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JUL 15 2016

By LAPELS Enforcement

LOUISIANA PROFESSIONAL ENGINEERING
AND LAND SURVEYING BOARD
9643 BROOKLINE AVENUE, SUITE 121
BATON ROUGE, LOUISIANA 70809-1443
(225) 925-6291

IN THE MATTER OF:) CASE NO. 2014-6
)
COST SEGREGATION SERVICES, INC.)
)
RESPONDENT)
)
_____)

CONSENT ORDER

The Louisiana Professional Engineering and Land Surveying Board [hereinafter the "Board"], by and through its Executive Director, pursuant to authorization by the Board, and Cost Segregation Services, Inc. [hereinafter "Respondent"], by and through its duly authorized undersigned representative, hereby agree to the following:

At all times material hereto, Respondent was not licensed in the State of Louisiana as a professional engineering firm and, therefore, was not authorized to practice and/or offer to practice engineering in the State of Louisiana. At all times material hereto, James G. Shreve [hereinafter "Shreve"] was not licensed in the State of Louisiana as a professional engineer and, therefore, was not authorized to practice and/or offer to practice engineering in the State of Louisiana. At all times material hereto, Shreve was the owner and President of Respondent.

An investigation was opened based upon the Board's receipt of an Affidavit of Complaint which suggested that Respondent and Shreve may have engaged in the unlicensed offering to practice engineering in Louisiana. The investigation disclosed the following:

- a) From at least 2012 to 2015 Respondent stated on its website (*costsegserve.com*) that it was founded by "industrial engineer/economist, Jim Shreve";
- b) Since at least May 2015 Respondent has hosted on its website (*costsegserve.com*) a video/slideshow presentation which (i) claims that Respondent is a "professional engineering firm" that is trained to perform the "required engineering study"; (ii) references "our engineers" and "Cost Segregation Services engineers"; (iii) provides an "analysis from any engineering economist point of view"; (iv) claims that the service provided by Respondent is a "very specialized application and the engineers who perform this study need to know the rules"; (v)

references “a real synergy between the CPA’s and the Cost Segregation Engineers”; (vi) claims that “[t]he professionals that work for [Respondent] are engineers, construction experts and commercial real estate experts . . . and they are experts in the application of cost segregation because they understand construction engineering”; (vii) claims that Respondent is “comprised of construction and industrial engineers with senior management positions”; and (viii) claims that Respondent performs an “engineered analysis” and “represent[s] the engineers”;

c) In December 2014 Respondent used a banner to promote its business at a conference in New Orleans, Louisiana which stated, “We are those Engineers”;

d) Since 2013 Respondent has distributed in Louisiana a flyer entitled “History of Cost Segregation Services, Inc.”, which identifies Shreve as “an engineer and economist” and states that Respondent is “an engineering firm” and “the premier engineering company providing cost segregation studies for U.S. businesses”;

e) Since at least July 2012 Respondent has distributed in Louisiana a training video entitled “5 Minute Introduction to Building Owner #1”, which states that Respondent is “a company of engineers and tax professionals” and that cost segregation “is part of the tax code that takes an engineer”;

f) Since at least July 2012 Respondent has distributed in Louisiana a training video entitled “5 Minute Introduction to Building Owner #2”, which states: (i) Respondent is “doing some engineering work”; (ii) “it takes a certain kind of engineering expertise in order to get you the deductions”; and (iii) “it takes a specialized firm like us”;

g) Since at least July 2012 Respondent has distributed in Louisiana a training video entitled “5 Minute Introduction to Building Owner #3”, in which Shreve states: (i) Respondent has “the engineers who are qualified to review the application” and (ii) the client’s CPA “cannot do anything until I review, as the engineer, the application”;

h) Since at least July 2012 Respondent has distributed in Louisiana a training video entitled “CPA Meeting”, in which Shreve states: (i) “we are the engineers who can get this done”; (ii) “from our engineering point of view”; (iii) “we would like to be your back office engineers”; (iv) “our engineering expertise”; (v) “use us as an engineering firm”; and (vi) “not many people know where to get engineers to get it done”;

i) In August 2012 Respondent presented in Louisiana a video entitled “CSSI Profile”, which stated that (i) Shreve is “an experienced engineering economist”; (ii) Respondent’s “engineering team brings over 50 years of experience in construction and industrial engineering”; and (iii) Respondent’s “engineering team has completed over 7,000 successful cost segregation studies across the country”;

j) In or about April 2012 Respondent distributed in Louisiana a document entitled “CSSI Team Report”, which stated that a CPA “is not qualified to complete a study nor should he have attempted to do so without the use of a third party engineering firm”; and

k) In June 2015 Respondent stated on its *Yelp* page that it was a “premier engineering company” and that Shreve was “an engineer and economist” and an “experienced Engineering Economist”.

The investigation also disclosed that since at least 2007 Respondent has conducted business in Louisiana, maintained an office in Baton Rouge, Louisiana, and employed individuals in Louisiana.

La. R.S. 37:681 and La. R.S. 37:700(A)(1), (7) and (9), *to wit* LAC Title 46:LXI§2301(B), prohibit the offering to practice engineering and the use of the words “engineer”, “engineering” or any modification or derivative thereof in a person’s name or form of business or activity without proper licensure. La. R.S. 37:700(H) permits the Board to take enforcement action against persons who violate La. R.S. 37:681 and La. R.S. 37:700(A)(1), (7) and (9), *to wit* LAC Title 46:LXI§2301(B), upon a finding of guilt following the preferral of charges, notice and hearing and a majority vote of its entire membership authorized to participate in the proceeding. La. R.S. 37:681, La. R.S. 37:700(A)(1), (7) and (9), La. R.S. 37:700(H) and LAC Title 46:LXI§2301(B) were in effect at all times material hereto.

It is undisputed that Respondent has never been licensed to practice and/or offer to practice engineering in Louisiana and that since at least 2007 Respondent has offered to practice engineering and used the words “engineer”, “engineering” and modifications or derivatives thereof in describing itself, its business activities, its services and its employees in Louisiana without proper licensure.

Notwithstanding any language contained in this Consent Order, the Board acknowledges that this Consent Order in no way reflects on the competency of Respondent's and Shreve's work or its and Shreve's ability to provide quality cost segregation services.

By letter March 4, 2016, the Board gave notice to Respondent that it was considering the preferral of charges against Respondent on the grounds that it may have violated La. R.S. 37:681 and La. R.S. 37:700(A)(1), (7) and (9), *to wit* LAC Title 46:LXI§2301(B), relative to offering to practice engineering and using the words "engineer", "engineering" or any modification or derivative thereof in a person's name or form of business or activity without proper licensure.

Wishing to dispense with the need for further enforcement action and to conclude the instant proceeding without further delay and expense, for the purpose of this proceeding only, Respondent and the Board do hereby enter into this Consent Order, in which Respondent of its own free will consents to the issuance of a Consent Order by the Board, wherein Respondent agrees to (a) pay a fine of one thousand five hundred and no/100 (\$1,500.00) dollars, (b) pay administrative costs of two thousand seven hundred thirty-nine and 10/100 (\$2,739.10) dollars, (c) immediately cease and desist offering to practice engineering and using the words "engineer", "engineering", or any modification or derivative thereof in referring to itself or its unlicensed employees, on its website, in its promotional and advertising materials or in describing or promoting its business or activities in Louisiana until such time as it is duly licensed by the Board, (d) immediately take documented corrective action to stop its third-party associates from using the words "engineer", "engineering", or any modification or derivative thereof in referring to, describing or promoting Respondent or its unlicensed employees in Louisiana when such use comes to its attention (such as sending letters by certified mail return receipt requested directing the third-party associates to immediately cease and desist), and (e) the publication of this Consent Order on the Board's website and a summary of this matter in the Board's official journal, the *Louisiana Engineer and Surveyor Journal*, and the reporting of this matter to the National Council of Examiners for Engineering and Surveying (NCEES), identifying Respondent by name.

Respondent admits that its conduct in using the words "engineer", "engineering" and modifications or derivatives thereof constitutes violations of the above referenced laws and/or rules as stated herein. Respondent acknowledges awareness of said laws and/or rules and states that it will comply with all applicable laws and rules henceforth. Respondent has been advised of

its right to be represented by counsel before the Board and/or to appear at any hearing personally or by counsel and present witnesses and evidence in its own behalf, it hereby waives this right and its right to appeal, and it states affirmatively that it has been afforded all administrative remedies due it under the law. Respondent further acknowledges awareness of the fact that the signed original of this Consent Order will remain in the custody of the Board as a public record and will be made available for public inspection and copying upon request.

Therefore, in consideration of the foregoing and by signing this Consent Order, Respondent does hereby waive its right to a hearing before the Board, to the presenting of evidence and witnesses on its behalf, to Findings of Fact and Conclusions of Law in this case, and to judicial review of this Consent Order.

Respondent hereby represents (a) that it fully understands the meaning and intent of this Consent Order, including but not limited to its final and binding effect, (b) that it has voluntarily entered into this Consent Order and that no other promise or agreement of any kind has been made to or with it by any person whatsoever to cause the execution of this instrument and (c) that the sanctions set forth in this Consent Order do not prevent the Board from taking further disciplinary or enforcement action against Respondent on matters not specifically addressed in this Consent Order.

WHEREFORE, the Louisiana Professional Engineering and Land Surveying Board and Respondent agree that:

1. Respondent shall pay a fine of one thousand five hundred and no/100 (\$1,500.00) dollars, which shall be tendered to the Board by certified check payable to the Board, due upon the signing of this Consent Order; and
2. Respondent shall pay administrative costs of two thousand seven hundred thirty-nine and 10/100 (\$2,739.10) dollars, which shall be tendered to the Board by certified check payable to the Board, due upon the signing of this Consent Order; and
3. Respondent shall immediately cease and desist offering to practice engineering and using the words "engineer", "engineering" or any modification or derivative thereof in referring to itself or its unlicensed employees, on its website, in its promotional and advertising materials or in describing or promoting its business or activities in Louisiana until such time as it is duly licensed by the Board; and

4. Respondent shall immediately take documented corrective action to stop its third-party associates from using the words "engineer", "engineering", or any modification or derivative thereof in referring to, describing or promoting Respondent or its unlicensed employees in Louisiana when such use comes to its attention (such as sending letters by certified mail return receipt requested directing the third-party associates to immediately cease and desist); and

5. This Consent Order shall be published on the Board's website and a summary of this matter shall be printed in the official journal of the Board, the *Louisiana Engineer and Surveyor Journal*, and reported to the National Council of Examiners for Engineering and Surveying (NCEES), identifying Respondent by name; and

6. Notwithstanding any language contained in this Consent Order, the Board acknowledges that this Consent Order in no way reflects on the competency of Respondent's and Shreve's work or Respondent's and Shreve's ability to provide quality cost segregation services.

7. This Consent Order shall not become effective unless and until it is accepted and signed by and on behalf of the Board. Should the Board not accept and sign this Consent Order, it is agreed that presentation of this matter to the Board shall not prejudice the Board or any of its members, staff, attorneys or representatives (or Respondent or its attorney) from further participation, consideration, or resolution of any further proceedings herein.

LOUISIANA PROFESSIONAL ENGINEERING
AND LAND SURVEYING BOARD

DATE: 18 July 2016

BY: Donna D. Sentell
DONNA D. SENTELL, Executive Director

COST SEGREGATION SERVICES, INC., Respondent

DATE: 7/15/16

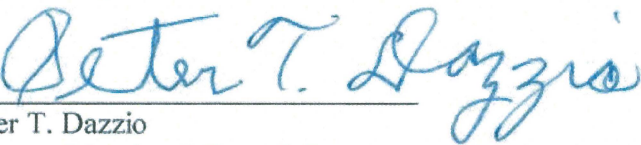
BY: [Signature]
JAMES G. SHREVE, President

Witnesses to the signature of
Cost Segregation Services, Inc.

[Signature]
Print Name: Malynne Peak

[Signature]
Print Name: Donna D. Sentell

Approved by:



Peter T. Dazzio

Watson, Blanche, Wilson & Posner

P.O. Drawer 2995

Baton Rouge, LA 70821-2995

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Attorneys for Cost Segregation Services, Inc.