

**Connecticut State Board of Accountancy**  
**April 6, 2004**  
**Minutes**

Chairman Reynolds called the meeting to order at 8:30 a.m. on the second floor conference room in the Office of the Secretary of the State, 30 Trinity St. Hartford CT.

Present :

Thomas F. Reynolds, CPA, Chairman  
Richard P. Bond  
James Ciarcia  
Richard Gesseck, CPA  
Leonard M. Romaniello, Jr., CPA  
Richard Sturdevant  
Michael Weinshel, CPA

Absent Board Member:

Philip J. DeCaprio Jr., CPA

Staff Members Present:

David L. Guay, Executive Director  
Eric Opin, Board Attorney  
Stephanie Sheff, Board Staff  
Andrée Hazel Nelson, Board Staff

Arthur Renner, Executive Director, Connecticut Society of Certified Public Accountants

A motion to approve the minutes of the March 2, 2004 Board meeting was made by Michael Weinshel and seconded by Richard Gesseck; James Ciarcia abstained because he was absent at that meeting. All remaining members voted in favor.

The motion to accept the individual list of Certificates, Registrations, and License Applications was moved by James Ciarcia seconded by Michael Weinshel. All voted in favor.

The motion to accept the Firm Permit applications was moved by Richard Sturdevant and seconded by Michael Weinshel. Richard Gesseck made particular note that Deloitte & Touche had registered their tax practice separately and was provided with documentation indicating that they are segregating their practice. He also questioned

how it is that BDO Seidman, LLP was late filing their Firm Permit. Executive Director Guay explained that two notices are sent out to both Firms and individuals. After the brief discussion all voted in favor.

The next item on the agenda was the Enforcement docket, which was delivered by Attorney Eric Opin.

Before discussing the Enforcement docket he informed the Board that he had in his possession a packet he received from the Administrative Law Seminar he had attended which among other things, discusses at length how to appeal an administrative hearing decision and will be distributing soon to each Board member. He also brought up for discussion Case #2524 – Roger Bennett on the Pending Docket, which is not part of the Enforcement Docket. Mr. Bennett is scheduled to be sentenced on April 20, 2004 in a Federal Court in Bridgeport on a Tax Fraud which he has pled guilty to and is facing prison time. We cannot under our statute, do anything until after he has been sentenced and will also discuss this with the Attorney General to clarify this point.

<u>Case #</u>	<u>Respondent Name</u>	<u>Complaint</u>	<u>Board Action</u>
680	Myron Dworken	negligence tax advice	Requesting dismissal

Mr. Bond raised the question as to whether Respondent had done anything wrong in Connecticut and was assured by both the Executive Director and Attorney Opin that they did not believe the allegation as there was nothing to substantiate the allegations and would therefore not pursue Mr. Dworken. New York had settled and we have nothing on Mr. Dworken. A motion to dismiss was made by James Ciarcia and seconded by Richard Gesseck. All voted in favor.

<u>Case #</u>	<u>Respondent Name</u>	<u>Complaint</u>	<u>Board Action</u>
2407	Thomas Fitzpatrick	substandard audit reports for government Bodies	Compliance meeting authorized & scheduled

Tabled until May 2004.

<u>Case #</u>	<u>Respondent Name</u>	<u>Complaint</u>	<u>Board Action</u>
2416	Bailey, Moore, Glazer, Schaeffer & Proto	Audit error	Board advice

Richard Gesseck expounded on this case because he had investigated on behalf of the Board. This is a situation where a client made a claim that the contractor/client violated a law yet the auditors issued a clean opinion. The materials Mr. Gesseck said he received included a working paper that showed amounts were retained by the client/contractor from its subcontractors at 10%. The State's statutes state that contractors are allowed to withhold from the subcontractors a maximum of 7 1/2% there was no indication in the working paper he had examined as to what kind of follow up procedures had been done by the auditor. There is an auditing standard, he explained, that addresses illegal acts by clients, which says in essence, if you think that your client has entered into an illegal act you should pursue it to determine whether or not that illegal act is significant to the financial statements of the client. In which case, if it was significant, it might cause you to modify your opinion because if it were a very serious illegal act, that could possibly mean that the company would have to cease its operations or there would be significant fines and/or penalties.

Theoretically there should have been some kind of follow up. However when he examined the situation he looked at how material this is - withholding 7 1/2% as opposed to 10%. The liabilities reported in the financial statements given the worst-case scenario the regulator would say you have to pay the extra 2 1/2% that was withheld by paying fines and/or penalties but he did not think that would be significant but he could not be definite about that.

Mr. Bond wanted to find out how the 2 1/2% converted into dollars and cents to which Mr. Gesseck could not recall an actual figure nor could he give an exact amount for the 10% that was withheld. He explained that the amounts the company normally dealt with is millions of dollars, but with the liabilities duly recorded in the financial statements, it then becomes whether or not that liability was paid. The interest would be a consideration but in order to proceed he explained, his inclination is to say that this is not likely to have a material impact on the financial statements and the auditor was correct in issuing a clean opinion. On the other hand prudence dictated that perhaps there should have been follow up questions and pursue the auditor to explain that whereas he was comfortable with the fact that 10% was withheld and only 7 1/2% should have been but what did he do and how did he satisfy himself that the potential consequences were not material to the financial statements.

Chairman Reynolds asked whether that materiality statement was included in the working paper received by Mr. Gesseck to which he responded that all he saw from what he

examined was an indication that 10% was withheld as apposed to the 7 1/2% from subcontractor. The Chairman also wanted to know was there any evidence that the auditor was conscious of the fact that 10% was being withheld and Mr. Gesseck assured him that there was clear indication the auditor was aware. Leonard Romaniello inquired whether a staff member of the firm brought this complaint forward and if so, then the firm had to have been aware of it. He alleged that the firm had no business issuing a clean opinion but if it is not a material matter, not significant to the financial statement interjected the Chairman, then the firm did have a right to issue a clean opinion. Violation of statute is not relevant here because Mr. Gesseck explained the financial position was totally unaffected and therefore not directly material to the financial statements. Cash was substantially higher than it should have been voiced Mr. Bond but his financial position was totally unaffected explained Mr. Gesseck even if it appears he had more cash in the Bank that did not belong to him. By the same token, he had a higher liability on the books that would offset that hence the immateriality, which begs the question how relevant is all of this. When thinking about this case would the auditor have asked his client if he had realized he is only allowed to withhold 7 1/2% and not 10% and with the response being that it is a tough business and in order to survive and make the subcontractor perform withheld 10% instead. Who knows, perhaps it was something prearranged between the client and the subcontractor even if it may have been contrary to the law.

What it comes down to, reiterated Chairman Reynolds, is that the Board has to address the charge at hand and is there an error in conducting the audit and if the financial consequence of this does not have a material effect on the financial statement does the auditor in fact have a obligation to go further and is he permitted to issue a clean opinion?

Michael Weinshel felt that a complaint lodged by a staff member warrants looking into and the Board's role is just as much to protect the public. However, since there were no resultant lawsuits and/or complaint by the contractor involved, based on Mr. Gesseck's explanation and expertise, probably an investigation may end up only finding a technical violation, which may not be worth pursuing.

Mr. Bond expressed emphatically, that he did not feel comfortable, as he did not have enough knowledge of the situation. James Ciarcia thought that under the circumstances an investor would have relied on the financial ratio of that corporation and if the liabilities and assets were inflated erroneously there may have been the possibility of inaccurate investor confidence.

Chairman Reynolds summed it all up that it is not material relative to the presentation of the financial statements taken as a whole and it appears from preliminary assessment that the magnitude of this 2 1/2% additional retention would not have material effect on those financial statements. The auditor in his mind, did nothing wrong. Mr. Gesseck advised that many firms have processes in place whereby if a person within the audit team discovered an issue, was not happy and got overruled by someone higher up in the chain of command, have other alternatives at their disposal so that in the end when the audit is

complete all the members of the team are normally in agreement. Very often it happens that the complainant may not have had the full facts of the situation, or may have had an inexperienced person's view of immateriality. No action taken.

<u>Case #</u>	<u>Respondent Name</u>	<u>Complaint</u>	<u>Board Action</u>
2418	Joseph Gabriel	mishandling estate	Requesting dismissal

Mr. Gabriel, CPA and Executor of an approximately \$50,000 estate, is alleged to have mishandled the estate which included incorrect calculation/inflation of 1041's including estate's gross income, income and amount due to IRS and State of Connecticut and that he 'pocketed' the difference and lied to Court. The Stamford Probate Court on March 11 closed the case, as there was no evidence of wrongdoing. The Court found no succession taxes due to the State of Connecticut and the CPA was reimbursed \$3,300.00 for his services in accordance with schedule of closing charges.

A motion to dismiss was moved by James Ciarcia and seconded by Chairman Thomas Reynolds. All voted in favor.

<u>Case #</u>	<u>Respondent Name</u>	<u>Complaint</u>	<u>Board Action</u>
2441	Keith Wofsey	Use of Title	Requesting formal charges

- a) Requesting 6 charges – failure to comply with settlement agreement and practicing as CPA without a license
- b) Requesting concurrent subpoena to Money Mailer of Connecticut, Inc. related to Respondent correspondence with Money Mailer of Connecticut, Inc.
- c) Requesting approval to refer case to Office of the Attorney General for review and follow-up pursuant to 20-280b(b)
- d) Requesting approval to refer case to Chief State's Attorney for review and follow-up pursuant to 20-281(h).

On or about December 9, 1994, respondent entered a 3-part agreement with the Board to immediately discontinue:

1. Assuming or using title or designations “Certified Public Accountant”, or “Public Accountant” or the abbreviations “C.P.A.” or “P.A.”, or any other title, designation, words, letters, abbreviations, sign, card or device or device tending to indicate that such person is a Certified Public Accountant or a Public Accountant, or assuming or using the title or designation “Certified Accountant”, “Certified Public Accountant”, “Chartered Accountant”, “Enrollment Accountant”, “licensed Accountant”, “Registered Accountant”, “Accredited Accountant”, or any other title or designation likely to be used with the title of “Certified Public Accountant” or “Public Accountant” or assuming or using any of the abbreviations “C.A.”, “E.A.”, “L.A.”, “R.A.”, “A.A.”, or other abbreviation likely to be confused with the abbreviations, “C.P.A.” or “P.A.”, or assuming or using any title or designation that includes the words “accountant”, “auditor” or “accounting” in connection with any other language, including the language of a report that implies that such person a license or permit issued under Chapter 389 of the Connecticut General Statutes or has special competence as an accountant.

2. Additionally, as part of settlement agreement, respondent agreed to immediately discontinue issuing any report issued under Chapter 389 of the Connecticut General Statutes on financial statements of any person, firm, organization or governmental unit, including, but not limited to any report using language conventionally used in the accounting profession by licensees with respect to an audit, an examination, a review or a compilation of financial statements, affixing Respondent’s name or the name of any business organization to any financial statements, opinion or report on, or certificate to, any accounting, or financial statement with any of the following wording:

“I (we) have compiled”

“I (we) have reviewed”

“I (we) have examined”

“I (we) have audited”

“in accordance with standards established by the American Institute of Certified Public Accountants”

“in conformity with generally accepted accounting principles”

“in my (our) opinion”

“in accordance with generally accepted professional standards”

or

with any other wording which sufficiently resembles standardized wording employed in the accounting profession, so that, when used in connection with accounting or financial statements, said wording indicates that the user is an accountant or that the user has special competence as an accountant or an auditor.

3. No prohibition from Respondent from preparing tax returns and rendering bookkeeping services, so long as Respondent does not use or assume any of the titles described in paragraph 1, and does not issue a report on financial statements or employ any of the wording described in paragraph of this order.

Evidence that Respondent has violated Paragraphs 1 and 3 above in 2003 by advertising himself through local media flyers as “CERTIFIED ACCOUNTANT”. Additional information in flyers included:

“WE CAN SAVE YOU TIME & MONEY”  
“ACCOUNTING AND TAX SERVICES”  
“INDIVIDUAL AND COMPANY ACCOUNTING SERVICES”  
“COMPANY ACCOUNTING SERVICES”

No evidence that Respondent ever held a license or certificate with this office, nor evidence of a firm permit or license with this office.

**A. Seeking the following 6 charges against Respondent**

1. C.G.S. §20-281a(11)- Violation by anyone of any provision of 20-281g. Specifically, violation of 20-281g(d) – A person who does not hold a valid registration or licensee shall not use the title or designation “certified public accountant” or the abbreviation “CPA” or any other title, designation, words, letters, abbreviation, sign card or device tending to indicate that such person is a certified accountant, provided that a holder of a certificate who does not hold a license may use the title to such certification in the manner permitted by regulations by the board under subdivision (g) of section 20-280.
2. C.G.S. §20-281a(11)- Violation by anyone of any provision of 20-281g. Specifically, violation of 20-281g(e) – No firm shall assume or use the title shall assume or use the title or designation “certified public accountant”, or the abbreviation “CPA”, or any title, designation, words, letters, abbreviation, sign, card, device tending to indicate that such firm is composed of certified public accountants, unless (1) the firm holds a valid permit issued under subsection 20-281e, (2) all proprietors, partners and shareholders practicing public accountancy in this state hold valid certificates and licenses issued under subsection 20-281d, and (3) all proprietors, officers and shareholders of the firm hold licenses.
3. C.G.S. §20-281a(11)- Violation by anyone of any provision of 20-281g. Specifically, violation of 20-281g(f) - No person shall assume or use the title or designation “public accountant”, “or the abbreviation “PA”, or any other title, designation, words, letters, abbreviation, sign, card, device which tends to indicate that such person is a public accountant unless he holds a valid license issued under section 20-281b.
4. C.G.S. §20-281a(11)- Violation by anyone of any provision of 20-281(g). Specifically, violation of 20-281g(g)- A firm which does not hold a valid permit issued under section 20-281e shall not assume or use the title or designation “public accountant”, the abbreviation “PA”, or any other title, designation, words, letters, abbreviation, sign, card or device which tends to indicate that such firm is composed of public accountants.
5. C.G.S. §20-281a(11)- Violation by anyone of any provision of 20-281(g). Specifically, violation of 20-281g(h)- A person of firm which does not hold a valid license and permit issued under sections 20-281d and 20-281e shall not assume or use the title or designation “certified public accountant”, “certified

- professional accountant”, “chartered public accountant”, “enrolled accountant”, “licensed accountant”, “registered accountant”, “accredited accountant”, or any other title or designation likely to be confused with the titles “certified public accountant” or “public accountant” or the use of the abbreviations “CA”, “E.A.”, “LA”, “R.A.”, “A.A.” or similar abbreviation likely to be confused with the abbreviations, “CPA” or “PA” provided that a holder of a certificate who does not also hold a license may use the titles pertaining to such certificate only in the manner permitted by regulations adopted by the board under subdivision (6) of subsection (g) 20-280. This subsection shall not prevent persons designated as “enrolled agents” of the Internal Revenue Service” from using such title or the abbreviation “EA”
6. C.G.S. §20-281a(11)- Violation by anyone of any provision of 20-281(g). Specifically, violation of 20-281g(i)- A person or firm which does not a valid license and permit issued under section 20-281b or 20-281d and section 20-281e shall not assume or use any title or designation that includes the word “accountant”, “auditor”, or “accounting” in connection with any other language, including the language of a report, that implies that such person or firm holds such a permit or has special competence as an accountant or auditor, provided this subsection shall not prohibit any officer, partner or employee of any firm or organization from affixing his signature to any statement in reference to the financial affairs of such firm or organization with any wording designating the position, title or office that he holds therein, not prohibit any act of a public official or employee in the performance of his duties as such.

**B. Requesting concurrent subpoena to Money Mailer of Connecticut, Inc. related to Respondent correspondence with Money Mailer of Connecticut, Inc.**

Evidence that Respondent placed advertisements with Money Mailer LLC of Connecticut, Inc in 2003 Requesting subpoena authority for all correspondence between Respondent and Money Mailer of Connecticut from around and about December 9, 1994 to present.

**C. Requesting approval to refer case to Office of the Attorney General for review and follow-up pursuant to C.G.S. 20-280b(b) to discontinue violation.**

C.G.S. §20-280b(b) – “The board at its discretion, issue an appropriate order to any person found to be in violation of an applicable statute or regulation, providing for the immediate discontinuance of the violation. The board may, through the Attorney General, petition the superior court for the judicial district in which the violation occurred, or in which the person committing the violation resides or does business, for the enforcement of any issue ordered by it and for the appropriate temporary relief or a restraining order....The board, in its discretion, in lieu of or in addition to any other action by law, may assess a civil penalty of up to one thousand or fifty-thousand dollars (\*) against the person found too have violated any provision of the general statutes or any regulation adopted there under related to the profession of public accountancy”

\* Fine depends on date of alleged infraction. Maximum fine of one thousand dollars if violation occurred before October 1, 2003 per Public Act 03-259, Section 42. Maximum fine of one thousand dollars per violation if violation occurred prior to October 1, 2003

**D. Requesting approval to refer case to Chief State’s Attorney for review and follow-up pursuant to 20-281(h)(b).**

C.G.S. §20-281(h)(b) – “A person or firm who knowingly violates any provision of section 20-281g shall be subject to a fine of not more than one thousand or fifty-thousand dollars\* or imprisonment for not more than one year or both.”

\* Fine depends on date of alleged infraction. Maximum fine of one thousand dollars if violation occurred before October 1, 2003 per Public Act 03-259, Section 41. Maximum fine of one thousand dollars per violation if violation occurred prior to October 1, 2003.

A motion to file formal charges, issue subpoena and referral of case to Office of the Attorney General and Chief State’s Attorney was made by Michael Weinschel and seconded by Richard Bond. All voted in favor.

<u>Case #</u>	<u>Respondent Name</u>	<u>Complaint</u>	<u>Board Action</u>
2447	John Vancho	Records	Requesting reconsideration

**Background**

Notice of compliance meeting scheduled for October 8, 2003, however, respondent failed to appear.

Board on January 6, 2004 authorized subpoena for production of all documentary material for complainant. Respondent has not complied with subpoena.

Board on March 2, 2004 authorized 5-count charge against respondent. Hearing tentatively scheduled for May 4, 2004

CPA represented complainant for two decades. Failure to file complainant’s tax returns for 1999, 2000, and 2001. Multiple notices sent by complainant’s counsel to CPA requesting records, but no response from CPA.

Notice of Compliance meeting sent in July, 2003 for August 8, 2003. CPA failed to respond to certified document and did not attend compliance meeting.

Client and client’s attorney have made numerous attempts to reach CPA, including multiple telephone calls, multiple certified letters to office and residence, but to no avail. CPA has failed to provide client with financial documents necessary to prepare and file

returns for 1999, 2000, and 2001. As a result, client is faced with potential civil and criminal penalties.

Administrative hearing was scheduled for October 7, 2003, however, CPA failed to appear.

In January 2004, Board approved issuance of subpoena requesting tax documents in question. Records due to this office on February 13, 2004. CPA failed to provide documents as required by subpoena.

5 count charged approved on March 2, 2004.

Additionally, CPA has not renewed CPA and firm license for 2004.

**Requesting the adoption of the following motion**

1. Send an additional notice, served via marshal, attaching a copy the original, lawfully served subpoena.
2. Including the following language in the additional notice.
  - That the Board authorized the issuance of the attached, lawfully served subpoena on February 3, 2004;
  - That the respondent had until March 12, 2004 to reply to the attached, lawfully served subpoena;
  - That the respondent has failed to comply with the attached, lawfully served subpoena as of April 6, 2004;
  - That the respondent must comply with the attached, lawfully served subpoena by April 24, 2004
  - Failure to comply with the subpoena by April 24, 2004 shall result in referral of the subpoena to the Office of the Attorney General; and

Failure to comply with the subpoena by April 24, 2004 may result in the drawing of an adverse inference by the Board about the contents requested by the subpoena.

The question was raised as to why the additional subpoena was necessary in view of the fact that Mr. Vancho had not complied with the first one. Attorney Opin explained he was acting on the advice of the Attorney General that we give the respondent one more opportunity to comply with the original subpoena. The motion to send an additional subpoena was moved by Richard Sturdevant and seconded by Leonard Romaniello. All voted in favor.

<u>Case #</u>	<u>Respondent Name</u>	<u>Complaint</u>	<u>Board Action</u>
2455	Richard Pelletier	Conviction of crime	Requesting formal charges

CPA pled guilty and convicted on January 9, 2003 in federal court on 2 counts under 18 U.S.C. §371.

- Count 1 – Conspiracy to make false statements to the EPA and U.S. Customs Service.
- Count 2- Conspiracy to defraud the IRS.

CPA sentenced to 33 months incarceration, followed by 3 years of concurrent probation. CPA also required to pay \$1,278,286 in restitution, and complete 250 hours of community service upon release from prison. CPA entered federal prison on March 4, 2003 and is scheduled for release on July 14, 2004.

CPA involved in business scheme to illegally import and sell ozone-depleting chlorofluorocarbons (CFCs) gases. CPA along with 2 other businessmen concealed more than \$6 million in profits from the sale of more than a million pounds of CFCs from 1996 to 1998. Defendants, including CPA, admit smuggling about 660 tons of CFCs into the United States and importing another 1,100 tons without paying excise taxes.

Involvement in scheme included shell companies, offshore bank accounts to conceal receipt of income, and to create false appearances that income from CFC sales proceeds was going to unrelated third parties.

### **Seeking 2 count charge**

1. Count 1 - Conspiracy to make false statements to the EPA and U.S. Customs Service. Violation of C.G.S. §20-281(a)(8) – Conviction of a felony, or of any crime an element of which is dishonesty or fraud, under the laws of the United States, this state, or of any state if the acts involved would have constituted a crime under the laws of this state, subject to the provisions of section 46a-80.
2. Count 2- Conspiracy to defraud the IRS. Violation of C.G.S. §20-281(a)(8) – Conviction of a felony, or of any crime an element of which is dishonesty or fraud, under the laws of the United States, this state, or of any state if the acts involved would have constituted a crime under the laws of this state, subject to the provisions of section 46a-80.

The motion to request formal charges was made by Richard Bond and seconded by Michael Weinshel. All voted in favor.

<b><u>Case #</u></b>	<b><u>Respondent Name</u></b>	<b><u>Complaint</u></b>	<b><u>Board Action</u></b>
2460	Peter Tucci	Unauthorized Use of Title	Requesting formal charges

Individual indicates CPA license in billing and yellow page advertisement. No evidence that individual holds CPA license.

Additionally, complainant currently involved in litigation against respondent co-operative housing complex regarding alleged failure to file financial statements and reporting to HUD. Twice HUD has fined Co-operative as a result.

**Requesting 4 count charge**

1. C.G.S. §20-281a(11)- Violation by anyone of any provision of 20-281g. Specifically, violation of 20-281g(d) – A person who does not hold a valid registration or licensee shall not use the title or designation “certified public accountant” or the abbreviation “CPA” or any other title, designation, words, letters, abbreviation, sign card or device tending to indicate that such person is a certified accountant, provided that a holder of a certificate who does not hold a license may use the title to such certification in the manner permitted by regulations by the board under subdivision (g) of section 20-280.
2. C.G.S. §20-281a(11)- Violation by anyone of any provision of 20-281g. Specifically, violation of 20-281g(e) – No firm shall assume or use the title shall assume or use the title or designation “certified public accountant”, or the abbreviation “CPA”, or any title, designation, words, letters, abbreviation, sign, card, device tending to indicate that such firm is composed of certified public accountants, unless (1) the firm holds a valid permit issued under subsection 20-281e, (2) all proprietors, partners and shareholders practicing public accountancy in this state hold valid certificates and licenses issued under subsection 20-281d, and (3) all proprietors, officers and shareholders of the firm hold licenses.
3. C.G.S. §20-281a(11)- Violation by anyone of any provision of 20-281g. Specifically, violation of 20-281g(f) - No person shall assume or use the title or designation “public accountant”, “or the abbreviation “PA”, or any other title, designation, words, letters, abbreviation, sign, card, device which tends to indicate that such person is a public accountant unless he holds a valid license issued under section 20-281b.
4. C.G.S. §20-281a(11)- Violation by anyone of any provision of 20-281(g). Specifically, violation of 20-281g(g)- A firm which does not hold a valid permit issued under section 20-281e shall not assume or use the title or designation “public accountant”, the abbreviation “PA”, or any other title, designation, words, letters, abbreviation, sign, card or device which tends to indicate that such firm is composed of public accountants.

A motion to request formal charges was made by Richard Gesseck and seconded by Leonard Romaniello. All voted in favor.

<u>Case #</u>	<u>Respondent Name</u>	<u>Complaint</u>	<u>Board Action</u>
2461	Edmond DiClemente	Records	Requesting reconsideration

Board authorized subpoena on February 2, 2004 for records of complainant and CPA as of July 26, 2002. Complainant has complied with subpoena, however, CPA has not.

#### Background

CPA and commercial realty firm (“LLC”) involved in separation. LLC board members included complainant, Peter D’Addeo and Edmond DiClemente, CPA, who represented LLC, and additional member, Zak Nathan, who is an individual client of Mr. DiClemente.

On July 26, 2002, DiClemente removed as accountant by LLC, paperwork signed by Nathan, DiClemente remains as Nathan’s individual CPA. DiClemente also removed as LLC Board member effective 1/1/03. DiClemente is replaced by James Lagana, CPA. Lagana is D’Addeo’s personal CPA, and current LLC CPA.

Complaint filed by D’Addeo that DiClemente refused to return LLC tax records upon termination, and that DiClemente refused to return records used to file 2002 tax returns. Request made by D’Addeo to DiClemente on August 18, 2003 to return files via Quick Books. Allegation by D’Addeo that DiClemente’s delay caused him harm, specifically, loss of financial aid for son in college and hiring of law firm to resolve matter.

DiClemente’s response is that charges are baseless, and that he did provide appropriate tax records, that D’Addeo’s management company maintains its own QuickBooks files, claims that D’Addeo realized that his books were inaccurate and that this caused the delay in 2002 returns.

Also, e-mails indicate DiClemente continued to deal with D’Addeo after termination of CPA services. E-mail correspondence indicates that DiClemente considered, but did not, file tax return for LLC after termination. Correspondence also indicates dispute between DiClemente and D’Addeo as to amount of income due on 1099 for 2002.

Key questions include:

- Were the 2002 records inappropriately withheld?
- Why did the 2002 records take so long to file?
- Did complainant suffer harm as alleged from delay of filing 2002 return?
- Issue of objectivity/independence of being both board member and CPA?
- Is it inappropriate to follow-up on work after termination?
- Did CPA violate any parts of Code?

**Requesting the adoption of the following motion**

1. Send an additional notice, served via marshal, attaching a copy the original, lawfully served subpoena.
2. Including the following language in the additional notice.
  - a. That the Board authorized the issuance of the attached, lawfully served subpoena on February 3, 2004;
  - b. That the respondent had until March 12, 2004 to reply to the attached, lawfully served subpoena;
  - c. That the respondent has failed to comply with the attached, lawfully served subpoena as of April 6, 2004;
  - d. That the respondent must comply with the attached, lawfully served subpoena by April 24, 2004
  - e. Failure to comply with the subpoena by April 24, 2004 shall result in referral of the subpoena to the Office of the Attorney General; and
  - f. Failure to comply with the subpoena by April 24, 2004 may result in the drawing of an adverse inference by the Board about the contents requested by the subpoena.

A motion as recommended by Attorney Opin, was made by Michael Weinshel and seconded by Richard Sturdevant. All voted in favor.

<u>Case #</u>	<u>Respondent Name</u>	<u>Complaint</u>	<u>Board Action</u>
2462	Timothy Hickerson	Unauthorized use of Title	Requesting settlement approval

Complaint filed by Treasury Inspector General for Tax Administration (TIGTA) in August, 2003 that CPA was falsely claiming to be a CPA in violation of 18 U.S.C. §1001 and C.G.S. §20-281(h)- knowingly violating C.G.S. §20-281(g)- issuance by report of person or firm not holding valid license or permit.

Investigation found that respondent has been in Connecticut since 1989, holds a Tennessee CPA certificate, has significant public accountancy experience and is currently a solo practitioner. Meets reciprocity requirements, and CPA has agreed to register with this office. CPA did not realize that he needed a separate Connecticut CPA certificate/license.

Respondent agreed to settlement as follows

5 years of back license fees (5* \$450)	= \$2,250
+ Administrative fee	+ <u>100</u>
	\$2,350

Respondent paid settlement fee via check on March 3, 2003.

Board Members discussed this case at length and wanted more information before endorsing a settlement. Issues such as when date CPA left his last place of employ and they were resolute that CPA should have been required to submit a Continuing Education Report and have a Peer Review completed since he is currently a sole practitioner. There were still too many unanswered questions specifically regarding Tax Returns and compilations and the motion was made by Leonard Romaniello and seconded by Michael Weinshel that this case be tabled for the next Board meeting. All voted in favor.

<u>Case #</u>	<u>Respondent Name</u>	<u>Complaint</u>	<u>Board Action</u>
2466	Williiam Sears	Unauthorized use of title and practice	Requesting reconsideration

Board authorized subpoena on February 2, 2004 for all documentary material related to:

- Revocation of Certified Financial Planner (“CFP”) license.
- Voluntary surrender of New York CPA license on November 5, 1999
- Conviction on tax evasion charges in 1998.

Complaint alleges that CPA practices in CT without a license. Evidence filed by complainant confirms this; mail label lists as “CPA” and “CFP”. Not a CT licensee, but a NY licensee. Evidence also indicates that respondent’s CFP license was revoked in January 1999, and gave up New York CPA license on November 5, 1999 after tax fraud conviction.

**Requesting the adoption of the following motion**

1. Send an additional notice, served via marshal, attaching a copy the original, lawfully served subpoena
2. Including the following language in the additional notice:
  - a. That the Board authorized the issuance of the attached, lawfully served subpoena on February 3, 2004;
  - b. That the respondent had until March 12, 2004 to reply to the attached, lawfully served subpoena;
  - c. That the respondent has failed to comply with the attached, lawfully served subpoena as of April 6, 2004;
  - d. That the respondent must comply with the attached, lawfully served subpoena by April 24, 2004

- e. Failure to comply with the subpoena by April 24, 2004 shall result in referral of the subpoena to the Office of the Attorney General
- f. Failure to comply with the subpoena by April 24, 2004 may result in the drawing of an adverse inference by the Board about the contents requested by the subpoena.

A motion as recommended by Attorney Opin, was moved by Richard Sturdevant and seconded by Leonard Romaniello. All voted in favor.

<u>Case #</u>	<u>Respondent Name</u>	<u>Complaint</u>	<u>Board Action</u>
2498	Dianne Saunders	Improper retention of client depreciation records	Requesting settlement approval

Complainant involved in divorce case. Divorce case went to court and CPA was compelled to testify at hearing by complainant's attorney. CPA billed complainant \$850 for court time and preparation of documents. Complainant refused to pay. Complainant requested copies of work papers necessary for completion of depreciation charts with new CPA. Respondent CPA did not hand over requested documents until paid. Complainant paid fee and records released. Complainant was able to file tax returns.

In negotiations, explained to CPA that this constituted possible violation of C.G.S. §20-281k(b)- failing to turn over original client or former client records upon request and AICPA 501-1 for retaining client or former client records, even though records were CPA's original work papers in calculating depreciation. Copy of statute and AICPA regulations sent.

No previous complaints with this office. Respondent paid settlement fee on March 15, 2004.

A motion was moved by Michael Weinshel to accept the settlement, and seconded by Leonard Romaniello. All voted in favor.

<u>Case #</u>	<u>Respondent Name</u>	<u>Complaint</u>	<u>Board Action</u>
2515	Barry Smith	Fail to provide tax records to client	Requesting dismissal

Complaint alleged CPA failed to properly file tax returns for client. Authorized subpoena approved at February 3, 2004 Board meeting. CPA complied with subpoena on March 5, 2004. Client has retained new CPA and is able to properly fill out paperwork to IRS and DRS. Client wishes to dismiss complaint.

It was recommended to Attorney Opin that the dismissal request be obtained in writing and signed by the Complainant, for the record. A motion for dismissal of this case was moved by James Ciarcia and seconded by Leonard Romaniello. All voted in favor.

<u>Case #</u>	<u>Respondent Name</u>	<u>Complaint</u>	<u>Board Action</u>
2518	Berenson & Co.	Practice without CT Firm License	Requesting dismissal

Complaint filed by Office of Policy & Management that New York firm practiced in Connecticut without Connecticut license. Specifically, allegation that firm did audit in Connecticut regional office of a New York based company. Per firm, they acknowledge that the audits of the combined entities include certain programs located in the State of Connecticut, but that all accounting and personnel records are located at agency headquarters in Brewster, New York, and that this is the only location firm visits to audit the books.

This request engendered a barrage of question with emphasis on the practice of the firm, of not physically coming in to Connecticut to perform audits etc. It was felt that New York should be informed and or involved, however, the Chairman was uncertain whether it was even necessary to physically check the Connecticut assets since the company acknowledged they kept accounting and personnel records out of their New York headquarters.

Chairman Reynolds enquired of Richard Gesseck, based on his prior experience in large firm public accounting, whether he would have visited each facility in every State they had an office, to which he said he would not have done so.

Consideration was also given to the fact that since the Connecticut OPM filed the complaint they should be informed with referral to New York.

As James Ciarcia pointed out, the question then becomes are they practicing in Connecticut because they are certifying a Connecticut firm and the response would be no, because they are actually conducting the audits in New York.

Richard Sturdevant moved the motion to dismiss and James Ciarcia seconded. Richard Bond opposed. All others members voted in favor.

<u>Case #</u>	<u>Respondent Name</u>	<u>Complaint</u>	<u>Board Action</u>
2525	Neil Gerhardt	Practicing without CPA	Requesting dismissal

Complaint filed that Respondent, a New York CPA, is practicing in Connecticut without a license, advertising in Connecticut as CPA. Subpoena sent to CPA after March 2, 2004 meeting. CPA does have New York license, however is unable to meet reciprocal requirements for Connecticut CPA. Passed New York CPA in 1968, entered private industries until 1985 including IBM, Pfizer, Martin Marietta and US Industries. Consulted from 1985-1988, and filed tax returns for small corporations and various individuals. Since 1988, CFO of an owner-invested company along with small property management firm.

Advertised in an attempt to seek new clients, only able to obtain one client to date. Has agreed to stop advertising.

Attorney Opin requested that this case be tabled for next Board meeting as he had insufficient information to discuss at this time.

Mr. Bond questioned Attorney Opin on the Pending Docket and specifically those cases reflecting “Age in days” over 1000 to which Attorney Opin gave a quick overview of the reasons and where he was in his investigations.

Chairman Reynolds complimented Attorney Opin on moving the Enforcement Document along, considering as Executive Director Guay pointed out, he only works part-time with the Board of Accountancy.

The next item on the Agenda – Regulatory Activity – was an update of the 5 in 10 reciprocity legislation.

Chairman Reynolds informed the meeting that Board member Richard Gesseck testified at that Committee which was a long process and Chairman Reynolds thanked him on behalf of the Board for his time, effort and sterling presentation. Executive Director Guay advised that it was good that they were able to couple the testimony with both the Society and the Board showing the Legislature that all the interested groups were united on this particular issue.

Executive Director Guay advised that he had mailed to every Board Member a copy of some notes from the website showing that the Bill has been voted out of Committee, has been through the Legislative Commissioner’s office for a synopsis as well as a fiscal note and is now on the House calendar. Arthur Renner, Executive Director of the

Connecticut Society of Certified Public Accountants interjected that this also summarized his knowledge on that topic.

The next item on the Agenda was the NASBA Focus questions, which Executive Director Guay had completed with suggested answers and passed on to each Member for their perusal. Chairman Reynolds was of the opinion that Mr. Guay's answers quite adequately covered what was being asked.

## **REGIONAL DIRECTORS' FOCUS QUESTIONS**

*The input received from our focus questions is reviewed by all members of NASBA's Board of Directors and executive staff and used to guide their actions. We encourage you to place the following questions early on the agenda of your next board meeting to allow for sufficient time for discussion. Please send your board's responses to your Regional Director by Friday, **April 2, 2004**. Use additional sheets for your responses if needed.*

**JURISDICTION** Connecticut      **DATE** April 6, 2004  
**NAME OF PERSON SUBMITTING FORM** David Guay

1. Would the process be easier for your jurisdiction to rescind a practice privilege granted under substantial equivalency than it would be to take away a reciprocal license? Please explain your answer. No, Connecticut does not allow substantial equivalency, and would have full jurisdiction over an individual who holds a Connecticut CPA Certificate by reciprocity.

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2. Would your state accept professional accountants from countries with which NASBA's IQAB has developed mutual recognition agreements (MRAs) without having these individuals pass the IQEX (International Uniform Certified Public Accountant Qualification Examination)? This would be conditioned upon the non-US professionals' home countries not requiring an examination from this country's CPAs who wish to practice within their borders. IQAB does an extensive study of the examination, education and experience requirements of non-US groups before developing an MRA. It has been argued that foregoing IQEX would truly recognize the substantial equivalence of non-US accountants. No. Connecticut is working hard to facilitate U. S. reciprocity first, with international reciprocity to follow.

3. Boards have been asked to make the new NASBA/AICPA CPE Standards fully effective in their jurisdictions as of January 1, 2004. The CPE Advisory Committee would like state boards to comment on any issues they might be experiencing relative to the implementation of these standards. (The new standards can be found on the NASBA Web site at [www.nasba.org/nasbaweb.nsf/exam](http://www.nasba.org/nasbaweb.nsf/exam).) In addition to general comments, the Committee is particularly interested in the states' feedback on the following areas:

- Section 200 – Standards for CPAs, Standards No. 1, 2, 4 and 5
- Section 300 – Standards for CPE Measurement: Standards No. 12, 13, 15 and 16
- Section 300 – Standards for CPE Program Reporting: Standard No. 18.

### **Connecticut has not reviewed the new proposed standards**

4. The CPE Advisory Committee is in the process of developing “practice aids” to assist state boards and CPE sponsors in the application of the new standards. Are there any specific areas in the new standards for which your board feels that a “practice aid” would be especially beneficial?

No

5. What is happening in your jurisdiction that is important for other state boards and NASBA to know?

The Board has expanded from 7 to 9 members. The Board currently has 8 members and one vacancy. The Board is also supporting a legislative change to the 5 in 10 rule, to allow the experience to be gathered inside and outside of the jurisdiction.

6. NASBA’s Board of Directors would appreciate as much input on the above questions as possible. How were the responses shown above compiled? Please check all that apply.

Input only from Board Chair

Input only from Executive Director

Input from all Board Members and Executive Director

Input from some Board Members and Executive Director

Input from all Board Members

Input from some Board Members

Other (please explain):

The motion to accept the answers as presented was moved by James Ciarcia and seconded by Richard Gesseck. All voted in favor.

The Update of Ethics Continuing Education Project was the next topic on the Agenda for discussion and Michael Weinshel advised the meeting that he was in possession of a copy of the Washington Program will peruse it and report back to the Board at a later date.

The next Agenda item was a review of new AICPA/NASBA CPE standards which Executive Director Guay reminded everyone was an issue raised at the last Board meeting when he was asked to provide members with a copy of the new standards as they were issued by the joint NASBA/AICPA committee. The questions being asked of the Board staff was how they measured the self-study credits. When this was a proposed standard several years ago this Board had reviewed and vetted using white papers and discussion copies. A lot of the States including Connecticut experienced problems with the self-directed ones and now NASBA and the Institute are seeking uniformity. This is not always the best way of approaching this he said, and is yet to see any great move from any member Board changing to a self-directed self-study model. There is no large move to recalculate how we get to what is self-study, which has been calculated at one half of the average completion time provided by the vendors.

Chairman Reynolds then went on to the next item on the Agenda “Any other New or Old Business” and Leonard Romaniello inquired about the CPA exam, which commenced April 05, 2004, and wanted to know if there had been any problems, issues etc. with the new computerized testing. Executive Director Guay advised that he had not received any communication in that regard but commented that the receipts for fees had been coming

in slowly and he did not have any up to date statistics on the number of prospective candidates. He also informed the meeting that he had been requested by the Chairman to update the website and currently had a draft of the changes.

Leonard Romaniello questioned whether the proposed move of the Board to another Agency should be discussed at this time or would it be more expedient to relegate that topic to another date. Chairman Reynolds expressed that he felt it was probably something that should be brought up and now is as good a time as any. He expounded that the Appropriations Committee has developed a budget, which includes movement of this State Board out of the Secretary of the State's office into another Agency. The initial movement was going to take place into the Department of Consumer Protection however that has changed and consideration was now being given to placing the Board under the umbrella of the Treasurer's Office, but it appears that that too is not going to happen. At the moment he said, we are looking for a home and one of the other possibilities is the State Comptroller's office.

The question repeatedly brought was the reason for all of the change to which Chairman Reynolds responded that he too attempted to find out but it had so far been difficult to determine. One of the reasons given was that it just did not look right to have the Board under the Secretary of the State's office as stated by the co-chairman of the Appropriations Committee. He said he had been looking at the structure and thought that perhaps the Board would be better served at another Agency. A very important issue brought to the fore was that of funding for the move, which Executive Director Guay advised was not accounted for in the budget i.e. the removal from the Secretary of the State's office and inclusion into the Treasurer's office.

Mr. Romaniello advised the meeting that he had personally checked into the proposed move and was informed that this was an internally generated change, i.e. within the Secretary of the State, and that it was a negotiable issue. He went on to say that he found out that if the Board got back with what we were looking for and concerned about this might be given some consideration. He wanted to get the input/direction of the Board and not voice only personal comments/thoughts. Chairman Reynolds expounded that the Board's last home prior to coming under the Secretary of the State was Department of Consumer Protection and there were problems the Board had to deal with and hence the move to the Secretary of the State. He also pointed out that he could not verify where would be the best place for this Board, here or another Agency. He also did not know to what degree we are going to control our final destination because it appeared to be a Legislative Committee matter but he did recognize that we certainly could let our opinion be heard even if in the end it really was under the Committee's control.

Executive Director Guay interpolated that it would have to be not only where we best fit but also who would want us. Because he said, as we have been currently structured, whether in our previous home at the Department of Consumer Protection or even here at the office of the Secretary of the State, we tend to be at the end of the financial train. We are the last to get resources and to be taken care of in terms of budgetary needs. So that becomes of primary concern because we are presently below the minimum to do the

statutory responsibilities of the Board right now. Therefore regardless of where we go we need to ensure that the Board continues to be staffed, at the very least, at bare minimum. The document provided showed that only three (3) positions currently are moving not including Attorney Opin as the Board's Attorney, which means our complement would be further reduced if this stands. Mr. Romaniello explained that he also was aware of that document but was assured that the Attorney position was not going to be eliminated. Chairman Reynolds emphasized that the Board cannot function without an Attorney. Executive Director Guay added that in our main operation, which uses most of the resources we have, is the licensing function; it is the most labor intensive thing that we do and that will become harder to do because there is no funding for us to be moved. Another consideration is that we currently use a computer system that is housed on a server here so we may not have the resources available to run our current licensing database system. Chairman Reynolds when asked whom should we voice our concerns to explained that he had had discussions with Rep. William Dyson who is the Co-Chairman of the Appropriations Committee and again part of those discussions revolved around what the impetus was for the move. We could probably direct where we are going if we could guarantee where we would be best served. The Chairman did not know of the alternatives we have but was certain we had to address the staffing now rather than later. Executive Director Guay again emphasized due to the nature of our work, the Treasurer's office was not akin to what we do as a regulatory body. The Comptrollers Office he saw was more analogous with what we do here. It is a larger office and possibly easier to have more funding. The Banking Department had been mentioned, but they, like the Insurance Department, is directly funded from the regulated industry and the funds they receive will not be available to us as a Board.

James Ciarcia inquired whether it would be to the advantage of the Secretary of the State's office that they gained back the Attorney they then would not have to provide the Attorney position to us but he added, we and the public would be ill-served in the absence of an Attorney. Executive Director Guay advised that the move as it currently stands would hurt this Board because it will happen at an inconvenient time, with no funding and no plan for the transition. David Guay went on to explain that right now in of all State Government is a consolidation to centralize computer services (Department of Information Technology) but here at the Secretary of the State's office we have been fortunate to maintain certain computer skilled people in contradiction to what is happening State wide at all general Departments. This IT Department operates much like a Help Desk i.e. if you need computer services then you call the main computer expert who would fit you in to the hierarchy of need.

As a result of all the discussion Mr. Sturdevant's opinion was that we go on record stating that we wish to stay here as opposed to a reassignment to another Agency. There should have been a more clear reason for the move and creation of all the expenses and disruption this move would engender. Mr. Romaniello expressed that we should do more than just a statement. We should agree on a plan of action and start talking to the right people.

Chairman Reynolds at this point brought Arthur Renner into the discussion, as the Profession is just as concerned as we were about the proposed move. Mr. Renner expressed that the Profession had already agreed that whatever worked best for the Board they would be supportive and would assist in any way to get this resolved. There had not been much information being shared or forthcoming thereby making it an interesting yet frustrating process. He did point out that in 1985 the Society was extremely unhappy with the Board being the 'stepchild' at the Consumer Protection and in his opinion there was no reason to believe things would have been any different today if the Board were to move back. He also brought up the fact that two years ago the Accounting Profession was under a microscope and a year ago there was talk about the Corporate Responsibility Law and now a year later the Board and where it is located does not seem to be a priority other than the fact that we are changing the arrangements that are currently in place for what seems to be a rather flimsy reason. The Chairman indicated that it had been inferred to him that the impetus for the move came from within the office of the Secretary of the State and now becomes a matter of does one want to be where one may not be wanted. Mr. Bond was insistent that the question be answered as to why this suddenly came up and Chairman Reynolds reiterated that he heard nothing more than the Appropriations Committee Chairman's reason.

Chairman Reynolds asked the Executive Director whether he thought it would be helpful to lay out the Board's position in view of the prospective move and to ensure that the 'powers that be' are conscious that this operation is not as insignificant as they may have thought. Executive Director Guay was of the opinion that it would be appropriate the leadership of the Board meet and/or communicate with the Legislative leadership. To this idea Leonard Romaniello advised that he had received such a request but at the time was not certain about the direction of the Board but may now be in a position to speak on its behalf and confirmed with the membership whether they wanted to remain in this building and also matters pertaining to the staff complement. Mr. Guay reemphasized that we are already below minimum complement and that five (5) would bring us to the minimum i.e. reintroducing the one clerical lost through the recent lay-off and at least one Attorney which is currently at half-time – (his predecessor was 90% with the Board and 10% with the rest of the Agency). Mr. Romaniello reconfirmed that in order for the Board to function at a very minimal level; the staffing would be at a minimum four viz. an Executive Director, a full time Attorney and two staff.

James Ciarcia however took a different approach, which was geared toward the financial perspective. In his opinion if they wished to transfer us then we should state that \$237,000 is inadequate but the real cost is plus one Attorney and transition cost which is equivalent to approximately \$120,000.00 and to this end it would not matter where the Board is moved to as long as we have sufficient funds to allow us to function effectively and efficiently.

There will be some sort of vote on a budget out of both Houses and then presented to the Governor for either veto or signature. Therefore with a move we will have whatever funds currently in the budget to facilitate this, no more and no less. This is all last minute he reemphasized and we have a Statute, the Accountancy Act, Chapter 389, which says,

“We shall be within the Office of the Secretary of the State” and he anticipates that we will have this budget language move forward without the subsequent “implementation language” to actually move the Board. When a vote on the Budget is taken the move then becomes a reality and there are only approximately four weeks left to this session, which therefore leaves us with that period of time to negotiate any amendment.

After the in-depth discussion Chairman Reynolds questioned Board members as to whether we should attempt to stay where we are. Michael Weinshel commented that regardless of whether we go or stay the reality of the situation is that we are currently short staffed and his main concern was that it did not matter where we go as long as we have the resources to function. In his opinion we should negotiate for resources more so than location. Mr. Romaniello’s point of view was whether the disruption was really necessary. James Ciarcia interjected that the Board should now draft a letter as a matter of urgency requesting that the funding included in the Secretary of the State’s budget for an Attorney be transferred for use by the Board for that purpose together with the other necessary funds explaining that this action will have repercussions on our enforcement actions and may become a detriment for the State. We need these services, the funding for which currently resides in the Secretary of the State’s budget therefore in addition to the \$237,000 we request restoration of the full time legal service funds, as it did come out of our budget in the past.

The suggestion to call the Secretary of the State, The Honorable Susan Bysiewicz, was brought up but it was felt that the Board would be better served if a letter were written to the Legislators outlining our concerns with emphasis on funding. The services being provided by the Board brings in approximately \$1.8m. Chairman Reynolds advised that he will give the Honorable Susan Bysiewicz a call and in the meanwhile requested that Executive Director Guay draft a letter for his signature on behalf of the Board to the Legislators. A copy of the draft letter should be sent to all members via email for each of their input and sanction. He also took the opportunity to advise Arthur Renner that he may be called upon for assistance as representative of the Connecticut Society of Certified Public Accountants.

James Ciarcia inquired about the Board’s financial situation and was informed by Executive Director Guay that we are currently under budget but the travel ban is still in effect. Mr. Guay used the opportunity to bring up the upcoming June NASBA meetings and advised that he will still put in a request for travel for the Board members. As a follow up Leonard Romaniello asked whether it would still be expedient for members to attend and Chairman Reynolds advised that he has always found those meetings to be extremely informative and educational and would encourage other Board members to attend. The conference fee - travel, lodging and meals may be paid for by NASBA for new Board members only. Chairman Reynolds took a quick poll of who was planning to attend and they are viz. Richard Sturdevant, Richard Bond, Leonard Romaniello, Michael Weinshel, Philip DeCaprio (he had indicated his intention to attend at an earlier date) and Chairman Reynolds.

The Chairman asked whether there was any other business for discussion and Arthur Renner advised that there had been a Bill before the Education Committee that would have given, if adopted, Department of Education certain authority over CPAs who did audits at schools etc however that Bill died in that Committee. He also had a situation for the Board's opinion involving a Limited Liability Partnership (LLP) chartered in Delaware where four of the nine members are CPAs and resident in Connecticut; the LLP had been created to provide consulting work for audit committees and registrants under Sarbanes-Oxley. These nine individuals are all retired people and have licenses from various jurisdictions where they may or may not have resided. Four of the nine reside in Connecticut but none have a current Connecticut license so the question is are they safe in just registering. Their mailing address is Connecticut and the Board wanted to know primarily whether they hold themselves out as CPAs and do their promotional information show that they are licensed CPAs to which Mr. Renner responded that they are really trading on their track record. Executive Director Guay expressed the need to seek counsel's opinion on that matter and requested that the LLP put their petition in writing so he could then pass it on to Attorney Eric Opim for in depth analysis, research and definitive response.

There being nothing further for discussion, the motion to adjourn was moved by James Ciarcia, and seconded by Leonard Romaniello. All voted in favor. The meeting was adjourned at 11:55 A.M.