

SPRING/SUMMER 2007

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COMPLIANCE REMINDER ETHICS AND PEER REVIEW REQUIREMENT

Ethics Required for License Renewal

Nevada Administrative Code was amended in November 2005 to require all licensees to obtain four (4) continuing education hours of professional ethics every other year. This requirement went into effect during 2006. 554 licensees submitted ethics education compliance with their 2007 license renewals, while 118 licensees partially completed the requirement during 2006. Approximately 1823 licensees still need to obtain this ethics education during 2007 to remain in compliance with the new continuing education requirement.

If you haven't already fulfilled your ethics requirement you have until December 31, 2007 to complete your ethics requirement. You can view your ethics and CPE requirements for the current year as well as a list of available ethics courses on the Board's website at www.nvaccountancy.com. You can also obtain a list of available courses from the Nevada Society of CPAs at www.nevadacpa.org. Please contact the Board office if your records differ from the information posted on the website.

Quality (Peer) Review Required

On January 1, 2008 the Board's current Practice Enhancement Program will be replaced with the requirement of Quality (Peer) Review. The new program requires a practitioner who performs audit, review, full disclosure compilation or attestation services to engage in a practice-monitoring program, which is approved by the Board, to ensure that he or she is maintaining the standards of the profession. Individual practitioners will continue to be selected on a three year cycle. However, rather than submitting reports for desk review, a practitioner that performs the above services will be required to undergo a peer review and provide to the Board a copy of the practice monitoring findings. Practitioners who do not perform such services will continue to file an exemption form with the Board. While Practitioners who currently undergo peer review will continue filing their most recently completed practice monitoring report. The three year selection cycle is merely for reporting purposes to the Board. It does not mean that the firm should change their normal peer review planned cycle.

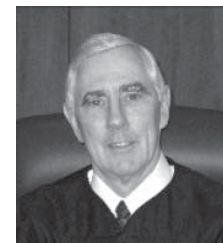
The Board established a three year transition period for practitioners to comply with the new regulations. The following outlines this transition period:

Practice Enhancement Selection Cycle	Peer Review Required
2005	2008 Selection Cycle
2006	2009 Selection Cycle
2007	2010 Selection Cycle

The Board has sent letters to each licensee notifying them of this change and their selection cycle so they could transition into this new requirement. If you are unsure of your selection year, you can find this information on the Board's website at www.nvaccountancy.com.

BOARD SAYS GOODBYE TO LEGAL COUNSEL OF 30 YEARS J. TODD RUSSELL APPOINTED AS DISTRICT COURT JUDGE

The Nevada State Board of Accountancy said goodbye to its long time legal counsel of 30 years, J. Todd Russell. Governor Guinn appointed Mr. Russell as Judge of the First Judicial District Court in Carson City.



(Continued on page 2)

Board Says Goodbye , cont'd

Mr. Russell served as the Board's legal counsel from 1977 - 2007. During this time he provided advice and guidance to over 40 Governor appointed Board Members and 4 Executive Directors. As the Board changed hands with member's terms expiring or the retirement of executive directors, Mr. Russell was invaluable to the Board, providing continuity and advice based on his valuable knowledge and historical perspective.

Prior to his appointment as Judge, Mr. Russell was a partner with the firm Allison, Mackenzie, Russell, Pavlakis, Wright & Fagan. Mr. Russell comes from a prestigious family line that has served the public; his father was a past Nevada Governor Charles H. Russell and his grandfather Clark J. Guild Sr., a Carson City judge.

Mr. Russell has been an integral part of the Board's oversight and during his tenure has watched the profession grow and change while applying thoughtful consideration of the current changes of the profession. The Board has made great strides over the years in its charge of public protection through regulating the profession and a lot of that is attributed directly to Mr. Russell.

The Nevada State Board of Accountancy expresses its appreciation to Mr. Russell for his many years of untiring service, unwavering standard of excellence, dedication, inspired leadership and active participation as the Board's legal counsel. Mr. Russell's loyalty and friendship will be long remembered and we wish him well in his new endeavors as Judge.

Karen Peterson of the firm Allison Mackenzie Russell Pavlakis Wright & Fagan, has taken Mr. Russell's place as legal counsel for the Board of Accountancy.

VERIFYING CLIENT INFORMATION FOR LENDERS AND LOAN BROKERS

Over the past few months, the Board has received numerous phone calls and e-mails from CPAs who have been asked by lenders and loan brokers to provide letters verifying that clients are self-employed, financially sound, profitable, creditworthy, or a combination of such attributes. There is a strong temptation to comply, especially when the CPA is familiar with the finances of a long-term client who appears to be financially sound. The CPA wants to help the client and is put in a very difficult position—he or she is told that the client will not qualify for a loan unless he or she provides a letter to confirm or verify certain types of information about the client.

Some lenders and brokers ask for a statement verifying the accuracy of the client's tax returns or verifying that any funds used from the client's business to make a down payment for a loan will not affect the business. While other lenders and brokers go as far as providing a "canned" letter for the CPA to sign.

The motives behind the lender's requests are important to understand. The client wants to cooperate with the lender in order to get the loan approved, while the broker wants to make the client happy and earn a commission, neither of which will happen unless the loan is approved. The lender's motive, however, is not necessarily so simple. Normally, when a lender grants a loan to a borrower, it relies on many factors to determine the advisability of extending credit to the borrower. These factors include, but are not limited to, assessing the creditworthiness of the customer, collateral, primary sources of repayment, as well as market conditions.

However, some lenders have been attempting to shift to the CPA the responsibility for assessing the information supplied by the borrower in the event the borrower defaults on the loan and the lender incurs a loss.

The CPA should be concerned about providing what is in effect an attest letter based on non-attest work. He or she may be providing a false sense of assurance to the lender or broker by complying with the request.

If the client defaults on the terms of the loan, the lender could argue that it relied on the CPA's letter (in lieu of other due diligence steps) and as a result suffered a loss. The CPA may then be at risk for a lawsuit. Even an apparently harmless verification of client information, such as self-employment, carries much more risk than it appears to, especially if the CPA prepared tax returns based on information provided by the client without performing procedures to verify the information.

The CPA should communicate to the client and the lender (if the client has authorized such communication) that although the CPA would like to comply with the lender's request, the services rendered in this situation were limited to the preparation of tax returns from the information that the client provided to the CPA. Since the CPA has not audited, reviewed, or otherwise verified the information provided by the client, the CPA is not in a position to make any conclusions or assurances regarding the accuracy or completeness of the information, nor is the CPA able to forecast the future ability of the client to repay a loan.

However, if the client agrees, the CPA may offer to send a copy of the tax returns or client payroll records so that the lender may compare the records in its possession with the returns prepared by the CPA.

The bottom line is that the CPA should speak with his or her client, verify all information, review all applicable attest and assurance standards, and check with his or her professional liability insurance carrier before providing any information to a lender or loan broker.

DISCIPLINARY

In accordance with Board policy, disciplinary actions that are a matter of public record are reported in the Newsletter for the information of licensees and the general public. Questions regarding these matters should be directed to the Board office. The following is a report on actions taken by the Nevada State Board of Accountancy since the last Newsletter.

REVOCATION

Revocation – Failure to Respond. The Board's Decision on November 17, 2006, was to revoke the following CPA Certificates for failure to respond to the Board's request for CPE Documentation during continuing education compliance audits for reporting years 2004 and 2005.

Melissa Kay, CPA 3793

Kurt Geisling, CPA 1697

Ms. Kay and Mr. Geisling conduct violated Nevada Revised Statutes (NRS) 628.385, 628.386, 628.390(1)(c)(d) and Nevada Administrative Code (NAC) 628.210 and 628.250.

Michael Macdonald, CPA Certificate No. 2354, was revoked by the Board on November 17, 2006. The revocation was based on Mr. Macdonald's failure to respond to the Board's Practice Enhancement Program and failure to respond to the Board's request for CPE Documentation during a compliance audit for the continuing education reporting years 2004 and 2005. Mr. Macdonald's conduct violated Nevada Revised Statutes (NRS) 628.385, 628.386, 628.390(1)(c)(d) and Nevada Administrative Code (NAC) 628.210, 628.250 and 628.320.

Jennifer Mosher, CPA Certificate No. 4318R, was revoked by the Board in a hearing decision on November 17, 2006. The revocation was based on Ms. Mosher's failure to pay \$175 representing 2006 pro-rated licensure and certificate fees assessed by the Board after approval of her application for CPA Certification. Ms. Mosher's conduct violated Nevada Revised Statutes (NRS) 628.380, 628.390(1)(c)(d)(i), 628.490 and 628.540.

Mary Regan, CPA Certificate No. 2765, was disciplined by the Board during a hearing held on November 17, 2006. Ms. Regan had failed to properly communicate with clients and failed to complete an engagement. The Board approved the following hearing decision provisions: (1) the revocation of Ms. Regan's CPA Certificate and a stay of the revocation with Ms. Regan being placed on probation for a two year period; (2) pay attorney fees incurred by the Board in the amount of \$850 within 30 days; (3) Ms. Regan shall receive a formal letter of reprimand.

On March 23, 2007 the Board revoked the CPA Certificate of Ms. Regan based on her failure to comply with the November 17, 2006 hearing decision provisions. Ms. Regan's conduct violated Nevada Revised Statutes (NRS) 628.390(1)(d) and Nevada Administrative Code (NAC) 628.500; Code of Conduct Rule 201(a)(b)(c)(d).

Louis Musso, CPA Certificate No. 0408, was revoked by the Board on May 18, 2007 for failure to obtain a permit to practice for 2007 that included submission of the license renewal fee and furnish evidence of compliance with the CPE requirements for 2006. Mr. Musso's conduct violated Nevada Revised Statutes (NRS) 628.380, 628.385, 628.386, 628.390(1)(c)(d), 628.490 and 628.540 and Nevada Administrative Code (NAC) 628.210 and 628.250.

STIPULATED AGREEMENT

Wayne Petersen, CPA Certificate No. 0967, was disciplined by the Board on November 17, 2006 for failure to obtain the required number of continuing education hours for 2004 and 2005. The Board approved a Stipulated Findings of Fact, Conclusions of Law, Disciplinary Order and Decision that included the following provisions: (1) Mr. Petersen shall receive a formal letter of reprimand; (2) Mr. Petersen shall complete his delinquent continuing education and provide the Board documentation for 80 hours of continuing education for the years 2005 and 2006 by December 31, 2006; (3) Mr. Petersen shall pay a civil penalty of \$1,850 within 30 days; (4) Mr. Petersen shall compensate the Board for its attorneys fees incurred in the matter of \$500 within 30 days; (5) Mr. Petersen will complete his required continuing education for 2007 by December 31, 2007.

J. Glen Sanford, CPA Certificate No. 0189R, was disciplined by the Board during a hearing on May 18, 2007. The Board approved a request for Inactive Status of Mr. Sanford's CPA Certificate on July 1, 1995. The approval was granted to Mr. Sanford based on his meeting the requirements for Inactive Status and his statement that he was going on a three year church mission. In November 2006, Mr. Sanford's office contacted the Board to attempt renewal of Mr. Sanford's license. The Board office determined that Mr. Sanford could not renew his license as he had not been reinstated to active status. During the May 18, 2007 hearing, Mr. Sanford testified that since 1999 he had been engaged in the practice of public accounting which included review of audit work papers, preparation of financial statements and federal income tax returns. Mr. Sanford testified that he was surprised to learn his license

DISCIPLINARY, cont'd

had not been reinstated and assumed his office had taken care of renewing his license.

It was the decision of the Board to reinstate the CPA Certificate of Mr. Sanford based on his compliance with the following provisions: (1) Mr. Sanford shall pay the annual permit fee and late penalties for the years 1999 through 2006 in the amount of \$1,850 within 30 days; (2) Mr. Sanford shall compensate the Board for its attorneys' fees and costs incurred in the matter of \$1,777.50 within 30 days; (3) Mr. Sanford shall pay an administrative fine of \$2,400 representing \$300 per year that a license was not obtained

from 1999 – 2006; imposed pursuant to NRS 628.390(3); (4) Mr. Sanford shall provide evidence to the Board of compliance with the continuing education requirements for 1999 – 2006, this evidence has been provided to the Board; (5) the decision will be published in accordance with NAC 628.450. Mr. Sanford's conduct violated Nevada Revised Statutes (NRS) 628.380, 628.385, 628.386, 628.460, 628.490, 628.540, 628.390(1)(c)(d)(i) and Nevada Administrative Code (NAC) 628.110(3), 628.190, and 628.210.

Board Elects 2007-2008 Officers

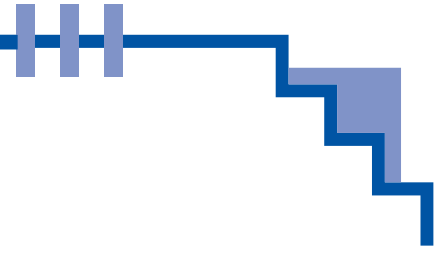
Election of officers was held by the Nevada State Board of Accountancy at its meeting on May 18, 2007.



Charles A. Morrison, CPA of Reno was elected as President. Mr. Morrison is a sole practitioner and has served as a member of the Board since November 2002.



Patrick M. Thorne, CPA of Las Vegas was elected as Secretary-Treasurer. Mr. Thorne is a Shareholder of Thorne & Gaydosh, CPAs and has served as a member of the Board since November 2004.



2007 LICENSE RENEWALS

The 2007 renewal cycle was completed with an outstanding finish. This year the Board provided a \$20 discount to those who renewed their license on-line at the Board's website at www.nvaccountancy.com. Many licensees took advantage of the discount offer, increasing the amount of on-line renewal submission to 89%. This represents a 73% increase over last years' renewal submission numbers.

The Board will continue to offer the \$20 discount during the 2008 renewal period for those licensees utilizing the website renewal system.

2007 Calendar of Important Dates

BOARD MEETING SCHEDULE

September 21, 2007

LAS VEGAS

Citibank

3990 S Maryland Pkwy, Las Vegas NV

November 16, 2007

RENO

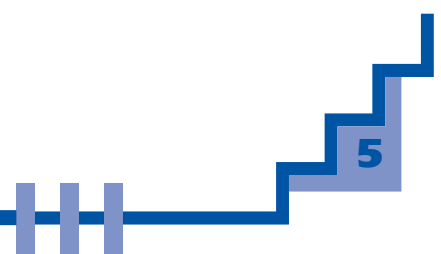
First Independent Bank

5335 Kietzke Lane, 2nd Floor, Reno NV 89511

Conference Schedule

NASBA Annual Meeting

October 28 – 31, 2007



CPA Certificates Issued

114 CPA Certificates were issued during the period November 17, 2006 through July 13, 2007. 70 certificates were issued by reciprocity and 44 by examination.

Certificates issued by reciprocity were:

Aiello, Salvatore
 Andrews, Karen
 Beinlich, Steven
 Benson, Gary
 Benson, Daniel
 Bloomfield, Gina
 Boles, Randolph
 Branson, Edwin
 Breard, Kevin
 Case, Mary
 Cowburn, Sharon
 Daugherty, D.
 Decea, Steven
 Dudzinski, James
 Ebel, Benita
 Eve, Joseph
 Faas, Mark
 Fitzpatrick, Ginny
 Huber, Jr., Robert
 Hyman, David
 Kane, Mickey
 Kercher, Mark
 Khorramian, Shervin
 Kohorst, Garry
 Kondler, Raymond
 LaPlaca, Thomas
 Layton, Joy
 Lee, John
 Leiker Jr., Cliff
 Lingle, Darrell
 Llewellyn, Ralph
 Manaligod, Marybeth
 Masterson, Stephen
 McLean, Michael
 Mears, Merrie
 Miller, Tamara
 Miller, Spencer
 Moats, Maria
 Nakamura, Bruce
 Norman, David
 Nunley, Kimberly

O'Neil, Thomas
 Parchomchuk, Glenn
 Petrangelo, Stephen
 Pitney, David
 Riley, Kevin
 Rivera, Eduardo
 Roberts, James
 Rose Jr., Edward
 Rosenthal, Allan
 Saucedo, Jr., Joe
 Schaefer, James
 Schiering, David
 Schiller, Nicholas
 Schuetze, Heidi
 Schwartz, John
 Schwartz, Gregory
 Schwartz Platz, Kathleen
 Senter, Guerin
 Sharshan, Andrew
 Simpson, Scott
 Smith, Daniel
 Spraker, Craig
 Tobie, Denes
 Traiger, Michael
 Wanger, Guy
 Wanta, Clay
 Weintraub, Sanford
 Wilder, Donna
 Wilt, Christopher

Certificates issued by examination were:

Arlint, Courtney
 Comstock, Ryan
 Dicus, Mark
 Douglas, Richard
 Ellington, Michele
 Ferreira, Miguel
 Fife, Jonathan
 Flanagan, Christopher
 Fresorger, Daniel
 Garrett, Joseph
 Gillen, Shane
 Goff, Kallie
 Grant, Araxie
 Haugeberg, Jonathan
 Hendricks, Lindsay
 Huish, Jared
 Jarrell, Nathan
 Johnson III, Thomas
 Jones, Martin
 Knauss, Cori
 Larsen, Joseph
 Leavitt, Julie
 Mastrodonato, Lindsay
 McKay, Sean
 Minagil, Dana
 Morgan, Russell
 Mortensen, Lisa
 Nyberg, Janice
 Okami, Nicole
 Orton, Jeffrey
 Parker, Cullen
 Patton, Julie
 Petrin, Anthony
 Roberts, Scott
 Rosenberger, Rebecca
 Schmidt, Damon
 Senfield, Kathryn
 Sereno, Irene
 Shore, Misty
 Sorenson, Todd
 Sugiyama, Kunie
 Vance, Cynthia
 Whitman, Ryan
 Wu, Paul

Computer Based CPA Exam Statistics

Examination Passing Rates

Following are the results and statistical breakdown by category from the past testing windows of the computerized CPA examination.

October – November 2006 Examination Window

	AUD	BEC	FAR	REG
Total Examinees by Subject	59	74	64	65
Examinees Passing by Subject	27	37	27	29
Percent Passing to Total	46%	50%	42%	45%

January – February 2007 Examination Window

	AUD	BEC	FAR	REG
Total Examinees by Subject	47	49	59	46
Examinees Passing by Subject	25	20	22	9
Percent Passing to Total	53%	41%	37%	20%

April - May 2007 Examination Window

	AUD	BEC	FAR	REG
Total Examinees by Subject	54	51	32	50
Examinees Passing by Subject	25	27	16	21
Percent Passing to Total	46%	53%	50%	42%

National Average Passing Rates

Below are the pass rates for each section of the exam during the 2006 testing windows. Please recognize that you cannot compare the passing rates for the paper based CPA exam and the computerized examination due to the differences in format, content, and administrative processes.

Section	Jan/Feb 2006	April/May 2006	July/Aug 2006	Oct/Nov 2006	Cumulative Percent pass
AUD	40.59%	43.52%	46.70%	44.27%	44.01%
BEC	41.88%	43.36%	46.27%	43.21%	43.81%
FAR	42.19%	42.88%	47.31%	44.78%	44.54%
REG	39.26%	41.99%	45.19%	41.96%	42.33%

Top Scoring Candidates from the 2006 Computerized Uniform CPA Exam

The Nevada State Board of Accountancy would like to congratulate the following Nevada exam candidates who achieved the highest scores statewide during the 2006 year. All individuals considered were first time candidates that completed all four sections of the examination within the four windows of testing periods in 2006.

Robert N. Tebbs	South	Shannon E. Long	South
Araxie R. Grant	South	Jennifer D. Luebbert	South
Richard R. Lanier	South	Samuelson M. Go	South
Bradley J. Degarmo	South	Lea M. Jensen	North
Matthew P. Anderson	North		
Amy M. Rees	South		

The Nevada State Board of Accountancy Newsletter is the official publication of the Nevada State Board of Accountancy.

Members of the Board:

Charles A. Morrison, CPA, Reno, President
Patrick M. Thorne, CPA Las Vegas, Sec/Treas
Bonnie M. Houldsworth, CPA, Las Vegas
Sharon J. McNair, CPA, Las Vegas
Harry O. Parsons, CPA, Reno
Karen Wilkes, Las Vegas
Kathy L. Zeller, CPA, Las Vegas,

Board Staff & Legal Counsel:

Viki A. Windfeldt, Executive Director
Leslie C. Walsh, Board Coordinator
Karen Peterson, Legal Counsel
Contact Information:
Website: www.nvaccountancy.com
Email: cpa@nvaccountancy.com
Phone: (775) 786-0231

Have You Moved?

NAC 628.100 requires all permit holders to notify the Board within 30 days of a change in mailing address. Please use this form to report any changes to the Board.

Change of Mailing Address:

Name: _____
Address: _____
City: _____, State: _____ Zip Code: _____
Phone #: (____) _____ - _____ Home
CPA/PA CERT. # _____

Change of Employment:

Company: _____
Address: _____
City: _____, State: _____ Zip Code: _____
Phone #: (____) _____ - _____ Business
Date of Change: _____

Nevada State Board of Accountancy

1325 Airmotive Way, Suite 220, Reno, Nevada 89502

or Fax to:

775-786-0234

or Email to:

cpa@nvaccountancy.com

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