

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

MINUTES

- Date: Friday, April 1, 2016
- Time: 8:32 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  
Darryl T. Komo, CPA, Member  
Gabriel Lee, Member  
Edward L. Punua, CPA, Member  
John W. Roberts, 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 8:32 a.m. by Chairperson Lau.
- Additions/Revisions to Agenda: Chairperson Lau requested to add the following:
5. CHAIRPERSON'S RPORT
    - A. National and Industry Update  
\* \* \*
    - 5) Nomination of Laurie Tish, CPA to NASBA Vice-Chairperson

After discussion, it was moved by Vice-Chairperson Taketa, seconded by Mr. Punua, and unanimously carried to approve the aforementioned addition to the agenda.

Approval of  
Minutes of the  
March 4, 2016  
Board Meeting:

After discussion, it was moved by Vice-Chairperson Taketa, seconded by Mr. Punua, and unanimously carried to approve the minutes of the March 4, 2016 Board meeting, as circulated.

Executive Session:

At 8:33 a.m., it was moved by Vice-Chairperson Taketa, seconded by Mr. Komo, 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 9:09 a.m., it was moved by Vice-Chairperson Taketa, seconded by Mr. Komo, and unanimously carried for the Board to move out of Executive Session and to immediately recess the meeting.

At 9:18 a.m., the Board reconvened its scheduled meeting.

Applications for  
CPA Certification:

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

1. LUKE, Chanel A.
2. NISHIKUNI, Kristen A.
3. SAGAWA, Koji B.

Ratification of  
Individual CPA  
Permits to Practice:

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

1. BOSSART, Todd L.
2. CASTRO, Ngu Thuy
3. FORD, Terrence E.
4. KOZERSKI, Randy A.
5. MARTH, Richard D.
6. PELTZ, Julia L.
7. SCARBOROUGH, James S., V
8. SUTTIE, James C., Jr.
9. TAKUSHI, Ivan N.
10. TEGUH, Randy M.
11. URUU, Anne M.

Ratification of Issued  
Firm Permits to  
Practice:

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

1. NGU THUY CASTRO
2. CHRISTINA F I KAMAKA
3. LIANE L SUGIMOTO
4. WILLIAM SIH-CHENG KEE
5. VIRGILIO V BARAYUGA
6. RICHARD GIICHI YAMAMOTO
7. JAMES R NARDINE CPA PC
8. CPD LLC
9. RANDY A KOZERSKI CPA LLC
10. RICHARD D MARTH
11. KLUHA ACCOUNTING LLC
12. SKODA MINOTTI & CO
13. KERI H TAOKA CPA LLC
14. RODNEY I SHINNO
15. LOUIS K ANDERSON
16. KEKOA A BEAUPRE

After discussion, it was moved by Vice-Chairperson Taketa, seconded by Mr. Punua, and unanimously

carried (Mr. Lee recused himself from the vote) to ratify the approval of issued Firm Permits to Practice:

1. GARY M HORITA
2. SHIRLEY J DANIEL

Ratification of  
Approved Firm  
Name:

After discussion, it was moved by Vice-Chairperson Taketa, seconded by Mr. Lee, and unanimously carried to ratify the approval of the following firm names:

1. Dean Marth, CPA
2. Randy A. Kozerski, CPA, LLC

Chairperson's  
Report:

A. National and Industry Update

1. NASBA Western Regional Meeting on June 22-24, 2016

Chairperson Lau stated that he and Executive Office Kai will be attending the NASBA Western Regional meeting in Denver, Colorado on June 22-24, 2016. He also stated that Mr. Roberts will be attending the Eastern Regional meeting in Asheville, North Carolina on June 7-9, 2016. NASBA has provided scholarships for all three, and noted that Mr. Roberts' scholarship includes his participation in the New Board Member Orientation, held one day prior to the start of the regional meeting.

2. NASBA Committee Interest Form

Chairperson Lau mentioned that the NASBA Committee Interest Form for the 2016-2017 committee cycle had been forwarded to Board members. Executive Officer reminded the Board that current NASBA committee members must still

indicate continued interest by submitting an application, and that the deadline to submit is April 22, 2016.

3. NASBA Annual Request for Board's Authorization to Release Examination Candidate Information

Discussion ensued on the annual request for authorization to release limited candidate information to state societies, CPA course review providers, universities, and the AICPA. Mailings to candidates are very limited and do not include any placement firms. An authorization would allow names, mailing addresses, and email addresses for eligible and/or successful candidates. The consensus of the Board was to opt out of NASBA's request, as it has done in the past.

4. Response from Department of Commerce and Consumer Affairs to State Representative Isaac Choy Relating to his November 27, 2014 Inquiry to the Regulated Industries Complaints Office (RICO) Regarding Out-of-State CPA's

Chairperson Lau mentioned that Board members were provided with a copy of the letter from the Department of Commerce and Consumer Affairs ("DCCA") Director, Catherine P. Awakuni Colón, dated February 4, 2015, responding to State Representative Isaac Choy's November 27, 2014 inquiry to the Regulated Industries Complaints Office ("RICO"), relating to 2007 and 2008 CPA Temporary Permits to Practice issued to out-of-State CPAs.

Chairperson Lau gave a brief summary of the allegations in the original complaint, as follows:

- (1) Non-compliance with the statutory definition of incidental practice, in that applicants ineligible for temporary permits were receiving permits;
- (2) Non-compliance with Hawaii business registration requirements, in that permit holders failed to register to do business in the State; and
- (3) Non-compliance with Hawaii tax laws, in that about 70% of outside CPA firms whose owners and/or employees obtained a temporary permit did not obtain Hawaii General Excise Tax (GET) licenses.

Mr. Lau then briefly summarized the responses from the Director's Office to each of the allegations, as follows:

- (1) The Board has taken measures to ensure that temporary permit applicants meet the necessary criteria for approval. Following the implementation of these measures, the number of temporary permits dropped significantly;
- (2) Absent a specific statutory requirement, out-of-State entities are not required to register with DCCA's Business Registration Division in order to transact business in Hawaii. In reviewing the accountancy laws and rules, they were unable to identify a specific registration requirement for

temporary permit holders. As such, this allegation was not the focus of RICO's investigation;

- (3) The RICO investigation utilized the spreadsheet provided with the complaint to initiate 27 investigations. Each permit holder was contacted to determine whether Hawaii licensing law violations had occurred. The investigations determined that most individuals were employed by firms which had been issued GET licenses, 2 individuals reported that the work was performed outside of Hawaii, and a single outlying permit holder made a late payment to the Department of Taxation ("DoTax") and was issued a warning letter from RICO. Information relating to this permit holder was provided to DoTax for enforcement.

Chairperson Lau commented that the Director's letter stated that as a result of the investigation, RICO had determined that, with the exception of the one permit holder who was sent a warning letter, there is insufficient evidence at this time to warrant disciplinary action against the respondent/permit holders.

5. Nomination of Laurie Tish, CPA to NASBA Vice-Chairperson

Discussion ensued on the nomination of Laurie Tish as a candidate for NASBA Vice-Chairperson. Executive Officer Kai commented that Ms. Tish has represented and assisted the Hawaii Board as a Pacific

Regional Director and also as a Director-at-Large over the past several years.

After discussion, it was moved by Mr. Lee, seconded by Mr. Williams, and unanimously carried (with Mr. Roberts abstaining from the vote) to submit to the NASBA Nominating Committee a letter of support for Ms. Tish's nomination to the position of NASBA Vice-Chairperson for the coming year.

Standing Committee    A.    Peer Review

1.    Peer Review Compliance Reporting Form

The Board was provided with a draft of the Peer Review Compliance Reporting Form from DAG Tam. After discussion, it was moved by Vice-Chairperson Taketa, seconded by Mr. Komo, and unanimously carried to approve the draft with the following changes: (1) delete the footnote at the bottom of the form; and (2) make other technical, non-substantive changes.

DAG Tam left the meeting at 9:34 a.m.

B.    Legislation and Rules

1.    House Bill No. 1669, House Draft 2, Senate Draft 1, Relating to Public Accountancy

Committee Chairperson Williams reported that, since the Board's last meeting, the bill crossed over to the Senate as a House Draft 2. The bill was heard by the Senate Committee on Commerce, Consumer Protection, and Health, and was passed with an additional amendment clarifying

that a peer reviewer engaged in the Hawaii Supplement to the peer review must select "one or more" engagements from the list of engagements obtained from the reviewed firm, as Senate Draft 1. The bill then moved to the Senate Committee on Ways and Means, which passed the bill unamended.

Mr. Williams summarized the bill, House Bill No. 1669, House Draft 2, Senate Draft 1, as follows:

- Redefines "peer review" to include reviews done by out-of-State public accountancy licensees;
- Extends deadlines for filing of peer review compliance reporting forms and appealing certain ratings from ten (10) days to thirty (30) calendar days;
- Allows members of the public accountancy peer review oversight committee ("PROC") to be reimbursed for expenses and protects the members from civil liability for actions done in furtherance of the purposes of the committee
- Defines the term "Hawaii attest work"; and
- Clarifies that a peer reviewer is required to select "one or more" engagements for a Hawaii Supplement to the peer review report.

Executive Officer Kai commented that the bill will automatically go to conference because the House Draft 2 and Senate Draft 1 are not identical. Conference committee members are selected from the House and Senate and will consider both drafts in their deliberations.

Committee Chairperson Williams thanked Chairperson Lau and Executive Officer Kai on their efforts on behalf of the Board.

C. Ethics

Committee Chairperson Komo had no report.

D. Communications

Committee Chairperson Lee had no report.

E. Continuing Professional Education

Committee Chairperson Punua had no report.

F. Mobility

Committee Chairperson Taketa had no report.

G. Uniform CPA Examination

Committee Chairperson Punua had no report.

Open Forum:

Mr. Williams commented on the delivery of education in the future via on-line classes, distance education, and the like. He mentioned a book by Kevin Carey, *The End of College*, and further commented that the Board may need to deliberate on this subject in the future.

Next Board Meeting:

Friday, May 6, 2016  
8:30 a.m.  
King Kalakaua Conference Room  
King Kalakaua Building  
335 Merchant Street, 1<sup>st</sup> Floor  
Honolulu, Hawaii 96813

Announcements:

None.

