

IOWA BOARD OF ACCOUNTANCY

IN THE MATTER OF)	
GORDON R. SWANSON)	
IOWA CPA CERTIFICATE)	STIPULATION
NO. 300)	
RESPONDENT)	

WHEREAS, certain matters have come to the attention of the Iowa Board of Accountancy which indicate the firm of Swanson & Gaffey failed to comply with applicable generally accepted auditing standards and generally accepted accounting principles in the performance of financial statements of Specification Chemicals, Inc. at March 31, 1977; and

WHEREAS, the Iowa Board of Accountancy has caused this matter to be investigated by a certified public accountant who is independent of the Board; and

WHEREAS, following the investigation, Gordon R. Swanson was given the opportunity to appear voluntarily with legal counsel before the Board's Committee on Ethics and Enforcement to be appraised of the results of the investigation and to orally present additional data, views, and arguments at an informal conference held on January 11, 1979; and

WHEREAS, Gordon R. Swanson with full knowledge of the character of the investigation, its potential legal consequences, the right to counsel, and the right to formal adjudicatory proceedings under Section 116.23 of the Code of Iowa, did appear voluntarily;

NOW THEREFORE, the Iowa Board of Accountancy and Gordon R. Swanson do hereby stipulate and agree as follows:

1. Gordon R. Swanson admits the jurisdiction of the Iowa Board of Accountancy over the persons and subject matter of this action.

2. To impose a period of probation by which Gordon R. Swanson agrees to the following conditions:

A. To not accept any new engagement subsequent to January 11, 1979 that would require the issuance of any opinion contemplated by subparagraphs 8 and 9 of Section 116.25 of the Code of Iowa, or any new engagement that would lead to the issuance of unaudited financial statements, unless the person or organization requesting the service was a client of the firm of Swanson & Gaffey on January 11, 1979, and the firm of Swanson & Gaffey had performed an opinion or nonopinion

audit for that client prior to that date.

B. To furnish the Iowa Board of Accountancy within ten days of the date of this Stipulation, a listing of the existing clients of the firm of Swanson & Gaffey as of January 11, 1979, such listing to include clients for whom unaudited financial statements are issued. This listing should identify clients in which opinions are prepared and those clients in which nonopinions are prepared.

C. To cause a firm of certified public accountants, approved by the Iowa Board of Accountancy and holding a current permit to practice public accounting in the state of Iowa, to perform a quality control review of the firm of Swanson & Gaffey. The objective of the review is to identify the quality control policies and procedures set forth in Statement on Auditing Standards No. 4 issued by the American Institute of Certified Public Accountants (designed to provide a firm with a reasonable assurance of conforming with generally accepted auditing standards) in effect in the firm of Swanson & Gaffey at the time of the review. This review and report thereon shall be completed within a reasonable time, but no later than September 30, 1979. The reviewing firm shall forward directly to the Board of Accountancy a copy of the written report that sets forth their findings together with their recommendations as to how all noted deficiencies can be corrected so that the firm of Swanson & Gaffey shall be in substantial compliance with the provisions of Statement on Auditing Standards No. 4.

D. To cause a firm of certified public accountants, approved by the Iowa Board of Accountancy and holding a current permit to practice public accounting in the State of Iowa, to perform a follow-up quality control review for the purposes of reporting on the extent to which the deficiencies, if any, noted in the report resulting from the first quality control review have been corrected. The reviewing firm shall forward a copy of their written report directly to the Iowa Board of Accountancy by September 30, 1980.

E. To pay all fees and costs of both the initial quality control review and the follow-up quality control review.

F. To pay a fine of \$500 to the Iowa Board of Accountancy within ten days of the date of this Stipulation.

G. In the event that the Board has evidence that a new engagement, as prohibited by paragraph A above, has been performed by

the firm of Swanson & Gaffey, or no report on the initial quality control review is received by the Board by September 30, 1979, or the listing identified in paragraph B above has not been furnished to the Board, or the fine imposed in paragraph F above has not been paid, the period of probation shall continue and the Board shall proceed to set a date for a formal hearing on charges to be contained in the Notice of Hearing.

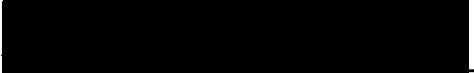
H. Upon receipt of the follow-up quality control report, the Iowa Board of Accountancy shall review the report and determine if the firm of Swanson & Gaffey was in substantial compliance with the provisions of Statement on Auditing Standards No. 4 as of the date of the report and if so, shall repeal the probation on January 1, 1981. If the report indicates substantial noncompliance with the provisions of Statement on Auditing Standard No. 4, the Board shall proceed to set a date for a formal hearing on charges to be contained in the Notice of Hearing.

I. To furnish the Iowa Board of Accountancy by January 10, 1981 a listing of the existing clients of the firm of Swanson & Gaffey as of December 31, 1980, such listing to include clients for whom unaudited financial statements are issued. This listing should identify clients in which opinions are prepared and those clients in which non-opinions are prepared.

3. This stipulation is entered into by Gordon R. Swanson voluntarily and without coercion or threat of any kind by any person or body and Gordon R. Swanson fully realizes the legal consequences of this stipulation.

Dated this 22ND day of MAR 1979.


Gordon R. Swanson, Respondent
Iowa CPA Certificate No. 300


~~Attorney~~ for Respondent or
Witness


Member, Iowa Board of Accountancy