

**MINUTES OF THE KANSAS BOARD OF ACCOUNTANCY
OCTOBER 24, 2008
9:00 AM, LANDON STATE OFFICE BUILDING, ROOM 106
TOPEKA, KS**

1. ADMINISTRATIVE MATTERS:

A. CALL TO ORDER:

Rodney Van Norden, CPA, Chair, called the meeting to order. Board members in attendance were Mr. Van Norden; Jeffrey Leiserowitz, CPA; Jeffery Bottenberg, Public Member; Patricia O'Sullivan, Public Member; and Virginia A. Powell, CPA. Also in attendance were Susan Somers, Executive Director; Darin Conklin, General Counsel to the Board; Steve Phillips, Assistant Attorney General, Disciplinary Counsel to the Board; James Gordon, CPA; Joyce Schartz and Kathy Bigler, Public Accountants Association of Kansas; and Tony Scott, Kansas Society of CPAs.

B-1. CONSENT CALENDAR:

A. The Board reviewed the minutes of the August 15, 2008 Board meeting; reciprocity certificate/permits to practice; practice by notification; firms; September 30, 2008 financials; and the FY 2009, 2010 and 2011 budget. Ms. Powell moved and Mr. Leiserowitz seconded to approve. Upon a vote, the motion carried.

2. CPE/PERMIT TO PRACTICE; PEER REVIEW/FIRM REGISTRATIONS:

A. The Board reviewed a list of Peer Reviews that were due or "in process". Ms. Powell moved and Ms. O'Sullivan seconded that in the case of firms not timely complying with Peer Review, unless otherwise warranted, 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 the firm 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 16, 2009. Upon a vote, the motion carried.

Ms. Somers brought the Board's attention to a firm that had received three warning letters for failing to provide the Board with a Peer Review letter of completion or an "in process" letter by a specified date. After discussion, Ms. Powell moved and Ms. O'Sullivan seconded that if a firm received two warning

letters, the second letter would state that if the firm did not comply with the due date in the future, a Summary Order of suspension would be automatically issued without a warning letter. Upon a vote, the motion carried.

B. The Board reviewed a request for a waiver of Peer Review from L.G. Schallehn. Mr. Bottenberg moved and Ms. O'Sullivan seconded to deny the request. Upon a vote, the motion carried.

C. The Board reviewed the results of the CPE audit performed on the 2008 audits. No action was required to be taken.

4. HEARINGS/DISCIPLINARY MATTERS:

A. **FLETCHER BENNETT, JR. CONSENT ORDER:** The Board reviewed a Consent Order entered into with Fletcher Bennett, Jr. restricting him from issuing attest reports without prior approval of the Board. Mr. Bennett had previously informed the Board that he had sold his practice and requested a waiver of Peer Review. Ms. Powell moved and Ms. O'Sullivan seconded to approve. Upon a vote, the motion carried.

SAMANTHA BORDEN CONSENT ORDER: Ms. Borden appeared before the Board for approval of a firm registration and Consent Order entered into for failure to register as a firm, and failure to notify the Board when she issued a report subject to Peer Review, which required her to appear before the Board and pay a fine in the amount of \$250. Ms. Powell moved and Mr. Leiserowitz seconded to approve the Consent Order. Upon a vote, the motion carried. Ms. Powell then moved and Mr. Leiserowitz seconded, to approve the firm registration.

STANLEY MONGER CONSENT ORDER: Ms. Monger appeared before the Board for approval of a firm registration and a Consent Order entered into for failure to register as a firm, and failure to notify the Board when he issued a report subject to Peer Review, which required him to appear before the Board and pay a fine in the amount of \$250. Mr. Leiserowitz moved and Ms Powell seconded to approve the Consent Order. Upon a vote, the motion carried. Ms. Powell then moved and Mr. Leiserowitz seconded to approve the firm registration. Upon a vote, the motion carried.

STEVEN SENTER, SR. CONSENT ORDER: Mr. Senter appeared before the Board for approval of a firm registration and Consent Order entered into for failure to register as a firm, and failure to notify the Board when he issued a report subject to Peer Review, which required him to appear before the Board and pay a fine in the amount of \$250. Mr. Leiserowitz moved and Ms. Powell seconded to approve the Consent Order. Upon a vote, the motion carried. Mr. Leiserowitz then moved and Ms. Powell seconded to approve the firm registration. Upon a vote, the motion carried.

B. 10:00 AM TIMOTHY MCCRAW DISCIPLINARY HEARING AND CONSENT ORDER:

Mr. Bottenberg recused himself as investigative Board member, from this matter. Mr. McCraw appeared before the Board without counsel for failure to file taxes in a timely manner; failure to cooperate; and for conduct reflecting adversely on his fitness to practice. After hearing the evidence, Mr. Leiserowitz moved and Ms. O'Sullivan seconded for the Board to go into executive session for twenty minutes to deliberate the matter. Upon a vote, the motion carried.

When the Board reconvened, Ms. Powell moved and Mr. Leiserowitz seconded for the Board to go back into executive session to deliberate the McCraw matter further for thirty minutes. Upon a vote, the motion carried.

When the Board reconvened, Mr. Leiserowitz moved and Ms. O'Sullivan seconded that Mr. McCraw's certificate, permit and firm registration be suspended for thirty days from the effective date of the Final Order issued by the Board; that he pay a fine in the amount of \$2,000, to be paid within thirty days of the date of the Final Order issued by the Board, that cannot be paid by credit card; that he complete the AICPA Comprehensive Ethics exam with a score of 90% or higher, within 90 days of the effective date of the Final Order issued by the Board, and that no CPE be claimed for taking the ethics exam; and proof of filing of all required tax returns for tax years 2007-2011 be provided to the Board by December 31 of each year, with tax year 2011 being filed with the Board by December 31, 2012. Upon a vote, the motion carried.

The Consent Order previously issued to Mr. McCraw for failure to comply with Peer Review was withdrawn with no further action to be taken in that regard.

5. OTHER BUSINESS:

A. Ms. Somers reported that the June 25, 2008 minutes were incorrect in reflecting the action taken against Gregory Hughes and requested that the minutes be amended. The minutes reflected that he could count the CPE obtained from taking the AICPA Comprehensive Ethics exam towards the 60 hours required for reinstatement of his certificate, when in fact he could not. Likewise, the Final Order issued on the matter did not reflect that he couldn't claim the CPE from the ethics exam. Ms. Powell moved and Mr. Leiserowitz seconded to amend the minutes and the Final Order. Upon a vote, the motion carried.

B. Ms. Somers presented a request from an exam candidate to allow a waiver for her to accept English 105 (Honors English from the University of Kansas) to qualify towards the communications requirement required to sit for the exam. Ms. Somers provided the Board members with a course description of

English 105, as well as English 203 and English 205, also honors English courses from K.U. After review, Mr. Leiserowitz moved and Ms. O'Sullivan seconded to accept English 105, 203 and 205 towards the communications requirement for all exam candidates from this point forward, and instructed Ms. Somers to write a letter to the University informing them of the same. Upon a vote, the motion carried.

EXECUTIVE SESSION: Mr. Bottenberg moved and Ms. O'Sullivan seconded for the Board to go into executive session for fifteen minutes for attorney/client privilege.

When the Board reconvened, Ms. Somers informed the Board that due to the high volume of disciplinary cases, and to comply with the requirement of the administrative procedures act in certain circumstances, it would be necessary for the Board to schedule more meetings during the year to accommodate the hearings. The Board requested that Ms. Somers schedule additional meetings for May September and November to be used, if necessary.

6. ADJOURN

The Board thanked Mr. Bottenberg for his service as a public member on the Board. Mr. Bottenberg was being called to serve in Iraq as a part of his duties as a JAG Officer in the National Guard. There being no further business to come before the Board, Mr. Bottenberg moved and Ms. O'Sullivan seconded to adjourn. Upon a vote, the motion carried.

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