

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

MINUTES

- Date: Friday, January 11, 2013
- Time: 8:33 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
Wendy M. Glaus, CPA, Member
Craig K. Hirai, CPA, Member
Gabriel Lee, Member
Steven R. Oberg, CPA, Member
Keith A. Regan, Member
Gregg M. Taketa, CPA, Member
Rodney J. Tam, Deputy Attorney General
Laureen M. Kai, Executive Officer
Lori Nishimura, Secretary
- Excused: Michael H.F. Ching, CPA, Member
- Guests: Marilyn Niwao, CPA, 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 8:33 a.m. by Chairperson Tsukamoto.
- Chairperson Tsukamoto extended good wishes for the New Year to all. He reminded Board members that electronic applications for reappointment of Board members' terms were due today; both he and

Mr. Ching had submitted their applications for reappointment consideration to the Governor. He also mentioned that members should take note of their first term expiration date, as the process of reapplying for the second term should be completed before the actual expiration date.

Additions/Revisions to Agenda:

The Executive Officer requested the following additions to the agenda:

Add:

3. CHAPTER 91, HRS, ADJUDICATORY MATTERS

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

After discussion, it was moved by Mr. Regan, seconded by Mr. Oberg, and unanimously carried to approve the above addition to the agenda.

At 8:36 a.m., the Board recessed the meeting to discuss and deliberate on the following adjudicatory matter pursuant to Chapter 91, HRS.

Chapter 91, HRS, Adjudicatory Matters:

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

Executive Officer Kai notified the Board that Eric Seitz, attorney for Mr. Suzuki, had transmitted a letter dated January 8, 2013 to the Board and to the Attorney General's Office requesting an explanation of the status of this matter. Ms. Kai stated that a response from the Board would be sent to Mr. Seitz explaining that the matter had been placed on the agenda of the Board's December 7, 2012 meeting, at which the Board reviewed the Hearings Officer's Findings of Fact, Conclusions of Law, and Recommended Order ("HORO"), the exceptions,

and statement in support of the HORO, and voted to adopt all of the Hearings Officer's Findings of Fact, Conclusions of Law, and the Hearings Officer's recommended sanctions. The Board's Final Order ("BFO") has been prepared and is to be signed by the Board at today's meeting. A copy of the signed BFO will be included in the Board's response to Mr. Seitz.

Deputy Attorney General ("DAG") Tam reiterated the Board's December 7, 2012 acceptance of the Hearing Officer's sanction that the Respondent's license and permit to practice should be suspended for a period of two (2) years, and that because the enforcement of the Board's June 15, 2010 Final Order was never stayed, the two-year period has already been satisfied.

DAG Tam reminded the Board that the Respondent had filed a Writ of Mandamus on November 1, 2012 with the Hawaii Supreme Court, and DAG Tam stated his office received notification yesterday that the Supreme Court denied the Respondent's request.

At 8:50 a.m., the Board reconvened its scheduled meeting and immediately went into Executive Session.

Executive
Session:

At 8:50 a.m., it was moved by Mr. Regan, seconded by Ms. Glaus, 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. Lee, and unanimously carried for the Board to move out of Executive Session and to immediately recess the meeting.

At 9:36 a.m., the Board reconvened its scheduled meeting.

Applications for
CPA Certification:

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

1. BAUGH, David W.
2. ELLISON, Ray S.
3. HERNANDEZ, Alexandra A.
4. RAUCH, Ronald G.
5. WOLCOTT, Shannon L.
6. WONG, Kelvin

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

1. CABALCE, Necelyn E.

After discussion, it was moved by Mr. Lee, seconded by Ms. Glaus, and unanimously carried (Chairperson Tsukamoto and Vice-Chairperson Lau recused themselves from the vote) to approve the following application for certification:

1. THOMAS, Jessica E.

Ratification of
Individual CPA
Permits to Practice:

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

1. KAWAMOTO, Yukari
2. KIM, Janice M.

3. KUO, Mason C.
4. SCRUGGS, Renee
5. TAKAGI, Yuji

Ratification of
Issued Firm Permits
to Practice:

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

1. JAMES B PRIMM
2. HUN J CHU CPA LLC
3. C SIU CONSULTING LLC
4. HARRY M SIEGMUND CPA INC
5. HANKAL CONSULTING INC

After discussion, it was moved by Mr. Oberg, seconded by Mr. Lee, and unanimously carried (Vice-Chairperson Lau recused himself from the vote) to ratify the approval of the following Firm Permit to Practice ("FPTP"):

1. JANELLE N HAMADA

Approval of Firm
Name/Ratification of
Firm Name Approval:

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

1. Yun Song CPA LLC

Approval of
Minutes of the
December 7, 2012
Board Meeting:

After discussion, it was moved by Mr. Regan, seconded by Mr. Oberg, and unanimously carried to approve the minutes of the December 7, 2012 Board Meeting as circulated.

Chairperson's
Report:

- A. National Update
- B. Industry Update

Chairperson Tsukamoto announced that Mr. Oberg is requesting the Board's approval of seventeen (17) continuing professional

education ("CPE") hours, earned while attending the NASBA Annual Meeting in October 2012. Mr. Oberg provided a breakdown of the hours and CPE courses/topics.

After discussion, it was moved by Mr. Regan, seconded by Vice Chairperson Lau, and unanimously carried to approve Mr. Oberg's request.

Chairperson Tsukamoto requested to reschedule the March 1, 2013 Board meeting to March 8, 2013. In order to ensure quorum, Board members were requested to notify the Executive Officer after checking their schedules to confirm their attendance to the rescheduled March meeting date. Chairperson Tsukamoto, Vice-Chairperson Lau, Ms. Glaus, and Messrs. Hirai and Lee indicated that they would be able to attend on the rescheduled date.

Standing Committee
Reports:

A. Legislation and Rules

Committee Co-Chairperson Hirai reported that there is no practice mobility bill for the 2013 Legislative session.

Chairperson Tsukamoto recapped the measure that had been originally slated to be part of the administration bill package from the Department of Commerce and Consumer Affairs ("DCCA") for the 2012 Legislative session which proposed amendments regarding the Board's disciplinary authority. The proposal was withdrawn from the DCCA's administration bill package before introduction. Mr. Tsukamoto confirmed that the Board had voted in support of this measure, and suggested that the original bill be presented for consideration by Representative Isaac Choy, as it had been his intent to include the provisions of the original bill in his proposed mobility

legislation. Since Representative Choy had indicated that there would be no mobility bill at this time, the Board would affirm its continued support of the original bill and it would be suggested that the Representative be asked to consider the provisions of the original bill for introduction at the upcoming session. It was also noted that the Hawaii Society of Certified Public Accountants or the Hawaii Association of Public Accountants may wish to request for the bill's introduction.

It was moved by Ms. Glaus, seconded by Mr. Lee, and unanimously carried to reaffirm the Board's strong support of the provisions of the original bill that propose to amend HRS sections 466-9 and 466-11 regarding the Board's disciplinary authority.

B. Uniform CPA Examination

Committee Chairperson Hirai informed the Board that although the AICPA and NASBA have maintained their fees, Prometric has increased its fee for the delivery of the examination. In addition, the use of scratch paper and pencil during examinations would no longer be allowed.

Discussion ensued on the topic of neighbor island test sites. Ms. Niwao commented that discussions were held at a meeting of the National Society of Accountants ("NSA") regarding the anticipated large numbers of registered tax return preparers ("RTRP") who are required by the Internal Revenue Service ("IRS") to be tested by Prometric. Mr. Hirata commented that Prometric is currently administering another professional examination at the University of Hawaii at Hilo, and therefore, the NSA should approach the IRS and Prometric to explore the possibility of test sites on the neighbor islands. He further

commented that the Honolulu test site is not large and that all test sites must meet certain standards in equipment and staffing.

Ms. Niwao commented on the potentially negative impact that the RTRP testing could have on the testing opportunities and resources for candidates of the Uniform CPA Examination. She also proposed that CPA examination candidates might be able to use neighbor island test sites that are established in the future for the administration of the RTRP examination.

It was decided that the Board would communicate its concerns to NASBA that CPA Examination candidates may be negatively impacted by inadequate testing facilities that would be used for the delivery of multiple professional examinations.

C. Ethics

Committee Chairperson Lau informed the Board of several current and upcoming NASBA initiatives relating to ethics issues. He enumerated the Ethics Codification Exposure Draft in April 2013, the impact on judgment of members in the same CPA firm this month, partner equivalence and proposed revised definitions in ethics standards in November 2013.

D. Peer Review

Committee Chairperson Oberg stated the Standing Committee has no report but requested that he present his report on the work of the Investigative Committee on Peer Review ("ICPR") at this time. There were no objections.

Mr. Oberg reported that the ICPR is currently investigating whether administrative rules amendments, and/or policy statements, and/or

"Q & A" –type communication formats would be needed to provide guidance in the implementation of the Board's peer review program. He proposed to convene an ICPR meeting immediately following the next Board meeting on February 1, 2013, to discuss each option as well as to flesh out the information needed to clarify parts of the statute, such as the terms of service on the Peer Review Oversight Committee.

E. Continuing Professional Education

No Report.

F. Communications

No Report.

Investigative
Committee Reports:

A. Investigative Committee on Mobility

Investigative Committee on Mobility ("ICM") Chairperson Glaus reported that the ICM received a letter dated January 3, 2013 from Representative Choy, who spearheaded the Mobility Working Group ("MWG") in efforts to draft proposed mobility legislation, informing the ICM and other stakeholders that the work of the MWG would be halted to wait for the other states' mobility provisions to be changed. Ms. Niwao commented that "they want it to be easier to come into Hawaii to practice" – in reference to the objections to the proposed legislation that the Representative received from the Accountants Coalition.

Mr. Oberg commented that forty-nine (49) other states have dealt with these provisions in successfully implementing practice mobility.

Mr. Taketa noted that the objections to the draft legislation came from the Accountants Coalition and the HSCPA.

Mr. Hirai commented that Representative Choy's letter implies that a process is needed to report a CPA firm's alleged violations of the statutes or rules to the CPA firm's state of licensure. With no Hawaii license or permit to practice to discipline for violations, an allegation of wrongdoing reported to another state regulatory board may be the Board's only recourse. Referral to the Regulated Industries Complaints Office may not be possible. Ms. Niwao commented that it seems there are no results after complaints are sent to RICO.

B. Investigative Committee on Peer Review

Discussion on this matter was conducted during the Standing Committee Report on Peer Review.

Open Forum: None.

Next Board Meeting: Friday, February 1, 2013
8:30 a.m.
King Kalakaua Conference Room
King Kalakaua Building
335 Merchant Street, 1st Floor
Honolulu, Hawaii 96813

Announcements: Executive Officer Kai reconfirmed with Mr. Lee that he would not be able to attend the next Board meeting.

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Adjournment: There being no further discussion, the meeting adjourned at 10:22 a.m.

Taken and recorded by:

/s/ Lori Nishimura

Lori Nishimura, Secretary

Reviewed and accepted by:

/s/ Laureen M. Kai

Laureen M. Kai, Executive Officer

LMK:ln
02/08/13

- [] Minutes approved as is.
[X] Minutes approved with changes. See Minutes of March 8, 2013.