

OREGON BOARD OF ACCOUNTANCY
Minutes, February 4, 2008

Teleconference

Salem, OR

*The Board of Accountancy protects the public by regulating
the practice and performance of all services
provided by licensed accountants.*

Board Members Present

Kent Bailey, CPA, *Chair*
Jens Andersen, CPA, *Vice-Chair*
Eric Lind, *Public Member, Co-Treasurer*
James Gaffney, CPA
Lynn Klimowicz, CPA (*11:30 a.m. - noon*)
Stuart Morris, PA

Staff Members

Carol Rives, *Administrator*
Kimberly Bennett, *Committee Coordinator*
Joyce Everts, *Committee Coordinator*
Noela Kitterman, *Investigator*
Heather Shepherd, *Committee Coordinator*

Excused

Ray Johnson, CPA, *Co-Treasurer*

Guests Attending

Jeffrey Dover, *Asst. Attorney General*
Roberta Newhouse, *CPA*
Scott Wright, *CPA, OSCPA*
Cheryl Langley, *OSCPA*
Ivan Besemann, *CPA, OAIA*
Kendra Matters, *Esq., in person 10:00 a.m.*
Keven Steege, *in person 10:00 a.m.*
Victoria Clear, *CPA, phone 11:00 a.m.*

Mike Poe, *CPA, phone 11:30 a.m.*
Brent Gunderson, *CPA, phone 11:30 a.m.*
Brent Lewis, *CPA, phone 11:30 a.m.*
Mike Moeller, *CPA phone 11:30 a.m.*
Carolyn Harris Crowne, *Esq., phone 1:14 p.m.*
Anna Sortun, *Esq., phone 1:58 p.m.*
L. Parry Ankersen, *CPA, phone 1:58 p.m.*
Ryan Burns, *CPA (NV), phone 1:52 p.m.*

1. CALL TO ORDER

A quorum being present, Chair Bailey called the meeting to order at 9:37 a.m. and appointed James Gaffney as Process Observer.

2. APPROVAL OF MINUTES

A. December 10, 2007 Board Meeting

BOARD ACTION: Moved by Andersen and carried to approve the December 11, 2007 Board meeting minutes with one correction to item 6.B.1. The date should be December 11, 2007 not 2006.

VOTE: Chair Bailey voted; 5 ayes, 2 Excused (Johnson, Klimowicz)

3. REPORT OF CHAIR

A. NASBA

1. Nominations for NASBA Vice Chair 2008

Bailey inquired if the Board would like to support Billy M. Atkinson, as the 2008 NASBA Vice Chair.

Board Discussion: *Mr. Bailey has worked with Mr. Atkinson and feels Mr. Atkinson would be a great asset to NASBA. Four other states have sent letters in support of Mr. Atkinson.*

2. Travel to NASBA Conference

The administrator requested that one staff and legal counsel be authorized to attend the NASBA conference March 2 through 5, 2008 in Austin, Texas.

BOARD ACTION: Moved by Morris and carried to approve travel for one staff and legal counsel to travel to the NASBA conference.

VOTE: Chair Bailey voted; 5 ayes, 2 excused (Johnson, Klimowicz)

B. 2009-11 Budget Review

This information was discussed during the December 11, 2007 Board meeting. The work sheet has been updated with current information. At this time, Ms. Rives does not recommend the Board consider adding an additional full-time employee. Ms. Rives noted that the pool of investigator RFP was issued and the complaints committee has been working the current backlog. If the Board wants to continue with a policy package to include an additional FTE, it should be at a lower level than what was in the December 2007 proposal. The Board does not have enough information at this time to make a decision to recommend a policy package for a fee increase. When we have better information regarding revenue reductions, the Board can call a special meeting to review its options. If a policy package for a fee increase is approved and submitted, details of the package can be altered until August 1.

4. REPORT OF VICE CHAIR

A. Spring Work Session, Eugene

The meeting is scheduled May 18 and 19, 2008 at the Eugene Hilton. The May 18 meeting will begin at 9:30 a.m.

The Board suggested that the following topics be included on the agenda:

- Substantial Equivalency (Mobility)
- Administrator Succession Planning
- Pre issuance Reviews
- 2009-11 Budget Policy Package
- PCAOB Reports; directive to the PROC

5. REPORT OF TREASURER

A. December 2007

Lind reviewed the December 2007 financial report, stating that revenue is \$40,000 over projection. Expenditures are \$126,000 under budget. The Attorney General fees are high. Rives reviewed the most recent 2005-07 Budget information. (Attachment A).

6. LEGAL

A. REPORT OF LEGAL ITEMS

1. Proposed Consent Orders

a. Timothy Steers

The Board received notice of PCAOB disciplinary action against Timothy L. Steers CPA LLC (Firm) and Timothy L. Steers. PCAOB issued an order revoking

the registration of Firm and barring Steers from being an associated person of a registered public accounting firm as defined in PCAOB Rule 1001 for a period of two years.

A Board of Accountancy Notice of Proposed Civil Penalty and Notice of Right to Hearing was mailed to Steers on December 4, 2007. The Notice assessed a total civil penalty of \$6,000 for violations of: OAR 801-030-0020(7)(A) and OAR 801-030-0005(1) and also requires 16 additional hours of CPE in Generally Accepted Auditing Standards

The Board reviewed a proposal dated January 28, 2008 from Caroline Harris Crowne Esq. on Steer's behalf, who attended the Board meeting by phone conference stated that Steers would like to cooperate with the Board, however he is restricted from commenting on the PCAOB findings. Crowne said that Steers plans to perform audits of non-public companies and prepare financial statements for public companies. Crowne responded that the PCAOB complaint did not restrict Steers from providing these services. This proposal is intended to assist Steers in rebuilding his practice.

The Board requested that Steers describe in writing how he plans to structure the services he intends to provide. Board counsel will issue a subpoena to Steers for the PCAOB investigation records.

BOARD ACTION: Moved by Gaffney and carried to hold the December 4, 2007 Notice N-07-031 in abeyance and request counsel to issue a subpoena.

VOTE: Chair Bailey voted; 5 ayes, 2 excused (Johnson, Klimowicz)

B. Other

1. Keven Steege

The Board previously received Mr. Steege's application for CPA certificate and permit to practice public accounting. The applicant reported a felony conviction in 2001 and provided information regarding the conviction. Based on the facts supporting the conviction and the findings that Steege violated terms of probation, the Board issued a Notice of Proposed Denial of Application for Steege's CPA Certificate.

Kendra M. Matthews Esq. and Keven Steege attended the Board meeting in person. Matthews stated that they came before the Board to give the Board an opportunity to question Steege, to provide additional information to the Board and to determine if the Board is willing to engage in negotiations. Matthews reported that Steege's treatment provider assessed Steege as a low risk to young people.

Board Discussion: *A serious felony occurred and Steege violated probation conditions twice. The Board continues to question Steege's trustworthiness and integrity. The Board is concerned about the violations that occurred in Steege's place of employment, and also Steege's failure to meet the level of trust expected in the accounting profession.*

The Board considered a continuation of the Notice of Denial, to be reconsidered when Steege's probation is over. License restrictions were also considered.

BOARD ACTION: Moved by Gaffney and carried to hold the Notice (N-07-017) of Application Denial in abeyance and inform the Office of Administrative Hearings. The

Board will review this case when Steege's probation has formally ended or if there are additional probation violations. If additional probation violations occur, Steege will be required to submit a written report to the Board within 30 days of the conduct that is alleged to be a violation.

VOTE: Chair Bailey voted; 5 ayes, 2 excused (Johnson, Klimowicz)

2. Richard Goulette

The Board reviewed a Proposed Consent Agreement, submitted by Richard Goulette.

BOARD ACTION: Moved by Gaffney and carried to accept the Proposed Consent Agreement.

VOTE: Chair Bailey voted; 4 ayes, 1 abstained (Lind), 2 excused (Johnson, Klimowicz)

3. Earl Doman

Doman assisted client with estate planning including formation of an LLC.

Board Discussion: *The Committee referred the case to the Oregon State Bar for possible unlawful practice of law and the Oregon State Bar responded that the allegation that Doman may have engaged in unlawful practice of law was dismissed without prejudice.*

BOARD ACTION: Moved by Gaffney and carried to withdraw Notice N-07-030.

VOTE: Chair Bailey voted; 5 ayes, 2 excused (Johnson, Klimowicz)

4. PCAOB Disciplinary Order

The Board reviewed a PCAOB Disciplinary Action in the Matter of Deloitte & Touche LLP and a Deloitte & Touche partner. Although Deloitte & Touche is a registered Oregon firm, the violations involved the California office, a California CPA and a California client.

BOARD ACTION: Moved by Andersen and carried to take no action.

VOTE: Chair Bailey voted; 6 ayes, 1 excused (Johnson)

7. COMPLAINTS

A. Report of Complaints Committee

1. Acceptance of Minutes

a. January 17, 2008

On page 18 of the January 17, 2008 Complaints Committee minutes; the Committee Recommendation for William Line should be amended to read \$57,500 (\$250 x 230) civil penalty.

BOARD ACTION: Moved by Andersen and carried to accept the Committee minutes of January 17, 2008 with the amendment noted.

VOTE: Chair Bailey voted; 5 ayes, 2 excused (Johnson, Klimowicz)

B. Consent Agenda

1. Complaint Investigations

- | | |
|---------------------------------------------|-----------|
| a. * Jerome C. Fischer | 05-01-004 |
| b. * L. Parry Ankersen | 06-10-043 |
| c. * George C. Douglass | 07-08-022 |
| d. * John A. Briggs | 07-08-025 |
| e. * Ryan Burns and
Egghart & Associates | 07-10-030 |

f.	* Victoria Clear	07-11-032
g.	* Timothy Steers	07-11-033
h.	* Gary Stapleton	07-11-034
i.	* David Wilson	07-11-035
j.	* Edward Winslow	07-11-037
k.	* Katherine Bingenheimer	07-12-038
l.	Cindy Roberts	07-12-039
m.	* William R. Line	07-12-040
n.	Gregory Mears	08-01-001

BOARD ACTION: Moved by Andersen and carried to accept the Consent Agenda.

VOTE: Chair Bailey voted; 5 ayes, 2 excused (Johnson, Klimowicz)

**Items moved to 7.C. for discussion*

C. Items Removed from Consent Agenda

1. Jerome Fischer 05-01-004

J. R. (Husband) and C. R. (Wife) were clients of Jerome Fischer (Fischer). When Husband and Wife separated, Fischer agreed to assist Husband and Wife by mediating a property settlement agreement. Fischer informed the parties that providing mediation and tax planning services to both parties was a conflict of interest and also that Fischer believed he could perform such services with objectivity. Fischer did not obtain written authorization from either Husband or Wife to perform those services. Husband complained that Fischer did not act with objectivity when Fischer performed mediation services for Husband and Wife.

ALLEGED VIOLATION(S)

OAR 801-030-0005(2) Integrity and Objectivity

(a) In the performance of any professional service, a licensee shall maintain objectivity and integrity and shall be free of conflicts of interest, and shall not knowingly misrepresent facts or subordinate the licensee's judgment to the judgment of others.

(b) In tax practice, however, a licensee may resolve doubt in favor of the client as long as there is reasonable support for the client's position.

(c) A licensee shall not accept employment adverse to a client or former client, relating to a matter with respect to which the licensee has obtained confidential information by reason of, or in the course of, the licensee's employment by, or relationship with such client or former client.

For approximately twelve years, Fischer provided Husband and Wife with tax and accounting services.

AICPA interpretation 102-2 – Conflict of interest states that a member may perform a service that does not require independence if he believes that it can be

performed with objectivity, discloses the relationship, and receives the party's consent. Examples include a) providing services for both divorcing spouses when tax or personal financial planning services previously have been provided for the couple, and b) when providing tax or personal financial planning for family members with opposing interests.

Fischer agreed to provide Husband and Wife with tax planning services during the pendency of the divorce. Fischer submitted the tax planning information for use in the property settlement agreement.

Fischer agreed to mediate a property settlement between Husband and Wife. Fischer stated that he verbally disclosed a lack of independence to the parties but did not document the discussion.

While providing mediation services to Husband and Wife, Fischer obtained Husband's accounting records from Wife. Husband asked Fischer to give him the accounting records. Fischer held the accounting records until after Wife obtained her personal property from Husband and after Husband signed the property settlement agreement.

Husband's complaint that Fischer over charged Husband for mediation services is a fee dispute, not within the Boards jurisdiction.

OAR 801-030-0010 Competence and Technical Standards

(1) Competence. A licensee shall not undertake any engagement for the performance of professional services which the licensee cannot reasonably expect to complete with due professional competence, including compliance, when applicable, with sections (2) and (3) of this rule.

(4) Other professional standards. A licensee, in the performance of management advisory services or accounting and review services, shall conform to the professional standards applicable to such services. For purposes of this rule such professional standards are considered to be defined by Statements on Management Advisory Services and Statements for Accounting and Review Services, respectively, in each instance issued by the AICPA, and by similar pronouncements by other entities having generally recognized authority.

Husband and Wife's subsequent tax accountant found that Fischer did not timely deduct all depreciation available on the 4-plex. Fischer suggested that Husband could amend prior tax returns to claim the unused depreciation. The subsequent accountant filed Form 3115, Application for Change in Accounting Method, and deducted the remainder of depreciation on the 2005 tax return.

SUMMARY

OAR 801-030-0005(2) Objectivity

OAR 801-030-0010 Competence and Technical Standards

Committee Discussion: Robert Armstrong recused himself from the discussion and from voting because he is the subsequent accountant. Fischer did not use professional judgment when he failed to maintain objectivity in the mediation of a settlement between Husband and Wife. Fischer held Husband's accounting records at the request of Wife. Fischer changed his office procedures after this mediation and now obtains a written agreement. Fischer erred when he failed to deduct all depreciation available on client's rental property.

COMMITTEE RECOMMENDATION: Moved and carried to recommend 16 hours of Continuing Professional Education; 4 hours in ethics and 12 hours in courses that include tax depreciation methods; and assess a \$5,000 civil penalty for the following violations:

- OAR 801-030-0010 Competence and Technical Standards (\$1,000)
- OAR 801-030-0015(2)(b) Record Retention (\$1,000)
- OAR 801-030-0005(2) Integrity and Objectivity (\$3,000)

Board Discussion: *Fischer received Husband's accounting records (records) from Wife. Fischer did not return the records to Husband upon his request until after Husband signed the settlement papers. Fischer did not return requested records to Husband within a reasonable time.*

BOARD ACTION: Moved by Gaffney and carried to assess a \$5,000 civil penalty for violation of the following:

- OAR 801-030-0010(1)and(4) Competence and Technical Standards (\$1,000)
- OAR 801-030-0015(2)(b) Requested Records (\$1,000)
- OAR 801-030-0005(2) Integrity and Objectivity (\$3,000)

VOTE: Chair Bailey voted; 4 ayes, 1 nay (Morris), 2 excused (Johnson, Klimowicz)

2. L. Parry Ankersen 06-10-043

Parry Ankersen (Ankersen) audited PPS (District) for the year ending June 30, 2005. US Department of Health & Human Services (HHS) questioned Ankersen about District's audit. Ankersen revised financial information and submitted to HHS without the knowledge or approval of District and did not provide a copy of the revised financial information to District. When HHS requested certain workpapers, primarily with the review and testing of internal control, Ankersen was unable to locate such workpapers.

ALLEGED VIOLATION(S)

801-030-0010 (1) Competence and Technical Standards

A licensee shall not undertake any engagement for the performance of professional services which the licensee cannot reasonably expect to complete with due professional competence, including compliance, when applicable, with sections (2) and (3) of this rule.

(2) Auditing standards. *A licensee shall not permit the licensee's name to be associated with financial statements in a manner as to imply that the licensee is independent with respect to such financial statements unless the licensee has complied with applicable generally accepted auditing standards. Statements on*

Auditing Standards issued by the AICPA, and other pronouncements having similar generally recognized authority, are considered to be interpretations of generally accepted auditing standards, and departures there from must be justified when such standards are not followed.

Ankersen submitted a revised report on the June 30, 2005 audited financial statements to HHS without District's knowledge or approval. District did not receive a copy of the revised financial report from Ankersen until after HHS contacted District.

OAR 801-030-0015(2)(e) Retention of attest and audit working papers

(A) Licensees must maintain for a period of at least seven years the working papers for any attest service or audit report prepared by the licensee together with any other supporting information, in sufficient detail to support the conclusions reached in such report.

HHS requested work papers for the testing of internal controls for the year ended June 30, 2005. Ankersen was not able to locate work papers that support the testing of internal controls. Testing of internal controls cannot be evaluated to determine if such tests met the requirements of OMB Circular A-133. On June 22, 2007 the Board inquired about the missing work papers. Ankersen was still unable to locate the internal control related work papers to comply with the requests from HHS and the Board.

District requested that Ankersen provide them with copies of documents submitted to HHS. Ankersen did not keep copies of the documents that were submitted to HHS and therefore Ankersen was not able to provide District with a copy.

801-030-0020(1)(a) and (b) Professional Misconduct

(a) A licensee shall not commit any act or engage in any conduct that reflects adversely on the licensee's fitness to practice public accountancy.

(b) Professional misconduct may be established by reference to acts or conduct that would cause a reasonable person to have substantial doubts about the individual's honesty, fairness and respect for the rights of others or for the laws of the state and the Nation. The acts or conduct in question must be rationally connected to the person's fitness to practice public accountancy.

For approximately eight (8) months Ankersen corresponded with HHS without informing District about this correspondence. Ankersen did not provide District with copies of the correspondence with HHS. District became aware of the correspondence between Ankersen and HHS when District received an HHS letter dated September 12, 2006. Ankersen also corresponded directly with HHS regarding matters related to a prior years audit without informing District.

SUMMARY

OAR 801-030-0010

- (1) Competence and Technical Standards and
- (2) Auditing standards

ORAR 801-030-0015(2)(e) Retention of attest and audit working papers
ORAR 801-030-0020(1)(a) and (b) Professional Misconduct

Committee Discussion: Ankersen did not retain the internal control working papers. Ankersen made revisions to financial report and submitted the revisions to the US Department of Health & Human Services (HHS) without client's knowledge. Ankersen also corresponded with HHS without District's knowledge. COMMITTEE RECOMMENDATION: Moved and carried to recommend a \$15,000 total civil penalty as follows:

- \$5,000 for violation of ORAR 801-030-0010 (1) Competence and Technical Standards; for revising financial statements without client knowledge and submitting without client approval.
- \$5,000 for violation of ORAR 801-030-0015(2)(e) Retention of attest and audit work papers; did not retain work papers and failed to safeguard client information
- \$5,000 for violation of ORAR 801-030-0020(1)(a) and (b) Professional Misconduct; did not keep the client informed during a nine (9) month dialogue with HHS that included the period of time that client's Request for Proposal (RFP) for the next audit was underway.

Ankersen and Anna Sortun, Esq. attended the meeting via phone conference and stated that the alteration to the PPS (District) audit was a typographical error and that Ankersen paid Pauly Rogers and Co., P.C. for the PPS (District) audit costs (\$13,000).

Board Discussion: *The Board observed that changes made by Ankersen to the audit report and submitted to HHS without informing the client occurred during the period of time that client's RFP process was underway. Ankersen never produced internal control workpapers and the client did not recall that the auditors asked questions about internal control procedures. Ankersen teaches audit CPE courses for OSCP and certainly should be knowledgeable about the audit rules. The Board discussed and additional CPE requirement but agreed that it would be useless based on Ankersen's experience and background in auditing. Ankersen has practiced in Oregon for 30 years with no previous complaints.*

BOARD ACTION: Moved by Andersen and carried to require Ankersen to:

- (1) Submit an article to the Board office by May 9, 2008. The article will be reviewed at the May 19, 2008 Board meeting. The article will be published in the BOA Newsletter and the OSCP journal "Accountant"; and
- (2) Pay a \$1,500 civil penalty for violations of the following rules:
 - \$500 for violation of ORAR 801-030-0010 (1) Competence and Technical Standards; for revising financial statements without client knowledge and submitting without client approval.
 - \$500 for violation of ORAR 801-030-0015(2)(e) Retention of attest and audit work papers; did not retain work papers and failed to safeguard client information
 - \$500 for violation of ORAR 801-030-0020(1)(a) and (b) Professional Misconduct; did not keep the client informed during a nine (9) month

dialogue with HHS that included the period of time that client's Request for Proposal (RFP) for the next audit was underway.

VOTE: Chair Bailey voted; 5 ayes, 2 excused (Johnson, Klimowicz)

3. George C. Douglass 07-08-022

George Douglass (Douglass) prepared the 2006 individual income tax return for D.O. (Client). Internal Revenue Service (IRS) notified Client that the 2006 tax return was not prepared correctly. Client attempted to contact Douglass about the notice received from IRS, but was unsuccessful.

ALLEGED VIOLATION(S)

OAR 801-030-0010 (1) Competence and Technical Standards

A licensee shall not undertake any engagement for the performance of professional services which the licensee cannot reasonably expect to complete with due professional competence, including compliance, when applicable, with sections (2) and (3) of this rule.

Douglass did not record on Client's 2005 and 2006 income tax returns a 10% penalty due as a result of distributions from a 401K.

Douglass amended the 2006 tax return, prepared a check payable to the IRS for the additional amount due, and sent Client a check to reimburse the amount due on the 2005 tax return.

Other Responsibilities and Practices

OAR 801-030-0020 (1) Professional misconduct.

(a) A licensee shall not commit any act or engage in any conduct that reflects adversely on the licensee's fitness to practice public accountancy.

(b) Professional misconduct may be established by reference to acts or conduct that would cause a reasonable person to have substantial doubts about the individual's honesty, fairness and respect for the rights of others or for the laws of the state and the Nation. The acts or conduct in question must be rationally connected to the person's fitness to practice public accountancy.

Douglass did not respond to Client's letter requesting a reimbursement until after Client filed a complaint with the Board.

Douglass' conduct would cause a reasonable person to have substantial doubts about his honesty, fairness and respect for the rights of others.

SUMMARY

OAR 801-030-0010 (1) Competence and Technical Standards

OAR 801-030-0020(1) Professional misconduct

Committee Discussion: Douglass disregarded the amount on a Form 1099 and instead reported the amount the client stated was the reportable amount of income. Douglass did not respond to the client inquiry about the IRS notice until after a complaint was filed with the Board.

COMMITTEE RECOMMENDATION: Moved and carried to recommend a total civil penalty of \$1,000 for violation of OAR 801-030-0010 (1) Competence and Technical Standards (\$500) and violation of OAR 801-030-0020(1) Professional misconduct (\$500).

Board Discussion: None.

BOARD ACTION: Moved by Andersen and carried to assess a total civil penalty of \$1,000 for violation of OAR 801-030-0010 (1) Competence and Technical Standards (\$500) and violation of OAR 801-030-0020(1) Professional misconduct (\$500).

VOTE: Chair Bailey voted; 4 ayes, 1 nay (Morris), 2 excused (Johnson, Klimowicz)

4. John A. Briggs 07-08-025

Beginning July 1, 2003 through June 2006, John Briggs (Briggs) prepared and issued financial statements for CCA District (District). Briggs did not include compilation reports with District's financial statements.

ALLEGED VIOLATION(S)

801-030-0010 (4) Other professional standards (2004 – 2006)

A licensee, in the performance of management advisory services or accounting and review services, shall conform to the professional standards applicable to such services. For purposes of this rule such professional standards are considered to be defined by Statements on Management Advisory Services and Statements for Accounting and Review Services, respectively, in each instance issued by the AICPA, and by similar pronouncements by other entities having generally recognized authority.

"SSARS 1 compilation is defined in AR 100.04 as 'presenting in the form of financial statements information that is the representation of management without undertaking to express any assurance' on them". The accountant is required to issue a report when it can be reasonably expected that it will be used by a third party.

Briggs prepared thirty-six financial statements for District without including a compilation report on any of the statements. Briggs did not disclose in any other manner that he was not independent.

SUMMARY

OAR 801-030-0010(4) Other professional standards (2004 – 2006)

Mr. Briggs arrived at the meeting at 2:20 p.m. Mr. Briggs stated that he thought he was preparing financial statements for internal use only. Mr. Briggs further stated that:

- He obtained an engagement letter from the District
- He does not perform similar services for other companies
- His Firm provided bookkeeping services for the District
- He has clients who bring him information and he issues compilation reports. In this case, he did not issue a compilation report because he considered himself an employee, was not an independent accountant and could not issue a compilation report
- He is now serving on the Board of Commissioners for the District and no longer provides services to the District
- His Firm is subject to Peer Review

- He understood that the financial statements were not used by third parties and to his knowledge, no one requested the financial statements that he prepared
- He has recently taken a course in compilation and review updates for Accounting Standards
- He issues about 30 compiled financial statements each year

Committee Discussion: Briggs was required by SSARS to issue a compilation report on the Financial Statements and indicate that he was not independent. COMMITTEE RECOMMENDATION: Moved and carried to recommend 16 hours of CPE in *Compilation and Review Updates and Updates of Current Pronouncements and Reporting Issues for violation of OAR 801-030-0010(4) Other professional standards (2004 – 2006).*

Board Discussion: *The Board concurred that 16 additional hours of CPE is adequate.*

BOARD ACTION: Moved by Andersen and carried to assess 16 hours of CPE in *Compilation and Review Updates and Updates of Current Pronouncements and Reporting Issues for violation of OAR 801-030-0010(4) Other professional standards (2004 – 2006).*

VOTE: Chair Bailey did not vote; 4 ayes, 2 excused (Johnson, Klimowicz)

5. Ryan Burns, Egghart & Associates 07-10-030

Ryan Burns (Burns) and Egghart & Associates LLC (Firm) submitted a proposal to audit an Oregon school district before Burns was licensed as a municipal auditor and before Firm was registered as a public accounting firm in Oregon. Firm issued two other audits for Oregon clients prior to the date that Firm was registered as a public accounting firm.

ALLEGED VIOLATION(S)

801-020-0620(1) Municipal Roster. *The Oregon Board of Accountancy is authorized by ORS 297.670 to prepare and maintain the Municipal Roster of licensees who are authorized to conduct municipal audits required by ORS 297.425.*

(2) Requirement for firm registration. *Municipal audits required by ORS 297.425 may only be conducted through a Firm registered under the provisions of ORS 673.160.*

(3) Licensees authorized to bid and contract for municipal audits. *The following licensees who are admitted to the Municipal Roster may bid and contract for municipal audits in accordance with ORS 297.465:*

(a) *A licensed CPA who is a sole proprietor and registered under ORS 673.160;*

(b) *A licensed PA under ORS 673.100 who passed the audit section of the CPA Exam as a requirement for licensing and who is registered under ORS 673.160;*

(4) Firms authorized to bid and contract for municipal audits. *Bids, contracts and municipal audits may be issued in the name of a Firm under the following circumstances:*

(a) *A licensee who is a member of a Firm, and who is on the Municipal Roster, may bid, contract or issue municipal audits in accordance with ORS*

297.465 under the name of such Firm if all owners of the Firm are on the municipal roster, or

(b) A Firm that has at least one member who is on the Municipal Roster may bid, contract or issue municipal audits in the name of the Firm only if the contract and the related audit report are both signed in the name of the Firm by the member who is on the Municipal Roster.

(c) For purposes of this rule, "member" means a partner, shareholder, or owner of the firm. Any other licensee, including an independent contractor, office sharer or licensee working for or with a firm on a limited basis is not a member.

(5) Except as provided in this rule, no person may bid, contract or otherwise offer to issue or issue an audit under ORS 297.405 to 297.555.

On August 7, 2006 when Firm submitted a proposal to Client 1 that included the municipal audit of School, the firm was not registered in Oregon under the provisions of ORS 673.160.

When Firm submitted the bid and contracted with School to perform the municipal audit for School, the firm did not have a licensee who was listed on the Municipal Roster.

Burns was not licensed as a municipal auditor at the time that Burns performed School's audit.

ORS 673.160 Registration of business organizations.

(1) Business organizations of certified public accountants or of public accountants shall register with the Oregon Board of Accountancy if the business organization: (b) Holds itself out to clients in this state or the public in this state as a business organization engaged in the practice of public accountancy. and;

OAR 801-010-0345

A business organization organized for the practice of public accountancy shall register with the Board as a firm if the business organization engages in any of the following activities in this state:

(b) Holds out to clients or to the public that the business organization is in any way engaged in the practice of public accountancy.

(c) Performs attestation or compilation services, as defined by these rules.

When Firm performed audit services and issued audit reports for Client 1 and Client 2, Firm was not registered as an Oregon public accounting firm.

ORS 673.320(1) Permit or registration required to provide attestation or compilation services or issue report; exceptions; use of terms certified public accountant, public accountant, C.P.A. or P.A; exceptions

(1) A person or business organization in this state shall not provide attestation or compilation services for or issue a report on financial statements of any other person, firm, organization or governmental unit unless the person or business organization holds a permit or registration issued under ORS 673.010 to 673.457.

Firm provided attest services and issued audit reports on financial statements for Client 1 and Client 2 and school district prior to obtaining Firm registration.

ORS 673.320(4) Permit or registration

A business organization shall not assume or use the title or designation “certified public accountant” or the abbreviation “C.P.A.”, or any other title, designation, words, letters, abbreviation, sign, card or device tending to indicate that the business organization is composed of certified public accountants unless the business organization is registered under ORS 673.160.

On August 7, 2006 Firm submitted a proposal for professional audit services to Client 1. In the proposal Firm indicated that Firm was composed of certified public accountants. Firm was not registered as a business organization until September 26, 2007, more than a year after the proposal was issued.

SUMMARY

Municipal audits:

OAR 801-020-0620(2) Requirement for firm registration

OAR 801-020-0620(3) Licensees authorized to bid and contract for municipal audits

OAR 801-020-0620 (4) Firms authorized to bid and contract for municipal audits

OAR 801-020-0620(5) Except as provided in this rule, no person may bid, contract or otherwise offer to issue or issue an audit under ORS 297.405 to 297.555

Permit or registration required:

ORS 673.160(1) and OAR 801-010-0345 Registration of business organizations

ORS 673.320(1) Permit or registration required to provide attestation or compilation services or issue report;

ORS 673.320(4) Use of designation without registration

Mr. Burns arrived at the meeting at 10:40 a.m. and presented the Committee with a handout (Attachment B). Mr. Burns stated the following:

- The firm provides audit services for Indian Tribes in other states. Those states do not have a Municipal Audit license requirement.
- EJ is the Firm’s managing partner and she holds a CPA license in each state where audit services are provided.
- The Firm provides services to the tribe and the tribal businesses. The tribes have a compact in many states.
- When the Firm manager contacted OSCPA for a schedule of Municipal courses, it was discovered that none were available until August. The August course was then rescheduled for October.
- The Firm did the work, received the municipal permit and issued the report.
- We were on the path to maintain a municipal license before the complaint was filed.
- When EJ’s Oregon CPA permit lapsed, the Firm believed that EJ had a 60-day grace period.
- Burns applied for an Oregon CPA permit because Burns was going to do the work in Oregon.

- The Firm is currently registered in Oregon and is on the Oregon Municipal Roster.
- Since the complaint, the Firm reviews and looks for unforeseen standards and rules.
- The Firm is subject to Peer Review requirements in states other than Nevada and is selected for Peer Review.

Committee Discussion: The Firm is providing audit services in Oregon because Tribal work is their expertise. Firm management believed that States do not have jurisdiction over the Tribes unless such authority is included in a compact agreement. Rives stated that in the past the Board has been advised by Counsel that Oregon has jurisdiction over the CPA who does work for the Tribes.

Since not all states require firm registration, it seems prudent that firm management would contact each state in writing to determine their rules and laws. AICPA Standards require that CPAs not accept an engagement unless the CPA is qualified. The Firm was not registered in Oregon and no individual within the Firm held a Municipal license and yet they accepted the work. If they perform audits in various states, it is the firm's responsibility to understand the requirements in all states.

COMMITTEE RECOMMENDATION: Moved and carried to recommend a \$4,000 civil penalty as follows:

Municipal audits:

- \$1,000 for violation of OAR 801-020-0620(2) Requirement for firm registration
- \$1,000 for violation of OAR 801-020-0620(3) Licensees authorized to bid and contract for municipal audits; OAR 801-020-0620 (4) Firms authorized to bid and contract for municipal audits; OAR 801-020-0620(5) Except as provided in this rule, no person may bid, contract or otherwise offer to issue or issue an audit under ORS 297.405 to 297.555

Permit or registration required:

- \$1,000 for violation of ORS 673.160(1) and OAR 801-010-0345 Registration of business organizations
- \$1,000 for violation of ORS 673.320(1) Permit or registration required to provide attestation or compilation services or issue report; and ORS 673.320(4) Use of designation without registration

Ryan Burns joined the phone conference at 1:53 p.m.

Board Discussion: *The Board considered jurisdictional issues and determined that the Board of Accountancy has jurisdiction when a CPA enters tribal land in Oregon and performs work for the tribe. The bidding, the contract and the fieldwork were performed prior to obtaining an Oregon Municipal License and before registering the Firm with the Board. However, the Firm signed after registering the Firm as a business organization and after registering the Firm with the Board of Accountancy.*

BOARD ACTION: Moved by Andersen and carried to assess a total civil penalty of \$1,500 as follows:

- \$500 for violation of OAR 801-020-0620(3) Licensees authorized to bid and contract for municipal audits; OAR 801-020-0620 (4) Firms authorized to bid and contract for municipal audits; OAR 801-020-0620(5) Except as provided in this rule, no person may bid, contract or otherwise offer to issue or issue an audit under ORS 297.405 to 297.555
- \$500 for violation of ORS 673.160(1) and OAR 801-010-0345 Registration of business organizations
- \$500 for violation of ORS 673.320(1) Permit or registration required to provide attestation or compilation services or issue reports; and ORS 673.320(4) Use of designation without registration

VOTE: Chair Bailey did not vote; 4 ayes, 2 excused (Johnson, Klimowicz)

6. Victoria Clear 07-11-032

Use of the CPA designation without an Oregon certified public accountant certificate or permit. A website displayed the following:

Victoria Clear
Coastal Accounting & Consulting
 Newport OR 97365-0135

Professional Designations:
 Certified QuickBooks ProAdvisor
 CPA (Certified Public Accountant)

ALLEGED VIOLATION(S)

ORS 673.320(3) Permit or registration

A person shall not assume or use the title or designation "certified public accountant" or "CPA" or any other title, designation, words, letters, abbreviation, sign, card or device tending to indicate that the person is a certified public accountant, unless the person holds a valid certificate of certified public accountant issued under ORS 673.040 and a permit issued pursuant to ORS 673.150.

SUMMARY

ORS 673.320(3) Permit or registration

Committee Discussion: Clear is a licensed CPA in the state of California and was issued a permit in Oregon on January 2, 2008, after the complaint was received.

COMMITTEE RECOMMENDATION: Moved and carried to recommend a \$500 civil penalty with \$250 stayed for violation of ORS 673.320(3) Permit or registration.

Clear participated by phone conference.

Board Discussion: *When Clear entered her personal profile data on the website and clicked the CPA designation box, she believed it applied to education only. Clear did*

not review the website after inputting the data. Clear was reinstated to active status in California in October 2007 and was issued an Oregon CPA permit January 2, 2008.

BOARD ACTION: Moved by Andersen and carried to assess a \$500 civil penalty with \$250 stayed, for violation of ORS 673.320(3) Permit or registration.

VOTE: Chair Bailey did not vote; 4 ayes, 2 excused (Johnson, Klimowicz)

7. Timothy Steers 07-11-033

The Board received notice of PCAOB disciplinary action against Timothy L. Steers CPA LLC (Firm) and Timothy L. Steers.

ALLEGED VIOLATION(S)

ORS 673.170(2)(k) *The Oregon Board may take any of the actions described in subsection (1) of this section for any one of the following causes:*

(k): Cancellation, suspension, revocation or refusal to renew by any state, any foreign jurisdiction or any federal agency of the right to practice law, to practice as an enrolled agent before the Internal Revenue Service pursuant to 31 C.F.R. part 10, or to practice under other regulatory law if the cancellation, suspension, revocation or refusal to renew was related to the practice of public accountancy or if dishonesty, fraud or deception was involved.

SUMMARY

ORS 673.170(2)(k)

Timothy Steers and Carolyn Harris Crowne, Esq. arrived at the Complaints Committee meeting at 1:30 p.m. and John Lutz, Esq. attended by phone. Crowne explained that they couldn't comment on the PCAOB disciplinary action against Timothy L. Steers CPA LLC (Firm) and Timothy L. Steers, however, Crowne stated that Steers may reapply with the PCAOB in two (2) years. Steers presented a history of his professional career as a CPA, chronicled his history with the PCAOB and detailed the changes that he made to firm policies and procedures as a result of the PCAOB action (Attachment C). Steers is rebuilding his practice: preparing accounting and financial statements for public companies; preparing tax returns and doing consulting work. Steers noted that there were significant technical accounting issues that the PCAOB did not question and the PCAOB investigation was expanded to look at the managers of some of the publicly held companies.

Committee Discussion: The committee concurred that PCAOB reviews are difficult at best and for one individual to put himself in the position to be reviewed by the PCAOB is dubious. Steers prior Client acceptance procedures were inadequate.

COMMITTEE RECOMMENDATION: Moved and carried to recommend 36 hours of continuing professional education with 18 hours in tax related courses; pre-issuance reviews on 30% of attest engagements during a 12 month period with no fewer than three (3), or pre-issuance review of all attest engagements if Steers performs fewer than three (3) engagements in the 12 month period; suspend CPA permit for five (5) years to be stayed if no violations during that same five (5) years and recommend a civil penalty of \$10,000 as follows:

- Violation of OAR 801-030-0010, Competency (\$5,000 x 2)

Board Discussion: See Legal 6.A.1.a.

8. Gary Stapleton

07-11-034

Gary Stapleton (Stapleton) prepared 2003 and 2004 individual income tax returns for S.J.C. (Client). Client's tax return included Profit or Loss from Business Schedule C. Stapleton deducted expenses for donations and equipment on Client's Schedule C.

ALLEGED VIOLATION(S)

801-030-0010 (1) Competence (2003 and 2004)

A licensee shall not undertake any engagement for the performance of professional services, which the licensee cannot reasonably expect to complete with due professional competence.

Stapleton reported donations on Client's 2004 Schedule C instead of on Client's Schedule A of Form 1040.

Stapleton reported equipment as other expenses on Client's 2003 Schedule C. The equipment described by Client was not recorded on the depreciation schedule.

SUMMARY

801-030-0010 (1) Competence (2003 and 2004)

John Magee, attorney for Stapleton arrived at the Complaints Committee meeting at 9:30 a.m. and noted that there was confusion on the 2003 tax returns regarding whether expensed equipment was for resale or for use in the Client's business. Stapleton's client told the investigator that the equipment was used in the Client's business. The equipment was not for resale. Magee also stated that Stapleton employs licensed tax preparers.

Magee agreed to provide answers to the following questions to be considered at the February 4, 2008 Board meeting:

- the name of every business owned by the client
- the date each business began
- the date each business ceased operations
- describe the form of business (i.e. partnership, corporation, sole proprietor, etc.)
- a copy of 2003-2004 tax returns for every business
- a copy of the 2003 and 2004 depreciation schedule for every business
- description of the donations reported on the 2004 tax return, including the name of each recipient and the amount the recipient received
- a list of equipment expensed on the 2003 tax return and indicate whether the equipment was for resale or used in the curb business

Committee Discussion: The evidence indicates that the equipment was used in Client's business and was not for resale. In that event, it should have been depreciated on the 2003 tax returns.

COMMITTEE RECOMMENDATION: Moved and carried to recommend a \$2,000 civil penalty for expensed equipment on the 2003 tax return, in violation of 801-030-0010 (1) Competence.

Board Discussion: *The Board discussed whether or not the errors were the result of misunderstanding or were intentional for the purpose of limiting the client's tax liability. Andersen noted that the committee discussed this topic at length and concluded that the incorrect entry could have resulted from a miscommunication.*

BOARD ACTION: Moved by Andersen and carried to assess a \$2,000 civil penalty for expensed equipment on the 2003 tax return, in violation of 801-030-0010 (1) Competence.

VOTE: Chair Bailey did not vote; 4 ayes, 2 excused (Johnson, Klimowicz)

9. David Wilson

07-11-035

David Wilson (Wilson) agreed to prepare a 2006 individual income tax return for D.H. (Client). Client requested that Wilson complete Client's tax return or return Client's original documents on or before October 15, 2007. Wilson did not timely deliver Clients tax return or return Client's original documents.

ALLEGED VIOLATION(S)

Responsibilities to Clients

OAR 801-030-0015(2) Client records and working papers.

(b) Requested records. *Licensees are required to furnish the following records to a client or former client, upon request, within a reasonable time after such request:*

(A) In response to a client's request for client records, made within a reasonable time, that occurs prior to issuance of a tax return, financial statement, report or other document prepared by a licensee, the licensee shall furnish to the client or former client any accounting or other records belonging to or obtained from or on behalf of the client that the licensee received for the client's account or removed from the client's premises.

Client left telephone and e-mail messages requesting that Wilson either complete Client's return or return Client's documents. Wilson did not respond to Client's telephone and e-mail inquiries, or to notices that Client posted to Wilson's door. Wilson contacted Client after Client filed a complaint with the Board.

Other Responsibilities and Practices

OAR 801-030-0020 (1) Professional misconduct.

(a) *A licensee shall not commit any act or engage in any conduct that reflects adversely on the licensee's fitness to practice public accountancy.*

(b) *Professional misconduct may be established by reference to acts or conduct that would cause a reasonable person to have substantial doubts about the individual's honesty, fairness and respect for the rights of others or for the laws of the state and the Nation. The acts or conduct in question must be rationally connected to the person's fitness to practice public accountancy.*

Client delivered documents to Wilson who agreed to prepare Client's tax return. Wilson did not timely complete Client's tax return.

Client posted a message on Wilson's office door and left telephone and e-mail messages inquiring about the status of his tax return. Client requested that Wilson either complete Client's return or return Client's documents. Wilson did not respond to the messages left by Client. After Client filed a complaint with the Board, Wilson contacted Client.

Wilson's conduct would cause a reasonable person to have substantial doubts about his honesty, fairness and respect for the rights of others.

OAR 801-030-0020(7) Board communications and investigations.

(b) Licensees who receive any Board communication requesting the licensee to provide a written response shall:

(A) Provide a written response to the Board within 21 days of the date the Board communication was mailed,

(B) Respond fully and truthfully to inquiries from and comply with all Board requests.

(c) The Board of Accountancy shall provide written notice to licensees of complaints filed against the licensee and of any Board investigation that affects the licensee. Licensees who receive notice of a complaint investigation:

(A) Shall cooperate fully with all Board investigations, including any request to appear to answer questions concerning such investigations, and

(B) Shall not engage in any conduct or activity that would hinder or obstruct a Board investigation.

Wilson did not submit a written response to the Board's notice of complaint. A timely response was due on or before December 11, 2007.

SUMMARY

Responsibilities to Clients

OAR 801-030-0015(2) Client records and working papers.

(b) Requested records

OAR 801-030-0020(1) Professional misconduct

OAR 801-030-0020(7) Board communications and investigations

Committee Discussion: There was no discussion.

COMMITTEE RECOMMENDATION: Moved and carried to recommend a \$6,000 civil penalty as follows:

- \$1,000 for violation of OAR 801-030-0020(7) Board communications and investigations
- \$5,000 for violation of OAR 801-030-0015(2) Client records and working papers.

(b) Requested records

Board Discussion: *The Board issued a Final Order against Wilson August 1, 2007 for similar offenses. For that reason, the Board believes a higher civil penalty should be assessed for not responding to Board communications.*

BOARD ACTION: Moved by Andersen and carried to assess a total civil penalty of \$6,500 for violations of:

- OAR 801-030-0020(7), Board communications and investigations (\$1,500) and
- OAR 801-030-0015(2), Client records and working papers (b) Requested records (\$5,000)

VOTE: Chair Bailey did not vote; 4 ayes, 2 excused (Johnson, Klimowicz)

10. Edward Winslow 07-11-037

INVESTIGATION SUMMARY

ORS 673.320(3) Permit or registration

A person shall not assume or use the title or designation "certified public accountant" or "CPA" or any other title, designation, words, letters, abbreviation, sign, card or device tending to indicate that the person is a certified public accountant, unless the person holds a valid certificate of certified public accountant issued under ORS 673.040 and a permit issued pursuant to ORS 673.150.

Use of the CPA designation without an Oregon certified public accountant certificate or permit.

A website for Winslow displayed the following:

Protect Money Investments
541 245-9006

Education
CPA; Certified Public Accountant.

After receiving notice of this complaint, Winslow changed his website, as follows:

Education
CPA; Certified Public Accountant (1976 – 1982)

SUMMARY

ORS 673.320(3) Permit or registration

Committee Discussion: The CPA designation on the website is misleading.

COMMITTEE RECOMMENDATION: Moved and carried to recommend a \$500 civil penalty with \$250 stayed; require Winslow to indicate on the website in which state he was licensed, for violation of ORS 673.320(3) Permit or registration.

Board Discussion: *There was no discussion.*

BOARD ACTION: Moved by Andersen and carried to assess a \$500 civil penalty with \$250 stayed; require Winslow to indicate on the website in which state he was licensed, for violation of ORS 673.320(3) Permit or registration.

VOTE: Chair Bailey did not vote; 4 ayes, 2 excused (Johnson, Klimowicz)

11. Katherine Bingenheimer 07-12-038

INVESTIGATION SUMMARY

ORS 673.320(3) Permit or registration

A person shall not assume or use the title or designation "certified public accountant" or "CPA" or any other title, designation, words, letters, abbreviation, sign, card or device tending to indicate that the person is a certified public accountant, unless the person holds a valid certificate of certified public accountant issued under ORS 673.040 and a permit issued pursuant to ORS 673.150.

Bingenheimer's permit lapsed on July 1, 2005 because she submitted an incomplete application on July 6, 2005 and did not respond to two Board requests to provide missing information. Firm 42, Bingenheimer CPA PC was terminated after Bingenheimer's permit lapsed. Bingenheimer submitted a reinstatement application on July 3, 2007 and responded "yes" to reinstatement application question 12.d. Holding out as a CPA in Oregon or to Oregon clients while lapsed. Bingenheimer provided the following services while lapsed: Consulting and Bookkeeping; prepared and signed approximately 300 individual income tax and approximately twenty corporate or partnership tax returns; and prepared and issued client's payroll tax reports. Bingenheimer gave the following reason for holding out while lapsed; both parents and her husband died in the years just prior to her June 30, 2005 renewal (Mother 3/22/99, husband November 2001, Father 4/13/03) and Bingenheimer was herself, diagnosed and treated for a brain tumor.

SUMMARY

ORS 673.320(3) Permit or registration

Committee Discussion: Bingenheimer stated that she was unable to reinstate her permit because she was ill. Bingenheimer prepared and signed 320 tax returns in each of two years (300 individual and 20 corporate partnerships x 2 = 640). Bingenheimer's last reporting period was July 1, 2005. She was in lapsed status while preparing the 640 tax returns. The Investigator will request her medical records and her parents' death certificates.

COMMITTEE RECOMMENDATION: Moved and carried to recommend a \$64,000 (\$100 x 640) civil penalty and 40 hours of continuing professional education in tax related courses for violation of ORS 673.320(3) Permit or registration.

BOARD ACTION: Moved by Andersen and carried to assess a \$5,000 civil penalty (\$2,500 per year x 2) and 40 hours of continuing professional education in tax related courses for violation of ORS 673.320(3) Permit or registration.

VOTE: Chair Bailey did not vote; 4 ayes, 2 excused (Johnson, Klimowicz)

12. William R. Line

07-12-040

INVESTIGATION SUMMARY

ORS 673.320(3) Permit or registration

A person shall not assume or use the title or designation "certified public accountant" or "CPA" or any other title, designation, words, letters, abbreviation, sign, card or device tending to indicate that the person is a certified public accountant, unless the person holds a valid certificate of certified public accountant issued under ORS 673.040 and a permit issued pursuant to ORS 673.150.

1. Line held a lapsed permit from July 1, 2006 through August 16, 2007. Firm 1539 was terminated when Line's permit to practice public accountancy lapsed (Firm registration is not required). Line used the CPA designation and provided the following professional services while permit 3270 was lapsed: prepared and signed approximately two hundred individual income tax returns; prepared and signed approximately thirty corporate or partnership tax returns; and bookkeeping services, including QuickBooks data entry at client offices.

SUMMARY

ORS 673.320(3) Permit or registration

Committee Discussion: Line's permit has lapsed in the past. While in lapsed status, Line prepared and signed approximately 200 individual tax returns and 30 corporate tax returns.

COMMITTEE RECOMMENDATION: Moved and carried to recommend a \$57,500 (\$250 x 230) civil penalty for violation of ORS 673.320(3) Permit or registration.

Board Discussion: The Board found no extenuating circumstances.

BOARD ACTION: Moved by Andersen and carried to assess a \$5,000 civil penalty for violation of ORS 673.320(3) Permit or registration.

VOTE: Chair Bailey did not vote; 4 ayes, 2 excused (Johnson, Klimowicz)

8. REPORT OF ADMINISTRATOR

A. OSCPA Circle of Excellence Ceremony, May 7, 2008

Mr. Bailey volunteered to represent the Board of Accountancy at this event.

B. Letter from Peter Okulitch Ph.D.

Dr. Okulitch submitted a complaint against Robert Stacy that was similar to prior complaints on which the Board previously took action. The complaint was closed administratively. Dr. Okulitch does not think that his complaint is identical to the other complaints, and wants the Board to investigate his claims.

Board Discussion: While this may involve some of the same issues as the other complaints against Mr. Stacy, it is not clear whether Dr. Okulitch has stated additional or different questions.

BOARD ACTION: Moved by Gaffney and carried to refer the complaint to Board counsel to determine whether the allegations are the same as those that Mr. Stacy was previously disciplined for. If the complaint is the same, Board chair will send a letter to Dr. Okulitch notifying him of the Board's conclusion.

VOTE: Chair Bailey did not vote; 4 ayes, 2 excused (Johnson, Klimowicz)

C. Mobility Task Force Report

The Mobility Task Force met January 22, 2008. AAG Dover reviewed the proposed revisions to ORS673 and discussed several concerns. The OSCP will submit these concerns to AICPA counsel for response. Based on the legal issues raised, it is likely to take 30-45 days for a response. The next mobility meeting will be scheduled after a response is received.

The Board has prepared a survey to send to licensees. Board staff was directed to hold the survey until after tax season and receipt of the response to AAG Dover's concerns. Based on the response, there may be additional questions to include in the survey.

D. PCAOB Response to Questions

Michael Stevenson, Deputy General Counsel for PCAOB, responded to questions that Board submitted to PCAOB.

Stevenson confirmed that the PCAOB has disciplinary authority. Regarding a state board's ability to obtain information based on a PCAOB investigation, PCAOB will not respond to state boards if it looks like the board is on "a fishing expedition". For example, if the Board has a complaint against a PCAOB registered firm that relates to an SEC company, and the Board contacts the PCAOB questioning if there is information in the PCAOB inspection report that is pertinent to the Board's complaint; the Board's inquiry may result in a specific answer from the PCAOB. In other words, response from PCAOB is more likely if the state board has an independent open investigation.

All final disciplinary actions are on the PCAOB website. Mr. Stevenson agreed to provide further assistance if the PRO committee has additional questions, or would like to schedule a telephone conference with a PCAOB representative.

Unless there is a specific Oregon connection, the Board directed that the PRO Committee not review PCAOB inspection reports until further notice.

9. PUBLIC COMMENTS

None

10. REPORT OF OAIA

Mr. Besemann has no current information to report. Mr. Besemann's term as liaison to the Board is ended and OAIA anticipates an alternate representative will attend the Board's Work Session in May.

11. REPORT OF OSCPA

Mr. Wright reported that Ms. Janice Essenberg was elected Vice-chair and will be the Board liaison for 2008-09. The concerns from the mobility task force meeting have been submitted to AICPA counsel. The OSCPA Board reviewed BOA's proposed budget document from the December 11, 2007 meeting but did not act upon it as they are aware of potential changes. The society is aware of the need for a balanced budget but will follow the bill closely through legislation. The Circle of Excellence Awards Banquet and the Leadership conference are both scheduled in the next few months. The society extends an invitation to BOA members to participate in the Leadership conference.

12. OLD BUSINESS

A. Gregor and Co: Pre-issuance Review

The Board reviewed a January 17, 2008 report from William A. Maas regarding the pre-issuance reviews of audit engagements of Gregor Professional Corporation. The Maas report noted numerous deficiencies in the audit engagements. The Board concurred that Gregor Professional Corporation fulfilled the terms of Consent Order CO 06-136. The Board agreed that, based on the Maas Report, additional review of Gregor's audit procedures is warranted. The Board needs to open a new complaint and investigation and allow Gregor Professional Corporation time to respond.

BOARD ACTION: Moved by Gaffney and carried to close this case and open a new complaint against Gregor Professional Corporation based on the Maas report.

VOTE: Chair Bailey voted; 5 ayes, 2 excused (Johnson, Klimowicz)

B. Jim Pike Annual Letter

The Board previously approved Pike's request to work in Oregon, however, the Board requested the names of employees who are working in the Oregon office.

C. Seydel Lewis Poe

Mike Poe, CPA, Brent Lewis, CPA, and Mike Moeller, CPA joined the meeting by phone conference. Andersen and Bailey recused themselves from the discussion and from voting.

According to the terms of the Consent Order, Jones & Roth issued five (5) preissuance audit reviews for Seydel Lewis Poe and reported that all five preissuance reviews were deficient. The Board voted to review an additional five preissuance reviews for another year. Seydel Lewis Poe took exception to that decision and responded to the Board in their letter dated January 27, 2008.

Seydel, Lewis Moeller made the following comments and remarked that the following actions have had a positive effect on the Firm:

- Reassignment of three (3) audit teams and addition of one full time quality control employee who no longer works in the field; this person is in charge of internal quality control
- peer review since the Jones & Roth reviews resulted in unmodified report
- the Firm improved processes and we are in compliance
- the Firm made changes, passed a peer review, paid all civil penalties and completed all CPE

Board Discussion: *The Board concurred that this process has been worthwhile for the Firm. The Board endeavors to ensure that firms are updated with the latest knowledge regarding professional standards.*

BOARD ACTION: Moved by Gaffney and carried to accept the pre-issuance review report of Seydel Lewis Poe as meeting the requirements of Consent Order CO 06-001.

VOTE: Chair Baker did not vote: 4 ayes (Gaffney, Morris, Lind, Klimowicz), 2 recused (Andersen, Bailey) 1 excused (Johnson)

13. CONTINUING PROFESSIONAL EDUCATION

A. No meeting held

14. PEER REVIEW OVERSIGHT

A. No meeting held

15. QUALIFICATIONS COMMITTEE

A. Report of Qualifications Committee

1. January 14, 2008

BOARD ACTION: Moved by Gaffney and carried to approve the minutes from the January 14, 2008 meeting.

VOTE: Chair Bailey did not vote; 4 ayes, 2 excused (Johnson, Klimowicz)

B. Consent Agenda

BOARD ACTION: Moved by Gaffney and carried to approve the applications presented.

VOTE: Chair Bailey did not vote; 4 ayes, 2 excused (Johnson, Klimowicz)

1. Recommendations

a. Irina Maltseva

Ms. Maltseva gained her experience with the following employer:
Freightliner 27 mos. All competencies

Ms. Maltseva passed the CPA exam on October 27, 2005. Ms. Maltseva is the franchise audit coordinator and senior accounting analyst. The documentation shows she has a high quality of work. Mr. Selid indicated that the write-up was very thorough and clearly demonstrated that the applicant met the seven core competencies.

COMMITTEE RECOMMENDATION: Mr. Selid recommends approval. Vote: 8 ayes

b. Linda Becking

November 13, 2007 Committee Meeting:

Ms. Becking gained her experience with the following employer:
Intel 51 mos. All

Ms. Becking passed the CPA Exam in November 2001. Ms. Becking gained her experience while employed at Intel. Mr. Rawls expressed his concern that the write-up provided was lacking in specific examples of the work performed by Ms. Becking. Staff will send a letter to the supervisor licensee asking for more detail including the name of each supervisor licensee and dates that each licensee supervised the applicant.

COMMITTEE RECOMMENDATION: Defer

January 14, 2008: The Board staff requested additional information regarding the supervision arrangement and detailed examples of Ms. Becking's work performed. Mr. Rawls spoke to Mr. Knight, head of the Intel program and has received sufficient clarification on both the supervision arrangement and the work performed.

COMMITTEE RECOMMENDATION: Moved by Rawls and carried to approve application for certification for Ms. Becking. Vote: 8 ayes.

2. Other

***a. Linda Riley/Deny**

***b. Bob Baldwin/Deny**

3. Approval of Applications

1. Approval of Applications

a. CPA Certificates/Permits

52 CPA Applications

b. PA Licenses/Permits

None

c. Firm Registrations

16 Firm Applications

d. Substantial Equivalency Approval

33 Substantial Equivalency Authorizations

C. Items Removed from Consent Agenda

A. Linda Riley

Linda Riley submitted an application for certification on June 18, 2007. She worked for several employers, however she did not achieve competency in all seven areas. A notice of proposed denial was mailed to Ms. Riley on September 11, 2007 to which she requested a hearing.

The Board office requested Kendra Steph, supervisor licensee of Ms. Riley while employed at Barry Butcher & Associates, to provide a detailed explanation explaining why she did not sign off on all competencies. Ms. Steph reiterated that the applicant did not meet the level of competency in the areas marked 'no'. Ms. Riley also sent work examples to prove that she has met the competencies. These examples were given to the Committee for their review.

Committee Discussion: The committee did not feel comfortable second guessing experience that the supervisor licensee had determined not sufficient. Ms. Riley passed the exam in November 2001, therefore she has until November 2009 to get all competencies. She is currently working for a different CPA firm and therefore, the committee suggests that she reapply for a license once she has demonstrated experience with her current employer. The committee also noted that the work examples sent by Ms. Riley were client records and should not have been sent.

COMMITTEE RECOMMENDATION: Deny application for certification and recommend to applicant that she get additional experience. Vote: 8 ayes.

Board Discussion: The Board reviewed the documents and stated it was clear that the supervisor licensee does not feel the qualifications of the applicant is sufficient for certification. The applicant has the required time but must achieve competency in the seven core areas.

BOARD ACTION: Moved by Gaffney to accept the committee recommendation.

VOTE: Chair Bailey did not vote; 4 ayes, 2 excused (Johnson, Klimowicz)

B. Bob Baldwin

Minutes from December 7, 2006 meeting:

Mr. Baldwin gained his experience with the following employer:

Lane Community College 39 mos. All competencies

Mr. Baldwin passed the CPA Exam in November 1998. Mr. Baldwin's experience is based on his position with Lane Community College as a procurement specialist. Mr. Selid does not believe Mr. Baldwin has had sufficient experience in this

position. He has held this position since 2003 under the supervision of a qualified supervisor licensee. The position does not include any financial statement work or typical accounting duties. The committee does not believe that competence in the seven core areas can be achieved based on the duties that Mr. Baldwin has performed.

COMMITTEE RECOMMENDATION: Mr. Selid moved to recommend a finding that Mr. Baldwin has not achieved the competencies. Vote: 4 ayes, 3 excused (Santiago, Rawls and Carey)

Board staff sent letters on January 10, 2007 and again on February 6, 2007 to the applicant advising him of the Board decision to deny his application. The applicant could either withdraw his application for certification and reapply once he has met the requirements or request an administrative hearing. The applicant requested an administrative hearing.

On March 5, 2007 Board staff sent a letter to Mr. Baldwin's supervisor licensee, Stan Barker, asking if Mr. Barker could provide additional information to substantiate a broader base of experience. Mr. Barker provided additional information which was reviewed by the committee.

The committee was not satisfied that the additional information provided enough assurance that the applicant had met the core competencies through the appropriate level of experience.

April 24, 2007 COMMITTEE RECOMMENDATION: Moved by Selid and carried to confirm the recommendation to deny the application for certification for Bob Baldwin. Vote: 6 ayes, 1 excused (Carey)

Minutes from May 21, 2007 Board Meeting:

Board Discussion: Mr. Baldwin and Greg Morgan attended the Board meeting to discuss the committee recommendation. Board Member Johnson asked Mr. Baldwin to describe his experience performing audits and his involvement in the preparation of the college's financial reports. Mr. Baldwin stated that he works with depreciation schedules and final journal entries. He also works with the external auditors. He has prepared policies for long range financial planning and prepared methods for assigning value to post retirement accounts. He has also assisted in the published budget.

Mr. Morgan is not Mr. Baldwin's direct supervisor; Morgan supervises the supervisor licensee. Mr. Morgan has not directly supervised the work of Mr. Baldwin, therefore, the Board will request additional information from Mr. Barker as to the competencies.

May 21, 2007 BOARD ACTION: Moved by Gaffney and carried to refer this case back to committee.

VOTE: 7 ayes, Chair Klimowicz voted.

July 17, 2007 Committee meeting

Mr. Baldwin and Mr. Barker attended the Qualifications committee meeting July 17, 2007. Board staff sent Mr. Barker a letter asking for additional information; his response was received one day prior to the committee meeting. The committee asked Mr. Baldwin and Mr. Barker to clarify the work performed at Lane Community College and determined that additional time was required to review the additional information.

COMMITTEE RECOMMENDATION: The committee will defer this case until the September meeting to allow sufficient time to review the additional information provided.

November 13, 2007 COMMITTEE RECOMMENDATION: The committee will defer this case until the January meeting due to lack of quorum at this meeting.

January 14, 2008 Committee meeting

The committee reviewed all the documentation received for Mr. Baldwin's application for certification. It is the committee's judgment that the level of work that the applicant performed is not sufficient to recommend approval.

COMMITTEE RECOMMENDATION: Moved by Selid and carried to recommend denial of Mr. Baldwin's application for certification. Vote: 7 ayes, 1 abstention (Martin) Mr. Martin abstained due to lack of background on this applicant.

Board Discussion 2/4/2008 – No discussion

BOARD ACTION: Moved by Gaffney to accept the committee recommendation.

VOTE: Chair Bailey did not vote; 4 ayes, 2 excused (Johnson, Klimowicz)

16. CPA EXAM

A. Exam Fee Increase

AICPA announced that exam fees are increasing effective August 16, 2008. Oregon application fees will remain the same. Board staff will post this information on the Board website and include notice of this increase with grade results.

17. CODE OF PROFESSIONAL CONDUCT

A. Report of Professional Conduct Committee

No meeting held.

18. NEW BUSINESS

A. Pre-Issuance Review Taskforce, Scheduled for April 29, 2008.

19. PROCESS OBSERVER REPORT

The meeting was successful, the Board got through a lot of work. Mr. Gaffney suggested that meetings by conference call should be limited to half day. This agenda was too heavy to be held by conference call. Conference calls should maybe be an exception rather than the rule for February Board meetings.

20. NEXT MEETING

Date: May 18, 2008 – Work Session
May 19, 2008 – Board Meeting
Location: Eugene Hilton
66 East 6th Ave
Eugene OR 97401
Time: 9:30 a.m. Worksession May 18, 2008
8:00 a.m. Exec Session May 19, 2008
9:00 a.m. Board Meeting May 19, 2008

21. ADJOURNED

There being no further business, the meeting adjourned at 4:43 p.m.