

PRESIDENT'S MESSAGE	1
BACK BY POPULAR DEMAND	2
MEMBERS, COMMITTEE CHAIRS & STAFF	2
EXECUTIVE OFFICER'S MESSAGE	3
WHAT YOU WANT (AND NEED) TO KNOW ABOUT PEER REVIEW	4
POLICY OF NONDISCRIMINATION	5
UNDER THE DOME	6
RETIRED STATUS UPDATE	6
FUTURE MEETINGS	7
ANNUAL REPORT	7
BY THE NUMBERS	8
YOUR OPINION MATTERS	8
CERTIFICATE OF GENERAL EXPERIENCE	9
THE IMPORTANCE OF AN ENGAGEMENT LETTER	10
AT A GLANCE: SUBPOENAS	10
REQUEST FROM THE SEC FOR A WELLS SUBMISSION	11
A REMINDER	11
THE CBA HANDBOOKS ARE THE PLACE TO GO	11
APPOINTMENT OPPORTUNITIES	12
PEER REVIEW WANTS YOU	13
ENFORCEMENT PROCESS	14
ENFORCEMENT ACTIONS	16
CBA DIRECTORY	26
ADDRESS CHANGE FORM	27
LIST OF CONTRIBUTORS	BACK

## PRESIDENT'S MESSAGE



Marshal A. Oldman, Esq.  
President

It is hard to believe nearly a year has passed since my first message to you as President of the CBA. It has truly been a privilege to serve this Board and the citizens of California in this capacity. This would have been a much more difficult job without the expertise, commitment and friendship of my fellow officers, Vice President Leslie LaManna, CPA, and Secretary/ Treasurer Michael Savoy, CPA, as well as my fellow CBA members.

The sense of mission and vision which they bring to bear on the issues important to the protection of consumers and the professional welfare of our licensees has been invaluable.

In my inaugural message, I shared with you my belief that this was the year to begin exploring the issue of mobility, which would allow licensed CPAs to provide services across state lines without being subject to unnecessary burdens that do not protect the public interest. Throughout the year, the CBA leadership met with representatives of the California Society of CPAs and the Center for Public Interest Law in the hopes of seeing this issue advance in California in a way that is in the best interest of our licensees and consumers. The CBA supported legislation, Senate Bill 1405, that was passed and signed into law, and joins California with 48 other states and the District of Columbia that have passed mobility and are now in the implementation and navigation phases. Information on mobility and how it applies to you will soon be available on our website, [www.cba.ca.gov](http://www.cba.ca.gov).

Another point of focus this year has been the new educational requirements for the 150 semester unit pathway and the elimination of Pathway 1. As we move closer to the January 1, 2014, implementation date, the CBA has increased its outreach to colleges and universities, students and faculty to assist in the smooth transition to the new requirements. The CBA held two open houses with faculties in both northern and southern California. Additionally, a webinar titled "150 Answers to 150 Hours" was held in conjunction with the California Society of CPAs at Santa Clara University,





# UPDATE

## Back by Popular Demand

After several articles and notices about *UPDATE* going digital, you may be wondering why you have a paper copy in your hand. Of the more than 75,000 CBA licensees, about 2,500 have “opted-in” to receive *UPDATE* by mail, and the online version receives an average of about 33,000 hits. Even if every hit represented a different licensee, it is clear we are not reaching everyone.

As a result, we thought it would be a good idea to “rewind” and resume publishing and mailing *UPDATE* for the time being, and work to create a better transition plan for making certain all of our licensees are, in fact, receiving *UPDATE*. We will continue to post *UPDATE* on the CBA website, [www.cba.ca.gov](http://www.cba.ca.gov) and notify *E-News* subscribers when it is posted. Look for more information on the transition to digital next year.

### **CBA MEMBERS**

Marshal A. Oldman, Esq.,  
*President*

Leslie J. LaManna, CPA,  
*Vice President*

Michael M. Savoy, CPA,  
*Secretary/Treasurer*

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Cheryl Gerhardt, CPA

*Qualifications Committee*

Fausto Hinojosa, CPA

*Peer Review Oversight Committee*

Nancy J. Corrigan, CPA

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Patti Bowers,  
*Executive Officer*

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*Assistant Executive Officer*

Rafael Ixta,  
*Enforcement Chief*

Dominic Franzella,  
*Licensing Chief*

Lauren Hersh,  
*UPDATE Managing Editor*

Terri Dobson,  
*UPDATE Production*

## MESSAGE FROM THE EXECUTIVE OFFICER

We are quickly approaching a time of tremendous change for the accounting profession in California. On January 1, 2014, all applicants for a California CPA license must have completed 150 hours of study in order to be eligible to apply to become a California-licensed CPA.

While you have already completed your education, and perhaps have been a practicing CPA for years or decades, familiarizing yourself with the new educational requirements can be beneficial to you and those who may be looking to you for guidance. Whether you are involved in hiring members of this new generation of CPAs and soon-to-be CPAs, assigning work or even just interacting with them at office meetings and the water cooler, expanding your own knowledge base to include the new educational requirements will be time well-spent. We have provided a “one-stop shop” for information about the new requirements on the CBA website at [http://www.dca.ca.gov/cba/applicants/lic\\_require.shtml](http://www.dca.ca.gov/cba/applicants/lic_require.shtml). There, you will find up-to-date information about the new requirements, the status of related regulations, a tip sheet for quick and easy reference, a webinar conducted earlier this year in partnership with CalCPA titled “150 Answers to 150 Hours,” and a “Frequently Asked Questions” section.

If you haven't already, I would encourage you to check it out.

PATTI BOWERS  
*Executive Officer*

## PRESIDENT'S MESSAGE CONTINUED FROM PAGE 1

where staff presented an overview of the educational changes to students and faculty. The presentation is available on the CBA website, and I would encourage you to take a few moments to view it.

While working to accomplish the goals that were apparent at the beginning of the year, a crisis in public finance became more and more evident. A growing number of municipal bankruptcies have surfaced over the course of the summer, and whether audit failures were involved with the financial problems of those cities has not yet been determined. In instances where there appears to be a violation by a licensee of this Board, the CBA will investigate. In addition, CBA staff is reaching out to the State Controller, who supervises governmental audits, to see where we might work together to better protect California consumers.

MARSHAL A. OLDMAN, ESQ.  
*President, CBA*

## What You Want (and Need) to Know About Peer Review

The most important thing to know about peer review is that ALL LICENSEES are required to submit a Peer Review Reporting Form to the CBA regardless of the type of work performed, status of license, or industry of employment. Undergoing a peer review and reporting peer review information are two different things, so read carefully to determine your responsibilities.

There's no doubt you've been hearing about Peer Review since at least January 1, 2010. That's the date Peer Review went into effect, and all California – licensed firms that provide accounting and auditing (A&A) services, including sole proprietorships, were required to undergo a peer review once every three years as a condition of license renewal. Peer review is defined as the study of a firm's A&A practice by an independent CPA using professional standards.

### Submitting a Peer Review Reporting Form to the CBA

As indicated above, all licensees, including CPAs, corporations, and partnerships, regardless of the type of work performed, status of license, or industry of employment, are required to submit a completed Peer Review Reporting Form to the CBA. Below are important things to know:

- A PIN number is required for online reporting and can be requested by e-mailing the CBA at [peerreviewinfo@cba.ca.gov](mailto:peerreviewinfo@cba.ca.gov). PIN numbers are case sensitive; the letters are all lower case.
- Once the PIN number is obtained, the Peer Review Reporting Form can be submitted online at [https://www.cba.ca.gov/forms/peer\\_review/](https://www.cba.ca.gov/forms/peer_review/).
- Sole proprietors submit the Peer Review Reporting Form under their individual CPA or Public Accountant (PA) license number.
- Corporations and partnerships submit a Peer Review Reporting Form under their COR and PAR license numbers.

- Employees, shareholders and partners of accounting firms must submit a separate Peer Review Reporting Form for their individual CPA or PA license number indicating that they not operating as a sole proprietor.

### Undergoing Peer Review

Peer reviews are required for licensees providing compilation reports, reviews and audits. Even if you have performed only one of these types of engagements, you must still undergo a peer review. Firms providing services that require a peer review cannot renew their license into active or inactive status until a peer review is completed. The California Society of Certified Public Accountants (CalCPA) and the National Peer Review Program (NPRC) administer the American Institute of Certified Public Accountants (AICPA) Peer Review Program in California.

- The AICPA Peer Review Program Enrollment Form can be found on the CalCPA website at [www.calcpa.org](http://www.calcpa.org). Firms that need a peer review should contact the CalCPA at (650) 522-3094 or [peerreview@calcpa.org](mailto:peerreview@calcpa.org).
- Firms are required to have their peer review administered by the NPRC if they are required to be registered with and inspected by the Public Company Accounting Oversight Board or if they perform audits of non-Security and Exchange Commission issuers pursuant to the standards of the PCAOB.
- The NPRC can be contacted at (919) 402-4502, Ext. 2 or [PRSupport@aicpa.org](mailto:PRSupport@aicpa.org).

The average length of time to complete a peer review is three to seven months. The following list is provided to assist you in understanding the necessary steps for completing a peer review.

1. Licensee enrolls in the AICPA Peer Review Program through CalCPA/NPRC.

**What You Want (and Need) to Know About Peer Review** CONTINUED FROM PAGE 4

2. CalCPA/NPRC assigns a peer review due date.
3. Licensee selects a qualified peer reviewer.
4. Peer reviewer performs the peer review.
5. Peer reviewer submits the peer review report to CalCPA/NPRC.
6. CalCPA/NPRC performs a technical review of the peer review.
7. CalCPA/NPRC sends the licensee an acceptance letter.

Even if you are unable to complete the peer review by your reporting deadline, you still must submit the Peer Review Reporting Form by the reporting deadline and include an explanation regarding the status of your peer review.

If you need additional time to complete the peer review, CalCPA may, in limited situations, grant you

an extension to complete the peer review. Requests for extensions must be submitted directly to CalCPA as the CBA is not authorized to grant such requests. Should you receive an extension, please notify the CBA.

**Reporting Your Peer Review to the CBA**

The CalCPA and the NPRC do not report peer review results or provide a copy of the peer review to the CBA. It is the responsibility of the licensee to report the results to the CBA.

The Peer Review Reporting Form and information on mandatory peer review in California is available on the CBA website at [www.cba.ca.gov](http://www.cba.ca.gov). Questions regarding submitting a Peer Review Reporting Form should be directed to the CBA at (916) 561-1706 or [peerreviewinfo@cba.ca.gov](mailto:peerreviewinfo@cba.ca.gov).

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

The CBA 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



# UPDATE

## UNDER THE DOME

The CBA was pleased to support SB 1405 this year. Beginning January 1, 2014, this bill would authorize a licensee to apply for a license in a military inactive status while he or she is engaged in active duty as a member of the California National Guard or the United States Armed Forces, exempting them from paying the biennial renewal fee or being subject to continuing education and peer review requirements.

In addition, this bill significantly changes the way practice privilege works in California. These changes to practice privilege will be effective July 1, 2013. These provisions include, in part, no notice, no fee; conditions under which an individual must cease practicing; conditions under which an individual must provide prior notification; and conditions under which a firm or sole practitioner would need to obtain a California license. The CBA is excited to see no notice, no fee practice privilege moving forward as it has been an important topic of discussion to the CBA for more than five years.

In addition to SB 1405, the CBA has taken positions on various other bills introduced during this year's legislative session. All of these bills and the CBA's position on them may be viewed on the CBA website at [http://www.dca.ca.gov/cba/laws\\_and\\_rules/pending\\_legislation.shtml](http://www.dca.ca.gov/cba/laws_and_rules/pending_legislation.shtml).

## RETIRED STATUS UPDATE

The regulations to implement a retired license status are pending. The proposed regulations outline the qualifications needed to obtain retired status, provide an application for the status change, and in the event a licensee wants to come out of retirement, provides for restoration of the license back to active status.

Due to the transition by all Department of Consumer Affairs' boards and bureaus to a new electronic licensing and enforcement system known as BreZE, the CBA will implement the retired license status beginning July 1, 2014. Once in place, the BreZE system will enable licensees to conduct much of their business with the CBA online, and includes the much-anticipated online credit card payment option.

## FUTURE MEETINGS

### October 18, 2012

ENFORCEMENT ADVISORY  
COMMITTEE  
Marriott Los Angeles  
Burbank Airport  
2500 North Hollywood Way  
Burbank, CA 91505-1019  
(818) 843-6000

### October 19, 2012

PEER REVIEW OVERSIGHT  
COMMITTEE  
Marriott Los Angeles  
Burbank Airport  
2500 North Hollywood Way  
Burbank, CA 91505-1019  
(818) 843-6000

### October 24, 2012

QUALIFICATIONS COMMITTEE  
Red Lion Hotel  
150 Hegenberger Rd.  
Oakland, CA 94621  
(510) 635-5300

### November 15-16, 2012

CBA/COMMITTEE MEETINGS  
Northern California

### December 4, 2012

PEER REVIEW OVERSIGHT  
COMMITTEE  
Southern California

### December 13, 2012

ENFORCEMENT ADVISORY  
COMMITTEE  
San Diego, 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 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 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).

## ANNUAL REPORT

Each year, the CBA publishes an Annual Report, reviewing the accomplishments and activities of the past fiscal year. The report highlights the results of the Enforcement, Licensing, and Administrative Division's operations as well as solutions that are under way to enhance and improve the CBA's commitment to California consumers and licensees. The past year has seen a number of major accomplishments and changes at the CBA, and once completed, will be available on the CBA website. You can review the previous year's report, as well as check back for the latest report, at <http://www.dca.ca.gov/cba/publications/index.shtml>



# UPDATE

## BY THE NUMBERS

15.7

The percent of projected job growth for CPAs between 2010 and 2020.<sup>1</sup>

190,700

The number of new accounting and auditing jobs that will need to be filled between 2010 and 2020.<sup>2</sup>

24,849

The number of applications received in 2011 to take the Uniform CPA Exam.

3,594

The number of applications received in 2011 for a California CPA license.

55,421

The number of active licensees.

\$61,690

The national Median CPA Salary.<sup>3</sup>

\$88,750

The annual median wage of a CPA working in San Jose, CA.<sup>4</sup>

1. The Bureau of Labor Statistics

2. The Bureau of Labor Statistics

3. *US News & World Reports*

4. *US News & World Reports*

## YOUR OPINION MATTERS

Let us know how we're doing! The CBA is committed to providing a high level of customer service to its clients. A fundamental element to ensuring this is the collection of feedback from individuals that contact the CBA. The CBA welcomes you to fill out the new and improved CBA Customer Service Survey, available at [https://www.cba.ca.gov/forms/csu\\_survey/csu\\_survey.html](https://www.cba.ca.gov/forms/csu_survey/csu_survey.html). **We look forward to hearing from you!**

## CERTIFICATE OF GENERAL EXPERIENCE

In the Spring 2012 edition of *UPDATE*, we provided information for those of you signing off on an applicant's attest work experience. In this edition we will cover the Certificate of General Experience (CGE), which is used to determine whether an applicant has obtained the required general accounting experience as outlined in the Accountancy Act and CBA Regulations.

General accounting experience includes providing any type of service or advice involving the use of accounting, attest, compilation, management advisory, financial advisory, tax, or consulting skills. For individuals applying for licensure with general experience under Pathway 1, there is a two year experience requirement, while for Pathway 2 applicants there is a one year experience requirement.

One of the most common questions we receive from licensee supervisors about the CGE is in regard to whether an applicant must have experience in all, or at least most, of the aforementioned services or advice. The answer is no. An applicant can obtain experience solely in one of the types of these areas and qualify as having met the general accounting experience requirement.

To be authorized to sign an applicant's CGE, you must supervise the applicant's work on a recurring and routine basis and have authority and oversight over the applicant. Additionally, you must hold a valid active license, or comparable authority to practice

public accountancy (in any state or country for public accounting, and in the United States or its territories for private industry or government accounting).

Once asked to complete the CGE by your employee, you should mail it directly to the CBA office. Please understand that the CBA relies on your submission of the CGE, and your experience as a CPA, when initially evaluating an applicant's experience.

For more information on the general accounting experience requirement and CGE, check out the links below.

California Business and Professions Code Sections 5092(d) and 5093(d)

<http://www.leginfo.ca.gov/cgi-bin/displaycode?section=bpc&group=05001-06000&file=5080-5095>

CBA Regulation Section 12 – General Experience  
[http://www.dca.ca.gov/cba/laws\\_and\\_rules/regs2-s12.shtml](http://www.dca.ca.gov/cba/laws_and_rules/regs2-s12.shtml)

CGE (Form 11A-29 Public Accounting)

<http://www.dca.ca.gov/cba/forms/gexp-pub.pdf>

CGE (Form 11A-29A Non-Public Accounting)

<http://www.dca.ca.gov/cba/forms/gexp-non.pdf>

If you have questions regarding the CGE or any other aspects of the CPA licensure process, please contact the CBA Initial Licensing Unit by telephone at (916) 561-1701 or e-mail at [licensinginfo@cba.ca.gov](mailto:licensinginfo@cba.ca.gov).

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

## THE IMPORTANCE OF AN ENGAGEMENT LETTER

How important is an engagement letter? According to the *AICPA Professional Liability Insurance Program*, in approximately 50 percent of all tax malpractice claims reported between 2001 and 2010, the practitioner did not issue an engagement letter. Although a signed engagement letter cannot shield a licensee from malpractice claims, it can be the source of an effective defense in the event of a claim. Professional standards require the use of engagement letters for audits, reviews and most recently for compilations. However, since an engagement letter serves the same purposes as a traditional contract, engagement letters should be used regardless of the type of services provided.

In addition to clearly defining the scope of services to be performed, the engagement letter should identify the licensee's professional standards applicable to the engagement, as these also define and limit a licensee's responsibilities in different types of engagements.

Confusion can arise in a tax engagement when the engagement letter does not adequately define

the scope of services for the client's other filing obligations such as payroll, sales, use, and local tax returns, or adjustments to client accounting records needed to prepare income tax returns.

Effective engagement letters specifically describe the services provided. Avoid open-ended descriptions such as "bookkeeping services," "accounting services," and "tax services."

Lastly, try to meet with the client to explain the contents of the engagement letter, confirm or clarify the objectives, scope and terms of the engagement and any anticipated limitations, billing arrangements, etc. and give the client an opportunity to ask questions. The clear definition of responsibilities between the licensee and the client should help reduce misunderstanding between the two parties and clarify legal obligations.

Sample engagement letters and further guidance regarding engagement letters can be obtained through the AICPA, California Society of CPAs, and your insurance carrier.

## AT A GLANCE: SUBPOENAS

The CBA will send a subpoena when other methods to gather information for an investigation have been exhausted or you have been requested to appear for an investigative hearing. If you receive a subpoena, it warrants your immediate attention and action. The most important thing you can do is to provide true and accurate information and responses to the information being requested in the subpoena. Your response may be necessary to assist the CBA in addressing or resolving a complaint or investigation.

Title 16, California Code of Regulations, Section 52 requires you to respond to the subpoena within 30 days. Failure to respond to the subpoena may subject your license to a citation and fine of up to \$5,000 or disciplinary action, including the filing of an Accusation.

What can help you avoid a subpoena in the first place? Simply cooperate with requests from the CBA in a timely manner. Your prompt and full cooperation may help mitigate matters under investigation.

## HAVE YOU RECEIVED A NOTICE FROM THE SEC REQUESTING A WELLS SUBMISSION?

If so, Business and Professions Code Section 5063(b) (4) requires you to report this information to the CBA. Reporting can be accomplished by completing the Reportable Events – *Licensee Reporting Form* available on our website. Failure to report this to the CBA is a violation of the Accountancy Act and may result in a disciplinary action against your license.

What is a “Wells Submission?” In a majority of cases, when the Securities and Exchange Commission (SEC) is preparing an enforcement action against an individual or entity, the subject will be notified. This notification is termed a “Wells Notice.” A Wells Notice allows the subject the opportunity to prepare

a Wells Submission, which is a written statement as to why the enforcement action should not be brought. The Wells Submission may address factual and legal issues involving the SEC’s investigation and may also contain alternative proposals for resolution of the matter. The Wells Submission is presented to the SEC for their consideration. Whether or not you provide a Wells Submission, you must still report any notice you receive from the SEC requesting a Wells Submission to the CBA. This allows the CBA to review the matter and determine if an investigation is warranted prior to or without the SEC issuing an order or obtaining a judgment.

### A REMINDER...

With all of the advances in technology and communication, the CBA still uses the U.S. Postal Service as its primary method of communicating with licensees. Until such time as we are able to process transactions online, please take care to open all mail from the CBA and thoroughly read the documents sent to you. If you receive mail from the CBA, it’s important!

## Need Information? THE CBA HANDBOOKS ARE THE PLACE TO GO!

Do you have a question about the Uniform CPA Examination, or how to get your initial CPA license? Maybe you are an out-of-state licensee who wants to practice in California or perhaps you are already licensed here and need information on license renewal. No matter what question or information you need, the CBA has a handbook to assist you. Please visit our recently revised handbooks at <http://www.dca.ca.gov/cba/publications/index.shtml>.

## Quality... Commitment... Results.

### 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 amidst 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), the Qualifications Committee (QC) and the Peer Review Oversight Committee (PROC).

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.

The PROC assists the CBA through its oversight of the peer review program and by providing recommendations to ensure the effectiveness of mandatory peer review. This responsibility includes overseeing the activities of Board-recognized peer review program providers related to how peer reviews are processed and evaluated, ensuring that peer reviewers are properly qualified and that providers are administering peer reviews in accordance with the standards adopted by the CBA, that peer reviews are being accepted in a consistent manner by providers, and the evaluation of organizations that apply to become CBA-recognized providers. Members also conduct site visits of providers and their peer review committees, review a sample of peer review reports and represent the CBA at providers' peer review meetings.

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

CONTINUED ON PAGE 13

## PEER REVIEW WANTS YOU!

Would you like to give back to your profession? Are you interested in helping firms achieve their accounting and auditing goals and enhance the quality of their practices? If so, you may want to consider becoming a qualified peer reviewer.

When you become a peer reviewer, you:

- Identify best practices of other firms, which can be applied to other peer review clients and to your own firm.
- Gain broader practice knowledge through the peer review process, which will help sharpen your skills and reinforce your strengths.

- Are creating an opportunity to develop an additional profit center for your firm.
- Enhance the efficacy of the profession's self-regulatory efforts and contribute to the quality of the profession.

For additional information on how to become a peer reviewer, please visit the AICPA website at <http://www.aicpa.org/interestareas/peerreview/community/pages/peerreviewer.aspx>

Questions can be directed to [BecomeAReviewer@aicpa.org](mailto:BecomeAReviewer@aicpa.org)

## 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).

## APPOINTMENT OPPORTUNITIES TO THE CBA'S ADVISORY COMMITTEES CONTINUED FROM PAGE 12

As an alternative, you may submit your letter of intent and resume or CV as attachments via e-mail directly to [patti.bowers@cba.ca.gov](mailto:patti.bowers@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. Committee members may be required to participate in Ethics Orientation and Sexual Harassment Prevention training, and prepare and submit a financial disclosure statement that is filed with the Fair Political Practices Commission entitled "Form 700, Statement of Economic Interests."

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 e-mail her at [patti.bowers@cba.ca.gov](mailto:patti.bowers@cba.ca.gov).

## 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 continuing education; (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 for consideration

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 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 provide the licensee's name and license number, and allow 10 days for each request.

## 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 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

CONTINUED ON PAGE 15

**STANDARD TERMS OF PROBATION** CONTINUED FROM PAGE 14

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 California Accountancy Act and/or California Board of Accountancy 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.

## ENFORCEMENT ACTIONS

### REVOCATION OF CPA CERTIFICATE THROUGH SEPTEMBER 1, 2012

#### ANSON, RONALD IRVING

Del Mar, CA (CPA 14144)

##### CBA ACTIONS

Revocation of CPA license, via default decision.

Effective June 28, 2012

##### CAUSE FOR DISCIPLINE

Accusation No. AC-2012-6 contains the following allegations:

Mr. Anson was convicted of a crime substantially related to the qualifications, functions and duties of a certified public accountant. On or about November 16, 2009, in a criminal proceeding entitled United States of America v. Ronald Irving Anson in the United States District Court for the Central District of California, Case Number CR08-00575, Mr. Anson was convicted by plea of guilty of violating Title 18 of United States Code (USC), Section 371, for conspiracy to defraud the United States, by impeding, impairing, obstructing, and defeating the lawful government functions of the Internal Revenue Service in the ascertainment, computation, assessment, and collection of income taxes.

From December 1998 through December 2002, Mr. Anson sold eight clients a partnership interest in a hotel partnership that would generate a tax loss equal to five times the client's investment. Mr. Anson knew most of the clients had full-time jobs or ran businesses that precluded them from spending enough time to qualify as material participants in a hotel partnership. All of the clients' tax returns were prepared by Mr. Anson or under his direction. Mr. Anson conspired and agreed with others to mislead tax authorities during examination of Mr. Anson's clients' tax returns who falsely claimed the hotel tax losses as active losses. Total tax loss to the government was approximately \$9 million.

Mr. Anson also failed to report his November 16, 2009 conviction to the CBA within 30 days after it was entered by his plea made that same date, as required by Section 5063 of the Business and Professions Code.

##### VIOLATION(S) CHARGED

Business and Professions Code, Division 1.5, Chapter, 3, § 490; Division 3, Chapter 1, §§ 5100(a) and 5063(a)(1) (A-C).

#### CORSO, STEPHEN P.

Las Vegas, NV (CPA 70189)

##### CBA ACTIONS

Revocation of CPA license, via default decision.

Effective June 28, 2012

##### CAUSE FOR DISCIPLINE

Accusation No. AC-2012-41 contains the following allegations:

Mr. Corso is subject to disciplinary action under Business and Professions (B&P) Code Section 5100, subdivision (a) in that on or about February 20, 2009, in United States of America v. Stephen P. Corso, United States District Court, District of Connecticut, Case No. 3:05CR105 (JCH), Mr. Corso was convicted by his plea of guilty to wire fraud in violation of Section 1343, Title 18, United States Code and for attempted tax evasion in violation of Section 7201,

Title 26, United States Code, both felonies. Each of the said crimes are substantially related to the qualifications, functions or duties of a certified public accountant.

The circumstances of Mr. Corso's crimes are that in or about January 1997 Mr. Corso entered into a scheme to defraud and obtain money and property by false and fraudulent pretenses, representations and promises to his tax accounting clients, including but not limited to collection of funds from clients to pay quarterly and annual tax obligations that Mr. Corso never forwarded to the taxing authorities, but instead converted to his personal use without the knowledge, authorization or approval of his clients. Moreover, Mr. Corso prepared, signed and submitted to the taxing authorities false and fraudulent tax returns for clients in his willful attempt to evade income taxes due from such clients.

Mr. Corso is subject to disciplinary action under B&P Code Section 5100, subdivision (h) and (l), in that some time after February 20, 2009, the Securities and Exchange

**REVOCATION OF CPA CERTIFICATE THROUGH SEPTEMBER 1, 2012 (CONTINUED)****CORSO, STEPHEN P.** Las Vegas, NV (CPA 70189) *Continued*

Commission, in the case entitled In the Matter of Stephen P. Corso, Jr., entered an “Order of Forthwith Suspension Pursuant to Rule 102(e)(2) of the Commission’s Rules of Practice” suspending Mr. Corso from appearing or practicing before the Commission. The ground of suspension was and is that Mr. Corso was convicted of the crimes alleged above.

**VIOLATION(S) CHARGED**

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

**VINSON, NELSON S.**

West Covina, CA (California Practice Privilege Registration No. LG 86120)

**CBA ACTIONS**

Revocation of Practice Privilege Registration, via decision after a hearing before an Administrative Law Judge.

Mr. Vinson shall pay the CBA in the amount of \$25,774.04 for its investigation and prosecution costs.

**Effective September 1, 2012****CAUSE FOR DISCIPLINE**

The decision, which was issued after a hearing before an Administrative Law Judge, included the following causes for discipline:

Mr. Vinson committed gross negligence, and repeated acts of negligence and willfully violated professional standards for issuing an Audit Report on September 2, 2008, for Lin-Ros Best Home Care, Lin-Ros Best Home Care No. 2, and MVM Home. The auditor’s report failed to conform to professional standards for an attestation and audit engagement and contained extreme departures from generally accepted auditing standards and regulatory requirements. Mr. Vinson failed to properly plan the audit and did not have an audit strategy or audit plan in his working papers. Mr. Vinson failed to set a materiality level for audit risk and failed to document his consideration of fraud in his working papers. Mr. Vinson issued an audit report for the above noted engagement that failed to conform to professional standards.

Mr. Vinson secured his Practice Privilege Registration by knowing misrepresentation of a material fact, or by knowingly omitting to state a material fact in his application for the practice privilege. Mr. Vinson is licensed as a CPA in the State of Texas. Mr. Vinson has not practiced in the State of Texas and does not have an office or any clients in the State of Texas. Mr. Vinson has been employed by the City of Los Angeles as an accountant since 1995 and resides in West Covina, CA. CBA rules require that an applicant for a California Practice Privilege must have a principal place of business that is not in the State of California. Mr. Vinson failed to satisfy this requirement and therefore was not eligible to receive his California Practice Privilege Registration on July 21, 2008.

**VIOLATION(S) CHARGED**

Business and Professions Code, Division 1.5, Chapter 3, § 498; Division 3, Chapter 1, §§ 5062, 5096.3(a), 5100 (b), (c) and (g). California Code of Regulations, Title 16, Division 1, § 58.



# UPDATE

## OTHER ENFORCEMENT ACTIONS THROUGH SEPTEMBER 1, 2012

### **ABERNATHY, STERLING BLAIR**

La Verne, CA (CPA 46384)

#### **CBA ACTIONS**

Surrender of CPA license, via stipulated settlement.

Mr. Abernathy shall reimburse the CBA in the amount of \$5,176 for its investigation and prosecution costs prior to the CBA's consideration of a petition for reinstatement.

**Effective September 1, 2012**

#### **CAUSE FOR DISCIPLINE**

Accusation No. AC-2012-31 alleges the following:

On or about February 17, 2011, a final judgment entered by the Securities and Exchange Commission (SEC) ordered Mr. Abernathy to pay disgorgement of \$25,000, prejudgment interest of \$1,592.26, and a civil penalty in the amount of \$100,000. In addition, on or about March 3, 2011, the SEC issued an Order suspending Mr. Abernathy from appearing or practicing before the SEC as an accountant. After two years, Mr. Abernathy may request the SEC to consider reinstatement. The SEC complaint alleged

that Mr. Abernathy, while employed at IndyMac Bancorp, Inc. as an executive vice president and chief financial officer, negligently made materially false and misleading statements in the offer and sale of six IndyMac mortgage-backed securities offerings regarding the quality of the residential mortgage loans underlying the offerings. The SEC complaint also alleged that Mr. Abernathy negligently made false and misleading statements regarding IndyMac's capital and liquidity position in its common stock prospectus filed on May 2, 2008. IndyMac filed for Chapter 7 bankruptcy on or about July 31, 2008.

Mr. Abernathy also failed to report his investigation by the SEC to the California Board of Accountancy within 30 days of notice, as required by Section 5063 of the Business and Professions Code.

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

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

### **BROOKS, KEVIN EDWIN**

Ladera Ranch, CA (CPA 62641)

#### **CBA ACTIONS**

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

Mr. Brooks' license is suspended for four years.

Mr. Brooks shall at all times maintain an active license.

Mr. Brooks shall reimburse the CBA in the amount of \$5,985.78 for its investigation and prosecution costs.

Other standard terms of probation.

**Effective June 28, 2012**

#### **CAUSE FOR DISCIPLINE**

The First Amended Accusation No. AC-2011-11 alleges that the Securities and Exchange Commission (SEC) suspended

Mr. Brooks from appearing or practicing before the SEC as an accountant. Mr. Brooks was also assessed a civil penalty of \$60,000, disgorgement of \$34,775, and prejudgment interest of \$5,808.29. The SEC's civil complaint alleged that Mr. Brooks misstated Quest Software Inc.'s financial statements by failing to report compensation expense associated with stock options granted in-the-money through undisclosed backdating of grant dates during the period of 1999 through 2001. The Accusation further alleges that Mr. Brooks failed to report to the CBA a request for a Wells Submission as required by Business and Professions Code Section 5063(b)(4). Mr. Brooks admits the charges.

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

Business and Professions Code, Division 3, Chapter 1, §§ 5100(g), (h), (l) and 5063(b)(4).

**OTHER ENFORCEMENT ACTIONS THROUGH SEPTEMBER 1, 2012 (CONTINUED)****BYRD, MICHAEL J.**

Saratoga, CA (CPA 46019)

**CBA ACTIONS**

Surrender of CPA license, via stipulated settlement.

Mr. Byrd shall pay the CBA its costs of investigation and enforcement in the amount of \$7,290.20 prior to the issuance of a new or reinstated license.

Effective September 1, 2012

**CAUSE FOR DISCIPLINE**

Accusation No. AC-2011-23 alleges the following:

On or about January 2, 2010 a final judgment in a civil suit brought by the Securities and Exchange Commission (SEC) was entered against Mr. Byrd. The judgment enjoined Mr. Byrd from violating several sections of the Securities Act of 1933 and Securities Exchange Act of 1934. The judgment found Mr. Byrd liable for disgorgement, plus interest, in the amount of \$249,843.00 and ordered Mr. Byrd to pay a civil penalty of \$175,000.00.

The SEC civil complaint alleged that Mr. Byrd, during his tenure as Chief Financial Officer and Chief Operating Officer of Brocade Communication Systems, Inc. (Brocade), received information calling into question the integrity of Brocade's financial statements based on its option granting

process. Mr. Byrd allegedly received information suggesting that Brocade's then chief executive officer was backdating option grants to executives and others so that the grantees would receive in-the-money options that appeared to be granted at-the-money. The complaint further alleged that Mr. Byrd was personally involved in falsifying records so that in-the-money options appeared to be granted at-the-money. Mr. Byrd himself received backdated options. As a result, Brocade issued materially false financial statements with the SEC for Brocade's fiscal years 2001 through 2003. Mr. Byrd reviewed these statements and made representations that the reports were accurate.

On or about February 12, 2010, the SEC issued an order as a result of administrative proceedings which suspended Mr. Byrd from appearing or practicing before the SEC as an accountant. Mr. Byrd may request that the SEC consider his reinstatement after three years from the date of the SEC order.

Mr. Byrd failed to report the January 2, 2010 judgment or the February 12, 2010 suspension to the CBA within 30 days, as required by Section 5063(a)(3) of the Business and Professions Code.

**VIOLATION(S) CHARGED**

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

**CHHAY, HENG B.**

Alhambra, CA (CPA 83718)

**CBA ACTIONS**

Surrender of CPA license, via stipulated settlement.

Mr. Chhay shall reimburse the CBA in the amount of \$6,081.87, within one year of the effective date of the Decision. Full payment must be made prior to issuance of a new or reinstated license.

Effective June 28, 2012

**CAUSE FOR DISCIPLINE**

Accusation No. AC 2011-15 alleges the following grounds for discipline: Conviction of a crime substantially related to the qualifications, functions, or duties of a certified public accountant, knowingly committed fiscal dishonesty or breached his fiduciary responsibility, embezzlement or misappropriation of funds by fraudulent means, and failure to notify the CBA of the conviction.

On or about March 18, 2010, after pleading nolo contendere, Mr. Chhay was convicted of one felony count of violating Penal Code Section 487, subdivision (a) [grand theft: money/labor/property over \$400].

Mr. Chhay was sentenced to serve 180 days in custody, ordered to pay restitution in the amount of \$557,116.17 and placed on 36 months of formal probation, with terms and conditions.

The circumstances surrounding the conviction are that on or about June 22, 2007 through May 5, 2008, Mr. Chhay, while an agent, servant, and employee of Empire Companies, unlawfully took from said companies money and personal property of a value exceeding four hundred dollars (\$400).

Mr. Chhay failed to report his March 18, 2010 conviction to the CBA within 30 days after it was entered by his plea made that same date, as required by Section 5063 of the Business and Professions Code.

## OTHER ENFORCEMENT ACTIONS THROUGH SEPTEMBER 1, 2012 (CONTINUED)

**CHHAY, HENG B.** Alhambra, CA (CPA 83718) *Continued*

### VIOLATION(S) CHARGED

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

**DUGAN, PATRICK D.**

**DUGAN & ASSOCIATES, CPA**

Huntington Beach, CA (CPA 49647; FNP 1122)

### CBA ACTIONS

Surrender of CPA license, via stipulated settlement.

Mr. Dugan shall pay the CBA its costs of investigation and enforcement in the amount of \$10,631.33 prior to issuance of a new or reinstated license.

Effective September 1, 2012

### CAUSES FOR DISCIPLINE

The First Amended Accusation No. AC-2011-3 alleges the following:

On or about March 30, 2010, after pleading guilty, Mr. Dugan was convicted of one felony count of violating Penal Code Section 487(a) [grand theft] and two felony counts of violating Penal Code Section 186.10(a) [money laundering].

As part of Mr. Dugan's plea agreement, Mr. Dugan stated that on or about and between December 28, 2005 and December 26, 2007, he willfully, unlawfully and fraudulently stole \$49,000.00 from the Rotary Club of Los Alamitos and Seal Beach, which had been entrusted to him as their treasurer; Mr. Dugan admitted he unlawfully conducted transactions exceeding \$5,000.00 within a seven day period on December 28, 2005 and February 15, 2006...through a financial institution...with the intent to

carry on, facilitate, manage and promote criminal activity, knowing the proceeds were derived directly and indirectly from the proceeds of criminal activity, namely grand theft.

Mr. Dugan was sentenced to serve 90 days in custody, ordered to make payment of fines and fees in the amount of \$520.00, and placed on 36 months of formal probation.

The facts that led to the convictions were that beginning on or about December 28, 2005, Mr. Dugan began stealing funds while he served as treasurer for the Los Alamitos Rotary Club. In April of 2008, the president and president-elect of the Rotary Club discovered the missing funds, and on or about May 2, 2008, they confronted Mr. Dugan regarding the missing funds. On or about May 5, 2008, Mr. Dugan had replenished the Rotary Club accounts with all the missing funds. On or about May 15, 2008, the president of the Rotary Club reported the matter to the police, and a criminal prosecution followed.

Mr. Dugan also held himself out as a CPA to the public while his license was in an inactive status.

Further, Mr. Dugan failed to report his March 30, 2010 conviction to the CBA within 30 days after it was entered by his plea made that same date, as required by section 5063 of the Business and Professions Code.

### VIOLATION(S) CHARGED

Business and Professions Code, Division 1.5, Chapter 3, § 490; Division 3, Chapter 1, §§ 5100 (a), (g), (i), (k), 5050, 5121, 5021, and 5063. California Code of Regulations, Title 16, Division 1, § 52.

**OTHER ENFORCEMENT ACTIONS THROUGH SEPTEMBER 1, 2012 (CONTINUED)****FREEMAN, JEFFREY**

Los Angeles, CA (CPA 68714)

**CBA ACTIONS**

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

Mr. Freeman shall maintain an active license status.

Mr. Freeman shall undergo and continue treatment by a licensed psychotherapist approved by the CBA.

Mr. Freeman shall reimburse the CBA in the amount of \$10,219.67 for its investigation and prosecution costs.

Other standard terms of probation.

Effective June 28, 2012

**CAUSE FOR DISCIPLINE**

Accusation No. AC 2011-13 alleges the following: Mr. Freeman is subject to disciplinary action in that Mr. Freeman has been convicted of crimes substantially related

to the qualifications, functions, or duties of a certified public accountant and for unprofessional conduct.

On or about August 12, 2010, after pleading nolo contendere, Mr. Freeman was convicted of one felony count of violating Penal Code Section 311.11(a) [possession of matter depicting minor engaging in sexual conduct] and one misdemeanor count of violating Penal Code Section 314.1 [indecent exposure].

Mr. Freeman was sentenced to 364 days in custody starting October 1, 2010, ordered to attend a 52-week Sex Offender Program, register as a sex offender pursuant to Penal Code 290.3 and placed on formal probation for a period of five (5) years with certain terms and conditions.

**VIOLATION(S) CHARGED**

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

**GREIF, MICHAEL J.**

Rancho Palos Verdes, CA (Applicant)

**CBA ACTIONS**

Upon meeting all pre-licensure requirements, a Certified Public Accountant license will be issued to Mr. Greif and be immediately revoked. However, the revocation will be stayed and Mr. Greif will be placed on five (5) years probation.

Mr. Greif shall successfully complete a rehabilitation program for chemical dependence which the CBA shall approve and shall have reports submitted by the program.

Mr. Greif shall completely abstain from the use of psychotropic drugs, including alcohol, unless prescribed.

Mr. Greif shall submit to such tests and samples for the detection of alcohol, narcotics, dangerous drugs, or controlled substances, as directed by the CBA.

Other standard terms of probation.

Effective June 28, 2012

**CAUSES FOR DENIAL**

Mr. Greif completed an application for licensure on April 27, 2011. On September 13, 2011, the CBA denied the application. On March 14, 2012, Statement of Issues No. SI-2012-14 was filed containing the following allegations as grounds for denial.

On or about July 20, 2006, after pleading nolo contendere, Mr. Greif was convicted of one felony count of violating Vehicle Code Section 23152(b) [driving a vehicle while having 0.08% and more, by weight, of alcohol in blood]. The court sentenced Mr. Greif to a total of 16 months in jail, and fined him.

On or about June 27, 2006, after pleading nolo contendere, Mr. Greif was convicted of one misdemeanor count of violating Vehicle Code Section 23152(b) [driving a vehicle while having 0.08% and more, by weight, of alcohol in blood]; one misdemeanor count of violating Vehicle Code Section 20002(a) [hit and run; property damage]; and one misdemeanor count of violating Vehicle Code Section 14601.5(a) [driving a vehicle with a suspended license]. The court sentenced Mr. Greif to 160 days in jail and placed him on probation for a period of 36 months, with terms and conditions.

On or about September 27, 2004, after pleading nolo contendere, Mr. Greif was convicted of one misdemeanor count of violating Penal Code Section 647(f) [public intoxication]. The court sentenced Mr. Greif to two (2) days in jail and placed him on probation for a period of 24 months, with terms and conditions.

On or about February 21, 2001, after pleading nolo contendere, Mr. Greif was convicted of one misdemeanor

## OTHER ENFORCEMENT ACTIONS THROUGH SEPTEMBER 1, 2012 (CONTINUED)

### GREIF, MICHAEL J. Rancho Palos Verdes, CA (Applicant) *Continued*

count of violating Vehicle Code Section 23152(b) [driving a vehicle while having 0.08% and more, by weight, of alcohol in blood]; and one misdemeanor count of violating Vehicle Code Section 14601.5(a) [driving with a suspended or revoked license]. The court sentenced Mr. Greif to 17 days in Los Angeles City Jail and placed him on three (3) years probation, with terms and conditions.

On or about September 24, 1999, after pleading guilty, Mr. Greif was convicted of one misdemeanor count of violating Vehicle Code Section 23152(a) [driving under the influence of alcohol and /or drugs]; and one misdemeanor count of violating Vehicle Code Section 14601.1(a) [driving a vehicle on a highway with a suspended and/or revoked license]. The court placed Mr. Greif on probation for a period of three (3) years, with terms and conditions.

On or about September 24, 1996, after pleading guilty, Mr. Greif was convicted of one misdemeanor count of violating Revised Code of Washington Section 46.61.502 [driving under the influence of alcohol and/or drugs]. The court sentenced Mr. Greif to 365 days in jail and fined him.

Mr. Greif committed acts, which if done by a Licensed Certified Public Accountant, would be grounds for suspension or revocation of license.

Mr. Greif admits the truth of each and every charge and allegation in the Statement of Issues No. SI-2012-14.

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

Business and Professions Code, Division 1.5, Chapter 3, §§ 475, 480, 482, 490; Division 3, Chapter 1, § 5100 (a); California Code of Regulations, Title 16, Division 1, §§ 99 and 99.1.

### GRUBER, FRANK M.

Garden Grove, CA (CPA 72571)

#### **CBA ACTIONS**

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

Mr. Gruber shall maintain an active license status and reimburse the CBA in the amount of \$6,767.98 for its investigation and prosecution costs.

Mr. Gruber is required to undergo and continue treatment by a licensed psychotherapist approved by the CBA.

Other standard terms of probation.

Effective September 1, 2012

#### **CAUSE FOR DISCIPLINE**

Mr. Gruber is subject to disciplinary action, in that he was convicted of a crime that is substantially related to his qualifications, functions and duties as an accountant. On or about March 16, 2007, Mr. Gruber was convicted by his plea of guilty of violating Vehicle Code (VC) section 2800.2

subsection (a), driving in willful or wanton disregard for the safety of persons or property while fleeing from pursuing police officer (Evasion of Police), a misdemeanor, and Penal Code (PC) section 451 subsection (c), arson of structure, forest land, or property (Arson), a felony.

As a result of the conviction, the Court suspended sentence, imposed three years formal probation, and ordered Mr. Gruber to serve 182 days in jail, with credit for time served, and pay fees of \$610.00, fines of \$3,800.00, and restitution of \$3,534.21.

Mr. Gruber also failed to report the conviction to the CBA within 30 days, as required by Section 5063(a) of the Business and Professions Code.

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

Business and Professions Code, Division 1.5, Chapter 3, § 490; Division 3, Chapter 1, §§ 5100 (a) and 5063 (a)(1) (A-B).

**OTHER ENFORCEMENT ACTIONS THROUGH SEPTEMBER 1, 2012 (CONTINUED)****MAYER HOFFMAN MCCANN P.C.**

Irvine, CA (COR 5091)

**CBA ACTIONS**

Suspension of CPA Corporation License for six months stayed, with two years' probation, via stipulated settlement.

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

Respondent shall disseminate this Stipulated Settlement and Disciplinary Order to all of its professional personnel officed in California within 15 days of the effective date of the order.

Respondent shall undergo a peer review specifically focused on Respondent's governmental audit practice in California. The peer review shall be completed by July 31, 2013.

Prior to December 31, 2013, Respondent shall provide two eight-hour training courses for all those accountants practicing in Respondent's California governmental audit practice group. The training sessions shall address government audit practice subjects. For those accountants

who attend, the training shall not be counted towards the CBA's continuing education requirements.

Respondent shall reimburse the CBA a sum not to exceed \$50,000 for its investigation and prosecution costs.

Other standard terms of probation.

**Effective June 28, 2012**

**CAUSE FOR DISCIPLINE**

Accusation No. AC-2012-17 alleges that the Respondent is subject to disciplinary action in that Respondent committed repeated acts of negligence on more than one occasion in the 2009 audit of the City of Bell (Bell) and the Bell Community Redevelopment Agency (Bell CRA) that departed from professional standards. The accusation further alleges that Respondent is subject to disciplinary action in that Respondent insufficiently documented its audit for Bell and the Bell CRA for the year ending June 30, 2009.

**VIOLATION(S) CHARGED**

Business and Professions Code, Division 3, Chapter 1, §§ 5100 (c), (e) and 5097.

**SHROFF, VISPI BAHADUR**

Canyon Country, CA (CPA 49525)

**CBA ACTIONS**

Surrender of CPA license, via stipulated settlement.

If and when Mr. Shroff's license is reinstated, Mr. Shroff shall pay the CBA in the amount of \$7,706.30 for its investigation and enforcement costs.

**Effective September 1, 2012**

**CAUSE FOR DISCIPLINE**

Mr. Shroff is subject to disciplinary action on the grounds of unprofessional conduct, in that on or about November 23, 2009, the United States Securities and Exchange Commission (SEC) imposed discipline, penalty, or sanction on Mr. Shroff's practice of accounting. Mr. Shroff was ordered to pay \$235,890.63 disgorgement and prejudgment interest, and pay \$207,931.70 in penalties. In addition, Mr. Shroff was permanently restrained and enjoined from violating SEC rules and regulations. The circumstances underlying the discipline are that Mr. Shroff, a tipeg, received and acted on non-public insider information, reaping illegal profits totaling \$207,931.70.

Mr. Shroff is also subject to disciplinary action on the grounds of unprofessional conduct, in that on or about March 21, 2011, he was convicted of securities fraud; aiding and abetting crimes substantially related to the qualifications, functions or duties of a certified public accountant. Mr. Shroff was sentenced to be committed to the custody of the Bureau of Prisons for two nine month terms, to be served concurrently. Upon release from imprisonment, he was placed on supervised release for a term of three years for each count, to be served concurrently, with terms and conditions. Mr. Shroff was ordered to pay to the United States a total fine of \$38,674.68.

Mr. Shroff is subject to disciplinary action on the grounds of unprofessional conduct in that Mr. Shroff failed to report to the CBA in writing of the SEC investigation and judgment.

**VIOLATION(S) CHARGED**

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

## OTHER ENFORCEMENT ACTIONS THROUGH SEPTEMBER 1, 2012 (CONTINUED)

### **TIONGSON, ANTHONY**

Cerritos, CA (CPA 16032)

#### **CBA ACTIONS**

Revocation stayed with five years' probation, via decision after a hearing before an Administrative Law Judge.

Mr. Tiongson's license is suspended for one year.

Mr. Tiongson shall be prohibited from preparing and/or filing federal tax returns while he is suspended by the IRS from representing clients before it. If the suspension is modified or replaced, Mr. Tiongson shall comply with any orders issued by the IRS.

Mr. Tiongson shall complete four hours of continuing education in ethics. Courses must be passed prior to resumption of practice after the one-year suspension is completed.

Mr. Tiongson shall reimburse the CBA in the amount of \$11,195.54 for its investigation and prosecution costs.

Other standard terms of probation.

**Effective September 1, 2012**

#### **CAUSE FOR DISCIPLINE**

The decision, which was issued after a hearing before an Administrative Law Judge, included the following causes for discipline:

On April 1, 2009, Mr. Tiongson was convicted on his plea of guilty to one count of violating Title 26, United States Code Section 7207 (filing a false tax return), a misdemeanor. Mr. Tiongson was sentenced to one year of unsupervised probation, under terms that he not violate any laws, and that he report his conviction to the CBA within 45 days. All fines were waived. Mr. Tiongson pled guilty to the charge that he aided and assisted in the preparation and

presentation to the IRS of forms on behalf of two taxpayers for the tax year 2001 which represented that California was not part of the United States as defined in the Internal Revenue Code; and that Mr. Tiongson well knew at the time that the IRS considered California part of the United States for tax purposes.

However, it was established that during the four years from 1999 to 2003, covering the tax years of 1998 through 2002, Mr. Tiongson filed similar false federal income tax returns for approximately 20 to 25 clients. In those returns, Mr. Tiongson filed a form 2555 which falsely claimed his clients' income earned in California was not subject to federal income tax, and that those clients' California income was actually foreign income. Mr. Tiongson's crime is substantially related to the qualifications, functions or duties of a CPA and his crime involved dishonesty.

Mr. Tiongson began filing tax returns using form 2555 in 1999 after attending a seminar where the presenter represented himself as a former employee of the IRS and expert on the Internal Revenue Code. Mr. Tiongson ceased using form 2555 under similar circumstances after he became aware of the IRS auditing his clients in or about 2003.

Mr. Tiongson breached the standard of care for preparing tax returns by taking a position that he knew to be frivolous.

Mr. Tiongson was also suspended by the IRS, barring him from representing clients before the IRS.

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

Business and Professions Code, Division 1.5, Chapter 3, § 490; Division 3, Chapter 1, § 5100 (a), (c), (g), (h) and (j). California Code of Regulations, Title 16, Division 1, §§ 58 and 99.

**OTHER ENFORCEMENT ACTIONS** THROUGH SEPTEMBER 1, 2012 (CONTINUED)**YOUNG, RAYMOND and RAYMOND  
YOUNG, CPA, AN ACCOUNTANCY  
CORPORATION**

Fremont, CA (CPA 65676; COR 4887)

**CBA ACTIONS**

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

Respondents shall be permanently restricted from performing audits until such time as Respondents successfully petition the CBA for the reinstatement of their ability to perform audits.

Respondents shall enroll with a Board-recognized Peer Review program by July 1, 2012 and have the Peer Review accepted within nine (9) months of the decision.

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

Respondents shall reimburse the CBA in the amount of \$14,853.63 for its investigation and prosecution costs.

Other standard terms of probation.

**Effective June 28, 2012**

**CAUSE FOR DISCIPLINE**

Accusation No. AC-2012-2 contains the following allegations:

Respondents performed an audit which departed extremely from professional standards. Respondents' audit documentation was insufficient to enable a reviewer to understand the nature, timing, extent, and results of the procedures performed, evidence obtained and conclusions reached. The audit report that the respondents issued was not in compliance with professional standards. The respondents also failed to maintain a written audit documentation retention and destruction policy.

Respondent Young also used an unregistered firm name on his website.

**VIOLATION(S) CHARGED**

Business and Professions Code, Division 3, Chapter 1, §§ 5100 (c), 5100 (e), 5100 (g), 5062, 5097, 5060. California Code of Regulations, Title 16, §§ 58, 68.2, 68.5.



# UPDATE

## 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 voice

mail message, staff will return your call within one business day or, if you prefer to contact us via e-mail, all e-mail 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 (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/survey>.

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 website 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

ADDRESS SERVICE REQUESTED



# UPDATE

FALL 2012

ISSUE NO. 70

You can sign up for *E-News* and be notified by e-mail when the newest edition of *UPDATE* is available. Please visit [www.cba.ca.gov](http://www.cba.ca.gov).

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