

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

MINUTES

Date: Friday, February 1, 2013

Time: 8:34 a.m.

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

Present: Kent K. Tsukamoto, CPA, Chairperson
Nelson K.M. Lau, CPA, Vice-Chairperson
Michael H.F. Ching, CPA, Member
Wendy M. Glaus, CPA, Member
Craig K. Hirai, CPA, 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

Excused: Gabriel Lee, Member

Guests: Marilyn M. Niwao, J.D., 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 8:34 a.m. by Chairperson Tsukamoto.

Additions/Revisions
to Agenda: None.

Executive
Session:

At 8:35 a.m., it was moved by Mr. Regan, seconded by Vice-Chairperson Lau, 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 8:50 a.m., it was moved by Mr. Regan, seconded by Ms. Glaus, and unanimously carried for the Board to move out of Executive Session and to immediately recess the meeting.

At 9:15 a.m., the Board reconvened its scheduled meeting.

Applications for
CPA Certification:

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

1. ARNDT, Alexander S.
2. CARR, Andrea L.
3. CHEN, Nelson K.
4. EGDAMIN, Yvonne A.
5. LIN, Zhiyu
6. REANIER, Lindsay A.
7. RENFRO, Randy C.

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

1. MILLER, Christopher P.

Ratification of
Individual CPA
Permits to Practice:

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

1. BAUGH, David W.
2. ELLISON, Ray S.
3. HERNANDEZ, Alexandra S.
4. HUANG, Yinen
5. KWAK, Young Shin
6. RAUCH, Ronald G.
7. WILLSIE, Virginia F.
8. WOLCOTT, Shannon L.

After discussion, it was moved by Mr. Oberg, seconded by Mr. Ching, and unanimously carried (Mr. Taketa recused himself from the vote) to ratify the approval of the following individual CPA Permit to Practice:

1. CABALCE, Necelyn E.

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

1. SHIGETOMI, Glenn N.

Ratification of
Issued Firm Permits
to Practice:

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

1. AKT LLP
2. ANDREW M LANGTRY
3. GERALD H NISHIMOTO
4. MASON C KUO
5. SINGERLEWAK LLP
6. SIXTO G TABISOLA CPA LLC

7. TANNER LLC
8. DIANE M SANDLIN CPA INC

Approval of Firm
Name/Ratification of
Firm Name Approval:

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

1. Silmon Ng, CPA LLC

Approval of
Minutes of the
January 11, 2013
Board Meeting:

The Executive Officer informed the Board that the minutes of the January 11, 2013 meeting were not finalized. The minutes will be available within thirty days after the January 11, 2013 meeting date, as required pursuant to HRS section 92-9, and will be on the March 8, 2013 meeting agenda for the Board's review and approval.

Chairperson's
Report:

A. National Update

Chairperson Tsukamoto reminded Board members of the Western Regional Meeting of the National Association of State Boards of Accountancy ("NASBA") scheduled for June 5-7, 2013. He noted that the new Board members who attend will receive scholarships from NASBA which will reimburse travel, lodging, and meeting fees. Messrs. Lee and Taketa and Ms. Glaus expressed interest in attending. Chairperson Tsukamoto stated that he will request scholarships for three Board members, the Executive Officer, and for himself.

B. Industry Update

Chairperson Tsukamoto reported that he responded to a survey from the Examination Review Board of the NASBA which comprises the annual review of the Uniform CPA Examination preparation, administration, scoring, and reporting processes. His response included the

concerns expressed by the Board's neighbor island constituents that the examination is offered only on Oahu.

Chairperson Tsukamoto and Mr. Oberg stated that they planned to visit the Prometric test site in the near future. Mr. Oberg asked that his visit be timed to coincide with a Board meeting date when he would be in Honolulu.

Chairperson Tsukamoto reported that the NASBA Board of Directors had adopted a resolution regarding the American Institute of Certified Public Accountants' ("AICPA") exposure draft "Proposed Financial Reporting Framework for Small- and Medium-Sized Entities", urging the AICPA to either table or withdraw the proposal in order to allow the Financial Accounting Foundation's Private Company Council adequate opportunity to develop standards uniquely applicable to private companies that can be authoritative and part of general accepted accounting principles.

Lastly, Chairperson Tsukamoto reported that a Honolulu CPA had been contacted by a mainland law firm in what is being called "patent trolling". A group called Project Paperless, LLC is claiming to hold a patent for the use of a network scanner, and is targeting businesses, including CPA firms, and threatening litigation for patent infringement unless a fee of \$1,000 per employee was paid to the patent holder. It was feared that everyone and every business utilizing scanner technology in their email would be sued. Chairperson Tsukamoto stated that he wanted to make the Attorney General's Office aware of this outbreak of "patent trolling" occurring in Hawaii.

Standing Committee Reports:

A. Legislation and Rules

Vice-Chairperson Lau and Committee Co-Chairperson Hirai reported that House Bill No. 716, Relating to the Disciplinary Authority of the Board of Public Accountancy, had been heard by the House Committee on Consumer Protection and Commerce, with decision-making to be held on February 4, 2013. Co-Chairperson Lau summarized the points of the bill and the Board's position in strong support of the bill that he provided in his testimony given on behalf of the Board at the hearing.

Committee Co-Chairperson Ching summarized Senate Bill No. 969, Relating to Debt Settlement Services, and asked that the Board review the provisions of the bill that propose to exempt accounting services. He explained that the exclusion for legal, accounting, and financial planning services appeared in the definition of "debt settlement services", but was not reiterated in the section entitled "Applicability of Chapter". In addition, the definition does not specify CPA firms and does not differentiate between CPAs in public practice and those without a permit to practice.

After discussion, it was moved by Mr. Hirai, seconded by Mr. Taketa, and unanimously carried to provide testimony on behalf of the Board expressing its comments and providing clarifying language as amendments, citing HRS chapter 466.

B. Uniform CPA Examination

1. Ratification of Examination Scores from the October/November (4th Quarter) 2012 Testing Window.

Committee Chairperson Hirai presented the statistics for this testing window as follows:

EXAMINATION RESULTS (BY SCORES)

	Number of Scores	Percentage
Initial Credit	21	6.84
Added Credit	66	21.49
No New Credit	72	23.45
Failed	117	38.11
Passed Exam	31	10.09
TOTAL	307	100.00%

TOTALS BY EXAM PARTS (BY CANDIDATES)

	AUD	BEC	FAR	REG	TOTAL
# Attended	87	59	77	84	307
# Passed	39	30	21	28	118
% Passed	44.82	50.84	27.27	33.33	38.44

SUCCESSFUL CANDIDATES SUMMARY

# of Passing First-time Candidates	4
# of Passing Re-Exam Candidates	27
# of Passing Candidates	31

After discussion, it was moved by Ms. Glaus, seconded by Vice-Chairperson Lau, and unanimously carried to ratify the examination scores from the 4th quarter 2012 testing window.

C. Ethics

Committee Chairperson Lau had no report.

Mr. Hirai reported that the NASBA Ethics and Professional Issues Committee, of which he is a member, will be meeting in Phoenix, Arizona on February 11, 2013 to discuss the exposure draft by the International Ethics Standards Board of Accountants on *Suspected Illegal Acts*, and to finalize a response from the committee.

D. Peer Review

Committee Chairperson Oberg 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 will be meeting to discuss whether administrative rules amendments, and/or policy statements, and/or "Q & A" type communication formats would be needed, and which option would provide the best guidance in the implementation of the Board's peer review program.

E. Continuing Professional Education

Committee Chairperson Glaus had no report.

F. Communications

Committee Chairperson Lee was excused from the meeting.

Investigative
Committee Reports:

A. Investigative Committee on Mobility

Investigative Committee on Mobility ("ICM") Chairperson Glaus reported that the ICM had no report. She confirmed that there will be no

legislation relating to practice mobility for this legislative session.

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, March 8, 2013
8:30 a.m.
King Kalakaua Conference Room
King Kalakaua Building
335 Merchant Street, 1st Floor
Honolulu, Hawaii 96813

Announcements: None.

Adjournment: There being no further discussion, the meeting adjourned at 10:00 a.m.

Taken and recorded by:

/s/ Laureen M. Kai

Laureen M. Kai, Executive Officer

03/01/13

[X] Minutes approved as is.
[] Minutes approved with changes. See Minutes of _____.