

**ACCOUNTANCY BOARD OF OHIO  
MINUTES OF SEPTEMBER 7, 2012 MEETING**

The Accountancy Board met on September 7, 2012 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 with the following members present: Margaret Houston, CPA (Chair), W. Michael Fritz, CPA (Vice Chair), Robert Fay (Secretary), Greta Russell, CPA (Immediate Past Chair), Mark LaPlace, CPA (Past Chair), Michael Comer, CPA (Member), James Carroll, CPA (Member), Adriana Sfalcin (Public Member) and James Gero, CPA (Member).

Representing the Board staff was Robert Joseph, CPA, Assistant Director. Board counsel present was John Patterson, Esq., representing the office of the Attorney General.

Present in the audience was Clarke Price, Chief Executive Officer of the Ohio Society of Certified Public Accountants (OSCPA), Barbara Benton, Vice President for Governmental Affairs of the OSCP, and Joseph Skoda, representing the National Society of Accountants.

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

**APPROVAL OF THE JULY 2012 BOARD MEETING MINUTES**

Upon motion by Mr. Gero, seconded by Mr. Carroll, the Board voted to approve the minutes of the July 13, 2012 Board meeting. Motion carried 8-0. Ms. Russell was not present for this vote.

**PROPOSED RULE CHANGES**

The Board members discussed the recent Common Sense Initiative (CSI) procedure. Many Board members noted that the comments received as a result of the mass e-mailing describing the six proposed rule changes expressed confusion about the process. Mr. Joseph noted that a central website that was expected to act as a clearinghouse for CSI documents and information has not been developed yet. He added that the rules have not been formally filed.

**INFORMATION REPORTS AND UPDATES**

***NASBA REPORT***

Mr. Joseph reported the NASBA Annual Meeting will be held in Orlando October 28-31, 2012. Ms. Houston asked for a head count of those attending and six Board members agreed tentatively to attend.

**UAA PROJECT**

Mr. Joseph noted that the comparison of the Ohio accountancy law with the NASBA/AICPA Uniform Accountancy Act (UAA) would be a retreat item in December. Mr. Gero added that time needs to be spent discussing the relevant issues and emphasis should be placed on making the accountancy law as clear as possible with implementation provisions in the rules wherever possible.

## ***BUDGET AND FINANCIAL REPORT***

Mr. Joseph noted that the Board as of August 31, 2012 was on track to spend within its appropriation for the fiscal year. He noted that the budget request for fiscal years 2014 and 2015 would be filed in a timely manner. He indicated that it was likely that the Board would stay within the budget for the next two fiscal years, but added that the Controlling Board was amenable to increases in budget appropriations for just cause.

Mr. Fritz expressed displeasure at the decision by the executive director and the Auditor of State to forego the management letter conference without appropriate input from the audit and finance committee. He said the reason the committee was formed was to address such issues. He added that, on the bright side, the internal control issues mentioned in the management letter were minor.

## ***INVESTIGATIONS REPORT***

Mr. Joseph noted that the remaining licensees who had still not complied with the continuing education verification would have hearings at the current meeting or in November. He presented a report on the status of past hearings and noted that the cases involving James Moley, Nicholas Floyd-Scott, Scott Davis, Robert Wark, Charles Drake and Daniel Weddington will be closed and will not appear on subsequent reports.

The Board then discussed the procedure when a licensee appeals a Board decision. Mr. Patterson noted that the Board must wait until the court makes the final decision to determine the status of the Board adjudication order, even if the relevant court grants a stay of the Board's decision pending the outcome of the appeal.

## ***EDUCATION ASSISTANCE PROGRAM REPORT***

Mr. Joseph reported a total of \$134,780 in education assistance commitments so far for fiscal year 2013. A total of \$103,994.43 was spent for education assistance to date in fiscal year 2013, with another \$7,074.32 in grants pending. He concluded by stating that Youngstown State University, Ohio State University, and the University of Cincinnati are the top three recipients of education assistance grants.

Ms. Houston remarked that the Board also supports the Accounting Career Awareness Program (ACAP) sponsored by the Ohio Society of CPAs and others. The program's goal is to introduce minority high school students to careers in accounting and business. She noted that Board Member Greta Russell received an award at the ACAP Annual Banquet held on June 22, 2012 for her service on behalf of the program.

## ***OLD BUSINESS***

### ***ELECTRONIC NEWSLETTER***

The Board members discussed the upcoming newsletter and agreed that the email announcing the newsletter would direct the readers to the website. The content of the newsletter was not decided but several Board members suggested items for inclusion in the document.

**HEARING CONTINUANCE-HARRY W. HUNTER, III**

Mr. Joseph noted that the hearing for Harry W. Hunter, III, was continued until the November 2, 2012 Board meeting.

**NEW BUSINESS**

**EXECUTIVE DIRECTOR POSITION**

Mr. Fritz briefly outlined the status so far of the executive director position as current executive director Ronald Rotaru is retiring at the end of 2012. Mr. Patterson added that the applications for the position are a matter of public record.

**AICPA EXPOSURE DRAFT**

Mr. Gero noted that the AICPA has an exposure draft related to the preparation of financial statements, and invited the members to comment on the proposal.

**REQUEST FOR WAIVER OF LATE FILING FEES**

**E. VICTORIA GARGANO**

Ms. Gargano requested a reduction of the \$350 late fee applicable to the late renewal of her Ohio registration because she believed the fee was excessive.

**REINSTATEMENT HEARING: ALAN B. CROW**

Ms. Houston opened a reinstatement hearing at 10:45 a.m. Present at the hearing was Alan B. Crow, whose CPA certificate was revoked by the Board on May 9, 2009 pursuant to Ohio Revised Code sections 4701.16(A)(3) and 4701.16(A)(9) then in effect, pertaining to failure to obtain an Ohio permit as required by law and the unlawful practice of public accounting.

Mr. Crow apologized for his mistakes, and appealed for a favorable consideration of his request for reinstatement.

The Board then asked questions of Mr. Crow. He indicated that the underlying reason for the hearing was his use of the CPA designation and performance of public accounting work while holding an Ohio registration. He indicated that the last continuing education he completed was in 2008. Mr. Joseph described the continuing education requirements for the Ohio permit and noted that the Board could fix the reporting period for Mr. Crow.

Ms. Houston closed the hearing.

**REINSTATEMENT HEARING: JUSTINE T. EVERETT**

Ms. Houston opened a reinstatement hearing at 11:15 a.m. Present at the hearing was Justine T. Everett, whose CPA certificate was revoked by the Board on April 28, 2003 pursuant to Ohio Revised Code sections 4701.16(A)(5) then in effect, pertaining to Ms. Everett's conviction of Bank Fraud-

Aiding and Abetting in United States District Court, Northern District of Ohio, on September 19, 2000.

Ms. Everett apologized for her mistakes and appealed for a favorable consideration of her request for reinstatement. She added that she completed all the requirements mandated by the United States District Court as well as 120 continuing education credits. She concluded by stating she is working for a CPA firm in Florida.

The Board then asked questions of Ms. Everett concerning the circumstances surrounding the conviction.

Ms. Houston closed the hearing.

#### **REINSTATEMENT HEARING: JOHN J. QUATMAN**

Ms. Houston opened a reinstatement hearing at 11:30 a.m. Present at the hearing was John J. Quatman, whose CPA certificate was revoked by the Board on June 4, 2010 pursuant to Ohio Revised Code sections 4701.16(A)(3) and 4701.16(A)(9) then in effect, pertaining to failure to obtain an Ohio permit as required by law and the unlawful practice of public accounting, and section 4701.16(A)(4) of the Revised Code, pertaining to his failure to respond to Board communications.

Mr. Quatman stated that he had 300 tax clients who were expecting him to prepare their 2012 tax returns, but he did not have a license. He added that his former employer provided continuing education but after his retirement he was unable to continue taking continuing education programs. He appealed for a favorable consideration of his request for reinstatement but stated he did not have the continuing education required for the Ohio permit as of the hearing date.

The Board then asked questions of Mr. Quatman. Mr. Joseph noted Mr. Quatman issued a financial report as a CPA when he did not hold an Ohio permit; this was the underlying reason for the disciplinary hearing.

Ms. Houston closed the hearing.

#### **FORMAL HEARING: KEVIN J. FELLMAN**

Mr. Joseph noted that the hearing for Kevin J. Fellman was continued until November 2, 2012.

#### **FORMAL HEARING: FREDERICK J. FROELICH**

Ms. Houston opened a disciplinary hearing at 11:45 a.m. pursuant to Chapter 119 of the Revised Code. Frederick J. Froelich was charged with a violation of section 4701.16(A)(4) of the Ohio Revised Code, pertaining to failure to comply with the continuing education verification requirements, and section 4701.16(A)(1) of the Revised Code, pertaining to fraud or deceit in obtaining an Ohio permit. Mr. Froelich did not request a hearing in a timely manner and he was not present at the hearing.

Mr. Patterson asked that Mr. Joseph be sworn in. Mr. Joseph took the oath. Mr. Patterson reviewed the documents in State's Exhibit A with Mr. Joseph. Mr. Joseph noted that Mr. Froelich verified some of his continuing education credit.

Ms. Houston concluded the hearing.

### **EXECUTIVE SESSION**

Upon motion by Ms. Houston, seconded by Mr. Fay, 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 and discipline of licensees with Mr. Patterson, as well as employment of a public employee, possible dismissal of a public employee, and hiring of a public employee. Motion carried 9-0 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. Comer, the Board voted to deny the appeals of the following licensee for waiver of the late filing fee:

- E. Victoria Gargano

Motion carried 8-0 on a roll call vote. Ms. Russell was not present for this vote.

#### ***REINSTATEMENT HEARING: ALAN B. CROW***

Upon motion by Mr. Fay, seconded by Mr. Fritz, the Board voted to take no action on the reinstatement request of Alan B. Crow. Motion carried 8-0 on a roll call vote. Ms. Russell was not present for this vote.

#### ***REINSTATEMENT HEARING: JUSTINE T. EVERETT***

Upon motion by Mr. Fay, seconded by Mr. Fritz, the Board voted to reinstate the CPA certificate of Justine T. Everett, subject to the completion of the following requirements:

- A fine of \$1,000.
- Verification of 120 continuing education credits submitted on September 7, 2012.
- Completion of a Board-approved professional standards and responsibilities course by October 31, 2012.

Motion carried 8-0 on a roll call vote. Ms. Russell was not present for this vote.

#### ***REINSTATEMENT HEARING: JOHN J. QUATMAN***

Upon motion by Mr. Fay, seconded by Mr. Comer, the Board voted to take no action on the reinstatement request of John J. Quatman. Motion carried 9-0 on a roll call vote.

***DISCIPLINARY HEARING: FREDERICK J. FROELICH***

Upon motion by Mr. Fay, seconded by Mr. Comer, the Board voted to revoke the CPA certificate of Frederick J. Froelich. Motion carried 9-0 on a roll call vote.

Upon motion by Mr. Fay, seconded by Mr. Gero, the Board voted to adjourn. Motion carried 9-0.

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**MARGARET A. HOUSTON, CHAIR**

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**W. MICHAEL FRITZ, VICE CHAIR**