

ARKANSAS STATE BOARD OF PUBLIC ACCOUNTANCY

Sherry Chesser CPA, President  
David Vaden CPA, Secretary  
Deana Infield CPA, Treasurer  
Shane Warrick, CPA, PhD



Richard Bell CPA, JD  
Denton Woods JD  
Kevin Canfield

Jimmy Corley, CPA  
Executive Director

## **Board Meeting Minutes January 10, 2020**

A regular meeting of the Arkansas State Board of Public Accountancy was held in Suite 450 of the Main Street Mall Building with Sherry Chesser, President, presiding. Other members of the Board in attendance were: Kevin Canfield, Richard Bell, Denton Woods, Deana Infield, and Shane Warrick. Board member David Vaden was not in attendance. 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 Brian Thompson of the Arkansas Society of Accountants.

### **CALL TO ORDER**

Mrs. Chesser officially called the meeting to order at 9:03 a.m. A quorum was found to be present.

### **APPROVAL OF MINUTES**

A motion was made and seconded to approve the minutes of the November 15, 2019 Board meeting. The motion passed unanimously.

### **TREASURER'S REPORT**

A motion was made and seconded to approve the November 2019 Treasurer's Reports, as presented. The motion passed unanimously.

### **COMMITTEE REPORTS**

#### **COMPLIANCE**

The Compliance Committee has met one (1) time.

#### **Nineteen (19) New Complaints:**

External complaint.  
CPE Waiver Request.

Re-licensure of a Surrendered Certificate

Five licensees with CPE issues.

Eleven Individuals/Firms responded Yes to renewal question regarding conviction or disciplinary issues.

**Requesting closure of thirty-three (33) complaints; three (3) by consent order**

1. **C17-106 – (Non Licensee)** – Out-of-state firm holding out in AR. Firm has now licensed. The Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings but recommends closure with no further action.
2. **C19-021– (Cert. #1067)** – Respondent had a first time fail for 2018 Quality Review. Respondent has now completed 16 hours of additional A&A CPE, over and above the number of CPE hours needed to renew for 2019. The Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings but recommends closure with no further action.
3. **C19-026 – (Cert. # 3444)** – Licensee failed to renew individual Arkansas CPA certificate for 2019. Hearing 19-021 was held November 15, 2019. AR CPA certificate 3444 was revoked. Requesting closure.
4. **C19-033 – (Cert. # 302C)** – Licensee failed to renew firm license and became lapsed April 1, 2019. Licensee requested reinstatement to active 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 \$260.00 in renewal and late fees have been collected.
5. **C19-085 – (Cert. # 9113R)** – Licensee failed to respond to the 2019 CPE Audit in a timely manner. Licensee has since submitted the necessary CPE documentation and passed the CPE Audit. The 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 \$200.00 penalty collected.
6. **C19-089 – (Cert. # 7808)** – Licensee failed to respond timely to the 2019 CPE Audit and was alleged to have reported CPE not taken and fabricated certificates for CPE courses he did not take. Hearing 19-035 was held November 15, 2019. Licensee’s AR CPA certificate was suspended until such time as licensee has obtained 100 hours of makeup CPE (these hours are not applicable to renewal year 2020 or years going forward) and pays a \$10,000 penalty. A second \$10,000 penalty is due December 31, 2020, and licensee’s CPE shall be audited for the next 5 years. Requesting closure.
7. **C19-097 – (Cert. # 4954)** – Licensee failed to respond timely to the 2019 Practice Review and failed to respond timely to 2 separate certified letters from the Board. Hearing 19-037 was held November 15, 2019. Licensee was assessed \$1,128.70 in penalties and hearing costs. Requesting closure.
8. **C19-101 – (Cert. # 7114)** – Licensee failed to comply with the CPE requirements of Board Rule 13.2(a) and 13.5(b) by not obtaining one hour of AR ethics CPE before

December 31, 2018 and inaccurately reporting CPE dates. The Compliance Committee recommends a finding of probable cause to proceed and closure via the proposed compliance statement. Compliance Statement has been signed and \$350.00 penalty collected.

- 9. C19-103 – (Cert. # 8345R)** – Licensee failed to comply with the CPE requirements of Board Rule 13.2(a)(3) by not obtaining one hour of AR ethics CPE before December 31, 2018. The Compliance Committee recommends a finding of probable cause to proceed and closure via the proposed compliance statement. Compliance Statement has been signed and \$100.00 penalty collected.
- 10. C19-115 – (Cert. # 2678)** – Licensee failed to comply with the CPE requirements of Board Rule 13.2(a) and 13.5(b) by not obtaining one hour of AR ethics CPE before December 31, 2018 and inaccurately reporting CPE dates. The Compliance Committee recommends a finding of probable cause to proceed and closure via the proposed compliance statement. Compliance Statement has been signed and \$450.00 penalty collected.
- 11. C19-116 – (Cert. # VA Licensee)** – AR resident with out-of-state CPA certificate failed to disclose state of licensure on LinkedIn account. LinkedIn account has been corrected. The Compliance Committee recommends a finding of probable cause to proceed and closure with no further action.
- 12. C19-117– (Cert. # 8707)** – Licensee failed to respond timely to the 2019 Practice Review and failed to respond timely to a certified letter from the Board. Hearing 19-039 was held November 15, 2019. Licensee was assessed \$643.60 in penalties and hearing costs. Requesting closure.
- 13. C19-118 – (Cert. # 7232)** - Licensee failed to respond timely to the 2019 Practice Review and failed to respond timely to a certified letter from the Board. Hearing 19-040 was held November 15, 2019. Licensee’s AR CPA certificate was suspended until such time as licensee pays \$761.00 in penalties and hearing costs. Requesting closure.
- 14. C19-119 – (Cert. # 5088)** – Inactive licensee providing consulting services. Licensee has applied to upgrade to license to practice. The Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings but recommends closure with no further action.
- 15. C19-121 – (Cert. # 3524)** – Licensee with unlicensed firm. Licensee has made application to license firm. The 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.
- 16. C19-122 – (Cert. # 8267R)** – Inactive CPA obtained PTIN and is preparing tax returns. Respondent has surrendered CPA certificate in lieu of further action. Compliance Committee recommends a finding of probable cause to proceed and closure with no further action.

- 17. C19-124 – (IN Licensee)** – AR resident with out-of-state CPA certificate with a PTIN appears to be holding out. Out-of-state licensee has responded that she is taking retired status in state of licensure. The Compliance Committee recommends a finding of probable cause to proceed and closure with no further action.
- 18. C19-128 – (Applicant)** – Applicant convicted of a crime covered by Ark. Code Ann. § 17-2-102(a). Applicant was convicted of one count of possession of child pornography. At Applicant’s request, Hearing H19-038 was held November 15, 2019. A waiver of the above conviction was granted by the Board. Compliance Committee recommends closure of the complaint.
- 19. C19-141 – (Cert. # 7148)** – Inactive Licensee working in Public Accounting. After further review, it was noted licensee is currently licensed in the state where she resides. The Compliance Committee recommends a finding of no probable cause to proceed with disciplinary proceedings and closure with no further action.
- 20. C19-148 – (Firm Cert. # 84LP)** – Firm answered “yes” on 2020 renewal regarding other disciplinary issues. Firm noted a partner not licensed in AR was sanctioned by another state board. The Compliance Committee recommends a finding of no probable cause to proceed with disciplinary proceedings and closure with no further action.
- 21. C19-149 – (Cert. # 9666)** – Licensee answered “yes” on 2020 renewal regarding other disciplinary issues. Licensee pled Nolo Contendere to a DUI. The Compliance Committee recommends a finding of probable cause to proceed and closure with no further action.
- 22. C19-150 – (Firm Cert. # 265LC)** – Firm answered “yes” on 2020 renewal regarding other disciplinary issues. Firm noted several partners not licensed in AR had prior alcohol-related criminal convictions in the late 1990’s and early 2000’s. The Compliance Committee recommends a finding of no probable cause to proceed with disciplinary proceedings and closure with no further action.
- 23. C19-151 – (Firm Cert. # 14LP)** – Firm answered “yes” on 2020 renewal regarding other disciplinary issues. The matter noted had been timely reported to the Board earlier in the year and was reviewed and closed at the November 2019 Board meeting. The Compliance Committee recommends a finding of no probable cause to proceed with disciplinary proceedings and closure with no further action.
- 24. C19-152 – (Firm Cert. # 5LP)** – Firm answered “yes” on 2020 renewal regarding other disciplinary issues. Firm noted a partner not licensed in AR was sanctioned by another state board. The Compliance Committee recommends a finding of no probable cause to proceed with disciplinary proceedings and closure with no further action.
- 25. C19-153 – (Firm Cert. # 68LP)** – Firm answered “yes” on 2020 renewal regarding other disciplinary issues. Firm noted a partner not licensed in AR was sanctioned by SEC prior to joining firm. The Compliance Committee recommends a finding of no probable cause to proceed with disciplinary proceedings and closure with no further action.

- 26. C19-154 – (Firm Cert. # 72LP)** – Firm answered “yes” on 2020 renewal regarding other disciplinary issues. Firm was sanctioned by SEC. The matter did not involve an AR entity, nor were any AR licensees sanctioned. Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings and closure with no further action.
- 27. C19-155 – (Cert. # 8748)** – Licensee answered “yes” on 2020 renewal regarding other disciplinary issues. A follow up established he had inadvertently answered question wrong. The Compliance Committee recommends a finding of no probable cause to proceed with disciplinary proceedings and closure with no further action.
- 28. C19-156 – (Firm Cert. # 82LP)** – Firm answered “yes” on 2020 renewal regarding other disciplinary issues. Firm noted a partner not licensed in AR was sanctioned by SEC. The Compliance Committee recommends a finding of no probable cause to proceed with disciplinary proceedings and closure with no further action.
- 29. C19-157 – (Cert. # 8240)** – Licensee answered “yes” on 2020 renewal regarding other disciplinary issues. Licensee has been charged with a misdemeanor. The matter is still pending. The Compliance Committee recommends a finding of no probable cause to proceed with disciplinary proceedings and closure with no further action.
- 30. C19-159 – (Firm Cert. # 116LP)** – Firm answered “yes” on 2020 renewal regarding other disciplinary issues. Firm was sanctioned by another state board concerning timeliness of the firm’s Peer Review completion. Compliance Committee recommends a finding of probable cause to proceed with disciplinary proceedings 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 30, listed above. The motion passed.

#### **CONSENT ORDER**

- 1) [C19-096](#)- Consent Order (Cert. # 1625 Firm # 567C)** – Respondent received a Fail on Firm’s 2018 Peer Review. Respondent has agreed to cease offering to perform attest services. Respondent has signed a limitation consent order regarding any future attest work. Requesting closure by Consent Order.

A motion was made and seconded to accept the Compliance Committee’s recommended finding and proposed resolution as to C19-096. The motion passed.

- 2) [C19-135](#)- Consent Order (Cert. # 7317)** – Applicants CPA certificate became void in January 2009. Applicant has requested to reinstate to inactive status. Applicant has signed consent order and agreed to pay current year renewal fee of \$55.00 and \$525.00 for prior year fees (\$55, 2006, \$55 2007, \$55 2008 and \$360 late fees) for a total of \$580.00. Requesting closure by Consent Order contingent upon receipt of money and acceptable back ground check.

A motion was made and seconded to accept the Compliance Committee’s recommended finding and proposed resolution as to C19-135. The motion passed.

- 3) **C19-158- Consent Order (Cert. # 5220R)** – Applicant surrendered CPA certificate in January 2018. Applicant has requested to reinstate to a license to practice. Applicant has completed 121 hours of CPE, 6 hours A&A, 7.5 hours of Ethics, 60.5 hours of Tax, and 47 hours of Other. The study type consists of 48 hours of group and 73 hours self-study. Applicant has signed consent order and agreed to pay current year renewal fee of \$110.00 Requesting closure by Consent Order contingent upon receipt of money and acceptable background check.

A motion was made and seconded to accept the Compliance Committee’s recommended finding and proposed resolution as to C19-158. The motion passed.

### **REQUESTING PERMISSION TO ISSUE THE FOLLOWING NOTICE OF HEARINGS IF NEEDED**

- 1) **C19-143 – (Cert. # 9351)** – Respondent failed 2019 CPE audit and has not responded to certified letter regarding Audit Compliance Statement. 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.
- 2) **C19-144 – (Cert. # 1530)** – Respondent failed 2019 CPE audit and has not responded to certified letter regarding Audit Compliance Statement. 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.
- 3) **C19-145 – (Cert. # 0131)** – Respondent failed 2019 CPE audit and has not responded to certified letter regarding Audit Compliance Statement. 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 allow the Board staff to issue Notices of Hearing in the cases referenced above. The motion passed.

### **DISCUSSION ITEM: BOARD CONDUCT RULE 404**

#### ***Rule 403 - Advertising and Other Forms of Solicitation.***

*A licensee shall not seek to obtain clients by advertising or other forms of solicitation in a manner that is false, misleading, or deceptive. Solicitation by the use of coercion, over-reaching, or harassing conduct is prohibited.*

#### ***Rule 404 - Firm Names.***

*A licensee may practice public accounting only in a form of organization permitted by the Act. A licensee shall not practice public accountancy under a name which is misleading in any way, as to the legal form of the firm, or as to the persons who are partners, managers, members, officers or shareholders of the firm, or as to any matter with respect to which public communications are restricted by Rule 403. However, names of one or more past partners, members or shareholders may be included in the firm name of a partnership, limited liability company or corporation or its successor, and a partner or member surviving the death or withdrawal of all other partners or members may continue to practice under a partnership or limited liability company name for up to two (2) years after becoming a sole practitioner.*

*A fictitious firm name (that is, one not consisting of the names or initials of one or more present or former partners, members or shareholders) may not be used by a CPA firm unless such name has been registered with and approved by the Board as not being false or misleading.*

*A firm may not include the term “Associates” or “Company” unless the firm has at least two full time CPAs on staff.*

**Question #1:** A CPA wholly owned PLLC is requesting registration of a fictitious name. Is the name Bender CPA & Advisors acceptable or do you feel it is misleading?

The Board determined Advisors is not misleading.

**Question #2:** A CPA wholly owned corporation is requesting to use the word ‘Company’ in the firm name. Company owner uses other CPAs on a contract basis. Could the phrase ‘full time CPAs on staff’ include contract (1099) employees or must they be W-2 employees?

The Board determined staff means a W-2 employee.

## **OLD BUSINESS**

### 2020 Meeting Dates

The June 2020 meeting date has been moved to June 12, 2020.

## **NEW BUSINESS**

### 2019 PROC Report

A motion was made and seconded to approve the 2019 PROC Report. The motion passed.

### Expense Reimbursement Authorization

A motion was made and seconded to approve the Expense Reimbursement Authorization. The motion passed.

CPE Medical Hardship Waiver Requests

A motion was made and seconded to grant three (3) 2019 CPE waivers based on medical hardships.

Firm Fictitious Name Request

A motion was made and seconded to allow Todd & Associates CPAs LLC to continue to the fictitious name of “Dorsey and Company” until September of 2020.

**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 12:54 p.m.