

**MINUTES OF THE KANSAS BOARD OF ACCOUNTANCY
MAY 1, 2015
LANDON STATE OFFICE BUILDING, ROOM 556A
TOPEKA, KS**

1. ADMINISTRATIVE MATTERS:

A. CALL TO ORDER:

John R. Helms, CPA, Chair, called the meeting to order. Board members in person in attendance were Mr. Helms; Rodney Van Norden, CPA; T. C. Anderson, Public Member; Denise Denning, CPA; Michael Marsh, CPA; Kathryn Mitchell CPA. Ms. O'Sullivan, Public Member, appeared by phone for the Benjamin Giles hearing. Also in attendance in person was Susan Somers, Executive Director; Randy Forbes, Disciplinary Counsel to the Board; Darin Conklin, General Counsel to the Board; Rita Barnard, Aron Dunn and Kate Grant, Kansas Society of CPAs; and Garold Gilkison, Public Accountants Association.

B. CONSENT CALENDAR:

The Board reviewed the minutes of the January 23, 2015 meeting; reciprocity certificates/permits to practice/firm registrations; and the third quarter 2015 financials. Mr. Anderson moved and Ms. Mitchell seconded to approve the Consent Calendar. Upon a vote, the motion carried.

2. CPA EXAM

A. The Board reviewed the January/February 2015 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 the CPA Exam Performance Summary for first quarter 2015. No action was required to be taken.

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. Ms. Somers presented a request from the firm of Mize Houser & Company P.A. for a change in the firm's Peer Review year end from September 30 to April 30, thereby changing the firm's Peer Review expiration date from March 31, 2016 to October 31, 2015. Mr. Anderson moved and Mr. Van Norden seconded to approve the request. Upon a vote, the motion carried.

4. HEARINGS:

A. 9:30 AM DAVID FREISNER CONSENT AGREEMENT AND FINAL ORDER:

Ms. O'Sullivan, not present at meeting, was the investigative Board member. Mr. Friesner appeared in person. This matter was before the Board for consideration of a Consent Agreement and Final Order arising from Mr. Freisner's unauthorized practice of certified public accountancy in the State of Kansas without a lawful permit and his subsequent application for reinstatement of his permit to practice. The terms of the Consent Agreement and Final Order required Mr. Friesner to appear before the Board; pay a fine in the amount of \$250; pay costs pursuant to K.S.A. 1-206, to include attorney's fees and court reporter fees; and the approval of the application for reinstatement of Mr. Freisner's permit. After hearing the testimony, Ms. Denning moved and Mr. Marsh seconded to approve the Consent Agreement and Final Order. Upon a vote, the motion carried.

B. MILES HUTCHINSON CONSENT AGREEMENT AND FINAL ORDER:

Mr. Marsh, the investigative Board member, recused himself from this matter. Mr. Hutchinson appeared in person. This matter was before the Board for consideration of a Consent Agreement and Final Order arising from an investigation into Mr. Hutchinson's practice of certified public accountancy in the State of Kansas without a valid permit. The terms of the Consent Agreement and Final Order required Mr. Hutchinson to appear before the Board; pay a fine in the amount of \$1,000; payment of costs pursuant to K.S.A. 1-206, to include attorney's fees and court reporter fees; modification of marketing materials to comply with Kansas law; and completion of the AICPA Comprehensive Ethics Exam with a score of 90% or greater, with proof of completion to the Board on or before July 1, 2015 . After hearing testimony, Mr. Van Norden moved and Ms. Denning seconded, to approve the Consent Agreement and Final Order. Upon a vote, the motion carried, with Mr. Marsh not participating.

C. ROBERT E. LETTERMAN AND LETTERMAN & CO., P.C. CONSENT AGREEMENT AND FINAL ORDER:

Ms. Denning, the investigative Board member, recused herself from this matter. Mr. Letterman appeared in person and on behalf of Letterman & Co., P.C., and by counsel, Joel I. Krieger. This matter was before the Board for consideration of a Consent Agreement and Final Order relating to Respondents' compliance with applicable professional standards. . Mr. Van Norden moved, and Ms. Mitchell seconded for the Board to go into closed session for ten minutes pursuant to K.S.A. 1-501 to discuss the peer review. The terms of the Consent Agreement and Final Order required the Respondents to appear before the Board and to undergo pre-issuance reviews of all attest reports for Kansas clients until further order of the Board. The Respondents shall also submit the pre-issuance findings to the Board, within a specified period of time. The Respondents were also ordered to pay costs pursuant to K.S.A. 1-206, to include attorney's fees and court reporter fees incurred in this matter. The Board reconvened. whereupon Mr. Anderson moved and Mr. Marsh seconded for the Board to proceed back into closed session for an additional five minutes pursuant to K.S.A. 1-501. Upon a vote, the motion carried.

When the Board reconvened in open session, Mr. Anderson moved and Mr. Marsh seconded for the Board to accept the Consent Agreement and Final Order. Upon a vote, the motion carried, with Ms. Denning not participating.

D. KYLE SNYDER HEARING ON APPLICATION FOR CPA CERTIFICATE: Mr. Helms, the investigative Board member, recused himself from this matter. Mr. Van Norden, Vice Chair assumed the Chair for purposes of this hearing. Mr. Snyder appeared in person, along with his attorney, Diane Bellquist. Matthew List, a representative of Respondent's employer, was also present. . The Board was represented by disciplinary counsel Randall J. Forbes. This matter was before the Board arising from Mr. Snyder's submission of an application for CPA certificate by passing exam in Kansas. The Board reviewed certain information relative to the applicant's prior conduct and his subsequent completion of the terms of a diversion agreement. After hearing testimony, Mr. Anderson moved, and Mr. Marsh seconded, to approve Mr. Snyder's application for CPA certificate by passing exam in Kansas. Upon a vote, the motion carried, with Mr. Helms not participating.

E. BENJAMIN GILES DISCIPLINARY HEARING: Ms. O'Sullivan, the investigative Board member joined the meeting by phone and recused herself from participation as a presiding Board member in this matter. Mr. Giles appeared in person, and by counsel, Scott Gunderson. The Board was represented by disciplinary counsel Randall J. Forbes. Also in attendance was Charlene Giles, wife of Mr. Giles. This matter was before the Board relative to a Petition for Disciplinary Action filed on September 2, 2014. The hearing commenced and at 12:00 noon, Mr. Anderson moved and Mr. Marsh seconded, for the Board to recess for lunch until 1:00 PM. Upon a vote, the motion carried.

When the Board reconvened, Mr. Van Norden moved and Mr. Anderson seconded, for the Board to go into closed session for ten minutes for attorney/client privilege. Upon a vote, the motion carried.

When the Board came back into session, Mr. Anderson moved and Mr. Van Norden seconded, to recess the hearing until a later date to be determined by the Board. Upon a vote, the motion carried, with Ms. O'Sullivan not participating.

F. TROY RENKEMEYER DISCIPLINARY HEARING: Mr. Helms, the investigative Board member, recused himself from this matter. Mr. Van Norden, Vice Chair assumed the Chair for purposes of this hearing. Mr. Renkemeyer appeared in person. The Board was represented by Randall J. Forbes, disciplinary counsel. This matter was before the Board for hearing upon Mr. Renkemeyer's timely request for hearing filed in response to the Board's issuance of a Summary Order of Denial and Revocation. The parties provided evidence relative to Mr. Renkemeyer's activities as further described in the opinion issued by the Kansas Court of Appeals titled *Monarch Transport, LLC v. FKMY, LLC, Crader and Renkemeyer, et al.* Mr. Renkemeyer is also an attorney and is under current consideration for disciplinary action by the Kansas Supreme Court relative to his license to practice law. After testimony, Mr. Anderson

moved and Ms. Mitchell seconded for the Board to go into closed session for ten minutes to deliberate the matter. Upon a vote, the motion carried.

When the Board came back into session, Mr. Anderson moved and Mr. Marsh seconded for the Board to go back into closed session until 4:15 to further deliberate the matter. Upon a vote, the motion carried.

When the Board reconvened, Mr. Anderson moved and Ms. Denning seconded to deny Mr. Renkemeyer's application for renewal of his permit to practice certified public accountancy in the State of Kansas pursuant to K.S.A. 1-311(a)(8), (11) and (14), and to suspend Mr. Renkemeyer's Kansas certificate for a period of one year, and assessed costs pursuant to K.S.A. 1-206, to include attorney fees and court reporter fees to be paid within 30 days of the date a statement is issued by the Board, and which cannot be paid by credit card. Upon a vote, the motion carried, with Mr. Helms not participating.

THE FOLLOWING ARE CONSENT AGREEMENTS AND FINAL ORDERS APPROVED BY THE BOARD RELATING TO INFORMATION SUBMITTED TO THE BOARD BY THE UNITED STATES DEPARTMENT OF LABOR AND RELATING TO FIRMS WHO ISSUED EMPLOYEE BENEFIT PLAN AUDITS FOR KANSAS CLIENTS WITHOUT A PROPER FIRM REGISTRATION. REPRESENTATIVES OF THE FIRMS WERE NOT REQUIRED TO APPEAR BEFORE THE BOARD. MS. DENNING, THE INVESTIGATIVE BOARD MEMBER, RECUSED HERSELF FROM THESE MATTERS.

G. COULTER & JUSTUS, KNOXVILLE, TN: \$500 fine, plus attorney fees and court reporter fees pursuant to K.S.A. 1-206. Mr. Anderson moved and Mr. Van Norden seconded to accept the Consent Agreement and Final Order. Upon a vote, the motion carried, with Ms. Denning not participating.

H. HAMILTON & ASSOCIATES, OKLAHOMA CITY, OK: \$5,000 fine, plus attorney fees and court reporter fees pursuant to K.S.A. 1-206. Mr. Van Norden moved, and Mr. Marsh seconded to approve the Consent Agreement and Final Order. Upon a vote, the motion carried, with Ms. Denning not participating.

I. LEGACY PROFESSIONALS, LLP, CHICAGO IL: \$500 fine, plus attorney fees and court reporter fees pursuant to K.S.A. 1-206. Respondent's application for firm registration was to be approved without condition upon the approval of the Consent Agreement and Final Order by the Board. Mr. Van Norden moved, and Ms. Mitchell seconded to accept the Consent Agreement and Final Order. Upon a vote, the motion carried, with Ms. Denning not participating.

J. STEVEN T. OSBORNE, CPA, NORTH KANSAS CITY, MO: \$2,000 fine, plus attorney fees and court reporter fees pursuant to K.S.A. 1-206. Mr. Marsh moved and Mr. Van Norden seconded, to approve the Consent Agreement and Final Order. Upon a vote, the motion carried, with Ms. Denning not participating.

K. REILY, PENNER & BENTON, LLP, MILWAUKEE, WI: \$500 fine, plus attorney fees and court reporter fees pursuant to K.S.A. 1-206. Mr. Van Norden moved and Mr. Marsh seconded to approve the Consent Agreement and Final Order. Upon a vote, the motion carried, with Ms. Denning not participating.

L. CASEY J. RUSSELL, CPA, INC. OKLAHOMA CITY, OK: \$500 fine, plus attorney fees and court reporter fees pursuant to K.S.A. 1-206. Mr. Van Norden moved and Ms. Mitchell seconded to approve the Consent Agreement and Final Order. Upon a vote, the motion carried, with Ms. Denning not participating.

M. SCOTT SKIBBIE, INC., FRANKLIN, TN: \$500 fine, plus attorney fees and court reporter fees pursuant to K.S.A. 1-206. Mr. Van Norden moved and Mr. Marsh seconded to approve the Consent Agreement and Final Order. Upon a vote, the motion carried, with Ms. Denning not participating.

N. SMITH & HOWARD, ATLANTA, GA: \$500 fine, plus attorney fees and court reporter fees pursuant to K.S.A. 1-206. Mr. Van Norden moved and Mr. Marsh seconded to approve the Consent Agreement and Final Order. Upon a vote, the motion carried, with Ms. Denning not participating.

5. REGULATION AMENDMENTS:

A. Ms. Somers reported that she and general counsel were working on proposed regulation amendments, to include the codification of the AICPA Code of Professional Conduct and hopefully would have something for the Board to review at its next meeting.

B. Aron Dunn and Kate Grant, representatives of the Kansas Society of CPAs, presented a proposal from the KSCPA for possible regulation amendments:

1. Adoption of the entire AICPA Code of Professional Conduct. Ms. Somers pointed out that the Board couldn't adopt the entire Code of Professional Conduct because there were items included, such as the AICPA By-Laws, that couldn't be adopted by the Board. In addition, the Board had a restriction on the use of firm names, which is different than what is included the AICPA Code of Professional Conduct.

2. Request to adopt the AICPA/NASBA Statement on Standards for CPE in full, and if not in full to consider allowing .5 hour credit for 25 minute live or online live/self-study program. Ms. Somers pointed out that the AICPA/NASBA Standards do not provide for .5 hour credit for live or webinar courses—only self-study courses, so it would be in direct conflict with their request to adopt the standards in full. The AICPA/NASBA Standards require 1 full credit for live and webinar courses before .5 credits may be awarded.

3. Allow Circular 230 to qualify for ethics CPE. Ms. Somers reminded the Board of the Board's prior discussions relative to Circular 230's use for ethics CPE credit.

The AICPA Tax Standards are designed to support Circular 230, but do not incorporate Circular 230. Circular 230 is an IRS rule, which the Board does not regulate, and therefore, it was determined that it shouldn't qualify for ethics CPE in Kansas. Mr. Helms indicated that he thought that the ethics requirement should cover the Code of Professional Conduct. The KSCPA indicated that they were attempting to obtain information from other states relative to acceptance/denial of Circular 230 for ethics. Ms. Somers offered to conduct a poll of the State Boards to determine whether other state regulatory boards governing certified public accountancy accepted Circular 230 for ethics CPE credit.

6. OTHER:

A. National American University (NAU) appeared before the Board by Robin Shah, Program Chair, Accounting, and Todd Herseth, Dean of Business Accounting and Technology, to seek approval of NAU as college or university pursuant to K.S.A. 1-302a. Mr. Herseth indicated that NAU currently offered only one business law course, and given that the Board required two, would be developing a second business law course in the future. Mr. Herseth also confirmed that NAU currently may grant up to 50% of the credits required for a degree in the form of alternative credits (Clep, DSST, portfolio evaluation, military) and that these credits would be reflected on a transcript as "transfer" credits. He also indicated that upon request, the university would explain for what course or courses those credits were awarded. He further indicated that NAU was accepted in 11 other states where the university had a brick and mortar building, but that the Texas Board of Accountancy did not accept NAU at this time. He indicated that they were working on gaining approval in Texas and the accreditation that Texas requires. Considerable discussion was had concerning the awarding of credits, how the courses were provided, how the Board could accept or restrict a college based upon how credits were awarded, after which Ms. Denning moved and Mr. Van Norden seconded to table the matter until a future date pending Mr. Herseth providing a course syllabus for their business law course and for the second business law course that they were developing, as well as research being conducted by Ms. Somers relative to whether or not other states accept credits from NAU. Upon a vote, the motion carried.

B. The Board reviewed the request for renewal of contracts for disciplinary counsel, general counsel and court reporter. Mr. Van Norden moved and Mr. Anderson seconded to approve the renewal of the contracts for the next fiscal year. Upon a vote, the motion carried.

7. ADJOURN:

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

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