

BEFORE THE MARYLAND STATE BOARD OF PUBLIC ACCOUNTANCY

MARYLAND STATE BOARD OF
PUBLIC ACCOUNTANCY,

v.

Patricia O. Blackford

Respondent

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Case no. CPAS-13-0031

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FINAL ORDER

The above-captioned case was heard before the Maryland State Board of Public Accountancy ("the Board") on September 10, 2013. The allegations against Respondent Patricia O. Blackford, as set forth in the Board's charge letter dated June 26, 2013, were as follows:

1. You were licensed in Maryland as a certified public accountant for various periods from September 4, 1996 through May 22, 2010. However, you did not renew your license after it expired on May 22, 2010.
2. Since May 22, 2010, as detailed below, you have held yourself out in the State of Maryland as a certified public accountant on numerous occasions while not licensed by the Board or otherwise qualified by the Board to practice certified public accountancy. In addition, during that period, you operated a business through which public accountancy was practiced, Patricia O. Blackford, CPA, LLC, without a proper permit issued by the Board.
3. On or about August 26, 2010, you issued a written opinion to Badtec, Inc. in connection with an audit of a portion of the Perpetual Care Trust Report of Southern Memorial Gardens for the year ended December 31, 2009. Badtec, Inc. was the owner of a cemetery known as Southern Memorial Gardens in Dunkirk, Maryland. Your opinion stated that the report "presented fairly, in all material respects" the audited information for the indicated reporting period. The written opinion was signed by you and was issued on letterhead describing your firm as "Patricia O.

Blackford, CPA, LLC, Certified Public Accountant.”

4. On or about October 27, 2010, you issued a written opinion in connection with your review of certain financial statements of Badtec, Inc. for the years ended December 31, 2007 and 2008. The opinion states that you “are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.” The written opinion was signed by you and was issued on letterhead describing your firm as “Patricia O. Blackford, CPA, LLC, Certified Public Accountant.”

5. On or about October 29, 2010, you issued a written opinion in connection with your review of certain financial statements of Badtec, Inc. for the years ended December 31, 2008 and 2009. The opinion states that you “are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.” The written opinion was signed by you and was issued on letterhead describing your firm as “Patricia O. Blackford, CPA, LLC, Certified Public Accountant.”

6. On or about October 31, 2010, you issued a written opinion in connection with an audit of a portion of the Pre-need Burial Trust Report of Southern Memorial Gardens for the year ended December 31, 2009. Your opinion stated that, with the exception of certain adjustments that might have been deemed necessary, the report “presented fairly, in all material respects” the audited information for the indicated reporting period. The written opinion was signed by you and was issued on letterhead describing your firm as “Patricia O. Blackford, CPA, LLC, Certified Public Accountant.”

7. On or about June 11, 2011, you issued a written opinion in connection with an audit of a portion of the Perpetual Care Trust Report of Southern Memorial Gardens for the year ended December 31, 2010. Your opinion stated that the report “presented fairly, in all material respects” the audited information for the indicated reporting period. The written opinion was signed by you and was issued on letterhead describing your firm as “Patricia O. Blackford, CPA, LLC, Certified Public Accountant.”

8. On or about June 13, 2011, you issued a written opinion in connection with an audit of a portion of the Pre-need Burial Trust Report of Badtec, Inc. for the year ended December 31, 2010. Your opinion stated that the report “presented fairly, in all material respects” the audited information

for the indicated reporting period. The written opinion was signed by you and was issued on letterhead describing your firm as "Patricia O. Blackford, CPA, LLC, Certified Public Accountant."

9. On or about June 14, 2011, you issued a Statement of Financial Stability for Badtec, Inc. detailing information regarding the company's financial position. The statement was signed by you and was issued on letterhead describing your firm as "Patricia O. Blackford, CPA, LLC, Certified Public Accountant."

10. On or about June 15, 2011, you provided sworn testimony at an administrative hearing before the Maryland Office of Administrative Hearings in the matter of Maryland Office of Cemetery Oversight v. Badtec, Inc., t/a Southern Memorial Gardens, Case Nos. DLR-CEM-77A-11-13864 and DLR-CEM-77-11-14227. During your testimony, you stated that you are a certified public accountant and that you have been practicing in Dunkirk, Maryland since 1996. You were qualified as an expert witness and you further stated under oath that you are in the business of providing auditing services.

Based on the above described circumstances, you are charged with violating the following laws of the State of Maryland:

Business Occupations and Professions Article, Ann. Code of Maryland

Section 2-601. Practicing without license.

Except as otherwise provided in this title, a person may not practice, attempt to practice, or offer to practice certified public accountancy in the State unless licensed by the Board or qualified for a practice privilege under § 2-321 of this title.

Section 2-602. Providing services without permit.

Except for a licensed certified public accountant or an individual practicing under a practice privilege under § 2-321 of this title who operates a business as a sole practitioner, a person may not operate a business through which certified public accountancy is practiced, unless:

(1) the business is a partnership, limited liability company, or corporation; and

(2) except as otherwise provided under § 2-401 of this title, the partnership, limited liability company, or corporation holds a permit issued by the Board.

Section 2-603. Misrepresentation as authorized practitioner.

(a) In general. - Subject to subsection (b) of this section and unless authorized under this title to practice certified public accountancy, a person may not represent to the public, by use of a title, including "licensed certified public accountant", "certified public accountant", "public accountant", or "auditor", by use of the abbreviation "CPA", by description of services, methods, or procedures, or otherwise, that the person is authorized to practice certified public accountancy in the State.

Section 2-604. Misrepresentation that business may provide services.

(a) In general. - Subject to subsection (b) of this section and unless a person holds a permit issued by the Board or is otherwise authorized under this title to practice certified public accountancy, the person may not represent to the public, by use of a title, including "licensed certified public accountants", "certified public accountants", "public accountants", or "auditors", by use of the abbreviation "CPA", by description of services, methods, or procedures, or otherwise, that the person holds a permit or otherwise is authorized to operate a business through which certified public accountancy is practiced in the State.

In its charge letter, the Board informed Ms. Blackford of her 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. Ms. Blackford was also informed that should the charges be proven, she would be subject to the imposition of a penalty in the amount of \$5,000.00 per violation. At the September 10, 2013, hearing, Ms. Blackford failed to appear. Kris King, Assistant Attorney General,

presented evidence to the Board in support of the allegations.

As a preliminary matter, the Board determined that Ms. Walker had been properly notified of the proceedings. The Notice of Charges and Order for Hearing was mailed via Certified Mail and regular mail to Ms. Walker at her last address of record with the Board, 5911 Stephen Reid Road, Huntingtown, Maryland 20639, and a Certified Mail receipt ("green card") bearing Ms. Blackford's signature was introduced into evidence at the hearing. Accordingly, the Board found Ms. Blackford to have received notice of the hearing and proceeded in her absence.

FINDINGS OF FACT

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) Patricia Olson Blackford was first licensed as a CPA by the Board on September 4, 1996. She has been intermittently licensed by the Board since that time, and her CPA license expired on May 22, 2010.

2) On or about August 26, 2010, Ms. Blackford issued a written opinion to Badtec, Inc., in connection with an audit of a portion of the Perpetual Care Trust Report of Southern Memorial Gardens for the year ended December 31, 2009. Badtec, Inc. was the owner of a cemetery known as Southern Memorial Gardens in Dunkirk, Maryland. Ms. Blackford's opinion stated that the report "presented fairly, in all material respects" the

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3) On or about October 27, 2010, Ms. Blackford issued a written opinion in connection with her review of certain financial statements of Badtec, Inc. for the years ended December 31, 2007 and 2008. Ms. Blackford's opinion states that she is "not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles." The written opinion was signed by Ms. Blackford and was issued on the following letterhead: "Patricia O. Blackford, CPA, LLC, Certified Public Accountant."

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3
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administrative hearing before the Maryland Office of Administrative Hearings in the matter of Maryland Office of Cemetery Oversight v. Badtec, Inc., t/a Southern Memorial Gardens, Case Nos. DLR-CEM-77A-11-13864 and DLR-CEM-77-11-14227. During her testimony, Ms. Blackford stated that she is a certified public accountant and that she has been practicing in Dunkirk, Maryland since 1996. Additionally, Ms. Blackford was qualified as an expert witness and further stated under oath that she performs audit work.

DISCUSSION

Based on the facts found by the Board , it is clear that Ms. Blackford violated BOP §2-603 through her use of the CPA designation on her business letterhead as well as through her sworn testimony before the Office of Administrative Hearings indicating that she was a certified public accountant and that she did audit work. At the time of these representations, Ms. Blackford was not licensed by the Board. Further, because Ms. Blackford was unlicensed at the time she performed the reviews of financial statements and the audits identified in the Board's findings of fact, services within the definition of the "practice of certified public accountancy" under BOP §2-101(k), Ms. Blackford violated BOP §2-601 by practicing certified public accountancy without a license. With respect to the charges involving BOP §§ 2-602 and 2-604, in the absence of evidence in the record showing that other certified public accountants worked with Ms. Blackford in the business identified as Patricia O. Blackford, CPA, LLC, the Board believes that Ms. Blackford was operating as a sole practitioner, and under BOP §2-602 was not required to have a permit. Therefore, the Board does not find Ms. Blackford to be in violation of BOP §§2-602 and 2-

604.

Accordingly, the sole remaining issue before the Board is what, if any, sanction it must impose against Ms. Blackford under these circumstances. The Board has the authority under BOP §2-315(a)(2) to impose a penalty not exceeding \$5,000.00 per violation. In evaluating whether or not to impose a civil monetary penalty, BOP §2-315(a)(2)(ii) provides that the Board shall consider the following factors: 1) the seriousness of the violation; 2) the harm caused by the violation; 3) the good faith of the violator; 4) any history of previous violations by the violator; and 5) any other relevant factors.

With respect to the seriousness of the violations, the Board considers Ms. Blackford's misrepresentation as a licensee and performance of certified public accountancy services while unlicensed to be quite serious indeed. The "CPA" is an exclusive designation signifying expertise in accounting and financial services due to educational background, completion of a rigorous licensing examination, and completion of continuing professional education requirements. Ms. Blackford performed the highest level of service a CPA can provide, an audit, while unlicensed. Ms. Blackford had maintained an active license for more than 13 years, and clearly knew of her obligation to renew her license and complete required continuing professional education. In spite of that knowledge, Ms. Blackford, for reasons known only to her, chose to take the benefits of licensure without meeting those obligations.

With respect to the harm caused by the violation, Ms. Blackford's unauthorized use of the "CPA" designation injures the profession as a whole. Ms. Blackford worked for

clients who relied upon her representation that she was an actively licensed CPA to their detriment, and these clients received ultimately valueless services. Further, Ms. Blackford took business away from those who maintain current licenses.

With respect to the good faith of the violator, Ms. Blackford has shown none. She failed to respond to the charges or appear at the hearing and offer any explanation for her conduct.

Finally, the Board has no record of any prior violations of the Maryland Public Accountancy Law by Ms. Blackford. In the Board's view, Ms. Blackford's prior clean record is insufficient to preclude a serious sanction in this case, particularly in the absence of any other mitigating factors.

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, Patricia O. Blackford, violated BOP §§ 2-601 and 2-603.

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 1 day of October, 2013,

ORDERED:

1) That Patricia O. Blackford immediately cease and desist from representing to the public, by use of a title, including "CPA", "certified public accountant", "licensed certified public accountant", "public accountant", or "auditor", by description of services,

methods, or procedures, or otherwise that you are authorized to practice certified public accountancy in Maryland;

2) That Patricia O. Blackford immediately cease and desist from performing any service that constitutes the practice of certified public accountancy as defined in BOP §2-101(k);

3) That, within 30 days of the date of this order, Patricia O. Blackford shall pay to the Board a civil monetary penalty in the amount of \$5,000.00 for her violation of BOP §2-601 and \$5,000.00 for her violation of BOP §2-603 for a total penalty of \$10,000.00; and

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

**MARYLAND STATE BOARD OF
PUBLIC ACCOUNTANCY**

(BOARD CHAIR'S SIGNATURE

APPEARS ON ORIGINAL DOCUMENT)

By:

Tim Murphy, CPA
Chair