

# WASHINGTON STATE BOARD OF ACCOUNTANCY

## Minutes of a Special Meeting of the Board

- Time and Place of Meeting** 8:02 a.m. – 9:10 a.m. Tuesday, July 28, 2009  
The Doubletree Hotel Seattle Airport, Evergreen Rooms 1 & 2  
18740 International Boulevard  
SeaTac, Washington
- Attendance** Edwin G. Jolicoeur, CPA, Chair  
Gerald F. Ryles, Vice-Chair  
Laurie J. Tish, CPA, Secretary  
Donald F. Aubrey, CPA, Board Member  
Robin A. Clark, CPA, Board Member  
Robert G. Hutchins, Public Board Member  
Mark W. Pearson, CPA, Board Member  
Ronald D. Sabado, CPA, Board Member  
Mary M. Tennyson, Senior Assistant Attorney General  
Bruce L. Turcott, Assistant Attorney General  
Richard C. Sweeney, CPA, Executive Director  
Thomas J. Sadler, CPA Deputy Director  
Diane M. Bren, CPA, Assistant Director of Operations and Investigations  
Cheryl M. Sexton, Executive Advisor
- Call to Order** Edwin G. Jolicoeur, Chair, called the meeting to order at 8:02 a.m.
- Consent Agenda** The Board unanimously approved the following items on the consent agenda as presented:
- Minutes of the April 21, 2009, regular Board Meeting
  - Minutes of the July 1, 2009, Special Board Meeting
  - Request Review Committee Report
- Motion for Entry of Order on Default – Charles F. Benton** The Executive Director and the Board's legal counsel presented a "Motion for Entry of Final Order on Default" and related documents in the matter of Charles F. Benton to the Board. Bruce L. Turcott presented Findings of Fact, Conclusions of Law and Board's Final Default Order to the Board. The Board entered the Findings of Fact, Conclusions of Law and Board's Final Default Order, as presented, revoking Charles F. Benton's CPA certificate and eligibility to renew or reinstate his individual license to practice public accounting and his eligibility to register for a CPA firm license to practice public accounting. The Consulting Board Member,

Lauren Jassny, was not present and did not participate in discussions.

**Motion for Entry of Order on Default – Robert Rotchford Gayda**

The Executive Director presented the “Motion for Entry of Order on Default” and related documents in the matter of Robert Rotchford Gayda to the Board. The Board entered Findings of Fact, Conclusions of Law and Default Order, as presented, revoking Robert Rotchford Gayda’s CPA certificate and individual license to practice public accounting. Robin Clark was the Consulting Board Member for this case and did not participate in discussions. Edwin Jolicoeur abstained from voting on the motion.

**NASBA**

Forum of International Regulators

NASBA will host its Forum of International Accountancy Regulators on September 10 and 11, 2009. NASBA is offering complimentary registration for two representatives per state board or international jurisdiction. The Executive Director asked that any Board Members who wish to attend to coordinate with Board staff. The Executive Director plans to attend.

Update

Laurie Tish provided the Board with progress reports from the NASBA’s Mobility Task Force and Automated Licensee Database (ALD). Forty-five states have passed mobility legislation consistent with the Uniform Accountancy Act (UAA). The ALD task force will meet August 3 and 4, 2009, to wrap up the framework for the ALD including terminology for universal acceptance by boards of accountancy. Laurie advised that the ALD is only available to state boards of accountancy – not the general public.

Regional Meetings

Ed Jolicoeur attended both the Western and Eastern NASBA Regional meetings. Laurie Tish was nominated to a term as NASBA Pacific Regional Director for 2009-2010.

**California Board of Accountancy Request for Response**

The California Legislature is considering legislation to assist California in retaining a substantially equivalent pathway to licensure. The Executive Director will draft a response to the California Board of Accountancy’s two questions regarding this legislation and circulate to Board members.

**Mobility Issues**

Practice Privilege Issue

An Illinois CPA issued audited financial statements with a

2009 report date for a franchise broker selling products in Washington State. The franchise broker must file the statements in six states, including Washington. The deficient report states the financial statements are cash basis audited under Generally Accepted Audit Standards. Because the audited financial statements do not meet Washington State requirements, the Department of Financial Institutions (DFI) contacted the Executive Director. The Board has entered into a sharing agreement with DFI's Securities Division. The Executive Director filed a complaint with the Illinois State Board of Accountancy, asked the Illinois Board how to handle the investigation of the issue, and alerted other state boards of accountancy. The Executive Director asked Board members to provide input as to how he should proceed to bring this deficiency to the CPA's attention and possibly impose discipline.

#### Firm Licensing

A licensed Oregon CPA performs agreed-upon procedures (AUP) for clients with home offices in Washington. The Oregon CPA does not have an office in this state. All work in Washington state prior to June 12, 2008, was under the prior 10% threshold. A firm license is not required for AUP engagements under RCW 18.04.195(1)(a) and RCW 18.04.025(1). Oregon is a substantially equivalent state. Also, out-of-state firms qualified for practice privileges under RCW 18.04.195(1)(b) are exempt from QAR/peer review under WAC 4-25-820(2). However, the Oregon firm is registered with Washington State's Department of Revenue (DOR) and Secretary of State (SOS) as required by state law. The Board agreed that registration with DOR and SOS by an out-of-state firm with no office in Washington state is not holding out. The Oregon CPA does not need an individual Washington license or a firm license to render AUP services for Washington clients.

#### **Legal Counsel's Report**

The Board's legal counsel, Mary M. Tennyson, Senior Assistant Attorney General, provided the Board with an update on pending and dismissed lawsuits against the Board.

#### **Chair's Report**

No report.

#### **Compliance Assurance Oversight Committee**

Thomas Sadler, Deputy Director, provided a verbal report to the Board.

**CPA Exam Liaison Committee** Robin Clark, Committee Chair, reported the Board received two responses to the Board's Request for Proposals to provide administration of the National Uniform CPA Examination for Washington State applicants. The proposals are under review.

**CPE Committee** No report.

**Education Rule Review Committee** No report.

**Legislative Liaison Committee** No report.

**Outreach Committee** No report.

**Qualifications Committee** No report.

**Quality Assurance Review (QAR) Committee** The Executive Director reported that the QAR Committee is currently operating with two fewer members since last year. The following two CPAs are willing to serve on the Board's QAR Committee:

- James E. Coates
- David A. Stiefel

The Board approved the appointment of these two individuals to the Board's QAR Committee.

Mark Pearson, QAR Committee Co-Chair, reported that he attended both days of desk review on June 16 and 17, 2009. He presented preliminary statistics for the Board's 2009 QAR program as of July 22, 2009. The QAR committee will meet with Board staff on August 17, 2009, in Olympia.

**Request Review Committee** The following report was approved under the consent agenda:

CPE Extensions – During the second quarter of 2009, the Board received 10 extension requests where the CPE deficiency was more than 16 CPE credit hours. The Executive Director and a Consulting Board Member took the following action:

Approved: 2

Denied and Referred to Enforcement: 8

Firm Names – The Executive Director and a Consulting Board member approved the following firm names during the second quarter of 2009.

- RubinBrown LLP
- Asset & Profit Management Group, LLC
- Integrity First Financial Services, PC
- Rich and Bander, LLP
- Cherry, Bekaert & Holland, L.L.P.

Late Fee Waivers – During the second quarter of 2009, the Board received nine late fee waiver requests. The Executive Director took the following action:

Approved: 6

Denied: 4

Professional/Education Organization – Recognition Requests  
– Since the April 2009 Board meeting, the Board received one request for recognition. The Executive Director and a Consulting Board Member from the Request Review Committee *recognized* The CPE Store Inc. as an educational organization for purposes of obtaining lists of individual CPAs:

**Rule Review  
Task Forces**

QAR

See QAR Committee report above.

Electronic Records

Donald Aubrey reported that this task force work is complete. The only thing left is a hearing to be scheduled later in the fall or early next year. The Executive Director filed the Preproposal Statement of Inquiry (CR-101) with the Code Reviser.

Experience

Robin Clark reported on a meeting with Thomas Sadler and Diane Bren and provided suggestions for changes to the experience rule and the Executive Director's expectations of the verifying CPA. The Board directed staff to file a Preproposal Statement of Inquiry (CR-101) to begin the rule-making process. Laurie Tish asked the task force to consider mobility when drafting revisions to the rule. Staff are

gathering the requirements for experience and verifying CPAs of other states to provide input for their proposed revisions.

**Executive  
Director's  
Report**

CPE Extensions (16 hours and under) – During second quarter 2009, the Board received 41 requests for extension of time to complete CPE of 16 hours and under. The Executive Director took the following action:

Approved: 6

Denied: 35

Referred to Enforcement for 100% non compliance: 10

Administrative Sanctions: 25

Enforcement – The Board considered the appropriate sanctions for the following conduct:

1. *CPA-Inactive first time failure to meet the CPE requirement for reasons other than reasonable cause* – The Board determined staff should propose the following administrative sanctions the first time a CPA-inactive certificate holder fails to meet the continuing professional education (CPE) requirements:
  - \$500 fine
  - AICPA self-study ethics course
  - Opportunity to come into compliance within a reasonable time
  - Exclusion of CPE from current reporting periodRepeated failure to complete the CPE requirements is cause for suspension of the individual's certificate.
2. *Repeated failure to respond to Board inquiries* – The Board determined failure to repeatedly respond to Board inquiry is cause for suspension of a person's certificate/license. The Executive Director plans to draft a framework policy for the Board's consideration. The Board questioned whether first time failure to respond should be included in the Board's Administrative Sanctions guidelines.
3. *Investigation Management Report* – The Executive Director presented the following to the Board:
  - 2009 Second Quarter Closed Investigations & Administrative Sanctions
  - 2006-2009 Closed Investigations & Administrative Sanctions for Each Calendar Year

- 2006-2009 Closed Investigations & Administrative Sanctions for the Second Quarter for Each Year
- Investigation Statistics January 1999 through June 2009

Rules Review

The Executive Director provided an update.

Online Services

The Executive Director reported the project is off and running. The agency is using code from the Office of the Insurance Commissioner. The Office of Financial Management, Department of Treasury, and the Department of Information Services have approved the project. The application will allow renewal, including payment of renewal fees online via check or credit card, beginning January 2010.

WBOA-News – As of July 22, 2009, 1,426 individuals have subscribed. This is a net increase of 31 individuals (2.2%) since April 21, 2009.

**Rules Review**

WAC 4-25-830 and WAC 4-25-831 - The Board Chair opened a public rule-making hearing at 9:00 a.m. The Board received no public testimony or written comment. The Board Chair closed the hearing at 9:07 a.m. The Board reviewed the proposed changes to rule WAC 4-25-830 and WAC 4-25-831 and voted unanimously to adopt the rule proposal effective in 31 days after filing with the Code Reviser.

**Public Input**

No comments were heard from the public.

**Executive Session with Legal Counsel**

The Board did not meet in Executive Session with Legal Counsel.

**Adjournment**

The Board completed its regular business at 9:10 a.m.

**Adjudicative Hearing on Whether to Vacate SAO ACB-964**

The Board held an administrative hearing in the matter of D. Edson Clark's request to vacate Stipulation and Agreed Order, ACB-964. Board members: Gerald Ryles (Vice Chair acting as Presiding Officer), Donald Aubrey, Mark Pearson, Robin Clark and Robert Hutchins heard the matter. Board Members Edwin Jolicoeur, Laurie Tish and Ronald Sabado were recused from the hearing and did not participate. Lauren Jassny was not present and did not participate.

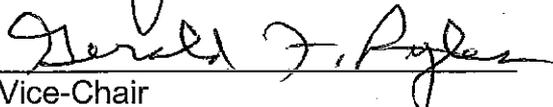
Martha Lantz, Assistant Attorney General, advisor to the Board announced that the Board would announce its decision via a Board Order and would not announce its decision that day.

---

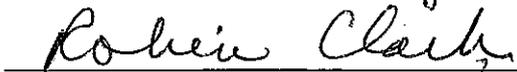
Secretary



Chair



Vice-Chair



Member



Member



Member

---

Member

---

Member

---

Member