

Connecticut State Board of Accountancy
December 01, 2009
Minutes

Chairman Thomas F. Reynolds called the meeting to order at 08:31 A.M. at the State Board of Accountancy, 30 Trinity Street 2B, Hartford, CT 06106.

Present:

Thomas F. Reynolds, CPA, Chairman
James S. Ciarcia
Richard H. Gesseck, CPA
Leonard M. Romaniello, Jr., CPA, CITP, CFE, MST
Richard L. Sturdevant
Martha S. Triplett, Esq.
Michael Weinshel, CPA

Staff Members Present:

David L. Guay, Executive Director
Rebecca A. Adams, Esq., Board Counsel
Angel D. Acevedo, Office Assistant

Absent:

Richard P. Bond
Philip J. DeCaprio, Jr., CPA/ABV/CFF, Cr.FA, CVA

Motion was made by Michael Weinshel and seconded by James Ciarcia to approve the minutes of the November 10, 2009 Board Meeting. All voted in favor; no votes against and no abstentions.

Executive Director's Operations Update and Review:

- The CPA Certificate Ceremony was held on November 10, 2009 at the Aquaturf in Southington, CT; Executive Director Guay informed the Board 10 awardees were present to receive their Certificates, and overall a wonderful event.
- Mr. Guay also provided the Board with a revised Experience Regulation Verification Form & the new Experience Regulations for their review.

The Board reviewed and noted, for the record, CPA Certificate Registration, CPA License & Firm Permit Applications approved by the Executive Director November 09, 2009 through November 30, 2009.

The following PCAOB Inspection Reports were received and noted, for the record, by the Board:

- November 19, 2009 Inspection Report of Plante & Moran, PLLC
- November 19, 2009 Inspection Report of Pue, Chick, Leibowitz & Blezard, LLC

Motion was made by Michael Weinshel and seconded by Leonard Romaniello to approve the draft responses of NASBA's Focus Questions. All voted in favor; no votes against and no abstentions.

Under Regulatory Activity, Attorney Adams sent package of superseded regulations to the Attorney General's office and expects communication shortly.

Under Public Comment, Professor Larry Grambling, University of Connecticut & Arthur Renner, Executive Director of CSCPA, addressed the Board briefly.

Enforcement Docket- Public Session

A. RECOMMENDING AND REQUESTING DISMISSAL

1. LICENSING CASES:

2009089- 3263 Diane Larsen– failure to renew license; Respondent is not practicing in Connecticut and has opted not to renew. ***Recommending dismissal– no jurisdiction.***

Motion was made by James Ciarcia and seconded by Martha Triplett dismiss enforcement case # 2009089-3263, against Ms. Diane Larsen for failure to renew her CPA License. All voted in favor; no votes against and no abstentions.

2. OTHER CASES:

2008422-3101 Kenneth Pascoe–lack of independence; An anonymous complaint was made to the Attorney General's office and forwarded to the Board. The allegations are that Mr. Pascoe has violated the independence rules with respect to Enfield Enterprises, a company for whom he performs audit work, by earning commissions from the company for investment services. Counsel met with Mr. Pascoe and reviewed his entire record of commissions. He has not earned any commissions from Enfield Enterprises or its owners. Counsel also confirmed this with the company. ***Recommending dismissal– no violation/no probable cause.***

2007112-2959 William Yeager– Negligence in acting as accountant for estate; Attorney Jeffrey Nernstein complained that Mr. Yeager was uncooperative in providing accounting information for the estate of a client who was a beneficiary of the estate. The estate has recently been settled and the complainant failed to produce any evidence that Mr. Yeager was negligent in his handling of the estate. ***Recommending dismissal– no probable cause, insufficient evidence.***

2009075-3249 Donald Brodeur– Negligence in acting as financial advisor/failure to supply records; Alisa Johnson complained on behalf of her cousin, Vin Baker, that Mr. Brodeur had not returned his client's records or give him and accounting of how he had been allocating Mr. Baker's resources. Mr. Baker states that he is not dissatisfied with Mr. Brodeur and did not ask his cousin to call. ***Recommending dismissal– no probable cause, no violation.***

200-3 John Halloran– Failure to provide copy of records; Mr. Tom Little complained that Mr. Halloran had failed to provide him a copy of his schedule C as requested. Mr. Little was working with the IRS and was required to produce the schedule C. Mr. Halloran was in the hospital when the original request was made. He provided the records within two weeks. ***Recommending dismissal– no probable cause, no violation.***

Motion was made by Leonard Romaniello and seconded by Richard Sturdevant to dismiss enforcement cases # 2008422-3101, against Mr. Kenneth Pascoe; # 2007112-2959, against Mr. William Yeager; # 2009075-3249, against Mr. Donald Brodeur; # 200-3, against Mr. John Halloran. All voted in favor; no votes against and no abstentions.

2. OTHER CASES:

2008009-3109 Robert Green– failure to undergo and file quality review; Mr. Green’s firm did not perform even one attest agreement and was eligible for waiver during the relevant period. ***Recommending dismissal– no probable cause, no violation.***

2008023-3123 Carmine Carbone–Investment fraud; The complainant invested \$35,000 in a venture with Mr. Carbone. Mr. Carbone was not and is not acting in any capacity as his CPA. The complainant is dissatisfied with the investment and wants his \$35,00 returned. Mr. Carbone has not returned the money. ***Recommending dismissal– no probable cause, no violation.***

2009070-3244 Deloitte, LLP– Notice of settlement pursuant to the Class Action Fairness Act The case was In Re: Beazer Homes. There is no reported Connecticut nexus. ***Recommending dismissal– no probable cause, no violation.***

2009114-3288 Glen Bascetta– Negligence in tax preparation and filing; Complaint from Jacqueline Prue Smith regarding Mr. Bascetta's omission of income resulting in underpayment of tax. He states that she did not provide him with the K-1 he requested. If she had, he would have told her that the manner in which the income was characterized would make it taxable but that it was eligible to be non-taxable since the distribution was to an IRA through a trustee. When she received a notice from the IRS asked him to help. He said yes but required a \$500 check. She gave him a check. After he performed the work, told her exactly how to handle it, and filed amended returns with the IRS, the check bounced. She said she would pay but now refuses. He filed with the police for the returned check under Connecticut statute. ***Recommending dismissal– no probable cause, no violation.***

2008030-3930 Ernst & Young– Notice of offer and entry of settlement pursuant to the Class Action Fairness Act; The case was In Re: Italian Pasta Company Securities Litigation. The settlement was entered in The United States District Court for the Western District of Missouri. There is no reported Connecticut nexus. ***Recommending dismissal– no probable cause, no violation.***

Motion was made by Leonard Romaniello and seconded by Martha Triplett to dismiss enforcement cases # 2008009-3109, against Mr. Robert Green; # 2008023-3123, against Mr. Carmine Carbone; # 2009070-3244, against the firm of Deloitte, LLP; # 2009114-3288, against Mr. Glen Bascetta; # 2008030-3930, against the firm of Ernst & Young. All voted in favor; no votes against and no abstentions.

B. REQUESTING SETTLEMENT APPROVAL

20090116-3290 January Colendrea- failure to renew license, failed to earn CPE by deadline; ***Request settlement approval for \$250 penalty, lapse in license, and CPE earned by Sept. 30, 2008.***

20090146-3322 Gary Baldowski- failure to renew license; ***Request settlement approval for \$250 penalty, lapse in license, and CPE earned by June 30, 2008.***

2009148-3324 Susan Reudgen- failure to renew firm license; ***Request settlement approval for \$250 penalty, lapse in license, and CPE earned by June 30, 2008.***

2009154-3330 Donald Nieto-failure to renew license; ***Request settlement approval for \$250 penalty, lapse in license, and CPE earned by June 30, 2008.***

2009156-3332 Alan Schechter-failure to renew license; ***Request settlement approval for \$250 penalty, lapse in license, and CPE earned by June 30, 2008.***

2009134-3101 Begley, Pascoe & Company- failure to undergo and file quality review in 2005/2008; The firm did undergo quality review but did not supply the copies of those unqualified reviews until requested by counsel in 2009. ***Request settlement approval for \$500 penalty.***

2009134-3101 John Gerlack- failure to undergo and file quality review in 2004/2007; The firm did undergo quality review but did not supply the copies of those unqualified reviews until requested by counsel in 2009. ***Request settlement approval for \$500 penalty.***

Motion was made by Richard Gesseck and seconded by Leonard Romaniello to approve the settlement agreements in enforcement cases # 20090116-3290, against Ms. Colendrea; # 20090146-3322, against Mr. Baldowski; # 2009148-3324, against Ms. Reudgen; 2009154-3330, against Mr. Nieto; # 2009156-3332, against Mr. Schechter; # 2009134-3101, against the firm of Begley, Pascoe & Company; # 2009134-3101, against Mr. John Gerlack. All voted in favor; no votes against and no abstentions.

C . REQUESTING SUBPOENA

2009117-3291 David Purdy

Mr. Purdy passed away and the people handling the firm have refused verbally to return client records. Complaints involving 18 different business entities. Leslie Mitchell complains that Attorney Chito and Eric Zielinsky, CPA refuse to tell him where the client files are or return any of the records that he has with the deceased. ***Counsel requests that the Board issue subpoenas for all client records of Leslie Mitchell businesses of Leslie Mitchell and all files for which Mr. Purdy was performing estate accounting in possessions of:***

- 1. The Estate of David Purdy***
- 2. Eric Zielinsky, CPA***

Motion was made by Leonard Romaniello and seconded by Martha Triplett to approve counsel's request for the issuance of a subpoena in enforcement case # 2009117-3291, against Mr. David Purdy. All voted in favor; no votes against and no abstentions.

2009152-3328 Michael Plude

Ann Cerone complains that Mr. Plude embezzled money while serving as both partner and cpa for the business her brother ran called B&B indoor sports, a/ka B&B indoor training, a/k/a B&B batting cages. Her brother passed away suddenly and Ms. Cerone is the administratrix of his estate. Mr. Plude is on the Board of Directors at Naugatuck Valley Savings & Loan, which holds mortgages now paid by the Estate, and because of that, she alleges, the bank will not

release the bank records relating to the mortgage prior to the time he passed away. After looking through the information she has to work with, she believes that her brother put \$180,000 into the business that is unaccounted for.

Mr. Plude has been unavailable because he is involved in a federal trial where he is testifying regarding a client who is on trial for fraud related issues. He has also been arrested for health care fraud in relation to another Shelton business. ***Counsel requests that the Board issue a subpoena to Naugatuck Valley Savings and Loan for all bank records and correspondence relating to the mortgage and to Mr. Michael Plude for all documents and records related to B&B indoor sports, a/ka B&B indoor training, a/k/a B&B batting cages and all documents related to tax filings of the business, including, but not limited to, sales and use tax figures and returns, income tax filings, and other records regarding income and expenses of the business.***

Motion was made by Richard Sturdevant and seconded by Martha Triplett to approve counsel's request for the issuance of a subpoena in enforcement case # 2009152-3328, against Mr. Michael Plude. All voted in favor; no votes against and no abstentions.

2008056-3156 Levitsky & Berney

Levitsky & Berney is under investigation for the alleged audit failures in the municipal audits of the City of New Haven and the City of West Haven and the alleged substandard audits in municipal audits of the City of Meriden, the City of East Haven, and the Town of Sherman.

Counsel requests that the Board issue a subpoena to Levitsky & Berney for the documents and work papers associated with the municipal audits conducted for each of these municipalities for each of the audits that is alleged to have failed or been substandard.

Motion was made by Leonard Romaniello and seconded by Richard Gesseck to approve counsel's request for the issuance of a subpoena in enforcement case # 2008056-3156, against the firm of Levitsky & Berney. All voted in favor; no votes against and no abstentions.

D . COMPLIANCE MONITORING UPDATE

2005014-2819 Thomas Ariola– settlement approved February 3, 2009; the terms of the settlement require return of Mr. Ariola's certificate and payment of \$3,027.25 by December 31, 2009. ***The Board has received payment of \$1,600.00 and an affidavit regarding his inability to produce the Certificate. Mr. Ariola's certificate was confiscated by the FBI and he is currently serving 12 months of house arrest.***

The Board noted for the official record the update, provided by legal counsel, in respect to enforcement case # 2005014-2819.

A motion was made by Leonard Romaniello and seconded by James Ciarcia to enter into the Executive Session of the Board Meeting at 09:43 A.M. to review cases where litigation is pending. All voted in favor; no votes against and no abstentions.

A motion was made by Leonard Romaniello and seconded by Martha Triplett to close out the Executive Session of the Board Meeting at 10:10 A.M. All voted in favor; no votes against and no abstentions.

A motion was made James Ciarcia and seconded by Leonard Romaniello to enter into Executive Session with Executive Director Mr. Guay to discuss personnel matters at 10:10 A.M.

A motion was made by James Ciarcia and seconded by Michael Weinshel to exit the Executive Session on personnel matters at 10:20 A.M.

A Motion was made by James Ciarcia and seconded by Michael Weinshel to adjourn the December 01, 2009 Board Meeting of the Connecticut State Board of Accountancy at 10:21 A.M. All voted in favor; no votes against and no abstentions.