

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

In the Matter of the Accusation Against:

TCA PARTNERS LLP
1111 Herndon Avenue, #211
Fresno, CA 93720
Certified Public Accountancy Partnership
Certificate No. PAR 6980

And

RICHARD EDSON JACKSON, Partner
1111 Herndon Avenue, #211
Fresno, CA 93720
Certified Public Accountant Certificate No.
36244

And

JERREL LEE TUCKER, Partner
9074 N. Sierra Vista
Fresno, CA 93720
Certified Public Accountant Certificate No.
72045

And

INGER ALICE SULLENGER, Partner
3046 Whispering Meadow Ln.
Plain City, UT 84404
Certified Public Accountant Certificate No.
88971

Respondents.

Case No. AC-2013-43, AC-2013-44, AC-
2013-45, AC-2013-46

OAH No. 2014010481

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

1-1-15

It is so ORDERED

12-2-14



FOR THE CALIFORNIA BOARD OF
ACCOUNTANCY
DEPARTMENT OF CONSUMER AFFAIRS

1 KAMALA D. HARRIS
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2 KENT D. HARRIS
Supervising Deputy Attorney General
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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:

Case No. AC-2013-43, AC-2013-44, AC-
2013-45, AC-2013-46

12 **TCA PARTNERS LLP**
13 **1111 Herndon Avenue, #211**
Fresno, CA 93720
14 **Certified Public Accountancy Partnership**
Certificate No. PAR 6980

OAH No. 2014010481

15 **And**

STIPULATED SETTLEMENT AND
DISCIPLINARY ORDER
(INGER ALICE SULLENGER ONLY)

16 **RICHARD EDSON JACKSON, Partner**
17 **1111 Herndon Avenue, #211**
Fresno, CA 93720
18 **Certified Public Accountant Certificate No.**
36244

19 **And**

20 **JERREL LEE TUCKER, Partner**
21 **9074 N. Sierra Vista**
Fresno, CA 93720
22 **Certified Public Accountant Certificate No.**
72045

23 **And**

24 **INGER ALICE SULLENGER, Partner**
25 **3046 Whispering Meadow Ln.**
Plain City, UT 84404
26 **Certified Public Accountant Certificate No.**
88971

27 Respondents.
28

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

3 PARTIES

4 1. Patti Bowers ("Complainant") is the Executive Officer of the California Board of
5 Accountancy. She brought this action solely in her official capacity and is represented in this
6 matter by Kamala D. Harris, Attorney General of the State of California, by Phillip L. Arthur,
7 Deputy Attorney General.

8 2. Respondents TCA Partners LLP ("Respondent TCA"), Richard Edson Jackson
9 ("Respondent Jackson"), Jerrel Lee Tucker ("Respondent Tucker"), and Inger Alice Sullenger
10 ("Respondent Sullenger") are represented in this proceeding by attorney Joshua S. Goodman,
11 Esq., whose address is: 417 Montgomery St., 10th Fl., San Francisco, CA 94104.

12 3. On or about May 12, 2005, the California Board of Accountancy issued Certified
13 Public Accountancy Partnership Certificate No. 6980 to TCA Partners LLP (Respondent TCA).
14 The Certified Public Accountancy Partnership Certificate was in full force and effect at all times
15 relevant to the charges brought in Accusation No. AC-2013-43, AC-2013-44, AC-2013-45, AC-
16 2013-46 and will expire on May 31, 2015, unless renewed.

17 4. On or about December 3, 1982, the California Board of Accountancy issued Certified
18 Public Accountant Certificate No. 36244 to Richard Edson Jackson (Respondent Jackson). The
19 Certified Public Accountant Certificate was in full force and effect at all times relevant to the
20 charges brought in Accusation No. AC-2013-43, AC-2013-44, AC-2013-45, AC-2013-46 and
21 will expire on March 31, 2016, unless renewed.

22 5. On or about September 20, 1996, the California Board of Accountancy issued
23 Certified Public Accountant Certificate No. 72045 to Jerrel Lee Tucker (Respondent Tucker).
24 The Certified Public Accountant Certificate was in full force and effect at all times relevant to the
25 charges brought in Accusation No. AC-2013-43, AC-2013-44, AC-2013-45, AC-2013-46 and
26 will expire on November 30, 2015, unless renewed.

27 6. On or about April 21, 2004, the California Board of Accountancy issued Certified
28 Public Accountant Certificate No. 88971 to Inger Alice Sullenger (Respondent Sullenger). The

1 Certified Public Accountant Certificate was in full force and effect at all times relevant to the
2 charges brought in Accusation No. AC-2013-43, AC-2013-44, AC-2013-45, AC-2013-46 and
3 will expire on October 31, 2014, unless renewed.¹

4 JURISDICTION

5 7. Accusation No. AC-2013-43, AC-2013-44, AC-2013-45, AC-2013-46 was filed
6 before the California Board of Accountancy (CBA), Department of Consumer Affairs, and is
7 currently pending against Respondents. The Accusation and all other statutorily required
8 documents were properly served on Respondents on December 9, 2013. Respondents timely filed
9 their Notices of Defense contesting the Accusation.

10 8. A copy of Accusation No. AC-2013-43, AC-2013-44, AC-2013-45, AC-2013-46 is
11 attached as exhibit A and incorporated herein by reference.

12 ADVISEMENT AND WAIVERS

13 9. Respondent Sullenger has carefully read, fully discussed with counsel, and
14 understands the charges and allegations in Accusation No. AC-2013-43, AC-2013-44, AC-2013-
15 45, AC-2013-46. Respondent Sullenger has also carefully read, fully discussed with counsel, and
16 understands the effects of this Stipulated Settlement and Disciplinary Order.

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

24 11. Respondent Sullenger voluntarily, knowingly, and intelligently waives and gives up
25 each and every right set forth above.

26 ///

27 ¹ Unless otherwise specified, the term "Respondents" refers to Respondents TCA,
28 Jackson, Tucker, and Sullenger collectively.

1 CULPABILITY

2 12. Respondent Sullenger understands and agrees that if proven at a hearing, the charges
3 and allegations in Accusation No. AC-2013-43, AC-2013-44, AC-2013-45, AC-2013-46
4 constitute cause for disciplining Respondent Sullenger's Certified Public Accountant Certificate

5 13. Respondent Sullenger agrees that her Certified Public Accountant Certificate is
6 subject to discipline and agrees to be bound by the CBA's probationary terms as set forth in the
7 Disciplinary Order below.

8 CONTINGENCY

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

19 15. The parties understand and agree that Portable Document Format (PDF), electronic,
20 and facsimile copies of this Stipulated Settlement and Disciplinary Order, including Portable
21 Document Format (PDF), electronic, and facsimile signatures thereto, shall have the same force
22 and effect as the originals.

23 16. This Stipulated Settlement and Disciplinary Order is intended by the parties to be an
24 integrated writing representing the complete, final, and exclusive embodiment of their agreement.
25 It supersedes any and all prior or contemporaneous agreements, understandings, discussions,
26 negotiations, and commitments (written or oral). This Stipulated Settlement and Disciplinary
27 Order may not be altered, amended, modified, supplemented, or otherwise changed except by a
28 writing executed by an authorized representative of each of the parties.

1 17. In consideration of the foregoing admissions and stipulations, the parties agree that
2 the CBA may, without further notice or formal proceeding, issue and enter the following
3 Disciplinary Order:

4 **DISCIPLINARY ORDER**

5 IT IS HEREBY ORDERED that Certified Public Accountant Certificate No. 88971 issued
6 to Respondent Inger Alice Sullenger (Respondent Sullenger) is revoked. However, the
7 revocation is stayed and Respondent Sullenger is placed on probation for five (5) years on the
8 following terms and conditions.

9 1. **Obey All Laws**

10 Respondent Sullenger shall obey all federal, California, other states' and local laws,
11 including those rules relating to the practice of public accountancy in California.

12 2. **Cost Reimbursement**

13 Respondent Sullenger shall reimburse the CBA \$15,000.00 for its investigation and
14 prosecution costs. The payment shall be made as follows: eighteen quarterly payments (due with
15 quarterly written reports).

16 3. **Submit Written Reports**

17 Respondent Sullenger shall submit, within 10 days of completion of the quarter, written
18 reports to the CBA on a form obtained from the CBA. The Respondent shall submit, under
19 penalty of perjury, such other written reports, declarations, and verification of actions as are
20 required. These declarations shall contain statements relative to Respondent's compliance with
21 all the terms and conditions of probation. Respondent Sullenger shall immediately execute all
22 release of information forms as may be required by the CBA or its representatives.

23 4. **Personal Appearances**

24 Respondent Sullenger shall, during the period of probation, appear in person at
25 interviews/meetings as directed by the CBA or its designated representatives, provided such
26 notification is accomplished in a timely manner.

27 ///

28 ///

1 **5. Comply With Probation**

2 Respondent Sullenger shall fully comply with the terms and conditions of the probation
3 imposed by the CBA and shall cooperate fully with representatives of the California Board of
4 Accountancy in its monitoring and investigation of the Respondent's compliance with probation
5 terms and conditions.

6 **6. Practice Investigation**

7 Respondent Sullenger shall be subject to, and shall permit, a practice investigation of the
8 Respondent's professional practice. Such a practice investigation shall be conducted by
9 representatives of the CBA, provided notification of such review is accomplished in a timely
10 manner.

11 **7. Comply With Citations**

12 Respondent Sullenger shall comply with all final orders resulting from citations issued by
13 the California Board of Accountancy.

14 **8. Tolling of Probation for Out-of-State Residence/Practice**

15 In the event Respondent Sullenger should leave California to reside or practice outside this
16 state, Respondent Sullenger must notify the CBA in writing of the dates of departure and return.
17 Periods of non-California residency or practice outside the state shall not apply to reduction of the
18 probationary period, or of any suspension. No obligation imposed herein, including requirements
19 to file written reports, reimburse the CBA costs, and make restitution to consumers, shall be
20 suspended or otherwise affected by such periods of out-of-state residency or practice except at the
21 written direction of the CBA.

22 **9. Violation of Probation**

23 If Respondent Sullenger violates probation in any respect, the CBA, after giving
24 Respondent Sullenger notice and an opportunity to be heard, may revoke probation and carry out
25 the disciplinary order that was stayed. If an accusation or a petition to revoke probation is filed
26 against Respondent Sullenger during probation, the CBA shall have continuing jurisdiction until
27 the matter is final, and the period of probation shall be extended until the matter is final.

28 The CBA's Executive Officer may issue a citation under California Code of Regulations,

1 Title 16, section 95, to a licensee for a violation of a term or condition contained in a decision
2 placing that licensee on probation.

3 10. **Completion of Probation**

4 Upon successful completion of probation, Respondent Sullenger's license will be fully
5 restored.

6 11. **Review of Audit and Review Engagements**

7 During the course of probation, Respondent Sullenger shall annually provide the Board
8 with a listing of all audit and review engagements Respondent Sullenger knows she will
9 undertake in the subsequent twelve month period. Along with the list of audit and review
10 engagements, Respondent Sullenger shall provide the Board with the date on which the final audit
11 and review report for each audit and review engagement is due. During each year of probation,
12 the Board will specify the date on which the list of audit and review engagements is due, allowing
13 at least fifteen (15) days for Respondent Sullenger to provide the list of engagements and their
14 due dates to the Board.

15 From the list of audit and review engagements and their due dates specified each year by
16 Respondent Sullenger, the Board will select twenty-five percent (25%) but no more than fifteen
17 (15) audit and review engagements whose work papers and final reports shall be reviewed by a
18 qualified outside CPA approved by the Board. The Board may select all twenty-five percent
19 (25%) but no more than fifteen (15) audit or review engagements to be reviewed at one time, or
20 may select up to twenty-five percent (25%) but no more than fifteen (15) audit and review
21 engagements to be reviewed throughout the course of each year of probation. Respondent
22 Sullenger shall maintain all work papers and final reports for all audit and review engagements
23 undertaken by Respondent Sullenger during the course of probation, enabling inspection by the
24 Board or qualified outside CPA.

25 Upon completion of the review of the work papers and final reports for each selected audit
26 or review engagement, Respondent Sullenger shall submit a copy of the report with the reviewer's
27 conclusions and findings to the Board. Review by the qualified outside CPA shall be at
28 Respondent Sullenger's expense.

1 **12. Continuing Education Courses**

2 Within the probationary term, Respondent Sullenger shall complete and provide proper
3 documentation of the following courses: eight hours of an audit documentation course, and
4 twenty-four hours of accounting and auditing training.

5 Respondent Sullenger shall also complete four hours of continuing education in the course
6 subject matter pertaining to the following: a review of nationally recognized codes of conduct
7 emphasizing how the codes relate to professional responsibilities; case-based instruction focusing
8 on real-life situational learning; ethical dilemmas facing the accounting profession; or, business
9 ethics, ethical sensitivity, and consumer expectations within 120 days from the effective date of
10 this Order. The courses must be a minimum of one hour as described in California Code of
11 Regulations, title 16, section 88.2.

12 This shall be in addition to continuing education requirements for relicensing.

13 If Respondent Sullenger fails to complete said courses within the time period provided,
14 Respondent Sullenger shall so notify the CBA and shall cease practice until Respondent Sullenger
15 completes said courses, has submitted proof of same to the CBA, and has been notified by the
16 CBA that she may resume practice.

17 Failure to satisfactorily complete the required courses as scheduled shall constitute a
18 violation of probation.

19 **13. Active License Status**

20 Respondent Sullenger shall at all times maintain an active license status with the CBA,
21 including during any period of suspension. If the license is expired at the time the CBA's
22 decision becomes effective, the license must be renewed within 30 days of the effective date of
23 the decision.

24 **14. Samples - Audit, Review or Compilation**

25 During the period of probation, if Respondent Sullenger undertakes an audit, review, or
26 compilation engagement, Respondent Sullenger shall submit to the CBA as an attachment to the
27 required quarterly report a listing of the same. The CBA or its designee may select one or more
28 from each category and the resulting report and financial statement and all related working papers

1 must be submitted to the CBA or its designee upon request.

2 ACCEPTANCE

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

8
9 DATED: 10/15/2014 Inger Alice Sullenger
10 INGER ALICE SULLENGER
11 Respondent

11 ///

12 I have read and fully discussed with Respondent Inger Alice Sullenger the terms and
13 conditions and other matters contained in the above Stipulated Settlement and Disciplinary Order.
14 I approve its form and content.

15 DATED: _____
16 Joshua S. Goodman, Esq.
17 Attorney for Respondent Inger Alice Sullenger

17 ENDORSEMENT

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

20
21 Dated: _____ Respectfully submitted,
22 KAMALA D. HARRIS
23 Attorney General of California
24 KENT D. HARRIS
25 Supervising Deputy Attorney General

26
27 PHILLIP L. ARTHUR
28 Deputy Attorney General
Attorneys for Complainant

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1 must be submitted to the CBA or its designee upon request.

2 ACCEPTANCE

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

8
9 DATED: _____
10 INGER ALICE SULLENGER
11 Respondent

12 ///

13 I have read and fully discussed with Respondent Inger Alice Sullenger the terms and
14 conditions and other matters contained in the above Stipulated Settlement and Disciplinary Order.
15 I approve its form and content.

16 DATED: 10-14-14 _____
17 Joshua S. Goodman, Esq.
18 Attorney for Respondent Inger Alice Sullenger

19 ENDORSEMENT

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

22 Dated: 10/20/14 Respectfully submitted,
23 KAMALA D. HARRIS
24 Attorney General of California
25 KENT D. HARRIS
26 Supervising Deputy Attorney General

27 _____
28 PHILLIP L. ARTHUR
29 Deputy Attorney General
30 Attorneys for Complainant

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Exhibit A

Accusation No. AC-2013-43, AC-2013-44, AC-2013-45, AC-2013-46

1 KAMALA D. HARRIS
Attorney General of California
2 KENT D. HARRIS
Supervising Deputy Attorney General
3 PHILLIP L. ARTHUR
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5 P.O. Box 944255
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Attorneys for Complainant

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9 **BEFORE THE**
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10 **STATE OF CALIFORNIA**

11 In the Matter of the Accusation Against:

Case Nos. AC-2013-43, AC-2013-44, AC-
2013-45, AC-2013-46

12 **TCA PARTNERS, LLP**
13 **1111 Herndon Avenue, #211**
14 **Fresno, CA 93720**
15 **Certified Public Accountancy Partnership**
Certificate No. PAR 6980

ACCUSATION

16 **And**
17 **RICHARD EDSON JACKSON, Partner**
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9074 N. Sierra Vista
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72045

22 **And**
23 **INGER ALICE SULLENGER, Partner**
1111 E. Herndon Avenue, #211
24 **Fresno, CA 93720**
Certified Public Accountant Certificate No.
88971

25 Respondents.

26 ///

27 ///

28

1 Complainant alleges:

2 PARTIES

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

5 2. On or about May 12, 2005, the California Board of Accountancy issued Certified
6 Public Accountancy Partnership Certificate No. 6980 to TCA Partners LLP (Respondent). The
7 Certified Public Accountancy Partnership Certificate was in full force and effect at all times
8 relevant to the charges brought herein and will expire on May 31, 2015, unless renewed.

9 3. On or about December 3, 1982, the California Board of Accountancy issued Certified
10 Public Accountant Certificate No. 36244 to Richard Edson Jackson (Respondent). The Certified
11 Public Accountant Certificate was in full force and effect at all times relevant to the charges
12 brought herein and will expire on March 31, 2014, unless renewed.

13 4. On or about September 20, 1996, the California Board of Accountancy issued
14 Certified Public Accountant Certificate No. 72045 to Jerrel Lee Tucker (Respondent). The
15 Certified Public Accountant Certificate was in full force and effect at all times relevant to the
16 charges brought herein and will expire on November 30, 2013, unless renewed.

17 5. On or about April 21, 2004, the California Board of Accountancy issued Certified
18 Public Accountant Certificate No. 88971 to Inger Alice Sullenger (Respondent). The Certified
19 Public Accountant Certificate was in full force and effect at all times relevant to the charges
20 brought herein and will expire on October 31, 2014, unless renewed¹.

21 JURISDICTION

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

25 ///

26 ///

27 ¹ Unless otherwise specified, the term "Respondents" refers to Respondents TCA,
28 Jackson, Tucker, and Sullenger collectively.

1 understand the nature, timing, extent, and results of the auditing or other procedures performed,
2 evidence obtained, and conclusions reached, and to determine the identity of the persons who
3 performed and reviewed the work.

4 "(c) Failure of the audit documentation to document the procedures applied, tests
5 performed, evidence obtained, and relevant conclusions reached in an engagement shall raise a
6 presumption that the procedures were not applied, tests were not performed, information was not
7 obtained, and relevant conclusions were not reached. This presumption shall be a rebuttable
8 presumption affecting the burden of proof relative to those portions of the audit that are not
9 documented as required in subdivision (b). The burden may be met by a preponderance of the
10 evidence.

11 "(d) Audit documentation shall be maintained by a licensee for the longer of the following:

12 "(1) The minimum period of retention provided in subdivision (e):

13 "(2) A period sufficient to satisfy professional standards and to comply with applicable
14 laws and regulations.

15 "(e) Audit documentation shall be maintained for a minimum of seven years which shall be
16 extended during the pendency of any board investigation, disciplinary action, or legal action
17 involving the licensee or the licensee's firm. The board may adopt regulations to establish a
18 different retention period for specific categories of audit documentation where the board finds
19 that the nature of the documentation warrants it.

20 "(f) Licensees shall maintain a written documentation retention and destruction policy that
21 shall set forth the licensee's practices and procedures complying with this article.

22 13. Section 5101 of the Code states:

23 "After notice and hearing the board shall revoke the registration and permit to practice of a
24 partnership if at any time it does not have all the qualifications prescribed by the section of this
25 chapter under which it qualified for registration. After notice and hearing the board may revoke,
26 suspend or refuse to renew the permit to practice of a partnership or may censure the holder of
27 such permit for any of the causes enumerated in Section 5100 and for the following additional
28 causes:

1 information, to protect the personal information from unauthorized access, destruction, use,
2 modification, or disclosure.

3 "(d) For purposes of this section, the following terms have the following meanings:

4 "(1) "Personal information" means an individual's first name or first initial and his or her
5 last name in combination with any one or more of the following data elements, when either the
6 name or the data elements are not encrypted or redacted:

7 (A) Social security number. . . ."

8 COST RECOVERY

9 16. Section 5107(a) of the Code states:

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

15 APPLICABLE PROFESSIONAL STANDARDS

16 17. Standards of practice pertinent to this Accusation and the engagements in issue
17 include, without limitation:

18 a. Generally Accepted Auditing Standards ("GAAS") issued by the American Institute
19 of Certified Public Accountants ("AICPA"). The ten GAAS (AU § 150) are interrelated and
20 discussed in the Statements on Auditing Standards ("SAS"). Among the SAS relevant herein, in
21 addition to AU § 150 which sets forth GAAS, are AU § 230 (Due Professional Care); AU § 311.
22 (Planning and Supervision); AU § 312 (Planning the Audit); AU § 314 (Understanding the Entity
23 and its Environment and Assessing the Risks of Material Misstatement); AU § 316
24 (Consideration of Fraud); AU § 318 (Performing Audit Procedures in Response to Assessed
25 Risks and Evaluating the Audit Evidence Obtained); AU § 326 (Audit Evidence); AU § 329
26 (Analytical Procedures); AU § 331 (Inventories); AU § 339 (Audit Documentation); AU § 350
27 (Audit Sampling) and AU § 560 (Subsequent Events).

28 ///

1 GAAS, and Circular A-133. Respondent Sullenger was the engagement partner. Respondent
2 Tucker was the reviewing partner.

3 19. On October 30, 2009, the State Controller's Office (SCO) issued its quality control
4 review of Respondent TCA's audit for Modoc, a governmental unit. The SCO's report disclosed
5 that TCA's audit was not performed in accordance with the standards and requirements set forth
6 in GAGAS, GAAS, and Circular A-133.

7 20. The SCO specifically noted the following deficiencies: the audit was not properly
8 planned, supervised and reviewed; the auditor failed to obtain a sufficient understanding of
9 internal controls, the auditor did not accurately assess audit risk; the auditor failed to obtain
10 sufficient appropriate audit evidence; the auditor failed to exercise due professional care; and the
11 auditor failed to comply with standards.

12 21. Because of the deficiencies, the SCO felt that users could not rely on the auditor's
13 opinions that Modoc's financial statements fairly presented the county's financial position or that
14 Modoc complied with federal program requirements.

15 22. The CBA received the referral from the SCO.

16 23. On November 11, 2009, TCA informed the Modoc County Administrative Officer
17 that TCA withdrew its audit report dated April 17, 2009 for the year ending June 30, 2008.

18 24. The CBA requested and received audit documentation for Modoc from respondents
19 TCA and Sullenger.

20 **2010 North Hawaii Community Hospital, Inc. Audit**

21 25. Respondent Tucker, through Respondent TCA, issued an auditor's report on the
22 financial statements of the North Hawaii Community Hospital, Inc. 401(K) Plan (North Hawaii)
23 for the year ending December 31, 2010. The auditor's report, dated June 29, 2011, stated that the
24 audit was conducted in accordance with GAAS and referenced supplemental information required
25 by the Department of Labor (DOL) and ERISA.

26 26. The CBA received a referral from the DOL. Their quality review of TCA's 2010
27 audit of North Hawaii noted multiple deficiencies in TCA's performance of the audit.

28 ///

1 27. The DOL noted that the audit was not properly planned; the auditor failed to obtain
2 sufficient appropriate audit evidence in the areas of internal controls, investments, contributions,
3 benefit payments, participant data, administrative expenses, and subsequent events; and the audit
4 was not conducted in accordance with GAAS.

5 28. Because of the deficiencies, the DOL felt that the auditor's opinion on the plan's
6 financial statements was not supported by the audit procedures performed.

7 29. The CBA requested and received audit documentation for North Hawaii from
8 respondents TCA and Tucker.

9 **2011 San Diego American Indian Health Center Audit**

10 30. Respondent Sullenger, through Respondent TCA, issued the auditor's report under
11 the requirements of OMB Circular A-133, known as a Single Audit, on the financial statements
12 for the San Diego American Indian Health Center (San Diego) for the year ending June 30, 2011.
13 The Single Audit report, dated December 7, 2011, stated that the audit was conducted in
14 accordance with GAAS and GAGAS, and referenced supplemental information required under
15 OMB Circular A-133.

16 31. The CBA requested and received audit documentation for San Diego from
17 respondents TCA, Sullenger, and Tucker.

18 **2012 Ridgecrest Regional Hospital Audits**

19 32. Respondent Jackson, through Respondent TCA, issued the auditor's report on the
20 financial statements for Ridgecrest Regional Hospital (Ridgecrest) for the fiscal year ending
21 January 31, 2012. The auditor's report was dated April 27, 2012, and stated that the audit was
22 conducted in accordance with GAAS.

23 33. Respondent Sullenger, through Respondent TCA, issued the Single Audit report for
24 Ridgecrest for the fiscal year ending January 31, 2012.³ The Single Audit report, dated July 17,
25 2012, stated that the audit was conducted in accordance with GAAS and GAGAS, and contained

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27 ³ Deficiencies in Sullenger's work as outlined on the San Diego audit are similar to those
28 found on the Ridgecrest Single Audit and are not additionally described in the Ridgecrest section.
Only Jackson's deficiencies are described in the Ridgecrest section.

1 supplemental information required under OMB Circular A-133. Sullenger's audit documentation
2 reflected her reliance on work done by Respondent Jackson during the Ridgecrest financial
3 statement audit.

4 34. The CBA requested and received audit documentation for Ridgecrest from
5 Respondents TCA, Sullenger, and Tucker.

6 Peer Reviews

7 35. Respondent TCA received a system of quality control review (peer review) for the
8 year ended October 31, 2006. The qualified peer review report, dated May 8, 2007, included
9 comments that indicated that reviewed items did not conform to the requirements of professional
10 standards in all material respects. Issues noted in the letter of comments were that reference
11 materials were not consulted on engagements in specialized industries, including government
12 audits, and that firm policies did not require specific audit documentation when accepted auditing
13 procedures were not deemed necessary.

14 36. Respondent TCA received a peer review report that reflected a rating of Pass with
15 Deficiency (rating nomenclature was updated in 2009) for the review year ending October 31,
16 2009. The peer review report included deficiencies in the performance of an employee benefit
17 plan audit which included that required disclosures were omitted and certain tests specific to
18 employee benefit plans were not performed or documented. Deficiencies noted in the
19 performance of an audit performed under GAGAS included that disbursement testing did not
20 identify programs to which they corresponded and that compliance testing of controls was
21 insufficient.

22 37. The CBA reviewed the three additional audits described above that were performed
23 and issued by the Respondents subsequent to the receipt of the 2007 qualified peer review
24 containing comments, the 2009 SCO's notification of deficiencies and the 2010 Pass with
25 Deficiency peer review.

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1 c. Respondent Tucker did not obtain sufficient appropriate evidential matter to support
2 his opinion on the financial statements with regard to material balances presented in the financial
3 statements for investments and other assets, participant loan balances, and employer and
4 employee contributions (AU § 150.02, AU § 312.18, AU § 318.74, AU § 326.04, AU § 339.03,
5 AU § 339.10, AAG-EBP 7.65, AAG-EBP 7.66, AAG-EBP 8.06, AAG-EBP 10.05, and AAG-
6 EBP 10.19).

7 d. Respondent Tucker failed to perform proper cut-off procedures including, but not
8 limited to, contribution amounts, the timing of contribution deposits, and unrecorded liabilities
9 (AU § 150.02, AU § 339.03, AU § 339.10, AU § 560.11, AU § 560.12, AAG-EBP 8.06, and
10 AAG-EBP 10.19).

11 e. Respondent Tucker failed to apply auditing procedures to individual participant
12 accounts, participant loans, and other participant data to comply with ERISA requirements (AU §
13 339.03, AU § 339.10, AAG-EBP 8.02, AAG-EBP 9.02, AAG-EBP 10.02, and AAG-EBP 10.05).

14 f. Respondent Tucker failed to perform analytical review procedures in the review stage
15 of the audit (AU § 329.01, AU § 339.03, and AU § 339.10).

16 g. Respondent Tucker failed to exercise due professional care in the performance and
17 reporting on the North Hawaii audit by disclosing approximately 1,000 participant social security
18 numbers, un-redacted, in the audit documentation provided to the CBA during its investigation,
19 and by issuing a limited scope audit when he did not perform audit procedures necessary to allow
20 him to issue a limited scope audit report (AU § 150.02, AAG-EBP 7.66, AAG-EBP 13.26, AAG-
21 EBP 13.27, and California Civil Code section 1798.81.5).

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1 § 314.55, AU § 314.83, AU § 316.13, AU § 316.27, AU § 316.41, AU § 316.42, AU § 316.44,
2 AU § 316.83, AU § 326.35, AU § 339.03, and AU § 339.10).

3 c. Respondent Sullenger did not obtain sufficient appropriate evidential matter to
4 support her opinion on the financial statements with regard to material balances presented in the
5 financial statements, such as accounts receivable, accounts payable, and unearned revenue (AU §
6 150.02, AU §312.18, AU § 316.68, AU § 318.71, AU § 318.74, AU § 326.04, AU § 326.08, AU
7 § 329.05, AU § 339.03, AU § 339.10, and AU §350.26).

8 d. Respondent Sullenger failed to exercise due professional care in the performance and
9 reporting on the San Diego audit and by insufficient documentation regarding the ostensibly
10 corrected prior year "finding" regarding reconciliations (AU § 150.02 and Yellow Book 4.09).

11 **RESPONDENTS TCA AND JACKSON**

12 **THIRD CAUSE FOR DISCIPLINE**

13 **(Gross Negligence/Repeated Negligent Acts)**

14 40. Respondents TCA and Jackson are subject to disciplinary action under section 5100,
15 subsection (c) of the Code on the grounds that Respondents TCA and Jackson committed gross
16 negligence and/or repeated negligent acts in Respondent TCA's issuance of the 2012 Ridgecrest
17 audit report and performance by Respondent Jackson of audit procedures that departed extremely
18 from professional standards as follows:

19 a. Respondent Jackson failed to properly plan the audit (AU § 150.02, AU § 311.03, AU
20 § 311.19, AU § 311.20, AU § 311.21, AU § 318.08, AU § 318.09, AU § 326.17, AU § 329.17,
21 AU § 339.03, AU § 339.10, and AU § 339.18).

22 i. The audit planning memorandum referenced that there was little segregation of
23 duties and that compliance testing of controls would not be necessary. Respondent Jackson
24 planned to perform more substantive testing for balance sheet items. However, substantive
25 testing of Accounts Receivable, for example, does not reflect a substantive testing approach.

26 ii. The Audit Program reflected the general checklist of procedures to be
27 performed but without objectives to describe the nature, timing, or extent of planned audit
28 procedures.

1 iii. Audit Strategy Worksheets (ASW) did not describe the nature, timing, or extent
2 of planned audit procedures and did not support the low risk assessments.

3 b. Respondent Jackson failed to obtain a sufficient understanding of the entity and its
4 environment to assess risks and failed to assess the status and effectiveness of internal controls,
5 including those of supervision, override, and review. Jackson's understanding of risks was
6 contradicted by information in the fraud memo (AU § 150.02, AU § 312.11, AU § 314.26, AU §
7 314.40, AU § 314.54, AU § 314.55, AU § 314.83, AU § 316.13, AU § 316.15, AU § 316.27, AU
8 § 316.42, AU § 316.44, AU § 316.83, AU § 318.71, AU § 318.74, AU § 326.35, AU § 339.03,
9 and AU § 339.10).

10 c. Respondent Jackson did not obtain sufficient appropriate evidentiary matter to
11 support his opinion on the financial statements with regard to material balances presented in the
12 financial statements for accounts receivable, accounts payable, and inventories (AU § 150.02, AU
13 § 312.18, AU § 316.68, AU § 318.09, AU § 326.04, AU § 331.01, AU § 331.09, AU § 331.10,
14 AU § 331.11, AU § 331.12, AU § 339.03, and AU § 339.10).

15 d. Respondent Jackson failed to exercise due professional care in the performance and
16 reporting on the Ridgecrest audit (AU § 150.02).

17 RESPONDENTS TCA, TUCKER, SULLENGER, AND JACKSON

18 **FOURTH CAUSE FOR DISCIPLINE**

19 **(Violation of Business and Professions Code section 5097)**

20 41. Respondents TCA, Tucker, Sullenger, and Jackson are subject to disciplinary action
21 under section 5100, subsection (e) of the Code on the grounds that Respondents violated section
22 5097 of the Code in conjunction with California Code of Regulations, title 16, section 68.2 by
23 failing to comply with audit documentation requirements as more particularly set forth in
24 paragraphs 38-40 and all of their subparts.

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1 **RESPONDENTS TCA, TUCKER, SULLENGER, AND JACKSON**

2 **FIFTH CAUSE FOR DISCIPLINE**

3 **(Report Conforming to Professional Standards)**

4 42. Respondents TCA, Tucker, Sullenger, and Jackson are subject to disciplinary action
5 under section 5062 of the Code on the grounds that Respondents' audit documentation does not
6 support the opinions rendered in the audit reports and, therefore, the audit reports do not conform
7 to professional standards, as more particularly set forth in paragraphs 38-40 and all of their
8 subparts.

9 **RESPONDENTS TCA, TUCKER, SULLENGER, AND JACKSON**

10 **SIXTH CAUSE FOR DISCIPLINE**

11 **(Compliance With Standards)**

12 43. Respondents TCA, Tucker, Sullenger, and Jackson are subject to disciplinary action
13 under California Code of Regulations, title 16, section 58 on the grounds that Respondents failed
14 to comply with all applicable professional standards, including but not limited to GAGAS, GAAS
15 and ERISA regarding the audit documentation and performance of the audit, as more particularly
16 set forth in paragraphs 38-40 and all of their subparts.

17 **RESPONDENTS TCA, TUCKER, SULLENGER, AND JACKSON**

18 **SEVENTH CAUSE FOR DISCIPLINE**

19 **(Willful Violation)**

20 44. Respondents TCA, Tucker, Sullenger, and Jackson are subject to disciplinary action
21 under section 5100, subsection (g) of the Code on the grounds that Respondents willfully violated
22 various provisions of the Business and Professions Code and California Code of Regulations, as
23 more particularly set forth in paragraphs 18-43 and all of their subparts.

24 **PRAYER**

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

- 27 1. Revoking or suspending or otherwise imposing discipline upon Certified Public
28 Accountancy Partnership Certificate No. 6980, issued to TCA Partners LLP;

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- 2. Revoking or suspending or otherwise imposing discipline upon Certified Public Accountant Certificate No. 36244, issued to Richard Edson Jackson;
- 3. Revoking or suspending or otherwise imposing discipline upon Certified Public Accountant Certificate No. 72045, issued to Jerrel Lee Tucker;
- 4. Revoking or suspending or otherwise imposing discipline upon Certified Public Accountant Certificate No. 88971, issued to Inger Alice Sullenger;
- 5. Ordering TCA Partners LLP, Richard Edson Jackson, Jerrel Lee Tucker, and Inger Alice Sullenger 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; and
- 6. Taking such other and further action as deemed necessary and proper.

DATED: November 27, 2013 Patti Bowers

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

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