

STATE OF MINNESOTA
BOARD OF ACCOUNTANCY

**In the Matter of
Caldwell, Taylor & Brown, Ltd.
CPA Firm Permit No. 00169**

**STIPULATION AND
CONSENT ORDER
Board File 2020-419**

The Minnesota Board of Accountancy is authorized pursuant to Minn. Stat. §§ 214.10, 326A.02, subds. 4, 6, and 326A.08, subd. 1 (2019) to review complaints against certified public accountant firms and to take disciplinary action whenever appropriate.

The Board received information concerning Caldwell, Taylor & Brown, Ltd., 5811 S Cedar Lake Rd, Minneapolis, MN 55416 ("Respondent"). The Board's Complaint Committee reviewed that information.

It is hereby stipulated and agreed by Respondent and the Committee that without trial or adjudication:

1. For the purpose of this stipulation and consent order, 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. ch. 14 (2018), and to dispute any civil penalty imposed by this Stipulation. Respondent agrees that upon the *ex parte* application of the Committee, without notice to or appearance by Respondent, the Board may order the remedy specified in paragraph 7 below. Respondent waives the right to any judicial review of the order by appeal, by writ of certiorari, petition for review, or otherwise.

2. This stipulation shall constitute the entire record of the proceedings herein upon which the consent order is based.

3. In the event the Board in its discretion does not approve this stipulation and consent order or propose a lesser remedy than specified herein, this stipulation and consent order shall be null and void and shall not be used for any purpose by either party. If this stipulation and consent order is not approved and the Committee initiates a contested-case hearing pursuant to Minn. Stat. ch. 14 (2018), Respondent agrees not to object to the Board hearing the case on the basis that the Board has become disqualified because of its review and consideration of this stipulation and consent order or of any records relating hereto.

FACTS

4. This stipulation and consent order is based upon the following facts. Respondent admits the facts referred to below and grants that the Board may, for the purpose of reviewing the record in paragraph 2 above, consider the following as true:

a. The Board issued a Certified Public Accountant Firm Permit ("CPA Firm Permit" or "firm permit") to Respondent on January 23, 1978;

b. Respondent's CPA Firm Permit expired on December 31, 2019;

c. On January 2, 2020, the Board returned the firm's renewal application due to incomplete peer review documentation, which was due to the Board no later than September 30, 2019;

d. On January 10, 2020, the Board sent a second letter notifying Respondent that its firm permit was expired;

e. The peer review for the period ended June 30, 2018 identified that during a review of the system of quality control of Respondent's accounting and auditing practice, a significant deficiency was found, which resulted in a peer review rating of "fail". Specifically, Firm leadership has not implemented policies and procedures to ensure consistent and clear actions and messages that emphasize the firm's commitment to quality. The peer review found numerous instances of failure to complete and document risk assessment and planning procedures, inadequate documentation of procedures performed to allow reperformance by an experienced individual, and lack of internal monitoring procedures. These are repeat finding and a third failed peer review.

f. The peer review for the period ended June 30, 2015 on an audit of an employee benefit plan identified deficiencies in the firm's system of quality control including failure to complete planning and risk assessment, inadequate disclosures and inadequate documentation to support conclusions which resulted in a peer review rating of "fail";

g. The peer review for the period ended September 30, 2013 identified deficiencies in the firm's system of quality control including failure to consider Clarity standards and compilation and review standards, inadequate disclosures and inadequate documentation to support conclusions which resulted in a peer review rating of "fail";

h. Effective July 2020, the Association of International Certified Professional Accountants ("AICPA") terminated the Respondent's enrollment for failure to design a system of quality control, and/or sufficiently complying with such a system, that would provide the firm with reasonable assurances of performing and reporting in conformity with applicable professional standards in all material respects, such that the firm received consecutive fail reports;

i. Respondent held out as a licensed firm by using the designation "certified public accountants" on their website and letterhead;

j. Respondent practiced without a firm permit by engaging in a compilation of financial statements on one occasion after the firm permit expired.

5. Respondent admits that the facts and conduct specified in paragraph 4 above constitute violations of Minn. Stat. § 326A.05 subd. 1(a)(2), 326A.08, subd. 5(a)(1) (a)(6) and (a)(10) (2018) and Minn. R. 1105.4200(B)(3), 1105.4700(A) and (C), 1105.5400, 1105.5600, subp.1(C)(1), (6) and (7), and 1105.7800(A), (C), and (F) (2019), are sufficient grounds for the remedy specified in paragraph 7 below, and that proof at hearing of any one or more of the allegations set forth would empower the Board to take disciplinary action pursuant to Minn. Stat. § 326A.08 (2018).

6. This stipulation and consent order shall not limit the authority of the Board to proceed against Respondent by appropriate means on the basis of any conduct justifying disciplinary action which occurred before or after the date of this stipulation and consent order and that is not directly related to the specific facts and circumstances set forth herein.

REMEDY

7. Upon this Stipulation and record, as set forth in paragraphs 2 and 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 compliance with the following:

a. Respondent's CPA Firm Permit is **CENSURED** and **REPRIMANDED**;

b. Respondent shall pay to the Board a **CIVIL PENALTY** of five thousand dollars (\$5,000). Respondent shall submit to the Board payment of the civil penalty by check payable to the Board of Accountancy within sixty days of the Board's approval of this Stipulation and Consent Order;

c. Respondent shall **CEASE AND DESIST** from issuing audit reports until such time that the Respondent obtains a current firm permit with the Board;

d. In the event the Respondent obtains a current firm permit, Respondent shall not issue without a pre-issuance review on:

1. the first audit performed;
2. the first review engagement performed;
3. the first compilation performed;

e. Further, the Respondent shall **CEASE AND DESIST** holding out as a licensed firm until the firm permit is obtained.

8. Respondent's representative hereby acknowledges that he or she has read, understands, and agrees to this stipulation and consent order and is freely and voluntarily signing the stipulation on behalf of Respondent without threat or promise by the Board or any of its members, employees, or agents. When signing the stipulation, Respondent acknowledges that they are fully aware that the stipulation and consent order must be approved by the Board. The Board may approve the stipulation and consent order as proposed, approve the order subject to specified change, or reject it. If the proposed changes are unacceptable to Respondent or the Board rejects the stipulation, it will be of no effect except as specified herein.

9. Upon issuance by the Board, this Stipulation is classified as public data. Minn. Stat. § 13.41, subd. 5 (2018). All other documents in the record shall maintain the data classification to which they are entitled under Minn. Stat. ch. 13 and § 326A.08, subd. 2 (2018). Documents shall not become public merely because they are referenced herein. The Board will post a copy of this order on its website and send a summary to the national discipline data bank pertaining to the practice of public accounting.

10. 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.

11. Respondent is aware that they may choose to be represented by legal counsel in this matter. Respondent knowingly waived legal representation.

12. 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 by the Board Chair or designee of the Chair.

13. Pursuant to Minn. Stat. § 16D.17 (2018), ninety days after the Board's approval of this stipulation and consent order, the Board may file and enforce any unpaid portion of the civil penalty imposed by this order as a judgment against the Respondent in district court without further notice or additional proceedings.

14. Pursuant to Minn. Stat. § 16D.13 (2018), thirty days after the civil penalty imposed by paragraph 7(b) is due, simple interest computed in accordance with that section shall begin to accrue on the civil penalty.

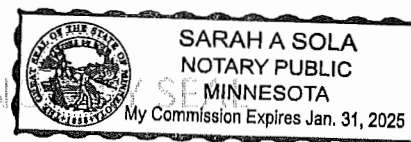
CONSENT:

RESPONDENT

Caldwell, Taylor & Brown Ltd
CALDWELL, TAYLOR & BROWN, LTD.
By: Dary Abdel
Its: PARTNER
Dated: 1/6, 2021.

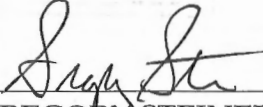
SUBSCRIBED and sworn to before me on
this the 6 day of January, 2021.

Sarahh Sola
(Notary Public)



My Commission Expires: 1/31/2025

COMPLAINT COMMITTEE



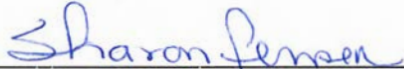
GREGORY STEINER, CPA
Chair

Dated: 1/20, 2021.

ORDER:

Upon consideration of the foregoing Stipulation and based upon all the files, records and proceedings, herein, the Board here by adopts the foregoing stipulation and orders the remedy described in paragraph 7 therein as an order of the Board this 20 day of January, 2021.

STATE OF MINNESOTA
BOARD OF ACCOUNTANCY



SHARON JENSEN, CPA
Chair

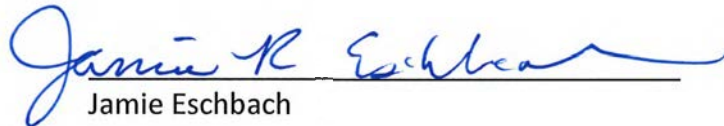
STATE OF MINNESOTA
MINNESOTA BOARD OF ACCOUNTANCY
85 East 7th Place, Suite 125
St. Paul, MN 55101

CERTIFICATE OF SERVICE BY U.S. MAIL

Case Title: Caldwell, Taylor & Brown, Ltd.
File #2020-419

I, Jamie Eschbach, verify by oath or affirmation that on the 29th day of January, 2021, at the City of Saint Paul, in the county of Ramsey, in the State of Minnesota, served the Stipulation and Consent Order by depositing a true and correct copy in the United States mail, properly enveloped, with first class postage prepaid and addressed to the following named individual(s) or entities at the address indicated below.

Caldwell, Taylor & Brown, Ltd.
Ms. Pamela Colehour
5811 S Cedar Lake Rd
Minneapolis, MN 55416


Jamie Eschbach