BILL LOCKYER, Attorney General
of the State of California
GREGORY J. SALUTE, State Bar No. 164015
Deputy Attorney General
California Department of Justice
300 So. Spring Street, Suite 1702
Los Angeles, CA 90013
Telephone: (213) 897-2520
Facsimile: (213) 897-2804

Attorneys for Complainant

BEFORE THE
CALIFORNIA BOARD OF ACCOUNTANCY
DEPARTMENT OF CONSUMER AFFAIRS
STATE OF CALIFORNIA

In the Matter of the Accusation Against: STEVEN KRELL 11263 Canton Drive Studio City, CA 91604 Certified Public Accountant Certificate No. 34692 Respondent.	Case No. AC-2005-6 OAH No. [Unassigned] **STIPULATED SETTLEMENT AND DISCIPLINARY ORDER**

IT IS HEREBY STIPULATED AND AGREED by and between the parties to the above-entitled proceedings that the following matters are true:

PARTIES

1. Carol Sigmann (Complainant) is the Executive Officer of the California Board of Accountancy. She brought this action solely in her official capacity and is represented in this matter by Bill Lockyer, Attorney General of the State of California, by Gregory J. Salute, Deputy Attorney General.

2. Respondent Steven Krell (Respondent) is represented in this proceeding by attorney Andrew Esbenshade, Esq., whose address is Caldwell, Leslie, Newcombe & Pettit 1000 Wilshire Blvd., Ste. #600, Los Angeles, Ca. 90024.

3. On or about May 7, 1982, the California Board of Accountancy issued Certified Public Accountant Certificate No. 34692 to Steven Krell (Respondent). Effective

December 19, 2003, the Board acknowledged the voluntary surrender of Certificate No. CPA 34692, issued to Steven Krell; however, the Board withheld its "written consent" within the meaning of California Business and Professions Code Section 118(b) to the surrender of the Certificate.

JURISDICTION

4. Accusation No. AC-2005-6 was filed before the California Board of Accountancy (Board), Department of Consumer Affairs, and is currently pending against Respondent. The Accusation and all other statutorily required documents were properly served on Respondent on February 14, 2005. Respondent timely filed his Notice of Defense contesting the Accusation. A copy of Accusation No. AC-2005-6 is attached as exhibit A and incorporated herein by reference.

ADVISEMENT AND WAIVERS

5. Respondent has carefully read, fully discussed with counsel, and understands the charges and allegations in Accusation No. AC-2005-6. Respondent has also carefully read, fully discussed with counsel, and understands the effects of this Stipulated Settlement and Disciplinary Order.

6. Respondent is fully aware of his legal rights in this matter, including the right to a hearing on the charges and allegations in the Accusation; the right to be represented by counsel at his own expense; the right to confront and cross-examine the witnesses against him; the right to present evidence and to testify on his own behalf; the right to the issuance of subpoenas to compel the attendance of witnesses and the production of documents; the right to reconsideration and court review of an adverse decision; and all other rights accorded by the California Administrative Procedure Act and other applicable laws.

7. Respondent voluntarily, knowingly, and intelligently waives and gives up each and every right set forth above.

CULPABILITY

8. Respondent admits the truth of each and every charge and allegation in Accusation No. AC-2005-6.

9. Respondent agrees that his Certified Public Accountant Certificate is subject to discipline and he agrees to be bound by the California Board of Accountancy (Board)'s imposition of discipline as set forth in the Disciplinary Order below.

CIRCUMSTANCES IN MITIGATION

10. Respondent Steven Krell has never been the subject of any disciplinary action. He is admitting responsibility at an early stage in the proceedings.

CONTINGENCY

11. This stipulation shall be subject to approval by the California Board of Accountancy. Respondent understands and agrees that counsel for Complainant and the staff of the California Board of Accountancy may communicate directly with the Board regarding this stipulation and settlement, without notice to or participation by Respondent or his counsel. By signing the stipulation, Respondent understands and agrees that he may not withdraw his agreement or seek to rescind the stipulation prior to the time the Board considers and acts upon it. If the Board fails to adopt this stipulation as its Decision and Order, the Stipulated Settlement and Disciplinary Order shall be of no force or effect, except for this paragraph, it shall be inadmissible in any legal action between the parties, and the Board shall not be disqualified from further action by having considered this matter.

12. The parties understand and agree that facsimile copies of this Stipulated Settlement and Disciplinary Order, including facsimile signatures thereto, shall have the same force and effect as the originals.

13. In consideration of the foregoing admissions and stipulations, the parties agree that the Board may, without further notice or formal proceeding, issue and enter the following Disciplinary Order:

DISCIPLINARY ORDER

IT IS HEREBY ORDERED that Certified Public Accountant Certificate No. 34692 issued to Respondent Steven Krell (Respondent) is **REVOKED**.

IT IS HEREBY FURTHER ORDERED that the reasonable costs of investigation and prosecution in this matter are $5271.01, collection of which is waived, unless and until,

Respondent ever applies for re-issuance of any license or certificate, in which event full payment of costs shall be due as a condition of issuance of any said license or certificate.

ACCEPTANCE

I have carefully read the above Stipulated Settlement and Disciplinary Order and have fully discussed it with my attorney, Andrew Esbenshade. I understand the stipulation and the effect it will have on my Certified Public Accountant Certificate. I enter into this Stipulated Settlement and Disciplinary Order voluntarily, knowingly, and intelligently, and agree to be bound by the Decision and Order of the California Board of Accountancy.

DATED: March 8, 2005

STEVEN KRELL (Respondent)
Respondent

I have read and fully discussed with Respondent Steven Krell the terms and conditions and other matters contained in the above Stipulated Settlement and Disciplinary Order. I approve its form and content.

DATED: March 14, 2005.

ANDREW ESBENSHADE
Attorney for Respondent

ENDORSEMENT

The foregoing Stipulated Settlement and Disciplinary Order is hereby respectfully submitted for consideration by the California Board of Accountancy of the Department of Consumer Affairs.

DATED: 3/15/05

BILL LOCKYER, Attorney General
of the State of California

GREGORY T. SALUTE
Deputy Attorney General

Attorneys for Complainant

DOJ Matter ID: LA2004601993

BEFORE THE
CALIFORNIA BOARD OF ACCOUNTANCY
DEPARTMENT OF CONSUMER AFFAIRS
STATE OF CALIFORNIA

In the Matter of the Accusation Against: STEVEN KRELL 11263 Canton Drive Studio City, CA 91604 Certified Public Accountant Certificate No. 36492 Respondent.	Case No. AC-2005-6 OAH No. [Unassigned]

DECISION AND ORDER

The attached Stipulated Settlement and Disciplinary Order is hereby adopted by the California Board of Accountancy, Department of Consumer Affairs, as its Decision in this matter.

This Decision shall become effective on June 24, 2005.

It is so ORDERED May 25, 2005.

FOR THE CALIFORNIA BOARD OF ACCOUNTANCY
DEPARTMENT OF CONSUMER AFFAIRS

Exhibit A

Accusation No. AC-2005-6

BILL LOCKYER, Attorney General
of the State of California
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Attorneys for Complainant

BEFORE THE
CALIFORNIA BOARD OF ACCOUNTANCY
DEPARTMENT OF CONSUMER AFFAIRS
STATE OF CALIFORNIA

In the Matter of the Accusation Against: STEVEN KRELL 11263 Canton Drive Studio City, CA 91604 -and- 10990 Wilshire Blvd. Ste. #1600 Los Angeles, CA 90024 Certified Public Accountant Certificate No. 34692 Respondent.	Case No. AC-2005-6 **ACCUSATION**

Complainant alleges:

PARTIES

1. Carol Sigmann (Complainant) brings this Accusation solely in her official capacity as the Executive Officer of the California Board of Accountancy, Department of Consumer Affairs.

2. On or about May 7, 1982, the California Board of Accountancy issued Certified Public Accountant Certificate No. 34692 to Steven Krell (Respondent). Effective December 19, 2003, the Board acknowledged the voluntary surrender of Certificate No. CPA 34692, issued to Steven Krell; however, the Board withheld its "written consent" within the

meaning of California Business and Professions Code Section 118(b) to the surrender of the Certificate.

JURISDICTION

3. This Accusation is brought before the California Board of Accountancy (Board), Department of Consumer Affairs, under the authority of the following laws. All section references are to the Business and Professions Code unless otherwise indicated.

4. Section 5100 states:

"After notice and hearing the board may revoke, suspend, or refuse to renew any permit or certificate granted under Article 4 (commencing with Section 5070) and Article 5 (commencing with Section 5080), or may censure the holder of that permit or certificate for unprofessional conduct that includes, but is not limited to, one or any combination of the following causes:

. . . .

"(c) Dishonesty, fraud, gross negligence, or repeated negligent acts committed in the same or different engagements, for the same or different clients, or any combination of engagements or clients, each resulting in a violation of applicable professional standards that indicate a lack of competency in the practice of public accountancy or in the performance of the bookkeeping operations described in Section 5052.

. . . .

"(i) Fiscal dishonesty or breach of fiduciary responsibility of any kind.

. . . .

"(k) Embezzlement, theft, misappropriation of funds or property, or obtaining money, property, or other valuable consideration by fraudulent means or false pretenses."

5. Section 118, subdivision (b), of the Code provides:

"The suspension, expiration, or forfeiture by operation of law of a license issued by a board in the department, or its suspension, forfeiture, or cancellation by order of the board or by order of a court of law, or its surrender without the written consent of the board, shall not, during any period in which it may be renewed, restored, reissued, or reinstated, deprive the board

of its authority to institute or continue a disciplinary proceeding against the licensee upon any ground provided by law or to enter an order suspending or revoking the license or otherwise taking disciplinary action against the licensee on any such ground."

6. Section 5107 provides, in pertinent part, that the Board's Executive Officer may request the administrative law judge, as part of the proposed decision in a disciplinary proceeding, to direct a respondent found to have committed specified acts of unprofessional conduct to pay to the Board all reasonable costs of investigation and prosecution of the case, including, but not limited to, attorney's fees.

FIRST CAUSE FOR DISCIPLINE

(Dishonesty, Fraud or Gross Negligence)

7. Respondent is subject to disciplinary action by the Board pursuant to section 5100(c) of the Code for dishonesty, fraud or gross negligence in the practice of public accountancy by reason of the following facts:

a. From November 1997 through May 5, 2003, Respondent was employed as a partner at the CPA firm of Green, Hasson & Janks, (GHJ) located in Los Angeles, California. During an investigation conducted within GHJ, it was discovered that Respondent committed dishonesty and fraud in breaching his fiduciary duty to clients' S.C. Family Trust[1] and P.S. as follows:

1. Respondent wrote checks to himself as custodian for client S.C. Family Trust's accounts in an amount approximating $998,900.00. A majority of this amount was taken by Respondent for his own personal use.

2.. Client P.S. gave Respondent $538,000.00 to invest with GHJ. Respondent requested that client P.S. make checks payable to Respondent and represented to client P.S. that Respondent would in turn provide a check to the managing partner of GHJ. However, Respondent only invested $138,000.00 of the $538,000.00 with GHJ and embezzled $400,000.00

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1. In order to protect the privacy of the above witnesses', only the witnesses' initials will be used in this Accusation. The identities of these witnesses' will be made available during the course of discovery, if requested.

for his own personal use.

SECOND CAUSE FOR DISCIPLINE

(Fiscal Dishonesty or Breach of Fiduciary Responsibility)

8. Respondent is subject to disciplinary action by the Board pursuant to section 5100(i) of the Code for fiscal dishonesty or breach of fiduciary responsibility in the practice of public accountancy as more specifically described above in paragraph 7.

THIRD CAUSE FOR DISCIPLINE

(Embezzlement, Theft, Misappropriate of Funds)

9. Respondent is subject to disciplinary action by the Board pursuant to section 5100(k) of the Code for embezzlement, theft, and misappropriation of funds in the practice of public accountancy in that Respondent committed theft when he took money from his clients for his own personal use as more specifically described above in paragraph 7.

PRAYER

WHEREFORE, Complainant requests that a hearing be held on the matters herein alleged, and that following the hearing, the California Board of Accountancy issue a decision:

1. Revoking, suspending or otherwise imposing discipline upon Certified Public Accountant Certificate Number 34692, issued to Steven Krell.

2. Ordering Steven Krell to pay the California Board of Accountancy the reasonable costs of the investigation and enforcement of this case, pursuant to Business and Professions Code section 5107;

3. Taking such other and further action as deemed necessary and proper.

DATED: February 9, 2005

Carol Sigmann

CAROL SIGMANN
Executive Officer
California Board of Accountancy
Department of Consumer Affairs
State of California
Complainant

LA2004601993