

STATE OF MINNESOTA
BOARD OF ACCOUNTANCY

In the Matter of the Certified
Public Accountant Certificate of
Christopher Larson

**FINDINGS OF FACT,
CONCLUSIONS OF LAW,
AND ORDER**

The above-entitled matter came before the Minnesota Board of Accountancy on July 28, 2021.

On May 21, 2021, Administrative Law Judge LauraSue Schlatter issued Findings of Fact, Conclusions of Law, and Recommendation Upon Default (Recommendation) after Respondent Christopher Larson failed to appear at a duly scheduled prehearing conference. On June 9, the Board notified the parties of their right to file arguments and exceptions to the Recommendation in accordance with Minn. Stat. § 14.61, subd. 1 (2020). On July 12, the Complaint Committee filed its arguments with the Board. Larson did not avail himself of his opportunity to file arguments or exceptions with the Board.

Based on all the facts, records, and proceedings herein, the Board makes the following:

FINDINGS OF FACT

1. The Board adopts and incorporates as its own the Findings of Fact in the Recommendation.
2. Any conclusions of law from the Recommendation that should properly be termed findings of fact are hereby adopted as such.

CONCLUSIONS OF LAW

Based on the foregoing findings of fact, the Board makes the following conclusions of law:

1. The Board adopts and incorporates as its own the Conclusions of Law in the Recommendation.

2. Any findings of fact from the Recommendation that should properly be termed conclusions of law are hereby adopted as such.

3. This order is in the public interest.

ORDER

Pursuant to Minn. Stat. § 326A.08, subd. 5 (2020), Larson's certified public accountant certificate is revoked.

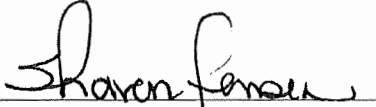
Pursuant to Minn. Stat. § 326A.08, subd. 7(a) (2020), Larson shall pay a \$20,000 civil penalty to the State of Minnesota.

Pursuant to Minn. Stat. § 16D.17(1) (2020), Larson is notified that this shall become a final civil penalty unless he requests a hearing from the Board on the civil penalty within thirty days.

Pursuant to Minn. Stat. § 16D.17(2), Larson is notified that when the civil penalty becomes final, the Board may file and enforce the civil penalty in the same manner as a district court judgment against him without further notice or additional proceedings. Larson is notified that simple interest computed in accordance with Minn. Stat. § 16D.13 (2020), shall begin to accrue on the civil penalty thirty days after the date of this order.

Dated: 7/28/21

MINNESOTA
BOARD OF ACCOUNTANCY


Sharon Jensen, Chair

STATE OF MINNESOTA
OFFICE OF ADMINISTRATIVE HEARINGS
FOR THE BOARD OF ACCOUNTANCY

In the Matter of the Certified Public
Accountant Certificate of Christopher
Larson

**FINDINGS OF FACT,
CONCLUSIONS OF LAW,
AND RECOMMENDATION
UPON DEFAULT**

This matter came on for a prehearing conference before Administrative Law Judge LauraSue Schlatter on May 4, 2021.

Allen Cook Barr, Assistant Attorney General, appeared on behalf of the Minnesota Board of Accountancy (Board). There was no appearance by, or on behalf of, Respondent Christopher Larson (Respondent). The record in this matter closed on May 4, 2021.

STATEMENT OF THE ISSUES

1. Whether it is appropriate for the Board to take disciplinary action against Respondent, because:
 - a. Respondent's right to practice before the Securities and Exchange Commission (SEC) was suspended after he was found to have committed securities fraud, subjecting him to disciplinary action under Minn. Stat. § 326A.08, subd. 5(a)(7) (2020);
 - b. Respondent's commission of securities fraud reflects adversely upon his fitness to perform CPA services, subjecting him to disciplinary action under Minn. Stat. § 326A.08, subd. 5(a)(2) and (10).
 - c. Respondent failed to cooperate by not responding to communications from the Board, subjecting him to disciplinary action under Minn. R. 1105.1200 (2019).
2. Whether the imposition of discipline against Respondent pursuant to Minn. Stat. § 326A.08 (2020) is in the public interest.

SUMMARY OF RECOMMENDATION

The Administrative Law Judge concludes that Respondent is in default and recommends that the allegations in the Notice and Order for Hearing and Prehearing Conference be accepted as true and deemed proven.

Based upon the evidence in the hearing record, the Administrative Law Judge makes the following:

FINDINGS OF FACT

1. On April 1, 2021, a Notice and Order for Prehearing Conference (Notice and Order) in this matter was mailed to Respondent at his last known address.¹

2. The Notice and Order indicated that a prehearing conference would be held in this matter on May 4, 2021, at 9:30 a.m., via telephone conference call. Instructions for joining the telephone conference call at the appointed time were included in the Notice and Order.²

3. In conformity with Minn. R. 1400.5700 (2019), the Notice and Order for Hearing requires that “any party intending to participate as a party in this proceeding must file a Notice of Appearance form and return it to the Administrative Law Judge within 20 days of the date of service” of the Notice and Order.³

4. Consistent with Minn. R. 1400.6000 (2019), the Notice and Order for Hearing in this matter also includes the following statement:

Your failure to appear at the prehearing conference, settlement conference, or the hearing, or failure to comply with any order of the Administrative Law Judge, may result in a finding that Respondent is in default, that the Committee’s allegations contained in the Statement of Charges may be accepted as true, and that Respondent may be subject to discipline by the Board, including revocation, suspension, censure, or the imposition of civil penalties.⁴

5. Respondent did not file a Notice of Appearance with the undersigned.

6. No one appeared at the May 4, 2021, Prehearing Conference on behalf of Respondent. No request was made for a continuance, nor was any communication received by the undersigned from Respondent prior to the May 4, 2021, Prehearing Conference.

7. Respondent’s failure to appear at the prehearing conference was without consent of the Administrative Law Judge.

¹ See Attachment A at Affidavit of Service of Brenda Hanson dated April 1, 2021.

² *Id.* at 1.

³ *Id.* at 4.

⁴ *Id.* at 3-4.

8. Because Respondent failed to appear at the prehearing conference, Respondent is in default.

9. Pursuant to Minn. R. 1400.6000, the allegations contained in the Notice and Order for Hearing, a copy of which is attached as Attachment A, are taken as true, deemed proven without further evidence, and incorporated by reference into these Findings of Fact.

Based upon the Findings of Fact, the Administrative Law Judge makes the following:

CONCLUSIONS OF LAW

1. The Board and the Administrative Law Judge have jurisdiction in this matter pursuant to Minn. Stat. §§ 14.50, 326A.08 (2020).

2. The Respondent received timely and proper notice of the prehearing conference in this matter when the Board sent the Notice and Order for Hearing to his last known address.

3. The Board has complied with all relevant procedural requirements of statute and rule.

4. Under Minn. R. 1400.6000, the Respondent is in default as a result of his failure to appear at the scheduled prehearing conference.

5. Under Minn. R. 1400.6000, when a party defaults by failing to appear at a prehearing conference without the prior consent of the judge, the allegations and the issues set out in the Notice and Order for Hearing may be taken as true and deemed proved. The Administrative Law Judge therefore deems the allegations to be true.

6. Minn. Stat. § 326A.08, subd. 5, provides that the Board may discipline a licensee who engages in conduct that violates the rules or law applicable to a licensee.

7. The Board has grounds to take disciplinary action against the Respondent based upon the allegations set forth in the Notice and Order for Hearing.

8. An order by the Board taking disciplinary action against the Respondent Christopher Larson is in the public interest.

Based upon the foregoing Conclusions of Law, the Administrative Law Judge makes the following:

RECOMMENDATION

IT IS HEREBY RECOMMENDED that the Board take reasonable and appropriate disciplinary action against Respondent Christopher Larson.

Dated: May 21, 2021



LAURASUE SCHLATTER
Administrative Law Judge

Reported: Default

NOTICE

This Report is a recommendation, not a final decision. The Board of Accountancy (the Board) will make the final decision after a review of the record. Under Minn. Stat. § 14.61 (2016), the Board shall not make a final decision until this Report has been made available to the parties for at least ten calendar days. The parties may file exceptions to this Report and the Board must consider the exceptions in making a final decision. Parties should contact Executive Director of the Minnesota Board of Accountancy, 85 East Seventh Place, Suite 125, St. Paul, Minnesota 55101 (651-296-7938), to learn the procedure for filing exceptions or presenting argument.

The record closes upon the filing of exceptions to the Report and the presentation of argument to the Board, or upon the expiration of the deadline for doing so. The Board must notify the parties and Administrative Law Judge of the date the record closes. If the Board fails to issue a final decision within 90 days of the close of the record, this Report will constitute the final agency decision under Minn. Stat. § 14.62, subd. 2a (2016). In order to comply with this statute, the Board must then return the record to the Administrative Law Judge within ten working days to allow the Judge to determine the discipline imposed.

Under Minn. Stat. § 14.62, subd. 1 (2016), the Board is required to serve its final decision upon each party and the Administrative Law Judge by first class mail or as otherwise provided by law.

MEMORANDUM

The Securities and Exchange Commission (SEC) obtained a judgment against Larson that enjoined him from engaging in securities activities for five years and ordered him to disgorge \$291,000. This judgment arises from a fraudulent scheme committed by Larson that artificially inflated the value of stock in order to profit from the increased price after public investors purchased it. Larson has also been suspended from appearing or practicing before the SEC. Larson has since refused to respond to two information requests from the Board related to his misconduct. The revocation of Larson's certificate is clearly necessary to protect the public from a fraudulent practitioner.

More than revocation is required, however, based on the gravity of Larson's willful misconduct that caused significant economic harm to public investors. The Board has the authority to impose a civil penalty up to \$5,000 per violation. Minn. Stat. § 326A.08, subd. 7(a). In this instance, the committee believes that Larson committed four violations because he engaged in securities fraud, had his right to practice before the SEC suspended, and failed to respond to two separate information requests from the Board. The committee recommends a \$5,000 penalty.

The Board suspects that Larson's securities fraud scheme was comprised of numerous discrete acts that each could count as a distinct violation for purposes of determining the number of violations; however, the record before the Board does not include sufficient details for the Board to determine how many additional fraudulent violations Larson actually committed. The Board recognizes that Larson's refusal to respond to the Board's information requests contributed to the limitations in the record. In any event, based on this limited record, Larson committed at least four violations, subjecting him to a maximum penalty of \$20,000.

The Board does not believe that the committee's recommended penalty sufficiently protects the public interest or deters future misconduct by others, especially considering the willfulness and gravity of his violations and his refusal to cooperate with the Board's investigation. Larson fraudulently induced victims to buy stock at artificially inflated prices as part of an intentional scheme so he could illegally profit at their expense. Larson's egregious misconduct cannot be countenanced. While the Board recognizes that Larson's economic benefit was offset by the SEC's order to disgorge his illegal profits (and it is unclear on this record whether he satisfied this judgment), the Board nonetheless believes that Larson's misconduct warrants a \$20,000 civil penalty under these circumstances.

STATE OF MINNESOTA
MINNESOTA BOARD OF ACCOUNTANCY
85 East 7th Place, Suite 125
St. Paul, MN 55101

CERTIFICATE OF SERVICE BY U.S. MAIL

Case Title: In the Matter of the Certified Public Accountant Certificate of Christopher Larson
Board File No. 2020-425
OAH Docket No. 80-0100-37451

I, Dillon Lang, verify by oath or affirmation that on the 29th day of July, 2021, at the City of Saint Paul, in the County of Ramsey, in the State of Minnesota, I served the Findings of Fact, Conclusions of Law, and Order by depositing true and correct copies in the United States mail, properly enveloped, with first class postage prepaid and addressed to the following named individuals at the addresses indicated below.

Christopher Larson
29290 N. 76th St.
Scottsdale, AZ 85266

Allen Cook Barr
Assistant Attorney General
Minnesota Attorney General's Office
445 Minnesota Street, Ste. 1400
St. Paul, Minnesota 55101


Dillon Lang