

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

MINUTES

Date: Friday, February 22, 2019

Time: 8:37 a.m.

Place: King Kalakaua Conference Room
King Kalakaua Building
335 Merchant Street, 1st Floor
Honolulu, Hawaii 96813

Present: Gregg M. Taketa, CPA, Chairperson
Darryl T. Komo, CPA, Vice-Chairperson
Christopher Lee, CPA, Member
Gary Y. Miyashiro, CPA, Member
Edward L. Punua, CPA, Member
John W. Roberts, CPA, Member
Christopher Leong, Deputy Attorney General (“DAG”)
Relley W. Araceley, Executive Officer
Olga Reppun, Secretary

Excused: Terrence H. Aratani, Member
Gabriel Lee, Member
Carleton L. Williams, CPA, Member

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 8:37 a.m. by Chairperson Taketa.

Approval of the Minutes of the January 25, 2019 Board Meeting: After discussion, it was moved Mr. Punua, seconded by Mr. C. Lee, and unanimously carried to approve the executive session minutes of the January 25, 2019, meeting as circulated and the open session minutes of the January 25, 2019, meeting with the following amendments (new material is underscored, and deleted material is bracketed and stricken through):

On page 3, section "Ratification of Approval of Firm Name":

- 1) David M Carr CPA LLC

On page 10, paragraph 4, sentence 1:

Vice-Chairperson Komo reiterated that RICO submitted opposing testimony on an identical bill last year and questioned whether the current bill would be enforceable. [~~with comments that they need to support the bill in order to enforce it, otherwise "we are going to pass something that is not enforceable in this State".]~~

Executive Session:

At 8:44 a.m., it was moved by Vice-Chair Komo, 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

Mr. Roberts entered the meeting room at 8:51 a.m.

At 9:05 a.m., it was moved by Mr. Roberts, seconded by Mr. Punua, and unanimously carried for the Board to move out of Executive Session.

Applications for
CPA Certification:

After discussion, it was moved by Vice-Chairperson Komo, seconded by Mr. C. Lee, and carried by a majority, with the exception of Mr. Roberts, who recused himself from voting, to approve the following applications for certification:

- 1) BRAUER, David A.
- 2) CASSIDY, Christopher A.
- 3) CHEN, Alexander S.
- 4) HAILEN, Natalia J.
- 5) JAY, Bradley K.
- 6) MILLS, Jason L.
- 8) OHMURA, Mai

- 9) PADILLA, Geraldine D.
- 10) SILVA, Shehani K.
- 11) SUGIMOTO, Majo R.
- 12) WASIAK, Gregory A.
- 13) YUE, Macy M.

After discussion, it was moved by Mr. Punua, seconded by Mr. C. Lee, and carried by a majority, with the exception of Mr. Roberts, who recused himself from voting, to defer the following application pending submission of additional information:

- 1) MOON, Christopher C.

Ratification of
Individual CPA
Permits to Practice:

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

- 1) BEZY, Carol J.
- 2) HAMANO, Atsuko
- 3) OBENOUR, James D., III
- 4) PAUKERT, Emily J.
- 5) SUNNA, Ayoub F.

Ratification of
Issued Firm
Permits to Practice:

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

- 1) BUSINESS RESOURCE CENTER INC
- 2) DAVID M CARR CPA LLC
- 3) BLUE FIN ACCOUNTING LLC
- 4) LAURIE E N ROBERTS

Executive Officer's
Report:

A. DCCA Disciplinary Actions Through January 2019

Executive Officer Araceley circulated the informational monthly report of the Department of Commerce and Consumer Affairs ("DCCA") disciplinary action through January 2019, which includes sanctions that DCCA had taken relating to various boards and programs.

B. AICPA State Regulatory Update

Executive Officer Araceley stated that he has not received any updates.

C. Other States' Newsletters

Executive Officer Araceley circulated the newsletters of the Montana Board of Public Accountants and Maryland Board of Public Accountancy.

D. NASBA Communications

Executive Officer Araceley informed the Board members that he was unable to print out the materials and will forward them the link via email.

E. NASBA Center for the Public Trust Newsletter

Executive Officer Araceley circulated the December 2018 NASBA Center for the Public Trust newsletter, which was received by the Board's office on February 6, 2019.

F. Request by Ms. Serena Wolfe to Accept IQEX Scores for Hawaii Licensure

After discussion, it was moved by Mr. Roberts, seconded by Mr. Miyashiro, and unanimously carried to inform Ms. Serena Wolfe that the Board is currently unable to accept IQEX examination scores.

The Board based its decision on the following grounds of the Hawaii Administrative Rules ("HAR"):

HAR §16-71-1	The examination prescribed in section 466-5(e), HRS, shall consist of the American Institute of Certified Public Accountants (AICPA) examination.
--------------	---

G. Request by Mr. Nicholas LaPier Regarding Allowing a Peer Review Firm in His Home Jurisdiction of Massachusetts to Perform His Hawaii Peer Review.

Executive Officer Araceley informed the Board members that he provided the following response to Mr. LaPier via email:

After review and speaking with our Board Chair, your peer review performed in Massachusetts would be acceptable for your Hawaii firm permit to practice renewal. However, you must attest on the peer review compliance reporting (PRCR) form that the peer review included the selection of a Hawaii attest engagement. If not, your firm would need to have the Hawaii supplement completed in accordance with HRS section 466-36 and attach it to the firm's PRCR form.

[I]n accordance with Hawaii Administrative Rules §16-201-90, the above interpretation is for informational and explanatory purposes only. It is not an official opinion or decision, and therefore is not to be viewed as binding on the Board/Program or the Dept. of Commerce and Consumer Affairs.

Chairperson's Report:

A. NASBA Pacific Regional Conference Call

Chairperson Taketa informed the Board that, on February 11th, he and the Board's Executive Officer, Relley Araceley, participated in a National Association of State Boards of Accountancy ("NASBA") Pacific Regional Conference Call.

Chair Taketa stated that, unfortunately, several participants, including him, were provided an incorrect telephone number and, as a result, joined the conference call late.

Chair Taketa informed the Board members that the following key topics were discussed during the conference call:

- Nation-wide movement towards anti-regulation: nearly thirty (30) jurisdictions currently have proposed anti-regulation legislation in process.

The general underlying philosophy of this movement is that regulation is not necessary as long as there is an open market.

- A task force was created to review the one-hundred-and-fifty (150) hour education requirement to determine whether this requirement is necessary or is a hindrance to the profession.
- CPA Evolution Working Group: there is continued concern that not enough people are entering the profession.
- Increase of NASBA's Mission Spending
- Possible solutions of problems with two-tier CPA licensing systems

Executive Officer Araceley added that Hawaii's H.B. 751 was also discussed during the conference call, and all of the participants appeared to agree that this proposed legislation was a positive step.

Mr. Punua inquired whether Executive Officer Araceley was aware of any anti-regulation bills, which were introduced during this legislative session.

Mr. Araceley responded that SB 202 *Relating to Professional and Vocational Regulatory Programs* was introduced and passed first reading. The bill has not been heard after that and will not be advancing any further.

B. NASBA Enforcement Resources Committee

Chairperson Taketa invited Mr. Roberts, a member of the NASBA Enforcement Resources Committee ("Committee"), to brief the Board on the Committee's January 9th telemeeting.

Mr. Roberts informed the Board members that the main purpose of the meeting was organizational issues, such as assignment of roles and workloads for

the new year. However, there was one item on the Committee's agenda that Mr. Roberts considered rather important to bring to the Board members' attention.

At its January 9th meeting, the Committee discussed the issue of the IRS PTIN and the NASBA Accountancy Licensee Database (ALD) database integration. At the time of the meeting, there were fifty-two (52) entities participating in NASBA ALD, with Utah soon to join. Currently, only Hawaii does not provide information to the NASBA ALD.

Mr. Roberts informed the Board members that credentials in the PTIN listings are self-reported, so boards can use the PTIN data to cross-check for unlicensed practitioners holding out as certified public accountants.

Mr. Roberts stated that he decided to perform such a cross-check. The results of his research were sent to the Board members via email. Mr. Roberts stated that, while doing the cross-check, he only had access to the PVL's public database, which does not contain such identifying information as dates of birth or SSNs. Despite that, he found the results of his investigation troubling.

Mr. Roberts suggested that, perhaps, the Board might consider double-checking his findings and, if a CPA listed on PTIN does not hold a current license/permit, notifying this licensee that their license/permit is not current.

Mr. Roberts also made a suggestion for the Board to send a letter to trade associations advising of consequences for its members if they are found to be in violation of Treasury Department Circular 230 ("Circular 230").

Chair Taketa agreed with Mr. Roberts that some type of educational effort is needed.

Mr. Punua expressed his concern that regular audits of this type would be difficult to implement. Also, he stated that he was not sure whether the Board had the authority to conduct such an audit.

Chair Taketa asked DAG Leong if he knew what the legal grounds of DCCA PVL not providing licensee information to NASBA ALD were.

DAG Leong responded that he would have to double check.

Standing Committee Reports:

A. Legislation and Rules

- 1) Discussion on House Bill No. 751, House Draft 1 (or most current version) – Relating to the Peer Review Oversight Committee

This bill seeks to clarify that a member may qualify for the peer review oversight committee so long as the member does not have a fail rating.

Executive Office Araceley informed the Board members that Mr. Aratani presented the Board's testimony at the legislature on February 12th. The bill passed second reading as amended in HD1 and was referred to the House Committee on CPC.

After discussion, it was moved by Mr. Roberts, seconded by Mr. Miyashiro, and unanimously carried to support H.B. 751 with its original effective date.

- 2) Discussion on House Bill No. 1109, House Draft 1 – Relating to Public Accountancy

This bill seeks to establish procedures and eligibility criteria for a privilege to practice public accountancy in this State for public accountants and certified public accountants licensed in another state with comparable education, examination, and experience requirements.

Subjects all holders of a privilege to practice to the regulatory and enforcement jurisdiction of the Board of Accountancy.

Chair Taketa briefed the Board on the amendments included in this draft, which the Board members reviewed.

Mr. Punua made a motion to support H.B. 1109, H.D. 1. The motion was seconded by Vice-Chair Komo.

Discussion followed.

Mr. Roberts pointed out that, after the modifications, this draft became essentially the same bill that the Board opposed at its previous meeting. He stated that he would oppose it for the same reasons as the Board did before.

Mr. Punua brought up the case of Ms. Serena Wolfe, which has just been reviewed by the Board, and asked whether Chair Taketa thought that H.B. 1109 H.D.1 would benefit someone in her situation.

Chair Taketa responded that the bill refers to the certified public accountant licensure requirements under the Uniform Accountancy Act (“UAA”), and, therefore, it would depend on what type of exam is acceptable under UAA.

A roll call vote was taken and recorded as follows:

Chairperson Taketa: Nay;
Vice-Chairperson Komo: Nay;
Mr. C. Lee: Nay;
Mr. Miyashiro: Nay;
Mr. Punua: Aye; and
Mr. Roberts: Nay.

As the vote was one (1) aye and five (5) nays, the motion did not carry.

Mr. Roberts made a motion to oppose H.B. 1109, H.D. 1. The motion was seconded by Mr. Miyashiro.

Chairperson Taketa: Aye;
Vice-Chairperson Komo: Aye;
Mr. C. Lee: Aye;
Mr. Miyashiro: Aye;
Mr. Punua: Nay; and
Mr. Roberts: Aye.

As the vote was five (5) ayes and one (1) nay, the motion carried to oppose H.B. 1109, H.D. 1.

- 3) Discussion on House Bill No. 1084/ Senate Bill No. 1470, Senate Draft 1 – Relating to Public Accountancy

These bills specify who may be granted a temporary permit to practice public accountancy. Specify requirements that must be met prior to obtaining a temporary permit to practice or commencing public accountancy services in Hawaii. Specifies additional requirements for persons granted a temporary permit to practice. Clarify requirements for inactive or retired persons licensed as certified public accountants who do not have a permit to practice.

Chair Taketa briefed the Board on the amendments included in this draft of S.B. 1470, which the Board members reviewed.

The Board members noted that the Senate Committee on Commerce, Consumer Protection, and Health amended this measure by:

(1) Removing language that would have allowed state-licensed CPAs and state licensed public accountants who also have a current permit to practice, to use the title and designation of "certified public accountant" or "CPA" or "public accountant" or "PA", respectively;

- (2) Allowing inactive or retired state-licensed CPAs, who do not have a current permit to practice, to use the title and designation of "certified public accountant" or "CPA", so long as they clearly indicate they are not practicing public accountancy and include "inactive" or "retired" after their CPA designation; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

Discussion followed.

It was moved by Mr. Roberts, seconded by Mr. Miyashiro, and unanimously carried to support S.B. 1470 S.D. 1.

B. Uniform CPA Examination

- 1) Request from Ms. Sarah Allen to sit for the CPA exam based on Australian educational credits supplemented by her master's degree credits.

Committee Chairperson Punua briefed the Board on this request, which the Board members reviewed.

Mr. Punua referred to HRS Section 466-5 (f) (3), which provides that:

The board may allow an applicant to sit for the Uniform Certified Public Accountant Examination, if the applicant has met at least one of the following:

- (3) Baccalaureate degree or its equivalent in accounting, conferred by a college or university outside of the United States, and submission of a letter of acceptance from an accredited United States college or university to its advanced degree program or an educational equivalency report prepared by an evaluator approved by the board.

After discussion, it was moved by Committee Chairperson Punua, seconded by Vice-Chair Komo, and unanimously carried to allow Ms. Sarah Allen to sit for the CPA exam.

Open Forum: None.

Next Board Meeting: Friday, March 22, 2019
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 10:31 a.m.

Reviewed and approved by:

Taken and recorded by:

/s/ Relley W. Araceley

/s/ Olga Reppun

(Mr.) Relley W. Araceley
Executive Officer

(Ms.) Olga Reppun
Secretary

RWA: Or

03/12/19

[x] Minutes approved as is.

[] Minutes approved with changes. See_____.