

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

MINUTES

Date: Friday, December 16, 2016

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: Gregg M. Taketa, CPA, Chairperson  
Darryl T. Komo, CPA, Vice-Chairperson  
Terrence H. Aratani, Member  
Nelson K.M. Lau, CPA, Member  
Gabriel Lee, Member  
Gary Y. Miyashiro, CPA, Member  
Edward L. Punua, CPA, Member  
John W. Roberts, CPA, Member  
Carleton L. Williams, CPA, Member  
Rodney J. Tam, Deputy Attorney General ("DAG")  
Lauren 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 8:34 a.m. by Chairperson Taketa.

Approval of Minutes of the November 15, 2016 Board Meeting: After discussion, it was moved by Mr. Lee, seconded by Mr. Aratani, and unanimously carried to approve the minutes of the November 15, 2016 Board meeting as circulated.

Executive Session: At 8:35 a.m., it was moved by Mr. Lau, seconded by Mr. Punua, 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 9:44 a.m., it was moved by Mr. Lau, seconded by Mr. Punua, 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 meeting and immediately recessed the meeting to discuss and deliberate on the following adjudicatory matter pursuant to HRS chapter 91.

Chapter 91, HRS,  
Adjudicatory  
Matters:

A. In the Matter of the Certified Public Accountant's License of Anne A.H. Butac; ACC 2016-12-L

DAG Tam provided a summary of the Settlement Agreement Prior to Filing of Petition for Disciplinary Action and Board's Final Order; Exhibit "1" regarding Anne A.H. Butac, Respondent. He stated that RICO alleges that the Respondent, who holds a CPA license:

- On or about December 14, 2015, Respondent submitted a renewal application in which she attested she earned a minimum of four continuing professional education hours in the preceding 24 months; and
- Following a random audit by the Board, Respondent provided information indicating she had completed four hours

of continuing professional education ethics hours on January 9, 2016, after the licensing period had ended.

To settle this matter, the Respondent agrees to the following terms of the Settlement Agreement:

- Use of continuing education credits applied to the 2014 to 2015 renewal period may not be applied to subsequent renewal periods;
- Administrative fine in the amount of five hundred dollars (\$500.00); and
- 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. Lau, seconded by Mr. Aratani, and unanimously carried to approve the Settlement Agreement relating to the Matter of the Certified Public Accountant's License of Anne A.H. Butac; ACC 2016-12-L.

B. In the Matter of the Certified Public Accountant's License of Urara Adachi; ACC 2016-25-L

DAG Tam provided a summary of the Settlement Agreement Prior to Filing of Petition for Disciplinary Action and Board's Final Order regarding Urara Adachi, Respondent. He stated that RICO alleges that the Respondent, who holds a CPA license:

- On or about December 15, 2015, Respondent submitted a renewal application in which she attested that she earned a minimum of four continuing

- professional education hours in the preceding 24 months; and
- Following a random audit by the Board, Respondent was unable to obtain proof of having completed the continuing professional education hours.

To settle this matter, the Respondent agrees to the following terms of the Settlement Agreement:

- Administrative fine in the amount of five hundred dollars (\$500.00); and
- 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. Lau, seconded by Mr. Aratani, and unanimously carried to approve the Settlement Agreement relating to the Matter of the Certified Public Accountant's License of Urara Adachi; ACC 2016-25-L.

At 9:53 a.m., the Board reconvened its meeting.

Applications for  
CPA Certification:

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

- 1) COOPER, Aaron D.
- 2) DIFFENDERFER, Daniel J.
- 3) KUWAYE, Stephanie A. F.
- 4) SAKAMOTO, Sherilyn M. K.
- 5) TANABE, Kasie M.
- 6) WILSON, Dana A.
- 7) ZABLAN, Joel F.

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

- 1) EWING, Emily R.

After discussion, it was moved by Vice-Chairperson Komo, seconded by Mr. Miyashiro, and unanimously carried to defer decision making, pending clarification and supporting documentation of the applicant's Texas CPA license in fulfillment of requirements, on the following application for certification:

- 1) HUGHES, Christopher L.

Ratification of  
Individual CPA  
Permits to Practice:

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

- 1) BEERS, LANDON K.
- 2) BURRILL, Jacob R.
- 3) FAHRNOW, Douglas C.
- 4) GILBEAULT, Bonnie J.
- 5) JENSEN, Thomas C.
- 6) LOBERG, Donald J.
- 7) NAGATA, Kelly S.
- 8) ROBERTS, Genesis U.
- 9) RYALS, Cameron D.
- 10) SILVA, Sandra T.
- 11) YAMAGUCHI, Kris Y.

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

- 1) LI, Valeriya A.

Ratification of Issued Firm Permits to Practice:

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

- 1) NANCY J KATAYAMA
- 2) JONI ORIMOTO CPA LLC
- 3) JEUNG EUN KIM
- 4) JEONG MIN HA CPA INC
- 5) JACOB BURRILL CPA INC
- 6) SOMERSET CPAS P C
- 7) OAKS ACCOUNTING SOLUTIONS LLC
- 8) STEPHEN MITSURU YODA
- 9) SANDRA T SILVA
- 10) MY PERSONAL CPA AND FINANCIAL PLANNER LLC
- 11) KUMIKO KIDA

Ratification of Issued Firm Name Approval:

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

- 1) Kekoa A. Beaupre, CPA, LLC

Chairperson's Report:

A. National and Industry Update

- 1) Request to Change June and September 2017 Board Meeting Dates

Chairperson Taketa suggested rescheduling the June 23, 2017 and September 22, 2017 meetings. After discussion, the consensus of the Board was to reschedule the meeting dates as follows:

June 30, 2017; and  
September 29, 2017.

Executive Officer's

A. NASBA Special Request to Utilize CPA Candidate Data for 2016-2017 Candidate Pipeline Survey

Executive Officer Kai stated that the National Association of State Boards of Accountancy ("NASBA") requested the Board's permission to use the names and email addresses of Hawaii's candidates who have dropped out of the process of taking the Uniform CPA Examination, that is contained in the National Candidate Database ("NCD") to request these candidates' participation in an online survey, the 2016-2017 Candidate Pipeline Survey. The purpose of the survey is to help NASBA and the American Institute of Certified Public Accountants ("AICPA") on their joint research project to better understand why candidates, approximately fourteen thousand (14,000)/year, drop out of the examination process and to help identify actions that can help support these existing/qualified candidates follow through to licensure. The responses from the survey will be completely anonymous.

After discussion, it was moved by Vice-Chairperson Komo, seconded by Mr. Roberts, and unanimously carried to approve NASBA's request to utilize the Uniform CPA Candidate data for Hawaii examination candidates, with the following stipulations: (1) there is assurance that all safeguards stated in the request are instituted and followed; and (2) acknowledgement that the Board does not possess the information sought in the implementation of the 2016-2017 Candidate Pipeline Survey, but that the data is part of the NCD.

- B. Inquiry from Woodward & Associates, Inc. regarding Licensure Requirements for An Out-of-State CPA Firm Engaged in Providing Tax Services to a Client with a Non-Residential Property in Hawaii

Discussion ensued on an inquiry received from Woodward & Associates, Inc. regarding licensure requirements for an out-of-State CPA firm engaged in providing tax services to a client with a non-residential property in Hawaii. After discussion, the Board, by consensus, determined that if the services to be provided by the firm include the filing of a Hawaii tax return, the firm is required to hold a Hawaii Firm Permit to Practice.

C. CPA Firm Ownership Inquiries Report:

1) Hee & Ching CPAs LLC

Discussion ensued on the inquiry by Hee & Ching CPAs LLC regarding CPA firm ownership questions. After discussion, by consensus, the Board determined its response (as underlined):

Can a CPA firm that is organized as an LLC have any members who are not CPAs? No, not if the CPA firm is a Hawaii CPA firm.

If the answer is no, then if a CPA owner dies, how long does the trust/estate of the deceased CPA owner have to transfer ownership to a CPA? The laws and rules of the Board do not specifically address this issue; however, the Board refers the requester to HAR sections 16-71-24(b)(3) and (5) for guidance.

Does removing the "CPA" from the LLC's firm name have any bearing? For example, if we changed the name from Hee & Ching CPAs LLC to Hee and Ching LLC. No, it does not.



2) Curtis B.K. Yuen, Esq.

Discussion ensued on the inquiry by Curtis B.K. Yuen, Esq. requesting for the Board's determination if a joint revocable living trust can be the owner of a Hawaii CPA firm that is operating as a limited liability company.

After discussion, by consensus, the Board determined that its response would be to refer Mr. Yuen to HAR sections 16-71-24(b)(1) and 16-71-24(b)(3), for guidance in determining whether or not a joint revocable living trust can be the owner of a Hawaii CPA firm that is operating as a limited liability company.

Standing Committee  
Reports:

A. Peer Review

1) Peer Review Compliance Reporting Form - Update

The Board was provided with a copy of a draft of the revised Peer Review Compliance Reporting Form.

Mr. Lee left the meeting at 10:30 a.m.

DAG Tam left the meeting at 10:32 a.m.

After discussion, it was moved by Committee Chairperson Lau, seconded by Mr. Roberts, and unanimously carried to approve the revised Peer Review Compliance Reporting Form, as distributed, with the stipulation that additional revisions as discussed be incorporated in the form and a final review by DAG Tam be conducted, prior

to posting to the Board's website and making the form available to the public.

B. Legislation and Rules

- 1) Proposed Bill to Amend HRS chapter 466 including: (a) clarification of CPA firm names that include the names of individuals; (b) experience requirement of CPA applicants under the supervision of an individual who has a permit to practice in Hawaii or an equivalent in another jurisdiction; (c) requirement of a minimum of twenty (20) hours of continuing professional education earned each year; and (d) a housekeeping amendment regarding peer review.

Committee Chairperson Aratani provided the Board with a draft copy of the proposed bill, and moved that the Board approve the draft in order for Mr. Aratani to follow through with his efforts to request that the proposal be submitted to the 2017 Legislature. Vice-Chairperson Komo seconded the motion. Discussion ensued with Board members providing comments and suggestions to revise the proposed bill to include provisions that would describe each change and the reasoning behind each proposal, being as specific as possible.

As Board members noted that there were a number of concerns and questions on the proposed bill, Committee Chair Aratani withdrew his motion. He then stated that he would continue to work on the proposal and address each of the concerns and questions brought up by the Board.

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Open Forum: None.

Next Board Meeting: Friday, January 27, 2017  
8:30 a.m.  
King Kalakaua Conference Room  
King Kalakaua Building  
335 Merchant Street, 1<sup>st</sup> Floor  
Honolulu, Hawaii 96813

Announcements: Executive Officer Kai announced that Mr. Ed Jolicoeur, NASBA Director-at-Large, will be visiting the Board at its scheduled meeting on April 28, 2017.

Adjournment: There being no further discussion, the meeting adjourned at 11:12 a.m.

Taken and recorded by:

/s/ Lori Nishimura

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Lori Nishimura, Secretary

Reviewed and Approved by:

/s/ Laureen M. Kai

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Laureen M. Kai, Executive Officer

LMK:ln

01/11/17

[ ] Minutes approved as is.

[ X ] Minutes approved with changes. See Minutes of January 27, 2017.