BEFORE THE MARYLAND STATE BOARD OF PUBLIC ACCOUNTANCY

MARYLAND STATE BOARD OF PUBLIC ACCOUNTANCY,	*	
v.	*	Case no. CPAS-17-0086
Chenhong Zhang, CPA	*	
Respondent	*	

* * * * * * * * * * * * *

FINAL ORDER

The above-captioned case was heard before the Maryland State Board of Public Accountancy ("the Board") on December 4, 2018. The allegations against Respondent Thomas Gerald Brennan, CPA, as set forth in the Board's charge letter dated October 4, 2018, were as follows:

> During all relevant periods, you were licensed in Maryland as a certified public accountant. On or about December 26, 2016, you submitted an application by means of the Board's online licensing system for the renewal of your license as a Certified Public Accountant in the State of Maryland for the period December 26, 2016, through January 28, 2019. In your application, you claimed four hours of ethics continuing education and 88 hours of other qualifying continuing professional education (CPE) credits pertaining to the renewal term. Further, on the license renewal application you certified the accuracy of the information contained therein. The certification states, in pertinent part:
>
> > *"I hereby certify, under penalty of perjury, that the information contained herein is true and correct to the best of my knowledge, information, and belief. . ."*
>
> Upon receipt of your application, the Board notified you that you were randomly selected for audit of the claimed CPE hours, and that you were being requested to submit supporting documentation to the Board. You filed a CPE Report Checklist to the Board claiming 4 CPE credits in ethics from the Center for Professional Education, which were obtained on January 23, 2017,

after the application date. No timely request for modification of reported CPE credits was filed. An audit of the documentation showed 88 CPE credits during the referenced renewal term, none of which were in ethics as required.

It is alleged that your failure to accrue 4 hours of ethics CPE during the renewal term of your license constitutes a violation of the Code of Professional Conduct.

Based on the above described circumstances, you are charged with violating the following laws of the State of Maryland and provisions of the Code of Maryland Regulations (COMAR)

Business Occupations and Professions Article, Md. Annotated Code of Maryland

Section 2-312. Continuing education

(a) *In general.* (1) The Board shall adopt regulations that set, in accordance with this section, continuing education requirements as a condition to the renewal of licenses under this subtitle.

(2) A continuing education requirement does not apply to the first renewal of a license.

(3)(i) To qualify for any further renewal of a license under this subtitle, a licensee shall complete, for each 2-year license term, at least 80 hours in programs the Board approves.

Section 2-315. Denials, reprimands, suspensions, and revocations - Grounds; license certificate.

(a) *Grounds.*

(1) Subject to the hearing provisions of §2-317 of this subtitle, the Board, on the affirmative vote of a majority of its members, may deny a license to any applicant, reprimand any licensee, or suspend or revoke a license if the applicant or licensee:

(i) fraudulently or deceptively obtains or attempts to obtain a license for the applicant or licensee or for another;

(xii) violates a rule of professional conduct adopted by the Board.

COMAR 09.24.01.06 Code of Professional Conduct

I. Other Responsibilities and Practices.

(1) A licensee may not commit any act that reflects adversely on the licensee's fitness to engage in the practice of public accountancy.

COMAR 09.24.02.03 Basic Requirement.

A. An applicant for license renewal shall complete, prior to submitting an application, a minimum of 80 credit hours of qualifying continuing education in each 2-year license term.

C. Professional Ethics.

(1) A minimum of 4 credit hours of the continuing education for each 2 year license term shall be in professional ethics.

COMAR 09.24.02.05 Controls and Reporting.

C. The Board, at its discretion, may verify the information and documentation supporting the certification of continuing education credit hours reported. Upon request, the individual who reported the continuing education credit hours shall submit to the Board, or its designee, copies of the original documentation.

In its charge letter, the Board informed Mr. Zhang of his right to a hearing on the charges, in accordance with the Business Occupations and Professions Article ("BOP") of the *Annotated Code of Maryland*, §2-317 *et seq.*, the Maryland Administrative Procedure Act as set forth in the State Government Article of the *Annotated Code of Maryland*, Title 10, Subtitle 2, and the Board's hearing rules set forth at COMAR .09.24.01.07. Mr. Zhang was also informed that should the charges be proven, he would be subject to a possible reprimand, suspension or revocation of his license, and/or the imposition of a penalty in the

amount of $5,000.00 per violation. At the December 4, 2018, hearing, Mr. Zhang appeared without counsel. Kris King, Assistant Attorney General, presented evidence to the Board in support of the allegations.

FINDINGS OF FACT

The Board hereby adopts and incorporates in its factual findings the facts set forth in the Board's charge letter dated October 4, 2018. After examining all of the evidence, including both the testimony and the documentary evidence submitted at the hearing, and having assessed the demeanor and credibility of those offering testimony, the Board makes the following findings of fact:

1) Chenhong Zhang was first licensed by the Board as a certified public accountant under registration number 37341 on January 28, 2009. Mr. Zhang's current license is due to expire on February 4 2019.

2) After submitting an online application to renew his license on or about December 26, 2016, Mr. Zhang was notified that his license renewal application had been selected for audit, and that he was to provide specific documentation for the 92 hours of continuing education ("CE") he claimed in connection with his renewal application.

3) Mr. Zhang provided documentation for his claimed continuing education in the audit checklist and supporting documentation dated January 25, 2017. With respect to the documentation of CE submitted in the checklist, as of the date of his renewal application, Mr. Zhang had completed 88 of the 92 hours claimed. The 4-credit-hour course entitled "Professional Ethics" given by the Center for Professional Education was completed on

January 23, 2017, after the date of Mr. Zhang's renewal application.

4) Prior to the submission of his renewal application, Mr. Zhang studied for and completed Parts I and II of the Certified Internal Auditor Examination, which includes a significant ethics component. Had Mr. Zhang included this information on his audit checklist submitted on January 25, 2017, the Board would have considered it sufficient to satisfy the 4-hour ethics requirement. Mr. Zhang did not include this information in his audit checklist because he did not have a certificate showing the completion of Parts I and II of the Certified Internal Auditor Examination.

DISCUSSION

After reviewing the evidence, the Board finds that charges against Mr. Zhang should be dismissed. Although the Board agrees, and Mr. Zhang conceded at the hearing, that he should have included the information concerning Parts I and II of the Certified Internal Auditor Examination in his audit checklist, the Board also believes the fact that Mr. Zhang studied for and completed these parts prior to the submission of his renewal application leads to the conclusion that Mr. Zhang made no misrepresentation when he certified that he had completed sufficient CE for his license renewal.

CONCLUSIONS OF LAW

Based on the Findings of Fact, and using the specialized knowledge, training, and experience of its members, the Maryland State Board of Public Accountancy hereby concludes as a matter of law that the Respondent Chenhong Zhang, did not violate Business Occupations and Professions Article, Ann. Code of Maryland, §§ 2-312(a)(3)(i), 2-

315(a)(1)(i), and 2-315(a)(1)(vii), and COMAR 09.24.01.06I(1), 09.24.02.03A, and 09.24.02.03C(1).

ORDER

In consideration of the Maryland State Board of Public Accountancy's Findings of Fact and Conclusions of Law in this matter, it is this 8th day of January, 2019, **ORDERED:**

1) That the charges against Mr. Zhang are hereby **DISMISSED;**

2) That Mr. Zhang's application for license renewal is hereby **GRANTED;** and

3) That the records, files, and documents of the Maryland Board of Public Accountancy reflect this decision.

MARYLAND STATE BOARD OF PUBLIC ACCOUNTANCY

By: SIGNATURE ON ORIGINAL DOCUMENT
Arthur E. Flach, CPA
Chair