



Department of Commerce
 Professional Licensing Bureau
FILED 6/22/17 (Date)
IAEB
 Board / Commission
Robert E. Lampe
 Signature, Executive Officer

THE ACCOUNTANCY EXAMINING BOARD
 OF THE STATE OF IOWA

IN THE MATTER OF:

Jerome A. Carlson
 Certificate #002998
 Clive, IA

Respondent.

Case No. 17-04

**COMBINED STATEMENT OF
 CHARGES, SETTLEMENT
 AGREEMENT, AND FINAL ORDER**

A. Statement of Charges

1. The Iowa Accountancy Examining Board (“Board”) has jurisdiction of this disciplinary matter pursuant to Iowa Code chapters 17A, 272C, and 542 (2017).

2. Respondent, Jerome Carlson, was issued Iowa CPA certificate number O02998 on the 29th day of January, 1979. Respondent’s CPA certificate is currently active and will next expire the 30th day of June, 2017.

3. In February of 2017 the Board was notified by the American Institute of Certified Public Accountants (“AICPA”) of a settlement agreement (“AICPA Settlement Agreement”)¹ entered between AICPA and Respondent as a result of concerns surrounding Respondent’s audit of a broker-dealer’s financial statements. The AICPA found: (a) violations of a rule of the Securities and Exchange Commission (“SEC”) in connection with the audit as a result of Mr. Carlson’s firm having both maintained and prepared accounting records of the broker-dealer and prepared financial statements that the broker-dealer filed with the SEC, thereby impairing Mr. Carlson’s Firm’s independence; (b) Mr. Carlson took or omitted to take actions he knew, or was reckless in not knowing, would directly and substantially contribute to the Firm’s violation of that SEC rule; and (c) Mr. Carlson and the Firm violated PCAOB rules and auditing standards in connection with a second audit of the same broker-dealer client as a result of similar conduct.

4. Based on the foregoing, the Board charges Respondent with failing to comply with applicable auditing standards, accounting principles, and requirements of governmental bodies when developing, issuing, and documenting an audit of financial statements in violation of Iowa Code section 542.10(1)(d) and 193A Iowa Administrative Code rules 13.1(4) and (7); 13.3(1); 13.4(2)(b), (3), and (5); 13.6(8); and 14.3(4)(b), (6), and (7)(a).

5. The Board and Respondent have agreed to fully resolve these charges through the following Settlement Agreement and Final Order, rather than proceed to contested case hearing.

¹ <http://www.aicpa.org/forthepublic/disciplinaryactions/2017/pages/carlsonjerome.aspx>.

B. Settlement Agreement and Final Order

1. Respondent does not admit the above-referenced allegations as set forth in the Statement of Charges, but does agree to the entry of this Settlement Agreement and Final Order (“Agreement”) as the resolution of a disputed matter.

2. Respondent has a right to a hearing on the charges, but waives Respondent’s right to hearing and all attendant rights, including the right to seek judicial review, by freely and voluntarily entering into this Agreement. This Agreement constitutes discipline against Respondent, and is the final agency order in the contested case, pursuant to Iowa Code section 17A.10 and 193 Iowa Administrative Code 7.4. Respondent acknowledges that Respondent had an opportunity to review this Agreement with legal counsel before signing it.

3. This Agreement shall be part of the permanent record of Respondent and shall be considered by the Board in determining the nature and severity of any future disciplinary action to be imposed in the event of any future violations.

4. Failure to comply with the provisions of this Agreement shall be grounds for further disciplinary action pursuant to Iowa Code section 272C.3(2)(a). However, no action may be taken against Respondent for violations of these provisions without a hearing, or waiver of hearing.

5. The Agreement shall also not preclude the Board from taking appropriate action in the event the Board receives any further complaints or information against Respondent.

6. This Agreement is a public record available for inspection and copying in accordance with the requirements of Iowa Code chapter 22.

7. Respondent agrees the State’s counsel may present this Agreement to the Board and may have ex parte communications with the Board while presenting it.

8. This Agreement is subject to approval of the Board:

- a. If the Board fails to approve this Agreement, it shall be of no force or effect on either party, and shall not be admissible for any purpose in further proceedings in this matter;
- b. If the Board approves this Agreement, it shall fully dispose of all issues in this case.

IT IS THEREFORE ORDERED: Respondent hereby **VOLUNTARILY SURRENDERS** his Iowa CPA Certificate No. O02998. Respondent shall return his certificate to the Board office within ten (10) days of the execution of this Agreement. Such **VOLUNTARY SURRENDER** shall constitute discipline against Respondent, and shall be treated for all intents and purposes as a **REVOCATION**.


AGREED AND ACCEPTED:

The Respondent

Jenne Carlson
By:

5/15/17
Date

Iowa Accountancy Examining Board


By: Ying Sa, Chair

6/21/17
Date