

NEVADA STATE BOARD OF ACCOUNTANCY
Minutes
June 9, 2016

An open meeting of the Nevada State Board of Accountancy was called to order at 10:00 A.M. by Board President Robert Anderson, CPA. The Board Meeting was accessed by dialing toll free (877) 873-8018 and reference participant access code 2972156#.

Board Members Present:

Robert C. Anderson, President L. Ralph Piercy, Secretary/Treasurer
Steven Brockovich Candace Johnson Nicola Neilon
Brian Wallace

Board Members Absent:

Benjamin C. Steele

Board Staff Present:

Karen Peterson, Counsel
Viki A. Windfeldt, Executive Director
Leslie C. Walsh, Board Coordinator

- A. Call to Order, Roll Call and Establish a Quorum
- B. **Public Comment Section:** In accordance with NRS 241.020 Public Comment will be taken prior to the beginning of the meeting.
Note: No one was present for this section of the public comment agenda item.

◆ ◆ ◆ ◆ REGULAR AGENDA ◆ ◆ ◆ ◆

Agenda Item 1: Grievance Report and Grievance Matters *(For Possible Action)*

Note: NRS 241.020 requires the Board to list individuals that may have administrative action taken against them in connection with the Board's disciplinary grievance report. The Board may convene in closed session to consider the character, alleged misconduct, professional competence or physical or mental health for any of the grievances filed with or disciplinary action considered by the board.

- A. Board Review and Determination on Stipulated Findings of Fact, Conclusions of Law, Disciplinary and Consent Order for the following: *(For Possible Action)*

Note: Nicola Neilon, liaison to the Board's enforcement committee abstained from voting on all matters within this agenda item.

June 9, 2016 Board Meeting Minutes

Agenda Item 1 Cont:

Christopher Whetman, CPA

Motion was made, seconded and carried to approve the following provisions of the Stipulated Findings of Fact, Conclusions of Law, Disciplinary and Consent Order.

1. Whetman's Certified Public Accountant's Certificate No. CPA-3395 shall be placed on probation for a period of fifty four (54) months from the date of this Consent Order.
2. Whetman shall provide to the Board copies of any correspondence with the Securities and Exchange Commission ("Commission") and/or Commission Staff and copies of any and all reports and information required by the Commission or its Staff within ten (10) days of its date.
3. Whetman will not associate with a PCAOB registered public accounting firm or accept any engagements to audit any issuer, as defined in Section 3 of the Securities Exchange Act of 1934 (15 U.S.C. 78(c)), during the probationary period.
4. If Whetman begins either performing, individually or in any firm formed by Whetman, Nevada attest services for non-public clients, i.e. attest services for Nevada corporations, entities located in Nevada, entities that have Nevada based shareholders and/or creditors or for audits submitted for regulatory purposes in Nevada, Whetman shall provide quarterly reports to the Board listing the names of new clients in Nevada and the public accounting services provided to such clients. The report shall be submitted to the Board within 30 days of the end of each quarter and provided under penalty of perjury. With regard to those new clients reported to the Board, Whetman also agrees to pre-release reviews by a licensed certified public accountant for any attest work as defined in NRS 628.005 from the date of issuance of the Board's Consent Order until the probationary period ends. The cost of the pre-issuance reviews shall be borne by Whetman. The certified public accountant preparing the pre-issuance reviews for Whetman shall be approved by the Board. Whetman shall submit engagement quality review reports to the Board within thirty (30) days of the issuance of each report.
5. Whetman may petition the Board to remove Whetman's license from probation, and/or modify or remove the restriction and condition requiring pre-release reviews of attest engagements upon an adequate showing to the Board that such a modification or removal is warranted based upon completion of two (2) audits, one (1) review and one (1) full disclosure compilation with no significant issues on pre-release reviews. If Whetman begins performing Nevada attest services while still associated with the Nevada registered CPA firm Whetman was employed by at the date of this Consent Order (Whetman's employer), Whetman may petition the Board to remove Whetman's license from probation, and/or modify or remove the restriction and condition requiring pre-release reviews of attest engagements upon an adequate showing to the Board that such a modification or removal is warranted based upon completion of two (2) audits, one (1) review and one (1) full disclosure compilation with no significant issues on pre-release reviews. Such pre-release reviews may be performed by another partner in Whetman's employer who is a licensed CPA in the State of Nevada as long as that partner has no outstanding disciplinary matters before the Board, and as long as Whetman's employer is currently in compliance with its peer review requirements. The decision whether to remove Whetman's license from probation or to remove the pre-release review restriction and condition shall be within the sole discretion of the Board.
6. Whetman shall pay a civil penalty of \$5,000.00 in accordance with the payment terms below.
7. Whetman shall pay the Board's investigative and attorney's fees and costs of \$3,000.00 incurred in its investigation and associated with this Consent Order. The total sum due and payable in the amount of \$8,000.00 shall be paid by Whetman as follows: Monthly payments of \$200.00 commencing on June 1, 2016, and continuing on the first day of each month thereafter until the \$8,000.00 due and owing is paid in full.

June 9, 2016 Board Meeting Minutes

Agenda Item 1 Cont:

8. The discipline imposed on Christopher Darby Whetman, CPA shall be binding upon and apply to any firms, other than Whetman's employer, associated with Whetman, including but not limited to any firm formed by Whetman or any purchaser or buyer of all or substantially all of the assets of Whetman or Whetman's firm. In the event Whetman joins or associates with a firm in good standing before the Board, Whetman may petition the Board to not apply this discipline to that firm. The decision to not apply this discipline to the firm shall be within the sole discretion of the Board.

9. Whetman's failure to comply with any of the terms and conditions of these Stipulated Findings of Fact, Conclusions of Law, Disciplinary and Consent Order shall result in the immediate revocation of Christopher Darby Whetman's CPA Certificate Number CPA-3395 without any further action or proceeding before the Board.

10. This Decision will be published in accordance with NAC 628.450.

Philip Zhang, CPA

Motion was made, seconded and carried to approve the following provisions of the Stipulated Findings of Fact, Conclusions of Law, Disciplinary and Consent Order

1. Zhang's Certified Public Accountant's Certificate No. CPA-3950 and ZHANG LTD.'s registration CORP-0536 shall be placed on probation for a period of fifty-four (54) months from the date of this Consent Order.

2. Zhang and Zhang LTD. shall provide to the Board copies of any correspondence with the Securities and Exchange Commission ("Commission") and/or Commission Staff and copies of any and all reports and information required by the Commission or its Staff within ten (10) days of its date.

3. Zhang and Zhang LTD. will not associate with a PCAOB registered public accounting firm or accept any engagements to audit any issuer, as defined in Section 3 of the Securities Exchange Act of 1934 (15 U.S.C. 78(c)), during the probationary period.

4. During the probation period, Zhang and Zhang LTD. shall provide quarterly reports to the Board listing the names of new clients for which attestation services will be provided in Nevada and the public accounting services provided to such clients. The report shall be submitted to the Board within thirty (30) days of the end of each quarter and provided under penalty of perjury.

5. If performing Nevada attest services for non-public clients, i.e. attest services for Nevada corporations, entities located in Nevada, entities that have Nevada based shareholders and/or creditors or for audits submitted for regulatory purposes in Nevada, Zhang and Zhang LTD. agree to pre-release reviews by a licensed certified public accountant for any attest work as defined in NRS 628.005 from the date of issuance of the Board's Consent Order until the probationary period ends. The cost of the pre-issuance reviews shall be borne by Zhang and Zhang LTD. The certified public accountant preparing the pre-issuance reviews for Zhang and Zhang LTD. shall be approved by the Board. Zhang and Zhang LTD. shall submit engagement quality review reports to the board within thirty (30) days of the issuance of each report.

6. Zhang and Zhang LTD. may petition the Board to remove Zhang and Zhang LTD.'s license from probation, and/or modify or remove the restriction and condition requiring pre-release reviews of attest engagements upon an adequate showing to the Board that such a modification or removal is warranted based upon completion of two (2) audits, one (1) review and one (1) full disclosure compilation with no significant issues on pre-release reviews. The decision whether to remove Zhang's and ZHANG LTD.'s license from probation or to remove the pre-release review restriction and condition shall be within the sole discretion of the Board.

7. Zhang and Zhang LTD. shall pay one civil penalty of \$5,000.00 in accordance with the payment terms below.

June 9, 2016 Board Meeting Minutes

Agenda Item 1 Cont:

8. Zhang and Zhang LTD. shall pay the Board's investigative and attorney's fees and costs of \$3,000 incurred in its investigation and associated with this Consent Order. The total sum due and payable in the amount of \$8,000.00 shall be paid by Zhang and Zhang LTD. as follows: Monthly payments of \$250.00 commencing on July 1, 2016, and continuing on the first day of each month thereafter until the \$8,000.00 due and owing is paid in full.

9. The discipline imposed on Philip Zhang, CPA shall be binding upon and apply to any firms associated with ZHANG, including but not limited to any firm formed by Zhang or any purchaser or buyer of all or substantially all of the assets of Zhang OR Zhang's firm.

10. Zhang and Zhang LTD.'s failure to comply with any of the terms and conditions of these Stipulated Findings of Fact, Conclusions of Law, Disciplinary and Consent Order shall result in the immediate revocation of Philip Zhang's CPA Certificate Number CPA-3950R and Zhang LTD.'s registration CORP-0536 without any further action or proceeding before the Board.

11. This Decision will be published in accordance with NAC 628.450.

The following items were tabled until the next scheduled Board meeting.

1. Lance Bradford, CPA
2. Leilani Bradford, CPA
3. Dustin Lewis, CPA
4. LLB CPAs Inc.,
5. LL Bradford & Co.

B. Board Review and Determination on request to rescind revocation of Paul Michels (*For Possible Action*)

Motion was made, seconded and carried to rescind the prior revocation of Paul Michels based on compliance with the license renewal and continuing education requirements.

Agenda Item 2: Board Staff Personnel Performance Review (*For Possible Action*)

This item was tabled until the next scheduled Board meeting.

Agenda Item 3: Letter to AICPA Regarding Proposed Evolution of Peer Review Administration (*For Possible Action*)

The Board was provided a status update that the letter has been drafted and being reviewed by Board Member Ralph Piercy. The letter will be brought back to the Board's attention at their July meeting following information provided at the NASBA Regional Conference.

Agenda Item 4: Next Board Meeting: July 20, 2016 Reno, Nevada

C. **Public Comment Section:** In accordance with NRS 241.020 Public Comment will be taken prior to the adjournment of the meeting.

Note: No one was present for this section of the public comment agenda item.

D. Adjournment