

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

MINUTES

Date: Friday, June 15, 2012

Time: 8:30 a.m.

Place: King Kalakaua Conference Room  
King Kalakaua Building, 1<sup>st</sup> Floor  
335 Merchant Street  
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  
Keith A. Regan, Member  
Emerito C. Saniatan, Member  
James C. Paige, Deputy Attorney General  
Jonathan Spiker, Law Student, AG Intern  
Laureen M. Kai, Executive Officer  
Lori Nishimura, Secretary

Guests: Jack Karbens, CPA  
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. Regan, 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 9:30 a.m., it was moved by Mr. Oberg, seconded by Ms. Glaus, and unanimously carried for the Board to move out of Executive Session.

The Board immediately recessed the meeting.

At 9:35 a.m., the Board reconvened its meeting.

Applications for  
CPA Certification:

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

1. BUN, Fatiwie
2. CANEVARI, Evelyn M.
3. CHANG, Hannah L.
4. CHOY, Dathan Li-Chung
5. DAUBY, Steven M.
6. JIM, Kenny Y.K.
7. MADDUX, Joseph E.
8. SASAKI, Tomomi

Ratification of  
Individual CPA  
Permits to Practice:

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

1. CAMERLINGO, Rie N.
2. CAMPBELL, Eric T.

3. DESIMONE, Julie L.
4. KOBAYASHI, Carl K.
5. OKIMURA, Jordan B.M.
6. ROTH, John R.A.

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

1. MCCOMB, Mark E.
2. SCHARLACH, Robert A.

Ratification of  
Issued Firm Permits  
to Practice:

After discussion, it was moved by Mr. Oberg, seconded by Mr. Lau, and unanimously carried to ratify approval of the following Firm Permits to Practice ("FFTP"):

1. ANA M GARCIA LLC
2. MIKUNDA COTTRELL & CO INC
3. SQUAR MILNER PETERSON MIRANDA & WILLIAMSON LLP
4. ALFRED SONNENBERG
5. SHARON L MOFFATT

After discussion, it was moved by Mr. Oberg, seconded by Mr. Lau, and unanimously carried (Chairperson Ueno and Vice-Chairperson Tsukamoto recused themselves from the vote) to ratify the approval of the following FFTP:

1. HOWARD S TODO

After discussion, it was moved by Mr. Oberg, seconded by Mr. Lau, and unanimously carried (Ms. Glaus recused herself from the vote) to ratify the approval of the following FFTP:

1. CARL CHU CPA INC

Ratification of  
Firm Name  
Approval:

After discussion, it was moved by Ms. Glaus, seconded by Mr. Regan, and unanimously carried to ratify the approval of the following CPA firm names:

1. DOI, CPA, LLC
2. Ricky Takemoto, CPA, LLC

Approval of  
Minutes of the  
May 11, 2012  
Board Meeting:

After discussion, it was moved by Mr. Regan, seconded by Mr. Ching, and unanimously carried to approve the minutes of the May 11, 2012 Board meeting as circulated.

Chairperson's Report:

A. Investigative Committee on Two-Tier Licensing

Co-committee Chairperson Regan presented the findings and recommendations resulting from the work of the committee in a report distributed to the Board. He reiterated that the committee had been tasked to research, discuss, and determine the direction the Board should move in as it relates to Hawaii's licensing structure, specifically the concept of moving away from its current multi-tier structure.

Mr. Regan reported that the committee had held two meetings, and had communicated via email and teleconference. Committee members were Messrs. Regan and Ching of the Board, HAPA representative John Roberts, and Donny Shimamoto, representing the Hawaii Society of Certified Public Accountants ("HSCPA").

The committee found that a majority of states have moved away from a multi-level licensing model; therefore, there are many examples of single licensing models that can be evaluated in creating a proposed structure for CPA licensing in Hawaii. Co-committee Chairperson Ching noted that as of March 1, 2012, there are forty-three (43) states and jurisdictions that utilize a single licensing model, and that Hawaii is one of

only eight (8) states and jurisdictions with a multi-tiered licensing structure.

Co-committee Chairperson Regan mentioned that HAPA expressed an interest in exploring the possibility of a change and had stated that it was in favor of single tier licensing that would require all licensees to obtain continuing professional education. The HSCPA had initially expressed its support; however, its position was modified to state that the HSCPA board was unwilling to support the move to single tier without more information on what the licensing structure would entail.

Based on its research and discussion, the committee believes that such a change in licensing will result in efficiency gains, greater control over licensees, and less confusion experienced by the public regarding licensing of CPAs. Its recommendation is to move from the current two-tier licensing paradigm to a single license model. Mr. Regan further stated that the committee recommends that the Board establish another Investigative Committee or expand the scope of this committee to include the assignment of developing a single license model, and to identify and provide suggested statute and rule revisions.

Co-committee Chairperson Ching stated that the resulting proposal should consolidate changes to all applicable statutes and administrative rules required to effectuate such a change.

Chairperson Ueno commented that a significant change is being contemplated, and thanked the committee for its work and report. Mr. Ueno stated that the Board formally accepts the Investigative Committee's report on its findings and recommendations.

Chairperson Ueno then suggested that additional tasks be added to the current Investigative Committee to take the necessary steps to change the current two-tier licensing to a single licensing model. Co-committee Chairperson Regan stated that he would need to step down as Chairperson, due to his unavailability to attend committee meetings, as he would need to travel from Maui to Oahu, where the majority of committee members reside.

After discussion, it was moved by Mr. Regan, seconded by Mr. Oberg, and unanimously carried to establish an Investigative Committee to carry this initiative forward in creating a structure for single licensing of CPAs and drafting the pertinent revisions to the Board's laws and rules relating to this structure change, to appoint Mr. Ching as its Chairperson, to appoint Mr. Regan as a member, and to allow for the addition of two other Board members.

B. Other

None.

Executive Officer's Report:

A. Random Audit of Continuing Professional Education Credits for 2012-2013 Permit to Practice

1. Update on Results

Executive Officer Kai provided the latest results on the random audit of continuing professional education ("CPE") credits for the 2012-2013 permit to practice. Ms. Kai stated that of the total 135 permits audited, 133 audits were successful. The remaining two audits were: (1) a medical exemption; and (2) no response to the notice of a deficiency in the ethics/professional CPE.

After discussion, it was moved by Ms. Glaus, seconded by Mr. Hirai, and unanimously carried for the Board to notify the audited licensee that should no response be received by the Board within two (2) weeks to comply with the audit, this non-compliance will be referred to the Regulated Industries Complaints Office ("RICO") for investigation.

2. Request for Exemption from Random Audit of Continuing Professional Education Credits for 2012-2013 Permit to Practice – Burt H. Yoneshige (CPA-1210)

Based on information received by the Board relating to Mr. Yoneshige's health situation, consensus was reached to defer decision-making on this matter to the next meeting.

B. Random Audit of Continuing Professional Education Credits in Ethics and/or Professional Conduct for 2012-2013 CPA License

Executive Officer Kai provided the latest results on the random audit of CPE credits in ethics and/or professional conduct for the 2012-2013 CPA license. Ms. Kai stated that 331 audits were successful; six (6) audits were deficient; and fifteen (15) remained pending responses, for a total of 352 audits conducted. Ms. Kai stated that the same steps will be taken for the non-responses in this audit as was decided earlier to be taken for non-responses in the permit audit.

C. Hawaii State Ethics Commission – Gifts Disclosure Statement Form

Executive Officer Kai stated that the deadline to submit the gifts disclosure statement to the Hawaii State Ethics Commission is July 2, 2012.

She provided website and contact information for the Ethics Commission should Board members require further assistance in completing the disclosure statements. Ms. Kai reminded Board members that reimbursements received from the National Association of State Boards of Accountancy ("NASBA") for expenses relating to any travel must be included in the disclosure statements.

Standing Committee  
Reports:

A. Legislation and Rules

1. Peer Review Administrative Rules Update

Mr. Oberg stated that there is no further update to the draft rules on peer review, as they are currently being formatted and conformed by the Department for submittal to the SBRRB, along with the Small Business Impact Statement, for its consideration.

2. 26<sup>th</sup> Legislature, 2012

a) H.B. No. 2169 HD 2, SD 1, Relating to Public Accountancy

Chairperson Ueno stated that the bill is currently awaiting signature or action by the Governor, with a deadline of June 25, 2012 for possible vetoes.

3. Investigative Committee on Mobility

Committee Chairperson Tsukamoto reported that Hawaii is the last state to pass mobility legislation.



4. Proposed Revision of Hawaii Administrative Rules section 16-71-61

Ms. Glaus recommended that the Board take action to propose an amendment to HAR section 16-71-61. Chairperson Ueno stated that an investigative committee will be established to conduct further research into proposed revision of the Board's administrative rules to allow for the acceptance of commissions and contingency fees by CPAs in Hawaii.

After further discussion, it was moved by Vice-Chairperson Tsukamoto, seconded by Mr. Saniatan, and unanimously carried to establish an investigative committee to look into the proposed revision of the administrative rules and to approve the assignment of Ms. Glaus as chair and Messrs. Ching and Hirai as members of this committee.

B. Uniform CPA Examination

No Report.

Chairperson Ueno commented that NASBA and the American Institute of Certified Public Accountants ("AICPA") present numerous webcasts on various topics that may be relevant to the different committees. Webcasts information is relayed to the respective committee members, but should other Board members want to be sent information on all webcasts being presented, a request may be made to the Executive Officer.

C. Ethics

No Report.

D. Peer Review

Committee Chairperson Oberg reported on a new electronic process for peer reviews reporting Matters for Further Consideration and Disposition of Matters for Further Consideration, that will be required to be used in AICPA peer reviews for both members and nonmembers. Beginning on or after May 1, 2013, the former paper forms will be replaced by this paperless process to be used by peer reviewers, reviewed firms, and administering entities. He further stated that he believed that this process change would not affect the Board's statutes or rules. Mr. Oberg advised that all peer reviewers and firms to be reviewed after May 1, 2013 become familiar with these new procedures.

E. Continuing Professional Education

No Report.

F. Communications

No Report.

Next Board Meeting: Friday, July 6, 2012  
8:30 a.m.  
King Kalakaua Conference Room  
King Kalakaua Building  
335 Merchant Street, 1<sup>st</sup> Floor  
Honolulu, Hawaii 96813

Mr. Regan and Ms. Glaus stated that they would not be able to make the next scheduled Board meeting due to conflicts in their schedules. Mr. Ching stated that he may also be unable to attend.

Announcements: Board members expressed their gratitude to the two (2) members whose terms are ending June 30, 2012: Chairperson Ueno and Mr. Saniatan. Chairperson

Ueno thanked all of the Board members and stated that the success of the Board is due to members' dedication, hard work, and continued commitment to the regulatory issues relating to the profession.

Adjournment: There being no further discussion, the meeting adjourned at 10:08 a.m.

Taken and recorded by:

/s/ Lori Nishimura

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Lori Nishimura, Secretary

Reviewed and approved by:

/s/ Laureen M. Kai

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Laureen M. Kai, Executive Officer

LMK:ln

06/22/12

Minutes approved as is.

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