

**BOARD RETREAT
DECEMBER 2, 2019**

The Accountancy Board of Ohio (Board) held its Retreat on December 2, 2019 in Rooms 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: Michael Guinigundo, CPA (Chair), Margaret Gilmore, CPA (Vice-Chair), Kenya Watts, CPA (Secretary), James Gottfried, CPA (Past Chair), James Redmond, CPA (Member), Gerald Weinstein, CPA (Member), John Soucie, CPA (Member), Brendan Fitzgerald, CPA (Member) and Scott Blake (Public 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 Jahan S. Karamali, 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 of Government Affairs of the Ohio Society of Certified Public Accountants (OSCPA).

Mr. Guinigundo called the meeting to order at 1:05 p.m., and welcomed the guests in the audience.

ISSUES UNDER DISCUSSION FOR 2020

The board members reviewed and discussed the five-year rule review and revisions due in 2020, with attention given to updating the rules regarding firm registration and peer review standards. Discussion was held about addressing firms with multiple failed reviews, and a way to effectively communicate with the various entities responsible to administer peer review, as well as the firms themselves. Mr. Gottfried moved that the Board accept the proposed changes to 4701-13-01 through 4701-13-08. Mr. Blake seconded and the motion carried 9-0 on a roll call vote. Rule 4701-13-09 will be revised and sent to the Board for further review.

Rule 4701-3-06 will also be revised to reflect the process of CPA exam score releases when an applicant sits for the exam prior to earning the 150th credit.

The Board discussed the education assistance rules, which are up for five-year review in 2020. Mr. Patterson reported that initial outreach to 58 scholarship recipients yet to sit for the exam have shown seven who have sat for the exam; 15 who have agreed to sit for the exam in the next six months; as well as 36 who have yet to respond. Three respondents requested extensions of time to sit for the exam; the board approved Midori Sims' request, and denied Christen Johnson's and Lokia Lewis' request for an additional extension of time. Mr. Patterson discussed the education assistance budget and the future of the education assistance fund if revisions are enacted to add more qualifying restrictions. Mr. Patterson stated that costs for the eLicense system are increasing to a point where the budget will need revision and fees may need to be increased to cover those costs.

Laura Hay, Executive Vice President of the OSCPAspoke to the Board regarding legislation proposed in Ohio which would permit candidates for the CPA exam to sit upon meeting the education requirements and earning a at least 120 semester credits. Barbara Benton, Vice President of Government Affairs of the

Accountancy Board of Ohio
Minutes of Board Meeting December 2-3, 2019

OSCPA spoke about recent changes in licensing requirements in other states as well as proposed legislation in Ohio. She also spoke about the current push for more states, including Ohio, to adopt statutes allowing students to sit for the CPA exam at 120 semester credits. The Board discussed the potential impact of reducing overall educational requirements and Mr. Gottfried noted that the data cited has not been presented or evaluated by the Board, and factors other than the semester hour requirement may have an impact on the reasons students sit for the exam in other states. Ms. Gilmore observed that large firms will not hire those with less than 150 semester hours earned, as they cannot be licensed, and lowering the educational requirement may impact pass rates on the exam. Ms. Hay countered that current reports do not show a detriment to the public interest in regard to sitting at 120 vs. 150. Mr. Weinstein and Mr. Soucie both questioned if lower pass rates by students who sit prior to earning 150 credits was in the interest of the students, even if they ultimately pass the exam and become licensed. Mr. Patterson mentioned that several states which allow students to sit at 120 have post-licensure requirements that must be met in order to perform attest services, when Ohio has no such restrictions on practice.

The Board held additional discussion on the impact of the proposed legislation in regard to students, educational institutions, firms, and overall professional standards.

The Board adjourned at 4:00pm.

**DECEMBER 3, 2019
BOARD MEETING**

The Accountancy Board of Ohio (Board) reconvened December 3, 2019 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: Michael Guinigundo, CPA (Chair), Margaret Gilmore, CPA (Vice-Chair), (Secretary), Kenya Watts, CPA (Member), James Gottfried, CPA (Past Chair), Gerald Weinstein, CPA (Member), John Soucie, CPA (Member), Brendan Fitzgerald, CPA (Member), and Scott Blake (Public Member). James Redmond, CPA (Member) was not present.

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 Jahan S. Karamali, Esq., representing the office of the Attorney General. Charlene A. Nortey, Board Investigator was also present.

Present in the audience was Ken Bishop, President and CEO of the National Association of State Boards of Accountancy (NASBA); Carlos Barrera, NASBA's Vice Chair for 2019-20; Tom Kenny, Director of Communications, NASBA; W. Michael Fritz, Director at Large and Treasurer, NASBA; Laura Hay, Executive Vice President and Barbara Benton, Vice President of Government Relations of the Ohio Society of CPAs (OSCPA); David Dennis, CPA; Brienna Brown, an Ohio University student; and Michelle Guinigundo.

Mr. Guinigundo called the meeting to order at 9:00 a.m., and welcomed the guests in the audience.

**PRESENTATION BY NASBA'S
KEN BISHOP AND CARLOS BARRERA**

Mr. Guinigundo introduced Ken Bishop, President and CEO; and Carlos Barrera, current Vice-Chair of NASBA. Mr. Bishop and Mr. Barrera thanked the Board for their hospitality and for the leadership of the Board.

Mr. Barrera thanked the Board for its hospitality, noting that Ohio is one of the few states that have an annual retreat in which past Board chairs are invited to attend and retain their ties to the Board.

Mr. Bishop addressed the reduction in the number of CPA exam candidates and the related decrease in initial CPA licensure. NASBA and the AICPA are working together to gather information on the relationship between a strong economy and the reduction in number of exam candidates. Mr. Bishop also mentioned the relationship between exam competencies and the evolution of the work a CPA is expected to perform. Methods and practices which were considered singular, or far-off technologies are evolving very quickly, from blockchain to cryptocurrency, and CPAs need to be ready to deal with these changes.

Mr. Bishop stated that internationally, the CPA profession remains the "gold standard" for licensure and part of maintaining that high standard is to be able to focus on technology and be ahead of the curve on those changes at every level – education, examination, experience, licensure, and practice. Discussions on concepts which took place three years ago are now coming to pass, and impacting the profession, such as increased hiring at firms in information technology rather than in accounting positions, are happening on an even larger scale than anticipated. Mr. Bishop stated Laurie Tish, NASBA Board Chair is working with a committee to address those concerns. Also, Mr. Bishop related these concerns to proposals to reduce the education required to be licensed from 150 semester credits to 120 semester credits. NASBA's

Accountancy Board of Ohio
Minutes of Board Meeting December 2-3, 2019

position is that in order to prepare candidates for the profession and its evolution, the requirement of completing 150 semester hours of education prior to licensure is essential. Lobbying has been focused on anti-regulatory legislation in the past year, and NASBA monitors every change in legislation and reads the minutes of every board meeting across the United States.

Internationally, NASBA has made more headway in the past year than in decades, stated Mr. Bishop. The Institute of Chartered Accountants of England and Wales was granted mutual recognition in the United States beginning in 2020, and South African Chartered Accountants recently signed with the Institute of Chartered Accountants at the past NASBA Annual Meeting in Boston.

In regard to peer review, Mr. Bishop stated that this is a complex issue due to jurisdictional and oversight challenges, confidentiality restrictions, and how to apply remedial actions in a way which does not become a quasi-disciplinary model.

Mr. Bishop and Mr. Barrera then responded to questions from the Board. Mr. Bishop addressed the potential for the reduction of the educational requirement to 120 semester credits, stating that it is a minority position, mainly of firms who have difficulty attracting CPAs, and of those who believe the 150 semester hour requirement places an undue burden on economically disadvantaged groups. Mr. Bishop noted that students from economically disadvantaged groups benefit from additional education, reflected in their CPA exam scores. Additionally, a rollback of the educational requirement will impact mobility and international reciprocity, and NASBA's position is to respect states' sovereignty, but will step in when the integrity of the profession is at stake. Mr. Barrera noted that if firms are seeking CPAs, they need to invest in people and assist them in becoming CPAs as a business practice. In response to what topics came out of the NASBA annual meeting, Mr. Bishop shared that there was positive feedback to the CPA examination model proposed, and there will be additional opportunities for stakeholders and other participants to contribute to the discussion. Mr. Bishop encouraged the Board to reach out to NASBA if assistance is warranted.

Mr. Guinigundo called for a vote to endorse Mike Fritz for NASBA Chair. Upon the motion by Mr. Weinstein, seconded by Mr. Gottfried, the Board voted 8-0 to endorse Mr. Fritz. Mr. Bishop asked that the endorsement be submitted in writing. Mr. Guinigundo thanked the NASBA visitors for their time and participation in the retreat.

FORMAL HEARING: BRENDA K. MOSSBARGER / MOSSBARGER & SMITHSON, CPAS

Mr. Guinigundo opened a disciplinary hearing at 9:48 a.m. pursuant to Chapter 119 of the Revised Code. The Board charged Ms. Mossbarger with a violation of sections 4701.16(A)(3), (A)(4), and (A)(9), violation of any provisions of section 4701.14 of the Revised Code; violation of a rule of professional conduct promulgated by the board under the authority granted by the chapter, specifically Board Rule 4701-7-04, Practice of Public Accounting and Regulated Services; and failure of a holder of a CPA certificate or PA registration to obtain an Ohio permit or an Ohio registration, or the failure of a public accounting firm to obtain a firm registration. Ms. Mossbarger was in attendance and was represented by Mr. John Izzo, attorney.

Accountancy Board of Ohio
Minutes of Board Meeting December 2-3, 2019

Ms. Karamali made an opening statement and introduced State's exhibits A, 1 through 14; B, 1 through 3; C, 1 and 2; and D, 1. Ms. Karamali called Ms. Charlene Nortey, investigator, as a witness to testify to the Board's investigation. Mr. Izzo then cross-examined Ms. Nortey. Ms. Mossbarger was called as a witness, and was questioned by Mr. Izzo and by the Board.

The Board admitted into evidence all exhibits. Ms. Karamali made a closing statement, followed by Mr. Izzo. Mr. Guinigundo concluded the hearing.

REINSTATEMENT HEARING: PETER A. BECK

Mr. Guinigundo opened a reinstatement hearing at 10:10 a.m. pursuant to section 4701.17 of the Revised Code. Mr. Beck was in attendance and was represented by Sasha Naiman, attorney.

Ms. Karamali made an opening statement. Ms. Karamali called Ms. Charlene Nortey, investigator, as a witness to testify to the Board's investigation and introduced State's exhibits A, 1 through 4; B, 1 and 2; C, 1 through 5; and D, 1 through 6. Ms. Naiman made an opening statement and called Mr. Beck as a witness. Mr. Beck was questioned by Ms. Naiman, Ms. Karamali, and the Board. Ms. Naiman introduced Respondent's Exhibit E, 1 through 33.

The Board admitted into evidence all exhibits. Ms. Naiman made a closing statement. Mr. Guinigundo concluded the hearing.

FORMAL HEARING: DANIEL A. CARDENAS, CPA

Mr. Guinigundo opened a disciplinary hearing at 10:30 a.m. pursuant to Chapter 119 of the Revised Code. The Board charged Mr. Cardenas with a violation of section 4701.16 (A) (1), concerning fraud and deceit in obtaining a CPA certificate, a PA registration, an Ohio permit, or an Ohio registration. Mr. Cardenas was in attendance and was not represented by counsel.

Ms. Karamali gave an opening statement, and called Ms. Charlene Nortey, Investigator, as a witness to testify to the Board's investigation. Ms. Karamali also introduced State's exhibits A, 1 through 7; B, 1 through 8; and C, 1 and 2. Ms. Nortey was questioned by the Board. Mr. Cardenas spoke and was questioned by Ms. Karamali and the Board.

The Board admitted into evidence all exhibits. Ms. Karamali made a closing statement. Mr. Guinigundo concluded the hearing.

REINSTATEMENT HEARING: BRADFORD H. SPIERS

Mr. Guinigundo opened a reinstatement hearing at 10:50 a.m. pursuant to section 4701.17 of the Revised Code. Mr. Spiers was in attendance and was not represented by counsel.

Ms. Karamali made an opening statement and called Ms. Donna Oklok, Investigations Supervisor, to testify to the Board's investigation. Ms. Karamali also introduced State's exhibits A, 1 through 7; and B, 1 through 36. Ms. Oklok was questioned by the Board. Mr. Spiers spoke and was questioned by the Board.

The Board admitted into evidence all exhibits. Ms. Karamali made a closing statement. Mr. Guinigundo concluded the hearing.

**FORMAL HEARING: ROBERT E. MCRAE / ROBERT E. MCRAE, CPA
(Goldman)**

Mr. Guinigundo opened a disciplinary hearing at 11:13 a.m. pursuant to Chapter 119 of the Revised Code. The Board charged Mr. McRae with a violation of section 4701.16(A)(1) and (A)(4), concerning fraud and/or deceit in obtaining a CPA certificate, a PA registration, an Ohio permit, or an Ohio registration; and violation of a rule of professional conduct related to Board rule 4701-15-12, continuing education verification. Mr. McRae was not in attendance.

Ms. Karamali gave an opening statement and called Ms. Oklok as a witness to testify to the Board's investigation. She introduced State's exhibits A, 1 through 11; B, 1 through 11; and C, 1 through 7. Ms. Oklok was questioned by the Board.

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

QUASI-JUDICIAL DELIBERATIONS

Upon Mr. Guinigundo's direction, the Board went into quasi-judicial deliberations to discuss the formal hearings. After discussion, the Board returned to general session.

BOARD DECISIONS

Brenda K. Mossbarger / Mossbarger & Associates, CPAs (Case 2019-3715)

Upon the motion by Ms. Watts and seconded by Mr. Fitzgerald, the Board voted to revoke the CPA certificate of Ms. Mossbarger and the firm registration of Mossbarger & Smithson CPAs, but to stay the revocation subject to the completion of the following conditions by March 31, 2020:

- (1) Payment of a fine of \$500;
- (2) Completion of three credits of Board-approved, Ohio-specific professional standards and responsibilities; and
- (3) Submission of \$10 per hour for each CPE credit earned in 2019 applied to the previous reporting period.

Motion carried 8-0 on a roll call vote.

Peter A. Beck (2013-59)

Upon the motion by Ms. Watts, and seconded by Mr. Gottfried, the Board voted to reinstate the CPA certificate of Mr. Beck, pending verification of continuing education compliance and payment of the appropriate licensing fee.

Motion carried 7-0, with one abstention on a roll call vote.

Daniel A. Cardenas (Case 2019-7187)

Upon the motion by Ms. Watts and seconded by Mr. Gottfried, the Board voted to revoke the CPA certificate of Mr. Cardenas, but to stay the revocation subject to the completion of the following conditions by March 31, 2020:

- (1) Payment of a fine of \$1,000;
- (2) Submission of \$10 per hour for each CPE credit earned in 2019 applied to the previous reporting period.

Motion carried 8-0 on a roll call vote.

Bradford H. Spiers (2016-32)

Upon the motion by Ms. Watts, and seconded by Mr. Weinstein, the Board voted to take no action regarding Mr. Spiers' request. He may not apply for reinstatement before December 31, 2020.

Motion carried 8-0 on a roll call vote.

Robert E. McRae, CPA (2019-6156)

Upon the motion by Ms. Watts, and seconded by Mr. Gilmore, the Board voted to revoke the CPA certificate of Mr. McRae and firm registration of Robert E. McRae, CPA.

Motion carried 8-0 on a roll call vote.

INFORMATION REPORTS AND UPDATES

Budget and Financial Report

Education Assistance Report

Rules Update

Ms. Oklok requested that all changes or updates to the proposed rule revisions be made by December 20.

Investigative Update

Ms. Oklok reported that CPE verification has begun, with 103 selected in the first pool. The updated CPE Audit Service website is working well, but OSCPAs continue to work with NASBA on data integration. She also reported that as of November 27, \$6,203.50 has been collected from those renewing licensees who failed to earn at least 20 CPE each year. Attest firms: 290 firms renewed, and 31 are still expired. Cease and desist notices were sent October 7, with field calls beginning next week. This year all expired firms are required to comply with the cease and desist until their peer review status is resolved.

OLD BUSINESS

Status of Past Hearings

Ms. Karamali noted that Mr. Holthues did not meet the conditions of the Board's Order, resulting in the revocation of his individual CPA certificate and firm registration, and the fine he had paid was subsequently returned to him.

Approval of the October 18, 2019 Board Meeting Minutes

Upon motion by Mr. Blake, seconded by Mr. Gottfried, the Board voted to approve the minutes of the October 18, 2019 Board Meeting. Motion carried 8-0.

CHAIR'S REPORT

Mr. Guinigundo recognized outgoing Past Chair James Gottfried and presented him with the Past Chair Award.

PASSING OF THE GAVEL

Mr. Guinigundo thanked the Board and staff, and passed the gavel to incoming Board Chairman, Maggie Gilmore.

Ms. Gilmore thanked Mr. Guinigundo for his service over the past year and stated she looks forward to working with him in his role as past chair.

SUMMARY OF BOARD REQUESTS

Mr. Patterson noted that the board will work on scholarship rule revisions to create an exam residency requirement as well as educational course requirements and other requirements. He will contact Ms. Mossbarger's counsel regarding the 20 credit per year requirement; and board staff will take steps to ensure Mr. McRae is notified of his license and firm revocations.

EXECUTIVE SESSION

Ms. Gilmore 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). Ms. Watts moved, and Mr. Gottfried seconded. Roll call vote was Mr. Blake, yes; Mr. Soucie, yes; Ms. Watts, yes; Mr. Guinigundo, yes; Mr. Fitzgerald, yes; Mr. Weinstein, yes; Mr. Gottfried, yes; Ms. Gilmore, yes.

Accountancy Board of Ohio
Minutes of Board Meeting December 2-3, 2019

Ms. Gilmore called for a roll call vote to acknowledge the return from Executive Session regarding the employment of a public employee pursuant to Ohio Revised Code 121.22(G)(1). Mr. Gottfried moved, and Mr. Blake seconded. Roll call vote was Mr. Blake, yes; Mr. Soucie, yes; Ms. Watts, yes; Mr. Guinigundo, yes; Mr. Fitzgerald, yes; Mr. Weinstein, yes; Mr. Gottfried, yes; Ms. Gilmore, yes.

Upon motion by Mr. Gottfried, seconded by Mr. Weinstein, the Board voted to adjourn.

Motion carried 8-0.

Margaret A. Gilmore, Chair

James B. Redmond, Secretary