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6 Attorneys for Complainant

7  
8 **BEFORE THE BOARD OF ACCOUNTANCY**

9 **DEPARTMENT OF CONSUMER AFFAIRS**

10 **STATE OF CALIFORNIA**

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In the Matter of the Accusation ) NO. AC-98-23  
Against: )  
) **STIPULATED SETTLEMENT**  
KENNETH J. CASEY, C.P.A. ) **AND DECISION OF THE BOARD**  
418 Mission Avenue )  
San Rafael, CA 94901 )  
Certificate No. CPA 24836 )  
)  
KENNETH J. CASEY, An )  
Accountancy Corp. )  
418 Mission Avenue )  
San Rafael, CA 94901 )  
Certificate COR 3602 )  
)

It is hereby stipulated by and between Kenneth J. Casey and  
Kenneth J. Casey, An Accountancy Corporation, (hereinafter  
"respondents") and the Board of Accountancy (hereinafter  
"Board"), State of California, represented in this proceeding by  
Deputy Attorney General Christiana Tiedemann, as follows:

1. Respondents have received and read the accusation  
presently on file and pending in case No. AC-98-23 before the  
Board. A copy of the accusation is attached hereto and  
incorporated herein as Exhibit A.

1           2. Carol Sigmann, Executive Officer of the Board, is the  
2 Complainant in the accusation which was filed and prosecuted  
3 solely in her official capacity.

4           3. Respondent Kenneth J. Casey is licensed by the Board  
5 under CPA Certificate No. 24836, which is currently in full force  
6 and effect. Respondent Kenneth J. Casey, An Accountancy Corp.,  
7 was licensed by the Board under Corporate certificate 3602, which  
8 expired on June 1, 1998 and has not been renewed. Respondent  
9 Kenneth J. Casey was at all times pertinent to this case the sole  
10 shareholder of Kenneth J. Casey, An Accountancy Corporation.

11           4. The Board acquired jurisdiction over respondents because  
12 respondents are licensees of the Board and were served with  
13 copies of the accusation and all other documents required by  
14 Government Code section 11503 and 11505.

15           5. Respondents are aware of their right to a hearing on the  
16 charges contained in the accusation, of their right to confront  
17 and cross-examine witnesses, of their right to reconsideration,  
18 to appeal and to all other rights accorded to them under the  
19 California Administrative Procedure Act (Government Code section  
20 11500 et seq.). Respondents freely and voluntarily waive these  
21 rights.

22           6. Respondent Kenneth J. Casey admits that on April 9, 1997  
23 he entered guilty pleas to and was convicted in the United States  
24 District Court, Central District of the following felony criminal  
25 violations:

26           A. One count of violation of Title 18, U.S.C., section  
27 371 (conspiracy to defraud the United States);

1           B. Five counts of violation of Title 26, U.S.C.,  
2 section 7201 (tax evasion);

3           C. Twenty-one counts of violation of Title 18, U.S.C.,  
4 section 2 (bank fraud);

5           D. Twenty-one counts of violation of Title 18, U.S.C.,  
6 section 1014 (bank fraud); and

7           E. Five counts of violation of Title 26, section  
8 7206(2) (filing false income tax returns).

9           7. Respondent Kenneth J. Casey further admits that his  
10 criminal convictions constitute cause for discipline pursuant to  
11 Business and Professions Code sections 5100(a) in that he has  
12 been convicted of crimes which are substantially related to the  
13 qualifications, functions and duties of a certified public  
14 accountant.

15           7. Respondent Kenneth J. Casey, An Accountancy Corporation,  
16 admits that it participated in preparation of false, fraudulent  
17 and materially misleading financial reports and information, in  
18 the form of IRS returns, which were disseminated to financial  
19 institutions and to the IRS and that such conduct constitutes  
20 cause for discipline pursuant to Business and Professions Code  
21 section 5100(i).

22           8. In order to accept and acknowledge responsibility for  
23 violations of the California Accountancy Act, respondents agree  
24 to revocation of CPA Certificate No. 24836 and Corporate  
25 Certificate 3602 by the Board.

26           9. Respondents understand that in signing this stipulation  
27 rather than contesting the accusation, they are enabling the

1 Board to issue the following order without further legal process.

2 10. Based upon the foregoing recitals, THE PARTIES  
3 STIPULATE AND AGREE THAT the Board shall, without further notice  
4 or formal proceeding, issue the following order:

5 ORDER

6 (a) CPA Certificate No. 24836 shall be revoked on the  
7 effective date of this Decision.

8 (b) Corporate Certificate No. 3602 shall be revoked on  
9 the effective date of this Decision.

10 (c) If respondents seek reissuance of a CPA or  
11 Corporate certificate or issuance of a new certificate from the  
12 Board, they shall reimburse the Board for costs of prosecution  
13 and investigation of this case (Accusation No. AC-98-23) in the  
14 amount of \$2,613.00 as a prerequisite to reissuance of a  
15 certificate or issuance of a new certificate.

16 CONTINGENCY

17 11. This stipulation shall be subject to the approval of  
18 the Board. If the Board fails to adopt this stipulation as its  
19 Order, the stipulation shall be of no force and effect for either  
20 party, nor shall it be mentioned or referred to in any legal  
21 action between the parties.

22 SUBMITTAL

23 The attached stipulation is hereby respectfully submitted  
24 for the consideration of the Board.

25 Dated: 10/1/98

DANIEL E. LUNGREN, Attorney General

*Christiana Tiedemann*

CHRISTIANA TIEDEMANN

Deputy Attorney General

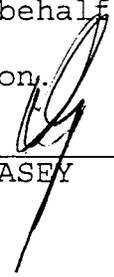
Attorneys for Complainant

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I have read the foregoing stipulation and agree to all of the terms set forth in the stipulation on behalf of myself and Kenneth J. Casey, An Accountancy Corporation.

Dated: SEPT 24, 1998

  
\_\_\_\_\_  
KENNETH J. CASEY

ADOPTION

The foregoing Stipulated Settlement is adopted as the Decision of the Board of Accountancy of the State of California. This Decision shall become effective on JANUARY 6, 1999.

IT IS SO ORDERED this 7 day of DECEMBER, 1998.

BOARD OF ACCOUNTANCY  
STATE OF CALIFORNIA

By H.E. Milliken  
Board President  
Vice

1 DANIEL E. LUNGREN, Attorney General  
of the State of California  
2 CHRISTIANA TIEDEMANN, State Bar No. 102599  
Deputy Attorney General  
3 (State Bar # 105299)  
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8 **BEFORE THE BOARD OF ACCOUNTANCY**  
9 **DEPARTMENT OF CONSUMER AFFAIRS**  
10 **STATE OF CALIFORNIA**

11 In the Matter of the Accusation ) NO. AC-98-23  
12 Against: )  
13 ) **ACCUSATION**  
14 KENNETH J. CASEY, C.P.A. )  
418 Mission Avenue )  
15 San Rafael, CA 94901 )  
Certificate No. CPA 24836 )  
16 KENNETH CASEY, AN ACCOUNTANCY CORP.)  
418 Mission Avenue )  
17 San Rafael, CA 94901 )  
Certificate COR 3602 )  
18 Respondents. )  
19 )

20 COMPLAINANT CAROL SIGMANN charges and alleges:

21 1. She is the Executive Officer of the California Board of  
22 Accountancy (hereafter "Board") and makes and files this  
23 accusation solely in her official capacity.

24 **LICENSE INFORMATION**

25 2. On or about June 17, 1977, Certified Public Accountant  
26 Certificate No. 24836 was issued by the Board to respondent  
27 Kenneth J. Casey. Respondent's certificate expired and was not

**EXHIBIT A**

1 valid from March 1, 1989 through March 27, 1990, as a result of  
2 his failure to pay the certificate renewal fee and his failure to  
3 submit a declaration of compliance with continuing education  
4 requirements. The certificate was renewed effective March 28,  
5 1990. It is currently in full force and effect and has been in  
6 full force and effect at all times pertinent hereto. The  
7 certificate expires, subject to renewal, on March 1, 1999.  
8 Pursuant to Business and Professions Code section 118(b), the  
9 expiration of respondent's certificate shall not deprive the  
10 Board of jurisdiction to proceed with disciplinary action against  
11 the certificate.

12 3. On or about September 25, 1990, Certificate No. COR 3602  
13 was issued by the Board to Kenneth Casey, An Accountancy  
14 Corporation. Certificate COR 1310 has been routinely renewed on  
15 or about its renewal date since issuance. The certificate  
16 expires, subject to renewal on June 30, 1998. Pursuant to  
17 Business and Professions Code section 118(b), the expiration of  
18 the certificate shall not deprive the Board of jurisdiction to  
19 proceed with disciplinary action against the certificate.

20 **STATUTES AND REGULATIONS**

21 4. This accusation is brought under the authority of  
22 section 5100 of the Business and Professions Code which provides  
23 that the Board may revoke, suspend or refuse to renew any permit  
24 or certificate issued by the Board, or may censure the holder of  
25 any such permit or certificate for unprofessional conduct.

26 Unprofessional conduct is defined therein to include:

- 27 (a) Conviction of a crime substantially related to the

1 qualifications, functions and duties of a certified public  
2 accountant or a public accountant.

3 (f) Willful violation of this chapter or any rule or  
4 regulation promulgated by the board.

5 5. Section 5063 of the Business and Professions Code  
6 provides in pertinent part that a licensee shall report to the  
7 Board in writing the occurrence of any of the following events  
8 occurring on or after January 1, 1997 within thirty days of the  
9 date the licensee has knowledge of these events:

10 (a) The conviction of a felony or any crime related to  
11 the qualifications, functions or duties of a public accountant or  
12 certified public accountant or to the acts or activities in the  
13 course and scope of the practice of public accountancy.

14 (i) Knowing preparation, publication, or dissemination  
15 of false, fraudulent or materially misleading financial  
16 statements, reports or information.

17 6. Section 5107 of the Business and Professions Code  
18 provides that the executive officer of the Board may request the  
19 administrative law judge as part of the proposed decision in a  
20 disciplinary proceeding to direct any holder of a certificate  
21 found guilty of unprofessional conduct in violation of  
22 subdivisions (b), (c), (i) or (j) of section 5100, or involving a  
23 felony conviction in violation of subdivision (a) of section  
24 5100, or involving fiscal dishonesty in violation of subdivision  
25 (h) of section 5100 to pay to the Board all reasonable costs of  
26 investigation and prosecution of the case, including, but not  
27 limited to, attorneys' fees.

1 FIRST CAUSE FOR DISCIPLINARY ACTION

2 7. On or about April 9, 1997, respondent Kenneth J, Casey  
3 entered guilty pleas in the United States District Court, Central  
4 District to the following felony criminal violations:

5 A. One count of violation of Title 18, U.S.C., section  
6 371 (conspiracy to defraud the United States);

7 B. Five counts of violation of Title 26, U.S.C.,  
8 section 7201 (tax evasion);

9 C. Twenty-one counts of violation of Title 18, U.S.C.,  
10 section 2 (bank fraud);

11 D. Twenty-one counts of violation of Title 18, U.S.C.,  
12 section 1014 (bank fraud); and

13 E. Five counts of violation of Title 26, section  
14 7206(2) (filing false income tax returns).

15 8. On December 19, 1997, judgement was imposed pursuant to  
16 respondent's guilty pleas. Respondent was ordered to surrender  
17 to custody and confinement beginning on March 20, 1998 for the  
18 duration of 18 months. Upon release from imprisonment,  
19 respondent will be placed on supervised release for three years  
20 subject to the following supervised release terms:

21 A. Respondent shall provide the probation officer with  
22 access to any requested financial information;

23 B. Respondent shall cooperate fully with the IRS in  
24 the payment of any additional taxes due or owed by him or his  
25 corporation;

26 C. Respondent shall not prepare any tax returns while  
27 on supervised release.

1           9. The circumstances underlying respondent's felony  
2 criminal convictions are that he, individually and as Kenneth  
3 Casey, An Accountancy Corporation, prepared, caused to be  
4 prepared and filed with financial institutions, on behalf of his  
5 clients, false and fraudulent IRS returns which were not the  
6 returns filed by the clients with the IRS. Respondent also filed  
7 false and fraudulent income tax returns with the IRS on his own  
8 and his clients' behalf.

9           10. To date, respondent has not made a report to the Board  
10 regarding his convictions.

11           11. Respondent Kenneth J. Casey is subject to disciplinary  
12 action for unprofessional conduct pursuant to Business and  
13 Professions Code section 5100(a) in that he has been convicted of  
14 fifty-three felony offenses which are substantially related to  
15 the qualifications, functions and duties of a certified public  
16 accountant.

17                           **SECOND CAUSE FOR DISCIPLINARY ACTION**

18           12. The allegations of paragraphs 7-10, inclusive, are  
19 incorporated herein by reference.

20           13. Respondent Kenneth J. Casey is subject to disciplinary  
21 action for unprofessional conduct pursuant to Business and  
22 Professions Code section 5100(f) in that he has willfully  
23 violated the provisions of section 5063(a) of the Business and  
24 Professions Code by failing to report to the Board in writing his  
25 felony convictions within thirty days of his knowledge of their  
26 occurrence.

27

1 THIRD CAUSE FOR DISCIPLINARY ACTION

2 14. The allegations of paragraphs 7-10, inclusive, are  
3 incorporated herein by reference.

4 12. Respondents Kenneth J. Casey and Kenneth Casey, An  
5 Accountancy Corporation, are subject to disciplinary action for  
6 unprofessional conduct pursuant to Business and Professions Code  
7 section 5100(i) in that they prepared, published and disseminated  
8 false, fraudulent and materially misleading financial, reports  
9 and information to financial institutions and to the IRS as  
10 described hereinabove.

11 PRAYER

12 WHEREFORE, complainant requests that a hearing be held on  
13 the matters herein alleged, and that following the hearing, a  
14 decision be issued:

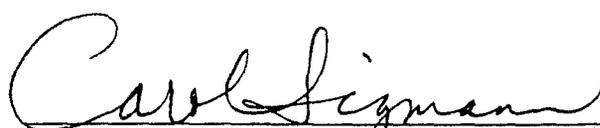
15 1. Revoking, suspending or otherwise imposing  
16 discipline upon Certificate No. CPA 24836 issued to respondent  
17 Kenneth J. Casey;

18 2. Revoking, suspending or otherwise imposing  
19 discipline upon Certificate No. COR 3602 issued to Kenneth Casey,  
20 An Accountancy Corporation;

21 3. Awarding the Board costs and attorneys' fees as  
22 provided by Business and Professions Code section 5107;

23 4. Taking such other and further action as the Board  
24 deems proper.

25 DATED: April 24, 1998

26   
27 CAROL SIGMANN, Executive Officer  
Board of Accountancy  
Complainant