

**ACCOUNTANCY BOARD OF OHIO
MINUTES OF DECEMBER 12-13, 2011 MEETING**

The Accountancy Board met on December 12, 2011 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, CPA (Secretary), Greta Russell, CPA (Immediate Past Chair), Mark LaPlace, CPA (Past Chair), James Landaker, CPA (Past Chair), Michael Comer, CPA (Member), James Carroll, CPA (Member), and Adriana Sfalcin (Public Member).

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

Ms. Houston opened the meeting at 1:00 p.m., and said that the purpose of the meeting is to discuss the issues that will be of importance to the Board and the public accounting profession in 2012.

OHIO ETHICS TRAINING

The Board members completed the first of two parts of the required Ohio ethics training entitled "The Ethics Law and Public Service."

NASBA FOCUS QUESTIONS

The Board reviewed the focus questions due January 5, 2012 as asked quarterly by the NASBA regional directors and agreed to some changes in the draft answers proposed by Mr. Joseph. After review, the Board agreed to send the revised answers to the NASBA Great Lakes Regional Director.

REINSTATEMENT HEARINGS

The Board discussed reinstatement hearings and the general procedure for such hearings. Mr. Patterson noted that each reinstatement hearing is unique. The accountancy law does not require any detailed explanations of why the Board reached a decision and permits the Board a measure of discretion. The statutes provide for a mandamus action if the Board abused its discretion. He added that the items in the disciplinary manual were reviewed in a recent court appeal decided in favor of the Board, and concluded that any published material concerning procedure at such hearings should be in the form of guidelines only.

LATE FEES

The Board discussed the late fees in the accountancy law, and agreed that the current procedures for reviewing requests for waiver or reduction of late fees did not need amendment.

INVESTIGATIVE FOLLOW-UP

Mr. Fay asked if the Board investigators could make follow-up field calls to licensees previously revoked by the Board several months after the disciplinary hearing in order to determine compliance with the Board's cease and desist orders. Mr. Rotaru replied that the investigators would make such calls a part of their itinerary when they are in the field.

RETIRED STATUS

The Board discussed the current procedures regarding retired status and agreed that unless special circumstances warranted, a licensee who was formerly retired and chose to obtain a license again would not be charged any fees for the years in which the licensee did not hold a license.

PROPOSED RULES

The Board discussed proposed rules for 2012. Mr. Joseph remarked that a few rules must be changed each year, but these would not be likely until the April 2012 Board meeting.

BOARD CALENDAR OF EVENTS

The Board agreed on the following meeting dates for 2012-2013:

- February 3, 2012 (Friday) (Regular Board meeting)
- April 27, 2012 (Friday) (Regular Board meeting)
- June 8, 2012 (Friday) (Regular Board meeting)
- July 13, 2012 (Friday) (Regular Board meeting)
- September 7, 2012 (Friday) (Regular Board meeting)
- November 2, 2012 (Friday) (Annual Board meeting)
- December 10, 2012 (Monday) (Annual Board retreat)
- December 11, 2012 (Tuesday) (Regular Board meeting)
- February 1, 2013 (Friday) (Regular Board meeting)

The Board also noted the following dates for upcoming NASBA conferences in 2012:

- Executive Directors Conference: March 11-14, 2012 (San Antonio, Texas)
- Eastern Regional Meeting: June 13-15, 2012 (Philadelphia, Pennsylvania)
- Annual Meeting: October 28-31, 2012 (Orlando, Florida)

BOARD COMMITTEES

Ms. Houston led discussion concerning the Board's committee structure for 2012. The following committee assignments were tentatively approved, subject to finalization at the February 3, 2012 Board meeting:

Executive Committee

- Margaret Houston, Chair
- W. Michael Fritz, Vice Chair
- Robert Fay, Secretary

Nominating Committee

- Greta Russell, Chair
- James Carroll
- New Board member

Education Assistance Committee

- Robert Fay, Chair
- Margaret Houston

- New Board member

Peer Review Oversight Committee

- W. Michael Fritz, Chair
- Michael Comer
- Robert Fay
- Thomas Mulligan (Past Board member)

Disciplinary Advisory Committee

- Michael Comer, Chair
- Robert Fay
- Adriana Sfalcin

Licensing Committee

- James Carroll, Chair
- Robert Fay
- New Board member
- Jerry Esselstein (Past Board member)

Office Oversight Committee

- Mark LaPlace, Chair
- James Carroll
- Adriana Sfalcin

Finance and Audit Committee

- Michael Fritz, Chair
- Michael Comer
- Greta Russell

BUDGET DISCUSSION

The Board discussed the current budget situation. Mr. Rotaru noted that the Board has sufficient funds to operate effectively.

NASBA VICE CHAIR

The Board discussed the candidates for NASBA Vice Chair for 2012. Mr. Rotaru noted that Theodore Long, Jr., a former Board Chair, had expressed interest in running for the position.

FORMAL PERFORMANCE REVIEW OF THE EXECUTIVE DIRECTOR

The Board then recessed into executive session to conduct the formal performance review of the Executive Director. After conducting the review, the Board returned to general session.

The Board then recessed the meeting until 9:00 a.m. on December 13, 2011.

The Accountancy Board reconvened on December 13, 2011 at 9:00 a.m. 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, CPA (Secretary), Greta Russell, CPA (Immediate Past Chair), Mark LaPlace, CPA (Past Chair), James Landaker, CPA (Past Chair), Michael Comer, CPA (Member), James Carroll, CPA (Member), and Adriana Sfalcin (Public Member).

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

Present in the audience were Theodore Long, Jr., CPA, Past Board Chair, Barbara Benton, Vice President for Governmental Affairs of the Ohio Society of Certified Public Accountants (OSCPA), and Joseph Skoda, CPA, representing the Ohio Association of Independent Accountants.

APPROVAL OF THE NOVEMBER 2011 BOARD MEETING MINUTES

Upon motion by Mr. Comer, seconded by Ms. Russell, the Board voted to approve the minutes of the November 4, 2011 Board meeting. Motion carried 9-0.

PRESENTATION BY NASBA REPRESENTATIVES

Ms. Houston introduced David Costello, the NASBA Chief Executive Officer. Mr. Costello retired as of December 31, 2011, and he was replaced by Kenneth Bishop.

Mr. Costello noted that the Accountancy Board of Ohio has consistently been among the national leaders in accountancy regulation. He commended the Board for its efforts in maintaining its leadership among the states and noted several current and past Board members have been active participants on NASBA committees.

Mr. Costello then introduced Mark Harris from Louisiana, the current Chair of the NASBA Board of Directors. Mr. Harris noted the following items:

- Approximately 35 states participate in the Accountancy Licensing Database.
- NASBA is continuing its work promoting the concept of the semi-independent accountancy board among its member states, since data show that such boards have more effective enforcement.
- NASBA continues to monitor the efforts by the Financial Accounting Standards Board to revise the accounting standards with respect to small businesses.
- NASBA is involved in research concerning an auditor rotation proposal in the European Union and educational requirements for CPA certification.

Mr. Harris then answered questions from the Board members concerning NASBA activities and introduced incoming NASBA president Kenneth Bishop.

Mr. Bishop noted the following items:

- NASBA will emphasize its relationships with its member accountancy boards and continue to work to make the accountancy boards more effective. Daniel Dustin, the former executive secretary of the New York State Board for Public Accountancy, will be the new NASBA Vice President of State Board Relations.
- NASBA will step up its assistance to states that need support monitoring legislation that affects the state's accountancy board.

- Mr. Costello has facilitated the transition at NASBA through his leadership and expertise and he leaves big shoes to fill.

Mr. Bishop said his door is always open—electronically or otherwise—and then answered questions from the Board members concerning NASBA activities.

INFORMATION REPORTS AND UPDATE

NASBA INFORMATION

Mr. Joseph noted that the NASBA Executive Directors and Legal Counsel Conference will be held in San Antonio in March 2012.

Ms. Houston added that the NASBA Regional Meetings would be held in June 2012.

FINANCIAL AND BUDGET REPORT

Mr. Joseph said that the Board's current budget situation was good and there were no unexpected expenses so far in fiscal year 2012.

INVESTIGATIONS REPORT

Mr. Joseph reported that, to date, 44 public accounting firms did not renew on time. He added that all firms renewing the firm registration late are subject to late fees, but firms that already completed their peer review are not subject to disciplinary action. He added that the OSCP Peer Review Acceptance Committee would meet by telephone Friday and again in January 2012.

Mr. Joseph also noted that the computer-generated drawing for the 2011 continuing education verification would be conducted in January 2012.

EDUCATION ASSISTANCE PROGRAM REPORT

Mr. Joseph reported that a total of \$151,244.75 has been paid in scholarships so far in fiscal year 2012. This amount includes the \$50,000.00 grant to the Accounting Career Awareness Program paid in December 2011. He added that there was a total of \$638,834.52 in net commitments outstanding.

OLD BUSINESS

There was no old business to discuss.

NEW BUSINESS

The Board agreed that Mr. Patterson should attend the NASBA Legal Counsel Conference if arrangements could be made with the Attorney General.

REQUESTS FOR WAIVER OF LATE FILING FEES

DOUGLAS A. DIX

Mr. Dix requested a waiver of the \$1,250 late fee applicable to the renewal of his Ohio permit because he inadvertently failed to renew his Ohio permit in 2008.

BRYAN J. COSTIN

Mr. Costin requested a waiver of the \$800 late fee applicable to the renewal of his Ohio permit because he did not receive his renewal notice in 2010.

DAVID N. PISANI, JR.

Mr. Pisani requested a waiver of the \$350 late fee applicable to the renewal of his Ohio registration because he inadvertently failed to renew his Ohio permit in 2008.

MUELLER & COMPANY, INC.

Ms. Jane Pitocco, on behalf of Mueller & Company, Inc., requested a waiver of the \$150 late fee applicable to the renewal of the firm registration of Mueller & Company, Inc., because the firm did not receive its peer review acceptance letter in a timely manner.

CPA PROFESSIONALS, INC.

Mr. Richard Smallwood, the owner of CPA Professionals, Inc., requested a waiver of the \$150 late fee applicable to the renewal of his firm registration because he moved to California although nearly all of his clients are still in Ohio.

FORMAL HEARING: MICHELLE L. KNAPP

Ms. Houston opened a disciplinary hearing at 9:50 a.m. pursuant to Chapter 119 of the Revised Code. Michelle L. Knapp was charged with a violation of section 4701.16(A)(5) of the Ohio Revised Code, pertaining to her conviction of Aggravated Vehicular Homicide and Failure to Stop after an Accident in the Court of Common Pleas, Ashtabula County, Ohio. Ms. Knapp requested a hearing in a timely manner but she was not present at the hearing. Jason Winter, Esq., and Courtney Trimacco, Esq., represented Ms. Knapp as her legal counsel.

Mr. Patterson waived his opening statement.

Mr. Winter opened by asking the Board to defer a decision on Ms. Knapp until the court appeal was exhausted. He stated that he was willing to provide regular reports to the Board on the progress of the appeal. He said that if the Board did take action against Ms. Knapp's CPA certificate, then the Board should reinstate Ms. Knapp's CPA certificate if the appeal were successful.

Mr. Patterson moved for the admission of State's Exhibit A. Mr. Winter did not object, and Ms. Houston accepted the exhibit.

The Board then asked questions of Mr. Winter.

Mr. Patterson said that the evidence presented supported the Board's charge, and that the Board could take action.

Ms. Houston concluded the hearing.

REINSTATEMENT HEARING: ALEXANDER W. MILLER

Ms. Houston opened a reinstatement hearing at 10:20 a.m. Present at the hearing was Alexander W. Miller, whose CPA certificate was revoked by the Board on September 9, 2011 pursuant to Ohio Revised Code sections 4701.06(A)(1) and 4701.16(A)(4) then in effect, pertaining to failure to comply with the continuing education requirements and fraud or deceit in obtaining an Ohio permit. Heather L. Keck, Esq., represented Mr. Miller as counsel.

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

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

Ms. Keck said that Mr. Miller had completed his continuing education requirement for the reporting period January 1, 2008 through December 31, 2010, and produced documentation verifying completion of 120 continuing education credits.

The Board reviewed the continuing education Mr. Miller submitted, and it was noted that Mr. Miller completed all 120 continuing education credits in 2011, with the final program completion date of October 27, 2011. Mr. Miller said that he completed continuing education credits for the 2008-2010 reporting period, but lost the documentation that verified completion of the credits. Mr. Miller added that as a result of his mistake he was unable to complete the continuing education verification requirement.

The Board then asked questions of Mr. Miller.

Mr. Patterson moved for the admission of State's Exhibit A. Ms. Keck did not object, and Ms. Houston accepted the exhibit.

Ms. Houston closed the hearing.

REINSTATEMENT HEARING: TIMOTHY H. ZORN

Ms. Houston opened a reinstatement hearing at 10:40 a.m. Present at the hearing was Timothy H. Zorn, whose CPA certificate and firm registration were revoked by the Board on September 9, 2011 pursuant to Ohio Revised Code section 4701.06(A)(11) then in effect, pertaining to the failure of Mr. Zorn's public accounting firm to comply with the firm registration requirements.

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

1. Take no action, leaving Mr. Zorn's CPA certificate and firm registration in revoked status;

2. Reinstate Mr. Zorn's CPA certificate and firm registration, or
3. Reinstate Mr. Zorn's CPA certificate and firm registration subject to the fulfillment of certain conditions.

The Board then asked questions of Mr. Zorn. Mr. Zorn presented copies of certificates for continuing education programs he completed, but he did not have documentation of 120 continuing education credits earned. Mr. Patterson marked Mr. Zorn's submission as Respondent's Exhibit 1.

Mr. Patterson moved for the admission of State's Exhibit A and Respondent's Exhibit 1. Mr. Zorn did not object, and Ms. Houston accepted the exhibit.

Ms. Houston closed the hearing.

FORMAL HEARING: PATRIOT TAX & ACCOUNTING/MICHAEL G. FILIPPO

Ms. Houston opened a disciplinary hearing at 10:50 a.m. pursuant to Chapter 119 of the Revised Code. Michael G. Filippo was charged with a violation of section 4701.16(A)(11) of the Ohio Revised Code, pertaining to the failure of his firm, Patriot Tax & Accounting, to comply with the firm registration requirements. Mr. Filippo requested a hearing in a timely manner and he was present at the hearing.

Mr. Patterson and Mr. Filippo waived opening statements

Mr. Patterson called Mr. Filippo as a witness, and asked that he be sworn in. Mr. Filippo took the oath. Mr. Patterson reviewed documents in State's Exhibit A with Mr. Filippo, including the notices of noncompliance and hearing letters pertaining to the failure of Patriot Tax & Accounting to renew its firm registration by July 31, 2011 and a photograph taken on September 15, 2011 of a sign reading "Patriot Tax & Accounting, Michael G. Filippo, CPA."

Mr. Filippo said that he was a sole practitioner and that he inadvertently forgot to renew his firm's registration.

The Board then asked questions of Mr. Filippo.

Mr. Patterson said that the evidence presented supported the Board's charge, and that the Board could take action.

Ms. Houston concluded the hearing.

EXECUTIVE SESSION

Upon motion by Mr. Fay, seconded by Ms. Sfalcin, the Board voted to recess into executive session to discuss the hearings and confidential investigative matters with legal counsel. Motion carried 9-0 on a roll call vote. After discussion, the Board voted to return 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 licensees for waiver of the late filing fee:

- Douglas A. Dix
- Bryan J. Costin
- David Pisani
- CPA Professionals, Inc.

Motion carried 9-0 on a roll call vote.

Upon motion by Mr. Fay, seconded by Mr. Comer, the Board voted to approve the appeal of the following licensee for waiver of the late filing fee:

- Mueller & Company, Inc.

Motion carried 9-0 on a roll call vote.

FORMAL HEARING: MICHELLE L. KNAPP

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

REINSTATEMENT HEARING: ALEXANDER W. MILLER

Upon motion by Mr. Fay, seconded by Mr. Fritz, the Board voted to reinstate the CPA certificate of Alexander W. Miller, subject to payment of a \$2,000 fine, a \$1,200 penalty for being 120 credits short of the continuing education requirement as of the deadline date, and a \$1,000 late filing fee applicable to the October 27, 2011 completion of Mr. Miller's 120th documented continuing education credit. Motion carried 9-0 on a roll call vote.

REINSTATEMENT HEARING: TIMOTHY H. ZORN

Upon motion by Mr. Fay, seconded by Mr. Fritz, the Board voted to take no action on the reinstatement request of Timothy H. Zorn, and to stipulate that Mr. Zorn cannot apply for reinstatement until six months have elapsed. Motion carried 9-0 on a roll call vote.

DISCIPLINARY HEARING: PATRIOT TAX & ACCOUNTING/MICHAEL G. FILIPPO

Upon motion by Mr. Fay, seconded by Mr. Comer, the Board voted to assess a fine of \$2,000 against Patriot Tax & Accounting and require Michael G. Filippo to complete a Board-approved course in professional standards and responsibilities. Motion carried 9-0 on a roll call vote.

ADJOURNMENT

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

OHIO ETHICS TRAINING

The Board members completed the second of two parts of the required Ohio ethics training entitled "The Ethics Law and Public Service."

MARGARET A. HOUSTON
CHAIR

ROBERT F. FAY
SECRETARY