

CHARLESTON SCHOOL OF LAW (CSOL)  
INFORMATION FOR STUDENTS and OTHER INTERESTED PARTIES INQUIRING  
ABOUT A POTENTIAL CHANGE OF OWNERSHIP AND IMPACT ON LICENSING

*Prepared by SC Commission on Higher Education Staff*  
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The South Carolina Commission on Higher Education (CHE) serves as the entity authorized by the General Assembly to license nonpublic postsecondary institutions established in South Carolina and those established elsewhere which want to operate in or confer degrees in South Carolina (SC Code of Laws §59-58-10 *et seq.* and through Regulations R.62-1 - R.62-28). Information on the licensing process and licensing activities in South Carolina is available at <http://www.che.sc.gov/InstitutionsEducators/Licensing/LicensingofNon-PublicPostsecondaryInstitutions.aspx>

CSOL was initially licensed by the CHE on September 4, 2003, to advertise and enroll students for classes beginning in September 2004. In July 2004, CHE approved a three-year initial license for CSOL to offer a program leading to the Juris Doctor degree. CSOL's initial license has been continually renewed since its initial approval. Licenses may be granted for no more than five years and are specific to the programs and locations. CSOL initially received a three-year renewal with subsequent five-year renewals approved by CHE staff. CSOL holds a current license from CHE that expires in 2017. A chronology of licensure of CSOL is attached (Appendix A).

Licenses awarded by the Commission are not transferrable. It is the responsibility of licensed institutions to notify CHE immediately of significant changes in the course or program offerings, facilities, finances, or personnel. In the event of the sale of an institution, the new owner(s) must comply with all licensing requirements.

CSOL has recently announced a Management Services Agreement with InfiLaw Systems (InfiLaw). Questions have been raised by students and other interested parties as to whether or not CSOL will ultimately be sold and implications of a sale for students, alumni, faculty and others affiliated with CSOL. This document is intended to provide general summary information about the licensing process concerning a change in ownership and impact on licensing as a nonpublic postsecondary institution.

In the event of significant changes for licensed institutions, the primary concern of CHE is the protection of students. Where a change does not impact enrollment, programs or resources for completions of their programs, CHE only requires notification in order to reflect the change on its records. For significant changes, such as a change in ownership, a more thorough review is undertaken. For CSOL, as with significant changes at all licensed institutions, CHE will consider changes with strict scrutiny in determining the course of action.

Consideration of Changes in Internal Business Arrangements

CSOL advised us on July 23, 2013 that two of CSOL's five original partners had sold their shares to the remaining three. CHE would typically treat this as a simple internal transaction among partners where notification to CHE is required of this change provided there were no significant conditions or commitments made in this internal sale. Beyond notification, it does not appear that CHE approval is required. However, documentation has been requested to verify approval would not be necessary.

With respect to the Management Services Agreement, CHE does not have, but has requested a copy of the agreement between CSOL and InfiLaw, in order to review the conditions and ensure the change does not require further consideration.

### Considerations Concerning a Sale to External Entities

CHE has not received any formal request from CSOL or any party related to the sale of CSOL. If CSOL should subsequently enter into sale negotiations with InfiLaw, or any other out-of-state entity, CHE would consider this as a new enterprise subject to full review of CHE.

The following is general information concerning potential scenarios and considerations to CHE licensure.

As a for-profit limited liability corporation, the owners of CSOL may sell the school to:

#### **Scenario 1: A for-profit entity, individual, or corporate investors.**

Under this scenario, the purchaser must apply to the CHE for authorization to own the school. The process for approval would require that the purchaser submit documentation to CHE to show adequate resources to continue the institution in compliance with the licensing requirements and American Bar Association accreditation. A subcommittee of the Commission, the Committee on Academic Affairs and Licensing (CAAL), would review the proposal and make a recommendation to the full Commission. The Commission would review the proposal and the recommendation of CAAL and approve, deny, table, or place conditions upon the proposal.

**Scenario 2: A non-profit in-state independent institution (one chartered in the State before 1953).** CHE approval would not be required because independent institutions chartered by the Secretary of State prior to 1953 are exempted and are not within the licensing jurisdiction of CHE. In this case, the purchasing institution would be responsible for accomplishing approval by its Board of Trustees and for regional and specialized accreditation agencies.

#### **Scenario 3: A South Carolina public institution.**

Since its initial licensure, CSOL is bound by two conditions pertaining to the state system of higher education: 1) that no “unique cost” or other special state funding be required or requested and 2) in the event that the school, or its officers or agents, should make an attempt to cause the school to become a part of the College of Charleston or any other public institution, the license granted to the school shall be null and void and immediately revoked. (See attached licensure chronology.) Given the conditions imposed at the time of licensure, such a consideration has not been permissible. However, if such consideration were to proceed, the requirements and process for merging CSOL under the State system would vary dependent on the situation and institution(s) that might be involved. Public institutions are defined in law, and sector missions for each type of institution are provided in state statute. CHE, as the coordinating body for public higher education, is charged with mission approval within the statewide missions set forth by the General Assembly, program approval, and facilities approval for public institutions. Additional considerations, beyond any necessary action of the General Assembly and CHE, may also be required by the SC Budget and Control Board and other entities such as regional and specialized accrediting bodies, depending on the parameters of a purchase.

In all three scenarios, the primary concern for the Commission is the protection of the students as well as consideration of action in the best interest of the state in evaluating any proposals that may be advanced.

This information is provided as a general advisory. It does not obligate CHE or any party to pursue any particular course of action. For inquiries, please contact Julie Carullo, SC CHE Deputy Director and Director of Governmental Affairs and Special Projects, 803-737-2292 or [jcarullo@che.sc.gov](mailto:jcarullo@che.sc.gov).

## **Appendix A: Chronology of Licensure of CSOL**

September 4, 2003: CHE approves an initial license with conditions for CSOL to advertise and enroll students for classes beginning in September 2004.

The conditions for the license include:

- 1) no “unique cost” or other special state funding be required or requested;
- 2) that CSOL submit to the Commission updated material to document compliance with the licensing requirements and the recommendations of the team as enumerated in the Team Report;
- 3) that a team visit the Charleston facility in May 2004 to confirm compliance;
- 4) that the team and the staff provide updated reporting and final recommendations to the Committee and the Commission in summer 2004;
- 5) that the institution establish a timeline under which it will gain ABA accreditation; report to the CHE staff on each step in the timeline; provide to the CHE staff a copy of correspondence to and from ABA, and discontinue advertising and enrolling students into the program if it becomes apparent that it is unable to meet its timeline to gain ABA accreditation; and
- 6) in the event that the school, or its officers or agents, should make an attempt to cause the school to become a part of the College of Charleston or any other public institution, the license granted to the school shall be null and void and immediately revoked.

July 8, 2004: CHE approves an initial three-year license for CSOL to offer a program leading to the Juris Doctor degree. Conditions of the license continue to include:

- 1) no “unique cost” or other special state funding be required or requested;
- 2) the institution discontinue advertising and enrolling students into the program if it becomes apparent that it is unable to meet its timeline to gain ABA accreditation; and
- 3) in the event that the school, or its officers or agents, should make an attempt to cause the school to become a part of the College of Charleston or any other public institution, the license granted to the school shall be null and void and immediately revoked.

August 17, 2007: Five-year renewal approved. License from August 1, 2007, through July 31, 2012. The two remaining conditions of the license as stipulated by the Commission at its July 8, 2004, meeting, and which continue to carry forward with the license, are

- 1) no “unique cost” or other special state funding be required or requested; and
- 2) in the event that the school, or its officers or agents, should make an attempt to cause the school to become a part of the College of Charleston or any other public institution, the license granted to the school shall be null and void and immediately revoked.

March 1, 2012: CHE approves an amendment to CSOL’s license to add LL.M. (Master of Laws) degree in Admiralty and Maritime law. CSOL was also granted a five-year renewal of its license from March 1, 2012, through July 31, 2017.

With the approval of the LL.M., conditions of the amended license require notification to the Commission in the event of changes in the status of accreditation of the American Bar Association if such changes should occur. Also, as is standard with respect to licenses issued, any changes in ownership, administration, location, programs, or any other changes that may significantly affect the courses of instruction offered must be reported and application submitted to the Commission for approval to offer any additional degrees, programs, concentrations, diplomas, or certificates. Further, by applying for and accepting the license, the school agrees to comply with the requirements for licensure as prescribed by applicable statutes, regulations, rules, regulations, and conditions. Conditions carried forward from the initial license also continue to apply.