

**STATE OF MINNESOTA  
BOARD OF ACCOUNTANCY**

**In the Matter of  
Thomas P. Clark  
Certificate No. 02772**

**STIPULATION AND  
CONSENT ORDER  
Board File No. 2007-033**

It is hereby stipulated and agreed by Thomas P. Clark ("Respondent") and the Complaint Committee ("Committee") of the Board of Accountancy ("Board") that without trial or adjudication of any issue of fact or law and without any evidence or admission by any party with respect to any such issue:

1. A Notice of Conference with the Board of Accountancy's Complaint committee was duly served upon Respondent, receipt of which is hereby acknowledged by Respondent.
  
2. On June 11, 2007, Respondent appeared before the Board's Complaint Committee, composed of Board members Michael M. Vekich, Chair, Robert J. Hyde, and Neil N. Lapidus to discuss allegations made in the notice referenced above. Executive Director, Doreen Frost and Board Investigator, Steven Renville were also present. Gregory P. Huwe, Assistant Attorney General, represented the Board at the conference.
  
3. For the purpose of this stipulation, Respondent waives all procedures and proceedings before the Board to which Respondent may be entitled under the United States and Minnesota constitutions, statutes, or the rules of the Board, including the right to dispute the allegations against Respondent and to dispute the appropriateness of discipline in a contested case hearing pursuant to Minn. Stat. § 14 (2006). Respondent agrees that upon the ex parte application of the Committee, the Board may order the remedy specified in paragraph 9 below. Respondent waives the right to any judicial review of the order by appeal, by writ of certiorari, or otherwise. Although Respondent was reminded of the opportunity for counsel, Respondent voluntarily waived such right, stating that the Respondent understood that right and the waiver.

4. This Stipulation shall constitute the entire record of the proceedings herein upon which the Consent Order is based. All documents in the Board's files shall maintain the data classification to which they are entitled under the Minnesota Government Data Practices Act, Minn. Stat. § 13 (2006). They shall not, to the extent they are not already public documents, become public merely because they are referenced herein.

5. In the event the Board in its discretion does not approve this Stipulation or a lesser remedy than specified in this Consent Order, this Stipulation and Consent Order shall be null and void and shall not be used for any purpose by either party. If this Stipulation is not approved and a contested case hearing is initiated by the Committee pursuant to Minn. Stat. § 14 (2006), Respondent agrees not to object to the Board's initiation of the hearing and its hearing the case on the basis that the Board has become disqualified because of its review and consideration of this Stipulation or of any records relating hereto.

#### FACTS

6. Respondent admits that the United States Securities and Exchange Commission issued a Consent Order, Release No. 54736/November 9, 2006, under which Respondent's right to appear or practice before the Commission was suspended, and that such suspension is a valid basis under which the Board may censure or reprimand Respondent under Minn. Stat. § 326A.08 Subp 5(a)(7) (2006).

#### STATUTES

7. Respondent admits that the facts and conduct specified in paragraph 6 above constitutes violation of Minn. Stat. § 326A (2006) and Minn. Stat. § 1105 (2005) are sufficient grounds for the remedy specified in paragraph 9 below, and that proof at hearing of any one or more of the allegations set forth would empower the Board to take disciplinary action against Respondent's certificate.

8. This Stipulation shall not in any way or manner limit or affect the authority of the Board to proceed against Respondent by initiating a contested case hearing or by other appropriate means on the basis of any act, conduct, or admission of Respondent justifying

disciplinary action which occurred before or after the date of this stipulation and that is not directly related to the specific facts and circumstances set forth herein.

#### REMEDY

9. Upon this Stipulation and record, as set forth in paragraph 4 above, and without any further notice of proceedings, the Committee and Respondent agree that the Board may, in its discretion, issue an order to Respondent requiring that the Respondent's certificate is **CENSURED** and **REPRIMANDED**.

10. Violation of this Stipulation and Consent Order shall be considered a violation of Minn. Stat. § 326A.08, subd 5(1) (2006). If Respondent violates this Stipulation and Consent Order, Minn. Stat. § 326A.01-.14 (2006) or Minn. Rules 1105 (2005), the Board may impose additional discipline pursuant to the following procedure:

a. The Complaint Committee shall schedule a hearing before the Board. At least ten days prior to the hearing, the Committee shall mail Respondent a notice of the violation alleged by the Committee and of the time and place of the hearing. Service of notice on Respondent is complete upon mailing the notice to Respondent's last known address. Within ten days after the notice is mailed, Respondent shall submit a response to the allegations. If Respondent does not submit a timely response to the Board, the allegations may be deemed admitted.

b. At the hearing before the Board, the Committee and Respondent may submit affidavits made on personal knowledge and argument based on the record in support of their positions. The evidentiary record before the Board shall be limited to such affidavits and this Stipulation and Consent Order. Respondent waives a hearing before an administrative law judge and waives discovery, cross-examination of adverse witnesses, and other procedures governing administrative hearings or civil trials.

c. At the hearing, the Board will determine whether to impose additional disciplinary action, which may include additional conditions or limitations on Respondent's practice or suspension or revocation of Respondent's certificate.

The Committee shall have the right to attempt to resolve an alleged violation of the Stipulation and Consent Order through the procedures of Minn. Stat. § 214.10 (2006). Nothing herein shall limit (a) the Committee's right to initiate a proceeding against Respondent pursuant to Minn. Stat. § 14 (2006), or (b) the Committee's and the Board's right to temporarily suspend Respondent's certificate pursuant to Minn. Stat. § 326A.08, subd 6 (2006), based on a violation of this Stipulation and Consent Order or based on conduct of Respondent before or after the date of this stipulation which is not specifically referred to in paragraph 6 above.

11. Any appropriate court of law may, upon application of the Board, enter its decree enforcing the order of the Board.

12. Respondent hereby acknowledges that the Respondent has read, understands, and agrees to this Stipulation and Consent Order and has freely and voluntarily signed the stipulation without threat or promise by the Board or any of its members, employees, or agents. When signing the stipulation, Respondent acknowledges that the Respondent is fully aware that the Stipulation and Consent Order must be approved by the Board. The Board may either approve the Stipulation and Consent Order as proposed, approve the order subject to specified change, or reject it. If the changes are unacceptable to Respondent or the Board rejects the stipulation, it will be of no effect except as specified herein.


13. This Stipulation and Consent Order is public data pursuant to Minn. Stat. § 13.41, subd 4 (2006).

14. This Stipulation contains the entire agreement between the parties. Respondent is not relying on any other agreement or representation of any kind, verbal or otherwise.

15. If approved by the Board, a copy of this Stipulation and Consent Order shall be served personally or by first class mail on Respondent. The Order shall be effective and deemed issued when it is signed.

**CONSENT:**

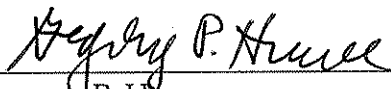
BOARD OF ACCOUNTANCY  
COMPLAINT COMMITTEE

  
\_\_\_\_\_  
Thomas P. Clark  
Respondent

Dated: July 24, 2007

  
\_\_\_\_\_  
Michael M. Vekich, CPA  
Chair

Dated: 8/17, 2007

  
\_\_\_\_\_  
Gregory P. Huwe  
Assistant Attorney General

Dated: 8/17, 2007

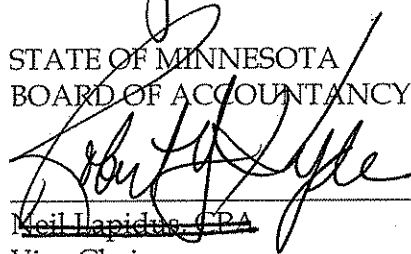
**ORDER:**

Upon consideration of the foregoing stipulation and based upon all the files, records and proceedings, herein,

1. **IT IS HEREBY ORDERED** that Respondent's certified public accountant certificate is CENSURED AND REPRIMANDED, and

2. **IT IS FURTHER ORDERED** that all other terms of this stipulation and consent Order are adopted and implemented this 20 day of August, 2007.

STATE OF MINNESOTA  
BOARD OF ACCOUNTANCY

  
\_\_\_\_\_  
Neil Lapidus, CPA  
Vice Chair



of the Commission's Rules of Practice, Making Findings, and Imposing Remedial Sanctions ("Order"), as set forth below.

### III.

On the basis of this Order and Respondent's Offer, the Commission finds that:

1. Thomas Clark, age 58, was, but no longer is, a certified public accountant licensed to practice in the State of Minnesota. In addition to other positions, he served as Chief Financial Officer of Health Risk Management, Inc. ("HRMI") from 1987 until October 2000 and served as the president of HRMI's wholly owned HMO subsidiary from December 2000 until his resignation in March 2001.

2. HRMI was, at all relevant times, a Minnesota corporation with its principal place of business in Minneapolis, Minnesota. HRMI was a healthcare management company that, among other activities, administered HRM PA, Inc., a small Medicaid HMO in Pennsylvania (the "HMO"). At all relevant times, HRMI's common stock was registered with the Commission pursuant to Section 12(g) of the Securities Exchange Act of 1934 ("Exchange Act"), and traded on the NASDAQ National Market.

3. On January 27, 2006, the Commission filed a complaint against Clark in SEC v. Thomas P. Clark, (Civil Action No. 06-cv-00380). On October 19, 2006, the court entered an order permanently enjoining Clark, by consent, from future violations of Sections 10(b) and 13(b)(5) of the Exchange Act and Rules 10b-5, 13b2-1 and 13b2-2 thereunder, and aiding and abetting violations of Sections 13(a), 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act and Rules 12b-20 and 13a-13 thereunder. Clark was also ordered to pay a \$20,000 civil money penalty and was barred from acting as an officer or director of a public company for five years.

4. The Commission's complaint alleged, among other things, that: (a) Clark deliberately mischaracterized a \$1.35 million payment by HRMI which resulted in HRMI filing materially false and misleading financial statements in the company's quarterly reports on Form 10-Q for the second and third quarters of fiscal year 2000; (b) on August 1, 2000, Clark and one of the HMO's healthcare providers, agreed that HRMI would pay the provider \$1.85 million to settle an arbitration initiated by the provider; (c) because the HMO's net worth had declined to the point that state regulators were threatening to put the HMO in receivership, Clark did not want the entire \$1.85 million payment to be categorized as an expense; (d) accordingly, Clark negotiated a "Consulting Agreement" with the provider that disguised \$1.35 million of the \$1.85 million settlement as a pre-paid retainer for consulting services that HRMI never used or needed; (e) Clark disclosed \$500,000 of the settlement, and HRMI's legal expenses, in HRMI's second quarter 2000 Form 10-Q, which was filed three weeks after the settlement was reached; (f) Clark failed, however, to disclose the \$1.35 million prepaid "retainer" in that Form 10-Q; (g) Clark finally disclosed the payment in HRMI's third quarter 2000 Form 10-Q, but improperly booked the settlement as a prepaid asset rather than as an expense; (h) in doing so, Clark materially understated HRMI's expenses for the second quarter of 2000 and materially overstated HRMI's assets for the third quarter of 2000; and (i) Clark hid the Consulting Agreement, and the true dollar amount of the settlement, from HRMI's auditor and falsely represented to HRMI's auditor

that HRMI had informed the auditor of all material contracts for the second and third quarters of 2000.

**IV.**

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanction agreed to in Respondent Clark's Offer.

Accordingly, it is hereby ORDERED, effective immediately, that:

Clark is suspended from appearing or practicing before the Commission as an accountant.

By the Commission.

Nancy M. Morris  
Secretary