

ARKANSAS STATE BOARD OF PUBLIC ACCOUNTANCY

David Vaden CPA, President
Deana Infield CPA, Secretary
Richard Bell CPA, JD, Treasurer
Shane Warrick, CPA, PhD



Christina Ellis, CPA
Denton Woods, JD
Kevin Canfield

Jimmy Corley, CPA
Executive Director

Board Meeting Minutes August 14, 2020

A regular meeting of the Arkansas State Board of Public Accountancy was held in the 2nd floor conference room at 900 West Capitol Avenue in Little Rock with David Vaden, President, presiding. Other members of the Board in attendance were: Sherry Chesser, Kevin Canfield, Richard Bell, Denton Woods, Deana Infield, and Shane Warrick. Members of the staff in attendance were: Jimmy Corley, Executive Director, Dale Edge, Investigator; Tim Montgomery, Investigator; Alan Fortney, and April Murphy. Also in attendance were Karen Fricke* and Secretary Daryl Bassett* of the Department of Labor and Licensing.

CALL TO ORDER

Mr. Vaden 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 June 2020 Board meeting. The motion passed unanimously.

TREASURER'S REPORT

A motion was made and seconded to approve the June 2020 and July 2020 Treasurer's Reports, as presented. The motion passed unanimously.

Mr. Corley presented a report on the Budget Impact of Transformation. Karen Fricke and Secretary Daryl Bassett of the Department of Labor and Licensing offered remarks on the report.

*Ms. Fricke and Secretary Bassett left the meeting following their remarks.

COMMITTEE REPORTS

COMPLIANCE

The Compliance Committee has met once since June.

Six (6) New Complaints:

Inactive licensee holding out without inactive disclaimer.

Non-licensee holding out as CPA.

Revoked licensee requesting reinstatement.
One firm requesting to withdraw from Peer Review.
Two complaints alleging an act discreditable.

Requesting closure of forty-five (45) complaints; two (2) by consent order

- 1. C18-094 – (Cert. #409C)** – External complaint alleging licensee of committing fraud and holding records regarding a tax return. After reviewing the allegations and supporting documentation, the Compliance Committee determined no violations had occurred. The Compliance Committee recommends a finding of no probable cause to proceed with disciplinary proceedings and closure with no further action.
- 2. C19-015 – (Cert. #7994)** – External complaint alleging licensee of failure to exercise due professional care in the performance of professional services (tax return). After reviewing the allegations and supporting documentation, the Compliance Committee was unable to substantiate complainant's claims. The Compliance Committee recommends a finding of no probable cause to proceed with disciplinary proceedings and closure with no further action.
- 3. C19-016 – (Cert. #67LC)** – External complaint alleging licensee of failure to exercise due professional care in the performance of professional services (tax return). After reviewing the allegations and supporting documentation, the Compliance Committee was unable to substantiate complainant's claims. The Compliance Committee recommends a finding of no probable cause to proceed with disciplinary proceedings and closure with no further action.
- 4. C19-127 – (Cert. #8951)** – Respondent received a first time fail classification for a Compilation without Disclosures report on the 2019 Quality Review. Respondent is required by rule to complete 16 additional hours of A&A CPE in Compilation and Review. Respondent has completed the required additional hours. The Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings and closure with no further action.
- 5. C20-006– (Cert. #4954)** – External complaint alleging licensee of failure to return Client records. Licensee has failed to respond to any of the Board's attempts to communicate. A Board hearing was held in June 2020 regarding licensee's failure to renew his CPA certificate for 2020 and his license was revoked. The Compliance Committee recommends closure.
- 6. C20-019 – (Cert. #8215)** – Licensee with unlicensed firm. Firm is stockholder firm and is not held out to the public. The Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings but recommends closure based on the licensee's application to register firm.
- 7. C20-021 – (Cert. #8845)** – Licensee associated CPA designation with an unregistered firm. The Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings but recommends closure based on entity being established in 2020 and licensee's application to register firm.

8. C20-022 – (Cert. #6029) – Licensee associated CPA designation with an unregistered firm. The Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings but recommends closure based on entity being established in 2020 and licensee’s application to register firm.

9. C20-024 – (Cert. #9828) – Licensee associated CPA designation with an unregistered firm. The Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings but recommends closure based on licensee’s action to dissolve the corporation.

10. C20-027 – (Out of State Licensee) – GA firm operating in AR without being licensed. After further review, it was determined the services they were offering did not require the firm to register with the Board. The Compliance Committee recommends a finding of no probable cause to proceed with disciplinary proceedings and closure with no further action.

11. C20-029 – (Cert. #8414) – Licensee associated CPA designation with an unregistered firm. The Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings but recommends closure based on licensee’s action to dissolve the corporation.

12. C20-030 – (Cert. #4572) – Licensee associated CPA designation with an unregistered firm. The Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings but recommends closure based on licensee’s action to remove CPA and Accountant references from company.

13. C20-031 – (Cert. #8644R) - Licensee associated CPA designation with an unregistered firm. The Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings but recommends closure based on entity being established in 2020 and licensee’s application to register firm.

14. C20-032 – (Cert. #9144) – Licensee associated CPA designation with an unregistered firm. The Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings but recommends closure based on entity being established in late 2019 and licensee’s application to register firm before inquiry letter was sent.

15. C20-034– (Cert. #10033) – Licensee associated CPA designation with an unregistered firm. The Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings but recommends closure based on entity being established in 2020 and licensee’s application to register firm.

16. C20-035– (Cert. #9126) – Licensee associated CPA designation with an unregistered firm. After further review, it was determined CPA designation was not associated with firm. The Compliance Committee recommends a finding of no probable cause to proceed with disciplinary proceedings and closure with no further action.

17. C20-037 – (Non-Licensee) – Non-Licensee holding out as an accountant. Respondent has made changes to internet listings and social media accounts and has

agreed to use disclaimer language when using the term accountant. The Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings but recommends closure based on the respondent's corrective action.

18. C20-038 – (Non-Licensee) – Non-Licensee holding out as an accountant. Respondent has made changes to internet listings and social media accounts and has agreed to use disclaimer language when using the term accountant. The Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings but recommends closure based on the respondent's corrective action.

19. C20-039 – (Non-Licensee) – Non-Licensee holding out as an accountant. Respondent has made changes to internet listings and social media accounts and has agreed to use disclaimer language when using the term accountant. The Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings but recommends closure based on the respondent's corrective action.

20. C20-040 – (Non-Licensee) – Non-Licensee holding out as an accountant. Respondent has made changes to internet listings and social media accounts and agreed to use disclaimer language when using the term accountant. The Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings but recommends closure based on the respondent's corrective action.

21. C20-041 – (Non-Licensee) – Non-Licensee holding out as an accountant. Respondent has made changes to internet listings and social media accounts and has agreed to use disclaimer language when using the term accountant. The Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings but recommends closure based on the respondent's corrective action.

22. C20-043 – (Non-Licensee) – Non-Licensee holding out as an accountant. Respondent has made changes to internet listings and social media accounts and has agreed to use disclaimer language when using the term accountant. The Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings but recommends closure based on the respondent's corrective action.

23. C20-044 – (Non-Licensee) – Non-Licensee holding out as an accountant. Respondent has made changes to internet listings and social media accounts and has agreed to use disclaimer language when using the term accountant. The Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings but recommends closure based on the respondent's corrective action.

24. C20-045 – (Non-Licensee) – Non-Licensee holding out as an accountant. Respondent has made changes to internet listings and social media accounts and has agreed to use disclaimer language when using the term accountant. The Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings but recommends closure based on the respondent's corrective action.

25. C20-047 – (Cert. #4765) – Miscommunication between licensee and staff. Licensee does not wish to withdraw from Peer Review. The Compliance Committee recommends a

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

26. C20-052 – (Cert. #4954) – Licensee failed to renew individual Arkansas CPA certificate for 2020. Hearing 20-001 was held June 12, 2020. AR CPA certificate 4954 was revoked. Requesting closure.

27. C20-055 – (Cert. #6494R) – Licensee failed to renew individual Arkansas CPA certificate for 2019. Hearing 20-004 was held June 12, 2020. AR CPA certificate 6494R was revoked. Requesting closure.

28. C20-056 – (Cert. #2788) – Licensee failed to timely renew individual Arkansas CPA certificate for 2020. Licensee requested medical wavier and provided medical documentation. Board approved wavier at May Board meeting. The Compliance Committee recommends a finding of no probable cause to proceed with disciplinary proceedings and closure with no further action.

29. C20-058 – (Cert. #3333) – Licensee failed to renew individual Arkansas CPA certificate for 2020. Hearing 20-007 was held June 12, 2020. AR CPA certificate 3333 was revoked. Requesting closure.

30. C20-059 – (Cert. #0333) – Licensee failed to renew license and became lapsed April 1, 2020. The Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings but recommends closure based on the licensee's request to surrender AR PA certificate 0333.

31. C20-060 – (Cert. #9727R) – Licensee failed to renew individual Arkansas CPA certificate for 2020. Hearing 20-009 was held June 12, 2020. AR CPA certificate 9727R was revoked. Requesting closure.

32. C20-061 – (Cert. #4089) – Licensee failed to renew individual Arkansas CPA certificate for 2020. Hearing 20-010 was held June 12, 2020. AR CPA certificate 4089 was revoked. Requesting closure.

33. C20-062 – (Cert. #8051R) – Licensee failed to renew individual Arkansas CPA certificate for 2020. Hearing 20-011 was held June 12, 2020. AR CPA certificate 8051R was revoked. Requesting closure.

34. C20-063 – (Cert. #4523) – Licensee failed to renew license and became lapsed April 1, 2020. Licensee requested reinstatement to inactive status and paid the \$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 \$115.00 in renewal and late fees have been collected.

35. C20-066 – (Cert. #2209) – Licensee failed to renew individual Arkansas CPA certificate for 2020. Hearing 20-015 was held June 12, 2020. AR CPA certificate 2209 was revoked. Requesting closure.

36. C20-067 – (Cert. #7554R) – Licensee failed to renew individual Arkansas CPA certificate for 2020. Hearing 20-016 was held June 12, 2020. AR CPA certificate 7554R was revoked. Requesting closure.

37. C20-069 – (Cert. #4219) – Licensee failed to renew individual Arkansas CPA certificate for 2020. Hearing 20-018 was held June 12, 2020. AR CPA certificate 4219 was revoked. Requesting closure.

38. C20-071 – (Cert. #309LC) – CPA Firm failed to renew individual Arkansas CPA certificate for 2020. Hearing 20-021 was held June 12, 2020. AR CPA certificate 309LC was revoked. Requesting closure.

39. C20-073 – (Cert. #824C) – PA Firm failed to renew license and became lapsed April 1, 2020. The Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings but recommends closure based on the licensee’s request to surrender AR PA Firm certificate 824C.

40. C20-074 – (Cert. #302C) – CPA Firm failed to renew individual Arkansas CPA certificate for 2020. Hearing 20-024 was held June 12, 2020. AR CPA certificate 309LC was revoked. Requesting closure.

41. C20-075 – (Cert. #7272) – External complaint regarding inactive licensee’s use of CPA title without indicating inactive status on a school website where he teaches. Website has now been corrected. The Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings but recommends closure based on the corrective action.

42. C20-076 – (Cert. #114LP) – External complaint alleging licensee of failure to pay a contractor’s invoice. Licensee operates as a CPA firm and a law firm; the billing dispute appears to be with the law firm. The Compliance Committee recommends a finding of no probable cause to proceed and closure with no further action.

43. C20-079 – (Cert. #9476) – External complaint alleging licensee of soliciting clients for personal CPA firm while on company time. Based on facts provided, Compliance Committee determined no violations of Accountancy Law or Board Rules occurred. The Compliance Committee recommends a finding of no probable cause to proceed 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 43, listed above. The motion passed.

CONSENT ORDERS

1) C20-009 - Consent Order (Cert. #820/127C) – Respondent has requested to withdraw from Peer Review. Respondent has signed a limitation consent order agreeing to cease performing attest functions. In addition, if Respondent decides to enter Peer Review at a later date, Respondent will be subject to pre-issuance review until a successful Peer Review is completed. Requesting closure by Consent Order.

A motion was made and seconded to accept the Compliance Committee's recommended finding and proposed resolution as to C20-009. The motion passed.

- 2) **C18-046 - Consent Order (Cert. #123LC)** – Respondent firm failed to adequately plan and supervise an employee primarily responsible for providing monthly analysis with regard to payroll, receivables, payables, sales and bank activity as well as assisting with bank reconciliations, overhead allocations, inventory and journal entry recommendations for a client. In January 2020, employee of respondent firm pled guilty to embezzling more than nine million (\$9,000,000) dollars over a period of more than 21 years. Respondent Firm has signed a consent order and agreed to pay a ten thousand (\$10,000.00) dollar penalty and obtain pre-issuance review for two (2) years for all attest reports issued. Requesting closure by Consent Order contingent on receipt of monies.

A motion was made and seconded to accept the Compliance Committee's recommended finding and proposed resolution as to C18-046. A roll call vote was taken, and the motion passed five to one.

NOTICE OF HEARING

A motion was made and seconded to grant the Board staff permission to issue a notice of hearing in the matter of C18-068. The motion passed.

NEW BUSINESS

2019 CPE Medical Hardship Waiver Requests

A motion was made and seconded to grant a medical hardship waiver for 2019 CPE to two CPAs. The motion passed.

2020 CPE requests

A motion was made and seconded to reduce the Group Study CPE requirement to zero hours from the 2020 reporting year. The motion passed.

Recognition of Service – Sherry Chesser

Mrs. Chesser was presented a plaque commemorating her years of service to the Arkansas State Board of Public Accountancy.

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 11:49 a.m.