

**OREGON BOARD OF ACCOUNTANCY**  
**Minutes, October 6, 2008**

**3218 Pringle Road SE #110**

**Salem, OR**

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*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*  
Ray Johnson, CPA, *Co-Treasurer*  
Eric Lind, *Public Member, Co-Treasurer*  
James Gaffney, CPA  
Stuart Morris, PA  
Roberta Newhouse, CPA

**Guests Attending**

Jeffrey Dover, *Asst. Attorney General*  
Janice Essenberg CPA *OSCPA*  
Cheryl Langley, *OSCPA*  
Joyce Funkhouser, *OAIA*  
Sue Robertson, *OAIA*  
Rory Foley, CPA  
Maria McQuaw (*Office Manager for Foley*)

**Staff Members**

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

**1. CALL TO ORDER**

A quorum being present, Chair Bailey called the meeting to order at 8:32 a.m. Stuart Morris was appointed process observer and guests were introduced.

**2. APPROVAL OF MINUTES**

**A. August 18, 2008 Board Minutes**

**BOARD ACTION:** Moved by Gaffney and carried to approve the August 18, 2008 Board meeting minutes.

**VOTE:** Chair Bailey voted; 7 ayes

**3. REPORT OF CHAIR**

**A. NASBA**

Mr. Bailey will be attending the 101<sup>st</sup> Annual Conference in Boston, MA October 26 through 29, 2008.

During the December 5 work session the Board discussed proposed revisions to the 150 hour education requirement for exam candidates. Some states are allowing candidates to sit for the exam with 120 semester hours of education, with the requirement to attain 150 semester hours before a license is issued. Further discussion was deferred to the Fall 2009 work session.

**B. Other**

Mr. Morris reviewed a research paper that was prepared for the *Tax Research Network 17<sup>th</sup> Annual Conference* and reported that Oregon requirements for licensed tax preparers were complimented throughout the paper. Mr. Bailey reported that Arkansas plans to introduce legislation that will mirror the Oregon law that requires individuals who prepare individual tax returns to be licensed.

#### 4. REPORT OF VICE CHAIR

##### A. Work Session Items

###### 1. Mobility (Work Session 2.A.)

Mr. Gaffney provided background information of previous meetings of the task force. The OSCP has submitted a mobility bill for the 2009 legislative session. The bill did not have a consensus from the task force. The Board has not determined if it will support or oppose the bill. The Board has concerns with the bill. Mrs. Bango, Mr. Allen and Mr. Bishop have been visiting different state Boards and answering many of the same questions that the Oregon Board has presented. Mr. Allen explained that there are three points to the current UAA: No notice, no fee and no escape.

###### 2. Administrative rule development (Work Session 4.A.)

Rules to be filed for January 1, 2009 effective date

###### a. Division 001

Update effective date of professional standards to January 1, 2009.

###### b. Division 010

A new provision is proposed to include cost recovery of Board investigations. Also clarify CPA examination rules and; Clarify that sole proprietors may also register as a professional corporation or limited liability company.

Exam rules were modified to establish a 90-day period in which exam candidates must complete the application process. This includes filing an application and having all transcripts or other necessary documents forwarded to the Board. If not completed within 90 days, the Board will deny the application as incomplete and the candidate forfeits the application fee. The Board directed staff to include this requirement in candidate information.

###### c. Division 030

Revisions require written disclosure when licensees and clients engage in business transactions that may affect the licensee's objectivity. The purpose of this revision is to assure that clients are informed if the licensee's objectivity is impaired. The Board can clarify specific examples in an FAQ.

###### d. Division 040

Revisions include:

- A requirement for new licensees to complete an Oregon specific ethics course during the first renewal cycle. All other active licensees will be required to report 4 hours of general ethics each renewal cycle.
- Reduction in reinstatement fees for certain licensees.
- The Peer Review committee recommended that licensees who perform Audit & Attest services be required to have Audit & Attest specific CPE.

**Board Discussion:** *The Board does not agree that a specific requirement for audit and attest CPE is necessary. They believe that the current requirement that licensees elect CPE that contributes to professional competency is sufficient.*

**BOARD ACTION:** Moved by Andersen and carried to approve all proposed revisions with the exception of additional audit and attest CPE in Division 040. The Board will have the opportunity to review after the public hearing.

**VOTE:** Chair Bailey voted; 7 ayes

**e. Rule Hearing, December 1, 2008**

Stuart Morris will serve as the administrative rule hearings officer.

**3. Complaint Investigation Process Review**

**a. Definitions of actions available**

The Board approved the definitions of disciplinary actions (*Attachment A*). Staff will provide this information to the Complaints Committee.

**b. Legal preparation for administrative hearings**

The Board approved procedures regarding legal preparation for administrative hearings with the addition of recording the testimony of visitors attending Board and Committee meetings (*Attachment B*).

**c. Inquiry process**

The Board requested that the Complaints Committee review the disciplinary inquiry process and report back to the Board (*Attachment C*).

**d. Request to Approve Foreign Accreditation Evaluation Service**

Currently the Board only accepts foreign evaluation that are completed from an evaluation agency that is a member of the National Association of Credential Evaluation Services, Inc. (NACES). ACREVS Inc has requested the Oregon Board of Accountancy to accept their credentials and allow evaluations from their company for Oregon CPA exam and licensure purposes. ACREVS Inc is not a member of NACES. This change would require administrative rule changes to 801-010-0085. Mr. Johnson agreed to review the ACREVS information and prepare a recommendation for Board review at the December 2008 meeting.

**5. REPORT OF TREASURER**

Rives explained that Month 13 is a fiction of State Government accounting procedures that reflects a period of adjustment.

Lind outlined the budget, noting that state travel and office expenses continue to be under budget, expenditures for personal services are over budget, but overall the BOA budget is currently on track. Rives commented that the Board has no control over personal service expenditures.

Johnson stated that BOA continues to demonstrate fiscal responsibility and there is no indication that BOA is mismanaging funds.

**BOARD ACTION:** Moved by Lind and passed to accept the budget reports.

**VOTE:** Chair Bailey voted; 7 ayes

**6. LEGAL**

**A. Report of Legal Items**

**1. Proposed Settlements**

**a. Shelia Lamvik 07-08-023**

Sheila Lamvik was hired as controller of Company in August 2005. While serving as Company controller, Lamvik converted Company and Owner funds to her personal use. Previously the Board took action to:  
(1) Revoke Lamvik's Certified Public Accountant certificate and permit for violations of ORS 673.170(2)(b) or in the alternative 673.170(4);

- (2) Notify the USS Ranger Museum Foundation and DCBS of the Board's action; and
- (3) Assess the following civil penalties in the total amount of \$44,000 for violations of OAR 801-030-0020(1)(b) as follows:
- \$5,000 for five (5) unauthorized wire transfers to deposit company money into Lamvik's personal bank accounts, at \$1,000 each
  - \$5,000 for five (5) altered bank statements that concealed unauthorized wire transfers deposited to Lamvik's personal bank accounts at \$1,000 each
  - \$4,000 for four (4) entries to accounting records that recorded a legitimate vendor as payee to disguise amounts received by Lamvik at \$1,000 each
  - \$2,000 for two (2) payroll advances that Lamvik paid to herself, but that Lamvik did not deduct from her payroll check at \$1,000 each
  - \$2,000 for two (2) wire transfers to SS, not a company vendor at \$1,000 each
  - \$7,000 for seven (7) payroll checks paid to Lamvik at a higher hourly rate than authorized at \$1,000 each
  - \$1,000 for creation of a phony email purportedly sent by Owner's wife that authorized Lamvik to pay vendor invoices for remodeling services
  - \$8,000 for preparation of eight (8) bogus invoices purportedly submitted by a vendor for expenses of remodeling Owner's residence
  - \$8,000 for eight (8) unauthorized checks issued in payment of false invoices and that were deposited in Lamvik's personal bank account
  - \$1,000 for (1) unauthorized check processed in Owner's accounting records as payable to a Vendor and deposited in Lamvik's personal bank account
  - \$1,000 for fraudulently issuing a credit card check and depositing such check in Lamvik's personal bank account

**Board Discussion:** *The Board reviewed correspondence from Lamvik's attorney stating that Lamvik is willing to surrender her CPA license to avoid a hearing and payment of civil penalties. Dover reported that Lamvik is in the process of bankruptcy.*

**BOARD ACTION:** *Moved by Johnson and carried to accept Lamvik's offer to surrender her license and waive the civil penalty.*

**VOTE:** Chair Bailey voted; 7 ayes

**b. Gary Stapleton**

Stapleton deducted alimony on Client's 2003 tax return. The deduction was disallowed by Oregon Department of Revenue. After considering this matter and statements made by Stapleton in a prior Board meeting the Board issued a Notice of Proposed License Revocation and \$3,000 Civil Penalty. A hearing was scheduled for July 16, 2008. Prior to hearing the Board entered into settlement negotiations and the July 16, 2008 hearing was mistakenly cancelled. A new pre-hearing conference was scheduled for October 20, 2008. A hearing is scheduled for January 21, 2009.

**Board Discussion:** Stapleton's attorney advised that Stapleton's resignation was forthcoming, however as of this date, resignation has not been tendered. Stapleton's attorney chose not to take advantage of depositions. The Board directed Dover to obtain Stapleton's resignation and if a resignation is not tendered proceed to hearing. There was no additional Board action.

The Board discussed the implementation of a cost recovery policy to include the costs of OAH, DOJ, expert witnesses, contract investigators and temporary administrative staff hired to assist with investigations. Rives said that the Board has statutory authority to request cost recovery and noted that she has researched cost recovery with other state boards. The Board noted that cost recovery provisions have not been clarified in the Administrative rules. Rives will prepare a "simple rule" for cost recovery.

**c. Morton Bohn**

Oregon Employment Department (Department) contacted clients of Morton Bohn to conduct audits of employer payroll records. Department is authorized to conduct such audits by ORS 657.660. Bohn's clients granted Bohn "Power of Attorney" to represent them before Department. While representing clients before Department, Bohn disregarded Department's authority to schedule audits and disregarded a Department issued subpoena.

The Board issued an Order to Cease and Desist and a Notice of Proposed Civil Penalty (\$10,000). The Board received a letter from Bohn's attorney stating that Bohn is willing to agree to the following provisions to settle this matter: Bohn does not accept the Findings of Fact or Conclusion of Law; Bohn is willing to stipulate to the terms of the Cease & Desist Order found in paragraph 20 – "cease and desist from engaging in conduct that interferes with the Oregon Employment Department's statutory authority to audit employee records"; and Bohn is willing to pay a \$1,000 total civil penalty. The Board rejected Bohn's settlement offer.

Bohn submitted a second offer, agreeing to abide by the language in the Cease and Desist Order and to pay a civil penalty of \$5,000, requesting installment payments of the \$5,000 penalty. The Board accepted Bohn's settlement offer to pay a \$5,000 civil penalty if paid in a single payment; if installment payments are required, the civil penalty shall remain \$10,000 and is subject to the statutory rate of interest.

**Board Discussion:** There was no discussion.

**BOARD ACTION:** The Board approved the proposed Consent Order in which Bohn agrees to pay a \$5,000 civil penalty on or before December 15, 2008.

**d. Robert Sederstrom**

Robert Sederstrom served as Chief Financial Officer (CFO) for PRM from May 2003 through July 28, 2006. Sederstrom provided consulting services to PRM until mid September 2006. PRM is a non-profit organization located in Portland Oregon. PRM claims that Sederstrom used PRM assets for personal gain.

The Board assessed a total civil penalty of \$5,600 for the following violations:

- . (\$1,500) OAR 801-030-0005(2) Integrity and Objectivity, and AICPA Rule 102 Interpretation 102-2 Conflicts of Interest: JARS LLC
- . (\$1,500) OAR 801-030-0020(1) Professional misconduct: JARS LLC
- . (\$2,000) OAR 801-030-0020(1) Professional misconduct: Auto exchange
- . (\$500) OAR 801-030-0020(1) Professional misconduct: Scooters
- . (\$100) OAR 801-030-0020(9) Notification of change of address, employer or assumed business name

**Board Discussion:** *There is no action to consider.*

**e. Laura Foumal**

Laura Foumal and her client formed NCOPR, a non-profit organization, for the purpose of providing temporary mortgage assistance to individuals. While serving as an officer of NCOPR, Foumal commingled NCOPR funds with the funds of businesses that are owned by Fomal.

The Board issued a Notice of Proposed License Revocation and Civil Penalty of \$25,000. Foumal requested a hearing. Legal counsel advised the Board that Foumal submitted a letter with a settlement offer to pay a \$4,000 civil penalty, six (6) months to one (1) year suspension and to complete a substantial number of Continuing Professional Education (CPE) hours. If the Board does not accept Foumal's offer to settle, Foumal's attorney would like to depose the other two officers of NCOPR. Foumal and attorney John Kieran arrived at 2:50 p.m. Kieran made the following statements:

- There was no intent to defraud, even though NCOPR money was commingled
- Foumal used her personal bank account for NCOPR transactions and did not change the name on the account when she began to use it for NCOPR activity
- Foumal admits to making some errors
- All funds were accounted for in QuickBooks
- NCOPR did not lose money
- Foumal did not come up with the idea to form a non profit organization
- Foumal obtained the advice of an attorney when forming NCOPR, and the attorney "dropped the ball"
- Foumal attempted to wire transfer money from NCOPR's account because NCOPR owed Foumal money for professional services

This complaint was referred to the Board by Department of Justice, Charitable Contributions Division. An audit of NCOPR resulted in the following findings:

- there were no accounting records
- properties were titled in Foumal's name
- loans were made to Foumal family members
- NCOPR activity did not represent that of a non-profit organization
- When Foumal resigned from the company, she wire transferred money from NCOPR's bank account to her own account. NCOPR recovered these funds
- Foumal withdrew \$125,000 from NCOPR accounts for her personal use

Foumal and NCOPR entered into a settlement agreement in which Foumal paid NCOPR \$75,000.

**Board Discussion:** *Foumal and Kieran (attorney) attended the Board meeting on August 18, 2008. At that time, the Board took the following actions in preparation for administrative hearing: authorized depositions of Robert Griffiths and Pamela Luchini; ordered a deposition of Laura Foumal and requested signature blocks for all tax returns signed by Foumal for the years in question. Kieran contacted Dover and offered Foumal's resignation in lieu the \$25,000 civil penalty. Dover stated that he expects the signed Consent Order to arrive in a few weeks.*

**BOARD ACTION:** Moved by Johnson and carried to accept Foumal's resignation and waive the civil penalty.

**VOTE:** Chair Bailey voted; 7 ayes

**f. Russell Cramer**

Clients operated a hair salon and day spa. Russell Cramer (Cramer) prepared Client's 2005 individual income tax return. Cramer and Client entered into a business agreement in which Client would operate the hair salon and day spa and Cramer would operate a tanning salon. Cramer agreed to provide accounting services for Client's business and Client agreed to oversee the tanning salon.

Cramer leased a building and financed the leasehold improvements. Client agreed to make monthly payments for the leasehold improvements in addition to paying rent. Cramer did not advise Client that he and Client may have differing interests in the business agreement, did not timely obtain permits for the leasehold improvements and refused to provide Client with invoices to support the cost of leasehold improvements. Cramer refused to allow Client to operate the business after receiving Client's rent and loan payment two days late.

**Committee Recommendation:**

- No jurisdiction for violation of OAR 801-030-0015(2)(b) Requested Records;
- No action for violation of OAR 801-030-0020(1) Professional misconduct (building permits)
- \$5,000 civil penalty for violation of OAR 801-030-0020(8) Business transactions with clients,

If the Board decides to continue the stayed revocation (CO-06-087), then for the remaining three years, impose a requirement to complete 8 hours of continuing professional education in ethics in each of the three remaining years (8 hours per year x 3 years). The 24 CPE hours are in addition to the number of ethics hours required for license renewal.

**Board Discussion:** *The Board reviewed an offer from Cramer in which Cramer agrees to pay a civil penalty of \$1,500, complete 12 hours of Continuing Professional Education and agrees to the Board's denial of his reinstatement application until January 1, 2009.*

**BOARD ACTION:** Moved by Gaffney and carried to assess a \$1,500 civil penalty, require 16 hours of Continuing Professional Education, agree to consider reinstatement January 1, 2010 and continue the stayed revocation as previously ordered.

**VOTE:** Chair Bailey voted; 7 ayes

**g. Jerome Fischer**

Husband and Wife were clients of Jerome Fischer. When Husband and Wife separated, Fischer agreed to assist Husband and Wife by mediating a property settlement agreement. Fischer stated that he 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.

The Board issued a Notice of Proposed Civil Penalty totaling \$5,000. Fischer requested a hearing.

The Board agreed to amend the Notice to clarify the facts with respect to line items 22.a and 22.c.

***Board Discussion:** The Board determined that it would be difficult to prove that Fischer had a verbal fee arrangement with Husband and Wife. Fischer offered a settlement of \$1,000 civil penalty without admitting that he violated any Oregon Administrative Rules or Statutes.*

**BOARD ACTION:** Moved by Gaffney and carried to accept the Consent Order assessing a civil penalty of \$1,000.

**VOTE:** Chair Bailey voted: 7 ayes

**2. Other**

**a. Brams request to modify Consent Order**

John Brams (Brams) agreed to serve as Company's Chief Financial Officer (CFO) and General Manager. The President of Company alleged that Brams did not prepare Company financial information, did not timely pay vendor invoices and incorrectly prepared Client's personal income tax return. Brams was a signer on the Company checking account.

Client alleged that Brams paid himself consulting services at a higher fee than the Client agreed to. Client stated that Brams also reimbursed himself for company expenses without Client's approval.

The Board assessed a total civil penalty of \$2,000 for violations of:

(1) OAR 801-030-0010(4), failure to issue an engagement letter (\$500);

(2) OAR 801-030-0010(4), failure to disclose on each page of financial statements "RESTRICTED FOR MANAGEMENT USE ONLY" in accordance with SSARS (\$1,500);

(3) require 32 hours of in-class continuing professional education in compilation and review standards update.

**Board Discussion:** *Brams is having difficulty finding CPE courses as specified in the Consent Order. The Board concurred that it is not the Board's responsibility to locate CPE courses for licensees and the Board will not modify Brams' Consent Order. Brams can identify proposed CPE to meet the requirement and request approval of those classes, from the Administrator.*

**b.** William Sleasman

Employee A terminated employment with William Sleasman & Associates PC (Firm) on August 16, 2006. Subsequently, Employee A requested that Sleasman remove her name, picture and biography from Firm's website. Sleasman did not remove Employee's name from Firm's website.

Employee B terminated employment with Firm on or about August 15, 2006. Employee B repeatedly asked Sleasman to cease communicating with her by e-mail or other means. Sleasman responded to Employee B by e-mail, indicating that he did not intend to stop communicating with Employee B.

The Board assessed a civil penalty in the amount of \$15,000 for violations of OAR 801-030-0020(4) Public communications and advertising; OAR 801-030-0020(6)(c) Plural firm name and OAR 801-030-0020(1) Professional misconduct. One half of the civil penalty shall be stayed so long as Sleasman has no further contact with former employees.

**Board Discussion:** *Sleasman is making monthly payments of \$350 on the civil penalty but has now declared bankruptcy; both personal and corporate. Sleasman was subject to peer review, but could not afford it and was granted an extension by the OSCP. Now that the corporation is dissolved, Sleasman is no longer subject to peer review. However, if he forms a new corporation, he may not be subject to peer review for three years. The Board discussed requesting pre-issuance reviews, but determined that Sleasman does not appear to have a competency issue and he is cooperating with the Board. It was suggested that if Sleasman misses a monthly payment, then proceed to suspension.*

**c.** Stephan Sykes claim for damages

The State of Oregon Risk Management Department denied Sykes claim against the Board.

**d.** Moeller response

The Board received a copy of the Secretary of State - Division of Audits' review letter regarding the audit report of La Grande Rural Fire Protection District prepared by Michael Moeller (Moeller) partner with Seydel, Lewis, Poe, Moeller & Gunderson LLC (Firm).

**Board Discussion:** *The Board discussed the Division of Audits (DOA) letter that summarized findings related to Moeller's Auditor's Report. DOA conducted a desk review of the Audit Report. DOA requested that Moeller submit a revised Auditor's Report.*

Prior to further discussion, the Board entered into Executive Session to obtain advice related to this matter from Legal Counsel.

**Board Discussion:** *The Board reconvened in regular session. The Board expressed concerns about the Firm's Quality Control system and discussed obtaining additional audit working papers.*

**BOARD ACTION:** Moved by Johnson and carried to open an investigation into the audit practice of the Firm by selecting five audits to determine if the Firm's system of Quality Control is adequate.

**VOTE:** Chair Bailey did not vote; 5 ayes; 2 abstained (Andersen, Bailey)

- e. Procedures for interviews of final candidates for Director position  
The final three (3) candidates will be interviewed October 7, 2008.

## 7. COMPLAINTS

### A. Report of Complaints Committee

- 1. Acceptance of Minutes
  - a. August 22, 2008

**BOARD ACTION:** Moved by Andersen and carried to accept the August 22, 2008 minutes and to approve the Consent Agenda.

**VOTE:** Chair Bailey voted; 7 ayes

### B. Consent Agenda

#### 1. Complaint Investigations

**\* Items removed from consent agenda**

- a. Earl Doman 06-07-035
- b. Fischer Hayes & Associates 07-05-018
- c. Rory Foley 07-10-029
- \*d. Dan Chapman 08-02-002
- e. Larry Byers 08-02-004
- \*f. Robert Faler/Craig Kiernan 08-02-005
- g. Diana Flanigan 08-02-006
- \*h. Rory Foley 08-06-018
- \*i. Marie (Siemer) Lockwood 08-07-021
- j. Thomas Kessler 08-07-022

### C. Items Removed from Consent Agenda

#### Complaint Investigations

##### 1.d. Dan Chapman 08-02-002

Beginning July 1, 2005 Dan Chapman (Chapman) leased office space from FFN Properties LLC (FFN). Chapman vacated the office space on December 26, 2007. FFN reported to the Board that when Chapman moved he abandoned several boxes of client files.

#### ALLEGED VIOLATION(S)

##### **OAR 801-030-0345(6)(b) Branch Offices (2005 – 2007)**

*(A) Every branch office located in this state shall be managed by a licensee holding a permit issued under ORS 673.150 who shall be in residence at the branch office, on a full-time basis, during the time the branch office is open to the public. A licensee operating a branch office is responsible for managing the office, staff and services rendered to the public.*

On July 1, 2005 Chapman opened Suite A as a branch office of Firm A. Firm A did not report Suite A as a branch office on the firm renewal application for the period January 1, 2006 through December 31, 2007.

Firm A reported Suite A as a branch office its next firm renewal application received December 19, 2007.

On December 26, 2007 Chapman ceased using the branch office, and registered a new firm at a different location.

***OAR 801-030-0015 (2)(d) Custody and disposition of working papers (2008)***

*(C) A licensee shall implement reasonable procedures for the safe custody of working papers and shall retain working papers for a period sufficient to meet the needs of the licensee's practice and to satisfy applicable professional standards and pertinent legal requirements for record retention.*

When Chapman vacated Suite A, Chapman did not remove several boxes of client files. Chapman retained a key to Suite A and stated that he planned to destroy the files during January 2008. Chapman also stated that he was in the process of scheduling a shredding company to destroy the files.

Chapman contends that FFN was premature in changing the locks on Suite A and that the \$1,000 deposit paid to FFN in 2005 for the last month of the lease was payment for the month of January 2008.

When the Board opened a complaint against Chapman for failure to safeguard client records, Chapman did not destroy the files but instead moved them to a storage unit during the pendency of this investigation.

**SUMMARY**

OAR 801-030-0345(6)(b) Branch Offices (2005 – 2007)

OAR 801-030-0015 (2)(d) Custody and disposition of working papers (2008)

Chapman joined the meeting at 2:07 p.m.

Chapman made the following statements:

- Chapman purchased Linda Countryman CPA practice in McMinnville
- Chapman was in the process of moving his office to Linda Countryman's location when his landlord found client files that Chapman left behind.
- Chapman intended to have the client files shredded. The files were more than seven (7) years old
- Before Chapman could have the files shredded the Landlord changed the locks to the office and contacted the Board
- Chapman paid an initial \$1,000 deposit and thought the deposit would cover the January 2008 lease payment

Committee Discussion: Chapman's primary address listed on the application for firm registration is Chapman's home address. Chapman did not list the

McMinnville office as either a primary or branch office location. The Committee discussed Chapman's failure to register a branch office.

COMMITTEE RECOMMENDATION: Moved and carried to recommend no violation of OAR 801-030-0015 (2)(d).

COMMITTEE RECOMMENDATION: Moved and carried to recommend a \$250 civil penalty for violation of OAR 801-030-0345(6)(b), failure to register a branch office.

**Board Discussion:** Board determined that the landlord may have entered Chapman's office without authorization.

**BOARD ACTION:** Moved by Andersen and carried to assess a \$250 civil penalty for violation of OAR 801-010-0345(6)(b), failure to register a branch office.

**VOTE:** Chair Bailey voted: 7 ayes

**BOARD ACTION:** Moved by Andersen and carried to assess no violation of OAR 801-030-0015(2)(d), Custody and disposition of working papers (2008).

**VOTE:** Chair Bailey voted: 7 ayes

**1.f. Robert Faler/Craig Kiernan 08-02-005**

In 2007, Trustee requested that Faler & Associates PC (Firm) and Craig Kiernan (Kiernan) prepare 2006 trust tax returns. In years prior to 2006 Trustee self prepared the trust tax returns.

Trustee alleged that when the trust tax returns were prepared the Firm and Kiernan unnecessarily researched foreign tax issues and charged excessive fees for professional services.

**ALLEGED VIOLATION(S)**

**OAR 801-030-0010(1) and (4) General and technical standards; Tax 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.*

Trustee prepared the trust tax returns for years prior to 2006. Trustee provided Kiernan with copies of the 2004 and 2005 trust tax returns. Kiernan found that the net operating loss carry-forward from 2004 to 2005 was not correct.

Kiernan contacted the Canadian oil company to obtain additional information about the investment so that the Trusts would correctly report earnings.

Trustee did not provide any evidence that Kiernan undertook an engagement that could not be completed with due professional competence, including compliance.

The remainder of the complaint is a billing complaint, of which the Board has no jurisdiction.

**SUMMARY**

OAR 801-030-0010(1) and (4) General and technical standards; Tax standards

Craig Kiernan arrived at 8:15 a.m. and Robert Faler phoned in at the same time.

*Faler made the following comments:*

- Faler was shocked when he received the complaint
- The client who submitted the complaint was referred by a former client
- Kiernan and Faler consider the complaint to be a fee dispute
- When clients are not satisfied with the fee, the Firm's policy is to accept the amount of payment that the client thinks is fair and then the Firm decides if they will continue further work with the client
- Faler requested the complaint be removed from the Board's database

Committee Discussion: There are no technical issues. This appears to be a fee dispute.

COMMITTEE RECOMMENDATION: Moved and carried to recommend no jurisdiction and request the Board to consider Faler's request to remove the complaint from the database.

**Board Discussion:** *The Board concurred that this is a fee dispute. The Board discussed whether to use 'no violation' or 'no jurisdiction' in describing the complaint. If the work was prepared correctly, the Board should motion accordingly. The Board also concurred that removing the complaint from the database on a case-by-case situation is not warranted.*

**BOARD ACTION:** Moved by Andersen and carried that the complaint will not be removed from the database.

**VOTE:** Chair Bailey voted: 7 ayes

**BOARD ACTION:** Moved by Andersen to assess no jurisdiction for OAR 801-030-0010(1) General and technical standards; and (4) Tax standards.

**VOTE:** Chair Bailey voted: 2 ayes (Gaffney, Andersen), 5 nays

**BOARD ACTION:** Moved by Morris and carried to assess no violation of OAR 801-030-0010(1) General and technical standards; and (4) Tax standards.

**VOTE:** Chair Bailey voted: 6 ayes, 1 nay (Andersen)

**1.h. Rory Foley 08-06-018**

Employee was employed by R Foley CPA Inc. (Firm) through February 2008. In 2005 Employee elected to participate in Firm's SIMPLE IRA Plan (SIMPLE) administrated by AIM Investments. Beginning with Employee's July 2005 payroll, Rory Foley (Foley) reduced Employee's payroll by an amount for Employee's SIMPLE contribution. Foley did not submit Employee's 2005 and 2006 SIMPLE contributions to AIM Investments until March 2008.

ALLEGED VIOLATION(S)

***ORS 673.170(2)(b) Dishonesty fraud or gross negligence in the practice of public accountancy***

***ORS 673.170(2)(c) Incompetence in the practice of public accountancy***

**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.*

An employer is required to make contributions to the financial institution maintaining the SIMPLE IRA Plan no later than the close of the 30 day period following the last day of the month in which amounts would otherwise have been payable to the employee in cash.

The Department of Labor has indicated that most SIMPLE IRA plans are also subject to Title I of ERISA; also, under Department of Labor regulations at 29 CFR 2510.3-102, salary reduction contributions to these plans must be made to the SIMPLE IRA as of the earliest date on which the contributions can reasonably be segregated from the employer's general assets, but in no event later than the 30-day deadline described above.

In years 2005, 2006 and a portion of 2007 Foley did not deposit SIMPLE contributions withheld from Employee's paycheck. Foley did not make timely matching contributions for years 2005 and 2006. The Employee's withheld contributions and Firm's matching contributions were deposited with the custodian of Firm's SIMPLE IRA Plan in March 2008.

**SUMMARY**

ORS 673.170(2)(b) Dishonesty fraud or gross negligence in the practice of public accountancy

ORS 673.170(2)(c) Incompetence in the practice of public accountancy

Foley and Office Manager, Maria McQuaw arrived at 1:05 p.m. Foley made the following statements:

- Foley's SIMPLE does not require that he offer participation in the plan until two (2) years after employee received \$5,000 in annual compensation
- Foley offered the SIMPLE early because Employee was performing well
- Foley left SIMPLE sign-up to Employee and to his payroll department. Apparently the paperwork was not completed.
- Even though Employee's paperwork was not complete, Foley withheld an amount for the Employee's SIMPLE contributions
- Foley stated that he should have advised Employee that he could not withhold funds for the SIMPLE until the employee signed the plan paperwork
- Employee thought she lost money in interest, but the money market fund only gained \$11.25 and there was a \$10.00 maintenance fee.
- Employee was not harmed; if she would have been harmed, Foley would have made up the difference.
- Foley had no intent to defraud.

The Committee questioned Foley with respect to the Simple IRA Plan checklist, which shows due dates. Foley responded that AIM Investments could not accept Employee's money until Employee completed the paperwork. The Committee asked about employee withholdings not deposited to AIM Investments. When the employee inquired about the reason that she was not receiving AIM Investment statements, Foley advised the employee to complete the application form.

Foley knew that SIMPLE withholding was taken from the employee's paycheck even though she was not enrolled. Foley commented that it was not a cash-flow issue and if a large sum of money were being deducted from the employee's paycheck over the two-year period Foley would have stopped the deductions.

The Committee viewed handouts from Foley in which lines on the application forms were redacted. Foley indicated that other employee's names and his name were redacted. Foley said that he was making back fund payments for all employees and that he was behind in payments to AIM Investments for a full year.

Committee wondered whether Foley paid interest to the employee accounts for the period when he had use of employee withholdings. Foley said he paid some employees interest and not others' as they had not worked enough months.

Foley noted that if he had it to do over again he would deposit withholdings within the 30-day time frame. During the meeting a copy of the AIM Investment SIMPLE IRA Plan application was received from AIM Investments. The Committee noted that the document corresponds with Foley's statements.

This is an issue of fiduciary responsibility; Foley held employee plan funds for a significant amount of time before Foley submitted the funds to AIM Investments.

Committee Discussion: The employee submitted an application dated 2005 with the complaint, but the creation date of the form is 2006. The Committee recommended that information about a prior case with similar circumstances be available for Board review. In 2007, Employee asked why she had not received an AIM Investment statement and subsequently discovered that Foley withheld contributions from her paycheck but did not forward the amount withheld to AIM investments. In 2008 the amounts withheld were deposited to AIM Investments but Foley did not deposit any interest income.

COMMITTEE RECOMMENDATION: Moved by Brown and carried to recommend a \$1,000 civil penalty for violation of OAR 801-030-0020(1); Professional Misconduct

Rory Foley, CPA and Maria McQuaw (Office Manager for Foley) arrived at 9:55 a.m. and departed at 10:13 a.m. Foley made the following comments:

- There was a problem getting the application from this employee
- The application submitted by the employee was dated prior to the date that the application form was created
- Foley made the deposit before the employee brought it to Foley's attention
- New policies are in place to remedy this issue in the future

- The office manager now oversees the process to ensure that all SIMPLE deposits are made timely
- Foley does not dispute the Complaint Committee's findings

**Board Discussion:** *The Board noted that it is Foley's fiduciary responsibility to deposit money withheld from employee paychecks. Foley should have set up an account and deposited the money with the retirement custodian. An effort needed to be made by Foley to get the employee signed up on time.*

**BOARD ACTION:** Moved by Gaffney and carried to assess a \$1,000 civil penalty for violation of OAR 801-030-0020(1); Professional Misconduct

**VOTE:** Chair Bailey voted; 7 ayes

**1.i. Marie (Siemer) Lockwood 08-07-021**

Marie (Siemer) Lockwood (Lockwood) submitted to Internal Revenue Service (IRS) an offer of consent to suspension from practice before the IRS for a minimum of 24 months beginning April 7, 2008. On June 3, 2008 Lockwood submitted a renewal application for permit 10732, but did not report on her application the suspension to practice before the IRS.

**ALLEGED VIOLATION(S)**

***ORS 673.170(2)(a)(D) Fraud or deceit in obtaining or applying for a permit***

On June 3, 2008 Lockwood submitted a renewal application (Application) for permit 10732. On Application Lockwood checked "No" to question 12, stating that she was not subject to any disciplinary action by any regulatory authority. Lockwood submitted the renewal application after the date she signed the IRS Consent Order .

Lockwood stated in her response that she misinterpreted the question on the Application.

***673.170(2) (i)***

*Conviction of willful failure to pay any tax, file any tax return, keep records or supply information required under the tax laws of any state, of any foreign jurisdiction or of the United States, or conviction of the willful making, rendering, delivery, disclosure, signing or verifying of any false or fraudulent list, return, account, statement or other document, or of supplying any false or fraudulent information, required under the tax laws of any state, of any foreign jurisdiction or of the United States.*

***673.170(2)(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 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.*

**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.*

Lockwood submitted to Internal Revenue Service an "Offer of Consent to Suspension from Practice Before the Internal Revenue Service", admitting to the following:

- Circular 230 section number and title: 10.51(a)(6), Incompetence and disreputable conduct
- Misconduct: Willfully failing to make a Federal tax return in violation of the Federal tax laws, or willfully evading, attempting to evade the assessment or payment of any Federal tax
- Type of returns: Form 1040 and Form 941
- Taxable years covered by the returns: 2001 to 2006
- Lockwood's agreement of suspension with IRS is for a minimum of 24 months.

Beginning in 2001 and continuing through 2006 Lockwood did not file individual or business tax returns and did not timely submit all payroll tax trust funds to Internal Revenue Service. Lockwood failed to comply with the laws of the state or nation when Lockwood did not file tax returns and did not pay tax liabilities.

**SUMMARY**

ORS 673.170(2)(a)(D) Fraud or deceit in obtaining or applying for a permit  
673.170(2)(i)  
673.170(2)(k)  
801-030-0020(1) Professional misconduct

Committee Discussion: The Committee reviewed an August 19, 2008 letter from Lockwood that described the details of an unpleasant divorce. Lockwood stated that she paid all taxes and penalties due to the Oregon Department of Revenue and to the Employment Department. Lockwood submitted an offer in compromise to IRS but it was rejected. Lockwood is appealing the IRS decision to reject the Offer in Compromise. Lockwood stated that she had a question on #12 of the renewal application, but did not call the Board office for clarification.

COMMITTEE RECOMMENDATION: Moved and carried to recommend the following:

- \$250 civil penalty for violation of ORS 673.170(2)(a)(D) Fraud or deceit in obtaining or applying for a permit
- Two year stayed suspension beginning upon date of signature of an Order for violation of OAR 801-030-0020(1)(b) Professional Misconduct: not filing individual

or business tax returns and not timely submitting payroll tax trust funds to Internal Revenue Service.

**Board Discussion:** *The Board concurred that Lockwood's situation is compelling: an unpleasant divorce and an offer in compromise with the IRS that was denied. For a period of six years Lockwood did not file individual or business tax returns and did not timely submit all payroll tax trust funds to the IRS.*

*Lockwood was not truthful on question #12 of her CPA renewal application.*

**BOARD ACTION:** Moved by Johnson and carried to:

- Suspend CPA permit for violation of ORS 673.170(2)(a)(D), Fraud or deceit in obtaining or applying for a permit. The suspension will continue until Lockwood provides notification from Internal Revenue Service that the conditions resulting in her Consent Offer no longer exist and Lockwood has completed the requirements for reinstatement of CPA permit described in OAR 801-040-0090.
- Assess a \$250 civil penalty for violation of OAR 801-030-0020(1) Failure to timely file and timely pay taxes.
- Eight (8) hours of Ethics Continuing Professional Education for violation of ORS 673.170(2)(a)(D).

**VOTE:** Chair Bailey voted; 7 ayes

## 8. REPORT OF ADMINISTRATOR

### A. Response letter to the 2008 Peer Review Audit

On four separate firm renewal applications a licensee made written comments on the renewal application indicating the need to reapply for peer review.

The Board requested the investigator to open an investigation for failure to enroll in a peer review program.

### B. Secretary of State – Audits Division Audit Report Review Letters

The Board requested the Division of Audits (DOA) to submit copies of its audit reports to the Board of Accountancy. The Board currently has received seven (7) audit reports from the DOA.

The Board discussed development of a process for review of the DOA audit reports. Under current procedures the investigator sends an inquiry letter to the Firm when the Board decides to open a complaint.

Janice Essenberg, OSCPA suggested requesting the licensee to copy the Board with their response to the DOA. It was noted that licensees are confused about *how* to respond to the DOA regarding the firm audit review. Licensees are not clear *about requests made by* DOA, and if a response is warranted. The letter from the DOA is unclear. There is concern that the Board could open a complaint prior to having enough information to make a proper determination that such a complaint is warranted.

Ray Johnson volunteered to attend an OSCPA taskforce meeting on November 12, 2008. The Investigator agreed to attend this meeting with Mr. Johnson. The taskforce will discuss development of guidelines for municipal audit reviews. Johnson will report the outcome at the December Board meeting.

Board staff will send an *information only* letter requesting a response from the Licensees who are subjects of DOA audit report letters. The response will be reviewed by the Board to determine if there is evidence to open a complaint.

**C. No item**

**D. Robert Stacy complaint**

The Board opened a complaint against Robert Stacy after receiving a letter of complaint from Stacy's Client. Client's complaint was similar to nine prior complaints against Stacy. The Client passed away unexpectedly. Without Client testimony, the Board does not have adequate information to find a violation against Stacy. The complaint has been closed with no action.

**E. Additional Committee Members**

The following Standing Committees need additional members beginning January 1, 2009:

- Peer Review Oversight Committee: two (2) Committee Members
- Complaint Committee: two (2) Committee Members
- Qualifications Committee: two (2) Committee Members
- Continuing Professional Education: one (1) Committee Member

Jim Gaffney is looking for potential Complaints Committee members. Board members are requested to provide additional names of potential Committee members.

**9. PUBLIC COMMENTS**

None

**10. REPORT OF OAIA**

The OAIA will hold a CPE seminar during October, which will include a speaker from IRS. The discussion topic will include the new penalties associated with Circular 230. Ms. Funkhouser provided the application for a potential PA member, Mr. Kenneth A. Ulbricht. Ms. Rives will forward this application to the Governors office.

**11. REPORT OF OSCPA**

The Society celebrated its 100<sup>th</sup> anniversary September 28, 2008. Five of the ten *Tour Stops* have been completed and have received good feedback. Recently hosted an evening event for firms and current students to come together for networking and recruiting.

**12. OLD BUSINESS**

None

**13. CONTINUING PROFESSIONAL EDUCATION**

**A. Report of CPE Committee**

**1. Acceptance of Minutes**

**a. September 16, 2008**

**BOARD ACTION:** Moved by Morris and carried to accept the Continuing Professional Education minutes dated September 16, 2008.

**VOTE:** Chair Bailey voted; 7 ayes

**2. Consent Agenda**

**a. Recommendations**

1. None

**3. Municipal Auditor Applications**

**a. Tony Andrade**

COMMITTEE RECOMMENDATION: Accept; the applicant completed the requirements for the municipal audit roster, as required by OAR 801-020-0690.

**b. Julie Desimone**

COMMITTEE RECOMMENDATION: Accept; the applicant completed the requirements for the municipal audit roster, as required by OAR 801-020-0690.

**c. Haley KG Fish**

COMMITTEE RECOMMENDATION: Accept; the applicant completed the requirements for the municipal audit roster, as required by OAR 801-020-0690.

**d. Julia A Huntington**

COMMITTEE RECOMMENDATION: Accept; the applicant completed the requirements for the municipal audit roster, as required by OAR 801-020-0690.

**e. Trent Martin**

COMMITTEE RECOMMENDATION: Accept; the applicant completed the requirements for the municipal audit roster, as required by OAR 801-020-0690.

**f. Steven Merriss**

COMMITTEE RECOMMENDATION: Accept; the applicant completed the requirements for the municipal audit roster, as required by OAR 801-020-0690.

**h. Anthony O'Dierno**

COMMITTEE RECOMMENDATION: Accept; the applicant completed the requirements for the municipal audit roster, as required by OAR 801-020-0690.

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

**VOTE:** Chair Bailey voted; 7 ayes

**14. PEER REVIEW OVERSIGHT**

**A. Peer Review Oversight Committee**

1. No meeting held

**15. QUALIFICATIONS COMMITTEE**

**A. Report of Qualifications Committee**

**1. Acceptance of Minutes**

- a. September 11, 2008

**BOARD ACTION:** Moved by Newhouse and carried to accept the minutes of the September 11, 2008 meeting.

**VOTE:** Chair Bailey voted; 7 ayes

## B. Consent Agenda

\* *Items removed from consent agenda*

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

**VOTE:** Chair Bailey voted; 7 ayes

### 1. Recommendations

**a. Chanylle Abel 08-08-022**

Ms. Abel gained her experience with the following employers:

KPMG LLP	45 mos.	All competencies
Evraz Inc	13 mos.	All competencies

Ms. Abel passed the CPA exam in May 2008. The applicant currently works for Evraz, Inc. The Committee wants to verify her work experience at KPMG. A letter was sent September 11, 2008 to Ms. Abel requesting a complete Employment Record form for the past ten years. On September 18, 2008, Ms. Abel returned the Employment Record form and an experience verification form was sent to KPMG on September 18, 2008.

**COMMITTEE RECOMMENDATION:** Defer.

**Vote:** 4 ayes

**b. Matthew Barnes 08-07-019**

Mr. Barnes gained his experience with the following employer:

Intel	30 mos.	All competencies
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Mr. Barnes passed the CPA exam in July 2007. Has worked for Intel for 30 months. Intel has a program that is designed to meet the experience requirements.

**COMMITTEE RECOMMENDATION:** Mr. Selid recommends approval.

**Vote:** 4 ayes

**c. Cynthia Buchanan 08-08-023**

Ms. Buchanan gained her experience with the following employer:

Benchmark Electronics	69 mos.	All competencies
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Ms. Buchanan passed the CPA exam in February 2008. Ms. Buchanan has been employed at Benchmark Electronics since 1999. Ms. Buchanan was hired as a staff accountant and promoted to Controller. Remote supervision from Texas is acceptable. Write-up is adequate.

**COMMITTEE RECOMMENDATION:** Ms. Lee recommends approval.

**Vote:** 4 ayes

**d. Kim Chan 08-07-020**

Mr. Chan gained his experience with the following employer:

NW Container Services	13 mos.	All competencies
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Mr. Chan passed the CPA examination in February 2008. Mr. Chan is an Assistant Controller for NW Container Services. During his employment at NW Container Services, Mr. Chan's duties included monthly accounting and closing functions, budget vs. actual variances analysis, G/L account reconciliations, financial projections and analysis, and some internal control implementation/evaluation projects.

**COMMITTEE RECOMMENDATION:** Mr. Rawls recommends approval.

**Vote:** 4 ayes

**e. Dominic Freiburger 08-08-024**  
Mr. Freiburger gained his experience with the following employer:  
Intel 73 mos. All competencies  
Mr. Freiburger passed the CPA examination in August 2008.

**COMMITTEE RECOMMENDATION:** Mr. Martin recommends approval.  
**Vote:** 4 ayes

**\*f. Chandra Krishnan 08-03-008**  
see discussion under item 15.C.1

**g. Katy Molloy 01-01-001**  
Ms. Molloy gained her experience with the following employers:  
Moore & Colley 7 mos. No competencies  
ProSeeds 31 mos. All competencies  
Ms. Molloy passed the CPA examination in May 2007. The committee expressed concern regarding the disparity between certification provided by the two employers. Need to verify the relationship between Evelyn Molloy and Katy Molloy.

**COMMITTEE RECOMMENDATION:** Defer  
**Vote:** 4 ayes

**h. Macy Ray 08-08-025**  
Ms. Ray gained her experience with the following employer:  
The Standard 12 mos. All competencies  
Ms. Ray passed the CPA examination in July 2007. Selid thought write-up was very thorough.

**COMMITTEE RECOMMENDATION:** Mr. Selid recommends approval.  
**Vote:** 4 ayes

**i. Sharon Whitlock 08-07-021**  
Ms. Whitlock gained her experience with the following employer:  
Sky Lakes Medical Center 112 mos. All competencies  
Ms. Whitlock passed the CPA examination in May 2000. Sky Lakes Medical Center has a complex system. Due to the structure of the organization it has taken longer for Ms. Whitlock to gain the breadth of experience that allowed the supervising CPA to feel Ms. Whitlock had fully met the competencies.

**COMMITTEE RECOMMENDATION:** Ms. Wolcott recommends approval.  
**Vote:** 4 ayes

- 2. Other**
  - a. None
- 3. Approval of Applications**
  - a. CPA Certificates/Permits**  
28 CPA Applications
  - b. PA Licenses/Permits**  
None
  - c. Firm Registrations**  
5 Firm Applications

**d. Substantial Equivalency Approval**  
9 Substantial Equivalency Authorizations

**C. Items Removed from Consent Agenda**

**1. f. Chandra Krishnan** **08-03-008**

Mr. Krishnan gained his experience with the following employers:

OFI Group	30 mos.	All competencies
Cooper	7 mos.	All competencies

Mr. Krishnan passed the CPA examination in May 2000. Mr. Krishnan's work experience covered many diverse areas and therefore gave him a broad base of experience. However, the committee requested verification of the licensed CPAs who supervised his work during February, March and April 2008.

**COMMITTEE RECOMMENDATION:** Defer

**Vote:** 4 ayes

**Board Discussion:** *The Board received additional information verifying that Mr. Krishnan was appropriately supervised until April 2008. Additionally, the Board has confirmed that the supervising licensee was actively licensed through the Institute of Chartered Accountants in Ontario, Canada.*

**BOARD ACTION:** Moved by Newhouse and carried to approve the application of Mr. Krishnan.

**VOTE:** Chair Bailey voted; 7 ayes

**2. Jennifer Michelangelo**

**Board Discussion:** *The Board does not have a recommendation regarding this applicant from the committee.*

**BOARD ACTION:** Moved by Newhouse and carried to refer file back to qualifications committee for review and recommendation.

**VOTE:** Chair Bailey voted; 7 ayes

**16. CPA EXAM**

**A. Candidate Concerns**

Information only

**B. Summary of Candidate Information**

Information only

**17. CODE OF PROFESSIONAL CONDUCT**

**A. Report of Code of Professional Conduct Committee**

**1. Acceptance of Minutes**

a. September 8, 2008

*The minutes for the September 8, 2008 meeting are not available.*

Mr. Johnson reported that there are no current action items for the Board to address. The committee will prepare a report for the December 15, 2008 Board meeting and monitor information that becomes available regarding the International Standards Board.

**18. NEW BUSINESS**

**A. None**

**19. PROCESS OBSERVER REPORT**

Mr. Morris reported that the Board did a nice job of accommodating visitors. The Board did a good job with the agenda items and used the time wisely.

**20. NEXT MEETING:**

**Date: December 15, 2008**

Location: 3218 Pringle Rd. SE #110  
Salem, OR 97302

Time: 8:00 a.m.

**21. ADJOURNED**

There being no further business, the meeting adjourned at 2:40 p.m.