

ARKANSAS STATE BOARD OF PUBLIC ACCOUNTANCY

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Sherry Chesser CPA, Treasurer
David Vaden CPA



Deana Infield CPA
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Jimmy Corley, CPA
Executive Director

Board Meeting Minutes April 20, 2018

A regular meeting of the Arkansas State Board of Public Accountancy was held in Suite 450 of the Main Street Mall Building on April 20, 2018 with Robert Redfern, President, presiding. Other members of the Board in attendance were: Michael Watts, Jim Gately, Sherry Chesser, David Vaden, Deana Infield, and Denton Woods. Members of the staff in attendance were: Jimmy Corley, Executive Director, Dale Edge, Investigator; Tim Montgomery, Investigator; Mark Ohrenberger, Legal Counsel; April Murphy, Melissa Hamric, and Hanna Windley. Also in attendance was Brian Thompson of the ASA, Marsha Moffitt and Mike Carroll of the ASCPA, Mark Watkins of Bell Foster Johnson & Watkins, LLP,* and Taylor Beach, applicant.**

CALL TO ORDER

Mr. Redfern officially called the meeting to order at 9:06 a.m. A quorum was found to be present.

APPROVAL OF MINUTES

A motion was made and seconded to approve the minutes of the January 12, 2018, Board meeting. The motion passed unanimously.

TREASURER'S REPORT

A Motion was made and seconded to approve the January 2018, February 2018 and March 2018 Treasurer's Reports, as presented. The motion passed unanimously.

COMMITTEE REPORTS

AUDIT

Mr. Watkins of Bell Foster Johnson & Watkins presented the Audit Report for Year End June 30, 2017. A motion was made and seconded to approve the Audit Report. The motion passed unanimously.

*Mark Watkins left the meeting after the presentation of the audit report.

COMPLIANCE

The Compliance Committee has met twice.

Nineteen new complaints:

- Individual with CPE issues
- Licensee holding records
- Unlicensed CPA holding out in AR
- Firm holding out unlicensed CPA
- CPA firm stakeholder seeking retired status
- Two inactive CPAs providing professional services to the public
- Two re-licensure requests
- Three licensees on suspension
- Three firms sanctioned by another state board or other agency
- Four non-licensees holding out

Requesting closure of 18 complaints, three by consent order

- 1) **C14-024 – (Firm Cert. # 343C)** – Failed Quality Review with regard to a governmental audit. After additional review, it was found QR failure was not sufficiently documented. In addition, the firm has now ceased practice. The Compliance Committee recommends a finding of no probable cause to proceed with disciplinary proceedings and closure with no further action.
- 2) **C17-036 – (Unlicensed Firm)** – It appeared unlicensed firm had performed Employee Benefit Plan (EBP) Audit in AR. After further review, it was determined EBP was a subsidiary of a larger corporate plan that was located in another state and audit was performed there. The Compliance Committee recommends closure with no further action.
- 3) **C17-111 (Cert. # 7572)** – Licensee failed to respond timely to 2017 CPE audit. Licensee has provided medical documentation to support delay in responding. The Compliance Committee recommends closure with no further action.
- 4) **C17-116 – (Cert. # 6920)** – Licensee failed to respond timely to the 2017 Quality Review. Licensee has surrendered license in lieu of further disciplinary action. Requesting closure.
- 5) **C17-123 – (Non-Licensee)** – Non-Licensee holding out and has issued a review. Individual has agreed to cease holding out and to stop performing attest work. Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings and closure with no further action.
- 6) **C17-125 – (Cert. # 5400 Void)** – Applicant had requested re-licensure. During application process individual ceased communications with the Board. Requesting closure with no further action.
- 7) **C18-001 – (Cert. # 5299)** – External complaint regarding holding of records. Complaint was regarding a non-licensed tax only practice. Licensee was not holding out tax practice as part of a CPA firm. The Compliance Committee recommends a finding of no probable cause to proceed with disciplinary proceedings and closure with no further action.

- 8) **C18-002 – (Cert. # 161LC)** – Licensee Firm had a misleading advertisement. Firm has agreed to remove sign. The Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings and closure with no further action.
- 9) **C18-003 – (Cert. # 9625R)** –New reciprocal licensee sanctioned by MO Board Accountancy Board for CPE issues. Licensee made timely notification. Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings and closure with no further action.
- 10) **C18-005 – (Non-Licensee)** – Anonymous complaint alleging Non- Licensee holding out to the public. After further review unable to document allegations. The Compliance Committee recommends closure with no further action.
- 11) **C18-007 – (Firm Cert. # 5LP)** – Licensee firm sanctioned by SEC for TN audit, no AR licensees associated. Licensee made timely notification. Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings and closure with no further action.
- 12) **C18-008 – (Firm Cert. # 693C)** – Licensee firm sanctioned by KS Accountancy Board regarding SEC sanction. Licensee made timely notification. Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings and closure with no further action.
- 13) **C18-019 – (Firm Cert. # 14LP)** – Licensee firm sanctioned by UT Accountancy Board regarding PCAOB sanction. Licensee made timely notification. Compliance Committee recommends a finding of 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 13, listed above. The motion passed unanimously.

C14-171 – (Firm Cert. # 181LC) – Partner in a CPA firm is also a partner in a law firm. Law firm has provided legal representations letter to CPA Firm’s audit clients. A discussion was made concerning the differences between the AICPA Standards and the Board Rules. Then a motion was made and seconded to accept the Boards recommended closure with a finding of probable cause to proceed with disciplinary proceedings but to close with no further action. The motion passed.

C18-020 – (Cert. # 2152) – Licensee who has a current ownership stake in a licensed public accounting firm is requesting to take retired status based on health issues. A discussion was made, and the Board determined there was no reason the licensee could not take retired status. Then a motion was made and seconded to close with no further action. The motion passed unanimously

CONSENT ORDERS

- 1) **C17-115 - Consent Order (Cert. # 7562)** – Respondent failed to respond timely to 2017 Quality Review. The Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings and closure via the proposed consent order. Respondent has signed a consent order and paid seven hundred fifty (\$750.00) dollar 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 C17-115. The motion passed unanimously.

- 2) **C18-006 - Consent Order (Cert. # 5404)** – Respondent failed to renew for 1998 through 2001 and, in August 2002, Respondent's AR CPA certificate was revoked. Respondent has requested to reinstate to inactive status. Respondent has signed consent order and agreed to pay current and prior year renewal fees of \$215.00. Requesting closure by Consent Order contingent on receipt of \$215.00.

Mr. Watts abstained himself. A motion was made and seconded to accept the Compliance Committee's recommended finding and proposed resolution and to close C18-006. The motion passed unanimously.

- 3) **C18-016 - Consent Order (Cert. # 1287)** – Applicant surrendered license in April 2013. Respondent has requested to re-license to inactive status. Applicant has signed consent order and agreed to pay current year renewal fees of \$55.00. Requesting closure by Consent Order contingent on receipt of \$55.00.

A motion was made and seconded to accept the Compliance Committee's recommended finding and proposed resolution and to close C18-016. The motion passed unanimously.

REQUESTING PERMISSION TO ISSUE THE FOLLOWING NOTICE OF HEARINGS IF NEEDED

C17-109 – (Cert. # 7118) – Charging Licensee with failure to resolve CPE Audit violations. 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.

C18-013 – (Cert. # 2239) – Charging Licensee with failure to comply with the terms of Findings of Fact H16-058. 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.

C18-014 – (Firm Cert. # 260C) – Charging Licensee with failure to renew firm license. Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings and reissuance of a notice to the licensee for a formal hearing before the Board.

C18-015 – (Cert. # 7959) – Charging Licensee with failure to comply with the terms of Findings of Fact H17-055. 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.

Requesting Permission to Issue 12 Notice of Hearings to the following Lapsed Individuals and Firm

Name	Type	License #	Status	City	State	Zip
GEORGE PANTER	CPA	1643	Lapsed	ROGERS	AR	72758
MARY SMITH	CPA	3681	Lapsed	KENNESAW	GA	30152
VINCENT TARULLO	CPA	4042	Lapsed	WOLCOTT	CT	6716
LARRY MEEKS	CPA	4145	Lapsed	HERMITAGE	AR	71647
CHRISTINE DAVIS	CPA	4895	Lapsed	FORT SMITH	AR	72908
AMY WOOLERY	CPA	7398	Lapsed	Texarkana	TX	75503
JOLIE WILLIAMS	CPA	7811	Lapsed	Carrollton	TX	75010
ANTHONY BRYANT	CPA	8159R	Lapsed	Fayetteville	AR	72704
SHANNON KLANG	CPA	8430	Lapsed	ROGERS	AR	72758
Brian Laird	CPA	9624	Lapsed	Jonesboro	AR	72404
OTIS STEWART	PA	373	Lapsed	JACKSONVILLE	AR	72076
OTIS STEWART, PUBLIC ACCOUNTANT, LTD.	CPCPA	824C	Lapsed	JACKSONVILLE	AR	72078

A motion was made and seconded to grant permission to issue a Notice of Hearing if needed to the cases listed above. The motion passed unanimously.

CPE

Based on findings from the 2018 Annual Registration the CPE Committee is requesting closure of the following 20 CPE complaints. All by Compliant Statement:

- 1) **CER18-002 – (Cert. # 9455)** - Licensee was deficient in the required number of CPE hours completed on or before December 31, 2017. Additional hours were taken during 2018. Committee recommends a finding of probable cause to proceed with disciplinary proceedings

and closure via the proposed compliance statement. Compliance Statement has been signed and \$100.00 penalty paid.

- 2) **CER18-003 – (Cert. # 4239)** - Licensee was deficient in the required number of CPE hours completed on or before December 31, 2017. Additional hours were taken during 2018. Committee recommends a finding of probable cause to proceed with disciplinary proceedings and closure via the proposed compliance statement. Compliance Statement has been signed and \$100.00 penalty paid.
- 3) **CER18-004 – (Cert. # 8490R)** - Licensee was deficient in the required number of CPE hours completed on or before December 31, 2017. Additional hours were taken during 2018. Committee recommends a finding of probable cause to proceed with disciplinary proceedings and closure via the proposed compliance statement. Compliance Statement has been signed and \$100.00 penalty paid.
- 4) **CER18-005 – (Cert. # 8454)** - Licensee was deficient in the required number of CPE hours completed on or before December 31, 2017. Additional hours were taken during 2018. Committee recommends a finding of probable cause to proceed with disciplinary proceedings and closure via the proposed compliance statement. Compliance Statement has been signed and \$100.00 penalty paid.
- 5) **CER18-006 – (Cert. # 7458)** - Licensee was deficient in the required number of CPE hours completed on or before December 31, 2017. Additional hours were taken during 2018. Committee recommends a finding of probable cause to proceed with disciplinary proceedings and closure via the proposed compliance statement. Compliance Statement has been signed and \$100.00 penalty paid.
- 6) **CER18-007 – (Cert. # 6877R)** - Licensee was deficient in the required number of CPE hours completed on or before December 31, 2017. Additional hours were taken during 2018. Committee recommends a finding of probable cause to proceed with disciplinary proceedings and closure via the proposed compliance statement. Compliance Statement has been signed and \$100.00 penalty paid.
- 7) **CER18-009 – (Cert. # 8604)** - Licensee was deficient in the required number of CPE hours completed on or before December 31, 2017. Additional hours were taken during 2018. Committee recommends a finding of probable cause to proceed with disciplinary proceedings and closure via the proposed compliance statement. Compliance Statement has been signed and \$100.00 penalty paid.
- 8) **CER18-010 – (Cert. # 8290R)** - Licensee was deficient in the required number of CPE hours completed on or before December 31, 2017. Additional hours were taken during 2018. Committee recommends a finding of probable cause to proceed with disciplinary proceedings and closure via the proposed compliance statement. Compliance Statement has been signed and \$100.00 penalty paid.
- 9) **CER18-011 – (Cert. # 1556R)** - Licensee was deficient in the required number of CPE hours completed on or before December 31, 2017. Additional hours were taken during 2018. Committee recommends a finding of probable cause to proceed with disciplinary proceedings

and closure via the proposed compliance statement. Compliance Statement has been signed and \$100.00 penalty paid.

- 10) CER18-013 – (Cert. # 8839)** - Licensee was deficient in the required number of CPE hours completed on or before December 31, 2017. Additional hours were taken during 2018. Committee recommends a finding of probable cause to proceed with disciplinary proceedings and closure via the proposed compliance statement. Compliance Statement has been signed and \$300.00 penalty paid.
- 11) CER18-014 – (Cert. # 6654)** - Licensee was deficient in the required number of CPE hours completed on or before December 31, 2017. Additional hours were taken during 2018. Committee recommends a finding of probable cause to proceed with disciplinary proceedings and closure via the proposed compliance statement. Compliance Statement has been signed and \$100.00 penalty paid.
- 12) CER18-016 – (Cert. # 9231)** - Licensee was deficient in the required number of CPE hours completed on or before December 31, 2017. Additional hours were taken during 2018. Committee recommends a finding of probable cause to proceed with disciplinary proceedings and closure via the proposed compliance statement. Compliance Statement has been signed and \$100.00 penalty paid.
- 13) CER18-017 – (Cert. # 9534)** - Licensee was deficient in the required number of CPE hours completed on or before December 31, 2017. Additional hours were taken during 2018. Committee recommends a finding of probable cause to proceed with disciplinary proceedings and closure via the proposed compliance statement. Compliance Statement has been signed and \$100.00 penalty paid.
- 14) CER18-018 – (Cert. # 8831)** - Licensee was deficient in the required number of CPE hours completed on or before December 31, 2017. Additional hours were taken during 2018. Committee recommends a finding of probable cause to proceed with disciplinary proceedings and closure via the proposed compliance statement. Compliance Statement has been signed and \$100.00 penalty paid.
- 15) CER18-019 – (Cert. # 4479R)** - Licensee was deficient in the required number of CPE hours completed on or before December 31, 2017. Additional hours were taken during 2018. Committee recommends a finding of probable cause to proceed with disciplinary proceedings and closure via the proposed compliance statement. Compliance Statement has been signed and \$200.00 penalty paid.
- 16) CER18-020 – (Cert. # 7562)** - Licensee was deficient in the required number of CPE hours completed on or before December 31, 2017. Additional hours were taken during 2018. Committee recommends a finding of probable cause to proceed with disciplinary proceedings and closure via the proposed compliance statement. Compliance Statement has been signed and \$100.00 penalty paid.
- 17) CER18-021 – (Cert. # 8189R)** - Licensee was deficient in the required number of CPE hours completed on or before December 31, 2017. Additional hours were taken during 2018. Committee recommends a finding of probable cause to proceed with disciplinary proceedings

and closure via the proposed compliance statement. Compliance Statement has been signed and \$200.00 penalty paid.

18) CER18-022 – (Cert. # 6990) - Licensee was deficient in the required number of CPE hours completed on or before December 31, 2017. Additional hours were taken during 2018. Committee recommends a finding of probable cause to proceed with disciplinary proceedings and closure via the proposed compliance statement. Compliance Statement has been signed and \$300.00 penalty paid.

19) CER18-023 – (Cert. # 9606) - Licensee was deficient in the required number of CPE hours completed on or before December 31, 2017. Additional hours were taken during 2018. Committee recommends a finding of probable cause to proceed with disciplinary proceedings and closure via the proposed compliance statement. Compliance Statement has been signed and \$300.00 penalty paid.

20) CER18-025 – (Cert. # 6874R) - Licensee was deficient in the required number of CPE hours completed on or before December 31, 2017. Additional hours were taken during 2018. Committee recommends a finding of probable cause to proceed with disciplinary proceedings and closure via the proposed compliance statement. Compliance Statement has been signed and \$300.00 penalty paid.

A motion was made and seconded to accept the CPE Committee's recommended findings and proposed resolutions as to items 1 through 20, listed above. The motion passed unanimously.

QUALITY REVIEW

Mr. Corley proposed to discontinue sending Quality Review surveys to inactive licensees. A motion was made and seconded to approve Mr. Corley's proposal. The motion passed unanimously.

RULES

Mr. Corley updated the Board about new Rules and Legislation. The new rules will be effective early May 2018.

OLD BUSINESS

Inactive Status Discussion

Mr. Corley led a discussion regarding Inactive CPA's that are licensed attorneys performing tax work. Mr. Corley presented the Board with the results of a NASBA survey involving multiple states insight into this issue. The Board will begin drafting a new rule to carve out an exemption for attorneys.

NEW BUSINESS

Texas exam scores and 18 month issue

Taylor Beach explained to the board his reasons for being two days outside of the 18 month exam credit requirement. A motion was made and seconded to approve a waiver of the 18 month requirement due to the difference in state to state requirements. The motion passed unanimously. Ms. Chesser recused herself.

**Taylor Beach, licensee candidate, left after the Board's motion passed.

Ms. Chesser returned to the meeting following the motion.

18 month window extension request

A motion was made and seconded to accept Dustin Barker's request to test until June 10, 2018 to pass the REG section of the exam due to medical issues. The motion passed unanimously.

Upgrade experience requirement request

A motion was made and seconded to reject Robert Stover's work requirement waiver request. The motion passed unanimously.

UCA certificate in accounting discussion

Stephanie Watson, Professor at UCA contacted Mr. Corley concerning issues regarding the title of UCA's accounting certificate program. The Board reviewed Mr. Corley's response to Ms. Watson and determined that no further advice or direction was necessary.

2018 Fiscal session report/review

Mr. Ohrenberger presented a report of statutes enacted in the 2018 Fiscal Session. Mr. Ohrenberger has reviewed all statutes that affect the Board and found nothing that needed changed. A motion was made and seconded to approve the report as is. The motion passed unanimously.

OTHER BUSINESS

Swearing in Ceremony

Mr. Corley reminded the Board of the annual Swearing-In Ceremony scheduled for June 2, 2018.

Michael Jones Case

Mr. Ohrenberger notified the Board that oral hearings could be requested, or the court could make their decision. Mr. Ohrenberger's advice is to allow the judge to make a ruling without any oral hearings. The Board advised Mr. Ohrenberger to proceed with written briefs.

ADJOURNMENT

A motion was made and seconded to adjourn. The motion passed. The meeting adjourned at 11:54 p.m.