

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

In the Matter of the Accusation Against:

MICHAEL W. NORRED
4008 Calle Sonora Oeste #3D
Laguna Woods, CA 92637

Certified Public Accountant Certificate No.
CPA 26674

Respondent.

Case No. AC-2013-31

OAH No. 2013070571

DECISION AND ORDER

The attached Stipulated Surrender of License and 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 December 27, 2013.

It is so ORDERED November 27, 2013

Leslie J. LaManna
FOR THE CALIFORNIA BOARD OF ACCOUNTANCY
DEPARTMENT OF CONSUMER AFFAIRS

1 KAMALA D. HARRIS
Attorney General of California
2 JAMES M. LEDAKIS
Supervising Deputy Attorney General
3 DAVID E. HAUSFELD
Deputy Attorney General
4 State Bar No. 110639
110 West "A" Street, Suite 1100
5 San Diego, CA 92101
P.O. Box 85266
6 San Diego, CA 92186-5266
Telephone: (619) 645-2025
7 Facsimile: (619) 645-2061
Attorneys for Complainant

8
9 **BEFORE THE**
CALIFORNIA BOARD OF ACCOUNTANCY
DEPARTMENT OF CONSUMER AFFAIRS
10 **STATE OF CALIFORNIA**

11 In the Matter of the Accusation Against:

12 **MICHAEL W. NORRED**
13 **4008 Calle Sonora Oeste #3D**
14 **Laguna Woods, CA 92637**

15 **Certified Public Accountant Certificate No.**
CPA 26674

16 Respondent.

Case No. AC-2013-31

OAH No. 2013070571

STIPULATED SURRENDER OF
LICENSE AND ORDER

17
18 IT IS HEREBY STIPULATED AND AGREED by and between the parties to the above-
19 entitled proceedings that the following matters are true:

20 **PARTIES**

21 1. Patti Bowers (Complainant) is the Executive Officer of the California Board of
22 Accountancy. She brought this action solely in her official capacity and is represented in this
23 matter by Kamala D. Harris, Attorney General of the State of California, by David E. Hausfeld,
24 Deputy Attorney General.

25 2. Michael W. Norred (Respondent) is represented in this proceeding by attorney Adam
26 B. Brown, whose address is 3848 Carson Street, Suite 206, Torrance, CA 90503.

27 3. On or about September 29, 1978, the California Board of Accountancy issued
28 Certified Public Accountant Certificate No. CPA 26674 to Michael W. Norred (Respondent).

1 The Certified Public Accountant Certificate was in full force and effect at all times relevant to the
2 charges brought in Accusation No. AC-2013-31 and will expire on March 31, 2015, unless
3 renewed.

4 **JURISDICTION**

5 4. Accusation No. AC-2013-31 was filed before the California Board of Accountancy
6 (CBA), Department of Consumer Affairs, and is currently pending against Respondent. The
7 Accusation and all other statutorily required documents were properly served on Respondent on
8 April 2, 2013. Respondent timely filed his Notice of Defense contesting the Accusation. A copy
9 of Accusation No. AC-2013-31 is attached as Exhibit A and incorporated by reference.

10 **ADVISEMENT AND WAIVERS**

11 5. Respondent has carefully read, fully discussed with counsel, and understands the
12 charges and allegations in Accusation No. AC-2013-31. Respondent also has carefully read, fully
13 discussed with counsel, and understands the effects of this Stipulated Surrender of License and
14 Order.

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

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

24 **CULPABILITY**

25 8. Respondent admits the truth of each and every charge and allegation in Accusation
26 No. AC-2013-31, agrees that cause exists for discipline and hereby surrenders his Certified Public
27 Accountant Certificate No. CPA 26674 for the CBA's formal acceptance.

28 ///

ORDER

IT IS HEREBY ORDERED that Certified Public Accountant Certificate No. CPA 26674, issued to Respondent Michael W. Norred, is surrendered and accepted by the California Board of Accountancy.

1. The surrender of Respondent's Certified Public Accountant Certificate and the acceptance of the surrendered license by the CBA shall constitute the imposition of discipline against Respondent. This stipulation constitutes a record of the discipline and shall become a part of Respondent's license history with the California Board of Accountancy.

2. Respondent shall lose all rights and privileges as a Certified Public Accountant in California as of the effective date of the CBA's Decision and Order.

3. Respondent shall cause to be delivered to the CBA his pocket license and, if one was issued, his wall certificate on or before the effective date of the Decision and Order.

4. If Respondent ever applies for licensure or petitions for reinstatement in the State of California, the CBA shall treat it as a new application for licensure. Respondent must comply with all the laws, regulations and procedures for licensure in effect at the time the application or petition is filed, and all of the charges and allegations contained in Accusation No. AC-2013-31 shall be deemed to be true, correct and admitted by Respondent when the CBA determines whether to grant or deny the application or petition.

5. Respondent shall pay the CBA its costs of investigation and enforcement in the amount of \$13,000.00 prior to issuance of a new or reinstated license.

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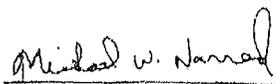
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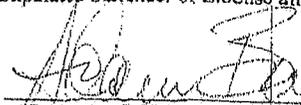
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ACCEPTANCE

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

DATED: 11/15/13 
MICHAEL W. NORRED
Respondent

I have read and fully discussed with Respondent Michael W. Norred the terms and conditions and other matters contained in this Stipulated Surrender of License and Order. I approve its form and content.

DATED: 11-15-13 
ADAM B. BROWN
Attorney for Respondent

ENDORSEMENT

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

Dated: Respectfully submitted,
KAMALA D. HARRIS
Attorney General of California
JAMES M. LEDAKIS
Supervising Deputy Attorney General

DAVID E. HAUSFELD
Deputy Attorney General
Attorneys for Complainant

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

DATED: _____

MICHAEL W. NORRED
Respondent

I have read and fully discussed with Respondent Michael W. Norred the terms and conditions and other matters contained in this Stipulated Surrender of License and Order. I approve its form and content.

DATED: _____

ADAM B. BROWN
Attorney for Respondent

ENDORSEMENT

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

Dated: 11/18/13

Respectfully submitted,

KAMALA D. HARRIS
Attorney General of California
JAMES M. LEDAKIS
Supervising Deputy Attorney General

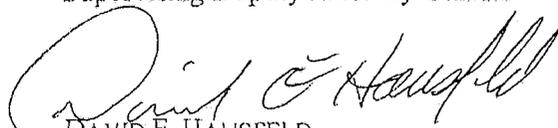

DAVID E. HAUSFELD
Deputy Attorney General
Attorneys for Complainant

Exhibit A

Accusation No. AC-2013-31

1 KAMALA D. HARRIS
Attorney General of California
2 JAMES M. LEDAKIS
Supervising Deputy Attorney General
3 DAVID E. HAUSFELD
Deputy Attorney General
4 State Bar No. 110639
110 West "A" Street, Suite 1100
5 San Diego, CA 92101
P.O. Box 85266
6 San Diego, CA 92186-5266
Telephone: (619) 645-2025
7 Facsimile: (619) 645-2061
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10 **BEFORE THE**
CALIFORNIA BOARD OF ACCOUNTANCY
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11 **STATE OF CALIFORNIA**

12 In the Matter of the Accusation Against:

Case No. AC-2013-31

13 **MICHAEL W. NORRED**
14 **4008 Calle Sonora Oeste #3D**
Laguna Woods, CA 92637

A C C U S A T I O N

15 **Certified Public Accountant Certificate**
16 **No. CPA 26674**

17 Respondent.
18

19
20 Complainant alleges:

21 **PARTIES**

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

24 2. On or about September 29, 1978, the California Board of Accountancy (CBA) issued
25 Certified Public Accountant Certificate Number CPA 26674 to Michael W. Norred (Respondent).

26 ///

27 ///

28 ///

1 The Certificate was expired and was not valid during the period April 1, 1989¹ through
2 April 26, 1991, due to Respondent's failure to pay the renewal fee and/or submit a declaration of
3 compliance with continuing education regulations.

4 Effective April 27, 1991, the Certificate was renewed through March 31, 1993, upon receipt
5 of the renewal fee and declaration of compliance with continuing education requirements
6 ("active").

7 The Certificate was expired and was not valid during the period April 1, 1993 through April
8 23, 1993, due to Respondent's failure to pay the renewal fee and/or submit a declaration of
9 compliance with continuing education regulations.

10 Effective April 24, 1993, the Certificate was renewed through March 31, 1995, upon receipt
11 of the renewal fee and declaration of compliance with continuing education requirements
12 ("active").

13 The Certificate was expired and was not valid during the period April 1, 1995 through April
14 28, 1995, due to Respondent's failure to pay the renewal fee and/or submit a declaration of
15 compliance with continuing education regulations.

16 Effective April 29, 1995, the Certificate was renewed through March 31, 1997, upon receipt
17 of the renewal fee and declaration of compliance with continuing education requirements
18 ("active").

19 The Certificate was expired and was not valid during the period April 1, 1997 through April
20 25, 1997, due to Respondent's failure to pay the renewal fee and/or submit a declaration of
21 compliance with continuing education regulations.

22 Effective April 26, 1997, the Certificate was renewed through March 31, 1999, upon receipt
23 of the renewal fee and declaration of compliance with continuing education requirements
24 ("active").

25 ///

26 _____
27 ¹ The CBA's records were transferred to the Department of Consumer Affairs' centralized
28 computer system in March 1989, and, as a result, the underlying documentation related to the
license history is unavailable prior to that date.

1 The Certificate was continuously renewed for the periods April 1, 1999 through March 31,
2 2001; April 1, 2001 through March 31, 2003; April 1, 2003 through March 31, 2005; April 1,
3 2005 through March 31, 2007 and April 1, 2007 through March 31, 2009 with continuing
4 education requirements ("active").

5 The Certificate was expired and was not valid during the period April 1, 2009 through June
6 21, 2009, due to Respondent's failure to pay the renewal fee and/or submit a declaration of
7 compliance with continuing education regulations.

8 Effective June 22, 2009, the Certificate was renewed through March 31, 2011, upon receipt
9 of the renewal fee and declaration of compliance with continuing education requirements
10 ("active").

11 The Certificate was expired and was not valid during the period April 1, 2011 through July
12 21, 2011, due to Respondent's failure to pay the renewal fee and/or submit a declaration of
13 compliance with continuing education regulations.

14 Effective July 22, 2011, the Certificate was renewed through March 31, 2013, upon receipt
15 of the renewal fee and declaration of compliance with continuing education requirements
16 ("active").

17 The Certified Public Accountant Certificate is currently in full force and effect and will
18 expire on March 31, 2013, unless renewed.

19 **JURISDICTION**

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

23 4. Section 5109 of the Code provides that the expiration, cancellation, forfeiture or
24 suspension of a license shall not deprive the CBA of jurisdiction to proceed with any
25 investigation of or action or disciplinary action against the licensee, or to render a decision
26 suspending or revoking a license.

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5. Code section 5100 states, in pertinent part:

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:

....

(b) A violation of Section 478, 498, or 499 dealing with false statements or omissions in the application for a license, in obtaining a certificate as a certified public accountant, in obtaining registration under this chapter, or in obtaining a permit to practice public accountancy under this chapter.

....

(g) Willful violation of this chapter or any rule or regulation promulgated by the board under the authority granted under this chapter.

....

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

....

STATUTORY PROVISIONS

6. Code section 498 of the Code states:

"A board may revoke, suspend, or otherwise restrict a license on the ground that the licensee secured the license by fraud, deceit, or knowing misrepresentation of a material fact or by knowingly omitting to state a material fact."

7. Code section 5050 (a) states:

"(a) Except as provided in subdivision (b) and (c) of this section, in subdivision (a) of Section 5054, and in Section 5096.12, no person shall engage in the practice of public accountancy in this state unless the person is the holder of a valid permit to practice public accountancy issued by the board or a holder of a practice privilege pursuant to Article 5.1 (commencing with Section 5096)."

8. Code section 5051 states:

Except as provided in Sections 5052 and 5053, a person shall be deemed to be engaged in the practice of public accountancy within the meaning and intent of

1 [Chapter 1 of Division 3 (commencing with Section 5000)] if he or she does any of
the following:

2 (a) Holds himself or herself out to the public in any manner as one skilled in
3 the knowledge, science, and practice of accounting, and as qualified and ready to
render professional service therein as a public accountant for compensation.

4 (b) Maintains an office for the transaction of business as a public accountant.

5 (c) Offers to prospective clients to perform for compensation, or who does
6 perform on behalf of clients for compensation, professional services that involve
7 or require an audit, examination, verification, investigation, certification,
presentation, or review of financial transactions and accounting records.

8 (d) Prepares or certifies for clients reports on audits or examinations of
9 books or records of account, balance sheets, and other financial, accounting and
related schedules, exhibits, statements, or reports that are to be used for
10 publication, for the purpose of obtaining credit, for filing with a court of law or
with any governmental agency, or for any other purpose.

11 (e) In general or as an incident to that work, renders professional services to
12 clients for compensation in any or all matters relating to accounting procedure and
to the recording, presentation, or certification of financial information or data.

13 (f) Keeps books, makes trial balances, or prepares statements, makes audits,
or prepares reports, all as a part of bookkeeping operations for clients.

14 (g) Prepares or signs, as the tax preparer, tax returns for clients.

15 (h) Prepares personal financial or investment plans or provides to clients
16 products or services of others in implementation of personal financial or
investment plans.

17 (i) Provides management consulting services to clients.

18 The activities set forth in subdivisions (f) to (i), inclusive, are 'public
19 accountancy' only when performed by a certified public accountant or public
accountant, as defined in this chapter.

20 A person is not engaged in the practice of public accountancy if the only
21 services he or she engages in are those defined by subdivisions (f) to (i), inclusive,
22 and he or she does not hold himself or herself out, solicit, or advertise for clients
23 using the certified public accountant or public accountant designation. A person is
24 not holding himself or herself out, soliciting, or advertising for clients within the
meaning of this section solely by reason of displaying a CPA or PA certificate in
his or her office or identifying himself or herself as a CPA or PA on other than
signs, advertisements, letterhead, business cards, publications directed to clients or
potential clients; or financial or tax documents of a client.

25 9. Section 5070.5 (a) states:

26 "(a) A permit issued under [Chapter 1, commencing with section 5000.1] to a certified
27 public accountant or a public accountant expires at 12 midnight on the last day of the month of
28 the legal birthday of the licensee during the second year of a two-year term if not renewed.

1 "To renew an unexpired permit, a permit holder shall, before the time at which the permit
2 would otherwise expire, apply for renewal on a form prescribed by the board, pay the renewal fee
3 prescribed by this chapter and give evidence satisfactory to the board that he or she has complied
4 with the continuing education provisions of this chapter."

5 10. Section 5116 states:

6 (a) The board, after appropriate notice and an opportunity for hearing, may
7 order any licensee or applicant for licensure or examination to pay an
8 administrative penalty as provided in this article as part of any disciplinary
9 proceeding or other proceeding provided for in this chapter.

10 (b) The board may assess administrative penalties under one or more
11 provisions of this article. However, the total administrative penalty to be paid by
12 the licensee shall not exceed the amount of the highest administrative penalty
13 authorized by this article.

14 (c) The board shall adopt regulations to establish criteria for assessing
15 administrative penalties based upon factors, including, but not limited to, actual
16 and potential consumer harm, nature and severity of the violation, the role of the
17 person in the violation, the person's ability to pay the administrative penalty, and
18 the level of administrative penalty necessary to deter future violations of this
19 chapter.

20 (d) Administrative penalties assessed under this article shall be in addition to
21 any other penalties or sanctions imposed on the licensee or other person, including,
22 but not limited to, license revocation, license suspension, denial of the application
23 for licensure, denial of the petition for reinstatement, or denial of admission to the
24 licensing examination. Payment of these administrative penalties may be included
25 as a condition of probation when probation is ordered.

26 (e) All administrative penalties collected under this article shall be deposited
27 in the Accountancy Fund.

28 REGULATORY PROVISIONS

11. California Code of Regulations, title 16, (CCR) section 52, (a) and (d), states:

22 "(a) A licensee shall respond to any inquiry by the Board or its appointed representatives
23 within 30 days. The response shall include making available all files, working papers and other
24 documents requested."

25 12. CCR, section 87, states, in pertinent part:

26 (a) 80 Hours.

27 As a condition for renewing a license in an active status, a licensee shall
28 complete at least 80 hours of qualifying continuing education as described in
Section 88 in the two-year period immediately preceding license expiration, and

1 meet the reporting requirements described in Section 89(a). A licensee engaged in
2 the practice of public accountancy as defined in Section 5051 of the Business and
3 Professions Code is required to hold a license in an active status. No carryover of
4 continuing education is permitted from one license renewal period to another.

5 (1) A licensee renewing a license in an active status after December 31,
6 2011, shall complete a minimum of 20 hours in each year of the two-year license
7 renewal period, with a minimum of 12 hours of the required 20 hours in subject
8 areas as described in Section 88(a)(1).

9 (b) Ethics Continuing Education Requirement

10 A licensee renewing a license in an active status after December 31, 2009
11 shall complete four hours of the 80 hours of continuing education required
12 pursuant to subsection (a) in course subject matter specified pertaining to the
13 following: a review of nationally recognized codes of conduct emphasizing how
14 the codes relate to professional responsibilities; case-based instruction focusing on
15 real-life situational learning; ethical dilemmas facing the accounting profession; or
16 business ethics, ethical sensitivity, and consumer expectations. Courses must be a
17 minimum of one hour as described in Section 88.2.

18 (d) Accounting and Auditing Continuing Education Requirement.

19 A licensee who engages in planning, directing, performing substantial
20 portions of the work, or reporting on an audit, review, compilation, or attestation
21 service, shall complete 24 hours of the 80 hours of continuing education required
22 pursuant to subsection (a) in the course subject matter pertaining to financial
23 statement preparation and/or reporting (whether such statements are prepared on
24 the basis of generally accepted accounting principles or other comprehensive bases
25 of accounting), auditing, reviews, compilations, industry accounting, attestation
26 services, or assurance services. This continuing education shall be completed in
27 the same two-year license renewal period as the report is issued. If no report is
28 issued because the financial statements are not intended for use by third parties,
the continuing education shall be completed in the same two-year license renewal
period as the financial statements are submitted to the client.

(c) A licensee who must complete continuing education pursuant to
subsections (c) and/or (d) of this section shall also complete an additional eight
hours of continuing education specifically related to the detection and/or reporting
of fraud in financial statements. This continuing education shall be part of the 80
hours of continuing education required by subsection (a), but shall not be part of
the continuing education required by subsections (c) or (d).

....

(g) Failure to Comply.

A licensee's willful failure to comply with the requirements of this section
shall constitute cause for disciplinary action pursuant to Section 5100(g) of the
Accountancy Act.

13. CCR, section 89 states in pertinent part:

(a) Upon renewal, a licensee who is required, pursuant to Section 87, to
obtain continuing education must provide a written statement, signed under
penalty of perjury, certifying that the requisite number of continuing education

1 hours has been obtained. The licensee shall disclose the following information
concerning courses or programs claimed as qualifying continuing education:

2 (1) Course title or description

3 (2) Date of completion

4 (3) Name of school, firm or organization providing the course or
5 program

6 (4) Method of study, i.e., whether course or program is self-study, live
presentation or Group Internet-Based Program (Webcast)

7 (5) Number of hours earned.

8

9 (c) If continuing education credit for attending a continuing education course
10 is claimed, the licensee shall obtain and retain for four years after renewal a
certificate of completion or its equivalent disclosing the following information:

11 (1) Name of licensee in attendance

12 (2) School, firm or organization conducting course

13 (3) Location of course attended

14 (4) Title of course or description of content

15 (5) Dates of attendance except when the licensee attended a course for
16 academic credit given by a college, university, or other institution of higher
learning accredited by an association recognized by the Secretary of the United
17 States Department of Education, in which case the applicant may provide evidence
of a grade of pass or "credit" to satisfy this requirement.

18 (6) Number of hours of actual attendance except when the licensee
19 attended a course for academic credit given by a college, university, or other
institution of higher learning accredited by an association recognized by the
20 Secretary of the United States Department of Education, in which case the
applicant may provide evidence of a grade of pass or "credit" to satisfy this
21 requirement.

22 (7) Verification by a program provider representative, such as signature
or seal.

23 (d) If continuing education credit is claimed for completing a self-study
24 course, the licensee shall obtain and retain for four years after renewal a certificate
of completion or its equivalent disclosing the following information:

25 (1) Name of licensee taking the course

26 (2) School, firm, or organization providing the course

27 (3) Title of course or description of contents

28 (4) Date of completion

1 (5) Number of hours of continued education credit granted for
2 completing the course.

3

4 (j) A licensee who is determined by the Board at renewal not to have
5 completed the required number of hours of qualifying continuing education shall
6 be required to make up any deficiency. A licensee who is required to make up a
7 deficiency shall be ineligible for active status license renewal or conversion to
8 active status pursuant to Section 87.1 until such time as documentation to support
9 the required hours of continuing education for license renewal has been submitted
10 and approved by the Board.

11 (k) A licensee's willful making of any false or misleading statement, in
12 writing, regarding his or her continuing education shall constitute cause for
13 disciplinary action pursuant to section 5100(g) of the Accountancy Act.

14 COST RECOVERY

15 14. Section 5107(a) of the Code states:

16 "The executive officer of the board may request the administrative law judge, as part of the
17 proposed decision in a disciplinary proceeding, to direct any holder of a permit or certificate
18 found to have committed a violation or violations of this chapter to pay to the board all reasonable
19 costs of investigation and prosecution of the case, including, but not limited to, attorneys' fees.
20 The board shall not recover costs incurred at the administrative hearing."

21 FACTS

22 15. On or about June 3, 2008, Ms. T, a 70 year old widow and client of Respondent,
23 loaned Respondent, at his request, the sum of \$6,000.00. Respondent gave Ms. T a post dated
24 check as repayment of the loan but asked her not to cash it for awhile. Over the course of the
25 next year Ms. T checked on the status of the post dated check and was informed by the bank that
26 there were insufficient funds in Respondent's account. Ms. T was unsuccessful in repeated
27 attempts to contact Respondent. Finally in August of 2009, Ms. T deposited the repayment check
28 into her account. The check was returned to her because Respondent had closed his account.

16 16. On or about March 1, 2010, Ms. T received a small claims court civil judgment
17 against Respondent in the amount of \$6,000.00 with costs of \$105.00. The judgment has never
18 been paid by Respondent.

19 ///

1 17. On or about November 1, 2010, Respondent signed a promissory note to Ms. T to pay
2 her a portion of the debt owed of \$5,180.00, by monthly payments at 10% interest. Respondent
3 made one payment only. To date this debt is still unpaid.

4 18. For the license renewal period of March 31, 2009 Respondent did not submit his
5 renewal fee until June 22, 2009. Consequently his license was expired from April 1, 2009
6 through June 22, 2009.

7 19. For the license renewal period of March 31, 2011 Respondent did not submit his
8 renewal fee until July 22, 2011. Consequently his license was expired from April 1, 2011 through
9 July 22, 2011.

10 20. On or about March 8, 2012, the CBA sent a letter to Respondent, requesting
11 information for Respondent's license renewal periods of March 31, 2009 and March 31, 2011.
12 For the renewal period of March 31, 2009, the CBA requested that two questions which
13 Respondent failed to answer on the renewal form be answered. The CBA also requested
14 additional information regarding his practice.

15 21. For the renewal period of March 31, 2011, the CBA requested that the renewal form
16 be completed and submitted.

17 22. Respondent verified on his 2009 renewal that he had completed 74 hours of
18 continuing education prior to the license expiration date of March 31, 2009. The CBA
19 investigated this issue and determined that the certifications for the courses taken listed
20 completion dates in October of 2009.

21 23. Respondent verified on his 2011 renewal that he had completed 80 hours of
22 continuing education on various dates in 2011 both before and after the license expiration date of
23 March 31, 2011. The CBA investigated this issue and determined that the certifications for the
24 courses listed showed completion dates different from the dates listed in Respondent's renewal.
25 Respondent listed a date of completion on a fraud course of July 6, 2011, when in fact the course
26 was not completed until August 17, 2012.

27 24. Respondent did not respond to the CBA's March 8, 2012 letter within 30 days.
28 Respondent requested and was granted an extension to respond until April 27, 2012. Respondent

1 did not respond by this deadline. On May 21, 2012 the CBA issued a subpoena to Respondent.
2 On June 19, 2012 Respondent partially responded to the subpoena. On August 17, 2012
3 Respondent provided the remaining information requested in the subpoena.

4 25. During the time periods when Respondent's Certificate was expired, Respondent has
5 continued to act in the capacity of a certified public accountant, maintained an office for the
6 practice of public accountancy and offered to provide professional accountancy services. The
7 services offered included income tax return preparation and compilations.

8 26. On or about April 10, 2009 and April 10, 2011 Respondent prepared and signed tax
9 returns for clients. On those dates Respondent's license was not in effect.

10 **FIRST CAUSE FOR DISCIPLINE**

11 **(Unprofessional Conduct - Obtaining Valuable Consideration by False Pretenses)**

12 27. Respondent is subject to disciplinary action under section 5100, subdivision (k), for
13 unprofessional conduct, in that Respondent borrowed money from his client and has never paid
14 her back. Complainant refers to and by this reference incorporates the allegations set forth above
15 in paragraphs 15 to 26, inclusive.

16 **SECOND CAUSE FOR DISCIPLINE**

17 **(Practice Without a Valid License)**

18 28. Respondent is subject to disciplinary action under section 5100, subdivision (g), in
19 conjunction with sections 5050, 5051 and 5055, for unprofessional conduct, in that on or about
20 April 10, 2009 and April 10, 2011, Respondent willfully practiced and held himself out as a
21 Certified Public Accountant when he failed to have a valid license. Complainant refers to and by
22 this reference incorporates the allegations set forth above in paragraphs 15 to 26, inclusive.

23 **THIRD CAUSE FOR DISCIPLINE**

24 **(Continuing Education Misrepresentation)**

25 29. Respondent is subject to disciplinary action under sections 5100, subdivision (g), and
26 5070.5, subdivision (a), in conjunction with CCR, title 16, section 89, for unprofessional conduct,
27 in that Respondent willfully misrepresented the completion of continuing education requirements
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1 to the CBA for the renewal period of 2009 and 2011. Complainant refers to and by this reference
2 incorporates the allegations set forth above in paragraphs 15 to 26, inclusive.

3 **FOURTH CAUSE FOR DISCIPLINE**

4 **(Obtaining a License Under False Pretenses)**

5 30. Respondent is subject to disciplinary action under section 5100, subdivision (b), for
6 unprofessional conduct, in that Respondent knowingly and willingly submitted untrue statements
7 on his license renewal form. Complainant refers to and by this reference incorporates the
8 allegations set forth above in paragraphs 15 to 26, inclusive.

9 **FIFTH CAUSE FOR DISCIPLINE**

10 **(Failure to Respond to CBA Inquiry)**

11 31. Respondent is subject to disciplinary action under section 5100, subdivision (g), in
12 conjunction with California Code of Regulations, title 16, section 52, subdivision (a), for
13 unprofessional conduct, in that Respondent knowingly and willingly failed to respond to inquiries
14 by the CBA, including its letter to Respondent dated March 8, 2012. Complainant refers to and
15 by this reference incorporates the allegations set forth above in paragraphs 15 to 26, inclusive.

16 **PRAYER**

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

- 19 1. Revoking or suspending or otherwise imposing discipline upon Certified Public
20 Accountant Certificate Number CPA 26674, issued to Michael W. Norred;
- 21 2. Ordering Michael W. Norred to pay the California Board of Accountancy the
22 reasonable costs of the investigation and enforcement of this case, pursuant to Business and
23 Professions Code section 5107;
- 24 3. Ordering Michael W. Norred to pay the California Board of Accountancy an
25 administrative penalty, pursuant to Business and Professions Code section 5116;

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

DATED: March 27, 2013 

PATTI BOWERS
Executive Officer
California Board of Accountancy
Department of Consumer Affairs
State of California
Complainant

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