

L. MITCHELL JONES (U.S.B. 5979)  
Assistant Attorney General  
MARK L. SHURTLEFF (U.S.B. 4666)  
Attorney General  
Commercial Enforcement Division  
Heber M. Wells Building  
Box 146741  
Salt Lake City, UT 84114-6741  
Telephone: (801) 366-0310

---

**BEFORE THE DIVISION OF OCCUPATIONAL AND PROFESSIONAL LICENSING  
OF THE DEPARTMENT OF COMMERCE  
OF THE STATE OF UTAH**

---

IN THE MATTER OF THE LICENSE OF )  
**BIERWOLF, MORRILL & NILSON, LLC** ) **STIPULATION AND ORDER**  
TO PRACTICE AS A CERTIFIED PUBLIC )  
ACCOUNTANCY FIRM ) **CASE NO. DOPL 2010- 388**  
IN THE STATE OF UTAH )

---

**BIERWOLF, MORRILL & NILSON, LLC**, (“Respondent”) and the Division of Occupational and Professional Licensing (“Division”) of the Department of Commerce of the State of Utah stipulate and agree as follows:

1. Respondent admits the jurisdiction of the Division over Respondent and over the subject matter of this action. Troy F. Nilson is an owner of Respondent company and is authorized to act as agent for and enter into binding agreements on behalf of Respondent company.
2. Respondent acknowledges that Respondent enters into this Stipulation knowingly and voluntarily.

3. Respondent understands that Respondent has the right to be represented by counsel in this matter and Respondent's signature below signifies that Respondent has either consulted with an attorney or Respondent waives Respondent's right to counsel in this matter.

4. Respondent understands that Respondent is entitled to a hearing before the Utah Board of Accountancy ("Board"), or other Division Presiding Officer, at which time Respondent may present evidence on Respondent's own behalf, call witnesses, and confront adverse witnesses. Respondent understands that by signing this document Respondent hereby waives the right to a hearing, the right to present evidence on Respondent's own behalf, the right to call witnesses, the right to confront witnesses, and any other rights to which Respondent may be entitled in connection with said hearing. Respondent understands that by signing this document Respondent hereby waives all administrative and judicial review as set forth in Utah Code Ann. §§63G-4-301 through 63G-4-405, and Utah Administrative Code R151-46b-12 through R151-46b-15. Respondent and the Division hereby express their intent that this matter be resolved expeditiously through stipulation as contemplated by Utah Code Ann. § 63G-4-102(4)

5. Respondent waives the right to the issuance of a Petition and a Notice of Agency Action in this matter.

6. Respondent acknowledges that this Stipulation and Order, if adopted by the Division, will be classified as a public document. The Division may release this Stipulation and Order, and will release other information about this disciplinary action against Respondent's license to other persons and entities.

7. Respondent admits the following facts are true:

- a. Respondent company applied for initial licensure as a certified public accountancy firm in the State of Utah on or about September 29, 2010. Respondent company is a new company established after changes of owner occurred in a predecessor company operated under the name of Chishome, Bierwoof, Nilson & Morrill, LLC ("predecessor company"). Respondent company has some of the same owners of the predecessor company.
- b. The Public Company Accounting Oversight Board ("PCAOB") issued a formal Order of Investigation #105-OFI-2009-003. Predecessor company proposed an offer of settlement of disciplinary proceedings with the PCAOB in which predecessor company would agree to sanctions being imposed against it by the PCOAB based upon predecessor company's failure to comply with professional and ethical standards in the conduct of an audit.
- c. Between 2006 and 2007 predecessor company failed to comply with the following professional standards of the audits reviewed by the PCAOB:
  - i: Predecessor company failed to have sufficient staff to adequately perform the audit work that the predecessor company contracted to perform. This resulted in the audits falling short of the documentation for an appropriate audit under PCOAB rules, Audit Standard No. 3.
  - ii. In or about September and October 2007, predecessor company completed checklists and comments after the 45 day deadline for which documentation may be properly completed.
  - iii. The completed checklists and notes were incorrectly dated within the 45 day time period. As a consequence, PCAOB investigators, reviewing the audit files may have been unintentionally misled into believing this new documentation had been timely included in the audit file.
  - iv. Predecessor company failed to maintain proper controls of audit confirmations, which at times were submitted to the client being audited rather than directly to the predecessor company in violation of AU Section 310. The improperly submitted confirmations were improperly accepted by predecessor company.

- v. Predecessor company improperly dated the reports on the last day of field work rather than the last date substantive audit work was performed, in violation of AU Section 310.

8. Respondent admits that predecessor company conduct described above is unprofessional conduct as defined in Utah Code Ann. § 58-1-501(2)(a) and (b); AU Section 310; and Audit Standard No. 3 of the PCAOB, and that said conduct justifies disciplinary action against Respondent's license pursuant to Utah Code Ann. § 58-1-401(2)(a). Respondent understands that the issuance of the Order in this matter is disciplinary action by the Division against Respondent's license pursuant to Utah Administrative Code R156-1-102(6) and Utah Code Ann. § 58-1-401(2). Respondent agrees that an Order shall be entered in this matter as follows:

- (1) Respondent company shall be issued a license to practice as a certified public accountancy firm in the State of Utah. Respondent's license shall be subject to a term of probation for a period of three years. The period of probation shall commence on the effective date of this Stipulation and Order, which is the date the Division Director signs the Order. During the period of probation, Respondent shall be subject to all of the following terms and conditions. If the Board or Division later deems any of the conditions unnecessary such deletions may be made by an amended order issued unilaterally by the Board or Division.
  - a. Respondent shall meet with the Board at the first scheduled Board meeting following the effective date of this Stipulation and Order. Respondent shall then meet with the Board on a quarterly basis, or at such other greater or lesser frequency as determined by the Board and Division, for the duration of the Stipulation and Order. Respondent agrees to meet with an assigned staff member prior to the first Board meeting.
  - b. If Respondent or any owner, officer or CPA employed by Respondent, is arrested or charged with a criminal offense by any law enforcement agency, or disciplined as a Certified Public Accountant in any jurisdiction, inside or outside the State of Utah, for any reason, Respondent agrees to cause the Division and Board to be notified immediately. If Respondent or any owner, officer or CPA employed by Respondent, at any time during the period of this agreement is convicted of a criminal offense of any kind,

or enters a plea in abeyance to a criminal offense of any kind, including a pending criminal charge, the Division may take appropriate action against Respondent, including imposing appropriate sanctions, after notice and opportunity for hearing. Such sanctions may include revocation or suspension of Respondent's license, or other appropriate sanctions.

- c. Respondent shall provide a copy of this Stipulation and Order to any owner, officer or CPA employed by Respondent with whom Respondent has any formal practice association and to any employer of Respondent.
- d. Respondent shall not violate any agreement, order, finding, judgment, or stipulation of the PCAOB, even if the agreement, order, finding, judgment, or stipulation was issued after the effective date of this Stipulation and Order.
- e. Respondent shall not engage in preparing or submitting to any client any financial reports requiring full disclosure (including but not limited to any audited financial statement, reviewed financial statements, complied financial statements, or reports on agreed upon procedures) in which Troy Nilson is involved in its preparation unless the report(s) is approved for release to the client by a qualified CPA that has been pre-approved by the Board who has reviewed the report to determine if professional standards have been followed.
- f. Respondent shall cause the CPA reviewing any reports under paragraph 5e to submit quarterly evaluations to the Division. These evaluations shall summarize Respondent's timeliness and competence in preparing the reports.
- g. If the Respondent does not engage preparing reports under paragraph 5e or is not working as a CPA in Utah, Respondent shall submit a written statement on a quarterly basis to the Division that Respondent is not engaged in the preparation of reports or in practice of certified public accountancy and shall describe the type of employment or business in which the Respondent is working.
- h. Respondent shall provide to the CPA who reviews its reports a copy of this Stipulation and Order and cause any such evaluator to acknowledge to the Board in writing that a copy of this Stipulation and Order has been provided to the evaluator and that the evaluator agrees to review the Respondent's work as required and file timely evaluations with the Division as required by this Stipulation and Order.

- i. Respondent shall timely enroll in and fully comply with any Utah peer review requirement.
- j. Respondent shall be responsible for payment of all costs associated with this Stipulation and Order. Failure of Respondent to pay the costs associated with this Stipulation and Order constitutes a violation of this Stipulation and Order.
- k. Respondent shall immediately notify the Division in writing of any change in Respondent's residential or business address.
- l. Respondent shall maintain a current license at all times during the period of this agreement.

9. This Stipulation and Order, upon approval by the Division Director, shall be the final compromise and settlement of this non-criminal administrative matter. Respondent acknowledges that the Director is not required to accept the terms of this Stipulation and Order and that if the Director does not do so, this Stipulation and the representations contained therein shall be null and void, except that the Director and the Respondent waive any claim of bias or prejudgment Respondent might have with regard to the Director by virtue of his having reviewed this Stipulation, and this waiver shall survive such nullification.

10. Respondent agrees to abide by and comply with all applicable federal and state laws, regulations, rules and orders related to the Respondent's licensed practice. If the Division files a Petition alleging that Respondent has engaged in new misconduct or files an Order to Show Cause Petition alleging that Respondent has violated any of the terms and conditions contained in this Stipulation and Order, the period of Respondent's probation shall be tolled during the period that the Petition or Order to Show Cause Petition has been filed and is unresolved.

11. This document constitutes the entire agreement between the parties and

supersedes and cancels any and all prior negotiations, representations, understandings or agreements between the parties regarding the subject of this Stipulation and Order. There are no verbal agreements that modify, interpret, construe or affect this Stipulation. Respondent agrees not to take any action or make any public statement, that creates, or tends to create, the impression that any of the matters set forth in this Stipulation and Order are without factual basis. A public statement includes statements to one or more Board members during a meeting of the Board. Any such action or statement shall be considered a violation of this Stipulation and Order.

12. The terms and conditions of this Stipulation and Order become effective immediately upon the approval of this Stipulation and signing of the Order by the Division Director. Respondent must comply with all the terms and conditions of this Stipulation immediately following the Division Director's signing of the Order page of this Stipulation and Order. Respondent shall complete all the terms and conditions contained in the Stipulation and Order in a timely manner. If a time period for completion of a term or condition is not specifically set forth in the Stipulation and Order, Respondent agrees that the time period for completion of that term or condition shall be set by the Division. Failure to complete a term or condition in a timely manner shall constitute a violation of the Stipulation and Order and may subject Respondent to revocation or other sanctions.

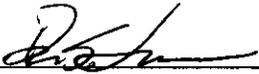
13. If Respondent violates any term or condition of this Stipulation and Order, the Division may take action against Respondent, including imposing appropriate sanction, in the manner provided by law. Such sanction may include revocation or suspension of Respondent's license, or other appropriate sanction.

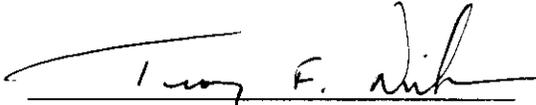
14. Respondent understands that the disciplinary action taken by the Division in this Stipulation and Order may adversely affect any license that Respondent may possess in another state or any application for licensure Respondent may submit in another state.

15. Respondent has read each and every paragraph contained in this Stipulation and Order. Respondent understands each and every paragraph contained in this Stipulation and Order. Respondent has no questions about any paragraph or provision contained in this Stipulation and Order.

DIVISION OF OCCUPATIONAL &  
PROFESSIONAL LICENSING

RESPONDENT

BY:   
DAN S. JONES  
Bureau Manager

  
TROY F. NILSON  
Bierwolf, Morrill & Nilson, LLC

DATE: 11-4-10

DATE: 12 Oct 2010

BY:   
L. MITCHELL JONES  
Counsel for Division

DATE: 4 Nov 2010

**ORDER**

THE ABOVE STIPULATION, in the matter of **BIERWOLF, MORRILL & NILSON, LLC**, is hereby approved and constitutes the Findings of Fact and Conclusions of Law in this matter. The issuance of this Order is disciplinary action pursuant to Utah Administrative Code R156-1-102(6) and Utah Code Ann. § 58-1-401(2). The terms and conditions of the Stipulation are incorporated herein and constitute the final Order in this case.

DATED this 9 day of November, 2010.

DIVISION OF OCCUPATIONAL AND  
PROFESSIONAL LICENSING

  
MARK B. STEINAGEL  
Director

Investigator: Dan S. Jones