

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

MINUTES

Date: Friday, December 13, 2013

Time: 8:35 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  
Steven R. Oberg, CPA, Member  
Keith A. Regan, Member  
Carleton L. Williams, CPA, Member  
Rodney J. Tam, Deputy Attorney General  
Laureen M. Kai, Executive Officer  
Lori Nishimura, Secretary

Guests: Kathy Castillo, Hawaii Society of Public Accountants  
("HSCPA")

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 8:35 a.m. by Chairperson Lau.

Additions/Revisions  
to Agenda: None.

Approval of  
Minutes of the  
November 8, 2013  
Board Meeting:

After discussion, it was moved by Mr. Oberg, seconded by Mr. Lee, and unanimously carried to approve the minutes of the November 8, 2013 Board Meeting as circulated.

Executive  
Session:

At 8:36 a.m., it was moved by Mr. Regan, seconded by Mr. Lee, 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 8:55 a.m., it was moved by Mr. Regan, seconded by Mr. Oberg, and unanimously carried for the Board to move out of Executive Session and to immediately recess the meeting.

At 9:20 a.m., the Board reconvened its scheduled meeting.

Applications for  
CPA Certification:

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

1. BLACKMAN, Seth H.
2. DIMAYA, Mary Ann G.
3. EGERTSON, Jeffrey D.
4. ENG, Andrea H.
5. GLADSTONE, Drew N.
6. HEISLER, Donald A.
7. HORII, Masayo
8. LEUNG, Willie
9. MAKOFF, Kristina M.
10. MATSUDAIRA, Yumi
11. MIYAMOTO, Mika S.
12. NG, Wing Yin

13. PASCUA, Brent K.
14. SCANLAN, Tialei A.
15. SIZER, John C. Jr.

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

1. SATO, Aaron P.

Ratification of  
Individual CPA  
Permits to Practice:

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

1. LE, Andrew
2. LOE, Robert B.
3. PARK, Haeil
4. PARRY, Thomas J.

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

1. AUSTIN, Jennifer D.

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

1. OSHIRO, Lloyd

Ratification of Issued  
Firm Permits to  
Practice:

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

1. GREEN NEWTON JAMISON LLP
2. ROBERT LOE & ASSOCIATES
3. BENSON & NEFF CPA'S
4. TRACY K SATURNO
5. SUSAN H MOORE
6. SARAH B SKIMIN
7. ONO AND CHEN LLC
8. ALOHA ACCOUNTING & TAX LLC
9. STEVEN LEE CPA INC

After discussion, it was moved by Mr. Oberg, seconded by Mr. Komo, and unanimously carried (Chairperson Lau recused himself from the vote) to ratify the approval of the following issued Firm Permits to Practice:

1. CHAD R KUNIHISA
2. TFUJII LLC

After discussion, it was moved by Mr. Oberg, seconded by Mr. Komo, and unanimously carried (Mr. Lee recused himself from the vote) to ratify the approval of the following issued Firm Permits to Practice:

1. LORIE S ISHII
2. MARY LEE N L ZANE
3. KELLY W K ZANE

After discussion, it was moved by Mr. Oberg, seconded by Mr. Komo, and unanimously carried (Chairperson Lau and Mr. Lee recused themselves from the vote) to ratify the approval of the following issued Firm Permit to Practice:

1. MARY L BERGMANN

After discussion, it was moved by Mr. Oberg, seconded by Mr. Komo, and unanimously carried (Mr. Hirai recused himself from the vote) to ratify

the approval of the following issued Firm Permit to Practice:

1. CRAIG K HIRAI CPA LLC

After discussion, it was moved by Mr. Oberg, seconded by Mr. Komo, and unanimously carried (Chairperson Lau, Messrs. Hirai and Lee recused themselves from the vote) to ratify the approval of the following issued Firm Permit to Practice:

1. LON K OKADA

Ratification of Firm Name:

After discussion, it was moved by Mr. Lee, seconded by Mr. Williams, and unanimously carried to ratify the approval of the following Firm Names:

1. Manny Lay, CPA, Inc.
2. Steven Lee, CPA, Inc.

After discussion, it was moved by Mr. Lee, seconded by Mr. Williams, and unanimously carried (Mr. Hirai recused himself from the vote) to ratify the approval of the following Firm Names:

1. BOWEN HUNSAKER & COMPANY, CERTIFIED PUBLIC ACCOUNTANTS, A PROFESSIONAL CORPORATION
2. CRAIG K. HIRAI , CPA,LLC

Chairperson's Report:

A. National Update

1. National Association of State Boards of Accountancy ("NASBA") Regional Directors' Focus Questions

Chairperson Lau stated that the following focus questions had been provided to Board members to review prior to the meeting. The Board discussed and

reached consensus on the following responses:

1. Since the comment period has closed for the UAA Exposure Draft on the new definition for "attest," has your Board discussed the impact this new attest definition could have on existing accountancy statutes, rules and regulations of your State/Jurisdiction? If so, what changes, if any, will be required to adapt to this new attest definition?

Response: No discussion.

2. As discussed by Professor Karen Pincus at the NASBA Annual Meeting, the economics of higher education are pushing for more use of technology and less time on campus. Wharton is offering "An Introduction to Financial Accounting," a 10-week course, to anyone in the world. How will your state determine whether or not the education received from Massive Open On-Line Courses (MOOC) would qualify as meeting your educational requirements? Has your state looked into, or been concerned about, the quality of the education prospective candidates will receive from classes which can have over 100,000 enrolled students?

Response: The Hawaii Board's acceptance of education credits in fulfillment of the education requirement to qualify to sit for the examination as well as for licensure depends on whether the school's online programs

are included in its accreditation by a national or regional accrediting body.

3. What would you like to see from your Regional Director in the coming year? How can the Regional Director help you?

Response: To continue with providing the Board with effective and timely communication relating to information pertinent to the Board's work.

4. What is happening in your jurisdiction that other Boards and NASBA should know about?

Response: The Board continues its efforts to promulgate administrative rules to implement the recently-enacted peer review requirement for Hawaii CPA firms.

5. Are there any ways in which NASBA can assist your Board at the present time?

Response: Continuing to assist and support the Hawaii Board with scholarships and other assistance to attend NASBA meetings and conferences.

6. 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 and the Executive Officer.

B. Industry Update

Chairperson Lau informed the Board of a request from the Board of Examiners ("BOE") of the American Institute of Certified Public Accountants ("AICPA") for the Board's position regarding practice analysis, and whether the Board had discussed either formally or informally the changing requirements of an entry level CPA's knowledge and skills.

Vice-Chairperson Taketa commented that he believes that the Uniform CPA Examination is consistent with the skills and knowledge needed to ensure competency to enter the profession. Mr. Williams commented that he has heard anecdotally that the CPA exam questions are harder now than ever before. In discussing the types of questions on the exam, Chairperson Lau queried whether those types of questions were pertinent to accounting, since many of the questions pertain to areas that may not reflect the core competencies of the profession. Mr. Williams commented that the accounting "profession is so much more than accounting and tax".

The consensus of the Board was that the Uniform CPA Examination tests for the skills and knowledge needed in the profession. The Executive Officer was instructed to respond to the AICPA BOE with this position.

Executive Officer's Report:

A. Request from Chee & Yamasaki, CPA's (FPTP 232) to Maintain Predecessor CPA Firm After Acquisition

Executive Officer Kai explained that a request was received from Chee & Yamasaki, CPA's to continue its permit to practice for four to five (4 to 5) years after its acquisition by Accuity



LLP. Upon this acquisition on January 1, 2014, the firm will be known as C&Y CPAs LLC, and partners Warren Chee and Raymond Yamasaki and staff will become employees of the new firm.

The requestor stated that the purchase agreement between Chee & Yamasaki, CPA's and C&Y CPAs LLC has a pay-out period of five (5) years, and that retaining the predecessor firm name will cause less confusion with the collection of its outstanding receivables, tail coverage on its liability insurance, tax return filings, and banking functions. It was expressly stated that the predecessor firm will not practice public accounting upon acquisition and during the pay-out period.

Discussion ensued on whether partners Warren Chee and Raymond Yamasaki would be able to renew their CPA licenses and individual Permits to Practice as principals of both firms holding separate Firm Permits to Practice. After discussion, it was moved by Vice-Chairperson Taketa, seconded by Mr. Lee, and unanimously carried to grant approval to the request by Messrs. Chee and Yamasaki, based on the facts presented in the request and with the assurance of the predecessor firm that it would not practice public accounting after acquisition.

B. Peer Review Administration Plan of the Hawaii Society of Certified Public Accountants ("HSCPA") Update

Executive Officer Kai reported that the formal request for the HSCPA's peer review administration plan was emailed to HSCPA on December 2, 2013, after review and approval

by Dwayne Takeno, Chairperson of the Peer Review Oversight Committee.

C. Equivalency Analysis of Educational Credentials from Colleges/Universities Outside the U.S. and from International Institutes/Professional Bodies

Executive Officer Kai informed the Board that this issue, which was initially discussed in 2012, relates to whether certain international educational and professional credentials can be deemed equivalent to a baccalaureate degree and college/university credits earned at a regionally or nationally-accredited institution of higher learning in the United States.

Ms. Kai stated that in accordance with Hawaii Administrative Rules section 16-71-17, an applicant for a Hawaii CPA license must: (1) Present satisfactory evidence that the applicant has received a baccalaureate degree from a university, college, or other four-year institution of learning accredited by a regional or national accrediting agency or association recognized by the Secretary of Education under the requirements of 20 United States Code section 1099b, as amended; or (2) Present satisfactory evidence that the applicant has received a baccalaureate or comparable degree from a foreign or U.S. university, college, or other four-year institution of learning and provide evidence that the baccalaureate or comparable degree qualifies the applicant for acceptance for an advanced degree at an accredited university, college, or other four-year institution of learning as specified in (1).

As background, the Executive Officer reported that in October 2012, the Board had instructed her to query Hawaii Pacific University ("HPU")

and the University of Hawaii at Manoa ("UHM") as to whether either school would accept these types of international educational and professional credentials in qualifying for acceptance into an advanced degree program. She stated that HPU's response in October 2012 was that the school does not accept these types of credentials, specifically the chartered accountant certificates issued by foreign countries, as equivalent to the fourth year of undergraduate study as a basis for entering HPU's Master of Business Administration program.

After numerous requests, a response from the UHM School of Accountancy, Shidler College of Business, was received on December 6, 2013. Dr. John Wendell, CPA, Director, stated that the school does not provide any credit for a foreign credential (such as a chartered accountant designation) to allow for admission to its Master of Accountancy program.

The Executive Officer then provided information received from the NASBA International Evaluation Services ("NIES"), the Board's sole provider of foreign educational credentials evaluation services, that of the forty-one (41) jurisdictions for which NIES provides evaluation services, eleven (11) accept to some degree these types of credits such as the chartered accountant credential. The majority of jurisdictions do not accept such credentials.

After discussion, it was moved by Vice-Chairperson Taketa, seconded by Mr. Lee, and unanimously carried to retain the Board's current position/practice of not allowing for the equivalency of chartered accountant credentials and other similar foreign

educational and professional credentials in fulfillment of the Board's educational requirements to sit for the Uniform CPA Examination and for licensure, as such credentials and/or training do not meet the requirements in HAR section 16-71-17(a)(1) and (2).

Standing Committee Reports:

A. Communications

Committee Chairperson Lee had no report.

B. Continuing Professional Education

Committee Chairperson Glaus had no report.

C. Ethics

Committee Chairperson Hirai informed the Board that NASBA and the AICPA continue to work on model language to implement the recodification of the AICPA Code of Conduct.

D. Legislation and Rules

Committee Chairperson Hirai reported that he had a meeting with State Representative Karl Rhoads, Chairperson of the House Judiciary Committee, and his legislative analyst Jessica Faige, regarding House Bill No. 716, which proposes to amend HRS section 466-9(A)(2) relating to the Board's authority for disciplinary action. He stated that Ms. Faige opined that the provision in the bill relating to license suspension should include a limitation to the number of years a license could remain suspended. Mr. Hirai explained that the Board was advised that HRS chapter 436B, the Professional and Vocational Licensing Act, provides for a suspension period of not more than five (5) years, and that this precludes

the necessity of including this in House Bill No. 716. Mr. Hirai informed DAG Tam that Ms. Faige requested a call from him to discuss the matter. DAG Tam requested that Mr. Hirai ask Ms. Faige to contact him for that discussion.

E. Mobility

Committee Chairperson Taketa reported that the Executive Officer had received comments from Board members relating to the exposure draft on firm mobility. He reiterated that, with firm mobility being considered on a national level, the Board will need to consider and review this initiative to determine the Board's position.

As mentioned at the Board's last meeting, there are four suggested positions for the Board's consideration:

1. The Board supports firm mobility and the language in the UAA should be consistent. This is a statement supporting a current change to the UAA;
2. The Board does not support firm mobility but believes the language in the UAA should be consistent. This is a statement supporting a current change to the UAA;
3. The Board believes that states should have more time to analyze the impact of firm mobility on their state before changing the UAA. This is a statement to postpone any action on the UAA; or
4. The Board does not support firm mobility and does not believe the UAA should be changed. This is a statement to not change the UAA.

Mr. Taketa stated that based on the three comments from Board members that were

received, the Board supports position 3 and position 4.

After further discussion, it was moved by Mr. Williams, seconded by Mr. Oberg, and carried by majority vote to adopt position 3, as stated above. The vote was eight (8) ayes and one (1) nay as Committee Chairperson Taketa stated his support of position 4.

F. Uniform CPA Examination

Committee Chairperson Regan had no report.

Investigative  
Committee Reports:

A. Investigative Committee on Peer Review

Investigative Committee on Peer Review  
Chairperson Oberg had no report.

Open Forum:

Mr. Williams asked Ms. Castillo how many states and jurisdictions have adopted mobility. Ms. Castillo stated that Hawaii is the last state to adopt mobility, and that the NASBA member boards of the four (4) jurisdictions were working on mobility legislation.

Next Board Meeting:

Friday, January 10, 2014  
8:30 a.m.  
King Kalakaua Conference Room  
King Kalakaua Building  
335 Merchant Street, 1<sup>st</sup> Floor  
Honolulu, Hawaii 96813

Announcements:

Vice-Chairperson Taketa disclosed that he and Mr. Komo attended the Hawaii Association of Public Accountants ("HAPA") meeting as non-voting HAPA members; he noted that they did not represent this Board nor represent themselves as Board members. Mr. Komo added that Mr. Hirai had also attended this HAPA meeting.

Adjournment:                    There being no further discussion, the meeting  
adjourned at 10:31 a.m.

Taken and recorded by:

/s/ Lori Nishimura

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Lori Nishimura, Secretary

Reviewed and accepted by:

/s/ Laureen M. Kai

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

LMK:ln

01/07/14

[ X ] Minutes approved as is.  
[   ] Minutes approved with changes. See Minutes of \_\_\_\_\_.