

STATE OF MINNESOTA  
BOARD OF ACCOUNTANCY

In the Matter of  
Rong Yang  
CPA Certificate No. 26246  
and  
Rong Yang CPA PC  
CPA Firm Permit No. F1815

STIPULATION AND  
CONSENT ORDER

File Nos. 2022-078, -079

OAH No. 25-0100-39342

STIPULATION

Rong Yang ("Respondent"), Rong Yang CPA PC ("Respondent Firm") and the Minnesota Board of Accountancy's Complaint Committee stipulate that, subject to Board's review and discretionary approval, the Board may issue a consent order that imposes the following sanctions:

A. Respondent Firm's CPA firm permit, No. F1815, is REVOKED, CENSURED, and REPRIMANDED.

B. Respondent's CPA certificate, No. 26246, is SUSPENDED for five years from the date of acceptance of the stipulation by the Board, CENSURED, and REPRIMANDED.

C. Respondent and Respondent Firm shall pay to the Board a joint-and-several CIVIL PENALTY of \$12,500. Respondent and Respondent Firm shall submit the civil penalty of \$12,500 by check to the Board within 60 days of the Board's approval of this Stipulation and Consent Order.

D. Respondent shall, at Respondent's expense, complete eight hours of CPE relating to ethics. This CPE shall not count as CPE toward Respondent's license renewal. Respondent shall submit documentation of CPE completion to the Board within 60 days of the Board's approval of this Stipulation and Consent Order.

E. Respondents shall remain law abiding and comply with all statutes and rules within the Board's jurisdiction. *See* Minn. Stat. ch. 326A (2022) and Minn. R. ch. 1105 (2023).

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4/15/2024

F. Respondents shall report in writing within ten days any and all violations of this stipulation and consent order to the Board's Executive Director.

Respondents and the Committee enter into this stipulation based on the following findings of fact, conclusions of law, and other stipulated provisions:

#### FINDINGS OF FACT

1. Yang possesses CPA certificate 26246. Rong Yang CPA PC possessed CPA firm permit F1815. Rong Yang CPA PC's permit expired on December 31, 2022, after Rong Yang CPA PC did not renew it.

2. During the relevant time period, Yang was the only CPA, partner, and shareholder of Rong Yang CPA PC.

3. In 2016, Respondent Firm purchased the assets of a different tax preparation firm and hired several of its employees.

4. One of the clients of the purchased firm was Super World, Inc. d/b/a Super World Buffet, which became a client of Respondent Firm in 2017.

5. As Super World's CPA, Respondent Firm was responsible for submitting monthly sales tax returns to the Minnesota Department of Revenue.

6. Respondent Firm assigned an employee who had been a senior sales tax specialist at Revenue for five years and had significant sales tax experience to liaison and produce the returns for Super World, starting in 2017.

7. Each month, Super World would provide monthly sales figures to Respondent Firm via email, which all employees and persons of Respondent Firm have access to. For credit card sales, Super World would provide a dollar amount, but for tips and cash sales, Super World would provide only estimated percentages. For example, in March 2017, Super World emailed

RJ  
4/5/2024

Respondents "Credit Card: \$126,020 (7% tip included), Cash about 10%." The credit card tip percentage varied from month to month, but the cash reported was consistently "about 10%." Respondent Firm, however, would in turn use dollar amounts in Revenue filings without disclosing that cash sales and tips had been reported by Super World as estimated percentages.

8. Additionally, the amounts Super World, through Respondent Firm, reported to Revenue were suggestive of underreporting. Super World, through Respondent Firm, reported gross cash sales well below the industry average of 30%-35%. Yang and the other employees at Respondent Firm claim they were not aware of underreporting by Super World. During a portion of this period (specifically starting in mid-2018), Super World was under audit process while the Respondent Firm reported the Super World monthly sales.

9. As a CPA, Yang is prohibited from ignoring the implications of information provided by Super World and was required to make reasonable inquiries if the information furnished appears to be incorrect, incomplete, or inconsistent. AICPA Statements on Standards for Tax Services (SSTS) No. 3; *See also* 1105.0250(B)(9) (2023) (incorporating SSTS by reference).

10. Despite this obligation, Respondent did not make such inquiries to the Respondent Firm employee or Super World. Instead, Respondent Firm, through an employee, did the opposite by inflating the sales information by approximately 8% before reporting the inflated amount to Revenue. Respondent Firm's employee who submitted the return claimed that she followed the prior firm owner who had over ten years of sales tax experience.

11. Respondent Yang became aware of this overreporting formula used by Respondent Firm's employee in September 2018, when she received an email from Super World's attorney and checked the formula for reporting. Beginning that month, Respondent Firm began using the correct formula for reporting based upon the information provided by Super World, and no

RJ  
4/5/2024

criminal charges were filed against Rong Yang CPA PC for any conduct occurring after September of 2018.

12. Yang did not personally submit Super World's returns to Revenue; one of her employees did. But as a CPA, Yang was responsible for adequately supervising the employee. AICPA Code of Professional Conduct § 1.300.001.01(A)(c); *see also* Minn. R. 1105.7800(A) (2023) (incorporating AICPA code by reference).

13. Before August 2018, no one from Respondent Firm instructed or requested Super World to report its actual cash sales, nor did Respondent Yang adequately supervise Respondent Firm's employees to ensure such instruction or request was made.

14. In September 2018, Respondent Firm and Respondents were copied on an email from Super World's attorney to Super World. The attorney cautioned Super World: "In the future, this audit should be something of a warning. The right answer is that you should be reporting actual cash, not really targeting an acceptable cash percentage."

15. After Super World received the attorney's email, Super World started providing dollar amounts for tips and cash sales to Respondents.

16. In November 2022, Rong Yang CPA PC pled guilty, through an *Alford* plea, to four counts of aiding, assisting, or advising in the preparation of a fraudulent or false tax return. The court entered a conviction on one count and imposed a \$40,000 criminal fine. There were no charges in this case for conduct occurring after September 2018.

17. Revenue sanctioned Rong Yang CPA PC based on that conviction.

#### CONCLUSIONS OF LAW

1. The Board has authority to license and regulate certified public accountants and to take disciplinary action as appropriate. Minn. Stat. ch. 326A (2022).

RY  
4/15/2024

2. Respondents violated Minn. Stat. 326A.08 subd. 5(a)(1), (3), (4), (7), and (10) (2022) and Minn. R. 1105.0250(B)(9) and 1105.7800(A) (2023).

3. This stipulation and consent order is in the public interest.

#### OTHER STIPULATED PROVISIONS

1. This stipulation and consent order must be approved by the Board to become effective.

2. Respondents agree that the Committee may move the Board *ex parte*, with or without advance notice to the Respondents, to approve this stipulation and consent order. Respondents understand that the Board may either approve the stipulation and consent order or not approve it. This stipulation and the files, records, and proceedings associated with this matter may be reviewed by the Board in its consideration of the Committee's motion.

3. If approved by the Board, this stipulation and consent order shall be classified as public data. Minn. Stat. § 13.41, subd. 5 (2022).

4. If the Board does not approve this stipulation and consent order, then the matter remains unresolved and the Committee may either seek to negotiate a revised stipulation and consent order with Respondents to present to the Board or proceed with a contested-case hearing before an Administrative Law Judge at the Office of Administrative Hearings. *See* Minn. Stat. §§ 14.57–.62, 214.10, subd. 2 (2022) (describing administrative hearing process).

5. Respondents agree that if this case comes before the Board again after it reviews and discusses this stipulation and consent order, Respondents waive any claim that the Board was prejudiced by its review and discussion of this stipulation and consent order and any records relating to it.

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4/15/2024

6. Respondents acknowledge that they were advised by the Committee of their right to a contested-case hearing in this matter before an Administrative Law Judge, to file exceptions and make argument to the Board after the hearing, and to seek judicial review from any adverse decision rendered by the Board. Respondents hereby expressly waive those rights. Respondents were further advised by the Committee of their right to be represented by counsel and acknowledge that they are represented by counsel.

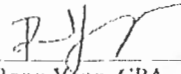
7. Respondents have read, understand, and agree to this stipulation and have voluntarily signed it. It is expressly understood that this stipulation contains the entire agreement between the parties, there being no other agreement of any kind, verbal or otherwise. If approved by the Board, a copy of the final stipulation and consent order shall be served personally or by first class mail on Respondents or their attorney. The Board's order shall be effective when it is signed by the Chair of the Board or the Chair's designee.

8. Once the five years have passed, so long as Yang follows through on the other conditions of the SACO and pays the applicable application fees, she would get her license back. Working or not during the five years and professional references are not required to get Yang's license back.

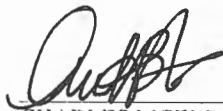
9. Pursuant to Minn. Stat. § 16D.13 (2022), any civil penalty imposed by this stipulation and consent order shall begin to accrue simple interest in accordance with that section thirty days after the civil penalty is due. Pursuant to Minn. Stat. § 16D.17 (2022), thirty days after any civil penalty imposed by this stipulation and consent order is due, the Board may file and enforce any unpaid portion of the civil penalty as a judgment against Respondents in district court without further notice or additional proceedings.

RY  
4/15/2024


CONSENT TO ENTRY OF ORDER

  
Rong Yang, CPA

COMPLAINT COMMITTEE

  
CHARLES MCELROY, CPA  
Chair **ANN ETTER**

Dated: May 2, 2024


  
4/15/2024

CONSENT ORDER

Upon consideration of this stipulation and consent order, and based upon all the file, records, and proceedings herein, all terms of the stipulation and consent order are approved. Accordingly, the Board hereby ADOPTS the stipulation and issues the ORDER described above.

STATE OF MINNESOTA  
BOARD OF ACCOUNTANCY

Dated: May 2, 2024

  
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~~CHARLES SELCER, CPA~~  
Board Chair *Amanda Guarizeni*