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### **Dishonesty, fraud or misrepresentation**

Licensee identified himself as a real estate appraiser in two appraisal reports prepared for the U.S. Magistrate Division, Oregon Tax Court. Licensee later testified under oath that he was an Oregon State Licensed Appraiser and submitted his CPA permit number as the identification number of the appraiser license. This individual was not licensed in Oregon as a real estate appraiser. Licensee signed a stipulated final order with the Oregon Appraiser Certification and Licensure Board in which the Licensee agreed that he had unlawfully conducted real estate appraisal activity on real property in Oregon.

#### **BOARD ACTION:**

Revocation for dishonesty, fraud or misrepresentation not in the practice of public accountancy (ORS 673.170(4))

\$3,000 for use of the appraiser designation ORS 673.170(4) and OAR 801-030-0005(4)(b)

\$1,000 for failing to respond to Board communications (OAR 801-030-0020)

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### **Holding out and practicing public accountancy while in lapsed status**

The Licensee was holding out and practicing public accountancy while in lapsed status. The Licensee solicited and undertook obligations to perform a governmental audit that the licensee was not licensed or qualified to perform. The Licensee also prepared income tax returns while in lapsed status which would cause a reasonable person to have substantial doubts about the individual's honesty, fairness and respect for the rights of others and for the laws of the state. The Licensee failed to respond to Board communications regarding the complaint received by the Board regarding her activities.

#### **BOARD ACTION:**

Revocation for professional misconduct and competence (OAR 801-030-0020(1)(a) and 801-030-0010(1))

\$7,000 civil penalty for seven incidents holding out and practicing public accountancy (ORS 673.320 & 673.020)

\$265,000 civil penalty for preparation of 97 tax returns while lapsed (ORS 673.202, 673.320 & OAR 801-030-0020(1)(b))

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### **Holding out as a CPA while lapsed**

Licensee's permit to practice public accountancy lapsed June 30, 2000 and was reinstated on December 15, 2000. On October 24, 2000 licensee admitted to the preparation of a single 1040 for a family friend in California. No tax return for the Oregon Department of Revenue was filed. Licensee charged \$300 for the tax return. Licensee is employed full time in private industry and does public accounting on a part time basis.

#### **BOARD ACTION:**

\$250 civil penalty for holding out as a CPA and practicing public accounting in Oregon without a valid permit in Oregon, in violation of ORS 673.320

### **Competency, Auditing Standards and Other Professional Standards**

Licensee was subject to a Quality Assurance Review by the US Department of Housing and Urban Development, Real Estate Assessment Center (HUD). This review included Licensees audit work for two County Housing Authorities. The Opinion issued by HUD found that the Licensee did not comply with all applicable audit standards while performing audits of HUD assisted properties. Documentation for the audit work was not of sufficient standard.

#### **BOARD ACTION:**

\$2,000 civil penalty for failure to follow standards on two audit engagements

16 hours of CPE in Auditing Standards and Reporting to be completed and proof of completion submitted to the Board by June 30, 2002. These hours in addition to the 80 hours required for license renewal.

Additional Peer Review to be conducted at Licensee's expense by December 31, 2002 and the results to be provided to the Board by the Peer Reviewer within 30 days of the date of signature.

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### **Misleading advertising**

Green, CPA ran an advertisement stating that the IRS had forgiven taxes owed by Green's clients, and that Green "can do the same for you!"

The advertisement failed to make full disclosure of the fact that in order to achieve the results the client must qualify for the "Offer in Compromise" program. The advertisement misleads the public to believe that outcomes were due to Green's unique or special skills not to the program available to qualifying individuals.

**BOARD ACTION:**  
\$1,000 civil penalty

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### **Auditing Standards**

Licensee did not ask the predecessor auditor required questions prior to acceptance of the audit engagement. The Licensee had some prior knowledge of the client from consulting services performed prior to the audit. This knowledge did not mitigate the violation.

#### **BOARD ACTION:**

\$1,000 civil penalty for violation of Auditing Standards (OAR 801-030-0010)

8 hours of CPE on Auditing Standards (OAR 801-030-0010)

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### **Misrepresentation not in the practice of public accountancy**

Brown, CPA owned a bookstore in which he did not provide public accounting services. Brown agreed to sell White the bookstore. Prior to the sale, Brown provided White with a "Statement of Revenue and Expenses".

After the sale, Brown filed a lawsuit against White for breach of contract. Brown was required to submit Form 1040 schedule C tax returns during arbitration. A comparison of the tax returns to the "Statement of Revenue and Expenses" indicated that the "Statement of Revenue and Expenses" included \$84,000 overstatement of income.

Brown admitted that the expenses from a separate but related business owned by Brown were removed from the financial statement and that the income from that other business was included on the financial statement.

#### **BOARD ACTION:**

Revocation, stayed for five years, during which Brown shall be on probation. If Brown commits any violation during the period of probation the Board may terminate the stay and the revocation will take effect. In addition to the stay of revocation, the Board required the following:

Peer review to be completed by end of year for two years.

Additional 40 hours of CPE in attest and compilation by end of year

\$5,000 civil penalty