

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

MINUTES

Date: Friday, March 7, 2014

Time: 8:37 a.m.

Place: King Kalakaua Conference Room
King Kalakaua Building
335 Merchant Street, 1st 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
Carleton L. Williams, CPA, Member
Rodney J. Tam, Deputy Attorney General ("DAG")
Laureen M. Kai, Executive Officer
Lori Nishimura, Secretary

Excused: Keith A. Regan, Member

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 8:37 a.m. by Chairperson Lau.

Additions/Revisions to Agenda: Executive Officer Kai requested for the Board to amend the agenda as follows:

Delete: 4. APPLICATIONS
C. Ratification of Individual CPA PTPs (2014-2015)

[~~11) MARTINEZ, Jennifer L.~~]
[~~16) YAMASHIGE, Brendan H.~~]

After discussion, it was moved by Mr. Oberg, seconded by Mr. Lee, and unanimously carried to approve the deletion of the above and renumber the list accordingly.

Approval of
Minutes of the
February 14, 2014
Board Meeting:

After discussion, it was moved by Mr. Oberg, seconded by Mr. Komo, and unanimously carried to approve the minutes of the February 14, 2014 Board Meeting as circulated.

Executive
Session:

At 8:40 a.m., it was moved by Mr. Oberg, 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 9:45 a.m., it was moved by Mr. Lee, seconded by Vice-Chairperson Taketa, and unanimously carried for the Board to move out of Executive Session and to immediately recess the meeting.

At 9:54 a.m., the Board reconvened its scheduled meeting.

Applications for
CPA Certification:

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

1. ANATALIO, Natasha C.A.
2. BONNEMA, Edward J.
3. FREIRE, Ana Gloria D.A.

4. GALE, Candice L.
5. HALL, Charles A.
6. NAKATA, Taichiro
7. NOYAMA, Cody T.
8. TSUKAMOTO, Eric W.

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

1. SHIMAMURA, Kevin A.

Ratification of
Individual CPA
Permits to Practice
(2012-2013):

After discussion, it was moved by Mr. Oberg, seconded by Vice-Chairperson Taketa, and unanimously carried to ratify the approval of the following individual CPA Permits to Practice (2012-2013):

1. MARTINEZ, Jennifer L.
2. YAMASHIGE, Brendan H.

Ratification of
Individual CPA
Permits to Practice
(2014-2015):

After discussion, it was moved by Mr. Oberg, seconded by Vice-Chairperson Taketa, and unanimously carried to ratify the approval of the following individual CPA Permits to Practice (2014-2015):

1. ARNDT, Alexander S.
2. CORTEZ, Marie Lou R.
3. FLOOD, Sally A.
4. HORII, Masayo
5. HUANG, Jasmine J.
6. LE, Andrew
7. LEVYCHIN, Richard M.
8. RUIZ, Masako S.
9. SCHULTE, Edward R.
10. SUTTIE, James C. Jr.

After discussion, it was moved by Mr. Oberg, seconded by Vice-Chairperson Taketa, and unanimously carried (Chairperson Lau recused himself from the vote) to approve the following applications for certification:

1. BAUCOM, Tara D.
2. MURAI, David W.

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

1. FUKEDA, Feng Z.

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

1. LOO, Gavin H.W.

Ratification of Issued
Firm Permits to
Practice:

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

1. DAVID A HOUDE CA LTD
2. GARRET S HAYASHI
3. TSUTSUI & UEHARA CPAS LLC
4. ED FONG CPA & ASSOCIATES LLC
5. CRAIG WATANABE & ASSOCIATES LLC
6. WON GYOU CHO
7. DAVID W MURAI
8. ROBERT MCKENDRY
9. LANCE K HIRANO
10. KBL LLP

11. MASA KO S RUIZ
12. KIN IENG C LAU
13. LAWSON R KENDALL
14. SCHUMACHER TAX & ACCOUNTING P C
15. ALEXANDER S ARNDT
16. JON K NAKAMOTO

Discussion ensued on the ratification of the issued Firm Permit to Practice of STEPHEN E A CALLO. Mr. Lee commented that Mr. Callo had been sentenced in August 2013 to thirty (30) days in federal prison, three (3) years probation, and a fine, after pleading guilty to wire fraud. Executive Officer Kai stated that a request for investigation regarding this case was formally sent in January 2013, to the Regulated Industries Complaints Office ("RICO"). She further stated that in exchange for the guilty plea to the charge of wire fraud, thirteen (13) other charges against Mr. Callo for participation in mortgage fraud had been dropped. Prior to the meeting, the Executive Officer checked with RICO on the status of the Board's January 2013 request, and was informed that it was still pending.

DAG Tam stated that other boards and commissions typically renew a license or permit, even after being aware of a conviction, and refer the matter to RICO for investigation. DAG Tam also stated that this is what the Board has done in the past.

Because it was unclear whether Mr. Callo disclosed his conviction on his renewal application, DAG Tam advised the Board to ratify the Firm Permit to Practice of STEPHEN E A CALLO that was already issued, and suggested the Board instruct the Executive Officer to follow-up with RICO to: (1) investigate whether disclosure of the conviction had been made on Mr. Callo's application to renew his license and permit to practice for the 2014-2015 biennium, and (2) determine whether Mr. Callo

should be subject to disciplinary action based on his conviction.

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

1. STEPHEN E A CALLO

Chairperson's Report:

A. National and Industry Update

Chairperson Lau had no report.

B. Industry Update

Chairperson Lau had no report.

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 reported that the National Association of State Boards of Accountancy and the American Institute of Certified Public Accountants had proposed two (2) versions of administrative rules for the adoption of the re-codified Code of Conduct. Referred to as the Nevada and the Delaware models, each version addresses the conflicts between the Code of Conduct and a state board's statutes relating to professional conduct. Mr. Hirai commented that he would

be transmitting both models to DAG Tam for review and recommendation to the Board. Committee Chairperson Hirai asked all Board members to review the re-codified Code of Conduct for discussion at the Board's next meeting, and requested that the issue be placed on the agenda for that meeting.

DAG Tam left the meeting at 10:18 a.m.

D. Legislation and Rules

Committee Chairperson Williams stated that House Bill No. 716 (2014), relating to the Board's disciplinary authority, crossed over to the Senate and has been referred to the Commerce and Consumer Protection and the Judiciary and Labor Committees. After discussion, the consensus of the Board was to reaffirm the Board's position and thus, the Board's testimony on the measure would be unchanged.

E. Mobility

Committee Chairperson Taketa had no report.

F. Peer Review

1. Report from the Peer Review Oversight Committee
 - a. *Peer Review Program 2014 Plan of Administration* submitted by the Hawaii Society of Certified Public Accountants ("HSCPA")

Executive Officer Kai provided a handout that summarized the February 28, 2014 meeting of the

Peer Review Oversight Committee ("PROC"), and gave a brief overview of PROC's recommended revisions to the HSCPA *Plan of Administration*, ("*Plan*"), which include:

- 1) Clarify that the PROC would be responsible for the initial review of any disputes, and for providing its recommendation to the Board for its final authority and decision-making;
- 2) Clarify the processes for the two (2) types of peer reviews: (a) the overall peer review for AICPA and non-AICPA members and (b) if applicable, the Hawaii supplement for AICPA and non-AICPA members;
- 3) Provide specific guidelines, procedures, and checklists for each type of peer review; and
- 4) Clarify the responsibilities of the positions of "team captain", "principal", and "partner", and revise the definition of "partner" to address this issue.

It was further reported that HSCPA would be requested to submit its revised *Plan* to the Executive Officer, who will then collaborate with DAG Tam to finalize the *Plan* for presentation to the PROC. Upon receiving and discussing the revised *Plan*, the PROC will have a recommendation to the Board at a subsequent Board meeting.

It was then moved by Mr. Oberg, seconded by Vice-Chairperson Taketa, and unanimously carried to defer decision-making on the HSCPA *Peer Review Program 2014 Plan of Administration*. It was further moved by Mr. Oberg, seconded by Vice-Chairperson Taketa, and unanimously carried to direct the PROC to have the responsibility for the initial review of any disputes relating to the Peer Review Program and to provide its recommendation to the Board for the Board's decision-making.

G. Uniform CPA Examination

Due to Committee Chairperson Regan's excused absence, there was no report.

Investigative
Committee Reports:

A. Investigative Committee on Peer Review

Investigative Committee on Peer Review Chairperson Oberg had no report.

A. Investigative Committee on Mobility

Investigative Committee on Mobility Chairperson Taketa had no report.

Open Forum: None.

Next Board Meeting: Friday, April 4, 2014
8:30 a.m.
King Kalakaua Conference Room
King Kalakaua Building
335 Merchant Street, 1st Floor
Honolulu, Hawaii 96813

Announcements: None.

Adjournment: There being no further discussion, the meeting adjourned at 10:25 a.m.

Taken and recorded by:

/s/ Lori Nishimura

Lori Nishimura, Secretary

Reviewed and accepted by:

/s/ Laureen M. Kai

Laureen M. Kai, Executive Officer

LMK:ln

04/02/14

- [X] Minutes approved as is.
- [] Minutes approved with changes. See Minutes of _____.