

**STATE OF MICHIGAN
DEPARTMENT OF LABOR & ECONOMIC GROWTH
BUREAU OF COMMERCIAL SERVICES
LICENSING DIVISION**
2501 Woodlake Circle, Okemos, Michigan 48864-5955

Board of Accountancy

BOARD MEETING MINUTES

November 21, 2008

In accordance with the Open Meetings Act, 1976 PA 267, as amended, the Board of Accountancy met in Regular Session on November 21, 2008, at the Department of Labor & Economic Growth, Bureau of Commercial Services, 2501 Woodlake Circle, Conference Room 1, Okemos, Michigan. The business meeting was called to order by Chairperson Beth Bialy at 9:01 a.m.

1. ROLL CALL

Present:	Beth Bialy, Chair	Professional Member
	Richard G. David	Professional Member
	Mary Miller	Public Member
	Stephen H. Epstein	Professional Member
	Sally Fedus, Secretary	Public Member
	Neil DeBoer	Professional Member
	Carla Sledge	Professional Member
	Thomas R Weirich	Professional Member
	Ellen S Cogen Lipton	Public Member
Staff:	Sara Hernandez	Acting Licensing Administrator
	Joyce Karr	Licensing Director
	Stacie Bayes	Assistant Licensing Administrator
	Jennifer Olson	Licensing Staff
	Jackie Boyd	Licensing Division Secretary
	Ann Paruk	Enforcement Staff
	Barrington Carr	Enforcement Manager
	Stephen Gobbo	Legal Affairs Director
	James Farhat	Policy Specialist
	James Nelson	Legal Affairs Manager
Visitors:	Peggy Dzierzawski	MACPA
	John Lindley	MACPA
	Dennis Echelbarger	MACPA
	Tom Bazinet	Visitor
	Sarah Bazinet	Petitioner
	Joseph Sambaer	Petitioner

The Board welcomed Carla Sledge who is replacing Alan C. Young as a professional member on the Board of Accountancy.

2. ELECTION OF OFFICERS

The election of officers is to be held on an annual basis. The Board Members decided that the annual elections be held at the November board meeting each year, after appointments have been announced.

MOTION: Beth A. Bialy was nominated by Stephen Epstein for Chair. The motion was seconded by Thomas Weirich. There being no other nominations, a unanimous ballot was cast for Ms. Bialy.

MOTION: Thomas Weirich was nominated by Sally Fedus for Vice-Chair. The motion was seconded by Stephen Epstein. There being no other nominations, a unanimous ballot was cast for Mr. Weirich.

MOTION: Sally Fedus was nominated by Stephen Epstein for Secretary. The motion was seconded by Beth Bialy. There being no other nominations, a unanimous ballot was cast for Ms. Fedus.

3. ADDITIONS TO OR DELETIONS FROM AGENDA

Sarah A Bazinet was added under petitions as item c and minimum sanctions was added under old business.

4. APPROVAL OF MINUTES FROM MEETING HELD AUGUST 22, 2008

Ms. Fedus requested that the clerical errors on page 4 be corrected.

MOTION: It was moved by Mr. Epstein and seconded by Ms. Miller to approve the minutes with changes. The motion passed unanimously.

5. PETITIONS

A. James Wilson Jr.

Mr. Wilson submitted a request for waiver of the self study limitation that would allow 100% of self study CPE credits due to physical limitations.

MOTION: It was moved by Ms. Fedus and seconded by Ms. Miller to approve Mr. Wilson's request for waiver of the self-study limitation through June 30, 2009. The motion passed unanimously.

B. Joseph D. Sambaer

Mr. Sambaer passed the Audit and Law section of the CPA Exam in May of 2002. Mr. Sambaer requested that he be allowed to extend those credits on the basis that he was

not properly notified of the change in credit expiration dates when the CPA exam transitioned from a paper and pencil exam to a computer based exam.

MOTION: It was moved by Ms. Fedus and seconded by Ms. Miller to deny the request for extension as Mr. Sambaer did not pass the remaining sections within a 3 year period as previously required under the paper and pencil exam. The motion passed with Mr. David recusing.

C. Sarah A. Bazinet

Ms. Bazinet requested a 6-month extension of her FAR credit expiration date due to physical limitations from an illness.

MOTION: It was moved by Mr. Weirich and seconded by Mr. Epstein to grant Ms. Bazinet's request and extend her FAR credit expiration date to June 30, 2009. The motion passed unanimously.

6. OLD BUSINESS

At the August 22, 2008 board meeting, the Board had requested the department to review Mr. Randy K. Lane's license to see if he had enough CPE credits to have his license renewed, review his firm for possible violations and review the finding against the firm for possible disciplinary action. This information was not provided at this board meeting. The Board is requesting the department to provide information at next meeting.

The Board held discussion regarding who is required to sign the Board approved minutes. It was determined that the Board Secretary and Department Recording Secretary are the only two necessary signatures.

Board requested information regarding the balance of the enforcement fund and travel approval. Regarding travel, Ms. Karr stated that there are four funding sources: (1) licensing fees, (2) NASBA scholarships, (3) NASBA exam fund by contract with the Department, and (4) NASBA special sponsored events. Ms. Karr indicated that travel will likely not be approved when the funding sources is listed as state licensing fees. The NASBA held exam fund is tied to fees collected for the exam and may be used for state employee travel. The Board requested confirmation on the appropriate process to request travel approval and information regarding the balance of the enforcement fund.

Ms. Bialy questioned whether Craig Mills of the AICPA could be added to a future board meeting agenda. Discussion was held regarding Mr. Mills and the removal of his presentation from the August 22, 2008 agenda. The Board expressed its displeasure regarding the removal of this agenda item. Ms. Karr indicated that the department needed time to review the presentation and provisions of the Open Meetings Act in order to ascertain whether this information could be provided during an open session. Mr. Epstein indicated that he would like such matters to be handled more appropriately in the future and Mr. David expressed a desire to have the minutes changed to reflect the correct explanation for the removal of the presentation. Ms. Karr agreed that such matters will be handled more appropriately in the future.

An updated minimum sanctions list was given to the Board for review.

MOTION: It was moved by Ms. Fedus and seconded by Mr. Weirich to approve the minimum sanctions list as written. The motion carried unanimously.

7. NEW BUSINESS

A. REINSTATEMENTS

i. Stanley O'Connor

Mr. O'Connor applied for reinstatement for his CPA certificate, which had been revoked on May 25, 1989, for nonpayment of fees.

Discussion: Ms. Bialy questioned why the reinstatements for nonpayment of fees required board approval. Ms. Hernandez indicated that staff would research the issue.

MOTION: It was moved by Mr. Epstein and seconded by Mr. Weirich to approve Mr. O'Connor's application for reinstatement. The motion passed unanimously.

ii. James John Connor

Mr. Connor applied for reinstatement for his CPA certificate, which had been revoked on May 25, 1989, for nonpayment of fees.

MOTION: It was moved by Ms. Miller and seconded by Ms. Fedus to approve Mr. Connor's application for reinstatement. The motion passed unanimously.

B. STIPULATIONS

Discussion: Ms. Bialy requested Mr. Gobbo to provide an overview for handling stipulations. Mr. Gobbo explained that a stipulation agreement is a settlement agreement. The Board's responsibility is to accept the stipulation as written or reject the stipulation with comments providing guidance to the Bureau for a fair settlement. The Board cannot change a stipulation. If the stipulation is rejected it then goes to a hearing and the recommendations may or may not be taken into consideration by the administrative law judge.

i. Alan C. Young & Associates PC

A signed stipulation and formal complaint were presented to the Board in the matter of Alan C. Young & Associates PC, for violation of a provision of Article 7 of the Occupational Code, 1980 PA 299, as amended, a rule of conduct promulgated there under, contrary to MCL 339.734(i).

MOTION: It was moved by Mr. David and seconded by Mr. DeBoer to accept the stipulation as written. The motion passed with Ms. Bialy and Ms. Sledge recusing.

ii. Charles C. Ross Jr

A signed stipulation and formal complaint were presented to the Board in the matter of Charles C. Ross Jr, for violation of section(s) 601(1), 604(h), 723(1) and 734(1)(l) & (j) of the Michigan Occupational Code, 1980 PA 299, as amended; MCL 339.601(1), MCL 339.604(h), MCL 339.723(1) and MCL 339.734(1)(i) & (j).

MOTION: It was moved by Mr. David and seconded by Mr. Weirich to accept the stipulation as written. The motion passed unanimously.

iii. Cindrich, Mahalak & Co PC

A signed stipulation and formal complaint were presented to the Board in the matter of Cindrich, Mahalak & Co PC, for violation of a provision of section 604 of the Michigan Occupational Code, 1980 PA 299, contrary to MCL 339.734(j).

MOTION: It was moved by Mr. David and seconded by Ms. Miller to accept the stipulation as written. The motion passed with Ms. Bialy recusing.

iv. Robert T. Bassman

A signed stipulation and formal complaint were presented to the Board in the matter of Robert T. Bassman, for violation of Section 734(f) of the Michigan Occupational Code, 1980 PA 299, as amended; MCL 339.734(f).

MOTION: It was moved by Mr. Weirich to reject the stipulation as written on the due to the seriousness of the violation. The motion failed.

MOTION: It was moved by Mr. Epstein and seconded by Ms. Cogen to accept the stipulation as written. The motion passed with Mr. Weirich and Ms. Miller voting no and Mr. David recusing.

Discussion: The Board discussed the newly approved Minimum Sanctions guideline in light of this case.

MOTION: It was moved by Mr. Epstein and seconded by Mr. Weirich that the Department develop a method to expedite SEC related complaints and research various means of upholding the Board's Minimum Sanctions, including the promulgation of rules. The motion carried unanimously.

C. HEARING REPORTS

MOTION: It was moved by Mr. David and seconded by Mr. Epstein to receive the Hearing Reports on Mark Eric Paulson and Joel E Gartner. The motion carried unanimously.

i. Mark Eric Paulson

The Board reviewed the Hearing Report which found Mr. Paulson violated MCL 339.604(k) of the Occupational Code 1980 PA 299, as amended.

MOTION: It was moved by Mr. David and seconded by Ms. Fedus to suspend Mr. Paulson's license until such time as the previously assessed civil fine by the Michigan Residential Builders and Maintenance & Alteration Contractors Board in the amount of \$7,500 is paid. It was further moved to uphold the provision of denial of all currently pending and any future applications for licensure or renewal until said fine is paid. The motion carried unanimously.

ii. Joel E. Gartner

The Board reviewed the Hearing Report which found Mr. Gartner violated Rule 338.5465(i) of the Administrative Rules and Sections 601(1), 604(h), 723(1) and 734(g) of the Occupational Code, 1980 PA 299, as amended.

MOTION: It was moved by Ms. Miller and seconded by Mr. Weirich to impose a civil fine of \$10,000 per violation of the Sections for a total of \$40,000 and to continue revocation of Mr. Gartner's license. The motion carried unanimously.

8. ITEMS FOR CONSIDERATION FROM BOARD MEMBERS OR DEPARTMENT

A. Mr. Farhat is working with Bureau staff, SOAHR and the MACPA to update the Administrative Rules. Mr. Farhat provided an overview of the requested changes, the status and the process for updating the Administrative Rules. The topics discussed included updating: (1) Rule 101, (2) Rule 102, (3) Rule 140, and (4) Rule 501.

B. Ms. Bialy provided an update of the NASBA annual conference. The conference was attended by Ms. Bialy, Ms. Karr and Mr. Weirich. Points of interest included:

- * information on IFRS
- * States providing substance abuse programs for CPA's
- * consideration of ethics as a requirement for licensure
- * possible implementation of an international exam
- * 120 vs. 150 semester hours to sit for current exam
- * implementing an interstate enforcement compact regarding "practice privilege"
- * presentation on CBT

Ms. Boyd informed the Board that the Bureau is working on a process in order to offer board member training for new members.

Board members requested that hard copies of all Board meeting materials be timely mailed instead of being electronically sent.

Ms. Cogen Lipton announced that this would be her last board meeting as she has been elected to the legislature. She will contact the governor's office to resign.

Mr. David offered his condolences to Ms. Dzierzawski for the recent loss of her father.

Ms. Hernandez requested input from the Board members regarding meeting dates for 2009. Historically meetings have been held on Fridays but had been scheduled for Thursdays for 2009. Due to scheduling conflicts, it was agreed to continue to hold meetings on Fridays.

9. PUBLIC COMMENT

Ms. Dzierzawski of the MACPA informed Board Members that States are considering changing their requirements to sit for the exam from 150 semester credit hours to 120 semester credit hours. The AICPA prefers states to require candidates to sit for the exam at the 150 semester credit hour level.

10. NEXT MEETING DATE

The next scheduled meeting of the Board of Accountancy will be held on January 23, 2009, at 9:00 a.m. The Board expressed their desire to have Friday dates for the 2009 meetings.

11. ADJOURNMENT

There being no further business to be brought before the Board at this time, the meeting was adjourned at 12:40 p.m.

/s/Sally Fedus
Sally Fedus, Secretary

Date

/s/Melody Duwe
Recording Secretary

Date