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

In the Matter of the Accusation Against: DONALD RICHARD GRIDIRON, JR.
Case No. AC-2016-44
PO BOX 1634
Walnut, CA 91788

OAH No. 2016050289
Certified Public Accountant Certificate No.
55635

Respondent.

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 AUGUST 28, 2016.

It is so ORDERED JULY 29, 2016.

FOR THE CALIFORNIA BOARD OF ACCOUNTANCY
DEPARTMENT OF CONSUMER AFFAIRS
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In the Matter of the Accusation Against:
DONALD RICHARD GRIDIRON, JR.
PO BOX 1634
Walnut, CA 91788

Certified Public Accountant Certificate No. 55635

Respondent.

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 Michael Brown, Deputy Attorney General.

2. Donald Richard Gridiron, Jr. (Respondent) is representing himself in this proceeding and has chosen not to exercise his right to be represented by counsel.

3. On or about May 11, 1990, the California Board of Accountancy issued Certified Public Accountant Certificate No. 55635 to Respondent. The Certified Public Accountant...
Certificate expired on April 30, 2016 and is currently in delinquent status. Section 5109 of the Code provides, in pertinent part, that the expiration of a license 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.

**JURISDICTION**

4. Accusation No. AC-2016-44 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 April 15, 2016. Respondent timely filed his Notice of Defense contesting the Accusation. A copy of Accusation No. AC-2016-44 is attached as Exhibit A and incorporated by reference.

**ADVICEMENT AND WAIVERS**

5. Respondent has carefully read, and understands the charges and allegations in Accusation No. AC-2016-44. Respondent also has carefully read, and understands the effects of this Stipulated Surrender of License and Order.

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

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

**CULPABILITY**

8. Respondent admits the truth of each and every charge and allegation in Accusation No. AC-2016-44, agrees that cause exists for discipline and hereby surrenders his Certified Public Accountant Certificate No. 55635 for the CBA's formal acceptance.
9. Respondent understands that by signing this stipulation he enables the CBA to issue an order accepting the surrender of his Certified Public Accountant Certificate without further process.

**CONTINGENCY**

10. This stipulation shall be subject to approval by the CBA. Respondent understands and agrees that counsel for Complainant and the staff of the CBA may communicate directly with the CBA regarding this stipulation and surrender, without notice to or participation by Respondent. 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 Surrender 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.

11. The parties understand and agree that Portable Document Format (PDF) and facsimile copies of this Stipulated Surrender of License and Order, including Portable Document Format (PDF) and facsimile signatures thereto, shall have the same force and effect as the originals.

12. This Stipulated Surrender of License and 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 Surrender of License and 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.

13. 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 Order:

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ORDER

IT IS HEREBY ORDERED that Certified Public Accountant Certificate No. 55635, issued to Respondent Donald Richard Gridiron, Jr., 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 CBA.

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 files an application for licensure or a petition for reinstatement in the State of California, the CBA shall treat it as a petition for reinstatement. Respondent must comply with all the laws, regulations and procedures for reinstatement of a revoked license in effect at the time the petition is filed, and all of the charges and allegations contained in Accusation No. AC-2016-44 shall be deemed to be true, correct and admitted by Respondent when the CBA determines whether to grant or deny the petition.

5. Respondent shall pay the agency its costs of investigation and enforcement in the amount of $4,330.33 prior to issuance of a new or reinstated license.

ACCEPTANCE

I have carefully read the Stipulated Surrender of License and Order. 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: 6/1/16

DONALD RICHARD GRIDIRON, JR.
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: June 1, 2016

Respectfully submitted,

KAMALA D. HARRIS
Attorney General of California

MARC D. GREENBAUM
Supervising Deputy Attorney General

MICHAEL BROWN
Deputy Attorney General

Attorneys for Complainant

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Exhibit A

Accusation No. AC-2016-44
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 (CBA), Department of Consumer Affairs.

2. On or about May 11, 1990, the CBA issued Certified Public Accountant Certificate Number 55635 to Donald Richard Gridiron, Jr. (Respondent). The Certified Public Accountant Certificate is presently in an inactive status, and expires on April 30, 2016, unless renewed.
JURISDICTION
3. This Accusation is brought before the 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 5109 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."

STATUTORY PROVISIONS
5. Section 490 of the Code states:
"(a) In addition to any other action that a board is permitted to take against a licensee, a board may suspend or revoke a license on the ground that the licensee has been convicted of a crime, if the crime is substantially related to the qualifications, functions, or duties of the business or profession for which the license was issued.

"(b) Notwithstanding any other provision of law, a board may exercise any authority to discipline a licensee for conviction of a crime that is independent of the authority granted under subdivision (a) only if the crime is substantially related to the qualifications, functions, or duties of the business or profession for which the licensee's license was issued.

"(c) A conviction within the meaning of this section means a plea or verdict of guilty or a conviction following a plea of nolo contendere. Any action that a board is permitted to take following the establishment of a conviction may be taken when the time for appeal has elapsed, or the judgment of conviction has been affirmed on appeal, or when an order granting probation is made suspending the imposition of sentence, irrespective of a subsequent order under the provisions of Section 1203.4 of the Penal Code.

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"(d) The Legislature hereby finds and declares that the application of this section has been made unclear by the holding in *Petropoulos v. Department of Real Estate* (2006) 142 Cal.App.4th 554, and that the holding in that case has placed a significant number of statutes and regulations in question, resulting in potential harm to the consumers of California from licensees who have been convicted of crimes. Therefore, the Legislature finds and declares that this section establishes an independent basis for a board to impose discipline upon a licensee, and that the amendments to this section made by Chapter 33 of the Statutes of 2008 do not constitute a change to, but rather are declaratory of, existing law."

6. Section 5100 states:

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

(a) Conviction of any crime substantially related to the qualifications, functions and duties of a certified public accountant or a public accountant.

(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.

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

(j) Knowing preparation, publication, or dissemination of false, fraudulent, or materially misleading financial statements, reports, or information.

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

7. Section 5106 states:

"A plea or verdict of guilty or a conviction following a plea of nolo contendere is deemed to be a conviction within the meaning of this article. The record of the conviction shall be conclusive evidence thereof. The board may order the certificate or permit suspended or revoked, or may decline to issue a certificate or permit, when the time for appeal has elapsed, or the judgment of conviction has been affirmed on appeal or when an order granting probation is made, suspending the imposition of sentence, irrespective of a subsequent order under the provisions of Section 1203.4 of the Penal Code allowing such person to withdraw his plea of guilty and to enter a plea of not guilty, or setting aside the verdict of guilty or dismissing the accusation, information or indictment."

REGULATORY PROVISIONS

8. California Code of Regulations, title 16, section 99 states:

"For the purposes of denial, suspension, or revocation of a certificate or permit pursuant to Division 1.5 (commencing with Section 475) of the Business and Professions Code, a crime or act shall be considered to be substantially related to the qualifications, functions or duties of a certified public accountant or public accountant if to a substantial degree it evidences present or potential unfitness of a certified public accountant or public accountant to perform the functions authorized by his or her certificate or permit in a manner consistent with the public health, safety, or welfare. . . ."

COST RECOVERY

9. 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, attorneys' fees. The board shall not recover costs incurred at the administrative hearing."
ADMINISTRATIVE PENALTY

10. 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."

FIRST CAUSE FOR DISCIPLINE
(Conviction of Substantially Related Crimes)

11. Respondent is subject to disciplinary action under sections 490 and 5100,
subdivision (a), on the grounds of unprofessional conduct, in conjunction with California Code of
Regulations, title 16, section 99, in that Respondent was convicted of crimes substantially related
to the qualifications, functions or duties of a certified public accountant or public accountant, as
follows:

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ACCUSATION
a. On or about September 1, 2015, after pleading guilty, Respondent was convicted of one count of violating 18 U.S.C. section 1343 [wire fraud] and 26 U.S.C. section 7206, subdivision (1) [false and fraudulent tax return] in the criminal proceeding entitled The United States of America v. Donald Gridiron, Jr. (United States District Court, District of New Jersey, Crim. No. 15-435). The Court sentenced Respondent to an imprisonment for a term of 57 months on count one, and 36 months on count two, to be serviced concurrently, 3 years supervised release on count one and 1 year on count two, all such terms to run concurrently, restitution: $5,164,413.09 and Special Assessment: $200.00.

b. The circumstances underlying the conviction is that prior to 2007, a worship center based in Union County, New Jersey (the Worship Center) hired Respondent to provide accounting services. The Worship Center maintained bank accounts in New Jersey (the Bank Account). Foundation is a non-profit entity registered in California (The Foundation), which Respondent was the treasurer. Respondent was provided with blank checks to be used to pay some of the Worship Center’s bills and expenses. A review of Bank Accounts records revealed that between 2007 and 2014, Respondent issued unauthorized checks, which caused wires from the Bank Accounts in New Jersey to accounts that he controlled, in among other places, California. In addition, a review of records concerning the Bank Accounts revealed that additional wires were sent during this time from the Bank Accounts in New Jersey to Accounts that Respondent controlled, in among other places, California. In total, Respondent defrauded the Worship Center of over $4.25 million in this manner, with more than $2,750,000 going to his personal accounts, and more than $1,500,000 going to the Foundation’s bank account.

c. During the tax year 2011, Respondent stole approximately $950,000.00 from the Worship Center. On or about October 15, 2012, Respondent signed, filed and caused to be filed with the Internal Revenue Service, an Individual Income Tax Return, Form 1040 for the 2011 tax year (the 2011 Return). The 2011 Return was not true and correct as to every material matter, in that it failed to report the approximately $950,000.00 that Respondent fraudulently obtained during tax year 2011, which an additional tax of approximately $310,000.00 was due and owing, which Respondent failed to pay. The 2011 Tax Return was sign by Respondent and contained a
written declaration that it was signed under penalties of perjury.

SECOND CAUSE FOR DISCIPLINE
(False, Fraudulent, or Materially Misleading Reports)

12. Respondent is subject to disciplinary action under section 5100, subdivision (j), in that Respondent prepared false, fraudulent, or materially misleading financial reports. Complainant refers to and by this reference incorporates the allegations set forth above in paragraph 11, subparagraph c, inclusive, as though set forth fully.

THIRD CAUSE FOR DISCIPLINE
(Dishonest Acts)

13. Respondent is subject to disciplinary action under section 5100, subdivisions (c) and (i), in that Respondent committed acts of dishonesty, fraud, gross negligence, or repeated negligent in the practice of public accountancy. Complainant refers to and by this reference incorporates the allegations set forth above in paragraph 11, inclusive, as though set forth fully.

FOURTH CAUSE FOR DISCIPLINE
(Embezzlement, Theft, Misappropriation of Funds or Obtaining Money by Fraudulent Means)

14. Respondent is subject to disciplinary action under section 5100, subdivision (k), in that Respondent committed acts of dishonesty, fraud, gross negligence, or repeated negligent in the practice of public accountancy. Complainant refers to and by this reference incorporates the allegations set forth above in paragraph 11, inclusive, as though set forth fully.

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 Certificate Number 55635, issued to Donald Richard Gridiron, Jr.;
2. Ordering Donald Richard Gridiron, Jr. 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 Donald Richard Gridiron, Jr. to pay the California Board of Accountancy an administrative penalty pursuant to Business and Professions Code section 5116; and

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

DATED: 4-13-2010

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

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