

ARKANSAS STATE BOARD OF PUBLIC ACCOUNTANCY

Karen Garrett CPA, President
Wade Turner CPA, Secretary
Jeremy Watson CPA, Treasurer
Robert Redfern CPA



Mike Watts CPA, JD
Lloyd Franklin CFE
Jim Gately EdM

Jimmy Corley CPA
Executive Director

MEETING MINUTES

**BOARD MEETING
August 14, 2015**

A regular meeting of the Arkansas State Board of Public Accountancy was held in Suite 450 of the Main Street Mall building on June 5, 2015 with Wade Turner, President, presiding. Other members of the Board in attendance were: Karen Garrett, Jeremy Watson, Michael Watts, Robert Redfern, Lloyd Franklin and Jim Gately. Members of the staff in attendance were: Jimmy Corley, Executive Director; Dale Edge, Investigator; Tim Montgomery, Investigator; Mark Ohrenberger, Legal Counsel; Alan Fortney and April Murphy. Also in attendance was Dan Reike of the ASA.

CALL TO ORDER

Mr. Turner officially called the meeting to order at 9:00 am. A quorum was found to be present.

The Board moved immediately to discussion of Exam Candidate Savannah Dickerson. Ms. Dickerson provided a statement regarding past criminal charges and was questioned by the Board. Given the nature and age of the charges, and based on the facts and circumstances presented, the Board came to a unanimous, non-binding agreement that the Board would approve licensure for the applicant after the individual passed the CPA exam, met other requirements for licensure, and had no additional legal issues.

APPROVAL OF MINUTES

A motion was made and seconded to approve the minutes, subject to corrections, of the June 5, 2015 Board meeting. The motion passed unanimously.

TREASURER'S REPORT

A motion was made and seconded to approve the May and June 2015 Treasurer's Reports, as presented. The motion passed unanimously.

A motion was made and seconded to approve the July 2015 Treasurer's Report, as presented. The motion passed unanimously.

COMMITTEE REPORTS

AUDIT

The audit is expected to take place in September. Bell Foster and Watkins will perform the audit for the third and final year.

COMPLIANCE

The Compliance Committee has met twice

Twenty-two new complaints:

One licensee with Quality Review Issues.
One licensee allegedly holding records.
One allegation on negligence.
One misleading advertising.
One failure to comply with a consent order.
Two unregistered firms.
Three licensees with allegations of acts discreditable.
One void licensee holding out as a CPA.
Two non-licensees (surrendered) holding out as a CPA.
Five CPAs registered inactive holding out without proper disclaimer.
Four CPAs registered in other states holding out without state disclaimer.

Requesting closure of 33 complaints – 1 by Consent Order:

- 1) **C14-163 – (Non-Licensee)** – Non-Licensee (was licensed by another state) living in Arkansas using CPA title on website. Non-Licensee has modified website as requested by the Board. Requesting closure with no further action.
- 2) **C14-166 – (#135LC)** – Firm failed to respond to 2014 QR, has surrendered firm certificate. Requesting closure with no further action.
- 3) **C15-011 – (#7855)** – Firm license not renewed and branch office not registered; has surrendered firm certificate and determined that office was not a branch. Requesting closure with no further action.
- 4) **C15-023 – (Unregistered Firm)** – Unregistered firm: articles of incorporation have been amended, removing CPA. Requesting closure with no further action.
- 5) **C15-025 – (#5407)** – External complaint alleging unethical behavior. After a thorough investigation, requesting closure no violation found.
- 6) **C15-029 – (#708C)** – Licensee Firm holding out non-licensee (inactive in another state) as a CPA. Firm has corrected website. Requesting closure with no further action.

- 7) **C15-034 - (#4544)** - CPA registered corporation with Arkansas Secretary of State in 1999, but failed to register with the Board. No reports were issued. Licensee has registered firm with the Board, signed a compliance statement and paid a \$1,500 penalty.
- 8) **C15-038 - (#2714)** - Licensee failed to renew individual Arkansas CPA certificate for 2015. Hearing 15-002 was held June 5, 2015. CPA certificate was revoked. Requesting closure.
- 9) **C15-039 - (#8390R)** - Licensee failed to renew individual Arkansas CPA certificate for 2015. Hearing 15-003 was held June 5, 2015. CPA certificate was revoked. Requesting closure.
- 10) **C15-041 - (#3858)** - Licensee failed to renew individual Arkansas CPA certificate for 2015. Hearing 15-005 was held June 5, 2015. CPA certificate was revoked. Requesting closure.
- 11) **C15-042 - (#3491)** - Licensee failed to renew individual Arkansas CPA certificate for 2015. Hearing 15-006 was held June 5, 2015. CPA certificate was revoked. Requesting closure.
- 12) **C15-043 - (#3372)** - Licensee failed to renew individual Arkansas CPA certificate for 2015. Hearing 15-007 was held June 5, 2015. CPA certificate was revoked. Requesting closure.
- 13) **C15-044 - (#3713)** - Licensee failed to renew individual Arkansas CPA certificate for 2015. Hearing 15-008 was held June 5, 2015. CPA certificate was revoked. Requesting closure.
- 14) **C15-046- (#8404R)** - Licensee failed to renew individual Arkansas CPA certificate for 2015. Hearing 15-010 was held June 5, 2015. CPA certificate was revoked. Requesting closure.
- 15) **C15-049 - (#8610)** Licensee failed to renew individual Arkansas CPA certificate for 2015. Hearing 15-013 was held June 5, 2015. CPA certificate was revoked. Requesting closure.
- 16) **C15-050- (#1669)** - Licensee failed to renew individual Arkansas CPA certificate for 2015. Hearing 15-014 was held June 5, 2015. CPA certificate was revoked. Requesting closure.
- 17) **C15-053- (#7417)** - Licensee failed to renew individual Arkansas CPA certificate for 2015. Hearing 15-017 was held June 5, 2015. CPA certificate was revoked. Requesting closure.

- 18) **C15-055- (#6243R)** – Licensee failed to renew individual Arkansas CPA certificate for 2015. Hearing 15-019 was held June 5, 2015. CPA certificate was revoked. Requesting closure.
- 19) **C15-060- (#250C)** – Licensee Firm had misleading employee descriptions on website. Firm has corrected website. Requesting closure with no further action.
- 20) **C15-062- (#6752R)** – Inactive CPA holding out on faculty website without inactive disclaimer. Website has been corrected. Close with no further action.
- 21) **C15-063- (#5086)** – Inactive CPA holding out on faculty website without inactive disclaimer. Website has been corrected. Close with no further action.
- 22) **C15-064- (Non-Licensee)** – CPA licensed in another state, holding out on faculty website without State of licensure being noted. Website has been corrected. Close with no further action.
- 23) **C15-065- (Non-Licensee)** – CPA licensed in another state, holding out on faculty website without State of licensure being noted. Website has been corrected. Close with no further action.
- 24) **C15-067- (#2591)** – Inactive CPA holding out on faculty website without inactive disclaimer. Website has been corrected. Close with no further action.
- 25) **C15-068- (#3106)** – Inactive CPA holding out on faculty website without inactive disclaimer. Website has been corrected. Close with no further action.
- 26) **C15-069- (Non-Licensee)** – Non-Licensee (surrendered AR certificate) holding out as CPA on faculty website. Website has been corrected. Close with no further action.
- 27) **C15-070- (#7272)** – Inactive CPA holding out on faculty website without inactive disclaimer. Website has been corrected. Close with no further action.
- 28) **C15-071- (#28LP/14LP)** – External complaint alleging acts discreditable. After a thorough review, requesting closure no violation found.
- 29) **C15-072- (Non-Licensee)** – CPA licensed in another state, holding out on faculty website without State of licensure being noted. Website has been corrected. Close with no further action.
- 30) **C15-074- (#8604)** – Anonymous external complaint alleging acts discreditable. After a thorough review, requesting closure with no further action.

- 31)**C15-078- (#8952)** – Licensee associated with unlicensed firm (CPA and/or accounting not in name). Licensee has requested to license firm. Requesting closure with no further action.

A motion was made and seconded to approve the closure of items 1 through 31, above, with no further action. The motion passed. Mr. Franklin abstained on item number 1.

Release from Pre-Issuance

- 32)**C13-132 - (#4337)** – Licensee requesting release from 2014 pre-issuance review for Reviews. Pre-issuance reviewer has reviewed thirty-one (31) Reviews. Over two (2) quarters, the last ten were released with no changes. Recommending release from pre-issuance review.

A motion was made and seconded to approve the request for release from pre-issuance, described above. The motion passed unanimously.

CONSENT ORDERS

- 1)**C15-033 - Consent Order (#1927)** – CPA registered corporation with Arkansas Secretary of State December 31, 1998, but failed to register with the Board. From May 2007 through November 2013 Licensee issued one (1) audit, four (4) reviews. Licensee has registered firm with the Board, agreed to the consent order, and paid \$1,500.00 penalty. Requesting closure by Consent Order.

A motion was made and seconded to approve the closure by Consent Order of C15-033. The motion passed unanimously.

Permission to issue Notice of Hearing

C14-174 - (#7113) - licensee with possible QR violations, issuing governmental reports without peer review.

C15-079 - (#7726) - licensee failed to comply with previous Board order.

#6144 – licensee failed 2014 CPE audit; may not accept compliance statement.

#4721 – licensee failed 2014 CPE audit; may not accept compliance statement.

A motion was made and seconded to grant permission to issue (4) four Notices of Hearing. The motion passed unanimously.

CPE

The letters for the 2015 CPE Audit have been sent. Two-hundred ninety-eight individuals were selected for the audit.

QUALITY REVIEW

The reviewers will begin reviewing the Quality Review submissions on August 18, 2015.

PERSONNEL

The staff will welcome a new Exam Specialist on August 24, 2015.

OLD BUSINESS

None.

NEW BUSINESS

2016 Meeting Dates

The Board will finalize the 2016 meeting dates at the next regular meeting.

2016 Swearing-In Ceremony

The Board will finalize the details of the 2016 Swearing-In Ceremony at the next regular meeting.

Proposed Rule Changes

The Board reviewed several proposed amendments to its rules and the creation of certain new rules. During the course of the discussion, the Board identified several changes it wished to make to the draft proposals. The Board then voted to move forward through the rule-making process with the proposed rules as amended during the discussion. A motion was made and seconded to proceed with these proposed rules through the rule-making process. The motion passed unanimously.

Fictitious Firm Name Request

The Board approved the use of the fictitious name “BRZ Sailor Khan.”

Branch Office Duplicate Certificates

The Board approved the issuance of a duplicate wall certificate to a firm to hang in a branch office. The firm will pay additional fees for each certificate.

OTHER BUSINESS

PROC information and discussion

The Board discussed the creation of a Peer Review Oversight Committee, or PROC. The Board will appoint (3) three individuals, other than Board or staff members, and will reimburse for mileage and provide a daily stipend. These individuals will report back to the Board twice per year and will submit an annual report to the Board.

NASBA Annual meeting Oct 25-28

A motion was made and seconded to approve funding for Board members / staff to attend the NASBA Annual Meeting in October of 2015, and the Regional Meeting next summer. The motion passed unanimously.

A motion was made and seconded to approve an additional travel day expenditure for attendees at future NASBA meetings. The motion passed unanimously.

Legal Counsel Presentation – Use of Titles

The Board's Legal Counsel, Mark Ohrenberger, presented the open complaints on file with the Board that involve unlicensed activity. Upon discussing each case and reviewing the evidence on file with the Board, the Board directed that the following actions should be taken.

Complaint No. C12-075 – Pending motion for contempt in the St. Francis County Circuit Court can be withdrawn. No further action necessary. A motion was made and seconded to withdraw pending contempt. The motion passed unanimously.

Complaint No. C13-116 – William Fulton/William Fulton, CPA – Revise the consent order that has previously been proposed to the respondent. Revised consent order should eliminate previously proposed monetary penalties and should include an agreement on the part of the respondent to refrain from conducting further work in Arkansas.

Complaint No. C13-123 – Accounting Strategies, LLC – No further action needs to be taken on this complaint at this time, but the Board should monitor the website: www.accounting-strategies.com.

Complaint No. C13-024 – Taxman Central – Further action needs to be taken on this case, including further investigation of possible attest services being offered by this unlicensed firm. The Board decided that further action could be postponed a few months to see if state supervisory process is established in light of the North Carolina Dental Board case from the U.S. Supreme Court.

Complaint No. C14-013 – Wadkins & Wadkins, PTR – Close with no further action. Mr. Turner abstained from the discussion involving this case.

Complaint No. C14-028 – Professional Accounting Consultants, LLC – Further action needs to be taken on this case, possibly in form of a letter explaining alleged violations of Ark. Code Ann. sec. 17-12-106 and notice of intended suit for injunctive relief if changes are not made. The Board decided that further action could be postponed a few months to see if state supervisory process is established in light of the North Carolina Dental Board case from the U.S. Supreme Court.

Complaint No. C15-010 – Frost Accounting Services – Further action needs to be taken on this case, possibly in form of a letter explaining alleged violations of Ark. Code Ann. sec. 17-12-106 and notice of intended suit for injunctive relief if changes are not made. The Board decided that further action could be postponed a few months to see if state supervisory process is established in light of the North Carolina Dental Board case from the U.S. Supreme Court.

A motion was made and seconded to readdress the above cases at the November Board meeting. The motion passed unanimously.

CPE Standards Exposure Draft

Ms. Karen Garrett led a discussion on the Exposure Draft of the *Statement on Standards for CPE Programs*, and Nano-Learning. The Board decided not to issue a comment letter on the exposure draft.

NASBA Executive Directors Committee

A motion was made and seconded to approve Mr. Jimmy Corley serving as the Chair for the NASBA Executive Directors Committee. The motion passed unanimously.

APPLICATIONS AND SURRENDERS

A motion was made and seconded for the staff to perform the final review of applications and issue licenses, subject to ratification by the Board. Legal counsel will review the files going forward. The motion passed unanimously.

A motion was made and seconded to approve the applications and surrenders subject to review by Legal Counsel. The motion passed unanimously.

ADJOURNMENT

At 3:08 pm, a motion was made and seconded to adjourn. The motion passed unanimously.