

MINUTES OF THE KANSAS BOARD OF ACCOUNTANCY
APRIL 25, 2014
LANDON STATE OFFICE BUILDING, ROOM 556A
TOPEKA, KS

1. ADMINISTRATIVE MATTERS:

A. CALL TO ORDER:

Kathryn J. Mitchell, CPA, Chair, called the meeting to order. Board members in attendance were Ms. Mitchell; T. C. Anderson, Public Member; Denise Denning, CPA; Michael Marsh, CPA; Patricia O'Sullivan, Public Member; and Rodney Van Norden, CPA. Also in attendance were Susan Somers, Executive Director; Darin Conklin, General Counsel to the Board; Rita Barnard, Kansas Society of CPAs; and Joyce Schartz, Public Accountants Association.

B. CONSENT CALENDAR:

The Board reviewed the minutes of the January 17, 2014 and February 19, 2014 meeting; reciprocity certificates/permits to practice/firm registrations; and the March financials. Mr. Van Norden moved and Ms. O'Sullivan seconded to approve the Consent Calendar. Upon a vote, the motion carried.

2. CPA EXAM:

A. The Board reviewed the January/February 2014 testing window exam scores. Ms. Denning moved and Mr. Van Norden seconded to ratify the grades. Upon a vote, the motion carried.

B. The Board reviewed the CPA exam statistics comparing the Kansas pass rates to the National pass rates. No action was required to be taken.

C. The Board reviewed requests for waivers of courses required for the CPA Exam, as follows:

1. **Bryan Hartman:** The Board received a request from Bryan Hartman submitted pursuant to K.A.R. 74-2-7, for waiver of the requirement to complete 2 hours of communications to meet the 11 hour requirement and a business law course. Ms. Somers advised the Board that Captain Hartman had already passed the exam as a Missouri candidate, but wanted to transfer his grades to Kansas to obtain his CPA certificate. Ms. Somers also noted that Captain Hartman was serving in the military and was stationed at Fort Leavenworth. Mr. Anderson moved and Mr. Van Norden seconded to grant the waiver based upon Captain Hartman's work experience. Upon a vote, the motion carried.

2. Rachel Koger: The Board received a request from Rachel Koger submitted pursuant to K.A.R. 74-2-7, for waiver of the requirement to complete 2 hours of communications to meet the 11 hour requirement. After review, the Board determined that it was appropriate to request additional information of Ms. Koger regarding her work experience. Therefore, Mr. Anderson moved and Mr. Van Norden seconded to defer the matter to the June meeting, and instructed Ms. Somers to contact Ms. Koger and request detailed information regarding her work experience. Upon a vote, the motion carried.

3. CPE/PERMIT TO PRACTICE/PEER REVIEW/FIRM REGISTRATIONS:

A. Ms. Somers presented to the Board the list of firms with Peer Reviews either due or in process, and indicated that since the Board has already established the due dates for 2014, the report was for informational purposes only.

B. The Board received a request for extension of the Peer Review due date from Steven Moeder, CPA, PA submitted pursuant to K.S.A. 1-501. The Board noted that Mr. Moeder had previously requested from the Board a waiver of Peer Review in 2013; however, that request was denied. Ms. O'Sullivan moved and Mr. Marsh seconded to grant Mr. Moeder's request for an extension of the due date for his peer review to May 30, 2014, with no further extensions. Upon a vote, the motion was approved.

4. HEARINGS:

A. 9:30 AM CAROL MAHLER CONSENT ORDER: Ms. O'Sullivan recused herself from this matter. Ms. Mahler appeared in person, as did Respondent Mahler Accounting, Chartered. This matter was before the Board for consideration of a Consent Order relating to Respondents' non-compliance with a Final Order issued by the Board in case number 2012-39 and the use of misleading advertisements. The terms of the Consent Order required Respondents to appear before the Board and suspended Ms. Mahler's Kansas certificate and permit to practice certified public accountancy as well as the firm registration of Mahler Accounting Chartered, for a period of six (6) months from the effective date of the Consent Order. The suspensions shall continue thereafter until such time as Ms. Mahler has submitted to the Board a request for reinstatement of her Kansas certificate and permit to practice certified public accountancy in the State of Kansas and the Board has made the determination that reinstatement is appropriate. The firm registration of Mahler Accounting, Chartered is likewise to remain suspended following the initial period of six months, and until such time as it submits an application for reinstatement and the Board has made a determination that reinstatement is appropriate. The Respondent Carol Mahler is to pay a fine in the amount of \$1,000 and to pay costs pursuant to K.S.A. 1-206, to include attorney's fees and court reporter fees incurred in this matter within 30 days of the effective date of the Consent Agreement. The Board, upon motion of Mr. Anderson and seconded by Mr. Van Norden, went into closed session for ten minutes to deliberate the matter. The Board thereafter returned to open session at which time Mr. Anderson

moved and Mr. Marsh seconded for the Board to accept the Consent Order. Upon a vote, the motion carried, with Ms. O'Sullivan not participating.

B. JOHN HUDSON: Ms. O'Sullivan recused herself from this matter. Mr. Hudson appeared in person and with his counsel, Scott Toth of Garrettson, Webb & Toth, LLC. This matter was before the Board for consideration of an application for reinstatement of Mr. Hudson's permit to practice certified public accountancy in the State of Kansas. Mr. Hudson's application for reinstatement reflected that he was late in filing his personal tax returns for tax years 2008, 2009 and 2011. However, Mr. Hudson testified that he had several issues to deal with during that time, including a diagnosis of pancreatic cancer; the passing of his father-in-law; his wife had suffered from a series of medical ailments; he had taken on responsibility for raising his grandson due to his daughter's alcohol and substance abuse issues; he subsequently added responsibility for raising his newborn granddaughter and became permanent legal guardian of the two young children; and he spent a significant amount of time and money in defending his daughter in criminal proceedings; all resulting in substantial emotional and physical burdens impacting his ability to focus. After hearing Mr. Hudson's testimony, Mr. Anderson moved and Mr. Van Norden seconded for the Board to go into closed session for 15 minutes to deliberate the matter. When the Board reconvened, Mr. Van Norden moved and Mr. Anderson seconded to approve Mr. Hudson's application for reinstatement of his permit without disciplinary action based on the extenuating and unique circumstances as testified to at the hearing. Upon a vote, the motion carried, with Ms. O'Sullivan not participating.

C. UPDATE ON SUMMARY ORDERS: Ms. Mitchell reported that she had issued the following Summary Orders since the January meeting:

1. Kenneth Kickhaefer: Summary Order and fine for failure to comply with Board order.
2. Dorothy Mukanjiri: Summary Order and fine for failure to comply with Board Order.
3. Gregory Long: Summary Order and fine for failure to comply with Board Order.
4. Melissa Goetz: Summary Order and fine for failure to comply with Board Order.
5. Stuart Douthett: Summary Order and fine for failure to disclose multiple office locations.
6. Brent Stenholm: Summary Order denying application for CPA certificate by transfer of grades for the reason that he did not meet the education requirements.

5. OTHER:

A. The Board reviewed a request from Jeffrey Leiserowitz, a former Board member, to be nominated to NASBA's Nominating Committee. Mr. Van Norden moved, and Ms. O'Sullivan seconded to nominate Mr. Leiserowitz to serve another term on NASBA's Nominating Committee. Upon a vote, the motion carried.

B. Ms. Mitchell reported that the contracts for Darin Conklin as general counsel, and Willard and Schuler for court reporter services, were extended for another year. There were no changes made to the contracts.

C. Ms. Somers reported that the contract for disciplinary counsel was discontinued. A new RFP had been issued for disciplinary counsel services. Mr. Van Norden moved and Ms. O'Sullivan seconded for the Board to go into executive session to discuss certain attorney/client privilege matters relative to accounts payable, for a period of 15 minutes. Upon a vote, the motion carried.

When the Board reconvened, Mr. Van Norden moved, and Mr. Marsh seconded, to authorize the payment of Mr. Crowley's final billing statements for services rendered. Upon a vote, the motion carried, with Ms. O'Sullivan not participating in the vote.

6. ADJOURN

There being no further business to come before the Board, Mr. Anderson moved, and Ms. O'Sullivan seconded, to adjourn. Upon a vote, the motion carried.

/s/ Susan L. Somers
Susan L. Somers, Executive Director