

MINUTES
SC Department of Labor, Licensing & Regulation
Board of Accountancy
Board Meeting
Thursday, January 23, 2014
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.

1. Call to Order

Donald H. Burkett, CPA, Board Chair, was present and called the meeting of the South Carolina Board of Accountancy to order on January 23, 2014, at 9:02 a.m., with a quorum present. Other Board members present were: Mark Crocker, CPA, Vice Chair, Gary Forte, Secretary, Ellen K. Adkins, CPA, Tanya Greenlee, CPA, Walter Kannaday, III, CPA, David Nichols, Accounting Practitioner, Christi Cox, Esq, and Gale Bell, Accounting Practitioner.

2. Chair's Remarks

Mr Burkett introduced the newest member of the Accountancy Board Mr. Gale Bell, Accounting Practitioner. This is the second time Mr Bell has been a member of the Board.

Mr Bell is filling a vacant position

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

3. Adoption of agenda.

MOTION

Mr Nichols made a motion to move Item 9, OIE Report and Item 11, Approval of Meeting Minutes ahead of Item 5, George Wise's Request to Reinstate. Mr Kannaday seconded the motion, which carried unanimously.

4. Approval of November 14, 2013, Meeting Minutes

MOTION

Ms Adkins made a motion to accept the minutes as written. Mr Forte seconded the motion, which carried unanimously.

5. General Counsel Activity

Mr Rogers briefed the Board regarding the Office of General Counsel's case load. There are six outstanding cases, one has two case numbers. (Addendum 1)

6. Administrator's Report

Ms Cubitt discussed the following items:

- Financial reports are provided (Addendum 2)
- Currently receiving license and firm renewals. Last day to renew is January 31, 2014.
- NASBA's Legal and Executive Director's conference is March 1, 2014. Sara McCartha, Andrew Rogers, Bridgette Goff, and Doris Cubitt will be attending.
- Provided a media notice from the Public Company Accounting Oversight Board (PCAOB) regarding disciplinary actions against three audit firms and three individuals associated with the firms. (Addendum 3)
- As a result of the Board's annual Quality Audit Review program in 2013, a referral was made to the California Board of Accountancy regarding one of their CPAs was not registered with South Carolina and also provided a substandard report to a South Carolina client. The Deputy Attorney General's office called to let us know they received the report and they were working the case.

7. Office of Investigation & Enforcement - Complaint & Investigative Activity

- A. Ms Wolfe briefed the Board regarding the OIE Case Report. (Addendum 4)
B. Ms Wolfe briefed the Board about the Dismissal Report and requested the Board approve the dismissals. (Addendum 5)

MOTION

Mr Nichols made a motion to approve the Dismissal Report. Mr Crocker seconded the motion, which carried unanimously.

8. Consideration of George Wise's eligibility to reinstate CPA license after release from prison. (Conference Call)

As a result of a felony DUI conviction in 2003 Mr Wise was sentenced to 12 years in prison. The Board subsequently revoked his CPA license. On January 31, 2014, Mr Wise is due to be released from prison and is asking whether or not he will be eligible to have his CPA license reinstated. Since his CPA license has been revoked for more than three years, he would have to obtain six months of experience under the direct supervision of an active licensed CPA; however, Regulation 1-10(D) stipulates that no 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 the Board. In his request he is asking, upon his release, to be able to work under the supervision of a CPA in order to get the required experience.

Mr Wes Kirkland, Esquire, is representing Mr Wise. Witnesses speaking on Mr Wise's behalf are: John Camp, CPA, Bob Reed, CPA, Brittany Owen, CPA, and George Crow, CPA.

9. Greene and Company/Argo and Associates Motion for Reconsider of Previous Order

Mr Fred Crawford, Esq, of Richardson, Plowden and Robinson, P.A. representing Greene and Company/Argo and Associates, presented an argument for the Board to reconsider its Final Order dated November 26, 2013, by deleting any reference to Section 40-1-110.

10. Consideration of Ralph Webb's request to sit as a South Carolina candidate for CPA Exam

As part of the application to sit as a South Carolina candidate for the CPA Exam, Mr Webb answered yes to several disciplinary questions and provided substantiating documentation.

1. A history of DUI arrests over a six year time frame.
2. A Notice of Acceptance of Letter of Acceptance, Waiver and Consent NO. E062005001601 from the Financial Industry Regulatory Authority (FINRA) dated 9/25/2007. The FINRA Broker Check Report stated the allegations did not involve violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct. The Allegations were supervisory in nature.

These type of actions may be in conflict with South Carolina Code of Law, Section 40-2-110(A)(2), "conduct reflecting adversely upon the licensee's fitness to perform services as a licensee."

Ms Sally Rogers, Esquire, with Nexsen Pruet is representing Mr Webb. Witnesses speaking on Mr Webb's behalf, Mr Frank Sheheen, friend also is the Program Director for the Recovering Professional Program.

11. Consideration of requests to obtain a South Carolina CPA License

A. Kirk Mason is an active licensed CPA in the state of Massachusetts; however, Massachusetts issued Mr Mason a Non-Reporting License. Non-Reporting Licenses are issued to those individuals that do not have any experience under an active licensed CPA. Mr Mason did have experience under the supervision of a CPA; however, it was undocumented as he never did have audit work as it was not necessary in order to meet Massachusetts licensing requirements.

South Carolina Code of Law, Section 40-2-240(A)(2):

(A) The board may issue a license to a holder of a certificate, license, or permit issued under the laws of any state or territory of the United States or the District of Columbia or any authority outside the United States upon a showing of substantially equivalent education, examination, and experience upon the condition that the applicant:

(2) completed an experience requirement, substantially equivalent to the requirement provided for in Section 40-2-35(F), in the jurisdiction which granted the designation or has engaged in four years of professional practice, outside of this State, as a certified

public accountant within the ten years immediately preceding the application.

B. Amber Garrett is applying for her original CPA license and provided yes answers to disciplinary questions on the licensing application: Declaration of Personal Bankruptcy in 2008 due to foreclosure of her home in Las Vegas, NV. These type of actions may be in conflict with South Carolina Code of Law, Section 40-2-110(A)(2), "conduct reflecting adversely upon the licensee's fitness to perform services as a licensee."

12. Consideration of Consent Agreements

MOTION

Ms Adkins made a motion to accept Raymond Harris's Consent Agreement as presented. Mr Kannaday seconded the motion, which carried unanimously (Addendum 6).

MOTION

Mr Nichols made a motion to accept Linda K. Jones's Consent Agreement as presented. Ms Atkins seconded the motion, which carried unanimously (Addendum 7).

MOTION

Mr Kannaday made a motion to accept Rhonda L. Nager's Consent Agreement as presented. Mr Nichols seconded the motion, which carried unanimously (Addendum 8).

13. Succession Planning for Firms report

Ms McCartha provided the Board with a sample of language used by the South Carolina Bar Association regarding succession planning by attorneys. The Board may want to amend the statute to require accountants to prepare written, detailed succession plans specifying what steps must be taken in the event of their death, incapacity, or disability from practicing accountancy (Addendum 9).

MOTION

Ms Greenlee made a motion to go into Executive Session for Legal Advice. Ms Adkins seconded the motion, which carried unanimously.

MOTION

Mr Crocker made a motion to come out of Executive Session. Mr Kannaday seconded the motion, which carried unanimously.

It is noted that no official actions were taken by the Board during executive session.

MOTION

Ms Greenlee made a motion that Mr Wise (Item 8) would be eligible for reinstatement upon release from prison providing all necessary reinstatement requirements are met in South Carolina Code of Laws, Section 40-2-250(F). Mr Crocker seconded the motion, which carried unanimously.

Mr Crocker withdrew his seconding of the motion as he was not present in the room for Mr Wise's entire hearing.

MOTION RESUBMITTED

Ms Greenlee made a motion that Mr Wise (Item 8) would be eligible for reinstatement upon release from prison providing all necessary reinstatement requirements are met in South Carolina Code of Laws, Section 40-2-250(F). Mr Kannaday seconded the motion, which carried with Mr Crocker abstaining.

MOTION

Mr Kannaday made a motion that the previous order issued to Green & Company/Argo & Associates (Item 9) by the Board on November 26, 2013, stands as written. Ms Adkins seconded the motion, which carried unanimously.

MOTION

Mr Nichols made a motion to grant Mr Webb's request to sit as a South Carolina candidate for the CPA Exam (Item 10). Mr Forte seconded the motion, which carried unanimously.

MOTION

Ms Adkins made a motion to grant Mr Mason's request for a reciprocal CPA license (Item 11(A)). Mr Nichols seconded the motion, which carried unanimously.

MOTION

Mr Bell made a motion to grant Ms Garrett's request for an original CPA license (Item 11(B)). Ms Adkins seconded the motion, which carried unanimously.

15. Old Business

Review of CPE Exemption for Persons Serving on Active Military Duty.

Ms Cubitt explained the bill passed by the State Assembly and signed by Governor Haley allowing active duty members who have a professional license to be exempt from CPE. In the past when a licensee was called to deploy overseas we would put CPE on hold until the licensee returned and allowed them one year from the date of return to get caught up, never exempting CPE totally.

Ms McCartha said if the Accountancy Practice Act was more specific than the Engine Bill, then the Practice Act would prevail. Ms McCartha will get a more definitive answer at the April board meeting.

16. New Business

A. Proposed Chapter 10: Fee Placement Options

Ms McCartha referred the Board to Ms Holly Pisarik's (Agency Director) email regarding this issue. She also explained that under Section 40-1-50(D) Ms Pisarik completed a review of all boards' fee structures and aligned them to where there are enough funds to sustain the boards throughout the year without large surpluses and not ending in the red. The Accountancy Board's fees did not need to be adjusted; however, fees are not stated in either the statute or

regulations. The email, under paragraph F (Addendum 10), provides several options on how to present the fees. Ms Pisarik asked the Board to choose which method they prefer to reflect the established fees.

MOTION

Mr Crocker made a motion to choose Option C, Fees will appear in Chapter 10 with a reference in regulation to Chapter 10 and LLR's website for fees. Ms Cox seconded the motion, which carried unanimously.

B. Approval of CPA Exam Grades

MOTION

Ms Greenlee made a motion to approve the 2013 4th Quarter CPA Exam grades. Mr Kannaday seconded the motion, which carried unanimously.

17. Public Comment

None

18. Adjournment

MOTION

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

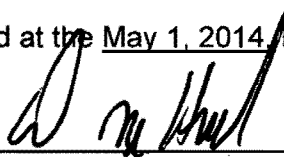
The January 23, 2014, meeting of the SC Board of Accountancy adjourned at 2:15 p.m.

Respectfully submitted,



Doris E Cubitt, CPA
Administrator

Approved at the May 1, 2014 Board Meeting.



Donald H. Burkett, CPA, Chair