

OKLAHOMA ACCOUNTANCY BOARD
MINUTES OF MEETING AND HEARINGS

November 16, 2001

The Oklahoma Accountancy Board convened in regular session on Friday, November 16, 2001 in Suite 165, 4545 N. Lincoln Boulevard, Oklahoma City, Oklahoma. 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 Board's office in compliance with the Open Meeting Act. A tape recording of the meeting is on file in the Board office. Members present at the meeting:

Archer M. Honea, Chairman
Tom Dugger, Vice Chairman
James A. Nickles, Secretary
Harold L. Russell, Member
Carlos E. Johnson, Member
E.B. St. John, Member
Jeanette C. Timmons, Public Member

In attendance at the meeting: Edith Steele, Deputy Director; Douglas Price, Assistant Attorney General and legal counsel to the Board; and Donita Graves, Board staff member. Daryl Hill, Executive Director represented the Oklahoma Society of CPAs. Jim Nolen and Lee Weeden represented the Oklahoma Society of Accountants. Rick Chamberlain, Special Prosecutor was also present for relevant segments of the meeting.

Call To Order: At 8:40 a.m. Chairman Honea called the meeting to order and declared a quorum present. All members were in attendance.

Consent Agenda: The Consent Agenda contained 2 items for the Board's consideration: (1) Approve the minutes from the September 28 and October 26 Board meetings; (2) Take official notice of the files acted on by the Deputy Director since the previous meeting.

Secretary Nickles suggested that the minutes from the October 26th board meeting show the list of firms and individuals before the motion. One other minor amendment was made regarding the verbiage of the 150-hour requirement as it relates to accounting hours.

Dugger moved to accept consent agenda as amended; Nickles second. Unanimous affirmative votes.

Announcement of Board's Legislative Committee and Authorization to Proceed with an Agency Request Bill: Chairman Honea appointed himself as Chairman in addition to appointing Vice Chairman Dugger and Secretary Nickles as members of the legislative committee to proceed with an agency request bill. Chairman

Honea reminded the Board of the December 14th due date for House and Senate sponsorship on this bill.

Russell moved to authorize a committee to proceed; Johnson second. Unanimous affirmative votes.

Show Cause Hearing and Regular Hearing Procedures Adopted: Chairman Honea stated that with the repeal of the policy at the May meeting, the scripts being used were now invalid. Mr. Russell explained that the scripts originally prepared by the Attorney General's office did not provide for any kind of recusal of any of the members who participated in the investigation. He expressed his concern about the lack of a recusal provision in the script because respondents may not be aware of their rights of asking for recusal. Mr. Russell suggested that a change in the rules might be in order whereby the Vice Chairman and others who might be involved in the investigation would not be allowed to participate in the hearing. He explained that many states mandate this, while other states have separate organizations to conduct investigations.

Russell moved to adopt show cause hearing procedures and regular hearing procedures with the amendment proposed by Douglas Price; Johnson second. Unanimous affirmative votes.

Chairman Honea recognized Daryl Hill, Executive Director of the Oklahoma Society of CPAs and Lee Weeden, Executive Vice President of the Oklahoma Society of Public Accountants.

Report on the CPA/PA examination held on November 7 & 8: Deputy Director Steele reported that Larry Dotson was the last candidate to arrive for the examination and he had brought none of the documents required by the Board. As a result, attending Board member Carlos Johnson disallowed Mr. Dotson to sit. Chairman Honea reported that he had spoken with Mr. Dotson the day before the examination. Chairman Honea commented that in his conversation with Mr. Dotson, Mr. Dotson had indicated that he was unable to locate his Oklahoma driver's license.

Deputy Director Steele also reported that there were two Tulsa candidates who appeared not to take the new security measures seriously. They were cautioned as to the importance of the examination security by Chairman Honea. Deputy Director Steele reported that overall the examination went well.

Mr. Russell asked how many candidates sat for the examination. Deputy Director Steele replied that there were 871 candidates which was 300 more than usual. Mr. Russell asked why there was an increase. Deputy Director Steele responded that based on information obtained at the national meetings she has attended that most states which were about to pass the 150-hour requirement, there was a sharp increase in attendance in the 2 or 3 examinations prior to the 150-hour rule going into effect.

Mr. Russell asked if there was a provision to allow a candidate to carryover passing grades once 150-hour rule goes into effect. Deputy Director Steele replied that the

rules do not presently address a transitional period. Mr. Russell suggested that this issue be addressed early. Chairman Honea reminded that there was a rules committee of the Board to consider this and other proposed changes to the rules.

Hearing in Case No. 1471 – Charles Swinford Powell, CPA: This matter came for hearing at 9:05 a.m. The members of the Board present were seated on the hearing panel. Douglas Price, Assistant Attorney General, represented the Board. Rick Chamberlain, Special Prosecutor, represented the State. Respondent was not present and was not represented by counsel. Rick Chamberlain, the Special Prosecutor requested this matter be continued because he was still working with the Respondent and his attorney.

Chairman Honea asked if this case has been deferred before and if so, how many times. Mr. Chamberlain replied that this case had been deferred twice due to the primary witnesses living out of state and continuing discovery issues. Mr. Chamberlain stated that he is working toward a Consent Order in this case and that if a consent order is not reached at the next meeting, he is prepared to proceed with a trial at the next meeting. Mr. Russell noted this will be the third time this case has been deferred.

Johnson moved that Case No. 1471 be continued to the December meeting, based on the advice of the Special Prosecutor; St. John second. Unanimous affirmative votes.

Show Cause Hearing in Case No. 1476 – Joey Mitchell Shambles, Revoked CPA: The members of the Board present were seated on the hearing panel. Douglas Price, Assistant Attorney General, represented the Board. Rick Chamberlain, Special Prosecutor, represented the State. Respondent was not present and was not represented by counsel. Rick Chamberlain, the Special Prosecutor requested this matter be continued on the basis that the Respondent did not have time to prepare for the hearing due to personal matters.

Johnson moved that Case No. 1476 be continued to the December meeting, based on the advice of the Special Prosecutor; Russell second. Unanimous affirmative votes.

Monty F. Rainwater vs. Oklahoma Accountancy Board -- CJ-2001-8391:

Russell moved to go into Executive Session; Dugger second. Unanimous affirmative votes.

Russell moved to come out of Executive Session; Timmons second. Unanimous affirmative votes.

Mr. Price noted for the record that the Board discussed this matter and that during their discussion the Board took no votes or other official action as that term is defined in the Open Meeting Act.

Nickles moved for the Special Prosecutor to proceed with this matter and represent the Board in the appeals court; Dugger second. Unanimous affirmative votes.

Show Cause Hearing in Case No. 1475 – Philip K. Shunk, suspended CPA: This matter came for hearing at 9:42 a.m. The members of the Board present were seated on the hearing panel. Douglas Price, Assistant Attorney General, represented the Board. Rick Chamberlain, Special Prosecutor, represented the State. Respondent was not present and was not represented by counsel. Evidence was presented that the Respondent received proper and timely notice of the hearing. No witnesses were called. Price recommended that Respondent's reinstatement application be denied for his failure to show cause sufficient to justify reinstatement.

Nickles moved to deny reinstatement; Russell second. Affirmative votes: St. John, Russell, Nickles, Dugger, Honea, Timmons, and Johnson.

Nickles moved to adjourn hearing; Johnson second. Unanimous affirmative votes.

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. 1475.

Formulate Response to NASBA Focus Questions: Chairman Honea addressed the two focus questions. Secretary Nickles commented that NASBA had been using the same focus questions for the last several years. Secretary Nickles suggested that Chairman Honea write a letter to NASBA regarding the dates of their meetings and how this conflicts with tax deadlines.

Chairman Honea agreed to issue a response to the focus questions in addition to sending a letter addressing NASBA's scheduling of meetings at inopportune times of the year. Mr. Russell suggested citing actual dates of past meetings. Secretary Nickles added that citing should go back from last five years. Vice Chairman Dugger recommended that letter should be sent to NASBA as well as every state board at the same time. The Board agreed.

Designate Delegation to AICPA/NASBA/Prometric Contract Meeting on January 9, 2002 meeting in Atlanta: Chairman Honea advised that the meeting time is from 10:00 a.m. to 3:00 p.m. in Atlanta at the Renaissance Concourse Hotel on January 9. Chairman Honea recommended that, as a minimum, two members of the Board attend.

Mr. Russell asked if the Board had received a copy of the contract yet. Chairman Honea replied that he had not received anything and did not anticipate receiving it until the day before or after Christmas. He stated that as soon as he receives a copy, he will be sending a copy to Assistant Attorney General Douglas Price for his review.

Mr. Russell commented that during NASBA's annual meeting in California last month, he was told that the AICPA had not worked on the contract since September 11.

Chairman Honea asked for volunteers to attend the meeting in Atlanta and noted that he and Vice Chairman Dugger will attend. Secretary Nickles and Mr. Johnson also offered to attend if their schedules permitted.

Chairman Honea commented that there would likely be an emergency board meeting in December if the contract is received.

Act on Proposed Policy on Interaction with Other State Agencies including the Legislature: Chairman Honea stated that he had appointed a task force consisting of himself, Mr. Russell and Ms. Timmons to draft a policy and that the policy had been reviewed by Tom Hall with Cabinet Secretary Pam Warren's office. Mr. Johnson asked if in the past there had been a violation of interaction procedures outlined in the proposed policy. Chairman Honea replied in the affirmative. Mr. Russell reminded the Board about the current policy relating to board members giving speeches during their tenure and that such speeches must include a statement that the content of speech is the personal opinion of the board member and not a statement from the Board.

Russell moved to adopt policy; Johnson second. Unanimous affirmative votes.

POLICY ON INTERACTION WITH OTHER STATE AGENCIES INCLUDING THE LEGISLATURE

Staff:

1. If the Board office is contacted by the Legislature or other state agency with a request for anything above routine simple information, the Executive Director should co-ordinate the response with the Board Chair.
2. The Executive Director should be knowledgeable about the current status and effect of all legislation that affects the Board.
3. This policy is not intended to prohibit any staff member from contact with the legislature or other agencies, but the Board Chair will designate which staff member(s) are authorized to represent the Board's viewpoints. All staff members must comply with the state law against lobbying.

Board Members:

1. This policy is not intended to limit any political or legislative activity of Board members on legislation or other activities that have no effect on the Board.
2. Under normal circumstances the Board will be represented before the legislature or other state agency by the Chair or his/her designee.

3. Only questions voted upon by the Board may be put forth as official Board positions.
4. In every contact between a Board member and the legislature or other state agency, in circumstances not covered by #2, the Board member shall clearly state that his/her comments are not representing the Board's positions.

Report on Changes to the Uniform Accountancy Act: Vice Chairman Dugger reported that the inclusion of internet practices section in the UAA was a good provision, but that there would have to be an applicable license subject to the rules of Oklahoma. He addressed Section 23 about substantial equivalency and the requirement that individuals coming into the state have 15 days to notify the Board and accept compliance with state laws and rules. He agreed with the UAA's 3-year renewal provision, but suggested that notification should instead be on an annual basis for those who come into the state. Vice Chairman Dugger also agreed with the 30-day notice requirement of state boards to notify the other jurisdictions of disciplinary actions taken in their states.

Mr. Johnson reported that the UAA committee had been composed of an equal number of representatives from both NASBA and the AICPA and that the committee spent 18 months on these issues. He noted that there had been much discussion and numerous meetings on these issues in an effort to draft rules that can be implemented by various state boards. He commented that Internet practice and how to notify boards generated much discussion through the committee. He also stated that this was the 3rd Revision of the UAA. He clarified that Section 23 relating to substantial equivalency specifically requires notification but there were no rules on how this would be implemented. Mr. Johnson explained that NASBA had proposed separate provisions for multi-state firms but that the AICPA rejected this on the grounds this was not equitable for individual practitioners. He explained that the Board can designate itself as the entity to qualify individuals coming into the state instead of using the qualification service offered by NASBA.

Vice Chairman Dugger commented that all of these issues will be evaluated as to how these fit to the state laws and rules. Mr. Johnson added this exposure draft of the UAA terminates December 31, 2001. Mr. Russell asked if there will be more discussion at later board meetings. Chairman Honea responded that there would be.

Vice Chairman Dugger commented that the peer review requirement for licensed personnel would have to be addressed by the Board in its proposed rules changes. He also addressed the enforcement section of the UAA and how it differs from the Board's statute which includes a moral character clause. Chairman Honea stated that the Board had not adopted the UAA. Vice Chairman Dugger encouraged all board members to read the UAA.

Chairman Honea suggested requiring practitioners to include board jurisdictions on their webpages as well as requiring practitioners to put their permit numbers on every report they issue. Mr. Russell explained that partners of larger firms do not sign as individual

practitioners and that such a requirement might not be feasible on the principle of equity. Ms. Timmons added that all pleadings must bear the attorney's name and bar number.

Proposal to Revise the Board's Interpretation of the Continuing Education Ethics

Requirement: Vice Chairman Dugger explained that some CPE providers do not put the word "ethics" on their certificates because various states have different rules for what is accepted as an ethics course. He expressed the need to modify the previous policy to allow the Board to accept courses whose content is obviously ethics but does not indicate this on the certificates, providing the registrant provide appropriate information. Mr. Russell expressed concern about the amount of time devoted to the subject of ethics for the word to be included on the certificate of completion. He cited an example of a course including one 5-minute segment on ethics and if that would be enough to include on a certificate and therefore be accepted by the Board in complying with the 2-hour Ethics CPE requirement despite it not being 2 hours. Mr. Johnson replied that the course agenda reflects how much time was devoted to the subject. Mr. Russell noted that the policy did not address course descriptions.

Mr. Hill suggested that the Board could require providers to put an hour by hour breakdown on the certificates. Mr. Johnson stated that the purpose of the policy was to provide the CPE committee with a reasonable way to determine if the course fulfilled the ethics CPE requirement. Mr. Nolen addressed the issue of agendas and they are not always an accurate reflection of topics discussed and how much time is devoted to topic discussion in such instances as a speaker running out of time. Vice Chairman Dugger stated that he wanted equity for registrants in Oklahoma in a policy that is fair and workable. Ms. Timmons suggested adding the following verbiage to the fifth sentence to Item 5: "and additionally shall specify the number of credit hours earned with respect to the course." Vice Chairman Dugger proposed delaying this policy until the December Board meeting. The Board agreed to delay this matter so that the CPE committee could work out the language to the Board's satisfaction.

Executive Director Position:

Nickles moved to go into Executive Session; Johnson second. Unanimous affirmative votes.

Johnson moved to come out of Executive Session; Nickles second. Unanimous affirmative votes.

Mr. Price noted for the record that the Board discussed the Executive Director search as allowed by the Open Meeting Act and that the Board did not take any votes or other action.

Chairman Honea stated that the Board had decided to continue with the process of finding a suitable candidate for the Executive Director position.

Next Meeting Date Announced: The next Board Meeting is scheduled for 8:30 a.m., December 14 at the Board office in Oklahoma City. Deputy Director Steele reminded

November 2001 Examination Administered: On November 7, 2001, the Oklahoma Accountancy Board commenced the 158th examination of candidates for the CPA certificate and PA license in Oklahoma City and Tulsa. Official attendance lists reflecting the 871 candidates who sat for the CPA examination are on file in the Board office. Such lists include all candidates who were approved for this examination, even those who did not sit. In addition to its own candidates, the Board examined 14 candidates for other states.

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

Applications for CPA Reciprocal Certificates:

15229-R	Richard Lee Arnett
15230-R	Delene Green Ephraim
15231-R	Neal A. Hansen
15232-R	Iavor Nikolov
15233-R	Tracey L. Quesenbury
15234-R	James Brian Simpson
15235-R	Jennifer E. Stewart
15236-R	Vada J. Truex
15237-R	Warren Ryan Underwood
15238-R	Steven Daniel Warren
15239-R	Steven John Ziegler

Applications for Reinstatement of CPA Certificates:

8516	Richard A. Fale
9783	Cindy R. Wheatley
10779	Nancy Silk

Initial Registrations of CPA Professional Corporations:

Fleming Financial & Tax, P.C.
Terry & Stephenson, P.C.

Initial Registrations of CPA Professional Limited Liability Companies:

Bogle, Hill & Casto, PLLC
Castleberry & Sturtz CPAS, PLLC
Evans, Gaither & Associates, PLLC
Keller & Owens, L.L.C.
Petroleum Accounting Consultants P.L.L.C.
Ramsey and Savuto, CPAS, PLC

Adjournment: There being no further business to come before the Board, at 11:24 a.m. Chairman Honea called for a motion to adjourn.

Russell moved to adjourn the meeting; Timmons second.
Unanimous affirmative vote.

Archer M. Honea, Chairman

ATTEST:

James A. Nickles, Secretary

4059.

[BLANK]