

MINUTES OF THE KANSAS BOARD OF ACCOUNTANCY
OCTOBER 21, 2005
9:00 AM
LANDON STATE OFFICE BUILDING, ROOM 106
TOPEKA, KS

1. ADMINISTRATIVE MATTERS:

Ginger Powell, CPA, Chair, called the meeting to order. Board members in attendance were Ms. Powell; Paul Allen, CPA; Jeff Bottenberg, public member; Adley Johnson, CPA; Kent Smoll, CPA; Patricia O'Sullivan, public member; and Rodney Van Norden, CPA. Also in attendance were Susan Somers, Executive Director; Derenda Mitchell, Assistant Attorney General, Disciplinary Counsel to the Board; Mary Feighny, Assistant Attorney general, General Counsel to the Board; Joyce Schartz and Roger Hoyt, Public Accountants Association of Kansas.

B. 1-3 CONSENT CALENDAR:

The Board reviewed the minutes of the August 26, 2005 meeting; reciprocity certificates/permits to practice/practice by notification; registrations of new/reorganized firms; and the first quarter financials. Mr. Johnson moved and Ms. O'Sullivan seconded to approve. Upon a vote, the motion carried.

2. CPA EXAM:

The Board reviewed the grades from the July/August 2005 testing window of the CPA exam, as previously approved by Mr. Johnson and Mr. Allen. Mr. Smoll moved and Ms. O'Sullivan seconded to ratify the approval of the grades. Upon a vote, the motion carried.

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

A. The Board reviewed a report of the results of the CPE audit performed on permits renewed for the 2005 renewal period. Ms. Somers reported that Beth Tracy had not responded to the request for CPE documents. Mr. Smoll moved and Mr. Johnson seconded to suspend the permit of Ms. Tracy and impose a fine in the amount of \$250.00, with the suspension being stayed for thirty days, if she submitted satisfactory proof of her CPE and paid the fine. If she does not comply with the Order, her permit will be suspended and she will have to appear before the Board in order to seek reinstatement. Upon a vote, the motion carried.

Ms. Somers reported that Tim Tickle, although he had responded to the request for CPE documents, had not satisfactorily submitted all the required documents and that he had until November 13, 2005 to provide the documents.

Mr. Smoll moved and Ms. O'Sullivan seconded to revoke the permit of Mr. Tickle, if he does not satisfactorily provide the required documentation by November 13, 2005, and require him to appear before the Board in order to reinstate his permit. Upon a vote, the motion carried.

Ms. Somers reported to the Board that Charles Tanner (who had been allowed to renew his permit conditionally due to health reasons, to October 14, 2005, by which time he was to obtain the CPE required for renewal) had not complied with the due date. Mr. Johnson moved and Ms. O'Sullivan seconded to revoke the permit of Mr. Tanner. Upon a vote, the motion carried.

B. The Board reviewed the returned permit renewals of Neava Ford and Shauna Taylor. Ms. Somers had written certified letters to them, pursuant to K.A.R. 74-5-407, requesting them to advise the Board of the status of their renewal applications. Ms. Taylor had responded that she was not practicing and was unable to obtain the CPE required for renewal, but that she would be renewing her permit as soon as she got the CPE. Ms. Ford had not responded to the inquiry. Mr. Bottenberg moved and Ms. O'Sullivan seconded to issue a Summary Order requiring her to come before the Board for failure to cooperate and to inquire as to what she's doing as a CPA. Any permit renewal request will be denied until she appears before the Board. Upon a vote, the motion carried.

C. The Board reviewed the Peer Review Oversight Reports prepared by Jay Cooper, the Board's Peer Review Oversight Liaison. After review, Mr. Smoll moved and Mr. Johnson seconded to accept both reports. Upon a vote, the motion carried.

D. The Board reviewed a list of Peer Reviews due and "in process". Mr. Smoll moved and Ms. O'Sullivan seconded that for any firm or individual who did not comply with their Peer Review due date between this Board meeting and the Board's next meeting, a Summary of Suspension of firm registration and/or permit renewal (whichever was applicable) would be issued imposing a \$250 fine, with the suspension being stayed for thirty days from the date of issuance of the Summary Order, provided the fine was paid and a Peer Review letter of completion or "in process" letter was provided to the Board. Upon a vote, the motion carried.

Ms. Somers reported that Murray Vendetti had received a Summary Order of Suspension and Fine for failure to respond to the Board's inquiry as to why his Peer Review was still in process. Although he had submitted a current "in process" letter, he had not complied with the terms of the Summary Order and had until November 4, 2005 to respond. If he does not, his firm registration and permit will be suspended and he will have to appear before the Board in order to seek reinstatement.

E. Ms. Somers reported that Sara Jenkins, when renewing her permit to practice, indicated that she had issued an audit report, subjecting her to Peer Review. Ms. Jenkins' permit renewal application indicated that she works for a non-CPA firm in Kansas, although she lives in Missouri, so after learning that she issued the report in her own name, she was notified on two different occasions that in addition to undergoing a Peer Review, she would be required to register as a firm. Ms. Jenkins never responded to the request for firm registration. Mr. Smoll moved and Ms. O'Sullivan seconded to suspend the permit of Ms. Jenkins for failure to cooperate and impose a fine of \$250.00. The suspension would be stayed for thirty days if she responded to the request for firm registration and paid a fine of \$250.00. Upon a vote, the motion carried.

4. OTHER:

A. Ms. Somers reported that it was time to renew the annual contract with NASBA for the administration of the CPA exam. NASBA is not increasing its fees at this time. Mr. Smoll moved and Ms. O'Sullivan seconded to approve the contract and instruct Ms. Somers to sign the contract on the Board's behalf. Upon a vote, the motion carried.

5. COMPLAINT/DISCIPLINARY MATTERS:

A. DARRELL STREET REQUEST FOR RECONSIDERATION:

Ms. O'Sullivan and Mr. Bottenberg recused themselves from this matter. John Frieden appeared on behalf of Mr. Street, who also was present, to request that the Board reconsider its previous disciplinary decision of Mr. Street.

Mr. Johnson moved and Mr. Van Norden seconded for the Board to go into executive session for ten minutes to deliberate this matter. Upon a vote, the motion carried.

When the Board reconvened, Mr. Allen moved and Mr. Johnson seconded to deny Mr. Street's request for reconsideration. Since the original Order required Mr. Street to issue letters to his clients (with proof of notification to the Board, on or before September 30, 2005) that his certificate had been suspended, and that date had passed, he would now have to notify his clients and have proof of notification to the Board by November 30, 2005. Upon a vote, the motion carried, with Ms. O'Sullivan and Mr. Bottenberg not voting.

During Mr. Frieden's arguments to the Board, he produced a Peer Review letter of completion issued to Mr. Street by the KSCPA Peer Review Committee and indicated that the Peer Review Report was an unmodified report. The Board expressed concern as to how a person could obtain an unmodified Peer Review Report if that person did not hold a valid permit to practice. The Board members agreed that a letter of inquiry should be sent to the KSCPA Peer Review

Committee Chair requesting that a response be given back to the Board, and instructed Ms. Somers to draft a letter of inquiry, to be approved and signed by Ms. Powell, to be sent to the Peer Review Committee Chair.

B. BRIAN WYMAN

Mr. Allen recused himself from this matter. Mr. Wyman appeared in person and with counsel, Robert McQuain, for failing to comply with a provision of a Consent Agreement and Order entered into with the Board on October 29, 2004. Specifically, the Consent Agreement and Order provided that he was to issue letters to clients who had received SAS 70 audit reports he had signed as a CPA on behalf of Wolcott & Associates, his employer, a non- CPA firm, withdrawing his signature as a CPA and reissuing the reports. Mr. Wyman and his attorney testified that Mr. McQuain was to draft the letters for Mr. Wyman's signature, but had failed to do so. The Board reminded Mr. Wyman that the Consent Agreement and Order was signed by him, not his attorney, and that he was responsible for making sure that those letters were sent.

Mr. Smoll moved and Mr. Van Norden seconded for the Board to go in to executive session for nine minutes to deliberate this matter. Upon a vote, the motion carried.

When the Board reconvened, Mr. Bottenberg moved and Mr. Johnson seconded to censure Mr. Wyman for failing to timely comply with a Board Order and impose a fine of \$2,000 to be paid within thirty days of the date of the Order, which could not be paid by credit card. Upon a vote, the motion carried, with Mr. Allen not voting.

C. RONALD SCHULTEIS

Mr. Johnson recused himself from this matter. Mr. Schulteis appeared in person and with counsel, Michael Martin as a result of a judgment rendered against Mr. Schulteis by the Jefferson County District Magistrate for conflict of interest and for favoring his wife's interest as a potential heir above the interests of the widow in a matter involving the estate of his deceased father-in-law. This ruling was upheld by a District Judge, which is now on appeal to the Kansas Court of Appeals.

Mr. Smoll moved and Ms. O'Sullivan seconded for the Board to go into executive session for fifteen minutes to deliberate this matter. Upon a vote, the motion carried.

When the Board reconvened, Mr. Smoll moved and Ms. O'Sullivan seconded to defer the decision on this matter until the Court of Appeals or Supreme Court (whichever is applicable) has ruled and that Mr. Schulteis' permit

to practice, which was being held pending the outcome of this hearing, should be renewed with a renewal date of July 1, 2005. Upon a vote, the motion carried, with Mr. Bottenberg voting against the motion and Mr. Johnson not voting.

D. REBECCA LONG

Mr. Allen, Mr. Johnson and Mr. Bottenberg recused themselves from this matter. Ms. Long appeared in person and with her husband, John Long, for her failure to pay Kansas withholding taxes for tax periods 1996 through 1998, 2000, 2001 and 2002 and file Kansas personal income tax returns for tax years 1993 and 1996 through 2004. Ms. Long cited health reasons and an employee leaving the firm and taking several clients as the reason for her not filing and paying her taxes, but that she was making arrangements to file and pay the taxes owed. She also testified that she was delinquent with the Internal Revenue Service. This was not the first time Ms. Long appeared before the Board on a disciplinary matter.

Ms. O'Sullivan moved and Mr. Smoll seconded for the Board to go into executive session for ten minutes to deliberate the matter. Upon a vote, the motion carried.

When the Board reconvened, Mr. Van Norden moved and Ms. O'Sullivan seconded to revoke Ms. Long's permit to practice. Upon a vote, the motion carried, with Mr. Allen, Mr. Johnson and Mr. Bottenberg not voting.

6. ADJOURN

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

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