

**PROCEEDINGS BEFORE THE
WASHINGTON STATE BOARD OF ACCOUNTANCY**

In the Matter of the Certified Public
Accountant (CPA) Certificate and/or
Licenses to Practice Public Accounting of:

Ivan Arroyo
License No. 31407

Respondent.

No. ACB-1427

CONSENT AGREEMENT

The Washington State Board of Accountancy (Board) and Ivan Arroyo (Respondent);
stipulate and agree as follows:

Section 1: Procedural Stipulations

- 1.1 Respondent understands that the Board may issue a statement of charges in this matter and proceed to a hearing before the Board upon the merits of said charges. The Board has not done so in order to facilitate resolution of this matter in accordance with the legislative intent endorsed in RCW 34.05.060 and the provisions of WAC 4-30-140.
- 1.2 Respondent understands that should the Board prevail at hearing based on a statement of charges that the Board has the power and authority to deny, suspend, revoke, or refuse to renew the Respondent's CPA certificate or any individual or firm licenses to practice public accounting as a CPA or CPA firm in Washington and may impose a fine plus the Board's investigative and legal costs in bringing charges or impose conditions precedent to renewal of the certificate or license, or impose full restitution to injured parties.
- 1.3 Respondent has the right to defend against a statement of charges by demanding a hearing and presenting evidence on the Respondent's behalf. Respondent voluntarily waives the right to a hearing and all other rights which may be accorded the Respondent by the

Administrative Procedures Act, chapter 34.05 RCW, and the laws of Washington, including the right to petition the courts for judicial review.

- 1.4 Respondent wishes to expedite the resolution of this matter by means of this Consent Agreement and does not desire to proceed to a formal hearing based on the issuance of a statement of charges.
- 1.5 Respondent understands that the terms of this Consent Agreement are not binding unless approved by the Board and fully executed.
- 1.6 Should this Consent Agreement be rejected by the Board and the Board proceeds to issue a statement of charges, Respondent waives any objection to the participation of any members of the Board at a hearing on this matter, other than the consulting Board member in this proceeding.

The parties further stipulate to the following Stipulated Facts, Conclusions of Law, and Agreement:

Section 2: Stipulated Facts

- 2.1 Respondent holds a valid Certified Public Accountant (CPA) license to practice public accounting (License No. 31407, issued on April 10, 2013) in Washington State. The partnership Esparza & Associates dba Arroyo Esparza LLC was formed July 8, 2011.
- 2.2 Juan Esparza (Complainant) sponsored Respondent's experience for his CPA license in Washington State. Respondent received his CPA license in April 2013.
- 2.3 Pursuant to the partnership agreement, Respondent's monthly draw through May or June 2012 was \$2,000. This was increased to \$4,000 by agreement as required by the

partnership agreement. Claiming a verbal agreement to do so, Respondent later increased his monthly draw to \$5,000.

- 2.4 Respondent withdrew one-half of the partnership's checking account balance (\$6,800) on May 1, 2013, along with one of the two laptop computers and client records. Respondent stated, in a letter he left for the Complainant, that Complainant was being expelled from the partnership.
- 2.5 On November 5, 2014, in arbitration, retired judge, John E. Bridges, rendered a decision against Respondent on some of the allegations made in a lawsuit filed by Mr. Esparza.
- 2.6 On February 24, 2015, in reconsideration as answer to Complainant's motion, Mr. Bridges entered specific judgment against Respondent for attorney fees.
- 2.7 On June 2, 2015, a Superior Court judge entered "Judgment on Arbitrator's Award and Granting Injunctive Relief," affirming that Respondent must pay Complainant a judgment, costs, and partial attorney fees, and not violate the physical office location requirements of the Partnership Agreement.
- 2.8 Respondent does not currently hold a CPA firm license in the state of Washington for his firm, "Arroyo LLC Accounting & Tax Services," and will make the application.

Section 3: Conclusions of Law

- 3.1 The Board has jurisdiction over Respondent and the subject matter of this proceeding.
- 3.2 The conduct described in Stipulated Facts 2.1 through 2.7 may constitute cause for Board discipline under RCW 18.04.295, for violations of WAC 4-30-142(6)(a), which states that an order of a court of competent jurisdiction finding that a person or persons committed an act of negligence, fraud, or dishonesty or other act reflecting adversely on the person's fitness to represent himself as a licensee, shall be prima facie evidence that a licensee has

engaged in dishonesty, fraud, or negligence while representing oneself as a licensee; and WAC 4-30-142(5)(h), which states that dishonesty, fraud, or negligence while representing oneself as a licensee includes breaching one's fiduciary duties.

Section 4: Agreement

- 4.1 Respondent consents to the entry of this Agreement and has waived any right to a hearing.
- 4.2 Pursuant to RCW 18.04.295, the Board has the power to impose discipline. Based on the preceding Stipulated Facts and Conclusions of Law, the Board and Respondent agree as follows.
- 4.3 Respondent's individual CPA license is suspended for two years.
- 4.4 The suspension of Respondent's individual CPA license described in paragraph 4.3 is stayed.
 - 4.4.1 If it is determined, after due notice and opportunity for hearing, that during the stayed suspension period Respondent violates or fails to comply with the terms of this Agreement, Chapter 18 RCW, or Title 4 WAC, the Board may vacate the stay and impose the original discipline.
- 4.5 Respondent shall pay the Board the amount of five hundred dollars (\$500) to reimburse the Board's investigative costs. Such reimbursement shall be made payable to the Washington State Board of Accountancy and remitted to the Washington State Board of Accountancy at PO Box 9131, Olympia, WA 98507-9131.
- 4.6 After serving the suspension described in paragraph 4.3, Respondent may appear before the Board to request the record of this disciplinary action be removed from his record.

I, Ivan Arroyo, certify that I have read this Consent Agreement in its entirety, and that I fully understand and agree to all of it and that it may be presented to the Board without my appearance. If the Board accepts the Consent Agreement, I understand that I will receive a signed copy.

DATED this 21 day of December, 2015.

RESPONDENT


Ivan Arroyo

The Board accepts and enters this Consent Agreement.

DATED this 21ST day of JANUARY, 2016.

WASHINGTON STATE
BOARD OF ACCOUNTANCY


Thomas Neill, CPA
Chair