

**MINUTES OF THE KANSAS BOARD OF ACCOUNTANCY  
AUGUST 26, 2015  
LONDON STATE OFFICE BUILDING, ROOM 556A  
TOPEKA, KS**

**1. ADMINISTRATIVE MATTERS:**

**A. CALL TO ORDER:**

Denise Denning, CPA, Vice-Chair, called the meeting to order. Board members in person in attendance were Ms. Denning; T. C. Anderson, Public Member; John R. Helms, CPA; Michael L. Marsh, CPA; Kathryn J. Mitchell, CPA; and Patricia A. 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 July 24, 2015 meeting; reciprocity certificates/permits to practice; firm registrations; and the July 2015 financials. Ms. O'Sullivan moved and Mr. Helms seconded to approve the Consent Calendar. Upon a vote, the motion carried.

**2. CPA EXAM:**

A. The Board reviewed the Candidate Concerns Reports for the second quarter of 2015 from NASBA. 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 permit holders who were issued Cease and Desist Notices on August 1, 2015 who did not renew or notify the Board that they weren't renewing. No action was required to be taken.

C. 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.

D. The Board reviewed a request from James Stanislav for waiver of the late fee for renewal due to medical issues. Mr. Anderson moved and Ms. Mitchell seconded to approve the request. Upon a vote, the motion carried.

E. Ms. Somers reported to the Board that she was concerned about issuing certificates by reciprocity to people who had sat for the exam as another state's candidate where the requirements in that state were minimal compared to Kansas

requirements. In particular, states like Maine whose requirement to sit for the exam is only 15 hours in accounting, and no business or communication credit requirement. After discussion, the matter was tabled pending Ms. Somers obtaining information as to what the requirements are in the other jurisdictions for issuance of certificates by reciprocity.

F. Ms. Somers made inquiry of the Board as to whether or not a person, who renewed their permit yet subsequently failed to substantiate their compliance with statutes and regulations governing CPE, should be required to pay the late fee of \$75.00 if the deficiency was identified after the grace period renewal date of July 31. After discussion, the Board determined that a late fee would not be imposed.

#### **4. HEARINGS:**

##### **A. BACK NINE CPAS, LLC CONSENT AGREEMENT AND FINAL ORDER:**

Ms. O'Sullivan, the investigative Board member, recused herself from this matter. Back Nine CPAs, LLC appeared in person by Grant and Michelle Wiens. This matter was before the Board for consideration of a Consent Agreement and Final Order arising from Back Nine CPAs, LLC'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 Back Nine CPAs, LLC to appear before the Board; pay a fine in the amount of \$250.00; 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.

**B. CALLAHAN TAX & ACCOUNTING, LLC CONSENT AGREEMENT AND FINAL ORDER:** Ms. O'Sullivan, the investigative Board member, recused herself from this matter. Callahan Tax & Accounting, LLC appeared in person by Joshua Callahan. This matter was before the Board for consideration of a Consent Agreement and Final Order arising from Callahan Tax & Accounting, LLC'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 Callahan Tax & Accounting, LLC to appear before the Board; pay a fine in the amount of \$250.00; 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. Anderson seconded to approve the Consent Agreement and Final Order. Upon a vote, the motion carried, with Ms. O'Sullivan not participating.

**C. GEORGE TAX & CONSULTING, LLC CONSENT AGREEMENT AND FINAL ORDER:** Ms. O'Sullivan, the investigative Board member, recused herself from this matter. George Tax & Consulting, LLC appeared in person by Luke George. This matter was before the Board for consideration of a Consent Agreement and Final Order arising from George Tax & Consulting, LLC'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 George Tax & Accounting, LLC to appear before the Board; pay a fine in the amount of \$250.00; 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. Helms seconded to approve the Consent Agreement and Final Order. Upon a vote, the motion carried, with Ms. O'Sullivan not participating.

**D. LEZLEE L. HERYFORD, CPA, LLC CONSENT AGREEMENT AND FINAL ORDER:** Ms. O'Sullivan, the investigative Board member, recused herself from this matter. Lezlee L. Heryford, CPA, LLC appeared in person by Lezlee L. Heryford. This matter was before the Board for consideration of a Consent Agreement and Final Order arising from Lezlee L. Heryford, CPA, LLC'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 Lezlee L. Heryford, CPA, LLC to appear before the Board; pay a fine in the amount of \$250.00; 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 Ms. Mitchell seconded to approve the Consent Agreement and Final Order. Upon a vote, the motion carried, with Ms. O'Sullivan not participating.

**E. AEMURPHY CONSULTING SERVICES, LLC CONSENT AGREEMENT AND FINAL ORDER:** Ms. O'Sullivan, the investigative Board member, recused herself from this matter. AEMurphy Consulting Services, LLC appeared in person by Angela E. Murphy. This matter was before the Board for consideration of a Consent Agreement and Final Order arising from AEMurphy Consulting Services, LLC'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 AEMurphy Consulting Services, LLC to appear before the Board; pay a fine in the amount of \$250.00; 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.

**F. BRADY ROTHROCK CONSENT AGREEMENT AND FINAL ORDER:** Ms. O'Sullivan, the investigative Board member, recused herself from this matter. Mr. Rothrock appeared in person. This matter was before the Board for consideration of a Consent Agreement and Final Order arising from an audit of Mr. Rothrock's CPE claimed for his most recent permit renewal, wherein it was determined that Mr. Rothrock failed to maintain compliance with the requirements for renewal of a permit. The terms of the Consent Agreement and Final Order required Mr. Rothrock to appear before the Board; pay a fine in the amount of \$250.00; payment of costs pursuant to K.S.A. 1-206, to include attorney's fees and court reporter fees; and submit proof of completion/attendance of 35 hours of CPE to the Board on or before September 15, 2015. After hearing testimony, Ms. Mitchell 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.

**G. DEBORAH WARNER, CPA AND DEBORAH WARNER, CPA, LLC CONSENT AGREEMENT AND FINAL ORDER:** Ms. Denning, the investigative Board member, recused herself from this matter. Ms. Warner appeared in person and with counsel, Joel Krieger. This matter was before the Board for consideration of a Consent Agreement and Final Order arising from Respondent's failure to comply with applicable professional standards. The terms of the Consent Agreement and Final Order required the Respondents to appear before the Board; payment of costs pursuant to K.S.A. 1-206, to include attorney's fees and court reporter fees incurred in the matter; and to require Respondents to obtain prior written approval from the Board before performing or offering to perform any attest or compilation services. After hearing testimony, Mr. Anderson moved and Mr. Helms seconded for the Board to go into closed session to deliberate the matter.

When the Board reconvened, Ms. O'Sullivan moved and Mr. Marsh seconded to approve the Consent Agreement and Final Order. Upon a vote, the motion carried, with Ms. Denning not participating.

**H. PETER NEWMAN, CPA, AND PETER NEWMAN, CPA CHARTERED STIPULATION AND CONSENT ORDER:** Mr. Marsh, the investigative Board member, recused himself from this matter. Mr. Newman appeared in person and with counsel, John J. Miller, of Swanson Midgley, LLC. This matter was before the Board for consideration of a Stipulation and Consent Order arising from an investigation wherein it was determined that Respondents failed to disclose a CPA employee on multiple firm registrations; and allowing other individuals to hold out as CPAs while working for the firm despite the fact that such individuals did not hold valid Kansas permits; and allowing independent contractors to have access to client confidential information without the specific consent of the client. The Stipulation and Consent Order provided that the acts in question constituted fraud, dishonesty or deceit in obtaining a firm registration; willful violation of a rule of professional conduct and conduct reflecting adversely on a person's fitness to practice. The terms of the Stipulation and Consent Order required Respondents to appear before the Board; to each pay a fine in the amount of \$2,500; and payment of costs incurred in this matter pursuant to K.S.A. 1-206, to include attorney's fees and court reporter fees. After hearing testimony, Ms. O'Sullivan moved and Mr. Helms seconded for the Board to go into closed session to deliberate the matter.

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

**I. LYLE GUGLER STIPULATION AND CONSENT ORDER:** Mr. Marsh, the investigative Board member, recused himself from this matter. Mr. Gugler appeared by telephone. This matter was before the Board for consideration of a Stipulation and Consent Order arising from the investigation of Lyle Gugler, wherein it was found that Mr. Gugler had been holding himself out, performing and offering to perform services as a CPA without a valid permit to practice. The terms of the Stipulation and Consent Order required Mr. Gugler to appear before the Board; pay a fine in the amount of \$1,000; and 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. Helms seconded to accept the Stipulation and Consent Order. Upon a vote, the motion carried, with Mr. Marsh not participating.

**J. ALLAN BLOCK STIPULATION AND CONSENT ORDER:** Mr. Marsh, the investigative Board member, recused himself from this matter. Mr. Block appeared by telephone. This matter was before the Board for consideration of a Stipulation and Consent Order arising from the investigation of Allan Block, wherein it was found that Mr. Block had been holding himself out, performing and offering to perform services as a CPA without a valid permit to practice. The terms of the Stipulation and Consent Order required Mr. Block to appear before the Board; pay a fine in the amount of \$2,000; and payment of costs pursuant to K.S.A. 1-206, to include attorney's fees and court reporter fees. Although Mr. Block had already accepted the terms of the Stipulation and Consent Order, he did request that the Board reduce the fine. After hearing testimony, Ms. O'Sullivan moved and Mr. Helms seconded for the Board to go into closed session to deliberate the matter.

When the Board reconvened, Ms. O'Sullivan moved and Ms. Mitchell seconded to approve the Stipulation and Consent Order keeping the fine at \$2,000, but giving Mr. Block one year from the date of the hearing to pay the fine. Upon a vote, the motion carried, with Mr. Marsh not participating. Mr. Forbes was instructed to revise the Order and send it to Mr. Block for his signature.

## **5. OTHER:**

The Board reviewed the possibility of amending K.S.A. 1-301(c) which addresses the timing of the Board's determination as to the amount of funds that will be required during the ensuing year to carry out and enforce the laws administered by the Board. The Board operates on a fiscal year relative to budget matters. As a result of issues relative to the deadline to input the budget information into the State's data system, the Board's meeting calendar and the attributes of a fiscal year, the Board determined that there conduct telephone meetings of the Board as necessary to discuss budgets. The Board did not consider additional amendments to the statute at this time

Further discussion was held concerning the recent sweep of some fee funds, the amount of funds currently in the Board's fee fund, and the possible need to reduce fees. Inquiry was also made as to the fees charged by surrounding states for permits and firm registrations. Ms. Somers indicated that she would gather that information. The discussion concerning the reduction of fees would be at the Chair's discretion in the future.

## **6. ADJOURN**

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

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