

**MINUTES**

SC Department of Labor, Licensing & Regulation  
Board of Accountancy

**Board Meeting**

9 A.M., Tuesday, December 1, 2011  
SYNERGY OFFICE PARK  
KINGSTREE BUILDING, Room 204  
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**

Mark Hobbs, CPA, Chair, called the board meeting of the South Carolina Board of Accountancy to order on December 1, 2011, at 9:08 a.m., with a quorum present. Other Board members present were: Robert Baldwin, CPA, Vice Chair, Gary Forte, Secretary/Treasurer, David Nichols, Accounting Practitioner, Donald Burkett, CPA, Mark Crocker, CPA, Tanya Greenlee, CPA, Wendell Lunsford, Accounting Practitioner, and Malaine Pike, Esq.

LLR staff members participating in the meeting included: Doris Cubitt, Administrator, Michael R. Teague, Administrative Assistant, Amy Holleman, Administrative Specialist, and Dean Grigg, Advice Counsel.

**2. Adoption of Agenda**

Mr Hobbs recommended that the Board move Item 7 before Item 6 and Item 11(A)(2), and he said the Consent Agreement for Roger Long needs to be rewritten by legal staff.

**MOTION**

Mr Burkett made a motion to approve the agenda with the changes above. Mr Forte seconded the motion which carried unanimously.

**3. Approval of Minutes of Meetings held on October 18, 2011 and November 22, 2011**

**MOTION**

Mr Burkett made a motion that the Board approve the minutes of both the October 18, 2011, and November 22, 2011 meetings. Mr Nichols seconded the motion which carried unanimously.

**4. Consideration of Mr Abdelaal's request to complete all CPE as Self-Study**

Mr Hobbs asked Mr Abdelaal if he had any extenuating circumstances other than what is written in his request to appear. Mr Abdelaal said that the 20-hour limitation of self-study has made obtaining CPE too expensive.

**MOTION**

Mr Lunsford made a motion that the Board deny Mr Abdelaal's request as statute and regulations does not give the Board the authority to make exceptions to the CPE requirements. Mr Burkett seconded the motion which carried unanimously.

5. **Complaint & Investigative Activity – Office of Investigation & Enforcement**  
Sharon Wolf, from the Office of Investigation & Enforcement, stated that the Accountancy Board received 14 complaints since January 1, 2011, 11 closed, 12 cases remain open as of today's meeting.

**MOTION**

Mr Burkett made a motion that the Board accept the report as information. Ms Greenlee seconded the motion which carried unanimously.

6. **Bucky Glover, CPA, NASBA's Eastern Regional Director**

Mr Glover briefed the Board about the following topics:

- Changes within NASBA
- Charge of the State Board Relevance and Effectiveness Committee
- NASBA will be obtaining disciplinary statistics from all jurisdictions
- Financial Accounting Foundation is planning to establish a new council with the authority to identify, propose, and vote on specific improvements to US accounting standards for private companies. – Needing Board input
- State Boards Relevance Committee has developed a template for Boards to use to provide state legislators with information about the Board
- North Carolina has a clipping service that will go out and search for CPAs that may be in the news, named in lawsuits, Dept of Revenue actions, IRS, and liens to identify for possible disciplinary actions
- The IRS sent out 21,000 Problem Preparer Letters – First glance indicates that the individual is a problem preparer, but what the letter actually indicates is that the licensee prepares types of returns that could have a lot of problems

7. **Hearings**

A. Charles A Finley, CPA #2442, Cases #2008-18, 2010-6 and 2011-5  
Postponed until the January 25, 2012, meeting.

B. Flint Smith, CPA #2062, Cases 2010-23 and 2010-25  
Mr Smith is being represented by Mr Stan Freeman

**MOTION**

Mr Baldwin made a motion that the Board go into Executive Session to consider Mr Freeman's request to reopen the facts surrounding the Alford Plea in Mr Smith's hearing. Mr Nichols seconded the motion which carried unanimously.

**MOTION**

Ms Greenlee made a motion that the Board come out of Executive Session. Mr Baldwin seconded the motion which carried unanimously.

Mr Hobbs stated that no votes or actions were taken while in executive session and the Board is denying Mr Freeman's request to reopen the facts in the Alford Plea case.

**MOTION**

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

**MOTION**

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

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

Mr Griggs informed counsel and the defendant that the Board is asking to see the transcript from the Alford Plea as an exhibit, only the two sentences where the presiding judge asked what plea was being entered and Mr Smith's response. Everything else must be redacted. Both parties agreed.

**MOTION**

Ms Pike made a motion that the Board permanently revoke Mr Smith's CPA license and impose a \$10,000 fine. Mr Nichols seconded the motion which carried unanimously.

Mr Freeman asked that the Board reconsider the fine as Mr Smith is already paying fines from previous hearings.

**MOTION**

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

**MOTION**

Mr Baldwin made a motion that the Board come out of Executive Session. Mr Burkett seconded the motion which carried unanimously.

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

**AMMENDED MOTION**

Ms Pike made an amended motion in light of the statements made by Mr Smith's counsel. The Board has considered his request with regard to the fine, that the Board permanently revoke Mr Smith's CPA license and in light of the severity of the charges against him that the fine be \$10,000 and be payable within 90 days. Mr Nichols seconded the motion which carried unanimously.

**8. NASBA Executive Directors Conference – March 2012**

**MOTION**

Mr Burkett made a motion that the Board approve the travel expenses for Doris Cubitt and Malaine Pike to attend the Legal Conference. Mr Nichols seconded the motion which carried unanimously.

**9. Clarify Personal Development CPE**

**MOTION**

Mr Baldwin made a motion that the Board use NASBA's definition of Personal Development and include a link to NASBA's list of 23 subject matter areas for CPE, posting it ASAP to the SC BOA website in both the Board News section and the FAQ section. Mr Nichols seconded the motion which carried unanimously.

**10. Communication of CPE Audit Results and its Impact on 2011 Year**

Staff to post results on website

**11. Firm Name – DBA Clarification**

Mr Grigg briefed the Board that they did not have the statutory authority to require firms that wanted to use a DBA to trademark the DBA name.

**MOTION**

Mr Hobbs made a motion that the Board allow firms to use DBAs providing it is not misleading and all official documentation must have both the legal name and the DBA name. Mr Baldwin seconded the motion which carried unanimously.

**12. Renewal Form Review – Mark Crocker**

Deferred until the January 25, 2012, Board meeting and for staff to develop a list of job functions and duties

**13. Consent Agreement – Audrey J Lennon**

**MOTION**

Mr Baldwin made a motion that the Board accept the Consent Agreement as written. Mr Lunsford seconded the motion which carried unanimously.

**14. Peer Review Update including Peer Review Oversight Committee (PROC)**

Mr Hobbs asked Mr Charles Talbert if he would consider being the PROC chair for South Carolina. Mr Talbert accepted and suggested to have both Ms Cubitt and Mr Jim Holloway as members of the committee. PROC should be up and functioning by this summer.

**MOTION**

Mr Baldwin made a motion that the Board authorize the Chair to ask both Doris Cubitt and Jim Holloway if they would serve on the PROC with Charles Talbert. Ms Pike seconded the motion which carried unanimously.

**15. Communications Update, Professional Issues Update (PIU)**

Mr Hobbs presented the Board with the dates and locations that he, Doris Cubitt, and, in one case, Amy Holleman delivered the Professional Issues Update to members of SCACPA. He also presented the Board with the numbers of people who attended each session and let the Board know that the PIU is also offered on SCACPA's website as a webcast. During these webcasts someone is available to answer questions sent via email as they arise. We received positive feedback from licensees who attended these sessions.

**16. Certificates of Attendance for CPE from Firms**

Erin Hardwick and Reva Brennan of SCACPA, Tom Childers of Elliott Davis, and Walda Wildman, a sole practitioner, addressed the Board about their requirement that licensees submit certificates for each individual CPE course. They all felt, coming from different perspectives, that this would be wasteful both the economic and environmental aspects. It would create an administrative burden on larger firms, which currently do not print certificates for each member of their firms for each live CPE opportunity but retain transcripts, and it would be costly to sole proprietors in terms of printing costs.

**MOTION**

Mr Baldwin made a motion that the Board go into Executive Session for legal advice. Mr Burkett seconded the motion which carried unanimously.

**MOTION**

Mr Baldwin made a motion that the Board come out of Executive Session. Mr Burkett seconded the motion which carried unanimously.

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

**MOTION**

Mr Baldwin made a motion that the Board require only certificates of completion for self-study courses to be turned in with the CPE report, in accordance with Regulation 1-08(B)(4). Mr Burkett seconded the motion which carried unanimously.

17. **NASBA QuickPoll Regarding Jurisdictions allowing Carryover Hours**
18. **Licensee Lives and Works in another state and Holds a SC CPA License – Have they met SC CPE Standards**

The Board discussed whether or not they could accept CPE from persons living, licensed, and working primarily in another jurisdiction if those people meet the CPE requirements for that jurisdiction even if those requirements conflicted with SC's CPE requirements. After discussion, the Board members decided that they did not have the authority to make exceptions for those in other states as the statute nor regulations give them that. It was decided that there was no need for a vote as they decided they are sticking with the statute and regulations as they stand.
19. **South Carolina Association of CPAs (SCACPA) CPE Presentation**

Reva Brennan of SCACPA addressed the Board about their decision to not accept live webcasts. She explained to the Board that live webcasts, like webinars, have controls in place and are still interactive, but the interactivity is limited in that participants must fax or email in questions for the instructor/CPE leader which are answered during the session instead of being to interactive instantly by typing in their questions directly to the leader. She also explained that the terms are often used interchangeably, and that it is SCACPAs position that they should both qualify equally. The Board discussed the matter and agreed to accept live webcasts in the same way they accept live webinars provided that attendance controls are in place, they are interactive and the course is in accordance with Regulation 1-08(E). The Frequently Asked Questions (FAQ) regarding this issue will be changed to mirror the regulation. It was determined that a motion was not necessary.
20. **Consideration of Accepting the US International Qualifications Appraisal Board's (IQAB) Mutual Recognition Agreement with Hong Kong**

Deferred until the January 25, 2012, Board meeting
21. **Concerns regarding LLR Engine Bill changes**

The Board discussed their concerns with changes to the Engine Bill and decided that Ms Pike will draft a memorandum of their concerns to present to LLR Director, Ms Catherine Templeton. Mr Hobbs will review the memorandum of concerns once it is drafted and ensure Ms Templeton receives it.
22. **Consideration of recording Executive Sessions**

**MOTION**  
Mr Burkett made a motion that the Board not allow executive sessions to be recorded in any format whatsoever as it would defeat the purpose of executive sessions. Ms Pike seconded the motion which carried unanimously.
23. **Completion of Focus Questions**

See report

**MOTION**

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

**MOTION**

Ms Pike made a motion that the Board come out of Executive Session. Mr Burkett seconded the motion which carried unanimously.

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

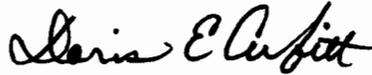
- 24. **Changes to the Board Meeting Calendar for 2012**  
Change April 26 to April 24 and November 1 to October 23
- 25. **Public Comments**  
No public comments
- 26. **Adjournment**

**MOTION**

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

The December 1, 2011, meeting of the SC Board of Accountancy adjourned at 3:00 p.m.

Respectfully submitted,



Doris E Cubitt, CPA  
Administrator

Approved at the January 25, 2012, Board Meeting.



Mark Hobbs, CPA, Chair



Robert Baldwin, CPA, Vice Chair