

**ACCOUNTANCY BOARD OF OHIO
MINUTES OF FEBRUARY 21, 2014 MEETING**

The Accountancy Board met on February 21, 2014 in Room East B on the 31st floor of the Vern Riffe Center for Government and the Arts, 77 South High Street, Columbus, Ohio by opening with the Pledge of Allegiance. The following members were present: Robert Fay, CPA (Chair), Michael Comer, CPA (Vice Chair), James Carroll, CPA (Secretary), Adriana Sfalcin (Public member), James Gero, CPA (Member), W. Michael Fritz, CPA (Immediate Past Chair), Margaret Houston, CPA (Past Chair), James Gottfried, CPA (Member) and Michael Guinigundo, CPA (Member).

Representing the Board staff were John Patterson, Executive Director, Tracey Fithen, Assistant Director and Jesse Dixon, Investigations Officer. Board counsel present was Hilary Damaser, Esq., representing the office of the Attorney General.

Present in the audience were Scott D. Wiley, Chief Executive Officer of the Ohio Society of Certified Public Accountants (OSCPA), Laura Hay, Executive Vice President of the OSCP, Barbara Benton, Vice President for Governmental Affairs of the OSCP, Lisa Brown of the OSCP and Joseph Skoda, CPA, representing the National Society of Accountants.

Mr. Fay called the meeting to order at 10:00 a.m., and welcomed the guests in the audience.

APPROVAL OF THE DECEMBER 2013 BOARD MEETING MINUTES

Upon motion by Ms. Sfalcin, seconded by Mr. Comer, the Board voted to approve the minutes of the December 9 - 10, 2013 Board meeting. Motion carried 9-0.

INFORMATION REPORTS AND UPDATES

RENEWAL UPDATE

Ms. Fithen said that the 2013 CPA License Renewal is complete. However, there are approximately 2,418 expired licensees that have yet to renew and are trickling in with late fees due.

BUDGET AND FINANCIAL REPORT

Ms. Fithen noted that the Board is still spending less than its projected budget for fiscal year 2014, so it is likely once again that the Board would not spend its entire appropriation and will have more revenue than expenditures. Currently, the Board is trying to spend dollars toward the Minority Business Program, under the Governor's directive to meet the 15% quota for the year.

RULES UPDATE

Mr. Patterson gave an overview of rules being reviewed. The current rules being reviewed are rules that are no change rules. Mr. Patterson stated that he hopes to finalize the Board's review of Chapter 4701-15 at the April Board meeting.

INVESTIGATIONS REPORT

Mr. Dixon reported that the first four entries on the investigations report are from the last board meeting. Cases referred to prosecutor=0; Closed cases=17; compliance action pending= 7; opened cases=7. The next two entries on the report are from the calendar year; total open cases=138; total closed cases= 95. He also reported the respondent types of cases since the last board meeting; 28 licensed respondents & 7 unlicensed. The unlicensed are licensees that are being monitored to make sure they are complying with cease & desist orders.

The different types of cases that opened since the last board meeting are; 5 Conduct Discreditable; 2 Criminal Conviction, 1 Tax service Standards, 23 Firm registration violations, 3 retention of client records and 1 unlawful practice. Mr. Dixon informed the board that the 138 cases opened in 2013 is up from 2012 (64), but more are now entered in the database initially than in the past. The numbers have increased slightly, overall. Mr. Dixon noted the mailing of 764 CPE letters on February 14, 2014. Fifteen of the 764 were from the disciplinary list. On November 15, 2013, we began with 100 expired attest firms and are now at 7 that will be brought in for hearings. Three of those have expired Ohio permits.

EDUCATION ASSISTANCE PROGRAM REPORT

Ms. Newell, of the Board office, reported a total of \$181,304.24 spent for education assistance so far in fiscal year 2014. She referred to the total appropriation for fiscal year 2014 of \$325,000 and stated that most appropriations are already paid to the college or university. She concluded by stating that the Education Assistance Committee were holding a meeting April 25, 2014, to discuss changes in rules and forms.

Mr. Patterson discussed, per the Governor's directive, the implementation of an Office Policy and Procedures Manual. Upon motion by Mr. Comer, seconded by Mr. Gottfried, the board motioned to approve the Office Policy and Procedures Manual, *Procedures and Board Delegated Authority*. Motion carried 9 – 0.

OLD BUSINESS

STATUS OF PAST HEARINGS

Mr. Patterson informed the Board that Michael Simic is now before the Court of Appeals.

PSR SPONSOR APPROVAL

The Board discussed the amount of material that needed to be reviewed prior to approving a PSR Sponsor and decided to appoint Mr. Patterson to approve, or check with NASBA, concerning any questionable sponsor material. Upon motion by Mr. Gottfried, seconded by Mr. Guinigundo, the board motioned to approve Mr. Patterson approving Sponsors. Motion carried 9 – 0.

NEW BUSINESS

Laura Hay, from the Ohio Society of CPA (OSCPA), gave a presentation on the Peer Review Program procedures administered by the OSCP. Lisa Brown, also of the OSCP, answered questions of the board along with Ms. Hay. Coverage of all areas of the administration and complete process was presented. The Board was also asked to reaffirm their support of the OSCP as their agent in administering peer reviews for CPA accounting firms. The presentation was very informative and very well done. The Board approved the Peer

Review fee schedule for 2014 by voice vote. Motion carried 9-0.

BOARD STANDING COMMITTEES

After discussion, the Board agreed on the following standing committees for the remainder of 2014:

Executive Committee

- Robert Fay, Chair
- Mike Comer, Vice Chair
- James Carroll, Secretary

Nominating Committee

- Mike Fritz, Chair
- Maggie Houston
- Mike Guinigundo

Education Assistance Committee

- Margaret Houston, Chair
- James Gero
- Greta Russell (Past Board Member)

Peer Review Oversight Committee

- James Gero, Chair
- James Gottfried
- Mike Guinigundo

Disciplinary Advisory Committee

- James Gottfried, Chair
- Maggie Houston
- Adriana Sfalcin

Licensing Committee

- James Carroll, Chair
- Michael Comer
- James Gero
- Jerry Esselstein (Past Board Member)

Office Oversight Committee

- Mike Fritz, Chair
- James Carroll
- Adriana Sfalcin

Finance and Audit Committee

- Michael Comer, Chair
- James Gottfried
- James Gero

FORMAL HEARING: CHRISTOPHER M. GREEN

Mr. Fay opened a disciplinary hearing at 11:52 a.m. pursuant to Chapter 119 of the Revised Code. The Board charged Mr. Green with 4701.16(A)(5), of the Revised Code, concerning conviction of a felony under the laws of any state or of the United States. Representing Mr. Green, was counsel, Rasheeda Z. Kahn.

Ms. Damasar introduced State's Exhibit(s) A, 1 through 10 and B, 1 through 6. Ms. Kahn addressed Mr. Green, as well as the Board and was asked questions by the Board.

The Board admitted into evidence all exhibits. Mr. Fay concluded the hearing.

REINSTATEMENT HEARING: ROBERT J. MALOY, JR

Mr. Fay opened a reinstatement hearing at 12:20 p.m. Present at the hearing was Robert J. Malloy, Jr., whose CPA certificate was revoked by the Board on June 15, 2007, pursuant to OAC 4701.16(A)(8), concerning suspension or revocation of the right to practice before a state or federal agency.

Ms. Damasar introduced State's Exhibit(s) A, 1 through 3, B, 1 through 5, C, 1 through 19, and D, 1 through 26. Mr. Maloy then spoke to the Board and was asked questions by the Board.

The Board admitted into evidence all exhibits. Mr. Fay concluded the hearing.

FORMAL HEARING: WARD E. HOWE

Mr. Fay opened a disciplinary hearing at 12:38 p.m. pursuant to Chapter 119 of the Revised Code. The Board charged Mr. Howe with 4701.16(A)(11), of the Revised Code, concerning failure of a public accounting firm to comply with section 4701.04 of the Ohio Revised Code, concerning firm registration. Mr. Howe was not present.

Ms. Damasar introduced State's Exhibit(s) A, 1 through 4, B, 1 through 4, C, 1 through 6 and D, 1 through 4. Ms. Jenny Kochensparger was sworn in and was asked questions by the Board.

The Board admitted into evidence all exhibits. Mr. Fay concluded the hearing

REINSTATEMENT REQUEST OF SURRENDERED CPA CERTIFICATE

MARIA S. HARRINGTON (GRAY)

Ms. Gray submitted a letter requesting the reinstatement of her Ohio CPA certificate, 28057. Date of surrender was May 22, 2000. The Board voted to reinstate the CPA certificate of Ms. Gray, subject to reporting 120 hours of cpe, ethics, and all applicable fees, penalties and late fees. Motion carried 8 – 1 Mr. Fritz opposed.

REQUESTS FOR WAIVER OF LATE FILING FEES

RODNEY E. BRUNER

Mr. Bruner submitted a letter requesting a waiver of the \$350 late fee applicable to the late renewal of

his Ohio CPA license due to non-renewal by December 31, 2011.

FRED A. STEELE

Mr. Steele submitted a letter requesting a waiver of the \$400 late fee applicable to the late renewal of his Ohio CPA license due to non-renewal by December 31, 2010.

MICHAEL JOSEPH IZZIE

Mr. Izzie submitted a letter requesting a waiver of the \$400 late fee applicable to the late renewal of his Ohio CPA license due to non-renewal by December 31, 2010.

GORDON SHORT

Mr. Short submitted a letter requesting a waiver of the \$100 late fee applicable to the late renewal of his Ohio CPA license due to non-renewal by December 31, 2013.

MITCHELL V. HUFF

Mr. Huff submitted a letter requesting a waiver of the \$350 late fee applicable to the late renewal of his Ohio CPA license due to non-renewal by December 31, 2012.

EMILY STAPP

Ms. Stapp submitted a letter requesting a waiver of the \$50 late fee applicable to the late renewal of his Ohio CPA license due to non-renewal by December 31, 2013.

DIANE BRIA-WHARTON

Ms. Bria-Wharton submitted a letter requesting a waiver of the \$50 late fee applicable to the late renewal of his Ohio CPA license due to non-renewal by December 31, 2013.

EXECUTIVE SESSION

Upon motion by Mr. Comer, seconded by Mr. Carroll, the Board voted to recess into executive session pursuant to Ohio Revised Code section 121.22(G)(1) to discuss the requests for waiver of late fees, disciplinary and reinstatement hearings with Ms. Damaser. Motion carried 9-0 on a roll call vote. After discussion, the Board returned to general session.

BOARD DECISIONS

LATE FEE WAIVER APPEALS

Upon motion by Mr. Carroll, seconded by Mr. Gottfried, the Board voted to deny the appeals of the following licensees for waiver of the late filing fee:

- Rodney E. Bruner
- Fred A. Steele

- Michael J. Izzie
- Gordon Short
- Mitchell V. Huff
- Emily Stapp
- Diane Bria-Wharton

Motion carried 9-0 on a roll call vote.

DISCIPLINARY HEARING: CHRISTOPHER M. GREEN

Upon motion by Mr. Carroll, seconded by Mr. Gero, the Board voted to revoke the CPA certificate of Christopher M. Green, and Mr. Green may not apply for reinstatement until completion of all terms and conditions imposed by the Franklin County Criminal Division, Community Control. Motion carried 9-0 on a roll call vote.

REINSTATEMENT HEARING: ROBERT J. MALOY

Upon motion by Mr. Carroll, seconded by Mr. Gottfried, the Board voted to reinstate the CPA certificate of Robert J. Maloy, subject to the payment of original fine of \$1,000, as well as a fine of \$5,000, 120 hours of CPE with 3 hours of ethics courses and all other applicable late fees. Motion carried 9-0 on a roll call vote.

DISCIPLINARY HEARING: WARD E. HOWE

Upon motion by Mr. Carroll, seconded by Mr. Gottfried, the Board voted to revoke the CPA certificate of Ward E. Howe. Motion carried 9-0.

EXECUTIVE DIRECTOR'S REPORT

Mr. Patterson informed the Board that he, Jesse Dixon, Tracey Fithen, as well as Rachel Huston, the Board's legal counsel, will be attending the upcoming NASBA Executive Directors and Legal Counsel meeting in Savannah, Georgia. He also discussed the implementation of the Board's policy and procedure manual which was agreed upon.

CHAIR'S REPORT

Robert Fay proposed that Mr. Patterson draft a letter, on behalf of the Board, endorsing Mr. W. Michael Fritz to a second term as the Great Lakes Regional Director. Upon motion by Mr. Comer, seconded by Mr. Carroll, the Board voted to recommend Mr. Fritz. Motion carried 9-0.

The Board then adjourned.

ROBERT F. FAY, CHAIR

JAMES J. CARROLL, SECRETARY