

ARKANSAS STATE BOARD OF PUBLIC ACCOUNTANCY

Jeremy Watson CPA, President
Robert Redfern CPA, Secretary
Michael M. Watts CPA, JD Treasurer
Sherry Chesser CPA



David Vaden CPA
Lloyd Franklin CFE
Jim Gately EdM

Jimmy Corley, CPA
Executive Director

**Board Meeting Minutes
June 2, 2017**

A regular meeting of the Arkansas State Board of Public Accountancy was held in Suite 450 of the Main Street Mall building on June 2, 2017 with Jeremy Watson, President, presiding. Other members of the Board in attendance were: Robert Redfern, Lloyd Franklin, Sherry Chesser, Jim Gately, and David Vaden. Members of the staff in attendance were: Jimmy Corley, Executive Director; Dale Edge, Investigator; Tim Montgomery, Investigator; Mark Ohrenberger, Legal Counsel; Alan Fortney, April Murphy, and Hanna Windley*. Also in attendance were Brian Thompson of the ASA; Sharon Hill, CCR*; and Dara Hall, Hearing Officer*.

CALL TO ORDER

Mr. Watson 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.

*Hanna Windley; Sharon Hill, Court Reporter; and Dara Hall, Hearing Officer, left at the close of the hearings.

APPROVAL OF MINUTES

A motion was made and seconded to approve the minutes of the April 21, 2017. Board meeting. The motion passed unanimously.

TREASURER'S REPORT

A motion was made and seconded to approve the April 2017 Treasurer's Reports, as presented. The motion passed unanimously.

COMMITTEE REPORTS

AUDIT

Michelle Kemp of The KEMPFirm presented the audit report for Year End June 30, 2016. A motion was made and seconded to approve the audit report. The motion passed unanimously.

COMPLIANCE

The Compliance Committee has met once.

Forty-seven new complaints:

Unregistered corporation
Inappropriate behavior
Violation of a previous consent order
A failed QR
Non-licensee performing attest work
Two Inactive licensees working in public accounting
Forty Lapsed licensees

Requesting closure of 23 complaints; Two by Consent Order

- 1) **C14-156– (Non-licensee)** – Non-licensee was allegedly issuing reviews under another person’s name. The CLB has been made aware and will no longer accept reports. Requesting closure with no further action.
- 2) **C16-090 – (Cert. # 6834)** – Licensee appeared to have misstated CPE hours and failed to timely respond to a Board certified letter. Hearing H17-008 was held April 2017. The Board found that licensee failed to obtain all of the required CPE hours to renew her CPA license for 2015, that she reported CPE hours on her 2015 license renewal application that she did not in fact attend, and that she failed to timely respond to a certified letter from the Board. Licensee was assessed a \$2,000 penalty and shall submit acceptable documentation for CPE taken in 2016 for licensee’s 2017 CPA license renewal. Compliance Committee recommends closure of the complaint.
- 3) **C16-154 – (Cert. # 4498)** – Licensee failed to timely report a misdemeanor conviction to the Board. Licensee is deceased, Compliance Committee is requesting closure.
- 4) **C17-001 – (Applicant)** – Applicant convicted of a crime involving moral turpitude or dishonesty. Applicant was convicted of possession of a fraudulent-altered I.D. At Applicant’s request, Hearing H17-005 was held April 2017. A wavier of the above conviction was granted by the Board. Compliance Committee recommends closure of the complaint.
- 5) **C17-004 – (Firm Cert. # 235LC)** – Licensee appealed 2016 QR failure. The finding was upheld. Licensee agreed to complete 16 additional hours of A&A CPE. Compliance Committee recommends a finding of no probable cause to proceed with disciplinary proceedings and closure of the complaint.
- 6) **C17- 008 – (Cert. # 9638)** – Licensee failed to disclose a criminal charge on his CPA license application. 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.

- 7) **C17- 014 – (Non-Licensee)** – Non-Licensee with misleading information on website, has made requested corrections. Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings but recommends closure with no further action.
- 8) **C17- 015 – (Cert. # 7945R)** – Licensee with unlicensed firm. Licensee has made application to license firm. 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 \$220.00 penalty collected.
- 9) **C17-016 – (Cert. # 4407)** – Licensee appeared to have misleading signage. Signage has been redesigned. Compliance Committee recommends a finding of no probable cause to proceed with disciplinary proceedings and closure of the complaint.
- 10) **C17-017 – (Cert. # 6464)** – Licensee with unlicensed firm. Licensee has made application to license firm. 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 \$110.00 penalty collected.
- 11) **C17-019 – (Cert. # 2563)** – Licensee had surrendered CPA firm license but failed to file dissolution with SOS. Dissolution has now been filed. Compliance Committee recommends a finding of no probable cause to proceed with disciplinary proceedings and closure of the complaint.
- 12) **C17-022 – (Cert. # 8642R)** – Licensee had surrendered CPA firm license but failed to file dissolution with SOS. Dissolution has now been filed. Compliance Committee recommends a finding of no probable cause to proceed with disciplinary proceedings and closure of the complaint.
- 13) **C17-025 – (MO Licensee)** – Missouri licensee living in AR failed to note she was licensed in MO only on website. Website has been corrected. Compliance Committee recommends a finding of no probable cause to proceed with disciplinary proceedings and closure of the complaint.
- 14) **C17-028 – (Cert. # 7726)** – Licensee requested permission to use CPE completed in 2017 for 2017 renewal due to issues related to two documented accidents. Licensee was granted a CPE wavier for his 2017 renewal. Compliance Committee recommends a finding of no probable cause to proceed with disciplinary proceedings and closure of the complaint.
- 15) **C17-029 – (Cert. # 1562/894C)** – Per Board action taken at the April 2017 Board meeting, Licensee was granted a CPE wavier for his 2017 renewal only based on documented medical issues. Compliance Committee recommends a finding of no

probable cause to proceed with disciplinary proceedings and closure of the complaint.

- 16) **C17-034 – (Non-Licensee Corp.)** – Non-Licensee corporation with CPA designation in name. CPA designation has been removed. Committee recommends a finding of probable cause to proceed with disciplinary proceedings but recommends closure with no further action.
- 17) **C17-037 – (Cert. # 2117)** – Inactive licensee failed to note ‘Inactive’ status on website. Website has been corrected. Compliance Committee recommends a finding of no probable cause to proceed with disciplinary proceedings and closure of the complaint.
- 18) **C17-041 – (Cert. # 4197R)** – Inactive licensee’s corporation with CPA designation in fictitious name. Fictitious name with CPA designation has been removed. Committee recommends a finding of probable cause to proceed with disciplinary proceedings but recommends closure with no further action.
- 19) **C17-043– (Cert. # 3869)** – Licensee had surrendered CPA firm license but failed to file dissolution with SOS. Licensee is now deceased. Requesting closure with no further action.
- 20) **C17-047 – (Cert. # 1032)** – External compliant alleging licensee was unprofessional and hung up on them. Compliance Committee recommends a finding of no probable cause to proceed with disciplinary proceedings and closure of the complaint.
- 21) **C17-087 – (Cert. # 537C)** – Licensee had a substandard 2016 Quality Review for a Compilation. Licensee originally requested to enter into a limitation consent order instead of completing 16 hours of additional CPE in A&A. Licensee has now agreed to complete 16 additional hours of CPE. Committee recommends a finding of probable cause to proceed with disciplinary proceedings but recommends 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 21, listed above. The motion passed unanimously.

CONSENT ORDERS

- 1) **C16-137 - Consent Order (Cert. 7630)** – Respondent failed her 2016 CPE audit and failed to timely respond to certified letter from the Board. When respondent ultimately responded to Board inquiries, she requested waiver of assessed penalties based on a medical hardship. Respondent has requested to take retired status. Respondent has signed a consent order and agreed not to request to upgrade from Retired status without resolving the above failed CPE audit and failure to respond noted above. Requesting closure by consent order.

A motion was made and seconded to accept the Compliance Committee's recommended finding and proposed resolution and to close C16-137. The motion passed unanimously.

- 2) **C17-003 - Consent Order (Void Cert. 4949)** – Applicant failed to renew for 2008 through 2010 and in 2011 certificate became void. Applicant has requested to reinstate to inactive status. Applicant is not currently working in public accounting. Applicant has signed a consent order and agreed to pay current and prior year licensing fees totaling \$580.00. Requesting approval contingent on receipt of monies and acceptable background check.

A motion was made and seconded to accept the Compliance Committee's recommended finding and proposed resolution and to close C17-003. The motion passed unanimously.

Release from Pre-issuance Review

William Fulton CPA (11SP TN firm) – Mr. Fulton is currently under Pre-Issuance Review. Mr. Fulton's Pre-Issuance Reviewer has recommended his release. A motion was made and seconded to release Mr. Fulton from Pre-Issuance Review and place him on the 2017 Quality Review cycle. The motion passed.

Other Issues (Seeking Board Guidance)

1. **C17-038 – (6060) – CPA Properties, LLC**, Licensee's Real Estate firm holding out as CPA firm.
2. **C17-039 – (1757) – CPA-RE, LLC**, Licensee's Real Estate firm holding out as CPA firm.
3. **C17-040 – (5735) – HSCPAS Investments**, Licensee's Real Estate firm holding out as CPA firm.

The Compliance Committee requested guidance from the Board for items 1 through 3, listed above, regarding firms registered with the Secretary of States' office that were using "CPA" in the name of the firm. After discussing the issue the Board determined that under Arkansas law the firms would need to either remove CPA from the firm name or register the firms with the Board.

C17-089 – (Non-Licensee) – Non – Licensee based in Arkansas, already under court order not to violate accountancy law appears to have issued a review report to a Louisiana church.

A motion was made and seconded to move forward with legal action in the case of C17-089. The motion passed.

QUALITY REVIEW

The 2017 Quality Review Program will take place August 22nd through 24th of 2017.

PERSONNEL

A motion was made and seconded to approve Mr. Corley's leave plan. The motion passed unanimously.

NEW BUSINESS

Rule Changes

The Board discussed the proposed rule changes and decided to engage the Rules Committee to review the proposed changes.

UAA Proposal

Response to NASBA due by September 30.

Election of Officers for 2017-2018 Term

President: Robert Redfern

Secretary: Mike Watts

Treasurer: Sherry Chesser

REVIEW OF LICENSING ACTIVITY

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.