

**MINUTES**

SC Department of Labor, Licensing & Regulation  
Board of Accountancy

**Board Meeting**

9 A.M., Thursday, August 23, 2012  
SYNERGY OFFICE PARK  
KINGSTREE BUILDING, Room 108  
110 CENTERVIEW DRIVE  
COLUMBIA, S.C. 29210

**NOTE: These minutes are a record of the motions and official actions taken by the Board and a brief summary of the meeting. A transcript of this meeting providing more detail will be available on the Board's website: [www.llronline.com/pol/accountancy](http://www.llronline.com/pol/accountancy)**

**1. Call to Order**

Gary Forte, Secretary/Treasurer, called the board meeting of the South Carolina Board of Accountancy to order on August 23, 2012, at 9:05 a.m., with a quorum present. Other Board members present were: David Nichols, Accounting Practitioner, Donald Burkett, CPA, Mark Crocker, CPA, Tanya Greenlee, CPA, Wendell Lunsford, Accounting Practitioner, Walter Kannaday, III, CPA, and Kristian Cross, Esq.

Board member changes are as follows:

Terms Expired: Mark Hobbs Chair, and Malane Pike, Esq.

New appointments: Kristian Cross, Esq, and Walker Kannaday, III, CPA

Resignations: Robert Baldwin, CPA

LLR staff members participating in the meeting included: Doris Cubitt, Administrator, Michael R. Teague, Administrative Assistant, Amy Holleman, Administrative Assistant, Wendi Elrod, Program Assistant, Sara McCartha, Advice Counsel, Andrew Rogers, Assistant General Counsel, Office of General Counsel, and Sharon Wolfe, Chief Investigator, Office of Investigations and Enforcement.

**2. Adoption of Agenda**

**MOTION**

Mr Burkett made a motion to approve the agenda with one exception; Pat McDermott will not be able to attend. Mr Nichols seconded the motion, which carried unanimously.

**3. Election of Officers**

**MOTION**

Mr Nichols made a motion to nominate Donald Burkett as Chair, Mark Crocker as Vice Chair, and Gary Forte as Secretary/Treasurer. Mr Burkett seconded the motion, which carried unanimously.

Mr Burkett took over the meeting as newly elected Chair.

Mr Burkett took time to allow both Ms Cross and Mr Kannaday to introduce themselves.

**4. Approval of April 24, 2012, Meeting Minutes.**

**MOTION**

Mr Nichols made a motion to accept the minutes for April 24, 2012, as written. Mr Forte seconded the motion, which carried unanimously.

**5. Complaint & Investigative Activity**

Ms Wolfe briefed the Board regarding the case load and IRC Report. (See attached)

**MOTION**

Mr Nichols made a motion that the Board accept the case load and IRC reports as information. Ms Greenlee seconded the motion, which carried unanimously.

**6. General Counsel Activity**

Mr Rogers briefed the Board regarding their case load. (See attached)

**7. Consideration of CPA Exam Applications**

A. Kyrstal A Pinos – Requesting to sit as a South Carolina candidate for the CPA Exam: Pled guilty to negotiating worthless instruments and filing bankruptcy

Ms Cubitt mentioned Ms Pino was on the April 24, 2012, agenda. The Board, at that time, wanted more information as to why she was applying as a South Carolina candidate versus as a Alabama candidate and to find out if she had applied at the Alabama Board. Michael did contact the Alabama board and found out that she has never applied with them before. He had also contacted Ms Pino as to her reason for applying with us. She indicated it was due to the 120 semester hour requirement as Alabama has the 150 semester hour requirement to sit for the CPA exam

Mr Burkett postponed Ms Pino's application until the October 23<sup>rd</sup>, board meeting and mail a request for her to attend so the Board can ask questions with her here.

B. Andrea Owens – Requesting her exam window to be extended from August 31, through the end of the fourth quarter, November 30, 2012.

**MOTION**

Ms Greenlee made a motion that the Board extend the testing window to November 31, 2012. Mr Nichols seconded the motion, which carried unanimously.

**8. Consideration of Reciprocity Applications**

A. Lisa Taylor – Moving to South Carolina from Virginia. Was involved with four partnerships regarding real estate. The partnerships were dissolved and as a result had to file bankruptcy.

**MOTION**

Mr Crocker made a motion that the Board postpone any action until Ms Taylor can attend. Mr Nichols seconded the motion, which carried unanimously.

B. Jeffrey Lewis – The Ohio Board issued Mr Lewis an original CPA license in 1990 based on his Associates degree and passing the Graduate Record Exam (GRE) where South Carolina requirements were to have a Bachelor's degree or higher.

**MOTION**

Mr Nichols made a motion that the Board go into Executive Session for legal advice. Ms Greenlee seconded the motion, which carried unanimously.

**MOTION**

Mr Nichols made a motion that the Board come out of Executive Session. Mr Forte seconded the motion, which carried unanimously.

Mr Burkett stated that no votes or actions were taken while in executive session.

**MOTION**

Ms Greenlee made a motion that the Board approve Mr Lewis's reciprocity application based on the facts and circumstances including his experience and additional qualifications under Ohio law. Mr Lundsford seconded the motion, which carried unanimously.

Mr Burkett stated that the decision was based solely on the facts and circumstances related to Mr Lewis's case. Any further applicants will need to come before the Board.

**9. Consideration of Consent Agreement**

George S Long, CPA 8502, Reciprocity Application – Holding out to South Carolina clients before properly licensed.

**MOTION**

Mr Nichols made a motion that the Board to accept the Consent Agreement as written. Ms Geenlee seconded the motion, which carried unanimously.

**10. Administrator's Report**

Ms Cubitt discussed the following items:

- Informed the Board that she has been assigned the Cosmetology Board, Barber Board, and Massage/Bodyworks Panel until an Administrator has been hired.
- NASBA's annual meeting is October 28, through October 31, in Orlando.
- The Board has been approached to support Mr Ted Lodden as a Director-at-Large for NASBA.
- The Board has been approached to support Mr Bob Brooks for the NASBA Lorraine Sachs award.

**MOTION**

Mr Nichols made a motion that the Board support both Mr Lodden and Mr Brooks. Mr Crocker seconded the motion, which carried unanimously, with Mr Burkett abstaining.

- LLR is sponsoring a class about the South Carolina Insurance Reserve Fund (IRF) on September 14, 2012, at the Fire Academy's Denny Auditorium. The Board did use the services of the IRF during the lawsuit.

Ms McCartha added that the class is being made available to all board members in LLR so they can become aware what services the IRF has to offer

- Financial Report is submitted as information

## 11. Consideration of approval of adopting the Statement on Standards for CPE

Ms Cubitt stated that the Board, at an earlier meeting, voted to accept the 2012 Standards; however, there was an issue that was not made clear. When the Standards were originally created there was a provision allowing for independent study. Independent study would allow the CPA to work on their own without any accountability so the Board excluded the provision.

The other portion is how self-study credits are determined. The 2012 version includes a word count method as outlined in your information. At the last Executive Directors meeting in March there was no discussion regarding this new method.

### **MOTION**

Ms Greenlee made a motion that the Board exclude Independent Study from the Board's previous vote. Mr Kannaday seconded the motion, which carried unanimously.

No vote was taken regarding the word count method of determining CPE credit. Tabled until the October 23, 2012, board meeting.

## 12. Consideration of topics and regulations for Ethics CPE

Ms Cubitt stated, as of May 25, 2012, Regulation 1-08 now has the provision to require CPAs to obtain six hours of Ethics CPE within a three-year cycle and two of the hours must be in South Carolina Statutes and Regulations; however, she recommended not to implement it until January 1, 2013, so that it would be easier to track on a calendar year basis.

Ms Cubitt also recommended exempting those licensees from the Ethics CPE during three-year cycle they were licensed in. As part of the requirement to license, they had to pass the Professional Ethics: The AICPS's Comprehensive Course, which is an eight-hour course.

### **MOTION**

Mr Nichols made a motion that the Board implement the Ethics CPE requirement on January 1, 2013. Mr Crocker seconded the motion, which carried unanimously.

### **AMENDED MOTION**

Mr Nichols made a motion that the Board implement the Ethics CPE requirement on January 1, 2013. Anyone taking ethics CPE from 5/25/2012 through 12/31/2012 can use it toward the four hour all other Ethics requirement for the 2013-2015 cycle. Mr Crocker seconded the motion, which carried unanimously.

### **MOTION**

Mr Lunsford made a motion that the Board allow new licensees to be exempt from the Ethics CPE requirement during the three-year cycle they were licensed in. Mr Crocker seconded the motion, which carried unanimously.

## 13. Consideration of late annual CPE submission

Ms Cubitt asked the Board what actions would be appropriate for licensees turning in their CPE late.

After some discussion it was decided on February 10<sup>th</sup>, as a 10-day grace period for turning in CPE.

**MOTION**

Mr Crocker made a motion that the Board establish February 10<sup>th</sup> as the CPE cutoff. CPE received after the 10<sup>th</sup> will be considered late. Mr Kannaday seconded the motion, which carried unanimously.

For those licensees that do not complete their CPE within the calendar year (January 1, through December 31) what action is to be taken.

**MOTION**

Mr Crocker made a motion that the Board issue a Consent Agreement with a \$500 fine for those licensees who do not complete their CPE by December 31<sup>st</sup>. Additionally, if the licensee does not complete his or her CPE by December 31<sup>st</sup>, two years in a row then they would have to come before the Board. Mr Nichols seconded the motion, which carried unanimously.

**MOTION**

Ms Greenlee made a motion that the Board issue a Consent Agreement with a \$500 fine for those licensee's who do not turn in his or her CPE by the previously established cutoff date and grace period. Mr Kannaday seconded the motion, which carried unanimously.

**14. Consideration for NASBA's Foreign Transcript Evaluation Service as sole approved provider**

Ms Cubitt mentioned that transcript evaluation services are not uniform. There are way too many differences between them and too many allowances made where there should not be any. As a remedy to the inconsistencies she recommended NASBA's Foreign Transcript Evaluation Service (comparison handouts provided).

**MOTION**

Ms Greenlee made a motion that the Board approve NASBA's Foreign Transcript Evaluation Service as the Board's only approved service. Mr Kannaday seconded the motion, which carried unanimously.

**15. Consideration to allow one ethics course to fulfill part of 36 semester hour requirement in accounting courses.**

**MOTION**

Ms Greenlee made a motion that the Board allow one business ethics course, to count toward the 36 semester hour accounting requirement. Mr Nichols seconded the motion, which carried unanimously.

**16. Approval of CPA Exam grades**

**MOTION**

Mr Nichols made a motion to approve the CPA Exam grades. Mr Lunsford seconded the motion, which carried unanimously.

**17. Consideration to send a letter to Firm Managers regarding hiring out-of-state CPAs**

Ms Cubitt stated that South Carolina firms will hire an out-of-state CPA, and it may take the CPA anywhere from six months to a year or longer before he or she will submit an

application for a reciprocal license. South Carolina statute and regulations do not allow CPAs to hold out to the public until they have obtained a reciprocal license. This letter is to let the managers know that they cannot have those CPAs hold out on business cards, sign anything as a CPA, or indicate they are a CPA in any form or fashion.

**MOTION**

Mr Crocker made a motion for Board staff to send the proposed letter to firm managers as a reminder about proper procedure before allowing the out-of-state CPA to hold out to the public before obtaining their South Carolina CPA license. Mr Kannaday seconded the motion, which carried unanimously.

**18. Consideration of Board Members and the Administrator attending NASBA's annual Meeting**

Ms Cubitt reiterated that the meeting is held this year in Orlando, FL from October 28, through October 31. LLR has stated that they will allow two board members to attend as well as the Administrator, if it is the desire of the Board. This meeting normally does not have scholarships like the Regional Meetings that Ms Cross and Mr Kannaday will be eligible for in June.

**MOTION**

Mr Lunsford made a motion that the Board approve Ms Cubitt and two Board members to attend NASBA's Annual meeting, October 28, through October 31. Names of Board members to be determined. Mr Crocker seconded the motion, which carried unanimously.

Mr Crocker asked to see our website. He inquired whether licensees get an email or other notification if the website is updated. Ms Cubitt replied, yes by EBlast if it is a major change. We also use EBlasts as reminders about renewal which has dramatically reduced late renewals.

**19. Public Comments**

Ms Erin Pate, Chief Executive Officer, South Carolina Association of CPA's, addressed the Board.

Ms Pate wanted to thank the Board for its participating in the Professional Issues Update seminars presented throughout the state. A lot of CPAs show up for these events so it's a great opportunity to share information about what's going on with the Board and in the profession.

She also reminded the Board about the upcoming Oath Ceremony scheduled for November first, about 5:30 pm at the Columbia Convention Center that SCACPA and the Board cosponsors. SCACPA has invited the AICPA's Board Chair as a speaker. Mr Burkett you are scheduled to say some remarks too. The CPAs will also receive their CPA wall certificates as well.

She thanked the past Chair, Mark Hobbs, for contributing articles about the Board to the association's quarterly magazine, the *CPA Report*. There is a circulation of about 4,000 CPAs across the state.

Mr Burkett mentioned that these events are important to the newly licensed CPAs and their families as it is a culmination to a long hard process of obtaining their CPA license. He

encourages Board members to attend these events when possible. Mr Burkett expresses his appreciation to SCACPA in co-hosting the event.

**MOTION**

Mr Crocker made a motion that the Board go into Executive Session for legal advice. Ms Greenlee seconded the motion, which carried unanimously.

**MOTION**

Mr Nichols made a motion that the Board come out of Executive Session. Mr Crocker seconded the motion, which carried unanimously.

Mr Burkett stated that no votes or actions were taken while in executive session.

**20. Mr Burkett mentioned that Ms Cubitt had one additional item.**

Ms Cubitt mentioned that Amy received a question at the PIU she did the other day relating to Regulation 1-10(d).

(D) A licensee or permit holder shall not employ or associate with in South Carolina, directly or indirectly, a person whose license is revoked or suspended by this Board or by the Board of Accountancy in any other jurisdiction. Employing or associating such a person as an accountant, investigator, tax preparer or in any other capacity connected with the practice of accounting subjects the license or permit holder to discipline by the Board.

The question is regarding where the regulation states “directly or indirectly”. The question was asked: What if a CPA works in industry, his license is revoked, but he’s working at this business as the comptroller or other capacity, and a CPA firm has been employed to do the audit for that industry firm. Are they associating indirectly with that person when they work with them to complete the audit?

Mr Burkett responded by stating that if a CPA firm hired a revoked CPA as a consultant than that would be a problem. In this case no. Ms Cubitt agreed and said that the client of the CPA doing the audit is the firm not the revoked CPA.

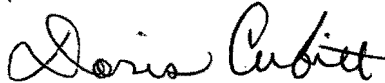
**21. Adjournment**

**MOTION**

There being no further business to be discussed at this time, Mr Lunsford made a motion the meeting be adjourned. Ms Greenlee seconded the motion, which carried unanimously.

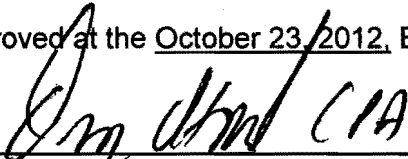
The August 23, 2012, meeting of the SC Board of Accountancy adjourned at 12:30 p.m.

Respectfully submitted,



Doris E Cubitt, CPA  
Administrator

Approved at the October 23, 2012, Board Meeting.



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Donald H. Burkett, CPA, Chair