

**BOARD OF PUBLIC ACCOUNTANCY**  
Professional and Vocational Licensing Division  
Department of Commerce and Consumer Affairs  
State of Hawaii

MINUTES

Date: Friday, August 5, 2011

Time: 8:30 a.m.

Place: King Kalakaua Conference Room  
King Kalakaua Building  
335 Merchant Street, 1<sup>st</sup> Floor  
Honolulu, Hawaii 96813

Present: Thomas T. Ueno, CPA, Chairperson  
Kent K. Tsukamoto, CPA, Vice-Chairperson  
Michael Ching, CPA, Member  
Wendy Miki Glaus, CPA, Member  
Craig K. Hirai, CPA, Member  
Nelson K.M. Lau, CPA, Member  
Steven R. Oberg, CPA, Member  
Emerito C. Saniatan, Member  
Rodney J. Tam, Deputy Attorney General  
Laureen M. Kai, Executive Officer  
Lori Nishimura, Secretary

Excused: Keith A. Regan, Member

Guests: Kathy Castillo, Hawaii Society of Certified Public  
Accountants ("HSCPA")  
John W. Roberts, CPA, President, Hawaii Association  
of Public Accountants ("HAPA")

Agenda: The agenda for this meeting was filed with the Office  
of the Lieutenant Governor, as required by Hawaii  
Revised Statutes ("HRS") section 92-7(b).

Call to Order: There being a quorum present, the meeting was  
called to order at 8:30 a.m. by Chairperson Ueno.

Additions/Revisions  
to Agenda:

None.

Executive  
Session:

At 8:31 a.m., it was moved by Mr. Lau, seconded by Mr. Saniatan, and unanimously carried for the Board to enter into Executive Session to consider and evaluate personal information relating to individuals applying for licensure in accordance with HRS section 92-5(a)(1), and to consult with the Board's attorney on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities in accordance with HRS section 92-5(a)(4).

EXECUTIVE SESSION

At 9:21 a.m., it was moved by Mr. Lau, seconded by Vice-Chairperson Tsukamoto, and unanimously carried for the Board to move out of Executive Session and immediately recess the meeting to discuss and deliberate on the following adjudicatory matters pursuant to HRS chapter 91:

Chapter 91, HRS,  
Adjudicatory  
Matters:

A. In the Matter of the Certified Public Accountant's License of NATHAN H. SUZUKI; ACC 2005-7-L

Deputy Attorney General ("DAG") Tam briefed the Board on the Circuit Court's order remanding the Board's June 15, 2010 Final Order, for the following reasons:

- Board is allowed to select and impose only one disciplinary action;
- Board is not allowed to suspend license for a period exceeding two (2) years;
- Board is not allowed to simultaneously suspend a license, impose a fine, and impose continuing education requirements;
- Respondent's arguments based on Boulware v. United States, 128 S.Ct. 1168 (2008) are without merit;
- There was no unreasonable delay on the part of RICO in this matter;

- Case is “remanded to the Board with instructions for it to be remanded to the hearings officer for further hearing regarding sanctions”.

After discussion, it was moved by Mr. Oberg, seconded by Mr. Ching, and unanimously carried (Vice-Chairperson Tsukamoto and Mr. Hirai recused themselves from the vote) to comply with the order of remand and to delegate the drafting of that order to DAG Tam, and further to delegate to the Executive Officer the authority to continue the processing of this order.

DAG Tam recommended that in light of the Circuit Court’s Order, the Board consider a legislative proposal to specifically revise HRS section 466-9 to clarify that the Board’s disciplinary actions can be combined, increase the maximum suspension period to five years, and increase the fine amount to \$5,000.00 per violation. The Board unanimously agreed to start the process to amend this section at the next Legislative session.

B. In the Matter of the License to Practice Public Accountancy of BRYAN T. MEURER; ACC 2008-14-L

DAG Tam provided a brief summary of the case. The Respondent was randomly selected for audit of his continuing professional education hours, and he failed to comply with Board’s audit request.

The Hearings Officer concluded that the Respondent violated HRS sections 466-7(e) and 466-9(b)(3), and recommended that the Respondent be fined \$500.

After discussion, it was moved by Vice-Chairperson Tsukamoto, seconded by Mr. Oberg, and unanimously carried to adopt the Hearings

Officer's Recommended Order as the Board's Final Order.

At 9:27 a.m., the Board reconvened its meeting.

Applications for  
CPA Certification:

Discussion ensued on Keiichiro Steve Aoki's application for conditional approval only. Executive Officer Kai explained that the applicant had fulfilled the education, examination, and experience requirements for CPA certification; however, he could only be approved for a conditional approval because he has not met the requirement that he be either a U.S. citizen, a U.S. national, or an alien authorized to work in the U.S. under HRS section 436B-10.

It was moved by Vice-Chairperson Tsukamoto, seconded by Mr. Saniatan, and unanimously carried to approve the following applications for certification:

1. AOKI, Keiichiro Steve – CONDITIONAL APPROVAL ONLY
2. BAHUS, Robert D.
3. LIM, Cynthia C.
4. MOFFITT, Tonya M.
5. POWELL, William P.
6. ULANO, Ashley K.
7. XIAO, Cody G.X.

After discussion, it was moved by Vice-Chairperson Tsukamoto, seconded by Mr. Saniatan, and unanimously carried (Mr. Lau recused himself from the vote) to approve the following applications for certification:

1. BOKAN, Brandie L.
2. CHING, Krystal W.L.

After discussion, it was moved by Vice-Chairperson Tsukamoto, seconded by Mr. Saniatan, and unanimously carried (Mr. Ching recused himself from

the vote) to approve the following application for certification:

1. SHIGEMURA, Dean Y.

Ratification of  
Individual CPA  
Permits to Practice:

After discussion, it was moved by Vice-Chairperson Tsukamoto, seconded by Mr. Saniatan, and unanimously carried to ratify approval of the following individual CPA Permits to Practice:

1. CATUGAL, Noel A.K.
2. CHOI, Suk
3. KERR, James R.
4. KOYANAGI, Trisha L.T.

After discussion, it was moved by Vice-Chairperson Tsukamoto, seconded by Mr. Saniatan, and unanimously carried (Mr. Hirai recused himself from the vote) to ratify approval of the following individual CPA Permit to Practice:

1. HORIUCHI, Brent H.

After discussion, it was moved by Vice-Chairperson Tsukamoto, seconded by Mr. Saniatan, and unanimously carried (Mr. Lau recused himself from the vote) to ratify approval of the following individual CPA Permit to Practice:

1. KITANO, Yukimasa

Ratification of  
Issued Firm Permit  
to Practice:

After discussion, it was moved by Mr. Lau, seconded by Mr. Ching, and unanimously carried to ratify the list of issued Firm Permits to Practice ("FPTP") (see, attached list) with the exclusion of FPTP # 510 for Makiko M. Tsui.

It was further moved by Mr. Lau, seconded by Mr. Ching, and unanimously carried (Vice-Chairperson Tsukamoto recused himself from the vote) to ratify the issued FPTP # 510 for Makiko M. Tsui.

Approval of  
Minutes of the  
June 20, 2011 &  
July 8, 2011 Board  
Meetings:

After discussion, it was moved by Mr. Lau, seconded by Ms. Glaus, and unanimously carried to approve the minutes of the June 20, 2011 and July 8, 2011 Board meetings, as circulated.

Chairperson Ueno stated that Agenda item #5. CHAPTER 91, HRS, ADJUDICATORY MATTERS had been taken up by the Board immediately following its Executive Session.

Chairperson's Report:

Chairperson Ueno thanked Board members for their work during the past year on the Board's six (6) standing committees and stressed that past committee chairpersons should be utilized by the newly assigned committee chairpersons for their insight on the topic/discussions. The newly assigned standing committee chairmanships were announced as follows:

- Legislation and Rules: Co-Chairs, Mr. Saniatan and Mr. Ching;
- Uniform CPA Examination: Mr. Oberg
- Ethics: Ms. Glaus
- Peer Review: Mr. Tsukamoto
- Continuing Professional Education: Mr. Lau
- Communications: Mr. Regan

Chairperson Ueno stated that Mr. Hirai had not been assigned to any one particular committee; therefore, he will be available to assist in the work of any standing committees. He also stated for Committee Chairpersons to select/recruit Board members for their respective "investigative committees" and to make those announcements at the next Board meeting.

Chairperson Ueno stated that Mr. Lau has been tapped to review and offer recommendations on applications for CPA certification to the full Board for consideration at its meetings.

Chairperson Ueno stated that the National Association of State Boards of Accountancy ("NASBA") Center for the Public Trust ("CPT") is soliciting donations from members for its silent auction at the upcoming NASBA Annual Meeting in October. Proceeds from the silent auction will support the activities of the CPT in its work to become the leading ethics resource for state boards of accountancy. Donations should be sent directly to the CPT by the deadline of October 3, 2011.

Chairperson Ueno announced that Pacific Regional Director, Laurie Tish, had been nominated by the NASBA Nominating Committee for a Director-at-Large position. Her nomination would be voted on at the Annual Meeting in October.

Scope of Practice:

A. Payment or Acceptance of a Commission by a CPA

Executive Officer Kai stated that the Board had received a request for a determination of the applicability of Hawaii Administrative Rules ("HAR") section 16-71-61(c) as it relates to the payment or acceptance of a commission by a Hawaii-licensed CPA. The inquiry involved a situation of a CPA who is leaving his former employer (CPA firm) to start his own accounting practice and wanting to transfer a client account to his new firm with the payment of a "one-time fee" to the CPA's former employer firm.

Discussion ensued and the consensus of the Board was that a CPA is not prohibited from paying for all, or a material part, of an accounting practice; therefore, in the situation described in the inquiry, the CPA who is paying his former employer CPA firm a "one-time fee" in exchange for the transfer of one of the firm's accounts to him, would not be in violation of the Board's laws and rules.

The Board further determined that the definition of the term "commission" is not at issue because the payment described is not and should not be designated to be a "commission".

Standing Committee  
Reports:

A. Legislation and Rules

1. Investigative Committee on Mobility

Vice-Chairperson Tsukamoto stated that the draft of the proposed mobility "wishlist", as requested by Representative Isaac Choy for his mobility discussion initiative, had been finalized and distributed to Board members for review.

It was moved by Vice-Chairperson Tsukamoto, seconded by Mr. Saniatan, and unanimously carried to approve the "wishlist" for submittal to Representative Choy.

2. Proposed Revision of Hawaii Administrative Rules section 16-71-21

Executive Officer Kai reported on the status of the Board's proposed revision of HAR chapter 16-71, to delete HAR section 16-71-21(e), reporting that the proposal had been reviewed by the Small Business Regulatory Review Board ("SBRRB") at its meeting on July 20, 2011. In a subsequent memo to the Director, SBRRB recommended that the Governor approve the Board's request to proceed to public hearing; therefore, the request from the Board was sent to the Governor for his approval on July 29, 2011.

B. Uniform CPA Examination

1. Ratification of Examination Scores from the April/May 2011 Testing Window

Committee Chairperson Glaus reported the following:

2<sup>nd</sup> QUARTER 2011 EXAMINATION RESULTS

	Number of Scores	Percentage
Initial Credit	13	5.85
Added Credit	53	23.87
Failed	93	41.89
Passed Exam	16	7.20
No New Credit	47	21.17
TOTAL	222	100.00%

TOTALS BY EXAM PARTS (BY CANDIDATES)

	AUD	BEC	FAR	REG	TOTAL
# Attended	59	50	49	64	222
# Passed	29	13	18	22	82
% Passed	49.15	26.00	36.73	34.37	36.94

SUCCESSFUL CANDIDATES SUMMARY

# of Passing First-time Candidates	0
# of Passing Re-Exam Candidates	16
# of Passing Candidates	16

Mr. Ching wondered if there was a correlation with the low percentage of passing scores and the introduction of questions on the International Financial Reporting Standards ("IFRS"), and further stated that he was not sure if the IFRS questions were going to be counted in the scoring of candidate's exams.

After discussion, it was moved by Committee Chairperson Glaus, seconded by Mr. Oberg, and unanimously carried to ratify the examination scores from the April/May 2011 testing window.

Executive Officer Kai reported that there will be a decrease in the Prometric per test hour fee (as previously reported to the Board), but that due to different Notice to Schedule periods among the fifty-five (55) states and jurisdictions, a single effective date for the change would not be equitable. NASBA has established a "rolling" effective date that takes this into consideration; therefore, with a nine-month Notice to Schedule period, Hawaii's implementation date is set as August 20, 2011. This means that for Hawaii examination candidates, any Authorization to Test submitted on or after August 20, 2011 will be subject to the new fees.

The Executive Officer further reported that effective July 1, 2011, Prometric has implemented the use of a hand-held metal detector wand at all U.S. test centers as an enhanced security measure. All candidates are scanned prior to each entry, including returns from breaks. Candidates will still be required to turn their pockets out, and the scan will be done immediately afterward. Prometric instituted this security measure after conducting a pilot project in 2010 at several

test sites across the nation. The pilot covered a period of five (5) months and approximately 60,000 exam candidates were scanned. The wand was found to be strong deterrent and operationally effective.

All candidates are alerted to this new security measure through the Prometric "Test Center Regulations Form" that is provided to each candidate to read prior to check-in. It is also available on Prometric's website. The scan is done in full view of the test center's DVR camera, so it will be recorded, and any candidate complaints or escalations can be properly investigated.

All candidates are required to submit to the scans. Any candidates refusing to be scanned will not be permitted to test. While candidates are assured that the metal detectors do not affect pregnancies, pacemakers, or other medical equipment that is connected to the body, exceptions will be made for candidates who express concerns. Those candidates will be observed more closely than normally done, and a report will be filed to alert NASBA and the Board.

C. Ethics

No report.

D. Peer Review

1. Investigative Committee on Peer Review

Committee Chairperson Oberg stated that a meeting with stakeholders and interested parties will take place following today's meeting.

E. Continuing Professional Education

No report.

F. Communications

No report.

Next Board Meeting: Friday, September 2, 2011  
8:30 a.m.  
King Kalakaua Conference Room  
King Kalakaua Building  
335 Merchant Street, 1<sup>st</sup> Floor  
Honolulu, Hawaii 96813

Announcements: None.

Adjournment: There being no further discussion, it was moved by Mr. Oberg, seconded by Vice-Chairperson Tsukamoto, and unanimously carried to adjourn the meeting at 9:56 a.m.

Taken and recorded by:



\_\_\_\_\_  
Lori Nishimura, Secretary

Reviewed and approved by:



\_\_\_\_\_  
Laureen M. Kai, Executive Officer

LMK:ln

08/25/11

[ x ] Minutes approved as is.

[ ] Minutes approved with changes. See Minutes of \_\_\_\_\_

LTYPE	LIC NUM	ORIG LIC	BP NAME PART 1
FPTP	507	05/31/2011	CLIFTON <GUNDERSON< LLP
FPTP	508	06/03/2011	RHOADES DOEHRER & ASSOCIATES PLLC
FPTP	509	06/30/2011	SAU-YIN <YEUNG<
FPTP	510	05/20/2011	MAKIKO M <TSUI<
FPTP	511	06/02/2011	KEVIN P <MARTIN< & ASSOCIATES PC
FPTP	512	06/03/2011	RT ADVISORY GROUP LLC
FPTP	513	06/29/2011	TRENT <KOBAYAKAWA< CPA LLC
FPTP	514	06/30/2011	LEE & WU CPA LLC
FPTP	515	07/05/2011	EDWIN L W <TAM HO< CPA INC
FPTP	516	06/30/2011	S ROBERT <LEE< CPA INC
FPTP	517	06/29/2011	IWC LLC
FPTP	518	07/01/2011	D M <FINK< & ASSOCIATES PC
FPTP	519	07/08/2011	JAMES R <KERR<