

**STATE OF MINNESOTA
BOARD OF ACCOUNTANCY**

In the Matter of the CPA Certificate of

Mark Babcock, CPA
CPA Sole Proprietor Firm Permit No. 04295 (Dissolved)

**STIPULATION AND
CONSENT ORDER**

Board File No. 2022-028

STIPULATION

Mark Babcock, CPA ("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 Sole Proprietor Firm Permit, No. 04295, is CENSURED and REPRIMANDED pursuant to Minn. Stat. § 326A.08 (2020).

B. Respondent shall pay to the Board a CIVIL PENALTY of Two Thousand Five Hundred dollars (\$2,500). Respondent shall submit a civil penalty of \$2,500 by check to the Board within sixty (60) days of the Board's approval of this Stipulation and Consent Order.

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 (2021).

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 certificate on March 6, 1978.
2. Respondent was the owner and President of the CPA firm Babcock Langbein CPA, which was the subject of a Board Order on December 30, 2015, for performing audits without a valid Minnesota CPA Firm Permit and failing to complete a peer review for the period ended March 31, 2011 until April 22, 2015.
3. Respondent renewed as Inactive status on December 29, 2017.
4. Babcock Langbein CPA's firm permit was dissolved on January 2, 2018.
5. Respondent changed from the Inactive status to Active status on June 10, 2019.
6. Respondent was issued a Sole Proprietor Firm Permit on June 10, 2019.
7. Respondent marked that he was completing attest services under the Generally Accepted Government Auditing Standards (the Yellow Book) on his application.
8. Respondent marked on subsequent renewals that he was completing attest services under the Statements on Auditing Standards (SAS) and the Yellow Book.
9. Respondent was sent a letter on July 30, 2021, informing him that the Board received notice that Respondent had completed an audit in 2019 and that a peer review was due no later than 21 months from the report date of the initial audit.
10. Respondent's Sole Proprietor firm permit expired on December 31, 2021.
11. Respondent's audit client list was purchased by another firm. The audit client list included 41 Health Reimbursement Arrangements (HRAs) clients and 6 other clients. The purchasing firm notified the Board that Respondent hadn't completed a peer review since restarting performing audit engagements.

12. Respondent's Sole Proprietor firm permit was dissolved on February 22, 2022.
13. In the response to the allegations, Respondent stated the following:
 - a. "I am retired now. I went back into business when the purchaser of my practice (licensed CPA's) stopped making payments."
 - b. "I retired initially in 2018 and stopped doing services."
 - c. "...I renewed my license for 2019, 2020 expired on December 31, 2021. That is when I stopped doing attest services."
 - d. "If necessary, I could have had a peer review, but my license did not require it since I was and have since retired."
 - e. "I may have done the work that the complainant cited me for, but I had my license and the complaint, if there was one, did not happen until afterward."

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 Minn. Stat. 326A.08 subd. 5(a)(1), (2), (3), (10) (2020) and Minn. R. 1105.1200, 1105.5100(A)(2), 1105.5600, subp. 1(C)(7), and 1105.7800(A) and (C) (2021).
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 Firm 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.



Mark Babcock, CPA

By: _____


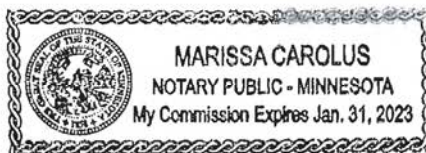
Its: _____

STATE OF Minnesota

COUNTY OF Ramsey

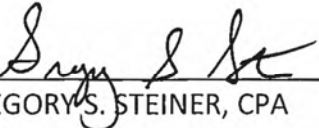
This instrument was acknowledged before me on October 17th, 2022 by Mark Babcock.

(stamp)


(Signature of notary officer)

My commission expires: Jan. 31, 2023

COMPLAINT COMMITTEE


GREGORY S. STEINER, CPA
Chair

Dated: 11/6/22, 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:

A. Respondent's Sole Proprietor Firm Permit, No. 04295, is CENSURED and REPRIMANDED pursuant to Minn. Stat. § 326A.08 (2020).


B. Respondent shall pay to the Board a CIVIL PENALTY of Two Thousand Five Hundred dollars (\$2,500). Respondent shall submit a civil penalty of \$2,500 by check to the Board within sixty (60) days of the Board's approval of this Stipulation and Consent Order.

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 (2021).

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.

Dated: 12/08/22, 2022

STATE OF MINNESOTA
BOARD OF ACCOUNTANCY


GODSON SEWITT
FOR:

CHARLES SELCER, CPA
Board Chair