

NEVADA STATE BOARD OF ACCOUNTANCY

Minutes

September 20, 2006

An open meeting of the Nevada State Board of Accountancy was called to order at 8:00 A.M. by President Kathy Zeller, on Wednesday, September 20, 2006 at First Republic Bank, 8310 W Sahara, Las Vegas, Nevada.

Board Members Present:

Kathy L. Zeller, President

Charles A. Morrison, Secretary/Treasurer

Bonnie M. Houldsworth

Sharon J. McNair

Raja Mourey

Harry O. Parsons

Patrick M. Thorne

Board Staff Present:

Todd Russell, Counsel

Viki A. Windfeldt, Executive Director

Leslie C. Walsh, Board Coordinator

◆ ◆ ◆ ◆ CONSENT AGENDA ◆ ◆ ◆ ◆

The Consent Agenda contains matters of routine acceptance. The Board Members may approve the consent agenda items as written or, at their discretion, may address individual items for discussion or change.

*1. Approval of July 21, 2006 Board Meeting Minutes

*2. Approval of Applications for Certified Public Accountant – Non Appearance

Fred Agustin	Michael Antonetti	Deanna Bagwell	Arthur Baker
Crystal Ballentine	Jiao Chen	John Copley	William Foster
Angela Fry	Linda Hildebrant	Tasha Kostick	Jonathan Levy
Ya-Mei Lin	Noel Murray	C. Lee Overstreet	Michael Parker
James Petray	Richard Schwartz	David Wilcock	Mark Wille
Jonathan Williams	Yukio Yoshimoto	David Altfas	Tabitha Chung
Susan Fabio	Patricia Miller	James Nicholson	James Tucker
Tiffany Williamson			

*3. Approval of Temporary Licensing Permits – Non Appearance

John Sizer	Jong Lee	Larry O'Donnell	Kari Elenbaas
Nada Barrett	Peter Gautreau	Bruce Nakamura	David Betsill
Nicole Thaug	James Wilson	April Brown	Rebecaa Rhodes
Barry Eden	Roland Roos	Daniel Benson	Mark Walker
Joseph Maddox	Michael Crouch	Matthew Claeys	Thomas Spencer
Dennis Sarna	Stuart Greenberg	Jack Pruet	

*4. Request for Change of CPA Status

Leonard Serrano	Inactive
James Wickliffe	Inactive
John Scott	Retired

Consent Agenda Continued

- *5. Approval of Finances
 - A. Review of income & expense
 - B. Bills paid since last board meeting
 - C. Fiscal Year 06/07 Budget

- *6. Approval of Legislative Counsel Bureau Internal Audit Department quality review in accordance with the requirements of NAC 628.0626.

The consent agenda information and supporting documents were reviewed by the Board. Motion was made, seconded and carried to approve the minutes of the July 21, 2006 Board meeting, applications for CPA certifications, temporary permits, CPA status change, Board finances, amended budget figures and Legislative Counsel Bureau Quality Review.

◆ ◆ ◆ ◆ REGULAR AGENDA ◆ ◆ ◆ ◆

Agenda Item 7: Application for Fictitious Name Use:

Motion was made, seconded and carried to deny the request for fictitious name use of Certified Accountants Inc. as an approved Corporation. The Board determined that the name Certified Accountants Inc., was too generic and not appropriate in addition to the misleading information provided on the application.

Motion was made, seconded and carried to approve the request for fictitious name use and Corporation application for Sage Forensic Accounting.

Agenda Item 8: Grievance Report and Grievance Matters.

- 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 the board.
- A. Grievance Report

Motion was made, seconded and carried to go into closed session to discuss grievance matters.

Upon resumption of the open session, motion as made, seconded and carried to close complaint matter S-06-12, Louis Musso based on compliance of hearing decision provisions.

Motion was made, seconded and carried to close complaint matter S-06-6 Pierce Clifton based on compliance.

Motion was made, seconded and carried to close complaint matter S-06-7, Robert Martindale based on compliance.

Agenda Item 8 Continued

Motion was made, seconded and carried to file a formal complaint against Scott MacTaggart in connection with complaint matter S-06-13, based on failure to respond to the CPE Administrative Complaint.

Motion was made, seconded and carried to file formal complaint against Wayne Petersen in connection with complaint matter S-06-14, based on failure to respond to the CPE Administrative Complaint.

Motion was made, seconded and carried to close complaint matter S-06-15 based on lack of cause to proceed with formal complaint; letter should indicate caution to licensee in connection with client communication.

Motion was made, seconded and carried to close Chris Cochran, non-licensee grievance matters NN-06-4 based on compliance.

Agenda Item 8A: Recess into closed session for a Full Board Disciplinary Hearing against the following individuals:

- A. Bruce Hendrix **10:00 AM**
- B. Loren Goldtooth **10:30 AM**

Motion was made, seconded and carried to go into closed session to conduct a Board hearing against the above named individuals.

Agenda Item 8B: Reconvene into Open Session for Board Determination of the matters concerning the above named individuals.

- A. Bruce Hendrix

Upon resumption of the open session, in the matter of Bruce Hendrix, it was the Board's decision to dismiss the matter based on lack of cause and no violations as determined by the Board.

- B. Loren Goldtooth

Upon resumption of the open session, in the matter of Loren Goldtooth, it was the Board's decision to revoke CPA Certificate number CPA-1802R. The revocation is based on Mr. Goldtooth's failure to comply with the Board's CPE Administrative Complaint, Practice Enhancement Program and notification that Mr. Goldtooth had his right to practice as a CPA before the US Department of Housing and Urban Development terminated as of April 2006.

Agenda Item 9: PCAOB Report Summary

Note: Pursuant to NRS 241.030 the Board may convene into closed session to consider the content, character, and alleged misconduct as provided within the reports as provided by the PCAOB.

This item was removed from the agenda as no additional information was received for Board review.

Agenda Item 10: Report of Counsel

Todd Russell informed the Board of his application for District Court Judge position in Carson City. In the event Mr. Russell is selected for the position, he has a transition plan for his position as legal counsel with the Board. In addition, Mr. Russell summarized the Speidel Chapman firm name issue and indicated the matter would be on the November Board meeting agenda.

Agenda Item 11: Report of Executive Director

A. NASBA Bylaws Revisions

Executive Director provided the Board with the NASBA Bylaw Revisions. The Bylaws will be approved at the NASBA Annual Meeting.

B. Discussion of Financial Statement Errors without Client Release

Executive Director discussed the issue of Board notification of financial statement errors. In order for the Board to take action against a licensee for poor financial statement preparation, the client must release the financials for disciplinary use. Executive Director discussed the fact that many financials should be corrected however are unable to contact the CPA based on the client's refusal to release the documents. Board discussed the issue and Legal Counsel provided that based on the client/accountant privilege that exists in this State precludes the Board from contacting the licensee in connection with financial statements prepared without the client's approval.

C. Discussion of State Program to Collateralize Banking System Funds.

Executive Director provided the Board with information regarding the State Program to Collateralize funds. The program was brought to the Director's attention when one of the money market institutions notified the State Treasurer's office of the funds held within that banking institution. The Treasurer's office then contacted the Board with questions of our banking needs and if we wanted to enroll in the program. The Board discussed the issue and directed staff to clarify the security of Board funds in the event of a bank failure.

D. NASBA Regional Director Focus Questions

Executive Director provided the Board with the Regional Director Focus Questions. The Board discussed the questions and directed staff to respond by the deadline date.

Agenda Item 12: Approval of Application for Certified Public Accountant – Determination

A. Daniel Rondeau

The Board reviewed the application materials for Daniel Rondeau. Motion was made, seconded and carried to deny the application for Mr. Rondeau based on lack of evidence to indicate that Mr. Rondeau has met Nevada's experience requirements. The Board will proceed with Mr. Rondeau's request for individual review of his work experience.

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Agenda Item 13: Approval of 2006 CPE Documentation Audit Report.

The Board reviewed the 2006 CPE Documentation Audit Report. Motion was made, seconded and carried to approve the report as amended.

Agenda Item 14: Request Approval of Formal Complaint for Failure to respond to the CPE Documentation Audit:

Kurt Geisling Melissa Kay Michael Macdonald

Motion was made, seconded and carried to issue formal complaints against the above named individuals based on their failure to comply with the CPE Documentation Audit.

Request Approval of Formal Complaint for Failure to comply with CPE Administrative Complaint in connection with CPE Documentation Audit

Findings:

Rebecca Jenne

The Board was provided with CPE information for Rebecca Jenne along with a request to waive the CPE penalty assessed. Motion was made, seconded and carried to deny the request of Ms. Jenne based on lack of reasonable cause to waive the penalties assessed in the amount of \$850.

Agenda Item 15: Request Approval of Formal Complaint for Failure to respond to the Practice Enhancement Program:

Richard Annarella Ryan Barnes Keith Day Susan Eisenberg
Robert Erickson Robert Leslie Michael Macdonald Susan
Nuckles
Dennes Simkins

Motion was made, seconded and carried to issue formal complaints against the above named individuals based on their failure to comply with the Board's Practice Enhancement Program.

Agenda Item 16: Approval of 2007 Board Meeting Schedule

Motion was made, seconded and carried to approve the following 2007 Board Meeting schedule and locations:

January 19, 2007	Las Vegas	March 23, 2007	Reno
April 20, 2007	Las Vegas	May 18, 2007	Reno
July 20, 2007	Las Vegas	September 21, 2007	Reno
October 19, 2007	Las Vegas	November 16, 2007	Reno

Agenda Item 17: Public Comment 1:00 PM

No items were discussed under the Public Comment section.

Agenda Item 18: Next Board Meeting: November 17, 2006 Reno

◆ ◆ ◆ ◆ RETREAT AGENDA ◆ ◆ ◆ ◆

Agenda Item 19: Disciplinary action taken against licensees by other agencies.

The Board discussed disciplinary actions taken against Nevada licensees by other agencies. It was determined by Legal Counsel that the Board has the authority to pursue disciplinary action based on other government agencies such as the US Housing & Urban Development (HUD), upon receipt of the order from the disciplining agency.

Agenda Item 20: Cease & Desist authority for non-licensee violations.

The Board discussed the current Cease & Desist authority for non-licensee violations. Executive Director indicated that some states have the ability to assess large fines to individuals holding out without appropriate licensure. Legal Counsel provided that a statutory change would be required to change the current misdemeanor language that authorizes a Cease & Desist. This includes any provisions that would allow the Board to fine. The Board discussed the issue and determined no statutory change would be required at this time.

Agenda Item 21: Continued regulation of the term accounting.

Legal Counsel provided a historical perspective in connection with regulating the term "Accounting". The Board discussed the legal aspect in the event a lawsuit was filed against the Board in connection with a request to discontinue using the term accounting for non-licensed individuals. The Board determined that until a time when someone brings the issue forward to discontinue regulation of the term, the Board will continue to regulate the terms as provided within Statute.

Agenda Item 22: Temporary Permit rules and policy.

Executive Director discussed with the Board the Temporary Permit policy that precludes individuals from obtaining a temporary permit if they do not physically enter the state, are acting in the capacity as an expert witness, providing services to an Indian Reservation or are performing peer review services. Legal Counsel provided a historical perspective regarding the decision of prior Board's to preclude the above from the temporary permit laws as it has not been considered as "practicing public accounting".

Agenda Item 23: 150 Hour Education Requirement for Exam vs. Licensure.

Executive Director provided the Board with information relating to the 150 hour educational requirement. The Board discussed the implications surrounding the requirement when linked to the exam versus licensure. The Board directed staff to research the current language and draft a notice for hearings to change the current law requiring the 150 hour requirement for licensure. In addition to the changes staff was also directed to amend language regarding the fees charged for firm registration renewal.

Agenda Item 24: CPCAF Alert #93

Executive Director provided information to the Board in connection with the CPCAF Alert #93 that was sent out to all PCAOB registrants. The alert indicated that firms should not comply with Board requests for information in connection with their PCAOB reviews. The Board discussed the alert along with NASBA's response to the alert.

Agenda Item 25: Differential Accounting Standards for Publicly Held Companies vs Non-Public

The Board discussed the need for Board responses to the Differential Accounting Standards for Publicly Held Companies versus Non-Public. The Board is unsure how this affects the Board as regulators and how their responses would be applicable to the standards setting Boards. No comment or response will be provided by the Board on this particular topic.

Agenda Item 26: UAA 4th Edition Major Changes

This item was removed from the agenda as NASBA will be releasing formal changes to the UAA for Board review at a later date.

Agenda Item 27: NASBA Education Committee State Board Questionnaire

The Board provided the Executive Director with applicable responses to the NASBA Education Committee State Board Questionnaire. The Board discussed the issue with a national organization dictating what colleges and universities will teach within their curriculum.

Agenda Item 28: Public Relations Proposal for Public Awareness PR Services

The Board reviewed the Public Relations Proposal for Public Awareness PR Services. The Executive Director summarized the issue of notifying the public of the Board's existence in an effort to be more pro-active in getting the message out through a variety of venues such as direct mail, consumer brochures, posters, etc. The Board discussed the proposal as well as the need for such services. The Board directed staff to identify what other state boards are currently doing in this arena.

Agenda Item 29: License Renewal Fees

Executive Director provided the Board with the current status of on-line renewals versus renewals that are mailed into the Board office. It was recommended to remove the credit card information from the mailed renewals as the credit card information is confidential and provided on an open to the public document.

The Board discussed the current renewal fee structure including giving licensees a monetary incentive to renew their license on-line. Motion was made, seconded and carried to approve a \$20 reduction for individuals renewing their license on-line to \$120 and individuals that mail their license a fee of \$140 will be assessed. The Board directed staff to amend the budget with an estimate that 1500 licensees renewing on-

line and a three percent increase to bank charges assessed with credit card processing.

