

**MINUTES OF THE KANSAS BOARD OF ACCOUNTANCY
JUNE 29, 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; and Kathryn Mitchell, CPA. Also in attendance was Susan Somers, Executive Director; Randy Forbes, Disciplinary Counsel to the Board; Darin Conklin, General Counsel to the Board; Mary MacBain and Rita Barnard, Kansas Society of CPAs; Joyce Schartz, Public Accountants Association; and Bert Denny, CPA; Ginger Powell, CPA; and Mark West, CPA.

B. CONSENT CALENDAR:

The Board reviewed the minutes of the May 1, 2015 meeting; reciprocity certificates/permits to practice/firm registrations; and the May 31, 2015 financials. Mr. Marsh moved and Ms. Denning seconded to approve the Consent Calendar. Upon a vote, the motion carried.

2. CPA EXAM:

A. The Board reviewed the April/May 2015 testing window exam scores. Ms. Mitchell moved and Mr. Van Norden seconded to ratify the grades. Upon a vote, the motion carried. The Board reviewed the CPA exam statistics comparing the Kansas pass rates to the National pass rates and the CPA Exam Performance Summary for second quarter 2015. No action was required to be taken.

B. The Board reviewed a request from Ashley Davis for an extension of time to obtain CPE based upon medical reasons. After review and discussion, Mr. Van Norden moved and Mr. Marsh seconded to extend the period of time for Ms. Davis to obtain her CPE for her 2015 permit renewal, to September 30, 2015. Upon a vote, the motion carried, with Mr. Helms not participating.

C. The Board reviewed a request from Geoffrey Kahube for waiver of a College Algebra and Accounting Information Systems course pursuant to K.A.R. 74-2-7(g). After review, Mr. Van Norden moved and Ms. Mitchell seconded to deny the request. Upon a vote, the motion carried.

D. The Board reviewed a request from Jonathan Segovia for waiver of a Microeconomics course pursuant to K.A.R. 74-2-7(g). After review, Mr. Van Norden moved and Mr. Marsh seconded to deny the request. Upon a vote, the motion carried.

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

Ms. Somers presented to the Board the list of firms with Peer Reviews either due or in process for informational purposes only.

4. HEARINGS:

A. CHEARIE DONALDSON & ACT III (ACCOUNTING, CONSULTING & TAX) CONSENT AGREEMENT AND FINAL ORDER: Ms. Mitchell, the investigative Board member, recused herself from this matter. Ms. Donaldson and ACT III appeared in person. This matter was before the Board for consideration of a Consent Agreement and Final Order arising from an investigation into the timely filing of Ms. Donaldson's personal tax returns; the respondents' failure to timely pay withholding taxes; and respondents' failure to disclose the untimely filing and untimely payments on firm and permit renewal applications. The terms of the Consent Agreement and Final Order required Ms. Donaldson to appear before the Board; pay a fine in the amount of \$500; and payment of costs pursuant to K.S.A. 1-206, to include attorney's fees and court reporter fees. Ms. Donaldson voluntarily surrendered her permit, which shall be treated by the Board as a revocation. ACT III's firm registration was revoked. After hearing testimony, Mr. Anderson moved and Mr. Marsh seconded to approve the Consent Agreement and Final Order. Upon a vote, the motion carried, with Ms. Mitchell not participating.

B. AMY GOODE & MERIDIAN BUSINESS SERVICES, LLC CONSENT AGREEMENT AND FINAL ORDER: Ms. Denning, the investigative Board member, recused herself from this matter. Ms. Goode appeared in person and on behalf of Meridian Business Services, LLC. This matter was before the Board for consideration of a Consent Agreement and Final Order relating to Respondents' failure to comply with applicable professional standards. Mr. Anderson moved and Mr. Marsh 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 pay costs pursuant to K.S.A. 1-206, to include attorney's fees and court reporter fees incurred in this matter. Furthermore, Respondents shall not perform or offer to perform attest services without the prior written approval of the Board.

When the Board reconvened in open session, Ms. Mitchell 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.

C. JULIE L. DRAKE, C.P.A., RICHARD S. DRAKE, C.P.A., DRAKE CPA GROUP, P.A., STIPULATION AND CONSENT ORDER: Ms. Denning, the investigative Board member, recused herself from this matter. Mr. and Mrs. Drake appeared in person and on behalf of Drake CPA Group, P.A. This matter was before the Board for consideration of a Stipulation and Consent Order arising from the Respondents' failure to include an ERISA audit on the engagement list provided to the Peer Review Team Captain as part of their Peer Review process, thereby falsely representing the types of engagements the firm had performed, which in turn necessitated that the firm's Peer Review be recalled. The terms of the Stipulation and Consent Order required that the Respondents appear before the Board; the surrender of Mr. Drake's certificate and permit in lieu of additional disciplinary action; that Ms. Drake take and pass the AICPA Comprehensive Ethics exam with a score of 90% or higher with proof of completion to the Board within sixty (60) days of the effective date of the Stipulation and Consent Order; payment of a fine in the amount of \$5,000; and payment of costs pursuant to K.S.A. 1-206, to include attorney's fees and court reporter fees incurred in this matter. After hearing testimony, Mr. Anderson moved and Mr. Marsh seconded for the Board to go into closed session to deliberate the matter for ten minutes. Upon a vote, the motion carried. When the Board reconvened, Mr. Marsh moved and Mr. Van Norden seconded to approve the Stipulation and Consent Order, with Ms. Denning not participating.

D. JEFFREY L. LUCKE, CPA and LUCKE & ASSOCIATES CPAS, L.C. STIPULATION AND CONSENT ORDER: Ms. Denning, the investigative Board member, recused herself from this matter. Mr. Lucke appeared in person and on behalf of Lucke & Associates, CPAS, L.C. This matter was before the Board for consideration of a Stipulation and Consent Order arising from Respondents' failure to include an ERISA audit on the engagement list provided to the Peer Review Team Captain as part of their Peer Review process, thereby falsely representing the types of engagements the firm had performed, which in turn necessitated that the firm's Peer Review be recalled, and Respondents' failure to comply with applicable professional standards. The terms of the Stipulation and Consent Order required the Respondents to appear before the Board; Mr. Lucke is to take and pass the AICPA Comprehensive Ethics exam with a score of 90% or higher with proof of completion to the Board within sixty (60) days of the effective date of the Stipulation and Consent Order; payment of a fine in the amount of \$5,000; payment of costs pursuant to K.S.A. 1-206, to include attorney's fees and court reporter fees incurred in this matter; post issuance and preissuance reviews of all attest work performed by Respondents until further order of the Board, with the post issuance and preissuance findings to be submitted to the Board. After hearing testimony, Mr. Van Norden moved and Mr. Marsh seconded to approve the Stipulation and Consent Order. Upon a vote, the motion carried, with Ms. Denning not participating.

5. REGULATION AMENDMENTS: Ms. Somers presented the proposed regulation amendments to K.A.R. 74-1-4, 74-2-7, 74-4-8, 74-5-2, 74-5-2a, 74-5-2b, 74-5-101, 74-5-102, 74-5-103, 74-5-104, 74-5-201, 74-5-202, 74-5-203, 74-5-301, 74-5-401,

74-5-403, 74-5-405a, 74-5-406, 74-5-407, 74-11-6 and 74-11-7. After discussion, 74-5-406 (d) was amended to read as follows:“(d) A fictitious firm name shall be defined as a name that contains anything other than the name or names of one or more present or former owners, partners, members, or shareholders, or the words “certified public accountant” or “CPA”, or the plural of these two terms. A fictitious firm name may be used if the name is registered with the board and is not false or misleading as determined by the board. Each firm shall utilize its full name as registered with the board each time the name is used. Mr. Van Norden moved and Mr. Marsh seconded to authorize Ms. Somers and Mr. Conklin to promulgate the proposed regulation amendments, with the amendment to K.A.R. 74-5-406. Upon a vote, the motion carried.

6. **ADJOURN:** There being no further business to come before the Board, Mr. Van Norden moved and Mr. Marsh seconded to adjourn. Upon a vote, the motion carried.

/s/ Susan L. Somers

Susan L. Somers, Executive Director