

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 April 21, 2017

A regular meeting of the Arkansas State Board of Public Accountancy was held in Suite 450 of the Main Street Mall building on April 21, 2017 with Jeremy Watson, President, presiding. Other members of the Board in attendance were: Robert Redfern, Michael Watts, 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, and April Murphy. 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 9:09 a.m. A quorum was found to be present.

### Public Hearings

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

**H17-005** Thomas Herrell – Applicant appeared at hearing with Counsel. Board found that the misdemeanor offense in question – possession of a fraudulent – altered I.D. – constitutes a “crime involving moral turpitude or dishonesty” but that the disqualifying provision of Ark. Code Ann. § 17-12-303(e) shall be waived as to Applicant and shall not prevent him from licensing as a CPA in the State of Arkansas.

**H17-008** Angela Waller (Drummond) – Respondent appeared at hearing. Board found that Respondent violated Ark. Code Ann. §§17-12-601 (a) (1) and (4), Board Rules 13.2, 13.3, 13.4, and Board’s Code of Professional Conduct Rule 409. More specifically, the Board found that Respondent 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. Respondent was assessed a \$2,000 penalty and shall submit acceptable documentation for CPE taken in 2016 for Respondent’s 2017 CPA license renewal.

\*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 January 12, 2017 Board meeting. The motion passed unanimously.

101 East Capitol, Suite 450

Little Rock, AR 72201

[www.arkansas.gov/asbpa](http://www.arkansas.gov/asbpa)

(501) 682-1520

FAX (501) 685-5538

## TREASURER’S REPORT

A motion was made and seconded to approve the December 2016 and the January, February, and March 2017 Treasurer’s Reports, as presented. The motion passed unanimously.

## COMMITTEE REPORTS

### AUDIT

Ms. Kemp will present the report at the June meeting.

### COMPLIANCE

The Compliance Committee has met twice.

#### **Forty-one new complaints:**

- Quality Review Appeal
- Modified Upgrade
- Out of state licensee holding out
- Licensee associated with fraud
- Attorney/CPA not using inactive disclaimer
- Applicant with a misdemeanor
- Licensee with a misdemeanor
- Two CPA firms with disciplinary action by a regulatory body.
- Two DOL audits issued by CPA firms not licensed in AR
- Three re-licensure request
- Two request for wavier of CPE/late fee penalty
- Four CPE waiver requests
- Four non-licensees holding out
- Seventeen unregistered corporations

#### **Requesting closure of 25 complaints; Four by Consent Order**

- 1) **C14-186 – (Cert. # 3778)** – Licensee failed to respond to 2014 CPE audit. After review of additional documentation and emails from licensee, CPE audit was passed. Compliance Committee recommends a finding of no probable cause to proceed with disciplinary proceedings and closure of the complaint.
- 2) **C15-013 – (Firm Cert. #518C)** – Licensee had failed Peer Review. 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 Licensee has agreed to complete an additional 16 hours of group CPE over and above 40 hour requirement and is under pre-issuance review.

- 3) **C16-096 – (Non-Licensee)** – Non Licensee had website, Channell’s Precision Accounting C.P.A. Website has been taken down. Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings but recommends closure with no further action.
- 4) **C16-116 – (Firm Cert. # 332C)** – Licensee holding records. Records have been released. Compliance Committee recommends a finding of no probable cause to proceed with disciplinary proceedings and closure of the complaint.
- 5) **C16-119 – (Firm Cert. # 602C)** – Licensee holding records. Records have been released. Compliance Committee recommends a finding of no probable cause to proceed with disciplinary proceedings and closure of the complaint.
- 6) **C16-126 – (Cert. # 3670)** – Licensee Failed to respond to 2016 QR and certified letter from Board. Hearing H17-002 was held January 2017. License was revoked. Compliance Committee recommends closure of the complaint.
- 7) **C16-128 – (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 H17-003 was held January 2017. A wavier of the above conviction was granted by the Board. Compliance Committee recommends closure of the complaint.
- 8) **C16-143 – (Cert. # 6008)** – Licensee failed to obtain 3 CPE hours in ethics during the thirty-six (36) months immediately preceding expiration of license. 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 \$375.00 penalty collected.
- 9) **C16-151 – (Cert. # 2092)** – Licensee working for public accounting firm while on Inactive status. Licensee was not performing services to the public and has since left company. Compliance Committee recommends a finding of no probable cause to proceed with disciplinary proceedings and closure of the complaint.
- 10) **C16-152– (Cert. # 9173)** – Licensee has acknowledged a pending criminal action on renewal. Compliance Committee recommends a finding of no probable cause to proceed with disciplinary proceedings and closure of the complaint.
- 11) **C16-155 - (Unregistered Firm)** – Licensee did not hold company out to the public; company is now licensed. Compliance Committee recommends a finding of no probable cause to proceed with disciplinary proceedings and closure of the complaint.
- 12) **C16-156 – (Applicant)** – Applicant with a felony conviction. At Applicant’s request, Hearing H17-004 was held January 2017. A wavier of the felony conviction was granted by the Board. Compliance Committee recommends closure of the complaint.

- 13) **C17-002 - (Firm Cert. #12LP)** – Licensee Firm sanctioned by UT Board. Firm has made timely notification. Sanction was related to 2013 PCAOB Order and 2015 SEC sanction. Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings but recommends closure with no further action.
- 14) **C17-005 - (Firm Cert. #68LP)** – Licensee Firm sanctioned by CO Board. Firm has made timely notification. Sanction was related failure to exercise due care regarding issuance of a collection letter. Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings but recommends closure with no further action.
- 15) **C17-006 - (Cert. #6222)** – Per Board action taken at the January 2017 Board meeting, Licensee was granted an upgrade with partial CPE completed. Licensee has signed a Compliance Statement outlining the conditions associated with the Board’s January action. Compliance Committee recommends closure of the complaint.
- 16) **C17-009 - (Cert. #9385R)** – Recent Licensee assessed late CPE penalty for failure to complete 1 hour AR ethics. Licensee appealed and after review, Compliance Committee recommended wavier of penalty. Committee recommends closure of complaint.
- 17) **C17-012 - (Non-Licensee)** – Non-Licensee holding out in advertising as an accountant. Person has made corrections. Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings but recommends closure with no further action.
- 18) **C17-018 - (Cert. #8626)** – Licensee registered with AR Secretary of State the end of December. Licensee has now requested to license firm. Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings but recommends closure with no further action.
- 19) **C17-020 - (Cert. #1184)** – Licensee still has surrendered firm registered with AR Secretary of State. Licensee has amended name with SOS and removed CPA from name. Compliance Committee recommends a finding of no probable cause to proceed with disciplinary proceedings and closure of the complaint.
- 20) **C17-033 - (Applicant)** – Applicant failed to acknowledge two (2) misdemeanor convictions when applying to sit for CPA exam in 2014. Applicant did acknowledge the above convictions on 2017 CPA license application before background check was done (background check confirmed only 2). Compliance 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 20, listed above. The motion passed unanimously.

### INDIVIDUAL CLOSURE NOT BY A CONSENT ORDER

- 21) **C15-010 - (Non-Licensee)** – Non-licensee website was holding out as an accounting firm. Originally, website had significant misleading information, and non-licensee was non-communicative with the Board. Board requested that legal counsel follow up with AR Attorney General’s office and consideration be given to filing a lawsuit. The website has now been revised and misleading information removed. Compliance 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 finding and proposed resolution and to close C15-010. The motion passed unanimously.

### CONSENT ORDERS

- 1) **C13-151 - Consent Order (Cert. 7860)** – Respondent failed to timely respond to 2013 CPE audit. In addition, on further review, it was noted Respondent said no reports on 2012 and 2015 QR responses. CLB database showed reviews were issued in both those years. In March 2016, when AR CPA license was expired, Respondent issued a review report. Respondent renewed on or before March 31, 2016 as inactive. Respondent has renewed for 2017 as inactive. Respondent has signed a consent order and agreed to pay a \$3,000 penalty. Requesting closure by consent order contingent on receipt of the monies noted above.

A motion was made and seconded to accept the Compliance Committee’s recommended finding and proposed resolution and to close C13-151. The motion passed unanimously.

- 2) **C15-059 and C16-127 - Consent Order (Cert #5299)** – Respondent said no reports on 2010 and 2013 QR responses. CLB database showed 2 audits and 15 reviews were issued in the 2010 QR time frame and 13 reviews were issued in the 2013 QR time frame. In 2016 respondent failed to timely respond to the 2016 QR survey. Respondent has signed a consent order and paid a \$3,500 penalty. The Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings and closure via the proposed consent order.

A motion was made to accept the Compliance Committee’s recommended finding and proposed resolution and to close C15-059 and C16-127. The motion failed due to the lack of a second.

A motion was made and seconded to not accept the proposed consent order in the matter of C15-059 and C16-127. The motion passed.

A motion was made and seconded to issue a Notice of Hearing in the matter of C15-059 and C16-127. The motion passed.

- 3) **C16-114 - Consent Order (Firm Cert. #546C/Cert #2786)** – Respondent had two consecutive failed QRs, 2013 and 2015, with regard to audits. Based on these facts, Respondent has entered in to a consent order agreeing to no longer provide audit

services. The Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings and closure via the proposed consent order.

A motion was made and seconded to accept the Compliance Committee's recommended finding and proposed resolution and to close C16-114. The motion passed unanimously.

**REQUESTING PERMISSION TO AMEND AND REISSUE NOTICE OF HEARING.**

**C16-134/H17-007 – (3046)** – Charging Licensee with failure to respond to 2016 CPE Audit and reporting CPE hours that were in fact not taken. Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings and reissuance of a notice to the licensee for a formal hearing before the Board.

A motion was made and seconded to accept the Compliance Committee's recommended finding and to reissue a notice of hearing in the matter of C16-134/H17-007. The motion passed unanimously.

**REQUESTING PERMISSION TO ISSUE FORTY-TWO (42) NOTICE OF HEARINGS, IF NEEDED.**

2017 LAPSED LICENSEES

LIC #	FIRST	MIDDLE	LAST
5124	SCOTT	ALAN	ABRAMSON
9322	XI		AI
7671	GREGORY	ETHAN	ALPERIN
5269	FRED	L.	COLEMAN
9260	CHADRICK		DICKINSON
6038	SCOTT	SCOTT	FREEMAN
3635	NEAL	E.	GRAVES
2435	DAVID	L.	GRIESSE
9375	CORY		KIRK
4973	RACHEL		KREMER
5785R	MARION	L.	LEDFORD
2574	DAYTON	G.	LIERLEY
1974	JOHN	W.	MCCALED
4823	JOHN	PATRICK	MCCOLLOUGH
999	BILLY	D.	PEARCY
6441	DONALD	W.	PETERS
885	TOMMY	L.	PRICE
3192	GARY	LYNN	PRINCE
8965	RYAN	ALEXANDER	SAWYER
9516R	SHAWN	BRYAN	SCHAUNBURG
8736	ANG		SHEN

2017 LAPSED LICENSEES (cont.)

3681	MARY	VIRGINIA	SMITH
4982R	DARRYL	A.	SPENCER
7263	ERIC		SUMMERHILL
3061	LESLIE		SWEENEY
9174	LAURA	ANN	TAYLOR
3367	DAVID	DAVID	TEDDER
3397	STEPHEN	J.	THIBAULT
4202	SHARON	E.	THOMAS
8196	LISA MARIE	ABBRUZZESE	WALKER
3065	LISA	F.	WILDER
1026R	DONALD	D.	WOOD
8764	FANG		YANG
9472	THOKOZILE	M.	ZULU
1572	ROBERT	M.	HILL
4837	SANDRA	BRIGGS	RALPH
9397	ANDREW	WILLIAM	SANDERS

2017 LAPSED FIRMS

912C	ANTHONY A. BRYANT CPA PC
720C	BARRANCO & ASSOCIATES, P.A.
248LC	DUVVURU CPA, PLLC
891C	WILCOX MCCORKLE & COMPANY LTD
9SP	NT TUTTLE, CPA

A motion was made and seconded to grant permission to issue a Notice of Hearing if needed to the cases listed above. The motion carried.

**REQUESTING ADDITIONAL BOARD GUIDANCE**

Board staff believes a revoked CPA is holding out as a CPA via office signage. Specific information was not presented and no vote was taken, but the Board gave direction on how to proceed with resolving this matter.

**NEW BUSINESS**

CPE waiver request

A motion was made and second to grant a waiver of 2016 CPE hours and associated late fees for a licensee due to extreme medical hardship. The motion passed unanimously.

CPE Fines for reporting aggregated hours

The Board discussed and agreed to a \$100 penalty being assessed to licensees who aggregate CPE hours for reporting purposes on Annual Renewals.

### **RATIFICATION OF LICENSE APPLICATIONS**

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 1:17 p.m.