

ARKANSAS STATE BOARD OF PUBLIC ACCOUNTANCY

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



Wade Turner, CPA
Lloyd Franklin, CFE
Jim Gately, EdM

Jimmy Corley, CPA
Executive Director

BOARD MEETING MINUTES
August 19, 2016

A regular meeting of the Arkansas State Board of Public Accountancy was held at The Lodge on Mt. Magazine on August 19, 2016 with Jeremy Watson, President, presiding. Other members of the Board in attendance were: Wade Turner, Michael Watts, Robert Redfern, Lloyd Franklin, Sherry Chesser and Jim Gately. 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 was Thomas Simmons of the ASA and Marsha Moffitt of the ASCPA.

CALL TO ORDER

Mr. Watson officially called the meeting to order at 2:01 pm. A quorum was found to be present.

APPROVAL OF MINUTES

A motion was made and seconded to approve the minutes, as presented, of the June 3, 2016 Board meeting. The motion passed unanimously.

TREASURER'S REPORT

A motion was made and seconded to approve the May, June, and July 2016 Treasurer's Reports, as presented. The motion passed unanimously.

COMMITTEE REPORTS

COMPLIANCE

The Compliance Committee has met three times.

Thirteen new complaints:

- Applicant with felony conviction.
- Applicant Firm that issued reports
- Licensee sanctioned by another state
- Licensee holding out without retired notice

101 East Capitol, Suite 450

Little Rock, Arkansas 72201

(501) 682-1520
Fax (501) 682-5538

www.Arkansas.gov/asbpa

QR follow-up
Three Void licensees requesting reinstatement
Five non- licensees holding out

Requesting closure of 47 complaints; Six by Consent Order

- 1) **C13-024 – (Non-Licensee)** – Non-licensee owner holding out unlicensed firm in under Accountants Certified Public in Yellow pages. Owner is now deceased and it appears firm has gone out of business. Requesting closure with no further action.
- 2) **C14-177 – (Cert. # 693)** – Licensee failed to renew individual Arkansas CPA certificate for 2016. Hearing 16-055 was held June 10, 2016. CPA certificate was revoked. Requesting closure.
- 3) **C15-028 – (CPA not licensed in AR)** – Out-of-state CPA living and holding out in Arkansas. CPA subsequently moved back out of state. Compliance Committee recommends a finding of no probable cause to proceed with disciplinary proceedings and closure of the complaint.
- 4) **C15-056 – (Firm Regist. # 603C)** – Licensee Firm failed to renew firm registration for 2015. Hearing 16-054 was held June 10, 2016. Firm registration was revoked. Requesting closure.
- 5) **C15-083 – (7602)** – Licensee sanctioned by PCAOB. Licensee is a partner in out of state firm. PCAOB action was related to work performed by out of state firm for non-AR client. Licensee is licensed in state work was performed and has been admonished by this state. Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings but recommends closure with no further action.
- 6) **C15-084 – (Non-Licensee)** – Unlicensed firm issued review report. Firm has agreed to longer issue reviews in AR. Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings but recommends closure with no further action.
- 7) **C15-113 – (Cert. # 2202)** – Licensee failed to renew individual Arkansas CPA certificate for 2016. Hearing 16-025 was held June 10, 2016. CPA certificate was revoked. Requesting closure.
- 8) **C16-001 - (Cert. # 0361)** – Licensee allegedly falsified CPE on 2016 renewal. Compliance Committee recommends a finding of probable cause to proceed but recommends closure with no further action based on the licensee’s request to surrender registration in lieu of further Board action.
- 9) **C16-029 – (Out of State CPA Firm)** - Out of state CPA firm incorporated in AR, but has no physical presence. Compliance Committee recommends a finding of no probable cause to proceed and recommends closure with no further action.

- 10) **C16-031 – (Cert. # 7516)** – Licensee failed to timely resolve 2015 CPE audit. 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 \$125.00 penalty collected.
- 11) **C16-033 – (Cert. # 1660)** – Licensee failed to timely resolve 2015 CPE audit. 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 \$355.00 penalty collected.
- 12) **C16-037 – (Cert. # 8051R)** – Licensee failed to renew license and became lapsed April 1, 2016. Licensee has requested reinstatement and paid \$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 \$95.00 renewal fee and late fee collected.
- 13) **C16-039 – (Cert. # 7036)** – Licensee failed to renew license and became lapsed April 1, 2016. Licensee has requested reinstatement and paid \$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 \$95.00 renewal fee and late fee collected.
- 14) **C16-040 – (Cert. # 9013)** – Licensee failed to renew license and became lapsed April 1, 2016. Licensee has requested reinstatement and paid \$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 \$95.00 renewal fee and late fee collected.
- 15) **C16-041 – (Cert. # 3886R)** – Licensee failed to renew individual Arkansas CPA certificate for 2016. Hearing 16-005 was held June 10, 2016. CPA certificate was revoked. Requesting closure.
- 16) **C16-043 – (Cert. # 2772)** – Licensee failed to renew individual Arkansas CPA certificate for 2016. Hearing 16-006 was held June 10, 2016. CPA certificate was revoked. Requesting closure.
- 17) **C16-044 – (Cert. #6223)** – Licensee failed to renew individual Arkansas CPA certificate for 2016. Hearing 16-007 was held June 10, 2016. CPA certificate was revoked. Requesting closure.

- 18) **C16-045 – (Cert. # 7556R)** – Licensee failed to renew individual Arkansas CPA certificate for 2016. Hearing 16-038 was held June 10, 2016. CPA certificate was revoked. Requesting closure.
- 19) **C16-049 – (Cert. # 3270)** – Licensee failed to renew license and became lapsed April 1, 2016. Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings but recommends closure based on the licensee’s request to surrender individual certificate.
- 20) **C16-053 – (Cert. # 5690)** – Licensee failed to renew individual Arkansas CPA certificate for 2016. Hearing 16-042 was held June 10, 2016. CPA certificate was revoked. Requesting closure.
- 21) **C16-054 – (Cert. # 5953)** – Licensee failed to renew individual Arkansas CPA certificate for 2016. Hearing 16-013 was held June 10, 2016. CPA certificate was revoked. Requesting closure.
- 22) **C16-056 – (Cert. # 754)** – Licensee failed to renew individual Arkansas CPA certificate for 2016. Hearing 16-016 was held June 10, 2016. CPA certificate was revoked. Requesting closure.
- 23) **C16-058 – (Cert. # 9251R)** – Licensee failed to renew license and became lapsed April 1, 2016. Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings but recommends closure based on the licensee’s request to take retired status.
- 24) **C16-060 – (Cert. # 8422R)** – Licensee failed to renew individual Arkansas CPA certificate for 2016. Hearing 16-020 was held June 10, 2016. CPA certificate was revoked. Requesting closure.
- 25) **C16-061 – (Cert. # 8755)** – Licensee failed to renew license and became lapsed April 1, 2016. Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings but recommends closure based on the licensee’s request to surrender individual certificate.
- 26) **C16-071 – (Cert. # 2877)** – Licensee failed to renew individual Arkansas CPA certificate for 2016. Hearing 16-028 was held June 10, 2016. CPA certificate was revoked. Requesting closure.
- 27) **C16-072– (Cert. # 1242)** – Licensee failed to renew individual Arkansas CPA certificate for 2016. Hearing 16-029 was held June 10, 2016. CPA certificate was revoked. Requesting closure.
- 28) **C16-073 – (Cert. # 5498)** – Licensee failed to renew individual Arkansas CPA certificate for 2016. Hearing 16-048 was held June 10, 2016. CPA certificate was revoked. Requesting closure.

- 29) **C16-074 – (Cert. # 8600R)** – Licensee failed to renew individual Arkansas CPA certificate for 2016. Hearing 16-049 was held June 10, 2016. CPA certificate was revoked. Requesting closure.
- 30) **C16-075 – (Cert. # 5493R)** – Licensee failed to renew license and became lapsed April 1, 2016. Licensee has requested reinstatement to inactive status and paid \$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 \$95.00 renewal fee and late fee collected.
- 31) **C16-076 – (Cert. # 5195)** – Licensee failed to renew individual Arkansas CPA certificate for 2016. Hearing 16-031 was held June 10, 2016. CPA certificate was revoked. Requesting closure.
- 32) **C16-078 – (Cert. # 7957R)** – Licensee failed to renew individual Arkansas CPA certificate for 2016. Hearing 16-033 was held June 10, 2016. CPA certificate was revoked. Requesting closure.
- 33) **C16-079 – (Cert. # 3368)** – Licensee failed to renew individual Arkansas CPA certificate for 2016. Hearing 16-034 was held June 10, 2016. CPA certificate was revoked. Requesting closure.
- 34) **C16-080 – (Cert. # 9431)** – Licensee failed to renew license and became lapsed April 1, 2016. Licensee has requested reinstatement and paid \$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 \$105.00 renewal fee and late fee collected.
- 35) **C16-081 – (Cert. # 9229R)** – Licensee failed to renew individual Arkansas CPA certificate for 2016. Hearing 16-050 was held June 10, 2016. CPA certificate was revoked. Requesting closure.
- 36) **C16-082 – (Cert. # 1052)** – Licensee failed to renew individual Arkansas CPA certificate for 2016. Hearing 16-036 was held June 10, 2016. CPA certificate was revoked. Requesting closure.
- 37) **C16-083 – (Cert. # 8992)** – Licensee failed to renew individual Arkansas CPA certificate for 2016. Hearing 16-051 was held June 10, 2016. CPA certificate was revoked. Requesting closure.
- 38) **C16-084 – (Cert. # 9280)** – Licensee failed to renew license and became lapsed April 1, 2016. Licensee has requested reinstatement and paid \$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 \$105.00 renewal fee and late fee collected.

- 39) **C16-091 - (Cert. # 7237)** - Licensee failed to timely resolve 2015 CPE audit. 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 \$100.00 penalty collected.

A motion was made and seconded to accept the Compliance Committee's recommended findings and proposed resolutions as to items 1 through 39, listed above. The motion passed unanimously.

CONSENT ORDERS

- 1) **C15-118 - Consent Order (Cert #7855)** - Respondent failed to respond to a certified letter from the Board with regard to his 2015 Quality Review response. Respondent failed to report issuance of a review on his 2015 QR response. The Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings and closure via the proposed consent order. Respondent has agreed to the consent order and paid the \$1,500.00 penalty. 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 C15-118. The motion passed unanimously.

- 2) **C16-009 - Consent Order (Cert #3335)** - Applicant's CPA certificate was revoked on or about September 6, 2002 for failure to renew. Applicant is requesting reinstatement to inactive status pursuant to A.C.A. § 17-12-604. It was noted during the renewal process, that Applicant listed Certified Public Accountant under Skill Highlights on his resume. Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings and closure via of the proposed consent order. Applicant has signed consent order and paid current year fee (2016), prior year renewal fees for 1997-2002 and a \$500.00 penalty for a total of \$795.00. Licensee has also agreed to renew timely for the next three (3) years. 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 16-009. The motion passed unanimously.

- 3) **C16-032 - Consent Order (Cert #7112)** - Lapsed Licensee failed to renew for 2016, was notified by certified letter to reinstate or surrender license. Licensee did not respond to Board letter. Notice of Hearing was issued. The Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings and closure via the proposed consent order. Licensee has signed consent order and paid current year fee (2016), late fees

and a \$500.00 penalty for a total of \$735.00. Licensee has also agreed to renew timely for the next three (3) years. 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 C16-032. The motion passed unanimously.

- 4) **C16-059 - Consent Order (Cert #4048)** – Lapsed Licensee failed to renew for 2016, was notified by certified letter to reinstate or surrender license. Licensee did not respond to Board letter. Notice of Hearing was issued. The Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings and closure via the proposed consent order. Licensee has signed consent order and paid current year fee (2016), late fees and a \$500.00 penalty for a total of \$605.00. Licensee has also agreed to renew timely for the next three (3) years. 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 C16-059. The motion passed unanimously.

- 5) **C16-068 - Consent Order (Cert #7209)** – Lapsed Licensee failed to renew for 2016, was notified by certified letter to reinstate or surrender license. Licensee did not respond to Board letter. Notice of Hearing was issued. The Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings and closure via the proposed consent order. Licensee has signed consent order and paid current year fee (2016), late fees and a \$500.00 penalty for a total of \$605.00. Licensee has also agreed to renew timely for the next three (3) years. 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 C16-068. The motion passed unanimously.

- 6) **C16-106 - Consent Order (Non-Licensee)** – Respondent is a TN CPA who performed 16 audits for AR clients for years ended 2009 through 2012. In 2015, Respondent entered into a practice limitation order with the Board not to perform audits in Arkansas. Respondent is requesting release from this order. The Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings and closure via the proposed consent order. Licensee has signed consent order and agreed to pay a penalty totaling \$5,500.00 over a period of 6 months and to obtain pre-issuance review for AR audit clients until completion of an acceptable system peer review. 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 C16-106. The motion passed unanimously.

Permission to issue Notice of Hearing

Requesting permission to issue four (4) Notice of Hearings, if needed.

C15-117 - (2364) – Licensee failed to respond to 2015 QR and appears to have an unlicensed firm. Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings and issuance of a notice to the licensee for a formal hearing before the Board.

C16-034 - (0239) – Licensee failed to timely resolve 2015 CPE audit. Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings and issuance of a notice to the licensee for a formal hearing before the Board.

C16-090 - (6834) – Licensee failed to timely resolve 2015 CPE audit. Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings and issuance of a notice to the licensee for a formal hearing before the Board.

C16-092 - (3109) – Licensee failed to timely resolve 2015 CPE audit. Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings and issuance of a notice to the licensee for a formal hearing before the Board.

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

Other

- 1) **C16-093- (Applicant)** – Applicant failed to disclose a criminal charge on the license application. At the June Board meeting, the Board approved the Compliance Committee recommendation of a finding of probable cause to proceed with disciplinary proceedings as well as closure of the complaint and approval of licensure contingent up on receipt of signed compliance statement and payment of \$250 penalty. Subsequent to the Board meeting, the Committee received additional information from applicant. After review of the additional information and a second review of the FBI background report, it was determined that, though Applicant was arrested, charges were never filed. Based on this information, the Committee is requesting the Board to reopen C16-093 to determine whether or not its June finding is still appropriate.

A motion was made and seconded to rescind the Board’s June finding and accepts and approves the Committee’s recommendation of a finding of no probable cause to proceed with disciplinary proceedings and closure of the complaint. The motion passed unanimously.

- 2) **C16-089 - (3105)** Licensee has pled guilty to theft of property, a class B felony, and has requested to surrender his CPA certificate in lieu of further Board action. 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 individual certificate.

A motion was made and seconded to accept the Compliance Committee's recommended finding and proposed resolution and to close C16-089. The motion passed unanimously.

CPE COMMITTEE

Based on findings from the 2015 CPE audit, the CPE Committee is working with the Compliance Committee and has three 2015 CPE audit compliance statements that are included in today's Compliance Committee report.

There are currently seven 2015 CPE audits that remain open. These audits have been referred to the Compliance Committee and are in process.

We have started the 2016 CPE audit and have sent out just over 300 letters. We are currently in the process of receiving and reviewing these responses as they come in.

AUDIT

The 2015 Audit Report was distributed and presented by Bell Foster Johnson & Watkins, LLP.

A motion was made and seconded to select The Kemp Firm to perform the future audits for the Board. The motion passed unanimously.

Old Business

None.

New Business

2017 Board Meeting Dates

January 13
April 21
June 2
August 18
September 29
November 17

Other Business

License Application Issue – 3 years from passing the exams

A motion was made and second to find that, under the circumstances, the applicant failed to meet the 3-year statute and therefor has a void license. The motion passed 6 to 1.

A motion was made and seconded to require the applicant to obtain 40 hours of CPE pursuant to Board Rule 13 prior to licensure, and that the applicant must also obtain the

pro-rated amount of CPE for renewal purposes after initial licensure. The motion passed unanimously.

November 18 Meeting – UALR Invitation

The Board has accepted UALR's invitation to host the November 18, 2016 Board meeting at the UALR Campus.

NASBA Annual Meeting

The 109th NASBA Annual Meeting will be held in Austin, Texas on October 30, 2016 through November 2, 2016.

Recognition of Service

Jimmy Corley presented Wade Turner with a plaque commemorating Mr. Turner's term with the Board.

ADJOURNMENT

At 4:47pm, a motion was made and seconded to adjourn. The motion passed unanimously.