

**MINUTES OF THE KANSAS BOARD OF ACCOUNTANCY  
OCTOBER 30, 2009  
9:00 AM, LANDON STATE OFFICE BUILDING  
TOPEKA, KS**

**1. ADMINISTRATIVE MATTERS:**

**A. CALL TO ORDER:**

Jeffrey A. Leiserowitz, CPA, Chair, called the meeting to order. Board members in attendance were Mr. Leiserowitz; Paul Allen, CPA; Jeffery Bottenberg, Public Member; Patricia O'Sullivan, Public Member; Virginia Powell, CPA; and Rodney Van Norden, CPA. Also in attendance Susan Somers, Executive Director; Darin Conklin, General Counsel to the Board; Mary MacBain and Teresa Keating, Kansas Society of CPAs; Tina Lee and Joyce Schartz, Public Accountants Association.

**B-1. CONSENT CALENDAR:**

The Board reviewed the items contained in the Consent Calendar. Ms. Powell moved and Ms. O'Sullivan seconded to approve. Upon a vote, the motion carried.

**2. CPA EXAM:**

The Board reviewed the statistics and grades from the April/May 2009 exam window. Mr. Allen moved and Ms. O'Sullivan seconded to ratify the grades. Upon a vote, the motion carried.

The Board reviewed requests for course waivers from potential exam candidates:

1. Jessica Kasperek: Ms. O'Sullivan moved and Mr. Bottenberg seconded to grant the waiver. Upon a vote, the motion carried.

2. James Murphy: Ms. Powell moved and Mr. Van Norden seconded to grant the waiver. Upon a vote, the motion carried.

3. Kevin O'Brien: Mr. Van Norden moved and Ms. Powell seconded to grant the waiver. Upon a vote, the motion carried.

4. Elijah Tuttle: Mr. Van Norden moved and Ms. Powell seconded to grant the waiver. Upon a vote, the motion carried with Mr. Leiserowitz and Mr. Bottenberg voting against.

5. Knox Varela: Mr. Bottenberg moved and Ms. O'Sullivan seconded to grant the waiver. Upon a vote, the motion carried.

Ms. Somers reported the results of the quick poll taken with other state boards relative to distance learning courses obtained to meet the 150 hour education requirement to sit for the exam. None of the 26 states that responded to the quick poll indicated that they had any kind of restriction on the number of distance learning courses that an exam candidate could obtain. Mr. Leiserowitz suggested that the NASBA Education Committee be contacted to see if they had taken up the matter in the past and appointed Jeff Leiserowitz and Patricia O'Sullivan as committee members to handle the matter.

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

A. The Board reviewed the list of Peer Reviews due and in process. Mr. Van Norden moved, and Ms. Powell seconded that in the case of firms not timely complying with Peer Review, unless otherwise warranted, a "warning" 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 would be issued. 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. For those firms who have received a second "warning" letter, should the firm fail to comply again, a Summary Order would be issued without a warning letter. 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 21, 2010, unless otherwise warranted. Upon a vote, the motion carried.

B. The Board reviewed a request from Guy Martin to extend his Peer Review due date to October 15, 2009. His due date was September 30, 2009. Since the Board meeting was after his requested due date, Ms. Somers inquired of Ms. Keating of the KSCPA if he had completed the Peer Review by his requested due date and was informed that he hadn't. Based upon that information, Ms. Powell moved and Ms. O'Sullivan seconded to deny his request. Upon a vote, the motion carried.

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

D. The Board reviewed a request from Jon McKay for a waiver of Peer Review. After discussion, Mr. Allen moved and Ms. O'Sullivan seconded to grant the request, provided he sign a Consent Order agreeing that if he should want to issue attest reports in the future, he would get prior approval and consent from the Board. Upon a vote, the motion carried.

E. The Board reviewed information relating to an Edward Jones course being sponsored by the Wellington Group. Ms. Somers reminded the Board that they had encountered an issue with this sponsor in January of 2008 relative to an ethics presentation that the Board deemed not to be qualified for ethics in Kansas. At the time the Wellington Group was notified about the ethics course, they were also informed that they could not advertise or offer a course that indicated that it had been approved for CPE credit in Kansas. It came to the Board's attention that their 2009 Tax Conference material indicated that it had been approved for CPE credit, and when it was again brought to the sponsor's attention that they could not indicate that the course had been approved for CPE credit, they changed the verbiage to read "pending approval for 8 hours of CPE in KS". After discussion, the Board Chair instructed Mr. Conklin and Ms. Somers to draft a letter for his signature putting them on notice that they were not to indicate that their courses were approved or pending approval for CPE credit in Kansas, and that if the Board had any future concerns, or if there were any complaints regarding the matter, that the Attorney General would be contacted.

F. The Board reviewed a request for further extension to obtain CPE to renew the permit of Rolando Alonzo. The Board had previously granted him an extension to October 31, 2009; however, due to illness, he was still unable to obtain the CPE necessary for him to renew. After discussion, Mr. Allen moved and Mr. Van Norden seconded to approve, an extension to November 30, 2009.

#### **4. HEARINGS/DISCIPLINARY MATTERS:**

A. **MICHAEL BARTLOW CONSENT ORDER:** Ms. O'Sullivan recused herself from this matter. The Board reviewed a Consent Order entered into with Michael Bartlow for failing to maintain compliance with the requirements for issuance or renewal of a permit. The terms of the Consent Order require him to obtain 26 hours of CPE and pay a late renewal fee of \$75.00 on or before October 30, 2009. Ms. Powell moved and Mr. Van Norden seconded, to approve the Consent Order. Upon a vote, the motion carried.

B. **WENDY DICKEY CONSENT ORDER:** Ms. O'Sullivan recused herself from this matter. Ms. Dickey appeared before the Board for approval of a Consent Order entered into for failing to maintain compliance with the requirements for issuance or renewal of a permit. The terms of the Consent Order require her to appear before the Board; obtain 16 hours of CPE on or before October 29, 2009; pay a fine in the amount of \$250.00; and complete the

AICPA Comprehensive Ethics exam within 90 days. Mr. Van Norden moved and Mr. Allen seconded to approve. Upon a vote, the motion carried.

**C. CYNDE FRICK CONSENT ORDER:** Ms. O'Sullivan recused herself from this matter. Ms. Frick appeared before the Board for approval of a Consent Order entered into for failing to maintain compliance with the requirements for issuance or renewal of a permit. The terms of the Consent Order require her to appear before the Board; obtain 62 hours of CPE by December 4, 2009; pay a fine in the amount of \$250.00; and complete the AICPA Comprehensive Ethics Exam within 90 days. Mr. Van Norden moved and Mr. Allen seconded, to approve. Upon a vote, the motion carried.

**D. KENNETH STROUGH CONSENT ORDER:** Mr. Van Norden recused himself from this matter. Mr. Strough appeared before the Board for approval of a Consent Order entered into for practicing without a permit and firm registration. The terms of the Consent Order require him to appear before the Board; and pay a fine in the amount of \$1,000 individually and \$1,000 as a firm, to be paid in installments until March 31, 2010. Ms. Powell moved and Mr. Bottenberg seconded to approve. Upon a vote, the motion carried.

Ms. Powell moved and Ms. O'Sullivan seconded for the Board to take a 10 minute break. Upon a vote, the motion carried.

**E. WILLIAM SCHMIDT HEARING:** Mr. Schmidt appeared before the Board having requested a hearing as a result of a Summary Order of Suspension of Firm Registration and Permit to Practice being issued as a result of his failure to timely comply with Peer Review. After discussion, Mr. Bottenberg moved and Ms. O'Sullivan seconded for the Board to go into executive session for 15 minutes to deliberate the matter. Upon a vote, the motion carried.

When the Board reconvened, Mr. Bottenberg moved and Mr. Allen seconded, that Mr. Schmidt be required to take a firm practice management course within 90 days of the date of the hearing, with said course bearing at least 8 hours of CPE credit, which cannot be used toward his permit renewal; and that said course is to be pre-approved by the Board. In addition, Mr. Schmidt is to provide his Peer Review documents to the Board. Upon a vote, the motion carried.

## **5. OTHER BUSINESS:**

Mr. Leiserowitz briefly discussed the status of the Investor Protection Act; the recent IQAB meeting of NASBA; the possibility of CPE vs. taking the CPA exam for international accountants and IFRS.

**6. ADJOURN:**

There being no further business to come before the Board, the meeting was adjourned.

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