

**STATE OF MINNESOTA
BOARD OF ACCOUNTANCY**

In the Matter of

Carpenter, Evert & Associates, Ltd.
CPA Firm Permit No. 00415

**STIPULATION AND
CONSENT ORDER**

Board File 2021-471

STIPULATION

Carpenter, Evert & Associates, Ltd. ("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 Firm Permit, No. 00415, is CENSURED and REPRIMANDED pursuant to Minn. Stat. § 326A.08 (2022).

B. Respondent shall pay to the Board a CIVIL PENALTY of Sixty Thousand Dollars (\$60,000). Respondent shall submit a civil penalty of \$60,000 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 (2022) 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. The Board issued a Certified Public Accountant Firm Permit (CPA Firm Permit) to Respondent on January 1, 1986.
2. On March 15, 2020, Respondent received a "pass with deficiency" rating for their peer review for the year ended August 31, 2019.
3. On July 10, 2020, Respondent's Report Acceptance Body ("RAB") for their peer review required Respondent to complete additional requirements due to their "pass with deficiency" rating. This included continuing professional education and a pre-issuance review of the reports, financial statements, and working papers for Respondent's next Single Audit Engagement.
4. On December 28, 2020, Respondent submitted their firm permit renewal form.
5. On December 31, 2020, the renewal was returned due to their peer review documentation not being received by its November 30, 2020 deadline.
6. Respondent was in the process of complying with peer review at the time its CPA Firm Permit expired on December 31, 2020.
7. On January 20, 2021, Respondent requested and was granted an extension on its 2019 peer review until February 28, 2021.
8. Respondent mistakenly believed it was still allowed to practice after December 21, 2020, by virtue of the extension to comply with the peer review process.
9. On January 29, 2021, Respondent failed its peer review remediation and was required by its RAB to complete additional CPE and complete another pre-issuance review of the reports, financial statements, and working papers for the next Single Audit Engagement.

10. On March 2, 2021, Respondent requested and was granted a second extension on its 2019 peer review. This was granted until June 30, 2021.

11. On August 2, 2021, Respondent submitted its 2019 Peer Review documentation.

12. On August 3, 2021, Respondent's CPA Firm Permit was renewed.

13. Respondent held out and practiced as a licensed CPA Firm without a valid CPA firm permit from January 1, 2021 until August 3, 2021.

14. Respondent's website incorrectly used the designation "Certified Public Accountants" during the lapse.

15. On September 10, 2021, Respondent told the Complaint Committee that it had accepted 54 audit engagements and worked on or completed 21 additional audit engagements during its permit lapse.

16. On April 28, 2022, in response to a data request made to the Minnesota Attorney General's Office ("AGO") regarding a listing of the not-for-profit and nonprofit audit reports submitted by Respondent for the period of January 1, 2021 through August 3, 2021, it was found that the Respondent did not disclose 12 additional audit reports in their response. This brings the total to 87 audit engagements worked on or completed during the Respondent's permit lapse.

17. Respondent failed to disclose all not-for-profit and nonprofit audit reports worked on or completed during Respondent's permit lapse.

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 (2022).

2. Respondent violated Minnesota Statutes §§ 326A.05, subd.1(a)(1), (3), 326A.08, subd. 5(a)(1) (2022) and Minn. R. 1105.5600, subp. 1(C)(1) (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 (2022). The Board will post a copy of this order on its website.

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 (2022) (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; they are represented by counsel.

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 (2022), 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 (2022), 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.

CONSENT BY RESPONDENT

STATE OF Minnesota
COUNTY OF Hennepin

[Signature]
Carpenter, Evert & Associates, Ltd.
By: Neal O. Evert CPA
Its: Managing Partner
Dated: December 6, 2022

This instrument was acknowledged before me on 12/6/2022.



[Signature]
(Signature of notary officer)
My commission expires: 01/31/2027

COMPLAINT COMMITTEE

Charles J. McElroy
GREGORY S. STEINER, CPA
Chair
Charles J. McElroy
Dated: 1/24, 2022
23

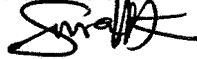
CONSENT ORDER

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 CPA Firm Permit, No. 00415, is CENSURED and REPRIMANDED pursuant to Minn. Stat. § 326A.08 (2022).
- B. Respondent shall pay to the Board a CIVIL PENALTY of Sixty Thousand Dollars (\$60,000). Respondent shall submit a civil penalty of \$60,000 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 (2022) 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.

STATE OF MINNESOTA
BOARD OF ACCOUNTANCY


GEDSON SEWAH, CPA

FOR:

CHARLES SELCER, CPA
Board Chair

Dated: 01/26/2023, 2022