

**STATE OF MINNESOTA  
BOARD OF ACCOUNTANCY**

**In the Matter of  
Babcock Langbein CPA  
CPA Firm Permit No. 00120**

**STIPULATION AND  
CONSENT ORDER  
Board File 2015-105**

The Minnesota Board of Accountancy ("Board") is authorized pursuant to Minnesota Statutes sections 214.10 (2014); Minnesota Statutes section 326A.02, subdivisions 4 and 6 (2014); and Minnesota Statutes section 326A.08 (2014) to review complaints against Certified Public Accountant firms and to take disciplinary action whenever appropriate.

The Board received information concerning the firm Babcock Langbein CPA, 4001 Stinson Boulevard, Suite 319, Minneapolis, Minnesota 55421 ("Respondent"). The Board's Complaint Committee ("Committee") reviewed that information.

It is hereby stipulated and agreed by Respondent and the Committee that without trial or adjudication of any issue of fact or law and without any evidence or admission by any party with respect to any such issue:

1. For the purpose of this Stipulation, Respondent waives all procedures and proceedings before the Board to which Respondent may be entitled under the United States and Minnesota constitutions, statutes, or the rules of the Board, including the right to dispute the allegations against Respondent and to dispute the appropriateness of discipline in a contested case hearing pursuant to Minnesota Statutes Chapter 14 (2014), and to dispute any civil penalty imposed by this Stipulation. Respondent agrees that upon the *ex parte* application of the Committee, without notice to or appearance by Respondent, the Board may order the remedy specified in paragraph 7 below. Respondent waives the right to any judicial review of the order by appeal, by writ of certiorari, petition for review, or otherwise.

2. This Stipulation shall constitute the entire record of the proceedings herein upon which the Consent Order is based. All documents in the Board's files shall maintain the data classification to which they are entitled under the Minnesota Government Data Practices Act, Minnesota Statutes Chapter 13 (2014). They shall not, to the extent they are not already public documents, become public merely because they are referenced herein.

3. In the event the Board in its discretion does not approve this Stipulation or a lesser remedy than specified herein, this Stipulation and Consent Order shall be null and void and shall not be used for any purpose by either party. If this Stipulation is not approved and a contested case hearing is initiated by the Committee pursuant to Minnesota Statutes Chapter 14 (2014), Respondent agrees not to object to the Board's initiation of the hearing and its hearing the case on the basis that the Board has become disqualified because of its review and consideration of this Stipulation or of any records relating hereto.

### FACTS

4. This Stipulation is based upon the following facts. Respondent admits the facts referred to below and grants that the Board may, for the purpose of reviewing the record in paragraph 2 above, consider the following as true without prejudice to the Respondent in any current or future proceeding of the Board with regard to these or other allegations:

a. The Board issued a Certified Public Accountant Firm Permit ("CPA Firm Permit") to Respondent on January 26, 1984. Respondent currently holds an active CPA Firm Permit from the Board. Respondent is subject to the jurisdiction of the Board with respect to the matters referred to in this Stipulation.

b. Respondent's CPA Firm Permit, number 00120, expired on December 31, 2010. Respondent submitted its 2011, 2012 and 2013 CPA Firm Permit renewal forms and fees to the Board office on April 16, 2013.

c. Respondent failed to renew its CPA Firm Permit by the established December 31, 2010 deadline.

d. It is alleged that Respondent failed to renew its firm permit in a timely manner as required by Minnesota statutes and rules.

e. The Board received information that during the period its CPA Firm Permit had expired, from January 1, 2011 to April 15, 2013, Respondent performed employee benefit plan audits, pursuant to the Employee Retirement Income Security Act ("ERISA"), of the J&J Distributing Co. 401(K) Plan ("the Plan") for the years 2010 and 2011. The audit reports prepared by Respondent indicate that J&J Distributing Co. is located in St. Paul, Minnesota.

f. Respondent prepared signed Independent Auditor's Reports, attesting that Respondent performed the audits for the Plan, that were included with the 2010 and 2011 Forms 5500 Respondent filed with the United States Department of Labor.

g. It is alleged that Respondent performed audits of financial statements of a Minnesota client without a valid Minnesota CPA Firm Permit to practice, as required by Minnesota Statutes 326A.05, subdivision 1 (a)(1) (2014).

h. Respondent indicated on its 2011 and 2012 CPA Firm Permit renewal forms that Respondent performed audits, compilations and reviews of financial statements during the years 2010 and 2011.

i. Pursuant to Minnesota Rule 1105.4800 A., as a condition to the renewal of its permit pursuant to Minnesota Statutes, section 326A.05, every firm shall undergo a quality review... every three years. Respondent was required to submit its peer review for the period ended in 2011 to the Board office by June 30, 2012. Respondent failed to provide evidence of completion of a peer review for the period ended March 31, 2011 until April 22, 2015.

j. It is alleged that Respondent failed to comply with the applicable quality review requirements as set out in Minnesota statutes and rules.

5. Violations. Respondent admits that the facts and conduct specified in paragraph 4 above constitute violations of Minnesota Statutes Chapter 326A (2014) and Minnesota Rules Chapter 1105 (2013), specifically Minnesota Statutes sections 326A.05, subdivisions 1 (a)(1) and 1(a)(3), 326A.08, subdivisions 5 (a)(1) and 5(a)(8) (2014) and Minnesota Rules 1105.4000 A. and 1105.4000 G., 1105.4200 B. (1) and 1105.4200 B. (2), 1105.4800 A., 1105.5600, subparts 1 C. (1) and 1 C. (7), and 1105.7800 C. and 1105.7800 D. (2013), and are sufficient grounds for the remedy specified in paragraph 7 below, and that proof at hearing of any one or more of the allegations set forth would empower the Board to take disciplinary action against Respondent's CPA Firm Permit.

6. This Stipulation shall not in any way or manner limit or affect the authority of the Board to proceed against Respondent by initiating a contested case hearing or by other appropriate means on the basis of any act, conduct, or admission of Respondent justifying disciplinary action which occurred before or after the date of this Stipulation and that is not directly related to the specific facts and circumstances set forth herein.

#### **REMEDY**

7. Upon this Stipulation and record, as set forth in paragraphs 2 and 4 above, and without any further notice of proceedings, the Committee and Respondent agree that the Board may, in its discretion, issue an order to Respondent requiring compliance with the following:

a. Respondent's CPA Firm Permit is **CENSURED and REPRIMANDED.**

b. Respondent shall pay to the Board a **CIVIL PENALTY** of Four Thousand Dollars (\$4,000.00). Respondent shall submit a Civil Penalty of Four

Thousand Dollars (\$4,000.00) by check to the Board within sixty (60) days of the Board's approval of this Stipulation and Order.

c. Respondent shall not violate any statute, rule or order that the Board has issued or is empowered to enforce.

8. The undersigned authorized representative of Respondent whose signature appears below hereby acknowledges that he has read, understands, and agrees to this Stipulation and Consent Order and is freely and voluntarily signing the Stipulation on behalf of Respondent without threat or promise by the Board or any of its members, employees, or agents. When signing the Stipulation, Respondent acknowledges that it is fully aware that the Stipulation and Consent Order must be approved by the Board. The Board may approve the Stipulation and Consent Order as proposed, approve the order subject to specified change, or reject it. If the changes are unacceptable to Respondent or the Board rejects the Stipulation, it will be of no effect except as specified herein.

9. Under the Minnesota Government Data Practices Act, this Stipulation is classified as public data upon its issuance by the Board. (Minnesota Statutes section 13.41, subdivision 5 (2014)). All documents in the record shall maintain the data classification to which they are entitled under the Minnesota Government Data Practices Act, Minnesota Statutes Chapter 13 (2014). They shall not, to the extent they are not already public documents, become public merely because they are referenced herein. A summary of this Order will appear in the Board's newsletter. A summary will also be sent to the national discipline data bank pertaining to the practice of public accounting.

10. This Stipulation contains the entire agreement between the parties. Respondent is not relying on any other agreement or representation of any kind, verbal or otherwise.

11. Respondent is aware that Respondent may choose to be represented by legal counsel in this matter. Respondent knowingly waived legal representation.

12. If approved by the Board, a copy of this Stipulation and Consent Order shall be served personally or by first class mail on Respondent. The Order shall be effective and deemed issued when it is signed by the Board Chair or designee of the Chair.

13. Collection. Pursuant to Minnesota Statutes section 16D.17 (2014), after ninety (90) days of the Board's approval of this Stipulation and Order, the Board may file and enforce any unpaid portion of the civil penalty imposed by this Order as a judgment against the Respondent in District Court without further notice or additional proceedings.

**CONSENT:**

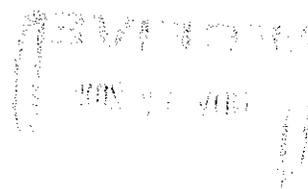
**RESPONDENT**

BABCOCK LANGBEIN CPA

By: [Signature]

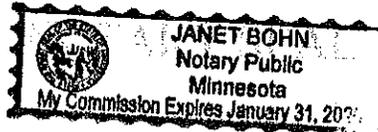
Its: President

Dated: 11/9, 2015



SUBSCRIBED and sworn to before me on this the 9 day of NOVEMBER, 2015.

[Signature]  
(Notary Public)



My Commission Expires: 1/31/2020

**COMPLAINT COMMITTEE**

[Signature]

MICHAEL M. VEKICH, CPA  
Chair

Dated: 12/30, 2015

**ORDER:**

Upon consideration of the foregoing Stipulation and based upon all the files, records and proceedings, herein,

- IT IS HEREBY ORDERED** that all other terms of this Stipulation and Consent Order are adopted and implemented this 30<sup>th</sup> day of December, 2015.

**STATE OF MINNESOTA  
BOARD OF ACCOUNTANCY**

[Signature]  
GREGORY S. STEINER, CPA  
Chair

