

2 August 2018

Dear AICPA Governing Council and Board Members:

Re: What You Need to Know About the AICPA ABV Controversy

For here we are not afraid to follow the truth wherever it may lead, nor to tolerate any error so long as reason is left free to combat it.—Thomas Jefferson

In May 2018, the governing Council of the American Institute of Certified Public Accountants (AICPA) held its semi-annual meeting. During this meeting, the AICPA made a presentation to the Council proposing to change the criteria for the AICPA's business valuation certification, the Accredited in Business Valuation (ABV) specialty credential, to allow non-CPAs to receive the credential. Further, the AICPA gave the Council the strong impression that the community of ABV stakeholders supported the change to admit non-CPAs. The AICPA then made a motion to accept the proposed change and the Council voted in favor of the change. However, the majority of the ABV community does not support this change.

On June 18, 2018, prominent CPA/ABVs in the business valuation community published an Open Letter to the AICPA expressing their opposition to the change. The AICPA then published a letter arguing that it followed its process in making the change and presented a timeline of events supporting their process. However, the AICPA made factual errors in the process timeline and, further, it has since changed the timeline several times in an attempt to correct these errors; however, the current version of the AICPA timeline is still incorrect.

On July 16, 2018, the AICPA presented a national webinar to the CPA/ABV community (without including any of the signers of the Open Letter) to discuss (after the fact) why it made the change and the purported benefits. However, during this webinar, the AICPA publicly acknowledged that: 1) its process for seeking the change in the credential was flawed and, 2) the published timeline included errors.

A detailed analysis of the flawed process conducted by the AICPA is presented here. Given the AICPA's acknowledgment that the process was flawed, it is evident that the AICPA presented incorrect information to Council prior to the vote and, consequently, Council voted in favor of the change without the benefit of the actual facts and without input from the majority of the CPA/ABV community.

On July 18, 2018, the business valuation trade publication, BVWire, published the results of a survey conducted by signers of the open letter of current CPA/ABVs and other stakeholders regarding the change. Of the approximately 3,200 CPA/ABVs, 1,406 participated in the survey—a coverage rate of 44%. Of the 1,406 CPA/ABVs who participated in the survey, an overwhelming majority, 1,326 or 94%, voted "NO" when asked if they were in favor of changing the criteria to admit non-CPAs. The raw survey results, including the written comments from current CPA/ABVs, may be found here.

In view of the AICPA's acknowledgment that the process was flawed and that the published timeline included errors, we propose that:

1. AICPA management immediately suspend the change to the ABV criteria
2. The AICPA modify its internal process of approving any change to the ABV criteria by seeking and considering input from all stakeholders (including current CPA/ABVs) and then have Council revote

3. If, after reconsideration, the AICPA still elects to issue a valuation certification to non-CPAs, that it create a second valuation credential for non-CPAs separate from the ABV.

We have provided additional links to other relevant materials for Council's consideration which we believe further supports our proposal.

Finally, publisher Valuation Products and Services is hosting a national webinar on August 8, 2018. The webinar format will consist of moderated panel discussion, including the current Chairs of the AICPA BV Committee and the AICPA ABV Credential Committee, as well as two past AICPA volunteer leader CPA/ABVs who represent the signers of the Open Letter.

Sincerely,

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R. James Alerding CPA/ABV, ASA
Alan P. Fiske, CPA/ABV/CFF
Other Relevant Information

BVWire Articles

AICPA's move to allow non-CPAs to get ABV sparks strong reaction
Make your voice heard in the AICPA ABV controversy
AICPA members kept in dark about pending ABV change
New survey reveals overwhelming criticism of AICPA's ABV change

Amid outcry, AICPA will improve decision process re: credential matters
AICPA stands by ABV decision; critics rebut timeline

AICPA Presentation to Council Prior to the Vote (May 25, 2018)

CPA/ABV Open Letter to AICPA (June 18, 2018)

AICPA Webinar for CPA/ABVs (July 16, 2018)

CPA/ABV Results of Survey – Respondent Comments (July 18, 2018)

AICPA Letter from Susan Coffey, EVP, AICPA to CPA/ABVs July 19, 2018

CPA/ABV Comments on Webinar (July 20, 2018)

AICPA Credential Eligibility Page Including Revised Timeline (on or about July 23, 2018)