

**MISSISSIPPI STATE BOARD OF PUBLIC ACCOUNTANCY
MINUTES
December 16, 2005**

The Mississippi State Board of Public Accountancy met at the Board office at 5 Old River Place, Suite 104, Jackson, Mississippi, on December 16, 2005. The following record of that meeting was maintained.

Board Members Present

John P. Quon, Chairman
Jim E. Burkes, Vice Chairman
Willie B. Sims, Jr., Secretary
Diane S. Day
Rick Elam
Angela L. Pannell
Jean T. Shepherd

Board Staff Present

Susan M. Harris, Executive Director
Ransom C. Jones, Investigator

Legal Counsel Present

Onetta Whitley, Deputy Attorney General
Bridgette Wiggins, Special Assistant Attorney General

Others Present

Jimmy Boyd, MAPA
Ella Hardwick, Brooks Court Reporting

I. General

1. The Board opened the meeting with the invocation by Jim Burkes.
2. The Board members present unanimously approved the minutes from the November 18, 2005, meeting.
3. The Board members signed the certificates of licensure from the November 18, 2005, meeting.

I. General (Continued)

4. The Board members set the start time for the next meeting and reviewed the tentative meeting dates and activities for 2006. Due to conflicts with Memorial weekend, the Board amended the May 2006 meeting date.

January 27	8:30 a.m.	Meeting
February 24		Meeting
March 24		Meeting
April 28		Meeting
April 29		CPA Presentation Ceremony
May 24		Meeting
May 31 - June 2		NASBA Western Regional
June 21 - 23		NASBA Eastern Regional
June 22 - 25		MSCPA Annual
July 28		Meeting
August 25		Meeting
September 29		Meeting
October 29 - November 1		NASBA Annual
November 17		Meeting
November 18		CPA Presentation Ceremony
December 15		Meeting

5. The Board members unanimously authorized recognition of Wallace Collins' service on the Peer Review Oversight Committee for the seven years from 1998 through 2005. Board Chairman John Quon will send a recognition letter to Mr. Collins on behalf of the Board.

II. National Regulatory Concerns

1. The Board members reviewed and responded to the National Association of State Boards of Accountancy (NASBA) focus questions as forwarded from Ted Long, Chair - Committee Relations with Member Boards. Executive Director Susan Harris will draft a response based on the discussions and answers provided and return by January 6, 2006.
2. The Board reviewed and discussed the November 2005 NASBA *State Board Report*.
3. The Board reviewed and discussed the American Institute of CPAs Professional Ethics Executive Committee's newsletter entitled *Ethically Speaking*, December 2005.

II. National Regulatory Concerns (Continued)

4. The Board reviewed and discussed releases from the Public Company Accounting Oversight Board (PCAOB) including:
 - 2005-020 November 22, 2005 and 2006 Budget
Ethics and Independence Rules Concerning Independence, Tax Services and Contingent Fees
 - 2005-023 November 30, 2005
Report on the Initial Implementation of Auditing Standards No. 2, An Audit of Internal Control over Financial Reporting Performed in Conjunction with an Audit of Financial Statements.
5. Board member Diane Day also discussed issues related to best practices rather than requirements. In particular, do other State Auditors have similar legislative requirements to set controls and standards and also provide the compliance and financial statement audits on the governmental entities?

III. Administration

1. The Board reviewed and discussed the SAAS Summary Trial Balances as of November 30, 2005, for Treasury Funds 3845 and 3850, and the Treasury Fund 3845 SAAS Appropriation/Actual Expenditures for the five months ended November 30, 2005.
2. The Board members present unanimously approved an additional per diem day for Jim Burkes, December 9, 2005, for investigative committee activities.
3. The Board heard a report from the Executive Director concerning proposed rate increases by Cabot Lodge and a search for possible lower rates for Board members or renegotiation with the hotel.

IV. CPA Examination, Licensing and Firms

1. The Board members present unanimously accepted the listing of candidate applications for the computerized examination (5 initial, 9 reexam) received since the November meeting.

IV. CPA Examination, Licensing and Firms

1. (Continued)

With no public present the Board did not go into executive session to discuss one additional application for the CPA examination with special circumstances. After the Board members reviewed and discussed supporting documentation concerning offenses in 2000 including a DUI first offense the Board approved the application for file 11737 and to allow the candidate to sit for the examination.

2. The Board members present unanimously acted upon the applications for CPA licenses, reciprocals, reinstatements, and CPA firm permits as presented herein:

Applications for Original CPA License

File				
<u>Number</u>	<u>Name</u>	<u>Number</u>	<u>Date</u>	<u>Approved</u>
11459	Catherine Russ Bell	5751	12/16/05	Yes
11055	Songhee Han	5752	12/16/05	Yes
10997	Scott David Pitts	5753	12/16/05	Yes
11584	Rebecca Anne Root			No (1)
10907	Michael C. Tate	5754	12/16/05	Yes
11254	Christopher L. Toaster	5755	12/16/05	Yes

(1) Does not currently satisfy experience requirement.

Applications for Reciprocal CPA License

File				
<u>Number</u>	<u>Name</u>	<u>Number</u>	<u>Date</u>	<u>Approved</u>
11728	Tommy Lee Barnhart	R3141	12/16/05	Yes
11746	Allen Nash Burke	R3142	12/16/05	Yes
11725	Joel Bruce Chazen	R3143	12/16/05	Yes
11734	Billy Mark Godwin	R3144	12/16/05	Yes
11739	Clent Jackson Hitchcock	R3145	12/16/05	Yes
11744	Michael V. Landrum	R3146	12/16/05	Yes
11727	Robyn McFadden	R3147	12/16/05	Yes
11740	Kent Milton Plowman, Jr.	R3148	12/16/05	Yes

IV. CPA Examination, Licensing and Firms

2. Applications (Continued)

Applications for Reinstatement of CPA Licenses

File Number	Name	Number	Approved
7171	Jorg Kaltwasser	R2275	Yes
8610	Treena Young	5183	Yes

Applications for Retired CPA Licenses

File Number	Name	Number	Approved
1638	Gentry Hunter Brannon	1330	Yes
1718	James Ogden Carpenter	1609	Yes
1856	Willis Wayne Derrick	1445	Yes
2047	Atlee O. Harmon, Jr.	1217	Yes
1056	James Pollan Hathcock	2245	Yes
2115	Thomas W. Holloman	1215	Yes
4005	Rebecca Wallace Mitchell	2968	No (2)
2708	Charles H. Reece	1163	Yes
2894	John S. Sutphen, Jr.	433	Yes

(2) Does not yet meet requirements.

Applications for CPA Firm Permit to Practice

Name	Number	Approved
Cherry, Bekaert & Holland, LLP Augusta, GA	F1040	Yes
Courtney McCollum, CPA Jackson, MS	F1041	Yes
Rodney M. Fountain, CPA D'Iberville, MS	F1042	Yes
Hertzbach & Company PA Owings Mills, MD	F1043	Yes

IV. CPA Examination, Licensing and Firms

2. Applications (Continued)

Applications for CPA Firm Permit to Practice (Continued)

<u>Name</u>	<u>Number</u>	<u>Approved</u>
Horne, LLP Nashville, TN	F1044	Yes
Johnson, Bruce & Host, PLLC Jackson, MS	F1045	Yes
Larson, Allen, Weishair & Co, LLP St. Louis, MO	F1046	Yes
Palazzo & Co., CPA Biloxi, MS	F1047	Yes
Quinn Smith, CPA Jackson, MS	F1048	Yes
L. John Walpole, CPA Olive Branch, MS	F1049	Yes
Williams, Jerrolds, Godwin, & Nichols, PLLC Savannah, TN	F1050	Yes

3. The Board reviewed a listing of submitted amendments to registered CPA firms, as follows:

<u>Name</u>	<u>Number</u>	<u>Description</u>
Buckner & Bridgers, Ltd Vicksburg, MS	F0196	Partner retired; name and address change.
Crawford, CPA Memphis, TN	F0240	Partnership dissolution; name change.

4. The Board reviewed a listing of voluntary cancellations made by CPAs with CPE deficits for the 2005 CPE reporting period:

<u>Name</u>	<u>Number</u>
Brian J. Carson	R2924
Clayton A. Dabbs	5557
Robert O. Glisson	R2534
Saul V. Reibstein	R2908
Leo Vircillo	2026

The Board also noted the status change to regular cancellation for Elena Nunez, R2641 after she submitted proof of 2005 CPE compliance.

IV. CPA Examination, Licensing and Firms (Continued)

5. The Board unanimously approved requests from CPAs for waivers of the 2005 CPE compliance requirements based on affidavits of current retirement and intention to apply for CPA (retired) for 2006, as follows:

<u>Name</u>	<u>Number</u>
Arthur L. Allen, Jr.	1046
Willis W. Derrick	1445
Kathryn H. Durr	3549
Harold James	504

6. The Board reviewed and discussed various information related to the CPA examination including:
- December 7, 2005, email and letter from John Katzenmeyer, Chair, NASBA Examinations Committee, requesting nominations for Board of Examiners and exam subcommittees;
 - December 1, 2005, letter from New Hampshire Board of Accountancy, supporting initiative for alternative exam;
 - December 9, 2005, letter from Craig Mills, Executive Director, AICPA Examinations, concerning various examination issues including candidate volume, implementation of the updated simulation software (Sims 1.5), and examination media coverage addressing transforming education and the workplace.
7. The Board heard a report from the Executive Director concerning the need to print CPA certificates of licensure. The Board reviewed and unanimously determined to keep the same format for the next print.

V. Continuing Professional Education

1. The Board unanimously authorized the following actions on CPE sponsor programs submitted for approval.

	<u>Sponsor/Program Title</u>	<u>Subject Dates</u>	<u>Subject</u>	<u>Hours</u>	<u>Approved</u>
A.	Alexander, Van Loon, Sloan, Levens 1. Annual Tax Update	11/17/05	Tax	8	Yes

V. Continuing Professional Education (Continued)

1. CPE Sponsor Applications (Continued)

	<u>Sponsor/Program Title</u>	<u>Subject Dates</u>	<u>Subject</u>	<u>Hours</u>	<u>Approved</u>
B.	American Society of Women Accountants				
	1. Retirement Plans: Changes, Issues, Ideas	11/15/05	Other	1	Yes
C.	Association of Government Accountants				
	1. State Operating Budget - Dead or Alive	11/16/05	Other	1	Yes
	2. Identity Theft - What is Being Done to Prevent It?	12/7/05	Other	2	Yes
D.	Create Foundation				
	1. Communicating Planned Giving Opportunities within the Region	12/01/05	Other	2	Yes
E.	Harper, Rains, Knight & Company				
	1. Farm Credit Tax Training	11/08/05	Tax	8	Yes (1)
F.	May & Company				
	1. Accounting & Auditing Update and Procedures	11/10/05	A&A	8	Yes
G.	Mississippi University for Women				
	1. Current Topics in Higher Education Finance, Ethics & the University Administrator	2/9-10/06	Ethics - General	4	Yes
			Other	4	
			A&A	4	
H.	Office of the State Auditor				
	1. County Audit Update	11/20/05	A&A	2	Yes (2)
			Other	2	
	2. Implementing the Single Audit	12/01/05	A&A	8	Yes
I.	Silas Simmons, LLP				
	1. Annual Tax Update	1/3-4/05	Tax	8	Yes
J.	SmartPros Ltd. (QAS Sponsor)				
	1. Ethics for Mississippi	Self Study	Ethics - General	3	Deferred

(1) Pending timeline for CPE hours.

(2) Board vote - one against subject category.

V. Continuing Professional Education (Continued)

1. CPE Sponsor Applications (Continued)

	<u>Sponsor/Program Title</u>	<u>Subject Dates</u>	<u>Subject</u>	<u>Hours</u>	<u>Approved</u>
K.	St. Dominic - Jackson Memorial Hospital				
	1. Management Development: Negotiating for Agreement	12/7/05	Other	4	No
	2. Management Development: Harassment in the Workplace	3/1/06	Other	6	Yes
	3. Management Development: Legal Issues in Management	2/2/06	Other	4	Yes
	4. Management Development: The Intergenerational Workplace	2/25/06	Other	4	No
L.	Surgent McCoy CPE, LLC (QAS Sponsor)				
	1. Ethics for Mississippi	Self Study	Ethics - General	3	Deferred

2. The Board members present unanimously authorized the following actions on CPE requests from individuals.

	<u>Sponsor/Program Title</u>	<u>Subject Dates</u>	<u>Subject</u>	<u>Hours</u>	<u>Approved</u>
A.	Information Systems Audit and Control Association				
	1. Implementation of ERP Systems	Published article - coauthor	A&A	20	Yes
	The CPA Journal				
	1. Real Time Accounting <i>Requested by Paul A. Ashcroft</i>	Published article	A&A	10	Yes
B.	Padgett Business Services Foundation				
	1. Ethics in the Current Climate of Tax Practice <i>Requested by Bethanna L. Russell</i>	11/25/05	Ethics - General	2	Yes

VI. Regulatory Matters

1. The Board heard a report from Investigator Ransom Jones and approved the regulatory activities that have occurred from November 18 to December 16, 2005:

<u>Activity</u>	<u>Number</u>
Cases Opened	14
Cases Closed	91
Cases referred to Members	0
Total Cases Open	32

2. Cases closed:

Cases 2005.12-2, 2005.12-3, 2005.12-4, 2005.12-5, 2005.12-6, 2005.12-7, 2005.12-14, 2005.12-15, 2005.12-16, 2005.12-18, 2005.12-19, 2005.12-22, 2005.12-23, 2005.12-24, 2005.12-25, 2005.12-107, 2005.12-111, 2005.12-123, 2005.12-136, 2005.12-139, 2005.16-01, 2005.16-02, 2005.16-03, 2005.16-04, 2005.16-05, 2005.16-06, 2005.16-08, 2005.16-09, 2005.16-10, 2005.16-12, and 2005.16-13 - opened in October 2005. Licensees submitted 2005 CPE reporting forms with deficit hours. As permitted by Board granted extensions, the licensees submitted the 2005 supplementary CPE reporting forms reporting compliance. The Investigator closed the cases with no probable cause to investigate further after the reported compliance.

Cases 2005.12-38, 2005.12-40, 2005.12-42, 2005.12-44, 2005.12-45, 2005.12-52, 2005.12-55, 2005.12-56, 2005.12-58, 2005.12-66, 2005.12-67, 2005.12-71, 2005.12-74, 2005.12-78, 2005.12-81, 2005.12-82, 2005.12-84, 2005.12-90, 2005.12-95, 2005.12-98, 2005.12-104, 2005.12-109, 2005.12-113, 2005.12-114, 2005.12-117, 2005.12-118, 2005.12-121, 2005.12-122, 2005.12-124, 2005.12-125, 2005.12-127, 2005.12-130, 2005.12-133, 2005.12-135, 2005.12-141, 2005.12-145, 2005.12-148, and 2005.12-151 - opened in October 2005. Licensees did not send in the 2005 CPE reporting forms by the initial August 1 reporting deadline. The Investigator closed the cases with no probable cause to investigate further after the Board provided additional time for all licensees until November 30 due to the Hurricane Katrina emergency and the licensees did submit the forms with the required CPE hours.

Cases 2005.12-51, 2005.12-85, and 2005.12-147 - opened in October 2005. Licensees did not send in the 2005 CPE reporting forms. The Investigator closed the cases after formal notification of the individuals' deaths.

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VI. Regulatory Matters (Continued)

Cases 2005.12-73, 2005.12-91 and 2005.12-93 - opened in October 2005. Licensees did not send in the 2005 CPE reporting forms. The Investigator closed the cases after formal documentation and notification for medical and military service waivers.

Cases 2005.12-13, 2005.12-49, 2005.12-50, 2005.12-61, 2005.12-83, 2005.12-86, 2005.12-115, 2005.12-120, 2005.12-126, 2005.12-143, 2005.12-144, and 2005.16-07 - opened in October 2005. Licensees did not send in the 2005 CPE reporting forms. The Investigator closed the cases after the licensees submitted license cancellation requests.

Cases 2005.12-37, 2005.12-64, 2005.12-69, and 2005.12-94 - opened in October 2005. Licensees did not send in the 2005 CPE reporting forms. The Investigator closed the cases after the individuals submitted retired affidavits concerning registration.

4. The Investigator reviewed the open case log by general description and reported on the investigative activities. After discussion and review and upon motion by Jean Shepherd with second by Willie Sims, the Board authorized the closing of cases related to CPE noncompliance and as heard and reported per the Trial Board section. Votes were for: John Quon, Willie Sims, Rick Elam, Angela Pannell, Jean Shepherd; Against: None; Recused: Jim Burkes, Diane Day, and Absent: None.

VII. Trial Board

1. The Board members present unanimously voted to convene as the Trial Board at 1:30 p.m. for the purpose of considering matters related to disciplinary cases.
2. The Board did convene as Trial Board for the purpose of holding formal administrative hearings related to CPAs' noncompliance with continuing professional education requirements and failure to respond to the Board's Notices of Hearing and Complaints. John Quon, Trial Board President, was the presiding officer. Bridgette Wiggins, Special Assistant AG, represented the Board, and Onetta Whitley, Deputy AG, was the presenting attorney. Ella Hardwick, Brooks Court Reporting, recorded the discussions. Upon motion by Willie Sims with second from Diane Day, the Board members present voted to consolidate the complaints for hearing purposes. Votes to consolidate cases were -

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VII. Trial Board (Continued)

2. Formal Administrative Hearings: (Continued)

For: John Quon, Willie Sims, Rick Elam, Angela Pannell, Jean Shepherd; Against: None; Absent: None; and Recused: Jim Burkes and Diane Day. The following complaints were consolidated for hearing purposes:

<u>Complaint No.</u>	<u>Name</u>	<u>License No.</u>
2005.12- 87	Rebecca Lyn Hammond	4391
2005.12- 88	Justin Neil Harrison	5550
2005.12- 92	L. Bradley Hurrell	R2725
2005.12- 97	Jimmy Ray Johnson	1810
2005.12-100	Mary Lucy Klucz	4858
2005.12-112	Kurt Allen Myers	R2906
2005.12-119	Chris Abner Polk	4055
2005.12-131	Clayton Seymour, Jr.	4220
2005.16- 11	Hugh Marion Stephens, Jr.	2615
2005.12-137	Stephanie Snyder Stough	5694
2005.12-140	James Marvin Tillman	993/F0719
2005.12-149	O. Christopher Wood	5134

Within the Trial Board the Board heard evidence from Ransom C. Jones, CPA Investigator, concerning the respondents' failure to comply with the CPE requirements for the fiscal year ended June 30, 2005, and failure to respond to Board written communications related thereto. Legal and proper notice were delivered to the above respondents. None attended the hearing.

Following the administrative Trial Board hearing and upon motion by Angela Pannell with second from Jean Shepherd, the Board unanimously voted to close the meeting for the limited purpose of considering whether or not they had a proper subject matter to go into Executive Session. Jim Burkes and Diane Day were recused.

In the closed meeting the Board upon motion by Willie Sims with second from Jean Shepherd voted that they did indeed have a proper subject matter before it to entitle it to go into Executive Session, namely discussion of Trial Board orders that could be appealed. Accordingly, the Board reopened the closed meeting and upon motion by Willie Sims with second from Jean Shepherd unanimously voted to go into Executive Session for the purpose set forth above. Having announced this stated purpose the Board then entered into Executive Session for this specific purpose.

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VII. Trial Board (Continued)

2. Formal Administrative Hearings: (Continued)

Within the Executive Session, the Board took the following actions: Upon motion by Jean Shepherd with second from Angela Pannell, the Board determined that the twelve respondents had indeed violated *Rules and Regulations* Sections 4.1.1. - 4.1.3., 4.2.5., 6.17.17. and voted to revoke the respondents' CPA licenses. If an individual is later determined deceased any revocation from this hearing will be rescinded.

Votes were - For: John Quon, Willie Sims, Rick Elam, Angela Pannell, Jean Shepherd; Against: None; Absent: None; and Recused: Jim Burkes and Diane Day.

As with past related revocations, separate Trial Board revocation orders shall be issued to each respondent and each order shall set specific requirements including assessment of investigative and legal costs to paid within 30 days of the order. In addition, each respondent would not be eligible to reinstate the CPA license until the matter of the CPE noncompliance is resolved which includes:

- Reimbursement of the investigative and legal costs;
- Report CPE for compliance period ending June 30, 2005, and provide CPE documentation acceptable to the Board;
- If CPE for period ending June 30, 2005, was deficit, respondent must make-up the deficit plus 50% of the deficit prior to submitting application for reinstatement of the license;
- Respondent must meet all other reinstatement requirements of Board *Rules and Regulations* including payment of required license registration fees, late fee and reinstatement application fee.

Upon the conclusion of this business, the Board upon motion of Jean Shepherd and second of Angela Pannell unanimously voted to come out of Executive Session and resumed the open meeting. The Board came out of Executive Session and resumed the open meeting by announcing the actions and votes it had taken in Executive Session.

3. The Board continued as Trial Board for the purpose of reviewing and discussing individuals who have not complied with the 2005 CPE requirements, have open investigative cases, and who have requested voluntary cancellation of their licenses. The Trial Board approved the release of "Orders of Remand to the File" for execution by the Board President John Quon. These Trial Board orders will

3. Remand Orders (Continued)

be placed in individual files noting the noncompliance and remanded for future action if the individuals apply to the Board for reinstatement. Copies of the orders will be sent to the individuals:

<u>Complaint No.</u>	<u>Name</u>	<u>License No.</u>
2005.12- 49	Tiffany Lacey Caldwell	5077
2005.12- 83	Catherine Duncan Gibb	3384
2005.16- 07	David R. Harper	5148
2005.12- 13	C. Michelle Jackson	R2293
2005.12- 95	David S. Jamison	R3078
2005.12-115	Ernest Alan Oswalt	4116
2005.12-120	David S. Ponder	5065

4. Upon conclusion of Trial Board business, the Board adjourned as Trial Board.

APPROVED:

Chairman

Board Member

Vice Chairman

Board Member

Secretary

Board Member

Board Member