

**BOARD RETREAT
DECEMBER 5, 2016**

The Accountancy Board held its annual meeting December 5, 2016 in Room West B & 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: James Carroll, CPA (Chair), James Gero, CPA (Vice-Chair), Adriana Sfalcin (Secretary & Public Member), Michael Comer, CPA (Immediate Past Chair), James Gottfried, CPA (Member), Margaret Gilmore, CPA (Member), Michael Guinigundo, CPA (Member), Kenya Watts, CPA (Member) and James Redmond, CPA (Member).

Representing the Board staff was John E. Patterson, Executive Director, Tracey F. Fithen, Assistant Executive Director and Donna M. Oklok, Investigations Supervisor. Board counsel present was Rachel Huston, Esq., representing the office of the Attorney General.

Present in the audience was Scott Wiley, President and CEO; Laura Hay, Executive Vice President; and Barbara Benton, Vice President for Governmental Affairs of the Ohio Society of Certified Public Accountants (OSCPA).

Mr. Carroll called the meeting to order at 1:00 p.m., and welcomed the guests in the audience. Mr. Carroll opened the meeting with the Pledge of Allegiance.

ISSUES UNDER DISCUSSION FOR 2017

Mr. Patterson discussed the need to raise license fees for the 2017 and 2018 renewal cycle. The increase in rental rates as well as the future roll-out of the new e-License database has impacted the budget and rates will likely continue going up. A meeting with Ohio Budget Management is scheduled for December 8, 2016.

The CPE requirement for licensees returning to active status after more than five years was also examined. A two licensing cycle timeline was debated vs. the five-year timeline. The specific types of CPE required were also evaluated as to whether to require specific subject matter for all returning practitioners, or allow them to complete CPE in line with their current and/or future plans.

Next up for discussion was the 120 versus 150 semester hour requirement to be eligible to sit for the CPA examination. NASBA's position is 150 hours should be required to sit for the exam, but there is little quantifiable data as to what timeline is most beneficial. Data will continue to be gathered in order to make an informed decision on whether Ohio's standards should be changed.

Finally, the disciplinary manual is under review and will be finalized in early 2017.

EXECUTIVE SESSION

Mr. Carroll called for a roll call vote to go into Executive Session regarding the employment of a public employee pursuant to Ohio Revised Code 121.22(G)(1). Roll call vote: Mr. Comer, yes; Mr. Guinigundo, yes; Mr. Gottfried, yes; Ms. Watts, yes; Mr. Gero, yes; Ms. Gilmore, yes; Mr. Redmond, yes; Mr. Carroll, yes and Ms. Sfalcin, yes.

Upon return from executive session, the Board voted to adjourn.

**DECEMBER 6, 2016
BOARD MEETING**

The Accountancy Board reconvened December 6, 2016 in Room West B & 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: James Carroll, CPA (Chair), James Gero, CPA (Vice-Chair), Adriana Sfalcin (Public Member), Michael Comer, CPA (Immediate Past Chair), James Gottfried, CPA (Member), Margaret Gilmore, CPA (Member), Michael Guinigundo, CPA (Secretary), Kenya Watts, CPA (Member) and James Redmond, CPA (Member).

Representing the Board staff was John E. Patterson, Executive Director, Tracey F. Fithen, Assistant Executive Director and Donna M. Oklok, Investigations Supervisor. Board counsel present was Rachel Huston, Esq., representing the office of the Attorney General.

Present in the audience was Ken Bishop, President and CEO of NASBA; Theodore Lodden, NASBA's Chair for 2016-17; Tom Kenny, Director of Communications, NASBA; Laura Hay, Executive Vice President; and Barbara Benton, Vice President for Governmental Affairs of the Ohio Society of Certified Public Accountants (OSCPA).

Mr. Carroll called the meeting to order at 9:00 a.m., and welcomed the guests in the audience. Mr. Carroll opened the meeting with the Pledge of Allegiance.

**PRESENTATION BY NASBA'S
KEN BISHOP AND TED LODDEN**

Mr. Carroll introduced Ken Bishop, President and CEO; and Ted Lodden, current Chair of NASBA. The Board requested information from NASBA regarding the requirement to earn 150 semester hours in order to sit for the CPA examination. Mr. Bishop stated that NASBA's position supports the 150 semester hour requirement, and that candidates who have completed 150 semester hours tend to perform better on the exam. Candidates from larger schools, with master of accounting programs, also tend to perform better on the exam. The quality of coursework is a factor in performance, as is taking the exam close to the candidate's graduation date. The data is variable based on all of these factors, with the trend being stronger accounting coursework in the final 30 semester hours correlating with higher exam score.

Mr. Lodden thanked the Board for their hospitality and for the instrumental leadership of Mr. Patterson, and going forward, the tenure of NASBA vice-chair Ted Long, and Mike Fritz for his chairmanship of regulatory response. Mr. Lodden spoke of the rapid pace of change in the world, including mobile technology, Big Data, changing international pathways to mobility through new agreements, and nano-learning. The evolving use of credentials is a challenge which needs to be addressed going forward. Peer review is also evolving and new processes are being evaluated.

Mr. Bishop concluded his address to the Board by stating that Ohio is addressing issues and looks to improve processes. Mobility pathways and the evolution of peer review are ongoing, making it more difficult to communicate precisely the changes that are coming in the future. The use of other professional titles is a concern with NASBA, and they are committed to enforcing the language in the UAA. NASBA's recommendation to state boards is to adopt language to allow the use of specific credentials in an

acceptable way. Mr. Bishop also encouraged Ohio to stay aware of professional and national trends in accountancy and regulation.

FORMAL HEARING: ARTHUR B. HOICOWITZ, CPA

Mr. Carroll opened a disciplinary hearing at 10:02 a.m. pursuant to Chapter 119 of the Revised Code. The Board charged Mr. Hoicowitz with a violation of section 4701.16(A)(9), concerning failure of a CPA certificate or a PA registration to obtain an Ohio permit or an Ohio registration, or the failure of a public accounting firm to obtain a firm registration. Mr. Hoicowitz was in attendance and was represented by attorney Christopher Horn.

Ms. Huston introduced State's exhibits A, 1 through 11; and B, 1 through 13 without objection. Attorney Horn presented the case for Mr. Hoicowitz. Mr. Hoicowitz then responded to questions from the Board.

The Board admitted into evidence all exhibits. Mr. Carroll concluded the hearing.

REINSTATEMENT HEARING: LARRY E. COUCHOT

Mr. Carroll opened a reinstatement hearing at 10:46 a.m. pursuant to section 4701.17 of the Revised Code. Mr. Couchot was in attendance and was represented by attorney James Leo.

Ms. Huston called Mr. Couchot as a witness and introduced State's Exhibits A, 1 through 8 and B, 1 through 9 without objection. Mr. Leo entered Respondent's exhibits A (1), B (1), C (1) and D, 1 through 37. Attorney Leo presented the case on behalf of Mr. Couchot. Mr. Couchot then spoke and was questioned by the Board.

The Board admitted into evidence all exhibits. Mr. Carroll concluded the hearing.

REQUEST FOR WAIVER OF LATE FEES

EMILY KLENOTIC

Ms. Klenotic's letter requesting waiver of the \$1,200 late fee due to non-renewal of her Ohio permit was read into the record.

BENJAMIN L. JONOZZO, CPA

Mr. Jonozzo's letter requesting a waiver of the \$150 late fee due to non-renewal of his firm registration was read into the record.

QUASI-JUDICIAL DELIBERATIONS

Upon Mr. Carroll's direction, the Board went into quasi-judicial deliberations to discuss the formal hearings, requests for waivers of late fees, and request for reconsideration. After discussion, the Board returned to general session.

BOARD DECISIONS

Arthur Hoicowitz, CPA (Case #2016-42)

Upon the motion by Mr. Guinigundo, and seconded by Mr. Gottfried, the Board voted to revoke the CPA certificate and firm registration of Mr. Hoicowitz, but stay the revocation subject to payment of all late fees and renewal fees related to firm registration by January 31, 2017.

Motion carried 9-0 on a roll call vote, with a second motion by Mr. Carroll and seconded by Mr. Gottfried to add the due date requirement. The second motion carried on a 9-0 roll call vote.

Larry E. Couchot (Case #2016-84)

Upon the motion by Mr. Guinigundo, and seconded by Mr. Comer, the Board voted to reinstate the CPA certificate of Mr. Couchot, subject to the completion of the following conditions by January 31, 2017:

- (1) Payment of a reinstatement fee of \$2,500.

Motion carried 9-0 on a roll call vote.

LATE FEE WAIVER REQUESTS

Upon the motion by Mr. Guinigundo, and seconded by Mr. Comer, the Board voted to deny the request for waiver of the late filing fee for Emily Klenotic.

Motion carried 9-0 on a roll call vote.

Upon the motion by Mr. Guinigundo and seconded by Mr. Gottfried, the Board voted to waive the late filing fee for Ben Jonozzo, CPA.

Motion carried 9-0 on a roll call vote.

INFORMATION REPORTS AND UPDATES

DISTINGUISHED SERVICE AWARDS: MICHAEL S.COMER, CPA & JAMES CARROLL, CPA

Mr. Carroll invited Mr. Comer, immediate past chair, to give brief remarks and to award him with the Distinguished Service Award for his years of service to the Board. After passing the gavel to incoming chair Mr. Gero, Mr. Carroll was awarded the chair gavel award for his service as Chair in 2016.

Executive Director's Report

Mr. John E. Patterson, Executive Director for the Accountancy Board spoke regarding the board meeting schedule for November 2017, to account for the NASBA annual meeting. The board's requests for this meeting are to work to establish rules for returning to practice after six years, to manage the decision requiring either 120 or 150 semester hours to sit for the exam. He will also draft goals for the upcoming year. Mr. Mike Fritz has requested the unanimous support of the Ohio Board for his candidacy for vice-chair of NASBA. The Board voted 9-0 to back Mr. Fritz as requested.

Budget and Financial Report

Tracey Fithen, Assistant Executive Director for the Accountancy Board, reported that the current state of the Board's finances were in order.

Education Assistance Report

Ms. Oklok noted that the Ohio Society's ACAP program received our \$50,000 payment. Ms. Gilmore stated that the ACAP program made a request to increase the board's contribution in the future.

Rules Update – Approval of Chapter 4701-09, -11, and -19

Donna Oklok, Investigations Supervisor, reported that rules 4701-09, -11, and -19 were final filed with JCARR with the no change rules effective September 26, 2016 and the amended rules' effective date will be December 12, 2016.

Investigative Update

Ms. Oklok noted that there are currently 18 disciplinary cases open, with two pending legal action and one case being re-referred to prosecutor. The 2016 CPE audit has begun with an initial random selection sent out in November. Two more sets of letters will be sent to selectees in December and January.

Attest Firm Renewal Update

The attest firm renewal deadline for 2016 was October 31, 2016. Ms. Oklok reported that as of the Board meeting, a total of 28 firms had not renewed their registration. Thirty-five firms received cease and desist letters were sent and follow up field calls will commence later this month.

OLD BUSINESS

Status of Past Hearings

Rachel Huston, Assistant Ohio Attorney General, reported that there are no appeals that have been filed since the last Board meeting. A brief is due in the Millard case, and will be updated at the next meeting.

Approval of the November 4, 2016 Board Meeting Minutes

Upon motion by Ms. Sfalcin, seconded by Mr. Comer, the Board voted to approve the minutes of the November 4, 2016 Board Meeting. Motion carried 9-0.

NEW BUSINESS

Discussion was held regarding a request from the AICPA to participate in a cooperative enforcement agreement. Ms. Oklok stated the basis of the request, and Ms. Houston discussed the legal implications of a contractual relationship of this nature.

CHAIR'S REPORT

Mr. Gero personally thanked Mr. Carroll for doing an outstanding job as chair in 2016, and to Mr. Comer for the opportunity to work with him as part of the board. Mr. Gero reminded the members of the committee assignments included in the meeting packets.

Upon motion by Mr. Gero, the Board voted to adjourn.

Motion carried 8-0.

James P. Gero, Chair

Michael Guinigundo, Secretary