



**STATE OF TENNESSEE
BEFORE THE COMMISSIONER OF COMMERCE AND INSURANCE
REGULATORY BOARDS DIVISION**

IN THE MATTER OF:)	
)	
TENNESSEE STATE BOARD OF ACCOUNTANCY,)	
Petitioner.)	
)	
vs.)	Case No. 2016008311
)	
CHITWOOD & CHITWOOD)	
)	
Respondent.)	

ENTITY
1128328

CONSENT ORDER

Chitwood & Chitwood ("Respondent") voluntarily enters into this Consent Order with the Tennessee State Board of Accountancy (the "Board") to avoid formal charges and a contested case proceeding with respect to the matters described herein.

DEFINITIONS

The definitions set out in TENNESSEE CODE ANNOTATED, Title 62, Chapter 1 and the rules promulgated thereunder are applicable to this Consent Order.

GENERAL STIPULATIONS

1. It is expressly understood that this Consent Order is subject to the Board's acceptance and has no force and effect until such acceptance is evidenced by the entry of this Order by the Board.

2. This Consent Order is executed by the Respondent for the purpose of avoiding further administrative action with respect to this cause. Furthermore, should this Consent Order not be accepted by the Board, it is agreed that presentation to and consideration of this Consent Order by the Commissioner and/or the Board shall not unfairly or illegally prejudice the Board from further participation or resolution of these proceedings.

3. Respondent fully understands that this Consent Order will in no way preclude additional proceedings by the Board against Respondent for acts or omissions not specifically addressed in this Consent Order or for facts and/or omissions that do not arise from the facts or transactions herein addressed.

4. Respondent fully understands that this Consent Order will in no way preclude proceedings by state government representatives other than the Board for violations of *Tenn. Code Ann. §§ 62-1-111 and 56-1-308 and Tennessee State Board of Accountancy Rules, Chapter 0020-4* addressed specifically in this Consent Order, against the Respondent for violations of law under statutes, rules, or regulations of the State of Tennessee, which may arise out of the facts, acts, or omissions contained in the Findings of Fact and Conclusions of Law stated herein, or which may arise as a result of the execution of this Consent Order by the Respondents.

5. Respondent expressly waives all further procedural steps, and expressly waives all rights to seek judicial review of or to otherwise challenge or contest the validity of this Consent Order, the stipulations and imposition of discipline contained herein, and the consideration and entry of said Consent Order by the Board and/or the Commissioner.

AUTHORITY AND JURISDICTION

Tenn. Code Ann. §§ 62-1-111 and 56-1-308 and Tennessee State Board of Accountancy

Rules, Chapter 0020-4 authorize the Commission to take disciplinary action and/or assess civil penalties as consequences of any violation of the Tennessee Accountancy Act of 1998 and/or any rules promulgated thereunder.

PARTIES

1. The Board is the lawful agent through which the Act and its rules are administered and is authorized to bring this action.
2. At all times relevant to this complaint, the Respondent has not held a Tennessee CPA firm permit issued by the Board.

STIPULATED FINDINGS OF FACT

1. Respondent does not hold and never has held a Tennessee CPA firm permit.
2. Respondent firm, on its website, advertised that Respondent issued reports on financial statements. Respondent firm also advertised that it issued monthly, quarterly and annual compiled financial statements to church clients.
3. No current members or employees of the Respondent firm hold a TN CPA license or a CPA license from any other state or jurisdiction. Respondent firm has employed the following CPAs in the past:
 - a. Donald Young (late 1993 through November 1996)
 - b. Thomas Gibson (January 2003 through December 2004)
 - c. Linda Daniel (June 2012 through August 2013).
4. Respondent firm timely responded to the notification of the complaint.
5. In its response, Respondent firm acknowledged the mistake and removed the improper language from its website.

STIPULATED CONCLUSIONS OF LAW

Respondent admits that the aforementioned act(s) and conduct of the Respondent as previously described herein constitute a violation(s) of the following statute(s) and/or rule(s):

1. *Tenn. Code Ann.* § 62-1-113 [Violations], which states in pertinent part:

(a) Only licensees may issue a report on financial statements of any other person, firm, organization or governmental unit or otherwise offer to render or render any attest service. This restriction does not prohibit any act of a public official or public employee in the performance of that person's duties as such, or prohibit the performance by any person of other services involving the use of accounting skills, including the preparation of tax returns, management advisory services and the preparation of financial statements without the issuance of reports thereon.

2. *Tennessee State Board of Accountancy Rule* 0020-01-.11(1), which states in pertinent part:

Each CPA and/or PA firm providing accounting services or engaged in the practice of public accountancy in this state as a sole proprietorship, partnership or corporation of certified public accountants and/or public accountants shall obtain a permit from the Board for each office location for the ensuing calendar year. Applications for initial issuance and for renewal of permits shall be made on a form provided by the Board and, in the case of applications for renewal, shall be filed no earlier than two (2) months prior to and no later than the expiration date.

3. *TENN. CODE ANN.* § 62-1-111, which states in pertinent part:

(a) After notice and a hearing pursuant to § 62-1-120, the Board may revoke any license issued under § 62-1-107, § 62-1-108, or § 62-1-109, or corresponding provisions of prior law; suspend any such license or refuse to renew any such license for a period of not more than five (5) years; reprimand, censure, or limit the scope of practice of any licensee; impose a civil penalty; or place any licensee on probation, all with or without terms, conditions, and limitations for any one (1) or more of the following reasons:

(6) Violation of any provision of this chapter or rule promulgated by the Board.

ORDER

NOW, THEREFORE, on the basis of the foregoing, and Respondent's waiver of the right to a hearing and appeal under the Act and the Uniform Administrative Procedures Act, *Tenn. Code Ann.* §§ 4-5-101 to 4-5-404 (2011), and Respondent's admission of jurisdiction of the *Tennessee State Board of Accountancy*, the Board finds that Respondent, **Chitwood & Chitwood**, for the purpose of settling this matter, admits the Findings of Fact and Conclusions of Law, agrees to the entry of this Order and agrees that this Order is in the public interest, necessary for the protection of investors and consistent with the purposes fairly intended by the policy and provisions of the Act.

IT IS HEREBY ORDERED, pursuant to the Act and to the rules promulgated thereunder, that the following disciplinary action is hereby imposed upon the Respondent, **Chitwood & Chitwood**:

1. Respondent shall pay a civil penalty of **One Thousand Dollars (\$1,000.00)** the same to be remitted together with a signed copy of this Order;
2. **IT IS ORDERED** that this Consent Order represents the complete and final resolution of, and discharge with respect to all administrative and civil, claims, demands, actions and causes of action by the Board against the Respondent, **Chitwood & Chitwood**, for violations of the Act alleged by the Board to have occurred with respect to the facts and circumstances contained herein.

This Consent Order is in the public interest and in the best interests of the parties, and represents a compromise and settlement of the controversy between the parties and is for settlement purposes only. By Respondent's signature affixed below, Respondent **Chitwood & Chitwood** affirmatively states that it has freely agreed to the entry of this Consent Order, that it

Chitwood & Chitwood

2016008311

Page 6 of 7

waives the right to a hearing on the matters underlying this Consent Order and to a review of the Findings of Fact and Conclusions of Law contained herein, and that no threats or promises of any kind have been made to Respondent by the Board or any agent or representative thereof. The parties, by signing this Consent Order, affirmatively state their agreement to be bound by the terms of this Consent Order and aver that no promises or offers relating to the circumstances described herein, other than the terms of settlement as set forth in this Consent Order, are binding upon them.

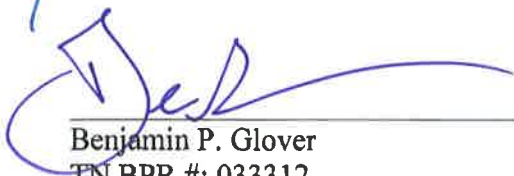
APPROVED FOR ENTRY:



Chitwood & Chitwood (Respondent)

Date

7-25-16



Benjamin P. Glover
TN BPR #: 033312
Assistant General Counsel
Tennessee Dept. of Commerce & Insurance
Regulatory Boards Division
500 James Robertson Parkway
Davy Crockett Tower
Nashville, TN 37243
Phone: (615) 770-6995
Fax: (615) 532-4750
E-Mail: benjamin.glover@tn.gov

Date

7/28/2016

ENTERED this 15th day of August, 2014.

Chitwood & Chitwood

2016008311

Page 7 of 7



Executive Director

Tennessee State Board of Accountancy