

## *Executive Subcommittee Meeting*

Friday, September 27, 2019

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# AGENDA

South Carolina  
House of Representatives



Legislative Oversight Committee

**EXECUTIVE SUBCOMMITTEE**

*Chairman Gary E. Clary*

*The Honorable Chandra E. Dillard*

*The Honorable Laurie Slade Funderburk*

*The Honorable Wm. Weston J. Newton*

***Friday, September 27, 2019***

***10:30 a.m.***

***Room 321, Blatt Building***

***Pursuant to Committee Rule 6.8, S.C. ETV shall be allowed access for internet streaming whenever technologically feasible.***

**AGENDA**

- I. Approval of Subcommittee Meeting Minutes**
- II. Discussion of the study of the Secretary of State's Office**
- III. Adjournment**

# MEETING MINUTES

***Chair Wm. Weston J. Newton***

*First Vice-Chair:*  
*Laurie Slade Funderburk*

## **Legislative Oversight Committee**

*Micajah P. (Micah) Caskey, IV*  
*Neal A. Collins*  
*Patricia Moore (Pat) Henegan*  
*William M. (Bill) Hixon*  
*Jeffrey E. (Jeff) Johnson*  
*Marvin R. Pendarvis*  
*Tommy M. Stringer*  
*Bill Taylor*  
*Robert Q. Williams*



**South Carolina House of Representatives**

*Gary E. Clary*  
*Chandra E. Dillard*  
*Lee Hewitt*  
*Joseph H. Jefferson, Jr.*  
*Mandy Powers Norrell*  
*Robert L. Ridgeway, III*  
*Edward R. Tallon, Sr.*  
*John Taliaferro (Jay) West, IV*  
*Chris Wooten*

*Jennifer L. Dobson*  
*Research Director*

*Cathy A. Greer*  
*Administration Coordinator*

**Post Office Box 11867**  
**Columbia, South Carolina 29211**  
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*Charles L. Appleby, IV*  
*Legal Counsel*

*Carmen J. McCutcheon Simon*  
*Research Analyst/Auditor*

*Kendra H. Wilkerson*  
*Fiscal/Research Analyst*

### **Executive Subcommittee**

**Tuesday, June 25, 2019**

**9:00 a.m.**

**Blatt Room 403**

### **Archived Video Available**

- I. Pursuant to House Legislative Oversight Committee Rule 6.8, South Carolina ETV was allowed access for streaming the meeting. You may access an archived video of this meeting by visiting the South Carolina General Assembly's website (<http://www.scstatehouse.gov>) and clicking on *Committee Postings and Reports*, then under *House Standing Committees* click on *Legislative Oversight*. Then, click on *Video Archives* for a listing of archived videos for the Committee.

### **Attendance**

- I. Subcommittee Chairman Gary E. Clary calls the Executive Subcommittee meeting to order on Tuesday, June 25, 2019, in Room 403 of the Blatt Building. The following members of the Subcommittee are present during all or part of the meeting: Subcommittee Chairman Clary, Representative Chandra E. Dillard, Representative Laurie Slade Funderburk, and Representative Wm. Weston J. Newton.

## Minutes

- I. House Rule 4.5 requires standing committees to prepare and make available to the public the minutes of committee meetings, but the minutes do not have to be verbatim accounts of meetings. It is the practice of the Legislative Oversight Committee to provide minutes for its subcommittee meetings.
- II. Representative Newton moves to approve the minutes from the prior Subcommittee meeting. A roll call vote is held, and the motion passes.

Rep. Newton moves to approve the minutes from the Subcommittee's March 26, 2019, meeting:	Yea	Nay	Not Voting (Not present)
Rep. Clary	✓		
Rep. Dillard	✓		
Rep. Funderburk	✓		
Rep. Newton	✓		

## Discussion of the S.C. Aeronautics Commission

- I. Subcommittee Chairman Clary explains the purpose of today's meeting is to ask questions and make motions based on information received in prior meetings and for the S.C. Aeronautics Commission (SCAC) to present information on its administration organizational unit.
- II. Subcommittee Chairman Clary explains that all testimony given to this subcommittee, which is an investigating committee, must be under oath. He reminds all agency personnel previously sworn in that they remain under oath.
- III. Director James Stephens presents information on the agency's administration unit. Members ask questions, which Director Stephens answers.
- IV. Members make motions during the meeting, which are listed on the next page. A roll call vote is held for the motions, and, among the members present, the motions pass unanimously.

Rep. Newton moves that the Subcommittee Study include a recommendation that the Aeronautics Commission determine benefits of, and what is necessary for, it to track and validate scheduled times and mileage of aircrafts subject to the airline property tax and provide its analysis to the Committee within the next twelve months.	Yea	Nay	Not Voting (Not Present)
Rep. Clary	✓		
Rep. Dillard	✓		
Rep. Funderburk	✓		
Rep. Newton	✓		

Rep. Newton moves that the Subcommittee Study include a recommendation that the General Assembly consider clarifying the transportation company aircraft fuel sales tax exemption by revising S.C. Code Ann. § 12-36-2120(9)(d) [exemptions from sales tax] to make the exemption only available to entities that pay the airline property tax.	Yea	Nay	Not Voting (Not Present)
Rep. Clary	✓		
Rep. Dillard	✓		
Rep. Funderburk	✓		
Rep. Newton	✓		

Rep. Newton moves that the Subcommittee Study include a recommendation that the Aeronautics Commission develop a schedule to digitize the physical maps, photos, and other SCAC printed materials stored at its office.	Yea	Nay	Not Voting (Not Present)
Rep. Clary	✓		
Rep. Dillard	✓		
Rep. Funderburk	✓		
Rep. Newton	✓		

Rep. Newton moves that the Subcommittee Study include a finding that if a dedicated source of funding for matching state grants is accessible each year in July, the state may further leverage federal funding for airports within the state recognized in National Plan of Integrated Airport Systems (NPIAS).	Yea	Nay	Not Voting (Not Present)
Rep. Clary	✓		
Rep. Dillard	✓		
Rep. Funderburk	✓		
Rep. Newton	✓		

Rep. Dillard moves that the Subcommittee Study include a finding that the determination of whether a flight on a state-owned aircraft is for official business is not made by SCAC; rather, it is made by the entity requesting the flight with oversight provided by those regulating the entity's actions.	Yea	Nay	Not Voting (Not Present)
Rep. Clary	✓		
Rep. Dillard	✓		
Rep. Funderburk	✓		
Rep. Newton	✓		

Rep. Dillard moves that the Subcommittee Study include a recommendation that the Aeronautics Commission establish a method to electronically collect flight information (e.g., passenger names, purpose of each flight, etc.) in advance of a flight and publish it, after the flight, in a searchable, online format (e.g., search by purpose, agency, passengers, reimbursement status, etc.).	Yea	Nay	Not Voting (Not Present)
Rep. Clary	✓		
Rep. Dillard	✓		
Rep. Funderburk	✓		
Rep. Newton	✓		



Rep. Dillard moves that the Subcommittee Study include a recommendation that the General Assembly consider codifying state operated aircraft flight log requirements in Proviso 117.22 from the 2018-19 General Appropriations Act and require the log to be in an online, searchable format.	Yea	Nay	Not Voting (Not Present)
Rep. Clary	✓		
Rep. Dillard	✓		
Rep. Funderburk	✓		
Rep. Newton	✓		

Rep. Dillard moves that the Subcommittee Study include a finding that SCAC has no minority representation on its commission and has not since at least 2005.	Yea	Nay	Not Voting (Not Present)
Rep. Clary	✓		
Rep. Dillard	✓		
Rep. Funderburk	✓		
Rep. Newton	✓		

Rep. Dillard moves that the Subcommittee Study include a recommendation that the Aeronautics Commission provide notice to the appropriate congressional district legislative delegation one year prior to the expiration of a commissioner's term and include in the notice a copy of the laws applicable to the commission, such as S.C. Code Section 13-1-1020, which states in part, "The elections or appointments shall take into account race and gender so as to represent, to the greatest extent possible, all segments of the population of the State . . . ."	Yea	Nay	Not Voting (Not Present)
Rep. Clary	✓		
Rep. Dillard	✓		
Rep. Funderburk	✓		
Rep. Newton	✓		

Rep. Dillard moves that the Subcommittee Study include a recommendation that the Aeronautics Commission request a waiver from the State Fiscal Accountability Authority (SFAA) and Joint Bond Review Committee (JBRC), authorizing it to participate in the federal asset transfer program if the prerequisite approval from its commission prior to accepting any assets remains.	Yea	Nay	Not Voting (Not Present)
Rep. Clary	✓		
Rep. Dillard	✓		
Rep. Funderburk	✓		
Rep. Newton	✓		

Rep. Funderburk moves that the Subcommittee Study include a recommendation that the Aeronautics Commission determine if there are potential cost savings it may obtain through the purchase of a utility plane versus entering into agreements with another state agency for use of a utility plane and provide the analysis to the Committee within the next twelve months.	Yea	Nay	Not Voting (Not Present)
Rep. Clary	✓		
Rep. Dillard	✓		
Rep. Funderburk	✓		
Rep. Newton	✓		

Rep. Funderburk moves that the Subcommittee Study include a recommendation that the Aeronautics Commission require adherence to airport land use and safety zones as a prerequisite to receiving state grants administered by SCAC (e.g., include in forthcoming regulations).	Yea	Nay	Not Voting (Not Present)
Rep. Clary	✓		
Rep. Dillard	✓		
Rep. Funderburk	✓		
Rep. Newton	✓		

Rep. Funderburk moves that the Subcommittee Study include a finding that as of June 2019, (a) SCAC has never exercised its authority to separately or jointly acquire, establish, construct, expand, own, lease, control, equip, improve, maintain and operate its own airports, or, among other things, acquire land by condemnation or purchase; and (b) Clemson University has never exercised its authority to develop an airport.	Yea	Nay	Not Voting (Not Present)
Rep. Clary	✓		
Rep. Dillard	✓		
Rep. Funderburk	✓		
Rep. Newton	✓		

Rep. Funderburk moves that the Subcommittee Study include a finding that (a) no entity or division within state government is tasked with centralized management of manned aircraft (i.e., airplanes, helicopters) or information pertaining to their operations, and (b) no entity or division within state government is tasked with centralized management of unmanned aircraft systems (e.g., drones) or information pertaining to their operations.	Yea	Nay	Not Voting (Not Present)
Rep. Clary	✓		
Rep. Dillard	✓		
Rep. Funderburk	✓		
Rep. Newton	✓		

Rep. Newton moves that the Subcommittee Study include a finding that four provisos related to SCAC have been included, with minimal to no change, in the General Appropriations Act for more than a decade, and the General Assembly may wish to consider codifying one or more of them. Topics addressed by these provisos include: reimbursement for services; carry forward; office space rental; hangar/parking facilities; and aviation grants.	Yea	Nay	Not Voting (Not Present)
Rep. Clary	✓		
Rep. Dillard	✓		
Rep. Funderburk	✓		
Rep. Newton	✓		

Rep. Newton moves that the Subcommittee Study include a finding that if more state-owned aircraft move to using a central source (i.e., SCAC) for fuel and maintenance, when possible, there may be a potential cost savings for the state.	Yea	Nay	Not Voting (Not Present)
Rep. Clary	✓		
Rep. Dillard	✓		
Rep. Funderburk	✓		
Rep. Newton	✓		

Rep. Funderburk moves that the Subcommittee Study include a recommendation that the General Assembly consider removing the requirement that SCAC provide State Law Enforcement Division personnel methods to test flight crew members' blood alcohol content in S. C. Code Ann. § 55-1-100(B) [Operating or acting as flight crew member of aircraft while under influence of alcohol or drugs unlawful; criminal prosecution and rights of accused; penalties].	Yea	Nay	Not Voting (Not Present)
Rep. Clary	✓		
Rep. Dillard	✓		
Rep. Funderburk	✓		
Rep. Newton	✓		

Rep. Dillard moves that the Subcommittee Study include a recommendation that the General Assembly consider revising S.C. Code Ann. § 15-9-410 [Provisions as to nonresident aircraft operators are not applicable to certain air carriers] to conform to Federal Aviation Administration requirements.	Yea	Nay	Not Voting (Not Present)
Rep. Clary	✓		
Rep. Dillard	✓		
Rep. Funderburk	✓		
Rep. Newton	✓		

Rep. Dillard moves that the Subcommittee Study include a recommendation that the General Assembly consider repealing S.C. Code Ann. §§ 23-33-10 [“Missile” defined] and 23-33-20 [Permit required for firing missile], as federal laws and regulations supersede these statutes.	Yea	Nay	Not Voting (Not Present)
Rep. Clary	✓		
Rep. Dillard	✓		
Rep. Funderburk	✓		
Rep. Newton	✓		

Rep. Dillard moves that the Subcommittee Study include a recommendation that the Aeronautics Commission conduct a formal evaluation of SCAC’s executive director on a regular basis (e.g., annual or biennial) and include the requirement of, and procedures for, this evaluation in SCAC’s written policies.	Yea	Nay	Not Voting (Not Present)
Rep. Clary	✓		
Rep. Dillard	✓		
Rep. Funderburk	✓		
Rep. Newton	✓		

V. There being no further business, the meeting is adjourned.

# STUDY TIMELINE

The House Legislative Oversight Committee's (Committee) process for studying the Secretary of State's Office (agency or Office) includes actions by the full Committee; Executive Subcommittee (Subcommittee); the agency; and the public. Key dates and actions are listed below.

## Legislative Oversight Committee Actions

- December 5, 2018 - Holds **Meeting #1** to prioritize the agency for study
- January 9, 2019 - Provides the agency notice about the oversight process
- February 27 - April 1, 2019 - Solicits input about the agency in the form of an online public survey
- August 13, 2019 - Holds **Meeting #2** to obtain public input about the agency

## Executive Subcommittee Actions

- September 27, 2019 - (TODAY) Holds **Meeting #3** to discuss the agency's history and mission; qualifications and duties of the agency head; overview of divisions, finances, and employees; federal and local counterparts; compliance with records management, regulations and reporting; audit and risk mitigation practices; and successes, challenges, and emerging issues

## Secretary of State's Office

- March 31, 2015 - Submits its **Annual Restructuring and Seven-Year Plan Report**
- January 12, 2016 - Submits its **2016 Annual Restructuring Report**
- September 2016 - Submits its **2015-16 Accountability Report**
- September 2017 - Submits its **2016-17 Accountability Report**
- September 2018 - Submits its **2017-18 Accountability Report**
- May 3, 2019 - Submits its **Program Evaluation Report**

## Public's Actions

- February 27 - April 1, 2019 - Provides input about the agency via an **online public survey**
- Ongoing - Submits written comments on the Committee's webpage on the General Assembly's website ([www.scstatehouse.gov](http://www.scstatehouse.gov))

*Figure 1. Key dates in the study process, December 2018 to present*

# AGENCY SNAPSHOT

## Secretary of State's Office

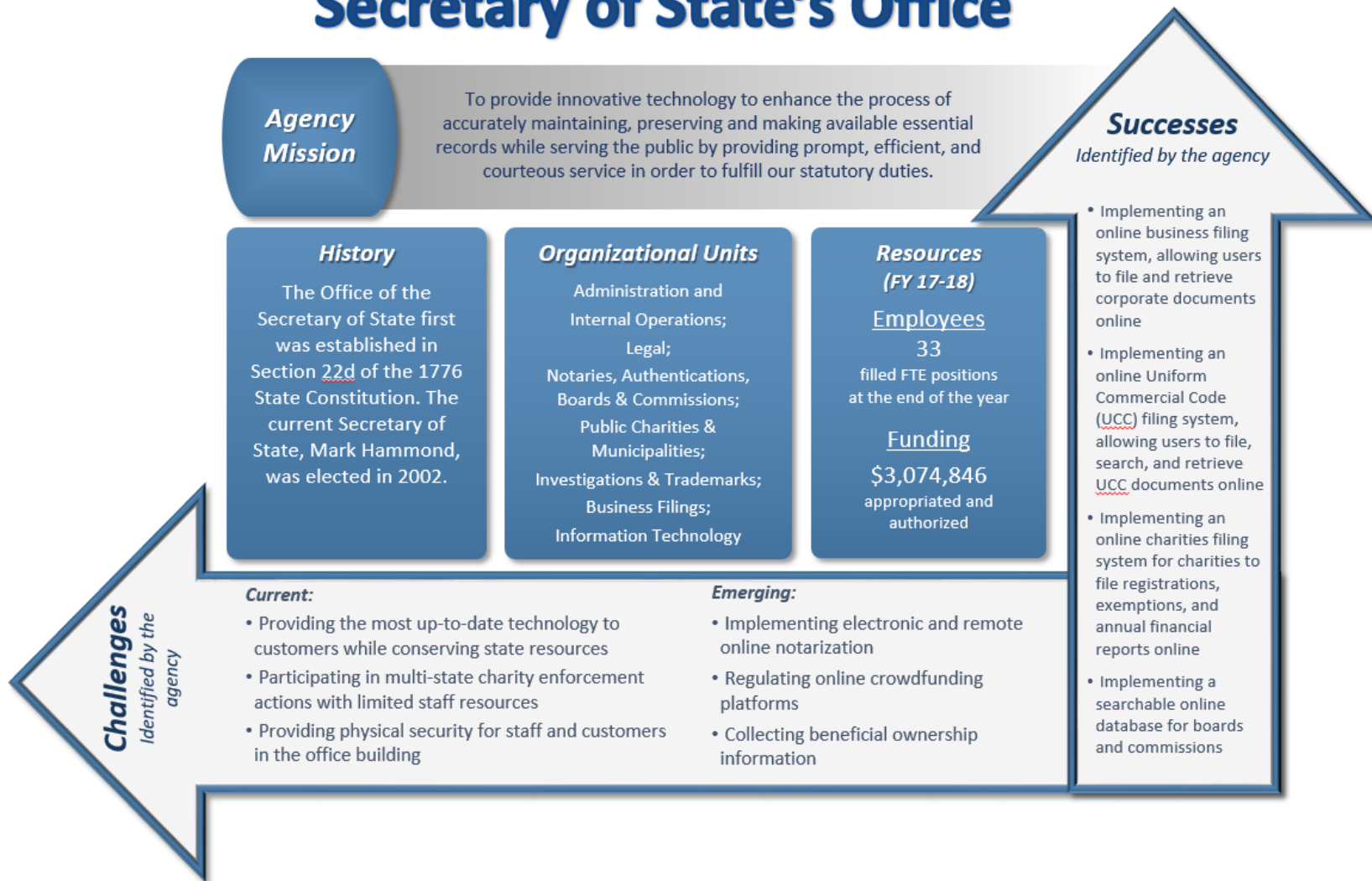


Figure 2. Snapshot of the agency's history, mission, organizational units, fiscal year 2017-18 resources (employees and funding), successes, and challenges<sup>1</sup>



# AGENCY OVERVIEW PRESENTATION

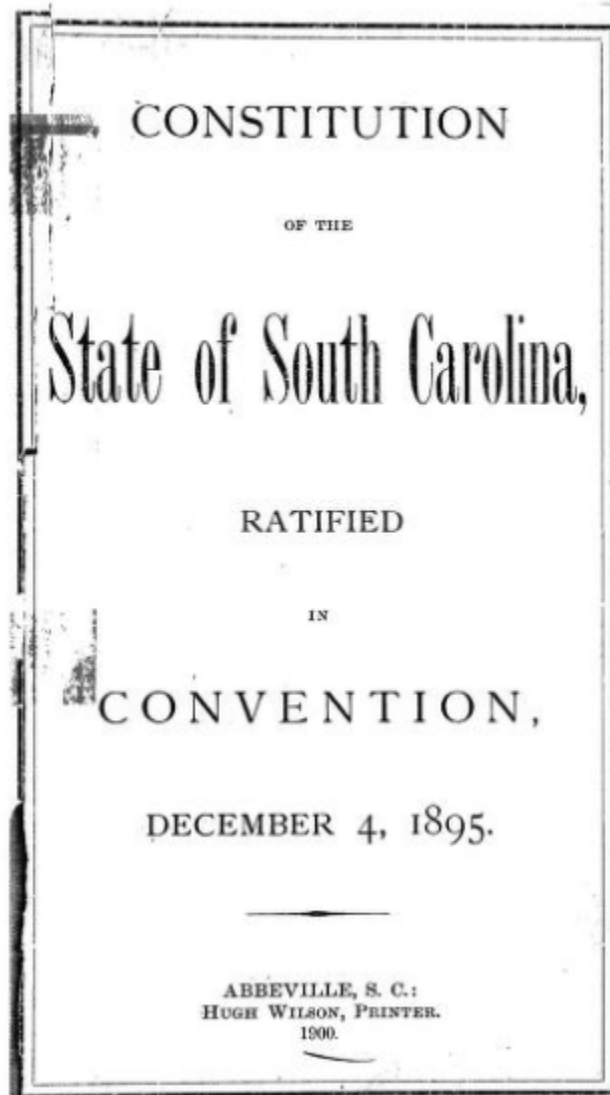
# Office of the Secretary of State

**Secretary of State**  
**Mark Hammond**

Agency Overview  
House Legislative  
Oversight Committee  
September 27, 2019



# A State Constitutional Office



The current Secretary of State's Office was established by Article VI, Section 7 of the Constitution of 1895.

# Qualifications of Secretary of State

- The Secretary of State is a Constitutional Officer elected by the people of South Carolina.
- The term of office is a four year term coterminous with the Governor.
- The Secretary of State does not have a separate governing body.

# Qualifications to Serve

The Secretary of State must meet the following qualifications:

- Possesses the qualifications of an elector, including being 18 years old or older and registered to vote.
- Not convicted of felony under state or federal law.
- Not convicted of, or pled guilty to, tampering with a voting machine, fraudulent registration or voting, bribery at elections, procuring or offering to procure votes by bribery, voting more than once at elections, impersonating a voter, or swearing falsely at elections/taking oath in another's name.

# Qualifications to Serve

The Secretary of State must meet the following qualifications:

- Does not deny the existence of a Supreme Being.
- Does not hold two offices of honor or profit.
- Takes the oath of office provided in the State Constitution.

# Our Current Secretary of State

- Mark Hammond was elected November 5, 2002 as South Carolina's 41<sup>st</sup> Secretary of State, and sworn in as Secretary of State on January 16, 2003.
- On January 9, 2019, Secretary Hammond began serving his fifth term in office.



# Secretary Hammond's Biography

## Educational Background:

- Bachelor of Arts Degree in Political Science from Newberry College in 1986
- Masters in Education from Clemson University in 1988



# Secretary Hammond's Biography

- Completed special basic training at the South Carolina Criminal Justice Academy in 1991, and served as Criminal Investigator for the 7th Circuit Solicitor's Office until 1996.
- Served as Spartanburg County's Clerk of Court from 1997 to 2002.
- Elected on November 5th, 2002 as South Carolina's 41st Secretary of State.
- Voters returned Secretary Hammond to office in 2006, 2010, 2014, and most recently in 2018.

# Secretary Hammond's Biography

Secretary Hammond has served as the liaison to the Notary Public Administrators (NPA) section of the National Association of Secretaries of State (NASS), where he also chaired, co-chaired or served on the International Relations Committee, the Standing Committee on Business Services, and the Company Formation Task Force.

Secretary Hammond at NASS Conference, June 2019



# Secretary Hammond's Biography



As part of his official duties, Secretary Hammond also continues to serve as an ex-officio member of the South Carolina Consumer Affairs Commission and Legislative Council since taking office in 2003.

# Awards and Honors

- Named an Outstanding Alumnus by the South Carolina Shrine Bowl for Public Service in 2006.
- Named a Henry Toll Fellow by the Council of State Governments.
- Recipient of the Sesquicentennial Medal of Honor Award - Outstanding Alumni by Newberry College in 2007.
- Served as a trustee for Spartanburg Methodist College from 2009 – 2015.
- Honored with National Association of Secretaries of State (NASS) Medallion Award in 2017 for his outstanding service and longtime leadership support.
- Inducted into the South Atlantic Conference Hall of Fame as a Distinguished Alumnus (Newberry College) in 2019.

# Secretary of State's Office – Overview of Purpose

- The responsibilities of the office are mandated by statute.
- Many of the duties are integral to the transaction of business in the state.
- Agency serves a diverse customer base such as businesses, law firms, mortgage companies, banks, charities, individual citizens and others.
- The responsibilities are varied in scope.
- Providing excellent customer service and online solutions for our customers is a top priority.

# Overview of Divisions

## Division of Business Filings

- Corporations/Business Entity Filings
- Uniform Commercial Code Filings

## Division of Public Charities & Municipalities

- Charities Filings and Enforcement
- Professional Fundraiser Filings and Enforcement
- Nonprofit Raffle Filings and Enforcement
- Public Education on Wise Charitable Giving
- Municipalities

# Overview of Divisions

## Division of Investigations & Trademarks

- Enforcement of Solicitation of Charitable Funds Act and Raffle Violations
- Counterfeit Goods Enforcement & Education
- Trademark Filings

## Division of Notaries

- Notaries Public
- State Boards and Commissions
- Apostilles and Authentications
- Executive Orders and Ratified Acts

# Overview of Divisions

## Division of Administration & Internal Operations

- Budgetary Operations
- Finance
- Human Resources

## Division of Information Technology

- Daily Operations and Desktop Support
- Application Support and Development
- Business Continuity
- Agency Website



# Overview of Divisions

## Legal Division

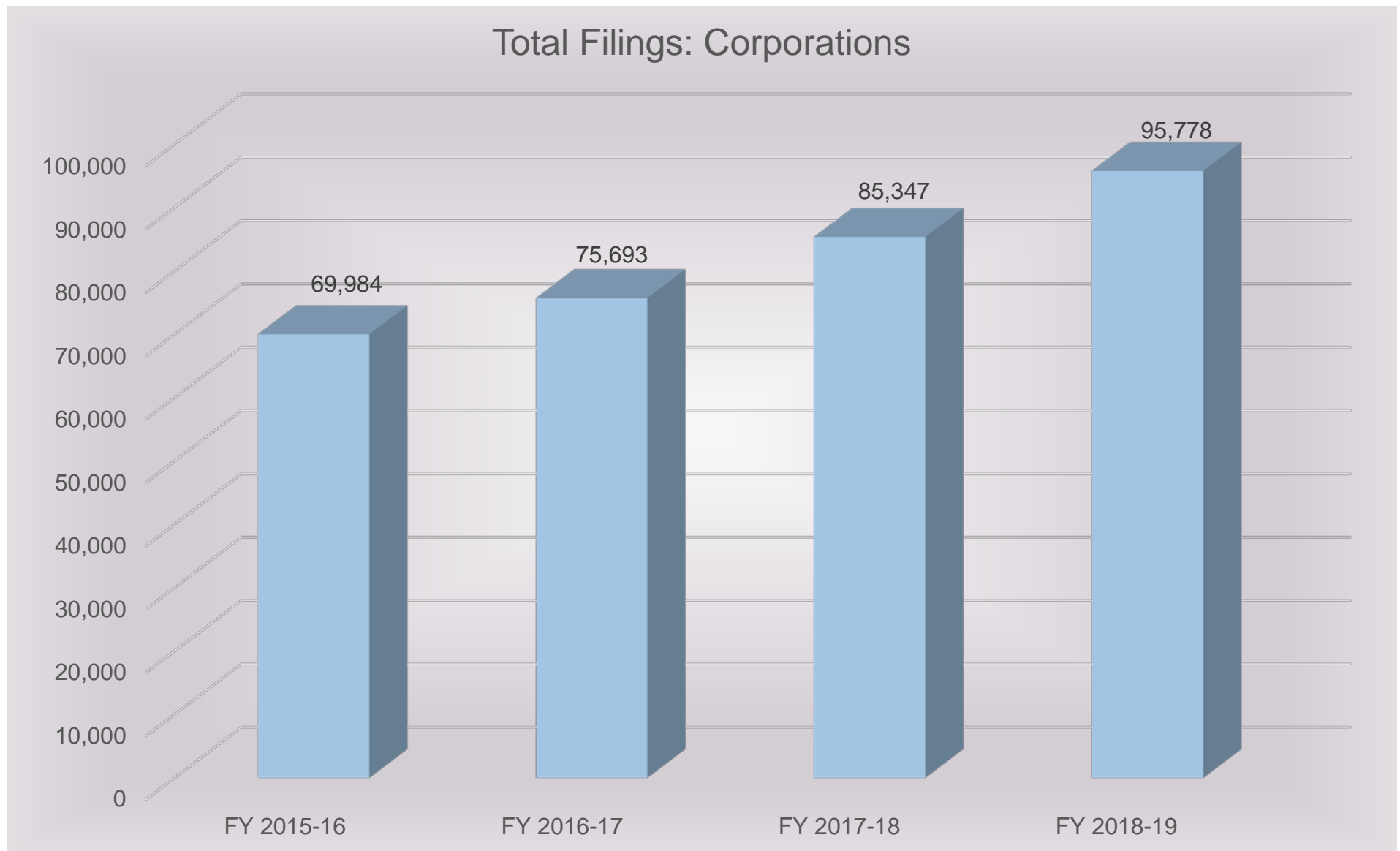
- Supports All Divisions Daily
- Provides Legal Services throughout Agency
- Assists with Project Management, including IT Projects
- Handles All Freedom of Information Act Requests

# Business Filings

South Carolina Code of Laws mandates that the Secretary of State serve as the state filing office for business corporations, nonprofit corporations, limited partnerships, limited liability partnerships and limited liability companies.



# Growth in Corporate Filings

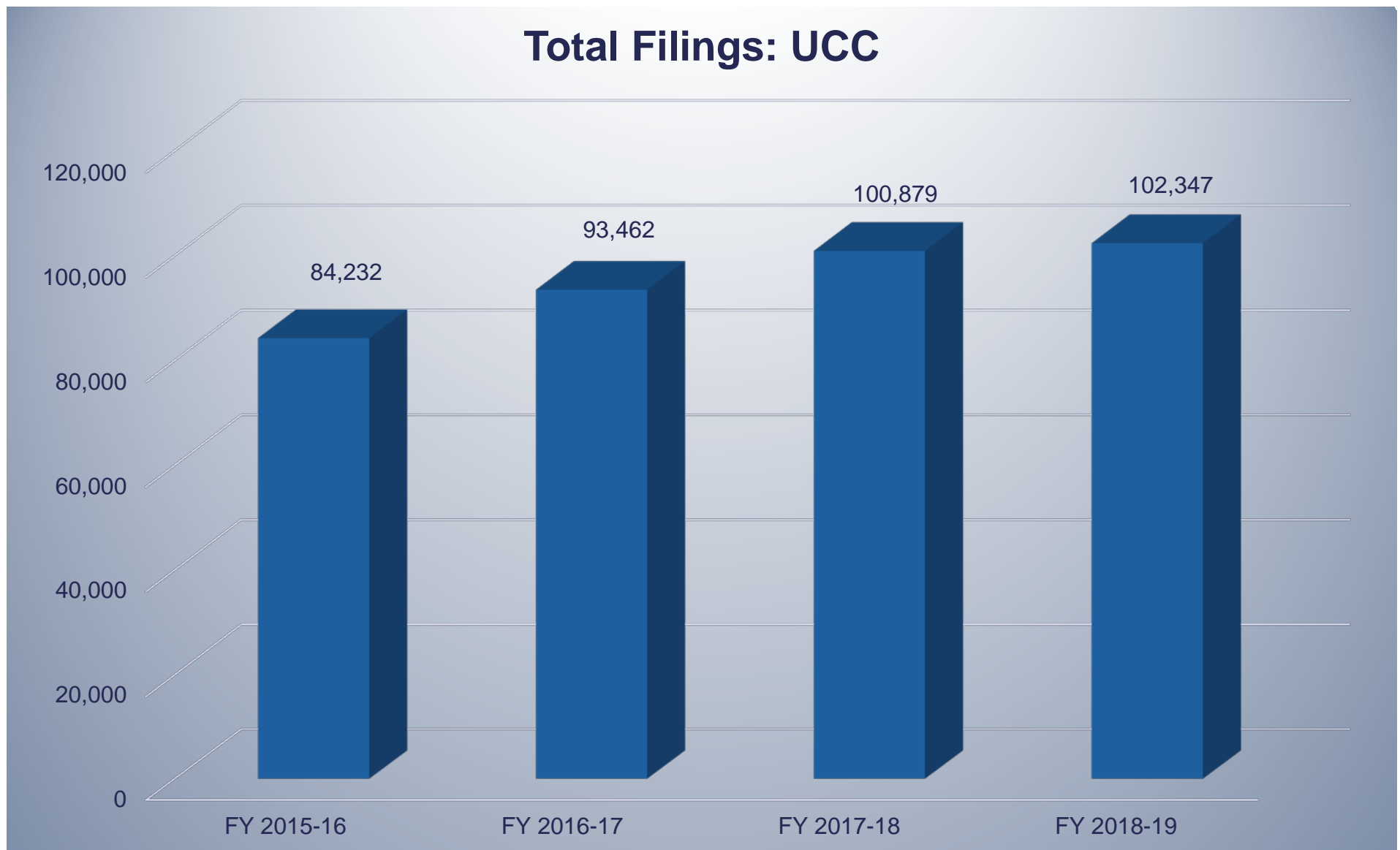


# Uniform Commercial Code Filings

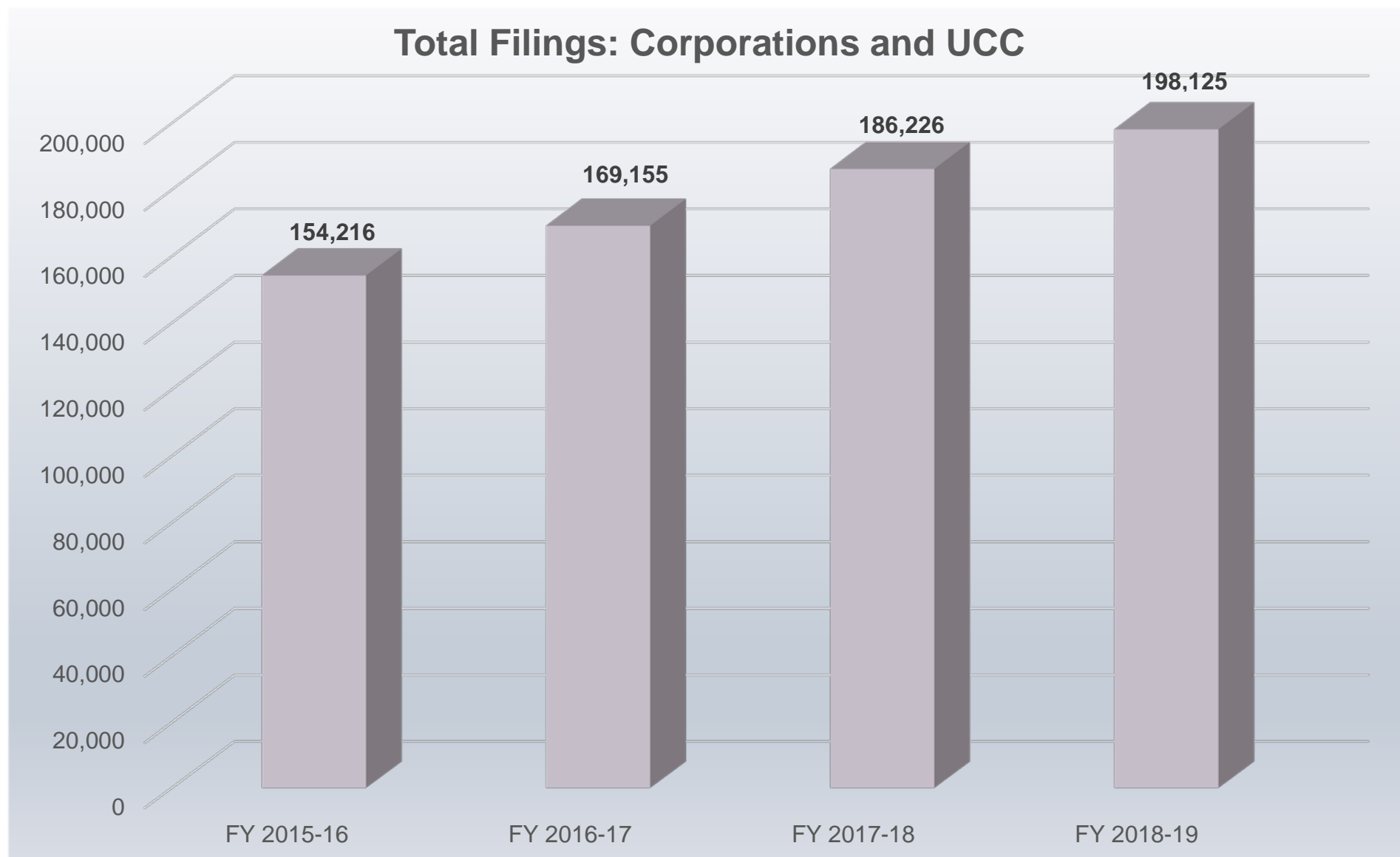
- The Secretary of State's Office is the central filing office mandated by statute to file financing statements for all Uniform Commercial Code Article 9 secured transaction filings.
- A financing statement indicates a commercial agreement between a debtor and a secured party. Searches indicate information on collateral.



# Growth in UCC Filings



# Growth in Total Business Filings

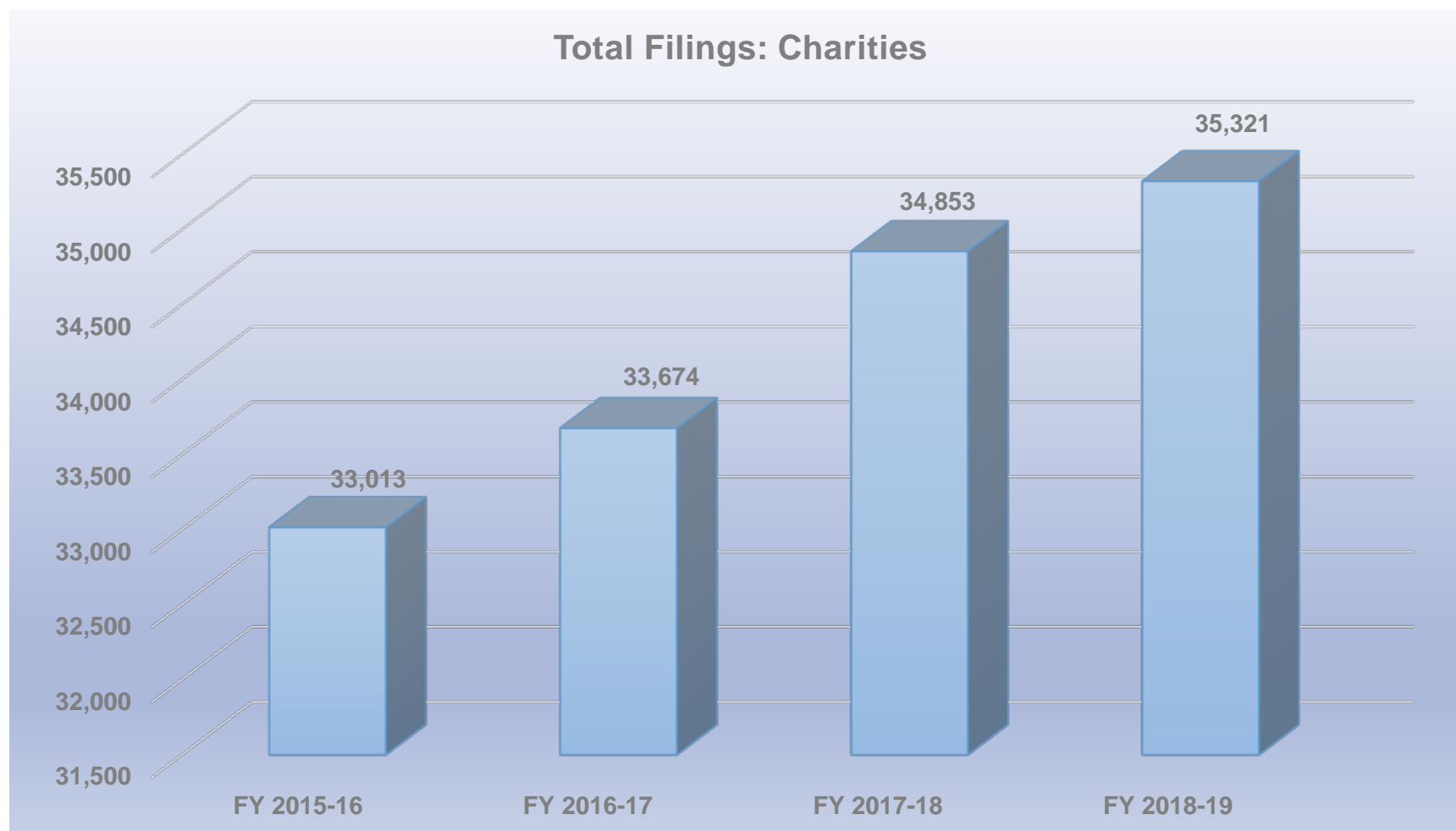


# Enforcement of the Solicitation of Charitable Funds Act and Nonprofit Raffles

The Secretary of State's Office regulates charitable organizations, professional fundraisers, and nonprofit raffles.



# Total Charities Filings



Charity Registrations & Financial Reports, Charity Financial Report Extensions, Raffle Registration & Financial Reports, Professional Fundraiser Registrations, and Fundraiser Contracts & Financial Reports.



# Investigations

- Investigates violations of the Solicitation of Charitable Funds Act.
- Agency website provides Charitable Solicitation Complaint Form that may be submitted electronically.



# Investigations



- The Secretary of State's Office investigates trademark violations and the sale of counterfeit goods.
- Agency investigators work with local, state and federal law enforcement agencies to identify counterfeit goods and combat counterfeit trafficking.

# Examples of Counterfeit Goods



# Trademarks

In addition to counterfeit goods enforcement, the Secretary of State's Office examines and files state trademarks.



# Notaries Public

- The Secretary of State issues notary commissions and provides a searchable state notary public database on agency website.



# Notaries Public

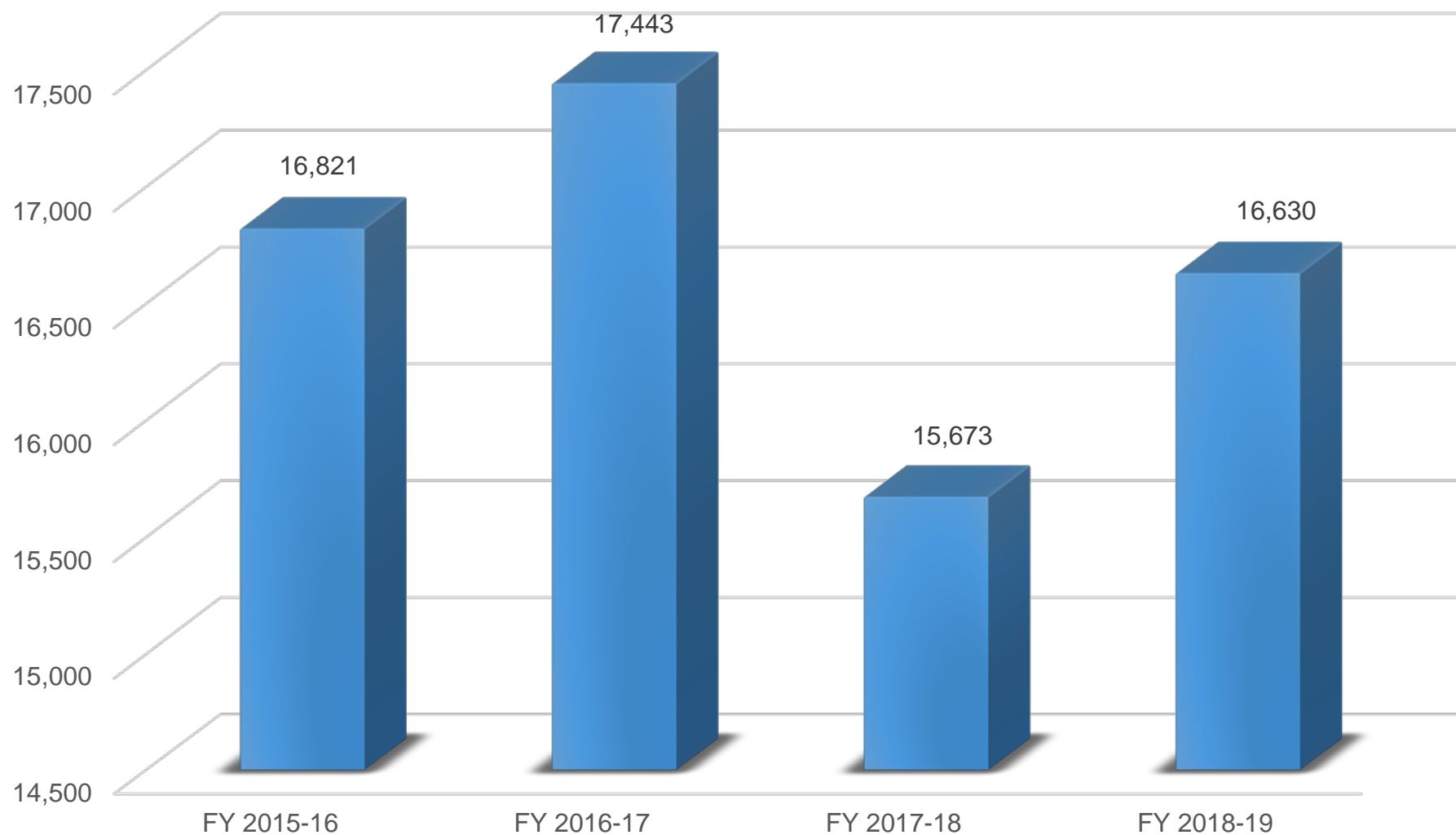
*Secretary Hammond speaking at a Notary Public Seminar in West Columbia, South Carolina.*



- The Secretary of State also offers free statewide notary trainings each year, as well as a notary webinar on the agency's website.
- Notaries provide an important role in the prevention of fraudulent transactions.
- Currently there are 142,059 notaries public in South Carolina.

# Notary Public Filings

## Total Filings: Notaries





# Apostilles and Authentications

- The Secretary of State's Office issues Apostilles to for certification of a public document or a notarized document which can be used in countries that are parties to the Hague Convention.
- Certification by Apostille means that a document will be recognized in the country of its intended use without further certification or legalization by the embassy or consulate of the foreign country in which the document is to be used.



(This Apostille only certifies the signature, the capacity of the signer and the seal or stamp it bears. It does not certify the content of the document for which it was issued. This certificate is not valid if it is removed or altered in anyway whatsoever.)

Document No. 257979



# Apostilles and Authentications

- Apostilles cannot be used in countries which are not members of the Hague Convention.
- These countries require additional certification through the U.S. Department of State's Authentication Office.



# Apostilles

- An Apostille or authentication is a state certification of the signature of an official who has signed a public document. The public document must be signed by an elected or appointed official or an authorized staff member whose signature is filed with the Office of the Secretary of State.
- Documents that have been notarized by a commissioned South Carolina Notary Public may be certified with an Apostille or authentication.

# State Boards and Commissions

- The Secretary of State issues commissions for elected officials and those appointed by the Governor and members of the General Assembly.
- The Secretary of State also files Executive Orders and Ratified Acts.



# State Boards and Commissions

- The Secretary of State's Office processes appointments to state boards and commissions immediately upon receipt from the Governor's Office, General Assembly, or other appointing authority.
- The Secretary of State also provides an online, searchable database on its website that includes current members of state boards and commissions, as well as expired terms and vacancies to notify members of the public and appointing authorities of opportunities for public service.

# State Boards and Commissions

- Pursuant to S.C. Code §1-1-1310, each state board and commission must send written notification to the Secretary of State's Office of any appointment, election, resignation, or vacancy in its membership.



# Municipalities

The Municipalities Division is part of the Division of Public Charities, and encompasses a wide variety of duties, including:

- Cable Franchise Authority
- Municipal Incorporation
- Special Purpose Districts
- Annexations
- Service of Process
- Employment Agencies
- Business Opportunities

# Cable Television Franchising Authority

The municipal coordinator is responsible for receipt and review of all statewide requests for state-issued cable franchise authority and issuing all statewide cable franchising certificates of authority.



# Municipal Incorporation

The Secretary of State processes applications for municipal incorporation. This process involves:

- Receiving and reviewing the petition for incorporation.
- Working with the Joint Legislative Committee on Municipal Incorporation in determining whether qualifications for incorporation are met.
- Issuing commission to hold election for citizens to vote on incorporation.
- If approved, the Secretary issues a certificate of incorporation for the new municipality.





# Special Purpose Districts & Annexation

- The Secretary of State receives filings for special purpose districts and publishes the SPD manual biennially.
- The agency receives and maintains annexation filings.



# Service of Process

The Secretary of State also serves as the agent for service of process for corporations that do not have authority to transact business in South Carolina, and serves as registered agent as otherwise provided by statute.



# Business Opportunities

- The Secretary of State registers business opportunities biennially.
- A business opportunity is the sale or lease of any product, equipment, supply or service which is sold to the purchaser for the purpose of enabling the purchaser to start a business, and for which the purchaser is required to pay the seller a fee which exceeds \$250.00.

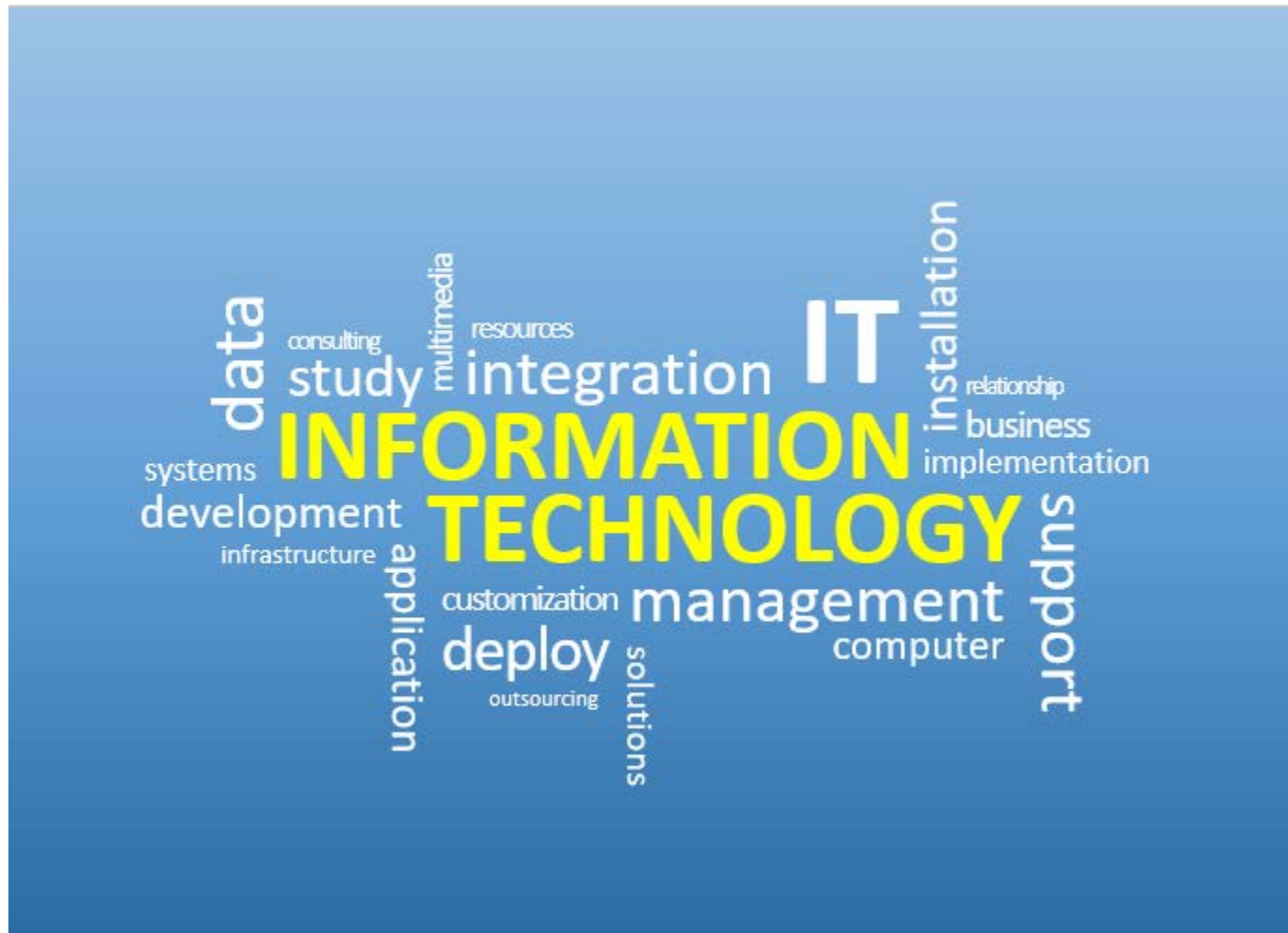


# Employment Agencies

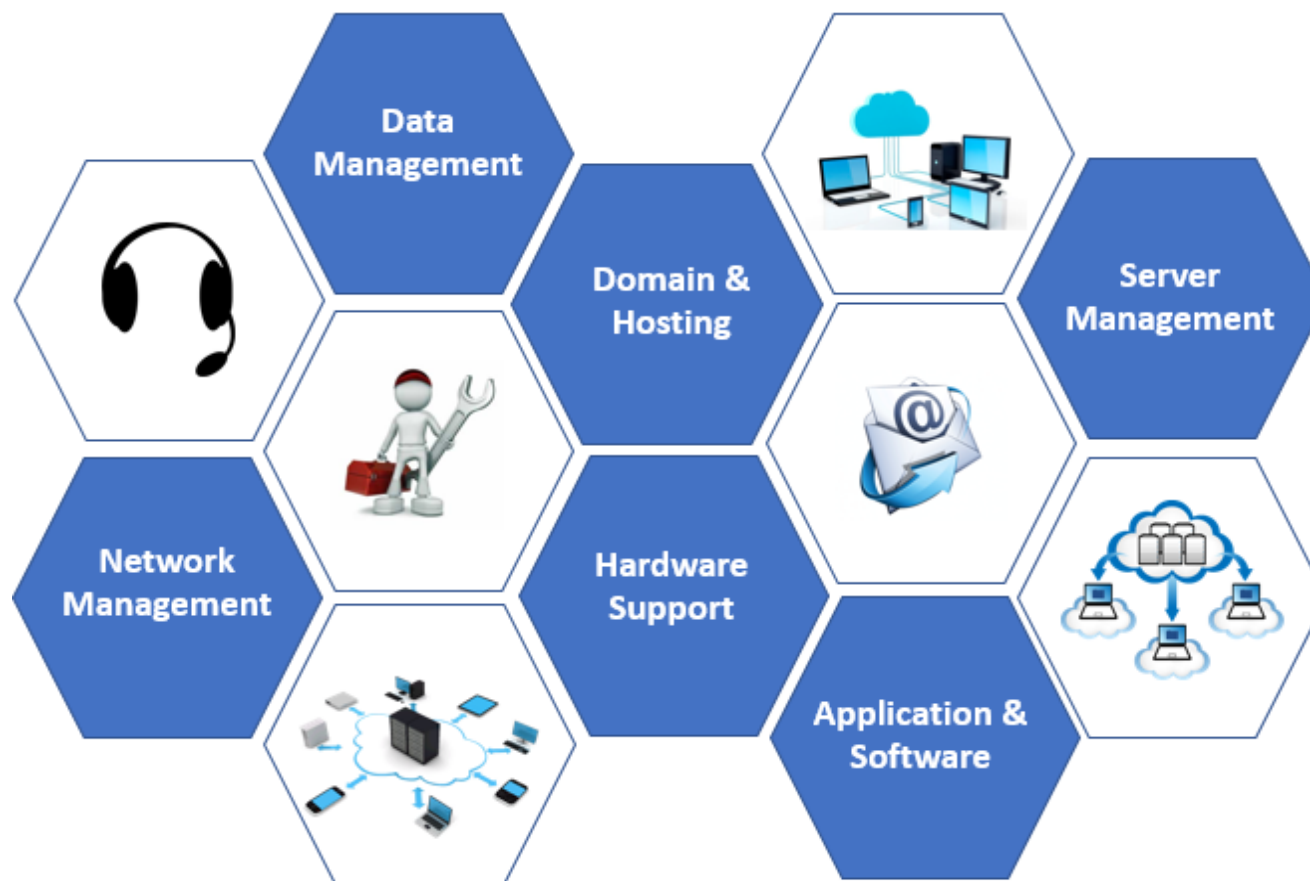
- The Secretary of State licenses employment agencies or private personnel placement services.
- The licensing requirement applies to any person who charges fees to provide information on employment opportunities for applicants.
- It also applies when attempting to procure employees for employers seeking applicants.



# Information Technology



# Information Technology



# Information Technology

- Providing technology solutions for our customers is top priority.
- Providing technology for our staff to fulfill their duties is also top priority.
- IT staff, Deputy Secretary, Division Directors and other staff work together on IT projects.
- Projects are created and implemented in the most cost efficient means possible with limited funding while providing excellent IT solutions for our customers.

# Electoral College

- Every four years, the Secretary of State is responsible for convening the South Carolina Electoral College.
- Electors' names along with their candidate declarations are filed with the Secretary of State at least 60 days prior to Election Day.
- After the election, the State Board of Canvassers meets to certify the election. Certified results are sent to the Secretary of State.





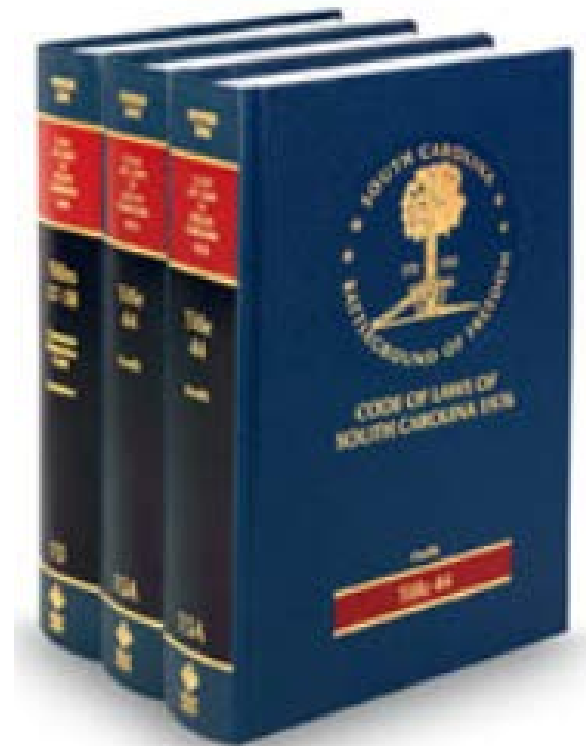
# Electoral College

- The Secretary of State convenes the meeting and ballots are cast. Electors must convene at 11:00 a.m., on the first Monday after the second Wednesday in December, in the Secretary of State's office. The electors then vote by ballot for President and Vice President.
- The Secretary of State then forwards Certificate of Vote and Certificate of Ascertainment to the President of the United States Senate, the Archivist of the United States and the Federal Judge of the District where the electors meet. The Secretary of State also maintains copies of the Certificates of Vote and Ascertainment.

# Highlights of Events During Secretary Hammond's Tenure in Office

## April 2004

- Enactment of 2004 Act No. 221, which contained major revisions of Title 33 of the Corporate Code.
- This act also repealed the requirement that limited liability companies file annual reports with the Secretary of State's Office.



# Highlights of Events During Secretary Hammond's Tenure in Office

## July 2004

- Enactment of the Uniform Electronic Transaction Act (UETA), 2004 Act No. 279, which established the legal effect or validity of records in electronic transactions. UETA also provided that the Secretary of State may implement procedures for the use of electronic records and electronic signatures.

# Highlights of Events During Secretary Hammond's Tenure in Office

## **May 2005**

- Launch of South Carolina Business One Stop (SCBOS), which was a partnership with the Secretary of State, Department of Revenue Department of Commerce, Budget and Control Board, and the Employment Security Commission, in conjunction with the South Carolina Chamber of Commerce. SCBOS created a centralized, online destination for businesses seeking to secure various licenses, registrations and permits.

# Highlights of Events During Secretary Hammond's Tenure in Office

## June 2005

- Enactment of 2005 Act No. 161, which authorized the Secretary of State's Office to reject uniform commercial code filings intended for an improper purpose, such as to defraud, hinder, harass, or otherwise wrongfully interfere with a person, or that listed the same person as secured party and debtor. These UCC filings are often filed by sovereign citizens, which are anti-government extremists that the Federal Bureau of Investigation has deemed domestic terrorists.

# Highlights of Events During Secretary Hammond's Tenure in Office

## **August 2005**

- Agency implemented an electronic document management system (EDMS) in the Business Filings Division, which provided a system to process filings much more quickly, created the ability to scan and preserve digital images, and looked toward the future when digital images would be available online while securing images of these permanent state records.

## **March 2006**

- Agency implemented the electronic document management system (EDMS) in the Notaries Division.

# Highlights of Events During Secretary Hammond's Tenure in Office

## **May 2006**

- Enactment of the South Carolina Competitive Cable Services Act, 2006 Act No. 288, which designated the Secretary of State's Office as the central state franchising authority for cable services.

# Highlights of Events During Secretary Hammond's Tenure in Office

## July 2006

- Enactment of 2006 Act No. 387, which provided the procedures for the Secretary of State's Office to seek injunctive relief against persons alleged to have violated the South Carolina Solicitation of Charitable Funds Act in the Administrative Law Court.
- The Act also provided a mechanism for persons who have been fined, suspended, or denied registration under the Solicitation of Charitable Funds Act to appeal the agency's determination in the Administrative Law Court.



# Highlights of Events During Secretary Hammond's Tenure in Office

## June 2007

- Enactment of 2007 Act No. 69, which amended the Solicitation of Charitable Funds Act to allow charitable organizations to file their annual registration statements and annual financial report on the same date, and increased the amount of contributions raised by an exempt charitable organization from \$5,000 to \$7,500.

# Highlights of Events During Secretary Hammond's Tenure in Office

## May 2008

- Enactment of the Uniform Real Property Electronic Recording Act (URPERA) 2008 Act No. 210, which allowed county register of deeds to receive and record documents in an electronic format, and charged the Secretary of State with the responsibility of implementing the act and adopting the standards for the receipt, recording, and retrieval of electronic documents. Under URPERA, an electronic document satisfies the requirement for an original document. Secretary Hammond was named as head of the Electronic Recording Committee, and the Secretary of State's Office was tasked with promulgating regulations to implement URPERA.

# Highlights of Events During Secretary Hammond's Tenure in Office

## Fall 2008

- Launch of new and improved agency website.



# Highlights of Events During Secretary Hammond's Tenure in Office

## **February 2009**

- Launch of online filing system for the Division of Public Charities, which provided charities and professional fundraisers the ability to file registrations, applications for registration exemption, annual financial reports, fundraising contracts, and joint financial reports online.

# Highlights of Events During Secretary Hammond's Tenure in Office

## April 2010

- The Secretary of State's Office promulgated regulations to adopt the Uniform Real Property Electronic Recording Act (URPERA), 113-300 et seq. The regulations were approved by the General Assembly and published in *The State Register Volume 34, Issue No. 4, April 23, 2010*.

## April 2011

- Launch of the Uniform Commercial Code (UCC) in-house system in partnership with South Carolina Interactive (SCI), which changed the processing of UCC filings within the agency and replaced a legacy system.

# Highlights of Events During Secretary Hammond's Tenure in Office

## May 2011

- Launch of the Uniform Commercial Code (UCC) online filing system, which allowed businesses and citizens to file, search and retrieve UCC documents electronically. This web-based application, built through a partnership between the Secretary of State's Office and South Carolina Interactive (SCI), allowed users to file, correct, amend, terminate, search and retrieve UCC financing statements, and provided convenient 24/7 access, immediate filing confirmation, faster UCC Search processing time and immediate search results.

# Highlights of Events During Secretary Hammond's Tenure in Office

## September 2012

- The Secretary of State's Uniform Commercial Code (UCC) online filing, search and document retrieval application won the Digital Government Achievement Award for Best of the Web.

## April 2013

- Enactment of 2013 Act No. 11, which provided that qualified nonprofits would be eligible to conduct raffles upon approval by voter referendum. Under this Act, the Secretary of State was charged with the administration and enforcement of the raffle legislation.

# Highlights of Events During Secretary Hammond's Tenure in Office

## May 2013

- The Uniform Commercial Code (UCC) online filing, search and document retrieval application won the International Association of Commercial Administrators (IACA) Outstanding Partnership Award for the Secretary of State's partnership with South Carolina Interactive (SCI).



# Highlights of Events During Secretary Hammond's Tenure in Office

## June 2013

- Enactment of High Growth Small Business Job Creation Act, 2013 Act No. 80, which provided tax credits to angel investors in order to encourage investment in early stage, high-growth job creating businesses, increase the number of high-quality, high-paying jobs in South Carolina, and ultimately expand the state's economy by enlarging the base of wealth-creating businesses. The Secretary of State's Office reviews and accepts filings to determine eligibility of qualified businesses and works in conjunction with the Department of Revenue to fulfill the requirements of the Act.

# Highlights of Events During Secretary Hammond's Tenure in Office

## **July 2013**

- Enactment of 2013 Act No. 96, which made major revisions to the statutory provisions related to Uniform Commercial Code Article 9 secured transactions.

## **September 2013**

- The Secretary of State's Business Filings Division began microfilm conversion project which digitized any agency microfilm still in existence to provide for the preservation of permanent state records.

# Highlights of Events During Secretary Hammond's Tenure in Office

## January 2014

- Launch of the Secretary of State's State Boards and Commissions Database, which created the first online searchable database of all state boards and commissions in South Carolina. The Secretary of State also provides a current list of expired terms and vacancies on state boards and commissions on its website that is updated daily.

# Highlights of Events During Secretary Hammond's Tenure in Office

## **June 2014**

- Enactment of 2014 Act No. 185, which made major revisions to the notary public statutes and included provisions for issuing apostilles and authentication. This act was the first major reform of South Carolina notary public law since the 1960s.

## **November 2014**

- Voters approved the constitutional amendment to allow nonprofit raffles in South Carolina.

# Highlights of Events During Secretary Hammond's Tenure in Office

## **March 2015**

- The General Assembly ratified a constitutional amendment to allow certain nonprofit organizations to conduct raffles in the state of South Carolina.

## **April 2015**

- Nonprofit organizations were able to conduct raffles legally beginning on April 4, 2015. Secretary of State's Office responsible for overseeing the raffle filing process and enforcing requirements for nonprofit raffles.

# Highlights of Events During Secretary Hammond's Tenure in Office

## July 2015

- Launch of Business Filings Online Document Request system to provide online access for customers to request corporate documents and receive the documents electronically.

## July 2016

- The Secretary of State's Office provided a searchable listing of current trademarks and service marks on its website, which is updated daily.

# Highlights of Events During Secretary Hammond's Tenure in Office

## January 2017

- The Secretary of State launched the Business Entities Online application, which allowed the public to file and search corporate documents through the Secretary of State's website.
- This latest phase of the comprehensive business filing, search, and document retrieval web-based application provided fast turn-around times for customers.
- The Business Entities In-house application replaced a legacy system and allows agency personnel to enter filings received through the mail or submitted at the office and provide copies of filings electronically. Some of the benefits include convenient 24/7 access, faster turnaround time, secure online payment, and access on desktop computers, tablets, or phones.

# Highlights of Events During Secretary Hammond's Tenure in Office

## July 2017

- The Secretary of State launched the Online Charitable Solicitation Complaint Form. This new online option allows citizens to electronically submit a complaint about a charitable organization, professional fundraiser, or raffle to our investigatory staff 24/7.

## August 2017

- The Secretary of State launched its online notary webinar, which provides educational information on the duties of notaries and the laws governing notaries. The webinar contains the information presented by the agency provided at its free Notary Public seminars in various locations in the state each year, but which members of the public can access 24/7 from their home or business.



# Highlights of Events During Secretary Hammond's Tenure in Office

## **May 2018**

- The Secretary of State's Office received the International Association of Commercial Administrators (IACA) Merit Award for the Business Filings Online Business Entities Filing, Search and Document Retrieval System. The IACA Merit Award recognizes jurisdictions that have developed innovation through the implementation of a new or improved product or service.

## **August 2019**

- The Secretary of State's Office launched its new agency website on August 19, 2019.



South Carolina

**Secretary of State**  
Mark Hammond

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## Welcome from Secretary Hammond



Thank you for visiting the online office of the South Carolina Secretary of State.

**Our goal is to provide you with easy access to information and services from the convenience of your home or office.**

Each division of the Secretary of State's Office provides diverse services and information to the citizens of South Carolina. This website is designed to serve as your one-stop portal for accessing general information, completing important tasks online and providing information specifically related to each division.

Whether you're a new user who is visiting to [learn more about this office](#) and what we do here or a returning visitor who simply needs to [complete a filing online](#), I invite you to take advantage of this convenient resource.

## Recent News

### Secretary of State Offers Free Notary Public Seminars Across South Carolina

*These seminars will address state laws governing the duties and responsibilities of notaries.*

[Read Full Story](#)

### Secretary of State Mark Hammond Announces Distribution of Recovered Funds to Cancer Centers

*Settlement will benefit legitimate cancer programs*

# Mission Statement

The mission of the Secretary of State's Office is to provide innovative technology to enhance the transaction of business in the state, to serve the business community and members of the public with prompt and efficient customer service, to protect the charitable donors of South Carolina, and to fulfill all other statutory duties of the office.

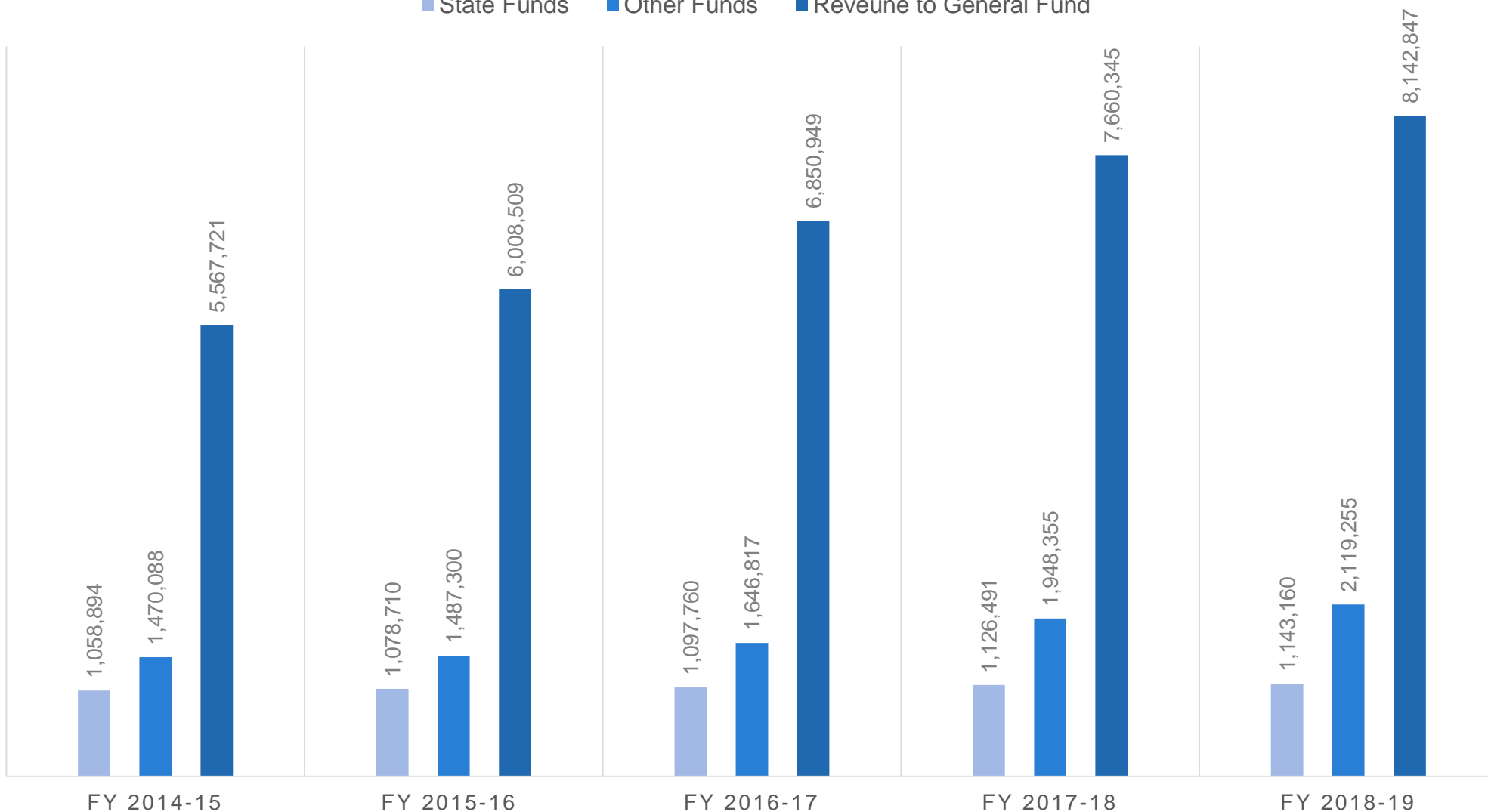
# Finance Overview

Agency			
Secretary of State's Office			
Accurate as of			
May 3, 2019			
	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>
How much was the agency appropriated and authorized to spend by the end of the fiscal year?	\$3,074,846	\$2,744,577	\$2,566,010
How much did the agency actually spend?	\$3,073,110	\$2,743,327	\$2,561,442
How much did the agency not spend?	\$1,736	\$1,250	\$4,568
How much cash did the agency have at the end of the fiscal year that it was not authorized to spend?	\$1,142,847	\$1,102,561	\$970,913

# Revenue Returned to State General Fund

## REVENUE

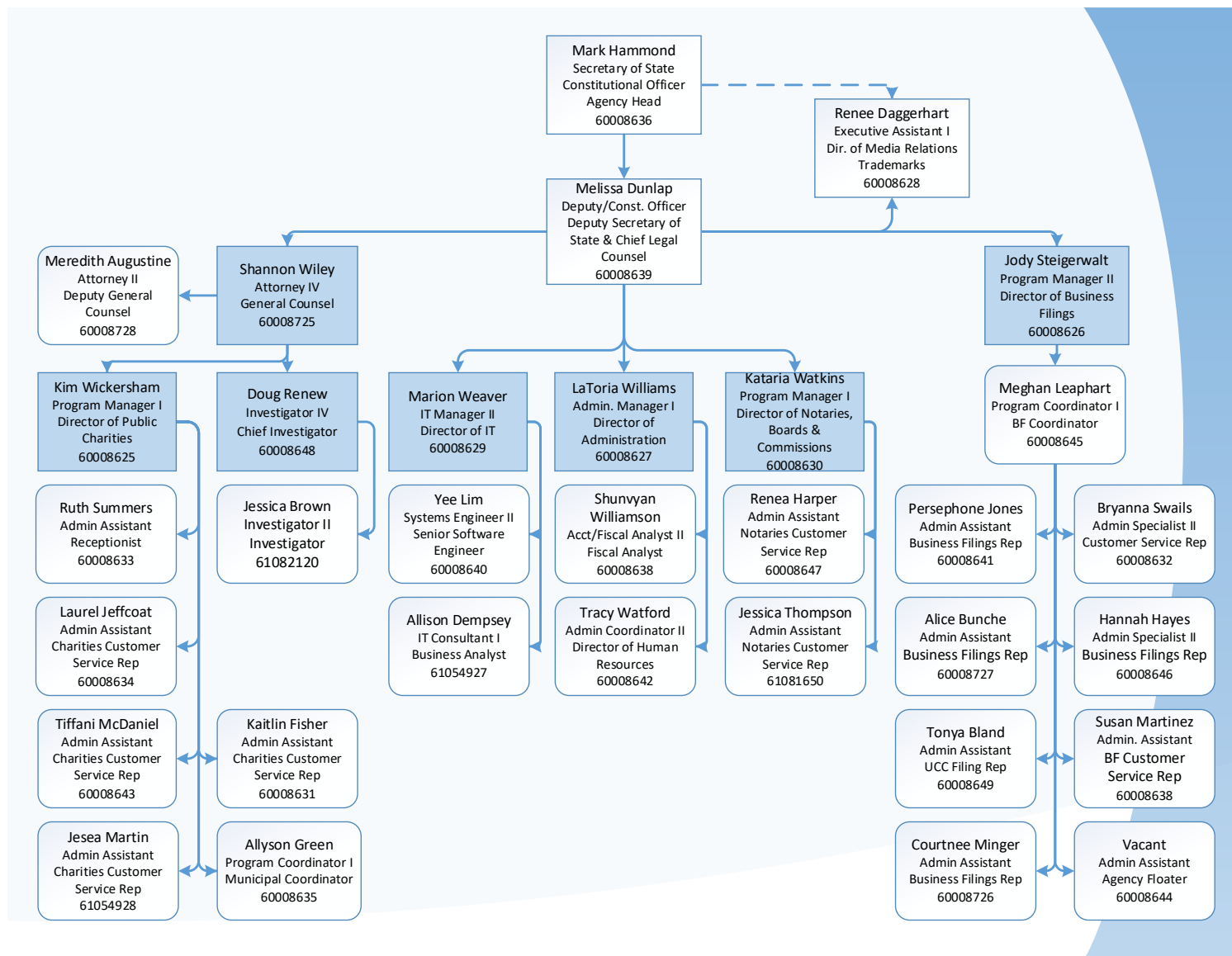
■ State Funds ■ Other Funds ■ Revenue to General Fund



# Employee Overview

- The Secretary of State's Office has 33 FTE employees.
- This includes the Secretary of State and 32 staff members.
- Current vacancies: One
- Employee Separation in FY 2019: One to another agency

# Organization Chart



# Staff Onboarding Process

To integrate employees into their new work environment, the agency provides the following:

- Prior to employee's arrival, completes the agency's new hire checklist so that new employee has a work station, needed equipment, phone, security badges, and HR handbook.
- Communicates with employee about agency point of contact, instructed to review online information regarding PEBA insurance and retirement information.
- Notifies agency staff of new employee's start date.



# Staff Onboarding Process

- Day One: New employee orientation provided by HR director and IT director.
- Day Two: New employee supervisor sets up training schedule with employee.
- All new employees meet with Secretary Hammond.
- During probationary period, employee receives regular feedback and divisions utilize quarterly reports for feedback on performance.

# Retention


To retain employees, the agency provides the following:

- Ongoing training within the employee's division.
- Cross training in other divisions to expand knowledge of agency duties.
- Offers outside training from a variety of resources, including Department of Administrations Office of Human Resources and Division of Technology, state or national trainings opportunities.

# Retention

- Employee advancement through reclassification or promotion when possible.
- EPMS (Employee Performance Management System) reviews and quarterly reports.
- Open door policy in agency for communication throughout all divisions and between staff and management.
- Employee appreciation events.

# Staff Certifications

 THE SOUTH CAROLINA DEPARTMENT of ADMINISTRATION		RH039S - Certification Info		Run Date: 8/15/19	
Personnel Area	Employee	Effective Date	Category	Valid from	
General Counsel		11/13/2001	Bar Number - State Bar Assoc	11/13/2001	
Chief Investigator		10/2/2017	Associate Public Mgr - OHR	8/1/2017	
Deputy/Constitutional Officer, Deputy Secretary of State & Chief Legal Counsel		1/21/1991	Bar Number - State Bar Assoc	1/21/1991	
Director of Administration		5/2/2016	HRPD - OHR	5/2/2016	
Director of Human Resources		9/18/2012	HRPD - OHR	9/18/2012	
Director of Public Charities		5/1/2015	Certified Public Mgr - OHR	5/1/2015	
Deputy General Counsel		11/16/2009	Bar Number - State Bar Assoc	11/16/2009	
Director of Notaries, Boards & Commissions		1/1/2019	Associate Public Mgr - OHR	1/1/2019	
Business Filings Coordinator		5/23/2019	Associate Public Mgr - OHR	5/23/2019	

# Secretary of State's Office Staff Demographics

## Ethnicity

Total FTE Employees: 33

Vacancy: 1

Black Females: 13\*

White Females: 14

Two or More Races Female (Asian):  
1

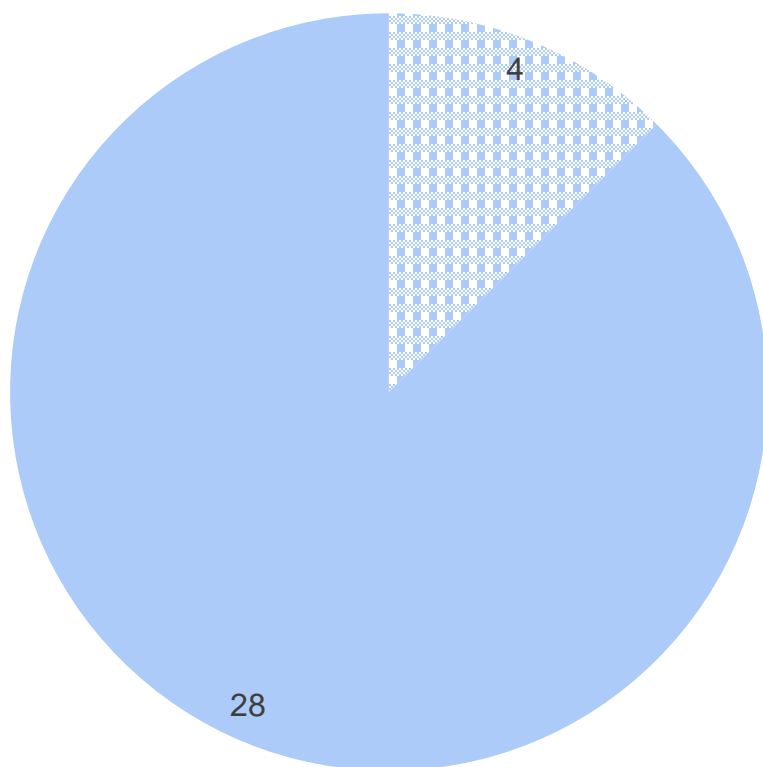
Asian Males: 1

White Males: 3

Gender	Ethnic Origin
Female	White
Female	White
Female	Black/African American
Female	White
Male	White
Female	White
Female	Black/African American
Female	White
Male	White
Female	White
Male	White
Male	Asian
Female	Black/African American
Female	White
Female	Black/African American
Female	White
Female	Black/African American
Female	Black/African American
Female	Black/African American
Female	White
Female	Black/African American
Female	White
Female	White
Female	White
Female	Black/African American
Female	Black/African American
Female	Two or More Races
Female	Black/African American
Female	White
Female	White
Female	Black/African American

\*SCEIS chart does not include one newly hired employee

# Staff Demographics



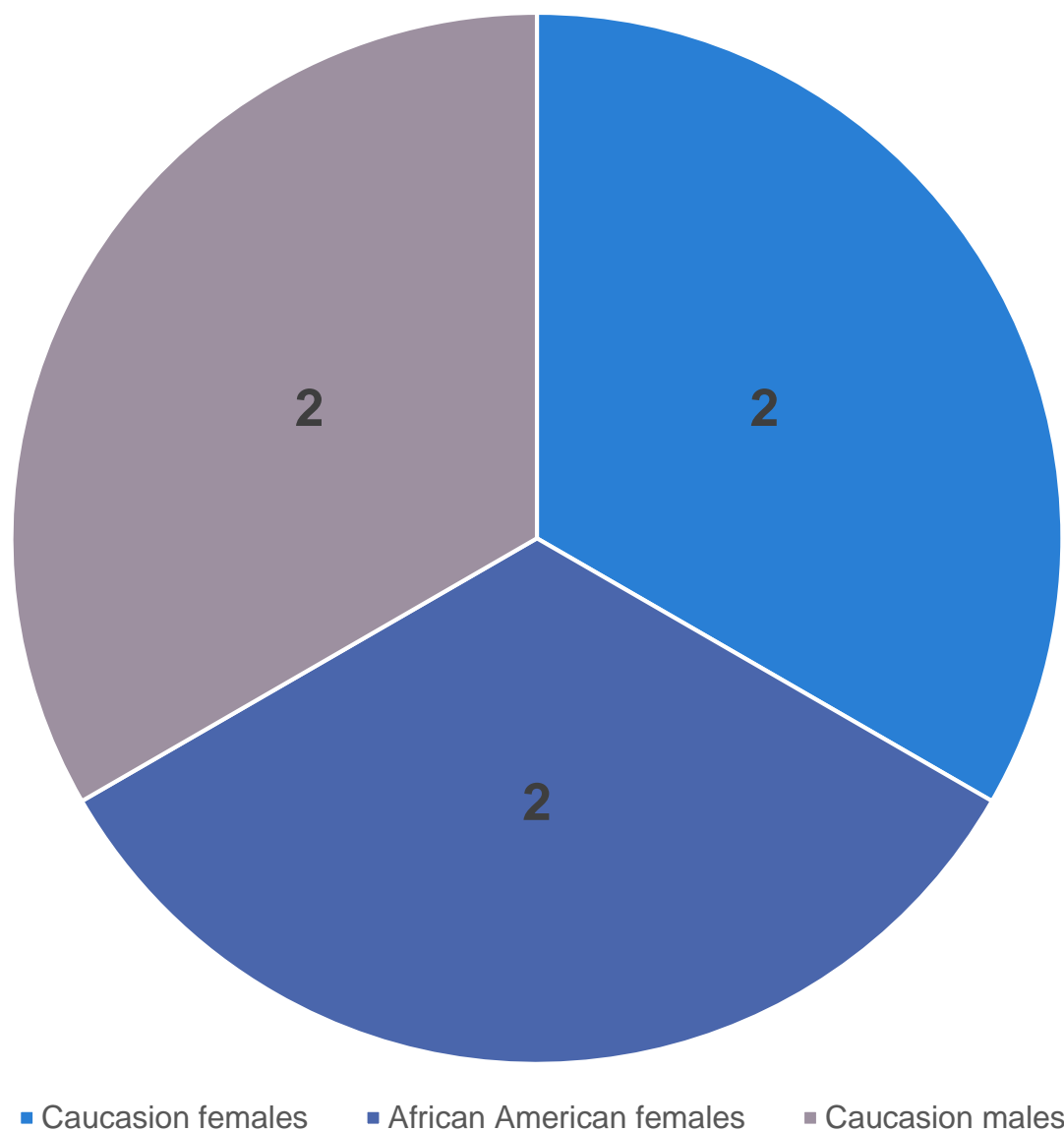
Female Employees: 28

Male Employees: 4

\*One current vacancy

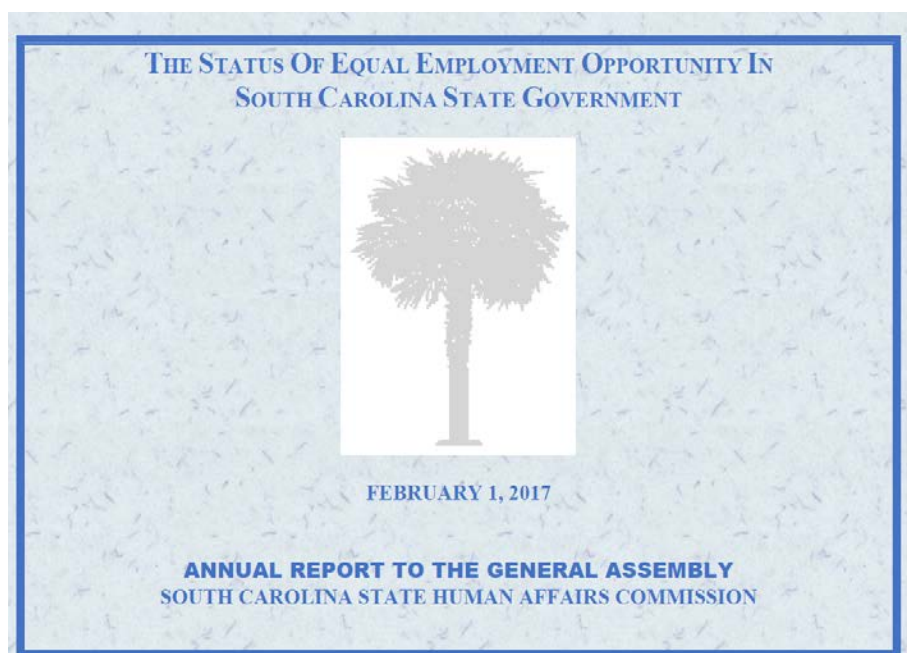
# Agency Leadership

## Division Directors



# Equal Employment Opportunity SC State Ranking 2017 - 100%

In 2017, the agency had a number one rating.



## STATE GOVERNMENT'S TOP & BELOW 70%

(TOP TEN)

Chart A (Page 1 of 1)

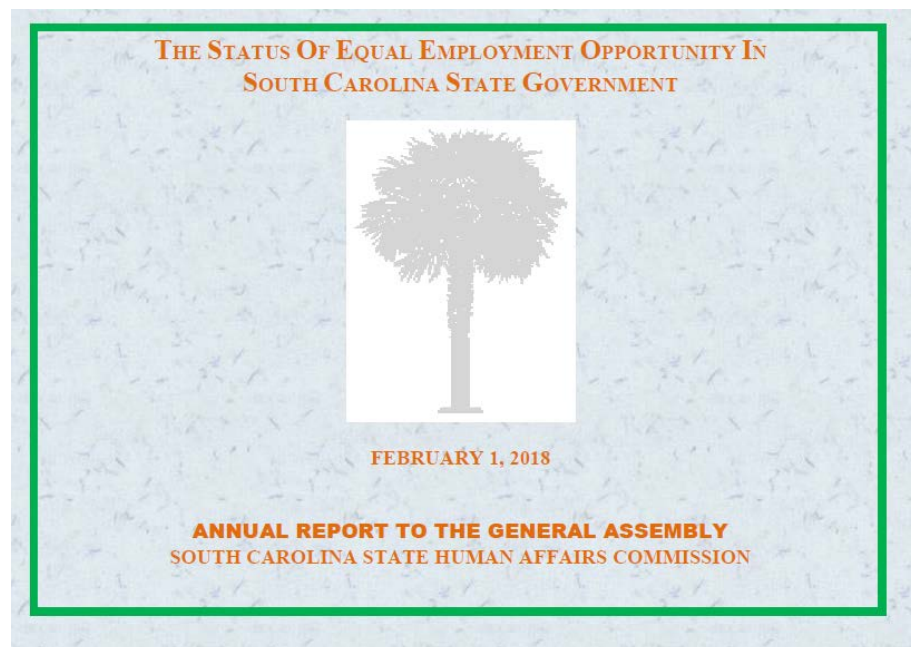
(Achieving less than 70%)

RANKING	AGENCY	PERCENT	RANKING	AGENCY	PERCENT
1	Arts Commission	100.0	71	Lander University	69.8
1	Higher Education, Commission on	100.0	72	Citadel, The	67.5
1	Museum Commission	100.0			
1	Secretary of State	100.0			
2	Trident Technical College	99.0			
3	Santee Cooper	98.5			
4	Williamsburg Technical College	97.2			
5	Educational Television Commission	96.9			
6	Orangeburg-Calhoun Technical College	96.7			
7	Labor, Licensing and Regulation, Dept.	96.4			
8	York Technical College	96.1			
9	Midlands Technical College	95.8			
9	Vocational Rehabilitation, Department of	95.8			
10	Revenue, Department of	95.4			



# Equal Employment Opportunity SC State Ranking 2018 - 100%

In 2018, the agency had a number one rating.



STATE GOVERNMENT'S TOP & BELOW 70%					
(TOP TEN)			Chart A (Page 1 of 1) (Achieving less than 70%)		
RANKING	AGENCY	PERCENT	RANKING	AGENCY	PERCENT
1	Arts Commission	100.0	72	South Carolina State University	68.1
1	Consumer Affairs, Office of	100.0	73	Citadel, The	68.2
1	Secretary of State	100.0			
2	Trident Technical College	99.2			
3	Motor Vehicles, Department of	98.3			
4	Museum Commission	97.9			
5	Workers' Compensation	97.8			
6	Labor, Licensing and Regulation, Dept.	97.2			
7	Vocational Rehabilitation, Department of	96.9			
8	Santee Cooper	96.8			
9	Education Lottery, South Carolina	96.4			
10	Orangeburg-Calhoun Technical College	96.0			

# Equal Employment Opportunity

## SC State Ranking 2019 - 100%

In 2019, the agency had a number one rating.



STATE GOVERNMENT'S TOP & BELOW 70%					
(TOP TEN)			Chart A (Page 1 of 1) (Achieving less than 70%)		
RANKING	AGENCY	PERCENT	RANKING	AGENCY	PERCENT
1	Arts Commission	100.0	74	South Carolina State University	68.6
1	Secretary of State	100.0	75	Patriot's Point	67.5
2	Santee Cooper	99.8	76	Lieutenant Governor's Office	65.4
3	Technical and Comprehensive	98.3			
4	Trident Technical College	97.8			
4	Workers' Compensation	97.8			
5	Greenville Technical College	96.1			
6	Revenue, Department of	95.9			
7	Public Service Commission	95.8			
8	Comptroller General's Office	95.6			
9	Motor Vehicles, Department of	94.9			
10	Central Carolina Technical College	94.8			

## SC HUMAN AFFAIRS COMMISSION AWARDS

The agency continues to receive awards recognizing the agency achieving top ten status and demonstrating equal employment opportunity.



# Small & Minority Business Contracting and Certification (SMBCC) Report

## Secretary of State's Office MBE Progress Report

- FY 2019 Percentage of Goal Met: 106% (exceeded goal)
- Agency goal has been met yearly.
- The purpose is to promote the interest of small and minority-owned businesses.

# Counterparts

## Federal counterparts

### ➤ **Internal Revenue Service**

- Charitable organizations that register with the Secretary of State's Division of Public Charities must file annual financial reports with the Secretary of State. The annual financial report may be filed using IRS Form 990, IRS Form 990-EZ, IRS Form 990-PF, or the annual financial report form that is provided by the Secretary of State.

# Counterparts

## ➤ **United States Patent and Trademark Office**

- The Secretary of State's Office examines and registers trademarks and service marks on the state level, and also provides a searchable online listing of trademarks and service marks that is updated daily.
- These services relate to the U.S. Patent and Trademark Office in that the USPTO files federally protected trademark and service mark applications. The USPTO also provides an online searchable registry of trademarks and service marks.
- Under S.C. Code § 39-15-1115, an applicant for a trademark or service mark must verify that no other person has registered the mark or either the federal or state level.

# Counterparts

## Local counterparts

- There are no local government entities that provide similar deliverables.



# Compliance – Records Management

- The Secretary of State's Office complies with its records management policy which is approved by the South Carolina Department of Archives and History.
- This process is always undergoing review for improvements with technology constantly changing.

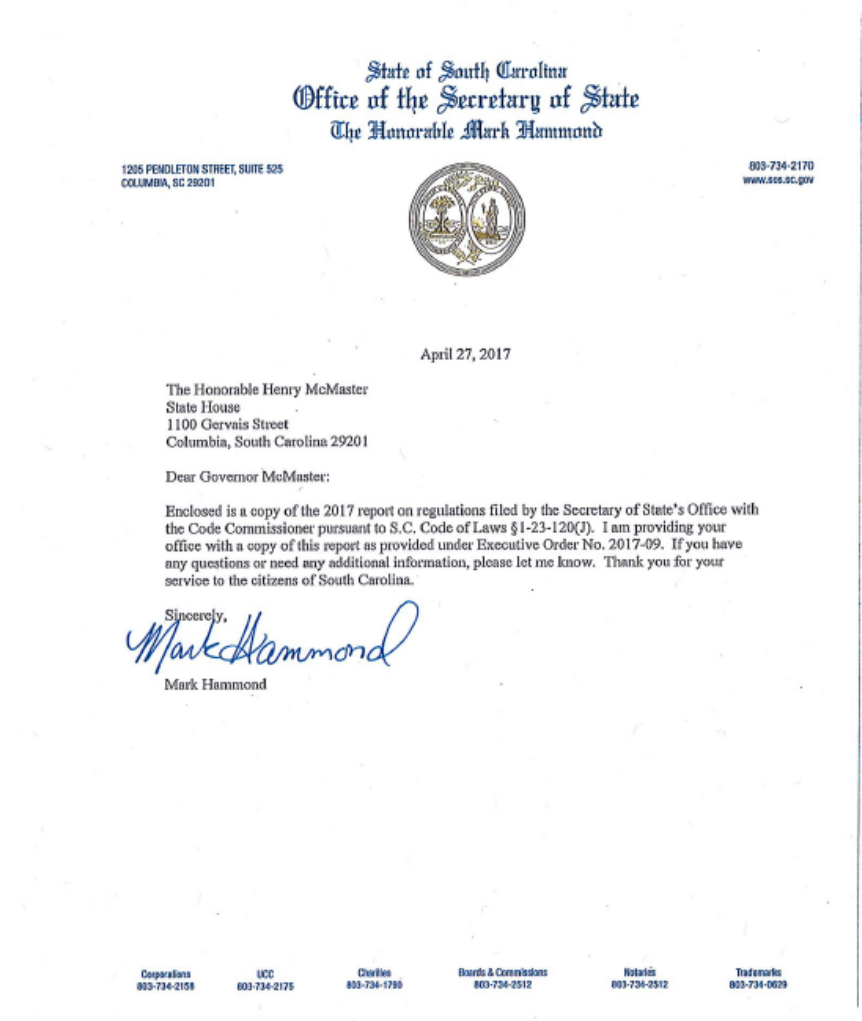




# Compliance with Agency Regulation Review

The Secretary of State's Office is in compliance with S.C. Code Ann. §1-23-120(J) which requires agencies to conduct a formal review of its regulations every five years.

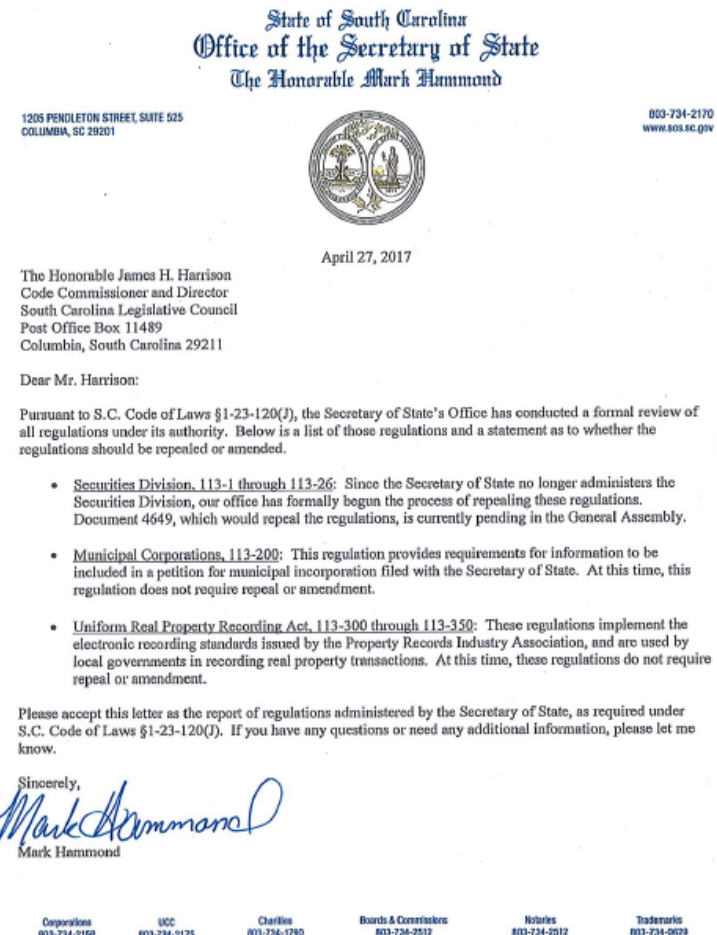
Letter dated April 27, 2017 to Governor Henry McMaster.



# Compliance with Agency Regulation Review

The last formal review of the Secretary of State's regulations was conducted on April 27, 2017, pursuant to S.C. Code Ann. §1-23-120(J).

Letter dated April 27, 2017 to  
Code Commissioner.



## Proposed Regulation Changes

Currently, the Secretary of State's Office is seeking to make an amendment to the Uniform Real Property Electronic Recording Act.

## • Regulations 113-300 et seq.

### 22 PROPOSED REGULATIONS

Document No. 4876  
SECRETARY OF STATE  
CHAPTER 113

Statutory Authority: 1976 Code Sections 30-6-10 et seq.

#### 113-325. Electronic Transmissions.

##### Preamble:

The Office of the Secretary of State proposes to amend Regulation 113-325 of the Uniform Real Property Electronic Recording Act regulations found in Chapter 113, Article 3 of the South Carolina Code of State Regulations. The General Assembly passed the Uniform Real Property Electronic Recording Act (Section 30-6-10, et seq.) which became effective May 13, 2008. Pursuant to the authority conferred by the Act, the Office of the Secretary of State promulgated regulations to adopt standards to implement the Act which went into effect on April 23, 2010. The proposed changes to Regulation 113-325 would allow for XML data to satisfy the transmittal sheet requirement set forth in the regulations. The Notice of Drafting of this change was published in the *State Register* on December 28, 2018.

##### Notice of Public Hearing and Opportunity for Public Comment:

The Office of the Secretary of State proposes to amend Regulation 113-325 related to the Uniform Real Property Electronic Recording Act. Interested persons may submit comments to Ms. Melissa Dunlap, Deputy Secretary of State & Chief Legal Counsel, Office of the Secretary of State, 1205 Pendleton Street, Suite 525, Columbia, SC 29201. To be considered, comments must be received no later than 5:00 p.m. on March 25, 2019, the close of the comment period.

If requested by twenty-five or more persons, by an individual representing a group of twenty-five or more persons, by a governmental subdivision or agency, or by an association having at least twenty-five members, a public hearing will be held on Monday, April 1, 2019 at 10:00 a.m. at the Administrative Law Court, Suite 224, Edgar A. Brown Building, 1205 Pendleton Street, Columbia, South Carolina.

##### Preliminary Fiscal Impact Statement:

The Office of the Secretary of State anticipates that there will be no costs incurred by the State and its political subdivisions in complying with the proposed amendment of regulations.

##### Statement of Need and Reasonableness:

DESCRIPTION OF REGULATION: Chapter 113, Regulation 113-325, Electronic Transmissions.

Purpose: To amend regulations promulgated by the Secretary of State for Uniform Real Property Electronic Recording Act to allow for acceptance of XML data to satisfy the transmittal sheet requirement.

Legal Authority: 1976 Code Sections 30-6-10 et seq.

Plan for Implementation: The implementation of the amendment of Regulation 113-325 will allow recorders to accept XML data in addition to a traditional transmittal sheet. No specific implementation procedures are required.

## Proposed Regulation Changes

Currently, the Secretary of State's Office is seeking to make an amendment to the Uniform Real Property Electronic Recording Act.

### PROPOSED REGULATIONS 23

#### DETERMINATION OF NEED AND REASONABLENESS OF THE PROPOSED REGULATION BASED ON ALL FACTORS HEREIN AND EXPECTED BENEFITS:

As electronic documents filed with county recorders increase, it is in the interest of both the recorders and filers to allow for required data to be transmitted as XML data as a convenient alternative to the traditional transmittal sheet.

#### DETERMINATION OF COSTS AND BENEFITS:

There are no costs anticipated in the amendment of the Regulation 113-325. Amendment of this regulation will allow registers to accept XML data for instruments submitted for filing.

#### UNCERTAINTIES OF ESTIMATES:

None.

#### EFFECT ON ENVIRONMENT AND PUBLIC HEALTH:

There are no known effects of the regulation on the environment and public health.

#### DETRIMENTAL EFFECT ON THE ENVIRONMENT AND PUBLIC HEALTH IF THE REGULATION IS NOT IMPLEMENTED:

There are no known effects on the environment and public health if the regulation is not implemented.

#### Statement of Rationale:

The proposed amendment will broaden the language of Regulation 113-325 regarding the transmittal sheet requirement for electronic transmissions to make clear that XML data is acceptable to fulfill this requirement. This language is needed to expand the methods allowed for transmittal of required data for the convenience and ease of both county recorders and filers.

#### Text:

The full text of this regulation is available on the South Carolina General Assembly Home Page: <http://www.scstatehouse.gov/regsrch.php>. Full text may also be obtained from the promulgating agency.

# Agency Reporting

- To ensure all required agency reporting is accessible to the General Assembly and the public, the agency posts the reports online on the Secretary of State's website at [www.sos.sc.gov](http://www.sos.sc.gov).
- Although the agency has not been providing electronic copies of the reports to the Legislative Service Agency or printed and/or electronic copies of reports to the State Library for some time, the agency will begin complying with these requirements immediately. Presently, the agency's Annual Accountability Report is available on the State Library's website.

# Audit and Risk Mitigation

The Secretary of State's internal auditing is primarily conducted by its Finance Division. The Finance Division consists of the Director of Administration, the Procurement Officer/Human Resources Director, and a Fiscal Analyst. There is no separate audit division in the agency. However, the Finance Division utilizes the following internal audit processes:

- Revenue: The Revenue System is the Secretary of State's checks and balances system of revenue transactions before it is interfaced into SCEIS.
- Cash: Cash is verified by the Director of Administration before it is taken to the bank for deposit.
- Checks: Checks are inspected by the Finance Division to verify each divisions' deposit balances daily.

# Audit and Risk Mitigation

- P-Card: P-Card receipts are verified by the Director of Administration to ensure all charges are valid.
- Purchases: All purchases are reviewed by the Director of Administration for validity.
- Invoices: All payable documents are processed by accounting workflow and are inspected by the Director of Administration for proper coding and documentation. This ensures that controls are in place at all times. Additionally, anything processed with a purchase order has been previously approved by the Director of Administration, again ensuring a further level of control.

# Audit and Risk Mitigation

- HR Payroll: All payroll is inspected accordingly to the SCEIS payroll processing checklist.
- Human Resources: The HR Director has checklists for new hires, changes in positions, separations, and benefits. Also, the HR Director inspects employee I-9 filings for federal compliance annually.
- Inventory: Annual inventory is verified each fiscal year by the Procurement Officer and IT Consultant.
- The agency utilizes the SCEIS system to ensure that roles are divided and internal checks and balances are in place to mitigate risks.



# Audit and Risk Mitigation

- The agency does not have a separate internal audit division as discussed above, but is audited annually by the State Auditor's Office. In addition, the Department of Administration's Office of Human Resources audits the agency annually.
- The last financial audit conducted by the State Auditor's Office dated June 18, 2019, found no exceptions to the State Auditor's agreed upon procedures. The last Office of Human Resources audit report dated June 30, 2018, found that the agency was 100% in compliance.

# Audit and Risk Mitigation

**Issues or recommendations from external reviews or audits conducted of the agency during the last five years, which the agency has not yet fully addressed or implemented.**

Issue or Recommendation	Agency's Status in Addressing or Implementing	Date External Review or Audit completed	Entity Conducting the Audit or Review
None	No exceptions to the State Auditor's agreed upon procedures were found.	June 18, 2019	State Auditor
None	Agency found 100% in compliance.	June 30, 2018	Department of Administration's Office of Human Resources.

# The State Seal

- In August 2017, the Secretary of State was notified by Legislative Council that the state seal had not been applied to a ratified act from 1998.
- Senior staff members conducted a review of the procedures for filing ratified acts as well as an inspection of acts dating back to 2003.
- At that time, it was determined that the state seal had been applied inconsistently to the inspected ratified acts.

# The State Seal

It is important to note that the ratified acts that were found not to have been embossed with the seal since 2003:

- Were filed in the office with the Secretary of State's Signature.
- Were stamped with the date received by the Secretary of State's Office.
- Were entered into the agency's ratified acts database.

# The State Seal

In order to ensure that the state seal would be applied to all ratified acts in the future, the following policies and procedures have been implemented:

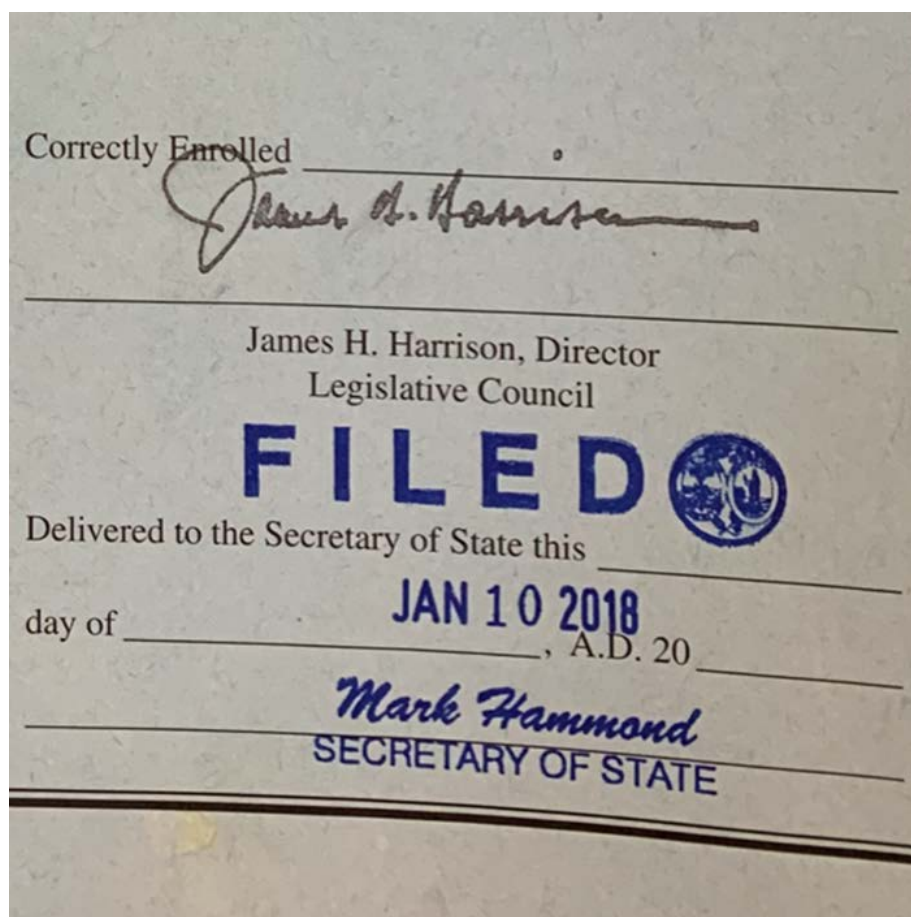
- The state seal has been added to the filed stamp bearing the filing date and Secretary of State's signature, in case the state seal embosser is not applied to the ratified act or imprinted with sufficient force to emboss the document.
- All Notaries Division staff are trained to apply the state seal to all ratified acts using the state seal embosser.

# The State Seal

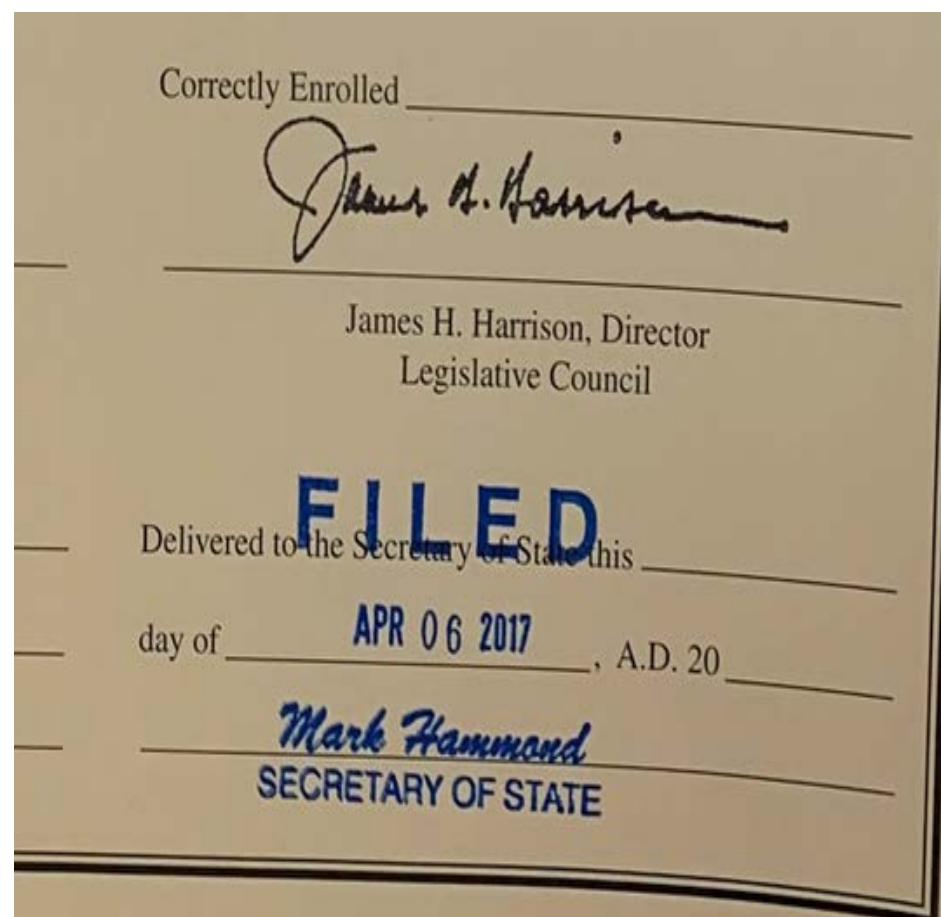
- The requirement to apply the state seal to ratified acts is included in all position descriptions for the Notaries Division.
- Additional state seal embossers have been purchased in order to enable the seal to be applied more easily when pressed on the document.
- Senior staff members periodically review ratified acts to ensure that Division staff members have applied the state seal as required.

# The State Seal

File stamp with added seal in the stamp



File stamp used prior to the new file stamp with seal added to stamp



# State Seal

Illustration of embosser  
used currently.





# Agency Successes

## **Business Entities Online**

- In January 2017, the Secretary of State launched the Business Entities Online application for public access to file and search corporate documents.
- The document request functionality was completed in phase one of the project in 2015.

# Agency Successes

- The second phase of the comprehensive business filing, search, and document retrieval web-based application provides fast turn-around times for customers, and also includes the Business Entities In-house application.
- The Business Entities In-house application replaced a legacy system and allows agency personnel to enter filings received through the mail or submitted at the office and provide copies of filings electronically.

# Agency Successes

Additionally, we have reviewed, edited, and reorganized the corporate forms available on the agency's website. This award-winning application was a result of the successful partnership with South Carolina Interactive (SCI).

Secretary Hammond and Corinne Holland, General Manager of South Carolina Interactive, accepting the International Association of Commercial Administrators (IACA) Award in May 2018



# Agency Successes

- The Secretary of State's Office continues to expand the functionality of the Business Entities Online application.
- This latest phase of the comprehensive business filing, search, and document retrieval web-based application provides a "Save" functionality which allows customers to save information and return to complete the filings at a later time or correct any information that caused the filing to be returned.
- This has increased the adoption rate of online filing. As of August 1, 2019, the adoption rate for filings is 77.4% and for certificates and document requests 97.8%.

# Agency Successes

## **UCC Online Filing** **Search and** **Document Retrieval**

UCC Online was launched in May 2011. The launch of the Uniform Commercial Code (UCC) online filing system allowed businesses and citizens to file, search and retrieve UCC documents electronically.

UCC Online was recognized at the state, national and international level with the following awards:

- International Association of Commercial Administrators (IACA)
- Digital Government Best of The Web
- SC Information Technology Directors Association Award (SCITDA)

# Agency Successes

- UCC Online allows users to file, correct, amend, terminate, search and retrieve UCC financing statements. UCC Online provides convenient 24/7 access, immediate filing confirmation, quicker UCC Search processing time and immediate search results. As of August 1, 2019, the adoption rate was 62.2% for online filing and 99.4% for online UCC searches.
- XML bulk filing is also available.

# Agency Successes

## **Charities Online Filing**

- In February 2009, the charities online filing system was launched providing charities and professional fundraisers the ability to file registrations, exemptions and annual financial reports online.
- The agency has continued to provide upgrades and enhanced functionality for the online application.

# Agency Successes

- Recently, enhancements were made to the charities database that simplified the online filing process for customers by streamlining the options for uploading required documents and providing a PDF to customers that captured the information provided to our office during their online registration.
- These enhancements were launched in April 2019.
- At this time, approximately 55% of our charities filings are submitted online.



# Agency Successes

- In July 2017, we launched an online complaint form through which information is submitted electronically to our investigators, allowing customers to easily file complaints about solicitations from charities, professional fundraisers, and raffles that may warrant investigation.



South Carolina Secretary of State

**Charitable Solicitation Complaint**

# Agency Successes

- Secretary of State Mark Hammond has made charities enforcement a cornerstone of his administration.
- His goals are to protect charitable donors by requiring transparency and accountability of charities and professional fundraisers; enforcing the Solicitation of Charitable Funds Act; and educating donors on wise charitable giving.
- Secretary Hammond focuses both on in-state charitable solicitation as well as multistate enforcement actions and education initiatives.

# Agency Successes

May 19, 2015 - Secretary Hammond addresses reporters in Washington, DC following a press conference where it was revealed that four sham cancer charities had bilked more than \$187 million from donors nationwide. The multistate action, which included the SC Secretary of State's Office, represents one of the largest such cases in charity enforcement history.



# Agency Successes

- Building on the success and momentum of the Cancer Fund Multistate, Secretary Hammond has continued to work with other states to protect charitable donors and educate the public on wise charitable giving.
- In 2018, the Secretary of State's Office participated in Operation Donate with Honor, a nationwide crackdown on fraudulent veterans-related charities.
- Secretary Hammond believes that partnering with other states and agencies is key to permanently banning bad actors from the charitable sector.

# Agency Successes

## **Boards and Commissions Online Searchable Database**

- Pursuant to S.C. Code of Laws §1-5-40, the Secretary of State's Office has a duty to monitor positions on state boards and commissions.
- The Secretary of State's Office must keep membership information for state boards and commissions as a public record available for inspection by the members of the General Assembly and members of the public.
- Prior to the launch of the online searchable database, this requirement was met with information on boards and commissions posted periodically on the agency website.

# Agency Successes

- In order to provide the information in an easily accessible format for the public that is updated daily, the Secretary of State's Office launched its online searchable boards and commissions database in January 2014.
- This application allows online searches by name of board or commission as well as the appointed board member, and provides a current list of expired terms and vacancies on state boards and commissions.

# Agency Successes

- The membership information on file with the Secretary of State's Office is based on information provided by state boards and commissions pursuant to S.C. Code of Laws §1-1-1310.
- Under this code section, state boards and commissions must send written notification to the Secretary of State's Office regarding any appointment, election, resignation or vacancy within the board or commission.

# Agency Successes

- This searchable database is updated daily and benefits the general public, the Governor's Office, and members of the South Carolina General Assembly. The searchable database also provides transparency for the public to view the composition of state boards and commissions.

☒ Search Boards, Commissions, and Committees ☐ Search Board Members

Name:

Contains

Search

If you are an appointing authority or administrator of a state board or commission and need to report an appointment, resignation, or other change in membership to the Secretary of State's Office, you may send your written notification to:

SC Secretary of State's Office  
Attn: Boards & Commissions  
1205 Pendleton Street, Suite 525  
Columbia, SC 29201



# Agency Challenges

## **Technology**

- The Secretary of State's Office is integral in the transaction of business in South Carolina; therefore, offering the best possible technology to our customers remains a top priority for our agency.
- Additionally, providing user-friendly in-house applications to our staff is essential to maintaining excellent customer service as well as efficient and accurate filing of documents.
- Preserving permanent state records remains a critical function of the agency, while simultaneously providing online access to these records to the public.

# Agency Challenges

- The agency has many applications, including web-based and in-house applications, that must be supported and updated as required when technology changes.
- Data security is also top priority, and staff works diligently to ensure that data and records remain secure. Information technology staff works side-by-side with the Deputy Secretary of State and division directors in application development and project management.
- The Secretary of State's Office strives to meet the challenge of providing the most up-to-date technology to customers and staff in an ever-changing world, while conserving state resources.

# Agency Challenges

## **Participation in Additional Multistate Charity Actions**

- The Secretary of State's Office has successfully participated in multistate charity enforcement actions; however, this participation has required a significant commitment of staff time as well as agency expenditures.
- Presently, the Secretary of State's Office is focusing on the enforcement of the South Carolina Solicitation of Charitable Funds Act and violations of the law as it relates to South Carolina organizations.

# Agency Challenges

- Secretary Hammond believes that it would be beneficial to be able to join other additional multistate cases, but this is challenging due to limited staff resources.
- Since the addition of a second investigator in 2017, the number of open violations and investigations has risen significantly.
- With additional resources, Secretary Hammond believes that the agency could maximize both in-state and multistate charities enforcement.

# Agency Challenges

## **Physical Security**

- Balancing the goal of providing the best possible customer service while providing security for staff and customers remains an ongoing challenge for the Secretary of State's Office.
- The Secretary of State's Office is located in the Edgar Brown Building and, unlike most buildings on the Capitol Complex, does not have security officers present at all times during business hours to screen visitors to the building.

# Agency Challenges

- Due to the types of filings the Secretary of State's Office receives, the agency is a constant target of sovereign citizens.
- The Federal Bureau of Investigation called sovereign citizens “a growing domestic threat to law enforcement” and described one of their primary activities as “paper terrorism” (a reference of their tactic of filing fraudulent liens against persons and companies).

# Agency Challenges

- The Secretary of State's Office serves walk-in customers daily and must reject filings that are deficient.
- Provisions in the laws governing Uniform Commercial Code secured transactions and the authentication of documents permit the Secretary of State to reject documents that appear to be submitted for an improper or unlawful purpose.
- When staff rejects a sovereign citizen filing, it is common for the sovereign citizen to become argumentative and disruptive to other customers.

# Agency Challenges

- Unfortunately, staff has to contact the Bureau of Protective Services on a regular basis to assist with the removal of sovereign citizens.
- In 2017, the Secretary of State's Office renovated its lobby to provide a glass barrier to provide some level of protection for our receptionist and staff when meeting with the public.
- The Secretary of State's Office has also installed security cameras to record activities in the lobby.



# Agency Challenges

Due to the constant, in-person engagement of sovereign citizens with our agency, however, the Secretary of State believes that customers and staff would best be protected by a continuous security presence that screens visitors as they enter the Edgar Brown Building.

# Emerging Issues

## **Electronic and Remote Online Notarization**

- The Secretary of State's Office is responsible for the commissioning of notaries public.
- Notaries public serve an important role in the prevention of fraud. In order to better serve citizens and stay abreast of new technology, many states have adopted legislation allowing electronic and remote online notarization.
- This new technology provides both convenience and security, and benefits the business community as well as individuals.

# Emerging Issues

- Electronic notarization would allow a signor and the notary to electronically sign a document and submit it electronically for filing, such as with the one of the South Carolina counties that currently provide e-recording at their Register of Deeds office.
- Remote online notarization would allow a South Carolina attorney to facilitate a real estate closing in South Carolina for a client who may be located out of town, out of state, or even out of the country.

# Emerging Issues

- Some of the key factors and considerations of electronic and remote online notarization include the following:
  - **Electronic notarization** would allow notaries to notarize documents using an electronic/digital signature for an electronic document.
  - Both the notary and signor sign with an electronic signature.
  - The signor physically appears in front of the notary.
  - Documents are transmitted electronically.

# Emerging Issues

- **Remote online notarization** would allow the notary and signor to be in two different locations.
- The signor appears in front of the notary using audio-visual technology.
- Electronic and remote online notarization are the equivalent of signing a sheet of paper, but provide easier transmittal of the document via email or another electronic means and provides for electronic filing.

# Emerging Issues

- Electronic and remote online notarization provide security, efficiency and enhanced customer service during real estate closings and recording documents with county clerks and register of deeds offices. They offer more security than mailing documents to out-of-state customers to have notarized.
- South Carolina needs to provide these services for citizens, attorneys, bankers, and real estate professionals to stay competitive with other states.
- The National Association of Secretaries of States (NASS) supports both electronic and remote online notarization.

# Emerging Issues

- In August of 2018, Secretary Hammond assembled the Secretary of State's Office E-Notary Task Force.
- This group of interested parties worked together to draft legislation to bring this new technology to the citizens of South Carolina. The Secretary of State hopes South Carolina will join the 19 other states that currently provide electronic and remote online notarization.
- If electronic and remote online notarization legislation were to pass, the Secretary of State would have the have responsibility of promulgating the regulations to implement the standards and requirements for e-notarization.

# Emerging Issues

## **Emergence of Crowdfunding Platforms**

- In recent years, we have seen the proliferation of online crowdfunding platforms for charitable giving.
- These crowdfunding platforms allow people to conduct fundraising campaigns online, with the crowdfunding platforms retaining a percentage of the donations.
- People use crowdfunding platforms to solicit contributions for any number of purposes, from business ventures to medical bills to disaster relief. Many of these campaigns solicit contributions for the private benefit of individuals and not for charitable purposes.



# Emerging Issues

- Legal staff is currently working with members of the General Assembly and stakeholders in the nonprofit sector to examine this emerging issue.
- Presently, there are plans to form a Crowdfunding Task Force to meet in the Fall of 2019 to review model legislation and determine what protections would meet the needs of South Carolinians.
- Agency staff has also joined the National Association of State Charities Officials (NASCO) Crowdfunding Committee to follow national trends on this subject.

# Emerging Issues

## **Collection of Beneficial Ownership Information**

- Over the past several years bills have been introduced in Congress that would potentially impact the Secretary of State's Office.
- This legislation concerns what is known as beneficial ownership. A beneficial owner is a legal term describing specific property rights that belong to a person even though legal title of the property belongs to another person.

# Emerging Issues

- Not everyone wants to be identified as a beneficial owner. Criminals will use a corporate entity to hide their true identity, the purpose of an account, and/or the source or use of funds or property associated with the entity.
- Beneficial ownership rules are designed to assist authorities in counteracting money laundering, tax evasion, corruption and terrorism activities and other financial crimes.

# Emerging Issues

- Under the Bank Secrecy Act, all covered financial institutions are required to collect and verify from certain non-exempt legal entities specific information about the beneficial owners of the entity when a new bank account is opened.
- A legal entity customer is defined as a corporation, limited liability company or other entity created by the filing of a public document with the Secretary of State's Office. A beneficial owner owns or controls more than 25% of a company's shares or voting rights or exercises control over the company.

# Emerging Issues

- Enactment of federal legislation that would require the Secretary of State to determine the beneficial ownership information of a legal entity would place an onerous burden on the agency.
- Furthermore, beneficial ownership information currently exists with the Internal Revenue Service. The Internal Revenue Service requires all filers to provide and update “responsible party” information through IRS Form SS-4, thereby making such ownership details accessible to federal law enforcement officials.

# Emerging Issues

- For these reasons, the National Association of Secretaries of State (NASS) put forth a resolution in July 2015 that states that NASS shall oppose any unnecessary and costly federal proposals requiring states to collect the same information currently being gathered through IRS Form SS-4 and made available to law enforcement authorities.

# Emerging Issues

- NASS further asserts that the United States can meet its international commitments to fighting crime and financial wrongdoing through the abuse of corporate vehicles by promoting the adoption of federal government regulations that require financial institutions to collect ownership information for account holders, in addition to IRS Form SS-4 information collection.
- Although NASS has taken a position that beneficial ownership should be monitored at the federal level, this remains an emerging issue that all Secretary of State's Offices must address.



South Carolina

**Secretary of State**

Mark Hammond

**Secretary of State Mark Hammond's Office**

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**[www.sos.sc.gov](http://www.sos.sc.gov)**



## COMMITTEE CONTACT INFORMATION AND UPCOMING MEETINGS



## Committee Mission

Determine if agency laws and programs are being implemented and carried out in accordance with the intent of the General Assembly and whether they should be continued, curtailed or eliminated. Inform the public about state agencies.

Website: <https://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee.php>

Phone Number: 803-212-6810

Email Address: [HCommLegOv@schouse.gov](mailto:HCommLegOv@schouse.gov)

Location: Blatt Building, Room 228

## **UPCOMING MEETINGS**

*All at 10:30 a.m. in Blatt 321*

Monday, October 28<sup>th</sup>

Tuesday, November 5<sup>th</sup>

Monday, December 9<sup>th</sup>

## END NOTES

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<sup>1</sup> Visual Summary Figure 1 is compiled from information in the agency's study materials available online under "Citizens' Interest," under "House Legislative Oversight Committee Postings and Reports," and then under "Secretary of State, Office of the," <https://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyPHPFiles/SecretaryofState.php> (accessed August 28, 2019); and information available on the agency's website, <https://sos.sc.gov/> (accessed August 28, 2019).