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## PRESIDENT'S MESSAGE



Sarah (Sally) Anderson, CPA  
President

I was recently asked to give some thought to how I would describe my year as CBA President. Three words came to mind: interesting, exciting, and satisfying. Learning and being a part of the legislative process was all of those things. As CBA President, testifying before the California Legislature on issues that carry implications for the CBA and the profession was truly exciting. I experienced the satisfaction of getting a bill passed, the frustration of not getting a bill passed, and learning how challenging it is to find a compromise that can satisfy all constituencies.

We've had some important successes over the past year. We saw the enactment of the CBA-sponsored legislation allowing our agency to create a retired license status. The CBA also underwent a Sunset Review this year, resulting in a bill that not only extends the CBA's sunset date to 2016, but which additionally makes the CBA's Peer Review program permanent.

The Accounting Education Committee and the Ethics Curriculum Committee both completed their work, and it is anticipated that before the end of the year the CBA will adopt regulations implementing the recommendations of the Accounting Education Committee. The Governor signed Senate Bill 773, which largely accomplished through legislation the recommendations of the Ethics Curriculum Committee. The CBA also had another well-received success in the regulatory arena, when it reduced initial license and renewal fees from \$200 to \$120 for a four-year period beginning July 1, 2011, and ending June 30, 2015.

CBA efforts in communications and outreach have been exciting as well. During the past year, the CBA has developed a presence on Facebook





# UPDATE

## PRESIDENT'S MESSAGE CONTINUED FROM PAGE 1

and Twitter, and has been building a sense of community with various stakeholder groups. These social networking sites have been significant vehicles for distributing information, and also offer great value in terms of enabling two-way communication with our stakeholders. If you haven't signed up yet, I would encourage you to join us on Facebook at [www.facebook.com/CBAnews](http://www.facebook.com/CBAnews) and Twitter at [www.twitter.com/CBAnews](http://www.twitter.com/CBAnews)

Of course, the most obvious communication development is the edition of *UPDATE* you are reading right now. There is a good chance you are reading this first electronic edition online, but if you prefer the feel of paper in your hand, you may have "opted-in" to receive *UPDATE* in the mail. Either

way, we are excited about the new updated look and hope you like it as well. If you want to change the way you receive *UPDATE*, you can change your registration on the CBA website at [www.cba.ca.gov/forms/opt\\_in](http://www.cba.ca.gov/forms/opt_in).

While it has been my privilege to lead the CBA, I would also like to acknowledge the dedication and hard work of the CBA members and staff, as well as the many individuals who committed their time and expertise to tackle complex issues and successfully reach our goals. As I look back, I am proud to have served as President of the California Board of Accountancy, proud of all that we have accomplished and look forward to the opportunities and challenges ahead.

SARAH (SALLY) ANDERSON, CPA  
*President*

## CBA MEMBERS

Sarah (Sally) Anderson, CPA, *President*  
Marshal A. Oldman, Esq., *Vice President*  
Leslie J. LaManna, CPA, *Secretary/Treasurer*  
Diana L. Bell  
Alicia Berhow  
Michelle R. Brough, Esq.  
Donald A. Driftmier, CPA  
Herschel T. Elkins, Esq.  
Laurence (Larry) Kaplan  
Louise Kirkbride  
Kitak (K.T.) Leung, CPA  
Manuel Ramirez, CPA  
Michael M. Savoy, CPA  
David L. Swartz, CPA  
Lenora Taylor, Esq.

## COMMITTEE CHAIRS

*Enforcement Advisory Committee*  
Cheryl Gerhardt, CPA  
*Qualifications Committee*  
Fausto Hinojosa, CPA  
*Accounting Education Committee*  
Ruben A. Davila, CPA  
*Ethics Curriculum Committee*  
Donald A. Driftmier, CPA  
*Peer Review Oversight Committee*  
Nancy J. Corrigan, CPA

## CBA STAFF

Patti Bowers, *Executive Officer*  
Dan Rich, *Assistant Executive Officer*  
Rafael Ixta, *Enforcement Chief*  
Deanne Pearce, *Licensing Chief*  
Lauren Hersh, *UPDATE Managing Editor*

## MESSAGE FROM THE EXECUTIVE OFFICER

Welcome to the first electronic edition of *UPDATE*. It is my hope that you will find the new electronic format offers you a much more dynamic experience, allowing you to follow links to access more in-depth and comprehensive information on a variety of topics. If you are reading this online and prefer to receive a hard copy in the mail, or are reading a hard copy and wish to continue receiving *UPDATE* in the mail, you can easily “opt-in” to receive a hard copy of *UPDATE* on our website at [www.cba.ca.gov/forms/opt\\_in](http://www.cba.ca.gov/forms/opt_in). Drop us an email and let us know what you think of the new *UPDATE*.

*UPDATE* isn't the only publication getting a facelift. Staff has been hard at work updating and revising several other publications, and the new updated editions of the CPA Licensee Handbook and the Consumer Assistance Handbook will be making their way to our website before long.

Another new addition to our website is video. Our first YouTube video, a how-to on “Peer Review Reporting” is now available. Additional videos on this topic and others are planned, and I hope you will find the information helpful and interesting.

While I am on the topic of media, I would encourage you to check us out on Facebook [www.facebook.com/CBANEWS](http://www.facebook.com/CBANEWS) and Twitter [www.twitter.com/CBANEWS](http://www.twitter.com/CBANEWS) and be sure to sign up for *E-News*, which allows you to select from a variety of interest areas and receive timely email updates on CBA activities that are important to you.

Thanks to technology, there are quite a few changes afoot at the CBA. Still, I want to assure you that our mission is the same: To protect consumers by ensuring only qualified licensees practice public accountancy in accordance with established professional standards.

PATTI BOWERS  
*Executive Officer*

### POLICY OF NONDISCRIMINATION ON THE BASIS OF DISABILITY AND EQUAL EMPLOYMENT OPPORTUNITY

The California Board of Accountancy does not discriminate on the basis of disability in employment or in the admission and access to its program and activities.

An Americans with Disabilities Act (ADA) coordinator has been designated to coordinate and carry out this agency's compliance with the nondiscrimination requirements of Title II of the ADA. Information concerning the provisions of the ADA, and the rights provided thereunder, is available from:

ADA Coordinator  
California Board of Accountancy  
2000 Evergreen Street, Suite 250  
Sacramento, California 95815-3832

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## UNDER THE DOME

This has been an active year for the CBA legislatively. Assembly Bill 431, which the CBA sponsored to create a retired status for licensees, passed the Legislature and was signed into law by Governor Brown. The CBA appreciates the efforts of Assembly Member Fiona Ma for introducing the measure to the Legislature.

The CBA also took “support” or “oppose” positions on 11 other pieces of legislation. Five of those were passed by the Legislature and were sent to the Governor for his signature or veto. Of those five bills, all were signed into law.

Among them, Senate Bill 541 will allow the CBA to use a streamlined contracting process to hire expert consultants for enforcement matters, and Senate Bill 773 will define the 10 units of ethics study that will be required for licensure starting January 1, 2014.

Additionally, the CBA supported Senate Bill 306, which reinstates the five-day safe harbor period for Practice Privilege and narrowly defines what it means to practice in California on a temporary and incidental basis.

The CBA also supported Senate Bill 543, which extends the CBA’s sunset date to January 1, 2016, and makes the Peer Review Program permanent. Senate Bill 543 also modifies the requirement in existing law for reporting of restatements by exempting any restatement that is included in any report filed with the United States Securities and Exchange Commission.

Assembly Bill 1424, which requires the CBA to automatically suspend the license of any licensee who appears on the Franchise Tax Board or Board of Equalization’s list of 500 largest tax delinquencies, was signed into law despite the CBA’s opposition to the legislation.



## FUTURE MEETINGS

### November 17-18, 2011

CBA/COMMITTEE MEETINGS  
The Sainte Claire  
302 South Market Street  
San Jose, California 95113  
(408) 295-2000

### December 9, 2011

PEER REVIEW OVERSIGHT  
COMMITTEE MEETING  
Southern California

### January 26-27, 2012

CBA/COMMITTEE MEETINGS  
Southern California

### March 22-23, 2012

CBA/COMMITTEE MEETINGS  
Northern California

### May 24-25, 2012

CBA/COMMITTEE MEETINGS  
Southern California

### July 26, 2012

CBA/COMMITTEE MEETINGS  
Northern California

### September 20-21, 2012

CBA/COMMITTEE MEETINGS  
Southern California

### November 15-16, 2012

CBA/COMMITTEE MEETINGS  
Northern California

CBA and committee meetings are open to the public. Consumers, licensees and all interested persons are encouraged to attend. As meeting locations become known, they will be posted on the CBA's website at [www.cba.ca.gov](http://www.cba.ca.gov) and will also be available by telephoning the CBA office at (916) 263-3680.

Public notices and agendas are posted to the CBA's website at least 10 days prior to meetings.

All CBA meetings are available to the public via live webcast at [www.cba.ca.gov](http://www.cba.ca.gov).

## REVIEW OF CONTINUING EDUCATION WORKSHEETS

Approximately 10 percent of license renewal applications the CBA receives contain deficiencies, many of which occur on the Continuing Education (CE) Worksheet licensees submit with their renewal applications. Consequently, to verify compliance with mandated CE requirements, the CBA Renewal and Continuing Competency Unit (RCC) reviews 100 percent of all CE Worksheets. This review process, focused on licensees' currency of knowledge, represents just one way the CBA works to ensure consumer protection.

The RCC Unit also performs a more in depth CE Worksheet review process post renewal, meaning that anytime following your license renewal date you may receive a letter from the CBA identifying a deficiency

with the CE you documented. To assist you with ensuring compliance with the license renewal and CE requirements, and thus not receiving a deficiency letter, please keep the following in mind when completing your renewal application:

- = All questions on the renewal application must be answered
- = You must complete the CE Worksheet on the reverse of the application, or submit a worksheet that is substantially similar
- = You must sign the renewal application where required

If you have questions regarding the CE requirements, you can visit the CBA's website at [www.cba.ca.gov](http://www.cba.ca.gov).

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## PLANNING FOR THE FUTURE...WHAT YOU NEED TO KNOW ABOUT CPA LICENSURE BEGINNING JANUARY 2014

As we have reported in prior issues of *UPDATE*, the California Legislature passed landmark legislation in 2009 that vastly transforms the landscape for obtaining a California CPA license. Soon, California will have some of the most, if not the most, rigorous educational requirements needed to begin the practice of public accountancy, especially in the area of ethics education.

Beginning January 2014, applicants for licensure will have to meet the following requirements when applying for licensure:

- = a baccalaureate degree or higher
- = a minimum of 150-semester units
- = 24-semester units of accounting subjects
- = 24-semester units of business-related subjects
- = 20-semester units of accounting study
- = 10-semester units of ethics study
- = one year of general accounting experience

The accounting and ethics study units will be new requirements taking effect January 1, 2014.

As noted in our Under the Dome section, as part of this year's bills, Governor Brown signed Senate Bill (SB) 773. SB 773 defines the guidelines for the 10 semester units of ethics study.

As for the accounting study, the CBA recently began the rulemaking process to establish the guidelines for the 20 semester units via regulation. The steps included in the process consist of distributing copies of the regulations for public comment, holding a public hearing, and submitting the regulations for review to the Office of Administrative Law (the state agency that renders decisions on the adoption

of regulations). This process generally takes about 12 months, so it is anticipated that the regulations defining the new 20 semester units of accounting study will become final no later than October 2012.

We will be working diligently to keep you informed of the new licensure requirements. One step we have already taken is creating a page on our website specific to the new requirements – [www.dca.ca.gov/cba/lic\\_require.shtml](http://www.dca.ca.gov/cba/lic_require.shtml). On this page we have posted the finalized guidelines for the 10 semester units of ethics study, the CBA's proposed guidelines for the 20 semester units of accounting study, a tip sheet, and a first series of FAQs.

If you haven't already done so, we would recommend you sign up for CBA E-News ([www.cba.ca.gov/forms/enews](http://www.cba.ca.gov/forms/enews)), which we use as one of the methods to let stakeholders know about new information we have posted to our website. Additionally, we will be holding Facebook events regarding the new requirements. To receive notice of our Facebook events, please follow us at [www.facebook.com/CBAnews](http://www.facebook.com/CBAnews).

We also understand that these new requirements not only affect applicants for CPA licensure beginning 2014, but those of you planning on applying for licensure over the next couple of years. To assist you in determining what steps you need to complete to become licensed under the present pathways, we have recently posted on the CBA's website ([www.dca.ca.gov/cba/applicants/pathway.shtml](http://www.dca.ca.gov/cba/applicants/pathway.shtml)) important information outlining all of the requirements you will need to complete prior to January 1, 2014. If you intend on applying for licensure between now and 2014, we strongly urge you to review this information.

## APPOINTMENT OPPORTUNITIES TO THE CBA'S ADVISORY COMMITTEES

The CBA is actively recruiting licensees with diversified backgrounds who have the technical skills, the interest, and the commitment to serve on one of the CBA's advisory committees. Being a committee member is an opportunity to actively participate in the regulation of the accountancy profession and become an integral part of an organization charged with providing consumer protection amid changing consumer demographics and the evolving nature of the profession. Your service benefits both the consumer and the profession.

Committee appointments are for a term of two years; appointed individuals may serve a maximum of four terms. All applicants requesting appointment to a CBA advisory committee must be actively licensed to practice public accounting for a minimum of two years prior to the appointment and, if appointed, must maintain an active license status during tenure on the committee. There must also be no pending enforcement actions against the licensee. Candidates will also be reviewed for any results of Qualifications Committee work paper and continuing education reviews.

The CBA is currently accepting applications for the Enforcement Advisory Committee (EAC) and the Qualifications Committee (QC).

The EAC assists the CBA in an advisory capacity with enforcement activities. The committee reviews closed investigation files, offers technical guidance on open investigations, and participates in investigative hearings. The committee also considers, formulates and proposes policies and procedures related to the CBA's Enforcement Program. This committee is limited by statute to a membership of 13 licensees and meets four to five times a year, generally for one-day meetings, alternating between a Northern and Southern California city.

The QC assists the CBA in its licensure activities by reviewing the experience of applicants for licensure and making recommendations to the CBA. This responsibility includes conducting work paper reviews, with the applicant or the employer present, to verify that the responses provided are reflective of the requisite experience for licensure. This committee is limited to a membership of 16 licensees who have expertise in the preparation of audit and review reports. The committee meets four to five times a year, generally for one-day meetings, alternating between a Northern and Southern California city.

If membership in a CBA committee interests you, please submit a letter of intent with a resume or curriculum vitae (CV), including your CPA license number to:

PATTI BOWERS, *Executive Officer*  
CALIFORNIA BOARD OF ACCOUNTANCY  
2000 EVERGREEN STREET, SUITE 250  
SACRAMENTO, CA 95815-3832

As an alternative, you may submit your letter of intent and resume or CV as attachments via e-mail directly to [pbowers@cba.ca.gov](mailto:pbowers@cba.ca.gov). Please do not submit any documents with macros.

Each committee chair will interview qualified applicants and make recommendations for appointments to the Vice President of the CBA.

Committee members receive a per diem of \$100 for each day spent in the discharge of official duties and are reimbursed under State policies for travel and other expenses incurred in the performance of committee duties.

If you have additional questions about committee responsibilities, committee member qualifications, or the appointment process, please telephone Patti Bowers, Executive Officer of the CBA at (916) 561-1718 or email her at [pbowers@cba.ca.gov](mailto:pbowers@cba.ca.gov).

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## PEER REVIEW: WHERE & WHEN TO START

By now, it would be hard to find a California CPA who hasn't at least heard of the mandatory peer review law, but if this is your first time filing a peer review report under the new requirements, you may still have some questions.

In July 2011, licensees with license numbers ending in 34 through 66 were notified that they are required to submit a Peer Review Reporting Form to the CBA by July 1, 2012. The Peer Review Reporting Form serves to report either that you are not subject to peer review or, alternatively, to report the results of a peer review.

If your firm is subject to peer review, the peer review needs to be completed and accepted by the Board-recognized peer review program provider prior to submitting the Peer Review Reporting Form to the CBA.

Currently, the only Board-recognized peer review program provider is the *American Institute of Certified Public Accountants* (AICPA). In California, the *California Society of CPAs* (CalCPA) administers the AICPA Peer Review Program.

If your firm is subject to peer review, and is not already enrolled in the AICPA Peer Review Program, you need to enroll in the program immediately to ensure that the peer review report will be accepted by the July 1, 2012 reporting deadline. The entire peer review process can take 4-6 months. If your firm has had a peer review accepted after June 30, 2009, you can report the results of this peer review on the Peer Review Reporting Form.

The enrollment form for the AICPA Peer Review Program is available on the CalCPA website at [www.calcpa.org/Content/peerreview.aspx](http://www.calcpa.org/Content/peerreview.aspx). Questions regarding enrollment should be directed to CalCPA at (650) 522-3094 or [peerreview@calcpa.org](mailto:peerreview@calcpa.org).

The Peer Review Reporting Form and information on mandatory peer review in California is available on the CBA's website at [www.dca.ca.gov/cba/peerreview.shtml](http://www.dca.ca.gov/cba/peerreview.shtml)

If you still have questions about submitting a Peer Review Reporting Form, please contact the CBA at (916) 561-1706 or [peerreviewinfo@cba.ca.gov](mailto:peerreviewinfo@cba.ca.gov).

## UNREGISTERED FIRMS

**Are you currently operating an accounting firm?**

**Are you familiar with the CBA's registration requirements for firms?**

Under the Accountancy Act, Section 5060 of the Business and Professions Code, no person or firm may practice public accounting under a name other than the name set forth on his or her permit to practice. Maintaining an active registration with the California Secretary of State is not sufficient to operate in California. A public accounting firm and/or firm who offers public accounting services is required to register with the CBA **prior** to operating in California.

## WANT TO GO “ACTIVE?”

Perhaps the economy has you re-thinking retirement, or your “second career” just doesn’t hold your interest the way public accounting did. Whatever the reason, if you hold a CPA license in an inactive status and wish to convert to active status, you may do so prior to the next license expiration date. Here is what you will need to do:

- = Complete 80 hours of continuing education (CE) during the 24-month period prior to requesting conversion. Specific CE requirements can be found at: [www.dca.ca.gov/cba/cont\\_educ/cequickref.shtml](http://www.dca.ca.gov/cba/cont_educ/cequickref.shtml)
- = Submit the Status Conversion Request Form: [www.dca.ca.gov/cba/forms/convert.pdf](http://www.dca.ca.gov/cba/forms/convert.pdf)

There is no fee required for converting your license to an active status. Once your status conversion is approved, your license will be updated to an active status and a new pocket identification card will be mailed to you. CE hours for your next renewal are prorated from the date of conversion to the next license expiration date. You will be required to complete 20 hours of CE for each full six-month period from the date your license status is converted to your next license expiration date, in order to fulfill the CE requirement for an active status license renewal.

If the time between the date of your license status conversion and your next license expiration date is less than six months, no CE is required for your next renewal.

A status conversion request form is not needed if you hold an inactive license, and are choosing to become active at the time of renewal. Simply check the “active” status box on the renewal application, answer all questions pertaining to your CE requirements, and fill out the CE reporting worksheet to document your CE hours. If you are in compliance with the CE requirements, your license will be renewed with active status.

Remember, if you hold a CPA license with an inactive status, you must disclose the inactive status on any documents such as, correspondence, websites, business cards, nameplates, by placing the term “inactive” immediately after the CPA designation.

If you have questions about the license status conversion process or any of your CE requirements, please contact the License Renewal/Continuing Competency unit at (916) 561-1702 or by email at [renewalinfo@cba.ca.gov](mailto:renewalinfo@cba.ca.gov)

## TALK TO US

Have a question or comment? An idea for a topic you would find interesting? Even if you’d just like to say “Hi, I really like the new format” you can contact *UPDATE* staff at [update@cba.ca.gov](mailto:update@cba.ca.gov).

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## PROTECTING YOUR PRIVACY

The License Lookup feature on the CBA's website is an important tool for consumers, but we also realize that some licensees may feel uncomfortable having their address of record displayed on License Lookup. Although the address of record is public information, you can choose to make a Post Office box your address of record for security purposes as long as an alternate address is also provided. The alternate address will not be posted on CBA's Web License Lookup.

Also, you should be aware that the Department of Consumer Affairs maintains a list of all licensees which is sold to requestors for mailing list purposes. If you do not want your name and address to be on this list, you can notify us by submitting an Address Change Form and check the box on the bottom right corner of the form.

To change your address of record, you may submit the Address Change Form provided in *UPDATE* or at [www.dca.ca.gov/cba/forms/addchg.pdf](http://www.dca.ca.gov/cba/forms/addchg.pdf). If you prefer, you can submit a letter with your signature requesting the change. Just be certain to include an alternate address, if applicable. It is important to remember that if your address of record changes, the change must be reported to the CBA in writing within 30 days of the change.

If you have any questions, please contact the CBA at (916) 263-3680 or Fax (916) 263-3675.

## CLARIFICATION

In response to a comment received on the article "Licensee Self-Reporting Obligations" in the spring 2011 edition of *UPDATE*, we would like to make a clarification on the issue of reporting restatements. According to California Code of Regulations, Title 16, Section 59, [www.dca.ca.gov/cba/laws\\_and\\_rules/regs9-s59.shtml](http://www.dca.ca.gov/cba/laws_and_rules/regs9-s59.shtml) only the following restatements need to be reported:

- (1) Any restatement of a financial statement reporting the correction of any error in a previously issued financial statement of a client that is a publicly traded company that is required to file a tax return with the California Franchise Tax Board,
- (2) Any restatement of a financial statement reporting the correction of any error in a previously issued financial statement of a client that is a government agency located in California, when the financial restatement exceeds the planning materiality used by the licensee in conjunction with the current year audit; and,
- (3) Any restatement of a financial statement of a charitable organization registered by the Office of the Attorney General's Registry of Charitable Trusts which is issued for purposes of correcting any error in a previously issued financial statement and which has resulted in the filing of an amended or superseding Internal Revenue Service Form 990 or 990PF. And since we're on the subject, here's a link to the reporting form. [www.dca.ca.gov/cba/forms/licenrpt.pdf](http://www.dca.ca.gov/cba/forms/licenrpt.pdf)

## AT A GLANCE: CITATIONS

Did you know that the CBA issues more citations every year than formal disciplinary orders? Citations are issued for violations of the *Accountancy Act* or *CBA Regulations*, most commonly in areas such as practicing without a valid permit, continuing education deficiencies, using an unregistered firm name, or failing to respond to CBA inquiries, as compared to disciplinary orders being issued for more serious violations of accountancy statutes and regulations. Citations are an extremely efficient, as well as effective, means to deal with violations that do not rise to the level of unprofessional conduct.

Should you ever receive a citation, it is in your best interest to cooperate in the investigation. In fact, licensee cooperation is considered a mitigating factor in terms of determining the severity of the citation, as well as assessment of an administrative fine that might range from \$100 to \$5,000. Factors that investigators look at when considering assessment of administrative fines, or issuing an order of correction/abatement include:

- = Gravity of the violation;
- = Good or bad faith of the cited person or entity;
- = History of previous violations;
- = Evidence that the violation was or was not willful;
- = Extent to which the cited person or entity cooperated with the CBA's investigation;

- = Extent to which the cited person or entity has mitigated or attempted to mitigate any damage or injury caused by the violation.

An appeal process exists for any licensee that might receive a citation. Details regarding the appeal process can be found in *Title 16, California Code of Regulations, Section 95.5* or through the following link. [www.dca.ca.gov/cba/laws\\_and\\_rules/regs12.5-s95.5.shtml](http://www.dca.ca.gov/cba/laws_and_rules/regs12.5-s95.5.shtml)

Failure to comply with a citation may result in the outstanding administrative fine being added to the license renewal fees, and a licensee with an outstanding citation is unable to renew their license until the citation is cleared. While the initial violation may not constitute unprofessional conduct, failure to comply with the citation constitutes unprofessional conduct under Business and Professions Code section 5100(g), and Title 16, California Code of Regulations Section 95.4, and may lead to the filing of an accusation seeking suspension, revocation or other discipline against the licensee.

Please remember that should you ever receive a citation, it is of paramount importance that you attend to the issue quickly and cooperate with the investigation. Your participation in resolving the issue can often times affect the outcome.

**Subscribe to E-News  
@ [www.cba.ca.gov](http://www.cba.ca.gov).**

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## ENFORCEMENT PROCESS

When the CBA receives a complaint, an investigation is conducted. Information regarding a complaint generally is gathered by enforcement staff, often accompanied by a licensee's appearance before the CBA Enforcement Advisory Committee.

Following this investigation, a recommendation is made to either (1) close the case with no violation of the Accountancy Act or CBA Regulations; (2) require the licensee to take prescribed CE; (3) issue a citation and fine; or (4) refer the case to the Attorney General's Office for review and possible preparation of an accusation against the licensee or a statement of issues relating to the applicant.

If charges are filed against a licensee, a hearing may be held before an independent administrative law judge who submits a proposed decision to be considered

by the CBA, or the matter may be settled. The CBA may either accept the proposed decision or decide the matter itself. Please note that CBA actions reported here may not be final. After the effective date of the CBA's decision, the licensee may obtain judicial review of its decision. On occasion, a court will order a stay of the CBA's decision or return the decision to the CBA for reconsideration.

Copies of the accusations, decisions, and settlements regarding any of these disciplinary and/or enforcement actions are available on the CBA's website or by sending a written request to: California Board of Accountancy, Attention: Disciplinary/Enforcement Actions, 2000 Evergreen Street, Suite 250, Sacramento, CA 95815-3832. Please state the licensee's name and license number, and allow at least ten days for a response to each request.

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## STANDARD TERMS OF PROBATION

The CBA may revoke, suspend, or impose probation on a license for violation of applicable statutes or regulations. In addition to any case-specific terms of probation, the standard probationary terms include:

- = Obey all federal, California, other state, and local laws, including those rules relating to the practice of public accountancy in California.
- = 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.
- = During the period of probation, appear in person at interviews or meetings as directed by the CBA or its designated representative, provided such notification is accomplished in a timely manner.
- = Comply with the terms and conditions of the probation imposed by the CBA, and cooperate fully with representatives of the CBA in its monitoring and investigation of the respondent's compliance with probation terms and conditions.
- = Be subject to, and permit a "practice investigation" of the respondent's professional practice. Such "practice investigation" shall be conducted by representatives of the CBA, provided notification of such review is accomplished in a timely manner.
- = Comply with all final orders resulting from citations issued by the CBA.
- = 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

**STANDARD TERMS OF PROBATION** CONTINUED FROM PAGE 12

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, or 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.

= 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 and/or enforcement 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.

= Upon successful completion of probation, respondent’s license will be fully restored.

**ENFORCEMENT DEFINITIONS**

**Accusation**

A formal document that charges violation(s) of the laws under CBA’s jurisdiction including the California Accountancy Act and/or CBA Regulations by a licensee. The charges in the accusation are allegations. Allegations are not a final determination of wrongdoing and are subject to adjudication and final review by the CBA pursuant to the Administrative Procedure Act.

**Cost Recovery**

The licensee is ordered to pay the CBA certain costs of investigation and prosecution including, but not limited to, attorney’s fees.

**Default Decision**

The licensee failed to file a Notice of Defense or has otherwise failed to request a hearing, object, or otherwise contest the accusation. The CBA takes action without a hearing based on the accusation and documentary evidence on file.

**Effective Date**

The date the disciplinary decision becomes operative.

**Probation**

The licensee may continue to engage in activities for which licensure is required, under specific terms and conditions.

**Reinstatement**

A revoked license that is restored, not sooner than one year from the date of revocation, to a clear or inactive status after petition to and approval by the CBA. Reinstatement may include probation and/or terms and conditions.

**Revocation**

The individual, partnership, or corporation no longer is licensed as a result of a disciplinary action.

**Stayed**

The action does not immediately take place and may not take place if the licensee complies with other conditions (such as a probation term).

**Stipulation**

The matter is negotiated and settled without going to hearing.

**Surrendered**

The licensee has surrendered the license. The individual, partnership, or corporation no longer is licensed. The CBA, however, may impose discipline against a surrendered license in certain circumstances. Surrender also may require certain conditions be met should the former licensee ever choose to reapply for licensure.

**Suspension**

The licensee is prohibited for a specific period of time from engaging in activities for which licensure is required.

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## ENFORCEMENT ACTIONS – REVOCATION OF CPA CERTIFICATE

JUNE 3, 2011 – OCTOBER 28, 2011

### CALDWELL, MILLIARD CHRISTOPHER

Costa Mesa, CA (CPA 24276)

#### CBA ACTIONS

Revocation of CPA license, via default decision.

**Effective August 27, 2011**

#### CAUSE FOR DISCIPLINE

Accusation No. AC-2010-35 contains the following allegations:

Mr. Caldwell willfully practiced and held himself out as a Certified Public Accountant when he failed to have a valid license. Mr. Caldwell misappropriated funds or obtained money by false pretenses by cashing two payments for the same service instead of refunding the duplicate payment. Mr. Caldwell failed to respond to inquiries by the CBA, including failing to respond to a subpoena served on him by the CBA. Mr. Caldwell failed to notify the CBA of a change in his address of record.

#### VIOLATION(S) CHARGED

Business and Professions Code, Division 3, Chapter 1, §§ 5050, 5051, 5100(g) and (k). California Code of Regulations, Title 16, Division 1, §§ 3, 52 (a) and (b).

### CANOVA, ANTONIO

Los Altos Hills, CA (CPA 52769)

#### CBA ACTIONS

Revocation of CPA license, via decision.

Mr. Canova is required to reimburse the CBA \$9,190.21 for its investigation and prosecution costs.

**Effective June 27, 2011**

#### CAUSE FOR DISCIPLINE

Mr. Canova was suspended from appearing or practicing before the Securities and Exchange Commission (SEC) as an accountant. The SEC's complaint alleged that Mr. Canova signed various annual and quarterly reports that were filed with the SEC, and that those reports materially misrepresented Brocade's stock-based compensation expense and income and loss, and made materially false and

misleading disclosures and omitted material information about Brocade's stock option practices.

Mr. Canova also failed to timely report the SEC's suspension and the final judgment by the SEC to the CBA.

#### VIOLATION(S) CHARGED

Business and Professions Code, Division 3, Chapter 1, §§ 5100 (g), (h), (l), and 5063 (a)(3), (c).

### KENNY H. LEE CPA GROUP, INC.

Gardena, CA (COR 5185)

#### CBA ACTIONS

Kenny H. Lee CPA Group, Inc.'s license is revoked, via decision, following appeal and court judgment sustaining the decision. Effective date of the decision was stayed pending the appeal.

**Effective June 3, 2011**

Also See:

Lee, Kwang-Ho

#### CAUSE FOR DISCIPLINE

Kenny H. Lee CPA Group, Inc.'s registration with the Public Company Accounting Oversight Board (PCAOB) was revoked. The firm was grossly negligent in audit services it performed, lacked independence in one engagement, and failed to perform any audit procedures prior to issuing an audit report. The firm failed to report to the CBA the initiation of the investigation by the PCAOB and the discipline imposed by the PCAOB.

In a separate matter, Kenny H. Lee CPA Group, Inc. was grossly negligent in tax preparation services they provided by preparing an estate tax return for a client whose mother's estate consisted of a house valued at \$270,000, well below the \$1,500,000 filing requirement.

On June 4, 2009, the CBA adopted the "Decision After Non-Adoption of Proposed Decision," revoking Kenny H. Lee CPA Group, Inc.'s license effective July 4, 2009.

On June 22, 2009, the CBA corrected clerical errors in the decision and issued the "Order Correcting Clerical Error and Amended Order Nunc Pro Tunc After Non-Adoption of Proposed Decision."

**ENFORCEMENT ACTIONS – REVOCATION OF CPA CERTIFICATE** JUNE 3, 2011 – OCTOBER 28, 2011**KENNY H. LEE CPA GROUP, INC.** *Continued*

Respondent subsequently filed a petition for a Writ of Mandate and Ex Parte Application for Stay of Administrative Hearing on or about June 25, 2009, in Los Angeles County Superior Court (Kwang-Ho Lee and Kenny H. Lee CPA Group, Inc. v. California Board of Accountancy, Case No. BS121343). On June 26, 2009, the Superior Court granted Respondent's request for a stay and ordered the CBA to "stay the operation of its decision ... pending the entry of judgment in the administrative mandamus proceeding..." However, the Superior Court also ordered Respondent's license restricted pending entry of judgment: Respondent was "prohibited from performing any estate tax work or independent audit work." On January 4, 2010, the Superior Court denied Respondent's petition and issued a judgment in favor of the CBA.

Subsequently, Respondent filed a notice of appeal on December 30, 2009, and then an Application for a Writ of Supersedeas and request for stay on January 12, 2010 with the California Court of Appeal. (Kwang-Ho Lee and Kenny H. Lee CPA Group, Inc. v. California Board of Accountancy, Cal.Ct.App.2nd Dist., Case No. B221561.) On January 19, 2010, the Court of Appeal ordered that the CBA's decision be "temporarily stayed" pending further order of the Court. However, the Court also ordered that Respondent's license was restricted and that the firm was prohibited from performing any estate tax work or independent audit work pending the outcome of the Court's decision. On February 10, 2010, the Court of Appeal vacated its January 19 stay order, and issued a new stay order with the same practice restrictions as the January 19 stay order. On May 4, 2011, the Court affirmed the Superior Court's judgment to uphold the Board's decision and vacated its stay order entered on February 10, 2010.

**VIOLATION(S) CHARGED**

Business and Professions Code, Division 3, Chapter 1, §§ 5100(c), 5100(l), and 5063. California Code of Regulations, Title 16, Division 1, § 65.

**LEE, KWANG-HO**

Rancho Palos Verdes, CA (CPA 64155)

**CBA ACTIONS**

Mr. Lee's license is revoked, via decision, following appeal and court judgment sustaining decision. Effective date of the decision was stayed pending the appeal.

**Effective June 3, 2011**

Also See:

Kenny H Lee CPA Group Inc.

**CAUSE FOR DISCIPLINE**

Kwang-Ho Lee was barred by the Public Company Accounting Oversight Board (PCAOB) from being an associated person of a registered public accounting firm. Mr. Lee was grossly negligent in audit services he performed, lacked independence in one engagement, and failed to perform any audit procedures prior to issuing an audit report. Mr. Lee failed to report to the CBA the initiation of the investigation by the PCAOB and the discipline imposed by the PCAOB.

In a separate matter, Mr. Lee was grossly negligent in tax preparation services he provided by preparing an estate tax return for a client whose mother's estate consisted of a house valued at \$270,000, well below the \$1,500,000 filing requirement.

On June 4, 2009, the CBA adopted the "Decision After Non-Adoption of Proposed Decision," revoking Mr. Lee's License effective July 4, 2009. On June 22, 2009, the CBA corrected clerical errors in the decision and issued the "Order Correcting Clerical Error and Amended Order Nunc Pro Tunc After Non-Adoption of Proposed Decision."

Respondent subsequently filed a petition for a Writ of Mandate and Ex Parte Application for Stay of Administrative Hearing on or about June 25, 2009, in Los Angeles County Superior Court (Kwang-Ho Lee and Kenny H. Lee CPA Group, Inc. v. California Board of Accountancy, Case No. BS121343). On June 26, 2009, the Superior Court granted Respondent's request for a stay and ordered the CBA to "stay the operation of its decision ... pending the entry of judgment in the administrative mandamus proceeding..." However, the Superior Court also ordered Respondent's license

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## ENFORCEMENT ACTIONS – REVOCATION OF CPA CERTIFICATE JUNE 3, 2011 – OCTOBER 28, 2011

### KENNY H. LEE CPA GROUP, INC. *Continued*

restricted pending entry of judgment: Respondent was “prohibited from performing any estate tax work or independent audit work.” On January 4, 2010, the Superior Court denied Respondent’s petition and issued a judgment in favor of the CBA.

Subsequently, Respondent filed a notice of appeal on December 30, 2009, and then an Application for a Writ of Supersedeas and request for stay on January 12, 2010 with the California Court of Appeal. (Kwang-Ho Lee and Kenny H. Lee CPA Group, Inc. v. California Board of Accountancy, Cal.Ct.App.2nd Dist., Case No. B221561.) On January 19, 2010, the Court of Appeal ordered that the CBA’s decision be “temporarily stayed” pending further order of the Court. However, the Court also ordered that Respondent’s license was restricted and that he was prohibited from performing any estate tax work or independent audit work pending the outcome of the Court’s decision. On February 10, 2010, the Court of Appeal vacated its January 19 stay order, and issued a new stay order with the same practice restrictions as the January 19 stay order. On May 4, 2011, the Court affirmed the Superior Court’s judgment to uphold the CBA’s decision and vacated its stay order entered on February 10, 2010.

#### **VIOLATION(S) CHARGED**

Business and Professions Code, Division 3, Chapter 1, § 5100(c), 5100(l), and 5063. California Code of Regulations, Title 16, Division 1, § 65.

### TRAVELLER, SHANE HAL

Logan, UT (CPA 66731)

#### **CBA ACTIONS**

Revocation of CPA license, via stipulated revocation.

**Effective October 28, 2011**

#### **CAUSE FOR DISCIPLINE**

Mr. Traveller failed to comply with certain terms of his probation with the CBA. Petition to Revoke Probation/Accusation No. D1-2009-24 alleges that:

Mr. Traveller failed to bring his license current and pay all past renewal fees and the most recent delinquent fees, as required by Probation Condition 2.

Mr. Traveller failed to submit written quarterly reports, as required by Probation Condition 4.

Respondent failed to make quarterly cost reimbursements, as required by Probation Condition 11.

Mr. Traveller failed to respond to three letters mailed by CBA enforcement staff to Respondent’s address of record.

#### **VIOLATION(S) CHARGED**

Business and Professions Code, Division 3, Chapter 1, § 5100 (g). California Code of Regulations, Title 16, Division 1, § 52.

Each issue of *UPDATE* contains important information about the public accounting profession, including proposed new regulatory language, notices of hearings on proposed regulation changes, and CBA and committee meetings. For your convenience, all issues of *UPDATE* for the past seven years also are posted on the CBA’s website at [www.cba.ca.gov](http://www.cba.ca.gov).

**OTHER ENFORCEMENT ACTIONS** JUNE 27, 2011 – OCTOBER 28, 2011**BRALY, GLENN ERIC**

Ventura, CA (CPA 35176)

**CBA ACTIONS**

Revocation stayed with three years' probation, via stipulated settlement.

Mr. Braly is required to reimburse the CBA \$3,982 for its investigation and prosecution costs.

Other standard terms of probation.

**Effective August 27, 2011**

**CAUSE FOR DISCIPLINE**

Mr. Braly admits the truth of each and every charge and allegation in Accusation No. AC-2010-25. The accusation contains the following allegations:

On or about December 1, 2009, Mr. Braly was convicted of violating Title 18, United States Code, section 111 (a) (simple assault of a federal employee), a misdemeanor, in the United States District Court, Central District of California, Case No. 02:09-cr-00687-RZ-1. The circumstances surrounding the conviction are that on August 11, 2008, during the course of an attempt to assist a client before the Internal Revenue Service (IRS) in an audit matter, Mr. Braly used force to assault, intimidate, and interfere with an employee of the IRS. Mr. Braly also failed to report this conviction to the CBA within 30 days.

**VIOLATION(S) CHARGED**

Business and Professions Code, Division 1.5, Chapter 3, § 490; Division 3, Chapter 1, §§ 5100, 5100 (a), 5106, 5063; California Code of Regulations, Title 16, Division 1, § 99.

**DELOITTE & TOUCHE LLP**

Los Angeles, CA (PAR 6515)

**CBA ACTIONS**

Suspension of partnership certificate for 30 days via stipulated settlement. However, the suspension is stayed and 18 months probation is imposed with the following terms and conditions:

Respondent shall comply with all the requirements imposed by the PCAOB Order and report such compliance to the CBA.

Respondent shall provide to the CBA copies of its Leadership Oversight Committee minutes within 30 days of preparation.

Respondent shall pay an administrative penalty of \$300,000.

Respondent shall disseminate the Stipulated Settlement and Disciplinary Order to all of its professional personnel offices in California within 15 days of the effective date of the order and shall confirm such dissemination in writing to the CBA.

Respondent is required to reimburse the CBA a sum not to exceed \$200,000 for its investigation and prosecution costs, including costs of probation monitoring.

Other standard terms of probation.

**Effective August 21, 2011**

**CAUSE FOR DISCIPLINE**

Respondent admits the truth of each and every charge and allegation in Accusation No. AC-2008-20. The accusation contains the following allegations:

On or about December 10, 2007, the Public Company Accounting Oversight Board (PCAOB) imposed disciplinary sanctions against Respondent based on violations of PCAOB auditing standards. Without admitting or denying the findings in the order, Respondent consented to the order that censured Respondent; imposed a \$1,000,000 civil penalty; and required Respondent to maintain records in sufficient detail to describe its quality control policies and procedures regarding deployment of its audit partners. In its order the PCAOB found that Respondent failed to appropriately staff its 2003 Ligand Pharmaceuticals, Inc. audit engagement; failed to exercise due professional care in the performance of the audit; and failed to obtain sufficient competent evidential matter to support the opinion expressed in the audit report. Ligand Pharmaceuticals subsequently restated its 2003 financial statements recognizing approximately \$59 million less in revenues from product sales (a decrease of approximately 52 percent), and reporting a net loss more than 2.5 times the net loss originally recognized in the audited financial statements.

**VIOLATION(S) CHARGED**

Business and Professions Code, Division 3, Chapter 1, § 5100 (l).

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**OTHER ENFORCEMENT ACTIONS** JUNE 27, 2011 – OCTOBER 28, 2011

**LOPEZ, MARIO**

Cathedral City, CA (CPA 83229)

**CBA ACTIONS**

Revocation stayed with three years' probation, via stipulated settlement.

Mr. Lopez's license is suspended for 60 days.

Mr. Lopez shall at all times maintain an active license status with the CBA.

Mr. Lopez shall complete eight hours of ethics continuing education in addition to the ethics CE requirement for licensure.

Mr. Lopez is required to reimburse the CBA \$9,000 for its investigation and prosecution costs.

Other standard terms of probation.

**Effective October 28, 2011**

**CAUSE FOR DISCIPLINE**

Accusation No. AC-2010-17 alleges that in 2009, Mr. Lopez practiced without a valid permit and practiced using a firm name, L & L Accounting & Tax, which had not been registered with the CBA. Respondent was also in willful violation of the following CBA Regulations: 1) failure to notify the CBA in writing of his change of address, 2) failure to respond to CBA inquiries within 30 days, 3) failure to respond to a subpoena issued by the CBA, 4) failure to complete at least 80 hours of qualifying continuing education in the two year period immediately preceding license expiration, and 5) failure to complete a continuing education course on the provisions of the Accountancy Act and the CBA Regulations along with other rules of professional conduct. Mr. Lopez admits the charges.

**VIOLATION(S) CHARGED**

Business and Professions Code, Division 3, Chapter 1, § 5050(a), 5060(b), and 5100(g). California Code of Regulations, Title 16, Division 1, §§ 3, 52, 87, and 87.7.

**NIPP, JENNIFER**

Phoenix, AZ (CPA 78106)

**CBA ACTIONS**

Surrender of CPA license, via stipulated surrender.

Ms. Nipp shall pay the CBA \$4,086.60 prior to the issuance of a new or reinstated license.

**Effective June 27, 2011**

**CAUSE FOR DISCIPLINE**

Ms. Nipp was disciplined by the PCAOB and by another state. The circumstances are as follows.

On March 31, 2009, the Public Company Accounting Oversight Board (PCAOB) issued a disciplinary order against Ms. Nipp based on violations of the PCAOB accounting and auditing standards. Without admitting or denying the findings in the order, Ms. Nipp consented to the disciplinary order that barred her from being an associated person of a registered public accounting firm for at least two years. In its order the PCAOB found that Ms. Nipp, as a partner of a registered accounting firm, violated PCAOB auditing standards in connection with the audits of PacificNet, Inc.'s 2003, 2004, and 2005 financial statements.

On May 27, 2008, Ms. Nipp was disciplined by the Arizona State Board of Accountancy for violation of Accounting Laws of the State of Arizona. Without admitting the allegations contained in the order, Ms. Nipp consented to the order that put her certificate on probation for two years. In its decision and order the Arizona Board found that Ms. Nipp failed to adhere to professional standards in two separate audit engagements for two separate clients for 2005 financial statements.

Ms. Nipp also failed to report the initiation of an investigation and subsequent discipline for accounting misconduct and violations of PCAOB auditing standards as required.

**VIOLATION(S) CHARGED**

Business and Professions Code, Division 3, Chapter 1, §§ 5100 (l), (d), and 5063(b)(5).

**OTHER ENFORCEMENT ACTIONS** JUNE 27, 2011 – OCTOBER 28, 2011

**NGUYEN, MICHELLE VU**

Orange, CA (CPA 92316)

**CBA ACTIONS**

Revocation stayed with three years’ probation, via stipulated settlement.

Ms. Nguyen shall pay the CBA an administrative penalty of \$5,000.

Ms. Nguyen shall complete an ethics continuing education course within 120 days of the effective date of the Decision and Order.

Ms. Nguyen shall complete a Board-approved regulatory review course within 120 days of the effective date of the Decision and Order.

Ms. Nguyen shall maintain an active license status.

Ms. Nguyen is required to reimburse the CBA \$5,500 for its investigation and prosecution costs.

**Effective June 27, 2011**

**CAUSE FOR DISCIPLINE**

On or about January 29, 2009, Ms. Nguyen was suspended from appearing or practicing before the United States Securities Exchange Commission (SEC) as an accountant. On September 28, 2007, the SEC filed a complaint against Ms. Nguyen in SEC v. Meridian Holdings, Inc., et al., Case No. CV-07-06335 DDP (SSx) (C.D. Cal.). On January 6, 2009, the court entered an order permanently enjoining Ms. Nguyen, by consent, from violation of Section 10(b) of the Exchange Act, and Rules 10b-5 and 13b2-1 thereunder, and aiding and abetting violations of Sections 13(a) and 13(b) (2)(A) of the Exchange Act, and Rules 12b-20 and 13a-13 thereunder. Ms. Nguyen was also ordered to pay a \$15,000 civil money penalty.

The Accusation alleges that Ms. Nguyen failed to notify the CBA in writing within 30 days of her suspension from practicing before the SEC, failed to notify the CBA in writing 30 days of the opening of a formal investigation by the SEC, and failed to notify CBA in writing within 30 days of the notice from the SEC to a requesting Wells Submission.

Ms. Nguyen admits the truth of each and every charge and allegation in Accusation No. AC-2010-11, except for the charges set forth in the Third Cause for Discipline (Failure to Notify CBA of Suspension by SEC).

**VIOLATION(S) CHARGED**

Business and Professions Code, Division 3, Chapter 1, §§ 5100 (h), (l), (g), and 5063 (a)(3).

**WARREN, DANIEL DAVID**

San Diego, CA (CPA 44362)

**CBA ACTIONS**

Revocation stayed with three years’ probation, via stipulated settlement.

Mr. Warren’s license is suspended for one year.

Mr. Warren shall at all times maintain an active license status.

Mr. Warren is required to reimburse the CBA \$9,700.05 for its investigation and prosecution costs.

Other standard terms of probation.

**Effective August 27, 2011**

**CAUSE FOR DISCIPLINE**

Mr. Warren admits the truth of each and every charge and allegation in Accusation No. AC-2010-21.

Accusation No. AC-2010-21 alleges that in 2004, Mr. Warren subjected himself to discipline for knowingly preparing, publicizing, or disseminating false, fraudulent, or materially misleading financial statements, reports or other information in connection with his and his wife’s 2004 personal petition for bankruptcy. The bankruptcy court issued a judgment denying Mr. Warren and his wife’s discharge in bankruptcy because the Court found Mr. Warren and his wife had transferred and concealed property to “hinder, delay or defraud” creditors. The court also found Mr. Warren and his wife had “made a false oath or account” in the bankruptcy proceedings.

Mr. Warren is also in violation of CBA statutes in that effective March 26, 2009, Mr. Warren’s license to practice as a CPA was revoked by Agreed Consent Order by the Texas Board of Accountancy.

**VIOLATION(S) CHARGED**

Business and Professions Code, Division 3, Chapter 1, § 5100 (d) and (j).

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**OTHER ENFORCEMENT ACTIONS** JUNE 27, 2011 – OCTOBER 28, 2011

**WARREN, KATHLEEN ANN**

San Diego, CA (CPA 57016)

**CBA ACTIONS**

Revocation stayed with three years' probation, via stipulated settlement.

Ms. Warren's license is suspended for six months.

Ms. Warren shall at all times maintain an active license status.

Ms. Warren is required to reimburse the CBA \$9,024.89 for its investigation and prosecution costs.

Other standard terms of probation.

**Effective August 27, 2011**

**CAUSE FOR DISCIPLINE**

Ms. Warren admits the truth of each and every charge and allegation in Accusation No. AC-2010-20.

Accusation No. AC-2010-20 alleges that in 2004, Ms. Warren subjected herself to discipline for knowingly preparing, publicizing, or disseminating false, fraudulent, or materially misleading financial statements, reports or other information in connection with her and her husband's 2004 personal petition for bankruptcy. The bankruptcy court issued a judgment denying Ms. Warren and her husband's discharge in bankruptcy because the Court found Ms. Warren and her husband had transferred and concealed property to "hinder, delay or defraud" creditors. The court also found Ms. Warren and her husband had "made a false oath or account" in the bankruptcy proceedings.

**VIOLATION(S) CHARGED**

Business and Professions Code, Division 3, Chapter 1, § 5100 (j).

**WITHERS, WILLIAM**

San Diego, CA (CPA 48220)

**CBA ACTIONS**

Revocation stayed with three years' probation, via stipulated settlement.

Mr. Withers' license is suspended for 60 days.

Mr. Withers shall complete an additional 24 hours of CE courses. The CE courses shall include, at a minimum, a two-hour Board-approved Regulatory Review course.

Mr. Withers shall maintain an active license status.

Mr. Withers is required to reimburse the CBA \$6,613.79 for its investigation and prosecution costs.

Other standard terms of probation.

**Effective August 27, 2011**

**CAUSE FOR DISCIPLINE**

Mr. Withers admits the truth of each and every charge and allegation in Accusation No. AC-2011-4 which includes the following allegations.

Mr. Withers secured his 2007 license renewal by making false statements to the CBA on his renewal form. Mr. Withers claimed continuing education hours for live presentation with an instructor and teaching on his 2007 renewal form but the providers he listed were not able to support any of the engagements he listed.

Mr. Withers willfully practiced and held himself out as a CPA when he failed to have a valid license on or about the period of October 1, 2007 through July 20, 2009 and from October 1, 2009 to April 7, 2011.

Mr. Withers failed to complete CE requirements of the CBA.

Mr. Withers on and after December 2, 2008, advertised or used other forms of solicitation which were false, fraudulent, and misleading, by using and advertising Respondent's services as a CPA on his Web site, thereby holding himself out as a CPA when his license was not valid for practice.

Mr. Withers did not respond to a CBA subpoena requesting CE course completion certificates and did not timely provide additional client documentation requested during an office visit by CBA analysts.

**VIOLATION(S) CHARGED**

Business and Professions Code, Division 3, Chapter 1, §§ 5050, 5051, 5100(b) and (g). California Code of Regulations, Title 16, Division 1, §§ 52, 63, 87 and 89.

**BY THE NUMBERS - 4TH QUARTER  
APRIL - JUNE 2011**

First-time applications for the CPA Exam: **1,474**  
 Applications for initial licensure: **967**  
 Days to process application for licensure: **<15**  
 Licenses Renewed: **9,464**  
 Deficiencies found in Renewals: **720**  
 Requests for certified records: **314**  
 Complaints received: **411**

**IF YOU DON'T SIGN IT, WE MUST DECLINE IT**

Ever wonder why you haven't received your updated Pocket Identification Card? The answer may be as simple as a missing signature. Each renewal period, there are licenses placed on "hold" and licensees that do not receive the updated Pocket Identification Card. It is not for lack of required continuing education or even the renewal fee, but because the licensee did not sign and date Part B of the license renewal application. It is not until an application is processed that a deficiency notice is mailed. Licensees failing to sign and date Part B of the *license renewal application* prior to mailing may run the risk of a lapse in practice rights.

**LIST OF CONTRIBUTORS**

PATTI BOWERS	APRIL FREEMAN	RAFAEL IXTA	DEANNE PEARCE
TERRI DOBSON	LAUREN HERSH	SARA NARVAEZ-SMITH	DAN RICH
PAUL FISHER, CPA	SUSAN HOLLIS	KARI O'CONNOR	MATTHEW STANLEY
DOMINIC FRANZELLA			

## CALIFORNIA BOARD OF ACCOUNTANCY DIRECTORY

[www.cba.ca.gov](http://www.cba.ca.gov)

The CBA is committed to providing the highest level of customer service, and staff are here to help answer questions you may have regarding our programs. We strive to answer all incoming calls live, but during peak periods you may get a voicemail instead of a live person. If you leave us a voicemail

message, staff will return your call within one business day or, if you prefer to contact us via email, all email messages are returned on average within three business days. For your convenience, we have provided contact information below for the different organizational units and functions at the CBA.

CBA UNIT	AREAS OF EXPERTISE	CONTACT INFORMATION
Administration	<ul style="list-style-type: none"> <li>= License Status Check</li> <li>= General Questions</li> </ul>	(916) 263-3680 <a href="http://www.dca.ca.gov/cba/lookup.shtml">www.dca.ca.gov/cba/lookup.shtml</a>
Examination	<ul style="list-style-type: none"> <li>= Examination applications</li> <li>= Educational requirements</li> <li>= Exam Scores</li> <li>= Name Changes (Exam Candidates)</li> <li>= Transcripts</li> </ul>	(916) 561-1703 (916) 263-3677 Fax <a href="mailto:examinfo@cba.ca.gov">examinfo@cba.ca.gov</a>
Initial Licensing (Individuals)	<ul style="list-style-type: none"> <li>= Licensing application process for individual licenses</li> <li>= Name Changes (CPAs and Licensing Applicants)</li> <li>= Wall/Pocket Certificate Replacement</li> <li>= Certification of Records</li> </ul>	(916) 561-1701 (916) 263-3676 Fax <a href="mailto:licensinginfo@cba.ca.gov">licensinginfo@cba.ca.gov</a>
Initial Licensing (Firms, Partnerships, Fictitious Names)	<ul style="list-style-type: none"> <li>= Licensing application for partnerships, corporations and fictitious name permits</li> </ul>	(916) 561-4301 (916) 263-3676 Fax <a href="mailto:firminfo@cba.ca.gov">firminfo@cba.ca.gov</a>
License Renewal	<ul style="list-style-type: none"> <li>= Name Change</li> <li>= License renewal, continuing education requirements</li> <li>= Changing license status</li> <li>= Fees due</li> </ul>	(916) 561-1702 (916) 263-3672 Fax <a href="mailto:renewalinfo@cba.ca.gov">renewalinfo@cba.ca.gov</a>
Practice Privilege	<ul style="list-style-type: none"> <li>= Out-of-state licensees wishing to practice in CA</li> <li>= Account log-in information</li> </ul>	(916) 561-1704 Fax (916) 263-3675 Fax <a href="mailto:pracprivinfo@cba.ca.gov">pracprivinfo@cba.ca.gov</a>
Enforcement	<ul style="list-style-type: none"> <li>= Filing a complaint</li> <li>= Disciplinary actions</li> <li>= Ethical questions regarding CPA practice</li> </ul>	(916) 561-1729 (916) 263-3673 Fax <a href="mailto:enforcementinfo@cba.ca.gov">enforcementinfo@cba.ca.gov</a> To access a complaint form, go to <a href="http://www.dca.ca.gov/cba/consumers/complain.shtml">www.dca.ca.gov/cba/consumers/complain.shtml</a>
Peer Review		(916) 561-1706 <a href="mailto:peerreviewinfo@cba.ca.gov">peerreviewinfo@cba.ca.gov</a>
Outreach Event Scheduling		<a href="mailto:outreach@cba.ca.gov">outreach@cba.ca.gov</a>

We are always looking for ways to improve our customer service practices.

Please let us know how we served you by taking our online Customer Satisfaction Survey at [https://www.cba.ca.gov/forms/csu\\_survey/csu\\_survey.html](https://www.cba.ca.gov/forms/csu_survey/csu_survey.html).

If you are unsure where to direct your questions, please contact our main phone number at **(916) 263-3680**.

# ADDRESS CHANGE FORM

A separate address change notice must be submitted for each license type.

## PLEASE PRINT

### Name of Applicant for Licensure

Last	First	Middle

### Name of Licensee

Individual (CPA/PA) - License No. \_\_\_\_\_

Last	First	Middle

### Name of Firm

Corporation  Partnership  Fictitious Name

License No. \_\_\_\_\_

Firm Name

### NEW Address of Record *(An Address of Record is Required)*

Home  Business (check one)

Be advised that if you are a licensed CPA/PA or firm, your address of record is public information, and all CBA correspondence will be sent to this address.

Business Name (if different from name above)

Street	<input type="radio"/> Apt. # <input type="radio"/> Suite # (check one)

City	State	Zip

### Former Address of Record

Street	<input type="radio"/> Apt. # <input type="radio"/> Suite # (check one)

City	State	Zip

### Alternate Address for Mail Drops and PO Boxes

If your address of record is a PO Box or Mail Drop, you are required to provide a street address. This address will not be posted on the CBA's Web License Lookup.

Street	<input type="radio"/> Home <input type="radio"/> Business (check one) <input type="radio"/> Apt. # <input type="radio"/> Suite # (check one)

City	State	Zip

### Daytime Phone Number

-	-			
Area Code				

**You may confirm your change of address on License Lookup at [www.cba.ca.gov](http://www.cba.ca.gov).**

I certify the truth and accuracy of all of these statements and representations.

Signature \_\_\_\_\_ Date \_\_\_\_\_

Print your name \_\_\_\_\_

A licensee who fails to notify the California Board of Accountancy within 30 days of a change of address of record may be subject to citation and fine (fines ranging from \$100-\$1000) under the California Code of Regulations, Title 16, Division 1, Sections 3, 95 and 95.2.

The CBA maintains a list of all licensees. This list is sold to requestors for mailing list purposes. Check here only if you do not want your name included on this list. *Please Note: Your name and address of record is public information and can be accessed through our Web site at [www.cba.ca.gov](http://www.cba.ca.gov).*

This form is being provided for your convenience. Other forms of written notice may be accepted by the CBA.

**MAIL TO:** California Board of Accountancy, 2000 Evergreen Street, Suite 250, Sacramento, CA 95815-3832 or **FAX TO:** (916) 263-3675



# UPDATE

FALL 2011

ISSUE NO. 67

The CBA's newsletter, *UPDATE*, is going digital. You can sign up for E-News and be notified by email when the newest edition of *UPDATE* is available or you can continue receiving *UPDATE* by mail. Please visit [www.cba.ca.gov](http://www.cba.ca.gov) and select your preferred method of delivery.

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