

Enforcement Cases 2012 Virginia-Specific Ethics Course

The following sample cases were adjudicated by the Virginia Board of Accountancy (VBOA) as a result of the Board's enforcement processes:

SUMMARY OF VIOLATIONS	RATIONALE	BOARD ACTION	DATE CLOSED
<p><u>CASE #1</u> <u>CONSENT ORDER</u> <u>18VAC5-21-170 (A) (1)</u> CPE Deficiency</p>	<p>The Respondent was randomly selected for CPE compliance review for the 2006, 2007, 2008 reporting period. The Respondent reported 137 CPE credits were obtained for the reporting cycle.</p> <p>Following a review of the documentation submitted it was determined that 60 CPE credits did not qualify as valid CPE. The Respondent was unable to provide certificates of completion and/or documentation reflecting the name of the sponsor, name of the participant, date(s)/title of the course, and the number of CPE earned and was deemed deficient 43 CPE credits.</p>	<p>The Board ordered the Respondent to pay a monetary penalty of \$2,500 to be paid in 90 days (with \$1,250 suspended if all terms are met in 60 days), completion and submission of 43 CPE hours within 60 days of the entry date of the Order, to certify having read and understood the regulations and statutes, and understands that failure to comply with the provisions of the Consent Order will result in the automatic suspension of the CPA License.</p>	<p>1/5/2010</p>
<p><u>CASE #2</u> <u>FINAL ORDER</u> <u>18VAC5-21-70</u> Peer Review Deficiency</p>	<p>The Respondent requested an exemption from the VBOA mandated peer review requirements. The Respondent stated that she only performed one review and unfortunately all documents (paper and electronic) related to the review (work papers, etc.) were damaged following a flooding of her home office. She stated that her computer and all original documents were contaminated and therefore she was unable to retrieve and/or recreate the information for submission. Respondent was unable to provide other supporting documentation.</p>	<p>The Board imposed a monetary penalty of \$2,000 to be paid in 90 days, submission of 120 CPE hours for 2007, 2008, and 2009 within 30 days, and to present in person an oral presentation of a 1,250 word essay regarding the Virginia Board of Accountancy peer review requirements to the full Board.</p>	<p>9/16/2010</p>

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<p><u>CASE #3</u></p> <p><u>CONSENT ORDER</u> <u>§ 54.1-111, § 54.1-4409.1 and § 54.1-4414</u></p> <p>Unlicensed Activity</p>	<p>The Respondent was using the CPA title by advertising on the internet. He was offering to provide services to the public using the CPA title that are subject to the guidance of the standard-setting authorities listed in the Standards of Conduct and Practice (<u>§ 54.1-4413.3, Code of Virginia</u>). The Respondent offered the services without holding a valid CPA license. The Respondent previously held a CPA license of another state but this license was expired at the time services were provided.</p> <p>The Respondent stated that he had been using the designation for over 40 years and was not aware that licensure was required to provide services using the CPA title. The Respondent stated, <i>"I always thought once you are a CPA, you are always a CPA."</i></p>	<p>The Board imposed a monetary penalty of \$20,000 to be paid in 90 days and the immediate removal of the CPA designation from all signage, business cards, letterhead, software and any and all listings or websites until duly licensed.</p>	<p>10/19/2010</p>

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<p><u>CASE #4</u></p> <p><u>CONSENT ORDER</u> <u>§ 54.1-111 and § 54.1-4409.1</u> <u>and § 54.1-4414</u></p> <p>Unlicensed Activity</p>	<p>The VBOA received notification from the South Carolina Board of Accountancy that they received an Independent Auditors Report from the Respondent (with a Virginia address). Following an attempt to verify his licensure status it was determined that the Respondent had never held a valid Virginia CPA license or the license of any state/jurisdiction.</p>	<p>The Board imposed a monetary penalty of \$10,000 to be paid in 90 days and the immediate removal of the CPA designation from all signage, business cards, letterhead, software and any and all listings or websites until duly licensed.</p>	<p>11/29/2010</p>
<p><u>CASE #5</u></p> <p><u>CONSENT ORDER</u> <u>§ 54.1-4413.4 (B) (4)</u></p> <p>Securities and Exchange Commission (SEC) Violation</p> <p>§ 54.1-4413.4 gives the Board the authority to sanction any licensee that has had his privileges taken away by a governing body.</p>	<p>The VBOA received notification from the SEC that the Respondent was found in violation of improper use of accounting adjustments to company financial records. The SEC reported that the Respondents' violations included but were not limited to <i>"engaging in a scheme to assist the company in meeting or exceeding quarterly earnings per share targets."</i></p>	<p>The Board suspended the Respondents CPA license for a period of no less than five years beginning November 12, 2009.</p> <p>The SEC imposed a monetary penalty of \$25,000 and the Respondent was denied the privilege of appearing/practicing before the SEC beginning November 12, 2009 for a period of five years. In addition, the Respondent consented to the entry of judgments permanently enjoining him from violating Sections 17(a)(2) and 17(a)(3) of the Securities Act and Exchange Act Rules 13b2-1 and 13b2-2, and from aiding and abetting violations of the reporting, books and records, and internal controls provisions.</p>	<p>5/16/2011</p>

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<p><u>CASE #6</u></p> <p><u>CONSENT ORDER</u> <u>§ 54.1-4413.3 (6) and</u> <u>§ 54.1-4412.1</u></p> <p>Audit Failure</p>	<p>The VBOA received notification from the Office of the Inspector General (OIG) regarding a failed audit for a not-for-profit entity. The Quality Control Review performed by the OIG's office on behalf of the Department of Education found that the Respondent failed to adequately document proof of audit procedures as required by the Student Financial Aid (SFA) Audit Guide.</p>	<p>The Board ordered the Respondent to refrain from providing attest or compilation services other than those that are not expected to be used by a third party (management use only) without first:</p> <ol style="list-style-type: none"> 1. Notifying the Board; 2. Developing policies and procedures for ensuring the services provided are in compliance with the Standards of Conduct and Practice for those services pursuant to § 54.1-4413.3, Code of Virginia; and 3. Obtaining Board approval. 	<p>6/29/2011</p>

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<p><u>CASE #7</u></p> <p><u>CONSENT ORDER</u> <u>§ 54.1-4413.4 (B) (4) and AICPA Code of Conduct, Rule 501 - 7</u></p> <p>Failure to pay taxes in a timely manner.</p> <p>§ 54.1-4413.4 gives the Board the authority to sanction any licensee that has had his privileges taken away by a governing body.</p>	<p>The VBOA received notification that the Respondent was issued and signed an offer of consent to suspension from practice issued by the Internal Revenue Service (IRS) for failure to timely file his 2002, 2003, and 2004 individual tax returns.</p> <p>Additional disciplinary actions were taken by the Ethics Charging Authority (ECA). The ECA is composed of the AICPA Professional Ethics Executive Committee and the Virginia Society of Certified Public Accountants (VSCPA) Professional Ethics Committee. ECA imposed penalties were as follows:</p> <ol style="list-style-type: none"> 1. To waive his rights to a hearing under the AICPA bylaw section 7.4 and VSCPA bylaws; 2. To comply immediately with professional standards applicable to the professional services he performs; 3. To be suspended from membership in the AICPA and VSCPA for a period of 13 months ending July 22, 2007; 4. That the ECA shall publish his name, charges, and the terms of the settlement agreement; and 5. That the ECA shall monitor compliance with the terms of the settlement agreement and initiate an investigation where the AICPA finds there has been noncompliance. 	<p>The Board ordered the Respondent to provide copies of his Federal and State Income tax transcripts reflecting timely submission and payment for 2002 through 2008; to submit 10 CPE credits (including a minimum of 3 CPE regarding Circular 230 and 3 CPE regarding professional ethics) within 90 days of the entry date of the Consent Order; and to disclose to all current owner/partners of the firm that he is no longer authorized to practice before the IRS or file for reinstatement with the IRS within 30 days of the entry date of this Order.</p>	<p>1/20/2011</p>