OKLAHOMA ACCOUNTANCY BOARD

MINUTES OF MEETING AND HEARINGS

October 20, 2006

The Oklahoma Accountancy Board (OAB) convened in regular session on Friday, October 20, 2006 in Suite 250, 4545 N. Lincoln Boulevard, Oklahoma City, Oklahoma. A tape recording of the meeting is on file in the OAB office. Members present at the meeting:

Janice L. Gray, CPA, Chair
Tom Volturo, Representing the Public, Vice Chairman
Vicky Petete, CPA, Secretary
J.H. "Jay" Engelbach, CPA, Member
Carlos Johnson, CPA, Member
E.B. St. John, PA, Member
Wade Biswell, CPA, Member

Also in attendance at the meeting: Staff: Edith Steele, Executive Director, Kelly Brown, Deputy Director; Donita Graves, Barbara Walker, Sharon Wells and Colin Autin; David Kinney, Assistant Attorney General. Guests: Tawni Phelan representing the Oklahoma Society of Certified Public Accountants (OSCPA); Assistant Attorney General John Crittenden, Nate Atchison, CPA and Traci Keel, CPA from Finley & Cook, P.L.L.C. and Amber Theinert from Capitol Network News were also present for relevant segments of the meeting.

Agenda Item #1a -- Call To Order: At 8:32 a.m. Chair Gray called the meeting to order.

Agenda Item #1b -- Declaration of Quorum: Chair Gray declared a quorum.

Agenda Item #1c – Announcement of Legal Meeting Notice: Executive Director Steele confirmed the notice of the meeting was filed with the Secretary of State and the agenda for the meeting was posted in the reception area of the OAB's office and outside the building and meeting room in compliance with the Open Meeting Act.

Agenda Item #1d – Announcement of Absences and Action, if Necessary, to Determine Whether Absence(s) Was Unavoidable Pursuant to Title 59, Section 15.3.B.5: All members were present.

Agenda Item #2 – Announcement of Visitors: Executive Director Steele read the names of the visitors present.

Agenda Item #3 – Public Comment Period: Executive Director Steele advised the OAB she had not received any written requests or had been informed by any member of the public wishing to speak before the OAB.

Agenda Item #4 – Consent Agenda: The Consent Agenda contained 4 items for the OAB's consideration. (1) Approve the minutes of the September 22, 2006 Board Meeting; (2) Ratify the verification of the administrative posting to the OAB's records and certification of scores for Window 3/2006 Examination (July – August 2006); (3) Ratify verified experience of successful candidates for certification; (Appendix 1) and (4) Ratify actions taken by the Executive Director on applications and registrations filed since the previous meeting. (Appendix 1)

Secretary Petete raised a question as to the names of the revoked being shortened for the purposes of space in the final draft of the minutes. Assistant Attorney General Kinney stated that was acceptable because registrants are identified by their certificate number. Chair Gray noted that on a going forward basis, the names should be consistent.

> Johnson moved to approve the Consent Agenda; Engelbach second. Johnson amended his motion to approve the Consent Agenda subject to Secretary Petete's comments regarding changes to the September minutes which will be included in an errata sheet; Engelbach accepted the amendment. Affirmative votes: St. John, Johnson, Engelbach, Volturo, Gray, Petete and Biswell.

Agenda Item #5 – Discuss and Act on Report on the Audit of the Financial Statements for the Fiscal Year Ended June 30, 2006 Issued by Finley & Cook, P.L.L.C.: Mr. Nate Atchison, CPA, addressed the draft of the audit of the financial statements. He reported that the audit was complete and that it was an unqualified opinion. He noted that there were no findings of non-compliance with state laws and regulations. He discussed that procedures were performed and explained that no fraud was found in the p-card purchases, travel and leave records that were audited.

> Petete moved to accept the audit opinion of Finley & Cook subject to the review of the financial statements by the Audit Committee; Johnson second. Affirmative votes: St. John, Johnson, Engelbach, Volturo, Gray, Petete and Biswell.

Agenda Item #6 – Discuss and Act on Recommendations by the Enforcement Committee: Vice Chairman Volturo presented a written summary of investigative files and administrative actions taken, with recommendations for the disposition of each.

Case No. 1648 – Gary M. Davis, CPA, Inc.

Respondent submitted an adverse peer review report for the year ended August 31, 2005 which reflected that the Respondent departed from professional standards. An Administrative Consent Order is being offered in this case which provides that the Respondent agreed to violations of OAC 10:15-39-1(a) & (b) and OAC 10:15-39-9(1). Respondent shall cease and desist from providing audit and attest services; however, should Respondent desire to perform such services in the future, it will be subject to pre-issuance reviews for one year and continuing education as prescribed by the

sponsoring organization; and assessment of a fine in the amount of $2,500 plus costs in the amount of $242.50.

The Special Prosecutor announced the Respondent had signed the Administrative Consent Order and forwarded a check for the fine and costs which were being held pending the Board approving this order.

> Volturo moved to approve the Administrative Consent Order in Case No. 1648; Engelbach second. Affirmative votes: St. John, Johnson, Engelbach, Volturo, Gray, Petete and Biswell.

Agenda Item #7 – Discuss and Action on Certification of an Applicant Whose Experience is Verified by an Individual Who Must Be Approved by the Board: As Chairman of the Experience Verification Committee, Member St. John reported that the committee had reviewed Ms. Verna Johnson's qualifications to verify the accounting experience of applicant Denis McCarthy and that the committee believed she was well qualified to provide sufficient oversight. Member Johnson requested the staff obtain a signed letter from Ms. Verna Johnson on Pliant Corporation's letterhead.

> St. John moved to accept the experience as provided; Volturo second. Affirmative votes: St. John, Johnson, Engelbach, Volturo, Gray, Petete and Biswell.

Case No. 1575 – Hearing in the Matter of James L. Gresham, Revoked CPA:
This matter came on for hearing at 9:08 a.m. The members of the Oklahoma Accountancy Board present were seated on the hearing panel. Assistant Attorney General John Crittenden appeared as Counsel for the Board.

Respondent was not present nor represented by counsel. Assistant Attorney General David Kinney represented the State. No witnesses were called.

Assistant Attorney General Kinney presented a Consent Order signed by the Respondent under the following terms: (1) Respondent has stipulated violation of Section 15.14B (3) and (6) of the Oklahoma Accountancy Act, and OAC 10:15-39-9(1), (2), (3), and (4); (2) Respondent has agreed his CPA certificate will be revoked for cause and will surrender his CPA wall certificate to the Board; (3) Respondent is assessed costs in the amount of $1,539.35; (4) Respondent is fined $2,500.00; (5) If reinstatement is ever requested, all fines and requirements of restitution of the State criminal case must be fulfilled. Furthermore, all costs and fines assessed in this matter must be paid before reinstatement can be requested by the Respondent; (6) A proven violation of this Consent Order, the Act, or the Board's Rules authorizes the Board to take such other and further action as the Board may deem appropriate under the Law; and (7) A copy of the Consent Order shall be on file in the Board's offices and shall be made available to any person who inquires and requests access to the Board's records. Further, notice of these proceedings shall be reported by press release and in the Board's Bulletin and as otherwise deemed appropriate by the Board.

St. John moved to approve the Consent Order in Case No. 1575 as presented by the Special Prosecutor; Petete second. Affirmative votes: St. John, Johnson, Engelbach, Volturo, Gray, Petete and Biswell.

Engelbach moved to adjourn the hearing; St. John second. Affirmative votes: St. John, Johnson, Engelbach, Volturo, Gray, Petete and Biswell.

The proceedings and the individual votes of the members were conducted in open session and were recorded by a court reporting service. The evidence is contained in Docket File No. 1575.

Case No. 1591 – Hearing in the Matter of Adel & Company, Non-Registrant and T.H. Adel, Non-Registrant: Assistant Attorney General Kinney requested this case be deferred to the December Board meeting.

Case No. 1646 – Hearing in the Matter of Raymond Harris Gardner, Jr., Suspended Registrant: This matter came on for hearing at 9:20 a.m. The members of the Oklahoma Accountancy Board present were seated on the hearing panel with the exception of Member Biswell who recused himself from the hearing. Assistant Attorney General John Crittenden appeared as Counsel for the Board.

Respondent was not present nor represented by counsel. Assistant Attorney General David Kinney represented the State. No witnesses were called.

Assistant Attorney General Kinney presented a Consent Order signed by the Respondent under the following terms: (1) Respondent has stipulated violation of Sections 15.11(A), 15.14A(A), 15.14B(2) & (6) of the Oklahoma Accountancy Act, and OAC 10:15-39-9(1), (3), (4) & (5) as set out in Count I of the Amended Formal complaint; (2) Respondent has violated Sections 15.11(A), 15.14A(A), 15.14B(2) & (6) of the Oklahoma Accountancy Act, and OAC 10:15-39-9(1), (3), (4) & (5) as set out in Count II of the Amended Formal Complaint; (3) Consent Order No. 1456 is hereby extended an additional two years from the date this Consent Order is approved by the Board. Respondent shall complete 64 hours of CPE in calendar year 2007 & 2008, pursuant to the terms of Consent Order No. 1456. Classes shall be pre-approved by the CPE Coordinator. No fines or costs are imposed under this Consent Order; (4) A proven violation of this Consent Order, the Act, or the Board's Rules authorizes the Board to take such other and further action as the Board may deem appropriate under the Law; and (5) A copy of the Consent Order shall be on file in the Board's offices and shall be made available to any person who inquires and requests access to the Board's records. Further, notice of these proceedings shall be reported by press release and in the Board's Bulletin and as otherwise deemed appropriate by the Board.

Volturo moved to accept the Consent Order in Case No. 1646 as presented by the Special Prosecutor; St. John second. Affirmative votes: Petete, Gray, Volturo, Engelbach, Johnson, and St. John. Recused: Biswell.

> St. John moved to adjourn the hearing; Engelbach second. Affirmative votes: Petete, Gray, Volturo, Engelbach, Johnson, and St. John. Recused: Biswell.

The proceedings and the individual votes of the members were conducted in open session and were recorded by a court reporting service. The evidence is contained in Docket File No. 1646.

Agenda Item #8a – Discuss and Act on Report from the CPE Committee on Status of the CPE Brochure [Deferred from the September Meeting]: As Chairman of the CPE Committee, Member St. John requested this item be deferred to the November Board meeting.

Agenda Item #8b – Discuss and Act on Proposed Policy for Individuals Entering an Inactive Status: As Chairman of the CPE Committee, Member St. John addressed this item. Discussion followed among members of the OAB regarding the number of CPE hours inactive and retired registrants are required to report for the calendar year in which they retire and whether a separate policy should be in place for those who claim inactive status.

> Johnson moved to send the policy back to the CPE Committee to consider the discussion and decide if a policy is necessary or present a policy based on the OAB's discussion. Motion failed for lack of second.
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> Johnson moved to defer this item. Motion failed for lack of second.
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> Petete moved to approve the presented policy with one change where the verbiage "also including inactive status" be taken out of the policy and it only refer to individual retirees where the individual will not have to have any CPE in the year of retirement; Volturo second. Affirmative votes: St. John, Engelbach, Volturo, Gray, Petete and Biswell. Abstained: Johnson on the basis of not wanting to give the appearance of a conflict of interest.

Petete's motion to approve the presented policy with minor changes. The policy presented for approval is as follows:

POLICY FOR INDIVDUALS ENTERING A RETIRED STATUS

Certificate and license holders who retire during the calendar year may claim an exemption to the CPE requirement for the entire year in which they retire. In such cases, the OAB would consider the beginning date of retired status for such individuals to be January 1 of the year the individual entered retirement. At any such time as the certificate or license holder re-enters an active status, the individual must complete CPE in accordance with 10:15-30-9 of the Oklahoma Administrative Code.

Agenda Item #9 – Discuss and Act on Request from Ross Fred Reavis, Jr., CPA, for a Waiver of the Peer Review Requirements: The OAB's Peer Review Coordinator, Colin Autin addressed this item. The OAB discussed a similar case from the September meeting which was denied.

> Johnson moved to deny the request; Petete second. Affirmative votes: St. John, Johnson, Engelbach, Volturo, Gray, Petete and Biswell.

Agenda Item #10 – Discuss and Act on Request for Comments on the AICPA's Exposure Draft of the Professional Ethics Division Independence Interpretations and Rulings [Deferred from the September Meeting]: Chair Gray addressed this item. No action was taken.

Agenda Item #11 – Discuss and Act on Request from Deepa Bharani to Count Legal Environment of Business Management Taken at Washington University in St. Louis Toward the Accounting Course Requirement in Section 15.8 of the Act: Executive Director Steele explained that the curriculum was reviewed by staff and this course was not cross-referenced within the business and accounting curriculums.

> Johnson moved to deny the request; Engelbach second. Affirmative votes: St. John, Johnson, Engelbach, Volturo, Gray, Petete and Biswell.

Agenda Item #12 – Director's Report: Executive Director Steele addressed the following issues:

- The final results of the NASBA Education Committee Questionnaire and the October 2006 Focus Questions.
- Update on the proposal from the Office of State Finance to outsource some of the duties and responsibilities which were handled by the former IT Director.
- The OAB's Recognition Ceremony to be held on Saturday, November 18, 2006 at the House Chambers, State Capitol Building.

Member Johnson suggested looking into whether the OAB is utilizing the best technology available for printing certificates. He requested the inclusion of a notice in the next Bulletin to notify registrants that they can obtain a duplicate certificate if the signatures on their original certificate have faded.

Agenda Item #13a – Chair's Report: Chair Gray addressed the following issue:

- NASBA's Annual Meeting in Atlanta, Georgia to be attended by OAB Members Biswell, Petete, Johnson, St. John and herself in addition to Executive Director Steele. She requested Executive Director Steele post

the appropriate notices stating that no business will be conducted or decisions made.

Agenda Item #13b -- Next Meeting Date Announced: The next OAB Meeting is scheduled for 8:00 a.m., Tuesday, November 14, 2006 on the campus of East Central University at the Raymond Estep Multi-Media Center, University Center in Ada, Oklahoma.

A reception is planned for 6:00 p.m. the evening of Monday, November 13, 2006 for the OAB members, staff, local CPAs and students from East Central University to attend. Secretary Petete stated that the Ada Chapter of the Oklahoma Society of CPAs (OSCPA), Vision Bank and East Central University will be sponsoring the reception.

Agenda Item #14 – New Business: No new business.

Agenda Item #15 – Adjournment: There being no further business to come before the OAB, at 10:57 a.m. Chair Gray called for a motion to adjourn the meeting.

Johnson moved to adjourn; Engelbach second. Affirmative votes: St. John, Johnson, Engelbach, Volturo, Gray, Petete and Biswell.

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Janice L. Gray, Chair

ATTEST:

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Vicky Petete, Secretary

APPENDIX 1

CERTIFICATES SURRENDERED BY REGISTRANTS:

CPAs:

Coming into Oklahoma to practice under Substantial Equivalency:

Thomas M. O'Neal, Certificate No. 15499-R issued August 23, 2002

Surrendering CPA Certificate due to the new CPE requirements:

Charles Louis Parker, Certificate No. 1024 issued January 22, 1955
John Robert Taylor, Certificate No. 5830-R issued August 27, 1981

No Longer Serving Oklahoma Clients:

Michael F. O'Donnell, Certificate No. 10845-R issued March 29, 1990

DECEASED REGISTRANTS:

CPAs:

Benjamin L. Fatheree, Certificate No. 3734-R issued June 4, 1976
Shelly Douglass McComber, Certificate No. 12889 issued January 30, 1995
Andrew Patrick Murray, Certificate No. 14998 issued January 29, 2001
George L. Sartain, Certificate No. 760 issued August 2, 1951

Grades Certified: The OAB took official notice of the administrative posting of scores to the OAB's records for the Window 3/2006 Examination which were certified by the Executive Director.

The following 15 candidates successfully passed the Certified Public Accountant Examination:

Name

Derek Raymond Allison
Michael John Baird
Sue Ann Bement
Matthew Edwin Clarkson
Barbara Jo Coe
Kyle Landon Dover
Chelsea Marie Dunlap
Kimberly Suzanne Faught
Cynthia Ann Howell
Brad Aron Johnson
Kelly Ann Johnson

Brock Matthew Lakely
Josh Joel Garth McHenry
Beverly Dianne Travis
Darryl W. Turnbull

Applications Approved: The OAB took official notice of the following experience verification applications which have been approved by the Executive Director:

Timothy Kirk Cunningham
Tabitha Krista Sherrill

Applications and Registrations Approved: The OAB took official notice of the following applications and registrations, which have been approved by the Executive Director:

APPLICATIONS FOR CERTIFICATION (Successful Candidates):

16157	Steven Craig Rodriquez
16160	Joshua Foster Lewis
16192	Coy Charles Berends
16200	Jana K. Barnes
16231	Darko Naumoski
16232	Qihua Zhang
16239	Brent L. Hendrick
16240	James Douglas Ledbetter
16241	Patricia Lynn Zeiler

APPLICATIONS FOR RECIPROCAL CPA CERTIFICATES**:**

16258-R	Barbara J. Martin
16259-R	Matthew David Mura
16260-R	Janis Ellen Smith
16261-R	Tom Yuhui Wang

APPLICATIONS FOR PRACTICE PRIVILEGES IN ACCORDANCE WITH SUBSTANTIAL EQUIVALENCY (Based on State SE Recognition):

Timothy Brown (Texas)
Scott Roger Bub (Texas)
Wayne Robert Ebersberger (Illinois)
Carole Trimble Faig (Texas)
Mark A. Gwosdz (Texas)
Daren W. Hamaker (Texas)
Kimberly T. Johnson (Texas)
Mark Rambin (Texas)

Timothy Dale Ridge (Arkansas)
Donald Patrick Riggs (Oregon)
Melvin R. Todd (Texas)
Joacim Trybom (Oregon)
Heunsoo Woo (Texas)

APPLICATIONS FOR REINSTATEMENT OF CPA CERTIFICATES:

2960	Diana Donkin Grigg
7035	Kathryn L.W. Ingerly
7228	P. Andrew Carpenter
8814	Robert G. Cass
9130	Jeffry J. Cotner
10196	Jamie Hadden Gable
10726	Kirk Dennis Mann
11424	Jana Kay Wallace
12774	Michael Allen Parker
14300-R	Roxanne E. Benincosa
14937	Anne Applegate

INITIAL REGISTRATION OF A CPA PROFESSIONAL CORPORATION:

Scruggs, Ridge & Co. CPA'S PA (Arkansas)

REINSTATEMENT OF A CPA PROFESSIONAL CORPORATION:

Michele L. Brenner & Company, PC

INITIAL REGISTRATIONS OF CPA PROFESSIONAL LIMITED LIABILITY COMPANIES:

Horizon Certified Public Accountants & Consultants PLC
Paul Tax & Accounting Services, P.L.L.C.