

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

MINUTES

Date: Friday, May 2, 2014

Time: 8:33 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 ("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 8:33 a.m. by Chairperson Lau.

Additions/Revisions to Agenda: None.

Approval of  
Minutes of the  
April 4, 2014  
Board Meeting:

After discussion, it was moved by Mr. Regan, seconded by Mr. Lee, and unanimously carried to approve the minutes of the April 4, 2014 Board Meeting as circulated.

Executive  
Session:

At 8:34 a.m., it was moved by Mr. Regan, seconded by Mr. Oberg, 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 9:15 a.m., it was moved by Vice-Chairperson Taketa, seconded by Mr. Regan, and unanimously carried for the Board to move out of Executive Session, (Chairperson Lau acknowledged the arrival of DAG Tam to the meeting during the Executive Session), and to immediately recess the meeting to discuss and deliberate on the following adjudicatory matter pursuant to Chapter 91, HRS:

Chapter 91, HRS  
Adjudicatory Matters:

- A. In the Matter of the Certified Public Accountant's License of Erin M. Eno; ACC 2012-24-L

DAG Tam provided a summary of the Settlement Agreement After Filing of Petition for Disciplinary Action and Board's Final Order regarding Erin M. Eno. He stated that Ms. Eno was referred by the Board to the Regulated Industries Complaints Office ("RICO") on July 11, 2012 for failing to respond to the Board's March 23, 2012 notice that her renewal application for the 2012-2013 license

of Certified Public Accountant ("CPA") had been selected in the random audit of the continuing professional education ("CPE") hours in ethics and/or professional conduct claimed by licensees for the 2012-2013 license period. The Board's subsequent letter of June 22, 2012, which allowed the licensee an additional two (2) weeks to comply, had been sent via certified mail and someone signed the return receipt card as "Erin Eno"; however, no response was received by the Board.

DAG Tam further stated that RICO sent a letter on December 7, 2012 to the licensee at the address on record (Gough Street), which was returned with the notation, "Return to Sender" with a different forwarding address (Waller Street). Subsequently, RICO sent another letter on January 23, 2013 to the Waller Street address notifying Ms. Eno that she is required to notify the Board of a change in address. On May 1, 2013, RICO emailed Ms. Eno and on July 2, 2013, RICO sent her another letter.

More than eight (8) months after she was no longer receiving mail at her Gough Street address, and after being notified at least three (3) times that the address on record was not current, Ms. Eno notified the Board of her change in address (to Waller Street) on August 7, 2013.

On November 4, 2013, RICO filed a First Amended Petition for Disciplinary Action alleging the violations of the following statutes and administrative rules: HRS §436B-19(2); HRS §436B-19(17); HAR §16-71-2(a); HRS §466-9(b)(1); HRS §466-9(b)(3); HAR §16-71-64(f); and HAR §16-71-3.

In the Settlement Agreement, Ms. Eno does not admit to violating: (1) HRS §436B-19(2) – Making untruthful or improbable statements; (2) HRS §466-9(b)(1) – Fraud or deceit in obtaining a license of permit; and (3) HAR §16-71-64(f) – Failure to respond to communications from the Board within thirty days.

In addition, Ms. Eno represented that she believes she completed the required hours of CPE, and that she did not intend to deceive the Board. She conceded that she is currently unable to produce evidence of having completed the CPE hours as claimed on her CPA renewal application.

Terms of the Settlement Agreement:

- The Respondent agrees that she will not renew her CPA license and will not to seek to restore that license for five (5) years;
- Respondent agrees to pay a \$500 administrative fine; and
- Failure to fully and timely comply with terms of the Settlement Agreement will result in the automatic revocation of Respondent's license.

After discussion, it was moved by Mr. Williams, seconded by Mr. Regan, and unanimously carried to approve the Settlement Agreement.

At 9:25 a.m., the Board reconvened its scheduled meeting, and immediately recessed the meeting.

At 9:35 a.m., the Board reconvened its scheduled meeting.

Applications for  
CPA Certification:

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

1. CAMPOS, Jose A.
2. GARSTECKI, Brian S.
3. IRIGOIN, Jacqueline F.
4. KWOK TAK HING, Leslie Joy T.
5. MITAMURA, Darnell M.
6. POHL, Karan C.
7. SMITH, David M.
8. WILLIAMS, Donald A.
9. WINTZ, Kathlyn I.

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

1. PIERCE, Eugene M.
2. SUNTHARO, Teerapat

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

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

1. GALE, Candice L.
2. LEVINE, Alan S.
3. SAECHAO, Cheng On

Ratification of Issued  
Firm Permits to  
Practice:

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

1. DAVID M CHINAKA CPA INC
2. JENNIFER P BUSCH
3. ROTHSTEIN-KASS P A

4. RONALD G KADEY
5. CYNTHIA M SCHEINOST
6. KALEA S DEYOUNG
7. GE BOOKKEEPING & TAX SERVICES LLC
8. ODESSA 88 LTD
9. ERIC A CHING
10. CURT N YOSHIMURA
11. HIROKO I MARCINKOWSKI
12. DENISE KAMITA

Ratification of Firm  
Name:

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

1. Carbonaro CPAs & Management Group

Chairperson's  
Report:

- A. National Update
- B. Industry Update

Chairperson Lau combined the National Update and Industry Update sections of his report.

Chairperson Lau reiterated that the National Association of State Boards of Accountancy ("NASBA") Western Regional Meeting will be held on June 11-13, 2014 in St. Louis, Missouri. Chairperson Lau informed the Board that he is unable to attend due to a conflict in schedule and that Vice-Chairperson Taketa had agreed to attend in his place. Both Vice-Chairperson Taketa and Executive Officer Kai have been approved to attend this meeting with scholarships from NASBA that cover registration, airfare, and lodging. Chairperson Lau also stated that Mr. Williams will be attending the Eastern Regional Meeting on June 4-6, 2014 in Louisville, Kentucky, with a

scholarship from NASBA that includes participation in the New Member Orientation.

After discussion, it was moved by Mr. Oberg, seconded by Mr. Williams, and unanimously carried to designate Vice-Chairperson Taketa as the Board's voting representative at the Western Regional Meeting. Vice-Chairperson Taketa's duties will include voting on the Board's behalf on its nomination of former Board Chairperson Thomas Ueno, CPA, for a second two (2) year term on the NASBA Nominating Committee.

Chairperson Lau reminded the Board that the meeting dates for the months of July and August have been amended to July 18, 2014 and August 8, 2014.

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 had no report.

D. Legislation and Rules

1. House Bill No. 716, S.D. 1

Committee Chairperson Williams reported that House Bill ("H.B.") No. 716 Senate Draft 1, which proposed to amend HRS sections 466-9 and 466-11,

relating to the Board's authority for disciplinary action, was signed into law on April 30, 2014 as Act 058 (SLH 2014).

Committee Chairperson Williams expressed appreciation to everyone involved with this bill, especially Mr. Hirai and Chairperson Lau.

E. Mobility

Committee Chairperson Taketa had no report.

F. Peer Review

Committee Chairperson Taketa suggested that the Board reconsider the date on which the reminder postcard is to be mailed out to all CPA firms with firm permits to practice. He stated that the Board should consider the administrative and recordkeeping tasks involved in the launch of the peer review program, as well as the fact that CPA firms need to begin to consider the scheduling of their peer review, during the early part of 2015.

Discussion ensued on firms that may already be registered with the Hawaii Society of Certified Public Accountants ("HSCPA"), the prospective sponsoring organization, and whether HSCPA may be able to provide a blanket list of firms already enrolled. The Executive Officer reported that she had obtained confirmation from HSCPA that: (1) once registered, enrollment is continuous until the firm withdraws or is canceled; (2) an enrollment list as of December 31, 2014 would



be an accurate record of the firms that are enrolled; (3) HSCPA will be able to provide this listing to the Board; and (4) HSCPA will provide periodic updates to notify the Board of withdrawals and new enrollments. Board members noted that although HSCPA will provide this information, the burden of complying with the requirements of the peer review program rests with the CPA firm.

Further discussion ensued on HRS section 466-34(b) that requires a CPA firm to notify the Board of enrollment in the peer review program of an approved sponsoring organization. Vice-Chairperson Taketa stated that the statute does not specify the form of this notice, so the Board will need to determine what would be acceptable.

Mr. Lee left the meeting at 10:00 a.m.

The Board believes that CPA firms need to be provided with a reasonable amount of time in which to notify the Board of enrollment in a peer review program, to engage the services of a peer reviewer, and to schedule the peer review. Committee Chairperson Taketa commented that he is working on a flow chart that will illustrate the entire peer review and reporting processes, so that the Board and licensees can more readily see the sequence of what needs to be done to enroll, notify the Board, schedule a peer review, and report on that peer review to the Board. Executive Officer Kai suggested that the flowchart include dates, deadlines, and time requirements.

Board members agreed that information for CPA firms should be posted to the Board's website by

the end of 2014, and Executive Officer Kai and Committee Chairperson Taketa agreed to work together on the language and form for this information.

G. Uniform CPA Examination

1. Ratification of Examination Scores from the January/February (1<sup>st</sup> Quarter) 2014 Testing Window

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

EXAMINATION RESULTS (BY SCORES)

	Number of Scores	Percentage
Initial Credit	12	6.62
Added Credit	36	19.88
No New Credit	63	34.8
Failed	55	30.38
Passed Exam	15	8.28
TOTAL	181	100.00%

TOTALS BY EXAM PARTS (BY CANDIDATES)

	AUD	BEC	FAR	REG	TOTAL
# Attended	46	35	41	59	181
# Passed	13	13	11	26	63

% Passed	28.26	37.14	26.82	44.06	34.81%
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SUCCESSFUL CANDIDATES SUMMARY

# of Passing First-Time Candidates	0
# of Passing Re-Exam Candidates	15
# of Passing Candidates	15

After discussion, it was moved by Mr. Oberg, seconded by Ms. Glaus, and unanimously carried to ratify the examination scores from the 1<sup>st</sup> quarter 2014 testing window.

Investigative Committee Reports:

A. Investigative Committee on Peer Review

Investigative Committee on Peer Review Chairperson Taketa had no report.

B. Investigative Committee on Mobility

Investigative Committee on Mobility Chairperson Taketa had no report.

Open Forum:

Executive Officer Kai reported that she had received a response from Dr. Raymond Johnson, Chairperson of the NASBA Ethics and Strategic Issues Committee, who had been asked at the last Board meeting during his report on the recodified Code of Conduct, whether CPAs who were not members of the American Institute of Certified Public Accountants ("AICPA") would be able to access the AICPA "ethics hotline" to enable them to obtain answers to their specific ethics and professional conduct questions. Dr. Johnson verified that the hotline is "available to all", and not limited to members of the AICPA.

Mr. Regan inquired on the work experience verification for applicants gaining work experience in government. Discussion ensued on HAR section 16-71-21 which states that professional experience in government accounting or auditing work will need to be deemed by the Board to be equivalent to professional experience in public accountancy practice; and include other requirements, such as supervision over the applicant by a licensed CPA. Executive Officer Kai commented that applicants with work experience in the government sector had also included their job description in order to facilitate the Board's review and determination of equivalency.

Next Board Meeting: Friday, June 6, 2014  
8:30 a.m.  
King Kalakaua Conference Room  
King Kalakaua Building  
335 Merchant Street, 1<sup>st</sup> Floor  
Honolulu, Hawaii 96813

Announcements: Messrs. Komo and Williams announced that they will not be available to attend the next meeting on June 6, 2014.

Executive Officer Kai reminded Board members again that the deadlines for submittal of disclosures to the Hawaii State Ethics Commission are coming up as follows:

- Disclosure of Financial Interests Long Form (Form D-201) must be received by the Commission on or before June 2, 2014; the report should cover the period from June 1, 2013 through May 31, 2014;
- Gifts Disclosure Statement must be filed by June 30, 2014; the report should cover gifts

received during the period from June 1, 2013 through June 1, 2014.

Ms. Kai reiterated that scholarships granted to Board members from NASBA to attend its meetings are considered to be gifts that must be disclosed.

Adjournment: There being no further discussion, the meeting adjourned at 10:24 a.m.

Taken and recorded by:

/s/ Lori Nishimura

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Lori Nishimura, Secretary

Reviewed and accepted by:

/s/ Lauren M. Kai

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Lauren M. Kai, Executive Officer

LMK:ln

05/30/14

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