

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

MINUTES

Date: Friday, March 22, 2019

Time: 8:34 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
Terrence H. Aratani, Member
Christopher Lee, 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
Christopher Leong, Deputy Attorney General (“DAG”)
Relley W. Araceley, Executive Officer
Olga Reppun, Secretary

Excused: None

Guests: Marilyn M. Niwao, J.D., CPA, Hawaii Association of Public Accountants

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 the Minutes of the February 22, 2019 Board Meeting: After discussion, it was moved by Vice-Chair Komo, seconded by Mr. G. Lee, and carried by a majority, with the exception of Mr. Williams and Mr. Aratani, who recused themselves from voting on this matter, to approve the executive session minutes of the February 22, 2019, meeting

and the open session minutes of the February 22, 2019, meeting as circulated.

Executive Session:

At 8:35 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

At 8:48 a.m., it was moved by Mr. Roberts, seconded by Mr. Aratani, and unanimously carried for the Board to move out of Executive Session.

Chapter 92, HRS,
Adjudicatory Matters:

- A. In the Matter of the Certified Public Accountant's License of PATRICK H. OKI; ACC 2015-2-L; Hearings Officer's Findings of Fact, Conclusion of Law, and Recommended Order; Board's Final Order.

After discussion, it was moved by Mr. Aratani, seconded by Vice-Chair Komo, and carried by a majority, with the exception of Mr. G. Lee and Mr. Williams, who recused themselves from voting on this matter, to approve the Board's Final Order relating to the Matter of the Certified Public Accountant's License of PATRICK H. OKI; ACC 2015-2-L.

The Board took a short break from 8:55 a.m. to 9 a.m.

Applications for
CPA Certification:

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

- 1) ANDERSON, Joan K.
- 2) CARBILLON, Timothy E.
- 3) FAHNESTOCK, Maria
- 4) HEILSBURG, Jacob J.
- 5) MA, Patrick
- 6) MORENO, Richard
- 7) NESTICO, Steven T.

- 8) SCHIMBKE, Taylor A.I.
- 9) SIEGFRIED, Brett A.
- 10) THOMAS, Tricia L.

After discussion, it was moved by Mr. Punua, seconded by Mr. G. Lee, and unanimously carried to defer the following application pending submission of additional information:

- 1) YASSEN, Rana H.

Ratification of
Individual CPA
Permits to Practice:

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

- 1) BRAUER, David Alan
- 2) CASSIDY, Christopher A.
- 3) CHEN, Alexander Sy
- 4) FURUKAWA, Shaun Masao
- 5) HAILEN, Natalia Julia
- 6) HOFSCHEIDER, Andrea
- 7) JAY, Bradley K.
- 8) KYI WIN, Su Mon
- 9) SUGIMOTO, Majo Roland

Ratification of
Issued Firm
Permits to Practice:

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

- 1) BRAUER & CO PC
- 2) T-SOA CERTIFIED PUBLIC ACCOUNTING SERVICES
- 3) FIFIELD KIM & ASSOCIATES CPAS INC
- 4) CRL ADVISORS

Executive Officer's
Report:

A. DCCA Disciplinary Actions Through February 2019

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

B. American Institute of Certified Public Accountants
State Regulatory Update

Executive Officer Araceley stated that the information was forwarded to the Board members via email.

He noted that in the listing of firms whose enrollment in the American Institute of Public Accountant (“AICPA”) peer review program has been dropped there are two Hawaii firms listed: Hattori CPA, LLC and Mary H. Orwig, CPA, Inc.

Mr. Williams inquired if Executive Officer Araceley knew whether these two firms were still practicing in this state.

Executive Officer Araceley responded that he did not.

C. Other States’ Newsletters

Executive Officer Araceley circulated the newsletter of the Utah Board of Accountancy.

D. National Association of State Board of Accountancy
Communications

- 1) Amber Gramlich-Bumgardner CPE verification request.

Executive Officer Araceley informed the Board members that he sent an inquiry to the National Association of State Boards of Accountancy (“NASBA”) regarding the CPE that Ms. Gramlich-Bumgardner took in London, but has not received a response yet.

- 2) State Board of CPAs of Louisiana letter addressed to American Academy of Attorney-CPAs use of @Attorney-CPA.com domain email.

The Board members noted that, according to the abovementioned letter, the Louisiana Board:

[...] unanimously voted to deny the individual's request to continue using the email domain while unlicensed to practice public accountancy as a CPA in Louisiana. The Board's vote indicates that use of the email domain @Attorney-CPA.com by an unlicensed individual in Louisiana is contrary to Louisiana statute and the Board's rules. An unlicensed individual who continues to do so is deceiving, misleading and confusing the public.

Mr. Williams stated that he was concerned that an unlicensed individual could be potentially misleading the public by using the email domain @Attorney-CPA.com.

Mr. Roberts expressed a different point of view. He compared usage of an email domain to usage of a letterhead/fax transmittal coversheet with a name of a registered CPA or CPA firm. A non-CPA employee of a firm, for instance, is able to sign a letter written on such a letter head. Also, if a firm has "CPA" as part of its domain name, it does not mean that only employees who are CPAs are able to have an email account with this domain name.

Mr. Roberts concluded that, even though this is a potentially troublesome area and a decision similar to Louisiana's might work on an individual level, it might not be applicable at the firm level.

Chair Takata inquired whether the Board members felt that the Board should ask the Attorney General for her opinion on this matter. He also stated that he would be interested to know whether, with the development of technology, similar cases have been discussed already.

Mr. Williams added that the issue with the domain name would also apply to other license holders, such as physicians or dentists, for example.

Mr. Roberts commented that a strict interpretation could be rather far-reaching.

Mr. Williams addressed the Board members to say that he was not aware of any complaints in connection with usage of domain names. He also stated that, although, it does not hurt to be proactive, there is also a need for balance so that the system does not get overloaded.

The Board members agreed by consensus to monitor the situation at this time.

Ms. Niwao entered the meeting room at 9:21 a.m.

- 3) Letter from New Mexico Board of Accountancy supporting national mobility.

The Board members noted that the letter is addressed to Senator Ronald D. Kouchi and Representative Scott K. Saiki, with a copy of the letter sent to the Hawaii Board of Accountancy.

Chair Takata informed the Board members that, even though he is listed as a party copied on this correspondence, he only received a letter after it was forwarded from the Legislature to the DCCA.

Mr. Roberts inquired whether the Hawaii Board of Public Accountancy has ever weighed in similarly on legislative issues in another state.

Chair Taketa responded that he does not recall any instances of the sort.

Mr. Roberts commented that it seems to be an unusual act.

Chair Taketa agreed that this matter could have been handled better.

Mr. Williams stated that there was a letter previously from the state of Washington regarding the fact that Hawaii does not reciprocate with other state in terms of licensure mobility.

Mr. Roberts expressed his opinion that it was inappropriate for the New Mexico Public Accountancy Board to directly address this letter to the Hawaii State Legislature.

Chair Taketa added for the Board's information that Mr. C. Jack Emmons, CPA, CFE, who signed this letter, is also a director of NASBA.

Mr. Aratani briefly left the meeting room from 9:24 a.m. to 9:26 a.m.

- 4) NASBA response to Representative Kobayashi's inquiry on CPA mobility in Hawaii.

Executive Officer Araceley reminded the Board members that they received via email a copy of Rep. Kobayashi's inquiry and NASBA's response to his questions regarding mobility.

Mr. Roberts remarked that he noticed that Rep. Kobayashi stated in his email to NASBA that he is a CPA. Mr. Roberts stated that, to the best of his knowledge, Rep. Kobayashi does hold an active CPA license, but no permit to practice.

Chair Taketa asked Executive Officer Araceley if he could verify this information when he has access to the Professional Vocational Licensing ("PVL") database.

Executive Officer Araceley responded in the affirmative.

Mr. Roberts also informed that Board members that, as far as he remembers, Rep. Kobayashi was already issued a letter by the Regulated Industries Complaints Office (“RICO”), which informed him that, in order to be able to present himself to the public as a CPA, he has to hold a permit to practice in addition to his CPA license.

Chair Taketa stated that he also heard that there might’ve been such a letter. He added that RICO sends with type of warnings directly to the individuals/organizations and the Board does not see them.

Ms. Niwao expressed her opinion that the Board has a duty to take action in this case. She stated that she feels that this is an example of someone holding out as a CPA and, just because this person happens to be a member of the Legislature, this should not prevent action.

Chair Taketa responded that he agrees that, if someone is holding out as a CPA, action should be taken no matter what the individual’s position is. However, until it is established that an individual’s statement qualifies as “holding out”, there are no grounds for making a RICO referral. Chair Taketa stated that the Board would revisit the issue at the following Board meeting, after the Board’s Executive Officer has a chance to gather some more information on behalf of the Board.

Mr. Williams expressed his opinion that, in the context of the message, which was sent specifically to NASBA, with a copy to this Board’s members, Rep. Kobayashi’s statement hardly rises to the level of presenting himself to the public as a CPA. Mr. Williams cautioned the Board members against becoming involved in a politically motivated complaint, which does not

seem to have any merit or in any way serve to protect the public.

Mr. Williams added that he has experience referring cases of individuals holding out as CPAs to RICO, both at the time when he was not a member of this Board yet and when he already was on the Board, and he does not think that this particular statement by Rep. Kobayashi qualifies as holding out.

Ms. Niwao restated her opinion that the Board cannot pick and choose who they would refer to RICO and who they would not refer.

Chair Taketa responded that he did not think that at this time the Board has enough information and that the issue has to be deferred until the following meeting.

E. NASBA Center for the Public Trust Newsletter

Executive Officer Araceley circulated NASBA Center for the Public Trust newsletter. He informed the Board that he just recently received the letter, so he has not had a chance to scan and email it to the Board members.

F. Oregon Society of Certified Public Accountants (OSCPA) MOU Update

Executive Officer Araceley informed the Board members that he recently contacted OSCPAC and was informed that, unfortunately, the update was delayed and was now expected to be ready some time in April.

G. Clarification/Question regarding CPA-14 (Certification of Public Accountancy Experience) form

Executive Officer Araceley informed the Board that, based on the feedback from the Licensing Branch and from the licensees, the Board's office was looking into making some clarifying changes in the text and instructions of the form CPA-14 1013R, Certification of

Public Accountancy Experience. He asked Ms. Reppun to brief the Board members on the details.

Ms. Reppun explained that on page 3 of the form, in the supervisor's certification section, box number four, which reads "I am attesting to the representations I have made in this "Certification of Accountancy Experience" as a CPA sole proprietor/sole practitioner, a CPA partner, CPA manager, or equivalent in the accounting firm, private company, academic entity, or government agency at which I was employed" was added at some point in the past in order to accommodate out-of-state applicants who are self-attesting to their experience. However, because this fact is not made expressly clear in the text of the attestation, a lot of supervisors choose this option because they are looking for a statement that most closely describes their situation. As a result, the submitted form gets rejected by the Licensing Branch and sent back to the applicant for corrections, causing delay in the licensing process and creating unnecessary paperwork and confusion.

Chair Taketa and Mr. Williams confirmed that they have heard about this issue from other CPAs and also personally encountered problems when filling out the form.

Chair Taketa suggested that the first attestation sentence in this section should read (new text is underscored and deleted text is crossed out):

I personally supervised the Applicant while I was an employee, partner, member, or sole proprietor of the same public accounting firm, private company, academic entity, or government agency that employed the Applicant, and that I held a Hawaii CPA license or the equivalent in another jurisdiction during the period of supervision.

Chair Taketa also made a suggestion that the self-attestation statement should be clarified in the following way:

I am self-attesting to the representations I have made in this "Certification of Accountancy Experience" as a CPA sole proprietor/sole practitioner, a CPA partner, CPA manager, or equivalent in the accounting firm, private company, academic entity, or government agency at which I was employed.

Executive Officer Araceley inquired whether the Board felt that there was a vote necessary regarding these changes.

Chair Taketa asked if the Board members had any comments or concerns.

The Board members responded in the negative.

Chair Taketa stated that he did not think that the Board needed to vote on these clarifying changes.

Ms. Reppun informed the Board members that she would finalize the draft form and have the Chair and any interested Board members take a look at it before the final changes are made and the form is posted on the Board's web site.

Chairperson's Report:

Chair Taketa reported that the peer review report has not been finalized yet and that the matter is becoming more and more urgent as the license renewal period is moving closer.

Standing Committee Reports:

A. Legislation and Rules

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

This bill seeks to stablish 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.

Executive Officer Araceley informed the Board members that the Bill was transmitted to the Senate, passed first reading, was referred to the Committee on Commerce, Consumer Protection, and Health (“CPH”) and then, on March 7th, re-referred to CPH and the Committee on Ways and Means (“WAM”). There were no hearings scheduled since.

- 2) Update on status of other bills of interest to the Board:

a) 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 Officer Araceley informed the Board members that the Bill did not cross over to the Senate.

Chair Taketa suggested using the language of this bill to create a draft for introducing legislation during the next session, as part of DCCA’s administrative bill package.

DAG Leong informed the Board members that drafts of all administrative bills have to be ready by August.

b) 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.

Executive Officer Araceley informed the Board members that neither bill crossed over.

- 3) Hawaii Administrative Rules Amendments – Legislative Reference Bureau (“LRB”) review

The Board members inquired whether it was possible to make additional amendments to the administrative rules.

Executive Officer Araceley responded that it was possible, but it would mean that the Board would have to start the process all over again from the very beginning.

The Board member agreed by consensus that they would wait until the end of the legislative season to see which laws pass, in order to be able to decide whether any more changes have to be made to the administrative rules.

Mr. Williams and Mr. Taketa left the meeting room from 9:45 a.m. to 9:49 a.m.

B. Peer Review

- 1) Extension to Complete Peer Review Pursuant to HRS section 466-34
 - a) Peer Review Extension Request to the Board of Public Accountancy:
 - (1) Taketa, Iwara, Hara & Associates, LLC;

After discussion, it was moved by Mr. Aratani, seconded by Mr. Roberts, and carried by a majority, with the exception of Chair Taketa and Mr. Williams, who recused themselves from discussion and voting on this matter, to approve the peer review 90-day extension request from Taketa, Iwata, Hara & Associates, LLC.

(2) CW Associates.

After discussion, it was moved by Mr. Aratani, seconded by Mr. Roberts, and carried by a majority, with the exception of Chair Taketa and Mr. Williams, who recused themselves from discussion and voting on this matter, to approve the peer review 90-day extension request from CW Associates.

Open Forum:

Mr. Williams apologized for not being able to attend the previous meeting and asked Mr. Roberts if he could update him on the discussion regarding the NASBA Enforcement Resources Committee that took place at the February meeting. Mr. Roberts provided a summary of the discussion.

Ms. Niwao underscored that the HAPA takes this situation seriously and will be issuing a notice to its members.

Ms. Niwao also brought it to the Board's and the Board's Executive Officer's attention that the current license look-up format through the Professional & Vocational Licensing Search does not make it clear to the public that if someone has an active CPA license, but no permit to practice, they are not able to practice as a CPA.

Next Board Meeting:

Friday, April 26, 2019
8:30 a.m.
King Kalakaua Conference Room
King Kalakaua Building
335 Merchant Street, 1st Floor
Honolulu, Hawaii 96813

Announcements: Executive Officer Araceley announced that the Board's office was informed that Governor's Message ("GM") bills will be heard at the Legislature soon.

Adjournment: There being no further discussion, the meeting adjourned at 10:04 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

04/18/19

- Minutes approved as is.
 Minutes approved with changes. See minutes of the April 26, 2019, meeting.