

State of Rhode Island and Providence Plantations

BOARD OF ACCOUNTANCY

1511 Pontiac Avenue, Bldg. 68-2

Cranston, Rhode Island 02920

MEETING MINUTES

DATE: March 17, 2015

PLACE: Department of Business Regulation (DBR)

1511 Pontiac Avenue, Bldg 68-1 Conference Room

Cranston, RI 02920

MEMBERS PRESENT: Chair Mary F. Bernard, Vice-Chair David Platt (Present from: 1:40 p.m. – 3:40 p.m.), Secretary Kevin Fountain, Treasurer George Tashjian and Member Kevin P. Tracy

MEMBERS ABSENT: None

OTHERS PRESENT: Jenna Algee, Esq., DBR Legal Counsel (Present from 1:54 p.m. – 1:57 p.m. and from 2:54 – 3:58 p.m.)

Dawne Broadfield, Administrative Support Specialist

(1) Call to Order – Chair Bernard called the meeting to order at 1:40 p.m.

(2) Meeting Minutes (Review/Discuss/Take Action)

1. Acceptance of the January 20, 2015 Open Session Meeting Minutes
Secretary Fountain moved to approve the open meeting minutes of January 20, 2015 as published. Treasurer Tashjian seconded. Motion passed, 4-0, four (4) in favor, one (1) abstained. Voting in favor were Chair Mary F. Bernard, Secretary Kevin Fountain, Treasurer George Tashjian and Member Kevin P. Tracy. Vice-Chair David Platt abstained since he was not present at the meeting.

2. Acceptance of the January 20, 2015 Executive Session Meeting Minutes

Secretary Fountain moved to approve the executive meeting minutes of January 20, 2015 as published. Treasurer Tashjian seconded. Motion passed, 4-0, four (4) in favor, one (1) abstained. Voting in favor were Chair Mary F. Bernard, Secretary Kevin Fountain, Treasurer George Tashjian and Member Kevin P. Tracy. Vice-Chair David Platt abstained since he was not present at the meeting.

(3) National Association of State Boards of Accountancy (NASBA) matters – (Review/Discuss/Take Action)

Information was sent from NASBA and forwarded to all Board members prior to the meeting to include the following:

a. NASBA – CPETracking – Clarification of the Rules Regarding Carry Back – The Board will respond “No to tracking. Will handle on a case-by-case basis.” NASBA is looking for a more definitive response. The Board will respond to NASBA that it will review on a

case-by-case basis, upon receipt of a written request form the licensee, in compliance with the CPE Regulations, Section 2.2.H.

b. NASBA – NASBA – Amendment to CPAES fee change between NASBA and the Board. The amendment involves the fees charged to the Examination Candidates. This is an amendment to a 2004 document to change fees.

Secretary Fountain moved that upon approval from the Board’s attorney and the Deputy Director, Chair Bernard will sign the amendment. Member Tracy seconded. Motion passed, 5-0, five (5) in favor, zero (0) absent. Voting in favor were Chair Mary. F. Bernard, Vice-Chair David Platt,

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Secretary Kevin Fountain, Treasurer George Tashjian and Member Kevin P. Tracy.

c. NASBA – Focus Questions – The Board reviewed and answered the Focus Questions, which will be sent to NASBA by the April 1, 2015 deadline date.

d. NASBA – State Highlights for the 2015 Executive Director’s (ED) Conference – The Board will report its appointed officers and proposed changes to the law and rules and regulations.

e. NASBA – Exam-related topics State Board Survey – The Board reviewed and has no concerns.

f. NASBA – Northeast Peer Review Oversight Committee – Discussion

occurred. Massachusetts and Connecticut do their own “Peer Reviews.” New Hampshire is going under Massachusetts. Chair Bernard will respond to Daniel J. Dustin, CPA, Vice President, State Board Relations, NASBA, that the Rhode Island Board will continue to monitor the New England Peer Review (NEPR) and the New England States.

(4) American Institute of Certified Public Accountants (AICPA) and Rhode Island Society of Certified Public Accountants (RISCPA) matters – (Review/Discuss/Take Action)

a. Comments from Robert Mancini, Executive Director, (RISCPA) – (1) Status of Internship Opportunity with Roger Williams University. Mr. Mancini discussed the status of the Internship whereas the concept is approved. Roger Williams University (RWU) is requesting more content to allow for compensation of the student’s credit. The continuing professional education (CPE) audit parameters have to be written in order for the intern to follow. Vice-Chair Platt will draft the job description prior to the next meeting. (2) Mr. Mancini will attend the AICPA Regional Council meeting in New York.

b. AICPA AICPA Enhancing Audit Quality (EAQ) Initiative – Comments are requested by June 15, 2015

• Evolving the CPA Profession’s Peer Review Program for the Future. The Board reviewed and will respond with no comments.

(5) Public Company Accounting Oversight Board (PCAOB) – (Review/Discuss/Take Action)

a. Review of Notification(s) Received – None at this time.

(6) Consideration of approval of the following initial applications for certification – (Review/Discuss/Take Action)

April Arruda Katie McIntosh

Elimelech Berlin Mark Pezza

Jennifer S. Douglas Daniel Sweditis

Vice-Chair Platt moved to approve the initial applications for April Arruda, Elimelech Berlin, Jennifer S. Douglas, Katie McIntosh, Mark Pezza and Daniel Sweditis for certification. Secretary Fountain seconded. Motion passed, 5-0, five (5) in favor, zero (0) absent. Voting in favor were Chair Mary F. Bernard, Vice-Chair David Platt, Secretary Kevin Fountain, Treasurer George Tashjian and Member Kevin P. Tracy.

(7) Consideration of approval of the following reciprocity applications for certification – (Review/Discuss/Take Action)

Timothy R. Gulesserian Peter R. Lang

Member Tracy moved to approve the reciprocity applications for Timothy R. Gulesserian and Peter R. Lang for certification. Secretary Fountain seconded. Motion passed, 5-0, five (5) in favor, zero (0) absent. Voting in favor were Chair Mary F. Bernard, Vice-Chair David Platt, Secretary Kevin Fountain, Treasurer George Tashjian and Member Kevin P. Tracy.

(8) Consideration of approval of the following reinstatement

applications – (Review/Discuss/Take Action)

Bonnie Brayton Kennedy (2643) Caryn Mitchell (2491)

Caryn Mitchell (2491) – Upon Board review, the application was incomplete and will be returned for completion.

Bonnie Brayton Kennedy (2643) – The Board reviewed the reinstatement and renewal applications and determined that the continuing professional education (CPEs) were not fulfilled and to reconsider when fulfilled. The CPEs are over the maximum amount in category Code 2.

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(9) Old Business: (Review/Discuss/Take Action)

a. Development of Board’s Newsletter - Mr. Tracy working with Tom Kenney, NASBA Communications, about content to be put in the RISCPA newsletter.

b. Regulations Merger – The Board’s Regulations are being merged into one (1) document. “Office of Regulatory Reform (ORR)” approved the document merger. The Public Hearing is scheduled for Tuesday, April 21, 2015 at 1:30 p.m. The document will be forwarded to the “interested parties,” to include NASBA and RISCPA, and also to the Board members.

c. 2015 Legislation – The Department of Business Regulation (DBR) legislative package was submitted to the Governor’s office for review as to which legislation will move forward. Attorney Algee indicated that no legislation has been introduced to date and will notify the

Board if and when legislation is introduced.

d. Renewal Applications – Attestations –

- **Certified Public Accountant (CPA) and Public Accountant (PA) - The Continuing Professional Education (CPEs) will no longer be submitted with the renewal application. CPEs will be acknowledge by attestation and will be subject to a random audit.**

- **Practice Unit – The insurance and peer review documents will no longer be submitted with the renewal application. The Practice Unit will acknowledge compliance by attestation and will be subject to a random audit.**

The Board sent a “Request for Legal Services (RLS)” for review by the DBR Legal Division as to clarification options of CPE non-compliance and what the Board could impose as to sanctions, penalties, fines etc. for non-compliance regarding CPEs and Peer Reviews. Attorney Algee told the Board that under RI Gen. Laws §5-3.1-12 for any violation, the Board could impose up to a \$1000 fine, revocation, suspension, settlement agreement or hearing. The Board can discuss developing guidelines for this disciplinary action.

The Board will begin a “Pilot” CPE and Peer Review Audits and will audit 3% plus those CPAs and Practice Units that were not in compliance in the past and requested an extension for completion.

e. Should there be reconsideration of developing a “CPA – retired” status besides the “CPA – inactive” status (currently in the Uniform Accountancy Act) that would apply to people who have been in public

practice for at least 20 years with no disciplinary charges against them? This question was asked this question on the NASBA Focus Questions. The Board will not be considering this at this time and removed it from the agenda.

(10) New Business: (Review/Discuss/Take Action)

a. Public Accountants (PA) – Eliminating the status

Treasurer Tashjian discussed the history of the PA status. 1976 was the last time that there was a PA status issued by this Board. Treasurer Tashjian suggested that the remaining 12 PAs be grandfathered and issued a Certified Public Accountant (CPA) status. This was done in the State of Massachusetts. The Board requested Mrs. Broadfield to contact the Massachusetts Executive Director and request the enabling legislation that grandfathered the group of PAs to CPAs.

b. Application for Individual Permit Renewal Application – Paper and Online – Wording of Disclosure Question.

Based on the numerous calls received on the disclosure question, the DBR Information Technology (IT) staff person recommended wording to clarify the confusion to read as follows: “Have you ever been convicted by any court of a felony or a crime involving moral turpitude or committed any violation of R.I. General Laws §5-3.1-12, which would include dishonesty, untrustworthiness or fraud? The Board accepted this change and will notify DBR IT staff person.

c. Renewal Late Fee – The \$100 renewal late fee will no longer be charged, effective July 1, 2015.

d. NASBA – Committee Applications – Reminder for those who wish to volunteer for a Committee, the deadline is Wednesday, April 29, 2015.

e. Any other new business.

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(11) Next Meeting Date: (Review Discuss/Take Action)

a. The next Board meeting scheduled for Tuesday, April 21, 2015

(12) Executive Session

Secretary Fountain moved to convene into Executive Session at 3:48 p.m. pursuant to RI General Laws §42-46-5(a)(4) for investigative proceedings regarding allegations of civil or criminal misconduct. Treasurer Tashjian seconded. Motion passed, 4-0, four (4) in favor, one (1) absent. Voting in favor were Chair Mary F. Bernard, Secretary Kevin Fountain, Treasurer George Tashjian and Member Kevin P. Tracy. Vice-Chair David Platt was absent from this vote.

Due to lack of time, Secretary Fountain moved to table the rest of the items consisting of the second bullet under pending matters, all bullets under New Business and the bullet under Old Matters. Member Tracy and Treasurer Tashjian seconded. Motion passed, 4-0, four (4) in favor, one (1) absent. Voting in favor were Chair Mary F. Bernard, Secretary Kevin Fountain, Treasurer George Tashjian and

Member Kevin P. Tracy. Vice-Chair David Platt was absent from this vote.

Secretary Fountain moved to adjourn from Executive Session and to reconvene to an open meeting at 3:58 p.m. pursuant to RI General Laws §42-46-4. Treasurer Tashjian seconded. Motion passed, 4-0, four (4) in favor, one (1) absent. Voting in favor were Chair Mary F. Bernard, Secretary Kevin Fountain, Treasurer George Tashjian and Member Kevin P. Tracy. Vice-Chair David Platt was absent from this vote.

Secretary Fountain moved to seal the minutes of the executive session and record the votes taken in Executive Session in accordance with RI General Laws §42-46-4 and §42-46-5. Treasurer Tashjian seconded. Motion passed, 4-0, four (4) in favor, one (1) absent. Voting in favor were Chair Mary F. Bernard, Secretary Kevin Fountain, Treasurer George Tashjian and Member Kevin P. Tracy. Vice-Chair David Platt was absent from this vote.

Secretary Fountain moved to record the votes in Executive Session in accordance with RI General Laws §42-46-4 as follows. No votes were taken. Treasurer Tashjian seconded. Motion passed, 4-0, four (4) in favor, one (1) absent. Voting in favor were Chair Mary F. Bernard, Secretary Kevin Fountain, Treasurer George Tashjian and Member Kevin P. Tracy. Vice-Chair David Platt was absent from this vote.

Record of Votes taken in Executive Session:

- **One (1) complaint alleging the person did not complete her taxes properly and that she now owes \$4300 to the IRS. This person is advertising boldly on his signboard at his business location that he is a CPA. His CPA license expires June 30, 1998. This matter has been referred to the DBR Division of Regulatory Standards, Compliance and Enforcement.**
- **One (1) CPA license reinstated that was “inactive.” It came to the Board’s attention that the CPA license was previously suspended. The Board requested a written explanation of that suspension and all related documents for Board review. With a lack of response, the Board submitted a “Request for Legal Services (RLS)” to the DBR Division of Regulatory Standards, Compliance and Enforcement for review. Due to lack of time, this matter was tabled.**
- **One (1) complaint alleging that the Certified Public Accountant (CPA) was retained with a \$1000 to help settle back taxes owed after Chapter 7 bankruptcy was filed. The CPA then proceeded to question the Complainants as to whether or not they were current with their 2014 taxes at which time they were not. At that point, the CPA indicated that he could not help them. The Complainants requested a refund of the retainer fee and only got \$500 back. Due to lack of time, this matter was tabled.**

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- **One (1) matter CAFA notification received pursuant to the Class Action Fairness Act, 28, U.S.C. §1715(b) in inform the Board of a proposed class action settlement involving a Practice Unit. Due to lack of time, this matter was tabled.**
- **One (1) CPA was indicted on sixty-six (66) counts and charged with stealing identities of the terminally ill and elderly. The CPA plead guilty to two (2) of the charges. This matter was tabled for an update from Attorney Balasco. Due to lack of time, this matter was tabled.**

(13) Adjournment

Treasurer Tashjian moved to adjourn at 4:00 p.m. Member Tracy seconded. Motion passed, 4-0, four (4) in favor, one (1) absent. Voting in favor were Chair Mary F. Bernard, Secretary Kevin Fountain, Treasurer George Tashjian and Member Kevin P. Tracy. Vice-Chair David Platt was absent from this vote.

Respectfully submitted,

Kevin M. Fountain, CPA

Secretary

- **Posted on April 22, 2015 electronically on Secretary of State's Office website. Pursuant to the Open Meetings Law, R.I. Gen. Laws Sec. 42-46-6(b), business not included in this notice may be considered with the consent of the majority of the members, and/or may convene into Executive (closed) Session pursuant to R.I. Gen. Laws Sec. 42-46-5.**