



**STATE OF TENNESSEE
DEPARTMENT OF COMMERCE AND INSURANCE
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TO: TENNESSEE STATE BOARD OF ACCOUNTANCY

FROM: Benjamin Glover, Assistant General Counsel

SUBJECT: MAY 2016 LEGAL REPORT

DATE: May 6, 2016

Civil Penalties Authorized: 14
Amount of Civil Penalties: \$24,000
Consent Orders for Suspension, Surrender, or Revocation: 15
Placement of Complaints into Litigation Monitoring Status: 0
Letters of Information: 1
Letters of Warning: 4
Closures: 16
Re-Presentations: 10

RECOMMENDED CLOSURES

#1. 2016001871

On January 14, 2016, Board staff opened this Complaint against Respondent based upon a notification from the Kansas Board of Accountancy of a Summary Order of revocation from 2014. The Kansas Summary Order for revocation was based off of a CPE audit. It is unknown why the Kansas Board of Accountancy sent this notification to this Board in January of 2016. Respondent was properly notified of the Complaint. The Respondent responded and directed Board staff that this Board had previously opened a complaint and issued a Letter of Warning in reference to the same Kansas discipline (see 2014030921). Legal staff reviewed Complaint # 204030921 and verified the Respondent's assertion.

Recommendation: Close the complaint.

#2. 2016002751

On January 13, 2016, Board staff received a Complaint against Respondent from a Complainant alleging fraud in the completion and submission of documents to the North Carolina Department of Health. A search for the Respondent's CPA license indicated that Respondent does not hold and never has held a TN CPA License. This was communicated to the Complainant and the Complainant realized the Complaint was submitted to the wrong Board in error.

Recommendation: Close the complaint.

#3. 2016005311

On February 2, 2016, Board staff received a Complaint against Respondent from a Complainant alleging that the Respondent was wrongly threatening to disconnect services from a Tennessee city even though the Complainant had paid in full. Respondent is the Finance Director for the Tennessee city. Respondent then provided a detailed account and evidence as to the actions which led to this Complaint. Complainant was never a client of Respondent and Respondent is not offering professional services to the public with Respondent's CPA License.

Recommendation: Close the complaint.

#4. 2016020021

Board staff received a financial statement that Respondent, a California licensee, issued as required for Respondent's client's application to the Tennessee Motor Vehicle Commission. Board staff opened a complaint because the financial statement's cover letter seemed to be lacking some required language and the Respondent did not appear to be enrolled in Peer Review. An additional review revealed that the document Respondent issued for the client did not rise to the level of an attest engagement. Therefore the Respondent is not required to be enrolled in peer review and the cover letter was not lacking the required language.

Recommendation: Close the complaint.

#5. 2016002701

Board staff received notice that the Tennessee Respondent firm was disciplined by the Minnesota State Board of Accountancy in March of 2015 and opened up a Complaint. The Minnesota Board disciplined the Respondent firm for not having a Minnesota firm permit when the firm performed an audit for a client located in Tennessee that was acquired by a Minnesota corporation. Respondent firm asserted that it did not feel that it violated any rules, but it agreed to settle the Minnesota Complaint to avoid incurring legal fees and a protracted settlement process. At all times relevant to this Complaint Respondent firm had an active firm permit on file with this Board.

Recommendation: Close the complaint.

#6. 2016008351

Board staff received a Complaint from a Complainant alleging that the Respondent firm used on its website prohibited language (“accounting”) and offered audit services without having a firm permit. Respondent firm is a boutique company that focuses on the sports and entertainment industry and does have CPAs on staff. A review of the website indicated that the Respondent firm only uses the prohibited term to describe the services it offers and not in the prohibited manner of a title or designation. Respondent’s attorney provided an explanation of the “audit” services that the Respondent offers. The audit services the Respondent provides are not attest functions, but these audit terms are “terms of art that indicate review of books, royalty statements, contracts, etc. to verify that proper amounts have been received for services at venues, royalties for performance songs, publishers, etc.” Respondent firm’s attorney also sent a further explanation from the Association of University Technology Managers Technology Transfer Practice Manual on the difference between attest audits and the audits the Respondent firm provides.

Recommendation: Close the complaint.

#7. 2016005161

Board staff received a Complaint from a Complainant alleging that the Respondent, his former partner, was stealing clients through harassment and potentially using trade secrets from the firm. Respondent wrote Board staff a letter as a response addressing the allegations of the Complaint. In that letter, Respondent asserts that he had approached the Complainant about potentially buying his share of the company, that the Complainant then terminated his membership interest in the firm against the company’s operating agreement, and that Respondent never signed a non-compete agreement. Virtually no evidentiary documentation was submitted by either the Respondent or the Complainant. Legal requested an investigation so as to try to obtain some sort of corroborating or exculpatory documentation. Although both Respondent and Complainant met with the Investigator, no evidence of a violation was obtained. Complainant refused to obtain statements from clients that they had been harassed by Respondent and also refused to provide an affidavit.

Recommendation: Close the complaint.

#8. 2016001751

On December 27, 2015, Board staff received a Complaint from a Complainant alleging that the Respondent firm was improperly filling out tax documents in opposition to the LLC’s operating agreement, the Respondent failed to provide the work papers and tax returns for the LLC, and that the Respondent failed to answer a request from the Complainant’s attorneys. The Complainant feels as though the Respondent is either complacent in or an accessory to a hostile force out of the LLC from the other co-owner. The amount each owns is in contention. The Complainant is co-owner and member of the LLC referred to in the sentence above. Respondent

timely responded to the notice of Complaint and countered many of the allegations. The Complainant then provided additional information in response to Respondent's response.

On March 4, 2016, legal requested an investigation. The investigator met with both the Complainant and the Respondent separately and obtained affidavits from each. The Investigator reviewed the tax file and work papers and found the work to be accurate, complete and well organized. The percentage of ownership of the LLC which is a major point of contention between the Complainant and other co-owner. This was confirmed by the previous CPA that worked for the LLC before Respondent. Neither CPA has received a copy of an operating agreement executed by both parties. Of the allegations specifically in relation to the performance of services by the Respondent no evidence of a violation of the law or rules was found.

Respondent has an active TN firm permit and CPA license and no history of prior discipline.

Recommendation: Close the complaint.

#9. 2016008731

On February 22, 2016, Board staff opened a Complaint against the Respondent for failure to satisfy CPE obligations resulting from the 2013-2014 audit. Respondent was notified by mail in July 2015 that there was a 2 hour State-Specific CPE shortage, with a completion deadline of January 9, 2016. Respondent failed to meet the January deadline, but did respond to the complaint notice. Respondent asserted that the resident standard was being applied to her audit incorrectly and that instead the non-resident standard should have been applied. Respondent was compliant with the CPE requirements for her state of residency, Mississippi, including Mississippi's ethics course.

Respondent closed her license in mid-2015 in anticipation of her retirement. Respondent no longer is engaged in the practice of public accountancy Respondent has no history of disciplinary action.

Recommendation: Close the complaint.

#10. 2016002661

On January 5, 2016, Board staff received a Complaint against the Respondent alleging that Respondent made errors in the preparation of the Complainant's mother's estate tax return, including: the return was incorrectly filed, the return was untimely filed, the Respondent withheld information to file a protest, and the Respondent failed to utilize a Special Use Valuation. Important to note is that the Complainant currently has a pending civil lawsuit against Respondent and his firm with regard to these same matters. Respondent's attorney timely and extensively responded to the notification of the Complaint. The Complainant sent in an additional fifty eight (58) pages of documentation as well.

On February 18, 2016, an investigation was initiated. The investigation revealed that Respondent was only brought in to work on this estate return after the deadline was missed. Further, the Respondent is only a part-time employee of the firm. The investigation further

revealed that the Respondent was able to correct most of the problems caused by the firm. The failure to check the special valuation box, although incorrect, had no effect on the tax liability of the estate. The failure of timely filing did result in the disallowance of a conservation easement but the firm reached a monetary settlement with the IRS which did not increase the tax due from the estate.

Respondent holds an active CPA license and Respondent has no history of disciplinary action.

Recommendation: Close the complaint.

RECOMMENDED LETTERS OF INFORMATION

#11. 2016002041

On January 11, 2016, Board staff received a Complaint against the Respondent for a lack of due professional care in the performance of services. Complainant contracted with Respondent to manage various financial aspects of Complainant's joint medical practice but Complainant alleges that Respondent's management efforts resulted in \$600,000 in unpaid bank debt, \$200,000 owed to vendors, and a premature closing of their business. Respondent timely responded to the notice of Complaint. No additional response or information was provided by the Complainant in response to the Respondent's response to the Complaint.

On March 29, 2016, a Request for Investigation was initiated. Despite the Investigators numerous and various methods of attempting to contact the Complainant to obtain supplemental information, affidavits, and additional documentation, no response was ever received. Respondent and Respondent's counsel provided an affidavit and explanation that many of the Complainant's complaints were not in reference to what services the Respondent was to perform. Neither party produced any substantive documentation that would prove or disprove allegations. However, Respondent did admit that the payroll withholding for a retirement plan that was never used will require an amendment of the payroll returns and that he is offering the Complainant a refund to compensate for the expense and penalties for making those amendments.

Respondent holds an active CPA license and firm permit. Respondent has had one complaint before which resulted in a closure.

Recommendation: Close the complaint upon the issuance of a letter of information.

RECOMMENDED LETTERS OF WARNING

#12. 20150221521

On November 18, 2015, Board staff received information from the Respondent who self-reported that disciplinary action was taken against him and his firm by the Securities and Exchange Commission. In essence, the SEC action was centered around the firm using a consultant who had been banned from practice before the SEC and that the firms audits were deficient. Initially the SEC wanted to fine the firm \$100,000 per partner. However, the firm

protested because it had only made \$37,000 in fees in the 12 months the firm was associated with the clients. The Respondent, individually, settled for a \$15,000 fine to the SEC and agreed not to do practice in front of the SEC as an accountant for three years.

On December 11, 2015, an investigation was initiated. The Investigator focused on the materials provided from the Respondent, including submissions from the SEC in relation to its disciplinary action. Important to note is that this Respondent is also licensed in Nevada and Georgia. The actions giving rise to the SEC's disciplinary action occurred in Nevada for Nevada incorporated companies and to our knowledge did not involve any Tennessee residents. As a result of the SEC discipline the Respondent's business collapsed. The Investigator noted that based upon the documentation provided the audit work was most certainly deficient.

Respondent holds an active CPA license with no history of discipline.

Recommendation: Close the complaint upon the issuance of a letter of warning.

#13. 2016019181

On March 31, 2016, Board staff received a Complaint against Respondent firm for using prohibited language in its name that indicated that more than one CPA was on staff when there was not and that it used the designation of CPA without being a registered firm. Respondent firm replied to the notification of the Complaint indicating it was unaware of the law and rules it was in violation of, and also provided extensive documentation of actions taken to rectify, including changing the business name with the secretary of state, on its letterhead/website, and also submitting a firm permit application.

Respondent firm now holds TN firm permit and has no prior history of disciplinary action.

Recommendation: Close upon the issuance of a Letter of Warning.

#14. 2016019941

On March 31, 2016, Board staff received a Complaint against Respondent for using a prohibited title/designation on his profile on a firm website. Respondent firm replied to the notification of the Complaint indicating it was unaware of the law and rules it was in violation of, and also provided documentation of actions taken to rectify, including changing the title/designation on its website.

Respondent does not hold a TN CPA license and has no prior history of disciplinary action.

Recommendation: Close upon the issuance of a Letter of Warning.

#15. 2016011711

On February 24, 2016, Board staff received a Complaint against Respondent alleging that Respondent was not properly enrolled in peer review despite offering audit, review, and compilation services. Respondent firm replied to the notification of the Complaint indicating it was not in violation of peer review or firm permit laws and rules. The Respondent firm stated that yes it does offer attestation services and that it does hold a valid firm permit, but that it does not actually provide any attestation services. The Respondent further asserts that this information is only on the website for marketing purposes.

Respondent does hold an active and valid firm permit TN CPA license and has no prior history of disciplinary action.

Recommendation: Close upon the issuance of a Letter of Warning regarding misleading advertising.

RECOMMENDED CONSENT ORDERS

#16. 2016001931

On January 8, 2016 Board staff received a Complaint against the Respondent for failing to respond to requests for records from a client and failure to provide those requested records to the client. Respondent's client obtained a new CPA for professional services and wanted copies of all of the client's records to provide to the new CPA. In Respondent's response to the Complaint, Respondent merely provided a single email to the client with an attachment of records. Legal requested an investigation to confirm with the Complainant that the records had been returned in full. The Investigator confirmed with Complainant that several records were still missing and outstanding. Investigator attempted to get in touch with the Respondent via email, telephone, and in person. Respondent was uncooperative with investigatory efforts.

Respondent holds an active CPA with no history of disciplinary action.

Recommendation: Formal hearing for the revocation of the Respondent CPA license with authority to settle via Consent Order upon the Respondent's payment of a civil penalty in the amount of One Thousand Dollars (\$1,000).

#17. 2016011811

On March 1, 2016, Board staff opened a Complaint against the Respondent for the use of a prohibited title or designation because of prohibited language in the Respondent's sign and Respondent's lack of a firm permit. Photos and a notarized affidavit of the prohibited sign were submitted as the basis for the Complaint. Respondent responded apologetically and stated that it had contacted a sign company to have their sign changed.

Respondent does not have a firm permit and Respondent was previously issued a Cease and Desist letter in January 2014 for the same exact issue as this complaint.

Recommendation: Formal hearing for the imposition of civil penalties with authority to settle via Consent Order upon the Respondent's payment of a civil penalty in the amount of One Thousand Five Hundred Dollars (\$1,500.00) if Respondent removes the signage and provides proof of the removal within ninety (90) days of receipt of the Consent Order or Three Thousand Dollars (\$3,000) for failure to remove within ninety (90) days of receipt of the Consent Order.

#18. 2016005361

On March 1, 2016, Board staff opened a Complaint against the Respondent after becoming aware that the Respondent's Alabama CPA license was revoked for failure to renew. On Respondent's last TN renewal form, Respondent indicated "No" to the question of discipline from another state. Respondent also has failed to respond to any and all communications with regard to this Complaint.

Respondent holds an active CPA with no history of disciplinary action.

Recommendation: Formal hearing for the revocation of the Respondent CPA license with authority to settle via Consent Order upon the Respondent's payment of a civil penalty in the amount of One Thousand Dollars (\$1,000).

#19. 2016008311

On February 4, 2016, Board staff received a Complaint against the Respondent firm alleging that Respondent firm was offering compiled financial statements without having any CPAs on staff and also without having a firm permit. The complainant provided sample financial statements printed from the Respondent's website. Respondent then denied, in its first response, offering to perform or performing Certified Financial Statements. In its second response, the Respondent through its attorney stated that it acknowledged that the mistake of including such words as "compilation" on its website and it has since removed them. The attorney also stated that the Respondent "farms out" attest work to CPA firms if it is needed by a client and that the Respondent does not hold itself out to be an accounting firm or to provide any services which require licensure. Respondent states that it has removed all offending language from its website.

Respondent has two previous complaints: one for unlicensed activity from 1995 that was closed without discipline and another for unlicensed activity which was closed upon the issuance of a cease and desist letter.

Recommendation: Formal hearing for maximum civil penalty with authority to settle via Consent Order upon the Respondent's payment of a civil penalty in the amount of One Thousand Dollars (\$1,000).

#20. 2016000041

On January 7, 2016, Board staff opened a Complaint against the Respondent firm for failing to be licensed as a CPA Firm and for failing to be enrolled in a Peer Review program but

having performed a financial audit for the period ended October 12, 2015. Board staff was notified of the Respondent firm's failure to be enrolled by the Tennessee Board of Licensing Contractors. The Respondent firm was notified of the Complaint and responded admitting the failure to be licensed. Respondent has since registered as a firm and enrolled in peer review program.

Respondent holds an active CPA license with no history of disciplinary action on either. Also, Respondent firm submitted an application for a CPA firm permit and has submitted an enrollment form for the TSCPA Peer Review Program.

Recommendation: Formal hearing for the revocation of the Respondent firm's permit with authority to settle via Consent Order upon the Respondent's payment of a civil penalty in the amount of One Thousand Dollars (\$1,000).

#21. 2016001641

On January 13, 2016, Board staff opened a Complaint against the Respondent firm for failing to be enrolled in the Peer Review program since 2010 but having performed an audit for the period ended December 31, 2014. Board staff was notified of the Respondent firm's failure to be enrolled by Respondent. The Respondent firm was notified of the Complaint and responded admitting the failure to be enrolled. Respondent firm explained that they did not realize when they submitted their application to the Board, it would not be forwarded to AICPA for enrollment. Respondent firm indicated that it was taking steps to become enrolled.

Respondent holds an active CPA license and firm permit with no history of disciplinary action on either. Also, Respondent is not enrolled in the TSCPA Peer Review Program.

Recommendation: Formal hearing for the revocation of the Respondent firm's permit with authority to settle via Consent Order upon the Respondent's payment of a civil penalty in the amount of Three Thousand Dollars (\$3,000).

#22. 20150227821

On December 15, 2015, Board staff opened a Complaint against the Respondent for failure to satisfy CPE obligations resulting from the 2013-2014 audit. The Respondent did not respond to the initial audit notification or the "Last Notice" mailed in October 2015. To date Respondent has not submitted any CPE for the 2013-2014 audit period.

Respondent holds an active CPA license with no history of disciplinary action.

Recommendation: Formal hearing for the revocation of the Respondent's CPA license with authority to settle via Consent Order upon the Respondent's payment of a civil penalty in the amount of One Thousand Dollars (\$1,000). Further, as part of the Consent Order, the Respondent shall be required to submit proof of completion of 104 hours of CPE within 180 days of entry of the Order or the license shall be suspended.

#23. 20150227841

On December 15, 2015, Board staff opened a Complaint against the Respondent for failure to satisfy CPE obligations resulting from the 2013-2014 audit. The Respondent did not respond to the initial audit notification or the "Last Notice" mailed in October 2015. To date Respondent has not submitted any CPE for the 2013-2014 audit period.

Respondent holds an active CPA license with no history of disciplinary action.

Recommendation: Formal hearing for the revocation of the Respondent's CPA license with authority to settle via Consent Order upon the Respondent's payment of a civil penalty in the amount of One Thousand Dollars (\$1,000). Further, as part of the Consent Order, the Respondent shall be required to submit proof of completion of 104 hours of CPE within 180 days of entry of the Order or the license shall be suspended.

#24. 20150227861

On December 15, 2015, Board staff opened a Complaint against the Respondent for failure to satisfy CPE obligations resulting from the 2013-2014 audit. The Respondent did not respond to the initial audit notification or the "Last Notice" mailed in October 2015. To date Respondent has not submitted any CPE for the 2013-2014 audit period.

Respondent holds an active CPA license with no history of disciplinary action.

Recommendation: Formal hearing for the revocation of the Respondent's CPA license with authority to settle via Consent Order upon the Respondent's payment of a civil penalty in the amount of One Thousand Dollars (\$1,000). Further, as part of the Consent Order, the Respondent shall be required to submit proof of completion of 104 hours of CPE within 180 days of entry of the Order or the license shall be suspended.

#25. 20150227881

On December 15, 2015, Board staff opened a Complaint against the Respondent for failure to satisfy CPE obligations resulting from the 2013-2014 audit. The Respondent did not respond to the initial audit notification or the "Last Notice" mailed in October 2015. To date Respondent has not submitted any CPE for the 2013-2014 audit period.

Respondent has one previous complaint for failure to file his personal income tax return in 2009 which was closed in 2012 upon the issuance of a final order imposing a \$1,700 civil penalty and Respondent's license being placed on probation for two (2) years.

Recommendation: Formal hearing for the revocation of the Respondent's CPA license with authority to settle via Consent Order upon the Respondent's payment of a civil penalty in

the amount of One Thousand Dollars (\$1,000). Further, as part of the Consent Order, the Respondent shall be required to submit proof of completion of 104 hours of CPE within 180 days of entry of the Order or the license shall be suspended.

#26. 2016015171

On December 15, 2015, Board staff opened a Complaint against the Respondent for failure to satisfy CPE obligations resulting from the 2013-2014 audit. The Respondent did not respond to the initial audit notification or the “Last Notice” mailed in October 2015. To date Respondent has not submitted any CPE for the 2013-2014 audit period.

Respondent holds an active CPA license with no history of disciplinary action.

Recommendation: Formal hearing for the revocation of the Respondent’s CPA license with authority to settle via Consent Order upon the Respondent’s payment of a civil penalty in the amount of One Thousand Dollars (\$1,000). Further, as part of the Consent Order, the Respondent shall be required to submit proof of completion of 104 hours of CPE within 180 days of entry of the Order or the license shall be suspended.

RECOMMENDED PLACEMENT INTO LITIGATION MONITORING

NONE

RE-PRESENTATIONS

#27. 2013002261

Original Information: Not available.

New Information: Respondent firm was named in a lawsuit alleging negligence and professional misconduct in the handling of the affairs of a decedent’s estate. The Respondent firm was alleged to have facilitated or at the least was aware of a fraud the trust of the estate had been committing and was imprisoned for. The Respondent firm was hired to prepare the taxes of the trusts created by the estate at the bequest of the trustee. The Respondent firm did not manage or audit the estate or trusts. The Respondent firm merely assembled the data and numbers given by the trustee and had no reason to believe that the information was false or misleading. On February 21, 2016, Legal received an “Order Granting Voluntary Non-Suit By Plaintiff” executed on January 29, 2016 where the Plaintiff dropped the case against the Respondent firm without any settlement or admission of fault.

Original Approved Recommendation: Place this complaint into Litigation Monitoring status pending the disposition of the Respondent’s case.

Current Recommendation: Close the complaint.

#28. 2014027321

Original Information: The complaint alleges that the Respondent failed to pay the professional privilege tax for the years 2013, 2014 and 2015, as required by state law. Respondent did not respond to the complaint, and investigator has been unable to locate her.

New Information: In October 2015, the Board took the position to stop opening and prosecuting Professional Privilege Tax complaints. The Respondent currently resides in Texas and has no plans return to Tennessee to practice. Also, Respondent's Tennessee CPA license is currently expired and could not be reinstated or renewed without the Respondent first paying the delinquent professional privilege taxes. Therefore, closure is consistent with the Board's October 2015 position.

Original Approved Recommendation: Formal hearing for the revocation of the Respondent's CPA license with authority to settle via Consent Order for suspension of the Respondent's license until such time as Respondent provides proof of payment of the delinquent taxes.

Current Recommendation: Close the complaint.

#29. 2014028221

Original Information: The complaint alleges that the Respondent failed to timely pay professional privilege tax as required by law for the years 2011, 2014, and 2015. The investigation revealed that the Respondent failed to respond to the complaint in a timely manner, but that the Respondent has now paid all past due privilege tax obligations, including interest and penalties.

New Information: In October 2015, the Board took the position to stop opening and prosecuting Professional Privilege Tax complaints. The Respondent currently resides in Texas and has no plans return to Tennessee to practice. Also, Respondent's Tennessee CPA license is currently set to expire on December 31, 2016 but cannot be renewed without the Respondent first paying the delinquent professional privilege taxes. Therefore, closure is consistent with the Board's October 2015 position.

Original Approved Recommendation: Formal hearing for the revocation of the Respondent's CPA license with authority to settle via Consent Order for suspension of the Respondent's license until such time as Respondent provides proof of payment of the delinquent taxes.

Current Recommendation: Close the complaint.

#30. 2015001081

Original Information: Respondent reported that he was a party to a civil suit which is grounded upon an allegation of gross negligence, dishonesty, fraud or incompetence. Respondent reported that he being sued as a result of his role as a volunteer board member of a non-profit

hospital, that all of the board members are named as defendants, and that not only does he deny any of the allegations but that he did not act or provide accounting services in his role as a board member.

New Information: Legal conducted an additional review of this Complaint and the supporting material. The allegations from the law suit are clearly not in reference to any professional services rendered using the Respondent's CPA license. Also, Respondent's attorney provided information verifying that the Respondent's duties while serving as a volunteer board member were not in relation to the Respondent's CPA license.

Original Approved Recommendation: Place this complaint into Litigation Monitoring status pending the disposition of the Respondent's case.

Current Recommendation: Close the complaint.

#31. 2015003541

Original Information: Respondent reported being a party to a civil suit which is grounded upon an allegation of gross negligence, dishonesty, fraud or incompetence. The Respondent is one of several defendants involved in the civil suit, and the parties are still in the discovery stage of the lawsuit. As such, it is recommended that this complaint be placed into Litigation Monitoring status and that a Litigation Monitoring Consent Order be executed by the Respondent and her attorney.

New Information: Respondent's attorney provided legal with a copy of an Order of Dismissal as to Respondent. It is a dismissal with prejudice and the Respondent admitted no wrongdoing, and has paid no money as settlement for the dismissal.

Original Approved Recommendation: Place this complaint into Litigation Monitoring status pending the disposition of the Respondent's case.

Current Recommendation: Close the complaint.

#32. 2015006531

Original Information: The Complaint alleges multiple instances that Respondent lied about the Complainant's income taxes, stole income tax refunds from the complainant (2011, 2012, & 2013), failed to produce Complainant's tax documents (2011, 2012, & 2013), and induced Complainant to write checks for taxes fraudulent tax liabilities (2013). The Complaint also contains significant documentary evidence regarding the allegations. The Complainant also filed a report with the respective Sherriff's office in her county. The detective investigated her claims but the D.A.'s office will not be filing criminal charges against the Respondent.

New Information: Respondent has agreed to sign a Consent Order admitting to grossly negligent accounting work. Additionally, Respondent has agreed to voluntarily surrender Respondent's CPA license and accept an indefinite bar on Respondent from submitting a new

application for licensure. Respondent is in the process of filing Chapter 7 bankruptcy, and is verified to be in extremely poor health.

Original Approved Recommendation: Formal hearing for the revocation of the Respondent's CPA license with authority to settle via Consent Order upon the Respondent's payment of a civil penalty in the amount of Seven Thousand Dollars (\$7,000) and the voluntary surrender of Respondent's CPA license.

Current Recommendation: Accept settlement via Consent Order voluntarily revoking Respondent's CPA license, and invoking an indefinite bar on Respondent's reapplication for licensure with this Board.

#33. 2015003821

Original Information: The above Respondents were named as defendants, along with many others, in a suit alleging fraud involving sub-prime loans. Respondents have obtained counsel, and Respondents' attorneys have indicated that a settlement of the matter is likely and will result in the claims against the Respondents being dismissed.

New Information: Legal conducted an additional review of this Complaint and the supporting material. The allegations from the lawsuit are focused on actions taken place from 2004 to 2007. Respondent's CPA license expired on December 31, 1998 and the lawsuit does not allege that the Respondent used his CPA license (whether properly or improperly) or that the allegations are in any way related to the Respondent's expired CPA license.

Original Approved Recommendation: Place these complaints into Litigation Monitoring status pending the disposition of the Respondents' case.

Current Recommendation: Close the complaint.

#34. 2014017381, 2014020501, & 2014025521

Original Information: These complaints allege that the Respondent committed acts discreditable to the profession and is practicing on an expired license. It is alleged that Respondent abandoned her practice and has not communicated with clients, leaving several clients unable to file their returns (both business and personal) and has not returned the records to the clients. She also failed to respond to the complaints and repeated attempts by the Investigator to speak with her.

New Information: This matter was transferred to litigation and the litigation attorney has been in contact with the Respondent's attorney. The violations against the Respondent include failure to communicate with clients, failure to return client records and failure to respond. The Respondent wants to resolve this matter without a formal hearing. The complaints against the Respondent stem from Respondent's closure of the CPA firm in 2013. The complaints filed against the Respondent relate to the failure of the Respondent to communicate with them, respond to their inquiries and provide them with their documents. When the Respondent closed the firm, the Respondent used an outside company to help with the wind down of the business.

The outside company sent letters to all clients and arranged for all client documents to be returned or destroyed. We were provided with a detailed letter from the outside company providing this service for the Respondent stating the Respondent had 1,300 clients and letters were sent to all 1,300 clients. Of the 1,300 clients, 200 clients were current clients (services provided in the prior 18 month period). Additionally, a notice was posted on the front door of the CPA practice indicting the closure and notifying anyone that needed further information or documents to contact the outside company handling the closure concerning any and all matters relating to the firm or the Respondent. The outside company providing the services for the Respondent stated that they responded to 697 telephone calls and returned 248 client files. Several former clients requested their file be appropriately destroyed. The outside company handling the closure of the practice also provided the Respondent's personal e-mail and cell phone number to those clients requesting to speak to the Respondent.

Also, the outside company stated that out of the 200 clients, only two clients needed immediate help and the outside company immediately handled their needs and the subsequent work needed by these two clients. These two clients were not the complaining parties. The outside company indicated they have conducted other office closings and assured us the closing of the Respondent's practice was typical and without issue.

We were also provided with two letters of reference from long time clients of the Respondent attesting to the Respondent's abilities and diligence in handling matters and the positive experience with the wind down of the practice and interactions with the Respondent. We were also advised by the Respondent's attorney that the Respondent was the victim of a horrible sexual assault and resulting in the Respondent needing and obtaining psychological treatment. Currently, the sexual assault case is still open and pending with the police department. Our office confirmed the incident and the case with the police department. Respondent's attorney also explained to us the Respondent had personal problems during the time of the closure of the practice and was in the process of a difficult divorce and child custody battle. According to the attorney, the child was taken by the noncustodial parent at one point. Since closing the practice, the Respondent has secured a position with a local CPA firm and is currently employed as a CPA. The Respondent has provided proof of taking reasonable efforts in the wind down of the practice and made every effort to comply with the rules and regulations of the Board.

Original Approved Recommendation: Formal hearing for the revocation of the Respondent's CPA license with authority to settle via Consent Order upon the Respondent's payment of a civil penalty in the amount of Ten Thousand Dollars (\$10,000) and Revocation of Respondent's Certified Public Accountant License due to acts discreditable to the profession, practicing on an expired license, and failure to return client books and records.

Current Recommendation: In light of all of this information in its totality, it is recommended that the Board revise its recommendation to: Formal hearing for the revocation of the Respondent's CPA license with authority to settle via Consent Order upon the Respondent's payment of a civil penalty in the amount of Ten Thousand Dollars (\$10,000)