

Verifying Client Information for Lenders and Loan Brokers

Over the past few months, the Board has received numerous phone calls and e-mails from CPAs who have been asked by lenders and loan brokers to provide letters verifying that clients are self-employed, financially sound, profitable, creditworthy, or a combination of such attributes.

There is a strong temptation to comply, especially when the CPA is familiar with the finances of a long-term client who appears to be financially sound. The CPA wants to help the client and is put in a very difficult position – he or she is told that the client will not qualify for a loan unless he or she provides a letter to confirm or verify certain types of information about the client.

Some lenders and brokers ask for a statement verifying the accuracy of the client's tax returns or verifying that any funds used from the client's business make a down payment for a loan will not affect the business. Some lenders and brokers go as far as providing a "canned" letter for the CPA to sign.

The motives behind the lender's requests are important to understand. The client wants to cooperate with the lender in order to get the loan approved, while the broker wants to make the client happy and earn a commission, neither of which will happen unless the loan is approved. The lender's motive however, is not necessarily so simple.

Normally, when a lender grants a loan to a borrower, it relies on many factors to determine the advisability of extending credit to the borrower. These factors include, but are not limited to, assessing the creditworthiness of the customer, collateral, primary sources of repayment, as well as market conditions. However, some lenders have been attempting to shift onto the CPA the burden of responsibility for assessing the information supplied by the borrower in the event the borrower defaults on the loan and the lender incurs a loss.

The CPA should be concerned about providing what is in effect an attest letter based on nonattest work. He or she may be providing a false sense of assurance to the lender or broker by complying with the request. If the client defaults on the terms of the loan, the lender could argue that it relied on the CPA's letter (in lieu of other due diligence steps and as a result suffered a loss. The CPA may then be at risk for a lawsuit.

Even an apparently harmless verification of client information, such as self-employment, carries much more risk than it appears to, especially if the CPA prepared tax returns based on information provided by the client without performing procedures to verify the information.

The CPA should communicate to the client and the lender (if the client has authorized such communication) that although the CPA would like to comply with the lender's request, the services rendered in this situation were limited to the preparation of tax returns from the information that the client provided to the CPA.

Since the CPA has not audited, reviewed, or otherwise verified the information provided by the client, the CPA is not in a position to make any conclusions or assurances regarding the accuracy or completeness of the information, nor is the CPA able to forecast the future ability of the clients to repay a loan. However, if the client agrees, the CPA may offer to send a copy of the tax returns or client payroll records so that the lender may compare the records in its possession with the returns prepared by the CPA.

The bottom line is that the CPA should speak with his or her client, verify all information, review all applicable attest and assurance standards, and check with his or her professional liability insurance carrier before providing any information to a lender or loan broker.

Candidates Passing CPA Exam October/November 2006 Testing Window:

This list includes only candidates who have completed all exam sections.

Adams, Alia Leilani
Allen, Jeffrey Wayne
Allen, Jeremy Shawn
Blanchard, Joseph H.
Bowen, Stephanie
Chapman, David Sean
Cornacchia, Makenzie
Davis, Michael Joseph
Durham, Jared Brant
Evans, Mark William
Evers, Mary Jo
Faulk, Clayton Lynn
Fink, Michael David
Flinker, Chloe Ellen
Galyean, Erin Pauline

Goldgisser, Svetlana
Huntington, Julia Anne
Johnson, Tara Kristan
Kaufman, Kirk Richard
Khamnayevev, Oksana
Kill, Kirsten Lynn
Kribs, Akiko
Matteson, Ellen
McCallum, Emily Ruth
McDaniel, Alan James
McGraw, Derek
Monte, Katherine Theresa
Moran, Amy Louise
Nathman, David
Neuschwander, Katie

Nidbalska, Jelena
Pauley, Mark D
Plouf, Cynthia Kate
Prior, Anne Mary
Sanchez, Andrew John
Scott, Sarah Kristine
Sheppard, Kenneth
Smith, Kevin Douglas
Staehnke, Mark David
Stevens, Audrey Lee
Ubierno, Maurici
Van Natta, Sara
Williams, Cynthia

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2007 Board Meeting Schedule
May 19, 20 & 21 – Eugene Hilton & Conference Center
August 6 – Salem
October 7-8 – To Be Determined
December 10 – Salem

Meetings of the Board are open to the public.
Unless otherwise noted, meetings begin at 9:00 a.m.

New CPA Licenses Issued between February 1, 2007 – April 2, 2007 Congratulations!

Adams, Alia	Franco, Kelli	Leewong, William	Santos, Stella
Allen, Jeffrey	Gaeden, Fred	Lochmiller, Robert	Schmitt, Andrew
Aman, Nathan	Galloway, Michael	Mabon, Janet	Schneider, Erik
Amos, Grace	Geertz, Allen	Maddox III, Joseph	Schwarzburg, Martin
Ball, Amanda	Gibson, Susan	Marcoux, Monica	Sell, Kevin
Barrientes, Kathryn	Giesbrecht, Reinold	Markman, Mindy	Sexton, Phillip
Bayliss, Carolyn	Glogowski, Karly	Matteson, Ellen	Shaw, Jennifer
Berggren, Linda	Gonser, Lindsey	Maxwell, Jeffrey	Skogsbergh, Jeremy
Berkman, Jeffrey	Gregory, Sally	McBride Jr., Robert	Soderberg, James
Boyd, Marcy	Haj, Reem	McClung, Keith	Squires, Gary
Bryson, Victoria	Hallagan, Ronald	McCord, Shawn	Straczek, Bartosz
Burling, Yvette	Hardy, Karen	McGoorty, Patricia	Straub, Margaret
Campball, Peggy	Harrison, David	McKinley, Ann	Tan, Alfred
Carlson, William	Hennelly, Mark	McMillan, Elaine	Teeter, Jennifer
Chakler, Hugh	Herinckx, Jolene	McWilliams, Lori	Tesarik, Jessaca
Claypooles	Hester, Josphe	Milewski, Thomas	Thomas, Darla
Conner, Ralph	Hoagland, David	Miller, Benjamin	Traner, James
Conrad, Colleen	Huntington, Julia	Monte, Katherine	Treanor, Margaret
Coughlan, Constance	Ingraham, Kelly	Munro, Stanford	True, Michael
Couper, Gerri	Jans, James	Nathman, David	Wade, Travis
Creach Jr., Jack	Johnson, Matthew	Neher, Jeffery	Wallace, Eileen
Cunningham, Glenn	Jones, Matthew	Nicholas, Sean	Wattles, Linda
Davies, William	Keithley, Jonathan	Nidbalska, Jelena	Weavil, Robin
Delmese, Robert	Kenton, Matthew	Niss, Barbara	Webb, Jarom
Dennis, Bryan	Kill, Kirsten	O'Connell, Kelly	Wight, Margaret
DiStefano, Brooks	King, Steven	Pardo, Maureen	Wilberger, Bryce
Durham, Jared	Kingsley, Peggy	Payne, John	Wilson, Brody
Edwards, Marjorie	Kopczick, Kathleen	Pittel, Gloria	Wojdowski, Stephen
Evers, Mary	Kradjan, Christopher	Poulsen, Rex	Wu, Hsin-Chun
Fahr, Aaron	Kretowicz, Kathleen	Pregent, Laura	Wu, Ruth
Feehley, William	Kribs, Akiko	Russell, Michael	Yurglich, Robert
Fietz, Edward	Lanouette, Michelle	Russo, Cynthia	
Fink, Michael	Leckie, Wm.	Rutledge, Nicholas	

TOP SCORES FOR 2006 CPA EXAMINATION

The following individuals completed all sections of the computer based CPA exam and received the top scores from January 2006 through December 2006. Approximately 1000 candidates took the exam during 2006.

Name	School	Town	Total Score
Justin Harris	University of Oregon	Oregon City	383
Gunnar Haugen	University of Oregon	Bend	381
Sara Van Natta	Vanguard University, OSU	Portland	369
Sarah Lane	University of Oregon	Bend	367
Jennifer Coon	Northwest Nazarene College	Fruitland, ID	365
Erin Reynolds	Oregon State University	Albany	365
Amy Moran	Harding University	Portland	361
Matthew B. Jones	Brigham Young University	Beaverton	358
Amanda Beitel	Linfield College	Stayton	355
Travis Wade	Brigham Young University	Phoenix, AZ	354

License Reinstatements

The following individuals reinstated their Oregon CPA license.

To Active Status

Theresa A Albano	William Glenn Ashby	Amanda L Atkinson	Pamela Chancellor
Carla Becker Dolan	Derek W Dowsett	Christopher J Gabel	Phillip Gerstner
Robert B Harrington	Joann M Henry	Craig Hunt	Michael W Kehoe
Marady Kor	James R McDonald	Gary S Miller	Stuart C Missfeldt
Leonard J Mitchell	Theodore P Sherwin	Roger Stadtmueller	Kevin Jon Sundberg
Blain A West			

License Resignations

The following individuals resigned their Oregon CPA/PA license.

Shannon L. Buchanan, CPA effective April 5, 2007 (voluntary resignation)

DISCIPLINARY ACTIONS

It is the Board's policy to publish the name of each licensee who is disciplined for violations of Board statutes and rules.

Disclaimer: Every effort has been made to ensure that the following information is correct; however it should not be relied upon without verification from the Board office. Names of companies and individuals listed may be similar to the names of parties who have not had enforcement actions taken against them. Disciplinary orders are public information and copies may be obtained by contacting the Board office.

Thomas Barrett: Failure to retain copies of 2003 and 2004 client tax documents in violation of OAR 801-030-0015(2)(b), \$2,000 civil penalty.

Rostad & English by Consent Order is assessed a \$10,000 civil penalty with \$5,000 stayed for two years, subject to the terms of the order, for violations of OAR 801-030-0015(2)(d), failing to adopt reasonable procedures to protect working papers and OAR 801-030-0020(1), failing to adopt safeguards to protect working papers.

John Gregor: Failure to adequately supervise and review audit work as required by GAAS, in violation of OAR 801-030-0010(2), \$25,000 civil penalty with \$20,000 stayed until January 1, 2010 subject to the terms of the order and 15 pre-issuance reviews.

Holland & Brooks: \$9,500 civil penalty with \$3,500 stayed for three years so long as Holland & Brooks complies with all Board statutes and rules during the three (3) year period. Penalties assessed for failure to submit written notification of a change in firm name and firm ownership within 30 days, failure to timely renew firm registration, failure to meet the requirements of non-CPA ownership, for providing tax, attestation and compilation services through an unregistered firm, for assuming or using the title "Certified Public Accountant" or "CPA" designation as an unregistered firm, for using a false or misleading firm name, and for use of public communications and advertisements having reference to Respondent's professional services that include false, fraudulent, misleading or deceptive statements or claims.

Paveena Wong by Consent Agreement is assessed a \$1,000 civil penalty for violation of OAR 801-030-0020(7), Failure to Respond to Board communication in a timely manner.

Michael Holland: License revocation to be stayed for three (3) years so long as Holland complies with all Board statutes and rules during the three year period; civil penalty of \$10,000 for three (3) violations of OAR 673.320(3) holding out as a CPA while in lapsed status; 12 additional hours of continuing professional education (CPE) in Ethics.

Bradley Hoffman: Use or display of the title "Certified Public Accountant" or the designation "CPA" while in inactive status, in violation of ORS 673.320(3); \$500 civil penalty.