A regular meeting of the Arkansas State Board of Public Accountancy was held in Suite 450 of the Main Street Mall building on January 9, 2015 with Karen Garrett, President, presiding. Other members of the Board in attendance were: Wade Turner, 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; April Murphy, Credentialing Assistant; Lacy Ward, Exam Specialist*; and Trista Saylors, Fiscal Officer/CPE Coordinator. Other attendees were: Mark Ohrenberger, Attorney General legal counsel; Greg Kirkpatrick, Hearing Officer*; Sharon Hill, Court Reporter*; Brian Thompson of the ASA; and George Foster and Mark Watkins of Bell Foster Johnson and Watkins, LLP**.

CALL TO ORDER

Ms. Garrett officially called the meeting to order at 9:04 am. A quorum was found to be present.

PUBLIC HEARINGS

The Board moved immediately to Public Hearings concerning case H14-059.

**H14-059** – A hearing was held regarding respondent’s failure to renew license #3330 by December 31, 2013 and respondent’s failure to respond within thirty days to a Board communication sent by certified mail. Respondent was not present for the hearing. After presentation of the facts and deliberation by the Board, respondent’s license was revoked.

*Greg Kirkpatrick and Sharon Hill left at the close of the hearings.

APPROVAL OF MINUTES

A motion was made and seconded to approve the November 21, 2014 Board minutes. The motion passed unanimously.

TREASURER’S REPORT

A motion was made and seconded to approve the November 2014 Treasurer’s Report. The motion passed unanimously.
COMMITTEE REPORTS

AUDIT

Mr. George Foster of Bell Foster Johnson & Watkins, LLP presented the findings of the audit performed on the Board's financial statements for the year ended June 30, 2014. A motion was made and seconded to accept the report. The motion passed unanimously.

**Mr. Foster and Mr. Watkins left the meeting following the presentation.

COMPLIANCE

Ms. Garrett presented the Board with 23 complaints that can be closed at this time. A motion was made and seconded to close 16 complaints listed as 1-16 below. The motion passed unanimously.

The Compliance Committee has met one time.

Fifteen new complaints:

Six unregistered firms.
Three from DHS with audit issues.
Three 2014 audit issues.
Two non-licensees holding out.
One request for re-licensure.

Requesting closure of 23 complaints – Seven by Consent Order:

1) **C09-065 – (Regist. #410C)** – Out of state firm included in civil litigation. Requesting closure.

2) **C12-078 – (Cert #776)** – Inactive CPA preparing tax returns obtained PTIN. Resolved via hearing H14-057. Respondent surrendered his license in lieu of disciplinary action. Requesting closure.

3) **C13-147 – (Cert #8870)** – Respondent failed to respond timely to 2013 CPE audit. Respondent has signed compliance statement, paid $500 penalty and requested to renew inactive status for 2015. Requesting closure by compliance statement.

4) **C14-027 – (Cert #7479)** – Unlicensed firm, Respondent has ceased holding out, signed compliance statement, paid $250 penalty and surrendered CPA certificate. Requesting closure by compliance statement.

5) **C14-077 – (Cert #4584)** – Respondent had 2013 substandard QR and has taken retired status. Requesting closure with no further action.
6) **C14-127 – (Cert #2926)** – Inactive CPA obtained PTIN and preparing tax returns. Licensee has signed a Compliance Statement, paid a $250 penalty and agreed to cease offering tax services while in inactive status. Requesting closure by compliance statement.

7) **C14-130 – (Cert #4437)** – Inactive CPA obtained PTIN and preparing tax returns. Licensee has signed a Compliance Statement, paid a $250 penalty and agreed to cease offering tax services while in inactive status. Requesting closure by compliance statement.

8) **C14-144 – (Cert #1601)** – Inactive CPA obtained PTIN and preparing tax returns. Licensee has signed a Compliance Statement, paid a $250 penalty and agreed to cease offering tax services while in inactive status. Requesting closure by compliance statement.

9) **C14-146 – (Cert #3699)** – Inactive CPA obtained PTIN and preparing tax returns. Respondent has surrendered CPA certificate. Requesting closure with no further action.

10) **C14-148 – (Cert #1562)** – Licensee had unregistered firm holding out as an accounting firm in AR. Firm has been incorporated since 1993. Licensee has agreed to license firm and paid a penalty of $1390.00. Requesting closure by compliance statement.

11) **C14-155 – (Registr. #66LP)** – Firm responded ‘No Reports’ on 2014 QR Survey. Licensee has revised response and submitted peer review. Requesting closure with no further action.

12) **C14-159 – (Cert #2489)** – Unregistered firm licensee has made requested name changes. Requesting closure with no further action.

13) **C14-161** – Unregistered out of state firm. Firm has ceased to practice in AR, close with no further action.

14) **C14-165 – (Cert #6466)** – Licensee failed to respond timely to 2014 QR. Licensee has signed a Compliance Statement, paid a $100 penalty and agreed to respond timely to future Board request. Requesting closure by compliance statement.

15) **C14-169 – (Cert #1450R)** – External complaint regarding holding of records. Complainant has received the requested information. Requesting closure no further action.

16) **C14-176 – (Cert #2520)** – Licensee had unregistered firm holding out as an accounting firm in AR. Firm has been incorporated since 2007. Licensee has agreed to license firm and paid a penalty of $770.00. Requesting closure by compliance statement.
CONSENT ORDERS

1) **C12-007 – Consent Order (Cert # 4821)** – Respondent Firm received second substandard compilation for 2011 Quality Review and a first fail rating audit for 2014 QR. Respondents have entered into a consent order agreeing to no longer perform audit or compilations reports. Requesting closure by Consent Order.

A motion was made and seconded to close C12-007 by Consent Order. The motion passed unanimously.

2) **C13-004 – Consent Order (Cert # 1529)** – Hearing H13-086 was conducted and a Finding of Fact, Conclusion of Law and Order (Finding of Fact) were issued. A petition for judicial review of the Board’s order was timely filed in the Circuit Court of Calhoun County, Arkansas. Consent Order C13-004 (The Order) is a proposed resolution for resolving the pending judicial review. Upon acceptance of the Order, the Board’s Finding of Fact issued February 6, 2014 will be rescinded in favor of this Order. Respondent’s certificate as a CPA will be suspended for a period of three years, effective immediately, and Respondent shall pay a six thousand ($6,000.00) dollar civil penalty within three years of the date of the acceptance of this order. Requesting closure by Consent Order.

A motion was made and seconded to close C13-004 by Consent Order. The motion passed; Mr. Watts abstained.

3) **C13-032 - Consent Order (Cert. 1872R & Registr. #335C)** Respondents violated pre-issuance agreement in 2011 and 2012. Licensee Firm was under pre-issuance for 2013-2014. Pre-issuance Reviewer has recommended Respondents release from pre-issuance. Respondents have signed consent order. Upon acceptance of this order Respondents will be released from pre-issuance review. Requesting closure by consent order contingent upon receipt of $3,000.00 penalty.

A motion was made and seconded to close C13-032 contingent upon receipt of $3,000.00 penalty. The motion passed unanimously.

4) **C13-132 - Consent Order (Cert. #4337 & Registr. #442C)** Respondent Firm received substandard for 2013 Quality Review. Respondents have entered into a consent order agreeing to no longer perform audits and to go under pre-issuance for review for all other types of attestation reports. Requesting closure by Consent Order.

A motion was made and seconded to close C13-132 by Consent Order. The motion passed unanimously.

5) **C14-079 - Consent Order (Cert #7448)** – An External complaint was received alleging Respondent failed to comply with applicable professional standards in the performance of services involving a tax practice. Respondent has agreed to a
consent order. Requesting closure by consent order contingent upon receipt of $4,000.00 penalty.

A motion was made and seconded to close C14-079 by Consent Order contingent upon receipt of $4,000.00 penalty. The motion passed unanimously.

6) **C14-168 - Consent Order (Cert #4283)** – Applicant’s CPA certificate became void on or about August 13, 2006 for failure to renew. Applicant is requesting re-licensure to license to practice pursuant to A.C.A. § 17-12-301. Applicant has agreed to a consent order, in the process of completing background check and agreed to pay prior year fees, late fees for 2002-2006 and 2015 license to practice fee totaling $675.00, documented completion of 123 hours of CPE and agreed to respond timely the next 3 years. Applicant has paid prior year fees. Requesting closure by Consent Order contingent on an acceptable background check and payment of 2015 fees.

A motion was made and seconded to close C14-168 by Consent Order contingent on an acceptable background check and payment of 2015 fees. The motion passed unanimously.

7) **C14-170 - Consent Order (Cert #1120R)** – Applicant’s CPA certificate was revoked on or about October 26, 1999 for failure to renew. Applicant is requesting reinstatement to license to practice pursuant to A.C.A. § 17-12-604. Applicant has agreed to a consent order, in the process of completing background check and agreed to pay prior year fees and 2015 license to practice fee totaling $250.00, documented completion of 206 hours of CPE and agreed to respond timely the next 3 years. Requesting closure by Consent Order contingent on an acceptable background check and payment of fees.

A motion was made and seconded to close C14-170 by Consent Order contingent on an acceptable background check and payment of fees. The motion passed unanimously.

**OTHER ISSUES**

Licensee had a substandard QR in 1998 in lieu of completing 16 additional hours of CPE licensee entered into a compliance statement with Board and agreed to cease performing attest work. Licensee has now completed 16 additional hours and is requesting release from the above compliance statement.

A motion was made and seconded to release licensee from 1998 Compliance Statement limiting review services effective January 9, 2015. The motion passed unanimously.

A motion was made and seconded to issue a Notice of Hearing in the above matter. The motion passed unanimously.

Hearing H13-081, Board order has gone through judicial review and was upheld. Licensee is suspended (5 years); the order also assessed a $13,000.00 penalty payable 30 days from date of order. To date no money has been received. Does the
Board wish to proceed with trying to collect or send a letter telling him money is payable before he will be allowed to reinstate.

A motion was made and seconded to issue a letter requesting the penalty to be paid by February 28, 2015, and grant permission to issue a Notice of Hearing in the event the penalty is not paid. The motion passed unanimously.

PERMISSION TO ISSUE NOTICE OF HEARING

Requesting permission to issue one notice of hearing for C14-166, Licensee failed to respond timely to 2014 QR.

A motion was made and seconded to grant permission to issue a Notice of Hearings in the above matter. The motion passed unanimously.

OLD BUSINESS

NASBA Wall Certificate Service

Lacy Ward presented sample certificates provided by NASBA’s Wall Certificate Service. A motion was made and seconded to move forward with utilizing the service to issue wall certificates to licensees. The motion passed unanimously.

***Ms. Ward left the meeting following the presentation.

2015 Legislation

Jimmy Corley and Mark Ohrenberger presented and discussed the changes made to the language since the previous meeting. A motion was made and seconded to approve the law changes. The motion carried unanimously.

NEW BUSINESS

Financial Interest Statements

Financial Interest Statements are due January 31, 2015.

Annual Authorization of Payment of Board Member Expenses and Stipends

A motion was made and seconded to approve the annual authorization of payment of Board member expenses and stipends.
OTHER BUSINESS

CPE Renewal Waiver/Extension Requests

A motion was made and seconded to grant an extension to Mr. Thomas Gammill, #1866, contingent upon the receipt of letter from the doctor. The motion passed unanimously.

A motion was made and seconded to grant a waiver of 8 hours of CPE to Ms. Kelly Smith, #7511, due to medical circumstances. The motion passed unanimously.

CPE Penalty Abatement Request

A motion was made and seconded to deny the CPE penalty abatement request submitted by Mr. Jerome Unser, #3697. The motion passed; Mr. Watts abstained.

Office Space

A motion was made and seconded to explore and investigate possible real estate options for the Board’s offices. The motion passed unanimously.

APPLICATIONS AND SURRENDERS

A motion was made and seconded to approve the applications and surrenders subject to review by a Board member. The motion passed unanimously.

NEW ACTIVE LICENSES

9310  Meagan Hood  9316  Rachel Pennywit
9311  Stuart Howard  9317  Jonathan Phillips
9312  Joseph Keeton, Jr.  9318  Michael Sitler
9313  Phang Lee  9319  Nathan Talley
9314  Jonathan Lindsey  9320R Chad Reed
9315  Rebecca McEachern  9321R Christopher Walker

*“R” denotes Reciprocal License

UPGRADES/CONVERSIONS

7228  Heather Douglas  4025  Martha Wadel

NEW FIRM LICENSES

215LC Coy Firm, PLLC  892C  BrightLine & Associates, CPAs, Inc.
94LP  Montgomery Cosia Greilich LLP  893C  David A. Winkler, CPA, Inc.
9SP  NT Tuttle

INACTIVE STATUS

2734  Adele Atha  4395  James Lee
6751R Douglas Ball  3986  Jerold Lee
4232  Kelly Barnes    7931  Ellen Lester
3779  Otis Blackwood  8856R Robert Madsen
8787  Jennifer Bryant 7709  Laura McClanahan
6536  Theresa Clark   3869  Daniel McCormick
7225  Brenda Daniel   8093  Cory Miser
8924  Colin Dean      3824  Jeffrey Neisler
9260  Chad Dickinson  8907R Lona Skelton Noonan
1184  David Ferguson  4408  Bonita Raley
4660  Bonnie Fish      5184  Leveta Ray
7595  Shana French    7545  Julie Risinger
6634  Mitchell Frey   8304  Yang Sing
9027  James Grotjohn  3551  Robert Theodore
4529  Nancy Halbrook  8017R Judith Vale
6277  Matthew Hegi    4178  Julia Vandiver
8856  Zachary Hemmer  1342  David Waddle
4808  Terry Hill       7889R Benny Watkins
5577  Dwight Hulse    8740  Michael Watson
8945  Vanessa Johnson 6805  Christina Whatley
7988  Neil Kappler    5510R William Wheeler
4623R Mitzi Kimbrough 9164  Brandon Wright
5794  Deborah Krusekopf

RETIR ED STATUS
2403R Rose Mary Akins  2240  Grace Hobb s
1526  Thomas Baltz       1267  James Ingram
1937  James C. Bourne, Jr. 6498R Ardis Lawrence
8141  Charles Cagle     1462  John Stephen Muyers
1967  William Carter    2898  Sherman Owens
3281  Larry Cooper      1269  William Rankin
1874  Donald Denton    1614R Raul Saenz
647   Kenneth Hankins  1478 Joe L. Saia, Jr.
646   Nena Hankins     1712 Wilma Woodard

SURRENDERS
8903R Tracy Anderson  190LC Lamey Erion, PLLC
638C  Cole & Reed      1448  Nancy Lopshire
8978R Jennifer Daughetee 8265R Robert Lutz
154LC David M. Ferguson, CPA, PLLC 773C Martha Grant
2051  Ramona Feliciano  872C Matthews, Cutrer & Lindsay, PA
5475R Kevin Fitzgerald 158   Jimmy Parks
1124R William Greisbeck 819C Purk & Associates, PC
802C  Honkamp Krueger & Co. 1390R James Nolan Rachel
949   Glen Houser       19LC Rice & Welch, PLC
292P  Ingram & Hyatt   7887R Stephen P. Smith
394C  Joe L Saia, Jr. CPA, Ltd. 4211 Joseph Vincent
449C  John Moles       8190R Gary Wells
677C  Karla Sloan, PA  3699  Alan Williams
ADJOURNMENT

At 11:55 am, a motion was made and seconded to adjourn. The motion passed unanimously.