



STATE BOARD LEDGER

A Publication of the Kentucky State Board of Accountancy

Jan.-Nov. 2010

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CHANGE IN THE LICENSE RENEWAL PROCESS BEGINNING 2011

Beginning in **2011** a license assigned an odd number will not expire until **August 1st** as opposed to **July 1st**. After **August 1st** a CPA will have a **(1) one month** (instead of the current 6 months) grace period, through **Sept. 1st**, to renew an expired license. The fee for this late renewal will be **\$200**.

After **Sept. 1st** a CPA must utilize the reinstatement process to regain their license. This means the CPA will pay a **\$200 fee** and must report having completed 80 hours of CPE, **forty (40) of which must have been in accounting or auditing subjects**, or 60 hours of CPE, **thirty (30) of which were in accounting or auditing courses**. The amount of CPE hours required to reinstate will be based upon the number of hours required at the time the license expired or was voluntarily surrendered.

Please remember the **2 hours of ethics** that must be included as part of the CPE requirement when renewing or reinstating a license.

This change in the expiration date, grace period, and reinstatement process will also apply to those renewing a license in 2012.

GOVERNOR BESHEAR APPOINTS NEW MEMBERS TO STATE BOARD

In an Executive Order dated April 29, 2010, Governor Beshear appointed Ms. Toni Carver-Smith to the Board of Accountancy. Ms. Carver-Smith replaces Ms. Christal Williams. Ms. Carver-Smith will serve as the citizen member of the Board until June 30, 2012.

Ms. Carver-Smith is employed by the Presbyterian Church in Louisville. She is a graduate of the University of Louisville and Bellarmine University. Ms. Carver-Smith has extensive work experience in the area of finance.

In an Executive Order dated July 13, 2010, Governor Beshear appointed Mr. G. Alan Long, CPA and Dr. Daniel L. Fulks, CPA, PhD to the Board. Mr. Long replaces Mr. John Hawkins, CPA and Dr. Fulks replaces Ms. Sharon Walters, CPA.

Mr. Long is a graduate of Eastern Kentucky University and serves as the managing member of Baldwin CPA's, PLLC. Dr. Fulks is a graduate of the University of Tennessee, the University of Maryland and Georgia State University. He is the Director of the Accounting Program and a Professor of Accounting at Transylvania University.

Members and staff of the Board of Accountancy welcome Ms. Carver-Smith, Mr. Long, and Dr. Fulks to the Board and express their sincere gratitude to Ms. Williams, Ms. Walters and Mr. Hawkins for their participation on the Board.

ELECTION OF OFFICERS

During their July meeting the members of the Board elected Kevin Doyle, CPA (Lexington) as President and Joe Hancock, CPA (Owensboro) as Secretary/Treasurer. The remaining members of the Board are Jamie Owen (Louisville), Phil Layne (Ashland), Alan Long (Richmond), Daniel Fulks (Harrodsburg) and Toni-Carver Smith (Louisville).

KY OPEN RECORDS DECISION – AUDITOR WORK PAPERS

Every so often CPAs call the office requesting assistance with interpreting various provisions of the laws and regulations that govern the practice of public accounting. While staff attempt to assist CPAs with their questions typically there is not a specific document that staff can recommend a CPA review that is responsive to their question. However CPAs who perform audits of governmental agencies may be interested in reading an opinion released in October of 2010 by the Kentucky Attorney General's Office that considered the question of whether a CPAs work papers associated with the audit of a governmental agency must be released to the public pursuant to a request made under the Kentucky Open Records Act.

The decision, **2010 Open Records Decision (“ORD”) 164**, involved a request from a reporter of the *Lexington Herald-Leader* to the Lexington-Fayette Urban County Government (“LFUCG”) to be provided with copies of “all fraud or risk assessment reports” returned to LFUCG’s external auditor, by LFUCG employees from 2006 to 2010. In its decision the Office of the Attorney General determined that, “Because questionnaires containing allegations of fraud constituted auditor work papers, excluded from public inspection even after a final audit report was released, by KRS 325.420(3), KRS 325.440(1), 200 KAR 1:30 Sections 7 and 8, and the Government Auditing Standards, “Yellow Book,” issued by the General Accounting Office and incorporated into 200 KAR 1:30 at Section 12, the Lexington-Fayette Urban County Government did not violate the Open Records Act in denying a request for those records. A copy of the opinion will be placed on the Board’s website.

CPA EXAM STATISTICS

JAN.-FEB. 2010

BREAKDOWN BY EXAM SECTION			
AUD*	126 sat 74 passed 59% pass rate	FAR*	107 sat 47 passed 44% pass rate
REG*	121 sat 62 passed 51% pass rate	BEC*	132 sat 63 passed 48 % pass rate

APRIL-MAY 2010

BREAKDOWN BY EXAM SECTION			
AUD*	110 sat 52 passed 47% pass rate	FAR*	91 sat 47 passed 52% pass rate
REG*	108 sat 61 passed 56% pass rate	BEC*	139 sat 80 passed 58 % pass rate

JULY-AUGUST 2010

BREAKDOWN BY EXAM SECTION			
AUD*	149 sat 64 passed 43% pass rate	FAR*	184 sat 107 passed 58% pass rate
REG*	174 sat 96 passed 55% pass rate	BEC*	228 sat 116 passed 51 % pass rate

*AUD = Auditing and Attestation

*REG = Regulation

*FAR = Financial Accounting and Reporting

*BEC = Business Environments and Concepts

CHANGES TO THE CPA EXAM EFFECTIVE JAN. 1, 2011

Authoritative Literature: A new release of authoritative literature – with FASB Accounting Standards Codification™ – will be made available for the CPA Examination.

Calculator: A new online calculator will be introduced on the CPA Examination.

Candidate Performance Report: The report providing candidates with information about the strengths and weaknesses of their examination performance will be revised.

Content of the CPA Examination: New Content and Skill Specification Outlines (CSOs/SSOs) will go into effect. Candidates planning to test in or after 2011 should review and become familiar with the subject matter that will be eligible to be tested.

International Standards: International Standards – including International Financial Reporting Standards (IFRS) – will become eligible to be tested. Questions on international standards will begin to be gradually integrated into the examination. Questions on U.S. standards will continue to be part of the examination.

Research Task – New Format: A new research task format will be introduced on the CPA Examination.

Scoring Weights: In the Auditing and Attestation (**AUD**), Financial Accounting and Reporting (**FAR**), and Regulation (**REG**) sections, Multiple-Choice Questions (MCQs) will account for **60%** and Task-Based Simulations for **40%** of the total score.

In the Business Environment and Concepts section (**BEC**), Multiple-Choice Questions (MCQs) will account for **85%** and written communication tasks for **15%** of the total score.

Section Structure: The components of the Auditing and Attestation (**AUD**), Financial Accounting and Reporting (**FAR**) and Regulation (**REG**) sections will be: three Multiple-Choice Question (MCQ) testlets, and **one testlet** containing six or seven short Task-Based Simulations (TBS).

Business Environment and Concepts (BEC) section will consist of: three Multiple-Choice Question (MCQ) testlets, and three written communication tasks on BEC topics.

Section Time Allocations: Testing time for the Auditing and Attestation (**AUD**) section will be shortened by a half hour to **four hours**. Testing time for the Business Environment and Concepts (**BEC**) section will be increased by a half hour to **three hours**. Testing times for the Financial Accounting and Reporting (**FAR**) and Regulation (**REG**) sections will remain the same as before at **four** and **three hours**, respectively. The total testing time for all sections of the examination remains unchanged at fourteen hours. (Candidates should note that these changes refer to testing time only. Time scheduled at test centers will continue to include an additional half hour for the check-in process and completion of the survey at the end of the session.)

Spreadsheet: A new spreadsheet will be introduced on the CPA Examination.

Task-Based Simulations (TBS) – New Question Format: Short TBS will replace simulations in the current (long) format on the CPA Examination.

DISCIPLINARY ACTIONS

Publication of the following information is required by 201 KY Administrative Regulation 1:150.

2009-008 (David A. Terry) - On May 21, 2009 the Board received a complaint from a former employee of the Respondent regarding the employee's 2006 and 2007 1040 returns which had been prepared at the Respondent's firm. The complaint alleged the Respondent failed to recognize in each of those years that the former employee and spouse made conversions from traditional IRAs to Roth IRAs even though the taxpayers' income was above the \$100,000 income cap that allows for such conversions.

In reply the Respondent stated the returns in question were prepared by the former employee while she was still employed at the firm. The former employee was allowed to use the computer software of the firm to prepare the returns and was not charged for the use of the software. The Respondent alleges that he never advised the taxpayers on tax matters but acknowledges that he did review the return and certain work papers and that his review indicated no unexplained exceptions and the system review indicated no errors. The Respondent further alleges he signed said returns as the preparer but did not charge the former employee and her husband any fee for his services. The taxpayers were assessed additional taxes and penalties by the IRS.

Statutory Violation: The Respondent neither denied nor admitted the allegations as described in the Order. Instead the Respondent acknowledged that if the Board found probable cause to issue a complaint and to conduct a hearing, and if the allegations were proven at said hearing, the Board would be able to take disciplinary action against him. Therefore the Respondent decided to resolve this matter without the need for a hearing or any further proceedings.

Remedy: Pay a \$250 fine and complete 8 hours CPE in the preparation of individual income tax returns no later than 90 days after the Order is signed by the President of the Board. These hours may be applied toward the 80 or 60 hours of CPE the Respondent must complete to renew his license in 2010. The Respondent shall have 30 days thereafter to submit proof to the Board that he completed the 8 hours of CPE.

2009-020 (Pamela K. Browning) - The Respondent renewed her license online in 2009 and indicated she had completed 60 hours of continuing professional education. The Respondent was chosen at random to submit documentation to substantiate she completed these hours. The first letter sent to the Respondent requesting the documentation was mailed on September 3, 2009 to her address which is on file with the Board. The letter was not returned by the US Postal Service as undeliverable. No response to the letter was received from the Respondent. A second letter requesting the documentation was mailed on September 28, 2009 to the same address as the previous letter. No response to the letter was received from the Respondent.

Statutory Violations: Primary responsibility for obtaining and maintaining documentation of completion of the continuing education requirements rests with each CPA. These records are to be maintained for a period of five years by the CPA. The Respondent admits she failed to comply with these requirements.

Remedy: Pay a \$500 fine, complete 120 hours of CPE within 90 days from the date the Order was signed by the Board President, and submit documentation to support completion of these hours.

2009-021 (Elizabeth H. Engle) - Respondent renewed her license online in 2009 and indicated she had completed 60 hours of CPE. Respondent was chosen at random to submit documentation to substantiate she completed these hours. The first letter sent to the Respondent requesting the documentation was mailed on September 3, 2009 to her address which is on file with the Board. The letter was not returned by the US Postal Service as undeliverable. No response to the letter was received from the Respondent. A second letter requesting the documentation was mailed on September 28, 2009 to the same address as the previous letter. No response to the letter was received from the Respondent.

Statutory Violations: Primary responsibility for obtaining and maintaining documentation of completion of the continuing education requirements rests with each CPA. These records are to be maintained for a period of five years by the CPA. The Respondent admits she failed to comply with these requirements

Remedy: Pay a \$500 fine, complete 120 hours of CPE within 90 days from the date the Order was signed by the Board President and submit documentation to support completion of these hours.

2009-022 (Julie Lynn Murphy) - Respondent renewed her license online in 2009 and indicated she had completed 60 hours of CPE. Respondent was chosen at random to submit documentation to substantiate she completed these hours. The first letter sent to the Respondent requesting the documentation was mailed on September 3, 2009 to her address which is on file with the Board. The letter was not returned by the US Postal Service as undeliverable. No response to the letter was received from the Respondent. A second letter requesting the documentation was mailed on September 28, 2009 to the same address as the previous letter. No response to the letter was received from the Respondent.

Statutory Violations: Primary responsibility for obtaining and maintaining documentation of completion of the continuing education requirements rests with each CPA. These records are to be maintained for a period of five years by the CPA. The Respondent admits she failed to comply with these requirements

Remedy: Pay a \$500 fine, complete 120 hours of CPE within 90 days from the date the Order was signed by the Board President and submit documentation to support completion of these hours.

2009-025 (John R. Pendleton) - Respondent renewed his license online in 2009 and indicated he had completed 80 hours of CPE. Respondent was chosen at random to submit documentation to substantiate he completed these hours. The first letter sent to the Respondent requesting the documentation was mailed on September 3, 2009 to his address which is on file with the Board. The letter was not returned by the

US Postal Service as undeliverable. No response to the letter was received from the Respondent. A second letter requesting the documentation was mailed on September 28, 2009 to the same address as the previous letter. No response to the letter was received from the Respondent.

Statutory Violations: Primary responsibility for obtaining and maintaining documentation of completion of the continuing education requirements rests with each CPA. These records are to be maintained for a period of five years by the CPA. The Respondent admits he failed to comply with these requirements

Remedy: Pay a \$500 fine, complete 160 hours of CPE within 90 days from the date the Order was signed by the Board president and submit documentation to support completion of these hours.

2009-026 (James D. Spurlock) - Respondent renewed his license online in 2009 and indicated he had completed 80 hours of CPE. Respondent was chosen at random to submit documentation to substantiate he completed these hours. The first letter sent to the Respondent requesting the documentation was mailed on September 3, 2009 to his address which is on file with the Board. The letter was not returned by the US Postal Service as undeliverable. No response to the letter was received from the Respondent. A second letter requesting the documentation was mailed on September 28, 2009 to the same address as the previous letter. No response to the letter was received from the Respondent.

Statutory Violations: Primary responsibility for obtaining and maintaining documentation of completion of the continuing education requirements rests with each CPA. These records are to be maintained for a period of five years by the CPA. The Respondent admits he failed to comply with these requirements

Remedy: Pay a \$500 fine, complete 160 hours in CPE courses within 90 days from the date the Order was signed by the Board President, and submit documentation to support completion of these hours.

2009-027 (Nancy J. Stearman) - Respondent renewed her license online in 2009 and indicated she had completed 80 hours of CPE. Respondent was chosen at random to submit documentation to substantiate she completed these hours. The first letter sent to the Respondent requesting the documentation was mailed on September 3, 2009 to her address which is on file with the Board. The letter was not returned by the US Postal Service as undeliverable. No response to the letter was received from the Respondent. A second letter requesting the documentation was mailed on September 28, 2009 to the same address as the previous letter. No response to the letter was received from the Respondent.

Statutory Violations: Primary responsibility for obtaining and maintaining documentation of completion of the continuing education requirements rests with each CPA. These records are to be maintained for a period of five years by the CPA. The Respondent admits she failed to comply with these requirements

Remedy: Pay a \$500 fine, complete 160 hours in CPE courses within 90 days from the date the Order was signed by the Board President, and submit documentation to support completion of these hours.

2009-028 (Keith Allen Stewart) - Respondent renewed his license online in 2009 and indicated he had completed 60 hours of CPE. Respondent was chosen at random to submit documentation to substantiate he completed these hours. The first letter sent to the Respondent requesting the documentation was mailed on September 3, 2009 to his address which is on file with the Board. The letter was not returned by the US Postal Service as undeliverable. No response to the letter was received from the Respondent. A second letter requesting the documentation was mailed on September 28, 2009 to the same address as the previous letter. No response to the letter was received from the Respondent.

Statutory Violations: Primary responsibility for obtaining and maintaining documentation of completion of the continuing education requirements rests with each CPA. These records are to be maintained for a period of five years by the CPA. The Respondent admits he failed to comply with these requirements

Remedy: Pay a \$500 fine, complete 120 hours in CPE courses within 90 days from the date the Order was signed by the Board President, and submit documentation to support completion of these hours.

2009-034 (C. Keith Gauss) - Respondent renewed his license online in 2009 and indicated he had completed 34 hours of CPE. Respondent was chosen at random to submit documentation to substantiate he completed these hours. The first letter sent to the Respondent requesting the documentation was mailed on September 3, 2009 to his address which is on file with the Board. The letter was not returned by the US Postal Service as undeliverable. No response to the letter was received from the Respondent. A second letter requesting the documentation was mailed on September 28, 2009 to the same address as the previous letter. In response to the letter Mr. Gauss was able to verify that he had completed 23 of the 34 hours of CPE reported on his online renewal.

Statutory Violations: Primary responsibility for obtaining and maintaining documentation of completion of the continuing education requirements rests with each CPA. These records are to be maintained for a period of five years by the CPA. The Respondent admits he failed to comply with these requirements

Remedy: Pay a \$500 fine, complete an additional 22 hours in CPE within 90 days from the date this Order was signed by the Board President, and submit documentation to support completion of these hours.

2009-030 (Robert Z. Waddell) – In early 2008 the Respondent discovered he was in end stage renal failure. From that time until May of 2009 the Respondent suffered through severe medical problems. On or about June 29, 2009 the Respondent renewed his license online and certified he had completed 60 hours of continuing professional education. The Respondent was chosen at random to submit documentation to substantiate he completed these hours. In response to the request the Respondent was ultimately able to verify he had completed 47 hours of CPE in 2007-2008. In addition he completed 14 hours of CPE in December of 2009. When the Respondent renewed his license in 2009 he misrepresented that he had completed 60 hours of CPE. In addition in a subsequent letter to the Board the Respondent indicated that while he was not certain if he had completed 60 hours of CPE when he renewed his license, he decided he would certify he had completed the hours and if he was deficient he would make the hours up at a later time.

Statutory Violations: The Respondent admits he failed to comply with the CPE reporting requirements which is a basis to take action against his license pursuant to KRS 325.340(1)(c).

Remedy: Respondent was ordered to pay a \$100 fine.

2008-028 (Stephen E. Turner) -Respondent was chosen at random to submit documentation to support the continuing education courses listed on his 2008 license renewal application. That renewal form listed 3 courses for a total of 60 (“CPE”) continuing professional education hours. The first letter sent to the Respondent requesting the documentation was mailed on August 4, 2008 to his address which was on file with the Board. The letter was not returned by the US Postal Service as undeliverable. No response to the letter was received from the Respondent. A second letter requesting the documentation was mailed on October 6, 2008 to the same address as the previous letter. The letter was not returned by the US Postal Service as undeliverable. No response to the letter was received from the Respondent.

The Respondent never contacted the Board regarding his failure to submit any documentation in support of the hours listed on his renewal form. On or about February 2, 2009 a formal complaint was filed against the Respondent based upon his failure to respond to the request for documentation regarding the CPE audit. A prehearing conference was held in this case on November 17, 2009. According to the Order entered following that hearing the Respondent indicated his desire to settle this case. Pursuant to that intention the Respondent agreed to fax to the Board office by November 19, 2010 proof of all of the CPE he had completed by that date. In the event the Respondent had not completed all of the CPE required by the agreement of the parties, he further agreed to complete any additional CPE hours required by the Board no later than January 1, 2010. The Respondent failed to comply with the terms of this agreement. Another prehearing conference was conducted on January 11, 2010. During that conference the hearing officer was advised that the Respondent had failed to submit proof of having completed any CPE. As a

result of the lack of compliance by the Respondent a hearing was set in this case for March 18, 2010. The March 18, 2010 was canceled at the request of the Board and instead a prehearing conference was conducted on that date.

Statutory Violations: The Respondent admits he failed to comply with the CPE reporting requirements which is a basis to take action against his license pursuant to KRS 325.340(1)(c).

Remedy: Pay a \$500 fine and submit documentation to the Board so it is received no later than April 2, 2010 that substantiates he completed 64 hours of CPE no later than March 31, 2010. The 64 CPE hours were calculated by requiring the Respondent to obtain double the amount of hours he was deficient when he renewed his license in 2008 ($60 - 16 = 44 \times 2$) 88 hours, reduced by the 24 hours completed in 2009 and so far in 2010 for a total of 64 CPE hours. Failure to pay the fine and complete the 64 CPE hours as set forth above shall result in the immediate suspension of the Respondent's license without benefit of a hearing before the Board. The suspension shall remain in effect until such time the Respondent pays the fine and submits proof of having completed the 64 hours as set forth above or as altered by the terms contained in numbered paragraph 2, whichever occurs first. The Respondent's license is due to expire July 1, 2010. If the Respondent fails to pay the \$500 fine or submit proof that he completed the 64 hours prior to June 1, 2010 his license shall be revoked without the benefit of a hearing before the Board as provided for under and he shall be prohibited from renewing his license. Instead he shall utilize the reinstatement process in effect at the time (which at present requires payment of a \$200 fee and 80 hours of CPE, 40 of which must be in auditing and accounting courses), pay the \$500 fine and submit proof that he has completed the additional 64 CPA hours required before his license is reinstated.

2009-018 (Robert T. Blackburn) – Respondent renewed his license online in 2009 and indicated he had completed 60 hours of CPE. Respondent was chosen at random to submit documentation to substantiate he completed these hours. The first letter sent to the Respondent requesting the documentation was mailed on September 3, 2009 to his address which is on file with the Board. The letter was not returned by the US Postal Service as undeliverable. No response to the letter was received from the Respondent. A second letter requesting the documentation was mailed on September 28, 2009 to the same address as the previous letter. No response to the letter was received from the Respondent. Due to the fact that the Board received no response from either letter requesting CPE documentation, a Notice of Hearing and Complaint were sent by certified mail to the Respondent on January 4, 2010. On February 15, 2010 the certified mail correspondence was returned to the Board marked “unclaimed”. A telephonic prehearing conference was held in this matter on March 5, 2010 in which the Respondent failed to participate in and failed to submit a telephone number where he could be reached for the conference call. On March 15, 2010 the Respondent contacted the Board's Legal Counsel requesting to voluntarily surrender his license.

Statutory violations: Primary responsibility for obtaining and maintaining documentation of completion of the continuing education requirements rests with each CPA. These records are to be maintained for a period of five years by the CPA. The Respondent admits he failed to comply with these requirements.

Remedy: The Respondent's license was voluntarily surrendered as if revoked. To reinstate his license the Respondent shall obtain 200 hours of continuing professional education within the two years prior to submitting a reinstatement request, 40 of which must be in accounting and auditing courses, submit proof of having attended the courses listed on the reinstatement application, pay the reinstatement fee in effect at that time, and pay a fine in the amount of \$500.

2009-019 (Boyd T. Browning) – Respondent renewed his license online in 2009 and indicated he had completed 60 hours of CPE. Respondent was chosen at random to submit documentation to substantiate he completed these hours. The first letter sent to the Respondent requesting the documentation was mailed on September 3, 2009 to his address which is on file with the Board. The letter was not returned by the US Postal Service as undeliverable. No response to the letter was received from the Respondent. A second letter requesting the documentation was mailed on September 28, 2009 to the same address as the

previous letter. No response to the letter was received from the Respondent. Due to the fact that the Board received no response from either letter requesting CPE documentation, a Notice of Hearing and Complaint were mailed to the Respondent on December 14, 2009. On February 19, 2010 the Respondent contacted the Board and admitted that he has no proof of the CPE hours he claimed to renew his 2009 license and therefore requested to voluntarily surrender his license. The Board agreed to accept the Respondent's voluntary surrender of his license on the condition that the surrender is the equivalent of a revocation of the license.

Statutory violations: The Respondent admits he failed to comply with the CPE reporting requirements which is a basis to take action against his license pursuant to KRS 325.340(1)(c).

Remedy: Respondent's license was voluntarily surrendered as if revoked. To reinstate his license the Respondent shall obtain 200 hours of CPE within the two years prior to submitting a reinstatement request, 40 of which must be in accounting and auditing courses. He must also submit proof of having attended the courses listed on the reinstatement application, pay the reinstatement fee in effect at that time, and pay a fine in the amount of \$500.

2009-001 (Claude K. Smith) – Respondent was notified by the executive director of the board that he was in possession of an audit report that had allegedly been prepared by the Respondent for the Telford Community Center YMCA for the years ended December 31, 2007 and 2006. The letter went on to note that the Respondent was not enrolled in a peer review program at the time the report was prepared which was a violation of a statute and an administrative regulation of the Board, and that the Respondent had advised the Board in 2005 and 2007 that he was not preparing audits, reviews, or compilations or considering preparing them in the future. In a letter dated January 8, 2009 the Respondent admitted he prepared and issued the audit report without having been enrolled in a peer review program and that he had indicated on his license renewal forms for 2005 and 2007 that he had not prepared any audit reports. The Respondent went on to note in his letter that his actions were based upon some personal problems he was experiencing at that time, unemployment, and a desire to assist the client. He further stated that he no longer intended to prepare or issue any audits, reviews or compilations. In a subsequent letter the Respondent submitted documentation in support of his statements regarding being unemployed and personal problems. The audit report for the YMCA and the accompanying work papers were reviewed by the CPA investigator for the Board. The report prepared by the investigator indicated a number of problems associated with the report and the work papers. In lieu of conducting an administrative hearing on this matter the Board and the Respondent entered into an Agreed Order on July 16, 2010. The terms of that Order were that the Respondent was prohibited from ever preparing or issuing an audit, review or compilation report in the future, the Respondent shall take the necessary steps to immediately withdraw the audit report he prepared for the Telford Community YMCA. As part of this process the Respondent shall take the necessary steps to recover all copies of the report that he distributed. A copy of each written correspondence from the Respondent to the YMCA and any other persons who received a copy of the report in which it is stated that he is withdrawing the report and requests the reports be returned to him must be received in the Board office no later than 30 days after the Order was signed by the President of the Board, and the Respondent was fined \$1,000. The Respondent complied with all of the terms of that order except as to payment of the fine. At the Respondent's request the initial date the fine was due was extended by the Board from August 16, 2009 to January 18, 2010. He was then given until March 31, 2010 to pay the fine but he also failed to pay by that date. The Respondent failed to renew his license when it expired in 2009.

Statutory violations: Respondent admitted that he failed to pay the \$1,000 fine contained in the First Agreed Order and the failure to have paid this fine is a basis to take action against his license pursuant to KRS 325.340(1)(c).

Remedy: If the Respondent ever seeks to reinstate his license he shall pay a \$2000 fine. This fine is due and payable with the submission of any application to reinstate his license. The fine shall be paid only

with a money order, cashiers check or certified check. In addition the Respondent shall pay the reinstatement fee and comply with the remaining reinstatement requirements in effect at that time. Completion documents from the course sponsors must be submitted with the reinstatement application.

2009-015 (Mark J. Milslagle) – In August 2009 a complaint was received in the Board office regarding the Respondent. In the complaint it was alleged the Respondent, while serving as a CPA for a client, had stolen some checks from the client’s checkbook, forged the client’s signature on the checks, and used the checks to pay his own debts. In addition the client alleged the Respondent had improperly transferred some of the clients’ funds to pay his credit card bill. A copy of the complaint was sent to the Respondent for a reply. In his reply to the complaint the Respondent denied stealing any checks of the client and stated that the transfer of funds from the client’s account was a “mistake” that once discovered resulted in the prompt repayment to his client. During an October 2009 meeting with a detective of the Kentucky State Police and an investigator for the Board of Accountancy, the Respondent initially reiterated the position stated in his August 2009 letter to the Board. However the Respondent then recanted those statements and admitted that he had been in dire financial straits and to having taken checks from the client, forged the signature of his client, and used the funds from those checks to pay his debts. He further admitted to the improper transfer of funds from the client’s account to pay his outstanding credit card bill. After that meeting, the detective filed a criminal complaint against the Respondent in the Fayette County Kentucky District Court. The Respondent was charged with two counts of forgery in the Second Degree and one count of Theft by Unlawful Taking. On February 2, 2010 the Respondent entered into a Plea Agreement whereby he pled guilty to one charge of Criminal Attempt of Forgery in the Second Degree, a misdemeanor. The Theft by Unlawful Taking Charge and the second Forgery charge were merged into the Criminal Attempt Forgery charge. As a result of the entry of the guilty plea the Respondent was sentenced to serve 360 days of supervised probation and a probationary period of two years. He was also ordered to pay court costs of \$154. The Respondent’s license was to expire as of July 1, 2010.

Statutory violations: The Respondent admitted that by entering a guilty plea in the above referenced case, he in fact pled guilty to having committed a misdemeanor involving fraud or dishonesty which constitutes a violation of KRS 325.340(1)(e). Respondent admitted that he lied to the Board while it was conducting an investigation of the complaint which constitutes conduct discreditable to the accounting profession which is a violation of KRS 325.340(1)(h).

Remedy: Respondent’s license was permanently revoked and he is prohibited from ever submitting an application to the Board to renew his license and for consideration of reissuance or reinstatement of his license.

INDIVIDUALS WHO HAVE FAILED TO RENEW THEIR LICENSE TO PRACTICE

On May 25, 2010, the Board mailed license renewal notices to CPAs holding even-numbered licenses. A notice reminding CPA’s who had not renewed their license was sent out July 22, 2010. As of the submission of this newsletter for publication, about 170 CPA’s have not renewed their license. Realizing that with renewals taking place every other year, some addresses may be outdated and therefore the CPA may not have received the renewal application.

Kentucky Revised Statute 325.330(6)(c) states that, “*failure to receive a renewal notice shall not constitute an adequate reason for failing to renew the license in a timely manner.*” Anyone who has failed to renew their license is prohibited from holding themselves out as CPAs and offering public accounting services. Listed below are the names of the licensees that have not renewed in 2010:

Ronald W. Abrams	Danielle Alessandrini	Fred A. Ament
Larry N. Ayer	Joshua Bach	Joseph B. Backert

Gordon Stearns Bainbridge	Bobby E. Baldwin	Michael George Baritot
Julie A. Barnes	Amanda N. Barnum	Lawrence Allen Bartley
Jerry G. Beard	John L. Beebe	Jason Charles Bennett
Richard L. Berge	Brent A. Bernard	Timothy Joe Booth
Robert Lawrence Braico	R. Gregory Breetz, Jr.	Betty C. Brown
Ellis W. Bryant	Charles D. Butler	Suzanne M. Butler
Stephanie Nicole Callison	James T. Carey	Michael R. Caudill
Matthew H. Chandler	Jeffrey Chapman	Deborah Frank Clough
Clare Feler Cox	Virginia Ann Crawell	Robert Andrew Cripe
Susan K. Cullen	David W. Daniel	Mary Jo Davis
Richard A. Dentinger	Michael R. Desmet	Deana Rae Desmond
C. Gregory Donaldson	James Oberlon Donnally	Diana L. Douglas
Christopher Thomas Ebelhar	Shirley Gerteisen Faine	Walter H. Fliegel
Pamela S. Forcht	Thomas M. Froehle	Mark S. Gallegos
John R. Galloway	Lynne Edwards Girdner	Thomas Ward Grant
Frank H. Gudger, III	Gregory M. Guilford	Christopher Ray Guin
Connie A. Hagen	Jessica L. Hamilton	Ayesha Baqai Haq
Jerry R. Harp	Bradley T. Harper	Saif Hashmi
Heather Hatfield	V. Jeffrey Heavrin	Lisa Anne Helton
Robert A. Heuel, III	Darrin L. Hines	Kirk A. Hintz
Michael S. Hirsch	Max W. Hood	Takayuki Hori
Armand L. Houze	John Ray Huff, Jr.	Romah C. Hughes
Kevin R. Janes	Chris Jayes	Mark D. Jenkins
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