

ARKANSAS STATE BOARD OF PUBLIC ACCOUNTANCY

Robert Redfern CPA, President  
Michael M. Watts CPA, JD Secretary  
Sherry Chesser CPA, Treasurer  
David Vaden CPA



Deana Infield CPA  
Denton Woods JD  
Jim Gately EdM

Jimmy Corley, CPA  
Executive Director

## **Board Meeting Minutes August 17, 2018**

A regular meeting of the Arkansas State Board of Public Accountancy was held in Suite 450 of the Main Street Mall Building on August 17, 2018 with Michael Watts, President, presiding. Other members of the Board in attendance were: Jim Gately, Sherry Chesser, David Vaden, Deana Infield\*, Robert Redfern, and Denton Woods. Members of the staff in attendance were: Jimmy Corley, Executive Director, Dale Edge, Investigator; Tim Montgomery, Investigator; Mark Ohrenberger, Legal Counsel; Alan Fortney, April Murphy, and Melissa Hamric. Also in attendance were Brian Thompson of the ASA, and Marsha Moffitt and Mike Carroll\* of the ASCPA.

### **CALL TO ORDER**

Mr. Watts officially called the meeting to order at 9:08 a.m. A quorum was found to be present.

### **APPROVAL OF MINUTES**

A motion was made and seconded to approve the minutes of the June 1, 2018, Board meeting. The motion passed unanimously.

### **TREASURER'S REPORT**

A motion was made and seconded to approve the May, June, and July's 2018 Treasurer's Reports, as presented. The motion passed unanimously.

## COMMITTEE REPORTS

### AUDIT

In progress.

### COMPLIANCE

The Compliance Committee has met three (3) times.

#### **Twenty-four complaints:**

Firm allegedly failed to adequately plan, supervise and exercise due professional care.

Inactive performing work for the public.

Licensee failed to make timely notification to Board.

Suspended CPA violated Board consent order.

Suspended CPA failed to comply with Board Finding of Fact.

Firm failed to report branch location.

Three non - licensees holding out.

Four re-licensure requests.

Eleven licensees with CPE issues.

#### **Requesting closure of twenty-four (24) complaints five (5) by consent order**

- 1) C17-101 – (Non-Licensee)** – Non-Licensee holding out on website. Individual has made Board recommended changes. The Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings and closure with no further action.
- 2) C17-102 – (Non-Licensee)** – Non-Licensee holding out on website. Individual has made Board recommended changes. The Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings and closure with no further action.
- 3) C17-107 – (Non-Licensee)** – Non-Licensee holding out on website. Individual has made Board recommended changes. The Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings and closure with no further action.
- 4) C18-013 – (Cert. # 2239)** – Suspended licensee did not comply with Board Order. Hearing 18-003 was held June 1, 2018. AR CPA certificate 2239 was revoked. Requesting closure.
- 5) C18-014 – (Cert. # 260C)** – CPA firm failed to have a corporate shareholder and resident manager who was a certified public accountant in good standing;

owner's license was suspended. Hearing 18-003 was held June 1, 2018. AR CPA firm certificate 260C was revoked. Requesting closure.

- 6) **C18-015 - (Cert. # 7959)** - Suspended licensee did not comply with Board Order. Hearing 18-001 was held June 1, 2018. AR CPA certificate 7959 was revoked. Requesting closure.
- 7) **C18-017 (Cert. # 8752)** - Licensee appeared to have CPE issues; after further review, no violations were found. The Compliance Committee recommends a finding of no probable cause to proceed with disciplinary proceedings and closure with no further action.
- 8) **C18-023 - (Cert. # 4895)** - Licensee failed to renew individual Arkansas CPA certificate for 2018. Hearing 18-005 was held June 1, 2018. AR CPA certificate 4895 was revoked. Requesting closure.
- 9) **C18-024 - (Cert. # 8430)** - Licensee failed to renew individual Arkansas CPA certificate for 2018. Hearing 18-006 was held June 1, 2018. AR CPA certificate 8430 was revoked. Requesting closure.
- 10) **C18-025 - (Cert. # 7811)** - Licensee failed to renew individual Arkansas CPA certificate for 2018. Hearing 18-007 was held June 1, 2018. AR CPA certificate 7811 was revoked. Requesting closure.
- 11) **C18-028 - (Cert. # 8159R)** - Licensee failed to renew individual Arkansas CPA certificate for 2018. Hearing 18-010 was held June 1, 2018. AR CPA certificate 8159R was revoked. Requesting closure.
- 12) **C18-029 - (Cert. # 9624)** - Licensee failed to renew individual Arkansas CPA certificate for 2018. Hearing 18-011 was held June 1, 2018. AR CPA certificate 9624 was revoked. Requesting closure.
- 13) **C18-030 - (Cert. # 4145)** - Licensee failed to renew individual Arkansas CPA certificate for 2018. Hearing 18-012 was held June 1, 2018. AR CPA certificate 4145 was revoked. Requesting closure.
- 14) **C18-034 - (Cert. # 4721)** - Licensee failed to renew license and became lapsed April 1, 2018. Licensee has requested reinstatement to license to practice and paid \$150.00 application fee. Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings and closure via the proposed compliance statement. Compliance Statement requiring timely renewal for next three (3) years has been signed and \$710.00 in renewal fees, late fees, and \$500.00 penalty have been collected.
- 15) **C18-035 - (Cert. # 0373)** - Licensee failed to renew individual Arkansas PA registration for 2018. Hearing 18-016 was held June 1, 2018. AR PA certificate 0373 was revoked. Requesting closure.

- 16) **C18-036 - (Cert. # 824C)** - Licensee failed to renew individual Arkansas PA firm registration for 2018. Hearing 18-017 was held June 1, 2018. AR PA firm registration 824C was revoked. Requesting closure.
- 17) **C18-044- (TX Licensee)** - Out-of-state licensee (living in AR) holding out on website. Individual has made Board recommended change. The Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings and closure with no further action.
- 18) **C18-050 - (Cert. # 40LC)** - CPA firm failed to report branch location information on 2018 renewal. Branch locations have been corrected and branch fees paid. The Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings but recommends closure with no further action.
- 19) **C18-052 - (Cert. # 2488)** - Licensee appeared to have CPE issues: after further review, no violations were found. The Compliance Committee recommends a finding of no probable cause to proceed with disciplinary proceedings and closure with no further action.

A motion was made and seconded to accept the Compliance Committee's recommended findings and proposed resolutions as to items 1 through 19, listed above. The motion passed unanimously.

#### **CONSENT ORDERS**

- 1) **C18-038- Consent Order (Cert. # 7263)** - Applicant surrendered license in May 2017. Respondent has requested to re-license to license to practice. Applicant has completed 120 hours of CPE, 26 hours A&A, 4 hours of ethics, 77 hours of tax, and 13 hours of Other. The study type consist of 115.5 hours of group and 4.5 hours self-study. Applicant has signed consent order and agreed to pay current year renewal fees of \$110.00. Requesting closure by consent order, contingent receipt of money and acceptable background check.

A motion was made and seconded to accept the Compliance Committee's recommended finding and proposed resolution and to close C18-038. The motion passed unanimously.

- 2) **C18-042- Consent Order (Cert. # 8711)** - Applicant surrendered license in August 2017. Respondent has requested to re-license to inactive status. Applicant paid current year renewal fees of \$55.00. Requesting closure by Consent Order, contingent on background check.

A motion was made and seconded to accept the Compliance Committee's recommended finding and proposed resolution and to close C18-042. The motion passed unanimously.

- 3) **C18-043- Consent Order (Cert. # 4067)** – Applicant revoked in October 1999 for failure to renew for three (3) years. Respondent has requested to reinstate to inactive status. Applicant has paid prior year fees (1996-1998) of \$110.00 and current year renewal fee of \$55.00 for a total of \$165.00. Requesting closure by Consent Order.

A motion was made and seconded to accept the Compliance Committee's recommended finding and proposed resolution and to close C18-043. The motion passed unanimously.

- 4) **C18-045- Consent Order (TX Licensee)** – Applicant, TX Licensee living in AR, issued an Independent Accountant's Report on Applying Agreed-Upon Procedures for 2015 and again for 2016. Applicant applied for an AR reciprocal license in 2018. Respondent has paid \$500 penalty. Requesting closure by Consent Order.

A motion was made and seconded to accept the Compliance Committee's recommended finding and proposed resolution and to close C18-045. The motion passed unanimously.

- 5) **C18-047- Consent Order (Regist. 0373 Firm Regist. 824C)** – Applicant and Applicant Firm revoked in June 2018 for failure to renew. Respondent has completed 80 hours of CPE, 12 hours A&A, 7 hours of ethics, 59 hours of tax, and 2 hours of Other. The study type consist of 80 hours of group study. Applicant has signed consent order and agreed to pay current year renewal fees (individual and firm) of \$210.00, late fees of \$300, and a \$750 penalty for a total of \$1,270.00. Requesting Board rescind June 2018 Finding of Fact, Conclusions of Law and Order and accept closure by consent order, contingent on acceptable background check.

A motion was made and seconded to accept the Compliance Committee's recommended finding and proposed resolution and to close C18-047. The motion passed unanimously.

\*Deana Infield and Mike Carroll joined the meeting at 9:30 a.m.

#### **OTHER MATTER**

1. **C15- 009 - (49LP)** – Firm entered in to Deferred Prosecution Agreement with United States Department of Justice regarding tax shelters. The Compliance Committee is proposing to resolve this matter via a consent order and is seeking direction from the Board with regard to the final determination.

Firm entered in to Deferred Prosecution Agreement with United States Department of Justice regarding tax shelters in 2012, which was based on conduct alleged to have occurred during the period from 1997-2003. The Compliance Committee is proposing to resolve this matter via a consent order and is seeking direction from the Board with regard to the final determination. Based upon Mr. Ohrenberger's explanation of the case and the negotiations thus far with the firm, the Board indicated that it would be inclined to accept a

consent order that included an admission of the alleged wrongful activity and payment of a monetary fine but, in light of the significant time that has passed without further alleged incident, did not include a period of suspension or probation.

## **REQUESTING PERMISSION TO ISSUE THE FOLLOWING NOTICE OF HEARINGS IF NEEDED**

**C18-012 – (5059)** – Charging Inactive Licensee with providing professional services while maintaining inactive status. Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings and issuance of a notice to the licensee for a formal hearing before the Board.

**C18-018 – (1356)** – Charging Inactive Licensee with providing tax services while maintaining inactive status. Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings and issuance of a notice to the licensee for a formal hearing before the Board.

**C18-048 – (1529)** – Charging suspended Licensee with failure to comply with the terms of 2015 consent order. Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings and issuance of a notice to the licensee for a formal hearing before the Board.

**C18-065 – (4143)** – Charging suspended Licensee with failure to comply with the terms of Findings of Fact H16-060. Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings and issuance of a notice to the licensee for a formal hearing before the Board.

A motion was made and seconded to grant permission to issue Notices of Hearings in the matters listed above. The motion passed unanimously.

### **CPE**

Based on findings from the 2018 CPE Audit and the 2018 Annual Registration the CPE Committee is requesting closure of the following 18 CPE complaints. All by Compliance Statement:

- 1) CE18-009 – (CERT # 7893)** – Licensee was deficient 1 hour Content CPE. Committee recommends a finding of probable cause to proceed with disciplinary proceedings and closure via the proposed compliance statement. Compliance Statement has been signed, \$100 penalty paid, and 1 additional Content CPE hour has been taken.
- 2) CE18-056 – (CERT # 7643)** – Licensee was deficient 1 hour Arkansas Ethics CPE. Committee recommends a finding of probable cause to proceed with disciplinary proceedings and closure via the proposed compliance statement. Compliance Statement

has been signed, \$125 penalty paid, and 1 additional Arkansas Ethics CPE hour has been taken.

- 3) **CE18-069 – (CERT # 5594)** – Licensee was deficient 1 Accounting/Attest CPE hour. Committee recommends a finding of probable cause to proceed with disciplinary proceedings and closure via the proposed compliance statement. Compliance Statement has been signed, \$100 penalty paid, and 1 additional Accounting/Attest hour has been approved to be taken.
- 4) **CE18-070 – (CERT # 5704)** – Licensee was deficient 9 hours Group CPE. Committee recommends a finding of probable cause to proceed with disciplinary proceedings and closure via the proposed compliance statement. Compliance Statement has been signed, \$270 penalty paid, and 9 additional Group CPE hours have been approved to be taken.
- 5) **CE18-082 – (CERT # 5799)** – Licensee was deficient 3.5 hours Content CPE. Committee recommends a finding of probable cause to proceed with disciplinary proceedings and closure via the proposed compliance statement. Compliance Statement has been signed, \$105 penalty paid, and 3.5 additional Content CPE hours have been approved to be taken.
- 6) **CE18-106 – (CERT # 8934)** – Licensee was deficient 1 hour Arkansas Ethics CPE. Committee recommends a finding of probable cause to proceed with disciplinary proceedings and closure via the proposed compliance statement. Compliance Statement has been signed, \$125 penalty paid, and 1 additional Arkansas Ethics CPE hour has been taken.
- 7) **CE18-126 – (CERT # 6911)** – Licensee was deficient 3 hours Content CPE. Committee recommends a finding of probable cause to proceed with disciplinary proceedings and closure via the proposed compliance statement. Compliance Statement has been signed, \$100 penalty paid, and 3 additional Content CPE hours have been taken.
- 8) **CE18-146 – (CERT # 9478)** – Licensee was deficient 1 hour Arkansas Ethics CPE. Committee recommends a finding of probable cause to proceed with disciplinary proceedings and closure via the proposed compliance statement. Compliance Statement has been signed, \$125 penalty paid, and 1 additional Arkansas Ethics CPE hour has been taken.
- 9) **CE18-168 – (CERT # 6850)** – Licensee was deficient 2 hours Ethics CPE. Committee recommends a finding of probable cause to proceed with disciplinary proceedings and closure via the proposed compliance statement. Compliance Statement has been signed, \$250 penalty paid, and 2 Ethics CPE hours have been approved to be taken.
- 10) **CE18-247 – (CERT # 8803)** – Licensee was deficient 3.5 hours CPE. Committee recommends a finding of probable cause to proceed with disciplinary proceedings and closure via the proposed compliance statement. Compliance Statement has been signed, \$105 penalty paid, and 3.5 additional CPE hours have been taken.
- 11) **CE18-263 – (CERT # 7196)** – Licensee was deficient 3 hours Content CPE. Committee recommends a finding of probable cause to proceed with disciplinary proceedings and

closure via the proposed compliance statement. Compliance Statement has been signed, \$100 penalty paid, and 3 additional Content CPE hours have been taken.

- 12) CE18-271 – (CERT # 3195)** – Licensee was deficient 8 hours Group CPE. Committee recommends a finding of probable cause to proceed with disciplinary proceedings and closure via the proposed compliance statement. Compliance Statement has been signed, \$100 penalty paid, and 8 additional Group hours have been approved to be taken.
- 13) CE18-283 – (CERT # 5258R)** – Licensee was deficient 1 hour CPE and 1 hour Arkansas Ethics CPE. Committee recommends a finding of probable cause to proceed with disciplinary proceedings and closure via the proposed compliance statement. Compliance Statement has been signed, \$155 penalty paid, and 1 additional Arkansas Ethics CPE hour has been taken.
- 14) CE18-286 – (CERT # 2976)** – Licensee was deficient 10 hours Content CPE. Committee recommends a finding of probable cause to proceed with disciplinary proceedings and closure via the proposed compliance statement. Compliance Statement has been signed, \$300 penalty paid, and 10 additional Content CPE hours have been approved to be taken.
- 15) CE18-303 – (CERT # 8975R)** – Licensee was deficient 8 hours Group CPE. Committee recommends a finding of probable cause to proceed with disciplinary proceedings and closure via the proposed compliance statement. Compliance Statement has been signed, \$100 penalty paid, and 8 additional Group CPE hours have been taken.
- 16) CE18-316 – (CERT # 3689)** – Licensee was deficient 1.5 hours Content CPE. Committee recommends a finding of probable cause to proceed with disciplinary proceedings and closure via the proposed compliance statement. Compliance Statement has been signed, \$100 penalty paid, and 1.5 additional Content CPE hours have been taken.
- 17) CE18-336 – (CERT # 6617)** – Licensee was deficient 7 hours CPE. Committee recommends a finding of probable cause to proceed with disciplinary proceedings and closure via the proposed compliance statement. Compliance Statement has been signed, \$100 penalty paid, and 7 additional CPE hours have been approved to be taken.
- 18) CE18-374 – (CERT # 8550R)** – Licensee was deficient 19 hours CPE. Committee recommends a finding of probable cause to proceed with disciplinary proceedings and closure via the proposed compliance statement. Compliance Statement has been signed, \$190 penalty paid, and 19 CPE hours have been approved to be taken.

A motion was made and seconded to accept the CPE Committee's recommended findings and proposed resolutions as to items 1 through 18, listed above. The motion passed unanimously.

## **QUALITY REVIEW**

The 2018 Quality Review will take place at the Board's office August 21<sup>st</sup> through the 23<sup>rd</sup>.



## **PERSONNEL**

Mr. Corley announced to the Board that Tiffany Vano has filled the vacancy left by Hanna Windley as the CPE coordinator, and that interviews are underway in order to fill the front desk position.

## **OLD BUSINESS**

### 2019 Proposed Legislation – Inactive Status

Mr. Corley and Mr. Ohrenberger presented a draft for proposed changes to ACA §17-12-505 regarding inactive status. A motion was made and seconded to approve the proposed changes and continue with the process of seeking input from the profession and gubernatorial and legislative approval. The motion passed unanimously.

## **NEW BUSINESS**

### 2019 Proposed Meeting Dates

January 11

April 19

May 31

August 16

September 27

November 15

### Firm Name Questions

A motion was made and seconded to reject the firm name Arkansas Accounting Group, LLC as misleading. The motion passed unanimously.

Ms. Infield and Ms. Chesser recused themselves. A motion was made and seconded to accept the firm name Landmark CPAs PLC. The motion passed.

## **OTHER BUSINESS**

### Occupational Licensing Survey Response

Mr. Corley will submit a response to the Occupational Licensing Advisory Group, in response to their Occupational Licensing Questionnaire with recommended changes.

### NASBA Annual Meeting

Mr. Corley reminded the Board of the upcoming NASBA annual meeting being held on October 28-31, 2018.

### Recognition of Service – Bobby Redfern & Jim Gately

Mr. Corley presented Mr. Redfern and Mr. Gately with plaques, recognizing their service with the Arkansas State Board of Public Accountancy.

### Michael Jones Case

Mr. Ohrenberger updated the Board on the status of the Michael Jones case.

Peer Review Oversight Committee

Marsha Moffitt with ASCPA and Brian Thompson with ASA engaged in discussion with the Board regarding PROC.

ASCPA Strategic Planning Committee

Mike Carroll with ASCPA offered comments on the current status, and future plans of the Society.

A set time for Compliance

Mr. Ohrenberger discussed adding distinct time frames to future Compliance.

**LICENSING REPORT**

Mr. Corley presented to the Board the Licensing Activity Report.

**ADJOURNMENT**

A motion was made and seconded to adjourn. The motion passed. The meeting adjourned at 11:26 a.m.