



# STATE OF SOUTH CAROLINA DEPARTMENT OF CONSUMER AFFAIRS



## PROFESSIONAL EMPLOYER ORGANIZATIONS

**Mailing Address**

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

S.C. Code Ann. § 40-68-10 et seq.  
(803) 734-4249 | [www.consumer.sc.gov](http://www.consumer.sc.gov) | (803) 734-4200

**Street Address**

2221 Devine St., Ste. 200  
Columbia, SC 29205-2418

### INITIAL APPLICATION FOR PROFESSIONAL EMPLOYER ORGANIZATION RESTRICTED LICENSE (2017-2019 LICENSING PERIOD)

Please carefully review the instructions listed below for eligibility requirements. The application fee must be enclosed and is NOT refundable. Applications cannot be processed without the required application fee.

The application fee of Two Hundred Dollars (\$200.00) for each PEO and Three Hundred Dollars (\$300.00) for each PEO Group must accompany each NEW application. Applications will not be processed without the required application fee.

From October 2017 through September 2018, the restricted license fee is Two Thousand Dollars (\$2,000.00) for each PEO and Four Thousand Dollars (\$4,000.00) for each PEO Group. From October 2018 through September 2019, the restricted license fee is One Thousand Dollars (\$1,000.00) for each PEO and Three Thousand Five Hundred Dollars (\$3,500.00) for each PEO Group.

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

South Carolina law permits the Department to issue a restricted license to a nonresident PEO or PEO Group for limited operation in this State if: (1) the applicant's state of residence provides for licensing of PEOs, the applicant is licensed and in good standing in its state of residence, and the applicant's state of residence grants a similar privilege for restricted licensing to PEOs or PEO Groups that are residents in South Carolina; (2) the applicant does not maintain an office, sales force, or representatives in this State, and it does not solicit clients that are residents in this State; and (3) the applicant does not have more than forty (40) leased employees working in this State.

**Pursuant to the provisions of South Carolina Code § 40-68-10 et. seq. (2011) as amended, the undersigned hereby makes the following statements for the purpose of obtaining a Restricted License to conduct business as a Professional Employer Organization (PEO) in the State of South Carolina.**

Name of PEO or PEO Group: \_\_\_\_\_ Date of Organization: \_\_\_\_\_

SC License #: \_\_\_\_\_ Unemployment Compensation Account#: \_\_\_\_\_

Federal ID #: \_\_\_\_\_ State ID #(withholding): \_\_\_\_\_

Street Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_

Web site: \_\_\_\_\_

Please indicate the type of license requested:

New Restricted PEO License

New Restricted PEO Group License

Name of Primary  
Contact Person:

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Business Address:

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City:

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State:

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Zip:

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Telephone No.:

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Fax No.:

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E-Mail Address:

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Name of Secondary  
Contact Person:

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Business Address:

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City:

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State:

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Zip:

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Telephone No.:

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Fax No.:

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E-Mail Address:

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Name of Current  
South Carolina  
Agent for Service  
of Process:

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Business Address:

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City:

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State:

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Zip:

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Telephone No.:

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Fax No.:

---

E-Mail Address:

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**Organizational Structure**

<input type="checkbox"/> Corporation	<input type="checkbox"/> Limited Liability Company	
<input type="checkbox"/> General Partnership	<input type="checkbox"/> Limited Partnership	<input type="checkbox"/> Sole Proprietorship
<input type="checkbox"/> Other (specify) _____		

1. 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.
2. Please provide an organizational chart of the applicant.
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
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4. If yes, applicant must file a **Cross Guarantee Form for Professional Employer Organization Group License (Form PEO-12)**.
5. 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.
6. Please provide the contact information requested below for the applicant's current agent for service of process as registered with the South Carolina Secretary of State's office.

Name of Current South Carolina Agent for Service of Process: \_\_\_\_\_

Business Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Telephone No.: \_\_\_\_\_ Fax No.: \_\_\_\_\_

E-Mail Address: \_\_\_\_\_

- |  |     |    |
|--|-----|----|
| * Does the applicant maintain an office, sales force, or representatives in South Carolina?  | Yes | No |
| * Does the applicant solicit clients that are residents of South Carolina?   | Yes | No |
| * How many leased employees does applicant have working in South Carolina? Please provide a list of all leased employees using the <b>Restricted License List of Leased Employees (Form PEO-16)</b> .  |     |    |
| * 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? If yes, applicant must provide a full explanation of those arrangements, including copies of all agreements for the provision of those services. | Yes | No |

**State of Residency**

- \* What is your company's state of residence and/or incorporation? \_\_\_\_\_
- \* Attach a copy of your company's PEO license or certificate from your state of residency.
- \* Is your company in good standing in its state of residency? If yes, attach a copy of a letter of good standing from the licensing authority. If no, please explain. Yes                      No
  
- \* Does your state of residency provide for a restricted PEO license for out of state companies similar to the one granted in South Carolina? If yes, attach a copy of your state statute or regulation that grants this privilege to your application. 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 should be reported to the Department within 30 days.

Client Company				FEIN		
Contact Person						
Mailing Address						
City			State			Zip:
Telephone Number			Fax Number			
Number of Assigned Employees		Date Relationship Initiated		Workers' Compensation Business Classification Code		
Workers' Compensation Carrier/Policy #			Health Insurance Carrier/Policy #			

## OTHER INFORMATION

### 1. Employment Tax Compliance Verification

This information is required for all restricted license renewals and for applicants for a new restricted 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 for collection of taxes from payroll on assigned employees. Compliance with this obligation must be shown prior to the issuance of a license to provide PEO services in the State of South Carolina. In order to confirm that this obligation has been satisfied, the Department requires one procedure for federal taxes, and another for South Carolina state taxes.

For federal taxes, applicants for PEO licenses must execute copy of IRS Form 4506-T, which allows the IRS to provide a transcript of your tax returns to the Department. Applicants should use the edited and partially completed version of this form available on our website as **Federal Employment Tax Compliance Verification Form PEO-17**.

For South Carolina state taxes, applicants must request a "Certificate of Tax Compliance Letter" from the South Carolina Department of Revenue. **The letters should be requested for payroll periods ending no earlier than sixty (60) days prior to the date of the filing of this application.** Applicants must follow the instructions on Department of Revenue Form C-268 for requesting the Letter. The most current version of the form can be found on our website as **South Carolina Certificate of Tax Compliance Request Form Form PEO-18**.

Applicants should forward the **ORIGINAL** letter from that agency to the Department for inclusion with their application for licensure.

**2. Insurance Benefits**

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

Workers' Compensation	Yes	No
Health	Yes	No
Life	Yes	No
Disability	Yes	No
Dental	Yes	No

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

Are the premiums on all policies you listed on the **Insurance Schedule (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.

**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](http://www.consumer.sc.gov).

South Carolina Code § 40-68-70 (B) requires PEOs that provide workers' compensation insurance to client companies, before executing a service contract and on an annual basis, to 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. Have you conducted such an investigation with regard to 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

### 3. Audited Financial Statements

Applicants must attach copies of the company's Audited Financial Statements for the two (2) most recent accounting periods preceding this application. Only **audited** financial statements will be accepted. The most recent statement must be for 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.

The financial statements must include a 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 following items may be used to cover any deficit in net worth revealed by the most current financial statements in an amount sufficient to cover the deficiency: infusion of capital, an acceptable bank letter of credit, mortgages, a promissory note supported by collateral, or a guarantee where the guarantor can satisfy the S.C. Department of Consumer Affairs that the guarantor has sufficient assets to satisfy the obligation of the guarantee.

Information supplied regarding net worth is proprietary and confidential and is exempt from disclosure to third parties.

**NOTE:** All applicants must demonstrate a net worth of at least \$50,000.00. Pursuant to South Carolina Code § 40-68-40 (E), deficiencies in the net worth requirement as demonstrated by the Audited Financial Statements may be satisfied through guarantees, letters of credit, or other security acceptable to the Department in a combined total amount of at least \$50,000.00. A guaranty is not acceptable unless the Applicant submits sufficient evidence to satisfy the Department that the guarantor has adequate resources to satisfy the obligations of the guaranty.

**Unless the audited financial statements are specifically for the named licensee, the licensee must apply for a PEO Group license, complete all additional 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 on a going forward basis 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)**.

**4. Service Agreement**

Please submit a copy of your master service agreement, plus copies of all agreements with client companies which differ from that master agreement in any substantive respect, highlighting the differences, e.g. if any of the PEO's client companies elect to obtain and be responsible for their own workers' compensation or health insurance, the service agreement with that client must clearly demonstrate that intent.

**5. Employee Letter**

Please submit a copy of your Employee Letter (See S.C. Code Ann. § 40-68-60 and § 40-68-70).

**6. Worksite Notice**

Please submit a copy of your Worksite Notice (See S.C. Code Ann. § 40-68-60).

**CONTROLLING PERSONS, OFFICERS AND DIRECTORS**

**IMPORTANT:** Fill out each section completely. All persons who qualify as a controlling person pursuant to South Carolina Code § 40-68-10 (4), as amended, must be listed below. Changes in controlling persons should be reported to the Department within 30 days.

ANY CONTROLLING PERSON(S) NOT PREVIOUSLY LICENSED IN SOUTH CAROLINA MUST EACH SUBMIT A **CONTROLLING PERSON APPLICATION (FORM PEO-03)** ALONG WITH A \$100 APPLICATION FEE.

**CONTROLLING PERSON APPLICANTS ASSOCIATED WITH A PEO SEEKING A RESTRICTED LICENSE MUST PROVIDE THE EMPLOYMENT INFORMATION REQUESTED ON PAGE 5 OF FORM PEO-03, BUT ARE EXEMPT FROM THE TWO YEAR PRIOR EXPERIENCE REQUIREMENT. SUCH APPLICANTS ARE ALSO EXEMPT FROM THE CONTINUING EDUCATION REQUIREMENTS LISTED ON PAGE 10 OF FORM PEO-03.**

Corporations: If the applicant is owned by another corporate entity, please list any officers of the parent firm and the ultimate owners (natural persons) in the tables below that qualify as controlling persons, as defined in South Carolina Code § 40-68-10 (4), and attach an organizational chart.



**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 And Address	Date of Birth (mm-dd-yyyy)	% Ownership	SSN #/FEIN *

**\* Compliance Note: The Family Independence Act of 1995 required 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 (§ 63-17-1050) 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 renewal 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**



## **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 existing or proposed controlling persons been convicted or found guilty of any misdemeanors or felonies (with the exception of minor traffic violations) in any jurisdiction 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

**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? \_\_\_\_\_

**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 and Regulation

**Mailing Address**  
P.O. Box 5757  
Columbia, SC 29250-5757

**Street Address**  
2221 Devine St. Suite 200  
Columbia, SC 29205

**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.**