

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

MINUTES

Date: Friday, September 5, 2014

Time: 8:34 a.m.

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

Present: Nelson K.M. Lau, CPA, Chairperson  
Gregg M. Taketa, CPA, Vice-Chairperson  
Wendy M. Glaus, CPA, Member  
Craig K. Hirai, CPA, Member  
Darryl T. Komo, CPA, Member  
Gabriel Lee, Member  
Edward L. Punua, CPA, Member  
Keith A. Regan, Member  
Carleton L. Williams, CPA, Member  
Rodney J. Tam, Deputy Attorney General ("DAG")  
Laureen M. Kai, Executive Officer  
Lori Nishimura, Secretary

Guests: John W. Roberts, 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 Lau.

Additions/Revisions to Agenda: None.

Approval of  
Minutes of the  
August 20, 2014  
Board Meeting:

After discussion, it was moved by Mr. Williams, seconded by Mr. Punua, and unanimously carried to approve the minutes of the August 20, 2014 Board Meeting, as circulated.

Executive  
Session:

At 8:35 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 8:40 a.m., it was moved by Mr. Regan, seconded by Mr. Williams, and unanimously carried for the Board to move out of Executive Session.

Discussion ensued on the reconvening to public session after executive session prior to the customary time of 9:15; Executive Officer Kai commented that, as a courtesy to guests, the Board customarily reconvenes its open meeting about 9:15 a.m., and that she also informs the public (as well as regular guests to the meeting) of this so as to not inconvenience them with having to wait a long time for the Executive Session to conclude. She also commented that, in accordance with guidelines from the Office of Information Practices, meeting agendas include the names of applicants for licenses and permits so that the public is afforded the opportunity to comment on these applicants during the open meeting. After discussion, the consensus of the Board was to take Agenda Item #4, Applications, out of order and at or after 9:15 a.m., in acknowledgement of these guidelines.

Chairperson's  
Report:

- A. National Update
- B. Industry Update

Chairperson Lau stated that the following additions have been made to standing committees:

- Peer Review Standing Committee (which also includes the Investigative Committee on Peer Review): Mr. Komo.
- Communications Standing Committee: Mr. Punua.

Standing Committee  
Reports:

- A. Communications

Committee Chairperson Lee reiterated that the National Association of State Boards of Accountancy ("NASBA") Communications Department assists State Boards with complimentary design and editorial services for newsletters. A handout of his research was distributed to each member.

Discussion ensued on the design and content of the proposed newsletter. Mr. Regan suggested recognizing successful CPA exam candidates, in light of the fact that passing the entire Uniform CPA Examination is a notable accomplishment. Executive Officer Kai was instructed to check with the Office of Information Practices if such a listing could be made public and to also confer with CPA Examination Services and NASBA to determine if candidates consent to having their examination score results made public and if these results are included in any publicly available publications.

Discussion ensued on the deliverability of a Board newsletter, as distribution is impacted by limited resources. It was noted that the Board may be able to post a copy or provide a link to the pdf document on the Board's website. It was also suggested that the Board request the Hawaii Society of Certified Public Accountants ("HSCPA") and HAPA to publicize in their newsletter/magazine.

Chairperson Lau commented that the Board has to work through distribution and delivery issues in addition to soliciting input for inclusion in the newsletter. It was noted that the newsletter's content may need to be reviewed by DAG Tam before publication. Suggestions were made to start a semi-annual newsletter in January 2015, with the second issue to be issued in July.

B. Continuing Professional Education

Committee Chairperson Glaus had no report.

C. Ethics

Committee Chairperson Hirai had no report.

Mr. Williams inquired if there would be potential revisions or additions to the Board's administrative rules to adopt all or part of the re-codification of the American Institute of Certified Public Accountants ("AICPA"), Code of Professional Conduct ("Code"). Discussion ensued with comments that the Board may need to carve out specific provisions they want to adopt from the Code, as there could be discrepancies between the Board's laws and rules and the Code. Further comments also included that the Board was waiting for suggested draft language from the AICPA for

these rule revisions. DAG Tam suggested the Board select specific provisions of the Code rather than adopt the entire re-codified Code, thus allowing the Board to remain in control of the ethical standards to which the Board's licensee are to be held. Mr. Komo commented that the new Code is concept- based with situational examples, rather than rules-based, thus there may be difficulty in implementation. Vice-Chairperson Taketa suggested that the Ethics Committee compile a list of pros and cons of the Code, as compared with the Board's existing administrative rules relating to professional conduct. Chairperson Lau then asked Committee Chairperson Hirai to contact Dr. Ray Johnson of NASBA (who spoke to the Board about the Code at its April 4, 2014 meeting) and provide an update to the Board on the options available in adopting the Code.

D. Legislation and Rules

Committee Chairperson Williams had no report at this time; but, commented that he will consider the drafting of rule revisions once the re-codified Code issue is resolved. He also asked that he be apprised of any proposed legislation for the upcoming 2015 Legislative Session.

E. Mobility

Committee Chairperson Taketa had no report.

F. Peer Review

Committee Chairperson Taketa reported that a meeting of the Peer Review Oversight Committee ("PROC"), is scheduled for September 12, 2014. The PROC will discuss revisions to the HSCPA Plan of Administration

at this meeting, in which all stakeholders are expected to participate.

G. Uniform CPA Examination

Committee Chairperson Regan reported that the AICPA has issued an invitation to comment on "Maintaining the Relevance of the Uniform CPA Examination" and influence the next version of the exam. This document proposes a variety of potential changes to the examination to reflect the needs of the changing profession and protects the public interest. The deadline for comment is December 2, 2014. Mr. Williams commented that AICPA reached out to its members for comments through a mass mailing.

Discussion ensued and the consensus of the Board was that the e-mail from the AICPA requesting comment will be forwarded to members and placed on the Board's next meeting agenda for discussion.

The Board returned to the following Agenda item.

Applications for  
CPA Certification:

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

1. KAGAWA, Matthew A.
2. KUNKEL, Eric M.
3. LEUNG, Nancy W. K.
4. MOORE, Derek S.
5. TSANG, Carol K. Y.

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

1. TAKAMIYA, Bonnie R.

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

1. UEDA, Curt R.

Ratification of  
Individual CPA  
Permits to Practice:

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

1. BARR, Sean C.
2. BOND, Robert C.
3. ELLIS, Raynard H. Jr.
4. KEATING, Lihua Y.
5. KIM, Dong Hyun
6. POMASKI, Le B.
7. SAITO, David H.
8. TODD, Jennifer M. W.

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

1. OGITANI, Harris H.

Investigative  
Committee Reports:

A. Investigative Committee on Peer Review

Investigative Committee on Peer Review  
Chairperson Taketa had no report.

B. Investigative Committee on Mobility

Investigative Committee on Mobility  
Chairperson Taketa had no report.

Open Forum:

Mr. Roberts asked whether anything could be made public regarding the ongoing investigation by the Regulated Industries Complaints Office ("RICO") of out-of-State CPAs who were issued temporary permits to practice and may not have paid the general excise tax on income derived from practicing public accountancy during the terms of those temporary permits. He noted that the Board's July 18, 2014 meeting minutes indicated that the Executive Officer had been instructed to request that a representative from RICO attend the Board's next meeting to discuss the status of that ongoing investigation, and was therefore asking whether any information resulting from that RICO update could be shared with the public.

Chairperson Lau responded that he is not able to disclose any of the issues discussed during the Board's Executive Session at the August 20, 2014 meeting; however, he did state that the Board is sending a letter to the Department of Taxation requesting an update on this matter.

Mr. Roberts then stated that, in reference to the Board's receipt of a letter from the Washington State Board of Accountancy encouraging Hawaii to adopt mobility (as noted in the Board's July 18, 2014 meeting minutes), the study conducted by HAPA on the tax non-compliance of out-of-State CPA firms doing business in Hawaii, had concluded that all of the Washington State CPA firms in that study did not have General Excise Tax licenses nor licenses issued by the Business Registration Division of the Department of Commerce and Consumer Affairs. He stated that, in addition, none of the individual CPAs who had been issued Temporary Permits to Practice who were included in HAPA's study held General Excise Tax licenses.

Next Board Meeting: Friday, October 3, 2014  
8:30 a.m.  
King Kalakaua Conference Room  
King Kalakaua Building  
335 Merchant Street, 1<sup>st</sup> Floor  
Honolulu, Hawaii 96813

Announcements: None.

Adjournment: There being no further discussion, the meeting adjourned at 9:28 a.m.

Taken and recorded by:

/s/ Lori Nishimura

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Lori Nishimura, Secretary

Reviewed and accepted by:

/s/ Laureen M. Kai

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Laureen M. Kai, Executive Officer

LMK:ln

09/22/14

[ ] Minutes approved as is.

[ X ] Minutes approved with changes. See Minutes of October 3, 2014.