

**State of New Hampshire
Board of Accountancy
Concord, New Hampshire 03301**

In the Matter of:
Steven F. St. Pierre, CPA
License No. 01431
(Misconduct Allegations)

SETTLEMENT AGREEMENT

In order to avoid the delay and expense of further proceedings and to promote the best interests of the public and the practice of accountancy, the New Hampshire Board of Accountancy ("Board") and Steven F. St. Pierre, CPA ("Mr. St. Pierre" or "Respondent"), an accountant licensed by the Board, do hereby stipulate and agree to resolve certain allegations of professional misconduct now pending before the Board according to the following terms and conditions:

1. Pursuant to RSA 309-B:10; RSA 309-B:11; and Board of Accountancy Administrative Rule ("Ac") 204.01, the Board has jurisdiction to investigate and adjudicate allegations of professional misconduct committed by licensed accountants. Pursuant to Ac 204.03(c), the Board may impose disciplinary sanctions pursuant to a settlement agreement.
2. The Board first granted the Respondent a license to practice as an accountant in the State of New Hampshire on February 17, 1986. Respondent holds license number 01431. Respondent practices as a certified public accountant for St. Pierre Financial Services, PLLC in Manchester, New Hampshire.
3. In April of 2011, the Board received a complaint from the Respondent's estranged sister, Delia St. Pierre ("Complainant"), which alleged that the Respondent's wife

purchased the Respondent's mother's home in 2003 and then transferred the home back to the mother in 2005, allegedly so the Respondent and his wife could avoid paying a federal capital gain tax on her 2002 sale of an investment property.

4. The Board commenced an investigation to determine whether the Respondent committed professional misconduct under RSA 309-B:10, I.
5. The Board's investigation revealed the following relevant facts in support of this Settlement Agreement:

- A. In August of 2002, the Respondent's wife sold an investment property that she exclusively owned. A portion of the proceeds from that sale were segregated to purchase replacement investment property as part of a tax deferred exchange pursuant to Section 1031 of the Internal Revenue Code ("1031 Exchange").
- B. The Respondent's wife did not file a New Hampshire Business Profits Tax ("BPT") return for the 2002 tax year. The Respondent and his wife declared a partial capital gain of approximately \$53,800 from the 2002 sale of the investment property on their jointly filed 2002 federal income tax return.
- C. In February of 2003, the Respondent's wife purchased 151 Bellevue Street in Manchester, New Hampshire ("Bellevue Street") as the qualifying replacement property under the tax deferred exchange. The seller of the Bellevue Street property was the Respondent's mother, Beatrice St. Pierre ("Mrs. St. Pierre").

- D. To complete the Bellevue Street purchase, the Respondent's wife paid \$150,000 from the proceeds of the 2002 investment property sale and signed a promissory note for \$75,000, payable to the Respondent's mother, which contained a ten-year term and an interest rate of seven percent.
- E. Mrs. St. Pierre continued to live at Bellevue Street after selling the property and paid rent to the Respondent's wife. In turn, the Respondent's wife made the required payments to Mrs. St. Pierre on the promissory note.
- F. Within a few months after Mrs. St. Pierre sold her home, she gifted \$135,000 from the sale proceeds to create qualified education accounts (Section 529 Plan Accounts) for the Respondent's three children.
- G. The Respondent reported that his mother created the education accounts for Medicaid planning purposes because she wanted to shield a portion of her assets from possible future nursing home expenses. The Respondent assisted his mother with this process based upon his prior experience with his father, Mrs. St. Pierre's husband, who had required substantial nursing home care before his death in November of 1996.
- H. The Respondent assisted his mother with establishing the education accounts and reported that although the accounts were created in the names of his three children, it was not his or his mother's intent to benefit his family to the exclusion of his six siblings. His mother's

intention was that funds protected from nursing home expenses would be shared equally among her seven children.

- I. During the investigation, each of the Respondent's siblings, with the exception of the Complainant, signed a letter in which they declared that the Respondent told them about their mother's sale of her home and that he reviewed the transaction with them before it was completed.
- J. The Respondent reported that his mother intended the sale of her home to be permanent.
- K. When the complaint against the Respondent was filed in 2011, Mrs. St. Pierre was residing in a nursing home and was no longer competent to be interviewed. Mrs. St. Pierre was declared incompetent in September of 2010, when the Respondent was appointed guardian with the consent of each sibling except the Complainant.
- L. The Respondent reported that in 2005 he learned from his mother that she wanted to rescind the 2003 transaction. Cris Zimmerman, a friend of the Respondent, recalled that the Respondent expressed both frustration and surprise in 2005 that his mother wanted to reverse the 2003 transaction.
- M. In 2005, the Respondent's wife gifted Bellevue Street back to Mrs. St. Pierre. The remaining debt on the promissory note was cancelled. Additionally, the education accounts were transferred from Mrs. St. Pierre as custodian to the Respondent's wife as custodian.

- N. The Respondent's wife did not file a New Hampshire BPT return for the 2005 tax year and therefore did not report a possible gain based on the approximate \$37,300 differential between the remaining debt on the promissory note and the adjusted tax basis of the Bellevue Street property.
- O. In providing financial guidance and assistance to his mother in 2003 and 2005, the Respondent failed to generate records to sufficiently document his mother's intentions as proof of the legitimacy of the 2003 tax deferred exchange.
- P. In providing financial guidance and assistance to his mother in 2003 and 2005, the Respondent failed to seek a formal independent third-party review of the 1031 Exchange.
- Q. In providing financial guidance and assistance to his mother in 2003, the Respondent lacked the requisite knowledge necessary to provide Medicaid planning for his mother and did not seek an independent third-party review of his plan.
- R. Between May of 2011 and June of 2013, the Board's designated investigators expended considerable time and effort obtaining and reviewing financial records related to the 2003 and 2005 transactions.

6. The Board finds and concludes from the above facts that the Respondent is responsible for the acts described above and that, by engaging in such conduct, the Respondent has violated RSA 309-B:14, I(f) by his failure to comply with Ac 504.01(c)(4), which obligates licensees to obtain sufficient relevant information as a prerequisite to making recommendations when providing professional services.

7. The Respondent acknowledges that this conduct constitutes grounds for the Board to impose disciplinary sanctions against the Respondent's license in the State of New Hampshire.
8. Respondent consents to the Board imposing the following sanctions as discipline:
 - A. Respondent is reprimanded.
 - B. Respondent is assessed an administrative fine in the amount of Seven Thousand Dollars (\$7,000.00). Respondent shall pay this fine in full within thirty (30) days of the effective date of this *Settlement Agreement*, as defined further below, by delivering a money order or bank check, made payable to "Treasurer, State of New Hampshire," to the Board's office at 57 Regional Drive, Concord, New Hampshire 03301.
 - C. Respondent agrees to pay certain administrative costs of investigation in the amount of Fourteen Thousand Dollars (\$14,000.00). Respondent shall pay this agreed upon amount in full within ninety (90) days of the effective date of this *Settlement Agreement*, as defined further below, by delivering a money order or bank check, made payable to "Treasurer, State of New Hampshire," to the Board's office at 57 Regional Drive, Concord, New Hampshire 03301.
 - D. Respondent shall complete eight (8) hours of Continuing Professional Education ("CPE") credits with a focus on tax and Medicaid planning to be completed within twelve (12) months of the effective date of this *Settlement Agreement*, as defined further below. These hours shall be in addition to the hours required by the Board for renewal of licensure. Within fifteen (15) days

of completing these hours, the Respondent shall notify the Board and provide written proof of completion.

- E. Respondent agrees to ensure that his wife files New Hampshire Business Profits Tax ("BPT") returns with the New Hampshire Department of Revenue ("DRA") for the 2002 and 2005 tax years within three (3) months of the effective date of this *Settlement Agreement*, as defined further below. The Respondent shall provide the Board with copies of the returns within thirty (30) days of filing. The returns shall be filed with the Board under seal.
- F. The Board may consider the Respondent's compliance with the terms and conditions herein in any subsequent proceeding before the Board regarding Respondent's license.
- G. Within ten (10) days of the effective date of this *Settlement Agreement*, as defined further below, Respondent shall furnish a copy of the *Settlement Agreement* to any current employer for whom Respondent performs services as an accountant and to any agency or authority which licenses, certifies or credentials accountants, with which Respondent is presently affiliated.
- H. For a continuing period of one (1) year from the effective date of this *Settlement Agreement*, Respondent shall furnish a copy of this *Settlement Agreement* to any employer to which Respondent may apply for work as an accountant and to any agency or authority that licenses, certifies or credentials accountants, to which Respondent may apply for any professional privileges or recognition.

9. Respondent's breach of any terms or conditions of this *Settlement Agreement* shall constitute unprofessional conduct pursuant to RSA 309-B:10, and a separate and sufficient basis for further disciplinary action by the Board.
10. Except as provided herein, this *Settlement Agreement* shall bar the commencement of further disciplinary action by the Board based upon the misconduct described above. However, the Board may consider this misconduct as evidence of a pattern of conduct in the event that similar misconduct is proven against Respondent in the future. Additionally, the Board may consider the fact that discipline was imposed by this Decision as a factor in determining appropriate discipline should any further misconduct be proven against Respondent in the future.
11. This *Settlement Agreement* shall become a permanent part of Respondent's file, which is maintained by the Board as a public document.
12. Respondent voluntarily enters into and signs this *Settlement Agreement* and states that no promises or representations have been made to him other than those terms and conditions expressly stated herein.
13. The Board agrees that in return for Respondent executing this *Settlement Agreement*, the Board will not proceed further with the formal adjudicatory process in this docketed matter and that the formal adjudicatory process will terminate.
14. Respondent understands that his action in entering into this *Settlement Agreement* is a final act and not subject to reconsideration or judicial review or appeal.
15. Respondent has had the opportunity to seek and obtain the advice of an attorney of his choosing in connection with his decision to enter into this *Settlement Agreement*.

16. Respondent understands that the Board must review and accept the terms of this *Settlement Agreement*. If the Board rejects any portion, the entire *Settlement Agreement* shall be null and void. Respondent specifically waives any claims that any disclosures made to the Board during its review of this *Settlement Agreement* has prejudiced his right to a fair and impartial hearing in the future if this *Settlement Agreement* is not accepted by the Board.
17. Respondent is not under the influence of any drugs or alcohol at the time he signs this *Settlement Agreement*.
18. Respondent certifies that he has read this document titled *Settlement Agreement*. Respondent understands that he has the right to a formal adjudicatory hearing concerning this matter and that at said hearing he would possess the right to confront and cross-examine witnesses, to call witnesses, to present evidence, to testify on his own behalf, to contest the allegations, to present oral argument, and to appeal to the courts. Further, Respondent fully understands the nature, quality and dimensions of these rights. Respondent understands that by signing this *Settlement Agreement*, he waives these rights as they pertain to the misconduct described herein.
19. This *Settlement Agreement* shall take effect as a Decision of the Board on the date it is signed by an authorized representative of the Board.

FOR RESPONDENT

Date: 10/20/13


Steven F. St. Pierre, CPA
Respondent

FOR THE BOARD*

This proceeding is hereby terminated in accordance with the binding terms and conditions set forth above.

Date: 10/23/13


(Signature)

Louise Lavette, Executive Director
(Print or Type Name)
Authorized Representative of the
New Hampshire Board of
Accountancy

* Board members, recused: Thomas Musgrave, CPA and Patrick C. Closson, Esq.