

NEVADA STATE BOARD OF ACCOUNTANCY

Minutes

November 17, 2006

Subject to the approval and correction of the Board at its next meeting

An open meeting of the Nevada State Board of Accountancy was called to order at 9:00 A.M. by Secretary-Treasurer, Charles Morrison, on Friday, November 17, 2006 at First Independent Bank, 5335 Kietzke Lane, 2<sup>nd</sup> Floor, Reno, Nevada.

Board Members Present:

Charles A. Morrison, Secretary/Treasurer  
Bonnie M. Houldsworth                      Sharon J. McNair                      Harry O. Parsons  
Patrick M. Thorne                              Karen Wilkes

Board Members Absent:                      Kathy L. Zeller, President

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 September 20, 2006 Board Meeting Minutes
  
- \*2. Approval of Applications for Certified Public Accountant – Non Appearance
  - Daniel Benson      Scott Berry              Gina Bloomfield      Kevin Breard
  - Mary Case              Daniel Fresorger      Mickey Kane              Cliff Leiker
  - Merrie Mears              Russell Morgan      Bruce Nakamura      David Norman
  - Jill Oldroyd              Glen Parchomchuk      Kevin Riley              Eduardo Rivera
  - Allan Rosenthal              Richard Schettler      Gregory Schwartz      Irene Sereno
  - Andrew Sharshan              Scott Simpson              Craig Spraker              Clay Wanta
  - Robert Huber              Kimberly Nunley              Doyne Pickett
  
- \*3. Approval of Temporary Licensing Permits – Non Appearance
  - Brian Tunnelle              Mark Gerstle              Harold Hersh              Jason Adams
  - Thomas South              Steven Wolpow              Gregory Anglum              Petrus Theron
  - Ira McConnell              Frederick Kalita              Matthew Thorne              James Bedinger
  - Bruce Benator              Kelly Brookie              Joan Theis              Michael Johnson
  - Mark Nelson              Carisa Wisniewski              Leonard Esmond              Donald Mikeska
  - Sammy Svoboda              Michael Huston              James Hearne

Consent Agenda Continued

- \*4. Request for Change of CPA Status
  - Inactive: Teresa McClain Shaine Stevenson  
Patricia Sherwin-Lucas Dennis Hershey  
Patricia McConnell
  - Retired: Richard Annarella Eugene Moffett  
Chris Noble Therral Jackson
  - Return Active Status: Susan Baisden-Koning
- \*5. Approval of Finances
  - A. Review of income & expense
  - B. Bills paid since last board meeting
  - C. Final 06/07 Budget
- \*6. Approval of CPA Examination Scores as provided by the AICPA.
- \*7. Application for Fictitious Name Use: Big Horn Accounting

The consent agenda information and supporting documents were reviewed by the Board. Motion was made, seconded and carried to approve the minutes of the September 2006 Board Meeting, applications for CPA certifications, temporary permits, CPA status change, Board finances, CPA examination scores and fictitious name approval. James Murphy and Robert Smeath were removed from the agenda and deferred to the January meeting until further information is received.

◆ ◆ ◆ REGULAR AGENDA ◆ ◆ ◆

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 was made, seconded and carried to close complaint matter N-04-3 based on lack of cause to proceed with formal disciplinary action.

Motion was made, seconded and carried to close complaint matter S-05-7 based on lack of cause to proceed with formal disciplinary action. Liaison Patrick Thorne abstained from the vote.

Agenda Item 8 Continued

Motion was made, seconded and carried to close complaint matter N-05-12 based on lack of cause to proceed with formal disciplinary action. Liaison Bonnie Houldsworth abstained from the vote.

Motion was made, seconded and carried to close complaint matter S-06-10, Steven Veroff based on the voluntary surrender of his CPA certificate.

Motion was made, seconded and carried to close complaint matter S-06-13 based on compliance.

Motion was made, seconded and carried to approve the stipulated agreement in complaint matter S-06-14, Wayne Petersen. The provisions are as follows: (1) Mr. Petersen shall provide 80 hours of continuing education to be completed by December 31, 2006; (2) Mr. Petersen shall pay a CPE penalty of \$1600, a fine of \$250 and attorneys fees of \$400 within 30 days of the decision.

Motion was made, seconded and carried to close complaint matter N-06-12 based on compliance.

Motion was made, seconded and carried to close complaint matter N-06-11 based on compliance.

Motion was made, seconded and carried to close complaint matter S-06-20 based on lack of cause.

Board Member Harry Parsons was assigned to complaint N-06-13.

Motion was made, seconded and carried to close non-licensee grievance matter SS-06-10, Felger & Associates based on compliance.

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

- A. Susan Eisenberg
- B. Michael Masegian **10:00 AM**
- C. Mary Regan **11:00 AM**
- D. Jennifer Mosher **11:00 AM**

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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. Susan Eisenberg

Motion was made, seconded and carried to close the formal complaint filed against Ms. Eisenberg based on compliance.

Agenda Item 8 Continued

B. Michael Masegian

Motion was made, seconded and carried to close the formal complaint filed against Michael Masegian based on lack of cause and sufficient evidence to proceed with the matter.

C. Mary Regan

Motion was made, seconded and carried to revoke the CPA Certificate of Mary Regan and stay the revocation with the following provisions: (1) Certificate is placed on two year probation; (2) payment of \$850 attorneys fees associated with the cost of the hearing within 30 days of the decision. Harry Parsons opposed the vote.

D. Jennifer Mosher

Motion was made, seconded and carried to revoke the license of Jennifer Mosher for failure to pay the license fees associated with the approval of her license for the remaining portion of the 2006 calendar year. In the event Ms. Mosher wishes to reinstate her license she will be required to pay attorneys fees & costs associated with the hearing in the amount of \$1000. The Board requested the decision to be sent to the Michigan Board of Accountancy.

Agenda Item 9: Report of Counsel

Todd Russell introduced Karen Peterson an attorney in the firm of Allison Mackenzie et al. Mr. Russell will be cross training Ms. Peterson to fill his position as the Board's attorney in the event he is selected for the Judge position. Mr. Russell provided the Board with a brief summary of the work that he does for the Board.

Agenda Item 10: Discussion of NASBA Annual Meeting - conference follow up

Executive Director summarized the NASBA Annual Meeting with the following topics: (1) Enforcement issues were discussed along with sample guidelines as utilized by the Tennessee Board of Accountancy; (2) UAA Exposure Draft that will include comment language on CPA Mobility; (3) Post card mailing in lieu of license renewal.

The Board discussed the issue of sending a notification in lieu of the actual renewal form. Board staff was directed to send a letter sized notification to all licensees alerting them to the website for license renewal.

Agenda Item 11: Report of Executive Director

A. Discuss use of accounting standards language within business correspondence

Executive Director provided the Board with compilation language that is currently utilized by many bookkeepers. After review of our law it does not appear that the individuals have violated any of our provisions regarding use of financial statement language. The Board discussed the letters and the provisions within statute.

Agenda Item 11 Continued

B. Update: Yellow Page Disclaimer Language

Executive Director provided the Board with an update to the yellow page disclaimer language. The language has been approved by legal counsel of the yellow page company and should be printed in the next addition of the Reno/Carson/Sparks, Sprint Las Vegas, Nevada Mini Metro, Nevada Northern Rural and Pahrump Southern Nevada.

C. Update: Issue of financial statements vs. client/accountant privilege.

Executive Director provided the Board information regarding their previous directive to identify if the AICPA can take disciplinary action on financial statements that have not obtained client release. Based on the accountant/client privilege in Nevada, financial statements may not be released without the consent of the client. This includes the referral of information to the AICPA by the Board.

D. Update: 150 Hour Education Requirement – Statute Change

Executive Director summarized the Boards previous directive to review language change for the educational requirements. After review of our laws, any change to the education required would require a statute change. The Board directed staff to modify language for inclusion in any future regulation changes.

E. Update: Regulation of Term Accounting – State Quick Poll Results

Executive Director provided results of a State Board quick poll to the Board. The quickpoll identified those states that currently regulate the term Accounting.

F. Update: Public Relations Campaign – Other State Responses

Executive Director provided information obtained from California, Texas, and New York regarding the Boards approach to Public Relations.

G. NASBA Regional Directors Focus Questions

Executive Director provided the Board with NASBA's Regional Director Focus Questions. The Board provided their input toward the questions and directed staff to respond accordingly.

H. Board Backup System

Executive Director summarized the Board's current backup system. At a previous meeting the Board approved sending a small server to NASBA on a monthly basis as a method of out of state backup. However, since that approval it was identified that the Boards current software vendor GL Suite could provide daily backup of the Boards system and provide recovery services in the event of a system breakdown. Motion was made, seconded and carried to approve the request for backup services as provided by GL Suite.

Agenda Item 12: Recommendation of Hearing Officer for Revocation of the following  
CPA Certificates due to non-response to the CPE Audit:  
Kurt Geisling            Melissa Kay

Motion was made, seconded and carried to approve the recommendation of the Hearing Officer and revoke the CPA Certificates of Kurt Geisling & Melissa Kay for

Agenda Item 12 Continued

failure to respond to the Board's CPE Audit request. Hearing Officer Charles Morrison abstained from the Vote.

Recommendation of Hearing Officer for Revocation of the following CPA Certificate due to non-response to CPE Audit and Practice Enhancement Program: Michael Macdonald

Motion was made, seconded and carried to approve the recommendation of the Hearing Officer and revoke the CPA Certificate of Michael Macdonald based on his failure to respond to the Board's Practice Enhancement Program and CPE Audit Request. Hearing Officer Charles Morrison abstained from the Vote.

Motion was made, seconded and carried to approve the recommendation of the Hearing Officer and dismiss the formal complaint against the following individuals based on compliance and payment of attorneys' fees and costs (Hearing Officer Charles Morrison abstained from the vote):

Richard Annarella   G. Keith Day   Robert Leslie   Dennes  
Simkins

Motion was made, seconded and carried to approve the recommendation of the Hearing Officer and dismiss the formal complaint against Ryan Barnes. The dismissal includes waiver of the \$400 attorneys fees based on information provided indicating personal hardship. Hearing Officer Charles Morrison abstained from the vote. Karen Wilkes opposed the vote.

Motion was made, seconded and carried to approve the recommendation of the Hearing Officer and dismiss the formal complaint against Susan Nuckles based on compliance and Robert Erickson based on notification that Mr. Erickson has passed away. Hearing Officer Charles Morrison abstained from the vote.

Agenda Item 13: Request Board discussion with NV Society of CPAs & Accountants Coalition in connection with CPA mobility.

**9:30 AM**

Carlene Gaydosh, Laurel Jackson, Sharon Uithoven from the Nevada Society of CPAs, Michael Duffy of the Accountants Coalition and Wes Johnson President of NASBA came forward to discuss the issue of CPA mobility with the Board.

The above individuals summarized for the Board the issues surrounding mobility and cross border practice for CPAs. It has become time consuming and inefficient for CPAs to understand each of the different states' licensing and notification requirements when entering the state to practice. The concept behind NASBA's initiative for ease of mobility is "no notification, no fee, no escape". With this concept the Board would develop jurisdictional law over any person that enters the state and causes harm to the public in Nevada.

Board Legal Counsel provided some issues involved with the mobility initiative that included the inability of the Board to bring the CPA that has violated the law back into

Nevada in order to conduct the necessary disciplinary processes. Legal Counsel provided a historical perspective to the current laws and indicated his concern in adopting this concept as opening the door to the lowest standard to enter the state and possibly harm the public.

Agenda Item 13 Continued

The Board appreciated the individuals that came forward to discuss the issue, however did not indicate a desire to move forward with such change to the law at this time. Specifically the Board would not be introducing any legislation for the 2007 session.

The Board indicated that the deadline for bill submission into the 2007 legislative session has since passed. The topic could not be considered until the 2009 session and during that time more states would have implemented or commented on the mobility issue.

Agenda Item 14: Approval of Board Financial Statements for fiscal year 05/06 as prepared by Kohn Colodny Beth Kohn, CPA **1:00 PM**

Beth Kohn-Cole, CPA came forward to discuss the Board's financial statements. A draft copy of the audit findings was provided to the Board. The Board discussed the financial statements. Motion was made, seconded and carried to approve the financial statements for fiscal year 2006 as provided with amendment. Board staff was directed to develop a policy in connection with the Money Market Accounts.

Agenda Item 15: Request Board Consideration of Firm Name with Retired Status: Tom Atkinson, CPA **1:30 PM**

Tom Atkinson, CPA came forward to discuss Retired Status options with Board. Mr. Atkinson described his current situation and desire to retire, however the firm is currently owned by himself and his son. Mr. Atkinson asked the Board for consideration to allow use of the firm name Atkinson & Atkinson, while still approving his retired status request. The Board provided direction to Mr. Atkinson regarding his firm name and possible retired status.

Agenda Item 16: Request Board Consideration to Change Ethics Requirement: Larry Anderson, CPA **2:00 PM**

Larry Anderson, CPA came forward to discuss the current Ethics Requirement. Mr. Anderson has difficulty in the cross border requirements between California & Nevada specifically in connection with the required ethics course. Mr. Anderson asked the Board if they would reconsider their current requirement and change it to be similar to that of California. The Board discussed the issue and denied his request for consideration to change Nevada's ethics requirement.

Agenda Item 17: Request Board approval of 2006 Practice Enhancement Program Report: John Rhodes, CPA **2:30 PM**

John Rhodes, CPA came forward to discuss the results of the 2006 Practice Enhancement Program. The Board asked Mr. Rhodes a variety of questions regarding the PEP program. Motion was made, seconded and carried to approve the 2006 Practice Enhancement Report as provided.



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Agenda Item 18: Board review and determination of proposals received to conduct Board Financial Statement Audit.

Executive Director summarized the responses received to the request for proposal of Board Financial Statement Audit. Letters were sent to eight firms throughout Nevada. Two firms responded that they were unable to conduct an audit for the Board due to time constraints. Kohn Colodny is the only firm that sent in a proposal. The Board discussed the issue.

Motion was made, seconded and carried to approve a three-year contract with the firm of Kohn Colodny LLP to conduct the Boards financial statement audit.

Agenda Item 19: Board Approval of Office Improvements: Carpet and Paint.

Motion was made, seconded and carried to approve the proposals for Board office tenant improvements for new carpet and paint.

Agenda Item 20: Report of President

No items were discussed under this agenda item.

Agenda Item 21: Public Comment

Prior to the beginning of the meeting the Board conducted a Moment of Silence in Memory of Lindsey Zeller and extended their prayers for Kathy Zeller and her family.

Agenda Item 22: Next Board Meeting: January 19, 2007 Las Vegas