



STATE OF SOUTH CAROLINA
DEPARTMENT OF CONSUMER AFFAIRS
PROFESSIONAL EMPLOYER ORGANIZATIONS



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Columbia, SC 29250-5757

S.C. Code Ann. § 40-68-10 et seq.
www.consumer.sc.gov
(803) 734-4200

Street Address
293 Greystone Blvd., Suite 400
Columbia, SC 29210

2019-2021 PROFESSIONAL EMPLOYER ORGANIZATION
INITIAL LICENSE APPLICATION

Licenses for PEOs in South Carolina are issued on a two year cycle and are valid until the end of that two-year cycle. The current cycle runs from October 1, 2019 and will end September 30, 2021. Any license issued during this two-year period will expire and require renewal in September 2021. PEO Group licenses may be issued for a group of at least two (2) but no more than five (5) companies that are majority-owned by the same entity.

Application fee of \$200.00 for each PEO or \$300.00 for each PEO Group is due now.

From October 2019 - September 2020, the **license fee** for both South Carolina resident PEOs and nonresident PEOs is **\$2,000.00 for each PEO and \$4,000.00 for each PEO Group. This is due upon license approval.**

From October 2020 - September 2021, the **license fee** for both South Carolina resident PEOs and nonresident PEOs is **\$1,000.00 for each PEO and \$3,500.00 for each PEO Group. This is due upon license approval.**

Please make all checks payable to the **South Carolina Department of Consumer Affairs.**

All documentation submitted **MUST** be in the legal name of the applicant. A licensee may not conduct business under a name other than that specified in the license, and may not conduct business under more than one name unless it has obtained a separate license for each name.

Please indicate the type of license:

☐ PEO License

☐ PEO Group License

Name of PEO
or PEO Group: _____

**If your organization is a group, attach a list of all companies in the group (up to 5 companies) and the information below for each*

SC WH #: _____ Employer Account No. (UI #): _____

FEIN: _____

Street Address: _____

City: _____ State: _____ Zip: _____

Telephone: _____ Fax: _____

Website: _____

Registered Agent: _____

Business Address: _____

City: _____ State: _____ Zip: _____

Name of Primary
Contact Person: _____

Business Address: _____

City: _____ State: _____ Zip: _____

Telephone No.: _____ Fax No.: _____

E-Mail Address: _____

Name of Secondary
Contact Person: _____

Business Address: _____

City: _____ State: _____ Zip: _____

Telephone No.: _____ Fax No.: _____

E-Mail Address: _____

ORGANIZATIONAL STRUCTURE

☐ Corporation ☐ Limited Liability Company

☐ General Partnership ☐ Limited Partnership ☐ Sole Proprietorship

☐ Other (specify) _____

1. Submit an organizational chart of the applicant. Include **ANY** parent companies, subsidiaries, affiliates, etc.
2. If applicant is a corporation, provide a copy of company's filed Articles of Incorporation. If other than corporation, provide other appropriate documents to show when and by whom the business was organized.
3. Is the applicant company a part of a group of PEO companies of no more than five (5) companies which are under common control?
☐ Yes ☐ No

*If yes, applicant must file a **Cross Guarantee Form (Form PEO-12)**.

4. Please provide a copy of the relevant certificate issued by the South Carolina Secretary of State demonstrating the applicant's authority to conduct business in South Carolina.

STATE OF RESIDENCY

What is your company's state of residence and/or incorporation? _____

1. Attach a copy of your company's current PEO license or registration from your state of residency.

- * Does the applicant company outsource any of the functions related to PEO services provided to client companies, or use the management or consulting services of another entity?

☐

Yes

☐

No

If yes, applicant must provide a full explanation of those arrangements, including copies of all agreements for the provision of those services.

SOUTH CAROLINA OPERATIONS

1. Provide a list of all offices, including branch offices, located in South Carolina:

☐

Check if the Applicant has no South Carolina offices.

| Address | Contact Person | Telephone # | E-mail address |
|---------|----------------|-------------|----------------|
| | | | |
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PRIOR OPERATION IN SOUTH CAROLINA

1. Has the applicant commenced operations in South Carolina prior to obtaining a license?

☐

Yes

☐

No

2. If yes, on what date did applicant commence operations?

3. If yes, what is dollar amount of applicant's current gross South Carolina payroll?

CONTROLLING PERSONS, OFFICERS AND DIRECTORS

Each proposed controlling person not previously licensed in South Carolina must submit a ***Controlling Person Application (Form PEO-03)*** along with a \$100 Application Fee.

All persons who qualify as a controlling person must be listed below (*See* §40-68-10 (4)). Each licensed PEO or PEO Group must have at least one properly licensed controlling person.

Corporations: If the applicant is owned by another entity, list any officers of the parent firm and the ultimate owners (natural persons) in the tables below that qualify as controlling person and attach a full organizational chart (*See* § 40-68-10 (4)).

Controlling Persons Based on Ownership:

Please list the names of all persons or entities who directly or indirectly own, control, hold with the power to vote, or hold proxies representing ten percent (10%) or more of the voting securities of the Applicant. If necessary, attach additional sheet(s) providing the same information requested below.

| Full Name | Date of Birth (mm/dd/yyyy)* | % Ownership | SSN*/FEIN |
|-----------|-----------------------------|-------------|-----------|
| | | | |
| | | | |
| | | | |
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Officers, Directors and Controlling Persons Based on Position:

Please list the names and titles/positions of all officers, directors and any person who is a controlling person based on their position with the Applicant. If necessary, attach additional sheet(s) providing the same information requested below.

| Full Name | Date of Birth (mm/dd/yyyy)* | Title/Position | SSN*/FEIN |
|-----------|-----------------------------|----------------|-----------|
| | | | |
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***Compliance Note:** The Family Independence Act of 1995 requires the South Carolina Department of Social Services – Child Enforcement Division (Division) to operate a license revocation program for the purpose of enforcing and establishing child support. In accordance with this Act, South Carolina law (§§ 63-17-1010, *et seq.*) requires that all licensing entities submit to the Division licensee data for all new and renewal licenses issued. Therefore, identifying information (i.e., name, social security number and date of birth, etc.) for all controlling persons licensed with this application will be forwarded to the Division upon the issuance of each controlling person's license. Personal information will not be used for any other purpose and is not subject to disclosure under the South Carolina Freedom of Information Act. South Carolina Code § 30-4-10 *et seq.*

Continuing Education

Pursuant to S.C. Code Ann. Section 40-68-45, key management personnel of all licensees must complete at least eight (8) hours of continuing professional education annually. If the licensee (PEO) is a sole proprietorship or partnership, key personnel means any controlling person. If the licensee is a corporation, key personnel means any person who both directs or causes the direction of the management of a company operating in South Carolina and is directly responsible for the day-to-day management of the company's operations in South Carolina.

Using this criteria, please list below the information regarding key management personnel in your company that will be required to meet the continuing professional education requirement. Use additional copies of this page if necessary.

| | |
|----------------|--|
| Employee Name | |
| Position/Title | |
| Telephone | |
| E-Mail | |

| | |
|----------------|--|
| Employee Name | |
| Position/Title | |
| Telephone | |
| E-Mail | |

| | |
|----------------|--|
| Employee Name | |
| Position/Title | |
| Telephone | |
| E-Mail | |

| | |
|----------------|--|
| Employee Name | |
| Position/Title | |
| Telephone | |
| E-Mail | |

| | |
|----------------|--|
| Employee Name | |
| Position/Title | |
| Telephone | |
| E-Mail | |

APPLICANT BUSINESS HISTORY

If any question is answered “Yes”, please attach separate page(s) detailing the circumstances (including any applicable details such as state, license number, dates, etc.)

1. Have any of the Applicant’s proposed controlling persons been convicted or found guilty of any misdemeanors or felonies (with the exception of minor traffic violations) in any jurisdiction or territory in the United States?
☐ Yes ☐ No
2. Has the Applicant, any of its affiliates (past or present), or any of its proposed controlling persons been refused a license, registration, or certification as a PEO, PEO group, or controlling person, or renewal thereof, in any jurisdiction or territory in the United States?
☐ Yes ☐ No
3. Has the Applicant, any of its affiliates (past or present), or any of its proposed controlling persons had a license revoked, suspended, or otherwise acted against (including probation, fine, or reprimand) in a disciplinary action in any jurisdiction or territory in the United States?
☐ Yes ☐ No
4. Has the Applicant, any of its affiliates (past or present) or any of its proposed controlling persons been involved in or owned an interest in a PEO or PEO group that has been adjudicated bankrupt, filed proceedings under the Bankruptcy Act, or has otherwise closed due to insolvency?
☐ Yes ☐ No
5. Are any of the licenses, registrations, or certifications of the Applicant, any of its affiliates (past or present) or any of its proposed controlling persons currently under investigation or currently pending disciplinary action in any jurisdiction or territory in the United States?
☐ Yes ☐ No
6. Has the Applicant, any of its affiliates (past or present), or any of its proposed controlling persons ever failed to satisfy any tax liabilities?
☐ Yes ☐ No
7. Has the Applicant, any of its affiliates (past or present), or any of its proposed controlling persons ever had a lien or levy placed against it/them?
☐ Yes ☐ No
8. Has the Applicant, any of its affiliates (past or present), or any of its proposed controlling persons been the subject of an indictment or a “cease and desist” order in any jurisdiction or territory in the United States?
☐ Yes ☐ No
9. Has the Applicant, any of its affiliates (past or present), or any of its proposed controlling persons been the subject of any state or federal government investigation or audit regarding the payment of wages or taxes; the funding or administration of any employee benefit plan or workers’ compensation program; employment practices; licensing or registration; or any other matter arising out of a complaint filed by an employee, client, insurer, regulator or another PEO?
☐ Yes ☐ No
10. Has the Applicant, any of its affiliates (past or present), or any of its proposed controlling persons ever been the subject of a governmental investigation?
☐ Yes ☐ No

11. Is the Applicant, any of its affiliates (past or present), or any of its proposed controlling persons currently disputing any material obligations to an insurance carrier, benefit administrator or trust, or taxing authority?

☐ Yes ☐ No

12. Is there any litigation or legal proceeding currently pending or threatened against the Applicant, any of its affiliates (past or present), or any of its proposed controlling persons in any jurisdiction or territory in the United States?

☐ Yes ☐ No

13. Is the Applicant, or any of its affiliates (past or present) delinquent, as of the date of application, with respect to any of its obligations of payroll, payroll related taxes, workers' compensation insurance or employee benefits in any jurisdiction or territory in the United States?

☐ Yes ☐ No

SOUTH CAROLINA CLIENT COMPANIES

Provide a list of all client companies in South Carolina. This information should be provided using either the ***Client Company List (Form PEO-07)*** or in a report that you generate provided, however, that all of the information requested in the table below is included in the separate report. Additions or deletions of clients must be reported to the Department within 30 days.

| | | | | |
|-----------------------------|--|-------|---------------|--|
| Client Company | | | | |
| FEIN | | | | |
| No. of Assigned Employees | | | | |
| Date Relationship Initiated | | | | |
| Mailing Address (Client) | | | Phone No. | |
| City | | State | Zip | |
| Workers' Comp Carrier | | | Policy Number | |
| WC Classification Code | | | | |
| Health Insurance Carrier | | | Policy Number | |

TAX COMPLIANCE

This information is required for all license renewals and for applicants for a new license that have commenced operations prior to obtaining a license.

South Carolina law requires PEO licensees to assume responsibility for the payment of payroll taxes and collection of taxes from payroll on assigned employees. Licensees must demonstrate compliance with both federal and South Carolina law.

Federal Taxes

1. Request an account transcript using IRS Form 4506-T. Visit <https://www.irs.gov/> to obtain request form 4506-T. Forward the original letter received from the IRS to the Department along with this application.

State Taxes

2. Request a Certificate of Tax Compliance from the South Carolina Department of Revenue (SC DOR) for payroll periods ending no earlier than sixty (60) days prior to the date this application is filed (*SCDOR form C-268*). Include the Department as the third party recipient in Section 3 of the request form. Visit <https://dor.sc.gov/> to obtain request form C-268.

INSURANCE

1. Provide a completed ***Insurance Schedule (Form PEO-11)*** showing all current policy information.

Insurance Benefits

Are the following insurance benefits provided to any leased employees in the State of South Carolina?

| | | |
|-----------------------|------------------------------|-----------------------------|
| Workers' Compensation | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Health | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Life | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Disability | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Dental | <input type="checkbox"/> Yes | <input type="checkbox"/> No |

Are the premiums on all policies you listed on **Form PEO-11** due as of the date of this Application paid in full?

☐ Yes ☐ No

If the answer to the previous question is NO, are the unpaid amounts in dispute with your insurance carrier?

☐ Yes ☐ No

If any amounts are in dispute, please list the name of the carrier(s), the policy number(s), the period(s) covered, and the amount(s) in dispute.

| |
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NOTICE

MULTIPLE COORDINATED POLICIES. The South Carolina Department of Insurance has adopted a ruling by the NCCI that requires Professional Employer Organizations (PEOs) in the assigned risk market in South Carolina to operate under Multiple Coordinated Policies (MCP) for workers' compensation insurance coverage. These policies require a PEO to apply for a policy in its own name for direct employees. The rule then requires the PEO to apply for coverage for each of its clients to cover employees leased to those clients. Policies are applied for in the client company name as the insured. The policies are then "coordinated" and the leasing company is billed for premiums with copies sent to client companies. If you are currently operating under a non-multiple coordinated policy, please contact your insurance carrier regarding this ruling. A copy of this ruling is available on our web site at www.consumer.sc.gov.

PEOs that provide workers' compensation insurance to client companies, before executing a service contract and on an annual basis, must conduct a good faith investigation to determine if the client company engages any non-assigned employees, including those considered employees under Title 42, in any part of the client company's trade, business, or occupation. The law also requires that upon a determination that a client company does include non-assigned employees, the service contract must require the client company to secure and maintain workers' compensation insurance (See § 40-68-70 (B)).

Have you conducted such an investigation regarding each of your client companies within the past year?

☐ Yes ☐ No

South Carolina Code § 40-68-70 (D) requires a PEO to report the information derived from these investigations to its workers' compensation carrier. Have you made such reports in the past year?

☐ Yes ☐ No

NET WORTH COMPLIANCE

All applicants must demonstrate a net worth of at least \$50,000.00 (*See* § 40-68-40 (E)).

Audited Financial Statements

1. Submit copies of the most recent annual Audited Financial Statements for the two (2) most recent accounting periods preceding the date of this application. Only **audited** financial statements will be accepted.

Financial statements must include: statement of income and retained earnings, balance sheet, statement of changes in financial position (cash flow), and applicable footnotes. The financial statements also must reflect positive working capital and positive tangible net worth.

The most recent statement must be for the annual period ending no earlier than 180 days before the date of this application, and shall be attested to by an independent Certified Public Accountant. If the most recent audited financial statement currently available is dated more than 180 days before the date of this application, the applicant must certify to the Department that there have been no material adverse changes in the financial position of the company since the date of the last financial statements, and shall provide a copy of the next financial statement as soon as it becomes available.

Unless the audited financial statements are specifically for the named licensee, the licensee must apply for a PEO Group license, complete all forms necessary for a PEO Group license, and pay the license fee for a PEO Group.

Date of Financial Statement: _____

Pursuant to Regulation 28-1000(G), quarterly reports for financial income statements and balance sheets will be due for each quarter (3/31, 6/30/, 9/30 and 12/31) within 75 days after the end of each quarter after issuance of a license. In these reports, licensees must demonstrate that premiums for health insurance, life insurance, workers' compensation and other employee benefits have been paid to the proper payee; that working capital is in a positive position, and; that federal, state, and local payroll taxes have been paid as required by the regulations of each taxing authority. Licensees must file these reports using the *Professional Employer Organization Quarterly Report Form* (**Form PEO-13**).

ADDITIONAL ITEMS REQUIRED

1. Clients Services Agreement

Submit a copy of the client services agreement (*See* § 40-68-60 and § 40-68-70).

2. Employee Letter

Submit a copy of the Employee Letter (*See* § 40-68-60 and § 40-68-70).

3. Worksite Notice

Submit a copy of the Worksite Notice (*See* § 40-68-60).

4. Health Insurance Affidavit (PEO-08**) (fully executed)**

If the licensee does not offer health insurance, attach a statement to that effect and submit with this application.

5. Workers' Comp Affidavit of Insurance (PEO-09**) (fully executed)**

6. Insurance Certification (PEO-10**)**

AFFIDAVIT OF APPLICANT

I swear or affirm and certify that I have completed and/or reviewed all information on this form and submitted with this Application, and to the best of my knowledge and belief, all information contained herein is true, correct and complete; and that there are no material omissions of fact which would have a bearing upon the South Carolina Department of Consumer Affairs' decision to grant the requested license. I further certify that I understand that giving false information constitutes cause for denial or revocation of the application and subjects me to criminal prosecution for perjury. I acknowledge that I have a duty and agree to update and correct this information as it changes.

RELEASE: By the authorized signature below, the applicant specifically authorizes the release of any information by the South Carolina Employment Security Commission, the South Carolina Department of Revenue, and the Internal Revenue Service to the S.C. Department of Consumer Affairs regarding any payroll tax matters referenced herein, and holds those entities harmless from any consequences of such release. A photocopy of this authorization shall be as valid as the original.

Signature

Date

Type or Print your name and Title

SWORN TO AND SUBSCRIBED before me

this _____ day of _____, 20____

(SEAL)

Notary Public For _____

My Commission Expires:

The completed Application should be submitted to:

South Carolina Department of Consumer Affairs
Attn: PEO Licensing

Mailing Address

P.O. Box 5757
Columbia, SC 29250-5757

Street Address

293 Greystone Blvd., Suite 400
Columbia, SC 29210

Do not fax this form. An original, signed and notarized form is required.

The South Carolina Freedom of Information Act may require the Department of Consumer Affairs to release this form as a public record; however personal identifying information will be released only if required by law.