

**MINUTES OF THE KANSAS BOARD OF ACCOUNTANCY  
OCTOBER 19, 2007  
9:00 AM, LANDON STATE OFFICE BUILDING, ROOM 106  
TOPEKA, KS**

**1. ADMINISTRATIVE MATTERS:**

**A. CALL TO ORDER:**

1. Paul Allen, CPA, Chair, called the meeting to order. Board members in attendance were Mr. Allen; Jeffery Bottenberg, Public Member; Jeffrey Leiserowitz, CPA; Ginger Powell, 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; Derenda Mitchell, Disciplinary Counsel to the Board; Joyce Schartz and Janet St. Clair-Hays, Public Accountants Association of Kansas. The Board welcomed new Board member, Jeffrey A. Leiserowitz, CPA. Mr. Leiserowitz is a partner with Ernst & Young, LLP, Kansas City, Missouri.

**B. 1-2 CONSENT CALENDAR:**

The Board reviewed the minutes of the August 31, 2007 meeting; reciprocity certificates/permits to practice/practice by notification; firms; and the September 30, 2007 financials. Mr. Smoll moved and Ms. Powell seconded to approve. Upon a vote, the motion carried.

**2. CPA EXAM:**

A. The Board reviewed the grades from the July/August 2007 testing window which had previously been approved by Mr. Van Norden and Ms. Powell. Mr. Smoll moved and Mr. Leiserowitz seconded to ratify the grades. Upon a vote, the motion carried.

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

A. The Board reviewed a list of Peer Reviews that were due or "in process". Mr. Leiserowitz moved and Ms. O'Sullivan seconded that in the case of firms not timely complying with Peer Review, a letter would be sent notifying them that if they did not provide the Peer Review letter of completion or "in process" letter within thirty days from the date of the letter, a Summary Order of Suspension and imposition of a fine of up to \$2,000 would be issued, with a draft copy of the Summary Order being attached to the letter. If the firm complied within the thirty days, no disciplinary action would be taken. If they did not

comply within the thirty days, the Summary Order of Suspension and Fine would be issued. Upon a vote, the motion carried. The Board also set the next due date for Peer Review letters of completion or additional “in process” letters to be January 18, 2007.

B. The Board reviewed a request from John Hudson for an extension of time by which to obtain his CPE for his 2007 permit renewal, due to health reasons. Mr. Smoll moved and Ms. O’Sullivan seconded to grant a conditional permit until November 15, 2007, by which time he is to obtain all the required CPE for renewal, without a CPE penalty and without having to pay the late fee. The conditional permit is predicated off of his submitting the permit renewal application as soon as possible.

C. The Board reviewed a request for refund of the reinstatement of permit fee in the amount of \$225.00 from Dianne Scott Rice. When she sent in the reinstatement form and fee, she did not submit proof of the required 40 hours for reinstatement. When she was notified that she would have to submit proof of the 40 hours of CPE or forfeit the fee, she indicated that she wasn’t aware that there was a CPE requirement for reinstatement and requested that her fees be returned. After review, Ms. Powell moved and Mr. Leiserowitz seconded, that she be granted a refund of the fees paid, less a \$50.00 administration fee. Upon a vote, the motion carried.

D. The Board reviewed a request for extension of Peer Review from Cornerstone CPA Group, which was due to be completed by September 30, 2007, but due to a change in personnel, the firm was unable to comply with that due date. Ms. Powell moved and Mr. Smoll seconded to extend the firm’s Peer Review due date to October 31, 2007, by which time the firm is to provide the Board with either a Peer Review letter of completion, or a letter from the administering entity stating that the Peer Review is “in process”. Upon a vote, the motion carried.

E. Ms. Somers reminded the Board that personal development CPE courses would be limited in the future to 30% of the overall required CPE requirement for renewal, and that there was a need to define the term. After discussion, the Board determined that personal development courses would include, but wouldn’t be limited to communication, leadership, character development, dealing effectively with others, interviewing, counseling, career planning, emotional growth and learning, social interactions and relationships and that Ms. Somers and Mr. Conklin were to work on drafting regulation amendments to accommodate the definition.

F. Ms. Somers reported to the Board that she was working on writing specifications to allow permit holders to renew their permits online, but that she needed clarification when it came to the reporting of CPE. After discussion, the Board determined that all renewals should be treated equally, and if online

renewals didn't have to report CPE, neither should the paper renewals. Therefore, the Regulations should be amended to eliminate the reporting of CPE in its present form (i.e., course by course and providing proof of self-study and ethics courses), and that the applicant be allowed to merely indicate the number of CPE hours obtained during the biennial renewal period. However, the Board determined that all renewals would be subject to a higher incident of audit.

#### **4. DISCIPLINARY MATTERS:**

**A. LARRY WRIGHT:** (Mr. Smoll recused himself from this matter). Mr. Wright appeared before the Board for approval of a Consent Order entered into to restrict his practice to non-attest services as a result of having obtained an adverse Peer Review. After review of the Consent Order, Ms. Powell moved and Mr. Leiserowitz seconded, with Mr. Wright in agreement, to amend the Consent Order on page 3, paragraph 11 A. and 11 B. to amend the word "audit" to "attest" and add "or enter into an agreement to provide such services absent specific written permission of the Board;" at the end of paragraph 11A. and with these amendments, to approve the Consent Order. Upon a vote, the motion carried, with Mr. Smoll not voting.

**B. NORMAN WILCOX:** (Mr. Bottenberg and Mr. Van Norden recused themselves from this matter). Mr. Wilcox appeared in person and with counsel, Tom O'Donnell, before the Board for approval of a Consent Order, in lieu of a disciplinary proceeding, wherein Mr. Wilcox agrees to surrender his CPA certificate, permit and firm registration. Mr. Smoll moved and Ms. Powell seconded to approve the Consent Order. Upon a vote, the motion carried, with Mr. Bottenberg and Mr. Van Norden not voting.

**C. GREGORY LONG:** Ms. Powell recused herself from this matter. The Board reviewed a Consent Order entered into with Mr. Long for failure to comply with a Board order. Mr. Long entered into a Consent Order on June 29, 2007 for failure to timely file his 2003 and 2004 tax returns, which required him to pay a fine, and submit proof of completion of the AICPA Comprehensive Ethics exam with a score of 90% or higher. Mr. Long took an exam, but it wasn't the exam he agreed to take in the June 2007 Consent Order. Mr. Smoll moved and Ms. O'Sullivan seconded to approve the Consent Order. Upon a vote, the motion carried, with Ms. Powell not voting.

**D. JOHN GARRISON:** Ms. Powell recused herself from this matter. Mr. Garrison appeared before the Board for approval of a Consent Order entered into for failure to timely file his tax returns for 5 years. After discussion, Mr. Bottenberg moved and Ms. O'Sullivan seconded for the Board to go into executive session for 12 minutes to deliberate the matter. Upon a vote, the motion carried.

When the Board reconvened, Mr. Smoll moved and Mr. Van Norden seconded to approve the Consent Order as presented, that includes payment of a fine of \$250.00 to be paid within thirty days of the date of the Order, that cannot be paid by credit card; and completion of the AICPA ethics exam with a score of 90% or higher, with proof of completion provided to the Board within ninety days of the date of this Order that cannot be claimed for permit renewal purposes. Further, this is not the first time he has been disciplined by the Board and \$250 is a light fine and that if he comes before the Board at any time in the future for violations of the accountancy laws and a fine is to be imposed, it will probably be assessed at the maximum limit. Upon a vote, the motion carried, with Ms. Powell not voting.

**E. MURRAY VENDETTI:** Ms. Powell recused herself from this matter. The Board reviewed a Consent Order entered into in lieu of a disciplinary proceeding, wherein Mr. Vendetti surrenders his CPA certificate, permit and firm registration. Mr. Bottenberg moved and Mr. Leiserowitz seconded to approve the Consent Order. Upon a vote, the motion carried, with Ms. Powell not voting.

**F. CAROL LYNN FARMER:** Ms. Farmer appeared before the Board as a condition contained in a Summary Order Granting Conditional Permit and Imposing a Fine for practicing without a permit. Her appearance was required in order for the Board to determine the amount of fine. The Board noted that she had, on several occasions, renewed her permit late and had been disciplined in the past for practicing without a permit. Mr. Bottenberg moved and Ms. O'Sullivan seconded for the Board to go into executive session for six minutes to deliberate the matter.

When the Board reconvened, Mr. Van Norden moved and Ms. O'Sullivan seconded to impose a fine of \$1,000, to be paid within thirty days of the date of the Order, and that the fine could not be paid by credit card. Upon a vote, the motion carried.

**G. PHILIP LAGESCHULTE:** Mr. Lageschulte and his counsel, Joel Krieger, appeared by telephone for appeal of a Summary Order of Suspension and Fine issued for practicing without a permit. Ms. Somers testified that she had issued the Order because he had indicated on his late permit renewal application that he was providing consulting services for Kansas clients. Mr. Lageschulte testified that although he had provided those services in the past, he had not done so since his permit expired. Mr. Smoll moved and Mr. Van Norden seconded for the Board to go into executive session for five minutes to deliberate the matter. Upon a vote, the motion carried.

When the Board reconvened, Ms. Powell moved and Mr. Leiserowitz seconded to vacate the Summary Order. Upon a vote, the motion carried.

**5. OTHER:**

Mr. Smoll moved and Mr. Leiserowitz seconded for the Board to go into executive session for twenty minutes to discuss privileged matters, based upon advice by counsel. Upon a vote, the motion carried.

**6. ADJOURN:**

When the Board reconvened, Mr. Smoll moved and Mr. Bottenberg seconded for the meeting to adjourn. Upon a vote, the motion carried.

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