



DEPARTMENT OF CONSUMER AFFAIRS
 CALIFORNIA BOARD OF ACCOUNTANCY
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**CALIFORNIA BOARD OF ACCOUNTANCY (CBA)
 ENFORCEMENT ADVISORY COMMITTEE (EAC)**

**EAC MEETING
 NOTICE & AGENDA**

**Thursday, July 9, 2015
 9:00 a.m. – 5:00 p.m.**

California Board of Accountancy
 2000 Evergreen Street, Suite 250
 Sacramento, CA 95815
 Telephone: (916) 263-3680

Important Notice to the Public

All times indicated, other than those identified as “time certain,” are approximate and subject to change. Action may be taken on any item on the agenda. Agenda items may be discussed and action taken out of order at the discretion of the EAC Chair. The meeting may be canceled without notice. For verification of the meeting, call (916) 561-1723 or access the CBA website at www.cba.ca.gov.

- 9:00 – 9:05 I. Roll Call and Call to Order (**Jeffrey De Lyser, Chair**).
- 9:05 – 9:10 II. Report of the Committee Chair (**Jeffrey De Lyser**).
- A. Approval of the April 30, 2015 EAC Meeting Minutes.
- 9:10 – 9:25 III. Report of the CBA Liaison (**Katrina Salazar, CPA**).
- A. Report of the May 28-29, 2015 CBA and Committee Meetings.
- 9:25 – 9:45 IV. Report of the Enforcement Chief (**Dominic Franzella**).
- A. Enforcement Activity Report (Written Report Only).
- B. Report of Accusations Filed and Final Disciplinary Orders Effective April 3, 2015 - June 15, 2015.
- 9:45 – 9:50 V. Public Comments for Items not on the Agenda.
- 9:50 – 11:30 VI. Review Enforcement Files on Individual Licensees.
[Closed Session: The EAC will meet in closed session to review and deliberate on enforcement files as authorized by Government Code section 11126(c)(2) and Business and Professions Code section 5020.]

11:30 – 1:00 **LUNCH**

1:00 – 5:00 VII. Conduct Closed Hearings.

[The Committee will meet in closed session as authorized by Government Code Sections 11126(c)(2) and (f)(3), and Business and Professions Code Section 5020 to conduct a closed session to interview and consider disciplinary action against an individual licensee or applicant prior to the filing of an Accusation.]

VIII. Adjournment.

In accordance with the Bagley-Keene Open Meetings Act, all meetings of the EAC are open to the public. Government Code section 11125.7 provides the opportunity for the public to address each agenda item during discussion or consideration by the EAC prior to the EAC taking any action on said item. Members of the public will be provided appropriate opportunities to comment on any issue before the EAC, but the EAC Chair may, at her discretion, apportion available time among those who wish to speak. Individuals may appear before the EAC to discuss items not on the agenda; however, the EAC can neither discuss nor take official action on these items at the time of the same meeting. CBA members who are not members of the EAC may be attending the meeting. However, if a majority of members of the full board are present at the EAC meeting, members who are not members of the EAC may attend the meeting only as observers.

The meeting is accessible to individuals with physical disabilities. A person who needs a disability-related accommodation or modification in order to participate in the meeting may make a request by contacting Allison Nightingale at (916) 561-1723, or by email at anightingale@cba.ca.gov, or send a written request to the CBA office at 2000 Evergreen Street, Suite 250, Sacramento, CA 95815. Providing your request at least five (5) business days before the meeting will help to ensure availability of the requested accommodation.

For further information regarding this meeting, please contact:

Allison Nightingale, Management Services Technician
(916) 561-1723 or anightingale@cba.ca.gov
California Board of Accountancy
2000 Evergreen Street, Suite 250
Sacramento, CA 95815

An electronic copy of this agenda can be found at www.cba.ca.gov.



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EAC Item II.A.

July 9, 2015

DEPARTMENT OF CONSUMER AFFAIRS
 CALIFORNIA BOARD OF ACCOUNTANCY (CBA)

**MINUTES OF THE
 APRIL 30, 2015
 ENFORCEMENT ADVISORY COMMITTEE (EAC) MEETING**

DRAFT

Hilton Los Angeles Airport
 5711 West Century Blvd
 Los Angeles, CA 90045
 Telephone: (310) 410-6184

I. Roll Call and Call to Order.

The regularly scheduled meeting of the EAC was called to order at 9:00 a.m. on April 30, 2015 by EAC Chair, Jeffrey De Lyser, CPA.

Members

Jeffrey De Lyser, CPA, Chair	Present
Joseph Rosenbaum, CPA, Vice-Chair	Absent
Katherine Allanson, CPA	Present
Dale Best, CPA	Present
Joseph Buniva, CPA	Present
Gary Caine, CPA	Present
Nancy Corrigan, CPA	Present
Mary Rose Caras, CPA	Absent
William Donnelly, CPA	Present
Thomas Gilbert, CPA	Present
Robert A. Lee, CPA	Present
Mervyn McCulloch, CPA	Absent
Michael Schwarz, CPA	Absent

CBA Members

Alicia Berhow

CBA Staff and Legal Counsel

Dominic Franzella, Chief, Enforcement Division
 Paul Fisher, Supervising Investigative CPA
 Dorothy Osgood, Supervising Investigative CPA
 Jenny Sheldon, Enforcement Manager
 Gary Berkel, Investigative CPA
 Jane Cuellar, Investigative CPA

Nancy Huynh, Investigative CPA
David Jones, Investigative CPA
Gogi Overhoff, Investigative CPA
Allison Nightingale, Enforcement Technician
Carl Sonne, Deputy Attorney General (DAG), Department of Justice

Other Participants

Libi Uremovic

II. Report of the Committee Chair (**Jeffrey De Lyser**).

A. Approval of the January 29, 2015 EAC Meeting Minutes.

It was moved by Mr. Lee and seconded by Ms. Corrigan to approve the minutes of the January 29, 2015 EAC meeting.

Yes: Ms. Allanson, Mr. De Lyser, Mr. Best, Mr. Caine, Ms. Corrigan, Mr. Buniva and Mr. Lee.

No: None.

Abstain: Mr. Donnelly and Mr. Gilbert.

The motion passed.

III. Report of the CBA Liaison (**Alicia Berhow, Secretary/Treasurer**).

A. Report of the March 19-20, 2015 CBA and Committee Meetings.

Mr. Franzella provided the report for this agenda item. He reported that at the March CBA meeting, the National Association of State Boards of Accountancy provided a presentation regarding possible changes to the Uniform CPA Exam as a result of the practice analysis that it is presently conducting.

Mr. Franzella reported the CBA approved the 2016 CBA meeting dates.

Mr. Franzella reported that the CBA appointed Mr. Gilbert and reappointed Mr. Donnelly to the EAC.

Mr. Franzella reported that in order to ensure that the CBA has the financial resources to carry out its mission of consumer protection, the CBA approved an increase in the license renewal and initial permit fee of \$200. A regulatory hearing will be conducted at the May CBA meeting and it is anticipated that the new fee levels will be effective July 2016.

Mr. Franzella reported that the CBA took positions on various bills.

Mr. Franzella stated that the next CBA meeting will be held on May 28-29, 2015 in Los Angeles.

Mr. Buniva asked a question regarding SB 8 which proposes to amend California's tax system to include taxes on information and services, including accounting and tax preparation fees. Mr. Franzella stated that the CBA has an interest in the bill but that the bill does not have a direct impact on consumer protection which is why the CBA chose to take a watch position.

IV. Report of the Enforcement Chief (**Dominic Franzella**).

A. Enforcement Activity Report.

Mr. Franzella reported that 500 additional complaints were received since the last reporting period. He stated that the majority of the complaints were from internal units within the CBA and the top three complaints are conviction of a crime, peer review, and continuing education deficiencies.

Mr. Franzella reported that the CBA closed 300 investigations since the previous report. He also reported that the CBA presently has 73 investigations pending for a period of 18-24 months and that with new staffing resources, the Enforcement Division will be better positioned to manage the increased inventory of cases.

Mr. Franzella reported on discipline cases currently assigned to the Attorney General's (AG) Office. He stated that only four cases reported are pending for more than 24 months.

Mr. Franzella reported that the current year average for number of days to issue a citation was higher than the two previous fiscal years due to the high volume and efficiency with which peer review citations were issued.

Mr. Franzella reported that upon completion of the disciplinary process, matters are referred to the CBA probation monitor for tracking and compliance with the terms of probation. He noted that CBA staff will provide an overview of the probation monitoring process at an upcoming CBA meeting. He noted that staff began scheduling additional probation meetings outside of the EAC meeting schedule.

Mr. Franzella stated that all licensees renewing a license in an active status are required to have fingerprints on file for the purpose of conducting a state and federal criminal offender record information background check. He reported that the CBA issued 11,400 notification letters stating that the CBA has no electronic record of the licensee's fingerprints on file. Of the 11,400 notification letters issued, the CBA received 7,551 compliances with CPA fingerprints being cleared. He also stated that the CBA opened investigations on all CPAs who failed to have their fingerprints taken. He also reported that for Fiscal Year (FY) 2014/15, 97 cases have been assigned for investigation, 275 cases have been closed, and 28 non-compliance citation and fines were issued.

Mr. Franzella reported on mobility. He stated that in FY 2014/15, 10 complaints were opened against practice privilege holders. He also stated that staff sent letters to all CPAs who were disciplined by either the Securities and Exchange

Commission or the Public Company Accounting Oversight Board to inform them that they must seek CBA authorization prior to practicing in California.

Mr. Franzella gave an update on staffing at the CBA. He reported that the Discipline and Probation Monitoring Unit filled the two vacant Associate Governmental Program Analyst positions. He also reported that Dorothy Osgood filled the vacant Supervising Investigative CPA position.

B. Report on Accusations and Final Disciplinary Orders Since January 29, 2015.

Mr. Franzella reported that since the January 29, 2015 EAC meeting, the CBA has filed 10 accusations and taken six disciplinary actions. All matters were listed in the summary provided in the EAC packets.

V. Public Comments for Items not on the Agenda.

Ms. Libi Uremovic offered a public comment.

VI. Review Enforcement Files on Individual Licensees.

[Closed Session: The EAC met in closed session to review and deliberate on enforcement files as authorized by Government Code section 11126(c)(2) and Business and Professions Code section 5020.]

VII. Conduct Closed Hearings.

[The Committee met in closed session as authorized by Government Code sections 11126(c)(2) and (f)(3) and Business and Professions Code section 5020 to conduct closed sessions to interview and consider possible disciplinary action against an individual licensee or applicant prior to the filing of an accusation.]

VIII. Adjournment.

The next EAC meeting is scheduled for July 9, 2015 at the CBA office in Sacramento.

Having no further business to conduct, the EAC general meeting adjourned at approximately 9:37 a.m. to convene in closed session. Closed session adjourned at approximately 11:30 a.m. Closed session reconvened for investigative hearings from 1:00 p.m. to 5:00 p.m.

Jeffrey De Lyser, CPA, Chair
Enforcement Advisory Committee

Prepared by: Allison Nightingale, Enforcement Technician

**California Board of Accountancy
Enforcement Activity Report**
Report as of March 31, 2015

EAC Item IV.A.
July 9, 2015

Complaints

Complaints/Records of Convictions	FY 2012/13	FY 2013/14	FY 2014/15
Received	3,271	3,255	2,062
<i>Internal – Peer Review (Failure to Respond)¹</i>	<i>1,800</i>	<i>1,481</i>	<i>0</i>
<i>Internal – Peer Review (Other)²</i>	<i>508</i>	<i>411</i>	<i>387</i>
<i>Internal – All Other</i>	<i>510</i>	<i>969</i>	<i>1,327</i>
<i>External</i>	<i>453</i>	<i>394</i>	<i>348</i>
Assigned for Investigation	2,951	2,969	1,488
Closed – No Action	329	289	560
Average Days from Intake to Closure or Assignment for Investigation	3	4	3
Pending	3	0	31
Average Age of Pending Complaints (days)	3	0	5

¹ These complaints relate to licensees that failed to respond to multiple CBA requests to file the required peer review reporting form (PR-1) as part of the initial peer review phase-in period that occurred between July 1, 2011 and July 1, 2013.

² Peer Review (Other) internal complaints typically include investigation of failed peer review reports, failure to comply with peer review citations, filing an incorrect PR-1, or renewing a license without undergoing a peer review when a peer review is required.

- The California Board of Accountancy (CBA) received over 400 additional complaints since the last reporting period with approximately 60 complaints received from outside sources.
- The top three internal complaints continue to be: conviction of a crime, peer review, and continuing education deficiencies (various). The top external complaint continues to be unlicensed practice.

California Board of Accountancy Enforcement Activity Report

Report as of March 31, 2015

Investigations

Investigations	FY 2012/13	FY 2013/14	FY 2014/15
Assigned	2,951	2,969	1,488
<i>Internal – Peer Review (Failure to Respond)</i> ¹	1,794	1,481	0
<i>Internal – Peer Review (Other)</i>	437	407	390
<i>Internal – All Other</i>	361	740	803
<i>External</i>	359	341	295
Closed	2,872	2,669	1,262
Average Days to Close	73	74	165
Total Investigations Pending	518	825	1,127
<i>< 18 Months</i>	500	774	1,026
<i>18-24 Months</i>	17	42	80
<i>> 24 Months</i>	1	9	21
Average Age of Open Cases (days)	166	202	193
Median Age of Open Cases (days)	104	153	114

¹ These investigations relate to licensees that failed to respond to multiple CBA requests to file the required PR-1 as part of the initial peer review phase-in period that occurred between July 1, 2011 and July 1, 2013.

Chart A on Page 9 illustrates the percentage of open cases by length of time.

- The CBA closed 169 investigations since the previous report and the average age of open cases has decreased from 215 to 193 days.
- Presently, the CBA has 80 investigations that have been pending for a period of 18-24 months. Management is aware of this volume and actively working to resolve these cases. Additionally, as the new staffing resources are trained, the Enforcement Division will be better positioned to manage the increased volume and inventory.
- The CBA currently has 21 investigations, including seven carried over from the last report, that have been pending over 24 months. These cases are the most complex investigations requiring additional time to resolve. The status of the investigations are as follows:
 - 15 investigations are on-going with two recently having investigative hearings.
 - Five cases have completed investigative reports and will result in a referral to the Attorney General's (AG) Office.
 - One case is pending issuance of a citation and fine.

California Board of Accountancy Enforcement Activity Report

Report as of March 31, 2015

Discipline

Attorney General Referrals	FY 2012/13	FY 2013/14	FY 2014/15
Referrals	62	74	72
Accusations Filed	50	34	34
Statements of Issues Filed	3	8	9
Petitions for Revocation of Probation Filed	3	2	0
Closed	58	31	55
<i>Via Stipulated Settlement</i>	39	21	49
<i>Via Proposed Decision</i>	5	4	2
<i>Via Default Decision</i>	14	6	4
Discipline Pending	57	95	111
<i>< 18 Months</i>	52	82	106
<i>18-24 Months</i>	2	10	1
<i>> 24 Months</i>	3	3	4

Chart B on Page 9 illustrates the percentage of cases pending at the AG's Office by length of time.

- There are four cases pending at the AG's Office for more than 24 months. The current statuses of the cases, which includes four carried over from the last report, are as follows:
 - A writ was filed with the California Superior Court in August 2012 following adoption of a proposed decision and denial of a Petition for Reconsideration in July 2012. A decision was issued on August 28, 2014 denying the writ of mandate. The stay previously issued was dissolved and the CBA's decision revoking the Petitioner's license became effective. The Petitioner immediately filed a Notice of Appeal with the Appellate Court seeking a stay of the decision. The motion requesting a trial was denied at a hearing on December 12, 2014. A ruling from the Court of Appeals is pending.
 - One case was placed on hold pending the outcome of a criminal conviction and subsequent appeal. A revised accusation was received from the Deputy Attorney General (DAG) and has now been filed.
 - One case is scheduled for a hearing with the Office of Administrative Hearings (OAH) on May 1, 2015.
 - One case has a proposed stipulated settlement that will be presented to the CBA during closed session.

California Board of Accountancy Enforcement Activity Report

Report as of March 31, 2015

Citations and Fines

Citations	FY 2012/13	FY 2013/14	FY 2014/15
Total Citations Issued	1,883	1,522	256
Total Fines Assessed	\$532,400	\$399,020	\$101,725
Peer Review (Failure to Respond) ¹	1,800	1,481	0
<i>Peer Review Fines Assessed</i>	<i>\$450,000</i>	<i>\$370,250</i>	<i>\$0</i>
Other Citations	83	41	256
<i>Other Fines Assessed</i>	<i>\$82,400</i>	<i>\$28,770</i>	<i>\$101,725</i>
Other Fines Average	\$993	\$702	\$397
Average number of days from receipt of a complaint to issuance of a citation	67	33	157
Top 3 Violations Resulting in Citation			
1:	Response to CBA Inquiry (Reg 52)	Response to CBA Inquiry (Reg 52)	CE Basic Requirements (Reg 87)
2:	CE Basic Requirements (Reg 87)	CE Basic Requirements (Reg 87)	Response to CBA Inquiry (Reg 52)
3:	Practice Without Permit (BPC 5050)	Name of Firm (BPC 5060)	Name of Firm (BPC 5060)

¹ These citations relate to licensees that failed to respond to multiple CBA requests to file the required PR-1 as part of the initial peer review phase-in period that occurred between July 1, 2011 and July 1, 2013.

- As noted in previous reports, the current year average for number of days to issue a citation is higher than the two previous fiscal years due to the high volume and efficiency with which Peer Review (Failure to Respond) citations were issued.
- The Other Fines Average amount continues to be lower than in previous years. The fine amount assessed varies from \$100 to \$5,000 and is determined on a case-by-case basis. Factors that may increase or decrease the fine amount include aggravating or mitigating circumstances, and length of time the violation existed.
- Violation of the continuing education (CE) basic requirements, CBA Regulations section 87, continues to be the most common reason for issuance of a citation this fiscal year.
- Since last year the CBA has been participating in the Franchise Tax Board (FTB) Offset Program to collect past due fines. The FTB Offset Program collects funds that are otherwise unobtainable from California residents who owe State agencies delinquent debts. After notice by the CBA providing an opportunity to pay the outstanding debt, the CBA can submit the debt to the FTB for collection. The FTB

California Board of Accountancy Enforcement Activity Report

Report as of March 31, 2015

will offset the State income tax refunds, unclaimed property, or State lottery winnings due the individual and, in conjunction with the State Controller's Office, transfer the funds to the CBA. The total fines presently outstanding equal approximately \$380,000. Since staff began mailing the FTB collection letters in January 2015, the CBA has collected approximately \$30,000 in voluntary past due fine payments.

California Board of Accountancy Enforcement Activity Report

Report as of March 31, 2015

Probation Monitoring

Monitoring Activities	
Number of Licensees on Probation as of Last Report	86
New Probationers	5
Total Number of Probationers	90
Out-of-State Probationers	8
Probation Orientations Held since Last Report	8

- Upon completion of the disciplinary process, matters are referred to a CBA Probation Monitor for tracking and compliance with the terms of probation.
- To increase the number of personal appearances the CBA is able to conduct with probationers, staff have begun scheduling probation monitoring meetings at the CBA office. Eight probation meetings were held on March 5, 2015 and March 19, 2015, with an additional three meetings scheduled for April 10, 2015 and April 23, 2015.
- Ten probation monitoring meetings are scheduled to be held in conjunction with the Enforcement Advisory Committee (EAC) meeting on April 30, 2015.

California Board of Accountancy Enforcement Activity Report

Report as of March 31, 2015

Criminal Offender Record Information (CORI)

CORI Fingerprints¹	FY 2014/15
Notification Letters Sent	14,558
CORI Compliances Received	8,968
Non-Compliance Notifications Sent	601

CORI Enforcement Cases	FY 2014/15
Received	465
Assigned for Investigation	126
Closed – No Action	339
Non-Compliance Citation and Fine Issued	44
Referred to the Attorney General's Office	6

¹ CORI-related activities that occurred in FY 2013/14 were previously reflected on the Licensing Activity Report.

- Effective January 1, 2014, all licensees renewing their license in active status are required to have fingerprints on file for the purpose of conducting a state and federal criminal offender record information background check.
- Since the last report, the CORI unit has sent out over 3,000 additional notification letters.

California Board of Accountancy Enforcement Activity Report

Report as of March 31, 2015

Mobility

Enforcement Aspects of Mobility	FY 2013/14	FY 2014/15
Pre-Notification Forms Received	15	2
Cessation Event Forms Received	0	0
SEC Discipline Identified	37	22
PCAOB Discipline Identified	11	17
Out-of-State Accounting Firm Registrants That Reported Other Discipline	10	12
Complaints Against Practice Privilege Holders	2	10

Effective July 1, 2013, the CBA implemented a no notice, no fee practice privilege model in California. This table depicts the enforcement aspects of mobility, including the receipt and investigation of Practice Privilege Pre-Notification Forms and Notification of Cessation Event Forms.

- Staff sent letters to all CPAs who were disciplined from either the Securities and Exchange Commission or the Public Company Accounting Oversight Board to inform them that they must seek CBA authorization prior to practicing in California.
- The complaints against practice privilege holders include practice without permit, discipline by other states/governmental agencies, and practice complaints

Division Highlights and Future Considerations

- Dorothy Osgood has accepted the permanent Supervising Investigative CPA (SICPA) position that she was temporarily filling.
- The Technical Investigations Unit is currently recruiting to fill one open Investigative CPA (ICPA) position.
- The Discipline and Probation Monitoring Unit is recruiting to fill a vacant Associate Governmental Program Analyst position responsible for all probation monitoring activities.

**California Board of Accountancy
Enforcement Activity Report**
Report as of March 31, 2015

Chart A – Open Investigations as of March 31, 2015

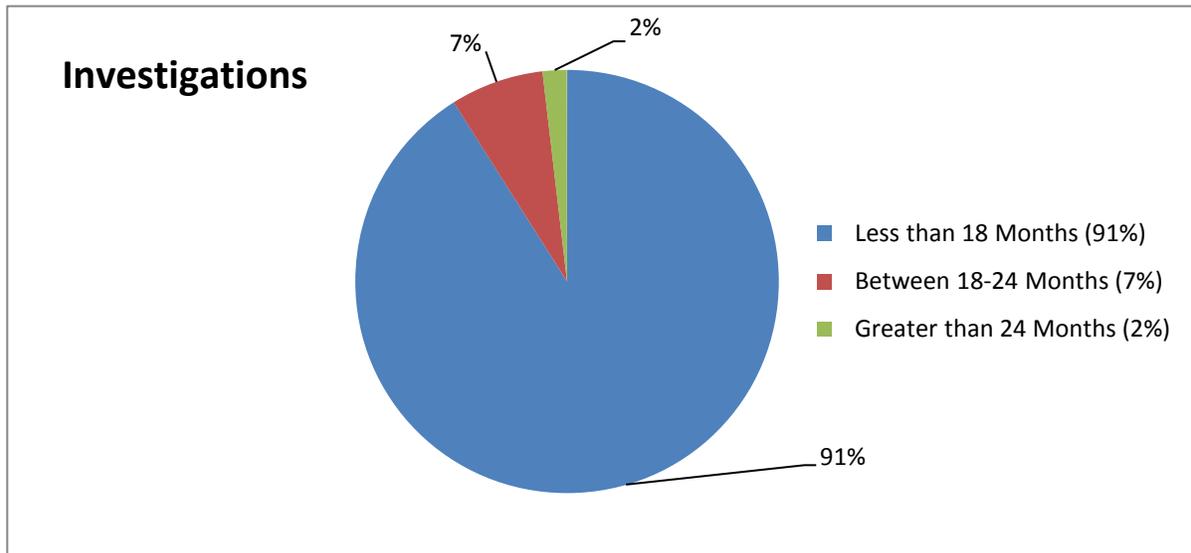
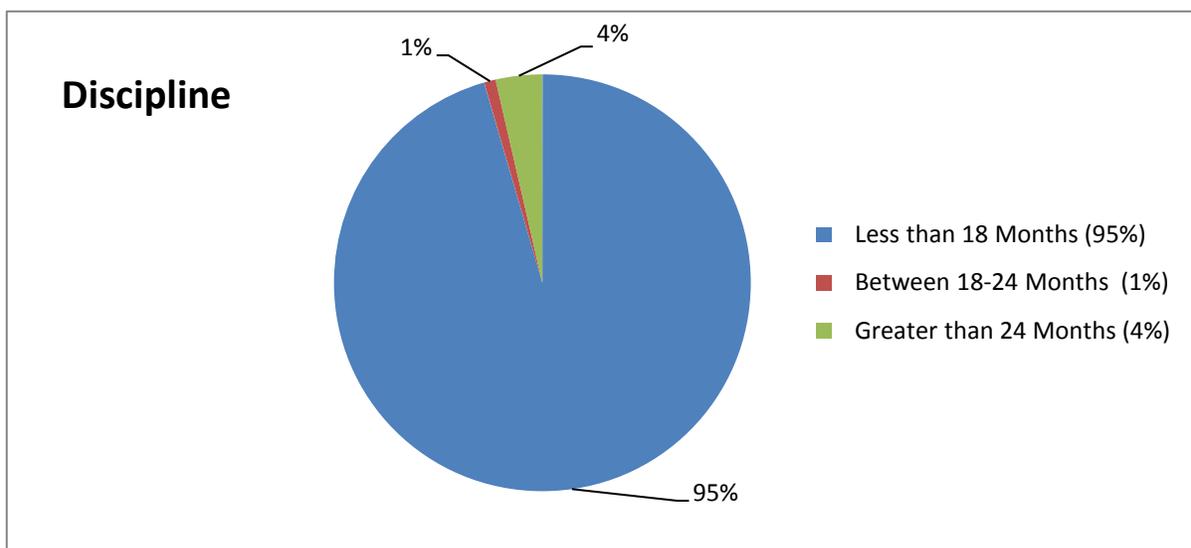


Chart B – Discipline Pending at the Attorney General Office as of March 31, 2015





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EAC Item IV.B
July 9, 2015

Report on Accusations Filed and Final Disciplinary Orders Effective April 3, 2015 – June 15, 2015

Presented by: Dominic Franzella, Enforcement Chief

Purpose of the Item

The purpose of this agenda item is to provide the Enforcement Advisory Committee (EAC) with information related to accusations filed and final disciplinary orders effective April 3, 2015 through June 15, 2015.

Action(s) Needed

No specific action is required on this agenda item.

Background

At the conclusion of the October 2014 EAC meeting, members completed a survey via SurveyMonkey providing comments and feedback on various aspects of the meeting. Among the comments was a request for staff to bring information related to accusations filed and final disciplinary orders effective since the prior EAC meeting. As a result, staff has placed this topic as a standing agenda item for all future EAC meetings.

Comments

Since the April 30, 2015 EAC meeting, the California CBA of Accountancy (CBA) has filed six accusations and taken six disciplinary actions. All matters are listed below along with a summary of the cause for discipline and action taken. The complete accusations and final disciplinary orders are available for review on the CBA website at www.cba.ca.gov.

Accusations Filed

1. AC-2015-27 Crawford, Scott M Filed June 12, 2015
The causes for discipline identified in the accusation include failure to return client records, practicing public accountancy without a valid permit, failure to notify the CBA of change of address, failure to respond to CBA inquiries, advertising in a false, fraudulent and/or misleading manner, and failure to comply with two citations.

**Report on Accusations Filed and Final Disciplinary Orders
Effective April 3, 2015 – June 15, 2015**

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2. AC-2015-34 Meyer, Christine N Filed April 28, 2015
The causes for discipline identified in the accusation include criminal conviction, dishonesty and fraud, fiscal dishonesty, and embezzlement/theft.
3. AC-2015-35 Ammann, Jennifer Lee Filed May 4, 2015
The causes for discipline identified in the accusation include convictions of substantially related crimes, failure to report reportable event to the CBA, and failure to respond to CBA inquiry.
4. AC-2015-36 Maloney, Kent Paul Filed June 11, 2015
The causes for discipline identified in the accusation include criminal conviction, unprofessional conduct, violations of the chapter (by failing to properly report the criminal conviction to the CBA), embezzlement, theft and misappropriation of funds or property, and dishonesty and breach of fiduciary duty.
5. AC-2015-45 Hradowy, Edward John Filed April 3, 2015
The causes for discipline identified in the accusation include failure to respond to CBA inquiry and failure to comply with citation.
6. AC-2015-49 Stoller, John David Filed May 14, 2015
The causes for discipline identified in the accusation include practice without a valid license, use of an expired firm name, failure to comply with citation, and use of false advertising.

Disciplinary Orders

1. Hoyt, David Alan/
AC-2015-11 Hoyt Tax & Business Solutions Effective April 26, 2015
Accusation No. AC-2015-11 contains the following allegations:

Mr. Hoyt committed acts of gross negligence by abandoning his client in the middle of audits being conducted by the Internal Revenue Service (IRS) and the California Franchise Tax CBA (FTB). Mr. Hoyt failed to return the client's business and personal tax records upon request by the client and the CBA. Mr. Hoyt failed to respond to the CBA's request for information and practiced public accountancy while his license was expired. Further, Mr. Hoyt failed to comply with a citation (CT-2014-624) issued for failure to respond to the CBA inquiries regarding peer review.

CBA Actions:

Revocation of CPA License via a default decision.

**Report on Accusations Filed and Final Disciplinary Orders
Effective April 3, 2015 – June 15, 2015**

Page 3 of 8

2. Szabo, Craig Allen/
AC-2014-25 Szabo Accountancy Corporation Effective April 26, 2015
Accusation No. AC-2014-25 contains the following allegations:

Respondents are subject to disciplinary action in that Respondents were grossly negligent in their performance of the audit of the Pacific Alliance Medical Center Safe Harbor 401(K) Profit Sharing Plan (The Plan) for the year ended December 31, 2007. This audit contained extreme departures from professional standards. Respondents committed repeated acts of negligence in performing the audit of The Plan. Respondents failed to perform the audit in accordance with generally accepted auditing standards, and audit documentation did not support the opinion rendered in the Respondents' audit report.

CBA Actions:

Revocation stayed with three years' probation, via stipulated settlement.

Respondents shall reimburse the CBA \$17,088.30 for its investigation and prosecution costs. The payment shall be made within six months of the date the CBA's Decision is final.

Mr. Szabo shall complete eight hours of continuing education in ethics. Courses must be completed within six months of the Order. These hours are in addition to continuing education requirements for relicensing.

Mr. Szabo shall complete a CBA-approved Regulatory Review course. The hours must be completed within six months of the Order. The course shall be a minimum of two hours. These hours are in addition to the continuing education hours required for relicensing.

During probation, Respondents shall not engage in and shall be prohibited from performing any attestation services, including audits.

After the completion of probation, Respondents shall be permanently prohibited from engaging in and performing any attest engagements. This condition shall continue until such time, if ever, Respondents successfully petition the CBA for the reinstatement of their ability to perform attestation services. If Respondents fail to satisfy this condition, they agree that the CBA can file an accusation against them for unprofessional conduct for their failure to comply with this practice restriction.

Other standard terms of probation.

3. AC-2014-45 Chan, David Hong-Nin Effective April 26, 2015
Accusation number AC-2014-45 contains the following allegations:

**Report on Accusations Filed and Final Disciplinary Orders
Effective April 3, 2015 – June 15, 2015**

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Mr. Chan engaged in unprofessional conduct by failing to submit to the CBA a completed Peer Review Reporting Form (PR-1) and by failing to have a peer review accepted by a CBA-recognized peer review program provider within 18 months of completing accounting and auditing services.

On February 23, 2012, the CBA issued a citation and fine to Mr. Chan for failure to respond to multiple requests for a completed PR-1. On or about March 26, 2012, Mr. Chan paid the fine and requested additional time to complete the peer review. He failed to provide any additional information regarding the peer review. Mr. Chan was subsequently dropped from the American Institute of Certified Public Accountants peer review program on or about December 9, 2013.

Mr. Chan also engaged in unprofessional conduct by failing to completely respond to an inquiry by the CBA within 30 days and/or by failing to provide true and accurate information in response to questions or other requests for information from the CBA.

CBA Actions:

Revocation stayed with three years' probation, via stipulated settlement.

Mr. Chan shall reimburse the CBA \$2,796.08 for its investigation and prosecution costs. The payment shall be made in ten quarterly payments (due with quarterly written reports), with the final payment being due six months before probation is scheduled to terminate.

Mr. Chan shall be prohibited from providing audit, review, and compilation services until Mr. Chan provides proof that a peer review has been accepted by a CBA-recognized peer review program provider.

Mr. Chan shall complete four hours of continuing education in ethics. The course hours must be completed no later than June 30, 2015. The hours shall be in addition to continuing education requirements for relicensing.

Mr. Chan shall complete a CBA-approved Regulatory Review course. The course shall be a minimum of two hours. The course hours must be completed no later than June 30, 2015. The hours are in addition to the continuing education hours required for relicensing.

Mr. Chan shall undergo and complete a peer review by June 30, 2015. Within 45 days of the peer review report being accepted by a CBA-recognized peer review program provider, Mr. Chan shall submit to the CBA a copy of the peer review report, including any materials documenting the prescription of remedial or corrective action imposed by the CBA-recognized peer review program provider.

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Mr. Chan shall complete 16 hours of continuing education in accounting and auditing each year he is on probation for a total of 48 additional continuing education hours. The course hours shall be completed by December 31st of each year of probation. These hours are in addition to the continuing education hours required for relicensing.

During the period of probation, if Mr. Chan undertakes an audit, review or compilation engagement, he shall submit to the CBA as an attachment to the required quarterly report a listing of the same. The CBA or its designee may select one or more from each category and the resulting report and financial statement and all related working papers must be submitted to the CBA or its designee upon request.

Other standard terms of probation.

4. AC-2015-9 Casey, Dian Mary Effective April 26, 2015
Accusation No. AC-2015-9 contains the following allegations:

Ms. Casey is subject to disciplinary action under Business and Professions Code (BPC) sections 498, and 5100(b) and (g) in that she renewed her CPA license for the renewal period ending on June 30, 2011, knowing that she had not completed the mandatory peer review due by July 1, 2011. Ms. Casey further is subject to disciplinary action under BPC section 5100(g) in that she failed to comply with the provisions of BPC section 5076 and California Code of Regulations (CCR), Title 16, section 45, which required her to obtain a peer review prior to renewal of her CPA license.

Ms. Casey is subject to disciplinary action under BPC sections 5050 and 5100(g) in that her CPA license expired on July 1, 2013, and Ms. Casey currently advertises accounting services on her website. Ms. Casey is subject to disciplinary action under BPC sections 5060 and 5100(g) in that her firm "Your Bookkeeper, Inc" is not registered with the CBA.

Ms. Casey is also subject to disciplinary action under BPC section 5100(g) and CCR section 52(a) in that she failed to respond to the CBA's multiple requests for information regarding the status of her peer review.

CBA Actions:

Revocation stayed with three years' probation, via stipulated settlement.

Ms. Casey shall reimburse the CBA \$3,383.29 for its investigation and prosecution costs. The payment shall be made within six months of the date the CBA's decision is final.

Ms. Casey shall complete four hours of continuing education in ethics within 180

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days of the effective date of the decision. The course hours are in addition to continuing education requirements for relicensing.

Ms. Casey shall complete a CBA-approved Regulatory Review course. The course shall be a minimum of two hours and be completed no later than 180 days prior to the termination of probation.

Ms. Casey shall maintain an active license.

During probation, Ms. Casey shall not engage in and shall be prohibited from performing any attestation services, including audits.

After the completion of probation, Ms. Casey shall be permanently prohibited from engaging in and performing any attestation services, including audits. This condition shall continue until such time, if ever, Ms. Casey successfully petitions the CBA for the reinstatement of her ability to perform attestation services. If Ms. Casey fails to satisfy this condition, she agrees that the CBA can file an accusation against her for unprofessional conduct for her failure to comply with this practice restriction.

Other standard terms of probation.

5. AC-2013-28 Nelson, Catherine Siu-Mun Effective April 26, 2015
Accusation No. AC-2013-28 contains the following allegations:

Ms. Nelson is subject to disciplinary action under BPC sections 490(a) and 5100(a) in conjunction with CCR, Title 16, section 99, in that Ms. Nelson committed a crime substantially related to the functions, qualifications, or duties of a Certified Public Accountant which to a substantial degree evidences Ms. Nelson's present or potential unfitness to perform the functions authorized by her certificate in a manner consistent with the public health, safety, or welfare.

On or about June 15, 2004, Ms. Nelson was convicted of one felony count of violating Title 18, United States Code, section 1347 [health care fraud] in the criminal proceeding entitled United States of America v. Catherine Siu Mun Nelson (U.S. District Court, Arizona, Case No. CR-04-00623-002-PHX-SRB). The Court sentenced Ms. Nelson to three years' probation and a fine was imposed.

Ms. Nelson is also subject to disciplinary action under BPC sections 5063(1)(A), (B), and (C), and 5100(g) on grounds that Ms. Nelson failed to timely disclose the conviction to the CBA.

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CBA Actions:

Revocation stayed with three years' probation, via stipulated settlement.

Ms. Nelson's CPA license is suspended for 120 days. During the period of suspension Ms. Nelson shall engage in no activities for which certification as a Certified Public Accountant or Public Accountant is required.

Ms. Nelson shall reimburse the CBA \$8,269.98 for its investigation and prosecution costs. The payment shall be made in 10 quarterly payments, with the final payment being due six months before probation is scheduled to terminate.

Ms. Nelson shall complete four hours of continuing education in ethics. The course hours must be completed within 12 months of the effective date of the Decision and Order and prior to resumption of practice.

Ms. Nelson shall maintain an active license.

Other standard terms of probation.

6. SI-2014-35 Snukal, Alexandra Keen Effective April 26, 2015
Statement of Issues No. SI-2014-35 contains the following allegations:

Ms. Snukal's application is subject to denial under BPC sections 480(a)(1) and 5100(a), in that Ms. Snukal was convicted of crimes substantially related to the qualifications, functions, and duties of a certified public accountant.

On or about June 26, 2013, Ms. Snukal was convicted of one misdemeanor count of violating Vehicle Code (VC) section 23152(a) [driving under the influence of alcohol], in the criminal proceeding entitled The People of the State of California v. Alexandra Keen Snukal. The Court sentenced Ms. Snukal to serve 30 days in Los Angeles County Jail and placed her on 60 months probation, with terms and conditions.

On or about March 21, 2011, Ms. Snukal was convicted of one misdemeanor count of violating VC section 23152(b) [driving while having 0.08 percent or more, by weight, of alcohol in her blood], in the criminal proceeding entitled The People of the State of California v. Alexandra Keen Snukal. The Court sentenced Ms. Snukal to serve 96 hours in Los Angeles County Jail and placed her on 60 months probation, with terms and conditions.

On or about November 13, 2009, after pleading guilty, Ms. Snukal was convicted of one misdemeanor count of violating VC section 23152, subdivision (a) [driving under the influence of alcohol], in the criminal proceeding entitled The People of the State of California v. Alexandra Keen Snukal. The Court placed Ms. Snukal

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on five years' probation, with terms and conditions.

Ms. Snukal's application is subject to denial under BPC sections 480(a)(3)(A) and (a)(3)(B), in that Ms. Snukal committed acts which if done by a licentiate of the business and profession in question, would be grounds for suspension or revocation of her license. Ms. Snukal was convicted of crimes substantially related to the qualifications, functions, or duties of a CPA which to a substantial degree evidence her present or potential unfitness to perform the functions authorized by her license in a manner consistent with the public health, safety, or welfare, in violation of BPC sections 5110(a)(4), in conjunction with Title 16 California Code of Regulations section 99.

CBA Actions:

Upon meeting all pre-licensure requirements, a Certified Public Accountant license will be issued to Ms. Snukal and immediately revoked. However, the revocation will be stayed and Ms. Snukal is placed on five years' probation with the following terms and conditions:

Ms. Snukal shall comply with all the terms and conditions relating to her criminal court probation, in the matter entitled *The People of the State of California v. Alexandra Keen Snukal*, Los Angeles Superior Court, Case Nos. 3WA20587 (filed in 2013) and 0WA25262 (filed in 2011), and San Diego County Superior Court, Case No. M086456 (filed in 2009), including, but not limited to, her completion of the Multiple-Offender Alcohol Counseling Program. If Ms. Snukal violates probation in any respect, the CBA, after giving Ms. Snukal notice and an opportunity to be heard, may revoke probation and carry out the disciplinary order that was stayed. If an accusation or a petition to revoke probation is filed against Ms. Snukal during probation, the CBA shall have continuing jurisdiction until the matter is final, and the period of probation shall be extended until the matter is final.

Other standard terms of probation.

Fiscal/Economic Impact Considerations

There is no fiscal or economic impact for this agenda item.

Recommendation

Staff has no recommendation on this agenda item.