

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

MINUTES

Date: Friday, September 7, 2012

Time: 8:30 a.m.

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

Present: Kent K. Tsukamoto, CPA, Chairperson
Nelson K.M. Lau, CPA, Vice-Chairperson
Michael Ching, CPA, Member
Wendy Miki Glaus, CPA, Member
Craig K. Hirai, CPA, Member
Gabriel Lee, Member
Steven R. Oberg, CPA, Member
Gregg Taketa, CPA, Member
Rodney J. Tam, Deputy Attorney General
Laureen M. Kai, Executive Officer

Excused: Keith A. Regan, Member

Guests: Kathy Castillo, Hawaii Society of Certified Public
Accountants ("HSCPA")
Rodney Harano, CPA, CW Associates
Craig Watanabe, CPA, HSCPA President

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 Tsukamoto.

Executive
Session:

At 8:30 a.m., it was moved by Mr. Oberg, seconded by Mr. Ching,, 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 9:20 a.m., it was moved by Vice-Chairperson Lau, seconded by Mr. Oberg, and unanimously carried for the Board to move out of Executive Session.

The Board immediately recessed the meeting.

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

Additions/Revisions
to Agenda:

None.

Chairperson Tsukamoto introduced Mr. Craig Watanabe, CPA, the current president of the Hawaii Society of Certified Public Accountants.

Applications for
CPA Certification:

After discussion, it was moved by Mr. Oberg, seconded by Mr. Lee, and unanimously carried to approve the following applications for certification:

1. CHU, Hun Joon
2. HUANG, Yinen
3. MALIG, Leinani R.
4. NATHAM, Curtis R.
5. ROSS, Joshua W.
6. TAKAGI, Yuji
7. TAKAHASHI, Yukari
8. TARUI, Yuka
9. VILLEGAS, Michele L.R.
10. XU, Ming

After discussion, it was moved by Mr. Oberg, seconded by Mr. Lee, and unanimously carried (Mr. Lau recused himself from the vote) to approve the following application for certification:

1. KAUFFMAN, Charles F., IV

After discussion, it was moved by Mr. Oberg, seconded by Mr. Lee, and unanimously carried (Mr. Ching recused himself from the vote) to approve the following application for certification:

1. MANKO, Stephen, IV

Ratification of
Individual CPA
Permits to Practice:

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

1. CHIANG, Eric M.
2. CHOY, Dathan Li-Chung
3. TAKAMATSU, Glen M.
4. YOSHIDA, Laura A.

Ratification of
Issued Firm Permits
to Practice:

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

1. DOI CPA LLC
2. RICHARD H MIYASAKA
3. DARLENE W C LEE
4. LEE & YOUNG INC
5. SHERRIN L FIELDER
6. AKIHIKO TAJIMA CPA INC
7. PEASLEY ALDINGER & O'BYMACHOW AN ACCOUNTANCY CORPORATION
8. FUKUYA HASEGAWA PARTNERS LLC
9. STEVEN C CHING
10. SHERWOOD T KAYA

11. PAUL L TAKENAKA
12. ALOHA BUSINESS SERVICES INC
13. AATS LLC

Ratification of Firm
Name Approval:

After discussion, it was moved by Mr. Lee, seconded by Mr. Oberg, and unanimously carried to ratify the approval of the following CPA firm Names:

1. Alan C. Matsumoto CPA
2. Sixto G. Tabisola, CPA, LLC

Approval of
Minutes of the
August 3, 2012
Board Meeting:

After discussion, it was moved by Vice-Chairperson Lau, seconded by Mr. Lee, and unanimously carried to approve the minutes of the August 3, 2012 Board Meeting as circulated.

Chairperson's
Report:

A. National Association of State Boards of
Accountancy ("NASBA")

1. 105th Annual Meeting

NASBA's Annual Meeting is to be held October 28-31, 2012 at the Walt Disney World Swan Hotel in Orlando, Florida. Typically, a scholarship (covering airfare, lodging, and registration) is provided by NASBA for the Board Chairperson to attend; however, Chairperson Tsukamoto stated that he is unable to attend. Vice-Chairperson Lau stated that he is unable to attend also. Board members were asked if any were interested in attending as the Board's representative; Mr. Oberg indicated his interest. After discussion, it was moved by Mr. Taketa, seconded by Mr. Ching, and unanimously carried for Chairperson Tsukamoto to request that a scholarship be granted to Mr. Oberg, and, should Mr. Oberg attend, that he serve as the Board's voting

representative. A scholarship for the Executive Officer would also be requested.

2. International Evaluation Services

Chairperson Tsukamoto announced the launch of NASBA's newest undertaking – NASBA International Evaluation Services (“NIES”), specifically designed for CPA exam and licensure candidates. NIES will provide academic evaluations of international coursework and credentials to applicants who have completed their education outside of the United States. A CPA exam candidate can apply for an evaluation of his/her foreign academic credentials and to sit for the Uniform CPA Examination in any state that accepts NIES as an approved evaluation service provider. Kansas and Washington are the first jurisdictions to take advantage of the service. Chairperson Tsukamoto asked the Executive Officer to obtain more information about the NIES at the NASBA University meeting that she will be attending later in September.

3. Progress Report

This month marks the first anniversary of the administration of the Uniform CPA Examination at international test sites in Japan and the Middle East. The international administration of the CPA Exam is offered only in English and is the same as the U.S. Exam administered by the AICPA, NASBA, and Prometric in the U.S. It is available to candidates only at test centers that are administered by Prometric in Bahrain, Japan, Kuwait, Lebanon, and the United Arab Emirates.

NASBA and the AICPA have announced final approval of the proposed revisions to the Statement on Standards for Continuing Professional Education ("CPE") Programs, which is the framework for the development, presentation, measurement, and reporting of CPE programs.

Executive Officer's Report:

A. 2012 Legislative Session – of Interest to the Board

1. Act 247, Relating to Professional and Vocational Licensing (HB2257 HD1 SD1), effective July 1, 2012, allows a non-resident military spouse who applies for a license by endorsement or reciprocity to demonstrate competency in lieu of work experience. If the non-resident military spouse holds a current license in another state with licensure requirements that the Board deems to be at least equivalent to Hawaii's requirements, the license is to be granted pursuant to the statutes regarding licensure by endorsement or reciprocity.

Mr. Ching noted that the fact that a resident military spouse is excluded from these provisions may be perceived to be discrimination against residents.

2. Act 248, Relating to Professional and Vocational Licensing (HB2258 HD2 SD1), effective July 1, 2012, provides a service member who leaves the military the ability to use his/her documented training and experience that was gained while in the service to qualify for a Hawaii license. These provisions support veterans by recognizing that military education, training, or service can be deemed substantially equal to the Board's requirements.

Board members asked whether this Act required the acceptance of military education and experience in fulfillment of the Board's education and experience requirements. After discussion, the Board instructed DAG Tam to research the matter and to report back to the Board at its October 5, 2012 meeting, so that the matter could be discussed and a position formulated in response to DCCA's request for feedback on how best to implement these provisions.

B. Correspondence

The Executive Officer reported that a written inquiry had been received from State Representative Isaac Choy, dated August 28, 2012, regarding a complaint against Ernst & Young LLP and requesting information on pertinent violations of the Board's laws and rules. The Executive Officer's response to Rep. Choy informed him that his letter had been forwarded to the Regulated Industries Complaints Office ("RICO") as this type of inquiry relating to alleged violations of the licensing law and rules is within RICO's primary jurisdiction.

Executive Officer Kai reported that the Board had received a NASBA survey regarding the Board's communications officer and communication outreach efforts. As the deadline for submittal is September 21, 2012, Chairperson Tsukamoto asked Ms. Kai to send the survey to all Board members for response to Mr. Lee, the Board's Communications Committee chairperson.

Standing Committee Reports:

A. Legislation and Rules

Committee Co-chairperson Hirai reported that he and Mr. Taketa had attended the National Society of Accountants (“NSA”) meeting on Maui on August 22, 2012, and were both present at a meeting with State Representative Isaac Choy, John Roberts (president of the Hawaii Association of Public Accountants), and Ken Bishop (president and CEO of NASBA), where the possibility of mobility legislation (along the lines of New York’s mobility legislation) for possible introduction in the 2013 State Legislative Session, was discussed. Mr. Ching asked how Ken Bishop was involved in the discussion; Mr. Hirai stated that this was a very preliminary discussion on the possibility of mobility legislation and that Mr. Bishop supports mobility.

Chairperson Tsukamoto noted that the California legislature has passed mobility legislation that is awaiting the Governor’s signature. Hawaii is the last state to pass such legislation allowing mobility. Mr. Tsukamoto asked the HSCPA representatives whether the HSCPA will be sponsoring a mobility bill for the upcoming legislative session; Mr. Watanabe stated that the HSCPA has been discussing the issue and is interested in the Board’s position. Chairperson Tsukamoto stated that the Board wants to be a part of the discussion by taking a proactive approach for the 2013 session. He asked that interested parties reach out to the Board for its participation in such discussions.

B. Uniform CPA Examination

No Report.

C. Ethics

Ethics Committee Chairperson Lau reported that the comment period for feedback on the AICPA exposure draft of proposed revisions to No. 101-3 regarding statements on standards for non-attest services, has been extended to November 30, 2012.

Mr. Hirai added that NASBA had very recently submitted its comments to the AICPA and asked for additional clarification.

D. Peer Review

Committee Chairperson Oberg reported that his committee had received three (3) nominees for the Peer Review Oversight Committee ("PROC") from the HSCPA, Wilcox Choy, Gary Miyashiro, and Carl Williams. He again asked HAPA to make recommendations and appealed to all other interested parties, as the PROC must be in place by the end of the year in order to comply with Act 324 (2012).

Mr. Oberg further reported that the Board's Peer Review Committee is looking at whether administrative rules are needed to clarify and implement Act 324. He asked Mr. Harano for input on how to implement the peer review program as mandated by Act 324. Mr. Harano agreed, mentioning that Rep. Choy is on record as stating that Act 324 is self-executing.

Committee Chairperson Oberg noted that the Investigative Committee on Peer Review ("ICPR") had been disbanded in light of the passage of Act 324; however, he requested that the ICPR be reinstated at this time, with the scope of its investigation to include the review of

Act 324 to determine if administrative rules are necessary, and if so, to begin drafting such rules for the Board to review. After discussion, it was moved by Mr. Hirai, seconded by Ms. Glaus, and unanimously carried to reinstitute the ICPR with Mr. Oberg as chairperson, and Messrs. Lau, Taketa, and Tsukamoto as members.

E. Continuing Professional Education

No Report.

F. Communications

Communications Committee Chairperson Lee asked the Executive Officer to email to each Board member the NASBA survey on communications outreach, and requested responses be emailed to him so that the Board's feedback could be submitted to NASBA before the September 21, 2012 deadline.

Investigative
Committee Reports:

A. Investigative Committee on Two-Tier Licensing

Investigative Committee on Two-Tier Licensing ("ICTTL") Co-Chairperson Taketa stated that at the Board's last meeting, Mr. Ching had stated that the ICTTL had concluded that there was no reason for two-tier licensing to be continued. He asked whether the scope of the ICTTL had been changed or expanded, and requested clarification on the purpose of the ICTTL.

Mr. Ching recapped the research that the ICTTL had done in the past that had led to that conclusion. He then stated that the next steps should be to review the current statutes and administrative rules to identify the changes that need to be made to accomplish the move to single level licensing. Drafting legislation to

repeal the existing two-tier licensing model should be within the ICTTL's scope of work. After discussion, the Board reached consensus that this would be the expanded scope of the ICTTL.

B. Investigative Committee on Mobility

Investigative Committee on Mobility ("ICM")
Chairperson Glaus reported that her committee would conduct research on mobility and become familiar with the mobility laws passed in New York and California. She asked whether her committee should approach Rep. Choy for his input; however, the Board's consensus was for the ICM to do its research first and that ICM member Taketa should take the lead in approaching Rep. Choy by introducing Ms. Glaus at a scheduled appointment on either October 5, 2012 or October 24, 2012.

Open Forum:

Chairperson Tsukamoto asked everyone present to use this forum to introduce issues and articulate problems or issues relating to the regulation of the public accounting profession. He stated that he would prefer that there be no surprises where the Board is unaware of such matters, and emphasized that he wants the Board to work collaboratively with all parties.

Next Board Meeting:

Friday, October 5, 2012
8:30 a.m.
King Kalakaua Conference Room
King Kalakaua Building
335 Merchant Street, 1st Floor
Honolulu, Hawaii 96813

Announcements:

None.

