

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

MINUTES

Date: Tuesday, November 3, 2015

Time: 8:30 a.m.

Place: PVL Examination Room  
King Kalakaua Building  
335 Merchant Street, 3<sup>rd</sup> Floor  
Honolulu, Hawaii 96813

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

Guests: None.

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 Lau.

Additions/Revisions to Agenda: Executive Officer Kai requested to add the following:

5. APPLICATIONS  
A. CPA Certification  
\* \* \*  
2) GAZZAWAY, Raymond T.

Mr. Williams requested to add the following:

- 8. STANDING COMMITTEE REPORTS
  - \* \* \*
  - E. Legislation and Rules
    - \* \* \*
    - 2) Proposed Amendment to the Uniform Accountancy Act
    - \* \* \*
  - G. Uniform CPA Examination
    - \* \* \*
    - 4) Maintaining the Relevance of the Uniform CPA Exam

After discussion, it was moved by Mr. Lee, seconded by Mr. Punua, and unanimously carried to approve the aforementioned additions to the agenda and to renumber the CPA certification applications as necessary.

Approval of Minutes of the October 2, 2015 Board Meeting:

After discussion, it was moved by Vice-Chairperson Taketa, seconded by Mr. Punua, and unanimously carried to approve the minutes of the October 2, 2015 Board meeting, as circulated.

After discussion, it was moved by Vice-Chairperson Taketa, seconded by Mr. Punua, and unanimously carried to amend the Executive Session minutes of the October 2, 2015 Board meeting to reflect the absence of Mr. Punua and DAG Tam, and to note the attendance of Mr. Lee and DAG Paige.

At 8:35 a.m., the Board recessed the meeting to discuss and deliberate on the following adjudicatory matters pursuant to HRS chapter 91:

Chapter 91, HRS, Adjudicatory Matters:

- A. In the Matter of the Certified Public Accountant's License of Earnest F.F. Ng; ACC 2014-17-L

DAG Tam provided a summary of the First Amended Settlement Agreement Prior to Filing

of Petition for Disciplinary Action and Board's Final Order; Exhibit "1" regarding Earnest F. F. Ng. He stated that Mr. Ng renewed his CPA license on November 14, 2013 and attested to having completed four (4) continuing professional education ("CPE") credits in ethics or professional conduct required for the renewal period; Mr. Ng's license was selected for random audit, and did not provide proof to the Board of having completed the CPE credits he claimed on his renewal application. Mr. Ng subsequently completed four (4) CPE credits in ethics on May 21, 2014 and submitted proof of completion to the Board. RICO alleges that Mr. Ng failed to comply with the provisions of HRS 466-9(b)(3).

Terms of the Settlement Agreement:

- \$500 administrative fine.
- Failure to fully and timely comply with terms of the Settlement Agreement shall result in the automatic revocation of Respondent's license.

After discussion, it was moved by Mr. Lee, seconded by Mr. Williams, and unanimously carried to approve the First Amended Settlement Agreement Prior to Filing of Petition for Disciplinary Action and Board's Final Order; Exhibit "1" relating to the Matter of the Certified Public Accountant's License of Earnest F.F. Ng; ACC 2014-17-L.

At 8:36 a.m., the Board reconvened its scheduled meeting.

Executive Session:

It was moved by Vice-Chairperson Taketa, seconded by Mr. Lee, and unanimously carried 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 9:36 a.m., it was moved by Vice-Chairperson Taketa, seconded by Mr. Lee, and unanimously carried for the Board to move out of Executive Session and to immediately recess the meeting.

At 9:50 a.m., the Board reconvened its scheduled meeting.

Chairperson Lau acknowledged the arrival of Mr. Komo and the departure of DAG Tam during the Executive Session.

#### Applications for CPA Certification:

After discussion, it was moved by Vice-Chairperson Taketa, seconded by Mr. Lee, and unanimously carried to approve the following applications for certification:

1. BALMER, Alan J.
2. GLENN, David J.
3. KANO, Ky
4. KOENIG, Ami S.
5. LAMBERT, Deborah D.
6. MCCOY, Kenyata L.
7. PIEKSZA, Joseph
8. WEWORSKI, Joseph M.
9. YOUNG, David L. C.

After discussion, it was moved by Vice-Chairperson Taketa, seconded by Mr. Lee, and unanimously carried (Chairperson Lau recused himself from the vote) to ratify the approval of the following application for certification:

1. HARADA, Michael K.

Ratification of  
Individual CPA  
Permits to Practice:

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

1. CHO, Stephen Y.
2. CHRISTENSEN, Debbi J.
3. JOHNSON, Monika
4. KONO, Travis M.
5. SMITH, Lance J.
6. SVOBODA, Jill M.
7. TONJES, Jason L.
8. YAMAMOTO, Evan N.

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

1. GENETTI, Michael R.
2. OSCARSON, Steven J.

Ratification of Issued  
Firm Permit to  
Practice:

After discussion, it was moved by Mr. Lee, seconded by Mr. Punua, and unanimously carried to ratify the approval of the following issued Firm Permits to Practice:

1. CHO & KAHNG AN ACCOUNTANCY CORPORATION
2. 02 ACCOUNTING & TAX LLC
3. BLAND & ASSOCIATES P C
4. KEHAU ABE LLC
5. DOEREN MAYHEW & CO PC

Approval of  
Firm Name:

After discussion, it was moved by Mr. Lee, seconded by Mr. Komo, and unanimously carried to approve the following firm name:

1. My Personal CPA and Financial Planner, LLC

Ratification of  
Approved Firm  
Name:

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

1. Lisa M Toma Yoshida, CPA, LLC

Chairperson's  
Report:

A. National and Industry Update

1. Provision of Accounting Services to Marijuana Businesses

Additional materials relating to legal aspects of the matter were distributed for Board members to review for further discussion at a subsequent meeting.

2. Request from Andrew M. Langtry, CPA, Relating to the Continuing Professional Education Requirement for the December 31, 2015 Renewal of His Individual Permit to Practice

Chairperson Lau stated the Board received a request for exemption from the CPE requirement for renewal of a permit to practice ("PTP") from Andrew M. Langtry, a Hawaii-licensed CPA. Mr. Langtry is requesting a waiver from the CPE requirements for his PTP due to hardship (i.e., taking care of his special needs daughter; thus, he is not able to travel to obtain his usual CPE hours). Subsequent to receipt of Mr. Langtry's request, Executive Officer Kai sent a letter requesting more information on whether he explored other methods to earn CPE, without having to physically attend the sessions; these methods may include self-study either through participation in such classes or through the Internet. Chairperson Lau stated

Mr. Langtry replied back inquiring whether the Board would allow him to obtain all of his CPE credits through the Internet. Executive Officer Kai stated she had notified Mr. Langtry that obtaining all his CPE credits through the Internet is allowed. Ms. Kai stated no further communication was received from Mr. Langtry.

3. National Peer Review Committee Plan of Administration

Chairperson Lau stated the Board is in receipt of the National Peer Review Committee Plan of Administration and that it will be forwarded to the Peer Review Oversight Committee for their review and recommendation to the Board.

Executive Officer's Report:

A. RICO Public Accountancy Advisory Committee

After discussion, it was moved by Mr. Williams, seconded by Mr. Lee, and unanimously carried to approve the Regulated Industries Complaints Office ("RICO") Public Accountancy Advisory Committee list and the Addendum language, effective January 1, 2016.

Standing Committee

A. Communications

Committee Chairperson Lee had no report.

B. Continuing Professional Education

Committee Chairperson Punua had no report.

C. Ethics

1. Inquiry Regarding Commissions, Referral Fees, and Contingency Fees

Mr. Komo reported that DAG Tam distributed his draft letter for Board members to review for further discussion at a subsequent meeting.

D. Peer Review

1. Peer Review Definitions

Committee Chairperson Taketa stated that he and Mr. Williams met with Representative Isaac Choy to discuss proposed refinements of the peer review statutes, including a new definition of "Hawaii attest engagement". Mr. Williams commented that after Representative Choy drafts a bill, Mr. Williams will "clean up language" with DAG Tam.

2. Notification to CPA Firms - Update

The draft of the second reminder mail-out to firms concerning the new peer review law that Executive Officer Kai was instructed to provide was handed out to Board members. Executive Officer Kai requested the Board to provide a date in 2016 that they may want the second reminder mail-out to be sent by the Department of Commerce and Consumer Affairs.

E. Legislation and Rules

1. Proposed Amendments to HRS Chapter 466, Relating to Immunity for Members of the Peer Review Oversight Committee

Committee Chairperson Williams informed the Board that the proposed amendments to HRS section 466-42 that provide for the reimbursement of applicable expenses



and provide immunity from civil liability for members of the Peer Review Oversight Committee ("PROC") have been included in the DCCA administrative bill package. Mr. Williams read the proposed amendments as HRS section 466-42(g)(h).

2. Proposed Amendment to the Uniform Accountancy Act

Committee Chairperson Williams provided Board members with the exposure draft of the *Proposed Revisions to AICPA/NASBA Uniform Accountancy Act and NASBA Uniform Accountancy Act Rules*. He stated the proposal would establish a Retired-CPA status and that comments were due on February 2, 2016.

F. Mobility

Committee Chairperson Taketa had no report.

G. Uniform CPA Examination

1. Ratification of Examination Scores from the July/August 2015 Testing Window

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

EXAMINATION RESULTS (BY SCORES)

	Number of Scores	Percentage
Credit	81	37.3
No Credit	136	62.7
Lost Credit	0	0
Voided	0	0
TOTAL	217	100%

TOTALS BY EXAM PARTS (BY CANDIDATES)

	AUD	BEC	FAR	REG	TOTAL
# Attended	58	55	60	44	217
# Passed	23	23	20	15	81
% Passed	39.66	41.82	33.33	34.09	37.33

SUCCESSFUL CANDIDATES SUMMARY

# of Passing First Time Candidates	3 (20%)
# of Passing Re-Exam Candidates	12 (80%)
# of International Candidates	0
# of Passing Candidates	15

After discussion, it was moved by Committee Chairperson Williams, seconded by Mr. Komo, and unanimously carried to ratify the examination scores from the July/August 2015 testing window.

2. NASBA Jurisdiction Reports: Testing Window 2015 Q-3

Committee Chairperson Williams summarized the CPA exam performance

for quarter three (3) of 2015, stating that passing test scores have declined. The average score was 68.5 and the passing rate was 37.3%. The scores have not been this low since 2013.

Vice-Chairperson Taketa reiterated that the AICPA has released an *Exposure Draft: Maintaining the Relevance of the Uniform CPA Exam*, for public comment until November 30, 2015. He briefly commented that the 2017 CPA Exam will be including more task-based simulations.

3. CPA Review Sessions by University of Hawaii School of Accountancy

Committee Chairperson Williams provided an update on the free CPA review class on the Financial Accounting and Reporting ("FAR") section of the Uniform CPA Examination that the University of Hawaii at Manoa School of Accountancy recently held, and reported that 27 students attended. The next session on Business Environment and Concepts ("BEC") will commence January 8 to 31, 2016; and registration will be closed on December 15, 2015.

Committee Chairperson Williams stated the following would be required to prospective enrolling students:

- Proof of a scheduled exam date; or
- Proof of receipt of a Notice to Schedule ("NTS"), or evidence of enrolling for NTS; or
- A check for an amount of \$100.00 to the order of University of Hawaii Foundation (this amount will be

refunded if the student registers for NTS while taking the review course).

4. Exposure Draft: Maintaining the Relevance of the Uniform CPA Examination

Committee Chairperson Williams reiterated that comments for this exposure draft are due on or before November 30, 2015, and that comments may be sent to the Executive Officer for transmittal to the AICPA. Two years of experience versus no experience (i.e., fresh out of undergraduate school) was discussed.

Open Forum:

Vice-Chairperson Taketa commented on the Chartered Global Management Accountant ("CGMA") designation created by AICPA. He commented that non-CPAs may be able to obtain this designation and be members of the AICPA, which may mislead the public to think CGMAs are also CPAs.

Mr. Lee left the meeting at 10:16 a.m.

Mr. Williams commented that at the NASBA Annual Meeting (last week), NASBA suggested that all Boards acknowledge receipt of the letter from the U.S. Department of Labor concerning the quality of audits performed by CPAs, and audits of employee benefit plans covered under the Employee Retirement Income Security Act of 1974.

Discussion ensued on substantial equivalency and if Hawaii is equal with other states. Vice-Chairperson Taketa commented that generally, Hawaii's requirements exceed the requirements of other states.

Next Board Meeting: Friday, December 18, 2015  
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 10:21 a.m.

Taken and recorded by:

/s/ Lori Nishimura

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Lori Nishimura, Secretary

Reviewed and accepted by:

/s/ Charlene Tamanaha

\_\_\_\_\_  
for Laureen M. Kai, Executive Officer

LMK:ln

12/02/15

[ ] Minutes approved as is.

[ X] Minutes approved with changes. See Minutes of December 18, 2015.