

**MINUTES OF THE KANSAS BOARD OF ACCOUNTANCY
JULY 24, 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; and Patricia O'Sullivan, public member. Also in attendance was Susan Somers, Executive Director; Randy Forbes, Disciplinary Counsel to the board; Darin Conklin, General Counsel to the Board; Rita Barnard, Kansas Society of CPAs; and Joyce Schartz, Public Accountants Association.

B. CONSENT CALENDAR:

1. The Board reviewed the minutes of the June 29, 2015 meeting; reciprocity certificates/permits to practice; firm registrations; FY 2015 financials, and the FY 2015 Annual Report. Ms. O'Sullivan moved and Mr. Van Norden seconded to approve the Consent Calendar, to also include authorization for travel for the Executive Director, Board members, and legal counsel for FY 2016. Upon a vote, the motion carried.

Discussion was had concerning the budget process and the Board's review of the budget. Ms. Somers reported that the timeframe of when the year-end financials are put into the state budget software program, the preparation of the budget, and the required submission date of the budget didn't coincide with the Board's August Board meeting, so it had been the policy of the Board for many years to request the Chair to review and approve the budget before submission. After discussion, the consensus was that the Board would have a telephone conference meeting to discuss and approve the biennial budgets when warranted, and as long as there is a quorum at the meeting, that would be sufficient to approve the budget. Ms. Somers also reported that the Budget for 2016 and 2017 had been approved by the legislature in the 2015 legislative session, which Mr. Helms had reviewed and approved prior to submission.

2. CPA EXAM:

A. The Board reviewed the CPA Exam performance report for the second quarter of 2015. No action was required to be taken.

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

A. The Board reviewed a list of Peer Reviews either due or in process for informational purposes only.

B. The Board reviewed a list of those persons who indicated that they were not renewing, or that the Board office couldn't locate. No action was required to be taken.

C. The Board reviewed information concerning peer review due dates for the following two firms:

1. David A. O'Dell, CPA, LLC: Mr. O'Dell's firm has a peer review due date of December 31, 2015. Mr. O'Dell recently notified the Board that he had merged his firm with another firm as of June 30, 2015. He indicated that he had issued three audits and one review during his peer review year, but also represented that he would continue to issue three audit reports under his own firm name after the merger. After review of the information, Mr. Anderson moved and Mr. Van Norden seconded to require that the firm of David A. O'Dell, CPA, LLC be required to undergo a peer review on or before December 31, 2015. Upon a vote, the motion carried.

2. David Bogner, Bogner Accounting, P.A.: Mr. Bogner's firm has a peer review due date of December 31, 2015. Mr. Bogner had sent back his permit renewal form indicating that he was retired. Ms. Somers reported that she had followed up with him inquiring as to what type of attest reports he had issued during his peer review year (July 1, 2014 to June 30, 2015), to which he responded he had issued only one audit during his peer review year. After review of the information, Mr. Anderson moved and Mr. Marsh seconded that Mr. Bogner's firm would not be required to complete a peer review on or before December 31, 2015. Upon a vote, the motion carried.

D. The Board reviewed a letter from McGladrey, LLP requesting approval of their firm name to RSM US LLP effective October 26, 2015. After discussion, Mr. Marsh moved and Ms. Denning seconded to approve the fictitious firm name of RSM US LLP. Upon a vote, the motion carried.

4. ELECTION OF OFFICERS FOR ENSUING YEAR:

A. Ms. O'Sullivan moved and Ms. Denning seconded to elect Rodney Van Norden as Chair for the ensuing year. Upon a vote, the motion carried. Ms. Mitchell moved and Mr. Marsh seconded to elect Ms. Denning as Vice-Chair for the ensuing year. Upon a vote, the motion carried.

5. HEARINGS AND OTHER DISCIPLINARY MATTERS:

A. COLVIN JAY LARUE REQUEST FOR HEARING ON SUMMARY ORDER OF REVOCATION: Ms. O'Sullivan, the investigative Board member, recused herself from this matter. Colvin Jay LaRue appeared in person *pro se*. This matter was before the Board for hearing upon request of Mr. LaRue pursuant to K.S.A. 77-537 and K.S.A. 77-542, following the issuance of a Summary Order of Revocation sanctioning Mr. LaRue pursuant to K.S.A. 1-311(a)(7) for practicing certified public accountancy without a valid permit, and K.S.A. 1-311(a)(9) for violating a lawful Board order. Specifically, Mr. LaRue's permit to practice certified public accountancy had previously been suspended by the Board in 2014, after which Mr. LaRue continued to practice certified public accountancy. Furthermore, Mr. LaRue failed to comply with a prior Board order requiring him to submit certain documentation to the Board relative to his timely filing of his personal income tax returns. After hearing testimony, Mr. Van Norden moved and Mr. Marsh seconded for the Board to go into closed session to deliberate the matter.

When the Board reconvened, Mr. Van Norden moved and Mr. Marsh seconded that based upon Mr. LaRue's violation of K.S.A. 1-311(a)(7) and (a)(9), Mr. LaRue's Kansas certificate shall be suspended for a period of one year from the effective date of the Final Order. Furthermore, Mr. LaRue's permit to practice certified public accountancy shall be suspended for a period of no less than one year from the effective date of the Final Order, with the suspension of his permit continuing thereafter until he makes application for reinstatement of his permit and it is approved by the Board. Mr. LaRue shall return his permit to the Board within 30 days of the effective date of the Final Order, but he shall not be required to return his Kansas certificate based upon his representation that he does not have possession of his Kansas certificate at this time. (however, if Mr. LaRue locates the certificate, it shall be returned to the Board immediately). Mr. LaRue shall also pay a fine to the Board in the amount of \$2,500, to be paid within 30 days of the date of effective date of the Final Order, which shall not be paid by credit card. Finally, Mr. LaRue shall pay costs to the Board pursuant to K.S.A. 1-206 to include attorney's fees and court reporter fees, within 30 days of the receipt of an affidavit from the Board itemizing the costs. Upon a vote, the motion carried with Ms. O'Sullivan not participating.

B. D&D TAX, INC. CONSENT AGREEMENT AND FINAL ORDER: Ms. O'Sullivan, the investigative Board member, recused herself from this matter. D & D Tax, Inc. appeared in person by Douglas Hicks. This matter was before the Board for consideration of a Consent Agreement and Final Order arising from D & D Tax, Inc.'s practice of certified public accountancy in the State of Kansas without a lawful registration and its subsequent filing of an application for CPA firm registration. The terms of the Consent Agreement and Final Order required D & D Tax, Inc. to appear before the Board; pay a fine in the amount of \$250; and the payment of costs pursuant to K.S.A. 1-206, to include attorney's fees and court reporter fees. 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. O'Sullivan not participating.

C. R. DOUGLAS DEFRAIN STIPULATION AND CONSENT ORDER: Ms. O'Sullivan, the investigative Board member, recused herself from this matter. Mr. DeFrain appeared in person, and with counsel, Joel Krieger. This matter was before the Board for consideration of a Stipulation and Consent Order arising from the Board's determination that Mr. DeFrain willfully violated a rule of professional conduct relative to the confidentiality of client information. The terms of the Stipulation and Consent Order required Mr. DeFrain to appear before the Board; pay a fine in the amount of \$250; and the payment of costs pursuant to K.S.A. 1-206, to include attorney's fees and court reporter fees. After hearing testimony, Mr. Marsh moved and Mr. Van Norden seconded, to approve the Stipulation and Final Order. Upon a vote, the motion carried. Mr. DeFrain had also submitted an application for CPA firm registration on behalf of "DeFrain & Million, CPAs, LLC"; however, due to the age of the application and payment of the filing fee, he was asked to submit a new application.

D. BRIAN MILLION, CPA: Ms. O'Sullivan, the investigative Board member, recused herself from this matter. Mr. Million appeared in person, and with counsel, Joel

Krieger. This matter was before the Board for consideration of a Stipulation and Consent Order arising the Board's determination that Mr. Million's failed to properly register his firm with the Board and that he willfully violated a rule of professional conduct relative to the confidentiality of client information. The terms of the Stipulation and Consent Order required Mr. Million to appear before the Board; pay a fine in the amount of \$250 for failure to register as a firm; a fine in the amount of \$250 for willful violation of the rule of professional conduct; and payment of costs pursuant to K.S.A. 1-206, to include attorney's fees and court reporter fees. 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. O'Sullivan not participating.

6. OTHER

Mr. Anderson moved and Ms. Denning seconded for the Board to go into executive session to discuss personnel matters for a period of 5 minutes. Upon a vote, the motion carried.

7. ADJOURN

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

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