

**STATE OF MINNESOTA
BOARD OF ACCOUNTANCY**

In the Matter of the CPA Certificate of

Gregg William Johnson
CPA Certificate No. 10175

**STIPULATION AND
CONSENT ORDER**

Board File 2021-477

STIPULATION

Gregg William Johnson ("Respondent") and the Minnesota Board of Accountancy's Complaint Committee stipulate that, subject to Board's review and discretionary approval, the Board may issue a consent order that imposes the following sanctions:

- A. Respondent's CPA certificate, No. 10175, is CENSURED, REPRIMANDED, and REVOKED pursuant to Minn. Stat. § 326A.08 (2020).
- B. Respondent shall pay to the Board a CIVIL PENALTY of Twenty-Five Thousand Dollars (\$25,000). Respondent shall submit a civil penalty of \$25,000 by check to the Board within sixty (60) days of August 28, 2023.
- C. Respondent shall remain law abiding and comply with all statutes and rules within the Board's jurisdiction. See Minn. Stat. ch. 326A (2020) and Minn. R. ch. 1105 (2019).
- D. Respondent shall report in writing within ten days any and all violations of this stipulation and consent order to the Board's Executive Director.

Respondent and the Committee enter into this stipulation based on the following findings of fact, conclusions of law, and other stipulated provisions:

Findings of Fact

1. Respondent was issued a CPA license by the Board on July 1, 2006.

2. In February 2014, Respondent began working as the Chief Financial Officer (CFO) of a victim company.

3. From February 2014 through July 2020, Respondent was employed at victim company and used his position as CFO to defraud victim company out of more than \$930,000 through false and fraudulent pretenses, representations, and concealment of material facts.

4. Respondent's duties as CFO included cost-counting analysis, pricing, and carrying out victim company's long-term financial goals. This included overseeing and tracking all cash flow for the company. Respondent had signatory authority on victim company's bank accounts, and he had the ability to write checks and transfer money to and from those accounts. Respondent had the authority to make payments from victim company's accounts.

5. Respondent, as part of his scheme to defraud, fraudulently converted over \$930,000 in funds belonging to victim company to his personal use by issuing checks from victim company's bank accounts directly for his own personal expenses.

6. Respondent misappropriated funds from victim company's bank account with Bank A. The Bank A account was created solely for the purpose of making payments to victim company's shareholders. As Respondent knew, the only authorized payments coming out of the Bank A account should have been to shareholders or to pay taxes on shareholder payouts, and he was not authorized to convert any of the funds in the Bank A account to his personal use.

7. Respondent frequently issued checks drawn on the Bank A account to cover his personal expenses, including his monthly credit card bills, personal insurance payments, and payment for mortgages and home renovations at three different personal residences.

8. Respondent concealed his theft in various ways. Respondent falsified the signature of victim company's president on checks from the Bank A account to make it appear as if the president of victim company had authorized payments for Respondent's personal expenses.

9. Respondent falsified invoices for company expenses such as items, programs, and training. He would then record the expenses in the company's accounting software to reconcile the amounts that he was diverting for personal gain. He would log false expenditures in the accounting system without underlying documentation.

10. Rather than using victim company's accounting software, which was designed to issue and keep track of checks from victim company's accounts, Respondent would issue checks using a different program. This prevented the accounting system from recording the transaction. Respondent would then add illegitimate cash expenses to the records to make it appear as if the amounts were balanced correctly.

11. As a result of Respondent's actions, he was charged with one count of wire fraud. *United States v. Johnson*, No. 0:21-cr-00041 (D. Minn. Aug. 24, 2021).

12. On March 4, 2021, Respondent pleaded guilty to wire fraud.

13. On August 24, 2021, Respondent was committed to the custody of the United States Bureau of Prisons for 27 months and ordered to pay \$930,345.34 in restitution, \$15,000 in fines, and \$100 in special assessments.

14. On September 22, 2021, the US Attorney's Office notified the court that Respondent had satisfied all the restitution, fine, and special assessment.

Conclusion of Law

1. The Board has authority to license and regulate certified public accountants and to take disciplinary action as appropriate. Minn. Stat. ch. 326A (2020).
2. Respondent violated Minnesota Statutes § 326A.08, subd. 5(a)(1), (2), (4), and (10) (2020) and Minn. R. 1105.5600(B), (D), and (E) (2019).
3. This stipulation and consent order is in the public interest.

Other Stipulated Provisions

1. This stipulation and consent order must be approved by the Board to become effective.
2. Respondent agrees that the Committee may move the Board *ex parte*, with or without advance notice to the Respondent, to approve this stipulation and consent order. Respondent understands that the Board may either approve the stipulation and consent order or not approve it. This stipulation and the files, records, and proceedings associated with this matter may be reviewed by the Board in its consideration of the Committee's motion.
3. If approved by the Board, this stipulation and consent order shall be classified as public data. Minn. Stat. § 13.41, subd. 5 (2020).
4. If the Board does not approve this stipulation and consent order, then the matter remains unresolved and the Committee may either seek to negotiate a revised stipulation and consent order with Respondent to present to the Board or issue an order commencing a contested-case hearing before an Administrative Law Judge at the Office of Administrative Hearings. *See* Minn. Stat. §§ 14.57–.62, 214.10, subd. 2 (2020) (describing administrative hearing process).

5. Respondent agrees that if this case comes before the Board again after it reviews and discusses this stipulation and consent order, Respondent waives any claim that the Board was prejudiced by its review and discussion of this stipulation and consent order and any records relating to it.

6. Respondent acknowledges that they were advised by the Committee of their right to a contested-case hearing in this matter before an Administrative Law Judge, to file exceptions and make argument to the Board after the hearing, and to seek judicial review from any adverse decision rendered by the Board. Respondent hereby expressly waives those rights. Respondent was further advised by the Committee of their right to be represented by counsel and that they knowingly waive that right.

7. Respondent has read, understands, and agrees to this stipulation and has voluntarily signed it. It is expressly understood that this stipulation contains the entire agreement between the parties, there being no other agreement of any kind, verbal or otherwise. If approved by the Board, a copy of the final stipulation and consent order shall be served personally or by first class mail on Respondent. The Board's order shall be effective when it is signed by the Chair of the Board or the Chair's designee.

8. Pursuant to Minn. Stat. § 16D.13 (2020), any civil penalty imposed by this stipulation and consent order shall begin to accrue simple interest in accordance with that section thirty days after the civil penalty is due. Pursuant to Minn. Stat. § 16D.17 (2020), thirty days after any civil penalty imposed by this stipulation and consent order is due, the Board may file and enforce any unpaid portion of the civil penalty as a judgment against Respondent in district court without further notice or additional proceedings.

Gregg W. Johnson
GREGG WILLIAM JOHNSON

STATE OF mn

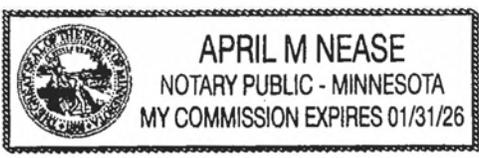
COUNTY OF Steele

This instrument was acknowledged before me on 6/13/22 by Gregg William Johnson.

(stamp)

April M Nease
(Signature of notary officer)

My commission expires: 1/31/24



COMPLAINT COMMITTEE

Gregory S. Steiner
GREGORY S. STEINER, CPA
Chair

Dated: 6/24/, 2022

CONSENT ORDER

Upon consideration of this stipulation and consent order, and based upon all the files, records, and proceedings herein, all terms of the stipulation and consent order are approved.

Accordingly, the Board orders as follows:

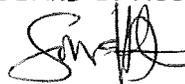
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B. Respondent shall pay to the Board a CIVIL PENALTY of Twenty-Five Thousand Dollars (\$25,000). Respondent shall submit a civil penalty of \$25,000 by check to the Board within sixty (60) days of August 28, 2023.

C. Respondent shall remain law abiding and comply with all statutes and rules within the Board's jurisdiction. See Minn. Stat. ch. 326A (2020) and Minn. R. ch. 1105 (2019).

D. Respondent shall report in writing within ten days any and all violations of this stipulation and consent order to the Board's Executive Director.

STATE OF MINNESOTA
BOARD OF ACCOUNTANCY

 GIBSON SWIFT
FOR:

Dated: 6/30/, 2022

CHARLES SELCER, CPA
Board Chair