11:10, 11:15 to have a
11 short recess. That may take ten or fifteen
12 minutes, and then we'll regroup where we're at. So
13 letting everybody know where we're at today.

14 Old business. Not that Mark Crocker is that
15 old, but he is next on our agenda.

16 (Off-the-record discussion.)

17 MR. CROCKER: Mr. Chairman, my
18 assignment was to, with you, renewal forms. And
19 for the outside chance that some of you haven't
20 read those forms in the last few weeks, I've made
21 some copies here, for you to be able to refer to.
22 And I don't know if we want to pull the screen back
23 up, while we can follow -- oh, Michael's not here,
24 okay.

25 MR. HOBBS: We'll get it.

1 MR. CROCKER: There we go, yeah.
2 The first thing I learned in my assignment here was
3 that January is not a good month to come up with an
4 extra project for Michael and Doris and the staff,
5 because January is definitely their busy season. I
6 don't know how they get done everything they were
7 telling me that they do in January, so sorry for
8 the timing of this. But they were extremely
9 helpful to me.

10 I think the reason this came on the agenda
11 was, one, we want to make sure that for
12 users/licensees of these forms, we are putting our
13 best foot forward to benefit them. And then the
14 other was in the interest of the efficiency of how
15 the board operates and what the staff has to do to
16 make sure that, you know, we have this all set up
17 to be as efficient as it can be, as electronic as
18 it can be.

19 And I am not an authority on forms, in
20 general. The experts sit on that end of the table
21 down there. The way I approached this was to go in
22 and read the forms, like any other user would. And
23 then make notes on how it appeared to me these
24 forms work. So that's what I've done.

25 The first thing that I copied for you there,

1 the A attachment, if you type in any part of South
2 Carolina Board of Accountancy, about 15 links will
3 come up, and very easily, you get to our board web
4 page there. You can see what that view looks like.
5 You can see all the smiling faces of all the boards
6 and the staff. You can see the board news, which
7 is the most recent postings we have of things that
8 will be helpful to the licensees.

9 And then up in the top, left-hand corner, you
10 can see "applications and forms." So that will be
11 the next click to get where we're going. And the
12 only thing I would say about this view here is this
13 is one of the very first and most important touch
14 points we have for our licensees. And this wasn't
15 part of my assignment; this is just an editorial
16 comment, but I would think that we could give some
17 more thought to just what this looks like, so it
18 has a little bit more pizzaz when somebody comes to
19 our website.

20 And also, the content here, actually just
21 about all has been updated in the last 60 days,
22 partly from our last board meeting and then with
23 some other things. But we probably just ought to
24 think about what the very best things that could be
25 posted on this one page, or that would be helpful

1 for a licensee to come in and immediately being
2 able to understand the things about what we do.

3 Okay. So then you click and then you go to
4 the list of forms, which is B there. And I did not
5 read all of the forms. The ones I read were more
6 related to -- it was intended to be renewal. But
7 since this is not a renewal year, the renewal forms
8 actually aren't on this list; those have been taken
9 off.

10 And, Doris, I'm probably going to say
11 something wrong here. So when I'm finished, you're
12 welcome to correct me.

13 MS. CUBITT: That's okay.

14 MR. CROCKER: So anyway, for the
15 fact that we are bi-annual now, that's why the
16 renewals aren't here. So what we have on here are
17 initial applications, both for firms and for
18 licensees. And, of course we -- of course, we had
19 the CPE form on here. So those are some of the
20 things that I went through and read.

21 And each form is numbered. And then it will
22 have the date that it was last revised. And some
23 forms go back as far as 2008, since the last
24 changes. And then many of them, for the fact that
25 things have changed here recently, have been

1 revised as of January '11. One of the things that
2 they would be -- like for example, the CPE form was
3 revised to change the requirement about
4 certificates being attached.

5 Okay. So then the next form I have there, C,
6 is the two-page form that you complete to send in
7 your CPE. You send it in by the end of January.
8 This form is electronic. You can go on and you can
9 complete it electronically, but a couple things
10 that we might want to consider adding -- and one
11 other thing, Michael was telling me that the staff
12 has the discretion and authority to revise these
13 forms as they see fit. I don't think we have to
14 wait for LLR to say "this is how we're going to do
15 it."

16 MS. CUBITT: No. Now, if you wanted
17 to pizzaz up our front page, that gets a little
18 more tricker. But to change forms that we use, we
19 do have the authority to do that.

20 MR. CROCKER: Yeah, okay. So some
21 things to think about with this form are, although
22 you can type into it electronically, a lot of
23 times, Michael will get a form that somebody's just
24 left something off that's important. It would be
25 good if this form could force you to fill in a

1 blank before it will accept it.

2 MR. BALDWIN: Uh-huh.

3 MR. CROCKER: Of course, if you're
4 going to print it and write it out manually, that
5 ain't going to solve that problem. So, I guess
6 what would be the next step there. And also, you
7 would think being accountants, math wouldn't be an
8 issue on this form, but it is. So it would be nice
9 if it would check and complete the math for it, at
10 least force you to complete the math.

11 And then the last thing with this form is,
12 some of the other states that I went on and
13 reviewed have this as a complete electronic
14 process, where you complete it online and you
15 submit it online. By submitting it online, of
16 course, you can't sign it manually. And then you
17 -- and then you make your payment online.

18 Michael mentioned that there's a pilot project
19 going on now to investigate that, so it's on their
20 mind too. But I think it probably, in this day and
21 age, is amazing to many of our licensees that that
22 have to print this form and copy it. And we even
23 make a note down at the bottom that it can't be
24 photocopied, which just seems like an old way of
25 thinking about this kind of thing.

1 And this may be a matter of semantics, but if
2 you look at the second bullet up at the top in the
3 instructions where it says "Courses to obtain
4 minimum qualifications," it says "are not
5 acceptable." It may be that I would say "may not
6 be acceptable," because it may be that whoever has
7 sponsored this course may have had a dual purpose
8 where it's fully qualified to serve CPAs. So that
9 would be something just to look into, because I
10 think it --

11 MR. HOBBS: I think I could think of
12 some cases where it should be "may not." I think
13 that's a good catch.

14 MR. BURKETT: Well, Mark, before you
15 go forward. The pilot thing you got going on, how
16 close is that to being done?

17 MS. CUBITT: They have actually
18 implemented it for a couple of boards and they're
19 looking at bringing all the boards on but, because
20 each board has individual quirks and things. They
21 have to do them separately. And at that point,
22 they'll be able to do their application on line,
23 and they'll be able to go back into it with their
24 sign-on and see -- there's a little checklist thing
25 and, yes, we've received this form, yes, we

1 received that form, and can kind of keep with it,
2 which will help us on call volume.

3 And we hope to be able to give them the
4 ability to look up their carry-forward hours,
5 because this time of year, we are covered up with
6 phone calls about that.

7 MR. CROCKER: A few of the folks in
8 my office, knowing that I now serve on this board,
9 mentioned to me that it concerned them that they
10 would mail this in and not have any way to know
11 that Michael received it.

12 MR. BALDWIN: Uh-huh.

13 MR. CROCKER: You know, that's just
14 a CPA/auditor way of worrying about things. But --

15 MR. BALDWIN: Confirmation?

16 MR. CROCKER: Yeah. And if they
17 were filed electronically, you know, you'd get a
18 confirmation back.

19 MS. CUBITT: We have encouraged them
20 to send in a stamped, addressed post cards, and we
21 will mail it back to them when we get their report.
22 And when we get where you can look like for hours
23 and stuff, there will be a place to look to see,
24 did we receive your report. And we have made a
25 field now that that's the first thing we do, we

1 open them up, date stamp them and get them checked
2 there. So if somebody calls us, we can say, yes,
3 we have the report. We might not have worked it
4 and done everything we need to do to it, but we did
5 get it.

6 MR. HOBBS: Doris, is there a way
7 that we might could use the licensee lookup page to
8 acknowledge that the CPE form has been received, so
9 someone could --

10 MR. BALDWIN: That's a good idea.

11 MR. HOBBS: -- access their licensee
12 lookup on the web page, to see if you got it?

13 MS. CUBITT: Yes. And we've talked
14 about that, and we may do that, along with the
15 carry-forward hours. That would be a place that we
16 could do that. But then, from experience, no
17 matter which way we do it, somebody's going to be
18 upset, okay? They may not want the public to be
19 able to look up and see they didn't send in their
20 CPE report; or they don't want the public to see
21 that they didn't have any carry-forward hours; or
22 that, you know -- so you just have to think about
23 that.

24 MR. CROCKER: And then one last
25 comment on this form is on the second page where we

1 have the various instructions, explaining what the
2 different various columns are and programs codes.
3 We could probably take all of these that are spread
4 around the page and format it where it flows a
5 little bit better into the form itself. It's a
6 little -- it looks like over the years maybe things
7 have been added here and there and maybe it could
8 be condensed and just read a little easier, to make
9 sure that everybody gets everything plugged in
10 correctly.

11 MR. HOBBS: Okay.

12 MR. CROCKER: So then the next form
13 that I read was the Initial In-state Firm
14 Registration, D, and this is where I really started
15 to find out how little I know about this. In our
16 firm, of course, we have an administrator who is an
17 expert on this and files in 50 states and she knows
18 everything about everything. So she helped me
19 understand how this works and how the other states
20 work. So, you know, it was interesting to go
21 through this and understand it.

22 But the reason this is initial is, again, this
23 is a bi-annual process, now which is going to
24 change next --

25 MS. CUBITT: Annual.

1 MR. CROCKER: -- year back to
2 annual. Actually, our folks like the bi-annual --

3 MS. CUBITT: Do they?

4 MR. CROCKER: -- just because it's
5 so much work. But with small firms, I would think
6 it would be a matter of forgetting which year is
7 which and, you know --

8 MS. CUBITT: Yeah, that's where
9 we're having the problem.

10 MR. CROCKER: -- getting out of the
11 -- yeah.

12 MR. HOBBS: Getting out of the habit
13 of doing it every year.

14 MR. CROCKER: Yeah.

15 MS. CUBITT: We've even got some
16 checks in this time with no form, because there's
17 not a form out there. But they sent in their
18 check, not realizing they're already paid.

19 MR. CROCKER: Yeah. Yeah, this is
20 where Michael really got patient with me, because I
21 think I may have asked him these questions more
22 than once, trying to understand. The hundred
23 dollar fee, which is a two-year fee, the \$50 fee,
24 is a one-time fee, regardless whether you're a
25 local firm in Columbia or Ernst and Young, you pay

1 \$50 or a hundred dollars bi-annual, and that's what
2 that is. Something along the way was making me
3 think that that may be more of an office thing.
4 But that is that.

5 And then in the instructions there, that first
6 item, where we refer to the principal place of
7 business, I think that may be a matter of semantics
8 and something to refer us back to way it's written
9 in the code. But that's really talking just about
10 a place of business in South Carolina. I
11 immediately would have thought principal place of
12 business would have been the firm designated
13 headquarters if it's --

14 MS. CUBITT: Uh-huh.

15 MR. CROCKER: -- you know, but
16 this form is for any firm that has a presence in
17 South Carolina, a location, an office in South
18 Carolina. And that's where this gets interesting.
19 And this may be just how it needs to be. But for a
20 one office or several office firms in South
21 Carolina, I can see. But for Ernst and Young, for
22 example, and we have a Ernst and Young
23 representative back in the -- that would be listing
24 6,000 partners and, I'm guessing, 2,000 offices,
25 their ownership. And that just seems like a huge

1 amount of information for us to --

2 MS. CUBITT: It's just in South
3 Carolina, though. We're not asking them to give us
4 that information everywhere. Are we?

5 MR. CROCKER: When I looked at our
6 firm, we understood --

7 MR. HOBBS: That's a very good
8 comment, Mark.

9 MR. CROCKER: You know, if anything,
10 that seems like -- and this would be way beyond the
11 scope of this -- but that seems like more of
12 something that NASBA, for the big multi-
13 state/multi-county firms could have a dumping
14 place for that information, if somebody needs to
15 have it. But for South Carolina to have to get
16 that and do something with it, you know, there's
17 reams of paper --

18 MR. HOBBS: Do we get that, Doris?

19 MS. CUBITT: Yeah. And Michael
20 clarified something for me. We didn't used to do
21 it that way. And we required every firm to have a
22 firm registration, so in the state. And then if
23 you did business out of state -- and let's say
24 Ernst and Young's Atlanta office did business here,
25 they registered the Atlanta office. But if their

1 California office didn't, they wouldn't register
2 them; they'd just register the office that did
3 business here.

4 Well, when we changed it where a firm only
5 registers one office and then lists all the
6 locations. And so what the big firms do is send us
7 a spreadsheet of all the firms that are covered,
8 because under mobility, you can come in and you
9 don't have to notify. It's no notice, no fee. But
10 if you do audit work, you have to register the
11 firm. So if Ernst and Young has an office here,
12 that one office registration takes care of all
13 their firms, but they have to tell us, because of
14 mobility in doing audit work.

15 So they wouldn't have to tell us every firm
16 all over the United States, if those firms were not
17 doing business here. But they do, they give us a
18 spreadsheet.

19 MR. HOBBS: Well, because they don't
20 know when somebody might have a job here --

21 MR. BALDWIN: Exactly.

22 MR. HOBBS: -- from another office,
23 and they can't --

24 MS. CUBITT: And it's just easier to
25 tell us all of them up-front, and then they don't

1 have to worry about it.

2 MR. HOBBS: Well, we really don't
3 really care where their offices are; do we? I
4 mean, that seemed like it's kind of foolish. I
5 don't know how we'd change it, but that seems kind
6 of over burdensome. Seems like it's too
7 regulatory.

8 MR. CROCKER: And my administrator
9 tells me that's what most states do.

10 MS. CUBITT: Yeah.

11 MR. HOBBS: Oh, I know, but --

12 MR. CROCKER: It just seems like a
13 lot of -- and since this is all manual, I can't
14 imagine all the paper that you must be getting.

15 MR. HOBBS: You get a stack of paper
16 from the large firms with all this information?

17 MS. CUBITT: We get a spreadsheet, a
18 one-page or a two-page spreadsheet, whatever.

19 MR. HOBBS: So they're used to doing
20 it to everybody.

21 MS. CUBITT: Yeah.

22 MR. HOBBS: So it's really not that
23 big of a deal.

24 MR. CROCKER: That would be another
25 way to look at it, yeah.

1 MR. HOBBS: Everybody else has to do
2 it, so we do it too.

3 MS. CUBITT: Well, and the law does
4 specifically say, if you do audit work -- if a firm
5 does audit work from out of state, they have to
6 register their firm. And so they -- it's just
7 easier, like you say, to list all of them and not
8 have to worry about it.

9 MR. HOBBS: And you get the
10 percentage ownership of all the partners too?

11 MR. CROCKER: Yes.

12 MS. CUBITT: That could be a
13 problem.

14 MR. CROCKER: And that's useless
15 information, really.

16 MR. HOBBS: I mean --

17 MR. BALDWIN: Yeah, it is.

18 MR. HOBBS: -- I think that's -- I
19 think that's a little redundant too.

20 MR. CROCKER: Moving on with this
21 form, same comment about it, the merits of it being
22 more electronic and the time that that would save.
23 But the questions that we ask down, starting with
24 15 down to 19, I know the reason for these
25 questions, but it strikes me, again, for a large

1 firm that goes back 50 years with multiple managing
2 partners, it seems virtually impossible to answer
3 these questions accurately. I mean, almost to the
4 point where the answer to every question would just
5 about have to be "yes," if you had been around long
6 enough.

7 MR. BALDWIN: Explain it, right?

8 MR. CROCKER: Yeah. And so I think,
9 since this is an initial form, it's says "have you
10 ever." And I'm guessing that when we do the
11 renewal form, it will -- "Have you had an incident
12 since the last filing." Is that how that would
13 work?

14 MS. CUBITT: It should work that
15 way. The initial one you do ask because it might
16 be from a firm that they had never registered
17 before and you need to know that information. But
18 the renewal should be like the individual renewals,
19 and it's since your last renewal, have you been.

20 MR. CROCKER: And just to further
21 beat on that question, 18 is "Have you ever been
22 delinquent in filing taxes?" Well is that income
23 taxes? property taxes? sales tax? On and on and on
24 and on and --

25 MR. BALDWIN: Oh, yeah.

1 MR. CROCKER: -- you know, who would
2 know that. I mean, sure you've probably been a day
3 late with --

4 MR. BALDWIN: Something.

5 MR. CROCKER: Yeah. But, I don't
6 know, it just seems --

7 MR. HOBBS: These are our trap
8 questions.

9 MR. CROCKER: Yeah, this is a trick
10 question.

11 MR. HOBBS: There are some taxes out
12 there somewhere you're delinquent on.

13 MR. BALDWIN: No. 19 is going to
14 nail every large firm in the country.

15 MR. HOBBS: Yeah.

16 MR. CROCKER: Oh, yeah. I mean, a
17 firm like -- take -- has a lawsuit filed every day,
18 if not several every day. So I don't know how they
19 respond to this. So, you know, I guess it's always
20 going to be "yes" and they just try to take an
21 inventory of what-all they got out there.

22 Let's see. Now, this form does ask for the
23 names, license numbers and ownership of the
24 partners and owners that are non-partners. It does
25 not ask for the licensees that are in that office.

1 And my only question there would be to further our
2 database and give us the chance to cross-reference
3 back and forth to make sure that we've got all our
4 licensees and where they are. And, you know, if
5 there would be any value in having that information
6 here. That would actually be an addition to a
7 form. But just a question there.

8 A couple of things that I've learned -- and
9 some of you who are seasoned board members probably
10 already know this -- that mobility, if you look at
11 the definition, I had always understood it to be
12 anything that was a test related, but it's really
13 not. It's a specific definition that all the
14 states and NASBA and we have adopted, and it's in
15 our regs. It's more limited than what all the test
16 information, a test service would be. I don't know
17 if that comes --

18 Okay. And then another thing I learned is the
19 firm registration trumps licensee registration, in
20 terms of mobility. If we have a CPA in Raleigh
21 that's working under engagement in South Carolina,
22 that person does not --

23 MS. CUBITT: Right.

24 MR. CROCKER: -- that individual
25 does not need to be licensed. His office is

1 licensed, and so then that takes care of anybody
2 who would have worked out of that location. I
3 didn't understand that.

4 So really, when you get to this next form,
5 which is Initial Out-of-State Registration, it
6 starts off with a couple of pages of instructions
7 that gives you a little bit more information about
8 mobility. And what this first part here intends to
9 explain to you, who should file this form. And
10 this would be any firm that is doing work that
11 falls under the definition of mobility in South
12 Carolina, but does not have a South Carolina
13 physical office.

14 So that would be -- and I think when I was
15 looking at our statistics earlier, there are a
16 couple hundred of those are there. And my guess
17 is, you know, one way or another, it would probably
18 just about cover every one of the large firms of
19 the ones headquartered out on the west coast. But
20 this is a pretty good explanation here of what this
21 form is for.

22 And really the same -- I have the same
23 comments on this form about just understanding that
24 that fee is for the firm itself, not for the
25 locations. And then the questions here that are

1 part -- just make sure you're given an accurate
2 answer, too.

3 And one thing, No. 14, "What type of work does
4 your firm perform?" I guess I would have assumed
5 in South Carolina, but this is intended to be "What
6 kind of work does your firm perform nationwide?
7 worldwide? You know, for firms that are multi-
8 state and multi-country, that's a long list of a
9 lot of stuff.

10 MS. CUBITT: The main thing we're
11 looking for there is that if they've performed work
12 that requires peer review, are you being peer
13 reviewed in those states.

14 MR. HOBBS: Okay.

15 MR. CROCKER: And then the last form
16 that I read was the reciprocity application. And,
17 again, it has instructions that start the form
18 there for you to read. Refers back to the regs.
19 And then it highlights some of the more important
20 things there.

21 And reciprocity is for someone who resides in
22 South Carolina. It wouldn't be someone who resides
23 outside of South Carolina and does work in South
24 Carolina. And getting back to my point about the
25 firm registration trumping the licensee

1 registration, this is what a licensee would have to
2 be aware of. If he's licensed in North Carolina
3 and moves to Columbia, this is the form that he
4 would need to complete and go through this whole
5 process. And it's pretty involved. And other than
6 the, you know, same questions about the -- and with
7 the licensee, not so hard to answer these
8 questions, 11, 12, 13, because you know everything
9 about yourself.

10 Let's see. And I don't know that I had any
11 other comment here. This form is pretty self-
12 explanatory, although very involved. Oh, I did
13 have one minor point up in the second sentence
14 instruction where it says "Note," where it would
15 say "you may file for out-of-State Firm
16 Registration," I was wondering if that should say
17 "you should file for out-of-State Firm
18 Registration," in that case.

19 But anyway, just to give you a feel. I think
20 for the most part our forms are in good shape. But
21 we could probably tweak them here and there, create
22 some efficiencies. And, again, this is one of the
23 primary touch points for our licensees to have an
24 impression of us. So I just think we need to put
25 our best foot forward and make this as good as it

1 can be. And in these days, especially with a lot
2 of 20-year-olds out there being licensees, they
3 expect this to be the latest technology.

4 MR. HOBBS: So what you -- I think
5 the main thing I got out of your report, which I
6 thought was very good, and I think it's been very
7 good for you to look at all these forms, it sounds
8 like you know a lot about the forms, a lot more
9 than a lot of us do.

10 MR. CROCKER: I do now.

11 MR. HOBBS: I reckon if I could take
12 what you said and summarize it, your recommendation
13 to us would be that we need to continue the
14 modernization, to allow more of our forms to be
15 electronically, or on live or time, whether it's
16 CPE and renewal.

17 And, you know, I was just thinking about while
18 we were talking about the problem with putting it
19 on the licensee lookup, what about the possibility
20 of giving a licensee a password and access to their
21 -- some more information that's on the licensee
22 lookup page, that everybody couldn't see, that
23 wouldn't be public information? That would give
24 them the information about their carry forward and
25 whether their CPE has been received, if we have a

1 concern that some of that information is private.

2 MS. CUBITT: After developing online
3 forms and things, that will be available to them
4 with their password and sign on.

5 MR. HOBBS: Well, while we've had a
6 good report from Mark, what is a reasonable
7 timetable for us getting something done in this
8 area, to accomplish some of these goals?

9 MS. CUBITT: I would say within a
10 year.

11 MR. HOBBS: Who would do that?

12 MS. CUBITT: That would be the IT
13 people at LLR. They are a committee they have
14 that's bringing the boards online.

15 MR. HOBBS: Would it be possible for
16 us to have one of their representatives here at our
17 April meeting, that we could kind of move up their
18 food chain a little bit?

19 MS. CUBITT: Okay.

20 MR. HOBBS: And maybe we could
21 include them on our meetings for a while, to let
22 them give us updates, as a way to encourage our
23 board to maybe move up.

24 MS. CUBITT: Okay.

25 MR. HOBBS: Mark, do you think

1 that's a good idea?

2 MR. CROCKER: One other thing I
3 meant to mention, an additional service we have is
4 when you have a form due, if you're a licensee,
5 January 1st, for example, and you put your pass
6 code in, doesn't it go in there to show you that
7 you've got that CPE update due? Or am I wrong
8 about that?

9 MR. TEAGUE: The only thing that
10 shows is if you actually have a renewal coming up
11 at that time, it will either send you onto that
12 particular renewal screen, or it will tell you you
13 do not have a license in renewal at this point.

14 MR. CROCKER: Okay. So that's along
15 the lines, I think.

16 MS. CUBITT: Yeah. It's --

17 MR. HOBBS: That's kind of what I --

18 MS. CUBITT: -- with the online
19 stuff.

20 MR. CROCKER: Would that be for a
21 firm, as well as a licensee?

22 MR. TEAGUE: Yes.

23 MR. CROCKER: Okay. And then a
24 quick question, is there anything critical or
25 important about having an original signature on

1 your file for any of these things?

2 MS. CUBITT: That's one of those
3 things that we've been told that, you know, we had
4 to have original signatures for legal reasons on
5 things. And so we'd use that. If that's not -- I
6 mean, we can change that. That's at the board's
7 discretion.

8 MR. HOBBS: Electronic signature
9 sure would be nice, if it would be accepted.

10 MS. CUBITT: Well, and I think when
11 we go to the online system and they are signing
12 electronically, yes. I think that's going to be --
13 and I want to make one point about the reciprocity
14 application. Yes, you would think that only
15 someone who's moved here to be a resident here
16 would file by reciprocity. But some people, for
17 whatever reason that I don't always understand,
18 live in another state but want a regular individual
19 license here, and will apply by reciprocity.

20 MR. CROCKER: Well, couldn't those
21 be carry-overs from pre-mobility?

22 MS. CUBITT: And if they're from a
23 non-substantial -- thank you -- a non-substantial
24 equivalent state, they have to apply. But some of
25 them just, "Well, my mama lives in South Carolina,

1 and I might be there one day, and I'm just going to
2 go ahead and get a license." And, I mean, if they
3 want one, we'll issue them one.

4 MR. CROCKER: Yeah. And there may
5 be some reasons, when they're putting their resumes
6 out there, for certain things they're competing
7 for, there might be a reason --

8 MS. CUBITT: Could be.

9 MR. CROCKER: -- to have that.

10 MS. CUBITT: But we do have it. We
11 do have them apply.

12 MR. HOBBS: Mark, I think you did an
13 outstanding job with that. And, you know, that
14 kind of completes that phase of it. Would you
15 agree to continue working with maybe the IT folks
16 and help us with the transition?

17 MR. CROCKER: I'm happy to, if they
18 will agree to work with me.

19 MS. CUBITT: We will.

20 MR. HOBBS: Well, I think you've
21 already done an excellent job of getting your feet
22 on the ground. And I think if you could
23 help us -- I like the idea of having licensees
24 being able to go look where they stand. And like
25 you're saying, what's due and what they have to do.

1 Because if they could go to their own part on our
2 web page and get that information, I think it would
3 be helpful to them.

4 MR. CROCKER: Yeah.

5 MR. HOBBS: Communicate with them
6 that way.

7 MR. CROCKER: I understand that we
8 are a regulatory board, but I want to have a
9 service aspect to us too. I want our licensees to
10 believe that we are trying to be helpful.

11 MR. HOBBS: Yeah. Very good.

12 MS. CUBITT: To that statement, I'd
13 like to add that y'all don't always see those kind
14 of things, but staff gets reports all the time of
15 how good they are and how beneficial they are; how
16 they can call South Carolina and actually talk to
17 somebody; and that we're told all the time that we
18 give much better service than some of the other
19 states. So staff does an excellent job.

20 MR. HOBBS: Doris, did you want to
21 talk any about this telephone report?

22 MS. CUBITT: I'll be glad to.

23 MR. HOBBS: I didn't think you
24 covered it in your report.

25 MS. CUBITT: I didn't. I thought we

1 were going to cover that when we were talking about
2 some of the things we do.

3 MR. HOBBS: Okay. Well, why don't
4 we save it then. Why don't we save it.

5 MS. CUBITT: No, I mean, it's fine.

6 MR. HOBBS: Well, okay. Go ahead
7 and talk about it because it's kind of interesting.
8 That's a lot calls.

9 MS. CUBITT: And I've shuffled all
10 my papers around. Let me find my copy. It's in
11 here. Okay. Here we go. I've even turned the
12 page down and I couldn't find it, because I knew
13 I'd come back to it.

14 They have implemented a telephone system for
15 us in April, this past April, and it's like a mini
16 call center for each grouping of boards. So I have
17 accountancy, funeral and cemetery, so that's our
18 grouping. And it actually monitors how many calls
19 we receive, how many we answered, the percentage of
20 calls that are not answered. And then the calls by
21 individual employees. But it only -- there's a
22 main line for each of those boards. It only counts
23 the calls that comes in to those main lines. So
24 when I get a direct call on my line from somebody,
25 it's not included in that count.

1 We also do have a transfer rate of how many
2 calls, that when they come in on that initial line,
3 before the call is finished, it's transferred
4 either to another employee in our group, to another
5 board, we got them by mistake, to another agency.

6 So everybody, including me, have to sign on
7 and answer the telephone. And it has been a little
8 counter-productive, in that before, we had a person
9 that answered the phone and then directed the calls
10 to the person. You know, Amy does most of the
11 transcript reviews; she'd get that call. If it was
12 somebody that was upset or a complicated or
13 technical issue, I'd get all those calls. But now
14 we all just answer the phone and, you know,
15 whatever's on there, we take care of it.

16 From April through the end of December, we had
17 5436 calls come in. We answered 4693, and so we
18 had 11 percent not answered. What that means is,
19 there's a cue. And so when they call in, some
20 people, as soon as they hit the cue, do not want to
21 be there and immediately hang up. So that's the
22 reason that number is as high as it is. I think
23 our average call answer time is like 22 seconds --

24 MR. BALDWIN: Well, that's great.

25 MS. CUBITT: -- just picking up the

1 -- actually picking up the phone and, you know,
2 answering it. But if they're in that cue, some
3 people just will not wait.

4 You can see that each of the employees I gave
5 down there, that's just from December the 1st
6 through January the 20th. And mine is lower and
7 it's because I'm getting a lot of transferred
8 calls, as opposed to initial calls, and I do attend
9 a lot of meetings in the building and things like
10 that, that pulls me off the rotation. But they're
11 working very, very hard. And you can see in
12 December, our phone volume went up to our highest
13 level, and I'm sure it's even higher this month,
14 and probably the first 15 days in next month is
15 going to be really bad.

16 If we're returning calls, if I've got three
17 people have called me and I've got to return calls,
18 I have to log out of that system. Because if I
19 don't and I'm on the phone, there's a call coming
20 into me from the cue, and it thinks I'm available
21 to answer it. And so it won't rotate it to anybody
22 else and it won't do anything; it sits there and
23 rings and rings and rings till I get off, so --

24 MR. BALDWIN: So you have to get out
25 of the system.

1 MS. CUBITT: Uh-huh. So that's our
2 phone report. I thought it would give you an idea
3 of the volume of things coming through.

4 MR. BALDWIN: Let me ask you a
5 question. So are most phone calls good questions
6 -- going back to Mark's observation about the
7 website -- are people taking the time to try and
8 figure it out themselves? Or are they just calling
9 you because it's easy? And I realize that's a
10 subjective question, but are you finding that --
11 obviously, there's some standard questions and
12 there's some who's probably, you could have read it
13 yourself.

14 MS. CUBITT: Uh-huh. A lot of
15 people like to have their hand held all the way
16 through the process.

17 MR. BALDWIN: Oh, yeah. You
18 answered my question.

19 MS. CUBITT: And so you get those
20 kind. You do get people that were on our website,
21 but for whatever reason overlooked what they were
22 looking for, said they can't find it. And, you
23 know, we'll direct them click by click to where
24 they need to go.

25 I think making the online applications

1 available and the ability to check their status
2 there and check their continuing ed hours, carry
3 forward, will be very beneficial, because this
4 time, we're getting a lot of calls, you know,
5 "What's my carry forward?" And so that will help.

6 MR. BALDWIN: All I'm coming back to
7 is back into Mark's observation. If one of the
8 primary components of the website is the frequently
9 asked questions, and as you go through ten or
10 twenty days of frequently asked questions, can you
11 evolve the website where the answers are there, so
12 that it lessens the load on you? Because there's
13 only so much of you, is all I'm getting at.

14 I like your point, Mark, about grabbing
15 people, directing them, because I'm sure some of
16 these questions are probably coming up 50 times a
17 week and some are not. I mean some, like you say,
18 your carryover, that's -- so anyway, just a thought
19 and further observation, as y'all refine this
20 process. Thank you.

21 MR. HOBBS: And you get emails too,
22 right?

23 MS. CUBITT: Oh, yes, sir.

24 MR. HOBBS: Do you get a email
25 report too?

1 MS. CUBITT: No, sir.

2 MR. HOBBS: And are these for all
3 the three boards y'all do?

4 MS. CUBITT: Yes, sir.

5 MR. HOBBS: How would accounting
6 rank up? Would it just be an estimate between the
7 cemetery --

8 MR. BALDWIN: Good question.

9 MR. HOBBS: -- funeral? Touch
10 question.

11 MS. CUBITT: Yeah. It depends on
12 the time of year. Like right now, the majority of
13 our calls are accountancy calls. I would say that
14 the fewest calls we probably get are cemetery. We
15 have, I think, 121 cemeteries, and that is such a
16 small number. You'd think, oh gosh, but it really
17 takes almost a full-time person to handle
18 cemeteries. When they do do a change in ownership,
19 which is what happens more than a newly-established
20 cemetery, you know, there's no change in the
21 numbers, so you don't realize. And the materials
22 for a change in cemeteries or a new cemetery could
23 be this high with trust reports and all kinds of
24 things that go in there. And we get -- then we get
25 more calls for -- than cemetery, for funeral. But

1 I would say the majority of our calls are for
2 accountancy.

3 MR. HOBBS: Thanks, Doris. Going
4 down our new business items we've got, we've got
5 9A, discussion about the engine bill. And I think
6 you got an email from me about that. And I asked
7 Malane to comment on that today, and I think she's
8 prepared to offer her commentary on it.

9 MS. PIKE: I have. I'd like to make
10 a motion that we go into executive session to
11 discuss one part of this, please.

12 MR. HOBBS: Okay. Motion made. Is
13 there a second?

14 MR. BURKETT: Donny seconded.

15 MS. PIKE: I'd like to also ask Ms.
16 Cubitt to stay in.

17 MR. HOBBS: Okay.

18 MS. CUBITT: And this is for a legal
19 opinion, right?

20 MS. PIKE: Yes, it is.

21 MS. CUBITT: Thank you.

22 MR. HOBBS: Okay. We've got a
23 motion and second. All in favor, please say aye.

24 (Executive session)

25 (Off the record discussion.)

1 MR. HOBBS: I'd like to have a
2 motion that we come out of executive session.

3 MR. BURKETT: I so move, Donny.

4 MR. HOBBS: A second?

5 MS. PIKE: Second.

6 MR. HOBBS: All in favor, please say
7 aye.

8 BOARD MEMBERS: Aye.

9 MR. HOBBS: Any opposed? I'd like
10 the record to reflect, no votes were taken during
11 the executive session. Malane, before we went into
12 executive session, we were talking about the engine
13 bill changes, and you had reviewed it. And do you
14 have anything you'd like to report to the board
15 that you'd like to put on the record?

16 MS. PIKE: The two major differences
17 that we have right now are, first of all, in 40-1-
18 50. Prior to this, the Board of Accountancy did
19 have some input into the selection of an
20 administrator. Under this amendment, we still do
21 not. In other words, Ms. Templeton refused to put
22 that provision back in.

23 Also, there is a provision for limited
24 immunity. And we would, of course, want our
25 provision to be put in here, rather than the

1 provision that's written here. So those are the
2 two major things. Our other concerns, I believe,
3 were taken care of.

4 MR. HOBBS: And if I understand your
5 report correctly, these are the same concerns we
6 expressed at our last meeting; isn't it?

7 MS. PIKE: We've already expressed
8 these concerns, yes.

9 MR. HOBBS: And we did that in
10 writing. So I don't know if it does any good --
11 probably do us any good to express it again.

12 MS. PIKE: I don't think so. I
13 think this is her decision, obviously.

14 MR. HOBBS: All right. Any thoughts
15 on that, anyone?

16 (NO RESPONSE.)

17 MR. HOBBS: Thank you very much.
18 New business, Item 9B. Doris, I'm going to turn
19 you over to the new business, 9B.

20 MS. CUBITT: It's just consideration
21 of accepting the IQUAB, the International
22 Qualifications Appraisal Board's mutual recognition
23 agreement with Hong Kong. There is the group with
24 NASBA called IQUAB that works on various ones.
25 We've done Mexico and Canada and --

1 MR. BALDWIN: Australia.

2 MS. CUBITT: Yeah, several others.

3 And so they've worked out one with Hong Kong. And
4 we just got -- y'all have got to decide whether you
5 want to accept it or not.

6 MR. BURKETT: I move that we accept
7 it. This is Don.

8 MR. BALDWIN: Second, by Bob.

9 MR. HOBBS: We've got a motion and a
10 second. Any discussion?

11 (NO RESPONSE.)

12 MR. HOBBS: All in favor, please say
13 aye.

14 BOARD MEMBERS: Aye.

15 MR. HOBBS: Any opposed? Thank you.
16 Doris, Item C, board administrator authority.

17 MS. CUBITT: To sign letters of
18 caution. There was some discussion with the IRC
19 and -- members. When something would come out of
20 the IRC, and it might be a dismissal, we don't
21 think it rose to the level of discipline, but we
22 want to caution them. And the train of thought
23 there was that it would be better for the
24 administrator to sign that, rather than the board
25 chairman, because we didn't want to taint you

1 against something else later on.

2 MR. HOBBS: Think that's an
3 excellent idea. Do I hear a motion that we give
4 our administrator the authority to sign a letter of
5 caution from the IRC?

6 MR. NICHOLS: So moved.

7 MR. HOBBS: Motion made.

8 MR. BURKETT: Second.

9 MR. HOBBS: Second, Donny. Any
10 discussion?

11 (NO RESPONSE.)

12 MR. HOBBS: All in favor, please say
13 aye.

14 BOARD MEMBERS: Aye.

15 MR. HOBBS: Very good. Thank you.
16 Consideration of whether failure to comply with CPE
17 requirements in another state impacts the South
18 Carolina license, and that's 9D.

19 MS. CUBITT: What we're looking at
20 right there is, if someone who's also licensed in
21 our state, either as a resident or, you know, by
22 reciprocity and they live in another state, if they
23 commit a violation in that state and they're
24 disciplined, they're supposed to notify us within
25 30 days. And you get concerned sometimes about

1 piling on. If it was something that was caught and
2 they were disciplined for it, if it's serious
3 enough that we would want to take action against
4 it? Or do we not?

5 And so as an abstract, to just say CPA is in
6 State A -- he's licensed in State A and he also is
7 licensed -- he may or may not reside in South
8 Carolina, and he was disciplined for a CPE
9 violation. And they took appropriate action for
10 their state, would we then take some action here.
11 You know, if he had turned in a CPE report to us,
12 and let's say they filled out -- they had 40 hours,
13 and they only had 20, well, then that would be a
14 violation to us. But what about if that state
15 requires specific ethics hours? And he had 40
16 hours, but he didn't have the specific ethics hour;
17 is that something we need to be concerned about?

18 And I just need y'all's input, so I know how
19 to handle that one, when I see things like that.

20 MR. HOBBS: So we've got possibly a
21 South Carolina licensee; could live in the state,
22 or could not; he's violated another state's CPE
23 rule; he's been punished by that other state.
24 Since he's licensed in our state, should we take
25 any action against him, other than maybe inquiry,

1 or make sure he's in compliance with our law. That
2 is really the thought process.

3 We've seen some instances of that, if you look
4 at the disciplinary actions in the various state
5 literature. The question is, should we be chasing
6 somebody like that.

7 MR. BALDWIN: I heard two different
8 things. Are they giving us notice of it?

9 MS. CUBITT: They're supposed to
10 give us notice of it, yes, sir. They may or may
11 not have given us notice of it, but --

12 MR. HOBBS: But we became aware of
13 it.

14 MR. BALDWIN: Yeah, well, speaking
15 for myself, to me the critical question is, if they
16 had a license -- and I'm going to go ahead and pick
17 on North Carolina -- and we gave them reciprocity,
18 and then they mess up in North Carolina, I feel
19 like they have to tell us. I then would say that
20 if they're meeting our standards, I don't think
21 we'd have to do anything other than being informed
22 about it. But I would think they'd have the
23 obligation to let us know, if they're licensed in
24 two states.

25 MS. CUBITT: And we do have a

1 provision in our law that says you should notify us
2 within 30 days of a violation.

3 MR. BALDWIN: Right. As long as
4 they notify us.

5 MR. BURKETT: But take it a step
6 farther. If they don't resolve the violation --

7 MR. BALDWIN: Right. Correct.

8 MR. BURKETT: Is that what you're
9 asking? What do we do then? An example would be,
10 maybe they don't get two hours of ethics they need
11 in North Carolina. We don't require it here
12 presently.

13 MS. CUBITT: Well --

14 MR. HOBBS: And that's good, Donny,
15 because --

16 MS. CUBITT: Well, since you picked
17 North Carolina, let me make this statement. North
18 Carolina's across the board policy is, if your CPE
19 is not right for the year, and they catch you, I
20 guess, you know, then you didn't volunteer it and
21 they catch you, they suspend your license for a
22 year.

23 MR. BURKETT: For six months or a
24 year, and it's a thousand dollar fine.

25 MS. CUBITT: That's kind of serious.

1 MR. BURKETT: That's at the
2 discretion of the profession.

3 MS. CUBITT: Yeah.

4 MR. GRIGG: Well then, Doris, don't
5 we also have the possibility that if that happens,
6 someone's disciplined in another state, then
7 they're required to let us know that they've been
8 disciplined in another --

9 MS. CUBITT: Right.

10 MR. GRIGG: -- state. Which then --

11 MS. CUBITT: But they don't notify
12 us.

13 MR. GRIGG: -- means they may be in
14 violation of our practice act --

15 MR. BALDWIN: Correct.

16 MR. GRIGG: -- for being
17 disciplined. So then --

18 MR. BALDWIN: Correct.

19 MR. GRIGG: -- that would be
20 something that would be brought as a formal
21 complaint, potentially, for violating our practice
22 act, and the board would have to address. And they
23 may decide it's not --

24 MR. BURKETT: Yeah, that's right.

25 MR. GRIGG: -- that important,

1 whatever. But the board would at least have to
2 hear that case and make a determination on that.

3 MR. BURKETT: I kind of think this
4 is a case-by-case basis. That's probably not the
5 answer you wanted.

6 MS. CUBITT: Well, I just wanted a
7 feel for where the board was at on it, so I knew
8 kind of how to approach things, if I see things.

9 MR. HOBBS: Well, let's say they
10 didn't notify us. Is it published how many days
11 they had to notify us? I mean, is that something
12 that we kind of keep in a secret book?

13 MS. CUBITT: No, sir. It's in our
14 law.

15 MR. HOBBS: I know. But I don't
16 think it's on our web page.

17 MS. CUBITT: Well, our law is on our
18 web page.

19 MR. HOBBS: Well, the blue book's
20 on the web page.

21 MS. CUBITT: The blue book's on the
22 web page. It doesn't say "blue book," but it's on
23 the web page.

24 MR. HOBBS: They are there; you're
25 right.

1 MR. BURKETT: It's in the secret --

2 MR. HOBBS: This goes back to be
3 kind of service-oriented, that Mark talked about.
4 Things that we think that may have issues or may be
5 pertinent, we might want to put on a more visible
6 place on our website, rather than buried in the
7 law.

8 MR. BURKETT: But, Doris, my point
9 is, excuse me, if somebody didn't get two hours of
10 ethics, that's a different thing than if they added
11 two hours they didn't actually get of CPE. And so
12 that's why I think it's a case-by -- I don't know
13 that I -- I could give you a blanket thing about
14 that. If they lied about two hours on their CPE
15 they didn't get, that's a completely different
16 issue.

17 MS. CUBITT: Right. And I agree
18 with that.

19 MR. BURKETT: Than not getting
20 it. Than just not getting the two hours.

21 MS. CUBITT: And probably, from my
22 perspective, if it was they lied about what it was,
23 I would audit their CPE for South Carolina. That
24 would be my first step to see if they are in
25 compliance with us, regardless of what happened

1 with the other.

2 MR. BURKETT: I'm not sure I could
3 tell you exactly how I feel about it, because I
4 don't know exactly what the case was.

5 MR. HOBBS: So I think what we're
6 telling Doris, that we do think we ought to be
7 notified within some day time limit. I hear Dean
8 saying that and I see Bob here. We do agree with
9 that, right?

10 MR. BALDWIN: I think they need --

11 MR. HOBBS: If they don't tell us --
12 if they don't tell us, then that could possibly
13 generate a case.

14 MR. BALDWIN: That was my thought.

15 MS. GREENLEE: I think we should add
16 that to the frequently asked questions or
17 something.

18 MR. HOBBS: I think so too.

19 MS. GREENLEE: Because I would
20 probably -- if I was from Texas, I might say "Well,
21 I just didn't know." And that's probably not a
22 good answer, but --

23 MR. HOBBS: I think that is a good
24 thing to add to the frequently asked questions,
25 once we figure out how many days they have to tell

1 us.

2 MR. BALDWIN: Right.

3 MR. HOBBS: And then we can
4 determine then, based on what they tell us what
5 we're going to do --

6 MS. CUBITT: It's in 40-2-110(b).

7 MR. HOBBS: Thirty days, there you
8 go.

9 MS. CUBITT: Yeah, (b)(3). They are
10 to "notify the board in writing within 30 days
11 after it's occurrence revocations, suspension,
12 reprimand or other discipline of the right to
13 practice by the licensee in any other state or by a
14 federal agency."

15 MR. HOBBS: I think, I also heard
16 Doris says that she saw they had CPE problems with
17 another state. Looking at it for South Carolina
18 might make sense, to kind of put them as a high
19 risk for CPE compliance.

20 MS. CUBITT: Right.

21 MR. HOBBS: So I think that might
22 make sense. And then the 30 day notification.

23 MS. CUBITT: Right. That definitely
24 -- I could evaluate the CPE. And then there's the
25 issue, once I do that, about not notifying us also,

1 so, if that was the case.

2 MR. HOBBS: Does that help you?

3 MS. CUBITT: That gives me some
4 guidance and a feel for where the board's at on
5 that.

6 MR. CROCKER: Are we just talking
7 about residents?

8 MR. BURKETT: No. She's talking
9 about both.

10 MS. CUBITT: With both.

11 MR. BURKETT: Anybody. Because when
12 you think about it, there are a large number of
13 people who may be doing work in South Carolina
14 through their office, firm registration and be in a
15 situation, and we don't even ask --

16 MR. HOBBS: But we're talking about
17 our licensees, either --

18 MS. CUBITT: That hold an --

19 MR. HOBBS: -- through reciprocity.

20 MS. CUBITT: -- individual license
21 with us.

22 MR. HOBBS: If they got our
23 certificate on the wall, that's who we're talking
24 about, not if they're here on mobility.

25 MR. BALDWIN: And here's where I

1 am on the whole thing. And then you pick whatever
2 state you want. But if North Carolina is granted a
3 license and they take that license, so we gave them
4 a license by virtue of reciprocity, that's where
5 I'm bothered, because when that North Carolina
6 license is gone, I don't rely upon reciprocity in
7 my mind anymore. Then it becomes a question of
8 should they be licensed here, statutorily? That's
9 my --

10 MR. HOBBS: That's exactly what I'm
11 thinking about.

12 MR. BALDWIN: That's what I'm
13 thinking about.

14 MS. CUBITT: Well, it makes a
15 difference whether they're a resident here or just
16 a resident of North Carolina. They could be a
17 resident here and hold a license by reciprocity in
18 North Carolina.

19 MR. BALDWIN: Right. Right. I'm
20 talking about the home state --

21 MS. CUBITT: The home.

22 MR. BALDWIN: -- license.

23 MS. CUBITT: Okay.

24 MR. BALDWIN: I mean --

25 MR. HOBBS: We need to know why

1 North Carolina took somebody's license, if they
2 have a --

3 MR. BALDWIN: Yeah, that's --

4 MR. HOBBS: -- license with us
5 too --

6 MR. BALDWIN: -- my point.

7 MR. HOBBS: -- though. That's what
8 Bob's point is.

9 MR. BALDWIN: If someone's living in
10 Charlotte and we give them a South Carolina license
11 through reciprocity, and then North Carolina
12 disciplines them, in my opinion, it raises the
13 whole question of whether or not the South Carolina
14 license is appropriate, given North Carolina's
15 action, as opposed to a South Carolinian who goes
16 up to Charlotte and gets a North Carolina license,
17 because they're still subject to our rules. That's
18 the distinction I'm making. That's how I'm
19 envisioning it.

20 MR. HOBBS: Well, they're both
21 subject to our rules, I think --

22 MR. BALDWIN: Yes, yes.

23 MR. HOBBS: -- if they have our
24 South Carolina certificate.

25 MR. BALDWIN: Yes. But we gave them

1 a license in the first case because they met our
2 rules. We give them a license in the second case
3 because we found North Carolina to be substantially
4 equivalent to our rules, I think. I think that's
5 how the statute work in 40-22-40.

6 MR. HOBBS: But isn't your main
7 point is, if someone loses a license in another
8 state --

9 MR. BALDWIN: That's right.

10 MR. HOBBS: -- and they still got
11 our license, they should be on our radar.

12 MR. BALDWIN: We need to know. I
13 agree. That's it.

14 MR. HOBBS: We want to know why.
15 Why we still got ours.

16 MR. BALDWIN: Exactly.

17 MR. HOBBS: We don't want them all
18 moving to South Carolina because they have a South
19 Carolina license.

20 MR. BALDWIN: Correct.

21 MR. HOBBS: And they've lost it at
22 the other states.

23 MR. BALDWIN: Correct. Yeah.
24 Check.

25 MS. CUBITT: Well, now if they've

1 moved -- well, if they already had a license --
2 okay.

3 MR. HOBBS: If they've lost their
4 license in other states, the only one they've got
5 left in South Carolina, we don't want them all
6 going to Hilton Head or Charleston and Myrtle
7 Beach.

8 We're on 9E, when we get through here, 9E.
9 9E, considerations of repercussions of not
10 completing CPE or having too much self-study, I
11 imagine.

12 MS. CUBITT: Okay. We have had a
13 lot of phone calls. In fact, more than I can ever
14 remember, "I haven't finished my CPE timely," and
15 not a real good reason, okay. We're at a little
16 bit of a unique situation this year. When we wrote
17 the law, made the changes to the law and you
18 renewed annually, which is what our statute says we
19 should do, they really couldn't renew, unless they
20 completed their CPE. So then they had to -- they
21 had to go in there and finish their CPE, and then
22 reinstate.

23 And if they had practiced during that period,
24 the board would -- they had to go, as a
25 reinstatement, had to go through the Character and

1 Fitness Committee, and they made a recommendation
2 for the board, which the board usually accepted and
3 they would get an additional fine for practicing.
4 You know, have to take extra CPE, whatever.

5 Well this year, their license are still good
6 till 1/31/13, so they're not having to renew, but
7 we're making them report their CPE, and they
8 haven't finished it. So I've been telling
9 everybody that they have to complete it as quickly
10 as possible, turn in the report along with a letter
11 and explain their circumstances. And then they
12 would be notified of the appropriate action
13 afterwards.

14 MR. HOBBS: Doris, if I could say
15 something. Some of these people are just
16 hardheaded out there. I've been telling some of
17 these people since October and November they had to
18 get CPE, and they've told me and told me they
19 didn't. And, I mean, I've had meetings with some
20 of them and they told me their license didn't
21 expire till next year and they didn't have to do
22 it. And I've showed it to them. And I really
23 don't have a lot of sympathy for some of these
24 people because I've told them and told them, and
25 I've told them even into the new year.

1 MS. CUBITT: I know.

2 MR. HOBBS: And they don't listen.

3 And some people I see somewhat frequently, and they
4 don't -- I don't know. They think because their
5 license doesn't lapse until next year, they don't
6 have to --

7 MR. BURKETT: So maybe we --

8 MR. HOBBS: -- supply the CPE.

9 MR. BURKETT: -- shouldn't have done
10 the bi-annual registration, but anyway. My opinion
11 about it is, they need to -- I think what you told
12 them is correct, and that we have to look at it as
13 a case-by-case basis --

14 MS. CUBITT: Okay.

15 MR. BURKETT: -- because they did
16 not comply with the law.

17 MS. CUBITT: So do y'all want to
18 make an overall plan before you look at them? Or
19 do you just want to wait and let's get all of them
20 as they come in, and at each board meeting, just
21 present them and let y'all go from there,

22 MR. BURKETT: Maybe you can
23 categorize them by what you think. I think that's
24 the best thing to do.

25 MR. HOBBS: I think that ought to be

1 on our agenda for April.

2 MR. BALDWIN: I agree.

3 MS. CUBITT: I'm sure we'll have
4 some by then.

5 MR. HOBBS: And you know what we'd
6 like to do probably is have a proposal from staff
7 of what y'all recommend based on the severity, and
8 y'all present that in advance, if you could, to all
9 the board members to consider, so we don't sit
10 around here and debate it a lot. We can think
11 about it before we get here. A plan.

12 MS. CUBITT: Yeah. And that's where
13 I was looking at like, okay, we're really not
14 looking at them the first 15 days, because that's
15 what we do when it was a regular renewal. We don't
16 look. It's kind of like a freebie in that respect.
17 But then after that, we're looking. So, you know,
18 I think if they're past January 31st and they're
19 getting CPE for last year, you know, we're going to
20 have to start off with a minimum fine. And that
21 fine might increase, depending on the longer they
22 take to do the CPE.

23 MR. BALDWIN: Uh-huh.

24 MR. HOBBS: A graduated penalty
25 rate.

1 MS. CUBITT: Yeah. And if they --
2 you know, what y'all have always done in the past,
3 if it's a serious medical issue, something that's
4 lasted a long time, or maybe a sudden death in the
5 family towards the end, we make little allowances.
6 So we'll do that. We'll work on a proposal for
7 them, and we'll give each one of them to y'all at
8 the meetings, as they come up.

9 MR. HOBBS: All right. Is that all
10 right with everybody? I can see a nodding of the
11 heads.

12 Approval of the CPE exam grades. Wendell,
13 could you take that?

14 MR. LUNSFORD: I guess I'll make a
15 motion that we approve the grades.

16 MR. FORTE: Second.

17 MR. HOBBS: There's a motion on the
18 floor by Wendell Lunsford to approve the exam
19 grade. There's a second by Gary Forte -- Secretary
20 Gary Forte. Any discussion?

21 (NO RESPONSE.)

22 MR. HOBBS: All in favor, please say
23 aye.

24 BOARD MEMBERS: Aye.

25 MR. HOBBS: Any opposed? Thank you,

1 Wendell.

2 MR. BALDWIN: Team work.

3 MR. HOBBS: Yeah. All in. Outline
4 of operations. Doris.

5 MS. CUBITT: Well, we do a lot of
6 stuff. That's what we discovered.

7 MR. BALDWIN: We can tell.

8 MR. HOBBS: Some of you may have
9 wondered why this is on the agenda. But we've got
10 several new board members, and we didn't really
11 have a formal orientation session. And they've
12 asked various questions about what staff does, so I
13 thought it would be worth it if Doris spent 15
14 minutes or so talking about the staff procedures.

15 And we might want to view this as an
16 opportunity to see if we need to re-engineer or
17 reallocate resources from the board's perspective
18 to make sure we know what staff's doing, to see if
19 we've got the same priorities. But that's a
20 different, more theoretical question. Take it
21 over, Doris.

22 MR. CROCKER: We've read this, and
23 we want to change our question from "what do they
24 do" to "how do they do."

25 MS. CUBITT: We do work hard. I

1 mean, we honestly do. And as background for those
2 of you that are not familiar, I came to the board
3 in '01. And that was the only board I had was
4 Board of Accountancy, and I just didn't realize how
5 good I had it. And I had four employees. And I
6 will tell you that we were always busy. And if it
7 was a down time in a certain area, then we were
8 working on something else, and we were always busy.
9 I now have three boards and four employees.

10 MR. HOBBS: Has licensees increased
11 since 2001?

12 MR. CROCKER: Yes, sir. I don't
13 have the actual number on the increase since then.
14 I can tell you how many we actually have. We have
15 over all three of my boards, I have 10,044
16 licensees or exam candidates. The majority of them
17 are accountancy. I have 7588 either certified
18 public accountant, emeritus, accounting
19 practitioner, CPA exam candidates.

20 Every CPA exam candidate's transcript is sent
21 to us for review. And so there are 305 of those
22 that we've done -- this year, right?

23 MR. TEAGUE: 2011.

24 MS. CUBITT: 2011. Michael has to
25 keep me straight over here. But it probably takes,

1 to do it right, almost an hour to do a transcript
2 review, because of the detail that we have to have.
3 And we try and really go overboard, to be fair to
4 those candidates, to make sure we don't miss
5 something. And Amy does the initial reviews and
6 does an excellent job on it. I personally review
7 every one before they're told they can sit for the
8 exam. I also personally review every application
9 for a CPA before it is issued. So they do an
10 excellent job at what they do. But I just think it
11 would be awful to issue a license in this state
12 when something wasn't right on it. So we work
13 really hard on that.

14 We did issue on the accountancy side, 404
15 licenses in '11. We reinstated 20. We had 107 to
16 voluntarily surrender. We had 331 that lapsed.

17 The cemetery stays pretty level at 121, but
18 they're a lot of work.

19 We issued 195 funeral licenses. We reinstated
20 one. We had 18 apprentice extensions, three change
21 of supervisors, 20 change of managers and five name
22 changes on facilities. So that's the actual
23 licenses that we issued.

24 We did give you a document that is not all-
25 inclusive, but the best we could come up with. Of

1 all the things that we do do, you know, processing
2 an application doesn't sound like -- oh, you just
3 process it and here it is. You approve the
4 experience, you approve the education. It's a very
5 detailed process.

6 We also have given you a copy of the licensing
7 application review, the instructions they had to go
8 by and everything they have to look at. It is a
9 very detailed process. It's detailed about
10 experience. And Amy and Michael are really good at
11 looking at the experience and asking questions that
12 they know that I will ask, and try and get
13 everything there, so that when I'm ready to look at
14 it, it's very beneficial.

15 There's some things that we just can't get to.
16 I will tell you that we haven't done a newsletter
17 in a while. There's just not enough hours in the
18 day. Everybody works past five o'clock most days.
19 Some days we don't, but most days we do. And they
20 work really, really hard. And I'll be glad to go
21 over anything or answer any individual questions
22 about anything that's on the list.

23 MR. HOBBS: Doris, some things that
24 -- you know, you get all this CPE mail. And all of
25 it's -- is it just boxed up somewhere?

1 MS. CUBITT: What we're doing with
2 that currently is, we can't tell just from the
3 envelope whether it's an application or a CPE. So
4 we're slitting it open. And if it's CPE, it goes
5 into a mail bin to the side. And we do have an
6 operations unit, it's down here on the first floor,
7 and they are helping us with that. And I've
8 developed them a cover sheet of things to look for
9 and to highlight or, you know, make marks on.
10 They're checking the math on it. They're checking
11 the basic stuff on it. And then it comes back up
12 to us. They're also entering it into the system
13 that we did receive it, so that if people call, we
14 can tell them that.

15 And then we look at the individual courses, to
16 see if there's anything -- I mean, it's not an in-
17 depth review. It's a quick cursory review. But
18 does anything look kind of funky, and then those
19 get put to the side. Then we scan those reports
20 behind their -- we don't keep paper files anymore.
21 So we scan those reports behind their licensing
22 information in relays.

23 MR. HOBBS: Does anybody have any
24 questions on Doris, on their procedures? Doris, is
25 there anything you do you think you could change,

1 that you think's redundant, that you would need
2 more authorization to do something? Is there a
3 better mousetrap?

4 MS. CUBITT: Yeah. I'm sure that no
5 matter what job you do, there's always room for
6 improvement. I think that I'm receptive, and I
7 think staff's receptive to look at things, and if
8 somebody has a suggestion about something. I think
9 that when we go to the online application process
10 and the candidates being able to check there, and
11 having less paper, we'll go in and look at them,
12 you know, on the computer thing. I think that's
13 going to help, and I think we're headed in that
14 direction. It's just that a lot of things we do
15 are really detailed. And it's not just one step to
16 make it work. And to do it and do it right, you
17 have to do all of it.

18 MR. HOBBS: Well, that's a good
19 report. Anybody got any questions? Well, I'd like
20 to have about a ten or fifteen minute recess, if
21 nobody objects.

22 MR. BURKETT: Yeah. Can I ask a
23 question?

24 MR. HOBBS: Yes.

25 MR. BURKETT: We've got two more

1 things on the agenda.

2 MR. BALDWIN: Please.

3 MR. BURKETT: Can we get through and
4 everybody else go and then report back to them? Or
5 you want to keep everybody here?

6 MR. HOBBS: I tell you the truth, I
7 think the significance of the things we want to
8 talk about in the recess, I think we'd like to get
9 everybody back. So I don't think it will take us
10 too long, if you don't mind. So let's take a ten
11 or fifteen minute recess, and then we'll come on
12 back.

13 (Executive session.)

14 MR. HOBBS: We're back in our
15 general session after that short recess. We just
16 covered the outline of operations. And then we're
17 going to cover a couple of few other items under
18 new business. And then we've got a few public
19 comments, and then we'll probably have a few other
20 little things to do. It looks like we may be out
21 hopefully by 12:30 or so, but we will -- that's
22 what our game plan is, as we get back on our
23 schedule.

24 What I passed around is the item on the annual
25 report that we talked about, December 1st. This is

1 something that we were talking about doing, and
2 this is something that NASBA kind of thinks it
3 would be good for our board to put together. And
4 I've worked up this little outline of what I
5 thought the annual report of the Board of
6 Accountancy should cover.

7 And what I'd look to have in this annual
8 report would be some comments from the governor,
9 some comments from our director. Hopefully our
10 director is still with us. I hope she doesn't -- I
11 understand she's a candidate for another position;
12 I hope she's still with us. Comments from our
13 board administrator, comments from the chair, the
14 roll, members of the Board of Accountancy, the
15 relationship of the different organizations. It's
16 so many, people get confused. What's SCAPA's role?
17 What the AICPA? What is NASBA? I was going to
18 include financial information for the board for the
19 past two fiscal years, ending in June, information
20 on licensees, reports of major initiatives and
21 changes, the CPE reporting, the self-study
22 limitations, the ethics requirements, peer review,
23 the peer review oversight, and then communications.

24 And these are some things that I was going to
25 put kind of in the outline of the annual report.

1 And I wanted to present it to you today, to see if
2 y'all thought this was pretty good, or whether you
3 thought we should add things. It may be just for
4 information today, since we're kind of running
5 short on time. But what I'd like to get your feel
6 whether you think something like this would be
7 beneficial to our profession. Whether you think
8 this would be something good for us to put
9 together.

10 You may say, "Well, Mark, what's your time
11 line?" The time line is if we approve going
12 forward with this type document, I was going to
13 probably take the lead with pulling this together
14 and be working on that the month of February, with
15 the idea of giving you a draft by March, to review
16 of the verbiage, with the idea that maybe it could
17 be available in April, after April 15th, after tax
18 deadline, and it would be used at the Legislative
19 Day at the statehouse, in conjunction with SCAPA.
20 So we would use this as probably part of our
21 legislative vehicle. I think it would be available
22 for licensees, be available to the public. But I'm
23 really looking for input on whether you think this
24 is something valuable that we ought to consider
25 doing.

1 Doris mentioned that we haven't had a
2 newsletter in a while, and I didn't realize we had
3 not had a newsletter in a while. But I went back
4 and looked and we haven't been on a consistent
5 schedule with a newsletter. So what I was going to
6 suggest, if we could adopt maybe the annual report
7 in the spring, and then follow it up with a
8 newsletter in the fall. So we would have two
9 communications or two documents that this board
10 could put out to the public and to the licensees
11 with kind of a different flavor.

12 So this annual report would cover a lot of the
13 things on an annual basis, and then in the fall, we
14 would do a newsletter. So we would have two
15 publications a year with that process. That's just
16 what I'm thinking. What does everybody think about
17 that?

18 MR. BALDWIN: I like it.

19 MR. BURKETT: Good idea.

20 MR. BALDWIN: Do you plan to give it
21 to legislature too?

22 MR. HOBBS: Yeah.

23 MR. BALDWIN: I think so.

24 MR. HOBBS: SCAPA has offered to
25 help us with some of the printing and some of that

1 stuff, which I think is nice. But I think let's
2 see how it goes.

3 MR. BALDWIN: Sure.

4 MR. HOBBS: I reckon what I'd like
5 to do, if y'all would approve for me to proceed
6 with this project, I will do it. I'll be the
7 ramrod of it. I got somebody in my office that's
8 going to help me with it. I've talked with Doris
9 and Michael and Amy. I haven't talked to Amy
10 specifically about it, but Doris has agreed to help
11 me gather the information. And I hadn't talked to
12 anybody at LLR. I certainly hadn't talked to
13 Governor Haley about it. But I would think that I
14 would like her comments to be in our document too,
15 and both of those people in our document, since
16 we're the administrative branch.

17 But what I'd like to do is get a motion from
18 you to proceed before I start launching down this,
19 if y'all think we should.

20 MR. BALDWIN: I move the chairman be
21 authorized to proceed with the annual report.

22 MR. HOBBS: Is there a second?

23 MR. NICHOLS: Second.

24 MR. BURKETT: Donny, second.

25 MR. HOBBS: All right. Anymore

1 discussion on it? I don't think it's going to cost
2 very much to do. I don't know about that, but I'll
3 keep you apprised of that by email, but shouldn't
4 cost very much.

5 MR. HOBBS: Got a motion and a
6 second. Anymore discussion?

7 (NO RESPONSE.)

8 MR. HOBBS: All in favor, please say
9 aye.

10 BOARD MEMBERS: Aye.

11 MR. HOBBS: Any opposed? All right.
12 Good. I appreciate y'all letting me do that. I
13 kind of want to do it, so it will be my little pet
14 project for this tax season. Thank y'all for
15 letting me do it.

16 MR. CROCKER: What will be the best
17 way for us to respond back to you?

18 MR. HOBBS: Email. I love email.
19 Anything that you think we ought to do, send it to
20 me and I will put it in there. And you'll get a
21 good shot at looking at a draft, and we can tweak
22 it, because I've got some times there. I'm going
23 to do a month of gathering data. So I hope to have
24 a draft content by the first of March, which is
25 five weeks. So we'll have the month of March. I

1 know that's a busy time for everybody, but you'll
2 have some time to do some reading on this. And you
3 can see what you think we ought to add or tweak.
4 And I'd like to get pictures from all the board
5 members to put in this thing. And I'd like to get
6 pictures of our staff and our advice counsel and
7 all these people. I'd like to make it look nice.
8 People don't understand what we do as a board, and
9 I think this will be a good way of communicating.

10 All right. We've already talked about I,
11 outreach to other state agencies. We're sneaking
12 that one on you; didn't we? We've already talked
13 about that. Doris talked about that, so we don't
14 need to bring that up again.

15 Then the consideration of 2013 board meeting
16 dates.

17 MR. BURKETT: I think they look good
18 to me. But without NASBA's calendar, we may have
19 to adjust some of those.

20 MR. TEAGUE: Some of those actual
21 lines on the calendar, like where the October,
22 there's a line through the 27th through the 30th;
23 that's the actual NASBA meeting.

24 MR. BURKETT: So you've got 2013?
25 I tried to pull it up.

1 MR. TEAGUE: Right. And we didn't
2 know if, you know, some folks will be actually
3 needing to leave early the week prior in order to
4 be there. And we didn't know if the 18th would be
5 good, or the 16th would be better.

6 MR. BURKETT: If you're telling me
7 on October 27th, there's a NASBA meeting?

8 MR. TEAGUE: Yes, sir.

9 MR. BURKETT: I could be there on
10 the 23rd or the 24th, so --

11 MR. HOBBS: 16th and 18th ought to
12 be good.

13 MR. BURKETT: Yeah.

14 MR. HOBBS: The 18th might be a
15 little better, because the 16th is right after that
16 October 15th. I don't know what y'all think.

17 MR. BURKETT: That's fine with me.

18 MR. HOBBS: Either -- doesn't
19 matter? Whatever. This is just for information.
20 I don't hear anybody opposing any of these dates.

21 MR. TEAGUE: I've already
22 scheduled these for the board room here.

23 MR. HOBBS: Okay.

24 MR. TEAGUE: If we're still here.

25 MR. HOBBS: So this is just for

1 information, primarily?

2 MR. TEAGUE: Yes.

3 MS. CUBITT: If we're still here.

4 Because we may be downtown.

5 MR. BALDWIN: As opposed to the
6 other location, right?

7 MS. CUBITT: Uh-huh.

8 MR. BALDWIN: Like at the State
9 Museum or something.

10 MR. HOBBS: May not be this room.

11 MS. CUBITT: May not be this
12 building.

13 MR. HOBBS: We'll have a meeting
14 somewhere.

15 MR. TEAGUE: Or in Columbia.

16 MR. HOBBS: We never know, though,
17 do we? Good Lord willing, right? Good Lord
18 willing.

19 MR. GRIGG: I think that's been
20 going around for a while.

21 MR. HOBBS: All right. I think we
22 have -- that's most of our new business. And we
23 have Ms. Linda McKenzie here with us with Ernst and
24 Young, and I'd like to introduce her. She'd like
25 to make a few comments for us. Ms. McKenzie,

1 welcome.

2 MS. MCKENZIE: Thank you very much.
3 And I appreciate you letting me take a few minutes
4 of time from your agenda. And first I want to say
5 thank you. Every time I sit in on one of your
6 board meetings or listen which I do to the webcast
7 sometimes, I'm so impressed and appreciative of all
8 the hard work you do. The discussion this morning
9 about renewal forms, for example, more efficiency,
10 clarity there, helps us so much do business in
11 South Carolina, so we really appreciate it.

12 I have a couple of points of clarification on
13 a regulation that I've talked to you about before,
14 Reg 1-10(d). And I may have to read through it, or
15 maybe you're all familiar and up with it. And the
16 points of clarification that I'm asking for, I'm
17 happy to hear from the board now. Or if someone
18 wants to get back to me at a later date, maybe it's
19 something to be handled through FAQs. I leave that
20 to you.

21 But the questions have come from those in my
22 firm and the other large firms that I represent as
23 -- I'm a partner with Ernst and Young, but I
24 represent a number of firms who are members of the
25 Accountant's Coalition. All of the firms do

1 business in South Carolina. And one of the things
2 I do is try to keep them advised -- or not advised,
3 but informed about new regulations that might
4 impact the way they do business.

5 And when I was reviewing Reg 1-10(d) with
6 them, it's the regulation that was promulgated in
7 2010. You made some changes to it that will be
8 part of a bill that I believe is going through the
9 legislature now. And it's the regulation that
10 relates to a licensee or permit holder "shall not
11 employ or associate with in South Carolina,
12 directly or indirectly, a person whose license is
13 revoked or suspended by this board or the Board of
14 Accountancy in other jurisdiction." So that's the
15 regulation.

16 So when I was reviewing this and informing my
17 partners who do business in South Carolina, they
18 had a few points of clarification that they asked
19 me to get from the board. So that's where this is
20 coming from.

21 The first point of clarification, their first
22 issue, was: Ask that there be FAQ or they receive
23 guidance that confirms that the right applies only
24 to employees operating in a client-serving
25 capacity. That was the first point of

1 clarification that they asked for. That's not
2 spelled out specifically in the regulation.

3 The second point was -- and I don't think this
4 would be something for an FAQ. It may just be a
5 clarification back for me to take to them from the
6 board. The question was that: Is the board going
7 to consider in the -- enforcement if this issue
8 arises, a firm's best efforts in complying with the
9 rule? And what they're saying is, are we going to
10 be -- the question is: Are we going to be
11 penalized for -- we assume we'll be penalized for
12 intentional association with a person whose license
13 is revoked or suspended. But what if we're not
14 knowledgeable? Is best efforts good enough? And
15 of course, of course, we would, on a best efforts
16 basis, comply with this regulation or any other.

17 And then the third point of clarification was
18 whether the reg applies only during the period of
19 suspension. And I assumed yes; that's what I said.
20 But wanted to bring that to the board and make sure
21 that it's the board's intent that the regulation
22 applies only during a period of suspension or
23 revocation.

24 So those are the three points of clarification
25 that our partners who work here in South Carolina

1 were asking for.

2 MR. HOBBS: Well, the revocation
3 is generally a permanent thing. So suspension
4 may be a valid concern. Does anybody have any --
5 Doris, do you have any comments on what she has
6 to --

7 MS. CUBITT: My comment about that,
8 the way it's worded, is a person whose license is
9 revoked or suspended, well, if their license is
10 suspended and the suspension period is up and then
11 they have a license, then they're no longer -- it
12 doesn't apply to them.

13 MR. GRIGG: Right.

14 MR. HOBBS: So that's clarification
15 on the third one.

16 MS. MCKENZIE: Thank you.

17 MR. HOBBS: And then the first one,
18 let's go back to the first one, employ in a client-
19 service capacity. And, you know, what I assumed it
20 would be, serving clients, because that's what our
21 job is, protecting the public. The question would
22 be if they hired somebody in an overhead or serving
23 the firm capacity that didn't involve client
24 service.

25 MR. BALDWIN: It says "or any other

1 capacity" connected to the property.

2 MS. CUBITT: And that one is after
3 what the attorneys have. And they do not allow
4 them to serve as a paralegal or anything.

5 MS. PIKE: That's exactly right.

6 MR. GRIGG: Well, and Mark just
7 asked me what I was pointing out to him, and y'all
8 can see under D, the second sentence. And, Bob, I
9 think you just said it. But "employing or
10 associating such a person as an accountant,
11 investigator, tax preparer or in any other capacity
12 connected with the practice of accounting, subjects
13 the license or permit holder to discipline by the
14 board."

15 MR. HOBBS: In South Carolina.

16 MR. GRIGG: That would be up for
17 discussing for y'all, but I think that would answer
18 that question, personally.

19 MR. BURKETT: That's what I was
20 going to say.

21 MR. HOBBS: In South Carolina.

22 MR. BALDWIN: In South Carolina.

23 MR. HOBBS: Employing, tells you
24 what it is, that last sentence.

25 MR. GRIGG: And I think the more

1 important question on that becomes, I believe, your
2 second request, which is the direct knowledge or of
3 you used due diligence and weren't able to discover
4 that. May be a conversation that the board needs
5 to have.

6 MR. BURKETT: I think that's
7 probably one of those things, case-by-case basis,
8 though. I don't think we can make a ruling on
9 that. I mean, I don't know how we can say what
10 your best efforts were, unless you come and tell us
11 what your best efforts were if it's an issue.

12 MR. HOBBS: Yeah, I agree what
13 Donny's saying.

14 MS. MCKENZIE: That's fair.

15 MR. BURKETT: I mean, if you think
16 you did your best efforts and you didn't comply
17 with the law, come make an argument you did do your
18 best efforts and we'll consider the facts and
19 circumstances. Otherwise, we can't consider best
20 efforts. And I think in the past, we've been we've
21 looked at those things, I think, with fairness in
22 mind, if somebody had their best efforts in mind.

23 MR. HOBBS: Does that give you some
24 clarity?

25 MS. MCKENZIE: I believe it does.

1 We are concerned about that first point, client-
2 serving capacity and being required -- potentially
3 being required to fire someone who may have had
4 their license suspended. Again, it depends on the
5 situation. That's not something that we take
6 lightly or want to be forced to do.

7 MR. BURKETT: I think the purpose is
8 in South Carolina, if your license is suspended,
9 you cannot work in that capacity with a firm.
10 Revoked, you cannot worked in that capacity with a
11 firm. The suspension may be over after six months,
12 and so you're allowed to do that. But that's the
13 whole purpose of that. We have people who were
14 losing their license and continuing to work in
15 firms. And, in fact, their names are still
16 associated with the firms. And they were taking
17 advantage of the public.

18 So if your license is suspended, we don't want
19 you working in that capacity in the firm in South
20 Carolina.

21 MS. MCKENZIE: When you say "in that
22 capacity," the capacity that resulted in the action
23 that was taken against that person? If they were
24 moved into another capacity --

25 MR. HOBBS: Any other capacity

1 connected with the practice of accounting.

2 MS. MCKENZIE: So if someone's
3 license is suspended for six months, and then at
4 the end of the six months they could go back to
5 working in that capacity, but we would have to fire
6 and re-hire that person?

7 MS. CUBITT: Or transfer them to --

8 MR. BURKETT: But transfer them some
9 place else. What we're saying is --

10 MS. MCKENZIE: Out of South
11 Carolina.

12 MR. BURKETT: If they're clear --

13 MR. HOBBS: Otherwise, what good is
14 the suspension, if they can do the same thing they
15 could do anyway? There's got to be some
16 punishment.

17 MR. BURKETT: We don't want them
18 dealing with the public if their license is
19 suspended inside a CPA firm.

20 MR. GRIGG: And if I could say this:
21 I think the question whether you fire somebody or
22 not is up to the firm. All that the suspension is
23 saying is they can't work. Now, if y'all want to
24 keep them on as an employee --

25 MR. HOBBS: And pay them, yeah.

1 MR. GRIGG: -- and they just don't
2 work for that suspension period, that's up to the
3 firm and your HR, but --

4 MS. MCKENZIE: Now, that's an
5 interesting point.

6 MR. GRIGG: -- but, I mean, the
7 suspension suspends their license. The board does
8 not regulate whether a firm or a company --

9 MR. BALDWIN: That's right.

10 MR. GRIGG: -- continues to employ
11 somebody. It's just, they can't work during that
12 suspension.

13 MS. MCKENZIE: In South Carolina.

14 MR. HOBBS: In South Carolina.

15 MR. GRIGG: Right.

16 MS. MCKENZIE: Okay. That's very
17 helpful. I really appreciate your time and
18 thoughtfulness about it.

19 MR. GRIGG: At least that's my take
20 on it.

21 MR. HOBBS: That's exactly what
22 we're shooting for. And I think you were here last
23 time, it was too broad and we didn't say "in South
24 Carolina." But I think this is what we want. It
25 is the intent behind it.

1 MS. MCKENZIE: Right. And that was
2 extremely helpful in clarifying when that change
3 was made, focusing on "in South Carolina."

4 MR. HOBBS: And Linda, don't you
5 have someone else with you? Did you want to
6 introduce her? Isn't she going to be -- the other
7 young lady with you?

8 MS. MCKENZIE: Yes. I would love to
9 take the opportunity to introduce Tammy Valasquez,
10 who is a partner in our office of public policy in
11 South Carolina. And Tammy's going to be working
12 with you here in South Carolina, along with me, for
13 the next six months or so, and then she'll be
14 taking over because I am retiring from Ernst and
15 Young.

16 MS. CUBITT: Oh, my goodness.

17 MS. MCKENZIE: I know. Oh, my
18 goodness. It's really sad. I have loved my firm
19 and love what I do. But it's a personal decision I
20 had to make. So I'm happy to have Tammy here with
21 me and have the opportunity to meet you all.

22 MR. HOBBS: Good. Welcome.

23 MS. MCKENZIE: Thank you for that
24 opportunity and thank you for the clarification and
25 all the work on this reg. It's really helpful.

1 MR. HOBBS: Thank you very much, Ms.
2 McKenzie.

3 MS. MCKENZIE: Oh, thank you. I
4 appreciate it.

5 MR. HOBBS: Any other comments from
6 Gale or Erin, either one?

7 MR. BALDWIN: No comments.

8 MR. HOBBS: We thank y'all for being
9 with us. Been exciting this morning; hasn't it?
10 Before we adjourn, do I have a motion that --

11 MR. BALDWIN: I move that we go into
12 executive session.

13 MR. HOBBS: There's a motion on the
14 floor to go into executive --- is there a second?

15 MR. NICHOLS: Second.

16 MS. GREENLEE: Second.

17 MR. HOBBS: Second by Mr. Nichols
18 and Ms. Greenlee. Any discussion?

19 (NO RESPONSE.)

20 MR. HOBBS: Hearing none, all in
21 favor, please say aye.

22 BOARD MEMBERS: Aye.

23 MR. HOBBS: Any opposed? Thank you.
24 Shouldn't take too long, and we can be back. We're
25 probably not going -- as far as the other people,

1 if you don't want to say, we certainly understand.
2 We won't have any other -- we don't really have
3 anything else on our agenda. So if you'd like to
4 do something else with your afternoon, we certainly
5 would understand.

6 (Executive session.)

7 MR. HOBBS: Do I hear a motion that
8 we come out of executive session?

9 MR. BALDWIN: I move we come out of
10 executive session.

11 MS. PIKE: Second.

12 MR. HOBBS: Second, Ms. Pike.

13 Motion made by Mr. Baldwin. Any discussion?

14 (NO RESPONSE.)

15 MR. HOBBS: All in favor, please say
16 aye.

17 BOARD MEMBERS: Aye.

18 MR. HOBBS: Any opposed? Let the
19 record reflect, no votes were taken during
20 executive session. We had a discussion. The thing
21 we needed to visit on is our -- Malane, we were
22 going to talk to SCAPA about getting their
23 assistance in promoting our bill. And would you
24 like to make a suggestion on that? Would you like
25 to make a motion that we pursue that?

1 MS. PIKE: Yes. I would like to
2 make a motion that we ask SCAPA for their
3 assistance in getting our accountancy bill
4 sponsored for legislative introduction.

5 MR. HOBBS: Is there a second?

6 MR. BURKETT: Second, Donny.

7 MR. HOBBS: And, you know, I'd like
8 to -- I think the record should reflect that our
9 investigation yields has yielded the result that
10 this board could hire a lobbyist to assist us in
11 doing that. However, we think due to time
12 constraint, we're prohibited from doing that
13 because we'd probably have to go through a
14 procurement process. And we think this is about
15 our only alternative at this time. And that's why
16 we are asking the assistance of SCAPA to assist us
17 in doing this. Any other discussion on this
18 motion?

19 (NO RESPONSE.)

20 MR. HOBBS: All in favor, please say
21 aye.

22 BOARD MEMBERS: Aye.

23 MR. HOBBS: Any opposed? And I
24 think that pretty much wraps up our meeting. Is
25 there any other things we need to discuss? Hearing

1 no items, do I hear a motion that we dismiss?

2 MR. BALDWIN: A motion to adjourn,
3 sir.

4 MR. HOBBS: Is there a second?

5 MR. BURKETT: Donny. I second.

6 MR. HOBBS: Second. Any discussion?

7 (NO RESPONSE.)

8 MR. HOBBS: All in favor, please say
9 aye.

10 BOARD MEMBERS: Aye.

11 MR. HOBBS: Any opposed? Thank you
12 very much.

13 BOARD MEMBERS: Aye.

14 MR. HOBBS: Any opposed? Thank you.

15 (Executive Session.)

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18 (Whereupon the meeting/hearings concluded at
19 12:38 p.m.)

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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 BOARD OF ACCOUNTANCY MEETING/HEARING ON THE 25TH DAY OF
7 JANUARY, 2012, AND THAT THE FOREGOING 140 PAGES
8 CONSTITUTE A TRUE AND CORRECT TRANSCRIPTION OF THE SAID
9 HEARINGS.

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

14 I FURTHER CERTIFY THAT THE ORIGINAL OF SAID
15 TRANSCRIPT WAS THEREAFTER SEALED BY ME AND DELIVERED TO
16 MICHAEL TEAGUE, SCLLR - BOARD OF ACCOUNTANCY, KINGSTREE
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18 WHO WILL RETAIN THIS SEALED ORIGINAL TRANSCRIPT.

19 IN WITNESS WHEREOF, I HAVE SET MY HAND AND SEAL THIS
20 19TH DAY OF FEBRUARY, 2012.

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23 MY COMMISSION EXPIRES JUNE 03, 2018