

INDIANA BOARD OF ACCOUNTANCY

Meeting Minutes

July 29, 2022, at 9:00a.m.

Indiana Professional Licensing Agency

402 W. Washington Street, W064

Indianapolis, IN 46204

CALL TO ORDER AND ESTABLISHMENT OF A QUORUM 9:00 a.m.

Michael Barton of the Indiana Board of Accountancy, called the meeting to order at 9:03 a.m. and declared a quorum in accordance with IC § 25-2.1-2-8.

Board Members Present:

Michael Barton, Board Chair

Michelle Skeen, CPA, Vice Chair

Dale Gettelfinger, CPA

State Officials Present:

Toby Snell, Board Director

Rachelle Cannon-Mason, Compliance Officer

Ned Hannah, Advisory Counsel

PUBLIC RULE HEARING LSA #22-159

The public rule hearing is open to the floor. Letters were received in support of the Rule from the Indiana CPA Society, AICPA, and NASBA. There were no further comments.

A motion was made by Member Skeen and seconded by Member Gettelfinger to approve LSA #22-159.

3-0-0, Motion carried.

Voting in favor: Michelle Skeen, Michael Barton, and Dale Gettelfinger

The Board took a break from 9:47am-10:03am

ADOPTION OF THE AGENDA

A motion was made by Member Gettelfinger and seconded by Member Skeen to adopt the July 29, 2022, amended agenda.

3-0-0, Motion carried.

Voting in favor: Michelle Skeen, Michael Barton, and Dale Gettelfinger

ADOPTION OF THE MAY 20, 2022, MEETING MINUTES

A motion was made by Member Gettelfinger and seconded by Member Skeen to adopt the May 20, 2022, meeting minutes.

3-0, Motion carried.

Voting in favor: Michelle Skeen, Michael Barton, and Dale Gettelfinger

REPORT FROM OFFICE OF THE ATTORNEY GENERAL

Amy Osborne, Assistant Attorney General Section Chief, Office of the Attorney General provided the Board with a report per IC 25-1-7-13. Member Gettelfinger inquired about the staffing for Accountancy Board. Amy stated that everyone does everything no one is solely responsible for this Board. She said the regular DAGs are Ridlen and Keaton, but the Board will be seeing some different faces soon. Member Gettelfinger inquired about the chain of command. Amy stated that it goes to her superior then the director of the consumer and protection division then to his superior and second in command then to the executive committee and Attorney General.

ADMINISTRATIVE HEARINGS

10:00 a.m.

Court Reporter was Margie Addington.

In the Matter of the License of: Crowe LLP

Cause No.: 2021 IBA 0020

Re: Motion to Dismiss

Member Gettelfinger inquired of Crowe's representative Kent Frandsen regarding the contents of the brief and offering as a reason for dismissal that the SEC settlement offer had no direct nexus to Indiana and asked him to summarize what he meant by this. Frandsen responded that Jennifer was the partner in charge of the Indy office and official representative and that Jack Barber is present and was formerly in house counsel for Crowe. He said the audit engagement did not relate to Indiana as it was partners based in New York with no Indiana companies or clients or CPAs. Crowe is an Indiana firm but that is the only connection. Member Gettelfinger referred to findings 58-63 that SEC stated there was Crowe national office involvement in the audit and asked him to explain. Jack Barber stated they were not involved directly in the audit procedures and were only technical advice. Member Gettelfinger referred to finding 58 regarding the failure to conduct the audit standards that occurred despite national office involvement. Mr. Barber stated they were involved to the extent but not the audit team or field work and that it was requests for technical advice based on facts presented with no field work interface with client like a librarian. Member Gettelfinger said the key issue was a lack of independence. Mr. Barber said correct. Member Gettelfinger referred to finding 59 regarding the pre-issuance reviewer independence charge. Mr. Barber said it was a difficult technical question under accounting standards obligation of the firm not a personal obligation. Member Gettelfinger said it was the obligation of the national office then. Mr. Barber said he does not agree. Member Gettelfinger said it was signed off as an ongoing concern consultation so seems like they were involved with the audit. Mr. Barber said there were involved based on facts. Member Gettelfinger stated that signed off to him means they approved. Mr. Barber said that in the work paper it indicates the technical issue was initialed. Member Gettelfinger said Mr. Barber's point is that it is not part of the audit. Mr. Barber said it is not a required part of the audit. Member Gettelfinger referred to finding 59 regarding the pre issuance and asked if they were an Indiana licensee. Mr. Barber said he was not sure. Member Gettelfinger asked if the office partner and conversations with the

engagement team with the national office involvement using telephone conversations had to do with the inability to get dated journal entries that did not object to those problems found if they were engaged in audit. Member Barber said they were consulted as a resource for a technical issue not conducting the audit and that it is only a part of the process. Member Gettelfinger asked where the process starts. Member Barber said when the engagement letter is executed. Member Gettelfinger said Mr. Barber's point is that the audit does not start if the CPA firm is independent or not so how do you have an audit if you cannot make that determination and can you do an audit if you are not independent. Member Barber said the standards determine independence to engage. SEC stated Crowe had technical impairment to independence with no question that they performed the audit and no question that Crowe can perform the audit. Member Gettelfinger stated they retracted the opinion. Mr. Barber stated they retracted the audit opinion when they learned the principal share owner separately owned another business and transferred their payroll tax money to not pay the IRS so when Crowe learned this, they withdrew their work and learned from the SEC during the settlement agreement. SEC alleges Crowe is not independent in the settlement agreement. Member Gettelfinger stated that finding 61 was of the internal inspection by Crowe national office. Mr. Barber said after the audit was issued the national office has a program to inspect after the audit is completed. Member Gettelfinger said that the SEC alleges but did not Crowe offer all of this. Member Barber said that Crowe neither admits or denies what SEC presents in its position and that they are under a settlement agreement. Member Gettelfinger referred to finding 63 on page 16 where Crowe lacked proper independence controls and control over clients' process prior to accepting the client with no mechanism rather than an independence inquiring email and so Crowe had no procedure that allowed them to make a determination of independence. Mr. Barber refers to the settlement agreement. Member Gettelfinger said there are 5 Crowe Indiana offices so are they supervised by the national office. Jennifer stated the national office is a technical resource and it does not supervise any offices of Crowe. Member Gettelfinger said in the Crowe firm is it possible for an office to accept an audit engagement without national office involvement. Jennifer said yes. Member Gettelfinger said he cannot come to the conclusion that the settlement had no direct nexus with Indiana due to the involvement of the national office and believes it was deeply involved in the process and somewhat in the audit. Member Gettelfinger referred to SEC Order page 2 roman numeral three and asked what it means regarding the respondents offers. Mr. Barber said the respondents in Crowe have offered to settle with SEC rather than SEC filing a complaint. Member Gettelfinger said Mr. Barber's point does not mean that Crowe offered any information to get/ Crowe provided facts or information and it is not fair to say they did not agree with it as the reading of record shows Crowe was an active participant. Mr. Barber said Crowe does not agree and did not admit to the allegations SEC put forth, but Crowe fully cooperates with SEC and Crowe's interpretation would have been forward if it was litigated but they settled. Crowe proactively said what can we do to enhance our firm and improve the firm's processes and procedures and implemented them before SEC reached a settlement. Member Gettelfinger referred to page 14 of SEC order paragraph 53 that states

Crowe was not independent correct. Mr. Barber stated that Crowe does not admit to SEC findings and Mr. Barber cannot answer what Crowe says today but the document is a settlement and Crowe isn't required to admit to the findings in the document. Member Gettelfinger stated to DAG Ridlen that looking at the complaint filed on 12/9/21 paragraph 17 the violation disciplinary action taken against it, how do they get that sort of claim. DAG Ridlen said for paragraph 14 the Board can impose disciplinary sanctions on grounds like 5(a)7. Member Gettelfinger stated were disciplinary action taken here. DAG Ridlen stated yes. Member Gettelfinger asked if the grounds were like Indiana rules that contain rules on independence. DAG Ridlen stated what the state alleged to be similar in 25-1-11-5(a)3 regulating the profession. Member Gettelfinger said two things have to happen: one a disciplinary action on something similar to what we have in Indiana and if there is a disciplinary action on a matter similar to Indiana isn't the sanction then automatic under our statute. DAG Ridlen said no that an administrative complaint is an allegation so the Board cannot sanction Crowe based on that. Member Gettelfinger said it allows a sanction. DAG Ridlen said if it were approved it can. Member Gettelfinger said under 7 if there is a sanction and if that sanction is like something in Indiana, then we automatically move on to section 12. DAG Ridlen said 5a7 is identified but it does not follow that there is a sanction until the board finds a violation and it must be based on evidence and there has not been evidence so the Board cannot give sanctions on the complaint since it is only an allegation. Member Gettelfinger said in the 12/9/21 filing the Respondent has violated per its language and it is asking the Board to sanction. DAG Ridlen said it inferred that the things the State alleges must be proven otherwise the state can sanction without hearing the Respondent's side or evidence. Member Gettelfinger referred Mr. Frandsen to brief page 11 first full paragraph beginning with line 4 and that it states that the state bears the burden of developing the evidence so the question is under statute a7 if state can demonstrate sanction and the matter is like Indiana would it not be necessary evidence to satisfy that statute. Mr. Frandsen stated he thinks they are jumping a couple steps. Member Gettelfinger said at the last meeting the State says take it back, so he is puzzled how from December to July they have changed their mind. DAG Ridlen stated he would limit it to the brief. Member Barton asked if Crowe was suspended for a period. Mr. Barber stated there was no suspension of any sort for Crowe and that two individuals were in suspension before the SEC but not the firm itself. Member Barton asked if Crowe as a firm was misled. Mr. Barber said absolutely, and the lead shareholder did not provide truthful information. Member Gettelfinger said as precedent they can only say Board can dismiss with no guidance what the Board can take into consideration. He stated the Raego case was the closest and it was dismissed with a 2-1 vote. Member Barton asked Board Counsel, Ned Hannah, what is in the code regarding violations. Ned said this is not a hearing, so the Board needs to grant or deny the dismissal. Member Barton said there are no known Indiana CPA licensees, but it is worrisome for the Board not to do something when the SEC a federal agency has done something. Member Gettelfinger said in his reading of the Wall Street journal's accounting/legal literature the Board should prepare itself for cases that are similar where firms are sanctioned somewhere else particularly regarding ethics and independence that are

very similar and believes it is reasonable that the Board will see more of these cases where large multi-state CPA firms are sanctioned. Member Gettelfinger said it is egregious that in December they were prepared to do this and now they are not. Member Skeen said they must address it if it is denied what happens. Ned said they may have power to set the hearing, but the State may not appear. Member Skeen feels like something big happened and something is missing. Ned stated that if the Board denies the dismissal that it does not mean it will end up in front of them. Member Skeen said but it does send a message. Member Barton asked if they had the timeline for when it brought to their attention. Ned said yes. Member Gettelfinger stated the Board was informed by the AG office in 2019. Member Barton said he wants to establish when the Board received the information. Member Gettelfinger stated a complaint was filed on 2/5/2019. Member Barton said he was just establishing the fact of the timeline to show they moved as fast as they could. Member Gettelfinger said the position is that Crowe has nexused Indiana on this and he is not persuaded about the indirect nexus based on what he read with SEC about the whole office being involved and that Indiana has similar codes to SEC and that the AG office concluded that in the 12/2021 complaint the SEC ordered procedures. He agrees with the AG's points in the brief that we can dismiss what we can dismiss in prior incidents and that we all have priorities but the matter to him should be a high priority due to the severity of the matter of independence and he does not agree that this is a low priority item. Member Gettelfinger stated that within six months he believes this matter will be a high priority and the Board can expect more of these cases with increasing frequency. Member Skeen stated she had no additional thoughts on the matter.

A motion was made by Member Gettelfinger and seconded by Member Skeen to deny the Motion to Dismiss.

3-0-0, Motion carried.

Voting in favor: Michelle Skeen, Michael Barton, and Dale Gettelfinger

In the Matter of the License of: Jayanagendra Rayapureddi

Cause No.: 2021 IBA 0034

Re: Petition to Review

Mr. Rayapureddi appeared for his telephonic hearing. Mr. Rayapureddi stated that after the last meeting he was able to produce 16 CPE credits and the CFA program letter and his status on his 2021 and 2022 CPE to show he is in good standing. He submitted proof of the details he has to complete for his CFA 20 educational credits every year. He submitted what the Board asked him to and asks the Board to accept them and to find him in compliance. Rachelle Cannon-Mason, Compliance Officer, stated that if the Board accepts what he has submitted he will be found compliant.

A motion was made by Member Skeen and seconded by Member Gettelfinger to accept the additional documentation to verify the missing CPE hours and find him compliant.

3-0-0, Motion carried.

Voting in favor: Michelle Skeen, Michael Barton, and Dale Gettelfinger

In the Matter of the License of: Katz, Sapper & Miller LLP CONTINUED

Cause No.: 2022 IBA 0016

Re: Disciplinary Hearing

This matter was continued by the Board.

In the Matter of the License of: Scott C. Price CONTINUED

Cause No.: 2022 IBA 0017

Re: Disciplinary Hearing

This matter was continued by the Board.

The Board took a break from 11:04am-11:14am.

APPLICATION REVIEW

Reinstatements

John Young

A motion was made by Member Gettelfinger and seconded by Member Skeen to approve to reinstate and issue a Notice of Noncompliance.

3-0-0, Motion carried.

Voting in favor: Michelle Skeen, Michael Barton, and Dale Gettelfinger

Jerry Thomann

This matter was tabled for more information.

CPE HARDSHIP WAIVERS AND EXAM EXTENSION REQUESTS

Jerry Thomann- CPE Hardship Waiver

This matter was tabled for more information.

Anthony Gioia- CPE Hardship Waiver

A motion was made by Member Skeen and seconded by Member Gettelfinger to grant the minimum waiver for the year 2021 (20 hours) but still needs the 120 total hours.

3-0-0, Motion carried.

Voting in favor: Michelle Skeen, Michael Barton, and Dale Gettelfinger

Ashley Spaulding- Exam Extension Request

A motion was made by Member Skeen and seconded by Member Gettelfinger to deny the exam extension request.

3-0-0, Motion carried.

Voting in favor: Michelle Skeen, Michael Barton, and Dale Gettelfinger

Ashley Attar- Exam Extension Request

A motion was made by Member Skeen and seconded by Member Gettelfinger to grant the REG exam extension request through 12/31/2022 as well as any others that expire before then.

3-0-0, Motion carried.

Voting in favor: Michelle Skeen, Michael Barton, and Dale Gettelfinger

Ying Qian- Exam Extension Request

A motion was made by Member Skeen and seconded by Member Gettelfinger to grant the BEC and FAR exam extensions requests through 6/30/2023.

3-0-0, Motion carried.

Voting in favor: Michelle Skeen, Michael Barton, and Dale Gettelfinger

IMMEDIATE SUSPENSIONS FROM NOTICES OF NONCOMPLIANCE

A motion was made by Member Skeen and seconded by Member Barton to issue Notices of Immediate Suspension to letters A and B.

2-0-1, Motion carried.

Voting in favor: Michelle Skeen and Michael Barton

Recused: Dale Gettelfinger

A motion was made by Member Gettelfinger and seconded by Member Skeen to issue Notices of Immediate Suspension for letters C, D, and E.

3-0-0, Motion carried.

Voting in favor: Michelle Skeen, Michael Barton, and Dale Gettelfinger

- A. Daniel Weir- Civil Penalty
- B. Kent Shipley- Civil Penalty
- C. Louis Sacks- Civil Penalty
- D. David Roberts- Civil Penalty
- E. Michael Burk- CPE

DISCUSSION ITEMS NO VOTE REQUIRED

Investigative Fund Statement

Member Barton stated the funds are down in June from May. He stated that payroll falls three times in May. Member Skeen said the wages are charged sporadically.

Member Skeen said that in 2021 the book show wages once a quarter. Member Barton asked why it is different in 2022. Member Barton asked why the allocation of the funds is different all throughout. Member Barton wants to know what SWCAP for \$7200 is. He also asked what the management fee is for the fund. The fiscal end of the year hits annually and it is Indiana's administrative fee.

Member Gettelfinger stated there are funds to assist PROC. The PROC meeting is in August and staff can gather their fund ideas and what resources they need at that time.

Compliance Officer Report

Rachelle Cannon-Mason, Compliance Officer, stated that she attended the NASBA regional meeting virtually. She stated that the discussion regarding principal place of business and the issues with licensing regarding that was an educational topic. The UAA model rules primarily refers to CPE for reciprocity issues. The CPA Society will be putting forth a new rule regarding this topic. NASBA could come in to explain place of business background and disciplinary actions.

Board Director Report

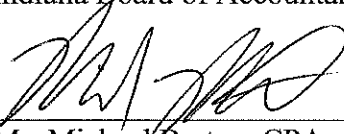
Toby Snell, Board Director, stated that the rule packet will be together and to Ned for review. The AG's office has 45 days to review it then it goes to the Governor's office. They have 15 days and can extend for 15 days more. If approved, it will be 30 days then it goes into effect.

NASBA Annual Meeting

Member Barton stated that the NASBA Annual meeting is in San Diego, California from October 30th- November 2nd and that he will be attending. Member Gettelfinger stated that he will be at the August 16th zoom meeting for the NASBA CPE Committee.

ADJOURNMENT

There being no further business, and having completed its duties, the meeting of the Indiana Board of Accountancy adjourned at 11:34 a.m.



Mr. Michael Barton, CPA

9/16/2022

Date

