

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

MINUTES

- Date: Friday, October 7, 2011
- Time: 9:20 a.m.
- Place: King Kalakaua Conference Room
King Kalakaua Building
335 Merchant Street, 1st Floor
Honolulu, Hawaii 96813
- Present: Thomas T. Ueno, CPA, Chairperson
Kent K. Tsukamoto, CPA, Vice-Chairperson
Craig K. Hirai, CPA, Member
Nelson K.M. Lau, CPA, Member
Keith A. Regan, Member
Emerito C. Saniatan, Member
Rodney J. Tam, Deputy Attorney General
Laureen M. Kai, Executive Officer
Lori Nishimura, Secretary
- Excused: Michael Ching, CPA, Member
Wendy Miki Glaus, CPA, Member
Steven R. Oberg, CPA, Member
- Guests: Kathy Castillo, Executive Director, Hawaii Society of
Certified Public Accountants ("HSCPA")
Rodney Harano, CPA, CW Associates, CPAs
John P. Karbens, CPA
Marilyn Niwao, CPA, Hawaii Association of Public
Accountants ("HAPA")
John Roberts, CPA, President, HAPA
Stephanie Saballus, Student
Gregg Taketa, CPA, 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 9:20 a.m. by Chairperson Ueno.

Additions/Revisions to Agenda: None.

Executive Session: At 9:21 a.m., it was moved by Vice-Chairperson Tsukamoto, seconded by Mr. Regan, 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 10:05 a.m., it was moved by Mr. Saniatan, seconded by Mr. Regan, and unanimously carried for the Board to move out of Executive Session.

The Board immediately recessed the meeting.

At 10:12 a.m., the Board reconvened its meeting.

Applications for CPA Certification: After discussion, it was moved by Mr. Regan, seconded by Mr. Saniatan, and unanimously carried to approve the following applications for certification:

1. ALDAY, Angela K.
2. GEDGHEGAN, Patrick M.
3. HUNG, Chien Hsiu
4. KIM, Kyong Mi
5. LEONG, Craig T.
6. NIP, Richard K.
7. RENNERT, Sylvia M.
8. UMEDA, Jennifer S.
9. WONG, Shauna M.P.
10. YEUNG, Mabel Shuk Ching

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

1. BARTHOLOMEW, Daniel E.
2. HICKS, Robyn R.

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

1. TAKAHASHI, Jessica S.

Ratification of
Individual CPA
Permits to Practice:

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

1. CARRITHERS, James R.
2. CHOI, Jinwha
3. KENNEDY, Ann Y.
4. SMILEY, Elizabeth A.

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

1. BIEN, Shadrin R.
2. YUN, Howard

After discussion, it was moved by Mr. Regan, 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. LORETTA, Ralph G.

Ratification of
Issued Firm Permit
to Practice:

After discussion, it was moved by Vice-Chairperson Tsukamoto, seconded by Mr. Lau, and unanimously carried to ratify approval of the following Firm Permits to Practice ("FPTP"):

1. JACK CHEN CPA INC
2. BDO USA LLP
3. HARRY M STEGMUND CPA INC
4. ALBERT Z Y LAW
5. JOHNSON & SHUTE PS

Restoration of
License:

After discussion, it was moved by Mr. Regan, seconded by Vice-Chairperson Tsukamoto, and unanimously carried to defer decision-making on the restoration application for Jon F. Anderton, pending submittal to the Board of his criminal abstract and court documentation concerning his felony conviction and sentence.

Approval of
Minutes of the
September 2, 2011
Board Meeting:

After discussion, it was moved by Mr. Lau, seconded by Mr. Regan, and unanimously carried to approve the minutes of the September 2, 2011 Board meeting, as circulated.

Chairperson's Report:

Chairperson Ueno stated that New York had recently passed mobility legislation and thus, California and Hawaii were the only two (2) states without mobility.

Chairperson Ueno announced that there is a solicitation by the Financial Accounting Foundation for comments on its proposal – "Plan to Establish the Private Company Standards Improvement Council", explaining that this is the issue relating to "Big GAAP" versus "Little GAAP".

Standing Committee
Reports:

A. Legislation and Rules

1. Investigative Committee on Mobility

Executive Officer Kai reported that the Board's response to Representative Isaac Choy's Task Force on Mobility's preliminary analysis had been submitted to the Representative. She mentioned that the Board had received the comments that had been submitted by the HSCPA; however, the Board had not received HAPA's comments. Mr. Roberts stated that HAPA submitted its comments reflecting some points of partial disagreement and clarification to Representative Choy. The Executive Officer stated that she will ask Representative Choy's office for HAPA's comments and would forward them to the Investigative Committee on Mobility as soon as possible.

2. Consideration of Amendment of Hawaii Administrative Rules section 16-71-21(e)

Chairperson Ueno stated that he believes that the critical testimonies in opposition to the proposed amendment to repeal HAR section 16-71-21(e) are basically because of the two tier licensing structure for Hawaii. Amendment of the Board's statutes to change to a one-tier system would render this issue moot. He went on to say that nationally, 44% of all CPAs are in the practice of public accounting, while the majority (56%) are working in the private or government sectors, doing things other than the public practice of accounting.

It was then moved Vice-Chairperson Tsukamoto and seconded by Mr. Lau to approve the proposed amendment to repeal

HAR, section 16-71-21(e). Chairperson Ueno welcomed any further discussion by Board members. Mr. Hirai stated his opposition to the motion saying that he believes that all CPA licensees should be required to obtain continuing professional education. With a vote of five ayes (Chairperson Ueno, Vice-Chairperson Tsukamoto, Messrs. Lau, Regan, and Saniatan) and one (1) nay vote (Mr. Hirai), the motion to approve the proposed amendment passed.

Ms. Niwao asked for an explanation for the Board's vote in favor of the amendment. Chairperson Ueno stated that although it would be more appropriate to amend the statutes to make the regulatory system a one-tier system in the future, the Board felt strongly that the adverse impact on applicants entering the profession would be significant.

Mr. Lau commented that support for the proposed amendment could be justified based on the fact that the requirement is to qualify for a CPA license, which is the first tier in Hawaii's two-tier licensing system. A supervisor with a CPA license (first tier) has the minimum qualifications to assess the experience of an applicant for that same first tier of licensure, reflecting symmetry and equivalence in the evaluation process. An applicant for a CPA license is applying to enter the first tier, not to practice public accounting, and the supervisor is attesting to that first level of licensure.

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

This item was tabled due to Ms. Glaus' excused absence.

B. Uniform CPA Examination

Committee Chairperson Hirai stated that he had no report but that he will be visiting Prometric's testing facility.

C. Ethics

No Report due to Committee Chairperson Glaus' excused absence.

D. Peer Review

1. Investigative Committee on Peer Review

Committee Chairperson Tsukamoto stated there were no updates.

E. Continuing Professional Education

Committee Chairperson Lau stated that the comment period for the exposure draft from the joint NASBA and AICPA CPE Standards Committee has been extended from mid-October 2011 to December 1, 2011. He reiterated that the guidelines are being revised to update the Statement on Standards for Continuing Professional Education Programs in response to the proliferation of CPE courses delivered through on-line media.

F. Communications

No report. Committee Chairperson Regan thanked the Executive Officer for getting the

approval from the Division Administrator to transmit meeting packets electronically to all Board members.

Regulated Industries
Complaints Office
("RICO") Public
Accountancy Advisory
Committee:

The Regulated Industries Complaints Office ("RICO") provided to the Board for its review and approval, the following names for appointment to the RICO Public Accountancy Advisory Committee - Effective January 1, 2012:

- David M. Carr
- Janet W. Hara
- Michael T. McEnerney
- Ross R. Murakami
- Gary T. Nishikawa
- Gregg M. Taketa

The RICO Public Accountancy Advisory Committee list also included "Addendum to RICO Public Accountancy Advisory Committee List" which states that "The RICO Public Accountancy Advisory Committee also includes any additional interim appointees that RICO deems necessary to aid in its investigations."

After discussion, it was moved by Mr. Regan, seconded by Vice-Chairperson Tsukamoto, and unanimously carried to approve the RICO Public Accountancy Advisory Committee list and the Addendum language – Effective January 1, 2012.

Next Board Meeting:

Friday, November 4, 2011
8:30 a.m.
King Kalakaua Conference Room
King Kalakaua Building
335 Merchant Street, 1st Floor
Honolulu, Hawaii 96813

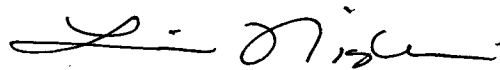
Announcements:

Executive Officer Kai called Board members' attention to the Board 2012 Meeting Schedule, which was distributed to the members.

Vice-Chairperson Tsukamoto stated that he would not be able to attend the next Board meeting.

Adjournment: There being no further discussion, it was moved by Mr. Regan, seconded by Mr. Lau, and unanimously carried to adjourn the meeting at 10:51 a.m.

Taken and recorded by:



Lori Nishimura, Secretary

Reviewed and approved by:



Lauren M. Kai, Executive Officer

LMK:ln

11/04/11

Minutes approved as is.

Minutes approved with changes. See Minutes of _____