

WISCONSIN DEPARTMENT OF REGULATION & LICENSING



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STATE OF WISCONSIN
BEFORE THE ACCOUNTING EXAMINING BOARD

IN THE MATTER OF THE DISCIPLINARY :
PROCEEDINGS AGAINST :
 : FINAL DECISION AND ORDER
HENNEN & ASSOCIATES, PLC and :
DEVON W. BANGERTER, JR. : LS0212131ACC
RESPONDENTS :

Division of Enforcement Case No. 02 ACC 010

The parties to this action for the purposes of Wis. Stats. sec. 227.53 are:

Hennen & Associates, PLC
230 Hardman Avenue
South St. Paul, MN 55075

Devon W. Bangerter, Jr.
720 Stewart Lane
South St. Paul, MN 55075

Department of Regulation and Licensing
Division of Enforcement
Post Office Box 8935
Madison, WI 53708 8935

The parties in this matter agree to the terms and conditions of the attached Stipulation as the final decision of this matter, subject to the approval of the Board. The Board has reviewed this Stipulation and considers it acceptable.

Accordingly, the Board in this matter adopts the attached Stipulation and makes the following:

FINDINGS OF FACT

1. Hennen & Associates, PLC, is an accounting firm that is currently licensed in the state of Wisconsin,

having its license (#904) first granted on March 14, 2002.

2. Devon W. Bangerter, Jr., (D.O.B. 11/03/52) is a licensed certified public accountant in the state of Wisconsin (license #10378). Mr. Bangerter's license to practice as a certified public accountant in Wisconsin was first granted on December 5, 1986.

3. Mr. Bangerter's latest address on file with the Department of Regulation and Licensing (hereafter "Department") is 720 Stewart Lane, South St. Paul, MN 55075.

4. The latest address on file with the Department for Hennen & Associates, PLC, is 230 Hardman Avenue, South St. Paul, MN 55075.

5. At all times relevant to this proceeding, Hennen & Associates, PLC, was engaged to perform audits for the Coulee Region Organic Produce Pool (CROPP Cooperative) in LaFarge, Wisconsin.

6. At all times relevant to this proceeding, Bangerter was a partner of Hennen & Associates and directly responsible for the audit reports and financial statements prepared for CROPP.

7. On April 12, 2002, the Department received a complaint against Hennen & Associates, PLC, from Julie Marquardt, a member of the Board of Directors for CROPP.

8. Marquardt complained that "due to certain irregularities in the content of our previous audits and audit procedure, we were concerned about the integrity of the audits we were receiving ..." Marquardt's specific concern involved the capitalization of advertising and marketing costs, as reflected in the cooperative's audit report.

9. Marquardt further complained that she had checked with the Department and discovered that Hennen & Associates was not licensed by the state of Wisconsin at the time that the audits were performed.

10. On June 24, 2002, Bangerter initially wrote to the Department in response to the complaint.

11. On August 27, 2002, Bangerter again wrote to the Department and explained that the cooperative had always capitalized costs associated to new products and that advertising and marketing costs in promoting a product were amortized over 60 months or more, depending on probable future revenue.

12. On October 8, 2002, Bangerter notified the Department that upon reviewing the client's information on direct response advertising costs, the client's advertising costs should have been expensed when incurred because it did not qualify as direct response advertising under SOP 93-7 paragraphs 70 and 72-74.

13. Bangerter informed the Department that a qualified opinion on the company's financial statements had been issued and the client was asked to use this opinion when submitting their financial statement to any third parties.

14. Ron Hennen responded to the issue of unlicensed practice on behalf of Hennen & Associates by indicating that the firm had previous difficulty obtaining information from the Department regarding the licensure

requirement and decided that it appeared appropriate for the company to perform audits in Wisconsin if the auditor performing the audits was licensed in Wisconsin. Hennen further indicated that the firm audits approximately 250 entities in 7 states including Wisconsin and has never tried to avoid the licensing process. Hennen provided copies of firm's licenses in South Dakota, Minnesota, Iowa, North Dakota, Wyoming and Montana.

15. Hennen & Associates has provided auditing services in Wisconsin since 1996 and has had four clients in Wisconsin.

16. In resolution of this matter, Respondents consent to the following Conclusions of Law and Order.

CONCLUSIONS OF LAW

1. The Wisconsin Accounting Examining Board has jurisdiction over this matter, pursuant to Sec. 442.12, Wis. Stats.

2. The Wisconsin Accounting Examining Board is authorized to enter into the attached stipulation, pursuant to Sec. 442.12, Wis. Stats.

3. The conduct referred to in paragraphs nine, fourteen and fifteen above, constitutes a basis for disciplinary action against Hennen & Associates license, pursuant to Sec. 442.03(3), Wis. Stats, because it was not licensed as a public accounting firm in the state of Wisconsin from January 1996 through March 2002 when audits were conducted for clients in Wisconsin.

4. The conduct referred to in paragraphs eight, eleven, twelve and thirteen above constitutes a basis for disciplinary action against Devon W. Bangerter, Jr.'s license to practice as a Certified Public Accountant in the state of Wisconsin, pursuant to Wis. Admin. Code § Accy 1.203(1), because he expressed an opinion in regard to financial statements that was inconsistent with generally accepted accounting principles regarding advertising costs.

ORDER

1. NOW, THEREFORE, IT IS HEREBY ORDERED that the certificate and license of Hennen & Associates, PLC, (license #904) to practice as a Accounting Firm in the State of Wisconsin, be and hereby is, REPRIMANDED.

2. NOW, THEREFORE, IT IS HEREBY ORDERED that the certificate and license of Devon W. Bangerter, Jr., (license #10378) to practice as a Certified Public Accountant in the State of Wisconsin, be and hereby is, REPRIMANDED.

3. IT IS FURTHER ORDERED that Hennen & Associates, PLC, shall pay partial costs of the investigation in the amount of six hundred and fifty dollars (\$650.00.) Costs shall be paid within thirty (30) days of the effective date of this Order.

4. IT IS FURTHER ORDERED that Devon W. Bangerter, Jr.. shall successfully complete sixteen (16) hours of continuing education in the generally accepted auditing (GAP) standards for advertising costs under SOP 93-7, paragraphs 70, 72 and 74, and other generally accepted accounting principles relevant to the financial

statements of agricultural cooperatives. The continuing education shall be offered to all members of the firm who participate in the state of Wisconsin for agricultural cooperatives. To be acceptable, the educational course shall be pre-approved by a member or designated agent of the Accounting Examining Board.

5. IT IS FURTHER ORDERED that Devon W. Bangerter, Jr. shall receive credit for his completion of a sixteen (16) hour course entitled, 'FASB/APB Update and Review,' sponsored by the Minnesota Society of Certified Public Accountants on November 21-22, 2002. The course syllabus was submitted to the case advisor for review and pre-approval prior to his attendance.

6. IT IS FURTHER ORDERED that Hennen & Associates shall submit within thirty (30) days from the effective date of this Order, documentation of successful completion of the sixteen (16) hours of continuing education required for Devon W. Bangerter, Jr. Acceptable documentation shall include certification from the sponsoring organization, the course syllabus and a statement signed by instructor verifying successful completion by the attendee.

Department Monitor

7. The Department Monitor is designated by the Board as its agent to coordinate compliance with the terms of this Order, including receiving requests for approval of education, verification of completion and or other petitions. The Department Monitor may be reached as follows: Department Monitor c/o Division of Enforcement, PO Box 8935, Madison, WI 53708-8935. TEL (608) 267-3817 FAX (608) 266-2264.

8. In the event that Respondents fail to timely comply with the terms and conditions set forth above, their licenses shall be SUSPENDED, without further notice or hearing, until such time as compliance is gained with the terms of this Order.

9. This Order shall be effective on the date on which it is signed.

ACCOUNTING EXAMINING BOARD

By: Frank Probst

12-13-02

A Member of the Board

Date