

ARKANSAS STATE BOARD OF PUBLIC ACCOUNTANCY

Michael M. Watts CPA, JD President  
Sherry Chesser CPA, Secretary  
David Vaden CPA, Treasurer  
Deana Infield CPA



Richard Bell CPA,JD  
Denton Woods JD  
Kevin Canfield

Jimmy Corley, CPA  
Executive Director

## **Board Meeting Minutes April 19, 2019**

A regular meeting of the Arkansas State Board of Public Accountancy was held in Room 109B of the Donald W. Reynolds Center for Business and Economic Development on the campus of the University of Arkansas at Little Rock, 2801 South University Avenue, Little Rock, Arkansas with Michael Watts, President, presiding. Other members of the Board in attendance were: Sherry Chesser, Kevin Canfield, David Vaden, Richard Bell and Denton Woods. Board member Deana Infield was not in attendance. Members of the staff in attendance were: Jimmy Corley, Executive Director, Dale Edge, Investigator; Tim Montgomery, Investigator; Mark Ohrenberger, Legal Counsel; Alan Fortney, Melissa Hamric, April Murphy, Tiffany Vano and Mary Roberts. Also in attendance were Susan Whitson, Court Reporter,\* Rebecca Kane, Hearing Officer \*\*, Brian Thompson of the ASA, and Marsha Moffitt of the ASCPA.

### **CALL TO ORDER**

Mr. Watts officially called the meeting to order at 9:00 a.m. A quorum was found to be present.

### **PUBLIC HEARINGS**

The Board moved immediately to a public hearing concerning the following case:

**H19-007** Mark Rogers (Cert. #4161) Respondent Mark Rogers appeared on his own behalf at a hearing before the Board. Respondent admitted to all the allegations of fact and charges set out in the hearing notice. Accordingly, the Board concluded that Rogers: (1) engaged in "fraud, dishonesty, or deceit" in renewing his CPA license for 2017 by reporting CPE hours as group hours when they in fact only qualified for self-study credit, in violation of A.C.A. 17-12-601(a)(1); (2) aggregated his CPE hours on the CPE statement included in his 2017 CPA license renewal application, in violation of Board Rule 13.5(b); and (3) failed to answer a certified letter from the Board within 30 days, in violation of Board Code of Professional Conduct Rule 409. The Board imposed a fine of \$2,100 (\$1,500 for Violation 1, \$100 for Violation 2, and \$500 for Violation 3) plus hearing costs and ordered Rogers to complete 16 hours of Group CPE and bring his license up to date by July 1, 2019.

\*Susan Whitson and \*\*Rebecca Kane left at the close of the hearings.

## **APPROVAL OF MINUTES**

A motion was made and seconded to approve the minutes of the January 11, 2019 Board meeting subject to the changes regarding attendance. The motion passed unanimously.

## **TREASURER'S REPORT**

A motion was made and seconded to approve the December 2018, January 2019, February 2019, and March 2019 Treasurer's Reports, as presented. The motion passed unanimously.

## **CPA EXAM STATISTICS**

Mr. Corley presented a report detailing the long-term statistics of the CPA Exam.

## **COMMITTEE REPORTS**

### **AUDIT**

Mr. Watkins presented the 2018 Audit Report to the Board.

### **COMPLIANCE**

The Compliance Committee has met one (1) time.

#### **Seventeen (17) New Complaints:**

- Licensee with CPE issues.
- Licensee with a felony conviction.
- External complaint regarding forensic review performed.
- Surrendered Licensee requesting re-licensure.
- Retired Licensee with a firm still listed with the Secretary of State.
- Out of State CPA failed to disclose State of licensure In State website.
- Firm with SEC Issues.
- Firm website list CPA no longer working for firm.
- Two licensees with Peer/Quality Review failures.
- Three licensees with external tax complaints.
- Four Licensees answered yes on 2019 renewal regarding "disciplinary issues".

#### **Requesting closure of twenty (22) complaints; Three (3) by consent order**

- 1) **C14-178 – (Cert. # 6772)** – Licensee was under Board order not to issue audits. Board was notified by AR Dept of Human Services (DHS) that they had received an audit performed by licensee. DHS rejected the audit and it was withdrawn. In reviewing complaint file, could not find where any written documentation was ever provided by DHS regarding this information. The Compliance Committee recommends a finding of no probable cause to proceed and closure with no further action.

- 2) **C15-027 – (Cert. # 6877R)** – Respondent’s Firm chooses not to perform attestation work for its clients and farms this work out to other CPA firms. Respondent submitted a review report for a client to the AR Contractor Licensing Board with another CPA firms name on the letterhead, the other CPA Firm did not issue the report. The report was retracted. The Compliance Committee recommends a finding of probable cause to proceed and closure via the proposed compliance statement. Compliance Statement has been signed and \$500.00 penalty collected.
- 3) **C17-013 – (Non-Licensee)** – Individual at one time held a CPA certificate in another state. Person was holding out on a website that he was currently an inactive licensee when he was not. The Compliance Committee recommends a finding of probable cause to proceed and closure with no further action.
- 4) **C17-124– (Non-Licensee)** – External complaint regarding non-licensee using CPA designation on website. Website has been corrected. The Compliance Committee recommends a finding of probable cause to proceed and closure with no further action.
- 5) **C18-021 – (Cert. # 9775R)** – During licensing process, Board staff became aware applicant was listed on an AR firm website as a CPA with no disclaimer noting licensee was not currently licensed in AR. The Compliance Committee recommends a finding of probable cause to proceed and closure via the proposed compliance statement. Compliance Statement has been signed and \$250.00 penalty collected.
- 6) **C18-022 – (Firm Cert. # 657C)** – Firm was holding out person as a CPA without disclosing they were licensed in another state. The Compliance Committee recommends a finding of probable cause to proceed and closure via the proposed compliance statement. Compliance Statement has been signed and \$250.00 penalty collected.
- 7) **C18-057 – (Cert. # 1285)** – Licensee reported completing one (1) hour AR ethics when he did not (A.C.A. § 17-12-601(a)(1) violation), aggregated his CPE hours (Board Rule 13.5(b) violation), and failed to provide adequate documentation as part of the CPE audit process (Board Rule 13.5(c) violation). Hearing 19-005 was held January 11, 2019. Licensee was assessed a \$1,500.00 penalty, required to complete one (1) hour AR Ethics, required to catch up all deficient CPE for 2017 through 2018, and required to submit CPE documentation with 2020 through 2022 renewal applications. Requesting closure.
- 8) **C18-079 – (Cert. # 7022)** – Sole Proprietor Licensee appeared to have two office open at the same time. On site follow up confirmed when one office was open the other office was closed. Website has been changed to better convey this. The Compliance Committee recommends a finding of no probable cause to proceed with disciplinary proceedings and closure with no further action.
- 9) **C18-089 – (Cert. # 9859)** – Licensee failed to disclose his 2009 convictions for driving while intoxicated, leaving the scene of an accident, driving left of center, and failure to maintain control of his vehicle during his licensing process. violation

of Arkansas Code Annotated (A.C.A.) § 17-12-601(a)(4). Committee recommends a finding of probable cause to proceed and closure via the proposed compliance statement. Compliance Statement has been signed and \$250.00 penalty collected.

- 10) **C18-100 – (non-Licensee)** – External complaint alleging non-licensee was holding out as a CPA. Reviewed website and made on-site visit to office location (residential house); was unable to establish the use of CPA. The Compliance Committee recommends a finding of no probable cause to proceed with disciplinary proceedings and closure with no further action.
- 11) **C18-101 – (Cert. # 7562)** – Complainant said he paid licensee deposit to perform tax work and it was not completed. Licensee has since sold practice. Advised licensee to follow up with new owner to ensure they had all the information. The Compliance Committee recommends a finding of no probable cause to proceed with disciplinary proceedings and closure with no further action.
- 12) **C18-102 – (Cert. # 4173)** – Licensee listed on school website without using “Inactive” disclaimer. Website has been corrected. The Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings and closure with no further action.
- 13) **C19-003– (Firm Cert. # 271LC)** – Firm had a licensee listed as an employee on website after he had left the Firm. Website has been corrected. The Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings and closure with no further action.
- 14) **C19-004 – (Cert. # 5299)** – External complaint regarding tax preparation, two (2) people were named in complaint. Licensee did not prepare tax return. Other person listed on complaint is a non-licensed independent tax preparer who shares office space with licensee. The Compliance Committee recommends a finding of no probable cause to proceed with disciplinary proceedings and closure with no further action.
- 15) **C19-005 – (Firm Cert. # 224LC)** – Firm answered yes on 2019 renewal regarding other disciplinary issues. Partners had CPE issues, that they resolved with the state they are licensed in. Partners are not AR licensees. The Compliance Committee recommends a finding of no probable cause to proceed with disciplinary proceedings and closure with no further action.
- 16) **C19-006 – (Cert. # 9323)** – Licensee answered yes on 2019 renewal regarding other disciplinary issues. Individual at out-of-state wedding tried to enter wrong house late at night, home owner had him arrested. The Compliance Committee recommends a finding of no probable cause to proceed with disciplinary proceedings and closure with no further action.
- 17) **C19-007 – (Cert. # 9649)** – Licensee answered yes on 2019 renewal regarding other disciplinary issues. Individual convicted of DWI. This matter has been reported timely to the Board. The Compliance Committee recommends a finding of

no probable cause to proceed with disciplinary proceedings and closure with no further action.

- 18) **C19-008 – (Cert. # 8066)** – Licensee answered yes on 2019 renewal regarding other disciplinary issues. Licensee was arrested for physical altercation, matter is still pending. The Compliance Committee recommends a finding of no probable cause to proceed with disciplinary proceedings and closure with no further action.
- 19) **C19-009 – (Firm Cert. # 109LP)** – Firm answered yes on 2019 renewal regarding other disciplinary issues. Firm has been censured by SEC. Censure was based on action of partners during an audit. Partners were not AR licensees and audit client was not based in AR. The 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 19, listed above. The motion passed unanimously.

### CONSENT ORDERS

- 1) **C18-060- Consent Order (Cert. # 6450)** – Respondent misstated CPE completion date and failed to complete the required 40 hours of CPE needed to renew. Respondent has signed a consent order, paid an eight hundred seventy (\$870.00) dollar penalty and completed four (4) additional hours of CPE. Requesting closure by Consent Order.

A motion was made and seconded to accept the Compliance Committee's recommended finding and proposed resolution as to C18-060. The motion passed unanimously.

- 2) **C18-072- Consent Order (Cert. # 8667)** – Respondent aggregated CPE for 2018 renewal after being admonished for doing the same thing on their 2017 renewal. Respondent has signed a consent order, agreed to cease aggregating her CPE, and paid a two hundred (\$200.00) penalty. Requesting closure by Consent Order.

A motion was made and seconded to accept the Compliance Committee's recommended finding and proposed resolution as to C18-072. The motion passed unanimously.

- 3) **C18-085- Consent Order (Firm Cert. # 899C)** – Respondent participated in the 2018 Quality Review. Respondent received a first time fail classification for a review. Respondent is required by rule to complete 16 additional hours of A&A CPE in compilation and review. In lieu of completing 16 hours of CPE in comp and review, Respondent has agreed to discontinue performing review services. 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 agreed to no longer perform review services. Requesting closure by Consent Order.

A motion was made and seconded to accept the Compliance Committee's recommended finding and proposed resolution as to C18-085. The motion passed unanimously.

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

- 1) **C19-017 – (Cert. # 9167)** – Licensee has been convicted of felony. 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.
- 2) Requesting guidance: Does the Board wish to hold another hearing for Michael Jones (Cert. # 3046) as he has not complied with the Findings of Fact (\$11,000 penalty, make-up 65 hours of CPE)) or allow him to continue on suspended status.

A motion was made and seconded to grant permission to issue Notices of Hearing if needed in the matters 1 and 2, listed above. The motion passed unanimously.

**Requesting Permission to Issue 31 Notice of Hearings to the following Lapsed Individuals  
and Firms**

JON ALFORD	8722	ANGELA LYONS	5298
CARL ALLEN	3444	KACI MATTHEWS	9458
MEGHAN ANTOINE	8785	MURODZHON	9157
GWENA BECKETT	7078	NRUMUKHAMEDOV	
MARY BITTICK	2987	WENDELL PARISH	3873
RYAN BOTHA	9033	MARK ROGERS	4161
VICKI DEVORE	2688	THE ROGERS ACCOUNTING FIRM	302C
JON FRITCH	4798	OTIS STEWART	373
WILLIAM GOFF	1940	OTIS STEWART, PUBLIC	824C
HERVEY HOUSER	3936	ACCOUNTANT, LTD.	
JAMES HOYT	2896	MICHAEL THORNBERRY	6881R
LEILA HUTTON	173	CHARLES WALBERT	2955
ROLLO INGRAM	1700	CHAD WARE	8971
PAMELA LANGSTON	4919	THOMAS WEBER	9812
PACKER & COMPANY INC.	787C	ROSS WINTON	6086
DAWNA MCKENZIE	405	H.M.S.W. CPA PLLC	226LC
		VICKI PACKER	7771R

**The Board considered the extenuating circumstances of the licensees below and has allowed these licensees to surrender:**

PACKER & COMPANY INC.	787C
VICKI PACKER	7771R
DAWNA MCKENZIE	405

## **NEW BUSINESS**

### License Applicant and 150 Rule – Grandfather Question

The Board confirmed for the staff that a licensee who has previously sat for and passed a section of the exam prior to the implementation of the 150-Hour Rule is not required to have 150 hours for licensure.

### 18-Month Window Extension Request

A motion was made and seconded to approve a 2-day extension to a candidate's 18-month window, due to circumstances beyond the candidate's control. The motion passed. (Mr. Watt's recuse).

### Reciprocity Application Request – Group CPE Issue

A motion was made and seconded to approve a waiver of the group CPE hours requirement for a reciprocal license applicant. The motion passed.

### Board Office Lease Extension

The Board instructed the staff to renegotiate the office lease if possible.

### Swearing-In Ceremony

The Board's annual Swearing-In Ceremony will be held Saturday, June 8<sup>th</sup> at 10:00 am at the State Capitol Building in Little Rock.

### Publication of Disciplinary Actions

The Board instructed the staff to research the cost and timeframe needed to publish disciplinary actions on its website.

### CPE Rule Recommendations

The Board formed a CPE Task Force to address the suggested changes to the CPE rules in Arkansas.

## **LICENSURE ACTIVITY 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 12:17 p.m.