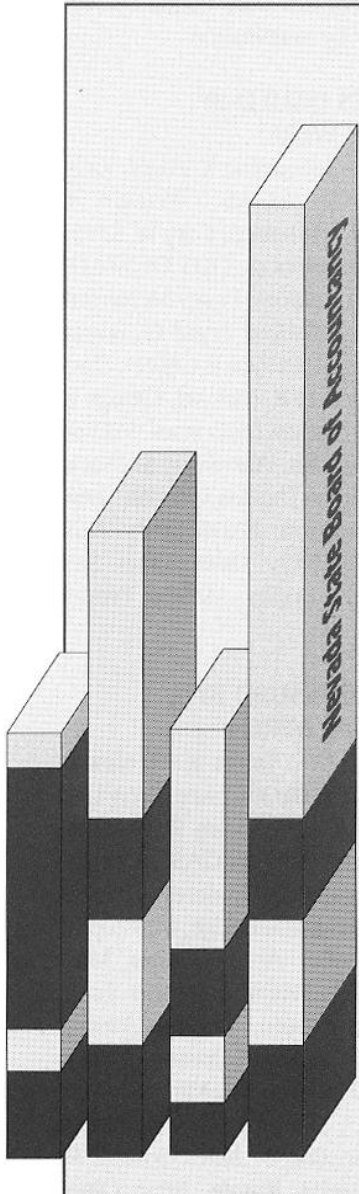


Nevada State Board of Accountancy NEWSLETTER

SPRING / SUMMER 2003



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JUST A LITTLE HISTORY

In 1913 legislators were asking the question, "How do we protect the public interest and insure the dependability of information used as guidance in financial transactions?" The answer was to require individuals in the practice of accounting to meet standards of qualification.

Therefore, on March 24, 1913 the first accountancy act was approved creating the state board of accountancy, prescribing its powers and duties, providing for the CPA Examination and the issuance of certificates to applicants granting the designation of Certified Public Accountant.

The mission of the 1913 Act was not only to create a state board of accountancy to license Certified Public Accountants, but to establish penalties for those who did not provide accounting services that were in the best interest of the public. The Act directed Governor Tasker L. Oddie to appoint three individuals to the board, at least two of which must be "competent and skilled accountants" in practice for not less than one year. All appointments to the board after the first year would be selected from the roll of certificate holders.

The three members appointed to the board were George K. Elder of Goldfield, Paul Gaston of Reno and D. J. Sullivan of Ely. In their first meeting held on June 15, 1913 in Reno, Mr. Elder was elected President, Mr. Gaston, Vice President and Mr. Sullivan Secretary/Treasurer. The board then began with formulation of rules for the government of the board, the CPA Examination and the qualifications required for certification.

In consideration of those individuals currently in practice in Nevada as public accountants, the 1913 Act provided for a waiver of the CPA Examination during a six-month transition period. The new board immediately began considering applications of those accountants eager to register as CPAs during the six-month window of time. The first CPA Examination was not scheduled until after September 1913, the expiration of the six-month transition period.

By 1948 the total certificates issued reached 50. The first individuals licensed in Nevada as Certified Public Accountants beginning in January 1914 were L. F. Adamson, CPA 1; Daniel J. Sullivan, CPA 2; Paul Gaston, CPA 3; and George K. Edler, CPA 4. Certificates issued in May 1915 were H. P. Phillips, CPA 5 and C. F. Burton, CPA

6. In 1916 certificates were issued to F. J. Sullivan, CPA 7; Charles F. DeArmond, CPA 8; H. E. Frendenthal, CPA 9; R. R. Eckert, CPA 10; and J. J. Mullin, CPA 11. One certificate was issued in 1920 to J. C. Tranter, CPA 12 and two certificates were granted in 1922 to C. C. Stout, CPA 14 and E. S. LaTourrette, CPA 15. Certificate number 13 was omitted and not issued. In 1925 William Dolge received CPA certificate 16R and in 1926 certificates were issued to Walter Hood, CPA 17R; and William P. Musans, CPA 18R. One certificate was issued to R. D. Bolt, CPA 19 in 1927, in 1928 Albert J. Watson, CPA 20R and Charles M. Colton, CPA 21R received certificates and in 1929 Martin Nicholson, CPA 22R and Leland Stanford Cooper, CPA 23 were granted licensure.

No certificates were issued from 1930 to 1932. From 1933 through 1937 certificates were issued to John Cummings, CPA 24R, Lawrence J. Semenza, CPA 25, Cameron LeRoy Handley, CPA 26R, Francis P. Farquhar, CPA 27R and W. L. Cranford, CPA 28R. From 1940 through 1948 certificates were issued to Mark Joseph Sandrich, CPA 29R; Lionel Cuthbert Peppell, CPA 30; William Bradford Kottinger, Jr., CPA 31R; Bernard Berman Bender, CPA 32R; Egbert H. Davis, CPA 33R; John Edward Heidzen, CPA 34R; Charles Goldring, CPA 35R; Philip F. Stevalia, CPA 36R; J. Olin Stevens, CPA 37R; John P. Hanson, CPA 38; A. W. Blackman, CPA 39; George H. Wood, CPA 40R; Loyd S. Pettegrew, CPA 41R; Nelson H. Conway, CPA 42R; Clifford G. Chester, CPA 43R; Allen Kermit Moe, CPA 44R; George Keeler Folsom, CPA 45; Willard Morse Salter, CPA 46R; Eugene Joseph Miller, CPA 47R; Newell Francis Hancock, CPA 48; David G. Malcolm, CPA 49R and John Erwin Paulus, CPA 50.

In 1960 the Public Accountancy Act of 1960 was enacted by the State Legislature and approved by Governor Grant Sawyer providing for the recognition and registration of public accountants already in practice. This Act was in addition to the provisions in place relating to the licensing of Certified Public Accountants and for a specified period of time allowed for

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History (continued from page 1)

waiver of the CPA exam and granted official registration of the PA designation. During the time period 1960 through 1970, 187 Public Accountants were registered.

It was not until 1963 that the rental of office space and necessary equipment was approved by the board to establish the first board office at 320 South Virginia Street in Reno. A staff position of one was also approved and Marguerite Callahan was hired as the Executive Secretary. Marguerite remained with the board staff until her retirement in 1982.

3,840 CPA certificates have now been



Members of the Nevada State Board of Accountancy, staff and counsel meeting in October 1977. 1st row: Lola Farmer, Mary Knapp and Marguerite Callahan (executive secretary).

2nd row: Bob Ernst, Bill Geyer, Melvin Brunetti (board counsel), Lowell Bernard, Bob Ashworth and Albert Dattge.

issued. The CPA Examination has been consistently offered twice a year and will see its last administration November 2003 when the exam will convert to a computerized format. In 2002 the Nevada State Board of Accountancy investigated 39 non-licensee violations, 35 licensee complaints and held 8 formal hearings. As Nevada Revised Statute Chapter 628 carries on from the original Nevada Revised Statute Chapter 197, so do the seven members of the current board meet to further the mission and charge the first three-member board began on the 15th day of June 1913, at No. 94 Colonial Building, City of Reno, Nevada. ☞

New Board Members

Appointed by Governor Guinn

SHARON J. McNAIR, CPA was appointed to serve a three-year term as a member of the Nevada State Board of Accountancy beginning November 1, 2002. She is Presi-

dent and sole stockholder of McNair & Associates, Chtd. in Las Vegas providing services in audit, review, compilation, litigation support including fraud investigations and forensic accounting. She graduated from the University of Nevada, Las Vegas in 1976 with a Bachelor's degree in Business Administration majoring in accounting and has been licensed as a Certified Public Accountant in Nevada since 1978. Ms. McNair is also a Certified Fraud Examiner and a Diplomat of the American Board of Forensic Accounting.

CHARLES A. MORRISON, CPA, appointed to the Nevada State Board of Accountancy for a three-year term beginning November 1, 2002, is a sole practitioner in Reno providing tax and audit services. Mr. Morrison graduated in 1985 from the University of Nevada, Reno with a Bachelor's degree in business administration majoring in accounting, completed an MBA in 1991 and an MS in Taxation from Golden Gate University in 1992. Mr. Morrison is a part-time instructor for Morrison University teaching classes in Accounting, Auditing, Tax and Business and has been licensed as a Certified Public Accountant in Nevada since 1987.

The Nevada State Board of Accountancy is pleased to welcome Ms. McNair and Mr. Morrison to the board. ☞

Retiring Board Members

The Nevada State Board of Accountancy expresses its appreciation to retiring board members Michael J. Small and David W. Turner for their active participation and dedicated service during their terms on the board.

Michael J. Small was appointed to the board on November 7, 1996 and reappointed to a second three year term October 31, 1999. Mr. Small was board President from July 1, 1999 through June 30, 2000 and Secretary-Treasurer from July 1, 2001 through June 30, 2002.

David W. Turner was appointed to the board on November 7, 1996 and reappointed to a second three year term October 31, 1999. Mr. Turner served as Secretary-Treasurer of the board from July 1, 1998 through June 30, 1999 and was board President from July 1, 2000 through June 30, 2001. ☞

CPA Certificates Issued

65 CPA certificates were issued during the period August 1, 2002 through January 31, 2003. 26 certificates were issued by reciprocity and 39 by examination.

CERTIFICATES ISSUED BY RECIPROCITY WERE:

HENDERSON: Jacqueline K. Alger, Kathy A. Senef; **LAS VEGAS:** Marvin A. Birnbaum, Cathy A. Jensen, Gary W. Smith, Jacquelyn Marie Stephens; **OUT OF STATE:** Michael Worley Anthony, Peggy McNamara Arrivas, Jethro J. Barlow, Bryan G. Bower, John Carl Fogle, III, Patricia F. Genzel, Douglas S. Halley, Jeffrey R. Maichel, Geroge B. Maitland, Jesse Mathew McConnell, Michael Lawrence McKennon, Warren Jay Michaels, Terrie Y. Prod'hon, Thomas Wendall Snow, David T. Thompson; **PAHRUMP:** Nina Nanette Carr; **RENO:** Dawn Ahner, Sara Guldin, L. Burke Miller, Melissa Yvonne Villareal.

CERTIFICATES ISSUED BY EXAMINATION WERE:

BOULDER CITY: Janet K. Trelease; **CARSON CITY:** Philip V. Cowee, Kerry Lynn Small; **HENDERSON:** Allen R. Dunford, James F. McEvoy; **LAS VEGAS:** Douglas Robert Absher, Jeffrey Anderes, Hillel S. Aronson, Samuel J. Bainbridge, Christopher E. Benak, Jennifer Anne Conner, Mark Charles Easley, Martha JoAnn Ford, Stephanie Akemi Goto, Kathleen Aamodt Hechinger, Allison Faye Johnston, Melissa Kay, Jennifer Keim, Min-Kyu Kim, Rita Margaret Lancaster, Sharna L. Larson, Patricia J. Meeker, Christine S. Miles, Joseph M. Piurkowski, Paul J. Ripple, Brian Oliver Stedeford; **NORTH LAS VEGAS:** Blake Jerel Barney, Robert S. Cox; **RENO:** Carolyn Marie Abend, Larry Max Bigler, Daniel James Clausen, Cheri Anne Fatigate; Danette Lynn Hessler, Scott A. Kramer, Kim Virginia Legarza, Courtney Elizabeth Lantto, Hyon Jin Anna Park; **SPARKS:** Narendra N. Shukla; **WASHOE VALLEY:** Kirsti D. Strandberg. ☞

"Life is a coin. You can spend it any way you wish, but you can only spend it once." *Lillian Dickson*

Disciplinary

Following is a status report on actions taken by the Nevada State Board of Accountancy since the last Newsletter. In accordance with the policy of the board, disciplinary actions that are a matter of public record are reported in the Newsletter for the information of licensees. Questions regarding these matters should be directed to Johanna Bravo, Executive Director.

HEARING

David Ernest Nicolay participated in a hearing held September 18, 2002 in connection with his application for certification. Mr. Nicolay previously held Certified Public Accountant Certificate #2061 which he voluntarily surrendered under threat of disciplinary action on September 1, 1997. It was the board's decision, based on testimony in the hearing, that Mr. Nicolay could be approved for licensure if he completed 40 hours of continuing education; successfully completed an exam in the Rules of Professional Ethics; paid all applicable licensing fees; and reimbursed the board for attorneys' fees for the previous complaint action.

CONTINUING PROFESSIONAL EDUCATION (CPE) VIOLATION

John P. Hickman, CPA Certificate #3042 was disciplined by the board under a Stipulated Decision entered September 18, 2002. The action was based on Mr. Hickman's failure to obtain the required number of continuing education hours for the years 2000 and 2001 within the time frame of the board's administrative CPE complaint procedure. Based on payment of all related penalties for the CPE shortage, it was the board's decision that an extension until October 31, 2002 could be granted if Mr. Hickman signed a Stipulated Agreement. Under the Stipulated Decision Mr. Hickman must pay attorneys' fees of \$175.00 and complete and document continuing education for 2001 by October 31, 2002; complete the continuing education required for 2002 by December 31, 2002 and document the hours by January 31, 2003. The Stipulation also included the provision that the certificate would be immediately revoked without further action or voluntarily surrendered should Mr. Hickman not comply with provisions of the Stipulation. Mr. Hickman's conduct violated Nevada Revised Statute 628.390

1(c)(d) and Nevada Administrative Code (NAC) 628.210 and 628.250 adopted pursuant to NRS 628.386. ☞

PROBATION

Paul Healey, CPA Certificate #2443R was formally reprimanded by the board and placed on probation for two years under Stipulated Findings of Fact, Conclusions of Law, Disciplinary Order and Decision entered on September 18, 2002. The Decision was based on allegations asserted against him by a Judgment of the Securities and Exchange Commission (SEC) concerning his engaging in insider trading which resulted in the entry of an Order permanently enjoining him from violating Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, and requiring payment of disgorgement, interest and penalties of \$24,477.51. Under the provisions of the Nevada Decision Mr. Healy is required to pay a \$1,000.00 fine and reimburse the board for attorneys' fees of \$250.00. Mr. Healey's conduct violated Nevada Revised Statute (NRS) 628.390(1)(b) and (j).

Lawson Peters, Jr., CPA Certificate #3483R was formally reprimanded under

(continued on page 4)

2002 Practice Enhancement Report

Each year one-third of the licensee population is requested to submit reports in accordance with Nevada's Practice Enhancement Program (PEP). The purpose of the program is to assist licensees in improving the quality of financial reporting by evaluating compliance with professional standards. Licensees may self-select the reports to be reviewed and the only requirement is that one of each type (audit, review and compilation) of report issued be submitted. Exempted are participants in the SECPS Peer Review, under the AICPA Division of Firms and those participating in the AICPA Peer Review Program conducted by State CPA Societies.

Following are statistics from the 2002 Practice Enhancement Program cycle. Selection statistics for the previous two years are included for comparison:

	2002	2001	2000
Total Licensees Selected	804	776	749
Issued no reports	515	500	503
Issued reports	111	97	118
Granted exemption	178	172	128
Did not respond	0	5	0
Retired, deceased	0	2	0

Breakdown of the level of reports submitted in 2002 with comparable 2001 totals:


	AUDIT	REVIEW	COMPILATION	TOTAL	2001
Level I	19	35	85	139	123
Level II	15	2	15	32	18
Level III	0	0	0	0	0

The review process was conducted in a manner consistent with prior years, with each report being reviewed. There was an increase in Level 2 reports in the 2002 program cycle due to the auditor's failure to apply the change in SAS AU 508 (amended by SAS 93) which requires identification of the country of origin of auditing standards followed in their audits, and the country of origin of accounting principles applied in the financial statements. It is clear, however, that licensees are consistently raising their standards in performance of attest services with few licensees whose principal efforts are in taxation services undertaking audit or review engagements. For more information on Nevada's Practice Enhancement Program (PEP) please refer to Nevada Administrative Code 628.261 through 628.420. ☞

Disciplinary *(continued)*

a board decision that revoked his CPA Certificate, stayed the revocation and placed Mr. Peters on probation for one year. The Stipulated Findings of Fact, Conclusions of Law, Disciplinary Order and Decision entered on September 18, 2002 was based on a finding that Mr. Peters was engaged in false and misleading advertising. Provisions of the board's decision require payment of a \$1,000.00 fine and reimbursement of attorneys' fees in the amount of \$1,200.00. Mr. Peters' conduct violated Nevada Revised Statute (NRS) 628.390 1(c)(d) and (j), and Rule 502 of the AICPA Rules of Professional Conduct.

David Francis Howard, CPA Certificate #1145R was formally reprimanded under a board decision that revoked his CPA Certificate, stayed the revocation and placed Mr. Howard on five years probation. The

Findings of Fact, Conclusions of Law and Decision entered by the board on December 30, 2002 concerned Mr. Howard's guilty plea and subsequent judgment issued against him by the United States District Court, Western District of Wisconsin. The criminal case resulted from his shareholder status in a corporate entity held in violation of Title 18 United States Codes Section 1084, a Class E Felony. Under the provisions of the board's decision Mr. Howard is required to complete continuing education in the areas of compilation and review concerning SAARS and professional ethics, pay a fine of \$5,000.00 and reimburse the board for attorneys' fees and hearing costs in the amount of \$6,611.00. Mr. Howard's conduct violated Nevada Revised Statute 628.390 (1)(e). 

2003 Calendar of Important Dates

MARCH	19	BOARD MEETING - Las Vegas
MAY	7/8	CPA Exam
	21	BOARD MEETING - Reno
	26	Memorial Day (office closed)
JUNE	11-13	NASBA Western Regional Meeting
JULY	4	Independence Day (office closed)
	16	BOARD MEETING - Las Vegas
SEPTEMBER	1	Labor Day (office closed)
	17	BOARD MEETING - Reno
OCTOBER	26-29	NASBA Annual Meeting
	31	Nevada Day (office closed)
NOVEMBER	5/6	CPA EXAM
	11	Veteran's Day (office closed)
	19	BOARD MEETING - Las Vegas
	27/28	Thanksgiving (office closed)
DECEMBER	25	Christmas Day (office closed)

HAVE YOU MOVED?

Regulation 628.100 requires all permit holders to notify the Board within 30 days of a change in mailing address. Please use this form to report any changes to the Board.

Change of Mailing Address:

Name: _____

Address: _____

City/State/Zip: _____

Home Phone: _____

Change of Employment:

Name: _____

Address: _____

City/State/Zip: _____

Business Phone: _____

CPA/PA Certificate #: _____

Date of Change: _____

Do you wish this change to be reflected in your Roster listing? Yes No

**Mail to: Nevada State Board of Accountancy
200 South Virginia Street, Suite 670
Reno, Nevada 89501**

The Nevada State Board of Accountancy Newsletter is the official publication of the Nevada State Board of Accountancy.

Members of the Board:

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Viki Windfeldt, Assistant Director
Kimberli Talcott, Secretary

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Exam News

MAY 2003 UNIFORM CPA EXAM SCHEDULE

The May 2003 Uniform CPA Examination will be administered at the Zelzah Shrine Temple in Las Vegas and the Meadow Wood Courtyard in Reno. The schedule will be as follows:

Business Law & Professional Responsibilities (LPR) Wednesday, May 7, 2003 9:00 AM - 12:00 NOON	Accounting & Reporting (ARE) Thursday, May 8, 2003 8:30 AM - 12:00 NOON
Auditing (AUD) Wednesday, May 7, 2003 1:30 PM - 6:00 PM	Financial Accounting & Reporting (FARE) Thursday, May 8, 2003 1:30 PM - 6:00 PM

Top Scoring Candidates from the November 2002 Uniform CPA Exam

The Nevada State Board of Accountancy would like to congratulate the following Nevada exam candidates who achieved the highest scores statewide on the November 2002 CPA Exam.

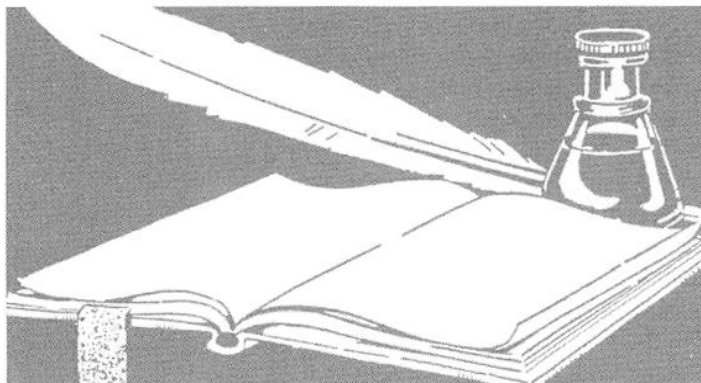
Heather O'Grady
Weimin Liao
Justin Davis
Ryan Parry
Aaron Ezgar
Kurtis Allen

Exam Stats

Following are the results from the November 2002 CPA examination and the statistical breakdown by category.

	<u>AUD</u>	<u>LPR</u>	<u>FARE</u>	<u>ARE</u>
Total Examinees by Subject	127	133	143	142
Examinees Passing by Subject	<u>58</u>	<u>63</u>	<u>47</u>	<u>55</u>
Percent Passing to Total	45.6	47.3	32.8	38.7

	<u>Number</u>	<u>Percentage</u>
Passed in one sitting	23	14%
Completed Examination	24	15%
New Condition	32	20%
Additional Condition	7	4%
Failed	<u>78</u>	<u>47%</u>
Total Sitting	164	100



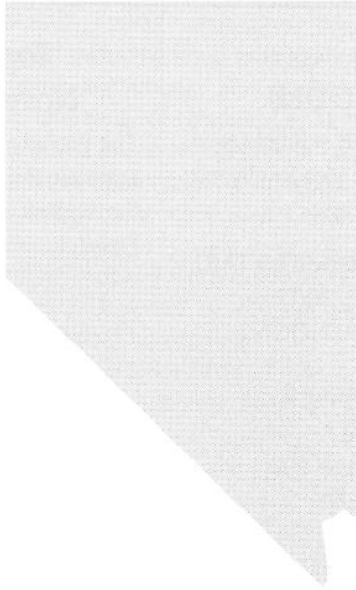
Nevada Named "Honor Roll" State

Nevada has been named to NASBA's "Honor Roll" of states based on the performance of candidates on both the May and November 2002 CPA Examinations. Nevada's candidates achieved passing grades in all subjects at a rate higher than the national average. Nevada has been ranked with the top states many times in the past. This continues to be a tribute not only to Nevada exam candidates but to the University of Nevada System as well.

The sixteen honor roll states for the May 2002 Uniform CPA Examination are: Arizona, Colorado, Delaware, Florida, Georgia, Illinois, Iowa, Minnesota, Missouri, Montana, Nevada, New Hampshire, New Mexico, New York, Utah and Wisconsin.

The thirteen honor roll states for the November 2002 Uniform CPA Examination are: Arizona, California, Colorado, Florida, Georgia, Illinois, Iowa, Minnesota, New Hampshire, Nevada, Utah, Vermont and Wisconsin.

Nevada State Board of Accountancy



Nevada State Board of Accountancy
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