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

In the Matter of the Accusation Against: **KEITH ROGER CUMMINGS** **879 Embarcadero Drive** **El Dorado Hills, CA 95762** **Certified Public Accountant License No. 71824** Respondent.	Case No. AC-2014-73

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 July 5, 2015.

It is so ORDERED June 5, 2015.

FOR THE CALIFORNIA BOARD OF ACCOUNTANCY
DEPARTMENT OF CONSUMER AFFAIRS

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

In the Matter of the Accusation Against: **KEITH ROGER CUMMINGS** **879 Embarcadero Drive** **El Dorado Hills, CA 95762** **Certified Public Accountant License No. 71824** Respondent.	Case No. AC-2014-73 **STIPULATED SETTLEMENT AND DISCIPLINARY ORDER**

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

PARTIES

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

2. Respondent Keith Roger Cummings ("Respondent") is represented in this proceeding by attorney Aldon L. Bolanos, Esq., whose address is: Law Offices of Aldon L. Bolanos, 700 E Street, Sacramento, CA 95814.

3. On or about September 20, 1996, the California Board of Accountancy issued Certified Public Accountant License No. 71824 to Keith Roger Cummings (Respondent). The Certified Public Accountant License was in full force and effect at all times relevant to the charges brought in Accusation No. AC-2014-73 and will expire on March 31, 2016, unless renewed.

JURISDICTION

4. Accusation No. AC-2014-73 was filed before the California Board of Accountancy (CBA), Department of Consumer Affairs, and is currently pending against Respondent. The Accusation and all other statutorily required documents were properly served on Respondent on September 3, 2014. Respondent timely filed his Notice of Defense contesting the Accusation.

5. A copy of Accusation No. AC-2014-73 is attached as exhibit A and incorporated herein by reference.

ADVISEMENT AND WAIVERS

6. Respondent has carefully read, fully discussed with counsel, and understands the charges and allegations in Accusation No. AC-2014-73. Respondent has also carefully read, fully discussed with counsel, and understands the effects of this Stipulated Settlement and Disciplinary Order.

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

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

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CULPABILITY

9. Respondent admits the truth of each and every charge and allegation in Accusation No. AC-2014-73.

10. Respondent agrees that his Certified Public Accountant License is subject to discipline and he agrees to be bound by the CBA's probationary terms as set forth in the Disciplinary Order below.

CONTINGENCY

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

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

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

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

DISCIPLINARY ORDER

IT IS HEREBY ORDERED that Certified Public Accountant License No. 71824 issued to Keith Roger Cummings (Respondent) is revoked. However, the revocation is stayed and Respondent is placed on probation for three (3) years on the following terms and conditions.

1. **Obey All Laws**

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

2. **Cost Reimbursement**

Respondent shall reimburse the CBA $17,618.29 for its investigation and prosecution costs. The payment shall be made as follows: In 10 quarterly payments (due with written quarterly reports), with the final payment being due six months before probation is scheduled to terminate.

3. **Submit Written Reports**

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

4. **Personal Appearances**

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

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5. **Comply With Probation**

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

6. **Practice Investigation**

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

7. **Comply With Citations**

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

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

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

9. **Violation of Probation**

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

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

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

10. **Completion of Probation**

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

11. **Supervised Practice**

Within thirty days of the effective date of this decision, Respondent shall submit to the CBA or its designee for its prior approval a plan of practice that shall be monitored by another CPA or PA who provides periodic reports to the CBA or its designee. Respondent shall pay all costs for such monitoring.

12. **Ethics Continuing Education**

Respondent shall complete four hours of continuing education in course subject matter pertaining to the following: a review of nationally recognized codes of conduct emphasizing how the codes relate to professional responsibilities; case-based instruction focusing on real-life situational learning; ethical dilemmas facing the accounting profession; or business ethics, ethical sensitivity, and consumer expectations within 180 days of the date of this order. This shall be in addition to ethics continuing education requirements for relicensing. Courses must be a minimum of one hour as described in California Code of Regulations, title 16, section 88.2.

If Respondent fails to complete said courses within the time period provided, Respondent shall so notify the CBA and shall cease practice until Respondent completes said courses, has submitted proof of same to the CBA, and has been notified by the CBA that he may resume practice. Failure to complete the required courses as specified shall constitute a violation of probation.

13. **Regulatory Review Course**

Respondent shall complete a two-hour CBA-approved course on the provisions of the California Accountancy Act and the California Board of Accountancy Regulations specific to the practice of public accountancy in California emphasizing the provisions applicable to current practice situations within 180 days of the date of this order. The course also will include an overview of historic and recent disciplinary actions taken by the CBA, highlighting the

misconduct which led to licensees being disciplined. The course shall be in addition to regulatory review continuing education requirements for relicensing.

If Respondent fails to complete said course within the time period provided, Respondent shall so notify the CBA and shall cease practice until Respondent completes said course, has submitted proof of same to the CBA, and has been notified by the CBA that he may resume practice. Failure to complete the required course as specified shall constitute a violation of probation.

14. **Peer Review**

During the period of probation, all audit, review, and compilation reports and work papers shall be subject to peer review by a Board-recognized peer review program provider pursuant to California Business and Professions Code section 5076 and California Code of Regulations, Title 16, Division 1, Article 6, at Respondent's expense. The specific engagements to be reviewed shall be at the discretion of the peer reviewer. The peer review shall be completed within a period of time designated and specified in writing by the CBA or its designee, which time frame shall be incorporated as a condition of this probation.

Within 45 days of the peer review report being accepted by a Board-recognized peer review program provider, Respondent shall submit to the CBA a copy of the peer review report, including any materials documenting the prescription of remedial or corrective actions imposed by the Board-recognized peer review program provider. Respondent shall also submit, if available, any materials documenting completion of any or all of the prescribed remedial or corrective actions.

15. **Continuing Education Courses**

During the probationary term, Respondent shall complete and provide proper documentation of the following professional education courses: eight hours of fraud continuing education, and twenty-four hours of accounting and auditing continuing education. This shall be in addition to continuing education requirements for relicensing.

Failure to satisfactorily complete the required courses within one year from the effective date of this order shall constitute a violation of probation.

16. **Active License Status**

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

ACCEPTANCE

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

DATED: 5/27/2015

DocuSigned by:
Keith Cummings
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KEITH ROGER CUMMINGS
Respondent

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

DATED: 5-27-15

Aldon L. Bolanos, Esq.
Attorney for Respondent

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ENDORSEMENT

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

Dated: 5/27/15

Respectfully submitted,

KAMALA D. HARRIS
Attorney General of California
KENT D. HARRIS
Supervising Deputy Attorney General

PHILLIP L. ARTHUR
Deputy Attorney General
Attorneys for Complainant

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Exhibit A

Accusation No. AC-2014-73

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BEFORE THE
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DEPARTMENT OF CONSUMER AFFAIRS
STATE OF CALIFORNIA

In the Matter of the Accusation Against: **KEITH ROGER CUMMINGS** **879 Embarcadero Drive** **El Dorado Hills, CA 95762** **Certified Public Accountant License No. 71824** Respondent.	Case No. AC-2014-73 **ACCUSATION**

Complainant alleges:

PARTIES

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

2. On or about September 20, 1996, the California Board of Accountancy issued Certified Public Accountant License Number 71824 to Keith Roger Cummings (Respondent). The Certified Public Accountant License was in full force and effect at all times relevant to the charges brought herein and will expire on March 31, 2016, unless renewed.

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JURISDICTION

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

4. Section 5100 of the Code 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.

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

". . .

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

REGULATIONS

5. California Code of Regulations, title 16 ("Regulation"), section 39 states, in pertinent part:

"The following definitions shall apply to Article 6—Peer Review:

"(a) Accounting and Auditing Practice: Any services that are performed using the following professional standards: Statements on Auditing Standards (SASs), Statements on

Standards for Accounting and Review Services (SSARS), Statements on Standards on Attestation Engagements (SSAEs), Government Auditing Standards, and audits of non-Security Exchange Commission (SEC) issuers performed pursuant to the standards of the Public Company Accounting Oversight Board (PCAOB). . . ."

6. Regulation section 40 states:

"(a) A firm performing services as defined in Section 39(a) shall have a peer review report accepted by a Board-recognized peer review program once every three years in order to renew its license.

"(b) A firm performing services as defined in Section 39(a) for the first time shall have a peer review report accepted by a Board-recognized peer review program within 18 months of the date it completes those services."

7. Regulation section 45 states:

"(a) Beginning on January 1, 2014, at the time of renewal, a licensee shall report to the Board specific peer review information as required on Form PR-1 (Rev. 1/12), which is hereby incorporated by reference.

"(b) Prior to January 1, 2014, the date for existing California licensees to report peer review results, on the form indicated in subsection (a), shall be based on the licensee's license number according to the following schedule: for license numbers ending with 01-33 the reporting date is no later than July 1, 2011; for license numbers ending with 34-66 the reporting date is no later than July 1, 2012; for license numbers ending with 67-00 the reporting date is no later than July 1, 2013.

"(c) A licensee's willful making of any false, fraudulent, or misleading statement, as part of, or in support of, his/her peer review reporting shall constitute cause for disciplinary action pursuant to Section 5100(g) of the Accountancy Act. Failure to submit a completed Form PR-1 (Rev. 1/12) shall be grounds for non-renewal or disciplinary action pursuant to Section 5100(g) of the Accountancy Act."

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8. Regulation section 52 states, in pertinent part:

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

"...

"(d) A licensee shall provide true and accurate information and responses to questions, subpoenas, interrogatories or other requests for information or documents and not take any action to obstruct any Board inquiry, investigation, hearing or proceeding."

9. Regulation section 58 states, "Licensees engaged in the practice of public accountancy shall comply with all applicable professional standards, including but not limited to generally accepted accounting principles and generally accepted auditing standards."

10. Regulation section 87, issued before January 1, 2014, states, in pertinent part:

"...

"(d) Accounting and Auditing Continuing Education Requirement.

"A licensee who engages in planning, directing, performing substantial portions of the work, or reporting on an audit, review, compilation, or attestation service, shall complete 24 hours of the 80 hours of continuing education required pursuant to subsection (a) in the course subject matter pertaining to financial statement preparation and/or reporting (whether such statements are prepared on the basis of generally accepted accounting principles or other comprehensive bases of accounting), auditing, reviews, compilations, industry accounting, attestation services, or assurance services. This continuing education shall be completed in the same two-year license renewal period as the report is issued. If no report is 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.

"(e) 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."

STATUTES

11. Section 5062 of the Code states, "A licensee shall issue a report which conforms to professional standards upon completion of a compilation, review or audit of financial statements."

12. Section 5076, subsection (a), of the Code states:

"In order to renew its registration in an active status or convert to an active status, a firm, as defined in Section 5035.1, shall have a peer review report of its accounting and auditing practice accepted by a board-recognized peer review program no less frequently than every three years."

13. Section 5109 of the Code states:

"The expiration, cancellation, forfeiture, or suspension of a license, practice privilege, or other authority to practice public accountancy by operation of law or by order or decision of the board or a court of law, the placement of a license on a retired status, or the voluntary surrender of a license by a licensee shall not deprive the board of jurisdiction to commence or proceed with any investigation of or action or disciplinary proceeding against the licensee, or to render a decision suspending or revoking the license."

COST RECOVERY

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

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

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15. Section 5116 of the Code states:

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

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

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

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

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

APPLICABLE PROFESSIONAL STANDARDS

16. Standards of practice pertinent to this Accusation include, without limitation:

a. Statements on Standards for Accounting and Review Services ("SSARS") and are codified by the American Institute of Certified Public Accountants. The statements are codified by "AR 100" numbers for financial statements compiled for years ending before December 15, 2010, and "AR 80" numbers for financial statements compiled for years ending after December 15, 2010. Among the AR sections relevant here are AR § 80.02, AR § 80.03, AR § 80.12, AR § 80.16, AR § 80.17, AR § 80.18, AR § 80.20, AR § 80.22, AR § 80.23, AR § 100.05, AR § 100.25, AR § 100.11, AR § 100.13, AR § 100.15, AR § 100.19, AR § 100.24, and AR § 100.26.

b. Professional standards applicable to reporting and presentation of financial statements are Generally Accepted Accounting Principles ("GAAP") and are codified by the Financial Accounting Standards Board ("FASB") under the Accounting Standards Codification ("ASC"). On July 1, 2009, the FASB ASC became the single official source of authoritative, nongovernmental U.S. GAAP, superseding former FASB, AICPA, and related literature. Only one level of authoritative GAAP exists. The Codification did not change GAAP; instead it introduced a new structure. All financial statements prepared after July 1, 2009, are required to conform to the FASB ASC's. Among the ASC relevant here are ASC 210-10-20 and ASC 470-10-50-1.

FACTUAL BACKGROUND

17. After a complaint was filed against Respondent, the CBA conducted an investigation into Respondent and his work product, which revealed multiple violations of the Business and Professions Code and California Code of Regulations.

Client H.H.[1]

18. On April 18, 2008, Respondent e-mailed a "Balance Sheet/Cash Flow/Income Statement 2008" to H.H.

19. From April 18, 2008, through March 31, 2010, Respondent routinely compiled and issued financial statements to H.H.

20. The financial statements Respondent provided to H.H. were not marked for internal or management use only.

21. Respondent also provided the CBA with financial statements for H.H. for the year ending December 31, 2008, which reflect the following:

a. Each page of the financial statements does not include a reference such as "See Accountant's Compilation Report."

b. The balance sheet reflects total current assets which excludes the total cash amount, which is also a current asset.

[1] H.H. is a restaurant.

c. The balance sheet reflects long-term liabilities. The notes to the financial statements do not have corresponding disclosures delineating the combined aggregate amount of maturities and sinking fund requirements for all long-term borrowings for each of the five years following the latest balance sheet date.

d. The balance sheet included three items as total current liabilities rather than long-term liabilities.

e. The statement of cash flows reflects two different figures for a net decrease in cash. Both of these figures are inaccurate, as the statement of cash should reflect an increase in cash.

f. The income statement reflects an amount labeled "miscellaneous income," which is deducted from income. This amount should be reflected as an expense.

g. The income statement reflects an amount deducted from income, but is under the heading of "other income" and included in "total other income." This should be an expense.

h. The income statement reflects an amount labeled "interest expense" which is reported under "other income" and included in "total other income." This should be an expense.

i. The notes to the financial statements reflect a beginning balance date of December 31, 2010 for depreciation and amortization, however the financial statements are for the year ending December 31, 2008.

j. The balance sheet discloses a discrepancy between the deposits-lease balance and the security deposit disclosed in the notes to the financial statements.

Client O.L.[2]

22. Respondent provided the CBA with financial statements and an accountant's compilation report for the year ending December 31, 2011 for O.L., which reflect the following:

a. Each page of the financial statements does not include a reference such as "See Accountant's Compilation Report."

b. The balance sheet reflects total current assets which excludes the total cash amount.

///

[2] O.L. is a dance club and bar.

c. The statement of cash flows reflects two different negative figures for net decrease in cash, when there was actually an increase in cash.

d. The income statement reflects a California LLC tax, however the notes to the financial statements indicate the entity is a sole proprietorship with taxes reported on Schedule C. Thus, there should not be an LLC tax.

e. O.L.'s sole source of income is liquor sales, however no ending inventory is reflected in the balance sheet nor is there a footnote disclosure regarding this omission. The omission of this footnote disclosure is not noted in the compilation report or otherwise.

f. The balance sheet reflects no deposits-lease receivable balance, which differs from the security deposit disclosed in the notes to the financial statements. In addition, it is not indicated whether the security deposit is refundable or non-refundable.

Client B.B.[3]

23. Respondent provided the CBA with financial statements and an accountant's compilation report for the year ending December 31, 2011 for B.B., which reflect the following:

a. Each page of the financial statements does not include a reference such as "See Accountant's Compilation Report."

b. The balance sheet reflects a discrepancy between total assets and total liabilities and capital, however these amounts should be equal.

c. The balance sheet excludes total cash from total current assets.

d. The statement of cash flows reflects two different amounts for net change in cash, and both are incorrect.

e. B.B.'s revenue is derived from food, beverage, liquor, and retail sales, however no ending inventory is reflected in the balance sheet nor is there a footnote disclosure regarding this omission. In addition, the omission of footnote disclosure is not noted in the compilation report or otherwise.

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[3] B.B. is a restaurant.

f. The balance sheet reflects a discrepancy between the deposits-lease balance and the security deposit disclosed in the notes to the financial statements.

Client M[4]

24. Respondent provided the CBA with a compilation report for M, dated August 28, 2013, which reflects the following:

a. While the report is dated August 28, 2013, it was issued between August 10-20, 2013. The report should be dated the day the compilation was completed.

b. The report reflects no title.

c. The report does not state that the financial statements were compiled.

d. The report does not identify the financial statements that had been compiled.

e. The report does not state that the lack of opinion or assurance regards whether the financial statements were in accordance with generally accepted accounting principles.

f. The report does not include management's responsibility for the financial statements and for internal control over financial reporting.

g. The report does not include the accountant's responsibility which requires the statement that the objective of the compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

h. The assets and liabilities as of July 31, 2013 do not include cash or inventory in total current assets.

Client T.C.[5]

25. Respondent provided the CBA with a compilation report for T.C., dated August 28, 2013, which reflects the following:

a. While the report is dated August 28, 2013, it was issued between August 10-20, 2013. The report should be dated the day the compilation was completed.

b. The report reflects no title.

[4] M is a restaurant

[5] T.C. is a restaurant.

c. The report does not state that the financial statements were compiled.

d. The report does not identify the financial statements that had been compiled.

e. The report does not state that the lack of opinion or assurance regards whether the financial statements were in accordance with generally accepted accounting principles.

f. The report does not include management's responsibility for the financial statements and for internal control over financial reporting.

g. The report does not include the accountant's responsibility which requires the statement that the objective of the compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

h. Assets and liabilities as of July 31, 2013 do not include cash or inventory in total assets.

i. The 2012 Income Tax Return back up documentation included an income statement and assets and liabilities for June 30, 2013. The income statement reflects two different net income figures. This ultimately caused a discrepancy between the financial statements and income tax return for the following year.

Client R.B.B.[6]

26. Respondent provided the CBA with the engagement letter for R.B.B., which reflects the following:

a. It does not address that the compilation will be conducted in accordance with Statements on Standards for Accounting and Review Services nor that a compilation differs significantly from an audit or review.

b. It indicates that Respondent provided monthly financial statements.

Respondent's Statements

27. On or about September 12, 2010, Respondent submitted his license renewal application, including a corrective form, to the CBA for the two-year renewal period ending

[6] R.B.B. is a restaurant

March 31, 2010. In his application, including the corrective form, Respondent certified under penalty of perjury that he had completed the deficient education hours required for an active renewal. Respondent further certified that he was not subject to the completion of the accounting and auditing (A&A), and fraud, continuing education hours. Respondent also certified that he had completed two accounting and auditing continuing education hours, and no fraud continuing education hours.

28. On February 19, 2011, Respondent wrote a letter to the CBA in which he stated that he routinely issued monthly financial statements to his clients.

29. On or about March 26, 2012, Respondent submitted his license renewal application for the two-year renewal period ending March 31, 2012. In his application, Respondent certified under penalty of perjury that he was not subject to A&A and fraud continuing education. Respondent also certified that he was in compliance with peer review requirements. Respondent further certified that he had completed eight accounting and auditing continuing education hours, and no fraud continuing education hours.

30. During a July 11, 2013 Investigative Hearing, Respondent testified that between January 2010 through at least July 11, 2013, he had issued financial statements to his clients.

31. On September 17, 2010, Respondent submitted form PR-1 stating he was not subject to peer review.

FIRST CAUSE FOR DISCIPLINE

(False Statements in Obtaining Licensure)

32. Respondent is subject to disciplinary action under section 5100, subsection (b) of the Code, by and through Regulation sections 40, 45, and 87, subsections (d), (e), and (g) (issued before January 1, 2014), on the grounds that Respondent submitted false statements in obtaining his license renewal for the renewal periods ending March 31, 2010, and March 31, 2012. The circumstances are more particularly set forth in paragraphs 18, 20, 22, 23, 26, 28, and 30, and all of their subparts, and as follows:

a. Respondent engaged in planning, directing, performing substantial portions of the work, or reporting on an audit, review, compilation, or attestation service. Thus, Respondent was

required to complete twenty-four hours of accounting and auditing continuing education, and eight hours of fraud continuing education. In both of Respondent's renewal applications, Respondent falsely stated that he was not subject to accounting and auditing, and fraud, continuing education.

b. Respondent was subject to peer review requirements beginning at or about February 2010, due to the routine nature of Respondent's work for H.H. for the issuance of financial statements. Thus, Respondent should have obtained a peer review no later than eighteen months after he issued a financial statement in 2010. However, Respondent never obtained a peer review. Respondent thus falsely stated in his March 26, 2012 renewal application that he was in compliance with peer review requirements.

SECOND CAUSE FOR DISCIPLINE

(Gross Negligence/Repeated Negligent Acts)

33. Respondent is subject to disciplinary action under section 5100, subsection (c) of the Code on the grounds that Respondent committed gross negligence and/or repeated negligent acts in Respondent's performance of compilation engagements for several clients from on or about April 18, 2008, to August 28, 2013, that departed extremely from professional standards as more particularly set forth in paragraphs 18-26 and all of their subparts.

THIRD CAUSE FOR DISCIPLINE

(Report Following Compilation)

34. Respondent is subject to disciplinary action under section 5062 of the Code in that Respondent failed to comply with the reporting requirements upon completion of his compilation engagements as more particularly set forth in paragraphs 18-26 and all of their subparts.

FOURTH CAUSE FOR DISCIPLINE

(Compliance With Standards)

35. Respondent is subject to disciplinary action under Regulation section 58 in that Respondent did not comply with professional standards in the performance and reporting of his compilation engagements as more particularly set forth in paragraphs 18-26 and all of their subparts.

FIFTH CAUSE FOR DISCIPLINE

(Peer Review)

36. Respondent is subject to disciplinary action under section 5076, subsection (a) of the Code in that Respondent failed to have a peer review of his accounting and auditing practice by a board-recognized peer review program no less frequently than every three years as more particularly set forth in paragraphs 18, 20, 22, 23, 26, 28, and 30, and all of their subparts.

SIXTH CAUSE FOR DISCIPLINE

(Enrollment and Participation)

37. Respondent is subject to disciplinary action under Regulation section 40 in that Respondent failed to have a peer review report accepted by a peer review program once every three years and within eighteen months of the date Respondent completed services for the first time as defined in Regulation section 39, subsection (a), as more particularly set forth in paragraphs 18, 20, 22, 23, 26, 28, and 30, and all of their subparts.

SEVENTH CAUSE FOR DISCIPLINE

(Reporting to Board)

38. Respondent is subject to disciplinary action under Regulation section 45, subsections (a) and (c) in that Respondent failed to report to the CBA specific peer review information and Respondent made false, fraudulent, or misleading statements as part of, or in support of, his peer review reporting as more particularly set forth in paragraphs 18, 20, 22, 23, 26, 28, and 30, and all of their subparts.

EIGHTH CAUSE FOR DISCIPLINE

(Continuing Education, Basic Requirements)

39. Respondent is subject to disciplinary action under Regulation section 87, subsections (d) and (e) in that Respondent failed to complete twenty-four hours of accounting and auditing continuing education hours, and eight fraud continuing education hours. The circumstances are described with more particularity in paragraph 18, 20, 22, 23, 26, 28, and 30, and all of their subparts, and as follows:

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40. Respondent issued financial statements on April 18, June 18, August 19, September 6, and November 10, 2008, and May 15, 2009. These compilations subjected Respondent to twenty-four hours accounting and auditing continuing education hours and eight fraud continuing education hours. On Respondent's renewal application for the two-year period ending March 31, 2010, Respondent reported he had completed two accounting and auditing hours and no fraud hours.

41. Respondent's typical engagement letter indicated he provided monthly financial statements. These compilations subjected Respondent to twenty-four hours accounting and auditing continuing education and eight fraud continuing education hours. On Respondent's renewal application for the two-year period ending March 31, 2012, he reported he had completed eight accounting and auditing hours and no fraud hours.

NINTH CAUSE FOR DISCIPLINE

(Response to Board Inquiry)

42. Respondent is subject to disciplinary action under Regulation section 52 in that Respondent failed to provide true and accurate information and responses. The circumstances are as follows:

43. On or about November 15, 2012, the CBA requested the compilation for H.H. for the year ended 2008 and two compilations for two clients for the year ended 2011. Respondent stated in his July 11, 2013 Investigative Hearing that the compilations submitted were "samples" prepared for the CBA and not actual work product issued to clients.

44. Respondent contradicted himself regarding the possibility of his financial statements being used by clients for bank loan purposes.

45. Respondent failed to submit work paper documentation with the necessary "under the penalty of perjury" statement.

46. Respondent submitted his Peer Review Reporting form September 17, 2010, stating he was not subject to peer review.

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TENTH CAUSE FOR DISCIPLINE

(Willful Violation)

47. Respondent is subject to disciplinary action under section 5100, subsection (g) of the Code in that Respondent willfully violated various provisions of the Business and Professions Code and California Code of Regulations, as more particularly set forth in paragraphs 18-46 and all of their subparts.

PRAYER

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

1. Revoking or suspending or otherwise imposing discipline upon Certified Public Accountant License Number 71824, issued to Keith Roger Cummings;

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

3. Ordering Keith Roger Cummings to pay the California Board of Accountancy all administrative penalties imposed pursuant to Business and Professions Code section 5116; and,

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

DATED: August 26, 2014

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

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