

PRESIDENT'S MESSAGE



Leslie J. LaManna, CPA
President

At this time of year when we traditionally honor those men and women who serve our country in the U.S. Armed Forces and California National Guard, I would like to call your attention to several changes the CBA has implemented to assist military personnel and their families.

California CPAs who are called to active duty as members of the U.S. Armed Forces or the California National Guard may apply to the CBA for a waiver of their renewal fees and continuing education (CE) requirements.

I believe those licensees who are called upon to protect our country should be able to focus on the task at hand and not be concerned with their CE requirements and renewal fees. Those who have a current and valid license may apply for this waiver, which would apply during the period of active duty service.

Another change assists military personnel by expediting the licensing process for a spouse or domestic partner who holds a CPA license in another state. As long as the applicant can demonstrate that his/her spouse or domestic partner is an active duty member of the armed forces assigned to a duty station in California, the applicant can request expedited licensure. The details of both these changes are available on our website at www.dca.ca.gov/cba/licensee/military.shtml.

In addition, beginning January 1, 2014, a new license status will be available to our licensees who are on active duty as a member of the U.S. Armed Forces or the California National Guard. They will be able to apply to have their license placed in a Military Inactive Status. This new status will exempt licensees from being subject to CE or peer review reporting requirements or paying the biennial renewal fee while their license is in Military Inactive Status. The regulations necessary to implement this new status are expected to receive approval from the Office of Administrative Law by January 1, 2014. For the

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UPDATE

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full text of the proposed regulations for Military Inactive Status, please visit www.dca.ca.gov/cba/regulation_notices/top12-11.pdf.

On a different note, I mentioned in my first message as president that I believe that strong consumer protection strengthens our profession. When consumers can be assured they are receiving services from qualified CPAs, consumer trust in the profession is reinforced. There are several articles in this edition of *UPDATE* that have consumer protection elements to which I would like to call your attention.

Last edition we reported on new regulations requiring criminal background checks for all licensees who have not previously submitted fingerprints as a condition of licensure. This background check is a condition of license renewal after December 31, 2013. In this edition, look for *Retroactive Fingerprints: FAQs*, which provides a helpful set of questions and answers about this requirement.

Also in this edition is an article regarding commissions. While in the earlier days of accounting most state boards of accountancy did not permit CPAs to accept payment of this type, over the last several decades the trend has been for states to allow CPAs to accept commissions and contingent fees. The CBA enacted regulations in 1999 that enabled California CPAs to accept commissions, but only when certain conditions are met. Those conditions are in place to protect consumers, and I encourage you to review *At a Glance: Commissions*.

The Peer Review Program has been an important program with benefits to both consumers and CPA firms, and the CBA encourages consumers to ask about peer review when hiring a CPA or using the services of one. There are changes coming to how peer review is reported, and you will find the new process to be streamlined. Be sure to check out the details in *Streamlining Peer Review Reporting*.

LESLIE J. LAMANNA, CPA
President, CBA

WHAT'S IN A NAME?

Have you or your firm recently undergone a name change? If so, you must notify the CBA. Why? Consumers use the CBA License Look-Up feature as a resource in verifying licensee information. Additionally, the California Accountancy Act requires all licensees to practice public accountancy under the name that is on file with the CBA.

The process for filing a change of name is easy. Simply complete and submit the *Name Change Form* found on the CBA website. Links to the forms are provided below.

CPA/PA: www.dca.ca.gov/cba/forms/namechg.pdf

Corporations: www.dca.ca.gov/cba/forms/corpchg.pdf

Partnerships: www.dca.ca.gov/cba/forms/partchg.pdf

EXECUTIVE OFFICER'S MESSAGE

The focus of resources on enforcement has a significant impact on both consumer protection and services to licensees. The dedication of nearly \$4.6 million in resources has allowed the Enforcement Division to reduce backlogs and complete investigations quicker. For consumers, it means their complaints are resolved more timely and they can have confidence that the services they receive are from a qualified CPA. This promotes confidence in the regulatory process and trust in the profession.

Licensees also have an interest in seeing complaints and investigations quickly resolved. Whether it is an issue regarding peer review reporting, fulfilling continuing education requirements or any number of circumstances that involves CBA Enforcement, most licensees appreciate a swift resolution. There is also appreciation when licensees who have violated provisions of the Accountancy Act and CBA

Regulations have appropriate action taken against their licenses. Not only does it shorten the time these individuals can harm the public, but public confidence is also restored.

In the event you are contacted by CBA Enforcement, I would encourage you to keep the following helpful tips in mind. First, respond quickly. Your timely response can be an indicator of your willingness to cooperate. Second, be forthcoming. The less time needed to investigate your case, the more quickly your issue can be resolved.

Most of our licensees practice public accountancy with honesty and integrity and provide much-needed services to consumers. Do your part to be counted among them.

PATTI BOWERS
Executive Officer

MOBILITY ACROSS MULTIPLE JURISDICTIONS

Do you need to file a tax return for your client in Oregon or perform an audit of a company based in Massachusetts? With the vast majority of states having adopted mobility provisions, it's now significantly easier for CPAs to service clients located in multiple jurisdictions. That said, with mobility laws that vary from state to state, it's also important for you to research each state's mobility requirements.

In the coming months we will begin posting useful resource information to our website to

assist you in obtaining the information necessary prior to initiating practice activities in other states. Specifically, we intend on including an interactive map with links to each state board of accountancy website and the National Association of State Boards of Accountancy's CPA mobility website, www.cpamobility.org. It is imperative that you verify the requirements to practice under mobility in a particular state, prior to engaging in any activity.

UNDER THE DOME

The new 150-hour educational requirements are fast approaching, and there is new legislation pending that could prove a help to many CPA license applicants. The CBA is pursuing two legislative proposals included in Senate Bill (SB) 823 that are meant to ease the transition to the new educational requirements.

SB 823 would allow an applicant who successfully passed the Uniform CPA Exam (CPA Exam) by December 31, 2013, to apply for CPA licensure under the existing pathways until December 31, 2015. Additionally, this bill would allow a CPA applicant enrolled in a five-year master's degree program or other programs developed by schools to address the 150 semester unit requirement, to take the CPA Exam upon completion of the baccalaureate degree requirements. To qualify, students will need to have their respective schools confirm this status.



The CBA is working proactively with the California State Legislature to enhance consumer protection and assist licensees. You may follow the progress of SB 823, as well as other legislation that the CBA may follow at www.dca.ca.gov/cba/laws_and_rules/pending_legislation.shtml.

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UPDATE Production

PEER REVIEW: AUDITING PR-1 FORMS

The CBA is dedicated to ensuring that all licensees subject to peer review are, in fact, having a peer review completed. To that end, the accuracy of the information reported on the Peer Review Reporting (PR-1) Form is being verified. CBA staff are cross-referencing internal and external data sources such as licensing, renewal and enforcement records, reviewing internet and social media advertisements, and requesting additional information from licensees, if necessary.

Licensees are encouraged to provide complete and accurate information on the PR-1 Form. Forms with erroneous information will be referred to investigative staff for additional investigative work. Licensees that filed a PR-1 Form with false information or renewed their license without having undergone a required peer review may be subject

to disciplinary action. The CBA takes these matters very seriously, so it is important that you take your peer review requirements seriously.

Since 2009, the CBA has conducted extensive outreach and notification efforts to inform licensees of their peer review requirements and peer review reporting requirements. Licensees who have questions about who is subject to peer review, or how and when to file the PR-1 Form, are encouraged to review the Frequently Asked Questions at <http://www.dca.ca.gov/cba/faqs/fuqpeer.shtml#peer>. As always, staff in the Peer Review Unit is available for questions and can be contacted at (916) 561-1706 or by e-mail at peerreviewinfo@cba.ca.gov.

STREAMLINING PEER REVIEW REPORTING

Changes have been made to the Peer Review reporting requirements! Beginning January 1, 2014, the process will be streamlined and reporting peer review information to the CBA will be done at the time of license renewal. Even though reporting will be done at license renewal, peer reviews are still only required once every three years. In short, you need to report your peer review every two years and have a peer review every three years.

The CBA will be sending information to licensees highlighting the changes and providing specific information regarding how and when to file your Peer Review Reporting (PR-1) Form. You can also check our website at www.cba.ca.gov for updated information. Below are some FAQs regarding the changes to the peer review reporting requirements.

Q: If I have to submit a Peer Review Reporting Form to the CBA every two years at the time of license renewal, do I have to have a peer review every two years?

A: No. Even though reporting will be done at the time of license renewal, peer reviews are still only required every three years. This means that some

years you will report the same peer review results two renewal cycles in a row.

Q: I submitted a Peer Review Reporting Form to the CBA during the three-year phase-in period. When do I need to report again?

A: Beginning January 1, 2014, the CBA will require all licensees to report their specific peer review

STREAMLINING PEER REVIEW REPORTING CONTINUED FROM PAGE 5

information at the time of license renewal. CBA Regulation Section 45 (CBA Regulation) is available on the CBA website at http://www.dca.ca.gov/cba/laws_and_rules/regs6-s45.shtml.

Q: I am subject to peer review, but am planning on retiring and renewing my license in an inactive status. Do I need to have a peer review?

A: No. Because of a law change that took effect on January 1, 2013, only licensees renewing in an active status or converting to active status are required to have a peer review. If you renew in an inactive status, you do not need to have a peer review. However, you are required to report specific peer review information as required on the PR-1 Form to the CBA.

Q: I am due to report my peer review on July 1, 2013, and my license expires on October 31, 2013, at which time I will be retiring and renewing in an inactive status. Do I need a peer review?

A: No. Only licensees renewing in an active status are required to have a peer review as a condition of license renewal. If you renew your license in an inactive status, you are not required to have a peer review. However, you are required to report specific peer review information as required on the PR-1 Form to the CBA by the July 1, 2013 reporting deadline.

Q: Do I need to have a peer review if I dissolve my corporation/partnership prior to license renewal?

A: No. Peer reviews are a condition of active license renewal. A peer review would not be required if the corporation/partnership is dissolved and the CBA is notified of the dissolution prior to the renewal of the license.

For additional information, please contact the Peer Review Unit at (916) 561-1706 or peerreviewinfo@cba.ca.gov.

AT A GLANCE: COMMISSIONS

Over the last several decades, the trend has been for states to allow CPAs to accept commissions and contingent fees. Currently, 47 states, including California, allow this type of compensation. The CBA enacted regulations in 1999 that enabled California CPAs to accept commissions, but only when certain conditions are met.

Business and Professions Code section 5061, along with CBA Regulation Sections 56, 56.1, 56.2, 56.3, and 56.4, allow a California CPA to accept commission-based compensation for providing a client with the products or services of a third party as long as the fees are disclosed in writing, various prohibited services are not performed, and professional standards regarding independence,

objectivity and conflicts of interest are met. The products or services of the third party must be provided in conjunction with professional services that you as a CPA provide to your client.

The form and content of disclosures are specified in the CBA Regulations. However, the salient points of the regulations require the written disclosure statement to provide the following:

- The fact that the fee or commission is to be paid for professional services.
- The fact that the licensee may not accept a fee or commission solely for the referral of their client to the products or services of a third party.

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AT A GLANCE: COMMISSIONS CONTINUED FROM PAGE 6

- A description of the product(s) or service(s) which the licensee is recommending to the client.
- The identity of the third party that is expected to provide the product or service including the business relationship of the licensee to the third party.
- A description of any fee or commission which may be received by the licensee.
- The dollar amount or value of the fee or commission payment(s) or the basis on which the payment(s) shall be computed.
- A disclosure statement signed and dated by the client which contains an acknowledgment by the client that he or she has read and understands the information contained in the disclosure.
- The written disclosure, acknowledged by the client, must either be on the licensee's letterhead or must be signed by the licensee.
- The licensee must retain the disclosure statements for a period of five years and must provide copies to the client.
- Unlike the American Institute of Certified Public Accountants' Rule 503, referral fees to obtain a client or solely for the referral of a client to the products or services of a third party are prohibited.

For more information regarding commissions and the required disclosures, please refer to the Business and Professions Code or the CBA Regulations. These are available at the CBA website at www.dca.ca.gov/cba/laws_and_rules/index.shtml.

RETROACTIVE FINGERPRINTS: FAQs

In our last issue of UPDATE, we informed you about CBA Regulation Section 37.5, which requires criminal background checks for all licensees who have not previously submitted fingerprints as a condition of licensure, or for whom no electronic record of the licensee's fingerprints exists within the Department of Justice's (DOJ) criminal offender record identification database. This background check is a condition of license renewal after December 31, 2013.

To further assist you in becoming familiar with this requirement, provided below are some of the most FAQs we receive. To view the full list of FAQs, please visit <http://www.dca.ca.gov/cba/faqs/index.shtml>.

Q: Why is the CBA requiring CPAs to submit fingerprints?

A: The CBA's mission is to protect consumers. In conjunction with this mission and to ensure consumers are receiving services from qualified practitioners, it is necessary for the CBA to be informed of past and current criminal convictions that are related to the qualifications, functions, or duties of the accounting profession.

Q: How will I know if I must submit fingerprints?

A: The CBA will send you a letter notifying you of the requirement. If you receive a letter and intend on renewing your license in an active status, you must undergo fingerprinting.

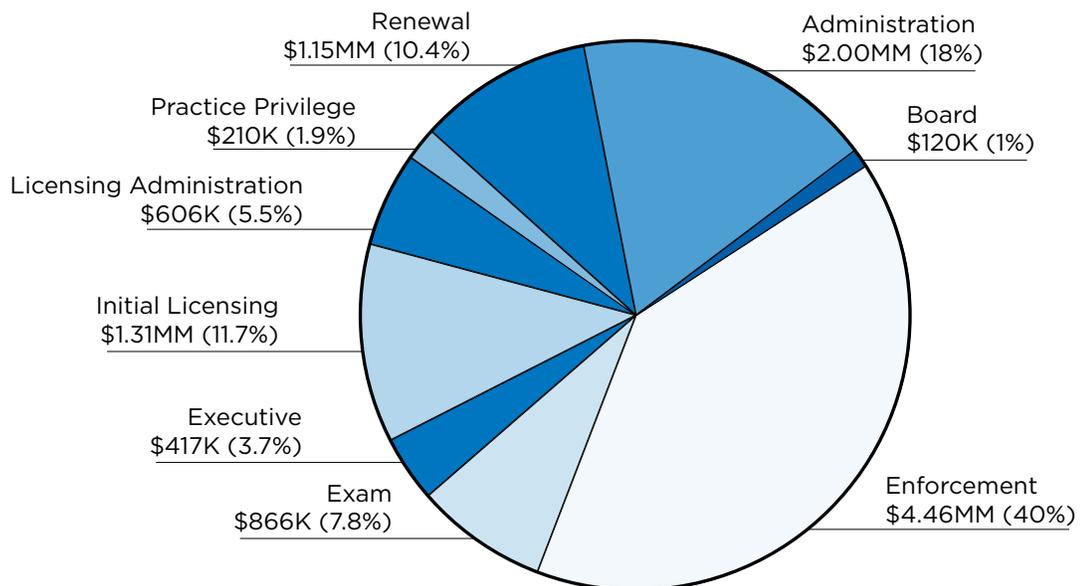
Q: How do I go about completing the fingerprint requirement?

WHERE THE MONEY GOES

Every year, the CBA is appropriated a maximum amount of funding to carry out its mission of consumer protection. These amounts are based on the prior year's budget and are then adjusted to account for any program changes and administrative adjustments approved or ordered by the Department of Finance. The CBA's total budget is set at \$11,138,377 for Fiscal Year (FY) 2012-13.

The CBA allocates its budget to various organizational units to best attain its consumer protection goals while also striving to provide the best customer service to its licensees and prospective licensees. The chart below depicts all of the organizational units comprising the CBA and their associated funding levels for FY 2012-13.

CBA FY 2012-13 ALLOCATIONS TOTAL BUDGET: \$11,138,377



RETROACTIVE FINGERPRINTS: FAQs CONTINUED FROM PAGE 7**California Residents**

A: As a California resident, you will need to submit fingerprints via Live Scan. Your notification letter will include a Request for LiveScan Service form. Take the completed form to a Live Scan location. You may view a current list of Applicant Live Scan locations on the DOJ website at www.ag.ca.gov.

Out-of-State Residents

A: As an out-of-state resident, you will need to submit your fingerprints via hard card. Included with your notification letter will be a fingerprint hard card. Only hard copy fingerprint cards furnished by the CBA will be accepted. Once your fingerprints are completed, mail the unfolded cards directly to the CBA at the address below.

California Board of Accountancy
2000 Evergreen Street, Suite 250
Sacramento, California 95815-3832
Attn: Fingerprint Unit

Q: Do I need to wait until my license renewal is due before being fingerprinted?

A: No. You may complete the fingerprint requirement at any time prior to the expiration of your license.

Q: I was fingerprinted by my employer, school, or other state agency. Do I still need to submit fingerprints to the CBA even though my present employer (school, other state agency) already required me to be fingerprinted?

A: Unfortunately, yes. By law, fingerprint records are specific only to the requester and cannot be shared with others.

Q: What will happen if I do not submit fingerprints to the CBA?

A: Your license renewal application will be incomplete and ineligible for renewal. In addition, failure to submit fingerprints on or before the date required for renewal of your license is grounds for discipline by the CBA.

To stay current with all CBA activities, including updated information regarding the fingerprint requirement, follow us at twitter.com/CBANews, www.facebook.com/CBANews, or sign up at www.cba.ca.gov/forms/enews.

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, CA 95815-3832

THE NOT-SO-SECRET 'SECRETS' TO SUCCESSFUL LICENSE RENEWAL

Ever want to cross your fingers or wish on a star for the cosmos to smile on your license renewal application? While it wouldn't hurt, there is actually a much more effective way to help smooth the way for a speedy and successful license renewal. We know because we review all license renewal applications to make certain each one is complete and all requirements are met. Out of 44,749 license renewal applications reviewed in Fiscal Year 2011-12, the CBA License Renewal and Continuing Competency (RCC) Unit found 4,233 deficiencies (errors and missing information) that slowed the renewal process.

The most common errors made by licensees at the time of renewal are failures to:

- Submit the license renewal application.
- Meet the minimum yearly continuing education (CE) requirements, commonly referred to as the 20/12 requirement.
- Complete the ethics education requirement.
- Fully complete the license renewal application.

To assist you in successfully renewing your license, here is the not-so-secret "secret" to that success:

There Are No Shortcuts

Whether you are renewing your license in an active or inactive status, you need to submit the License Renewal Application. It sounds simple, but sometimes renewal applicants just send us a check, or don't answer all the application questions, or fail to submit all parts of the renewal application. You can find the complete instructions for the License Renewal Form online at www.dca.ca.gov/cba/cont_educ/ce_renew_inst.pdf.

Meet the Minimum Yearly CE Requirement

If you renew your license in an active status, you must complete a minimum of 20 hours of CE, of which 12 hours must be in technical subject matter, during each year of the two-year license renewal period.

For instance, if your license expires on October 31, 2013, the breakdown of the license renewal period is as follows:

- First year: November 1, 2011, through October 31, 2012.
- Second year: November 1, 2012, through October 31, 2013.

CE and Ethics Matter

As part of the required 80 hours of CE, you must complete four hours of ethics education. In order for a course to qualify for ethics education, it must cover one or more of the following:

- A review of nationally recognized codes of conduct, emphasizing how the codes relate to professional responsibilities.
- Case-based instruction focusing on real-life situational learning.
- Ethical dilemmas facing the accounting profession.
- Business ethics, ethical sensitivity, and consumer expectations.

You may complete the required four hours of ethics education as a single course or as a combination of courses totaling four hours. Workplace and/or sexual harassment courses do not fulfill the ethics requirement.

'SECRETS' TO SUCCESSFUL LICENSE RENEWAL CONTINUED FROM PAGE 10**Remember the CE Reporting Worksheet**

If you renew your license in an active status, you must complete the license renewal application and accompanying CE Reporting Worksheet in its entirety, so we can verify that you have completed the required amount and type of CE. You may use a personalized CE reporting worksheet, provided it includes the following information: course title, subject code, notation of courses claimed as government CE, date of course completion, name of course provider, and method of presentation.

Don't Seal That Envelope Just Yet!

To ensure your application form is complete, check to make certain:

- The completed, signed form is enclosed.
- All mandatory questions are answered.
- The appropriate fee is enclosed.
- The required CE was completed in the correct renewal period.

Want more information about license renewal? Please visit our website at www.cba.ca.gov. If you have questions about the renewal process, please contact the RCC Unit staff by phone at (916) 561-1702 or by e-mail at renewalinfo@cba.ca.gov.

FUTURE MEETINGS**June 21, 2013**

Peer Review Oversight
Committee
CBA Office
2000 Evergreen Street, Suite 250
Sacramento, California 95815
(916) 263-3680

July 11, 2013

Enforcement Advisory
Committee
Hilton San Jose
300 Almaden Boulevard
San Jose, California 95110
(408) 287-2100

July 24-25, 2013

Taskforce to Examine Experience
for CPA Licensure (7/24)
CBA/Committee Meetings (7/25)
Hyatt Regency
1209 L Street
Sacramento, California 95814
(916) 443-1234

July 31, 2013

Qualifications Committee
Doubletree
222 North Vineyard Avenue
Ontario, California 91764
(909) 937-0900

August 23, 2013

Peer Review Oversight
Committee
Hyatt Place
4760 East Mills Circle
Ontario, California 91764
(909) 980-2200

September 26-27, 2013

Taskforce to Examine Experience
for CPA Licensure (9/26)
CBA/Committee Meetings
Southern California

October 23, 2013

Qualifications Committee
Northern California

October 24, 2013

Enforcement Advisory
Committee
Southern 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 and will also be available by calling 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.



UPDATE

WHAT TO EXPECT AT A QUALIFICATIONS COMMITTEE APPEARANCE

If you read the article spotlighting the Qualifications Committee (QC) in the our last edition of *UPDATE*, you may be wondering whether you might be called to appear before the QC, and what you should expect if you are.

During our evaluation of an individual's application for CPA licensure, we may determine that an appearance before the QC is necessary in order to obtain a recommendation regarding qualifying work experience. Depending on the circumstances, we may require the applicant to appear (better known as a personal appearance) or the signer of the certificate of experience form to appear (better known as a CBA Regulation Section 69 review).

If we do select you to appear before the QC, you will receive a letter providing a list of upcoming meetings from which you can choose from, along with an approximate amount of time for your appearance. We generally schedule personal appearances for 45 minutes and Section 69 reviews for one hour. You must notify us in writing regarding your preferred meeting date and location.

For those applicants coming before the QC as a personal appearance, this often occurs relative to ensuring they meet the attest requirement. For these personal appearances, you will need to bring a complete set of work papers (preferably from multiple engagements) for the engagement you

participated in, including the financial statements and accountant's report as issued.

When selecting the appropriate set of work papers, we would like to highlight two things. First, the work papers should clearly illustrate your understanding of the requirements of planning and conducting a financial statement audit or perform other attest services with minimal supervision that results in an opinion on full disclosure financial statements. Second, while original work papers are preferred, legible photocopies and electronic formats are acceptable.

If we do select you or your firm as the signer of the experience form to appear, the purpose is to evaluate the signer's understanding of the certificate of experience. Just as with a personal appearance, we request that work papers be provided for which the applicant participated to aid in the evaluation. As part of your Section 69 review, we do encourage the applicant to attend as we have found that this better assists the QC in making its recommendation.

After completing its interviews, the QC will provide recommendations to the CBA, after which time, official notifications will be sent out.

As always, should you have any questions regarding QC process or any initial licensing issue, the CBA Initial Licensing Unit is standing by to help. It can be reached by phone at (916) 561-1701 or by email at licensinginfo@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 California 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 CPA licensure 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 citations, 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
2000 Evergreen Street, Suite 250
Sacramento, CA, 95815-3832

Attn: Disciplinary/Enforcement Actions

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

STANDARD CONDITIONS OF PROBATION

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

Obey all Laws

Obey all Federal, California, other state and local laws, including rules relating to the practice of public accountancy in California.

Cost Reimbursement

Reimburse the CBA for its investigation and prosecution costs.

Submit Written Reports

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.

Personal Appearances

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 Probation

Comply with the terms and conditions of the probation imposed by the CBA, and cooperate

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UPDATE

STANDARD CONDITIONS OF PROBATION CONTINUED FROM PAGE 13

fully with representatives of the CBA in its monitoring and investigation of the respondent's compliance with probation terms and conditions.

Practice Investigation

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 Citations

Comply with all final orders resulting from citations issued by the CBA.

Tolling of Probation for Out-of-State Residence/Practice

In the event respondent should leave California to reside or practice outside this state, respondent must notify the CBA in writing of the dates of departure and return. Periods of non-California residency or practice outside the State shall not apply to reduction of the probationary period, or

of any suspension. No obligation imposed herein, including requirements to file written reports, reimburse the CBA costs, 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.

Violation of Probation

If respondent violates probation in any respect, the CBA, after giving respondent notice and an opportunity to be heard, may revoke probation and carry out the disciplinary 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.

Completion of Probation

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 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, failed to appear at the hearing, or has otherwise failed to 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 probationary conditions.

ENFORCEMENT DEFINITIONS CONTINUED FROM PAGE 14**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 probationary conditions.

Revocation

The individual, partnership, or corporation is no longer 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 stated conditions (such as probationary conditions).

Stipulation

The matter is negotiated and settled without going to hearing.

Surrendered

The licensee has surrendered the license. The individual, partnership, or corporation is no longer licensed. The CBA, however, may impose discipline against a surrendered license in certain circumstances. Surrender may also 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**REVOCATIONS OF CPA CERTIFICATES** THROUGH APRIL 28, 2013**JENKINS, ARTHUR CARMINE**

San Ramon, CA (CPA 43697)

CBA ACTIONS

Revocation of CPA license, via default decision.

Effective April 28, 2013

CAUSE FOR DISCIPLINE

Accusation No. AC-2013-12 contains the following allegations:

Mr. Jenkins failed to prepare tax returns for which he had been engaged. Mr. Jenkins failed to respond to the clients' repeated requests for information concerning the status of their

returns. Mr. Jenkins failed to timely send the clients their tax records after being requested to do so. Mr. Jenkins willfully practiced without a permit. His license expired on September 30, 2010 and he continued to practice in 2011. Mr. Jenkins failed to reply to the CBA's inquiry and a subsequent subpoena. Mr. Jenkins failed to change his address of record.

VIOLATION(S) CHARGED

Business and Professions Code, Division 3, Chapter 1, §§ 5037(b), 5050, 5100(c) and (g). California Code of Regulations, Title 16, Division 1, §§ 3 and 52.



UPDATE

REVOCATIONS OF CPA CERTIFICATES THROUGH APRIL 28, 2013 (CONTINUED)

NG, WINGTO ALDOUS

Diamond Bar, CA (CPA 63601)

CBA ACTIONS

Revocation of CPA license, via default decision.

Effective March 3, 2013

CAUSE FOR DISCIPLINE

Accusation No. AC-2012-24 contains the following allegations:

Mr. Ng was grossly negligent and committed repeated negligent acts in the preparation and filing of individual and corporate tax returns for two separate clients. Mr. Ng also failed to

complete the required courses of continuing education in order to renew his CPA license. Mr. Ng also practiced and advertised under the unregistered firm name of United Accountancy. Further, Mr. Ng failed to respond to CBA requests for documentation regarding client tax return preparation and license renewal deficiencies during the CBA's investigation.

VIOLATION(S) CHARGED

Business and Professions Code, Division 3, Chapter 1, §§ 5060, 5100 (c), (g) and 5156. California Code of Regulations, Title 16, Division 1, §§ 52, 87 and 94.

NICHOLLS, MARVIN LOUIS

City of Industry, CA (CPA 20478)

CBA ACTIONS

Revocation of CPA license, via default decision.

Effective March 3, 2013

CAUSE FOR DISCIPLINE

Accusation No. AC-2012-21 contains the following allegations:

Mr. Nicholls was grossly negligent in the performance of an audit for the fiscal years that ended December 31, 2007 and December 31,

2008. The audit reports issued by Mr. Nicholls also failed to conform to professional standards. Mr. Nicholls also failed to sufficiently document his audit to enable a reviewer to understand the nature, timing, extent, and results of the auditing procedures performed, evidence obtained, and conclusions reached.

VIOLATION(S) CHARGED

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

SPEER, RANDOLPH HAITO

Fayetteville, GA (CPA 26375)

CBA ACTIONS

Revocation of CPA license, via default decision.

Effective April 28, 2013

CAUSE FOR DISCIPLINE

Accusation No. AC-2012-16 contains the following allegations:

On or about October 10, 2008, in the United States District Court, Southern District of Ohio, an Amended Judgment in Criminal Case No. CR-2-06-129(4) was entered. Mr. Speer was

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REVOCATIONS OF CPA CERTIFICATES THROUGH APRIL 28, 2013 (CONTINUED)**SPEER, RANDOLPH HAITO** *Continued*

found guilty on eleven counts, including the following: conspiracy (Count 1), securities fraud (Counts 4-6), wire fraud (Count 12), conspiracy to commit money laundering (Count 17), and money laundering (Counts 18-22). Mr. Speer was sentenced to imprisonment with the United States Bureau of Prisons for a term of 60 months on each of counts one, four, five, six, and 12 to run concurrently, and 144 months on counts 17 through 22 to run concurrently with counts one, four, five, six, and 12. Mr. Speer was ordered to pay restitution in the amount of \$2,384,147,105.09. The amount is to be paid jointly with other co-defendants in the case.

On January 8, 2010, the United States District Court, Southern District of Ohio, Eastern Division, in a civil action filed by the Securities and Exchange Commission (SEC), entered an order permanently enjoining Mr. Speer from future violations of the Securities Act of 1933 and the Exchange Act of 1934, and prohibited Mr. Speer from acting as an officer or director of a public company.

The circumstances surrounding the above referenced judgment and order are: Mr. Speer served as the Chief Financial Officer and Executive Vice President of Finance for National Century Financial Enterprises, Inc. (NCFE). The SEC's complaint alleges NCFE officials (which included Mr. Speer) misrepresented the status of their reserve accounts and collateral base to investors and concealed the reserve account and collateral shortfalls by creating or allowing the creation of false offering documents, monthly investor reports, and accounting records. NCFE collapsed suddenly in October 2002 upon revelation of the fraud. The collapse caused investor losses exceeding \$2.38 billion and approximately 275 health-care providers were forced to file for bankruptcy protection.

Mr. Speer failed to report his criminal conviction and discipline by the SEC to the CBA.

VIOLATION(S) CHARGED

Business and Professions Code, Division 1.5, Chapter 3, § 490; Division 3, Chapter 1, §§ 5100 (a), (h), (l) and 5063.

TIGARD, ERIK LLOYD

San Diego, CA (CPA 85529)

CBA ACTIONS

Revocation of CPA license, via default decision.

Effective April 28, 2013

CAUSE FOR DISCIPLINE

Accusation No. AC-2013-23 contains the following allegations:

On or about January 22, 2011, Mr. Tigard was driving his vehicle while intoxicated. He was arrested and charged with two Vehicle Code violations: driving under the influence, and driving

with a measurable blood alcohol in excess of .08 percent by weight. On or about March 10, 2011, Mr. Tigard was convicted by a plea of guilty to a misdemeanor violation of Vehicle Code section 23152(b), driving under the influence with a blood alcohol level in excess of .19. In consideration of the guilty plea to violating Vehicle Code Section 23152(b), the remaining charge for a violation of Vehicle Code section 23152(a) was dismissed.

On or about November 23, 2011, Mr. Tigard was arrested and charged with two counts of driving under the influence with enhancements on both charges for having a prior conviction. On or about April 30, 2012, Mr. Tigard was convicted

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UPDATE

REVOCATIONS OF CPA CERTIFICATES THROUGH APRIL 28, 2013 (CONTINUED)

TIGARD, ERIK LLOYD *Continued*

by a plea of guilty to a misdemeanor violation of Vehicle Code Section 23152 (b), driving under the influence with a blood alcohol level in excess of .08. In consideration of the guilty plea to violating Vehicle Code Section 23152(b), the remaining charge for a violation of Vehicle Code section 23152(a), was dismissed.

On or about February 10, 2012, Mr. Tigard was arrested for being in possession of a controlled

substance. On or about April 30, 2012, Mr. Tigard was convicted by a plea of guilty to a felony violation of Health and Safety Code Section 11350 (a), unlawful possession of a controlled substance, to wit, cocaine.

VIOLATION(S) CHARGED

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

WITHERS, WILLIAM CARY

San Diego, CA (CPA 48220)

CBA ACTIONS

Revocation of CPA license, via default decision.

Effective April 28, 2013

CAUSE FOR DISCIPLINE

Petition to Revoke Probation No. D1-2011-4 contains the following allegations: Mr. Withers failed to Submit Written Reports for the periods

ending September 10, 2011 and January 10, 2012 as required, Mr. Withers failed to make Personal Appearances as directed by the CBA on November 3, 2011, Mr. Withers failed to maintain an Active License Status with the CBA as required (license expired on September 30, 2011), and Mr. Withers violated the terms of his probation.

VIOLATION(S) CHARGED

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

OTHER ENFORCEMENT ACTIONS THROUGH APRIL 28, 2013

COPELAND, CHARLES PERRY THE COPELAND GROUP CPA

Redlands, CA (CPA 28580, FNP 764)

CBA ACTIONS

Surrender of CPA license and FNP, via stipulated surrender.

Respondent shall pay the CBA its costs of investigation and prosecution costs in the amount of \$8,106 prior to issuance of a new or reinstated license.

Effective April 28, 2013

CAUSE FOR DISCIPLINE

Accusation No. AC-2012-44 contains the following allegations:

On or about October 19, 2011, a final judgment was entered against Respondent by the Securities and Exchange Commission (SEC), permanently enjoining Respondent from future violations of Sections 17(a) of the Securities Act of 1933, Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder, Sections 206(1) and 206(2) of the Investment

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OTHER ENFORCEMENT ACTIONS THROUGH APRIL 28, 2013 (CONTINUED)**COPELAND, CHARLES PERRY****THE COPELAND GROUP CPA** *Continued*

Advisors Act of 1940. In addition, Respondent was barred from association with any broker, dealer, investment advisor, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization.

On or about October 18, 2011, the SEC filed a complaint against Respondent alleging that from 2003 through May 31, 2011, Respondent raised over \$60 million from over 100 investors,

including many of the Respondent's tax clients, by selling interests in 23 limited partnerships operated by Respondent's companies. Throughout the offer and sale of the limited partnerships, Respondent and his companies made material misrepresentations and omissions in the offer, sale, and/or purchase of 21 of the 23 limited partnerships.

VIOLATION(S) CHARGED

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

FRANTZ, MARK ALLAN

Visalia, CA (CPA 72757)

CBA ACTIONS

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

Mr. Frantz's license is suspended for 120 days.

Mr. Frantz shall complete 24 hours of continuing education in addition to the 80 hours required for renewal.

Mr. Frantz shall complete four hours of ethics continuing education.

Mr. Frantz shall reimburse the CBA in the amount of \$4,000 for its investigation and prosecution costs.

Mr. Frantz shall maintain an active license.

Other standard terms of probation.

Effective March 3, 2013

CAUSE FOR DISCIPLINE

Accusation No. AC-2012-43 contains the following allegations:

On or about September 6, 2011, Mr. Frantz was convicted by his plea of guilty to a charge

of violating Title 26 United States Code section 7206(2), Aiding and Assisting in the Preparation of False Income Tax Returns, a felony, in a case captioned *United States of America v Mark A. Frantz*, Case No. 1:10-cr-00228 in the United States District Court for the Eastern District of California. Mr. Frantz was sentenced to serve 36 months probation and pay a \$3,000 fine and \$100 assessment. As part of probation, Respondent was ordered to serve 365 days of home confinement.

The circumstances underlying the conviction are that in or about April 2004 Mr. Frantz willfully aided in the preparation of several U.S. Individual Income Tax Returns for calendar year 2003 that were false and fraudulent as to material matters. The returns represented that the taxpayers were entitled to claim deductions that Mr. Frantz knew the taxpayers were not entitled to claim. The false deductions amounted to \$37,297 in additional tax owed by the taxpayers.

VIOLATION(S) CHARGED

Business and Professions Code, Division 1.5, Chapter 3, § 490; Division 3, Chapter 1, §§ 5100 (a) and (j).

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UPDATE

OTHER ENFORCEMENT ACTIONS THROUGH APRIL 28, 2013 (CONTINUED)

FRAZER, LLP (formerly known as Moore Stephens Wurth Frazer and Torbet, LLP)

Brea, CA (PAR 6172)

CBA ACTIONS

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

Respondent shall pay the CBA's investigative and prosecution costs in the amount of \$6,763.54.

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

Respondent shall undergo a peer review by a Board-approved peer review program provider. The peer review shall be completed by May 31, 2014.

Prior to March 31, 2014, Respondent shall provide two eight-hour training courses for its accountants engaged in audit practice, who are officed in California, in the subject matter of auditing. For those accountants who attend, the training shall not be counted towards the CBA's continuing education requirements.

Respondent shall comply at all times with the Order issued by the Securities and Exchange Commission (SEC).

Other standard terms of probation.

Effective April 28, 2013

CAUSE FOR DISCIPLINE

Accusation No. AC-2012-12 contains the following allegations:

In December 2010, Respondent was censured and issued a cease and desist order by the SEC. The SEC Order required Respondent to pay disgorgement of its audit fee in the amount of \$100,000 and to pay prejudgment interest in the amount of \$29,500. The discipline arose from the Respondent's improper professional conduct in connection with annual audits and quarterly reviews of financial statements in 2004 and 2005 of China Energy Savings Technology, Inc. (China Energy), Respondent's client. China Energy materially overstated its Earnings Per Share in its 2004 annual report and materially overstated its revenues and net income in its 2005 annual report and two quarterly reports. Respondent failed to conduct the relevant audits and reviews in accordance with the standards and rules of the Public Company Accounting Oversight Board. Although Respondent determined that the client engagement involved high risks, Respondent did not exercise professional skepticism and due professional care, and Respondent otherwise violated professional standards. Respondent issued unqualified audit opinions, which were included in the client's fiscal year 2004 and 2005 annual reports.

VIOLATION(S) CHARGED

Business and Professions Code, Division 3, Chapter 1, §§ 5100 (l) and 5101.

HARMON, LARRY WAYNE

Granite Bay, CA (CPA 87502)

Suspension of CPA license, via Ex Parte Interim Suspension Order.

Effective April 18, 2013

CAUSE FOR DISCIPLINE

On January 9, 2013, Mr. Harmon admitted to California Board of Equalization investigators that he filed, on behalf of his company, Larry Harmon & Associates, fraudulent claims for tax

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OTHER ENFORCEMENT ACTIONS THROUGH APRIL 28, 2013 (CONTINUED)**HARMON, LARRY WAYNE** *Continued*

refunds in excess of six (6) million dollars with the Board of Equalization in order to obtain money that he was not entitled to obtain.

VIOLATION(S) CHARGED

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

KAPLAN, NICOLE RAE

Agoura Hills, CA (CPA 70888)

CBA ACTIONS

Surrender of license, via stipulated settlement.

Ms. Kaplan shall pay the CBA \$4,212.50 for its investigation and prosecution costs prior to the issuance of a new or reinstated license.

Effective March 3, 2013

CAUSE FOR DISCIPLINE

Accusation No. AC-2012-3 contains the following allegations:

On or about March 22, 2011, a final judgment was entered against Ms. Kaplan by the Securities and Exchange Commission (SEC) enjoining her from further SEC violations, ordering her to pay \$31,050 in disgorgement of ill gotten gains and

prejudgment interest of \$16,445, and further provided that upon motion of the SEC, the court will determine whether or not a civil penalty is appropriate and the amount of any such penalty. Additionally, on or about April 8, 2011, in a case entitled "In the Matter of Nicole Rae Kaplan, CPA, Respondent," Securities and Exchange Commission Release No. 64271/Administrative Proceeding file No. 3-14331, the SEC permanently suspended Ms. Kaplan from appearing or practicing before the SEC as an accountant.

Ms. Kaplan admits the truth of each and every charge and allegation in Accusation No. AC-2012-3.

VIOLATION(S) CHARGED

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

KMJ/CORBIN & COMPANY, LLP

Costa Mesa, CA (PAR 6605)

CBA ACTIONS

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

Respondent shall have a peer review completed by December 31, 2013 and submit it to the CBA within 45 days after acceptance by a Board-recognized peer review provider.

Respondent shall reimburse the CBA's investigative and prosecution costs including costs of probation monitoring not to exceed \$50,000.

The current investigative and prosecution costs of \$29,163 shall be reimbursed within 30 days of the date the CBA's decision is final. Any costs owed, exclusive of costs of probation monitoring, shall be reduced by any payments made by co-Respondents to Accusation No. AC-2012-32, Kendall Merkley and Anthony J. Price.

Respondent shall provide two eight-hour training courses for its accountants officed in California in the area of audits conducted under PCAOB Standards and Rules by December 31, 2013. For those accountants who attend, the 16 hours of

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UPDATE

OTHER ENFORCEMENT ACTIONS THROUGH APRIL 28, 2013 (CONTINUED)

KMJ/CORBIN & COMPANY, LLP *Continued*

training shall not be counted towards the CBA's continuing education requirements for relicensing.

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

Respondent shall comply with all requirements imposed by the SEC and shall report such compliance with the CBA.

Other standard terms of probation.

Effective March 3, 2013

CAUSE FOR DISCIPLINE

Accusation No. AC-2012-32 contains the following allegations:

On or about September 13, 2010, the United States Securities and Exchange Commission (SEC) issued an Order which censured Respondent KMJ/Corbin & Company, LLP (KMJ); suspended KMJ Partner Respondent Kendall Merkle from appearing or practicing before the SEC as an accountant for three years and required Merkle to cease and desist from committing or causing any violations and any future violations of certain federal securities laws; and suspended KMJ Partner Anthony J. Price from appearing or practicing before the SEC as an accountant for two years. Respondents consented to the entry of the SEC

order against them without admitting or denying the findings therein.

The SEC Order stated in pertinent part: "While supervising and conducting KMJ's audits and reviews of Home Solutions of America's (HSOA) financial statements for 2004, 2005, 2006, and the periods ended March 31 and June 30, 2007, Merkle (except as to 2007) and Price failed to adhere to PCAOB Standards and Rules. In summary, Merkle and Price failed to: (i) obtain sufficient competent evidential matter regarding bonuses, revenues, and cost of revenues with respect to KMJ's 2004, 2005, and 2006, audit engagements; (ii) comply with PCAOB Auditing Standard No. 3, Audit Documentation; (iii) adequately plan the audit and properly supervise assistants in connection with the 2006 engagement; and (iv) conduct reviews of interim financial information in accordance with PCAOB Standards and Rules. Additionally, Merkle caused KMJ to issue inaccurate audit reports in that he should have known that KMJ's audit reports were false because they incorrectly represented that the audits were conducted in accordance with PCAOB standards and that HSOA's financial statements were prepared in conformity with GAAP."

VIOLATION(S) CHARGED

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

LIGHTFOOT, DAVID JOHN

Claremont, CA (CPA 63828)

CBA ACTIONS

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

Mr. Lightfoot shall maintain an active license.

Mr. Lightfoot shall complete four hours of continuing education in ethics.

Mr. Lightfoot shall reimburse the CBA in the amount of \$8,550.40 for its investigation and prosecution costs.

Other standard terms of probation.

Effective March 3, 2013

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OTHER ENFORCEMENT ACTIONS THROUGH APRIL 28, 2013 (CONTINUED)**LIGHTFOOT, DAVID JOHN** *Continued***CAUSE FOR DISCIPLINE**

Accusation No. AC-2012-40 contains the following allegations:

Mr. Lightfoot is subject to disciplinary action under Business and Professions Code Section 5100(g) and Section 5061, and California Code of Regulations, Title 16, Section 56, in that Mr. Lightfoot willfully violated Division 3, Chapter 1, of the Business and Professions Code and regulations enacted

thereunder by providing products and/or services to a client for a commission without disclosing the commission to the client as required by law.

Mr. Lightfoot admits the truth of each and every charge and allegation in Accusation No. AC-2010-40.

VIOLATION(S) CHARGED

Business and Professions Code, Division 3, Chapter 1, §§ 5061 and 5100 (g). California Code of Regulations, Title 16, Division 1, § 56.

MERKLEY, KENDALL GLADE

Glendora, CA (CPA 53860)

CBA ACTIONS

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

Mr. Merkley's license is suspended for seven months.

Mr. Merkley shall reimburse the CBA's investigative and prosecution costs including costs of probation monitoring not to exceed \$50,000. The current investigative and prosecution costs of \$29,163 shall be reimbursed within 30 days of the date the CBA's decision is final. Any costs owed, exclusive of costs of probation monitoring, shall be reduced by any payments made by co-Respondents to Accusation No. AC-2012-32, KMJ/Corbin & Company, LLP and Anthony J. Price.

Mr. Merkley shall maintain an active license, including during any period of suspension.

Respondent shall comply with all requirements imposed by the SEC and shall report such compliance with the CBA.

Other standard terms of probation.

Effective March 3, 2013

CAUSE FOR DISCIPLINE

Accusation No. AC-2012-32 contains the following allegations:

On or about September 13, 2010, the United States Securities and Exchange Commission (SEC) issued an Order which censured Respondent KMJ/Corbin & Company, LLP (KMJ); suspended KMJ Partner Respondent Kendall Merkley from appearing or practicing before the SEC as an accountant for three years and required Merkley to cease and desist from committing or causing any violations and any future violations of certain federal securities laws; and suspended KMJ Partner Anthony J. Price from appearing or practicing before the SEC as an accountant for two years. Respondents consented to the entry of the SEC order against them without admitting or denying the findings therein.

The SEC Order stated in pertinent part: "While supervising and conducting KMJ's audits and reviews of Home Solutions of America's (HSOA) financial statements for 2004, 2005, 2006 and the periods ended March 31 and June 30, 2007, Merkley (except as to 2007) and Price failed to adhere to PCAOB Standards and Rules.

OTHER ENFORCEMENT ACTIONS THROUGH APRIL 28, 2013 (CONTINUED)

MERKLEY, KENDALL GLADE *Continued*

In summary, Merkley and Price failed to: (i) obtain sufficient competent evidential matter regarding bonuses, revenues, and cost of revenues with respect to KMJ's 2004, 2005, and 2006 audit engagements; (ii) comply with PCAOB Auditing Standard No. 3, *Audit Documentation*; (iii) adequately plan the audit and properly supervise assistants in connection with the 2006 engagement; and (iv) conduct reviews of interim financial information in accordance

with PCAOB Standards and Rules. Additionally, Merkley caused KMJ to issue inaccurate audit reports in that he should have known that KMJ's audit reports were false because they incorrectly represented that the audits were conducted in accordance with PCAOB standards and that HSOA's financial statements were prepared in conformity with GAAP."

VIOLATION(S) CHARGED

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

PRICE, ANTHONY JOSEPH

Huntington Beach, CA (CPA 82793)

CBA ACTIONS

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

Mr. Price's license is suspended for four months.

Mr. Price shall reimburse the CBA's investigative and prosecution costs including costs of probation monitoring not to exceed \$50,000.

The current investigative and prosecution costs of \$29,163 shall be reimbursed within 30 days of the date the CBA's decision is final. Any costs owed, exclusive of costs of probation monitoring, shall be reduced by any payments made by co-Respondents to Accusation No. AC-2012-32, KMJ/Corbin & Company, LLP and Kendall Merkley.

Mr. Price shall maintain an active license, including during any period of suspension.

Mr. Price shall comply with all requirements imposed by the Securities and Exchange Commission (SEC) and shall report such compliance with the CBA.

Other standard terms of probation.

Effective March 3, 2013

CAUSE FOR DISCIPLINE

Accusation No. AC-2012-32 contains the following allegations:

On or about September 13, 2010, the United States SEC issued an Order which censured Respondent KMJ/Corbin & Company, LLP (KMJ); suspended KMJ Partner Respondent Kendall Merkley from appearing or practicing before the SEC as an accountant for three years and required Merkley to cease and desist from committing or causing any violations and any future violations of certain federal securities laws; and suspended KMJ Partner Anthony J. Price from appearing or practicing before the SEC as an accountant for two years. Respondents consented to the entry of the SEC order against them without admitting or denying the findings therein.

The SEC Order stated in pertinent part: "While supervising and conducting KMJ's audits and reviews of Home Solutions of America's (HSOA) financial statements for 2004, 2005, 2006 and the periods ended March 31 and June 30, 2007, Merkley (except as to 2007) and Price failed

OTHER ENFORCEMENT ACTIONS THROUGH APRIL 28, 2013 (CONTINUED)**PRICE, ANTHONY JOSEPH** *Continued*

to adhere to PCAOB Standards and Rules. In summary, Merkley and Price failed to: (i) obtain sufficient competent evidential matter regarding bonuses, revenues, and cost of revenues with respect to KMJ's 2004, 2005, and 2006 audit engagements; (ii) comply with PCAOB Auditing Standard No. 3, Audit Documentation; (iii) adequately plan the audit and properly supervise assistants in connection with the 2006 engagement; and (iv) conduct reviews of interim financial information in accordance

with PCAOB Standards and Rules. Additionally, Merkley caused KMJ to issue inaccurate audit reports in that he should have known that KMJ's audit reports were false because they incorrectly represented that the audits were conducted in accordance with PCAOB standards and that HSOA's financial statements were prepared in conformity with GAAP."

VIOLATION(S) CHARGED

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

RODRIGUEZ, JOSE ANGEL

Saugus, CA (CPA 102294)

CBA ACTIONS

Surrender of CPA license, via stipulated surrender.

Mr. Rodriguez shall pay the CBA its costs of investigation and prosecution costs in the amount of \$2,679.19 prior to issuance of a new or reinstated license.

Effective April 28, 2013**CAUSE FOR DISCIPLINE**

Accusation No. AC-2013-27 contains the following allegations:

On or about May 20, 2011, Mr. Rodriguez pled guilty to and was convicted of one felony count of violating Penal Code section 487(a) [Grand Theft by Embezzlement]. As part of the plea, Mr. Rodriguez admitted the allegation pursuant

to Penal Code section 186.11(a)(3) [Aggravated White Collar Enhancement]. The court denied probation and ordered Mr. Rodriguez to be imprisoned in a state prison for a total of three (3) years. Mr. Rodriguez was also ordered to pay restitution to the victim, The Althenaemum at Caltech, in the amount of \$377,853.33.

Mr. Rodriguez committed an act of embezzlement when he did unlawfully take from The Althenaemum at Caltech money and personal property of a value exceeding four hundred dollars (\$400.00).

Pursuant to the negotiated stipulated settlement, Mr. Rodriguez admits the charges.

VIOLATION(S) CHARGED

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



UPDATE

OTHER ENFORCEMENT ACTIONS THROUGH APRIL 28, 2013 (CONTINUED)

YAMAGATA, KERRY DEAN

Brea, CA (CPA 35635)

CBA ACTIONS

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

Mr. Yamagata's license is suspended for four months.

Mr. Yamagata shall reimburse the CBA's investigative and prosecution costs in the amount of \$6,239.57.

Mr. Yamagata shall maintain an active status license at all times, including during any period of suspension.

Mr. Yamagata shall comply at all times with the Order issued by the SEC.

Other standard terms of probation.

Effective April 28, 2013

CAUSE FOR DISCIPLINE

Accusation No. AC-2012-20 contains the following allegations:

In December 2010, Mr. Yamagata was suspended by the Securities and Exchange Commission (SEC) and the firm in which he was a partner was censured. The SEC Order required

Mr. Yamagata and his firm to pay disgorgement of its audit fee in the amount of \$100,000 and to pay prejudgment interest in the amount of \$29,500. The discipline arose from Mr. Yamagata's improper professional conduct in connection with annual audits and quarterly reviews of financial statements in 2004 and 2005 of China Energy Savings Technology, Inc. (China Energy), Mr. Yamagata's client. China Energy materially overstated its Earnings Per Share in its 2004 annual report and materially overstated its revenues and net income in its 2005 annual report and two quarterly reports. Mr. Yamagata failed to conduct the relevant audits and reviews in accordance with the standards and rules of the Public Company Accounting Oversight Board. Although Mr. Yamagata determined that the client engagement involved high risks, Mr. Yamagata did not exercise professional skepticism and due professional care, and Mr. Yamagata otherwise violated professional standards. Mr. Yamagata issued unqualified audit opinions, which were included in the client's fiscal year 2004 and 2005 annual reports.

VIOLATION(S) CHARGED

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

LICENSING DENIALS THROUGH MAY 15, 2013

ALDERSON, JESSICA ANNE

West Hollywood, CA (Applicant)

CBA ACTIONS

Upon meeting all pre-licensure requirements, a Certified Public Accountant License will be issued to Ms. Alderson and immediately revoked. However, the revocation will be stayed and Ms. Alderson will

be placed on five years' probation with the following terms and conditions:

Ms. Alderson shall successfully complete a rehabilitation program for chemical dependence.

Ms. Alderson shall completely abstain from the use of psychotropic drugs, including alcohol, unless prescribed.

CONTINUED ON PAGE 27

LICENSING DENIALS THROUGH MAY 15, 2013 (CONTINUED)**ALDERSON, JESSICA ANNE** *Continued*

When requested, Ms. Alderson shall submit to biological fluid testing at any time during the period of probation.

Other standard terms of probation.

Effective April 28, 2013

CAUSE FOR DENIAL

Statement of Issues No. SI-2012-7 contained the following allegations:

On or about November 20, 2009, after pleading nolo contendere, Ms. Alderson was convicted of one misdemeanor count of violating Vehicle Code section 23152, subdivision (b) [driving while having 0.08 percent and more, by weight, of alcohol in her blood]. The Court sentenced Ms. Alderson to serve 30 days in Los Angeles County Jail and placed her on 60 months probation, with terms and conditions. The circumstances surrounding the conviction are that on or about May 24, 2009, Ms. Alderson drove a vehicle while having a blood-alcohol content level of 0.20 percent.

On or about December 9, 2006, after pleading nolo contendere, Ms. Alderson was convicted of one misdemeanor count of violating Vehicle Code section 23152, subdivision (a) [driving under the influence of alcohol or drugs]. The court sentenced Ms. Alderson to serve 30 days in Placer County Jail and placed her on 36 months probation, with terms and conditions. The circumstances surrounding the conviction are that on or about October 27, 2006,

Ms. Alderson drove a vehicle under the influence of alcohol or drugs and collided with another vehicle resulting in damages to another. During the booking procedure, Ms. Alderson submitted to a blood test that resulted in a blood-alcohol content level of .23 percent.

On or about June 7, 1996, after pleading nolo contendere, Ms. Alderson was convicted of one misdemeanor count of violating Vehicle code section 23152, subdivision (a) [driving under the influence of alcohol or drugs]. The Court sentenced Ms. Alderson to serve 2 days in Yolo County Jail and placed her on 36 months probation, ordered her to attend a first offender alcohol program, community service, and pay a fine. The circumstances surrounding the conviction are that on or about December 1, 1995, Ms. Alderson drove a vehicle while being under the influence of alcohol or drugs.

Ms. Alderson committed acts, which if done by a licensee, would be grounds for suspension or revocation of a license.

Ms. Alderson admits the truth of each and every charge and allegation in the Statement of Issues No. SI-2012-7.

VIOLATION(S) CHARGED

Business and Professions Code, Division 1.5, Chapter 3, § 490; Division 3, Chapter 1, § 5110. California Code of Regulations, Title 16, Division 1, § 99.

CHISOLM, KERI MARIE

Huntington Beach, CA (Applicant)

CBA ACTIONS

Upon meeting all pre-licensure requirements, a Certified Public Accountant License will be

issued to Ms. Chisolm and immediately revoked. However, the revocation will be stayed and Ms. Chisolm will be placed on five years' probation with the following terms and conditions:

LICENSING DENIALS THROUGH MAY 15, 2013 (CONTINUED)

CHISOLM, KERI MARIE *Continued*

Ms. Chisolm shall successfully complete a rehabilitation program for chemical dependence.

Ms. Chisolm shall completely abstain from the use of psychotropic drugs, including alcohol, unless prescribed.

When requested, Ms. Chisolm shall submit to biological fluid testing at any time during the period of probation.

Other standard terms of probation.

Effective April 28, 2013

CAUSE FOR DENIAL

Statement of Issues No. 2013-9 contains the following allegations:

In 2007, Ms. Chisolm was convicted of driving with a blood alcohol content above .08, a misdemeanor. As a result of the conviction, Ms. Chisolm was

granted three years informal probation. In 2008, Ms. Chisolm's probation was revoked and Ms. Chisolm was ordered to serve 10 days at the Orange County Jail. In 2011, Ms. Chisolm was again convicted of driving with a blood alcohol content above .08, a misdemeanor. Ms. Chisolm was granted five years informal probation and sentenced to serve 60 days in the Orange County Jail.

Ms. Chisolm committed acts, which if done by a licensee, would be grounds for suspension or revocation of a license.

Ms. Chisolm admits the truth of each and every charge and allegation in the Statement of Issues No. SI-2013-9.

VIOLATION(S) CHARGED

Business and Professions Code, Division 1.5, Chapter 3, §§ 475(a)(2), 475(a)(4), 480(a)(1), 480(a)(3)(A); Division 3, Chapter 1, § 5110(a)(4).

FLATTUM, GORDON HUBERT

Tacoma, WA (Applicant)

The application for licensure of Mr. Flattum is denied, via decision, after non-adoption of proposed decision.

Effective May 15, 2013

CAUSE FOR DENIAL

Mr. Flattum filed an application with the CBA for issuance of a license to practice as a CPA in the State of California on October 26, 2009. The CBA denied the application on August 13, 2010, and notified Mr. Flattum. Mr. Flattum sought review of the propriety of that denial through an evidentiary hearing, leading to the filing of the Statement of Issues and his Notice of Defense on Application.

The CBA's Statement of Issues alleged that Mr. Flattum was convicted of a crime substantially related to the qualifications, functions and duties of a certified public accountant. On or about March 8, 1993, Mr. Flattum was convicted of 6 counts of violating federal law (18 U.S.C. § 371 [conspiracy]; 17 C.F.R. § 240.10b-5 and 15 U.S.C. §§ 78j(b) and 78ff [securities fraud]; 18 U.S.C. §§ 1001 and 2 [false Form 10-K]; 18 U.S.C. §§ 1001 and 2 [false Form 10-Q]; 18 U.S.C. §§ 1001 and 2 [false Annual Report to shareholders]; and, 18 U.S.C. §§ 1956(a)(2) and 2 [money laundering]). Mr. Flattum was sentenced to the United States Bureau of Prisons to serve 37 months in a federal prison camp at Sheridan, Oregon, and was ordered to pay a fine of \$15,000. Respondent was also sentenced to serve a period of supervised release for a period of three years following his release

LICENSING DENIALS THROUGH MAY 15, 2013 (CONTINUED)

FLATTUM, GORDON HUBERT *Continued*
 from custody. The circumstances that led to the conviction include the following: that between 1985 and 1987, Mr. Flattum worked as a consultant for Melridge, Inc, a publicly traded company, and participated in a conspiracy to conceal from the SEC, the shareholders and bondholders of Melridge, other officers and directors of Melridge, potential investors in Melridge, and others, the true financial condition of Melridge and its subsidiaries and to make it appear that Melridge was in better financial condition than was actually the case.

The denial was also based upon Mr. Flattum's CPA license in the state of Washington being revoked on or about June 15, 1993, for the criminal conviction noted above.

The CBA decided the matter upon the record, including the transcript of the hearing held on June 6, 2012, and written arguments received from both parties. The CBA decision Denied Mr. Flattum's application for a California CPA license.

VIOLATION(S) CHARGED

Business and Professions Code, Division 1.5, Chapter 3, § 480; Division 3, Chapter 1, §§ 5100 (a), (d) and 5110(a)(4).

GONZALEZ, CRISTIAN

Salinas, CA (Applicant)

CBA ACTIONS

Upon meeting all pre-licensure requirements, a Certified Public Accountant License will be issued to Mr. Gonzalez and immediately revoked. However, the revocation will be stayed and Mr. Gonzalez will be placed on five (5) years probation with the following terms and conditions:

Mr. Gonzalez shall complete four hours of continuing education in ethics.

Other standard terms of probation.

Effective April 28, 2013**CAUSE FOR DENIAL**

Statement of Issues No. SI-2013-17 contained the following allegations:

On or about April 11, 2006, Mr. Gonzalez, pled no contest to and was convicted of violating California Penal Code Section 487(a) (grand theft), a misdemeanor. The circumstances surrounding the conviction were that Mr. Gonzalez, while working

for Sears in San Luis Obispo, California, stole a big screen television and a home entertainment system. Mr. Gonzalez stole the television by running the purchase through a customer's account, obtaining the receipt, picking up the television in the warehouse, and then running the same transaction through as a return so that the customer did not receive a charge on their statement. Mr. Gonzalez stole the home entertainment system by processing several fictitious returns in the shoe department for store credit, obtaining gift cards, and then purchasing the home entertainment system using the gift cards.

Mr. Gonzalez committed acts, which if done by a licensee, would be grounds for discipline.

Respondent admits the truth of each and every charge and allegation in Statement of Issues No. SI-2013-17.

VIOLATION(S) CHARGED

Business and Professions Code, Division 1.5, Chapter 3, § 480(a); Division 3, Chapter 1, §§ 5100(a), (k), and 5110(a). California Code of Regulations, Title 16, Division 1, § 99.



UPDATE

CALIFORNIA BOARD OF ACCOUNTANCY DIRECTORY

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 reach voice mail. If you leave us a voice mail message, staff will make

every effort to 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"> = License status check = General questions 	(916) 263-3680 www.dca.ca.gov/cba/lookup.shtml
Examination	<ul style="list-style-type: none"> = Examination applications = Educational requirements = Exam scores = Name changes (Exam candidates) = Transcripts 	(916) 561-1703 (916) 263-3677 Fax examinfo@cba.ca.gov
Initial Licensing (Individuals)	<ul style="list-style-type: none"> = Licensing application process for individual licenses = Name changes (CPAs and licensing applicants) = Wall/pocket certificate replacement = Certification of records 	(916) 561-1701 (916) 263-3676 Fax licensinginfo@cba.ca.gov
Initial Licensing (Firms, Partnerships, Fictitious Names)	<ul style="list-style-type: none"> = Licensing application for partnerships, corporations and fictitious name permits 	(916) 561-4301 (916) 263-3676 Fax firminfo@cba.ca.gov
License Renewal	<ul style="list-style-type: none"> = Name change = License renewal, continuing education requirements = Changing license status = Fees due 	(916) 561-1702 (916) 263-3672 Fax renewalinfo@cba.ca.gov
Practice Privilege	<ul style="list-style-type: none"> = Out-of-state licensees wishing to practice in CA = Account log-in information 	(916) 561-1704 (916) 263-3675 Fax pracprivinfo@cba.ca.gov
Enforcement	<ul style="list-style-type: none"> = Filing a complaint = Disciplinary actions = Ethical questions regarding CPA practice 	(916) 561-1729 (916) 263-3673 Fax enforcementinfo@cba.ca.gov To access a complaint form, go to www.dca.ca.gov/cba/consumers/complain.shtml
Peer Review		(916) 561-1706 peerreviewinfo@cba.ca.gov

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 Service Survey at 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.

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.*

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

SPRING/SUMMER 2013

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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/forms/enews.

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