

IOWA BOARD OF ACCOUNTANCY

74-1

JUL 2 1979

IN THE MATTER OF)	
JAMES V. WELLS)	
IOWA CPA CERTIFICATE)	STIPULATION
NO. 743)	
RESPONDENT)	

WHEREAS, certain matters have come to the attention of the Iowa Board of Accountancy which indicate that James V. Wells failed to comply with applicable generally accepted auditing standards and generally accepted accounting principles in the performance of financial statements of Lyon County Cooperative Oil Company for the year December 31, 1977; and

WHEREAS, the Iowa Board of Accountancy has caused this matter to be investigated by a certified public accountant who is independent of the Board; and

WHEREAS, following the investigation, James V. Wells was given the opportunity to appear voluntarily with legal counsel before the Board's Committee on Ethics and Enforcement to be appraised of the results of the investigation and to orally present additional data, views, and arguments at an informal conference held on June 7, 1979; and

WHEREAS, James V. Wells with full knowledge of the character of the investigation, its potential legal consequences, the right to counsel, and the right to formal adjudicatory proceedings under Section 116.23 of the Code of Iowa, did appear voluntarily;

NOW THEREFORE, the Iowa Board of Accountancy and James V. Wells do hereby stipulate and agree as follows:

1. James V. Wells admits the jurisdiction of the Iowa Board of Accountancy over the persons and subject matter of this action.
2. To impose a period of probation by which James V. Wells agrees to the following conditions:
 - A. To not accept any new engagement subsequent to June 7, 1979 that would require the issuance of any opinion contemplated by subparagraphs 8 and 9 of Section 116.25 of the Code of Iowa, or any new engagement that would lead to the issuance of unaudited financial statements, unless the person or organization requesting the service was a client of James Wells Co. on June 6, 1979 and James Wells Co. had performed an opinion or nonopinion audit for that client prior to that date. This will prohibit you from performing any audit services for existing tax clients.

B. To furnish the Iowa Board of Accountancy within ten days of the date of this stipulation, a listing of the existing clients of James Wells Co. as of June 7, 1979, such listing to include clients for whom opinion and nonopinion financial statements are issued.

C. To cause a firm of certified public accountants, approved by the Iowa Board of Accountancy and holding a current permit to practice public accounting in the state of Iowa, to perform a quality control review of the firm of James Wells Co. The objective of the review is to identify the quality control policies and procedures set forth in Statement on Auditing Standards No. 4 issued by the American Institute of Certified Public Accountants (designed to provide a firm with a reasonable assurance of conforming with generally accepted auditing standards) in effect in the firm of James Wells Co. at the time of the review. This review and report thereon shall be completed within a reasonable time, but no later than March 31, 1980. The reviewing firm shall forward directly to the Board of Accountancy a copy of the written report that sets forth their findings together with their recommendations as to how all noted deficiencies can be corrected so that the firm of James Wells Co. shall be in substantial compliance with the provisions of Statement on Auditing Standards No. 4.

D. To cause a firm of certified public accountants, approved by the Iowa Board of Accountancy and holding a current permit to practice public accounting in the state of Iowa, to perform a follow-up quality control review for the purposes of reporting on the extent to which the deficiencies, if any, noted in the report resulting from the first quality control review have been corrected. The reviewing firm shall forward a copy of their written report directly to the Iowa Board of Accountancy by March 31, 1981.

E. To pay all fees and costs of both the initial quality control review and the follow-up quality control review.

F. To pay a fine of \$500 to the Iowa Board of Accountancy within ten days of the date of this Stipulation.

G. In the event that the Board has evidence that a new engagement, as prohibited by paragraph A above, has been performed by the firm of James Wells Co., or no report on the initial quality control

review is received by the Board by March 31, 1980, or the listing identified in paragraph B above has not been furnished to the Board, or the fine imposed in paragraph F above has not been paid, the period of probation shall continue and the Board shall proceed to set a date for a formal hearing on charges to be contained in the Notice of Hearing.

H. Upon receipt of the follow-up quality control report, the Iowa Board of Accountancy shall review the report and determine if the firm of James Wells Co. was in substantial compliance with the provisions of Statement on Auditing Standards No. 4 as of the date of the report and if so, shall repeal the probation on June 1, 1981. If the report indicates substantial noncompliance with the provisions of Statement on Auditing Standard No. 4, the Board shall proceed to set a date for a formal hearing on charges to be contained in the Notice of Hearing.

I. To furnish the Iowa Board of Accountancy by June 10, 1981 a listing of the existing clients of the firm of James Wells Co. as of June 1, 1981, such listing to include clients for whom opinions are prepared and those clients in which nonopinions are prepared.

3. To require James V. Wells, Leland C. Rath, as well as all other certified public accountants in the firm of James Wells Co., who hold current permits to practice, to earn twenty (20) hours of continuing education in 1979, 1980, and 1981 on subject matter directed toward reporting on opinion and nonopinion engagements. The Iowa Board of Accountancy is to be furnished with a written plan for the completion of this continuing education in 1979 within ten days of the date of this Stipulation. A written plan for completion of this continuing education in 1980 is to be received by January 2, 1980. A written plan for completion of this continuing education in 1981 is to be received by January 2, 1981.

4. This stipulation is entered into by James V. Wells voluntarily and without coercion or threat of any kind by any person or body and James V. Wells fully realizes the legal consequences of this stipulation.

Dated this 29th day of June 1979.

[Redacted]

Member, Iowa Board of Accountancy

James V. Wells, Respondent

Iowa CPA Certificate No. 743

[Redacted]

Member, Iowa Board of Accountancy

Attorney for Respondent or

Witness

[Redacted]

Member, Iowa Board of Accountancy

[Redacted]

Member, Iowa Board of Accountancy