

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

MINUTES

Date: Friday, December 9, 2011

Time: 8:30 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
Wendy Miki Glaus, CPA, Member
Craig K. Hirai, CPA, Member
Nelson K.M. Lau, CPA, Member
Steven R. Oberg, CPA, Member
Emerito C. Saniatan, Member
Rodney J. Tam, Deputy Attorney General
Laureen M. Kai, Executive Officer
Lori Nishimura, Secretary

Excused: Michael Ching, CPA, Member
Keith A. Regan, Member

Guests: 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. Oberg, 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 9:19 a.m., it was moved by Vice-Chairperson Tsukamoto, seconded by Mr. Saniatan, and unanimously carried for the Board to move out of Executive Session.

The Board immediately recessed the meeting.

At 9:25 a.m., the Board reconvened its meeting; and duly noted that Mr. Hirai had not returned to the meeting.

Applications for
CPA Certification:

After discussion, it was moved by Mr. Saniatan, seconded by Ms. Glaus, and carried by majority vote (Mr. Hirai was not present for the vote) to approve the following applications for certification:

1. BOUCHER, Michael E.
2. CHEN, Yi Xia
3. CHIKUSHI, Keita
4. CUSTODIO, Kayo
5. DORFSMAN, Harvey I.
6. HAYES, Richard J.
7. HEBERT, Natasha M.
8. MCDONNELL, Joseph T.
9. MEYER, Stacy A.
10. MOCK, Jeffrey K.
11. NG, Siu Hong John
12. NOWLING, Gregory L.
13. PRICE, William E.
14. SAKAMOTO, Naotaka
15. SMOOT, Michael D.

16. TANAKA, Chihiro
17. TSE, Yee man
18. WHETZEL, Steve O.
19. WIGGINTON, Craig W.
20. WORTHY, Charles D.
21. YAMADA, Casey B.

After discussion, it was moved by Mr. Saniatan, seconded by Ms. Glaus, and carried by majority vote (Mr. Hirai was not present for the vote) (Vice-Chairperson Tsukamoto recused himself from the vote) to approve the following application for certification:

1. BUSTAMANTE, Nikki H.

After discussion, it was moved by Mr. Saniatan, seconded by Ms. Glaus, and carried by majority vote (Mr. Hirai was not present for the vote) (Mr. Lau recused himself from the vote) to approve the following application for certification:

1. POWER, Roger J.

Discussion ensued on Tierney L. McClary's application for a CPA license, who requested that the Board consider her experience gained while employed in the private sector to fulfill the education and experience requirements for licensure. Results of several reviews of her application and supporting documents by Mr. Lau and the Executive Officer determined that Ms. McClary may be able to meet the requirements for a CPA license by obtaining the certification of her experience from her supervisor (who was licensed as a CPA during the time of supervision) and an official educational transcript that was not included in the original application. It was moved by Mr. Saniatan, seconded by Ms. Glaus, and carried by majority vote (Mr. Hirai was not present for the vote) to defer the following application for certification pending the requested documents:

1. MCCLARY, Tierney L.

Ratification of
Individual CPA
Permits to Practice:

After discussion, it was moved by Vice-Chairperson Tsukamoto, seconded by Mr. Lau, and carried by majority vote (Mr. Hirai was not present for the vote) to ratify approval of the following individual CPA Permits to Practice:

1. ASATO, Brent J.
2. MIKUNI, Wesley S.
3. SCHNAKE, Michael B.
4. WENDLING, Steven R.

Mr. Hirai returned to the meeting at 9:28 a.m.

Ratification of
Issued Firm Permits
to Practice:

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

1. UHY LLP
2. BKD LLP

Approval of
Minutes of the
October 7, 2011
Public Hearing and
Board Meeting and of
The November 1,
2011 Board Meeting:

After discussion, it was moved by Vice-Chairperson Tsukamoto, seconded by Mr. Saniatan, and unanimously carried to approve the minutes of the October 7, 2011 Public Hearing, as circulated.

After discussion, it was moved by Vice-Chairperson Tsukamoto, seconded by Mr. Lau, and unanimously carried to approve the minutes of the October 7, 2011 Board meeting, as circulated.

After discussion, it was moved by Mr. Oberg, seconded by Mr. Saniatan, and unanimously carried to approve the minutes of the November 1, 2011 Board meeting, as circulated.

Chairperson's Report:

Chairperson Ueno stated the quarterly focus questions will be addressed at the end of the meeting due to time constraints.

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

2. Committee Members

Chairperson Ueno announced the following Board members who are members of the various NASBA committees:

CPE Committee – Mr. Ueno
Ethics and Professional Issues Committee –
Mr. Hirai
Enforcement Resource Committee –
Mr. Hunsaker (former Board member)
Global Strategies Committee –
Mr. Todo (former Board member).

He also stated that they are all in their second year serving in the respective committees except for Mr. Todo who is serving his third year.

Chairperson Ueno stated that NASBA is seeking CPA volunteers for its National CPE Registry reviewers program. NASBA wants to develop a roster of currently-licensed CPAs with a minimum of five (5) years of experience (working in the specialties of accounting, audit, and tax) and with no disciplinary actions against their licenses, who will be compensated to review the various CPE program sponsors and courses for participation in the National Registry.

Chairperson Ueno also announced that the current President and CEO of NASBA, David Costello, is retiring on December 31, 2011, and will be succeeded by Ken Bishop (current NASBA COO), who has already begun making structural changes within NASBA.

B. Two-Tier Licensing Task Force

Chairperson Ueno stated that an official motion will be needed to set up an Investigative Committee pursuant to HRS section 92-2.5 to investigate the issue of our State's two-tier

licensing system and make recommendations to the Board, if any. DAG Tam provided copies of that section which in summary states that two or more members of a board, but less than the number of members which would constitute a quorum, may be assigned to investigate a matter relating to the official business of their board. The scope of the investigation is defined at a Board meeting; all findings and recommendations are presented to the full Board at a subsequent meeting; and deliberation and decision-making on the issue would occur only at another meeting of the Board.

Chairperson Ueno stated that the scope of the investigative committee would be to review the existing two-tier licensing model and determine whether it is broken and needs to be fixed. It was moved by Mr. Saniatan, seconded by Ms. Glaus, and unanimously carried to form an Investigative Committee on Two-Tier Licensing. The DAG confirmed that other interested individuals of the public could also be invited or included to attend.

Chairperson Ueno stated he will appoint Messrs. Regan and Ching to this Investigative Committee; with a motion by Vice-Chairperson Tsukamoto and seconded by Mr. Saniatan, the motion to appoint Messrs. Regan and Ching to the Investigative Committee on Two Tier Licensing was carried unanimously.

Standing Committee
Reports:

A. Legislation and Rules

1. Investigative Committee on Mobility

Committee Chairperson Tsukamoto reported that there had been no further action by this Investigative Committee and therefore, he had nothing to report.

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

Committee Chairperson Glaus stated that she is currently investigating the public's interpretation of this section, which will determine whether the Board may want to pursue amending the rules.

B. Uniform CPA Examination

Mr. Hirai reported that he had no report. He further stated that he believes that the next examination score report will be in January.

C. Ethics

No Report.

D. Peer Review

1. Investigative Committee on Peer Review

Investigative Committee member Tsukamoto reported that the committee met last week and is continuing its work systematically and carefully to see how the rules will be implemented, particularly the special aspects of the new statute.

E. Continuing Professional Education

No Report.

F. Communications

No report due to Committee Chairperson Regan's excused absence. Chairperson Ueno stated that many NASBA Committees are heavily using the social network to communicate; and commented this Board should consider this method of communication.

Chairperson Ueno stated the NASBA quarterly focus questions, as part of his Chairperson's Report, will be taken up at this time.

Chairperson's Report:

1. Quarterly Focus Questions

1. NASBA is continuing its grant program for accounting research. Are there any research topics/areas of study that your Board would find particularly helpful?

Response: (a) How are other states allowing CPAs to earn commissions and contingent/referral fees? A statistical analysis would assist the Board. (b) How are other states interpreting and enforcing AICPA standards for CPAs who are not AICPA members? How do they ensure uniformity and conformity? (c) IFRS issues e.g., disclosure and convergence. (d) Requests NASBA to look at Hawaii's unique two-tier licensing in relation to the licensing structure of the majority of the states.

2. How does your Board find CPAs who are having operational compliance problems?

Response: Primarily through complaints received from the public. Many of these complaints are about sub-standard work; however, the Board itself does not go out to find these violations. The Hawaii Board is reactive rather than pro-active; however, CPE compliance is enforced.

3. Does your Board regularly provide a written report to the state legislature and, if so, what information is contained in that report?

Response: No.

4. As there is regular rotation of State Accountancy Board members, how does your Board ensure consistency in the discipline it metes out to licensees over the years?

Response: The Board looks at history and procedure through the minutes of past Board meetings to see how previous Boards handled similar disciplinary actions.

5. How does your Board find investigators with the expertise needed to handle reviews of SEC disciplinary actions?

Response: The Hawaii Board does not have it own investigators. Could NASBA provide resources or find a way to pool the resources of smaller states who have similar restrictions?

6. Are there any concerns that you would like NASBA to address?

Response: No, not at this time.

7. NASBA'S Board of Directors would appreciate as much input on the above questions as possible. How were the responses shown above compiled? Please check all that apply.

Response: Input from all Board members who were present at this meeting and the Executive Officer.

Next Board Meeting: Friday, January 6, 2012
King Kalakaua Conference Room
King Kalakaua Building, 1st Floor
335 Merchant Street
Honolulu, Hawaii 96813

Announcements: Chairperson Ueno reported that he would be meeting with Ray Johnson, the new NASBA Pacific Regional Director, who is visiting Hawaii.

Adjournment: There being no further discussion, it was moved by Vice-Chairperson Tsukamoto, seconded by Mr. Oberg, and unanimously carried to adjourn the meeting at 10:00 a.m.

Taken and recorded by:



Lori Nishimura, Secretary

Reviewed and approved by:



Lauren M. Kai, Executive Officer

LMK:ln
01/04/12

- Minutes approved as is.
 Minutes approved with changes. See Minutes of _____