Supreme Court’s internet sales tax ruling creates compliance hurdles for many retailers

By CHRIS GAETANO
Trusted Professional Staff

The U.S. Supreme Court’s recent ruling that a state government can require retailers to collect sales tax even if they have no physical presence in the state overturns decades of precedent and exposes online merchants to a complex web of compliance decisions.

The case, South Dakota vs. Wayfair, Inc., revisited an earlier decision, Quill Corp. vs. North Dakota, which held that requiring sales tax collection from out-of-state entities violated the Constitution’s commerce clause. In its June 21 5-4 ruling in Wayfair, however, the Supreme Court noted that the Quill decision came down in 1992, well before the e-commerce explosion; a report from the Federal Reserve Bank of St. Louis found that e-commerce has gone from representing 0.6 percent of U.S. retail sales in 1999 to 9.46 percent in 2018. Because the retail economy has changed so much, the court’s majority found that the Quill decision is no longer relevant. The Government Accountability Office estimated in a recent report that if states were

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CPAs see proposed W-4 as ‘invasive’ and a burden on employers

By CHRIS GAETANO
Trusted Professional Staff

A new Form W-4, Employee’s Withholding Allowance Certificate, proposed by the IRS in June, asks for potentially sensitive personal financial information, leading some preparers to view it as a needlessly complicated violation of taxpayer privacy.

The draft form asks for most of the same information as the current version—but also for nonwage income, such as interest or dividends; itemized deductions; tax credits; and income from other, lower-paying jobs.

“I don’t think, especially in this day and age of privacy concerns, that you want to have that information given to your employer,” said Barry S. Kleinman, a member of the NYSSCPA’s Taxation of Individuals Committee. And while asking for such information is intended to allow employers to make more accurate withholdings, he noted that it also raises concerns about identity theft and cyberattacks.

Although including this information is technically optional, the draft form does not make this clear, Kleinman added, and many people will just assume that they need to fill out all the lines on the form. He pointed out that there’s no longer a line for the total number of allowances, so employees may fill in the information because they think the employer needs it to calculate their withholding.

George R. Rubino, chair of the Taxation of Individuals Committee, agreed that people unfamiliar with the Form W-4 may just fill in the information without understanding that it’s optional. He suggested that, in lieu of supplying their personal financial information, employees could determine their withholding on their own, using an IRS calculator at www.irs.gov/W4App, or hire an accountant to calculate it for them.

But this alternative speaks to another criticism, that the form has become too complicated for the layperson to understand. James P. Bressingham, chair of the Society’s Relations with the Internal Revenue Service Committee, noted that the W-4 should be a relatively simple affair, but the draft proposal turns it into some

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BUSINESS AND INDUSTRY CONFERENCE

Only $149—at a location near you (see page 16)
A s we all know, the CPA profession is undergoing a period of rapid transformation, and I’m proud to be leading the NYSSCPA as we embark on a two-year process of strategic planning to better understand and serve our members, while we work to protect and expand the influence of the CPA. Having spent roughly 30 years in the profession and over 13 in the Society, I understand the necessity of adapting to changing circumstances, and I am confident that we are up to the challenge.

We will be guided in this process by four core values and goals: professional excellence and integrity, advocacy, the next generation and public awareness.

One of our key observations with regard to professional excellence and integrity is augmenting the range and quality of our educational offerings. The Foundation for Accounting Education (FAE) is already taking steps in that direction as it expands its roster of speakers, authors and discussion leaders, while it also develops a new webcast series. Through the strategic planning process, we will set additional goals and provide a specific pathway to reach them. We are also seeking to broaden our membership base to reflect the evolving structure and practice of the profession. We are moving ahead in that direction with outreach to students and non-CPA associates. The strategic plan will give us the opportunity to refine these recruitment efforts.

Advocacy will also be a vital focus during the Society’s strategic planning. We foresee that as the profession evolves, we will find that certain laws and regulations affecting the accounting profession need to be modernized, and we will work aggressively to ensure that they are. As part of the strategic planning process, we will look for ways to boost our advocacy initiatives—both the development of our annual legislative and regulatory agenda as well as our lobbying efforts with the Legislature and regulatory agencies. We will seek to improve relationships with legislators and other New York state elected officials by increasing our physical presence in Albany to facilitate meetings with legislators, broadening the legislative breakfast program to include more chapters, and providing the opportunity for other meetings with legislators in their home districts.

As we look to the next generation to sustain the profession and attain leadership roles in the Society, our strategic planning will be crucial. At our Leadership Conference in July, we focused specifically on future-proofing the profession. In order to support emerging CPAs in their careers, we must account for the disruptive impact of technology. Recent studies have predicted that robotics will eliminate up to 40 percent of basic accounting work by 2020. With this changing dynamic, we must do all we can—including working with institutions of higher education—to support incorporating technological skills, such as data analytics, cybersecurity and blockchain into the CPA practice.

But even as what it means to work as a CPA may change, we will need to communicate to the next generation the value of the CPA license. And we will need to encourage young CPAs to become engaged at the chapter and committee levels. We are currently working to provide virtual networking experiences and expand our Mentor Match program. We will use the strategic planning process to learn more about the concerns of the next generation, to explore innovative ways to encourage students to sit for the CPA exam, to enhance our career development and mentoring programs, and to help young CPAs feel welcome and valued in the Society.

The future of our profession also depends on a greater emphasis on diversity and inclusion, particularly in leadership roles. A more diverse profession is a more robust profession. We will look into ways of expanding and enhancing the Career Opportunities in the Accounting Profession (COAP) program for high school students of color. We will also plan more events focused on educating our membership and supporting greater diversity and inclusion within the organization and the profession. The NYSSCPA Women’s Leadership Forum, now scheduled for Jan. 18, 2019, will focus on ways the profession can become more welcoming to women, all women, who seek leadership positions. We will present more details about the forum in the next issue of The Trusted Professional. As part of our strategic planning, we will continue to explore ways of attracting more diversity of all types into the profession.

Finally, to enhance public awareness, we will look into innovative methods of highlighting the contributions of the profession and the NYSSCPA to the public at large. Our profession remains one of the most respected in the nation, and it will benefit our members and the Society to publicize the great value that we provide to the public.

During each stage of the strategic process, we will be seeking feedback from stakeholders throughout the organization. I look forward to talking to many of you about your ideas as I travel across the state visiting the Society’s chapters.

president@nysscpa.org

The NYSSCPA’s strategic planning process

This year, NYSSCPA members submitted nominating petitions for 12 candidates to serve on the Nominating Committee. According to Article IX of the Society’s bylaws, the CPA membership-at-large fills nine Nominating Committee positions, and the Board of Directors designates the remaining two members. Because there are more than nine at-large candidates for the Nominating Committee, the NYSSCPA will hold a membership election. The Society will send out ballots by Sept. 19, and ballot responses will be due by 5 p.m. (EST) on Friday, Oct. 19. More information about the election, including a list of candidates, will appear on the NYSSCPA Nomination Center webpage at nysscpa.org/nomination, and in the next issue of The Trusted Professional.
COAP 2018: another successful year introducing high school students to accounting

By RUTH SINGLETON
Trusted Professional Staff

This year, at five college campuses throughout New York state during the last week in June, high school students of color attended multiday immersion programs introducing them to accounting, courtesy of the NYSSCPA’s Career Opportunities in the Accounting Profession (COAP) program. Established more than 30 years ago, COAP teaches students that an accounting background can lead to a host of business careers.

The Moynihan Scholarship Fund raises money for the COAP program—along with the Excellence in Accounting Scholarships—through donations, ticket sales and sponsorships at the Moynihan Scholarship Fund Gala each May and through other fundraising initiatives. At this year’s Gala on May 24, NYSSCPA Past President J. Michael Kirkland, who serves as the Moynihan Scholarship Fund fundraising chair, praised COAP for the important role it plays in increasing diversity within the profession.

This year’s locations were: COAP Adelphi University, on the Garden City campus; COAP Mid Hudson at the State University of New York (SUNY) at New Paltz; COAP Rochester Institute of Technology; COAP Syracuse at SUNY Oswego; and COAP Westchester Community College.

As part of the COAP programs, students took field trips to accounting firms and conversed with CPAs at their offices. They also attended talks presented by CPAs in industry, education and government. The students learned basic accounting concepts, along with overviews of cost accounting, forensic accounting and technology in business and accounting. The COAP programs also taught the students softer skills to help them get ahead in the business world. Classes covered dressing for success, interviewing skills, résumé writing, public speaking and networking. In addition, the programs featured team-building exercises and general discussions of career opportunities.

The students approached the program with great enthusiasm, and several reported that they were seriously considering careers in accounting. Olga Wanliss, who attended the COAP program in Rochester, said, “I learned that accounting can be really fun and interesting!” She said her favorite event was visiting an accounting firm: “It gives you really great insight if you ask the right questions.” When asked if the program helped her to decide what choose as a career, she responded, “It definitely did help me decide! I want to be an accountant now; I’m looking into lots of programs at all the SUNY schools for the perfect program for me!”

For more information about the COAP programs, go to nysscpa.org/coap.

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Excellence in Accounting Scholarship recipients announced

By RUTH SINGLETON  
Trusted Professional Staff

The NYSSCPA, through its Moynihan Scholarship Fund and its Foundation for Accounting Education (FAE), has awarded Excellence in Accounting Scholarships to 64 New York college students for the 2018–2019 academic year.

Fifty-three full-time college students received $2,500 scholarships, and 11 part-time students received $1,250 scholarships. Four of the $1,250 scholarship recipients received an additional $500 each from grants sponsored by accounting firm Anchin, Block & Anchin LLP; two of the 11 received an additional $1,000 each from Ted G. Wilson college scholarship grants, sponsored by the Society’s Manhattan/Bronx Chapter. Four of the $2,500 scholarships were sponsored by the Buffalo Chapter.

Three high school students who previously graduated from the Career Opportunities in the Accounting Profession (COAP) program and are about to start college received $2,000 COAP Scholarships, which are renewable every year for up to five years.

“The Moynihan Scholarship Fund is pleased to award these scholarships to deserving college students from across the state,” said Joseph M. Falbo Jr., president of the Moynihan Scholarship Fund Board of Trustees. “Our goal is to financially assist, as well as professionally support, mentor and encourage top-level students to enter the field of accounting, thereby strengthening the profession.”

In order to be eligible for Excellence in Accounting Scholarships, students had to declare accounting majors, with a cumulative grade point average of 3.0 or higher. They also had to be eligible for financial aid. To qualify for the $2,500 full-time scholarships, students needed to be enrolled for at least 12 semester credits. To qualify for the part-time $1,250 scholarships, students needed to be enrolled for 6 to 11.5 semester credits.

There are dedicated campus liaisons at 57 colleges in New York state, many of whom helped to identify students eligible for these scholarships. Applicants needed to submit letters of recommendation from either their campus liaison, a department chair, or an accounting professional contact, such as an employer.

To learn more about the Excellence in Accounting Scholarships, go to nysscpa.org/scholarship.

Society seeks clarity on NYC Department of Consumer Affairs signage rule

In early July, the New York City Department of Consumer Affairs (DCA) sent a notice to CPA tax preparers, informing them of a final rule on tax preparer signage and disclosures that will be in effect for the 2019 filing season. Many NYSSCPA members discussed the notice on the Exchange message board in the weeks that followed. The Society is engaging with the DCA to address an apparent conflict in the code and rules about whether CPAs are exempt from this requirement. We will report further on this matter once there is a resolution.

YOUR FALL CONFERENCE PLANNING WORKSHEET

Attend In-Person in NYC or Online

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ABOUT FAE CONFERENCES

The Foundation for Accounting Education (FAE) hosts more than 30 conferences annually, designed by CPAs for CPAs and related professionals. When you participate in a FAE Conference, you connect with an impressive array of talented professionals in your specialty area.

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Pulitzer Prize-winning journalist argues for renewed prosecution of individuals responsible for financial crimes

CHRIS GAETANO
Trusted Professional Staff

In recent American history, there have been booms, busts and crackdowns. You had 1929, which created the Securities and Exchange Commission; you had the junk bond crisis; you had the Savings and Loan crisis; and we prosecuted over 1,000 individuals; and, more recently after the Nasdaq bubble burst, you prosecuted almost all the top executives that were implicated for this pandemic of accounting fraud, like those at Enron, WorldCom, Adelphia, Tyco—people remember those names.

And then, in the 2008 financial crisis, we had no prosecutions of any top executives. So what was going on? Well, after those prosecutions we referred to—particularly Enron and Arthur Andersen—the business lobby got together and the white-collar bar got together. They argued that prosecutors were excessive, that they were abusing powers to criminalize business decisions—maybe aggressive business decisions, but still business decisions—and they succeeded. They rolled back prosecutions powder over the next decade. And now the DOJ has lost the will and ability to prosecute top corporate executives.

You also talk about a culture in which many white-collar criminals don’t believe they’ve done anything wrong, and even people within the government seem to be adopting that perspective. You contrast this attitude with those of more aggressive enforcement periods, like the Stanley Sporkin era at the SEC. Sporkin served as director of the Division of Enforcement from 1974 to 1981. To what do you attribute this cultural change?

There has never been a golden age, when the wealthy and powerful had to be afraid for their liberty if they committed crimes in this country, but there have been silver ages, when the government was much more aggressive. Partially, that had to do with tools, and partially, it had to do with statutes and legal power. A lot had to do with attitude and priorities, because prosecutors have enormous amounts of discretion over which they choose to prosecute and how. Today, we do not prosecute these people, and a lot of that has to do with an elite affinity, in that prosecutors come from very similar schools and social milieus as execs at Goldman Sachs or JP Morgan. So you’re prosecuting either your classmates or the parents of your classmates, and it’s a very difficult thing to perceive these people as criminals. One SEC official told his staff, “Remember, when we bring charges, these are good people who made one bad mistake.” How do they know? Maybe that’s the only bad mistake they found. And maybe they’re not good people. This is not the attitude they have toward African-American 20-year-olds dealing crack on a street corner, but they do have it toward Goldman Sachs bankers.

You present the too-big-to-fail phenomenon, in the context of the collateral consequences guidance that came about following the Arthur Andersen prosecution, as another major factor. Even in cases where there is an ability and a desire to confront white-collar crime at large firms, there is still a hesitancy because, bluntly, it might crash the economy. You’re highly critical of this mindset. Is it more that these collateral consequences don’t matter or that they shouldn’t matter?

This is a terrible mistake on a multitude of levels. First, they do think of collateral consequences and they’re overly obsessed with that, but only for prosecuting corporations. One obvious solution is: If you don’t want to prosecute the piece of paper that is JPMorgan, or BP, why not prosecute their CEO? The institutions will survive if you prosecute the CEO or CFO or chair of the board. So turn the focus to individual culpability. Individuals commit crimes; pieces of paper don’t.

But even applying their own logic, it’s wrong for two reasons: The collateral consequences are often overlooked; markets won’t destabilize if you lose one institution here and another there. Yes, tens of thousands of innocent employees will be put out of work sometimes, but is that worry enough to keep a corrupt institution that is serially breaking the law in place? Sometimes you have to prosecute a company if it is corrupt, even if there are social costs. We prosecute murderers who might be genuinely nice family men or women and take care of their children. There are consequences to not prosecuting those people, and this applies in the corporate space, too.

The Arthur Andersen prosecution whistled down the Big Five to the Big Four. Four is not a very large number, and these four firms dominate when it comes to public company accounting. Does the very small number of these firms make this a different situation, or do you think the same logic you just articulated applies even in this case, where there are very few capable of pulling off the audits they do?

When Arthur Andersen folded, the lawyers said, “If you prosecute us, there will be a terrible calamity: All these major Fortune 500 companies won’t have auditors; it will throw the markets into disarray, because everyone will be so worried.” And then Arthur Andersen folded, and there were no collateral consequences. So that knocks down that argument. The DOJ is reluctant to investigate and prosecute in situations where you have corporate concentrations. Of course, that’s an antitrust question, which brings us to another division of the DOJ; but if there’s a concentration problem, that’s not a reason to go soft on these companies. So we should prosecute individuals and reinvigorate antitrust enforcement in this country.

One of the few individuals charged in direct response to the crisis was Fabrice Tourre, a Goldman Sachs trader, whom the SEC sued for misleading investors in a 2007 mortgage deal. The general perception was that he was essentially a fall guy. In the past, how did prosecutors combat these sorts of tactics, and do you feel they would be effective today?

I think there should’ve been criminal investigations, but today, they’re satisfied by getting one person. If they get anyone at all, often it’s some midlevel schmo, some midlevel money manager. What I think they should do is investigate completely differently than they do now—investigate the low-level individuals and then flip them like it’s a mob prosecution or drug cartel. You flip the soldiers to get to the capos, to get to the capo dei capi, and they need to approach corporate investigations that way. But they don’t, because its much more time-consuming, much more difficult; the risks of taking people to trial and losing are great, so the career risks are too great to sustain.

So this might be a little far afield, but when you brought up the Mafia don approach, my first thought was the Racketeer Influenced and Corrupt Organizations Act (RICO). Have you found regulators, prosecutors, using that approach specifically?

They’re very reluctant to use the full powers that they have, and one of the things they don’t like to use in the corporate context is RICO. Those are the kinds of statutes they have to explore and get much more aggressive about using. They’re very afraid of bringing those statutes because they’re afraid of getting a bad verdict that brings about bad law—but right now, they’re not even using them at all. Start using them, start learning from them, start making better laws, and if you think the statutes are inadequate, go to Congress and raise holy hell!

So it’s more about will than ability?

I think it’s both. First of all, there is a will problem, where they just don’t want to spend the time, and the incentives are all structured to settle with corporations for money than to try to prosecute individuals. But these guys don’t really know how to do these investigations. The FBI conducts most of them, but there has been a skill set erosion at the FBI, and they don’t know what they need to convince juries at trial. The average assistant US attorney once did seven trials a year; now it’s 0.29 trials a year. They have no trial experience, and so don’t understand a jury: You are an elite, affluent American, you don’t have people in the jury pool who’ll be your friends, and you don’t know how to relate to them. That’s very scary, so you think: “Why not just negotiate a giant settlement than take that risk?”
The New York State Society of CPAs’ statewide committees provide members with forums to exchange ideas; sharpen their technical skills; and have an impact on proposed standards, regulations, legislation and other professional issues. The committees also play an integral role in sponsoring various educational, public service and networking events. Members represent all segments of the profession: local, national and international public accounting firms, industry, education and government.

The following 2018–2019 chairs began their terms in June:
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CH3 Ventures, LLC

CAREER TRANSITION
Sandra M. Gentile
Own Account

CPA CAREERS
Denise M. Stefano
Mercy College

CHIEF FINANCIAL OFFICERS
Anthony S. Chan
CA Global Consulting Inc.

DIVERSITY AND INCLUSION
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Rtck Forensics, LLC

EMPLOYEE BENEFITS
Dominic J. Ravano
Jenner & Block LLP

ENTERTAINMENT, ARTS AND SPORTS
Steven S. Goldstein
Grassi & Co.

FINANCIAL ACCOUNTING STANDARDS
Margaret A. Wood
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GOVERNMENT ACCOUNTING AND AUDITING
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The Bonadio Group

INTERNATIONAL TAXATION
Ronald J. Carlon
Citrin Cooperman

LARGE AND MEDIUM-SIZED FIRMS PRACTICE MANAGEMENT
Thomas D. Weddell
RBT CPAs, LLP

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Andrew M. Park, CPA, P.C.

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RELATIONS WITH THE INTERNAL REVENUE SERVICE
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Want to join a committee? Go to nysscpa.org/committees
IRS FORMS

Proposed 1040 is postcard-sized, but attached schedules retain complexity

By CHRIS GAETANO
Trusted Professional Staff

A proposed change to the Form 1040, designed to make filing taxes easier, might paradoxically complicate the process for certain taxpayers. Released in late June, the new form is physically smaller than the current one, as the Treasury Department said it is meant to be the size of a postcard. This, according to Treasury Secretary Steven Mnuchin, will make filing easier.

But in order to fit onto the postcard-sized space, more than half of the 78 line items on the current Form 1040 would be moved to six separate schedules that would need to be attached to the new form. This maneuver has led Barry S. Kleinman, a member of the NYSSCPA Taxation of Individuals Committee, to call the ostensibly simpler form “a bit of a farce.”

“They basically just took the information on the two-page existing 1040 and moved it to six other schedules. ... So I just feel like it’s a little bit of a smoke screen,” he said.

George R. Rubinio, chair of the Taxation of Individuals Committee, made a similar point: Someone with a very basic return might find the new form easier, but anyone with a remotely complex situation likely won’t find relief. In fact, the new form might lead to conflicts with clients, he noted.

“The perception is that returns will be easier to prepare, so clients may be expecting reduced fees, which may not necessarily be the case,” he said, especially in the first year when everyone is getting used to the new form. “And there [are] still a lot of supporting schedules that may not be getting the attention that is properly due.”

Daniel Lahage, another member of the Taxation of Individuals Committee, said that the proposed form could indirectly add complexity due to the widening gulf between state and federal tax systems caused by states that enacted laws in the wake of the Tax Cuts and Jobs Act. New York is one such state—its formal decoupled its tax code from the federal government’s in the spring, in legislation arising out of the state budget.

“This is going to be the most complicated thing here: We have to go through and view regulations in each and every state to see if they will match what’s going on with the federal [ones],” he said.

Yet James P. Bressingham, chair of the Society’s Relations with the Internal Revenue Service Committee, remained unconcerned about the form’s accompanying schedules. He explained that because most people don’t itemize deductions—only 53 percent of full-time taxpayers itemize in any given year—most people won’t find relief. In fact, the new form might actually be a lot easier.

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Society hosts delegation from China

By CHRIS GAETANO
Trusted Professional Staff

On July 12, the NYSSCPA hosted a delegation of Chinese business professionals from Jinan, the capital city of Shandong province. These professionals work at the Jinan Municipal State-Owned Assets Supervision and Administration Commission, which offers investment information and advice to companies and individuals. Their visit included lectures and discussions on the United States’ internal-control and enterprise risk-management frameworks.

These talks centered on how financial professionals in the United States think about matters such as corporate governance, risk management and internal controls, and how these models inform expectations from both regulators and the market.

The day began at the Society’s Wall Street offices, with a welcome by NYSSCPA President Jan C. Herringer, who explained what the Society is and the value it provides for its members. Then, Richard H. Kravitz, the editor-in-chief of The CPA Journal, which spearheaded the event, offered an introduction.

“The CPA in America is similar to the 3,000-year-old audit profession in China,” he said. “The raison d’être of the CPA in America is to serve the public, to protect the public interest.” He added that the discussions would be kept private and unrecorded so as to encourage open and honest dialogue.

After lunch, the visit moved to the Citrin Cooperman offices on Fifth Avenue.

Anthony S. Chan, chair of the Society’s Chief Financial Officers Committee and one of the speakers at the event, said afterward that the delegates appreciated the forum, observing that it gave them a great deal of insight into the specific requirements applicable to the U.S. market.

“Such information is valuable to the delegates, who are key executives of [their] respective enterprises in China,” said Chan. “They are interested in learning more about the U.S. market and related compliance and regulatory environment. At a minimum, they could leverage such information (including the best practices we shared with them during the presentation) to strengthen their corporate governance and internal control environments. Such best practices could also be useful to these enterprises in preparing them to get listed in the U.S.”

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Proposed Form W-4

Continued from page 1

thing that employees could navigate properly only with the help of a CPA.

“How will a normal taxpayer get to that [information] without having someone calculate it for them?” he asked. “That doesn’t make any sense. You’d have to calculate your withholding amount to the employer.”

But in order to fit onto the postcard-sized space, more than half of the 78 line items on the current Form 1040 would be moved to six separate schedules that would need to be attached to the new form. This maneuver has led Barry S. Kleinman, a member of the NYSSCPA Taxation of Individuals Committee, to call the ostensibly simpler form “a bit of a farce.”

“They basically just took the information on the two-page existing 1040 and moved it to six other schedules. ... So I just feel like it’s a little bit of a smoke screen,” he said.

George R. Rubinio, chair of the Taxation of Individuals Committee, made a similar point: Someone with a very basic return might find the new form easier, but anyone with a remotely complex situation likely won’t find relief. In fact, the new form might lead to conflicts with clients, he noted.

“The perception is that returns will be easier to prepare, so clients may be expecting reduced fees, which may not necessarily be the case,” he said, especially in the first year when everyone is getting used to the new form. “And there [are] still a lot of supporting schedules that may not be getting the attention that is properly due.”

Daniel Lahage, another member of the Taxation of Individuals Committee, said that the proposed form could indirectly add complexity due to the widening gulf between state and federal tax systems caused by states that enacted laws in the wake of the Tax Cuts and Jobs Act. New York is one such state—it formally decoupled its tax code from the federal government’s in the spring, in legislation arising out of the state budget.

“This is going to be the most complicated thing here: We have to go through and view regulations in each and every state to see if they will match what’s going on with the federal [ones],” he said.

Yet James P. Bressingham, chair of the Society’s Relations with the Internal Revenue Service Committee, remained unconcerned about the form’s accompanying schedules. He explained that because most people don’t itemize deductions—only 53 percent of full-time taxpayers itemize in any given year—most people won’t find relief. In fact, the new form might actually be a lot easier.

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“The CPA in America is similar to the 3,000-year-old audit profession in China,” he said. “The raison d’être of the CPA in America is to serve the public, to protect the public interest.” He added that the discussions would be kept private and unrecorded so as to encourage open and honest dialogue.

After lunch, the visit moved to the Citrin Cooperman offices on Fifth Avenue.

Anthony S. Chan, chair of the Society’s Chief Financial Officers Committee and one of the speakers at the event, said afterward that the delegates appreciated the forum, observing that it gave them a great deal of insight into the specific requirements applicable to the U.S. market.

“Such information is valuable to the delegates, who are key executives of [their] respective enterprises in China,” said Chan. “They are interested in learning more about the U.S. market and related compliance and regulatory environment. At a minimum, they could leverage such information (including the best practices we shared with them during the presentation) to strengthen their corporate governance and internal control environments. Such best practices could also be useful to these enterprises in preparing them to get listed in the U.S.”

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Internet sales tax

Continued from page 1

able to tax all online sales from remote sellers, then they would collect $8 billion to $13 billion in additional revenues.

“Compliance costs will go up” as a result of the decision, said Akshay T. Shrimanker, a member of the NYSSCPA’s Emerging Tech Entrepreneurial Committee. E-commerce retailers, he said, will need to familiarize themselves with the applicable rules in all 45 states that charge sales tax. (The exceptions are Alaska, Delaware, Montana, New Hampshire and Oregon.) “To know the tax rules of all the 45 states, you will probably need 45 people to give you advice.”

Another complicating factor: Counties and municipalities also impose sales taxes, noted Alan Goggins, a member of the Society’s Chief Financial Officers Committee. “I would break it down to even the ZIP code, because the sales tax you pay in New York City is different from the one in you pay in Nassau County,” he said. Retailers will need to account for sales on a very granular level if they expect to remain in compliance.

Background of the case

At issue in Wayfair was a 2016 South Dakota law providing that an out-of-state seller has nexus with the state for sales tax purposes if the company, on an annual basis, sells more than $100,000 in goods or services into the state, or engages in 200 or more separate transactions in the state. The language of this legislation completely flouts the precedent set by Quill because it was written specifically to prompt a court challenge.

South Dakota, in its brief, argued that the physical presence test established in Quill is no longer applicable to today’s economy, noting that the “tides of time have completely washed away whatever foundation Quill’s rule ever had.” However, Wayfair, along with co-respondents Newegg Inc. and Overstock.com, Inc., argued that overturning Quill would present an excessive compliance burden for online sellers, given the large number of jurisdictions—each with its own rules—they would need to account for. They argued that Congress would be a better place to address this issue. The Supreme Court sided with South Dakota, finding that the economy has changed so much that the physical presence rule has become unworkable, as the standard is no longer clear and easy to apply, given the structure of online retail.

Justice Anthony M. Kennedy, in his majority opinion, went so far as to find the physical presence rule to be an incorrect interpretation of the commerce clause. To illustrate how artificial the test is, he observed that “a company with a website accessible in South Dakota may be said to have a physical presence in the State via the customers’ computers. A website may leave cookies saved to the customers’ hard drives, or customers may download the company’s app onto their phones.”

In his dissent, Chief Justice John G. Roberts Jr. echoed Wayfair’s argument that changes to e-commerce taxation should be undertaken by Congress, rather than the courts. He also argued that the decision will put an undue burden on small businesses, which will have trouble untangling the large number of sales tax regimes in the country. “New Jersey knitters pay sales tax on yarn purchased for art projects, but not on yarn earmarked for sweaters,” he wrote. “Texas taxes sales of plain deodorant at 6.25 percent but imposes no tax on deodorant with antiperspirant. … Illinois categorizes Twix and Snickers bars—chocolate-and-caramel confections usually displayed side-by-side in the candy aisle—as food and candy, respectively (Twix have flour; Snickers don’t), and taxes them differently.”

Compliance challenges

The ruling’s complexity doesn’t stop at determining how much tax is paid to each jurisdiction, explained Aaron Berson, chair of the Emerging Tech Entrepreneurial Committee. A company must go through numerous bureaucratic steps even to start paying those taxes to the relevant entities. He brought up the example of an online makeup company with $15 million in annual revenue that meets the nexus thresholds in the 45 states that charge sales tax.

“That company would have to file to do business in 45 states, [and] would have to collect and remit sales tax in 45 states,” he said. And because “a lot of states require a registered agent or a physical address in the state, there’s the cost for 45 different registered agents, so this becomes not a trivial thing for companies, and very quickly they can be subject to big hits.”

Despite this added work, it’s likely that the Wayfair decision won’t dissuade companies from accepting business in other states, predicted Chaim V. Kofinas, chair of the Society’s New York, Multistate and Local Taxation Committee. "If your client, who might not be New York-based, says, ‘You know, I recommend you to my friend in Connecticut,’ are you going to say no because you don’t want to deal with Connecticut sales tax? If it might mean another $50,000 revenue contract?”

That will be one of many questions that companies need to consider going forward. The issue might extend even beyond sales tax, suggested Berson. The court’s decision dealt specifically with whether physical presence was required to establish tax nexus, so it could also potentially set precedent for income tax nexus, which would come with an entirely new set of compliance concerns.

And because the decision concerns only nexus, non-internet companies are affected too. “This doesn’t just apply to e-commerce sellers,” he said. “A manufacturer who sells couches in the three states around him may have to now pay sales tax to the three states.”

All this complexity means that e-commerce companies will likely turn to their CPAs for assistance even more than before, which Berson said will be good for firms—at least at first. He explained that he is troubled by how this decision might affect the way firms and clients think about tax compliance services in the future.

“Sales tax, historically, was not such a [major] compliance product for accountants, but it was more value-added to keep people out of trouble,” he said. “But if it gets to a point where you collect and pay tax in all states to be safe, it becomes a complete compliance product, and you’ll see CPAs specializing in this, competing in a commodity marketplace where prices go to the floor. So that’s my concern for the profession: How will we stay out of this massive commodity price war? … How do we avoid that and keep it as a value-added product, not a compliance product?”

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Society objects to ABV credential for non-CPAs

By CHRIS GAETANO
Trusted Professional Staff

The NYSSCPA, in a July 25 comment letter, voiced its deep concern over the recent decision by the American Institute of CPAs (AICPA) to open the Accredited in Business Valuation (ABV) credential to finance professionals in general, not just to CPAs. In the letter, drafted by members of the Society’s Business Valuation Committee, the Society decried the negative impact that the decision will have on the value of the credential and on CPAs who possess it.

First developed in 1998, the ABV credential has been available only to CPAs as a way to signal further specialization in the field of business valuation. In May, however, the AICPA Council voted unanimously to open a second path to the credential, not just to CPAs. In the letter, drafted by members of the Society’s Business Valuation Committee, the Society argued that, for years, the ABV credential has been promoted as a way for members to gain, through time and effort, a distinctive mark of excellence. That all ABVs must also be CPAs was a “hallmark of the credential” that conveyed “a unique combination of independence, knowledge, experience, and integrity to the public and regulatory agencies.” Offering the credential to non-CPAs, said the Society, represents an unacceptable dilution of this characterization, promoting the perception that non-CPAs are interchangeable with CPAs for the purposes of business valuation engagements.

“The message imparted by this change is that CPAs do not possess a distinctive competitive advantage over non-CPAs and that ABV credentialed CPAs belong to a homogenous group of business valuation professionals with myriad similar credentials, to be selected using common metrics such as price and convenience, rather than reputation and high-quality professional standards,” argued the Society.

Jean J. Han, the chair of the Business Valuation Committee and one of the comment letter’s principal drafters, said that the change devolves CPAs and ignores all the ways that their knowledge and training as CPAs enhance their business-valuation work—ways that non-CPAs can’t match.

“We believe CPAs bring to the table added professionalism and integrity,” she said. “All that adds a competitive edge as professionals practicing in this arena. There are many people who do what we do, and we have this extra advantage as a CPA, but [with the AICPA] making the rules murky, we’re not enjoying that benefit anymore.”

She said that her committee is in communication with its counterparts at other state societies in order to promote a larger, nationwide effort to convince the AICPA to reverse its decision.

Gilbert Nielsen, an AICPA representative, reported that “CPA/ABV’s will still be able to stand behind the CPA in the services they provide and in litigation settings. The AICPA will provide a logo that maintains the CPA/ABV relationship.” He also referred to a letter written by Susan S. Coffey, executive vice president of public practice at the AICPA, in response to a letter sent by CPA/ABV holders opposed to the change. Coffey wrote that the opponents’ letter “provided us with the opportunity to reflect on the importance of reaching out to more members to complement committee diligence. … That said, I do want to point out that there is a lot of support for this decision within the profession.” She explained that, over a three-year process, more than 300 professionals in AICPA governance roles engaged in discussions and shepherded the proposal through layers of approval.

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How to reduce CPA liability in a classic embezzlement claims scenario

By RON KLEIN, J.D.

CPA professional liability claims experience a wealth of information and lessons learned about the dangers facing CPAs. Consider this classic scenario: A small business owner is too busy running the business to supervise bookkeeping and banking activities. Because there aren’t enough employees to separate financial duties, one trusted employee uses accounting software to control the business’s financial activity, receiving and disbursing funds, as well as reconciling the business’s bank accounts.

The owner engages a CPA to perform services, not including any procedures designed to discover embezzlements, defalcations or other irregularities. The CPA recognizes the business’s internal-controls shortcomings, especially late or missing bank reconciliations, and has discussed them with the owner but has never documented any warnings or advice. After the CPA has rendered such services for about five years, the owner discovers embezzlement by the trusted employee and is extremely disappointed that the CPA didn’t uncover the fraud as part of the services rendered.

Though this claims scenario occurs frequently, CPAs often can’t believe that it’s happening to them. The services rendered are generally “low level” enough (e.g., bookkeeping, accounting services, tax engagements) that the CPAs engaged to provide them let their guard down, believing there’s little liability exposure from embezzlement or fraud, or that embezzlement prevention isn’t their job.

But there’s plenty of liability exposure from low-level engagements, according to data on fraud claims. In fact, fraud claims arising from bookkeeping/accounting services and tax engagements combined represented 44 percent of all fraud claims reported to Camico from 2015 through 2017.

Juries’ expectations of CPAs

Our claims experience indicates that the longer a CPA has performed the services for the client, the more disappointed the client is that the CPA didn’t identify the fraud. Furthermore, claims experience and jury studies show that most juries will agree with a client’s expectation that the CPA should have detected fraud, especially after several years of services. A typical jury expects CPAs who have serviced a small-business client for approximately five years to have a profound understanding of the business, regardless of the services performed.

Clients, juries and the public have increasingly come to expect that CPAs should always detect fraud and should both advise and warn clients about their fraud exposures. CPAs may find it extremely difficult to meet the first expectation, but the second is not nearly as difficult to achieve. By advising and warning clients of their risk exposures, CPAs can minimize liability stemming from these expectations.

Benefits of an advisory letter

CPAs can best assist clients via an advisory letter warning about their general risks and suggesting steps to reduce them, and offering CPA services to help address them. An informed client is better able to avoid fraud; however, if fraud is later uncovered, the CPA has documented evidence of having warned the client and offered services. Clients should also be notified of loose ends, such as sloppy bookkeeping or late bank reconciliations.

An advisory letter can also outline some ways for clients to improve internal controls. For example, clients should almost always do the following:

• Assign related duties to different people in order to provide cross-references for accuracy and consistency. The owner should open all bank statements and examine checks if there aren’t enough employees to separate duties. The owner should also rely more on systems and procedures—and less on employees.

• Reconcile and scrutinize bank statements every month, examine checks and endorsements, track transactions between accounts, compare payroll checks with employee records and ask questions.

• Ask for proper supporting documentation or proof before signing a check or authorizing a transaction, cancel the supporting materials after signing the check, and verify the names of vendors and employees periodically.

• Require cash checks and signature stamps secured; deposit checks daily, and secure valuables, fidelity bonds and insurance for all accounting and key personnel.

• Verify job candidates’ references before hiring; consider employment-screening reports for key hires; and watch for signs of trouble, such as possible substance abuse and personal spending patterns inconsistent with salary. The nature of fraud requires the constant presence of the embezzler—a lack of vacations and a proprietary sense about books are common red flags.

In the advisory letter, CPAs should offer additional services to help the client develop and implement internal-controls improvements; this will reinforce the message that the CPA is trying to help protect the client from risk.

Engagement-letter language should include a client’s acknowledgment that he or she understands that a CPA’s services are limited in scope and not designed to detect employee embezzlement or other fraudulent activities involving the client’s bank accounts. Limitation-of-liability clauses can also be useful for containing liability; CPAs should always review such clauses with a risk adviser or legal counsel, as appropriate, for possible modifications. It’s important to note that the U.S. Securities and Exchange Commission (SEC) forbids the use of indemnity clauses in engagement letters with public companies.

Ron Klein, J.D., is risk management counsel with Camico (www.camico.com). He has been with Camico since its inception in 1986 and previously managed the claims department for a top-100 law firm. He helps Camico’s policyholders practice sound risk management in order to avoid or mitigate claims.

For information on the Camico program, call Camico directly at 800-652-1772, or contact (Upstate) Reggie DeJeane, Lawley Service, Inc., 716-849-8618, and (Downstate) Dan Hudson, Chesapeake Professional Liability Brokers, Inc., 410-757-1932.

What is the solution to these problems?

What role can CPAs play?

The solution is to change the culture of the DOT, which is no easy feat. I’m under no illusions that people will be taking my advice anytime soon, but you have to change whom you recruit. Instead of recruiting many elite students from the best law schools in the country and having them go on to become white-collar defense lawyers, you want to break that. You want refugees from corporate law, partners who don’t want to go back to corporate law but know where the bodies are buried. You also want public interest lawyers and plaintiffs’ lawyers and academics, people of different ages and geographic distribution, so you break the hold of these young elites. And for CPAs, it’s the same. What we’re seeing is a return to the bad old days, with the business model basing consulting being equal to or greater than the audit function. You can’t serve at the right hand of CEOs and be highly dependent on them for your paycheck, then audit their books and tell them the truth about their accounting fraud. So we need much more independent, much more serious-minded, much more ethical auditing firms.
A focus on future of CPA profession at Society’s Leadership Conference

By RUTH SINGLETON
Trusted Professional Staff

At its 2018 Leadership Conference, on July 15–17 at the Turning Stone Resort & Casino in Verona, the NYSSCPA strove to ensure that Society leaders throughout the state remained unified on its major goals and messaging—especially its role in future-proofing the CPA profession, as it adapts to the impact of technology and changing demographics.

Among those attending the conference were members of the Society’s Board of Directors, the Foundation for Accounting Education (FAE) board of trustees, the Moynihan Scholarship Fund board of trustees, the Political Action Committee (PAC), and the Young Leadership Circle. During the conference, each of these bodies held its own meetings. In addition, new NYSSCPA Board members attended an orientation session, and chapter presidents-elect attended a training workshop.

Two sessions focused specifically on the future of the CPA profession. Joseph M. Falbo Jr., NYSSCPA past president and AICPA Board member, presented a session on new pathways to becoming a CPA, which focused on the possibility of incorporating technological skill sets—such as data analytics, cybersecurity and blockchain—into the licensing requirements. Karl J. Ahlrichs, a senior consultant at Gregory & Appel Insurance, as well as a facilitator and a speaker on human resources, presented a forward-looking session titled, “Association 2025—Moving from Best Practices to Next Practices.”

The concept of “best practices” is obsolete, he said, because they take too long to implement and are already out of date once implemented. Instead, he recommended that CPAs focus on “next practices” by looking at where the profession is headed and being among the first to make the necessary changes.

Because the Society is committed to improving diversity and inclusion as a means of strengthening the profession and attracting a broader demographic, several conference sessions focused on the importance of welcoming more women and people of color to the profession. Suri Surinder, the founder and CEO of CTR Factor, Inc., presented two such sessions: one on unconscious bias and the other on leveraging gender diversity in the workplace. NYSSCPA General Counsel Joanne Thelmo presented a training class focused on preventing sexual harassment.

Darryl Jackson, the NYSSCPA’s director of membership acquisition and engagement, spoke about the goals of expanding diversity and inclusion, attracting more Next-Gen members and fundraising to support the Moynihan Scholarship Fund. Another key focus of the conference was enhancing the services that the Society provides at the chapter level. In addition, the conference included a legislative roundtable discussion.

Throughout the conference, Society leaders also had the opportunity to network at meals and cocktail parties, and after the conference adjourned, some attendees stayed on to participate in the PAC Golf Tournament.

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Conducting a security health check for a professional practice

By JOEL LANZ, CPA/CITP, CFE, CIAA, CISM, CISSP, CFE

I t’s no surprise that malicious actors such as hackers, competitors and hacktivists target professional-services firms. Even the smallest CPA firms maintain private information like Social Security numbers. Clients, especially those in highly competitive business sectors, are particularly concerned about industrial espionage and infringement of intellectual property. Managing-partner agendas increasingly focus on protecting a firm’s reputation and ensuring client’s continued trust in the firm’s ability to protect their information.

Interest in such an agenda will rapidly expand in CPA firms as a result of the IRS recently announced summertime security awareness campaign for tax professionals (IR-2018-147, July 10, 2018). The announcement included a revised edition of Publication 4557, “Safeguarding Taxpayer Data: A Guide for Your Business,” and issuance of Publication 5293, “Protect Your Clients; Protect Yourself—Data Security Resource Guide for Tax Professionals.” Both of these publications recommend and provide professional-services firms with guidance based on best practices frequently discussed in this column as well as presented below.

Just as an annual physical exam diagnoses a person’s overall well-being, a periodic security health check helps firms to confirm the effectiveness of their risk-mitigation strategies and determine the appropriate management of evolving threats. Many CPAs conducting audits know all too well that client strategies don’t always function as designed, and an outside professional is sometimes needed to challenge the status quo and uncover any insufficiently mitigated threats.

The “one-question” security health check

The answer to one question can quickly serve as an initial check of a firm’s security health, no matter its size or the type of industry it serves. I generally ask firm leadership the following question during the first five minutes of engagements, including due diligence reviews, fraud investigations, cybersecurity reviews and general IT controls reviews: Does your firm have a complete inventory of its—and its clients’—data, the software employed and the technology used to process the data?

This powerful query provides a quick assessment of the more critical controls needed to protect a firm from cybersecurity threats. An inventory, as described above, is needed to achieve basic oversight and governance objectives. The firm’s management must know what assets it has and where they’re located (on-site, cloud or other third-party service provider). Firms cannot protect their assets unless they’re aware of them and who is responsible for their protection.

Lack of an appropriate inventory is a red flag for inadequately protected data subject to regulatory expectations, such as Social Security numbers, as well as for a lack of a business continuity/disaster recovery plan, since the inventory would be an important component of such a plan. Firms that haven’t sufficiently mitigated traditional continuity risks are unlikely to have taken appropriate steps to ensure their resiliency in the event of a cyberbreach. Other potential warning signs include not knowing which vendors or third parties have access to data—and, in some cases, a contractual responsibility to protect the data—or which assets contain vulnerabilities that, if not remediated, could expose the firm to a successful cybersecurity attack.

Other items to consider

Perhaps the biggest technology issue faced by professional firms is one that many auditors have seen with their clients: A firm’s management often believes in the effectiveness of implemented controls or operational strategies, yet when they’re tested—often as part of a post-breach computer forensics exam—the results don’t support their proper functioning. Issues frequently include the following:

• An inventory that doesn’t reflect the current reality. Because an incorrect inventory can lead to many risks, inventory contents should be tested during the health check for accuracy and completeness.

• Unremediated vulnerabilities. Technical vulnerabilities (often caused by missing software patches) can create a path for hackers to exploit a system, and the health check should include an automated tool to identify them. Ideally, remediation of these vulnerabilities should comply with firm policy expectations.

• Unrealistic resiliency plans. Whether they are business continuity or incident response, these plans need to be tested to help ensure that they are realistic, address intended risks and can facilitate firm recovery. The health check should review the timing and scope of the most recent test and confirm the appropriate resolution of follow-up actions previously identified.

• Vendor nonperformance of security responsibilities. Many professional firms seek opportunities to outsource their technology activities to third-party service providers, including cloud providers. Firms cite a provider’s expert ability to manage security practices as a justification for this strategy. The health check should confirm that all parties adhere to security-related contractual requirements, including understanding the impact of subcontractors, client responsibilities, results from independent tests over vendor security practices and the consistent coordination of cybersecurity incident-response strategies.

Tune in to the latest edition of the NYSSCPA’s Toastmasters Club, with focus on leadership building, to hold model meeting Sept. 18

By RUTH SINGLETON

The NYSSCPA Toastmasters Club has been going strong since January, offering Society members the opportunity to enhance their leadership, communications and public speaking skills. Affiliated with Toastmasters International, the club meets twice a month.

On Tuesday, Sept. 18, at 6:30 p.m., in the classrooms at the NYSSCPA offices, the club will hold a model meeting, where Society members, as well as nonmembers, can learn what Toastmasters has to offer.

“This is a leadership program,” said Michael R. Durant, vice president of public relations for the NYSSCPA’s Toastmasters Club. “You’ll learn how to be confident, how to run a meeting, how to gauge your audience, whether sitting across from a client or a managing partner.” He observed that some CPAs need to work on such communications skills. “And, as a bonus,” he said, “you’ll become more confident speaking in front of large groups.”

At a typical meeting, members are asked to speak extemporaneously on “table topics,” by responding to questions such as “What life lesson did you learn the hard way?” “What can you do today that you were not capable of a year ago?” and “What are three moral rules you will never break?” These speeches generally last about one minute each. In addition, some members speak on prepared topics, usually for about five minutes. At times, there are guest speakers from other Toastmasters clubs. At the club’s June 26 meeting, one guest speaker was making his 59th visit, one guest speaker was making his 59th visit, one guest speaker was making his 59th visit.

At every meeting, there is a designated “ah-counter,” who informs each speaker of the number of times he or she says “ah” or “um,” as well as other filler words or phrases. There is also a grammarian and a timer. In addition, designated evaluators offer the speakers constructive feedback, based on such criteria as clarity, vocal variety, eye contact, gestures, audience awareness, comfort level and interest. Members conduct the meetings in a spirit of collegiality and encouragement.

Durant said that the Sept. 18 meeting will be an abbreviated demonstration meeting that will “touch on every aspect of a meeting,” so that prospective members can get a sense of how meetings are run. Afterward, visitors can talk informally with Toastmaster members. The club usually meets on the second and fourth Tuesday of every month, from 6:15 to 7:30 p.m. In addition to the Sept. 18 demonstration meeting, there will be meetings on Aug. 28, Sept. 25, Oct. 9 and Oct. 23. For more information, email rsingleton@nysscpa.org.
Members mingle at NYSSCPA’s Rare View rooftop reception

On July 31, the NYSSCPA hosted a networking reception at Rare View, a rooftop garden bar in Murray Hill. Members chatted and imbibed, while enjoying stunning views of the Manhattan skyline.
JACK GUTIERREZ, Pine Brook, N.J., was suspended from membership for one year, effective Nov. 28, 2017, under the provisions of NYSSCPA bylaws Article XII—Professional Conduct and Disciplinary Proceedings, Section 5. Automatic Discipline. The action was based on the Public Company Accounting Oversight Board’s (PCAOB) findings. Through an “Offer of Settlement,” the PCAOB barred Gutierrez from being an associated person of a registered public accounting firm, based on violations of Sections 201–203 of the Sarbanes-Oxley Act of 2002 in connection with his failure, as the engagement quality reviewer, to review the engagement team’s evaluation of the firm’s independence, with respect to the engagement, which impaired the firm’s independence. In addition, Gutierrez failed to properly evaluate the significant judgments made, and the related conclusions reached, by the engagement team, with respect to risk assessment and revenue, and provided his concurring approval of issuance without performing the engagement quality review with due profession. Gutierrez agreed to file a petition for reinstatement after one year from the date of the PCAOB’s order.

CHRISTOPHER J. CHALAVOUTIS, Carle Place, N.Y., entered into a settlement agreement under the Joint Ethics Enforcement Program, effective Jan. 3, 2018, as a result of an investigation conducted by the AICPA Professional Ethics Executive Committee (PEEC) on behalf of the Professional Ethics Committee of the New York State Society of CPAs (NYSSCPA), alleging a potential disciplinary matter, with respect to his performance of professional services on the audit of the financial statements of a 401(k) plan as of and for the year ended Dec. 31, 2011. Based on Chalavoutis’ responses to interrogatories by the PEEC, there appeared to be prima facie evidence of violations of Rule 201–General Standards, Rule 202–Accounting Principles; and Rule 501, Interpretation 501–5–Failure to follow requirements of governmental bodies, commissions, or other regulatory agencies, of the NYSSCPA’s Code of Professional Conduct. Without admitting or denying the alleged violations, Chalavoutis agreed to forgo any further investigation of the matter, waived his rights to a hearing and agreed to his admonishment by the NYSSCPA.

In accordance with the directives as specified in the settlement agreement, Chalavoutis agrees to complete 23 hours of specified CPE and teaching CPE in accounting and auditing until all directives in the settlement agreement have been met. Compliance with the terms of the settlement agreement will be monitored by the PEEC, and if noncompliance is found, an investigation will be initiated.

IRWIN KAUFMAN, Brooklyn, N.Y., entered into a settlement agreement under the Joint Ethics Enforcement Program, effective April 2, 2018, as a result of an investigation alleging a potential disciplinary matter, with respect to his performance of professional services on the audit of the financial statements of a not-for-profit organization as of and for the year ended Aug. 31, 2014. The ethics charging authority (ECA) reviewed certain workpapers and financial statements, as well as relevant documents submitted by Kaufman to support his responses. Based on the information, there appeared to be prima facie evidence of violations of Rule 201–General Standards; Rule 202–Accounting Principles; Rule 202–Compliance with Standards; Rule 501, Interpretation 501–5–Failure to follow requirements of governmental bodies, commissions, or other regulatory agencies, of the NYSSCPA’s Code of Professional Conduct.

Without admitting or denying the alleged violations, Kaufman agreed to forgo any further investigation of the matter, waived his rights to a hearing and agreed to his admonishment by the NYSSCPA.

In accordance with the directives as specified in the settlement agreement, Kaufman agrees to complete 49 hours of specified CPE within 12 months of the effective date of the agreement. He agrees to hire an outside party to perform a preissuance review of the reports, financial statements and working papers on two audits performed by him for one year from the date a reviewer has been approved. No later than 30 days after the effective date of the agreement, he must submit a list of the audits on which he expects to issue reports in the upcoming 12 months from which the audits will be selected for preissuance review.

The reviewer will report quarterly on his progress in complying with the agreement. Shenker agrees to inform the ECA of any changes in the composition of his practice. If he has not performed any audits during the period he is subject to the preissuance reviews, he may be required to attest every six months for three years as to the nature of his practice. If during the three-year attestation period he returns to performing such engagements, he will be required to undergo the preissuance reviews.

Six months after completion of the preissuance reviews, Shenker must submit a list of the highest level of engagements (audits, reviews and compilations with note disclosures) that he performed in the six-month period following completion of the preissuance reviews. The PEEC will select one engagement for review. If he has not performed any audits, reviews and compilations with note disclosures, he must inform the PEEC of the change. The PEEC may require that he attest every six months for three years as to the nature of his practice, and if he returns to performing such work during the period of attestation, the PEEC will select a suitable work product for review. If he performs employee benefit plan audits, he agrees to submit, within 30 days after returning to such work, evidence that his firm has submitted an application to join the AICPA Employee Benefit Plan Audit Quality Center.

Shenker will be prohibited from serving on any ethics or peer review committees of the NYSSCPA, performing peer reviews; or teaching CPE in accounting and auditing until all directives in the settlement agreement have been met. Compliance with the terms of the settlement agreement will be monitored, and if noncompliance is found, an investigation will be initiated.

ROBERT K. STEWART, Blue Point, N.Y., was expelled from membership, effective May 16, 2018, under the provisions of NYSSCPA bylaws Article XII—Professional Conduct and Disciplinary Proceedings, Section 5. Automatic Discipline. The action was based on the Securities and Exchange Commission’s (SEC) “Order of Suspension Pursuant to Rule 102(e)(2) of the Commission’s Rules of Practice.” Further details regarding the SEC’s order can be found at www.sec.gov/litigation/admin/2017/34-s11740.pdf. As stated in the order, Stewart was found guilty of one count of conspir- acy to commit securities fraud and fraud in connection with a tender offer, a felony.

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New AICPA standard focuses on international reporting issues, going-concern considerations

By LENORE C. SANCHEZ and VICTORIA L. PITKIN

In May, the Accounting and Review Services Committee of the American Institute of CPAs (AICPA) issued Standard on Standards for Accounting and Review Services (SSARS) 24. SSARS 24 amends the requirements for compilation and review engagements, and it will be effective for periods ending on or after June 15, 2019, with the exception of a minor technical correction to AR-C Section 90.39, *Accountant’s Review Report*, which was effective upon issuance.

SSARS 24, an omnibus standard, brings two significant changes to the profession. First, it adds a new section to the codification: AR-C Section 100, Special Consideration—International Reporting Issues, which addresses reports prepared in accordance with the financial reporting framework of another country, and compilation and review engagements performed in accordance with a set of compilation and review standards other than SSARS. AR-C Section 100 does not apply to financial statements prepared in accordance with International Financial Reporting Standards (IFRS), but it does apply to country-specific accounting principles such as UK Generally Accepted Accounting Principles (GAAP), or Italian GAAP. Second, the standard adds requirements with respect to the accountant’s assessment, when performing a review engagement, of whether the entity is able to continue as a going concern.

When accepting a compilation or review engagement under Section 100, an accountant is required to determine whether the financial reporting framework selected by management is acceptable. To make this determination, the accountant must understand the reason for which the financial statements are being prepared and whether the financial reporting framework to be applied will represent the financial statements fairly, who the intended users are, and the steps management took to determine that the financial reporting framework is acceptable. In addition, if the accountant is performing a compilation or review engagement on financial statements prepared in accordance with a financial reporting framework generally accepted in another country, the accountant is required to gain an understanding of that financial reporting framework.

If financial statements will not be used in the United States, an accountant may use the other standard’s report form and content, such as those prescribed under International Standard on Related Services (ISRS) 4410, *Engagements to Compile Financial Statements*, or International Standard on Review Engagements (ISRE) 2400, *Engagements to Review Financial Statements*. The accountant should refer to AR-C Section 100 when the financial statements are to be used solely outside the United States. If the financial statements will be used in the United States and other jurisdictions, the engagement must be performed in accordance with SSARS. If the report indicates that the engagement is to be performed in accordance with SSARS and another set of engagement standards (e.g., ISRE 2400), the accountant must comply with all of the requirements of both sets of standards in their entirety. Therefore, the accountant should be cognizant that substantive differences may exist between SSARS and other compilation or review standards in both engagement performance and reporting.

**Accountant’s going-concern assessment**

SSARS 24 implements revised requirements and provides additional guidance when considering whether the entity is able to continue as a going concern during a review engagement. The standard requires the accountant to obtain written representation that management has disclosed to him or her all of the relevant information in connection with the going-concern assumption. Additionally, the accountant’s review report must contain an emphasis-of-matter paragraph if the accountant believes that there is substantial doubt about the entity’s ability to continue as a going concern for a reasonable period of time. SSARS 24 adopts the Financial Accounting Standards Board (FASB) definition of reasonable period of time, which is within one year after the financial statements are issued or are available to be issued.

SSARS 24 clarifies the requirements of the accountant according to the financial reporting framework used. If the financial reporting framework, such as GAAP requires management to evaluate the entity’s ability to continue as a going concern, certain review procedures must be performed to ensure that the going concern is properly disclosed. The review procedures address the appropriateness of the going-concern assumption; management’s evaluation of whether there are conditions or events that raise substantial doubt; management’s plans to alleviate the substantial doubt, and evaluation of the likely success of those plans; and the appropriateness of the related disclosures within the financial statements. If the financial reporting framework does not require management to evaluate the entity’s ability to continue as a going concern, such as when the cash or tax basis of accounting is used, but the accountant becomes aware of events or conditions that raise substantial doubt about the entity’s ability to continue as a going concern for a reasonable period of time, the accountant is required to inquire of management regarding the appropriateness of the basis of accounting and management’s plans for addressing conditions or events that raise substantial doubt about the entity’s ability to continue as a going concern. The accountant must also consider the adequacy of disclosures in the financial statements.

Finally, SSARS 24 precludes the accountant from referencing the work of other accountants in the accountant’s review report if the other accountants’ audit or review report is restricted as to its use.

Lenore C. Sanchez is a senior accountant at GKG CPAs, the chair of the NYSSCPA’s Accounting and Review Services Committee and the president of its Rockland Chapter. Victoria L. Pitkin is director of quality control at Ostrow Reisin Berk & Abrams, Ltd., and chair of the Accounting and Review Services Committee.
Who inspired you early in your career, and how?

ALAN M. WILLINGER | Partner | Manhattan

I'd say two people inspired me. One was Nathan Breen, a tax partner at the CPA firm where I first started working. After law school, I didn't really know what I wanted to do, as far as legal or accounting, but I knew I needed to become certified; I wanted to complete my license and become both a CPA and a lawyer. So I took a job as assistant to Nat at Joseph Herbert, a CPA firm that no longer exists but, at that time, was pretty well known. Nat was my mentor, and he taught me so many things. Even though I didn't realize it then, he was the first person who truly inspired me. The second individual, Howard Bernstein, was the managing partner of the firm's New York office. He had nothing to do with the field I wanted to be in, which was tax, but he was the best accountant I've ever seen, in terms of passion, ability and knowledge. Although I wouldn't say he influenced me in the discipline I work in, he was still an inspiring figure.

DOUGLAS L. HOFFMAN | Managing Partner | Lake Placid

I can think of three people right off the bat: my mother, who was also an accountant; her work associate and friend Neil Meagher, who both helped and encouraged me to get into accounting; and John Lansing, a partner in our original firm Hoffman and Lansing, CPAs. I started out in college as an engineer, and my goal at that point was to be an aeronautical engineer and work for NASA. Well, my second year in that program didn't go well, and that goal no longer looked very promising. To reach it, I needed to be at the top of my class, not the middle or bottom. So, while talking at our kitchen table, my mother and Neil both encouraged me to take some accounting courses. To my surprise, I actually liked the courses and did very well. I ended up changing my curriculum and going from the bottom of my class to the top, with a 4.0 average. So they certainly encouraged me to try this out and get into it.

Then, when I first started my practice, John Lansing gave me much guidance. John was 10 years older than me and had been in practice on his own for about five years. He had a lot of experience under his belt and a good head on his shoulders, particularly when it came to servicing clients well and doing a good job. That he was there to advise me in my first couple of years in practice on my own was very instrumental in my success throughout my career.

KRYSZTAL M. ZAWODZINSKI | Manager | Pittsford

I would say it was Gregg J. Genovese, a partner at the firm I worked at right out of college. He imparted to me many of the soft skills needed to deal effectively with clients. I'll never forget the time when I was in a room with him, and a client walked in. Gregg stood up, shook the client's hand and introduced himself—and I just sat there! Later, Gregg scolded me, saying I should've introduced myself too. It's those kinds of things I still carry with me to this day: the importance of getting out there and networking with people, having lunches and breakfasts with clients, dealing with entry-level staff members. Gregg taught me the importance of developing young talents, because one day they'll be rising through the ranks and leading the firm. And even today, as a partner at the firm I'm in now, Gregg continues to influence me in terms of how to structure a career: He works hard but also prioritizes family, so he really achieves a good work-life balance.

JANET T. VERNEUILLE | CFO | Islandia

Around the time of my college graduation, I read Atlas Shrugged by Ayn Rand. Her writing and philosophies widely differed from my early learning, yet made much sense to me. Rand believed that one should use ability and intelligence to overcome life's adversities. She frequently circled back to the role of reason, speaking to rationality and honesty, as well as independence, integrity, justice, productiveness and pride. In many ways, these are the same attributes that sustain our profession. Born in Russia, Rand advocated property rights, and wrote that the industrious members of a society should not be demonized; they were entitled to their hard-earned rewards because they drove progress for all. Through Atlas Shrugged, Rand greatly influenced my thinking about capitalism. She helped me gain confidence to question, think critically, use my intellect, constantly expand my personal knowledge and value myself.
**Buffalo**

Buffalo Chapter Comedy Night to Benefit Music is Art  
**When:** Sept. 6, 6–8 p.m.  
**Where:** Revolution Gallery, 1419 Hertel Ave., Buffalo  
**Cost:** $15 per person  
**Course Code:** 45010905  
Register online or call 800-537-3635

BUFFALO CHAPTER BUSINESS AND INDUSTRY CONFERENCE SATCHEL  
**When:** Oct. 17, 8:30 a.m.—5 p.m.  
**Where:** TBD  
**Cost:** $149 members; $249 nonmembers  
**CPE:** 8 (1.5 accounting; 1 advisory services; 3 specialized knowledge; 2.5 taxation)  
**Course Code:** 28501903  
Register online or call 800-537-3635

**Nassau**

Nassau/Suffolk Joint Events  
Nassau/Suffolk Chapters Indian Summer Networking Event  
**When:** Sept. 16, 6–9 p.m.  
**Where:** Jewel Restaurant, 400 Broad Hollow Road, Melville  
**Cost:** $60 per person  
**Course Code:** 45080906  
Register online via PayPay

Nassau/Suffolk Chapter Business and Industry Conference Satellite  
**When:** Oct. 17, 8:30 a.m.—5 p.m.  
**Where:** Empire National Bank, 1707 Veterans Highway, Islandia  
**Cost:** $149 members; $249 nonmembers  
**CPE:** 8 (1.5 accounting; 1 advisory services; 3 specialized knowledge; 2.5 taxation)  
**Course Code:** 28503927  
Register online or call 800-537-3635

Northeast Chapter  
Northeast Chapter Business and Industry Conference Satellite  
**When:** Oct. 17, 8:30 a.m.—5 p.m.  
**Where:** BST & Co. CPAs, LLP, 26 Computer Drive West, Albany  
**Cost:** $149 members; $249 nonmembers  
**CPE:** 8 (1.5 accounting; 1 advisory services; 3 specialized knowledge; 2.5 taxation)  
**Course Code:** 28504942  
Register online or call 800-537-3635

Queens/Brooklyn  
Latest Trends in Asset Protection  
**When:** Aug. 28, 6–8 p.m.  
**Where:** St. John’s University, 8000 Utopia Parkway, Jamaica  
**Cost:** $20 members; $25 nonmembers  
**CPE:** 2 (taxation)  
**Course Code:** 29166903  
Register online or call 800-537-3635

Rochester  
Rochester Chapter Business and Industry Conference Satellite  
**When:** Oct. 17, 8:30 a.m.—5 p.m.  
**Where:** St. John Fisher College, 3690 East Ave., Rochester  
**Cost:** $149 members; $249 nonmembers  
**CPE:** 8 (1.5 accounting; 1 advisory services; 3 specialized knowledge; 2.5 taxation)  
**Course Code:** 28505972  
Register online or call 800-537-3635

**Suffolk**

Suffolk Chapter Retirement Plans Compliance and Integration  
**When:** Sept. 6, 12–2 p.m.  
**Where:** Del Frisco’s Grille 160 Walt Whitman Road, Suite 1108B, Huntington Station  
**Cost:** Free  
**CPE:** 2 (specialized knowledge)  
**Course Code:** 29083902  
Register online or call 800-537-3635

**Southern Tier**

Southern Tier Chapter Family Pumpkin Farm Event  
**When:** Sept. 25, 7 a.m.—5 p.m.  
**Where:** Willow Creek Golf & Country Club 1 Clubhouse Drive, Mt. Sinai  
**Cost:** $250 individual golfer, $150 hole sponsorship, $1,000 foursome, $1,500 bronze sponsorship, $2,000 silver sponsorship, $3,500 gold sponsorship  
**Course Code:** 45080904  
Register online via PayPay

**Utica**

Utica Chapter Business and Industry Conference Satellite  
**When:** Oct. 17, 8:30 a.m.—5 p.m.  
**Where:** Adjusters International, 126 Business Park Drive, Utica  
**Cost:** $149 members; $249 nonmembers  
**CPE:** 8 (1.5 accounting; 1 advisory services; 3 specialized knowledge; 2.5 taxation)  
**Course Code:** 28510952  
Register online or call 800-537-3635

**Westchester**

Westchester Chapter Business and Industry Conference Satellite  
**When:** Oct. 17, 8:30 a.m.—5 p.m.  
**Where:** Citrin Cooperman, 709 Westonhe Ave., White Plains  
**Cost:** $149 members; $249 nonmembers  
**CPE:** 8 (1.5 accounting; 1 advisory services; 3 specialized knowledge; 2.5 taxation)  
**Course Code:** 28511936  
Register online or call 800-537-3635
Building on chapter success in communications and NextGen recruitment efforts

By KEVIN PENNER
Buffalo Chapter President

As my term as the Buffalo Chapter president began, I did some brainstorming to determine where my focus belonged. I have been told that the term goes by very fast, and it's best to avoid spreading oneself too thin. I have decided to build upon the fantastic progress that the chapter made in enhancing communication and recruitment through the drive of immediate Past President James E. "Jim" Gramkee.

Jim put communication with our members at the forefront of his agenda. This enabled us to take a deeper look at the ways the Buffalo Chapter communicates with our members and with the NYSSCPA as a whole. In order to reach a wider audience, we relied less on our older listserv contacts and instead leveraged the NYSSCPA's Exchange, along with the chapter's web page and digest emails. I noticed direct results from this shift. More people seemed to be talking about the latest chapter communications (with the help of Jim's entertaining emails), while chapter events remained well attended. In this fiscal year, I would like to continue exploring and streamlining all avenues of communication with members, including leveraging LinkedIn, to maximize the chapter's profile in the community.

For several years, the Buffalo Chapter has been striving for ways to attract new volunteers from our NextGen Committee to serve in additional roles, either at the local level or state level. Their participation is key because, in order to continue thriving as a chapter, we need the energy, new ideas and drive that they can contribute. Over the past few years, we have made some progress on this recruitment initiative. Several newer committee members have brought differing perspectives and shown the persistence to take an idea from scratch and make it into a success; those individuals' projects added value to our offerings and to their professional careers. We will continue to find ways to attract new members going forward, and this is one of the areas I would like to focus on in this fiscal year.

The dual goals of enhancing communication and attracting young professionals to our chapter are intertwined. We will continue to use the latest available methods of communication in order to keep all of our members in tune with the latest happenings of the NYSSCPA and to notify new members of valuable opportunities within our chapter. I encourage young professionals to reach out to me at the email address below if you are interested in taking the next step in your career. The Buffalo Chapter seeks to foster long-lasting relationships and the satisfaction of an entrepreneurial spirit that is often hard to find.

kpenner@bonadio.com

Looking ahead to another event-filled year, with a big role for the NextGen Committee

By SONIA CHOPRA
Manhattan/Bronx Chapter President

As we at the Manhattan/Bronx Chapter of the NYSSCPA closed one “chapter” and are beginning another, I would like to take the opportunity to thank our past president, Carnet A. Brown, for all his hard work and dedication during the past fiscal year. Carnet has devoted his time and energy to upholding the ideals of our chapter, while also playing an instrumental role in introducing new ideas that have enabled the Society to keep growing. We have come a long way since 1897—the inception of the NYSSCPA—and this growth would not have been possible without the contributions of all the past presidents of the NYSSCPA. Our success is also largely attributable to the efforts of the chapter’s board of directors. Each board member helped ensure that the Society’s objectives were met during the past fiscal year. The members have all played a role not only in developing new ideas—they also helped to bring those ideas to fruition. Special recognition must be given to J. Michael Kirkland, who has served as president of the chapter—and of the Society—and who continues to make significant contributions to the Society. I also want to extend a special thank you to Barbara A. Marino, who has served as chapter president twice and who continues to serve as a mentor to board members who are following in her path.

This past fiscal year, the chapter held a variety of educational, networking, and mentorship events designed to keep topics balanced and members engaged. Our “Sustainability Accounting and Reporting” event last September provided members with an opportunity to stay current with trends. The success of our “Pizza, Poetry and Music” event last summer proved that you can mix fun with accounting. Yet, perhaps the most significant of all was our biannual Career Day, held last November and this past April, which provided valuable career advice that students interested in accounting might not be able to obtain elsewhere. With the proper mentorship and guidance, they can become the next generation of industry leaders, and that is why this is a very important community event. We will host Career Days again this fiscal year, in November and April 2019.

Speaking of future CPAs, we will continue to provide support to our NextGen Committee, which serves as the backbone of membership recruitment and retention. Its work is crucial not only to recruitment and retention but also to keeping members engaged and inspired throughout the year. The committee’s events provide opportunities to network, meet other members, learn from each other and have a lot of fun in the process. During the past fiscal year, the NextGen committee hosted many interesting events, including a happy hour, a brunch and an ice cream social—and helped organize volunteer initiatives.

We will certainly continue to encourage would-be CPAs and members to attend the events the NextGen Committee has planned for the upcoming fiscal year: our “Holiday Wine Tasting & Dinner” in October; “New York Cares Day” (a volunteer event) in October and April 2019; our “Fall Happy Hour” in November; and our “Toys for Tots Collection Happy Hour” in December. This is just a snapshot of what we have planned. For any additional details on our upcoming events and initiatives, please visit the chapter’s web page at nysscpa.org/membership/chapters/manhattan-bronx.

After closing yet another successful year, we look forward to what the next fiscal year will bring.
Working together to enhance the chapter’s value to members in a time of transition

By LENORE C. SANCHEZ
Rockland Chapter President

As an active participant on the Rockland Chapter’s executive board and vice chair of the NYSSCPA’s Accounting and Review Services Committee, I have been on the forefront of some of the enormous changes within the accounting industry this year. In my new role as chapter president, I am excited to continue my work with the board to carry out Society objectives through the chapter’s activities and contributions. In our endeavor to implement our goals and transition alongside the profession, the board recognizes the necessity of our members’ input. The NYSSCPA recently expanded its membership to include non-CPAs in associate industries. Our chapter’s professionals range from students to lifetime members—and their diverse perspectives will be of tremendous value during this time of change.

We will continue to offer opportunities to earn CPE, to network with accounting professionals as well as those in associate industries and to enjoy social activities. The expansion of our membership, however, requires us to continue the expansion from traditional CPA-focused activities. The chapter is looking to our members for input and participation, as we are ultimately here to serve you. We want to know what you need as a professional and welcome your feedback so we can enhance your experience as part of the Rockland Chapter. Please feel free to email me at the address below.

To kick off the new fiscal year in June, we hosted our annual “Family and Friends” event with the Westchester Chapter at a Rockland Boulders’ baseball game. Members, their families and guests from associate industries all enjoyed great fellowship. In July, our CPE Committee’s hard work came to fruition with an incredible seminar on cybersecurity, generously sponsored by Frank Kolovic of Tri State Insurance Brokerage, LLC and presented by Al Alper, president of CyberGuard360, a leading provider of cybersecurity solutions and services.

In mid-July, I was fortunate to attend the NYSSCPA’s 2018 Leadership Conference and meet chapter presidents and presidents-elect statewide, as well as others who serve as an integral part to the Society. The conference offered an opportunity to build meaningful connections across the membership.

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As president, I put my commitment to the chapter at the forefront. Through teamwork, I look forward to steering the future of the Rockland Chapter and bringing the utmost value to its members.

lanchez@gkgcpa.com

Expanding chapter involvement in CPE, committee work and advocacy

By TIMOTHY J. HAMMOND
Syracuse Chapter President

Now that I have begun my term as president of the Syracuse Chapter, I would like, first and foremost, to thank Karen M. Matticio for serving as president for 2017–2018. I can only hope to continue the trend of outstanding service to our members. You were a wonderful mentor and partner, and your leadership is a significant reason why I was ready to take on this role.

I also want to thank the following individuals who have agreed to serve as officers for 2018–2019: Mattia “Tia” Wright (vice president/president-elect), Alan P. Sherman (vice president), Melissa Lanigan (treasurer), and Kyle P. Lykawa (secretary). Last, I would like to recognize those serving on our executive board and various committees who devote so much time and effort to our chapter. I look forward to working closely with each of you this year.

A few words of introduction: I am a manager at The Bonadio Group and I have been a member of the NYSSCPA since 2010. I have been involved in some fashion with the Syracuse Chapter since my career began, serving at various points as secretary, treasurer, vice president, president-elect and chair of the NextGen Committee. I want to thank The Bonadio Group for supporting my involvement, as well as the involvement of my peers in the past, including seven past presidents of the Syracuse Chapter, three past presidents of the Society, and countless others in various statewide and chapter roles.

My involvement with the Society began as a way to stay connected, through networking events, with peers who work at other firms. While these are great avenues for making new connections, reconnecting with old acquaintances and maintaining existing relationships, I began to appreciate, as I continued my involvement, some of the Society’s broader objectives. In pursuit of these higher purposes, I have identified three significant areas where I would like to see our chapter expand involvement.

First, one of the primary purposes of the Society is to educate its members on current issues, in tandem with its affiliate, the Foundation for Accounting Education (FAE). I am pleased to report that the Syracuse Chapter has planned several educational events: We held our annual “Summer Sizzler Ethics CPE & Cookout” on Aug. 21, and will hold a professional issues update in the fall and a tax and accounting update on Friday, Nov. 28. I welcome any suggestions for additional educational events that could greater benefit our members.

Second, as the CPA profession is one of the most highly regulated, the importance of the Society’s advocacy activities cannot be understated. Several statewide committees regularly negotiate with the various regulatory entities that affect us, to benefit CPAs. I encourage our chapter members to join a statewide committee and participate in some way, whether by simply joining in the discussion and taking knowledge back to your co-workers and clients, or by helping draft a comment letter. Please reach out to me, at the email address below, if you have an interest in participating in any way.

Finally, our members and clients have a significant interest in many pieces of legislation pending in the New York State Legislature, including topics as non-CPA ownership, estate tax reform and issues regarding our licenses. The Society formed the CPA Political Action Committee (PAC) to give our members a voice and to help educate our state legislators as they tackle these issues. The CPA PAC needs the participation of our membership to further the Society’s legislative agenda and to become aware of new legislative issues of interest to our membership. If you have any items you would like to discuss, please contact me or Jennifer Pickett, the PAC trustee for the Upstate Region, at jenpick07@gmail.com.

We have a sensational slate of events planned for 2018-2019, including those mentioned above, and various activities planned and executed by our chapter’s very active NextGen Committee. Upcoming NextGen events include our annual networking cocktail party on Friday, Nov. 16, and a Syracuse Crunch hockey game. Please continue checking Exchange and the calendar on our chapter’s web page, at nysscpa.org/membership/chapters/syracuse, and also watch your email for important announcements about exciting events happening within the chapter.

Please keep in mind that our chapter is always looking for individuals who want to be involved. No matter if you are a seasoned veteran or new to the profession, if you would like to get involved in any way, please reach out to me. We will find a way for you to be involved that meets your interests, abilities and available time.

thammond@bonadio.com
### AICPA Pricing Schedule

For AICPA-developed courses, the following pricing schedule applies.

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For 4-hour courses, see course description for price information. For details, refer to the registration information on www.nysscpa.org.

### MANHATTAN/BRONX

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<tr>
<td>34156911</td>
<td>CFO Series: Technical Competence</td>
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<tr>
<td>35503911</td>
<td>CFO Series: Managing Your Resources</td>
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### FOR SEPTEMBER 1, 2018, THROUGH DECEMBER 31, 2018

**KEY**

- **GEOGRAPHIC AREA**
- **LOCATION**

**ACCOUTING**

<table>
<thead>
<tr>
<th>Field of Study</th>
<th>Date</th>
<th>Course Title</th>
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<tr>
<td>Accounting</td>
<td>9/10</td>
<td>U.S. GAAP Review for Business and Industry</td>
<td>32110911; 35510911</td>
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<td>Accounting</td>
<td>9/17</td>
<td>FAE 2010 FASB Industry Update</td>
<td>21120911; 35120911</td>
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<td>25554911; 35545911</td>
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<td>FAE’s Private Company Accounting and Auditing Update</td>
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<td>Not-for-Profit Financial Reporting: Mastering the Unique Requirements</td>
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<td>Accounting</td>
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<td>Governmental and Not-for-Profit Annual Update</td>
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<td>Leases: Mastering the New FASB Requirements</td>
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**ADVISORY SERVICES**

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<td>Health Care Conference</td>
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<td>Accounting</td>
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<td>CFO Series: Managing Your Resources</td>
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<td>Accounting</td>
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<td>CFO Series: Honing Your Management Style</td>
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<td>Accounting</td>
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<td>Public Schools Conference</td>
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<td>Accounting</td>
<td>11/26</td>
<td>K2’s Budget and Forecasting Tools and Techniques</td>
<td>35205911; 34503911</td>
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**TAXATION**

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<td>The Complete Guide to the Preparation of Form 1041</td>
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<td>Taxation</td>
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<td>Federal Individual Income Tax Update</td>
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**FORENSIC ACCOUNTING**

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**WEBINARS**

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</thead>
</table>

**OTHER TOPICS**

- For 4-hour courses, see course description for price information. For details, refer to the registration information on www.nysscpa.org.

The FAE delivers the following professional education programs for CPAs and other financial professionals in all areas of business, including all public accounting practice areas, and those working in government, industry and academia, to help satisfy their New York state calendar-year continuing professional education requirements. To search within New York City, refer to Manhattan/Bronx. To search within Albany, refer to Northeast. For the most up-to-date events information, visit www.nysscpa.org or call 800-537-3635. SIGN UP TODAY!
12/20

Surgent’s Comprehensive Guide to Tax Depreciation
T/B  33630911; 35630911 (Webcast)
FAE Learning Center
Surgent McCoy CPE, LLC
$169/$269

10/29

T/B  34620951
Crowne Plaza Hotel, Syracus
Werner Rocca Seminars
$279/$379

WEBSTOCK CARRIEV

11/26

FAE’s Nonprofit Workshop with Allen Fetterman
AC/8  21157915
Crowne Plaza White Plains—Downtown
Foundation for Accounting Education
$279/$379

12/7

FAE’s 2018 Financial Statement Disclosures for Small to Medium-Sized Businesses
AC/8  21156050
Crowne Plaza White Plains—Downtown
Foundation for Accounting Education
$279/$379

AUDITING

11/27

FAE’s Nonprofit Workshop with Allen Fetterman
See course listing under Accounting.

12/18

FAE’s 2018 Auditing Update
AU/4  21125926
Four Points by Sheraton, Melville
Foundation for Accounting Education
$169/$269

12/18

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Four Points by Sheraton, Melville
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11/4

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Crowne Plaza Hotel, Syracus
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11/4

FAE’s Ethics Update for Members in Public Practice
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Crowne Plaza Hotel, Syracus
Foundation for Accounting Education
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11/14

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Hilton Albany
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$169/$269

11/15

FAE’s 2018 Compilation, Review, and Preparation of Financial Statements Update
AU/4  21130894
Hilton Albany
Foundation for Accounting Education
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10/23

Cash Management Techniques, Systems, and Solutions: Make Your Money Work Harder
AU/4  34120942
Four Points by Sheraton, Melville
Executive Education, Inc.
$169/$269

10/23

Valuing a Business: What Is This Company Worth?
AU/4  34120942
Four Points by Sheraton, Melville
Executive Education, Inc.
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10/30

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Do You Have Any of These Issues? Can Help!

**NYS DOL UI DIVISION** – Manufacturer assessed $212K for UI taxes after exiting PEO. Arnold Standard results: UI refund of $135K; UI Reserve Account Balance positive $204K. UI Tax Rate lowered from 9.5% to 2.1% on $2MM of annual taxable payroll. **Savings in excess of $600,000.**

**US DOL WAGE & HOUR DIVISION** – Distributor assessed in excess of $575K for alleged wage and hour violations. Arnold Standard results: Assessment lowered significantly. **Savings in excess of $300,000.**

**NYS WCB** – Homeowner with Domestic Worker assessed penalty of $50,000. Arnold Standard results: Settled for $2,500. **Savings of $47,500.**

**NYS WCB** – Construction firm assessed penalty of $83,000. Arnold Standard results: Settled for $3,500. **Savings of $79,500.**

Call Bob Arnold or Bob Arnold, Jr.
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www.arnoldstandard.com