

Enforcement Cases 2014 Outline for Virginia-Specific Ethics Course

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

SUMMARY OF VIOLATIONS	RATIONALE	VBOA ACTION	DATE CLOSED
<p><u>CASE #1</u></p> <p><u>CONSENT ORDER</u> <u>§ 54.1-4413.3 (2), (3), (4)</u></p> <p><u>18VAC5-22-90</u></p> <p>Violation of Standards of Conduct and Practice.</p> <p>Due Professional Care and CPE Deficiency.</p>	<p>The VBOA received a complaint indicating failure to communicate with the client in a timely manner regarding the status of the client's tax documents that were e-filed, failure to maintain competency, failure to complete services agreed upon and failure to return phone calls upon numerous requests.</p> <p>Upon review of the Regulant's electronic filing records, the Regulant discovered that the status of his clients tax return submission had been checked, but by some error, the return had not been filed so the Regulant immediately e-filed the return again which was accepted by the software the same day.</p> <p>The Regulant failed to exercise due professional care in the performance of professional services by failing to timely file the client's tax return and failed to follow through with the confirmation of acceptance regarding the e-file of his client's taxes.</p>	<p>The VBOA ordered that the Regulant shall:</p> <p>Submit certificates of completion for 8 hours of CPE in Tax Practice Management/Circular 230;</p> <p>Report CPE compliance for the next 3 calendar years;</p> <p>Be reprimanded for not completing the Virginia-specific Ethics CPE course in 2009, 2010 and 2011;</p> <p>Submit the deficient 17 CPE;</p> <p>Pay a monetary penalty of \$100;</p> <p>The Regulant shall reimburse the VBOA for the reasonable cost of \$500 within 90 days of the entry date of the Order for the investigation of this matter; and</p> <p>The Regulant understands that failure to comply with the provision of the Order within 90 days shall result in the automatic suspension of his CPA license.</p>	<p>1/08/2013</p>

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<p><u>CASE #2</u></p> <p><u>FINAL ORDER</u> <u>§54.1-111, §54.1-4409.1 and §54.1-4414</u></p> <p>Unlicensed Activity.</p>	<p>The VBOA received a complaint from a previous employer indicating the Respondent misrepresented herself as a CPA by the continued use of the CPA designation in her email address, in the signature line of her business email address, on Facebook, LinkedIn and on her resume without a valid CPA license. The VBOA determined that the Respondent has never been licensed as a CPA and benefitted financially from the unlicensed and unauthorized use of the CPA designation.</p>	<p>The VBOA ordered that the Respondent shall:</p> <p>Not practice as a CPA in the Commonwealth until the VBOA has granted the Respondent a CPA license;</p> <p>Remove all CPA signage that indicates she is a licensed CPA in the Commonwealth;</p> <p>Pay a monetary penalty of \$12,000 within 90 days of the entry date of the Final Order; and</p> <p>Provide reimbursement to the VBOA for the reasonable cost of \$1,000 within 90 days of the entry date of the Order for the investigation of this matter.</p>	3/01/2013
<p><u>CASE #3</u></p> <p><u>FINAL ORDER</u> <u>§54.1-4413.4 (C) (1) and § 54.1-4409.1</u></p> <p>Exam Candidate Deemed Unsuitable/Unfit to Continue sitting for the CPA Exam in Virginia.</p>	<p>In accordance with the testimony of witnesses from Prometric, NASBA and the VBOA staff, and pursuant to the twelve year timeline of documented concerns, complaints and behavioral issues, to include the Respondent's responses and past actions, the VBOA determined that the Respondent's behavior of uncooperativeness, unprofessionalism and demeaning outbursts to be unsuited and that the Respondent was unfit to continue sitting for the CPA Exam in Virginia.</p>	<p>The VBOA Ordered that the Respondent shall be banned from sitting for the CPA Exam in Virginia for no less than five years from the entry date of the Order. The Respondent may petition the VBOA, in person, after a period of five years to be permitted to sit for the CPA exam in VA. In determining eligibility to sit for the CPA Exam in Virginia, the Respondent must demonstrate that he is fit and suited to be a CPA in VA. If future authorization is granted to the Respondent to sit for the CPA Exam in Virginia, he must reapply as a new CPA Exam applicant and must meet all existing requirements at the time of application.</p>	12/04/2012

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<p><u>CASE #4</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 VBOA received a complaint indicating that in numerous church bulletins and verbally in church meetings and/or private meetings the Respondent was referred to as a CPA. Church bulletins were provided indicating the Respondent stated, "<i>We are happy to report that our financial process is in conformity with Generally Accepted Accounting Principles</i>" signed by the Respondent as a CPA. The Respondent was found in violation in that he allowed himself to be represented as a CPA on church bulletins without a valid CPA license.</p>	<p>The VBOA ordered that the Respondent shall:</p> <p>Not practice as a CPA or use the CPA title in the Commonwealth;</p> <p>Remove all signage that refers to him as a CPA;</p> <p>Pay a monetary penalty of \$8,000 within 90 days of the entry date of the Order; and</p> <p>Reimburse the VBOA for the reasonable cost of \$1,000 within 90 days of the entry date of the Order for the investigation of this matter.</p>	3/01/2013
<p><u>CASE #5</u></p> <p><u>FINAL ORDER</u> <u>§54.1-4413.4 (B) (1), (5) and (7)</u></p> <p>SEC Violation- Suspension of Practice Before the SEC.</p>	<p>The Court rendered a judgment against the Regulant ordering that the Regulant be permanently restrained and enjoined from violating Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 for the trading of put options for a corporation's common stock. The Regulant was required to pay disgorgement, prejudgment interest, and a civil penalty for a total amount of \$183,801.27, together with interest from the date of the Final Judgment until paid in full. Having fully considered the record before the IFF conference, the VBOA concluded the SEC Judgment was supported by substantial evidence.</p>	<p>The VBOA ordered the suspension of the CPA's license for a period of no less than 1 year from the entry date of the Order and that he shall:</p> <p>Remove all signage with the CPA designation on it;</p> <p>Pay a monetary penalty of \$10,000 for the Judgment rendered by the Courts for the trading of the corporations put options as referenced in the Final Judgment; and</p> <p>The Regulant shall reimburse the VBOA for the reasonable cost of \$1,000 within 90 days of the entry date of the Order for the investigation of this matter.</p>	12/4/2012

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<p><u>CASE #6</u></p> <p><u>CONSENT ORDER</u> <u>§54.1-111, §54.1-4409.1 and</u> <u>§54.1-4414</u></p> <p>Unlicensed Activity.</p>	<p>The VBOA received notification from an anonymous citizen by way of a phone call regarding the unlicensed use of the CPA designation on the website of the Respondent's current employment in the executive team directory representing himself as a CPA. It was determined that the Respondent had never been licensed in Virginia; however, he had an "Inactive" CPA license in Maryland.</p>	<p>The VBOA ordered that the Respondent shall:</p> <p>Not practice as a CPA or use the CPA title in Virginia until he has been duly licensed;</p> <p>Remove all CPA signage that refers to him as a CPA;</p> <p>Pay a monetary penalty of \$8,000 within 90 days of the entry date of the Order; and</p> <p>The Respondent shall reimburse the VBOA for the reasonable cost of \$500 within 90 days of the entry date of the Order for the investigation of this matter.</p>	<p>3/01/2013</p>
<p><u>CASE #7</u></p> <p><u>CONSENT ORDER</u> <u>§54.1-4413.3 (4)</u></p> <p>Violation of Standards of Conduct and Practice.</p> <p>Due Professional Care.</p>	<p>The Regulant failed to exercise due professional care in the performance of professional services by failing to keep copies of relevant client tax documents concerning the request to the IRS for extensions, and therefore demonstrated several insufficient office management practices.</p>	<p>The VBOA ordered that the Regulant shall:</p> <p>Be reprimanded for failing to keep copies or relevant documents concerning the request to the IRS for extensions;</p> <p>Provide satisfactory completion of not less than 8 hours of CPE in Tax Practice management to be completed and submitted prior to December 31, 2013; and</p> <p>The Regulant shall reimburse the VBOA for the reasonable cost of \$1,000 within 90 days of the entry date of the Order for the investigation of this matter.</p>	<p>3/01/2013</p>

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<p><u>CASE #8</u></p> <p><u>CONSENT ORDER</u> <u>§54.1-4413.3 (2), (3), (4)</u></p> <p>AICPA Code of Professional Conduct ET Section 01.201B.</p> <p>IRS Circular 230 Subsection 10.25.</p> <p>Board Regulation 18VAC5-22-90.</p> <p>Violation of Standards of Conduct and Practice.</p> <p>Due Professional Care.</p>	<p>The Regulant failed to exercise due professional care in the performance of professional services in his unprofessional e-mailed responses to his client, the shredding of his clients original tax documents, and his failure to obtain the required amount of CPE to include the 2 hours of Virginia-specific Ethics CPE for the reporting year of 2012.</p>	<p>The VBOA ordered that the Regulant shall:</p> <p>Be reprimanded for failing to provide due professional care in the performance of professional services by failing to act in a way that serves the public interest, honors the public trust, and demonstrates commitment to professionalism in his unprofessional e-mailed responses to his client which will remain permanently on his record as of the entry date of this Order;</p> <p>Pay a monetary penalty of \$500 for the deficiency of the annual required minimum of 20 CPE for the reporting year of 2012 within 60 days of the entry date of this Order;</p> <p>Pay a monetary penalty of \$250 for failing to complete the required two (2) hours of Virginia-specific Ethics CPE for 2012 within 60 days of the entry date of this Order;</p> <p>Submit to the Board 20 deficient CPE certificates of completion within 60 days of the entry date of this Order. Four (4) of the deficient 20 CPE shall be in Practice Management;</p> <p>The Regulant shall understand that although the submitted 20 CPE certificates of completion will be acceptable to fulfill the 2012 CPE requirements, they will not be considered as part of the annual CPE</p>	<p>8/22/2013</p>

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<p><u>Case # 8, continued</u></p>		<p>requirements for the current calendar year;</p> <p>Submit to the Board proof of completion of the current year's Virginia-specific Ethics CPE course within 60 days of the entry date of this Order;</p> <p>Report to the Board his CPE compliance for the next three calendar years by submitting his CPE certificates of completion by December 31st of the next 3 calendar years;</p> <p>Reimburse the Virginia Board of Accountancy for the reasonable cost of \$1,000 for investigating this matter within ninety (90) days of the entry date of this Order; and</p> <p>Understand that failure to comply with the provisions of the signed and entered Consent Order within 60 days of the required compliance date as stated in this Order shall result in the automatic suspension of his CPA license.</p>	
<p><u>CASE #9</u></p> <p><u>CONSENT ORDER</u> <u>§54.1-4413.3 (1) and (2)</u></p> <p>Violation of Standards of Conduct and Practice.</p> <p>Due Professional Care.</p>	<p>The Regulant failed to exercise sensitive professional and moral judgment in all activities and act in a way that serves the public interest, honors the public trust, and demonstrate commitment to professionalism by his unprofessional e-mailed responses to his client.</p>	<p>The VBOA ordered that the Regulant shall:</p> <p>Be reprimanded for his unprofessional responses in his e-mailed communications with his client by failing to exercise sensitive professional and moral judgment in all activities and act in a way that serves the public interest, honors the public trust, and demonstrates commitment to professionalism which will remain permanently on his record as of the entry date of this Order.</p> <p>Reimburse the Virginia Board of Accountancy</p>	<p>11/6/2013</p>

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<p><u>Case # 9, continued</u></p>		<p>for the reasonable cost of \$500 for investigating this matter within ninety (90) days of the entry date of this Order.</p> <p>The Regulant understands that failure to comply with the provisions of the signed and entered Consent Order within 90 days of the required compliance date as stated in this Order shall result in the automatic suspension of his CPA license.</p>	
<p><u>CASE #10</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 VBOA received notification from an anonymous source regarding the unlicensed use of the CPA designation on her business cards and in her business email address during the time her CPA license was expired. The Respondent worked at a local Richmond manufacturing and marketing firm.</p>	<p>The VBOA ordered that the Respondent shall:</p> <p>Not practice as a CPA in the Commonwealth until the Virginia Board of Accountancy has granted reinstatement of her expired CPA license.</p> <p>Immediately remove all signage, to include but not limited to: business cards, all letterhead, email signatures or addresses, resumes, newspaper, internet ads, all social media to include LinkedIn, Facebook, and any and all software with the CPA designation on it until she has been granted reinstatement of her expired CPA license.</p> <p>Pay a monetary penalty of \$1,000 for the unlicensed use of the CPA designation, as referenced on her business cards and in her e-mail signature, within 90 days of the entry date of the Order.</p> <p>Reimburse the Virginia Board of Accountancy for the reasonable cost of \$1,000 for the investigation of this matter within 90 days of the entry date of the Order.</p>	<p>10/1/2013</p>

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<u>Case # 10, continued</u>		Provide the Board with a 1,000 word essay on the requirements of licensure as an individual CPA referencing the importance of those requirements in protecting the public within 90 days of the entry date of the Order.	
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