

**MINUTES OF THE KANSAS BOARD OF ACCOUNTANCY
JULY 25, 2008
9:00 AM, LANDON STATE OFFICE BUILDING, ROOM 106
TOPEKA, KS**

1. ADMINISTRATIVE MATTERS:

A. CALL TO ORDER:

Paul Allen, CPA, Chair, called the meeting to order. Board members in attendance were Mr. Allen; Jeffery Bottenberg, Public Member; Jeffrey Leiserowitz, CPA; Pat O'Sullivan, Public Member; Ginger Powell, CPA. Also in attendance were Susan Somers, Executive Director; Darin Conklin, General Counsel to the Board; Derenda Mitchell, Assistant Attorney General, Disciplinary Counsel to the Board; Joyce Schartz and Janet St. Clair, Public Accountants Association; and Tony Scott, Kansas Society of CPAs.

B. 1-2 CONSENT CALENDAR:

A. The Board reviewed the minutes of the June 27, 2008 Board meeting; reciprocity certificates/permits to practice; practice by notification; firms; and the FY 2008 financials. Ms. Powell moved and Mr. Leiserowitz seconded to approve. Upon a vote, the motion carried.

2. CPA EXAM:

A. The Board reviewed the exam statistics comparing the national pass rates to the Kansas pass rates for the April/May 2008 testing window. After discussion, the Board instructed Ms. Somers to provide all of the statistical information since inception of the computerized exam to the colleges.

3. CPE/PERMITS TO PRACTICE/PEER REVIEW/FIRM REGISTRATIONS:

A. The Board reviewed a list of Peer Reviews that were due or "in process". Ms. Powell moved and Ms. O'Sullivan seconded that in the case of firms not timely complying with Peer Review, unless otherwise warranted, a letter would be sent notifying them that if they did not provide the Peer Review letter of completion or "in process" letter within thirty days from the date of the letter, a Summary Order of Suspension and imposition of a fine of up to \$2,000 would be issued, with a draft copy of the Summary Order being attached to the letter. If the firm complied within the thirty days, no disciplinary action would be taken. If the firm did not comply within the thirty days, the Summary Order of Suspension and Fine would be issued. Upon a vote, the motion carried. The Board also set the next due date for Peer Review letters of completion or additional "in process"

letters to be October 17, 2008 and the date after that to be December 5, 2008. Upon a vote, the motion carried.

B. The Board reviewed a list of permit holders that could not be located or that indicated would not be renewing their permits to practice. No action was required to be taken.

C. The Board discussed action taken in the past against those persons who had not renewed their permits by July 31. After discussion, Mr. Leiserowitz moved and Mr. Bottenberg seconded that on August 1, 2008, or as soon thereafter as practicable, a Cease and Desist Notice be sent to those who have not renewed or notified the Board that they aren't renewing indicating that their permits to practice have expired. The Cease and Desist Notice will notify them that if they renew their permit after August 31, 2008, in addition to being subject to a late fee, they may be subject to receiving a Summary Order, in the event that it has been determined that they have practiced without a valid permit to practice after July 1, 2008. The Summary Order will require them to appear before the Board and pay a fine, to be determined by the Board, in order to renew. Upon a vote, the motion carried.

D. The Board reviewed a request from Mendus & Associates, of Kansas City, Missouri, for an extension of their Peer Review due date. Their current Peer Review expired on June 30, 2008. Based upon the information provided, Ms. Powell moved and Mr. Leiserowitz seconded, to extend the firm's due date to December 31, 2008, by which time they are to provide a Peer Review letter of completion, or a letter stating that the Peer Review is "in process". Both letters are to be issued by the administering entity (Missouri Society of CPAs). There will be no further extensions. Upon a vote, the motion carried.

4. HEARINGS:

A. 9:30 AM KELLY REYNOLDS REQUEST FOR HEARING: Ms. Reynolds was to appear at her request for a hearing in response to a Summary Order of Suspension of her CPA certificate and fine for failure to cooperate. Ms. Reynolds failed to appear. Ms. Somers stated that she had requested certain information from Ms. Reynolds by a specific date, but that Ms. Reynolds had failed to cooperate, so the Summary Order was issued. Mr. Leiserowitz moved and Ms. Powell seconded to issue a Default Order of Suspension and fine in the matter. Upon a vote, the motion carried.

B. 9:45 AM GREGORY HUSETH STATUS OF PEER REVIEW: Mr. Huseth appeared before the Board, along with Cheryl Brubaker of his firm, to discuss the status of his firm's Peer Review. After discussion, the Board requested that Mr. Huseth provide the Board with copies of the findings of the Peer Review, both for the period covered by the Peer Review, and any findings of any preissuance reviews going forward related to this Peer Review.

C. 10:00 AM KEVIN HOBBLE DISCIPLINARY HEARING: Mr. Hobble appeared before the Board for hearing of the Petition alleging that Mr. Hobble failed to file his personal income tax returns (Count I); failed to cooperate (Count II); and engaged in conduct reflecting adversely on his fitness to practice (Count III). After discussion, Mr. Bottenberg moved and Mr. Leiserowitz seconded for the Board to go into executive session for ten minutes to deliberate the matter of Kevin Hobble. Upon a vote, the motion carried.

When the Board reconvened, Mr. Bottenberg moved, and Mr. Leiserowitz seconded, the Board finds Mr. Hobble in violation of Counts I and III, but finds in favor of Mr. Hobble on Count II; that Mr. Hobble's CPA certificate is suspended for a period of six months from the date of the Final Order, and that he is to complete the AICPA Comprehensive Ethics exam with a passing score of 90% or higher, with proof of completion back to the Board within the six month suspension period. After a vote, the motion carried.

D. 11:00 AM DARRELL STREET DISCIPLINARY HEARING: Mr. Street appeared in person and with counsel, John Frieden, for hearing of the Petition alleging that Mr. Street failed to register as a firm (Count I); failed to comply with Peer Review (Count II); Failed to notify the Board of reports subject to Peer Review (Count III); unlawfully used an unregistered firm name in advertising(Count IV); engaged in false, misleading, or deceptive advertising (Count V); and engaged in conduct reflecting adversely on a person's fitness to practice (Count VI). After discussion, Mr. Bottenberg moved, and Ms. O'Sullivan seconded, for the Board to go into executive session for 15 minutes to deliberate the matter. Upon a vote, the motion carried.

When the Board reconvened, Ms. O'Sullivan moved and Mr. Bottenberg seconded, for the Board to go back into executive session for an additional 5 minutes to deliberate the matter of Darrell Street. Upon a vote, the motion carried.

When the Board reconvened, Mr. Bottenberg moved and Ms. O'Sullivan seconded, that Mr. Street be deemed to have violated the law as set forth in Counts I, III, V, and VI, but that no violation be deemed to exist as described in Counts II and IV. The Board further ordered that Mr. Street be censured and fined in the amount of \$2,000, to be paid within 30 days of the date of the Final Order, with said fine not being able to be paid by credit card. Upon a vote, the motion carried.

F. 1:30 PM CROWE CHIZEK AND COMPANY, LLC REQUEST FOR HEARING: Crowe Chizek and Company, LLC, appeared by Fred Bauters, CPA, of Crowe Chizek, Stanley J. Parzen, legal counsel and Randall J. Forbes, legal counsel. for hearing of its request to change its name and its application for out of state firm registration. Crowe Chizek and Company, LLC ("Crowe") is seeking

to change its name to "Crowe Horwath, LLP". The parties had previously submitted stipulated facts and were present for the purpose of presenting legal argument and answering questions from the Board. The representatives of Crowe gave a brief history of the firm and its membership in Horwath International, and of their need to change the name to "Crowe Horwath, LLP. Crowe further argued that the name "Crowe Horwath would not be misleading to the public. Following Crowe's presentation of argument, Members of the Board inquired as to the origin of the name "Horwath" and the relationship of Crowe to Horwath International. Crowe acknowledged that Horwath was also an individual in the accounting field who was a partner in a firm formerly known as Laventhal & Horwath. Following its closing argument, Crowe moved to admit numerous exhibits which were deemed too voluminous to review within the allotted time established to hear the matter. Disciplinary counsel objected to the admission of the Exhibits noting that she had only been provided with the Exhibits immediately prior to the hearing. Disciplinary counsel then presented closing argument. Chairman Allen informed Crowe's representatives that if they wanted the Board to consider the exhibits, then the meeting would have to be continued to permit the disciplinary counsel to review the exhibits and to object if appropriate, and further to permit the Board to rule on the objections and to consider those exhibits admitted. Crowe requested that they be able to confer amongst themselves for a few minutes. When the matter was back on the record, Ms. Powell moved, and Mr. Leiserowitz seconded that the exhibits would be offered and that Ms. Mitchell would be permitted fourteen days within which to file her objections to the proposed exhibits. Crowe is to file their response within 5 days thereafter. The admission of the exhibits and the Board's deliberations will be taken up at the Board's August 15, 2008 meeting.

5. OTHER:

A. Election of Officers: Ms. O'Sullivan moved and Mr. Bottenberg seconded to nominate Mr. Van Norden as Chair for the ensuing year. Upon a vote, the motion carried. Ms. Powell moved and Ms. O'Sullivan seconded to nominate Mr. Leiserowitz as Vice-Chair for the ensuing year, provided he was reappointed by the Governor to serve another term. Upon a vote, the motion carried.

B. Ms. Somers reported that although the current FY 2009 budget had been approved by the legislature, the Governor, through the Division of Budget, because the state's revenues had come in lower than expected, was encouraging fee agencies to reduce their budget by 1-2%. Since the Board is a fee funded agency, and does not receive general fund monies, the Board determined that there was no need to reduce its budget, as it would have no effect on the State's economy.

6. ADJOURN:

There being no further business to come before the Board, the meeting was adjourned.

/s/ Susan L. Somers
Susan L. Somers, Executive Director