

THE VIRGINIA BOARD OF ACCOUNTANCY

MEETING MINUTES

The Virginia Board of Accountancy (Board) met on Wednesday, June 14, 2006, in Room 4-West, Fourth Floor of the 3600 West Broad Street Building, Richmond, Virginia 23230.

The following Board members present for the entire meeting were:

Stephen D. Holton, CPA, Vice Chairman
O. Whitfield Broome, Ph.D., CPA
Regina P. Brayboy, MPA
Dian T. Calderone, MTX, CPA
Lawrence D. Samuel, CPA
Tyrone E. Dickerson, CPA

The following Board member present for a portion of meeting was:

Jane M. Little, CPA, Chairman

The Board staff members present for the entire meeting were:

Nancy Taylor Feldman, Executive Director
Mark D'Amato, Board Administrator
Patti Hambright, Exam/Licensing Coordinator

The Board staff members present for a portion of the meeting were:

Jean Grant, Enforcement Manager/Investigator
Dreana L. Gilliam, Exam/Licensing Coordinator

Also in attendance for the entire meeting was:

Cynthia H. Norwood, Assistant Attorney General

In attendance for a portion of the meeting were:

Steven L. Arthur, Deputy Director for Administration and Finance, Department of Professional and Occupational Regulation
Erin Collins, Government Affairs Director, Virginia Society of Certified Public Accountants
Gordon E. Saul, National College of Business and Technology
Emily P. Walker, Regulatory Specialist, Virginia Society of Certified Public Accountants

Chairman Little called the meeting to order at 10:20 a.m.

Call to Order

Chairman Little determined that a quorum was present.

**Determination of
Quorum**

The members reviewed the agenda and recommended several changes.

Approval of Agenda

Upon a motion by Mr. Samuel, and seconded by Ms. Calderone, the Board by unanimous vote approved the agenda as amended. The members voting “**AYE**” were Ms. Little, Mr. Holton, Dr. Broome, Ms. Brayboy, Ms. Calderone, Mr. Samuel and Mr. Dickerson.

The Board’s Final Agenda as amended was as follows:

Call to Order
Determination of Quorum
Approval of Agenda
Public Comment Period

A. Approval of Minutes from January 9, 2006 and May 17, 2006
Board meetings

B. Committee Reports:

1. Executive
Jane M. Little, CPA, Committee Chairman
 - a. FOIA Proposal
 - b. Update on Peer Review Audit
2. Legislative/Regulatory
Stephen D. Holton, CPA, Committee Chairman
 - a. Update on White Paper
 - b. Regulation:
 - (1) ESOP
 - (2) Public Participation Guidelines (PPG)
 - c. Proposed Legislation/Regulation: 2006-2007
3. Education/Examination
O. Whitfield Broome, Ph.D., CPA, Committee Chairman
 - a. NASBA Education Task Force Draft Framework

Recess for Board Lunch

Reconvene

B. Committee Reports (cont'd):

4. Enforcement

Lawrence D. Samuel, CPA, Committee Chairman

a. Cases:

(1) Number 2005-D07 (Lucas)

Mr. Lucas and Attorney will be attending

(2) Number 2005-U06 (Costello)

Mr. Costello will be attending

(3) Number 2005-D05 (Grimes)

Mr. Grimes and Attorney will be attending

(4) Number 2005-U07 (White)

Mr. White and Attorney will be attending

b. Meeting: June 14, 2006

c. Agreement for Licensure: Number 2005-U04 (Shafi)

C. Meetings

1. Report on NASBA Western Regional Meeting
2. NASBA Eastern Regional Meeting
3. NASBA Annual Meeting
4. Future Board Meetings

D. Passing of the Gavel

E. Personnel Matters – Executive Session

Sign Conflict of Interests Forms

Complete Travel Expense Vouchers

Adjournment

Chairman Little asked for the members of the public attending the meeting to introduce themselves. Ms. Collins and Ms. Walker from the Virginia Society of Certified Public Accountants (VSCPA) introduced themselves. Mr. Saul from the National College of Business and Technology (NCBT) introduced himself.

**Public Comment
Period**

With no further members of the public having comments, she moved to the next item of business.

Vice-Chairman Holton presented some changes to the minutes from the Board meeting held on January 9, 2006.

**A. Approval of
Minutes from
January 9, 2006 and
May 17, 2006,**

Upon a motion by Mr. Samuel, and seconded by Ms. Calderone, the

Board by unanimous vote approved the minutes from the Board meeting on January 9, 2006, as amended. The members voting “**AYE**” were Ms. Little, Mr. Holton, Dr. Broome, Ms. Brayboy, Ms. Calderone, Mr. Samuel and Mr. Dickerson.

Board meetings

Chairman Little asked if there was any objection to holding off approving the minutes from the Board meeting held on May 17, 2006. Hearing no objections, she proposed carrying over the minutes to the next meeting.

The Board agreed to carry over the consideration and approval of the minutes for the May meeting to the next Board meeting.

Chairman Little led a general discussion about provisions in the Virginia Freedom of Information Act (FOIA) concerning how electronic meetings are conducted. The members agreed to continue this discussion at its next meeting.

B. Committee Reports: **1. Executive – Jane M. Little, CPA, Committee Chairman** **a. FOIA Proposal**

The Board members reviewed the revised draft of the peer review audit documents.

b. Update on Peer Review Audit

Upon a motion by Mr. Holton, and seconded by Dr. Broome, the Board by unanimous vote approved the revisions to the peer review audit documents. The members voting “**AYE**” were Ms. Little, Mr. Holton, Dr. Broome, Ms. Brayboy, Ms. Calderone, Mr. Samuel and Mr. Dickerson.

Upon agreement by the members, Mr. Holton moved the discussion about regulations up. He led a review of the legislation sponsored by Senator Walter Stosch, which would become effective on July 1, 2006, about employee stock ownership plans (ESOP).

2. Legislative/Regulatory – Stephen D. Holton, CPA, Committee Chairman

The Board agreed to continue the discussion about ESOP-related regulations at its next meeting.

b. Regulation: **(1) ESOP**

Mr. Holton next presented a draft of the Board’s public participation guidelines (PPG) regulations with revisions to the members. He asked the members to review the draft so they could discuss it at the Board’s next meeting. The members agreed.

(2) Public Participation Guidelines (PPG)

Mr. Holton led a discussion about how to proceed with a comprehensive review of the Board's regulations.

**c. Proposed
Legislation/
Regulation: 2006-
2007**

Upon a motion by Mr. Dickerson, and seconded by Ms. Brayboy, the Board by unanimous vote approved beginning a comprehensive review of the Board's regulations, which would include establishing an action plan with set goals and time tables, and creating an advisory committee. The members voting "AYE" were Ms. Little, Mr. Holton, Dr. Broome, Ms. Brayboy, Ms. Calderone, Mr. Samuel and Mr. Dickerson.

Upon a motion by Mr. Dickerson, and seconded by Mr. Samuel, the Board by unanimous vote approved filing a Notice of Intended Regulatory Action (NOIRA) about this comprehensive review of the Board's regulations. The members voting "AYE" were Ms. Little, Mr. Holton, Dr. Broome, Ms. Brayboy, Ms. Calderone, Mr. Samuel and Mr. Dickerson.

Mr. Holton concluded with a discussion about drafting a memorandum on standard setting for the Board to consider adopting as a position paper.

**a. Update on White
Paper**

The members agreed that Mr. Holton would prepare a draft for presentation at the Board's next meeting.

Mr. Holton also noted that Chairman Little had been nominated for a seat on the Nominating Committee of the National Association of State Boards of Accountancy (NASBA). The members agreed that Mr. Holton should draft a letter in support of Ms. Little's nomination to the committee.

The members were also informed by Dr. Broome about his being asked to become a member of NASBA's Uniform Accountancy Act (UAA) Committee. The members agreed to postpone discussion about this matter until the Board's next meeting.

Dr. Broome also brought up for consideration adding language to the Board's regulations identifying the deadline when Virginia candidates who qualified to take the computer-based CPA examination (CBT) under the current 120-hour education requirement must pass all four parts of the CBT. The Board agreed to consider such language changes at its next meeting.

Dr. Broome reviewed a letter he drafted in response to options proposed by a NASBA task force about educational requirements to

**4. Education/
Examination – O.**

take the CBT.

Upon a motion by Mr. Holton, and seconded by Ms. Brayboy, the Board by unanimous vote approved sending the letter to NASBA. The members voting “**AYE**” were Ms. Little, Mr. Holton, Dr. Broome, Ms. Brayboy, Ms. Calderone, Mr. Samuel and Mr. Dickerson.

The Board recessed from 12:00 p.m. to 1:00 p.m. for lunch.

Mr. Samuel and Ms. Calderone stated that they would recuse themselves from any action on these enforcement cases due to their involvement in the Informal Fact-Finding Conferences (IFFs).

The members’ task, Ms. Little stated, would be to review the recommended findings of fact, conclusions of law, and actions contained in the Presiding Officer’s Report for each IFF. They must adopt, reject or modify any findings of fact, conclusions of law, and appropriate actions, contained therein. Further, Ms. Little stated that the four cases would be presented together. After the presentations, the Board would go into Executive Session to discuss the cases. Once back in open session, the Board would provide its decision in the cases.

In the matter of **File Number 2005-D07 (Lucas)**, Mr. Lucas and his attorney were present and his attorney made a statement on Mr. Lucas’ behalf. Then, Ms. Grant presented a report on the case to the members.

In the matter of **File Number 2005-U06 (Costello)**, Mr. Costello was present, but an attorney was not present to represent him. Ms. Grant presented a report on the case to the members.

In the matter of **File Number 2005-D05 (Grimes)**, Mr. Grimes and his attorney were present. His attorney stated that Mr. Grimes accepted the recommendations. Then, Ms. Grant presented a report on the case to the members.

In the matter of **File Number 2005-U07 (White)**, neither Mr. White nor his attorney were present. Ms. Feldman checked the lobby and confirmed that Mr. White and his attorney were not present. Then,

Whitfield Broome,
Ph.D., CPA,
Committee
Chairman
a. NASBA
Education Task
Force Draft
Framework

Lunch

B. Committee
Reports (cont’d):
5. Enforcement –
Lawrence D.
Samuel, CPA,
Committee
Chairman
a. Cases:
(1) Number 2005-
D07 (Lucas) – Mr.
Lucas and Attorney
will be attending
(2) Number 2005-
U06 (Costello) – Mr.
Costello will be
attending
(3) Number 2005-
D05 (Grimes) – Mr.
Grimes and
Attorney will be
attending
(4) Number 2005-
U07 (White) – Mr.
White and Attorney
will be attending

Ms. Grant presented a report on the case to the members.

Chairman Little then requested that the members go into executive session in order to discuss the open disciplinary proceedings.

Upon a motion by Dr. Broome, and seconded by Mr. Dickerson, the Board approved by unanimous vote that the meeting be recessed and that the Board immediately reconvene in closed meeting for the purpose of deliberating on open disciplinary proceedings within the jurisdiction of the Board as permitted by § 2.2-3711.A.28 of the *Code of Virginia*. The following non-members will be in attendance to reasonably aid the consideration of the topic: **Ms. Norwood, Ms. Feldman and Ms. Grant**. The members voting “**AYE**” were Ms. Little, Mr. Holton, Dr. Broome, Ms. Brayboy, and Mr. Dickerson. Mr. Samuel and Ms. Calderone were not present for the discussion or vote.

Begin Closed Meeting

This motion is made with respect to the matter identified as agenda item: **B. Committee Reports: 5. Enforcement: a. Cases (1), (2), (3) and (4)**.

Upon a motion by Dr. Broome, and seconded by Mr. Dickerson, the Board approved by unanimous vote that the closed meeting, as authorized by § 2.2-3711.A.28 of the *Code of Virginia*, be adjourned and that the Board immediately reconvene in open public meeting. The members voting “**AYE**” were Ms. Little, Mr. Holton, Dr. Broome, Ms. Brayboy, and Mr. Dickerson. Mr. Samuel and Ms. Calderone were not present for the discussion or vote.

End Closed Meeting

Upon a motion by Dr. Broome, and seconded by Mr. Dickerson, the Board made the following certification:

WHEREAS, the Board of Accountancy has convened a closed meeting on this date pursuant to an affirmative recorded vote and in accordance with the provisions of the Virginia Freedom of Information Act; and

WHEREAS, § 2.2-3712.A of the *Code of Virginia* requires a certification by this Board of Accountancy that such closed meeting was conducted in conformity with Virginia law;

NOW, THEREFORE, BE IT RESOLVED that the Board of Accountancy hereby certifies that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the closed meeting to which this certification resolution applies and (ii) only such public business matters as were identified in the motion convening the closed meeting were heard, discussed or considered by the Board of Accountancy.

CALL FOR VOTE:

Jane M. Little, CPA – Aye
Stephen D. Holton, CPA – Aye
O. Whitfield Broome, Ph.D., CPA – Aye
Regina P. Brayboy, MPA – Aye
Dian T. Calderone, MTX, CPA – No Vote
Lawrence D. Samuel, CPA – No Vote
Tyrone E. Dickerson, CPA – Aye

VOTE

AYES: Five (5)

NAYS: None.

ABSENT DURING VOTE: Two (2).

ABSENT DURING MEETING: None.

In the matter of **File Number 2005-D07 (Lucas)**, the Board reviewed the IFF Report with the recommendations of the Presiding Officer, which included its findings of fact, conclusions of law and actions. Mr. Lucas and his attorney were present.

Upon a motion by Mr. Holton, and seconded by Mr. Dickerson, the Board by majority vote rejected the IFF Report's findings of fact, conclusions of law, and recommended actions, and closed the case with a finding of no violation. The members voting "AYE" were Ms. Little, Mr. Holton, Dr. Broome, Ms. Brayboy, and Mr. Dickerson. Mr. Samuel and Ms. Calderone were not present and did not participate in the discussion or vote.

In the matter of **File Number 2005-U06 (Costello)**, the Board reviewed the IFF Report with the recommendations of the Presiding

B. Committee Reports:
5. Enforcement
a. Cases:
(1) Number 2005-D07 (Lucas)
(2) Number 2005-U06 (Costello)
(3) Number 2005-D05 (Grimes)
(4) Number 2005-U07 (White)
(cont'd)

Officer, which included its findings of fact, conclusions of law and actions. Mr. Costello was present, but an attorney was not present to represent him.

Upon a motion by Dr. Broome, and seconded by Mr. Dickerson, the Board by majority vote approved (1) the IFF Report's findings of fact whereby: (Count 1) Costello used the CPA designation in signing Form 760E/CG Extensions, state and federal tax forms, without a valid Virginia CPA license; (2) the IFF Report's conclusions of law whereby: (Count 1) Costello's action may constitute a violation of Section **54.1-4413.1** of the *Code of Virginia*; and (3) the IFF Report's actions whereby: Costello shall not practice as a CPA in the Commonwealth until the Virginia Board of Accountancy has granted a license to Costello to practice as a CPA, and Costello shall pay a monetary penalty of \$500 within 90 days of the entry date of the Final Order. The members voting "AYE" were Ms. Little, Mr. Holton, Dr. Broome, Ms. Brayboy, and Mr. Dickerson. Mr. Samuel and Ms. Calderone were not present and did not participate in the discussion or vote.

In the matter of **File Number 2005-D05 (Grimes)**, the Board reviewed the IFF Report with the recommendations of the Presiding Officer, which included its findings of fact, conclusions of law and actions. Mr. Grimes was present, and his attorney was present to represent him.

Upon a motion by Ms. Brayboy, and seconded by Mr. Dickerson, the Board by majority vote approved (1) the IFF Report's findings of fact whereby: (Count 1) Grimes (i) failed to sign as preparer of the 2002 and 2003 tax forms for his clients, (ii) failed to have adequate knowledge of state tax laws by failing to prepare the Federal Tax return before the State Tax return, and (iii) used the unauthorized title, "Assistant Treasurer," on his clients' 2002 and 2003 tax returns; (2) the IFF Report's conclusions of law whereby: (Count 1) Grimes' actions may constitute a violation of Board Regulation **18 VAC 5-21-120 (E), Professional Competence**; and (3) the IFF Report's actions whereby: (Count 1) Grimes must satisfactorily complete no less than 8 hours of training in "Referencing Circular 230," 8 hours of training in "AICPA Tax Standards of Practice," and 20 hours of training in Audit and Review by December 31, 2006. The Board acknowledges the receipt of 16 credit hours of continuing professional education (CPE) submitted during the IFF in Compilation and Review, which was accepted by the Presiding Officer for the Board's consideration. This training shall not be considered part of the Board's CPE requirements. Finally, Grimes must pay a monetary penalty of \$2,500. The

members voting “**AYE**” were Ms. Little, Mr. Holton, Dr. Broome, Ms. Brayboy, and Mr. Dickerson. Mr. Samuel and Ms. Calderone were not present and did not participate in the discussion or vote.

In the matter of **File Number 2005-U07 (White)**, the Board reviewed the IFF Report with the recommendations of the Presiding Officer, which included its findings of fact, conclusions of law and actions. Mr. White was not present, nor was his attorney present to represent him.

Upon a motion by Mr. Dickerson, and seconded by Dr. Broome, the Board by majority vote approved (1) the IFF Report’s findings of fact whereby: (Count 1) White used the CPA designation by offering to provide services to the public without a valid Virginia CPA license by advertising on the internet through his website of <http://www.wcw-cpa.com>; (2) the IFF Report’s conclusions of law whereby: (Count 1) White’s action may constitute a violation of Sections **54.1-4413.1** and **54.1-4414** of the *Code of Virginia*; and (3) the IFF Report’s actions whereby: (Count 1) White shall not practice as a CPA in the Commonwealth until the Virginia Board of Accountancy has granted a license to White to practice as a CPA, and White shall pay a monetary penalty of \$3,000 within 90 days of the entry date of the Final Order. The members voting “**AYE**” were Ms. Little, Mr. Holton, Dr. Broome, Ms. Brayboy, and Mr. Dickerson. Mr. Samuel and Ms. Calderone were not present and did not participate in the discussion or vote.

The Board recessed from 2:15 p.m. to 2:30 p.m.

Board Recess

The agreement for licensure of Mr. Shafi was presented to the Board.

c. Agreement for Licensure: Number 2005-U04 (Shafi)

Mr. Samuel reviewed what occurred at the Enforcement Committee meeting held prior to that day’s Board meeting. The committee held two IFFs and discussed two topics: (1) a proposed revision to the procedures for CPE audit and deficient licensees; and (2) two documents—one from the Department of Health Professions (DHP) and the other from the Virginia Bar Association—that may assist the Board to determine enforcement guidelines.

b. Meeting: June 14, 2006

The Board members reviewed the revisions to the CPE audit procedures document.

Upon a motion by Mr. Holton, and seconded by Mr. Dickerson, the Board by unanimous vote approved the revisions to the document titled "Procedures for CPE Audit and Deficient Licensees," adopted on April 24, 2002. The members voting "AYE" were Ms. Little, Mr. Holton, Dr. Broome, Ms. Brayboy, Ms. Calderone, Mr. Samuel and Mr. Dickerson.

Mr. Samuel next offered the two documents to the Board for consideration in putting together enforcement guidelines. The Board agreed to review the documents and discuss them at its next meeting.

Dr. Broome presented a report on what occurred at the NASBA Western Regional meeting.

The Board confirmed who would be attending the NASBA Eastern Regional meeting.

The Board reviewed the cost estimates prepared by staff for the NASBA Annual meeting in Atlanta, Georgia from October 29, 2006 to November 1, 2006.

Mr. Arthur, from the Department of Professional and Occupational Regulation (DPOR), spoke with the Board members about the use of DPOR's fourth floor conference room for its next meeting.

The members then confirmed the date, time and location of the next Board meeting: (1) Wednesday, August 2, 2006, to begin at 10:00 a.m., in the fourth floor conference room at DPOR.

Chairman Little passed the gavel off to Vice-Chairman Holton, who becomes Chairman on July 1, 2006. Mr. Holton then presented to Ms. Little a plaque in recognition of her successful year as Chairman of the Board of Accountancy.

Ms. Little then left the meeting.

Mr. Holton requested that the members go into executive session in order to discuss personnel matters.

C. Meetings:

**1. Report on
NASBA Western
Regional Meeting**

**2. NASBA Eastern
Regional Meeting**

**3. NASBA Annual
Meeting**

**4. Future Board
Meetings**

**D. Passing of the
Gavel**

**E. Personnel
Matters – Executive
Session**

Upon a motion by Dr. Broome, and seconded by Mr. Dickerson, the Board approved by unanimous vote that the meeting be recessed and that the Board immediately reconvene in closed meeting for the purpose of consultation and/or briefings by staff members pertaining to personnel matters within the jurisdiction of the Board as permitted by § 2.2-3711.A.1 of the *Code of Virginia*. The following non-member will be in attendance to reasonably aid the consideration of the topic: Ms. Norwood. The members voting “**AYE**” were Mr. Holton, Dr. Broome, Ms. Brayboy, Ms. Calderone, Mr. Samuel, and Mr. Dickerson.

Begin Closed Meeting

This motion is made with respect to the matter identified as agenda item: **E. Personnel Matters – Executive Session**.

Upon a motion by Dr. Broome, and seconded by Ms. Brayboy, the Board approved by unanimous vote that the closed meeting, as authorized by § 2.2-3711.A.1 of the *Code of Virginia*, be adjourned and that the Board immediately reconvene in open public meeting. The members voting “**AYE**” were Mr. Holton, Dr. Broome, Ms. Brayboy, Ms. Calderone, Mr. Samuel, and Mr. Dickerson.

End Closed Meeting

Upon a motion by Dr. Broome, and seconded by Ms. Brayboy, the Board made the following certification:

WHEREAS, the Board of Accountancy has convened a closed meeting on this date pursuant to an affirmative recorded vote and in accordance with the provisions of the Virginia Freedom of Information Act; and

WHEREAS, § 2.2-3712.A of the *Code of Virginia* requires a certification by this Board of Accountancy that such closed meeting was conducted in conformity with Virginia law;

NOW, THEREFORE, BE IT RESOLVED that the Board of Accountancy hereby certifies that, to the best of each member’s knowledge, (i) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the closed meeting to which this certification resolution applies and (ii) only such public business matters as were identified in the motion convening the closed meeting were heard, discussed or considered by the Board of Accountancy.

CALL FOR VOTE:

Jane M. Little, CPA – No Vote
Stephen D. Holton, CPA – Aye
O. Whitfield Broome, Ph.D., CPA – Aye
Regina P. Brayboy, MPA – Aye
Dian T. Calderone, MTX, CPA – Aye
Lawrence D. Samuel, CPA – Aye
Tyrone E. Dickerson, CPA – Aye

VOTE

AYES: Six (6)

NAYS: None.

ABSENT DURING VOTE: Ms. Little.

ABSENT DURING MEETING: Ms. Little.

Mr. Holton noted that no action was going to be taken at this time on personnel matters. For the record, he indicated that Ms. Little left the closed meeting prior to any discussion.

**D. Personnel
Matters – Executive
Session (cont'd)**

Mr. Holton asked the members to complete and sign their conflict of interests forms.

**Conflict of
Interests Forms**

Mr. Holton asked the members to complete and sign their travel expense vouchers.

**Travel Expense
Vouchers**

With no further business coming before the Board, upon a motion by Dr. Broome, and seconded by Ms. Calderone, the meeting was adjourned by unanimous vote at 4:00 p.m. The members voting “**AYE**” were Mr. Holton, Dr. Broome, Ms. Brayboy, Ms. Calderone, Mr. Samuel and Mr. Dickerson.

Adjournment

APPROVED:

Stephen D. Holton, CPA, Chairman

COPY TESTE:

Nancy Taylor Feldman, Executive Director