

List of Enforcement Actions for California Board of Accountancy's (CBA) Licensees

This list contains names of licensees for which accusations have been filed and are pending possible enforcement action; summaries of all decisions within the past seven years for those found to be in violation of the California Accountancy Act and/or the rules and regulations of the CBA; summaries for all licensees with license restrictions; and summaries of decisions older than seven years but occurring since July 1, 1993, for licenses revoked or surrendered.

The CBA may revoke or suspend a license, or impose probation on the licensee for violation of applicable statutes or regulations. The standard probationary terms, as well as case-specific probationary terms, are included in all cases of probation. The standard probationary terms are listed in the [Manual of Disciplinary Guidelines and Model Disciplinary Orders](#).

For more information or details of earlier enforcement actions, or for information regarding possible citations and fines, please contact the Board at:

E-mail: enforcementinfo@cba.ca.gov

Telephone: (916) 561-1729

FAX: (916) 263-3673

California Board of Accountancy
2000 Evergreen Street, Suite 250
Sacramento, CA 95815-3832
Attn: Enforcement Division

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E-Fang Accountancy Corporation City of Industry CA COR 5055

Board Actions

Revocation stayed with three years' probation, via stipulated settlement.

The licenses for Ms. Tsai and E-Fang Accountancy Corporation with Ms. Tsai as sole shareholder are suspended for 30 days.

All of the respondents' audit, review and compilation reports and work papers are subject to peer review.

All work papers and draft reports for audit engagement undertaken by the respondents are subject to review by a qualified outside CPA approved by the Board.

Ms. Tsai shall complete 40 hours of additional continuing education courses in accounting and auditing as specified by the Board.

Respondents are required to reimburse the Board \$9,948.21 for its investigation and prosecution costs.

Other standard terms and conditions.

Effective December 26, 2008

Also See:

[Tsai, Eva Yi-Fang](#)

Cause For Discipline

Ms. Tsai and E-Fang Accountancy Corporation with Ms. Tsai as sole shareholder (respondents) admitted to committing gross negligence, violating professional standards, and failing to issue a report in accordance with professional standards in performing an audit of a securities firm for the fiscal year ended December 31, 2005.

The final audit report issued by the respondents varied significantly from the AICPA's professional standards as follows:

- The report contained typographical errors;
- The report failed to give an opinion on various financial statements, including results of operations, and cash flows;
- Supplementary schedules were omitted;
- A supplemental report on internal control was omitted;
- The balance sheet overstated the current asset "Securities Owned at Fair Value" by \$540,000 due to the respondents' failure to compute and adjust the book value to fair value for the year ending December 31, 2005.

The Accusation also alleged that the respondents 1) understated the auditee's "current liability account held temporarily for customer" and "current asset account held temporarily for customer" resulting from an improper audit adjustment in the amount of \$582,761 and 2) overstated "commission income" and "operating expenses" in the amount of \$250,000 for two transactions that were external to the auditee. However, the respondents did not admit to these specific allegations and charges in this stipulated settlement.

Violation(s) Charged

Business and Professions Code, Division 3, Chapter 1, §§ 5100 (c) and 5062. California Code of Regulations, Title 16, Division 1, § 58.

Erickson, Jon R. Laguna Beach CA and Chicago CPA 30744

Board Actions

Revocation of CPA Certificate, via default decision.

Effective March 8, 1998

Cause For Discipline

During 1993 and until April 1994, Respondent was chief financial officer of Platinum Software Corporation (PSC), a publicly-traded company. Respondent participated in the recording of, or caused to be recorded, transactions for which revenue recognition was improper for the fiscal year ended June 30, 1993, and for the quarters ended September 30, 1993, and December 31, 1993. He signed Form 10-K for the fiscal year ended June 30, 1993, and Form 10-Q for the quarters ended September 30, 1993, and December 31, 1993, with full knowledge that the financial statements included therein incorporated entries that misstated revenues.

On or about June 3, 1996, the Securities and Exchange Commission (SEC) entered an Order whereby, through a settlement offer, it permanently barred Respondent from practice before the SEC and banned him from serving as an officer or director of a publicly-traded company for 10 years.

Violation(s) Charged

Business and Professions Code, Division 3, Chapter 1, § 5100(g) and (i).

Ernst & Young LLP Los Angeles CA PAR 5413

Board Actions

30-day suspension of PAR Certificate stayed, with three years' probation, via stipulated decision.

Ernst & Young LLP is on probation with the following terms and conditions:

Comply with the SEC Order and fully communicate with the Board or its designees concerning compliance.

At Ernst & Young's expense, an independent third party consultant shall be engaged to conduct a practice investigation and prepare a written report to the Board, to assure the Board that Ernst & Young LLP's leadership is committed to and has implemented policies and procedures that reasonably can be expected to remedy the violations found and result in compliance with the SEC's rules on auditor independence related to business relationships with clients and with GAAS. The consultant will sample "California audits."

Provide financial and other resources required for the Board to host an educational symposium designed to provide continuing education of no less than eight hours to the profession on topics chosen by the Board and relevant to the Board's enforcement program.

Submit acceptable proof of attendance to the symposium referred to above by all of Ernst & Young LLP's attest personnel licensed in California.

Ernst & Young LLP will reimburse the Board an amount not to exceed \$100,000 for its investigation and prosecution costs in this and related matters.

Disseminate decision to Ernst & Young LLP's professional personnel.

Other standard terms and conditions.

Effective September 24, 2004

Also See:

[Frick, Richard L.](#)

Cause For Discipline

Ernst & Young LLP was sanctioned by the United States Securities and Exchange Commission (SEC), an action subjecting Ernst & Young's California CPA partnership registration to discipline. The SEC's Order found that Ernst & Young LLP was not independent in fact or appearance when it audited the financial statements of PeopleSoft for fiscal years 1994-1999. The SEC's sanctions included a six-month suspension from accepting new SEC audit clients, disgorgement of audit fees (+\$1.6 million), an injunction against future violations, and an independent consultant report.

The SEC found independence violations arising out of Ernst & Young's business relationships with PeopleSoft created an identity or mutuality of interests.

The SEC's Order found Ernst & Young was auditing PeopleSoft's books at the same time that its International Tax Group had business relationships with PeopleSoft, including an application software partnership through which Ernst & Young entered a licensing and distribution agreement with PeopleSoft. The SEC's Order also found Ernst & Young was auditing PeopleSoft's books at the same time that Ernst & Young's Consulting Group had an Implementation Partnership with PeopleSoft. The SEC found that Ernst & Young and PeopleSoft had a "symbiotic relationship" engaging in joint sales and marketing efforts, and sharing considerable proprietary, confidential business information, and that Ernst & Young partnered with PeopleSoft to the maximum extent possible to accomplish sales and boost Ernst & Young's consulting revenues.

The Board's discipline is based upon Ernst & Young's admissions that the SEC order provides the basis for discipline of the partnership license under Business and Professions Code, Division 3, Chapter 1, § 5100 (h) and (l).

Violation(s) Charged

Business and Professions Code, Division 3, Chapter 1, § 5100 (g), (h), (l). California Code of Regulations, Title 16, Division 1, § 65.

Related Documents:

[Ernst and Young Action](#)

Estrada, Severo " Roy " Camil San Jose CA CPA 35696

BOARD ACTIONS**Enforcement Definitions**

Surrendered certificate, via stipulated settlement.

Accusation
Effective January 7, 2007

A formal document that notifies a licensee of the Board's charges against the licensee.

Cost Recovery

The licensee is ordered to pay the Board certain costs of investigation and prosecution including, but not limited to, attorney fees.

Cause For Discipline

For the purpose of resolving the charges and allegations in Accusation No. AC-2005-11, Mr. Estrada admits he performed an audit of a foster care provider, regulated by the California Department of Social Services, that was grossly negligent. The licensee failed to file a Notice of Defense or has otherwise failed to request a hearing, object, or otherwise contest the accusation. The Board takes action without a hearing based on the accusation and documentary evidence on file. The final report does not contain a hearing transcript, the final accusation and documentary evidence on file, and the working papers did not have all required documentation.

Default Decision

Mr. Estrada engaged in the practice of public accountancy while his license was in inactive status. The date the disciplinary decision becomes operative.

Probation

Violation(s) Charged

The licensee may continue to engage in activities for which licensure is required, under specific terms and conditions.

Business and Professions Code, Division 3, Chapter 1, §§ 5100 (c) and (g), 5062, and 5050. California Code of Regulations, Title 16, Division 1, § 58.

A revoked license that is restored, not sooner than one year from the date of revocation, to a clear or inactive status after petition to and approval by the Board. Reinstatement may include probation and/or terms and conditions.

Revocation

The individual, partnership, or corporation no longer is licensed as a result of a disciplinary action.

Stayed

The action does not immediately take place and may not take place if the licensee complies with other conditions (such as a probation term).

Stipulation

The matter is negotiated and settled without going to hearing.

Surrendered

The licensee has surrendered the license. The individual, partnership, or corporation no longer is licensed. The Board, however, may impose discipline against a surrendered license in certain circumstances. Surrender may also require certain conditions be met should the former licensee ever choose to reapply for licensure.

Suspension

The licensee is prohibited for a specific period of time from engaging in activities for which licensure is required.

Disclaimer for Disciplinary Actions/License Restrictions Summary

The reports contained as part of this Web site represent summaries of those formal disciplinary orders issued by the Department of Consumer Affairs (Department) and its participating programs, boards, committees, and commissions, imposing suspension, revocation or other discipline. Enforcement proceedings that are resolved by dismissal of the accusation or otherwise result in no actual discipline of a license are not reported at this Web site.

Summary information on recent orders is prepared approximately thirty (30) days after the final decision date of an enforcement case. Therefore, although this Web site may presently lack any such report, some licensees will actually be named in accusations, or be subject to disciplinary orders. The lack of a summary for a particular licensed person does not mean that the licensee has never been the subject of an accusation or administrative discipline.

The brief summaries offered at this Web site are not intended as substitutes for the actual decisions and orders issued by the Department and its participating programs, boards, committees and commissions. Copies of those decisions and orders are available at no cost by writing to the designated address for each program or board.

Also, the actions reported here may not be final and may not reflect any judicial action to stay or modify the administrative order. You should not take any action based on information contained in these summaries without verifying the information and determining whether the administrative order has been stayed or modified by a court.

As used in this summary, the term "accusation" is a formal document which notifies a licensee of the agency's charges against the licensee, and that requests a disciplinary order. The licensee is entitled to contest the charges in a formal hearing before an administrative law judge. An accusation is usually resolved by an agency decision following such a hearing or by an agency decision pursuant to a settlement agreement. Often there is a considerable period of time between the date of filing an accusation and the resolution of the accusation.

The term "suspended" means that the licensee is prohibited for a period of time from engaging in activities for which licensure is required, usually for a specified number of days or months. A suspension will usually be imposed in conjunction with a lengthy period of probation of one or more years.

The term "revoked" means that the individual, partnership, or corporation is no longer licensed as a result of an enforcement action. Revocation is not necessarily permanent. The revoked licensee has the right, one year or more after the revocation, to petition the California Board of Accountancy for reinstatement. Reinstatement of the revoked license must be approved by the Board and may include probation and/or terms and conditions.

For a copy of these actions, please contact the Board by mail, e-mail, telephone, or fax as listed below:

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Sacramento, CA 95815-3832
Attn: Enforcement Division

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