

**ACCOUNTANCY BOARD OF OHIO
MINUTES OF FEBRUARY 1, 2013 MEETING**

The Accountancy Board met on February 1, 2013 in Rooms West B and C on the 31st floor of the Vern Riffe Center for Government and the Arts, 77 South High Street, Columbus, Ohio by opening with the Pledge of Allegiance. The following members were present: W. Michael Fritz, CPA (Chair), Robert Fay, CPA (Vice Chair), Michael Comer, CPA (Secretary), James Carroll, CPA (Member), Adriana Sfalcin (Public member), James Gero, CPA (Member), Margaret Houston, CPA (Immediate Past Chair), and James Gottfried, CPA (Member). Greta Russell, CPA (Past Chair) was absent.

Representing the Board staff were John Patterson, Executive Director, Tracey Fithen, Assistant Director and Jesse Dixon, Investigator. Board counsel present was Hilary Damaser, Esq., representing the office of the Attorney General.

Present in the audience were Scott D. Wiley, Chief Executive Officer of the Ohio Society of Certified Public Accountants (OSCPA), Barbara Benton, Vice President for Governmental Affairs of the OSCP, Joseph Skoda, CPA, representing the National Society of Accountants and Gary Zuene of The Pros and Cons.

Mr. Fritz called the meeting to order at 10:00 a.m., and welcomed the guests in the audience.

APPROVAL OF THE DECEMBER 2012 BOARD MEETING MINUTES

Upon motion by Mr. Fay, seconded by Mr. Comer, the Board voted to approve the minutes of the December 11-12, 2012 Board meeting. Motion carried 8-0.

NEW BOARD MEMBER

The Board welcomed James Gottfried, the newest Board member. Mr. Gottfried has been a licensed CPA in the state of Ohio since 1979.

INFORMATION REPORTS AND UPDATES

NASBA REPORT

Mr. Patterson said that the NASBA Executive Directors Conference for accountancy board staff would be held in Tucson, Arizona on March 3-6, 2013 and that Ms. Fithen and he would be attending.

BUDGET AND FINANCIAL REPORT

Mr. Patterson noted that the Board is still spending less than its projected budget for fiscal year 2013, so it is likely once again that the Board would not spend its entire appropriation and will have more revenue than expenditures.

INVESTIGATIONS REPORT

Mr. Patterson noted that 15 firms subject to peer review did not renew their firm registrations by the late deadline of October 31, 2012. He added that hearings concerning some of these firms would be scheduled at the next Board meeting in April. He concluded by stating that the continuing education verification notices

would be mailed on February 5, 2013. 793 Ohio resident licensees, or 20% of the number renewing the Ohio permit in 2012, were selected.

EDUCATION ASSISTANCE PROGRAM REPORT

Mr. Patterson reported a total of \$232,962.80 spent for education assistance so far in fiscal year 2013. He referred to the total appropriation for fiscal year 2013 of \$325,000 and stated that most appropriations are already paid to the college or university. He concluded by stating that Youngstown State University, the University of Cincinnati and Ohio State University were the three top recipients of scholarship dollars.

The Board then asked Ms. Houston to update and make significant changes to the current Education Assistance Program reports used for Board Meeting updates. Ms. Houston agreed to meet with Mr. Patterson and go over possible changes.

OLD BUSINESS

LICENSE RENEWAL REPORT

Ms. Fithen presented the license renewal report. As of January 2013, 1,153 licensees did not renew their Ohio permits or Ohio registrations. Of that total, 107 licensees retired and 27 licensees were deceased; this left 1,019 licensees whose licenses were considered expired.

NEW BUSINESS

BOARD STANDING COMMITTEES

After discussion, the Board agreed on the following standing committees for the remainder of 2013:

Executive Committee

- W. Michael Fritz, Chair
- Robert Fay, Vice Chair
- Michael Comer, Secretary

Nominating Committee

- Margaret Houston, Chair
- James Gero
- James Gottfried

Education Assistance Committee

- Margaret Houston, Chair
- James Gero
- Greta Russell

Peer Review Oversight Committee

- James Gero, Chair
- Michael Comer
- James Gottfried

Disciplinary Advisory Committee

- Michael Comer, Chair

- Robert Fay
- Adriana Sfalcin

Licensing Committee

- James Carroll, Chair
- James Gero
- Michael Comer
- Jerry Esselstein (Past Board member)

Office Oversight Committee

- Greta Russell, Chair
- James Carroll
- Adriana Sfalcin

Finance and Audit Committee

- Robert Fay, Chair
- Michael Comer
- Greta Russell

REQUESTS FOR WAIVER OF LATE FILING FEES

SERLE & ASSOCIATES, CPA, LLC

The firm, Serle & Associates, CPA, LLC, requested a waiver of the \$150 late fee applicable to the late renewal of their Ohio CPA firm because their peer review was done after the October 31, 2012 expiration.

ANDREA LAZAR

Ms. Lazar submitted a letter that was to be believed to be a request for a late fee waiver of the \$1,250 due to non-renewal. The Board treated her request as a late fee waiver.

MESTEL, LONG AND SCHARADE, INC.

The Firm, Mestel, Long and Scharade, Inc., requested a waiver of the \$150 late fee applicable to the late renewal of their Ohio CPA firm due to non-renewal by the October 31, 2012 expiration.

AYNSLEY J. DOUTHITT

Ms. Douthitt requested a waiver of the \$100 late fee due to missing the expiration date of her newly issued license.

FORMAL HEARING: DALE B. SHAFER

Mr. Fritz noted that the hearing for Mr. Shafer has been continued until the April 26, 2013 Board Meeting.

FORMAL HEARING: CARL W. SHYE JR.

Mr. Fritz opened a formal hearing at 10:20 a.m. Carl W. Shye Jr., was not present. Mr. Shye is in violation of section 4701.16(A)(5) of the Revised Code concerning conviction of a felony under the laws of any state or of the United States. Mr. Shye was convicted in Federal Court of U.S.C. Section 18:666(a)(1)(A)(Public

Embezzlement). An original hearing notice was mailed on November 9, 2012, but was returned unclaimed. Second notice was mailed (with a Certificate of mailing) on December 4, 2012.

Ms. Damaser waived her opening statement, called Mr. Patterson as a witness, and asked that Mr. Patterson be sworn in. Mr. Patterson took the oath. Ms. Damaser reviewed documents in State's Exhibit A with Mr. Patterson. Mr. Patterson affirmed that Mr. Shye did not respond to Board communications in a timely manner and did not request a hearing in a timely manner as he is currently incarcerated.

Ms. Damaser moved for the acceptance of State's Exhibit A and Mr. Fritz accepted the exhibit. Ms. Damaser said the Board has jurisdiction to take action in this matter.

FORMAL HEARING: JAMES C. CILENTI.

Mr. Fritz opened a formal hearing at 10:30 a.m. James c. Cilenti, was not present. Mr. Cilenti is in violation of section 4701.16(A)(5) of the Revised Code concerning conviction of a felony under the laws of any state or of the United States. Mr. Cilenti was convicted in Federal Court of Title 18 U.S.c. 1349 (Conspiracy to Commit Wire Fraud) and Title 18 U.S.C. 1028A(a)(1) and 2 (Aggravated Identity Theft). An original hearing notice was mailed on November 19, 2012 and signed for on November 27, 2012.

Ms. Damaser waived her opening statement, called Mr. Patterson as a witness, and asked that Mr. Patterson be sworn in. Mr. Patterson took the oath. Ms. Damaser reviewed documents in State's Exhibit A with Mr. Patterson. Mr. Patterson affirmed that Mr. Cilenti did not respond to Board communications in a timely manner and did not request a hearing in a timely manner as he is currently incarcerated.

Ms. Damaser moved for the acceptance of State's Exhibit A and Mr. Fritz accepted the exhibit. Ms. Damaser said the Board has jurisdiction to take action in this matter.

REINSTATEMENT HEARING: JEFFREY S. KAPRON

Mr. Fritz opened a reinstatement hearing at 10:40 a.m. Present at the hearing was Jeffrey S. Kapron, whose CPA certificate was revoked by the Board on September 9, 2010 pursuant to section 4701.16(A)(4) of the Revised Code concerning violation of a rule of professional conduct promulgated by the board, specifically Ohio Administrative Code Rule 4701-11-07 (Board Communications). Mr. Kapron requested a reinstatement hearing on January 4, 2013.

Ms. Damaser noted that the only duty of the Board at a reinstatement hearing was to listen to Mr. Kapron's request for reinstatement. Ms. Damaser added that the Board has three options:

- Take no action, leaving Mr. Kapron's CPA certificate in revoked status;
- Reinstatement Mr. Kapron's CPA certificate, or
- Reinstatement Mr. Kapron's CPA certificate subject to the fulfillment of certain conditions.

Mr. Kapron said that he completed 120 continuing education credits, including a professional standards and responsibilities course. The Board staff reviewed Mr. Kapron's continuing education and it was acceptable. Ms. Damaser marked the continuing education submission as Respondent Exhibit 1 and asked for acceptance of that exhibit and State's Exhibit A. Mr. Kapron did not object, and Mr. Fritz accepted the exhibits.

The Board then asked questions of Mr. Kapron. Mr. Kapron said he did not respond to the Board's certified mail notice only because he did not wish to respond. Mr. Kapron was asked whether or not he has

returned the requested papers to the complainant. He stated that he has returned all requested information. Mr. Kapron remarked that he was aware of the underlying complaint and said that he has been working to resolve the complaint.

Mr. Fritz closed the hearing.

EXECUTIVE SESSION

Upon motion by Mr. Fay, seconded by Mr. Comer, the Board voted to recess into executive session pursuant to Ohio Revised Code section 121.22(G)(1) to discuss the requests for waiver of late fees, disciplinary and reinstatement hearings with Ms. Damaser. Motion carried 8-0 on a roll call vote. After discussion, the Board returned to general session.

BOARD DECISIONS

LATE FEE WAIVER APPEALS

Upon motion by Mr. Fay, seconded by Mr. Carroll, the Board voted to deny the appeals of the following licensees for waiver of the late filing fee:

- Serle & Associates, CPA, LLC
- Andrea Lazar
- Mestel, Long and Scharade, Inc.
- Aynsley J. Douthitt

Motion carried 8-0 on a roll call vote.

DISCIPLINARY HEARING: CARL W. SHYE, JR.

Upon motion by Mr. Comer, seconded by Mr. Fay, the Board voted to revoke the CPA certificate of Carl W. Shye, Jr. Motion carried 8-0 on a roll call vote.

DISCIPLINARY HEARING: JAMES C. CILENTI.

Upon motion by Mr. Comer, seconded by Mr. Fay, the Board voted to revoke the CPA certificate of James C. Cilenti. Motion carried 8-0 on a roll call vote.

REINSTATEMENT HEARING: JEFFREY S. KAPRON

Upon motion by Mr. Comer, seconded by Mr. Fay, the Board voted to reinstate the CPA certificate of Jeffrey S. Kapron, subject to the payment of a \$1,500 fine, all applicable penalties and late fees, as well as 40 hours of CPE with 24 hours of those 40 being in NASBA recognized Ethic courses. Motion carried 8-0.

EXECUTIVE DIRECTOR'S REPORT

Mr. Patterson covered his past few weeks with the Accountancy Board as the new Executive Director. While he feels the Accountancy Board is a very busy office he is quite happy with the staff's knowledge and hard work. He informed the Board that he met with the Budget Commission to request the hiring of an additional secretarial position to cover two extensive absences in the near future.

SUMMARY OF BOARD REQUESTS

Maggie Houston proposed that Mr. Fritz be appointed as the Great Lakes Regional Director. Mr. Patterson stated that he will draft a letter, on behalf of the Board, recommending Mr. Fritz as the Great Lakes Regional Director. Upon motion by Mr. Comer, seconded by Mr. Carroll, the Board voted to recommend Mr. Fritz. Motion carried 8-0.

Mr. Patterson will also initiate an internal policy to add licensees who have had board actions against their CPA license, and are within the renewal group, selected for the cpe verification of hours.

Mr. Patterson stated that he would like to initiate contacting Board Subcommittee Chairpersons prior to Board meetings to schedule a subcommittee meeting. These would be held either prior to, or following, the regular scheduled Board meeting.

Mr. Patterson would like to reevaluate the scholarship policies and procedures as well as meet with Ms. Houston to draft an Education Assistance Report that is easier to understand and manage.

The Board then adjourned.

W. MICHAEL FRITZ, CHAIR

MICHAEL COMER, SECRETARY