



SPECIAL BOARD MEETING
PUBLIC MINUTES
March 19, 2015
Telephonic Meeting

Present

Larry Brown, CPA, Chair*
Scott Wright, CPA, Vice-Chair
John Lauseng, CPA, Treasurer
Al Crackenberg, PA
Roger Graham, Public Member
Lynn Kingston, CPA
Candace Fronk, CPA

Staff*

Martin Pittioni, Executive Director
Susan Bischoff, AAG
Theresa Gahagan, Investigator
Bethany Reeves, Compliance Specialist
Kimberly Fast, Licensing Manager

Guests

Phyllis Barker, OSCPA

*= present at Board Office

1. CALL TO ORDER/ANNOUNCE RECORDING OF MEETING/REVIEW AGENDA

The Board convened in Public Session at 10:00 a.m. Mr. Brown announced that the meeting was being recorded and that members of the public could attend. Mr. Brown took roll call. Each person in attendance stated their name. An additional agenda item was added under Old Business, Implementation of Fees in Rule.

2. APPROVAL OF PUBLIC BOARD MINUTES

A. February 2-3, 2015

Mr. Wright noted that work session minutes under policy development for the marijuana industry should be amended. His comments regarding the policy on the marijuana industry did not include tax implications, but rather simply stated that he did not believe the act itself of working for such company was discreditable.

BOARD ACTION: Moved by Mr. Wright and carried to approve the draft February Board meeting minutes as amended.

VOTE: 7 ayes.

3. SETTLEMENTS

A. DanDan Zhang / Board Case #13-007

This case involved a finding of violation for plural firm names and communication in advertising. The settlement was negotiated with the licensee's counsel and adhered to the Board recommendation for sanctions although the violation for advertising was not cited in the order.

BOARD ACTION: Moved by Mr. Wright to accept the proposed settlement for DanDan Zhang, Case #13-007.

VOTE: 7 ayes.

B. Douglas Hudelson / Douglas E Hudelson CPA LLC / Board Case #13-035

This case involves a lapsed licensee who continued to use the CPA designation and practice public accounting under a terminated firm. While lapsed, Mr. Hudelson prepared 234 Oregon tax returns. The Board found Mr. Hudelson in violation of professional misconduct, use of the CPA designation by a business organization, Use of the title CPA, and failure to provide a timely written response to Board communication. The settlement order provides that Mr. Hudelson pay civil penalties and resign his license under investigation.

BOARD ACTION: Moved by Mr. Wright to accept the proposed Final Order for Mr. Douglas Hudelson, Case #13-035

VOTE: 7 ayes.

C. George M. Cornwall / Board case #14-020

This is a case where Mr. Cornwall held a lapsed license and continued to practice public accounting and also allegedly used a client's credit card without authorization. The proposed settlement in the form of a Final Order (Order) finds Mr. Cornwall in violation of use of CPA designation while lapsed, professional misconduct for practicing without a license and using a credit card without authorization and failure to respond to Board communication. The Order allows for \$250,000 in fines, however the penalties have all been suspended pending Mr. Cornwall's full compliance with the terms of the Order, based on the specific financial circumstances of Mr. Cornwall. Mr. Cornwall's Order provides for licensure is resignation in lieu of revocation.

BOARD ACTION: Moved by Mr. Wright to accept the Settlement for Mr. George M. Cornwall, Case #14-020.

VOTE: 7 ayes.

4. BRIEF COMPLIANCE UPDATE: REVOCATIONS BY DEFAULT SINCE LAST BOARD MEETING

Mr. Pittioni advised the Board that there have been two cases where a settlement agreement was in process, however, the individuals did not respond and therefore a default order has been issued to revoke Mr. Martin's license. Keith Martin, Case #14-047 was opened following a criminal indictment against Mr. Martin for conduct directly relating to us work as a CPA, forgery. Mr. Martin was provided a Settlement Agreement and Stipulated Final Order to which he never responded to.

The second matter is in regards to Jerald Olsen. Mr. Olsen is currently under an existing Stipulation and Final order from 2010 which requires him to be supervised by a licensed CPA; Mr. Olsen is not currently supervised. Mr. Olsen was issued a settlement proposal and alternatively a Notice should he not accept the settlement. Mr. Olsen has responded and the Board is seeking guidance from Board counsel on analyzing the response and next steps.

5. OLD BUSINESS

A. Draft Guidance to Licensees Considering Service Provision to Legalized Marijuana Businesses

The Board members were provided a draft policy for consideration relating to licensees who want to provide services to the marijuana industry. Mr. Pittioni worked with the Director of Marijuana Programs under the Oregon Liquor Control Commission and the Governor's office on the language to provide to licensees. Ms. Bischoff added that the Attorney General's office wants all marijuana advice to be reviewed as well, however, this draft does not need to be postponed awaiting that review. The draft guidance is attached hereto and incorporated herein by reference.

BOARD ACTION: Moved by Mr. Wright to approve the guidance language for release to licensees, firms and the general public.

VOTE: 7 ayes.

B. UPDATE ON IMPLEMENTATION OF FEES

At the February 2015 Board meeting, the Board discussed raising the fees in rule with an effective date of July 1, 2015. The fee increase bill, SB 581, is currently at the Legislature has an effective date of January 1, 2016, with the authority to work toward implementation prior to that date. The fees that are currently in rule however, need to also be addressed due to the budgetary constraints the Board is facing.

Since the February meeting, Mr. Pittioni and Ms. Fast discussed the implications of amending rules with an effective date of July 1, 2015 and determined it would be both difficult due to the renewal season as well as confusing for licensees having different effective dates for different fees. Mr. Pittioni will work with Ms. McPherson of the OSCPA to implement a communication plan that can be effectively rolled out to the licensees, and coordinate that with a plan on when and how to roll out the fee increases by rule. Mr. Wright commented

that during the meetings with the Society, alternative effective dates for administrative rule fee increases were discussed and that the original position was to implement at a later date. The goal at this point is to prepare the increased fees for an effective date of October 1, which would enable the Board to gain additional revenue.

6. NEW BUSINESS

A. Ratification Request – License Resignation of Darrell Grundman

Mr. Grundman sent a letter to the Board office requesting to resign his CPA license. Mr. Grundman held a lapsed license and phoned the Board office asking what was necessary for him to do in order to help out a firm during tax season. Mr. Grundman was advised that he would need to activate his license to work at a public accounting firm. Mr. Grundman did not want to re-activate his license due to pending retirement and instead returned his CPA certificate and requested his license be resigned immediately. Board leadership and Board counsel were consulted on this matter and gave the go ahead for the Board office to accept the resignation and subsequently have the full Board ratify at the next Board meeting. The resignation letter gives notice to Mr. Grundman that once the resignation is approved he no longer has the option of re-instating his license in the future.

Ms. Fronk recused herself from discussion and voting as Mr. Grundman sought employment with her firm during the tax season.

BOARD ACTION: Moved by Mr. Wright and carried to accept the resignation of Mr. Grundman.

VOTE: 6 ayes. 1 abstention (Fronk).

B. Update on Legislative Session

Mr. Pittioni advised the Board that the session is going very well. SB 272, which establishes a separate fund account for the Board of accountancy (removes from the general fund), modifies the definition of attest and give general authority to the Board to create committees and structure has passed the Senate and is now in the House Committee on Business and Labor. Mr. Pittioni reported that the committee likely will not hear the bill before April 22nd.

The Board's budget bill SB 5501 is up for hearing today. Mr. Brown and Mr. Pittioni will provide testimony. The fee bill that was managed by the OSCP, SB 581, was heard 2 weeks ago in the Senate Committee on Business and Transportation and moved out of committee with only one dissenting vote. The bill is currently A-Engrossed where the amounts of the fee increases negotiated between OSCP, OAIA and the Board were added. The budget committee that hears the Board's budget today will also be the next committee hearing the fee increase bill.

7. Adjourn and Announcement of Next Meeting

Mr. Brown announced the next meeting will be held on May 18-19, 2015 in Salem. The meeting was adjourned at 10:51 a.m.