

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  
Denton Woods JD  
Kevin Canfield

Jimmy Corley, CPA  
Executive Director

## Board Meeting Minutes September 28, 2018

A regular meeting of the Arkansas State Board of Public Accountancy was held in Suite 450 of the Main Street Mall Building on September 28, 2018 with Michael Watts, President, presiding. Other members of the Board in attendance were: Kevin Canfield, David Vaden, Deana Infield, and Denton Woods. Board members Richard Bell and Sherry Chesser were absent. 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, and Tiffany Vano. Also in attendance were Amy Graham, Court Reporter,\* Greg Kirkpatrick, Hearing Officer \*\*, and Mike Carroll \*\*\* of the ASCPA

### CALL TO ORDER

Mr. Watts officially called the meeting to order at 9:04 a.m. A quorum was found to be present.

### PUBLIC HEARINGS

The Board moved immediately to Public Hearings concerning the following cases:

**H18-002** Lana Faulkner (Cert, #7118) – Respondent appeared before the Board. Board found that Respondent failed to submit required documentation as part of CPE Audit process and failed to respond to a certified mailing from the Board. Respondent assessed \$300 penalty.

**H18-004** William Reams (Cert. #5059) –Respondent appeared before the Board and negotiated terms for a consent order in lieu of proceeding with the scheduled hearing. Respondent and the Board reached an agreement whereby Respondent would admit the facts alleged and charges presented in the hearing notice, pay a fine, make specified changes to his resume and website, and upgrade his CPA license from inactive to active status. The agreement is to be memorialized in a consent order.

**H18-020** Ron McMaster (Cert. #4143) –Hearing was cancelled because Respondent surrendered his CPA license in lieu of further disciplinary action the day prior to the scheduled hearing.

\*Amy Graham, \*\*Greg Kirkpatrick, and \*\*\*Mike Carroll left at the close of the hearings.

### **APPROVAL OF MINUTES**

A motion was made and seconded to approve the minutes of the August 17, 2018, Board meeting. The motion passed unanimously.

### **TREASURER'S REPORT**

A motion was made and seconded to approve the August 2018 Treasurer's Report, as presented. The motion passed unanimously.

### **COMMITTEE REPORTS**

#### **AUDIT**

In progress.

#### **COMPLIANCE**

The Compliance Committee has met two (2) times.

#### **Nine complaints:**

- Firm allegedly failed to adequately plan, supervise and exercise due professional care with regard to an audit.
- Inactive licensee performing work for the public.
- Allegation of Code of Conduct violations with regard to tax preparation.
- Licensee with CPE issues.
- Complaint regarding a non-licensee employed by CPA firm.
- Licensee failed to register firm.
- Three re-licensure requests.

#### **Requesting closure of eight (8) complaints; two (2) by consent order**

- 1) **C18-040 – (Cert. # 4430)** – Inactive licensee working in public accounting. Licensee has since upgraded to license to practice. Compliance 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 \$250.00 penalty collected.

- 2) **C18-049- (Non-Licensee)** – Non-Licensee holding out on website. Individual is no longer holding out. The Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings and closure with no further action.
- 3) **C18-062 – (Cert. # 8540)** –Licensee with unregistered firm. Firm now in the process of registering, incorporated in May 2018. The Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings and closure with no further action.
- 4) **C18-063 – (Cert. # 6536)** – Inactive licensee working in public accounting. Licensee has since upgraded to license to practice. Compliance 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 \$250.00 penalty collected.
- 5) **C18-064 – (Cert. # 5156)** – Licensee was revoked in 2008 for failure to renew in another state. Respondent failed to timely report revocation to the Board. The Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings and closure with no further action.
- 6) **C18-067 – (Non-Licensee)** – External complaint regarding non-licensee. Non-licensee’s bio reflects they are employed at a CPA firm. Complaint did not involve actions related to the CPA firm. 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 6, listed above. The motion passed unanimously.

#### **CONSENT ORDERS**

- 1) **C17-113- Consent Order (Cert. # 380C)** – Licensee’s last Peer Review was for the year ended December 31, 2004, licensee has not had a Peer Review since. Respondent has issued at least 18 governmental audits without a current Peer Review. Respondent has signed a consent order and agreed to pay a \$9,000 penalty within 60 days of the date of the consent order. Requesting closure by consent order, contingent on receipt of money.

A motion was made and seconded to accept the Compliance Committee’s recommended finding and proposed resolution and to close C17-113. The motion passed unanimously.

- 2) **C18-058- Consent Order (Cert. # 8159R)** – Applicant revoked in June 2018 for failure to renew. Respondent has requested to reinstate to inactive status. Applicant has signed consent order and paid current year renewal fee of \$55.00, late fees of \$60, and a \$750 penalty for a total of \$865.00. 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 C18-058. The motion passed unanimously.

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

**C15-009 – (49LP)** – Charging Licensee Firm (Firm) with failure to comply with applicable professional standards in the performance of professional services. Firm entered into a Deferred Prosecution Agreement in 2012 with regard to tax shelter products they implemented and marketed. Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings and issuance of a notice to the licensee firm for a formal hearing before the Board if needed.

A motion was made and seconded to grant permission to issue a Notice of Hearing if needed in the matter 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 9 CPE complaints. All by Compliance Statement:**

- 1) **CE18-127 – (CERT # 6798)** – Licensee was deficient 22.5 hours 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, \$350 penalty paid, and 23.5 additional CPE hours have been taken in the appropriate categories.
- 2) **CE18-128 – (CERT # 8980)** – Licensee was deficient 24 hours CPE, 10 Content CPE, and 1 Ethics 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, \$1200 penalty paid, and 24 additional CPE hours have been taken in the appropriate categories.
- 3) **CE18-150 – (CERT # 2604)** – 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 additional Ethics CPE hours have been taken.
- 4) **CE18-169 – (CERT # 4818)** – Licensee was deficient 3 hours CPE and 15 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, \$180.00 penalty paid, and 15 additional Content CPE hours have been approved to be taken.
- 5) **CE18-195 – (CERT # 8116)** – Licensee was deficient 48 hours CPE, 5.5 hours Content CPE, and 17 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, \$705 penalty payment plan approved, and 48 additional CPE hours have been approved to be taken in the appropriate categories.

- 6) **CE18-201 – (CERT # 9470)** – Licensee aggregated all or part of their CPE hours during their 2017 Annual Registration. 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 penalty paid.
- 7) **CE18-266 – (CERT # 9498R)** – Licensee was deficient 16 hours Group 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, \$605 penalty paid, and 17 additional hours have been approved to be taken in the appropriate categories.
- 8) **CE18-287 – (CERT # 1844)** – Licensee was deficient 51.5 hours CPE and 14 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, \$655 penalty paid, and 53 additional CPE hours have been approved to be taken in the appropriate categories.
- 9) **CE18-366 – (CERT # 8991)** – Licensee was deficient 6 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, \$180 penalty paid, and 6 additional Content CPE hours have been taken.

A motion was made and seconded to accept the CPE Committee’s recommended findings and proposed resolutions as to items 1 through 9, listed above. The motion passed unanimously.

## QUALITY REVIEW

Mr. Corley presented a short update of the 2018 Quality Review that is currently underway.

## PERSONNEL

Mr. Corley announced to the Board that Holly Kattaviravong would be leaving the Board’s staff at the beginning of October, and that interviews would be shortly underway to fill the front desk position.

## OLD BUSINESS

### 2019 Proposed Meeting Dates

January 11

April 19

May 31

August 16

September 27

November 15

### 2018-19 Committee Assignments

CPE Committee: Mike Watts  
Audit Committee: Deana Infield, Kevin Canfield  
Personnel Committee: Richard Bell, Denny Woods  
Quality Review Committee: Sherry Chesser, Kevin Canfield  
Rule Committee: David Vaden, Denny Woods  
Compliance Committee: Sherry Chesser  
Legislative Committee: Deana Infield, Mike Watts  
Qualifications Committee: Richard Bell, David Vaden

### **OTHER BUSINESS**

#### *Proposed Inactive Status Bill*

Mr. Corley discussed the proposed Inactive Status Bill.

#### *Board Waiver for Shoplifting*

After a discussion by the Board, it was determined that candidates convicted of shoplifting would need a waiver from the Board in order to be licensed.

### **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 1:50 p.m.