

STATE OF SOUTH DAKOTA  
BOARD OF ACCOUNTANCY

IN THE MATTER OF THE )  
COMPLAINT BY THE SOUTH DAKOTA )  
BOARD OF ACCOUNTANCY )  
AGAINST JUDITH MCKETTA )

NEGOTIATED  
CONSENT AGREEMENT

The above-named parties in the interest of resolving the action between them enter into this Consent Agreement upon the terms and conditions set forth below.

1. The Board has jurisdiction of this matter pursuant to SDCL ch. 36-20B.
2. Judith McKetta (McKetta) is a certified public accountant (CPA) and holder of Idaho certificate number CP-2707.
3. Pursuant to SDCL 36-20B-68 effective thru June 30, 2009, McKetta was subject to the provisions of SDCL ch. 36-20B and ARSD 20:75, when practicing public accountancy in South Dakota.
4. SDCL 36-20B-66, effective thru June 30, 2009, provided that an individual whose principal place of business was not in this state but, having a valid certificate or license as a certified public accountant from any state which the board verified to be in substantial equivalence to this state's requirements, shall have all the privileges of certificate holders and licensees in South Dakota without the need to obtain a certificate or permit. However, such individuals were required to notify the board of their intent to enter the state under SDCL 36-20B-66 and pay fees specified by the Board and promulgated by rule.
5. SDCL 36-20B-54, effective thru June 30, 2009, stated that no person other than a licensee could issue a report on financial statements of any person, firm, organization, or governmental unit or offer to render or render any attest or compilation service, in South Dakota. A licensee performing attest or compilation services was required to provide those services in accordance with professional standards.
6. SDCL 36-20B-55, effective thru June 30, 2009, provided that no firm could provide attest services unless the firm held a valid permit issued under SDCL 36-20B and ownership of the firm was in accordance with the statutes and rules promulgated by the Board.

7. ARSD 20:75:03:14, effective thru June 30, 2009, provided that a licensee from another state, intending to perform attest services was required to do so through a licensed firm and notify the state of South Dakota by filing a Notification for Non-Resident CPA to Practice Public Accounting in South Dakota. The fee was \$50. The notification was not a license or a permit for the firm to practice in South Dakota. The firm was also required to file a firm permit application if performing or offering to perform attest services to South Dakota clients. The fee for the firm permit was \$50 per firm location and \$65 per individual CPA listed on the firm permit.

8. ARSD 20:75:03:08, effective thru June 30, 2009, required a firm practicing in this state to submit an application for an initial firm permit within 90 days after commencing an engagement. A firm was required to obtain a permit to practice for the year during which it commenced practicing. If the firm did not submit the application within the 90 days the firm was required to pay an additional \$50.

9. ARSD 20:75:05:11, effective thru June 30, 2009, prohibited a licensee from permitting others to carry out on the licensee's behalf, either with or without compensation, acts which, if carried out by the licensee, would place the licensee in violation of SDCL 36-20B.

10. McKetta admitted that she is a licensed CPA in Idaho.

11. McKetta confirms and admits that she completed an audit dated December 31, 2008, for the Boys & Girls Club of Three Districts Youth Services.

12. McKetta acknowledges and admits that the audit was performed and completed in South Dakota and Idaho and she received the documents for the audit via mail and fax.

13. McKetta acknowledges and admits that she did not file the Non-Resident CPA Notification form, as was required, by the South Dakota Board of Accountancy.

14. McKetta acknowledges and admits that she did not apply for an initial firm permit, as was required, with the South Dakota Board of Accountancy.

15. McKetta acknowledges and admits that she completed and signed, as a CPA, an audit for the Boys & Girls Club of Three Districts Youth Services dated December 31, 2008. McKetta issued the audit report on the letterhead of a non-CPA business located in South Dakota named Larsen Tax & Consulting, LLC.

16. Larsen Tax & Consulting, LLC is not now, has never been, and is not authorized to hold a CPA firm permit. McKetta and Larsen Tax & Consulting, LLC, could not lawfully provide audit services as a CPA firm.

17. McKetta acknowledges and admits that the audit should have been issued through a licensed CPA firm that was registered with the South Dakota Board of Accountancy.

18. McKetta acknowledges that this agreement constitutes an admission as to the factual allegations contained in paragraphs 10 through 17 and that her actions, as set forth above, constituted violations of SDCL 36-20B-54, 36-20B-55, 36-20B-66, ARSD 20:75:03:08, 20:75:03:14, 20:75:05:11.

19. In exchange for the satisfactory fulfillment by McKetta of the promises contained in paragraph 20 of this agreement, the Board agrees not to take any additional disciplinary action against McKetta as a result of the findings contained in paragraphs 10 through 17.

20. In exchange for the promises of the Board contained in paragraph 19 of this agreement, McKetta agrees to the following:

- a) Notify the client that the auditor's report must no longer be associated with the financial statements.
- b) Notify regulatory agencies having jurisdiction over the client that the auditor's report should no longer be relied upon.
- c) Notify each person known to the auditor to be relying on the financial statements that her report should no longer be relied upon.
- d) Notify the client that a new audit will need to be done by a licensed CPA firm.
- e) McKetta agrees that if she performs any audit in the future for a South Dakota client, she must submit an application for a firm permit and follow SDCL ch. 36-20B and ARSD 20:75.
- f) The Board will issue a public reprimand to Ms. McKetta.

21. It is further understood and agreed that this settlement shall resolve all allegations contained within paragraphs 10 through 17 in favor of the Board and that any problems of compliance with this agreement by McKetta will only require the Board to establish noncompliance with the terms of the Consent Agreement.

22. McKetta understands that noncompliance with this Consent Agreement could result in an adversarial hearing in which the Board could revoke any certificate, permit, or practice privileges, suspend any permit, reprimand, censure or limit the scope of her practice or place her on probation,

all with or without terms, conditions or limitations, impose an administrative fee not exceeding \$1000, require the satisfactory completion of the CPA and ethics examination, and the payment of any costs associated with this or any other proceeding involving McKetta.

23. McKetta understands that by signing this agreement she waives her right to a contested case proceeding pursuant to SDCL ch. 1-26, wherein she has the right to be present and represented by legal counsel, call witnesses on her behalf, and that these and other due process rights will be forfeited if they are not exercised at the hearing. McKetta further understands that she has the right to use the Office of Hearing Examiners by giving notice to the Board of Accountancy and that any decision from such a hearing may be appealed to the circuit court and the South Dakota Supreme Court as provided by law. By signing this agreement, McKetta has waived her right to an adversary hearing in this matter and the Board may proceed as set forth in this agreement.

Dated this 4<sup>th</sup> day of August, 2010.

Judith M. Ketta, CPA  
Judith McKetta, CPA

Dated this 19<sup>th</sup> day of August, 2010.

Nicole Kasin  
Nicole Kasin  
Executive Director  
South Dakota Board of Accountancy

Dated this 19<sup>th</sup> day of August, 2010.

Holly Brunick  
Holly Brunick, CPA  
Chair  
South Dakota Board of Accountancy