



ALABAMA STATE BOARD OF PUBLIC ACCOUNTANCY

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D. Boyd Busby, CPA
Executive Director

CERTIFIED MAIL 7022 0410 0002 8487 2489

May 14, 2024

Joseph E. Stott
Stott & Harrington PC
2637 Valleydale Rd Ste 100
Birmingham AL 35244

RE: Segars, Jeremy Grant, CPA
Certificate No. 9231
Segars & Co PC
Firm No. F1688
Case No. 23-8

Dear Mr. Stott:

Attached is an Order by the Alabama State Board of Public Accountancy ("the Board") dated May 8, 2024. The Order CENSURES Mr. Segars Alabama CPA Certificate No. 9231 and/or permit to practice for undertaking an audit report of an employee benefit plan for submission to the US Department of Labor (DOL). The audit reports, financial statements, and work papers submitted to the DOL were inadequate in that they reflected departures from generally accepted auditing standards promulgated by the American Institute of Certified Public Accountants and departures from generally accepted accounting principles promulgated by a body designated by Council of the American Institute of Certified Public Accountants to establish such principles.

This Board action requires the following action items be completed within 30 days, unless otherwise stated, and provide proof of such be sent to the Board office:

- 1) Payment of fine of five thousand five hundred dollars (\$5,500.00). The fine can be paid by either cashier's check/money order payable to the Alabama State Board of Public Accountancy or you may pay online by using the following link, located on the Board's website, <https://appengine.egov.com/apps/al/asbpa/fines>.
- 2) Completion of the National Association of State Boards of Accountancy (NASBA) Center for Public Trust's (CPT) Ethical Leadership Training Program with a passing score of 80 by going to <https://cpt.secure.nonprofitsoapbox.com/altraining>. The NASBA CPT course is not a CPE program, and as such, should not be reported as CPE.

If you have questions, please contact me at the number shown above.

Sincerely,

D. Boyd Busby, CPA
Executive Director

DBB/tt

Attachment

BEFORE THE ALABAMA STATE BOARD OF PUBLIC ACCOUNTANCY

IN THE MATTER OF THE)	
COMPLAINT AGAINST:)	
GEREMY GRANT SEGARS, CPA)	CASE NO. 23-8
CERTIFICATE NO. 9231)	
SEGARS & CO PC)	
FIRM NO. F1688)	
)	
RESPONDENT.)	

ORDER

COMES NOW the Alabama State Board of Public Accountancy ("the Board"), and, following a full and fair hearing before the Board on May 3, 2024, in Montgomery, in the matter of the complaint against GEREMY GRANT SEGARS, CPA, Certificate No. 9231, d/b/a SEGARS & CO PC, Firm No. F1688 makes the following Findings of Facts and Conclusions of Law in support of this Order.

FINDINGS OF FACTS

1. Respondent, Geremy Grant Segars, is a Certified Public Accountant in the State of Alabama.
2. The Firm, Segars & Co. PC, is a registered Certified Public Accountant firm in the State of Alabama.
3. Respondent undertook to prepare an audit report of an employee benefit plan (the "Plan") for each year ending as of December 31, 2021 and December 31, 2020, for submission to the United States Department of Labor in compliance with the Employment Retirement Income Security Act. Respondent subsequently prepared and submitted to the Department of Labor documents comprising an audit report intended to be considered in compliance with this act.

4. Rule 30-X-6-.03(2) of the Alabama State Board of Public Accountancy

Administrative Code provides that a registered certified public accountant shall comply with “applicable generally accepted auditing standards promulgated by the American Institute of Certified Public Accountants.”

5. The original audit report, financial statements and work papers submitted to the Department of Labor and reviewed by the Board were inadequate in that they reflected departures from generally accepted auditing standards promulgated by the American Institute of Certified Public Accountants and departures from generally accepted accounting principles promulgated by a body designated by Council of the American Institute of Certified Public Accountants to establish such principles.

6. The original auditor’s reports on the audit engagements in question do not support that the auditor complied with generally accepted auditing standards in that:

a. The auditor’s original report for the Plan as of and for the years ended December 31, 2021 and 2020 failed to comply with required wording in the Statements on Auditing Standards (AU-C §703);

b. The auditor’s engagement letter failed to include certain required agreements from management of the Plan regarding its responsibilities (AU-C §703);

c. The auditor’s original management representation letter failed to include required language regarding management’s responsibilities in connection with the audit (AU-C §703);

d. The auditor’s original and revised management representation letters incorrectly refer to generally accepted accounting principles as the basis of accounting when

referring to required disclosures rather than the applicable financial reporting framework that was used in presenting the financial statements (AU-C §703 and AU-C §580);

e. The auditor failed to exercise due care over the original and revised management representation letters in that they were not properly tailored to the engagement and included representations and references that were not applicable (AU-C §200.15-.16);

f. The auditor did not properly title work papers so as to confirm that he performed required procedures to identify, assess and respond to the risks of material misstatement associated with party in interest and related party relationships and transactions and to determine whether these risks are significant. In addition, on performing procedures necessary to reissue the report on the revised financial statements, the auditor did not identify several service providers as parties in interest to the Plan. (AU-C §550 and §250);

g. All Parties in interest were disclosed. The DOL asked for specific reference to former Chief Financial Office.

h. The auditor failed to prepare audit documentation to support the disclosures regarding the Plan's tax status. The work papers were not sufficient to enable an experienced auditor, with no previous connection with the audit, to understand the nature, timing and extent of the audit procedures performed, the results of the audit procedures performed, the evidence obtained, and conclusions reached (AU §230);

i. The auditor failed to prepare audit documentation to support risk assessment and audit planning. The work papers were not sufficient to enable an

experienced auditor, with no previous connection with the audit, to understand the nature, timing and extent of the audit procedures performed, the results of the audit procedures performed, the evidence obtained, and conclusions reached (AU §230);

j. The auditor failed to properly document his assessment of the risk that the Plan's financial statements may have been materially misstated due to fraud (AU §240);

k. The auditor failed to prepare audit documentation to support the auditor's conclusions and the related disclosures regarding subsequent events through the report date. The work papers were not sufficient to enable an experienced auditor, with no previous connection with the audit, to understand the nature, timing and extent of the audit procedures performed, the results of the audit procedures performed, the evidence obtained, and conclusions reached. (AU §230 and §560); and

7. Rule 30-X-6-.03(3) of the Alabama State Board of Public Accountancy

Administrative Code provides that a registered certified public accountant "shall not express an opinion that financial statements are presented in conformity with generally accepted accounting principles if such statements contain any departure from an accounting principle promulgated by the body designated by Council of the American Institute of Certified Public Accountants to establish such principles which has a material effect of the statements taken as a whole, unless he can demonstrate that due to unusual circumstances the financial statements would otherwise have been misleading."

a. The original financial statements of the Plan as of and for the years ended December 31, 2021 and 2020 do not comply with generally accepted accounting principles in that they failed to clearly disclose party in interest transactions (AU-C §803,

FASB ASC 850-10-50 and ERISA CFR Part 2520 Rules and Regulations for Reporting and Disclosure § 2520.103-1 Contents of the annual report require that financial statements disclose material related party transactions).

CONCLUSIONS OF LAW

The Board finds that the facts as established in the signed Consent Agreement, as presented at the hearing, and as outlined above constitute a violation of Sections 34-1-1, et seq., Code of Alabama 1975, as follows:

8. Respondent stipulates that the circumstances set forth in the "Finding of Facts" constitutes a violation of administrative rule: Ala. Admin. Code r. 30-X-6-.03(2) and 30-X-6-.03(3).

9. Respondent stipulates the circumstances set forth in the "Finding of Facts" are a basis for disciplinary action by the Board.

It is therefore ORDERED, ADJUDGED and DECREED by this Board that the license, registration, certificate and/or permit to practice of the Respondent be CENSURED, and that the following action items be completed within 30 days, unless otherwise stated, and Respondent provide proof of such be sent to the Board office:

1. Payment of fine of five thousand five hundred dollars (\$5,500.00). The fine can be paid by going to <https://appengine.egov.com/apps/al/asbpa/fines>.

2. Completion of the National Association of State Boards of Accountancy (NASBA) Center for Public Trust (CPT) course with a passing score of 80 by going to <https://cpt.secure.nonprofitsoapbox.com/altraining>. The NASBA CPT course is not a CPE program, and as such, should not be reported as CPE.

DONE this 14th day of May 2024.

ALABAMA STATE BOARD OF PUBLIC ACCOUNTANCY

CONCUR:
MSES. PRINCE and SHEPPARD-HARRIS
and
MESSRS. ETHERIDGE, KINTZ, SCHAFFERS,
and SMITH

RECUSED:
MR. SKINNER

ATTEST:



D. Boyd Busby, CPA

Executive Director

Signed on May 9, 2024

BEFORE THE ALABAMA STATE BOARD OF PUBLIC ACCOUNTANCY

IN THE MATTER OF THE)
COMPLAINT AGAINST:)
GEREMY GRANT SEGARS, CPA) CASE NO. 23-8
CERTIFICATE NO. 9231)
SEGARS & CO PC)
FIRM NO. F1688)
RESPONDENT.)

CONSENT AGREEMENT

Geremy Grant Segars, an Alabama Certified Public Accountant (hereinafter referred to as “Respondent”) hereby stipulates and agrees, subject to approval by the Alabama State Board of Public Accountancy (hereinafter referred to as the “Board”), as follows:

STIPULATED FACTS

1. Respondent, Geremy Grant Segars, is a Certified Public Accountant in the State of Alabama.
2. The Firm, Segars & Co. PC, is a registered Certified Public Accountant firm in the State of Alabama.
3. Respondent undertook to prepare an audit report of an employee benefit plan (the “Plan”) for each year ending as of December 31, 2021 and December 31, 2020, for submission to the United States Department of Labor in compliance with the Employment Retirement Income Security Act. Respondent subsequently prepared and submitted to the Department of Labor documents comprising an audit report intended to be considered in compliance with this act.
4. Rule 30-X-6-.03(2) of the Alabama State Board of Public Accountancy Administrative Code provides that a registered certified public accountant shall comply with

“applicable generally accepted auditing standards promulgated by the American Institute of Certified Public Accountants.”

5. The original audit report, financial statements and work papers submitted to the Department of Labor and reviewed by the Board were inadequate in that they reflected departures from generally accepted auditing standards promulgated by the American Institute of Certified Public Accountants and departures from generally accepted accounting principles promulgated by a body designated by Council of the American Institute of Certified Public Accountants to establish such principles.

6. The original auditor’s reports on the audit engagements in question do not support that the auditor complied with generally accepted auditing standards in that:

a. The auditor’s original report for the Plan as of and for the years ended December 31, 2021 and 2020 failed to comply with required wording in the Statements on Auditing Standards (AU-C §703);

b. The auditor’s engagement letter failed to include certain required agreements from management of the Plan regarding its responsibilities (AU-C §703);

c. The auditor’s original management representation letter failed to include required language regarding management’s responsibilities in connection with the audit (AU-C §703);

d. The auditor’s original and revised management representation letters incorrectly refer to generally accepted accounting principles as the basis of accounting when referring to required disclosures rather than the applicable financial reporting framework that was used in presenting the financial statements (AU-C §703 and AU-C §580);

e. The auditor failed to exercise due care over the original and revised management representation letters in that they were not properly tailored to the engagement and included representations and references that were not applicable (AU-C §200.15-.16);

f. The auditor did not properly title work papers so as to confirm that he performed required procedures to identify, assess and respond to the risks of material misstatement associated with party in interest and related party relationships and transactions and to determine whether these risks are significant. In addition, on performing procedures necessary to reissue the report on the revised financial statements, the auditor did not identify several service providers as parties in interest to the Plan. (AU-C §550 and §250);

g. All Parties in interest were disclosed. The DOL asked for specific reference to former Chief Financial Office.

h. The auditor failed to prepare audit documentation to support the disclosures regarding the Plan's tax status. The work papers were not sufficient to enable an experienced auditor, with no previous connection with the audit, to understand the nature, timing and extent of the audit procedures performed, the results of the audit procedures performed, the evidence obtained, and conclusions reached (AU §230);

i. The auditor failed to prepare audit documentation to support risk assessment and audit planning. The work papers were not sufficient to enable an experienced auditor, with no previous connection with the audit, to understand the nature, timing and extent of the audit procedures performed, the results of the audit procedures performed, the evidence obtained, and conclusions reached (AU §230);

j. The auditor failed to properly document his assessment of the risk that

the Plan's financial statements may have been materially misstated due to fraud (AU §240);

k. The auditor failed to prepare audit documentation to support the auditor's conclusions and the related disclosures regarding subsequent events through the report date. The work papers were not sufficient to enable an experienced auditor, with no previous connection with the audit, to understand the nature, timing and extent of the audit procedures performed, the results of the audit procedures performed, the evidence obtained, and conclusions reached. (AU §230 and §560); and

7. Rule 30-X-6-.03(3) of the Alabama State Board of Public Accountancy Administrative Code provides that a registered certified public accountant "shall not express an opinion that financial statements are presented in conformity with generally accepted accounting principles if such statements contain any departure from an accounting principle promulgated by the body designated by Council of the American Institute of Certified Public Accountants to establish such principles which has a material effect of the statements taken as a whole, unless he can demonstrate that due to unusual circumstances the financial statements would otherwise have been misleading."

8. The original financial statements of the Plan as of and for the years ended December 31, 2021 and 2020 do not comply with generally accepted accounting principles in that they failed to clearly disclose party in interest transactions (AU-C §803, FASB ASC 850-10-50 and ERISA CFR Part 2520 Rules and Regulations for Reporting and Disclosure § 2520.103-1 Contents of the annual report require that financial statements disclose material related party transactions).

STIPULATED CONCLUSIONS OF LAW

9. Respondent admits he is subject to the provisions of the Ala. Code (1975) §§ 34-1-1-22 and the jurisdiction of the Board.

10. Respondent stipulates that the circumstances set forth in the "Stipulated Facts" constitutes a violation of administrative rule: Ala. Admin. Code r. 30-X-6-.03(2) and 30-X-6-.03(3).

11. Respondent stipulates the circumstances set forth in the "Stipulated Facts" are a basis for disciplinary action by the Board.

STIPULATED DISPOSITION

12. Respondent shall refrain from violating the provisions of Title 34, Chapter 1, Ala. Code (1975).

13. Respondent understands this Consent Agreement and subsequent Final Order will be a public record, and this information may be placed on the Board's website and in its newsletter.

14. Respondent acknowledges that the Final Order will be considered a censure by the Board pursuant to Ala. Code (1975) §§ 34-1-12(a)(11), 34-1-12(a)(13), 34-1-13(b), and/or Ala. Admin. Code r. 30-X-6-.05(1), and 30-X-7-.08.

15. Respondent shall submit to the Board an administrative fine of \$5,500.00 (five thousand five hundred dollars). The fine is due within 30 days of the Board's acceptance of this agreement.

16. Respondent shall complete the Ethical Leadership Training Program provided by the National Association of State Board of Accountancy (NASBA) Center for Public Trust with a passing score of 80 and provide proof of completion within 30 days of the Board's acceptance of this agreement.

17. Respondent understands this Consent Agreement is subject to the approval of the Board and has no force and effect until a Final Order based upon it is rendered by the Board.

18. Respondent agrees to comply with the terms of this Consent Agreement and understands failure to comply with the terms of the Consent Agreement may result in additional charges or discipline.

19. Respondent understands in order to make a decision relative to approving this Consent Agreement discussions must take place between Board Members, Board Staff and Board Counsel. Respondent understands that the discussion will take place at a regularly scheduled meeting of the Board.

20. Respondent understands he has the right to seek the advice of legal counsel. Respondent also understands he has the right to a formal fact-finding hearing before the Board, to compel the testimony of witnesses, to cross-examine witnesses against him, and to obtain judicial review of the Board's decision in said formal hearing but expressly waives these rights with execution of this Consent Agreement and Final Order of the Board.

21. Respondent expressly waives all further procedural steps, and expressly waives all rights to seek judicial review or to otherwise challenge or contest the validity of the Consent Agreement, the stipulated facts, conclusions of law and imposition of administrative action contained herein, and the Final Order of the Board incorporating said Consent Agreement.

22. Respondent, for the purpose of avoiding further administrative action with respect to this Cause executes this Consent Agreement. It is agreed that presentation to and consideration of the Consent Agreement by the Board requires certain factual information related to this matter be disclosed to the Board members. Should the Consent Agreement not be accepted by the Board, it is therefore expressly agreed that the reviewing, and consideration of

this Consent Agreement, and the information provided to the Board for their review, shall not unfairly prejudice the Board and shall in no way act to disqualify any Board member from any further participation in this matter through its resolution, including, but not limited to, any contested hearing on this matter should one be necessary. Likewise, if this Consent Agreement is not accepted, the Board shall not take into consideration the contents of this Agreement as evidence of an admission and all stipulations hereinabove are thereby rescinded.

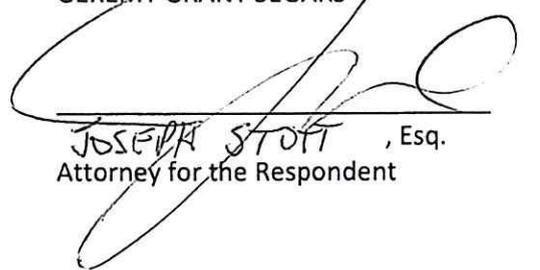
FOR THE BOARD

5-14-24
DATE


BILLINGTON M. GARRETT, Esq.
General Counsel

FOR THE RESPONDENT

5-8-2024
DATE


GEREMY GRANT SEGARS

JOSEPH STOFF, Esq.
Attorney for the Respondent

State of Alabama

County of Morgan

Subscribed and sworn to before me, a Notary Public on this 8 day of

May, 2024.


Notary Public

My Commission Expires: 4-8-2025

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