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PRESIDENT'S MESSAGE



Michael M. Savoy, CPA
President

I am honored to serve as President of the California Board of Accountancy, and would like to congratulate our new Vice President, Jose Campos, CPA and Secretary/Treasurer Katrina Salazar, CPA. I would also like to thank our outgoing president, Leslie J. LaManna, CPA for her dedicated leadership in 2013.

The New Year began with a number of significant changes for the accounting profession in California. Beginning with education, the new 150 semester hour single pathway requirement took effect, which requires 20 semester hours of accounting study and 10 semester units of ethics study. However, with the passage of Senate Bill (SB) 823, individuals that passed the Uniform CPA Examination (CPA Exam) on or before December 31, 2013 can continue to be licensed under the pathways that existed prior to December 2013 for an additional two-year period.

For those renewing their CPA license, there were changes to continuing education (CE) requirements. In place of the previous requirement of eight hours of CE in the detection and/or reporting of fraud in financial statements, licensees subject to completing Government Auditing and Accounting & Auditing (A&A) CE must now only complete four hours of CE in the prevention, detection or reporting of fraud affecting financial statements.

Peer review also became part of the license renewal process, and under the new requirement, licensees are required to report peer review information at the time of license renewal, regardless of whether the license is in an active or inactive status. The CBA now includes the peer review reporting form with the license renewal package; licensees complete the necessary portions of the form and include it along with the license renewal application.

The CBA also established a new license status for active military service members known as military inactive status. This status is available to licensees





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PRESIDENT'S MESSAGE CONTINUED FROM PAGE 1

engaged in active military service in the California National Guard or United States Armed Forces. While in military inactive status, the licensee is exempt from any CE or peer review reporting requirements or paying the license renewal fee.

Of course, there is much work ahead of us in 2014 as well. In March I will announce appointments to the Mobility Stakeholder Group (MSG), a new CBA advisory committee comprised of CBA members, representatives of the accounting profession and consumer representatives. The MSG will advise the CBA on several important issues related to the recently enacted mobility provisions, including whether the practice privilege law satisfies the objectives of stakeholders in this state, including consumers, and are consistent with the CBA's duty to protect the public.

The CBA will also continue to explore the experience requirements for CPA licensure. First, the CBA is seeking legislative changes to accept academic teaching 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.

Additionally, the CBA will also be revisiting the current 500 hour attest experience requirement necessary to qualify for signing reports on attest engagements in California. The CBA will be exploring whether there is a continued value in maintaining the requirement. We hope there will be many voices adding to this discussion – including yours.

As you can see, the CBA has a busy year ahead. I truly appreciate my fellow members entrusting me with leading our profession, and I look forward to a productive and successful year.

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

CBA MEMBERS

MICHAEL M. SAVOY, CPA,
President

JOSE A. CAMPOS, CPA,
Vice President

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KITAK (K.T.) LEUNG, CPA

MANUEL RAMIREZ, CPA

MARK J. SILVERMAN, ESQ.

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CHERYL GERHARDT, CPA
Enforcement Advisory Committee

MAURICE ECKLEY, JR., CPA
Qualifications Committee

NANCY J. CORRIGAN, CPA
Peer Review Oversight Committee

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Executive Officer

DEANNE PEARCE
Assistant Executive Officer

RAFAEL IXTA
Enforcement Chief

DOMINIC FRANZELLA
Licensing Chief

LAUREN HERSH
UPDATE Managing Editor

TERRI DOBSON
UPDATE Production

MESSAGE FROM THE EXECUTIVE OFFICER

Do you remember the old telephone “Yellow Pages” advertisements? If not, the Yellow Pages (not to be confused with Yellow Book!) ad slogan was “Let your fingers do the walking through the Yellow Pages.” While it may seem quaint now, finding a listing in the Yellow Pages and using the telephone to call a merchant, rather than walking to his or her store, was seen as a much more efficient and cost-saving way to do business. We certainly have gone well beyond those days with our current technologies, which continually bring us greater access to resources we couldn’t have imagined a few short years ago.

Just four years ago, the CBA began offering live audio webcasts of its public meetings. While the public has always been welcome to attend public meetings, the idea was to increase government transparency by making meetings accessible to those who could not travel to attend them in person. It was also our first step in inviting you, our licensees, into our meetings electronically. It wasn’t long before audio webcasting gave way to live and archived video webcasts. Now, you don’t even need to be near a computer, you can access webcasts on the CBA website, Facebook, Twitter and LinkedIn from your smartphone, tablet, or phablet.

If you have never attended a CBA or CBA committee meeting via webcast, or it has been awhile, I would like to take this opportunity to invite you back. We recently implemented dual cameras and split screen technology, to allow you to view both the CBA members and those who are addressing the CBA at the same time. You can easily check the dates and times of upcoming meetings on our website calendar <http://www.dca.ca.gov/cba/calendar.shtml> and access the webcasts from <http://www.cba.ca.gov/webcast/>.

If you follow us on Twitter and Facebook, direct links to the webcasts are posted and tweeted shortly before the start of the meeting. You can post or tweet comments or questions during the meeting and get responses from a staff member in real time.

Of course, I encourage our licensees to attend our public meetings in person - you are always welcome. But in the event that is not an option for you, don’t let it keep you from attending. Just let “your fingers do the walking.” Perhaps that slogan is not so “old school” after all.

PATTI BOWERS
Executive Officer

Meet Our New CBA Members



KAY KO

Ms. Kay Ko was appointed to the California Board of Accountancy by Governor Edmund G. Brown, Jr. in December 2013. She has served in multiple positions at the Federal Bureau of Investigation since 1993, including community outreach

specialist, supervisory intelligence analyst and linguist. She is also serving as a member of the Board of Visitors of Pepperdine University Graduate School of Education and Psychology. Ms. Ko earned a Doctor of Philosophy degree in comparative education from the University of California, Los Angeles and a Juris Doctor degree from Loyola Law School.



MARK J. SILVERMAN, ESQ.

Mr. Mark J. Silverman was appointed to the California Board of Accountancy in January 2014 by Governor Edmund G. Brown, Jr. Mr. Silverman has been an Advisor at Twistory Entertainment Studios and Entrepreneur in Residence at the Georgetown University's

McDonough School of Business since 2013. He held multiple positions at ScrollMotion, Inc. from 2009-2013 including Executive Vice President and Chief Operating Officer. He was a principal at YQ Holdings Group from 2002 to 2009, Executive Vice President at US Interactive from 1998 to 2001 and Chief Operating Officer at Digital Evolution Inc. from 1996 to 1998. Mr. Silverman held multiple positions including Vice President at Coast Converters Inc. from 1981 to 1996 and served as an Attorney Advisor at the Federal Trade Commission from 1976 to 1980. Mr. Silverman earned a Bachelor of Science in Business from Georgetown University and a Juris Doctor degree from the Georgetown University Law Center.

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

UNDER THE DOME

As 2014 begins, the legislative process starts anew. The Legislature reconvened in January and once again is beginning its task of writing new laws. These begin as ideas which are sent to Legislative Counsel to put into the correct form to become a bill. The deadline for ideas was in late January. Newly written bills must be introduced by the author in late February, after which they are heard by various committees of the Legislature. Those that successfully pass the Legislature must be approved by the Governor by the end of September in order to become law.

Here at the CBA, every bill affecting the oversight of the practice of public accountancy is analyzed by staff. These bills are then reviewed by the CBA's Legislative Committee, which is comprised of seven CBA members responsible for reviewing each bill and making a recommendation to the CBA. The CBA considers each bill and the recommendation of the Legislative Committee and takes a formal position that can include positions such as support or oppose. These positions are shown on the legislation section of the CBA website.



The CBA will begin taking positions on new legislation at its March meeting. You can watch the deliberations by the Legislative Committee and the CBA on the CBA website (live or archived) or in person. If you see a discussion on a bill about which you have thoughts or concerns, we encourage you to write to your legislators to let them know your position. You can read about these bills and the position taken by the CBA in the next issue of *UPDATE*.

PEER REVIEW REPORTING FORM: SOMETHING NEW

There is a new addition to the license renewal application packet – the Peer Review Reporting Form, sometimes referred to as the PR-1. In an effort to streamline and simplify the peer review process, peer review reporting will take place at the time of license renewal beginning January 1, 2014. Although not all licensees are required to undergo peer review, ALL licensees, even those who renew in an inactive status, must report peer review information by completing the Peer Review Reporting Form and submitting it along

with the license renewal application. Reporting will be completed at the time of license renewal; however, accounting firms and sole proprietorships performing accounting and auditing services are only required to undergo a peer review once every three years. For additional information regarding the new reporting requirement, please contact the License Renewal and Continuing Competency Unit by telephone at (916) 561-1702 or by email at renewalinfo@cba.ca.gov.



UPDATE

FUTURE MEETINGS

MARCH 20-21, 2014
CBA AND COMMITTEE
MEETINGS

Hilton Pasadena
168 South Los Robles Avenue
Pasadena, California 91101
(626) 577-1000

MAY 1, 2014
ENFORCEMENT ADVISORY
COMMITTEE

Hilton Los Angeles Airport
5711 West Century Boulevard
Los Angeles, California 90045
(310) 410-4000

MAY 29-30, 2014
CBA AND COMMITTEE
MEETINGS

Hilton Los Angeles Airport
5711 West Century Boulevard
Los Angeles, California 90045
(310) 410-4000

APRIL 23, 2014
QUALIFICATIONS COMMITTEE
California Board of Accountancy
2000 Evergreen Street, Suite 250
Sacramento, California 95815
(916) 263-3680

MAY 2, 2014
PEER REVIEW OVERSIGHT
COMMITTEE
Hilton Los Angeles Airport
5711 West Century Boulevard
Los Angeles, California 90045
(310) 410-4000

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 10 days prior to meetings. All CBA meetings are available to the public via live webcast at www.cba.ca.gov.

THE CBA ANNUAL REPORT

Want a glimpse “behind the scenes?” It’s available to you via the CBA Annual Report. The 2013 CBA Annual Report catalogues the major accomplishments of each CBA division, and how each program worked towards meeting the goals established in the CBA Strategic Plan.

The 2013 CBA Annual Report was presented to the CBA at the September 2013 meeting, and posted to the CBA website shortly after. Be sure to check it out, and get a glimpse of what the CBA and its staff do to protect consumers and provide service to CBA stakeholders.

MAKE A DIFFERENCE

You take pride in your work and your profession. You have the technical skills, the interest and the commitment to make a difference. Who better to serve on a CBA advisory committee?

Being a member of a CBA advisory committee provides you with an opportunity to actively participate in the regulation of the accountancy profession. You can become an integral part of an organization charged with providing consumer protection amidst changing consumer demographics and the evolving nature of the profession.

The CBA is currently recruiting to fill positions on its Enforcement Advisory Committee (EAC), Peer Review Oversight Committee (PROC), and Qualifications Committee (QC).

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 investigation files. This committee is limited by statute to a membership of 13 licensees.

The PROC is comprised of seven CPAs. The purpose of the PROC is to provide recommendations to the CBA on any matter upon which it is authorized to act to ensure the effectiveness of mandatory peer review.

The QC assists the CBA in its licensure activities by reviewing the experience of applicants for licensure and making recommendations to the CBA. This responsibility includes conducting work paper reviews with applicants or with employers present to verify that

the responses provided are reflective of the requisite experience for licensure. This committee is limited to a membership of 16 licensees who have expertise in the preparation of audit and review reports.

Appointments to the EAC, PROC and QC 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

Subscribe to E-News at www.cba.ca.gov/forms/enews

INTERVIEW WITH JAMES RIDER, CPA

JAMES RIDER, CPA MBT, began serving on the CBA's Enforcement Advisory Committee (EAC) in November 2005. He has been in practice as a sole proprietor in Arcadia, California for over eight years and focuses solely on tax work, from preparation and planning to analysis of transactions. For those who may be considering serving on a CBA advisory committee, or for those who may have never seriously considered it before, Mr. Rider shares his insights from his eight years of service on the EAC.

Q. WHY DID YOU DECIDE TO SERVE ON THE EAC?

A. I was introduced to the EAC by another member who was a friend of mine. He described the typical work and meetings and I thought the idea of working on a state level committee in my profession was worthwhile.

Q. WHAT DID YOU FIND PERSONALLY REWARDING FROM WORKING ON A CBA COMMITTEE?

A. The biggest reward was the chance to work with other CPAs. I have developed many friendships over the years and plan on keeping in contact with the EAC.

Q. WHY DO YOU THINK IT IS IMPORTANT FOR LICENSEES TO SERVE ON COMMITTEES?

A. It is important for CPAs to give back to the profession. Service can be at the local discussion group in the CA Society of CPAs to the district level to the state level. As we all developed as CPAs someone helped us get to where we wanted to go with our professional life. During that evolution, it is our responsibility to return that time to those following behind us.

Q. BEYOND THE TIME YOU SPENT AS A COMMITTEE MEMBER (NOT CHAIR) AT MEETINGS, DID YOU NEED TO PUT SIGNIFICANT ADDITIONAL TIME IN?

A. As for time outside the meetings, I did spend time getting ready for the investigative hearings scheduled for upcoming EAC meetings. I would review the case file sent to me by the state

investigative CPA who worked the file. Also, I would exchange e-mails and/or have telephone conversations with that person to make sure we were on the same page as to the issues of the case and determine how best to address the CPA with the questions developed.

Also, I was asked to attend additional investigative hearings at times other than the scheduled EAC meetings.

Q. AS A SOLE PROPRIETOR, HOW DID YOU MANAGE TO FIND/MAKE THE TIME?

A. I treated the work for the EAC like a client project. Time was allocated to meet the needs of the project. We all know that our work lives adjust to the most important projects due at any moment in time. It was helpful to treat the EAC meetings and work as another client project.

Q. HOW DID YOUR COMMITTEE EXPERIENCE BENEFIT YOUR PRACTICE?

A. The benefit to my practice is simple: it kept me conscious about what is important in managing a tax practice versus just working one. The lack of quality control and documentation standards seem to be the most prevalent reason for clients filing a complaint against a CPA. The reason is, without those controls and standards in place in performing our work as a CPA, it is more likely that mistakes are made and CPAs find themselves in conflict with their clients. It was like an independent quality control system for my practice.

Q. TELL US ABOUT ONE OF YOUR MOST MEMORABLE EXPERIENCES ON THE ENFORCEMENT ADVISORY COMMITTEE.

A. Without discussing any cases in particular, there were interesting issues that came up. One was a purposeful overstatement of employee business expenses on individual income tax returns, another claiming that California was not a part of the United States so the income earned in California

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AT A GLANCE: TOP 3 CAUSES OF DISCIPLINE

You worked hard to earn the “CPA” designation after your name, so why not be certain to protect it? In an effort to help licensees understand the most common ways in which CPA licenses are jeopardized, we have provided the top three causes of discipline.

In the past three years, the most common violation of the Accountancy Act was Business and Professions Code (BPC) section 5100(g) – Willful Violation of the Accountancy Act. This violation primarily occurs when a licensee knows, or should have known, something they are doing violates the Accountancy Act. The easiest way to avoid violating this code section is to know the Accountancy Act. The two hour regulatory review course required for license renewal every six years is a start, as is referencing the BPC when needed. The entire Accountancy Act and all CBA Regulations are available on the CBA website, on the “Laws and Rules” tab, under the Blue Book heading.

The second most common violation of the Accountancy Act was BPC section 5100(c) – Dishonesty, Fraud, Gross Negligence, or Repeated Negligent Acts. If you are like most CPAs, you read the last sentence and thought to yourself that you would never violate BPC section 5100(c).

However, most people are creatures of habit, and find themselves using the same audit program and engagement letters year after year. With the rate at which standards change, it is becoming increasingly easier to use a worksheet that is out of compliance with standards. This is why the knowledge you gain through the continuing education you complete for license renewal is key to keeping abreast of changes in standards.

The third most common reason CPAs were disciplined in the previous three years was for violating BPC section 5100(a) – Conviction of a Crime, and right behind violating 5100(a) was BPC section 5063 – Reportable Events. The Accountancy Act requires licensees to self report a multitude of events, including conviction of a felony, or of ANY crime related to the qualifications, functions, or duties of a CPA, and any crime involving theft and embezzlement. For a complete listing of reportable events, review BPC section 5063.

Frequently, licensees who have been disciplined say they took their license for granted and now they realize how valuable it is to them. Keep informed of your duties and obligations as a Certified Public Accountant in California and protect your license.

INTERVIEW WITH JAMES RIDER, CPA CONTINUED FROM PAGE 8

was eligible for the federal foreign income exclusion, and one case where the CPA brought his attorney to the investigative hearing and pled the 5th Amendment on every question. Later, that CPA was convicted of major crimes in a federal court.

Q. WHAT WOULD YOU SAY TO ENCOURAGE SOMEONE WHO IS CONSIDERING COMMITTEE MEMBERSHIP?

A. I would encourage someone considering committee membership to go for it. During my eight years of service, I became aware that each

member of the EAC came to the committee with their own personal and professional experiences and strengths. Everyone’s opinion was respected and everyone’s goal was to achieve the best result with the various topics brought to the committee. You will never know how your experiences and ideas can have a positive impact on the profession unless you participate.

For those interested in exploring membership on one of the CBA’s committees, please read about appointment opportunities on page 7.

HOW CPAS CAN HELP ELDER CLIENTS

As a trusted financial professional, you may not only have the ability to assist your elder clients maintain their financial health, but also help them avoid the pitfalls and recognize a problem when it arises.

The Problem

National studies estimate approximately one million older Americans have been victims of financial abuse, at a cost of more than \$2.9 billion dollars a year, a 12% increase from the \$2.6 billion estimated in 2008.¹ The non-profit Elder Financial Protection Network, a provider of elder financial abuse prevention programs in the state of California, says California is a prime target for financial abuse as the nation's highest retirement destination, with an estimated 3.9 million people over age 65 living in the Golden State in 2006. That same population is expected to jump to more than 9 million by 2020.²

What Is Elder Financial Abuse?

According to California State Welfare and Institutions Code, Section 15610.30, financial abuse of an elder or dependent adult occurs when a person or entity "Takes, secretes, appropriates, obtains real or personal property of an elder or dependent adult for a wrongful use or with intent to defraud, or both."

In one study of elder financial abuse, researchers found victims were most often in the 80 to 89 age range, and almost twice as often, women. The typical victim in this age group was visible to potential perpetrators in the community through activities at banks, grocery stores, churches, or driving around town, and was currently exhibiting some noticeable signs of mild to severe cognitive or physical impairment. In almost all cases, there existed a combination of tenuous, valued independence and observable vulnerability that merged

in the lives of victims to optimize opportunities for abuse by every type of perpetrator — from the closest family members to professional criminals.³

According to the National Council on Aging, family, friends, neighbors and caregivers are the perpetrators in 55 percent of cases. Its Elder Abuse Fact Sheet states: "In almost 90 percent of the elder abuse and neglect incidents with a known perpetrator, the perpetrator is a family member, and two-thirds of the perpetrators are adult children or spouses."

What to Look For

Financial abuse of the elderly can happen in numerous ways. In his online article, "Responding to Senior Financial Abuse"⁴, Jean-Luc Bourdon provides a list of "red flags" that may be noticeable to CPAs and is reprinted here with his permission:

- Unusual investment activity; e.g., liquidating a portfolio;
- Sudden drop in investment income;
- Unpaid service or tax bills;
- Clients' inability to get access to their financial records (no longer coming in the mail, changed password, etc.);
- Unusual activity in bank accounts, e.g., sudden withdrawals of large sums, withdrawals from automated banking machines when the elder is homebound, online transactions if senior has no computer;
- Signature on documents that does not resemble the elder's signature;
- Changes to investments that have not been used in years, e.g. annuities;
- Clients do not remember reported financial transactions (IRA distributions, investment sales, etc.);

1 Crimes of Occasion, Desperation, and Predation Against America's Elders, June 2011, Metlife Mature Market Institute, p.2. <https://www.metlife.com/assets/cao/mmi/publications/studies/2011/mmi-elder-financial-abuse.pdf>

2 What is Financial Abuse? Elder Financial Protection Network <http://www.elderfinancialprotection.org/what-is-financial-abuse/>

3 Crimes of Occasion, Desperation, and Predation Against America's Elders, June 2011, Metlife Mature Market Institute, p.3. <https://www.metlife.com/assets/cao/mmi/publications/studies/2011/mmi-elder-financial-abuse.pdf>

4 CPA Insider, September 7, 2010, American Institute of Certified Public Accountants http://www.cpa2biz.com/Content/media/PRO-DUCER_CONTENT/Newsletters/Articles_2010/CPA/Sep/FinancialAbuse.jsp

HOW CPAs CAN HELP ELDER CLIENTS CONTINUED FROM PAGE 10

- Unusual loans against equity in property or life insurance policies;
- New relationships expressing interest in the client's financial situation;
- Missing documents like a will or stocks, bonds, mutual funds or CDs;
- Change of beneficiary status on investment accounts or life insurance policies;
- New will or change in will, such as creating powers of attorney for finances or property transfers when person lacks capacity to make decisions;
- Utilities or telephone disconnected;
- Inclusion of additional names on bank and other financial accounts;
- Changes in a power of attorney from a long-time friend or family member to a person new to the situation;
- Refusal or reluctance of family or legal representative to spend money on care;
- Caregiver or provider tries to isolate elder from other relationships.

How to Help

BE PREPARED. It's better to have a standard procedure in place than to scramble to find resources when the need arises. Consider consulting with the state Attorney General's Office, Adult Protective Services, and legal counsel specializing in elder law for assistance.

HAVE A PLAN. Create a procedure which includes contact information for the appropriate reporting agencies should you or your firm need to take action.

COLLECT RESOURCES. There are multiple resources available to you. Look through the list of contacts at the bottom of this article to help you get started.

HELP EDUCATE. As a CPA, you are in a good position to share information and resources with your elder clients and their families which can help them prevent elder financial abuse as well as recognize it when it happens.

Resources

- CalCPA Elder Resource Guide lists appropriate contacts by county: www.calcpa.org/Content/24306.aspx
- The California Attorney General's Office brochure on reporting abuse: www.ag.ca.gov/bmfea/pdfs/citizens_guide.pdf
- The National Center for Victims of Crime and the FINRA Investor Education Foundation – An Advocate's Guide to Assisting Victims of Financial Fraud http://www.saveandinvest.org/web/groups/sai/@sai/documents/sai_original_content/p358016.pdf
- Elder Financial Protection Network offers California-specific resources for professionals and consumers at: <http://www.elderfinancialprotection.org/resources/>
- Department of Corporations' Seniors Against Investment Fraud brochure, available for download at: http://www.prodevmedia.com/Web%20Storage/EFPN/pdfs/resources/SAIF_2nd_Edition_Web.pdf
- AARP- Ending Elder Abuse article and resources at: <http://search.aarp.org/browse?Ntt=Elder%20Abuse>
- California Bar Association publication, Seniors & the Law contains helpful information on financial abuse: www.calbar.ca.gov/LinkClick.aspx?fileticket=CWSqj8-ugtU%3d&tabid=1379
- National Center on Elder Abuse offers information and resources at: <http://www.ncea.aoa.gov/>
- The California Department of Consumer Affairs provides a "one-stop shop" of links to resources which address a variety of issues faced by seniors. www.dca.ca.gov/consumer/seniors/finance_privacy.shtml

NEW CPA LICENSE REQUIREMENTS FOR 2014

The New Year brings big changes for applicants seeking a CPA license and the CBA has received a flood of questions from current and prospective applicants.

First things first, if you passed all four parts of the Uniform CPA Exam on or before

December 31, 2013 urgency legislation, SB 823, passed last year extends your ability to complete your application under the old pathways. You will have until January 1, 2016 to meet all remaining requirements for licensure.

How do I know if I'm subject to the new educational requirements?

If you passed the CPA Exam on or before December 31, 2013 you will be able to apply for licensure under the old pathways and will have until January 1, 2016 to complete all requirements associated with licensure. If, however, you passed the CPA Exam on or after January 1, 2014, you are subject to the new educational requirements.

What are the new educational requirements?

Applicants for licensure must now have:

- A baccalaureate degree or higher.
- At least 150 semester hours (225 quarter hours) which include
 - o 24 semester hours (36 quarter hours) of accounting subjects;
 - o 24 semester hours (36 quarter hours) of business-related subjects;
 - o 20 semester hours (30 quarter hours) of accounting study subjects; and
 - o 10 semester hours (15 quarter hours) of ethics study subjects.

The requirements for accounting study and ethics study are new this year.

How do I know if I meet the new educational requirements?

A handy tip sheet to help you evaluate your transcripts has been posted on the CBA website at http://www.dca.ca.gov/cba/applicants/tip_sheet.pdf as well as a self-assessment worksheet, and a list of frequently asked questions regarding the new requirements at http://www.dca.ca.gov/cba/applicants/lic_require.shtml.

These resources have been made available to help you conduct a self-assessment of your education as it relates to the new requirements. If you have additional questions regarding these new requirements, the CBA is available to assist you.

The CBA Initial Licensing Unit can be reached by phone at (916) 561-1701 or by email at licensinginfo@cba.ca.gov.

A REMINDER...

With all of the advances in technology and communication, the CBA still uses the U.S. Postal Service as its primary method of communicating with licensees. Please take care to open all mail from the CBA and thoroughly read the documents sent to you. If you receive mail from the CBA, it's important!

ENFORCEMENT PROCESS

In order to provide licensees an understanding of due process with the CBA, presented here is a description of the enforcement process, from initial complaint through resolution.

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. Complaints are confidential.

Once the investigation is concluded, a decision 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 the preparation of an accusation against the licensee or a statement of issues relating to the CPA licensure applicant.

If charges are filed against a licensee, a hearing may be held before an independent administrative law judge who submits a proposed decision for consideration 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 the CBA's decision at this point 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 citations, accusations, decisions, and settlements regarding any of these disciplinary and/or enforcement actions are available on the CBA website 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 provide the licensee's name and license number, and allow 10 days for each request.

STANDARD TERMS OF PROBATION

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

Obey All Laws

Obey all federal, California, other state and local laws, including rules relating to the practice of public accountancy in California.

Cost Reimbursement

Reimburse the CBA for its investigation and prosecution costs.

Submit Written Reports

Submit within 10 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.

Personal Appearances

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 Probation

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.

Practice Investigation

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.

CONTINUED ON PAGE 14

STANDARD TERMS OF PROBATION CONTINUED FROM PAGE 13

Comply With Citations

Comply with all final orders resulting from citations issued by the CBA.

Tolling of Probation for Out-of-State Residence/ Practice

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 of any suspension. No obligation imposed here, 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.

Violation of Probation

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.

Completion of Probation

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, failed to appear at the hearing, or has otherwise failed to 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 probationary 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 probationary conditions.

Revocation - The individual, partnership, or corporation is no longer 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 stated conditions (such as probationary conditions).

Stipulation - The matter is negotiated and settled without going to hearing.

Surrendered - The licensee has surrendered the license. The individual, partnership, or corporation is no longer licensed. The CBA, however, may impose discipline against a surrendered license in certain circumstances. Surrender may also 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

REVOCATION OF CPA CERTIFICATE THROUGH DECEMBER 27, 2013

CAMPBELL, STEVEN DUANE

San Jose, CA (CPA 74363)

CBA ACTIONS

Revocation of CPA license, via default decision.

Effective November 2, 2013

CAUSE FOR DISCIPLINE

Accusation No. AC-2013-18 contains the following allegations:

On or about March 25, 2011, Mr. Campbell was issued citation number CT-2011-5 for failing to complete the required number of continuing education hours and failing to respond to letters mailed to him by the CBA. The citation ordered Mr. Campbell to pay an administrative fine and submit certificates of completion for 30 hours of continuing education within 30 days. Mr. Campbell did not submit the required continuing education hours.

On or about June 8, 2012, it was confirmed that Mr. Campbell was holding himself out as a CPA and/or otherwise practicing public accountancy, even though Mr. Campbell's license had expired on November 30, 2011, and had not been renewed.

On or about June 12, 2012, Mr. Campbell was sent a request for information by certified mail. Mr. Campbell was given a deadline of July 12, 2012, to respond, but never provided the written information requested. Furthermore, on or about August 14, 2012, a representative from the CBA called Mr. Campbell to follow up and requested a phone call in return. Mr. Campbell did not comply.

VIOLATION(S) CHARGED

Business and Professions Code, Division 3, Chapter 1, §§ 5050, 5051, 5100(g). California Code of Regulations, Title 16, Division 1, §§ 52 (a) and 95.4.

SIERACKI, ERIC PETER

Studio City, CA (CPA 46266)

CBA ACTIONS

Revocation of CPA license, via stipulated settlement.

Mr. Sieracki must be reinstated to practice as an accountant before the United States Securities and Exchange Commission (SEC) and reimburse the CBA \$38,792.50 for

SIERACKI, ERIC PETER *Continued*

its investigation and prosecution costs prior to the issuance of a new or reinstated license.

Effective December 27, 2013

CAUSE FOR DISCIPLINE

First Amended Accusation No. AC-2013-11 contains the following allegations:

Mr. Sieracki's license is subject to discipline based upon two separate actions taken by the SEC. The first SEC action involved a civil suit filed on June 4, 2009, in the U.S. District Court for the Central District of California, entitled Securities and Exchange Commission v. Eric P. Sieracki, et al. Civil Action No CV-09-03994 VBF AJWx (Civil Action). The complaint in the Civil Action alleged that during his tenure as Chief Financial Officer of Countrywide Financial Corporation (Countrywide), a mortgage lender, Mr. Sieracki, along with other executives, held Countrywide out as primarily a maker of prime quality mortgage loans, qualitatively different from competitors who engaged primarily in riskier lending. To support this false characterization, Mr. Sieracki hid from investors that Countrywide, in an effort to increase market share, engaged in an unprecedented expansion of its underwriting guidelines from 2005 and into 2007. Along with the other executives, Mr. Sieracki was responsible for Countrywide's fraudulent disclosures. By consent, on or about October 15, 2010, a final judgment was entered against Mr. Sieracki permanently enjoining Mr. Sieracki from violating several sections of the Securities Act of 1933, 15 U.S.C. §§ 77t(d).

The second SEC action was an administrative proceeding captioned In the Matter of Eric Sieracki (CPA), Administrative Proceeding File No. 3-14181. The SEC made findings summarizing the allegations of the Civil Action. This matter was resolved on January 7, 2011, by issuance of an order which suspended Mr. Sieracki from appearing or practicing before the SEC as an accountant. The Order provides that Mr. Sieracki may request that the SEC consider his reinstatement after one year from the date of the order.

VIOLATION(S) CHARGED

Business and Professions Code, Division 1, Chapter 1, 141, Division 3, Chapter 1, §§ 5100 (h) and (l).

OTHER ENFORCEMENT ACTIONS THROUGH DECEMBER 27, 2013

APPLEWHITE, JEFFREY DESHON

Inglewood, CA (CPA 41024)

CBA ACTIONS

Revocation stayed with three years' probation, via decision after a hearing before an Administrative Law Judge.

Mr. Applewhite shall reimburse the CBA \$9,210.97 for its investigation and prosecution costs.

Mr. Applewhite shall complete four hours of continuing education (CE) in ethics.

Mr. Applewhite shall complete a CBA-approved regulatory review course. The course shall be a minimum of two hours.

Other standard terms of probation.

Effective December 27, 2013

CAUSE FOR DISCIPLINE

Accusation No. AC-2013-6 contains the following allegations:

Mr. Applewhite secured his license by fraud, deceit, knowing misrepresentation of a fact or by knowingly omitting to state a material fact. Specifically, on or about June 30, 2011, Mr. Applewhite's license to practice accountancy expired. On or about July 20, 2011, Mr. Applewhite submitted a license renewal application in which Mr. Applewhite indicated that he completed the required total number of hours of CE to maintain active license status. However, four of the CE entries were dated after the postmark date and the certificates did not match the dates entered on his CE reporting worksheet. Furthermore, Mr. Applewhite misrepresented earning 64 CE hours for attendance at two H&R Block conferences.

VIOLATION(S) CHARGED

Business and Professions Code, Division 1.5, Chapter 5, § 498; Division 3, Chapter 1, §§ 5100 (b) and (g).
California Code of Regulations, Title 16, Division 1, § 89.

GRASSANO, JR., MARIO ULYSSES

Glendale, CA (CPA 76503)

CBA ACTIONS

Revocation stayed with five years' probation, via decision after a hearing before an Administrative Law Judge.

Mr. Grassano's license is suspended for six months from the effective date of this decision.

GRASSANO, JR., MARIO ULYSSES *Continued*

Mr. Grassano shall notify his clients of his suspension.

Within 30 days of the effective date of this decision, Mr. Grassano shall submit a plan of practice that shall be monitored by another CPA who provides periodic reports to the CBA. Mr. Grassano shall pay all costs for monitoring.

Mr. Grassano shall undergo and continue treatment by a licensed psychotherapist of Mr. Grassano's choice and approved by the CBA until the treating psychotherapist certifies in writing that treatment is no longer necessary. Mr. Grassano is responsible for the cost of treatment and reports. In addition, Mr. Grassano shall not engage in practice until notified by the CBA that he is fit to practice.

Mr. Grassano shall complete a rehabilitation program for chemical dependence and shall have reports submitted by the program. In addition, Mr. Grassano must attend support groups as directed by the CBA. Mr. Grassano is responsible for all costs.

Mr. Grassano shall completely abstain from the personal use of psychotropic drugs, including alcohol, unless lawfully prescribed.

Mr. Grassano shall participate or shall have participated in a drug screening program acceptable to the CBA and shall have reports submitted by the program. Mr. Grassano is responsible for all costs.

During the period of probation, Mr. Grassano shall submit to biological fluid testing. Mr. Grassano is responsible for all costs.

Mr. Grassano shall maintain an active license.

Other standard terms of probation.

Effective December 27, 2013

CAUSE FOR DISCIPLINE

Accusation No. AC-2012-47 contains the following allegations:

On or about December 27, 2011, after pleading nolo contendere, Mr. Grassano was convicted of one count of violating Penal Code section 273.6(a) [violation of protective order] in the criminal proceeding entitled *The People of the State of California v. Mario Ulysses Grassano Jr.* The Court sentenced Mr. Grassano to 30 days in jail, and placed him on three (3) years probation.

The circumstances underlying the conviction are that on or about September 26, 2011, Mr. Grassano called his

OTHER ENFORCEMENT ACTIONS THROUGH DECEMBER 27, 2013 (CONTINUED)**GRASSANO, JR., MARIO ULYSSES** *Continued*

ex-wife on multiple occasions and sent her text messages continuously until October 7, 2011. These acts were in violation of a valid restraining order (4/8/11 – 4/8/12) issued against Mr. Grassano for the protection of his ex-wife. Subsequently, on December 23, 2011, Mr. Grassano was arrested for his actions in violating this restraining order.

On or about August 3, 2009, after pleading nolo contendere, Mr. Grassano was convicted of one count of violating Penal Code section 422 [criminal threats] in the criminal proceeding entitled *The People of the State of California v. Mario Ulysses Grassano Jr.* The Court ordered a 10 year stay away from all Fox Entertainment locations, sentenced Mr. Grassano to 252 days in jail, placed him on three (3) years probation, and ordered him to complete three (3) Alcoholics Anonymous meetings per week for 52 weeks. On or about June 6, 2011, the Court denied Mr. Grassano's request for early termination of probation to seek employment as a Certified Public Accountant.

The circumstances underlying the conviction are that on or about June 12, 2009, Mr. Grassano telephoned his former employer's receptionist and told her that he and his five friends were going to come to the 9th floor and take out as many people as he could on a suicide mission.

Mr. Grassano failed to report his criminal conviction in writing to the CBA within 30 days of his knowledge of the convictions.

VIOLATION(S) CHARGED

Business and Professions Code, Division 1.5, Chapter 3, § 490; Division 3, Chapter 1, §§ 5063 and 5100(a), and (g). California Code of Regulations, Title 16, Division 1, § 99.

HARMON, LARRY WAYNE

Granite Bay, CA (CPA 87502)

CBA ACTIONS

Surrender of CPA license, via stipulated settlement.

Effective November 2, 2013

CAUSE FOR DISCIPLINE

Accusation No. AC-2013-57 contains the following allegations:

On or about April 30, 2010, Mr. Harmon, on behalf of Larry Harmon & Associates, submitted a fraudulent Board

HARMON, LARRY WAYNE *Continued*

of Equalization 401 claim form requesting a refund of sales taxes on defaulted auto loans totaling \$4,674,537.00. When an individual defaults on a car loan, the lender is entitled to a refund from the California Board of Equalization for the sales tax that was paid by the lender. This 401 claim form was submitted by Mr. Harmon on behalf of a fictitious company, Premier Capital Finance (PCF), which allegedly contracted with 1,839 different automotive dealers to provide financing for vehicles purchased by their customers. Mr. Harmon then provided fraudulent documents to show that PCF relinquished their rights to these sales tax refunds to his company, Larry Harmon & Associates.

VIOLATION(S) CHARGED

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

LONDON, SCOTT IAN

Agoura Hills, CA (CPA 46174)

CBA ACTIONS

Surrender of CPA license, via stipulated settlement.

Mr. London shall pay the CBA its costs of investigation and prosecution in the amount of \$1,637.50 prior to issuance of a new or reinstated license.

Effective December 27, 2013

CAUSE FOR DISCIPLINE

Accusation No. AC-2014-10 contains the following allegations:

On or about July 1, 2013, Mr. London was convicted of one count of securities fraud through insider trading, in violation of Title 15, United States Code, Sections 78j(b), and 78ff and Title 17, Code of Federal Regulations, Section 240.10b-5 pursuant to a plea agreement.

The circumstances underlying the criminal conviction are that Mr. London, a senior partner at the accounting firm KPMG, LLP, knowingly and willfully engaged in a conspiracy to commit securities fraud through insider trading with his friend. Mr. London would provide material, non-public information (inside information) regarding certain publicly-traded KPMG clients to his friend in violation of the fiduciary and other duties of trust and confidence that Mr. London owed to KPMG and its clients, knowing his friend would make securities transactions

OTHER ENFORCEMENT ACTIONS THROUGH DECEMBER 27, 2013 (CONTINUED)

LONDON, SCOTT IAN *Continued*

based on that inside information. Mr. London received cash payments as compensation for providing the inside information regarding KPMG's clients.

Mr. London's actions that resulted in the conviction also constitute acts of unprofessional conduct involving dishonesty or fraud and breach of fiduciary responsibility.

VIOLATION(S) CHARGED

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

MODY, YATIN DILIP

Westlake Village, CA (CPA 57507)

CBA ACTIONS

Surrender of CPA license, via stipulated settlement

Mr. Mody shall pay the CBA its costs of investigation and prosecution in the amount of \$6,203.82 prior to issuance of a new or reinstated license.

Effective December 27, 2013

CAUSE FOR DISCIPLINE

Accusation No. AC-2012-53 contains the following allegations:

On or about November 19, 2010, Mr. Mody entered into an Offer of Settlement in anticipation of public administrative proceedings to be instituted against him by the Securities and Exchange Commission (SEC). Mr. Mody consented to the entry of an Order by the SEC imposing a suspension from appearing or practicing before the SEC as an accountant. On or about March 22, 2011, a consent and final judgment was entered against Mr. Mody, permanently enjoining him from future violations of the Securities Act of 1933; the Exchange Act and Rules, in the civil action entitled Securities and Exchange Commission v. Yatin D. Mody, et al., Civil Action Number 10CV-9239, in the United States District Court for the Southern District of New York. Mr. Mody was also ordered to pay \$105,604 in disgorgement of gains and \$56,716 in prejudgment interest, for a total of \$162,320.

The circumstances that led to the SEC's disciplinary actions are that Mr. Mody was the Controller and Chief Financial Officer of Vitesse Semiconductor Corporation ("Vitesse"),

MODY, YATIN DILIP *Continued*

which was involved in an SEC Complaint. Mr. Mody and Vitesse were alleged by the SEC to have engaged in fraudulent revenue recognition practices. On or about December 10, 2010, the SEC filed a civil complaint against Mr. Mody and Vitesse. The SEC's complaint alleged Vitesse engaged in fraudulent revenue recognition practices that resulted in Vitesse filing with the SEC materially false and misleading financial statements in annual reports on Form 10-K and quarterly reports on Forms 10-Q from at least late 2001 through early 2006. It further alleged that Mr. Mody participated in prematurely and improperly recording revenues on product shipments to Vitesse's distributors and customers and failed to timely and properly record customer credits from the return of unwanted product. It also alleged that Mr. Mody engaged in the foregoing misconduct from late 2001 through 2005.

The SEC civil complaint also alleged that Mr. Mody engaged in fraudulent accounting practices that materially misstated Vitesse's annual and quarterly financial statements, which he reviewed and participated in preparing; knowingly circumvented or failed to implement Vitesse's system of internal accounting controls and falsified Vitesse's books, records, or accounts; and made material misrepresentations to Vitesse's independent auditor. The SEC civil complaint further alleges that, as a part of Mr. Mody's misconduct, Mr. Mody signed and certified annual and quarterly reports containing false and misleading financial statements.

VIOLATION(S) CHARGED

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

NORRED, MICHAEL W.

Laguna Woods, CA (CPA 26674)

CBA ACTIONS

Surrender of CPA license, via stipulated settlement.

Mr. Norred shall pay the CBA its costs of investigation and prosecution in the amount of \$13,000 prior to issuance of a new or reinstated license.

Effective December 27, 2013

CAUSE FOR DISCIPLINE

Accusation No. AC-2013-31 contains the following allegations:

OTHER ENFORCEMENT ACTIONS THROUGH DECEMBER 27, 2013 (CONTINUED)**NORRED, MICHAEL W.** *Continued*

On or about June 3, 2008, Ms. T, a 70 year old widow and client of Mr. Norred, loaned Mr. Norred, at his request, the sum of \$6,000. Mr. Norred gave Ms. T a post dated check as repayment of the loan but asked her not to cash it for awhile. Over the course of the next year Ms. T checked on the status of the post dated check and was informed by the bank that there were insufficient funds in Mr. Norred's account. Ms. T was unsuccessful in repeated attempts to contact Mr. Norred. Finally in August of 2009, Ms. T deposited the repayment check into her account. The check was returned to her because Mr. Norred had closed his account. On or about March 1, 2010, Ms. T received a small claims court civil judgment against Mr. Norred in the amount of \$6,000 with costs of \$105. On or about November 1, 2010, Mr. Norred signed a promissory note to Ms. T to pay her a portion of the debt owed of \$5,180 by monthly payments at 10 percent interest. Mr. Norred made one payment only. As of March 27, 2013 this debt was still unpaid.

Mr. Norred practiced without a valid license on or about April 10, 2009 and April 10, 2011. Mr. Norred's license was expired from April 1, 2009 through June 22, 2009 and from April 1, 2011 through July 22, 2011.

Mr. Norred willfully misrepresented the completion of continuing education requirements for the 2009 and 2011 renewal periods. Mr. Norred listed continuing education completion dates on his renewal form that differed from the dates shown on the course certifications. By doing this, Mr. Norred obtained his license under false pretenses.

Mr. Norred also failed to respond to CBA inquiries.

VIOLATION(S) CHARGED

Business and Professions Code, Division 3, Chapter 1, §§ 5050, 5100(b), (g) and (k). California Code of Regulations, Title 16, Division 1, § 52 and 89.

OBERLY, FRANKLIN L. *Continued***OBERLY, FRANKLIN L.**

Oklahoma City, OK (CPA 56010)

CBA ACTIONS

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

Mr. Oberly shall complete 24 hours of continuing education in the subject areas of Generally Accepted Auditing Standards or Generally Accepted Government Auditing Standards within 30 months of the effective date of the decision. This shall be in addition to the continuing education requirements for renewal.

Mr. Oberly shall complete four hours of continuing education in ethics. This shall be in addition to the ethics continuing education requirements for renewal.

Mr. Oberly shall reimburse the CBA \$5,254.68 for its investigation and prosecution costs. The payment shall be made within 30 months of the date the CBA's decision is final.

Mr. Oberly shall maintain an active license.

Other standard terms of probation.

Effective November 2, 2013

CAUSE FOR DISCIPLINE

Accusation No. AC-2013-10 contains the following allegations:

On or about August 19, 2011, pursuant to the Administrative Consent Order in the disciplinary proceeding titled "In the Matter of Frank L. Oberly, CPA, Certificate No., 2745," the Oklahoma Accountancy Board ("Oklahoma Board") ordered Mr. Oberly to pay a \$10,000 fine and to pay \$4,034.50 in attorney fees and costs. The Oklahoma Board's disciplinary proceeding is based on an investigation into a complaint filed by the U.S. Department of Housing and Urban Development alleging that Mr. Oberly was not in full compliance with the Generally Accepted Auditing Standards or the Generally Accepted Government Auditing Standards in the conduct of the services Mr. Oberly provided. The Oklahoma Board determined that Mr. Oberly's conduct violated Oklahoma Administrative Code section 10:15-39-1 and imposed the fine against his Certified Public Accountant certificate.

VIOLATION(S) CHARGED

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

OTHER ENFORCEMENT ACTIONS THROUGH DECEMBER 27, 2013 (CONTINUED)

ON, CRAIG STEVEN

Berkeley, CA (CPA 37585)

CBA ACTIONS

Surrender of CPA license, via stipulated settlement.

Mr. On shall pay the CBA its costs of investigation and prosecution in the amount of \$5,852.62 prior to issuance of a new or reinstated license.

Effective December 27, 2013

CAUSE FOR DISCIPLINE

Accusation No. AC-2013-64 contains the following allegations:

On or around October 11, 2011, the Securities and Exchange Commission (SEC) filed an action in the United States District Court for the Northern District of California entitled Securities and Exchange Commission v. Thomas S. Wu et al., Case # 11-CV-4988, charging Mr. On and other senior executives of UCBH Holdings with various securities laws violations.

Mr. On was charged with failing to ensure the accuracy of the UCBH Holdings 10-K annual report for 2008, which understated loan losses and reserves. The complaint alleged that Mr. On knew or should have known of the falsity and UCBH Holdings' losses but failed to disclose full and accurate information to UCBH Holdings' auditors. The complaint further alleged that Mr. On certified false financial statements, failed to implement a system of internal controls, and falsified certain books, records and accounts. Finally, the complaint alleged that Mr. On aided and abetted UCBH Holdings' violations of security laws.

On December 14, 2011, Mr. On consented to entry of an order and judgment enjoining him from violating sections of the Securities Act of 1933 and the Exchange Act. The Court also ordered Mr. On to pay \$150,000 as a civil penalty.

On December 23, 2011, the SEC imposed sanctions against Mr. On in the administrative proceeding entitled In the Matter of Craig On (CPA), File # 3-14675. Mr. On was suspended from practicing before the SEC for a minimum of five years, after which Mr. On may submit an application for permission to resume practicing.

ON, CRAIG STEVEN *Continued*

Mr. On failed to timely report to the CBA 30 days after learning of the initiation of a formal investigation against him by the SEC.

VIOLATION(S) CHARGED

Business and Professions Code, Division 3, Chapter 1, §§ 5063, 5100(g), (h) and (l).

SWORZYN, JAMES MARSHALL

Calabasas, CA (CPA 18832)

CBA ACTIONS

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

During the period of probation, Mr. Sworzyn shall not engage in and shall be prohibited from performing any attestation services, including audits.

After the period of probation, Mr. Sworzyn shall be permanently prohibited from engaging in and performing attestation services, including audits, until such time as Mr. Sworzyn successfully petitions the CBA for the reinstatement of his ability to perform attestation services.

Mr. Sworzyn shall undergo and complete a Peer Review by December 31, 2014.

Mr. Sworzyn shall complete twenty-four hours of continuing education (CE) by December 31, 2014, in the subject areas of SSARS and/or GAAP. These course hours shall be in addition to CE requirements for renewal.

Mr. Sworzyn shall complete eight hours of CE in ethics. These course hours shall be in addition to CE requirements for renewal.

Mr. Sworzyn shall complete four hours of CE in regulatory review. These course hours shall be in addition to CE requirements for renewal.

Mr. Sworzyn shall reimburse the CBA \$10,692.46 for its investigation and prosecution costs.

Other standard terms of probation.

Effective December 27, 2013

CAUSE FOR DISCIPLINE

Accusation No. AC-2013-34 contains the following allegations:

OTHER ENFORCEMENT ACTIONS THROUGH DECEMBER 27, 2013 (CONTINUED)**SWORZYN, JAMES MARSHALL** *Continued*

Mr. Sworzyn was grossly negligent and committed repeated negligent acts in his audit of RDI's 401(k) Plan (RDI) for the year ending March 31, 2008. Mr. Sworzyn failed to adequately plan the audit, failed to document his understanding of RDI's internal control structure, failed to determine and document a materiality level, failed to document his consideration of fraud, and failed to properly test investments, investment income, contributions, benefit payments, and participant data. Mr. Sworzyn also failed to obtain a management representation letter. Mr. Sworzyn failed to comply with professional standards in performing his audit. Mr. Sworzyn failed to create and maintain adequate documentation relating to audit planning, audit testing, and audit conclusions. Mr. Sworzyn's audit report was not supported by the documentation contained in the audit file.

VIOLATION(S) CHARGED

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

SYMMES, ANTHONY GARTH

Chico, CA (CPA 24022)

CBA ACTIONS

Surrender of CPA license, via stipulated settlement.

Mr. Symmes shall pay the CBA \$2,578.86 for its investigation and prosecution costs prior to issuance of a new or reinstated license.

Effective November 2, 2013

CAUSE FOR DISCIPLINE

Accusation No. AC-2013-26 contains the following allegations:

On or about April 13, 2012, Mr. Symmes was convicted on his pleas of guilty in the case entitled United States of America v. Anthony G. Symmes, Eastern District of California, Case No. 2:10-CR-0200 of felony violations of 18 U.S.C. §1341 and §1349 (conspiracy to commit mail fraud) and 18 U.S.C. §1957 (monetary transaction in property derived from specific unlawful activity).

SYMMES, ANTHONY GARTH *Continued*

The circumstances that led to the conviction are that Mr. Symmes ran his own construction business building single family homes in and around Chico, California for 25 years. Beginning in or around August 2006 and continuing through in or around July 2008, Mr. Symmes entered into a conspiracy with an unlicensed real estate and mortgage broker, and other individuals to defraud lending institutions. Mr. Symmes' co-conspirators would recruit "straw buyers" to purchase new homes from Mr. Symmes' companies at prices substantially above the asking price on Mr. Symmes' excess inventory. At close of escrow, Mr. Symmes' development companies would receive payment from lenders who financed the home purchases for the buyers. A day or two later, Mr. Symmes would write a substantial check to one or more companies controlled by his co-conspirator, the unlicensed real estate agent and mortgage broker. All together there were 62 such transactions with attendant, undisclosed payments outside of escrow from Mr. Symmes. As of May of 2010, approximately 38 of the 62 homes had fallen into foreclosure and 10 were short sold for a total loss on collateral of approximately \$4,955,400.

The above acts constitute embezzlement, theft, misappropriation of funds or property, or obtaining money, property or other valuable consideration by fraudulent means or false pretenses.

Mr. Symmes failed to report his criminal conviction in writing to the CBA within 30 days of his knowledge of the convictions.

VIOLATION(S) CHARGED

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



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 reach voice mail. If you leave us a voice mail message, staff will make every effort to 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"> = Name change = 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 CA = Account log-in information 	(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

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 Service Survey at www.cba.ca.gov/forms/survey.

If you are unsure where to direct your questions, please contact 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)*

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.

Home Business (check one)

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 California Board of Accountancy within 30 days of a change of address of record may be subject to citation and fine (fines ranging from \$100-\$1000) 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

ADDRESS SERVICE REQUESTED



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You can sign up for *E-News* and be notified by e-mail when the newest edition of *UPDATE* is available. Please visit www.cba.ca.gov.

LIST OF CONTRIBUTORS

EMILY ALLSHOUSE

PATTI BOWERS

TERRI DOBSON

PAUL FISHER, CPA

DOMINIC FRANZELLA

LAUREN HERSH

AMANDA HUYNH

RAFAEL IXTA

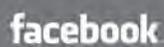
VINCENT JOHNSON

DEANNE PEARCE

MATTHEW STANLEY



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