

State of Rhode Island and Providence Plantations

BOARD OF ACCOUNTANCY

1511 Pontiac Avenue, Bldg. 68-2

Cranston, Rhode Island 02920

MEETING MINUTES

DATE: June 16, 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, Secretary Kevin Fountain, Treasurer George Tashjian, and Member Kevin P. Tracy (Present from: 1:43 p.m. – 3:28 p.m.)

MEMBERS ABSENT: None

OTHERS PRESENT: Robert Mancini, Executive Director, Rhode Island Society of Certified Public Accountants (RISCPA) (Present from 1:38 p.m. – 2:36 p.m.)

Jenna Algee, Esq., DBR Legal Counsel (Present via telephone from 2:47 p.m. – 3:28 p.m.)

Dawne Broadfield, Administrative Support Specialist

(1) Call to Order – Chair Bernard called the meeting to order at 1:38

p.m.

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

1. Acceptance of the May 19, 2015 Open Session Meeting Minutes

Member Tashjian moved to approve the open meeting minutes of May 19, 2015 as published. Chair Bernard seconded. Motion passed, 3-0, three (3) in favor, one (1) abstained, one (1) absent. Voting in favor were Chair Mary F. Bernard, Secretary Kevin Fountain, and Treasurer George Tashjian. Vice-Chair David Platt abstained since he was not at the last meeting. Kevin P. Tracy was absent from this vote.

2. Acceptance of the May 19, 2015 Executive Session Meeting Minutes

Member Tracy moved to approve the executive meeting minutes of May 19, 2015 as published. Chair Bernard seconded. Motion passed, 3-0, three (3) in favor, one (1) abstained, one (1) absent. Voting in favor were Chair Mary F. Bernard, Secretary Kevin Fountain, and Treasurer George Tashjian. Vice-Chair David Platt abstained since he was not at the last meeting. Kevin P. Tracy was absent from this vote.

(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 – 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, NASBA State Board Relations, indicating that the Rhode Island Board will continue to monitor the New England Peer Review (NEPR) and the New England States.

b. NASBA - Wall Certificate and Pocket License Service – The Board requested that NASBA provide Wall Certificate and Pocket License Service for their licenses. NASBA submitted contract for review and signature. Chair Bernard signed the contract, and it will be sent to NASBA for implementation.

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(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. Finalization of a Job Description is pending. Mr. Mancini addressed the Board. He indicated that the RISCPA sent recommendation letters to the Governor’s office for reappointing Treasurer George Tashjian and Member Kevin P. Tracy. He indicated that Rhode Island had minimum difficulties informed by the membership of the AICPA Council Publication on the DOL report. He inquired as to the status of the finalization of the intern job description and to send it to him as

soon as possible. He indicated that he may be reporting a person who's licensed expired and is signing financial statements and attestations. There is a By-Law change taking place to add a non-Certified Public Accountant (CPA) to the RISCPA Board and are looking for nominations.

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

a. Review of Notification(s) Received – Deloitte & Touche LLP, Practice Unit #P58, expires 06/30/2018 – The Board reviewed and noted.

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

Robert Francis Peruzzotti Damian P. Puerini

Secretary Fountain moved to approve the initial applications for Robert Francis Peruzzotti and Damian P. Puerini for certification.

Vice-Chair Platt 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 Practice Unit application(s) – (Review/Discuss/Take Action)

Cushman & White, LLC

After review, the Board will request that Attorney Algee review this

application. The Board is questioning if this firm needs a Practice Unit license at all, and can the Board approve an amended and a new Practice Unit application that has an entity with entities and no individuals. Therefore, this application was tabled.

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

a. Development of Board's Newsletter - Mr. Tracy is still continuing to work with Tom Kenny, NASBA Communications, about what content will be placed in the Board's section of 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 document was forwarded to the "interested parties," to include NASBA and RISCPA, and the Board members. The Public Hearing was held on Tuesday, April 21, 2015. Attorney Algee will forward a suggested language addition to "Professional Obligation" to "ORR" for review. If approved, the Regulation will be effective twenty (20) days after that date. Comment on the proposed rules pertaining to "Continuing Professional Education" was received from the American Institute of CPAs (AICPA). Secretary Fountain contacted Mat Young, AICPA, Vice-President State Regulatory & Legislative Affairs, to inquire exactly what his concerns are and is waiting his reply.

c. 2015 Legislation – Attorney Algee updated the Board and noted the legislation that was introduced in relation to the amendment of the definition of "attest" to match the model act adopted by the AICPA and NASBA; in relation to reciprocity; and in relation to corporations

to obtain Practice Units. The elimination of the two (2) year limitation on suspended licenses was not introduced. Attorney Algee submitted changes that were made to the original bill. The Sub-A bill passed the House and was referred to Senate Commerce.

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d. Renewal Applications – Attestations –

The Board will begin a “Pilot” Continuing Professional Education (CPE) and Peer Review Audit process and will audit 3% plus those CPAs and Practice Units that were not in compliance in the past renewal period and requested an extension for completion. Prior to implementation, an audit process will be developed for Board approval prior to conducting the audit. Secretary Fountain is working with Mrs. Broadfield to develop the auditing process. This matter was continued.

e. 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. The Massachusetts statute was obtained which is the “Conversion of Public Accountant License to Certified Public Accountant License.”

Discussion occurred and a question arose as to how it would affect reciprocity in other states. Treasurer Tashjian will continue working on this matter. Information was sent to Attorney Algee for review. This matter is continued.

f. Report of Mayer Hoffman McCann P.C. – At its November 18, 2014, the Board reviewed and continued for monitoring. Report received for the Board’s review. The Board reviewed, noted for informational purposes and removed from the agenda.

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

a. Al Ismail – Request for Individual (Public Accountant Member of Australian Institute) PA Certificate only please. The Board reviewed and denied his request and will notify him via reply to his e-mail that he must strictly comply with the Rhode Island General Laws.

b. Liz Gaccione – Health Leads Advocate at Hasbro Children’s Hospital – currently working with a client who was a licensed accountant in the Dominican Republic and is interested in finding work as an accountant in the US. Ms. Gaccione is requesting the process of transferring her credits. The Board will respond to become a licensed Certified Public Accountant (CPA) in the State of Rhode Island, she must go through the procedure at www.nasba.org and follow the Rhode Island instructions.

c. Documentation for the CPA Exam – Robert G. Rambo PhD, CPA, Associate Professor of Accounting, Roger Williams University is questioning the Board’s requirement of the applicant submitting a copy of the diplomas before obtaining approval to sit for the CPA

Examination. Secretary Fountain moved to contact NASBA and remove the requirement of a copy of degree and to respond to Mr. Rambo that he is correct that the requirement is not in the statute or the Rules and Regulations and that the Board has been in contact with NASBA to correct the issue. 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, Secretary Kevin Fountain, Treasurer George Tashjian and Member Kevin P. Tracy.

d. Tyler Gay – NASBA is questioning the “proof of employment” received in order to be eligibility to sit for the CPA exam in Rhode Island according to the Rhode Island General Laws, §5-3.1-5(a)(2). – The Board reviewed the “proof of employment” submitted on Mr. Gay’s behalf and approved it.

e. Any other new business.

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

a. The next Board meeting is scheduled for Tuesday, July 21, 2015. The August 18, 2015 meeting has been cancelled.

(11) Executive Session

Secretary Fountain moved to convene into Executive Session at 2:50 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, 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.

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Secretary Fountain moved to adjourn from Executive Session and to reconvene to an open meeting at 3:27 p.m. pursuant to RI General Laws §42-46-4. Vice-Chair Platt 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.

Secretary Fountain moved to record and seal the minutes of the executive session in accordance with RI General Laws §42-46-4 and §42-46-5. Vice-Chair Platt 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.

Secretary Fountain moved to record the votes in Executive Session in accordance with RI General Laws §42-46-4 as follows. Treasurer Tashjian 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.

Record of Votes taken in Executive Session:

PENDING MATTERS

- **One (1) complaint alleges that the Public Accountant (PA) defrauded the complainant.**

Complaint alleges that the licensee defrauded the complainant. On the tax forms, there are many charges to the business account in which the complainant was never made aware of. In addition to all of the irrelevant charges, the complaint is alleging that the PA is skimming the rents from the complainant's business. The Board will not take any action until such time as the civil matter is resolved and closed and will send the parties a letter indicating such. The complainant sent an e-mail to the Board indicating that there was currently no litigation pending against the licensee and requested that the Board investigate. The DBR Attorney was in communication with the complainant who indicated that the Board closed this complaint because of pending litigation in which the complainant said there was no litigation. The Board will send a letter to the complainant that the Board does not have the capacity to conduct a criminal or civil investigation into a matter. The Board can take issue when a decision is made and removed this from the agenda.

- **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. A Board member investigated the complaint. The CPA thought a settlement already occurred by giving back \$500. Member Tracy moved to dismiss. Vice-Chair Platt 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.

- 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. This matter was tabled until a resolution/settlement comes in.

- One (1) complaint in regard to the bill issued by a Certified Public Accountant (CPA) / Practice Unit for their responding to an Internal Revenue Service (IRS) audit due to an error in their initial reporting on end of year federal tax filings. Complainant attempted to resolve the problem to no avail. A Board member investigated the complaint. Chair Bernard moved to dismiss. Vice-Chair Platt seconded. Motion passed, 4-0, four (4) in favor, one (1) abstained. Voting in favor were Chair Mary F. Bernard, Vice-Chair David Platt, Secretary Kevin Fountain, and Treasurer George Tashjian. Member Kevin P. Tracy abstained.

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- **One (1) matter of a person advertising on the internet as a CPA. The Board's records indicate no record found. A Board member was assigned to investigate. The Board Member faxed the "internet ad" to the person advertising. The person advertising indicated that he will fix it. Therefore, the matter is continued.**
- **One (1) matter of a person advertising on the internet as a CPA. The Board's records indicate no record found. A Board member was assigned to investigate. The Board Member faxed the "internet ad" to the person advertising. The person advertising indicated that he will fix it. Therefore, the matter is continued.**

NEW BUSINESS:

- **One (1) matter alleging concerns regarding the inflated invoices was filed on behalf of estates and alleges concerns regarding the invoices regarding the estates in that the invoiced hours are inflated. Secretary Fountain moved to dismiss due to pending litigation and to remove from the agenda. Vice-Chair Platt seconded. Motion passed, 5-0, five (5) in favor, zero (0) abstained. Voting in favor were Chair Mary F. Bernard, Vice-Chair David Platt, Secretary Kevin Fountain, Treasurer George Tashjian and Member Kevin P. Tracy abstained.**

- **One (1) matter alleging concerns of unprofessional conduct in his handling of the complainant's taxes. The complainant has not received any answer from the licensee and has caused stress on the complainant and the complainant's spouse. A Board member was assigned as investigator and is investigating.**

OLD MATTERS:

- **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. The DBR Attorney will inquire as to the status and report back to the Board. The CPA did not renew his license to date and it scheduled to expire on June 30, 2015.**

(12) Adjournment

Treasurer Tashjian moved to adjourn at 3:28 p.m. 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 , Secretary Kevin Fountain, Treasurer George Tashjian and Member Kevin P. Tracy.

Respectfully submitted,

Kevin M. Fountain, CPA

Secretary

KMF/dmb

- **Posted on July 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.**

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