

**OREGON BOARD OF ACCOUNTANCY**  
**Meeting Minutes**  
**February 8, 2010**

**Board of Accountancy Office**

**Salem, Oregon**

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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**

Ray Johnson, CPA, Chair  
Roberta Newhouse, CPA, Vice-Chair  
Jessie Bridgham, CPA, Treasurer  
Kent Bailey, CPA  
Ann Ferguson, CPA  
Eric Lind, Public Member

**Excused**

Stuart Morris, PA

**Staff**

Pat Hearn, Executive Director  
Noela Kitterman, Investigator  
Kimberly Bennett, Committee Coordinator  
Susan Bischoff, AAG

**Guests Attending**

Sherri McPherson, OSCPA  
Nikki Kobliha, CPA, OSCPA  
Scott Greenstone, (phone)  
D. Jarvis, Atty for Cramer (phone)  
Russell Cramer (phone)  
Mark Friedman, Atty.  
Gary Reynolds, CPA  
Mark Friel, Atty. (phone)  
James Jeddelloh, CPA (phone)  
Greg Kubin, CPA (phone)  
John Pinzelik, Atty

1. **CALL TO ORDER** Chair Johnson called the meeting to order at 8:00 a.m., announced the meeting was being recorded, and immediately went into Executive Session pursuant to ORS 192.660(2)(f) to discuss written communication from AAG, Susan Bischoff which was subject to attorney client privilege.

The meeting was called back into order after Executive Session at 9:00 a.m.

Eric Lind was asked to be process observer. Chair Johnson welcomed the guests from OSCPA and introduced the Board's new legal counsel, Susan Bischoff, AAG. Ms. Bischoff has more than 30 years of practice experience and the Board looks forward to working with her.

2. **APPROVAL OF MINUTES, December 7, 2009**

**BOARD ACTION:** Moved by Newhouse and carried to approve minutes.

**VOTE:** 6 ayes

3. **REPORT OF CHAIR**

Chair Johnson requested that the scheduled June 28, 2010 phone conference Board meeting be changed to an in-person meeting. The Western Regional NASBA meeting

will be in Seattle just prior to the June 28 meeting. The 2010 NASBA Chair, Billy Atkinson, will attend the Seattle meeting. Mr. Atkinson has offered to meet with the Board while he is in the northwest. The Board concurred that they will meet in person June 28.

4. REPORT OF VICE CHAIR

No report

5. REPORT OF TREASURER

Ms. Bridgham reviewed the biennium to date information provided to the Board. Chair Johnson asked if there had been any word regarding the legislature "sweeping" our budget surplus. Mr. Hearn advised that there had been inquiries, but no definite actions.

6. COMPLAINTS COMMITTEE

A. Minutes of January 22, 2010

The minutes were provided for information only.

B. Consent Agenda

- |                  |           |
|------------------|-----------|
| 1. Terese Martin | 08-12-040 |
| 2. Dan Haggerty  | 09-106CNK |

BOARD ACTION: Moved by Newhouse and carried to approve the consent agenda.

VOTE: 6 ayes

C. Investigations for Discussion

- |   |                      |
|---|----------------------|
| 1. John Gregor<br>Gregor Professional Corp. | 08-11-035 (deferred) |
|---|----------------------|

Committee recommended deferral on this case. Mr. Gregor's firm has undergone several pre-issuance reviews and has shown improvement. The firm is now undergoing a peer review and the results should be forthcoming in the next few weeks.

- |                    |           |
|--------------------|-----------|
| 2. Michael Holland | 09-104CNK |
|--------------------|-----------|

Mr. Holland pled guilty in federal court to aiding a client with filing a false tax return. His sentencing was scheduled on February 3, 2010 in Eugene Oregon, but was rescheduled for sometime in April 2010.

The complaints committee recommended \$1,000 civil penalty for professional misconduct, \$5,000 civil penalty for not responding fully and truthfully to a Board communication with 21-days, \$5,000 for hindering an investigation and license revocation.

Mr. Holland has not responded to Board correspondence. He let his license lapse on July 1, 2009; therefore he believes that the Board does not have any jurisdiction over him.

In 2006 the Board found Mr. Holland had used the CPA designation while on lapsed status and that he falsely answered a question on the reinstatement form. He was issued a civil penalty and a stayed revocation until 2010.

BOARD ACTION: Moved by Newhouse and carried to accept the committee recommendation.

VOTE: 6 ayes

3. Green Newhouse, LLC 09-108CNK

Ms. Newhouse stated she would refrain from participation on this matter because she is a member of the firm Green Newhouse, LLC.

The Board received a letter from the firm. The firm letterhead showed two individuals as "CPA Retired". It was found that one of the individuals was on lapsed status. The firm was notified and they immediately corrected the problem. The committee found that the firm was in violation of OAR 801-030-0020(4), Public Communications. No civil penalty was recommended.

The Board questioned whether in similar cases a civil penalty had been assessed. After some research it was found that a \$100 civil penalty would be consistent with past practice.

BOARD ACTION: Moved by Brigham and carried to accept the committee recommendation for violation and also assess a civil penalty of \$100.

VOTE: 6 ayes

4. Regina Wechter 09-114CNK

Ms. Wechter provided bookkeeping, payroll tax and income tax services and used the CPA designation on her documents. She is not a licensed CPA, nor a licensed tax preparer.

The committee recommended \$5,000 civil penalty for violation of ORS 673.320(3), Permit or registration required; Issue a Cease and Desist Order and request staff to contact the IRS and the Board of Tax Practitioners and notify them of her activity.

BOARD ACTION: Moved by Newhouse and carried to accept the committee recommendation.

VOTE: 6 ayes

D. OLD BUSINESS

James Jeddelloh

Alan Griffith

At its December 7, 2009 meeting, the Board considered the September 11, 2009 complaints committee recommendations for Perkins & Company, PC, Gary Reynolds, James Jeddelloh and Alan Griffith. The Board deferred making a decision and requested that the Respondents submit additional information for the complaints committee's review.

The complaints committee made a recommendation to the Board for various civil penalties for each of the parties involved.

Mr. Friel, Mr. Reynolds, Mr. Jeddelloh and Mr. Friedman were all present at the Board meeting. Ms. Newhouse stated that on advice from counsel the Board would not be moving forward with the committee recommendation at this meeting.

**BOARD ACTION:** Moved by Newhouse and carried to request Legal Counsel to draft a Letter of Intent with respect to Perkins & Co. PC, Gary Reynolds, James Jeddelloh and Alan Griffith for consideration at the meeting on May 17, 2010.

*Discussion: The Board would like to give its new legal counsel an opportunity to become familiar with the case. The board asked Mr. Reynolds if the client received a copy of their engagement letter. Mr. Reynolds stated that the client signed an engagement letter with BDO and therefore Perkins & Co. PC does not have a copy.*

VOTE: 6 ayes

## 7. PROPOSED CASE SETTLEMENTS

### A. Paveena Wong

The Board voted in May 2009 by unanimous vote to assess Ms. Wong the following: \$5,000 civil penalty; license suspension for two (2) years and 24 additional hours of Continuing Professional Education, eight (8) hours in tax, eight (8) hours in accounting and eight (8) hours in ethics for violation of OAR 801-030-0020(1) Professional Misconduct.

Mr. Hearn indicated that settlement negotiations have been going on for many months. Ms. Wong does not want to consider suspension of her license nor pay much money in civil penalties.

Mr. Pinzelik has proposed that Ms. Wong be allowed to work under the supervision of Mr. Greg Kubin, CPA for a period of two years and pay a reduced civil penalty of \$3,500.

*Board Discussion: Ms. Wong was originally licensed in 1986. She has had a previous complaint for problems with compilation standards. The Board is*

*concerned that Mr. Kubin may not be prepared for the amount of supervision that they believe Ms. Wong needs in order to protect the public.*

BOARD ACTION: Moved by Bailey and carried to reject the settlement offer for Paveena Wong and direct staff to move forward with negotiations and/or final action.

VOTE: 6 ayes

B. Parry Ankersen

Mr. Hearn reported that he and Mr. Ankersen have been engaged in positive settlement negotiations. Mr. Ankersen has submitted counter offer with some acceptable and some non-acceptable terms. Mr. Ankersen is currently undergoing medical treatment and therefore not available for negotiations.

C. Scott Greenstone

Mr. Greenstone joined the meeting by phone at 11:00 a.m.

Mr. Greenstone holds an inactive CPA permit and is the owner of Greenstone Financial Reporting located in Bend, Oregon. Mr. Greenstone offers services such as accounting, financial reporting, bookkeeping, financial planning and advisory consulting.

The committee recommended a civil penalty of \$500 for violation of ORS 673.320(3), use of the CPA designation without indicating that his permit is 'inactive', \$5,000 civil penalty and cease and desist for violation of ORS 673.160(1)(c), registration of business organizations; and \$5,000 civil penalty for violation of OAR 801-030-0010(5), other professional standards. Total civil penalties proposed is \$10,500 and Cease and Desist order.

Mr. Greenstone gave some background of his company and stressed the fact that he unknowingly violated the Board's laws and rules. He believed that he could perform the duties he does while on inactive status. Mr. Greenstone has volunteered to surrender his CPA license and continue to serve his clients.

The Board is concerned that he will be continuing to practice public accountancy without a license.

Mr. Hearn will continue to negotiate a settlement agreement with Mr. Greenstone.

BOARD ACTION: Moved by Newhouse and carried to accept the committee recommendation.

VOTE: 4 ayes (Johnson, Ferguson, Lind and Newhouse) 2 nay (Bailey, Bridgham)

8. REPORT OF EXECUTIVE DIRECTOR

A. On-line licensing project update

Mr. Hearn reported that the consultants used previously on this project are working to revise the business case and work plan so that it can be submitted to DAS IT. Once DAS IT approves the revised language, the information resource request can be updated and procurement can begin.

The initial plan was to build a system from the ground up. There are products that are much more efficient and cost effective than building from scratch. Mr. Hearn reported that there are many variables to the process but he anticipates going "live" around April/May 2011.

#### B. 2010 Legislative Session Update

Mr. Hearn reported that he has seen no bills introduced relating to semi-independence for regulatory boards or any bill that would roll the Board of Accountancy into the Department of Consumer and Business services.

#### C. Review of Agency Performance Measures

Mr. Hearn reported that some of the current Key Performance Measures need revision.

KPM #2 targets complaints processed within 180 days. Mr. Hearn has proposed that the Board extend the time line to 270 days.

KPM #3 targets the percentage of complaints that result in disciplinary action. This measure should be deleted and replaced by a new KPM #3. The new proposed measure would target the number of days it takes from the date a complaint is received in the board office until a decision is made by the Executive Director and the Investigator as to its validity. The new measure will give a 7 business day time period for this action.

In addition, the Board proposed two additional KPMs.

The Board would like a measure that tracks the number of days from the initial letter advising parties an investigation has been opened until a recommendation to the Board from the Complaints Committee.

To complete the investigation process, a new proposed measure to track the number of days from the complaint committee recommendation to the Board until a final action is accepted by the Board. This includes any negotiations for settlement that may take place.

The Board is proposing to modify the current KPM #4 to track the percentage of cases that are settled prior to a contested case hearing.

The Executive Director will draft the new language and negotiate with the legislature and budget and management to modify the KPMs.

#### D. NASBA EXECUTIVE DIRECTOR CONFERENCE

The Executive Director would like approval by the Board to attend the 28<sup>th</sup> Annual Conference for Executive Directors in Nashville, Tennessee on March 21 – 24, 2010.

BOARD ACTION: Moved by Bailey and carried to approve the Executive Director's attendance at the Executive Directors Conference.

VOTE: 6 ayes

#### E. EXECUTIVE DIRECTOR'S REIMBURSEMENTS – 2009

The Board was presented with business related expenses for which Mr. Hearn received reimbursement in 2009.

BOARD ACTION: Moved by Ferguson and carried to approve the reimbursements.

VOTE: 6 ayes, 1 absent (Morris)

#### F. NEW INFORMATION RE: Mort Bohn

Mr. Bohn is currently under a suspension with the Board. Mr. Board pled guilty on January 26, 2010 in US District Court to bank fraud and money laundering. Sentencing is scheduled for April 6, 2010.

Based on the findings of him pleading guilty of fraud, the Board will issue a Notice of Intent to Revoke Mr. Bohn's CPA license. Mr. Bohn will have an opportunity for a hearing.

BOARD ACTION: Moved by Bailey and carried to approve to issue a Notice of Intent to Revoke Mort Bohn.

VOTE: 6 ayes

#### 9. PUBLIC COMMENT

None

#### 10. REPORT OF OAIA

None

#### 11. REPORT OF OSCPA

OSCPA will be hosting a Professional Update session in Eugene Oregon at the Valley River Inn in April 2010. The Vice Chair of the AICPA will be there as well as economists. The Board is welcome to participate.

## 12. OLD BUSINESS

### A. Division 005 – Retired Status vs Inactive Status

Proposed changes to the definition of “inactive” status and a new definition for “retired” status were presented to the Board for review. The Board requested staff do some research of other states, prepare a break down of where Oregon inactive licensees are employed and develop a comparison of current administrative rules with the statutes. This information will be discussed at the Spring work session in Eugene.

### B. LICENSE REINSTATEMENT FOR RUSSELL CRAMER

Jessie Bridgham recused herself from the discussion. She and Mr. Cramer were employed at the same firm.

Mr. Cramer and his attorney, Mr. Jarvis, attended the meeting by phone at 9:00 a.m. Mr. Cramer submitted an application for reinstatement from suspended status to active status on October 28, 2009. Mr. Cramer’s suspension notice stated that he may apply for reinstatement on or after January 2010. Ms. Kitterman stated that she received information from Michael Piels that there are five returns that extensions were made for and there is concern that Mr. Cramer prepared these returns. Mr. Cramer stated that he has not signed any returns since being on a suspended status. Ms. Kitterman will request copies of the returns from the Department of Revenue. Once it is confirmed that he did not sign, the Board will reinstate Mr. Cramer’s license.

**BOARD ACTION:** Moved by Bailey and carried to reinstate Mr. Cramer’s CPA license to active status if the tax returns in question do not have his signature.

**VOTE:** 5 ayes, 1 abstention (Bridgham)

## 13. CONTINUING PROFESSIONAL EDUCATION COMMITTEE

### A. Minutes of January 12, 2010

The minutes were provided for information only.

### B. Committee Recommendations

1. Municipal Auditor Applications
  - a) Karl Maxon – Accept

**BOARD ACTION:** Moved by Bailey and carried to accept the application for municipal license for Karl Maxon.

**VOTE:** 6 ayes

2. CPE Audit
  - a) Diane Farris, Deny

Ms. Farris was included in the 2009 CPE audit. She reported 21 technical CPA hours for a writing course she completed. The courses should have been reported as non-technical CPE, which is limited to 16 hours per renewal period.

BOARD ACTION: Moved by Bailey and carried to disallow 5 hours of CPE reported on Ms. Farris' renewal application.

VOTE: 6 ayes

b) Jose Gonzalez, Deny

Mr. Gonzalez was selected during the 2009 CPA audit. Upon review it was discovered that Mr. Gonzalez claimed 32 technical CPE hours as technical when they are in fact considered non-technical.

BOARD ACTION: Moved by Bailey and carried to disallow the 32 technical hours reported on Mr. Gonzalez' 2009 renewal.

VOTE: 6 ayes

C. REINSTATEMENT APPLICATION

1. Myrna Johnson – Deny

Ms. Johnson applied for reinstatement of her lapsed permit on October 27, 2009. Ms. Johnson claimed 48 technical hours for a manual she revised. The Board only allows CPE credit when a licensee authors a publication the first time, credit is not allowed for revisions.

BOARD ACTION: Moved by Bailey and carried to disallow 48 hours of CPE claimed on Myrna Johnson's reinstatement application.

VOTE: 6 ayes

14. PEER REVIEW OVERSIGHT COMMITTEE

No meeting held

15. QUALIFICATIONS COMMITTEE

A. Minutes of January 27, 2010 were provided for information only.

B. Consent Agenda

1. Recommendations

- a) Thomas Poon – Accept
- b) Audrey Stevens – Accept
- c) Inna Cutting – Accept

- d) Elysia Harland – Accept
- e) Robert Johnson - Accept
- f) Jeny Motilla – Accept

## 2. Approval of Applications

- a) 49 CPA License applications
- b) 0 PA License applications
- c) 12 Firm Registrations

BOARD ACTION: Moved by Ferguson and carried to approve the consent agenda recommendations.

VOTE: 6 ayes

### C. Applications for Discussion

#### 1. Yan Li Gao – Deny

Ms. Gao has worked for 1<sup>st</sup> Capital Asset Management in Canada for 58.5 months. The individual who signed off on her experience is not her direct supervisor. Her direct supervisor, Tahim Salam is not licensed for public practice.

BOARD ACTION: Moved by Ferguson and carried to deny the application for certification for Ms. Gao.

VOTE: 6 ayes

D. 2009 Annual Report was provided for information only.

### E. Potential New Committee Members

The committee selected 5 individuals they believe would be an asset to the committee. Mr. Hearn will contact each of the individuals to determine if they are interested in serving. Once confirmed, he will bring forth the names for Board approval.

## 16. CPA Exam

### A. Exam Statistics

Statistics were provided to the Board regarding the pass rate of the CPA exam for the period ending December 2009.

## 17. CODE OF PROFESSIONAL CONDUCT

No meeting held

## 18. NEW BUSINESS

A. Supervisor Licensees/Mentors

Revision needs to be made to the supervisor licensee administrative rules. This will be discussed at the spring work session.

B. Citizenship/Residency Requirement for Licensure

The Board would like to consider a citizenship or residency requirement. Legal counsel warned against potential constitutional limitations. This item will be discussed at the Spring Work session.

19. PROCESS OBSERVER

Mr. Lind reported that the meeting was successful and efficient. There were a couple of items the Board got bogged down with but overall well ran. He also stated that Susan Bischoff is a nice addition to the Board and thanked her for her input.

20. Chair Johnson adjourned the meeting at 2:55 p.m.

NEXT MEETING

Date: March 29, 2010  
Location: Phone Conference  
Time: 8:00 a.m.