

PRESIDENT'S MESSAGE	1
FUTURE MEETINGS	2
MESSAGE FROM THE EXECUTIVE OFFICER	3
ESSENTIAL TIPS TO REMEMBER AT LICENSE RENEWAL TIME	4
MEMBERS, CHAIRS & STAFF	4
WHERE THE MONEY GOES	5
RETIRED STATUS: IT'S HERE!	6
MILITARY OPTIONS	7
NEW FINANCIAL PLANNING SERVICES STANDARDS IN EFFECT	8
CBA STAKEHOLDER SURVEY	8
ONE-MINUTE WALK-THROUGH OF THE CBA WEBSITE	9
BACK IN YOUR WALLET	9
'YOU GET MORE THAN YOU GIVE' WHY COMMITTEE MEMBERSHIP MATTERS	10
SNAPSHOT: 1964	12
AT A GLANCE: REMOVING CLIENT FILES FROM AN ACCOUNTING FIRM	14
YOUR OPINION MATTERS	14
BY THE NUMBERS	15
TALK TO US	15
ENFORCEMENT PROCESS	16
ENFORCEMENT ACTIONS	18
POLICY OF NONDISCRIMINATION	28
PEER REVIEW WANTS YOU!	29
CBA HANDBOOKS	29
CBA DIRECTORY	30
ADDRESS CHANGE FORM	31
LIST OF CONTRIBUTORS	BACK

PRESIDENT'S MESSAGE



Michael M. Savoy, CPA
President

This is a big year for the CBA on many fronts. Legislation, evaluating California's attest experience requirements, and preparing for our Sunset Review are all high on the priority list. For those who may not be familiar with Sunset Review, it is a process that allows the Legislature to determine if the various regulatory boards and commissions are performing as they were intended.

The CBA will submit a Sunset Review Report to the legislature later this fall which serves to justify our existence as the regulator of the CBA's 90,000 licensees. Once this report is completed, it will be available to read on the CBA website. The next step in the process will be legislative hearings in which our Executive Officer Patti Bowers and the CBA President testify on behalf of the CBA.

The Legislature will then prepare its findings and recommendations in a Final Report that is made available to the public. This report typically includes a recommendation of whether the CBA should be continued, re-established, or allowed to "sunset" or disband; and also recommendations on whether CBA functions should be revised. If appropriate, the Final Report can also include proposed legislation to carry out the legislature's recommendations. For those who are interested in seeing government in action, the public may watch the proceedings online via the California Channel at www.calchannel.com/video-on-demand/.

On April 28, CBA Vice President Jose Campos and I visited the offices of several state legislators to introduce ourselves and discuss the CBA's mission. Additionally, we discussed the CBA's role regarding the legislative provisions in the omnibus bill. One provision allows for accepting academic experience to count as qualifying general accounting experience for California CPA licensure. We believe the allowance of academic experience can help bridge the gap between theory and experience benefiting students and the accounting profession. Currently, 40 states/ jurisdictions allow academic experience to qualify for licensure.





UPDATE

PRESIDENT'S MESSAGE CONTINUED FROM PAGE 1

Another provision allows for collection of e-mail addresses from licensees. It almost goes without saying that having our licensees' e-mail addresses would greatly enhance our ability to communicate with our 90,000 licensees.

The CBA is also focused this year in evaluating California's attest experience requirement. In furthering the work of the Taskforce to Examine Experience for CPA Licensure, we will be gathering research data of California

licensees regarding the 500 attest hours, as well as obtaining other information for analysis.

As I said, it is a big year. I encourage you to stay informed of all the developments here in *UPDATE*, by signing up for CBA E-News and via CBAnews on Facebook, Twitter, Pinterest, and LinkedIn.

MICHAEL M. SAVOY, CPA
President, California Board of Accountancy

FUTURE MEETINGS

August 22, 2014

PEER REVIEW OVERSIGHT
COMMITTEE
California Board of Accountancy
2000 Evergreen Street, Suite 250
Sacramento, CA 95815
(916) 263-3680

September 18-19, 2014

CBA AND COMMITTEE MEETINGS
The Declan Suites San Diego
701 A Street
San Diego, CA 92101
(619) 696-9800

October 22, 2014

QUALIFICATIONS COMMITTEE
MEETING
Northern California

October 23, 2014

ENFORCEMENT ADVISORY
COMMITTEE MEETING
Southern California
Hilton Pasadena
168 South Los Robles Ave.
Pasadena, CA 91101
(626) 577-1000

November 19, 2014

MOBILITY STAKEHOLDER GROUP
Hilton Pasadena
168 South Los Robles Ave.
Pasadena, CA 91101
(626) 577-1000

November 20-21, 2014

CBA AND COMMITTEE MEETINGS
Hilton Pasadena
168 South Los Robles Ave.
Pasadena, CA 91101
(626) 577-1000

December 10, 2014

MOBILITY STAKEHOLDER GROUP
San Diego, CA 9

CBA and committee meetings are open to the public. Consumers, licensees, and all interested persons are encouraged to attend. As meeting locations become known, they will be posted on the CBA website at www.cba.ca.gov and will also be available by calling the CBA office at (916) 263-3680. Public notices and agendas are posted to the website at least ten days prior to meetings. All CBA meetings are available to the public via live webcast at www.cba.ca.gov.

MESSAGE FROM THE EXECUTIVE OFFICER

CAREER OPPORTUNITIES FOR INVESTIGATIVE CPAS

It is my pleasure to invite you to apply for employment with the CBA as an Investigative CPA. Investigative CPAs conduct the most complex investigations relating to violations of the Accountancy Act and CBA Regulations and are an integral part of the CBA's enforcement program. These investigators have the satisfaction of seeing positive results from their efforts on behalf of consumers.

The CBA regulates California's CPAs and CPA firms and is responsible for the oversight of more than 85,000 licensees and 5,000 firms—the largest group of licensed accounting professionals in the nation. These opportunities do not present themselves frequently, so if you are even considering a career change, I would encourage you to act quickly.

To meet the minimum qualifications for application, you must possess an active California CPA license with authority to sign reports on attest engagements, three years of qualifying work experience, and no disciplinary actions against your license. If your license status is inactive, you must first convert your license to active status before applying.

By promoting values such as integrity, quality, openness, initiative, respect, accountability, and teamwork, we create a collaborative environment that makes the CBA a great place to work.

The CBA offers a generous compensation package that includes:

- Base monthly salary of \$5,076–\$6,168; plus, annual bonus of 15 percent and 20 percent for those who qualify.
- Excellent health, dental, and vision plan benefits.

- Paid holidays, vacation, sick, and bereavement leave.
- Defined benefit retirement plan (CalPERS).
- Paid continuing education and CPA licensing fee.

Positions exist throughout California, with those outside of the greater Sacramento area working from home.

Applying for an Investigative CPA position is an easy four- step process:

1. Go to the CBA website www.cba.ca.gov and click on the ***Employment Opportunities: Investigative CPA Exam*** link in the Quick Hits section.
2. Complete and mail the State Application and the Supplemental Application.
3. Based on the information contained in your State and Supplemental Applications, you may qualify to be placed on the Investigative CPA employment list.
4. If you are qualified to be placed on the list and you are one of the candidates with the highest qualifications, you will be scheduled for a hiring interview.

I hope you will consider this exciting opportunity.

If you have questions about the Investigative CPA employment opportunities or require assistance, please contact the CBA Chief of Enforcement, Rafael Ixta, at (916) 561-1731.

PATTI BOWERS
Executive Officer



UPDATE

ESSENTIAL TIPS TO REMEMBER AT LICENSE RENEWAL TIME

With new license renewal requirements that took effect on January 1, 2014, we would like to take this opportunity to provide you with tips for a smooth and successful license renewal. Like you, we want your license renewal to go without a hitch. Here are the essentials for helping that happen:

Fingerprint

- If notified by the CBA that you need to undergo fingerprinting, make certain you are fingerprinted prior to your license expiration date.
- At the Live Scan site, take time to confirm all pertinent information is entered correctly by the Live Scan operator. One area to pay close attention to is the Applicant Title; make sure it says: Certified Public Accountant.

Peer Review

- Submit the Peer Review Reporting Form (PR-1) with your license renewal application included with your renewal package. Regardless of

whether you are subject to peer review, or are renewing in an active or inactive status, the PR-1 form must be completed and submitted with the license renewal application.

- Complete the PR-1 only as it pertains to the license that is being renewed. A good rule of thumb to remember is to complete the PR-1 only for the license renewal application that you are preparing to submit. Separate completed PR-1 forms will be required with the submission of your individual license, as well as any corporation and/or partnership licenses you maintain.

You can find additional information regarding peer review and fingerprint requirements on the CBA website at www.cba.ca.gov.

If you have further questions about these requirements or the license renewal process, please contact the License Renewal and Continuing Competency Unit by telephone at (916) 561-1702 or by e-mail at renewalinfo@cba.ca.gov.

CBA MEMBERS

Michael M. Savoy, CPA
President

Jose A. Campos, CPA
Vice President

Katrina Salazar, CPA
Secretary/Treasurer

Sarah (Sally) Anderson, CPA

Diana L. Bell

Alicia Berhow

Herschel T. Elkins, Esq.

Laurence (Larry) Kaplan

Louise Kirkbride

Kay Ko

Leslie J. LaManna, CPA

Kitak (K.T.) Leung, CPA

Manuel Ramirez, CPA

Mark Silverman, Esq.

COMMITTEE CHAIRS

*Enforcement Advisory
Committee*

Cheryl Gerhardt, CPA

Qualifications Committee

Maurice Eckley, Jr., CPA

Peer Review Oversight

Committee

Robert Lee, CPA

CBA STAFF

Patti Bowers
Executive Officer

Deanne Pearce
Assistant Executive Officer

Rafael Ixta
Enforcement Chief

Dominic Franzella
Licensing Chief

Lauren Hersh
UPDATE Managing Editor

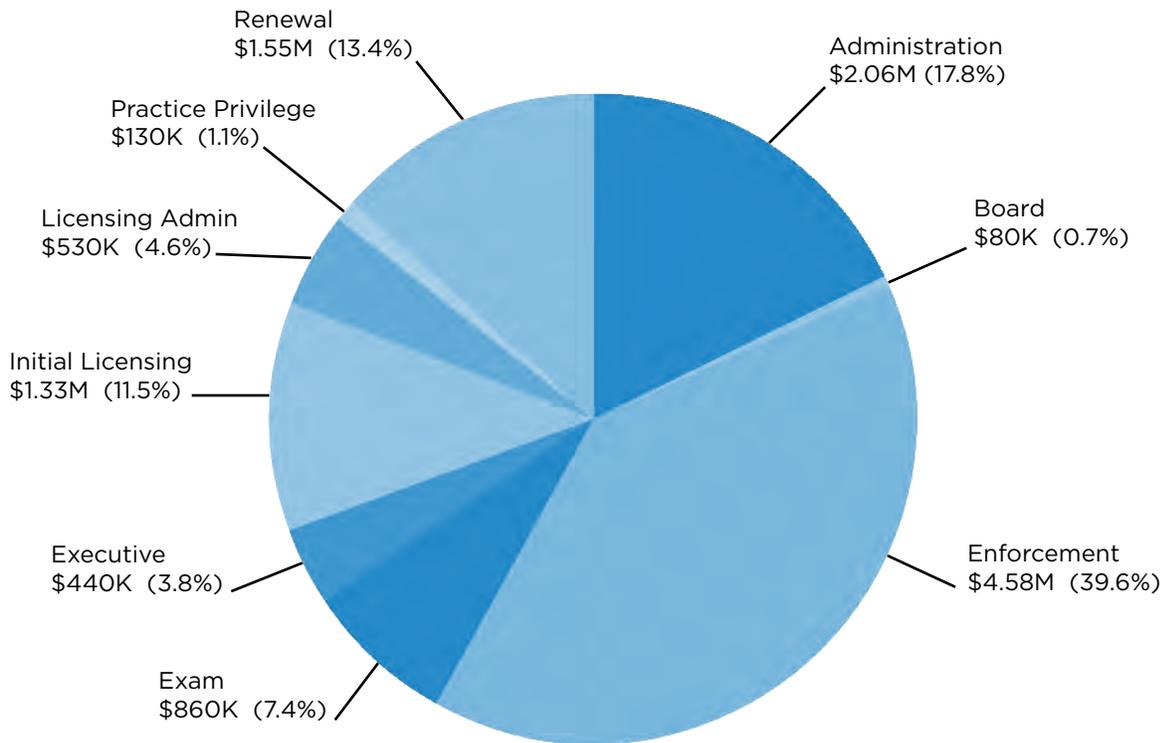
Terri Dobson
UPDATE Production

Where the Money Goes

Every year, the CBA is appropriated a maximum amount of funding to carry out its mission of consumer protection. These amounts are based on the prior year’s budget and are then adjusted to account for any program changes and administrative adjustments approved or ordered by the Department of Finance. The CBA’s total budget is set at \$11,557,852 for fiscal year (FY) 2013–14.

The CBA allocates its budget to various organizational units to best attain its consumer protection goals while also striving to provide the best customer service to its stakeholders. The pie chart below depicts all of the organizational units comprising the CBA and their associated funding levels for FY 2013–14.

CBA 2013-14 ALLOCATIONS
TOTAL BUDGET: \$11,557,852



RETIRED STATUS: It's Here!

California CPAs now have the option of retiring with a license designation that better reflects their status and acknowledges their years of professional service. Provided below are some frequently asked questions for those considering a retired status license:

When can I apply for retired status?

You may apply for retired status as of July 1, 2014.

What are the associated fees for applying, renewing, or restoring a retired status license?

To apply for retired status, there is an initial application fee of \$75.

There is no fee associated with renewing in a retired status.

If you need to restore your license from retired status to active status, there is a restoration fee of \$50.

How do I apply for retired status?

To apply for retired status, a licensee must:

- Submit a completed application to the CBA on Form 11R-48 (11/11).
- Pay the application fee of \$75.

Who is eligible for retired status?

The holder of a license in a current, expired, or canceled license status may apply for retired status, provided he or she meets the qualification requirements. Additionally, to qualify for retired status, the license may not be suspended, revoked, or otherwise punitively restricted by the CBA or subject to disciplinary action.

What qualifications must be met to obtain a retired status?

In addition to submitting the retired status application and fee, you must have held a license as a CPA or PA in the United States or its territories for a minimum of 20 total years. Of those 20 years, you must have held the CPA/PA license for a minimum of five years in an active status with the CBA.

I previously held a retired status license when the CBA originally offered retired status. My license is now canceled. Can I apply to have my license placed back in a retired status?

Yes, if you held a retired status license between January 1, 1994, and January 1, 1999, you may apply for retired status. You must submit the application and fee, but you are not required to meet the minimum qualifications.

Do I have to renew a retired status license?

Yes, a retired status license must be renewed every two years at the time of your license expiration date. However, there is no fee associated with renewing in a retired status.

Can I restore my retired status license back to active status?

Yes, you may restore your retired status license back to active status by submitting the *Application Requesting Restoration to Active Status Prior to License Renewal* or alternatively, a written submission requesting restoration to active status, paying the \$50 restoration fee, submitting the completed *Peer Review Reporting Form*, and completing a minimum of 80 hours of continuing education, of which 20 hours must have been completed within the one year period immediately before seeking renewal. Additionally, if subject, obtaining State and Federal fingerprint clearance. You may restore your retired status license to active status at the time of license renewal or

CONTINUED ON PAGE 7

RETIRED STATUS: It's Here! CONTINUED FROM PAGE 6

any time prior to your next license renewal. Additional information regarding license restoration can be found on the CBA website.

Can I re-apply for retired status after coming out of retirement once?

Yes, you may choose to apply for retired status again after restoring your license. However, please keep in mind, per section 15.4 of the CBA Regulations, you may be granted a license in a retired status on no more than two separate occasions.

Are there any limitations on retired status?

Yes, a licensee with a retired status license may not practice public accountancy. Further, the holder of a license in a retired status, when using the title "certified public accountant," the

CPA designation, or any other reference that would suggest that the person is licensed by the CBA on materials such as correspondence, websites, business cards, nameplates, or name plaques, must place the term "retired" immediately after the designation. A licensee may be granted a license in a retired status on no more than two separate occasions.

Additional information regarding retired status is available on the CBA website at www.dca.ca.gov/cba/licensee/retired/shtml.

Please direct any additional questions you may have about the retired license status to the License Renewal and Continuing Competency Unit by telephone at (916) 561-1702 or by e-mail at renewalinfo@cba.ca.gov.

MILITARY OPTIONS

Over the years the CBA has supported various legislative measures designed to aid military personnel and their spouses/domestic partners. These include:

- Expedited CPA licensure for applicants married to, or in a domestic partnership or other legal union with, an active duty member of the U.S. Armed Forces who is assigned to a duty station in California under official active duty military orders.
- Waiver of the biennial license renewal fee and required continuing education for those individuals called to active duty as

a member of the U.S. Armed Forces or California National Guard.

- Military inactive status, which waives the requirement to pay the biennial license renewal fee and complete the continuing education requirements, and the peer review reporting requirement, for those individuals called to active duty as a member of the U.S. Armed Forces or California National Guard.

For more information regarding these important topics, please visit www.dca.ca.gov/cba/licensee/military.shtml.

NEW FINANCIAL PLANNING SERVICES STANDARDS IN EFFECT JULY 1, 2014

If you are a California-licensed CPA who provides personal financial planning services, be aware that the American Institute of Certified Accountants' (AICPA's) Statement on Standards in Personal Financial Planning Services No. 1, went into effect on July 1, 2014. The new standard replaces the AICPA Statement on Responsibilities in Personal Financial Planning Practice, which was first adopted in 1992. The new standard applies when a licensee provides personal financial planning services. Personal financial planning services are defined in the standard as "The process of identifying personal financial goals and resources, designing financial strategies, and making personalized recommendations that, when implemented, assist the client in achieving these goals." The new standard is available on the AICPA website at www.aicpa.org under the tab "Research" and then "Standards."

All California-licensed CPAs who provide personal financial planning services must adhere to the new standard, whether they are an AICPA member or not. The CBA has a regulation, California Code of Regulations, Title 16, section 58, which states "Licensees engaged in the practice of public accountancy shall comply with all applicable professional standards, including but not limited to generally accepted accounting principles and generally accepted auditing standards." Since the AICPA is a standard-setting body for the accounting profession, all of the standards issued by it must be adhered to by all California CPAs who are practicing public accountancy.

Continuing education offers an excellent opportunity to stay current on standards. If you are a California CPA who provides personal financial planning services, plan now to take continuing education courses that will bring you up-to-date on the new standard.

CBA STAKEHOLDER SURVEY

It has had a few names since it made its debut in 2010, but the CBA Stakeholder Survey has had a singular purpose: to find out from our many stakeholders how we can make interacting with the CBA a satisfying experience. You may have seen the link to the CBA Stakeholder Survey at the bottom of an e-mail or letter from the CBA, on the CBA website, or in an *UPDATE* article such as this.

Through the years we have read your comments and suggestions in our search to find ways to better serve our stakeholders,

and we value your input as we work to attain our goal of providing the highest level of customer service to all of our stakeholders.

In fiscal year 2013–14, 84 percent of respondents reported being "very satisfied" or "satisfied."

While we're glad that so many who responded are satisfied with their experience with the CBA, we're not content. We will be looking to find out how we can continue to improve our customer service. Have suggestions? Your vehicle is right here: www.cba.ca.gov/forms/survey.

ONE-MINUTE WALK-THROUGH OF THE CBA WEBSITE

As a CPA, you likely understand the value of good reference sources. Did you know the CBA website www.cba.ca.gov offers an excellent reference source for CPAs?

Take just a minute to explore a sampling of the information available on the website and you can find:

- Newly enacted regulations and legislation that may impact your practice (Laws and Rules tab).
- An overview of the license renewal process, peer review, fictitious name registration, retired status, mobility for out-of-state licensees (Licensees tab).
- Forms such as address/name change, wall certificate/pocket ID replacement request, CE

extension/exemption request, attest experience acknowledgement request (Forms tab).

- Consumer assistance tools such as how to select a CPA, *Consumer Assistance Booklet*, filing complaints against a CPA or the CBA, commissions and contingent fees (Consumers tab).
- Information about California-licensed CPA and accounting firms and out-of-state licensed CPAs (License Lookup tab).
- Publications on topics such as the Uniform CPA Exam, California practice privilege, CBA Annual Report, disciplinary guidelines (Publications tab).

We hope you will find the CBA website a valuable resource.

BACK IN YOUR WALLET

The CBA is pleased to announce another temporary reduction in fees effective July 1, 2014, and ending June 30, 2016. In July 2011, the CBA reduced the initial permit and biennial license renewal fees from \$200 to \$120. These fees are being further reduced from \$120 to \$50. Renewal applications for licenses that expire in July and August 2014 have already been mailed out with the reduced amounts. The application fee for the CPA examination, the license application fee, and the fee for registration as a partnership or corporation have also been reduced by 50 to 80 percent for this temporary two-year period. Exact fee amounts and effective dates are identified in the table below.

FEE TYPE	THROUGH JUNE 30, 2014	JULY 1, 2014—JUNE 30, 2016
Biennial Renewal	\$120	\$50
License Application	\$250	\$50
Corporation, Partnership, Firm Registration	\$150	\$30
Initial Permit	\$120	\$50
Examination (First Time)	\$100	\$50
Examination (Repeat)	\$50	\$25

‘You Get More Than You Give’ WHY COMMITTEE MEMBERSHIP MATTERS



Fausto Hinojosa, CPA

Fausto Hinojosa, CPA, has distinguished himself as a vital contributor to the accounting profession through his service as Chair and as a member of the CBA’s Qualifications Committee (QC). The QC reviews the experience of applicants for licensure and makes recommendations to the

CBA. The QC also conducts work paper reviews with applicants or with employers present to verify that the responses provided are reflective of the requisite experience for CPA licensure. In his final year of service on the QC, Mr. Hinojosa graciously agreed to share his experience with us.

Q. Why did you decide to serve on the QC?

A. This may sound corny, but primarily, I wanted to give back to the profession that had made such a huge difference in my life. Also, it sounded exciting to me to be involved with the actual committee that made decisions about whether somebody was qualified to be a CPA. I see it as an honor to serve. Finally, I saw it as an opportunity to work with and learn from other CPAs who also cared about our profession.

Q. You have chaired the QC from 2010–2012, and continued as a member after your last term. What kept you coming back?

A. It’s important work. I felt that I learned a lot as Chair and I felt it was important to remain as a member in an effort to share what I could from my experience. It also just felt like the right thing to do for continuity purposes.

Q. You certainly aren’t any less busy than anyone else—how did you find/make the time to serve?

A. We all have busy schedules. The key for me is planning and organization. I see my involvement on QC as something that is important. I simply had to do a better job of planning and prioritizing all of my other tasks. Significantly more time was required as Chair, but I valued the leadership experience it provided. Additionally, being from Fresno required some additional travel time and I was fortunate that my wife was able to travel with me, which made the trips a lot nicer!

Q. What did you find personally rewarding from working on a CBA committee?

A. I had the opportunity to meet some great people that I now count as friends, including not only QC members but CBA staff and CBA members. I enjoyed working on a team with shared values and a common goal. I have to admit feeling a sense of pride when I was initially asked to serve, by a former CBA member. Finally, I really enjoyed the excitement on candidates’ faces when we let them know that they were going to become CPAs.

Q. Why do you think it is important for licensees to serve on committees?

A. First of all, I believe we have a duty to give back to our profession. Secondly, the opportunities to learn from other members and from CBA staff are significant and ongoing. I think I am a better-qualified CPA as a result of my service. When you serve, you get to be on the ground floor of discussing potential changes that impact all CPAs.

CONTINUED ON PAGE 11

'You Get More Than You Give'

WHY COMMITTEE MEMBERSHIP MATTERS CONTINUED FROM PAGE 10

Q. How did your committee experience benefit your professional practice?

A. Obviously as CPAs it's critical that we maintain compliance with CBA rules/regulations, so my involvement with the QC served as training and as a reminder of our firm's responsibilities. As a QC member we have the opportunity to review audit workpapers from a broad spectrum of firms, which can be very valuable both in terms of seeing best practices and seeing things that should be avoided. Finally, a few of my audit clients specifically commented on my QC membership and felt it demonstrated a higher level of professionalism and integrity.

Q. Tell us about one of your most memorable experiences on the QC.

A. One memorable experience was when one of our former QC Chairs came back to visit one of the meetings while I was Chair. It was memorable because it was his encouragement, his model of leadership, and his personal recommendation that led to me being Chair.

Q. What would you say to encourage someone who is considering committee membership?

A. You get way more than you give. It might sound like a cliché, but it's the absolute truth. The opportunities to learn, to connect, and to make a difference will be of great value to you both personally and professionally.

The CBA is presently recruiting for the QC and its other advisory committees, the Peer Review Oversight Committee (PROC) and the Enforcement Advisory Committee (EAC). The PROC provides recommendations to the CBA on any matter upon which it is authorized to

act to ensure the effectiveness of mandatory peer review. This committee is comprised of seven CPAs and meets four to five times a year, alternating between northern and southern California cities.

The EAC assists the CBA in an advisory capacity with enforcement activities. The committee offers technical guidance on open investigations, participates in investigative hearings, and reviews closed investigations. This committee is limited by statute to a membership of 13 licensees.

Appointments to the QC, PROC, and EAC are for two-year terms; appointed individuals may serve a maximum of four terms. Committee members will receive a \$100 per diem plus expenses for their attendance at meetings. Committees generally meet four to six times per year, alternating between a northern and southern California city.

To qualify for possible appointment to a CBA advisory committee you must be actively licensed to practice public accounting for a minimum of two years prior to the appointment and, if appointed, must maintain an active license status during tenure on the committee. Additionally, you must have no pending enforcement actions against your license.

If you are interested in serving, please submit a letter of interest with a resume or curriculum vitae (CV), including your CPA license number to:

PATTI BOWERS, *Executive Officer*
CALIFORNIA BOARD OF ACCOUNTANCY
2000 EVERGREEN ST., SUITE 250
SACRAMENTO, CA 95815

SNAPSHOT: 1964



The year was 1964. Then, as now, a Governor Brown was California's chief executive. The first Ford Mustang rolled off the assembly line, with the base model selling for \$2,300. What was the accounting world like 50 years ago?

Mr. Andrew P. Marincovich was the President of the CBA (known then as the State Board of Accountancy), which was comprised of eight members: five CPAs, two PAs, and one public member not licensed by the CBA. There were 15,188 PAs; and 9,740 active California-licensed CPAs, among them the 970 new CPAs that joined the ranks in 1964.

At its June 20–21, 1964, meeting in Monterey, the CBA discussed several issues familiar to today's CBA members. Members voted to reduce the exam application fee from \$30 to \$25 in order

to “reduce the excess of revenues over expenditures as relating to the examination.” They also voted to reduce a \$15 biennial fee to \$12 for 1965 and 1966, and discussion of a future ethics examination in conjunction with the CPA exam was to be reported on at the CBA's October 1964 meeting.



CPA candidates take their exams in the Long Beach Auditorium.

Until the mid 1990s CPA exam candidates had only two testing windows: May and November. On the May 1964 CPA exam test date, 1,924 exam candidates sat at San Diego Masonic Temple, San Francisco Masonic Memorial Temple, the Tuesday Club in Sacramento, and the Long Beach Auditorium, as seen in these photos. A total of 232 candidates passed the exam that day, a 12-percent pass rate.



Long Beach Auditorium.

And, if you were among those who passed your final section in May 1964, you might like to know that new CPAs were earning an average of \$6,708.42. Even at a little more than a third of your salary, soon Ford was banking that newly minted accountants would buy the newly minted Mustang.

AT A GLANCE: REMOVING CLIENT FILES FROM AN ACCOUNTING FIRM

If your next step on the career ladder involves a change of employers, keep in mind there are professional standards that need to be followed. In the American Institute of Certified Public Accountants (AICPA) Code of Professional Conduct the question is posed, “If the relationship of a member who is not an owner of a firm is terminated, may he or she take or retain originals or copies from the firm’s client files or proprietary information without the firm’s permission? Answer — No, except where permitted by contractual agreement.”¹

In addressing confidential information obtained on the job, the AICPA states in part, “When a member changes employment, a member should not use confidential employer information acquired as a result of the prior employment relationship to his or her personal advantage or the advantage of a third party, such as a current or prospective employer. The requirement to maintain confidentiality of an employer’s confidential information continues even after the end of the relationship between a member and the employer.”²

In a recent disciplinary case, a licensee was suspended from practice for 90 days and placed on probation for three years on charges of embezzlement and theft. The circumstances surrounding the discipline are that prior to the licensee’s last day of employment with an accountancy firm, the licensee used four flash drives to copy client lists, client data, and other proprietary information that the licensee took to a new accountancy firm. In cases like this, there does not need to be evidence that the information was used by the licensee or the firm that they went to in order for discipline to be imposed. The act of taking or retaining a firm’s client files or proprietary information without the firm’s permission is grounds for discipline.

Whether a career move is in your future or you plan to stay where you are until retirement, be certain you know and abide by the professional standards that provide guidance for every step of the way in your career as a CPA.

1 ET Section 591 Ethics Ruling on Other Responsibilities and Practices, 191.381–191.382

2 AICPA, ET Section 501.10, Interpretation 501-9, Confidential Information Obtained From Employment or Volunteer Activities

YOUR OPINION MATTERS

Let us know how we’re doing! The CBA is committed to providing a high level of customer service to its clients. A fundamental element to ensuring this is the collection of feedback from individuals who contact the CBA. The CBA welcomes you to fill out the new and improved CBA Customer Stakeholder Survey, available at www.cba.ca.gov/forms/survey. We look forward to hearing from you!

BY THE NUMBERS—CAREER EDITION*

13.0%

The percent of projected job growth for CPAs between 2012 and 2022.

166,700

The number of new accounting and auditing jobs that will need to be filled between 2012 and 2022.

\$63,550

The national Median CPA Annual Salary.

\$77,420

The California Median CPA Annual Salary.

\$87,140

The highest Median CPA Annual Salary in California is in the San Jose-Sunnyvale-Santa Clara market.

4.0%

The national unemployment rate for accountants and auditors (less than half the national unemployment rate) as of 2013.

*U.S. Dept. of Labor, Bureau of Labor Statistics

TALK TO US

Have a question or comment? An idea for a topic you would find interesting? Even if you'd just like to say "Hi, I really like the picture on page 12," you can contact *UPDATE* staff at update@cba.ca.gov.

ENFORCEMENT PROCESS

When the CBA receives a complaint, an investigation is conducted. Information regarding a complaint generally is gathered by enforcement staff, often accompanied by a licensee's appearance before the CBA Enforcement Advisory Committee.

Following this investigation, a recommendation is made to either (1) close the case with no violation of the Accountancy Act or CBA Regulations; (2) require the licensee to take prescribed continuing education; (3) issue a citation and fine; or (4) refer the case to the Attorney General's Office for review and possible preparation of an accusation against the licensee or a statement of issues relating to the applicant.

If charges are filed against a licensee, a hearing may be held before an independent administrative law judge who submits a proposed decision to be

considered by the CBA, or the matter may be settled. The CBA may either accept the proposed decision or decide the matter itself. Please note that CBA actions reported here may not be final. After the effective date of the CBA's decision, the licensee may obtain judicial review of its decision. On occasion, a court will order a stay of the CBA's decision or return the decision to the CBA for reconsideration.

Copies of the accusations, decisions, and settlements regarding any of these disciplinary and/or enforcement actions are available on the CBA website, www.cba.ca.gov, or by sending a written request to: California Board of Accountancy; Attention: Disciplinary/Enforcement Actions; 2000 Evergreen Street, Suite 250; Sacramento, CA 95815-3832. Please state the licensee's name and license number, and allow ten days for each request.

STANDARD TERMS OF PROBATION

The CBA may revoke, suspend, or impose probation on a license for violation of applicable statutes or regulations. In addition to any case-specific terms of probation, the standard probationary terms include:

- Obey all Federal, California, other state, and local laws, including those rules relating to the practice of public accountancy in California.
- Submit within ten days of completion of the quarter, written reports to the CBA on a form obtained from the CBA. The respondent shall submit, under penalty of perjury, such other written reports, declarations, and verification of actions as are required. These declarations shall contain statements relative to respondent's compliance with all the terms and conditions of probation. Respondent shall immediately execute all release of information forms as may be required by the CBA or its representatives.
- During the period of probation, appear in person at interviews or meetings as directed by the CBA or its designated representative, provided such notification is accomplished in a timely manner.
- Comply with the terms and conditions of the probation imposed by the CBA, and cooperate fully with representatives of the CBA in its monitoring and investigation of the respondent's compliance with probation terms and conditions.
- Be subject to and permit a "practice investigation" of the respondent's professional practice. Such "practice investigation" shall be conducted by representatives of the CBA, provided notification of such review is accomplished in a timely manner.
- Comply with all final orders resulting from citations issued by the CBA.
- In the event respondent should leave California to reside or practice outside this State, respondent must notify the CBA in writing of the dates of departure and return. Periods of non-California residency or practice outside the State shall not apply to reduction of the probationary period, or

STANDARD TERMS OF PROBATION CONTINUED FROM PAGE 16

of any suspension. No obligation imposed herein, including requirements to file written reports, reimburse the CBA costs, or make restitution to consumers, shall be suspended or otherwise affected by such periods of out-of-state residency or practice, except at the written direction of the CBA.

- If respondent violates probation in any respect, the CBA, after giving respondent notice and an opportunity to be heard, may revoke probation

and carry out the disciplinary and/or enforcement order that was stayed. If an accusation or a petition to revoke probation is filed against respondent 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.

- Upon successful completion of probation, respondent's license will be fully restored.

ENFORCEMENT DEFINITIONS**Accusation**

A formal document that charges violation(s) of the California Accountancy Act and/or CBA Regulations by a licensee. The charges in the accusation are allegations. Allegations are not a final determination of wrongdoing and are subject to adjudication and final review by the CBA pursuant to the Administrative Procedure Act.

Cost Recovery

The licensee is ordered to pay the CBA certain costs of investigation and prosecution including, but not limited to, attorney's fees.

Default Decision

The licensee failed to file a Notice of Defense or has otherwise failed to request a hearing, object, or otherwise contest the accusation. The CBA takes action without a hearing based on the accusation and documentary evidence on file.

Effective Date

The date the disciplinary decision becomes operative.

Probation

The licensee may continue to engage in activities for which licensure is required, under specific terms and conditions.

Reinstatement

A revoked license that is restored, not sooner than one

year from the date of revocation, to a clear or inactive status after petition to and approval by the CBA. Reinstatement may include probation and/or terms and conditions.

Revocation

The individual, partnership, or corporation no longer is licensed as a result of a disciplinary action.

Stayed

The action does not immediately take place and may not take place if the licensee complies with other conditions (such as a probation term).

Stipulation

The matter is negotiated and settled without going to hearing.

Surrendered

The licensee has surrendered the license. The individual, partnership, or corporation no longer is licensed. The CBA, however, may impose discipline against a surrendered license in certain circumstances. Surrender also may require certain conditions be met should the former licensee ever choose to reapply for licensure.

Suspension

The licensee is prohibited for a specific period of time from engaging in activities for which licensure is required.

ENFORCEMENT ACTIONS

REVOCATIONS OF CPA CERTIFICATES THROUGH APRIL 26, 2014

CHOTANI, MASOOD AHMED

Porter Ranch, CA (CPA 65903)

CBA ACTIONS

Revocation of CPA license, via decision after a hearing before an Administrative Law Judge.

Mr. Chotani shall pay the CBA \$5,262.50 for its costs of investigation and prosecution.

Effective February 28, 2014

CAUSE FOR DISCIPLINE

Accusation No. AC-2013-51 contains the following allegations:

On or about January 10, 2013, after pleading guilty, Mr. Chotani was convicted of one count of violating 18 U.S.C. Section 371, a federal felony, conspiracy to defraud the United States. The circumstances surrounding the conviction are that in or about 2001, Mr. Chotani's co-conspirator approached Mr. Chotani about a scheme to fraudulently obtain tax refund checks from the United States Treasury. This scheme involved obtaining Social Security numbers and creating fictitious IRS Form W-2

Wage and Tax Statements in these persons' names. These fictitious W-2 forms would falsely claim that an employer paid wage income to an individual, and that taxes were withheld from this income in excess of the amount owed.

In order to generate the fictitious W-2 forms, Mr. Chotani agreed to obtain such information from his tax preparation clients. Mr. Chotani then provided his co-conspirators with employer identification information for various companies from his client files, including company names, addresses, and employer identification numbers (EINs).

As a result of this scheme, Mr. Chotani and his co-conspirators caused to be filed at least 250 fraudulent income tax returns with the IRS, claiming in aggregate more than \$2,000,000 in income tax refunds from the U.S. Treasury. Mr. Chotani alone foresaw the filing of at least 47 fraudulent income tax returns that collectively falsely claimed \$380,573 in income tax refunds from the U.S. Treasury.

VIOLATION(S) CHARGED

Business and Professions Code, Division 1.5, Chapter 3, § 490; Division 3, Chapter 1, § 5100 and 5100 (a).

REVOCATIONS OF CPA CERTIFICATES THROUGH APRIL 26, 2014**MILLER, DANIEL ROBERT**

Half Moon Bay, CA (CPA 41516)

CBA ACTIONS

Revocation of CPA license, via default decision.

Effective April 26, 2014

CAUSE FOR DISCIPLINE

Accusation No. AC-2014-19 contains the following allegations:

Mr. Miller contracted to prepare a client's 2010 tax return and a separate client's 2011 tax return. Mr. Miller failed to prepare and file both clients' tax returns. Mr. Miller also failed to respond to both clients' multiple inquiries regarding the status of their returns.

Mr. Miller failed to return a client's records after receiving multiple demands to return the records.

Mr. Miller failed to respond to multiple CBA inquiries including a subpoena. Mr. Miller provided false information to a CBA investigator during the investigation.

Mr. Miller practiced public accountancy from about April 1, 2011, until at least May 21, 2013, without a valid permit (i.e., while his license was expired).

Mr. Miller practiced public accountancy under the unregistered name of "Bay CPAs" from at least 2011 until 2013.

Mr. Miller falsely advertised under the unregistered name of "Bay CPAs" by giving the false impression that Mr. Miller and his firm were licensed accountants in good standing with the CBA when in fact they were not.

VIOLATION(S) CHARGED

Business and Professions Code, Division 3, Chapter 1, §§ 5037, 5050, 5060, 5100 (c) and (g). California Code of Regulations, Title 16, Division 1, §§ 52, 63, and 68.

REED, TRUDY NEWBERRY

Stockton, CA (CPA 51681)

CBA ACTIONS

Revocation of CPA license, via default decision.

Effective April 26, 2014

CAUSE FOR DISCIPLINE

Accusation No. D1-2009-11 contains the following allegations:

Ms. Reed has conducted herself in a manner that has resulted in a breach in her fiduciary duty and constituted fiscal dishonesty. Specifically, Ms. Reed entered quit claim deeds at critical times when property owned by her was set for foreclosure, which resulted in the delay of said foreclosure and added costs. Ms. Reed also failed to

respond to a CBA inquiry regarding this investigation.

Ms. Reed failed to complete the required number of continuing education hours for license renewal, and failed to report her peer review information. Ms. Reed failed to respond to a CBA inquiry regarding her deficient continuing education.

Ms. Reed's license was disciplined and put on probation effective September 4, 2010. Terms of Ms. Reed's probation required her to reimburse the CBA \$5,000 for investigation and prosecution costs. Ms. Reed failed to reimburse the CBA \$2,555.

VIOLATION(S) CHARGED

Business and Professions Code, Division 3, Chapter 1, § 5100(i), (b) and (g). California Code of Regulations, Title 16, Division 1, §§ 45, 52 and 89.



UPDATE

OTHER ENFORCEMENT ACTIONS THROUGH MAY 23, 2014

CAHILL, KEVIN W.
CAHILL & ASSOCIATES, AN
ACCOUNTANCY CORPORATION
Rancho Mirage, CA (CPA 37365; COR 5706)

CBA ACTIONS

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

Respondents shall reimburse the CBA \$20,000 for its investigation and prosecution costs.

Mr. Cahill shall complete a two-hour course in Regulatory Review by December 31, 2014. This course shall be in addition to continuing education requirements for relicensing.

Respondents shall undergo and complete a Peer Review by March 15, 2015.

Mr. Cahill shall complete 32 hours of continuing education in accounting and auditing. These course hours shall be completed by December 31, 2014. The course hours shall be in addition to continuing education requirements for relicensing.

During the period of probation, if Respondents undertake an audit, review, or compilation engagement, the Respondents shall submit to the CBA as an attachment to the required quarterly report a listing of the same. The CBA may select one or more of the engagements, and all related working papers must be submitted to the CBA upon request.

Respondents shall maintain an active license.

Other standard terms of probation.

Effective April 26, 2014

CAUSE FOR DISCIPLINE

First Amended Accusation No. AC-2012-18 contains the following allegations:

Both Respondents were grossly negligent and Mr. Cahill engaged in repeated acts of negligence by preparing audited financial statements for a homeowners' association and related homeowners' club that contained extreme departures from professional standards and that indicate a lack of competency in the practice of public accountancy. The acts constituting gross negligence include:

- Respondents failed to capitalize personal property additions in compliance with professional standards.
- The audited financial statements incorrectly report in the notes that the homeowners' association purchased certain property when in fact the purchase was not of land assets and improvements thereon, but a sublease for that property that terminates in 2044.
- Respondents failed to combine or consolidate the financial statements of two related entities, which both share common ownership by their members, common directorships, and financial inter-relatedness.

Mr. Cahill failed to complete the required 24 hours of continuing education in governmental accounting and auditing subject matter prior to his March 31, 2009, license renewal.

VIOLATION(S) CHARGED

Business and Professions Code, Division 3, Chapter 1, § 5100 (c) and (g). California Code of Regulations, Title 16, Division 1, § 87 (c).

OTHER ENFORCEMENT ACTIONS THROUGH MAY 23, 2014**CAMPBELL, JR., MARSHALL CHARLES**

Century City, CA (CPA 65889)

CBA ACTIONS

Revocation stayed with three years' probation, via decision after nonadoption.

Mr. Campbell's license was suspended for 30 days, and he is required to comply with procedures provided by the CBA or its designee regarding notification to, and management of, clients regarding his cessation from practice (suspension period).

Mr. Campbell is required to complete four hours of continuing education in ethics and a Board-approved regulatory review course.

Mr. Campbell shall reimburse the CBA \$4,518 for its investigation and prosecution costs.

Mr. Campbell must maintain an active license status with the CBA.

Other standard terms of probation.

Effective May 16, 2014

CAUSE FOR DISCIPLINE

Mr. Campbell willfully engaged in the practice of public accountancy during a period of time when he failed to maintain a valid certificate as a CPA. Mr. Campbell failed to register firm names with the Board while engaged in the practice of public accountancy and also failed to respond to Board inquiries. Mr. Campbell advertised or used other forms of solicitation that were false, fraudulent, or misleading. He also engaged in false advertising by using a firm name not registered with the Board and that falsely represented that Mr. Campbell was a CPA when his license to practice had expired. Mr. Campbell also failed to notify the Board in writing within 30 days after the change of his address of record.

VIOLATION(S) CHARGED

Business and Professions Code, Division 3, Chapter 1, §§ 5050 (a), 5051, 5060 (c), 5100 (g). California Code of Regulations, Title 16, Division 1, §§ 3, 52, 63.

CHENG, CHIH-PIN

Rolling Hills Estates, CA (CPA 68133)

CBA ACTIONS

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

Ms. Cheng's license is suspended for 90 days.

Ms. Cheng shall reimburse the CBA \$7,567.68 for its investigation and prosecution costs. The payment shall be made within 12 months of the date the CBA's decision is final.

Ms. Cheng shall complete four hours of continuing education in ethics. These course hours shall be in addition to continuing education requirements for relicensing.

Ms. Cheng shall complete a minimum of two hours of continuing education in regulatory review. These course hours shall be in addition to continuing education requirements for relicensing.

Ms. Cheng shall maintain an active license.

Other standard terms of probation.

Effective April 26, 2014

CAUSE FOR DISCIPLINE

Accusation No. AC-2014-13 contains the following allegations:

It was alleged that on or about January 6, 2012, Ms. Cheng committed embezzlement and theft when, prior to Ms. Cheng's last day of employment with an accountancy firm, Ms. Cheng used four flash drives to copy client lists, client data, and other proprietary information that she took to the new accountancy firm.

VIOLATION(S) CHARGED

Business and Professions Code, Division 3, Chapter 1, § 5100 (g) and (k). California Code of Regulations, Title 16, Division 1, § 58.



UPDATE

OTHER ENFORCEMENT ACTIONS THROUGH MAY 23, 2014

COMSTOCK, JAMES MILTON

Carlsbad, CA (CPA 63952)

CBA ACTIONS

Mr. Comstock is prohibited from acting as a CPA or performing any activities for which a CPA license is required, either directly or indirectly, while on pretrial own recognizance release; while on bail pending resolution of this criminal proceeding; as a post-conviction condition of probation; or, during any CBA disciplinary proceeding, whichever concludes last.

Mr. Comstock is not prohibited from engaging in tax

preparation work that does not require a CPA license, provided that he does not use the designation “certified public accountant” or “CPA” or hold himself out to the public as a “certified public accountant” or “CPA” and is otherwise duly licensed to prepare tax returns. This order was issued in the criminal trial of *People of the State of California v. James Milton Comstock* (Case No. CN326721 in Superior Court in the County of San Diego).

This order does not constitute discipline on Defendant’s CPA license.

Effective February 26, 2014

GILLILAND, NATHAN M.

Ladera Ranch, CA (CPA 97689)

CBA ACTIONS

Surrender of CPA license, via stipulated settlement.

Mr. Gilliland shall pay the CBA \$2,731.64 for its costs of investigation and prosecution prior to issuance of a new or reinstated license.

Effective February 28, 2014

CAUSE FOR DISCIPLINE

Accusation No. AC-2013-65 contains the following allegations:

On October 15, 2012, Mr. Gilliland was convicted of the following felonies: Penal Code Section 487 (grand theft by an employee); Penal Code Section 530.5 (unauthorized use of personal identifying information); and Penal Code Section 502(c)(1) (computer access fraud). As a result of

the convictions, Mr. Gilliland was sentenced to five years and eight months in state prison, ordered to pay a special assessment of \$100, and to pay fines, fees, and restitution.

The facts that led to the criminal conviction are that in Orange County, California, from January through June 2010, Mr. Gilliland used his position as an Accountant and Controller for Avastra USA and Sleep Medicine Institute to commit theft of \$550,000 from their accounts. Mr. Gilliland did so by accessing a computer and transferring the companies’ funds into his personal account. Mr. Gilliland made these transactions without authority.

Mr. Gilliland also failed to report his October 15, 2012, conviction to the CBA within 30 days after his conviction.

VIOLATION(S) CHARGED

Business and Professions Code, Division 1.5, Chapter 3, § 490; Division 3, Chapter 1, §§ 5063 (a)(1)(A-C), 5100 (a) and (k).

OTHER ENFORCEMENT ACTIONS THROUGH MAY 23, 2014**HALL, MARK EDWARD**

Woodland Hills, CA (CPA 89467)

CBA ACTIONS

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

Mr. Hall's license is suspended for 120 days.

Mr. Hall shall reimburse the CBA \$4,465 for its investigation and prosecution costs. The payment shall be made in quarterly payments (due with quarterly written reports); the final payment being due six months before probation is scheduled to terminate.

Within one year from the effective date, Mr. Hall shall complete four hours of continuing education in ethics. These course hours shall be in addition to continuing education requirements for license renewal.

Mr. Hall shall undergo and continue treatment by a licensed psychotherapist of respondent's choice and approved by the CBA or its designee until the treating psychotherapist certifies in writing in a report to the CBA or its designee that treatment is no longer necessary. Mr. Hall shall have the treating psychotherapist submit reports to the CBA at intervals determined by the CBA or its designee. Mr. Hall is responsible for costs of treatment and reports.

Mr. Hall shall maintain an active license.

Other standard terms of probation.

Effective April 26, 2014**CAUSE FOR DISCIPLINE**

Accusation No. AC-2013-19 contains the following allegations:

Mr. Hall was convicted of crimes substantially related to the qualifications, functions, and duties of a CPA or a PA.

On or about August 7, 1998, Mr. Hall pled nolo contendere to and was convicted of one misdemeanor count of

violating Penal Code Section 647(a), disorderly conduct: solicit lewd conduct. The court ordered Mr. Hall to complete 30 days of Caltrans service and placed Mr. Hall on 24-months probation, with terms and conditions.

On or about November 13, 1998, Mr. Hall pled nolo contendere to and was convicted of one misdemeanor count of violating Penal Code Section 314(1), indecent exposure. The court ordered Mr. Hall to serve 180 days in Los Angeles County Jail and placed Mr. Hall on probation for 36 months, with terms and conditions.

On or about January 21, 2004, Mr. Hall pled nolo contendere to and was convicted of one misdemeanor count of violating Vehicle Code Section 23152(b), drive with 0.08 percent or more, by weight, of alcohol in blood. The court ordered Mr. Hall to serve 13 days in Los Angeles County Jail and placed Mr. Hall on probation for 36 months, with terms and conditions.

On or about October 22, 2004, Mr. Hall pled nolo contendere to and was convicted of one misdemeanor count of violating Penal Code Section 647(b), disorderly conduct: solicit prostitution. The court placed Mr. Hall on probation for 36 months, with terms and conditions. Among other conditions, the court ordered Mr. Hall to complete 15 days of community service, attend 26 Alcoholics Anonymous meetings, and stay 100 yards away from Sunset Boulevard and Kingsley Drive.

On or about September 21, 2010, Mr. Hall pled nolo contendere to two felony counts of violating Penal Code Section 314(1), indecent exposure. The court ordered Mr. Hall to serve two years in state prison and register as a sex offender pursuant to Penal Code Section 290.

VIOLATION(S) CHARGED

Business and Professions Code, Division 1.5, Chapter 3, § 490; Division 3, Chapter 1, § 5100 (a). California Code of Regulations, Title 16, Division 1, § 99.



UPDATE

OTHER ENFORCEMENT ACTIONS THROUGH MAY 23, 2014

HOMAYOUNI, CYRUS DEAN

Las Vegas, NV (CPA 77671)

CBA ACTIONS

Revocation stayed with two years' probation, via decision, after reconsideration.

Mr. Homayouni shall reimburse the CBA \$1,500 for its costs of investigation and prosecution. Mr. Homayouni shall make said payments in installments pursuant to a schedule set by the CBA or its designee to be paid out over the period of probation.

Other standard terms of probation.

Effective March 26, 2014

CAUSE FOR DISCIPLINE

Accusation No. AC-2012-51 contains the following allegations:

Mr. Homayouni was ordered by the Nevada Board of Accountancy to serve one-year probation, complete eight hours of ethics continuing education, pay a civil penalty in the amount of \$750, and reimburse the Nevada State Board of Accountancy \$1,255 for prosecution costs. The disciplinary action was based on findings that Mr. Homayouni violated Nevada Administrative Code 628.500,

in that he violated Nevada's rules of professional conduct Section 501 (commission of an act discreditable to the profession). The acts forming the basis for the violation were that:

- Mr. Homayouni was subject to a Summary Cease and Desist Order, and subsequently a permanent Cease and Desist Order from the Nevada Administrator of the Securities Division of the Office of the Secretary of State, on January 13, 2011, and March 2, 2011, respectively.
- The orders were based on Mr. Homayouni's violation of Nevada law by soliciting clients and offering securities without the appropriate license.
- Mr. Homayouni failed to timely report the Cease and Desist Order(s) to the Nevada State Board of Accountancy as required by Nevada regulation.

The CBA decided the matter upon the record, including the transcript of the hearing held on June 24, 2013, and written arguments received from both parties.

VIOLATION(S) CHARGED

Business and Professions Code, Division 3, Chapter 1, § 5100 (d).

OTHER ENFORCEMENT ACTIONS THROUGH MAY 23, 2014**LI, DAZHANG
AKA LI, BEN D.**

City of Industry, CA (CPA 79650)

CBA ACTIONS

Revocation stayed with three years' probation, via decision after reconsideration.

Mr. Li's license is suspended for 120 days.

Mr. Li shall take and pass with a score of 90 percent or better a CBA-approved ethics examination within one year of the effective date of the CBA's final decision.

Mr. Li shall maintain an active license.

Mr. Li shall complete professional education courses as specified by the CBA at the time of his first probation appearance.

Mr. Li shall reimburse the CBA \$7,575.46 for its investigation and prosecution costs.

Mr. Li shall comply with procedures provided by the CBA regarding notification to, and management of, clients of his suspension.

Other standard terms of probation.

Effective May 23, 2014

CAUSE FOR DISCIPLINE

Accusation No. AC-2011-20 contains the following allegations:

On or about April 19, 2010, after pleading guilty, Mr. Li was convicted of one felony count of violating Title 18, United States Code, Section 4 (misprision of felony—knowledge of commission by another of a felony, to wit, Visa Fraud, 18 U.S.C § 1546(a)). The Court placed Mr. Li on one year probation with special conditions for probation and supervised release.

The circumstances underlying the conviction are as follows:

On or about January 18, 2006, Joseph Wu committed visa fraud, in violation of Title 18, United States Code, Section 1546(a), by sending to the United States Citizenship and Immigration Services ("USCIS") a work visa petition (Form I-129) for alien beneficiary L. Zhuge. The petition contained false representations that Zhuge would be employed full-time as a software developer by New Century Business Services ("New Century"), from February 1, 2006, to January 31, 2009, at an annual salary of \$42,000. At the time, Wu knew that Zhuge would not be so employed, and, in fact, Zhuge was never employed by New Century in any capacity. In exchange for filing the fraudulent petition, Zhuge paid to Wu and others approximately \$6,000. Due to the false statements in the petition regarding the availability and details of the purported job at New Century, USCIS issued a work visa for Zhuge on or about February 15, 2006.

Knowing that Wu had committed visa fraud with respect to the petition for Zhuge, Mr. Li, who was the owner and President of New Century, did not report the crime to law enforcement authorities. Instead, when interviewed by federal law enforcement officers on May 2, 2008, at the New Century office in the City of Industry, California, defendant falsely stated that Zhuge had worked for New Century. Defendant did so for the purpose of concealing from the officers the aforementioned visa fraud.

VIOLATION(S) CHARGED

Business and Professions Code, Division 1.5, Chapter 3, § 490; Division 3, Chapter 1 § 5100 (a). California Code of Regulations, Title 16, Division 1, § 99.

OTHER ENFORCEMENT ACTIONS THROUGH MAY 23, 2014

PAREDES, NATHANIEL PRENTICE

Riverside, CA (CPA 120896)

CBA ACTIONS

Within 180 days of the effective date of the order, Mr. Paredes shall take and pass the Professional Ethics exam in the presence of a CPA. The CPA selected shall be in good standing with the CBA, and pre-approved by the CBA prior to Mr. Paredes taking the exam. The CPA must agree to monitor Mr. Paredes and provide a statement to the CBA that Mr. Paredes took the exam and only used materials and methods permitted. Upon successful completion of the exam and completion of all licensing requirements, a CPA license will be issued to Mr. Paredes and immediately revoked. However, the revocation will be stayed and Mr. Paredes will be placed on five years' probation with the following terms and conditions:

Mr. Paredes shall complete four hours of continuing education in ethics each year of probation.

Mr. Paredes voluntarily agrees to cooperate fully with, and make himself available to, the CBA or its designee, including the Office of the Attorney General, without the necessity of a subpoena, in any investigation of other CBA licensees regarding cheating on the ethics exam, including but not limited to the providing of interviews, statements, affidavits, declarations, and any other documents or other types of information requested, consistent with the requirement of confidentiality or law. Mr. Paredes, if called to do so, shall cooperate with the CBA and shall testify at any subsequent administrative or civil proceedings if asked to do so by the CBA.

Other standard terms of probation.

Effective June 29, 2013

CAUSE FOR DISCIPLINE

The CBA received Mr. Paredes's completed application for licensure on December 19, 2011. On August 17, 2012, the CBA denied the application. On January 14, 2013, Statement of Issues No. SI-2013-8 was filed containing the following allegations as grounds for denial:

On or about May 2, 2012, Mr. Paredes disclosed in a letter to the CBA that he had cheated on the Professional Ethics portion of the licensure exam. Mr. Paredes stated in the letter that he had received an answer key from another student and used it when answering the exam questions. Mr. Paredes's application is also subject to denial due to conviction of a substantially related crime. On or about July 23, 2003, Mr. Paredes pled nolo contendere to violating Penal Code Section 148.1(b)—False Report of a Bomb, a misdemeanor. The circumstances related to the conviction are that Respondent became intoxicated and barricaded himself in his bedroom of the house he shared with his family. Mr. Paredes told his sister that he had a weapon and intended to commit suicide. When the police arrived, respondent told them he had wired the door with explosives and would blow them up. After approximately two hours of interaction with police, Mr. Paredes exited the room and no weapons or bombs were found.

VIOLATIONS CHARGED

Business and Professions Code, Division 1.5, Chapter 3, §§ 475, 480(a); Division 3, Chapter 1, §§ 5100(a) and 5110(a). California Code of Regulations, Title 16, Division 1, § 99.

OTHER ENFORCEMENT ACTIONS THROUGH MAY 23, 2014**ROTH, STEVEN ALEXANDER**

Nevada City, CA (CPA 71382)

CBA ACTIONS

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

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

After completion of probation, Mr. Roth shall be permanently prohibited from engaging in and performing attestation services, including audits. This condition shall continue until such time, if ever, Mr. Roth successfully petitions the CBA for the reinstatement of his ability to perform attestation services.

Within 30 days of the effective date of this decision, Mr. Roth shall submit to the CBA or its designee for its prior approval a plan of practice (regarding the preparation of nonprofit tax returns only) that shall be monitored by another CPA or PA who provides periodic reports to the CBA or its designee. Mr. Roth shall pay all costs for such monitoring.

Mr. Roth shall complete 16 hours of continuing education in the area of taxation, which shall be completed within one year of the effective date of the order. These course hours shall be in addition to continuing education requirements for renewal.

Mr. Roth shall reimburse the CBA \$6,000 for its investigation and prosecution costs.

Mr. Roth shall maintain an active license.

Other standard terms of probation.

Effective February 28, 2014

CAUSE FOR DISCIPLINE

Accusation No. AC-2013-5 contains the following allegations:

Mr. Roth did not exercise due diligence in preparing the 2009 Form 990 Tax Return and violated professional standards in his performance of the September 30, 2010, audit for the nonprofit Group N. Significant audit deficiencies were noted in Mr. Roth's audit workpapers in the areas of audit planning, internal control review, and documentation of management representations. The audit workpapers did not document an understanding with management, consideration of fraud, or materiality, as required. Mr. Roth submitted an audit report that did not identify the country of origin of the generally accepted auditing standards, and did not mention that the prior year's information was audited by other auditors, as required by generally accepted auditing standards.

VIOLATION(S) CHARGED

Business and Professions Code, Division 3, Chapter 1, §§ 5062, 5097, 5100 (c), (e) and (g). California Code of Regulations, Title 16, Division 1, §§ 58 and 68.2.



UPDATE

OTHER ENFORCEMENT ACTIONS THROUGH MAY 23, 2014

SECCO, EDDY JOHN

Silverado, CA (CPA 83513)

CBA ACTIONS

Revocation stayed and Mr. Secco's current probation is extended for an additional two years, via stipulated settlement.

Mr. Secco shall complete 24 hours of continuing education within 18 months of the effective date of the order. These course hours shall be in addition to continuing education requirements for license renewal and shall be in the areas of compilations and reviews.

Mr. Secco shall reimburse the CBA \$10,000 for its investigation and prosecution costs. All costs shall be paid no later than six months before probation is scheduled to terminate.

Other standard terms of probation.

Effective April 26, 2014

CAUSE FOR DISCIPLINE

Petition to Revoke Probation Case No. D1-2011-21 contains the following allegations:

Mr. Secco's CPA certificate was placed on probation for a period of three years with certain terms and conditions. Mr. Secco failed to comply with the terms and conditions by failing to submit written reports, make personal appearances, and reimburse quarterly cost payments to the CBA.

VIOLATION(S) CHARGED

Business and Professions Code, Division 3, Chapter 1, § 5100 (g). California Code of Regulations, Title 16, Division 1, § 52.

POLICY OF NONDISCRIMINATION ON THE BASIS OF DISABILITY AND EQUAL EMPLOYMENT OPPORTUNITY

The CBA does not discriminate on the basis of disability in employment or in the admission and access to its program and activities.

An Americans with Disabilities Act (ADA) coordinator has been designated to coordinate and carry out this agency's compliance with the nondiscrimination requirements of Title II of the ADA. Information concerning the provisions of the ADA, and the rights provided thereunder, is available from:

ADA Coordinator
California Board of Accountancy
2000 Evergreen Street, Suite 250
Sacramento, CA 95815-3832

PEER REVIEW WANTS YOU!

Would you like to give back to your profession? Are you interested in helping firms achieve their accounting and auditing goals and enhance the quality of their practices? If so, you may want to consider becoming a qualified peer reviewer.

When you become a peer reviewer, you:

- Identify best practices of other firms, which can be applied to other peer review clients and to your own firm.
- Gain broader practice knowledge through the peer review process, which will help sharpen your skills and reinforce your strengths.

- Create an opportunity to develop an additional profit center for your firm.
- Enhance the efficacy of the profession's self-regulatory efforts and contribute to the quality of the profession.

For additional information on how to become a peer reviewer, please visit the American Institute of Certified Public Accountants website at www.aicpa.org/interestareas/peerreview/community/pages/peerreviewer.aspx.

Questions can be directed to:
BecomeAReviewer@aicpa.org

Subscribe to E-News @ www.cba.ca.gov.

Need Information?

THE CBA HANDBOOKS ARE THE PLACE TO GO!

Do you have a question about the Uniform CPA Examination, or how to get your initial CPA license? Maybe you are an out-of-state licensee who wants to practice in California or perhaps you are already licensed here and need information on license renewal. No matter what question or information you need, the CBA has a handbook to assist you. Please visit our recently revised handbooks in the Publications section of the CBA website, www.cba.ca.gov.



UPDATE

CALIFORNIA BOARD OF ACCOUNTANCY DIRECTORY

www.cba.ca.gov

The CBA is committed to providing the highest level of customer service, and staff are here to help answer questions you may have regarding our programs. We strive to answer all incoming calls live, but during peak periods you may get a voicemail instead of a live person. If you leave us a voicemail

message, staff will return your call within one business day or, if you prefer to contact us via e-mail, all e-mail messages are returned on average within three business days. For your convenience, we have provided contact information below for the different organizational units and functions at the CBA.

CBA UNIT	AREAS OF EXPERTISE	CONTACT INFORMATION
Administration	<ul style="list-style-type: none"> = License status check = General questions 	(916) 263-3680 www.dca.ca.gov/cba/lookup.shtml
Examination	<ul style="list-style-type: none"> = Examination applications = Educational requirements = Exam scores = Name changes (exam candidates) = Transcripts 	(916) 561-1703 (916) 263-3677 Fax examinfo@cba.ca.gov
Initial Licensing (Individuals)	<ul style="list-style-type: none"> = Licensing application process for individual licenses = Name changes (CPAs and licensing applicants) = Wall/pocket certificate replacement = Certification of records 	(916) 561-1701 (916) 263-3676 Fax licensinginfo@cba.ca.gov
Initial Licensing (Firms, Partnerships, Fictitious Names)	<ul style="list-style-type: none"> = Licensing application for partnerships, corporations, and fictitious name permits 	(916) 561-4301 (916) 263-3676 Fax firminfo@cba.ca.gov
License Renewal	<ul style="list-style-type: none"> = License renewal, continuing education requirements = Changing license status = Fees due 	(916) 561-1702 (916) 263-3672 Fax renewalinfo@cba.ca.gov
Practice Privilege	<ul style="list-style-type: none"> = Out-of-state licensees wishing to practice in California 	(916) 561-1704 (916) 263-3675 Fax pracprivinfo@cba.ca.gov
Enforcement	<ul style="list-style-type: none"> = Filing a complaint = Disciplinary actions = Ethical questions regarding CPA practice 	(916) 561-1729 (916) 263-3673 Fax enforcementinfo@cba.ca.gov To access a complaint form, go to www.dca.ca.gov/cba/consumers/complain.shtml
Peer Review		(916) 561-1706 peerreviewinfo@cba.ca.gov
Outreach Event Scheduling		outreach@cba.ca.gov

We are always looking for ways to improve our customer service practices.

Please let us know how we served you by taking our online Customer Stakeholder Survey at

www.cba.ca.gov/forms/survey.

If you are unsure where to direct your questions, please call our main phone number at **(916) 263-3680**.

ADDRESS CHANGE FORM

A separate address change notice must be submitted for each license type.

PLEASE PRINT

Name of Applicant for Licensure

Last	First	Middle

Name of Licensee

Individual (CPA/PA) - License No. _____

Last	First	Middle

Name of Firm

Corporation Partnership Fictitious Name

License No. _____

Firm Name

NEW Address of Record *(An Address of Record Is Required)*

Home Business (check one)

Be advised that if you are a licensed CPA/PA or firm, your address of record is public information, and all CBA correspondence will be sent to this address.

Business Name (if different from name above)

Street	<input type="radio"/> Apt. # <input type="radio"/> Suite # (check one)

City	State	Zip

Former Address of Record

Street	<input type="radio"/> Apt. # <input type="radio"/> Suite # (check one)

City	State	Zip

Alternate Address for Mail Drops and PO Boxes

If your address of record is a PO Box or Mail Drop, you are required to provide a street address. This address will not be posted on the CBA's Web License Lookup.

Street	<input type="radio"/> Home <input type="radio"/> Business (check one) <input type="radio"/> Apt. # <input type="radio"/> Suite # (check one)

City	State	Zip

Daytime Phone Number

-	-	
Area Code		

You may confirm your change of address on License Lookup at www.cba.ca.gov

I certify the truth and accuracy of all of these statements and representations.

Signature _____ Date _____

Print your name _____

A licensee who fails to notify the CBA within 30 days of a change of address of record may be subject to citation and fine (fines ranging from \$100-\$1,000) under the California Code of Regulations, Title 16, Division 1, Sections 3, 95, and 95.2.

The CBA maintains a list of all licensees. This list is sold to requestors for mailing list purposes. Check here only if you do NOT want your name included on this list. *Please Note: Your name and address of record is public information and can be accessed through our website at www.cba.ca.gov.*

This form is being provided for your convenience. Other forms of written notice may be accepted by the CBA.

MAIL TO: California Board of Accountancy; 2000 Evergreen Street, Suite 250; Sacramento, CA 95815-3832 or **FAX TO:** (916) 263-3675

CALIFORNIA BOARD OF ACCOUNTANCY
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The CBA's newsletter, *UPDATE*, is digital. You can sign up for E-News and be notified by e-mail when the newest edition of *UPDATE* is posted to the CBA website. www.cba.ca.gov

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