

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

MINUTES

Date: Friday, June 28, 2019

Time: 8:40 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  
Christopher Lee, CPA, Member  
Gabriel Lee, Member  
Gary Y. Miyashiro, CPA, Member  
Edward L. Punua, CPA, Member  
Carleton L. Williams, CPA, Member  
Christopher Leong, Deputy Attorney General (“DAG”)  
Relley W. Araceley, Executive Officer  
Olga Reppun, Secretary

Excused: John W. Roberts, 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 8:40 a.m. by Chairperson Taketa.

Agenda Amendment: It was moved by Mr. Aratani, seconded by Mr. Punua, and unanimously carried to amend agenda item 2 “Approval of Minutes of the May 24, 2019, Board Meeting” to read “Approval of Minutes of the April 26 and May 24, 2019, Board Meetings”.

Approval of the  
Minutes of the  
April 26 and May 24,  
2019 Board Meetings:

It was moved by Mr. Aratani, seconded by Mr. G. Lee, and carried by a majority, with the exception of Mr. Punua, who abstained from voting on this matter, to approve minutes of the open session and the executive session of the April 26, 2019, meeting unamended.

It was noted by Vice-Chair Komo that the draft of the open session of the May 24, 2019, meeting appears to be unfinished and has various mistakes in it.

Ms. Reppun apologized and informed the Board members that they received the wrong versions of the meeting minutes drafts by mistake.

The matter of the approval of the minutes of the May 24, 2019, meeting was deferred until the July 26, 2019, meeting.

Chapter 92, HRS,  
Adjudicatory Matter:

None.

Applications:

At 8:45 a.m., it was moved by Mr. C. Lee, seconded by Vice-Chair Komo, 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 9:05 a.m., it was moved by Mr. G. Lee, seconded by Mr. Aratani, and unanimously carried for the Board to move out of Executive Session.

Applications for  
CPA Certification:

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

- 1) AURWAY, Stacy C.
- 2) BROWN, Sarah Anne H.
- 3) BUOTE, Adam K.
- 4) GOLDIZEN, Nicholas K.
- 5) JONES, Kathleen H.

After discussion, it was moved by Mr. Punua, seconded by Mr. G. Lee, and carried by a majority, with the exception of Mr. Williams, who recused himself from the discussion and voting on this matter, to approve the following applications:

- 1) OGI, Crystie M.
- 2) EDELHEIT, Melissa W.

Ratification of  
Individual CPA  
Permits to Practice:

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

- 1) CARBILLON, Timothy E.
- 2) ENDLER, Brett L.
- 3) HANSEN, Douglas J.
- 4) MONTEILH, Christopher J.
- 5) PASCOE, Juli C.
- 6) POEPOE-VIGIL, Chantee
- 7) RAZZAQUE, Shawn E.
- 8) THOMPSON, Steven L.
- 9) THRONSON, Michael R.
- 10) WAKAYAMA, Taylor J.
- 11) WASIAK, Gregory A.
- 11) WATKINS, Wade

Ratification of  
Issued Firm  
Permits to Practice:

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

- 1) BRIDGE WEST LLC

After discussion, it was moved by Mr. G. Lee, seconded by Mr. Aratani, and unanimously carried to defer the ratification of the following issued Firm Permit to Practice:

- 1) SQUIRE & COMPANY

Ratification of  
Firm Name  
Approval:

After discussion, it was moved by Mr. Aratani, seconded by Mr. Punua, and unanimously carried to ratify the approval of the following firm names:

- 1) Felice Valmas, CPA & Company, LLC
- 2) Miura CPA LLC

3) Johnny C. Pascua Certified Public Accountant

Executive Officer's Report:

A. DCCA Disciplinary Actions Through May 2019

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

B. American Institute of Certified Public Accountants ("AICPA") State Regulatory Update

Executive Officer Araceley circulated the AICPA State Regulatory Update.

C. Other States' Newsletters

Executive Officer Araceley circulated the newsletters of the Wyoming State Board of Accountancy, North Carolina State Board of CPA Examiners, and the New Mexico Public Accountancy Board.

D. National Association of State Board of Accountancy ("NASBA") Communications

Executive Officer Araceley circulated the NASBA State Board Report.

E. NASBA Center for the Public Trust Newsletter

Executive Officer Araceley circulated a NASBA Center for the Public Trust newsletter.

F. Inquiries Regarding Licensure in Hawaii:

- 1) Does an out-of-state accountant working from home in Hawaii need a Hawaii license if they do not have any Hawaii clients?

The Board members reviewed an email inquiry from Ms. Roseanne Carlton Martin, who, according to the information that she provided

in her email, has been licensed as a CPA in California since 1983. Ms. Martin also reported that she currently resides in Kailua, HI, and has no Hawaii clients. When completing her AICPA peer review, Ms. Martin was asked by the AICPA peer review division to provide a written document to confirm that no Hawaii licensure is required if a CPA does not have any customers in the State of Hawaii.

Discussion followed.

Mr. Williams stated that, in theory, a CPA who is not practicing in Hawaii might not need a Hawaii license. However, Ms. Martin's situation is complicated by the fact that she has a Hawaii business address as a CPA. He expressed his opinion that, if a CPA has a listed Hawaii business address, they would be considered holding out as a Hawaii based CPA.

Board members expressed their agreement.

Mr. Williams stated that it would be prudent for Ms. Martin to apply for a Hawaii CPA license.

Chair Taketa inquired whether Mr. Araceley knew if Ms. Martin was an employee of a CPA firm or a sole practitioner.

Mr. Araceley responded that Ms. Martin was a sole practitioner and, according to the information provided via email, she was working from home.

Chair Taketa stated that having or not having Hawaii clients is only one of the issues that must be considered when determining whether a CPA needs a Hawaii license. It is equally important to determine whether some is holding out as a CPA who is able to practice in this State.

Mr. Williams informed the Board members that, after even a simple internet search, one would discover that TaxBuzz, for instance, identifies Ms. Martin as a CPA on Mokolea Drive in Kailua, HI. According to this information, it would appear that Ms. Martin is holding herself out as a CPA practicing in Kailua, HI.

After discussion, it was moved by Chair Taketa, seconded by Mr. Williams, and unanimously carried to instruct the Board's Executive Officer to inform Ms. Martin that it is the Board's opinion that she is required to obtain a Hawaii CPA license and a permit to practice, as it appear that she is holding herself out as a Hawaii based CPA.

- 2) Does a new Firm Permit to Practice need to be filed as a result of the merging of firms?

The Board members reviewed an email inquiry from the sole member of My Personal CPA & Financial Planner LLC, who was in the process of conducting final negotiations with the sole member of Personal Accountant Inc. about merging their two companies.

Discussion followed.

Mr. Williams pointed out that, probably, as a professional corporation, this entity would have to be 100% owned by CPAs. However, for an LLC it might be different. He stated that he would advise that the company owner consult their legal counsel.

Mr. Araceley stated that he was not sure how Business Registration would handle this merger.

Ms. Reppun informed the Board members that, for other Boards that she has worked with in the past, the way DCCA-Professional Vocational Licensing ("PVL") determines

whether a new license is required for an entity in case of ownership changes/conversions is by looking as the Business Registration's determination of whether this is still the same entity or if a new entity was formed. If it is still the same entity, no new license is required. If it is a new entity, an application for a new license has to be submitted.

Mr. Punua stated that it seemed to him that the inquiry was not about whether a new license is required, but about whether it was possible to have a company where one owner was a licensed CPA and the other was not and would not be holding out to be a CPA. He expressed his opinion that this would not be possible.

Chair Taketa stated, and the Board members agreed, that, based on just the information provided in the email, it was hard to tell whether, as a result of the merger, this would be a new entity or not.

Mr. Williams stated that, in regards to licensure, he believes that, if it is determined that an entity only underwent a name change, there would be no requirement to obtain a new CPA firm license.

Vice-Chair Komo advised the Board that, in his opinion, in this case HRS Section 466-10 (a) (2) would apply:

No partnership or corporation shall assume or use the title or designation "certified public accountant" or the abbreviation "CPA" or any other title, designation, words, letters, abbreviation, sign, card, or device likely to be confused with "certified public accountant" or "CPA" or tending to indicate that such partnership or corporation is composed of certified public accountants, unless each of the

partners of the partnership who are in the practiced of public accountancy in this State, or each of the shareholders of the corporation who are in the practice of public accountancy in this State, holds a current license of certified public accountant issued under this chapter and a current permit to practice issued under this chapter.

The Board members expressed their agreement.

- 3) What responsibility does a CPA firm have in providing files/documents to a former client?

The Board reviewed an email inquiry from Mr. Tatsuguchi of Tatsuguchi CPA LLC asking whether his company was required to provide a copy of the QuickBook ("QB") file to its former client. Mr. Tatsuguchi informed the Board in his email that the QB file was not provided to the company by the client but was created by the company using the client's data. The QB file was used for the purposes of preparing the business's tax return.

Chair Taketa and Mr. Williams informed Mr. Araceley that it has been the Board's policy in such cases to refer the inquiring parties to HRS Section 466-12 entitled "Ownership of accountant's working papers" as well as HAR Section 16-71-63 (d) and allow the parties' legal counsel determine how this section would apply to their particular situation.

G. Update of Peer Review Committee's Legislation Request:

Mr. Araceley informed the Board members that he heard back from the DCCA's Licensing Administrator and that he will be submitting the Board's proposed bill to be included in the administrative package by August 1, 2019.



Chairperson's Report:      A.      Request to Regulated Industries Complaints Office ("RICO") for copies of correspondence

Chairperson Taketa reminded the Board members that, at the May meeting, the Board voted to have the Board's Deputy Attorney General look into a possibility of requesting that RICO provide to the Board copies of all warning letters issued to the Board's licensees.

As a result, a letter to RICO was drafted by the Board's office. Chair Taketa circulated the draft and asked whether any of the Board members had questions or comments.

The Board members responded in the negative.

Chair Taketa stated that, in this case, he will sign the letter and have the Board's office transmit it to RICO.

B.      Report on Western Regional Conference

Chair Taketa reported on the NASBA Western Regional Conference, which took place from June 18 to June 20, 2019, in Salt Lake City, Utah. The Hawaii State Board of Accountancy was represented at this conference by Executive Officer Araceley and Chair Taketa.

Chair Taketa circulated his report and provided the following additional information regarding the conference:

1) Evolution of the CPA Pathway for IT Specialists

Chair Taketa advised the Board members that NASBA was looking for feedback from the State Boards regarding NASBA's working group's recommendations on the subject of evolution of the CPA licensure to integrate technological and analytical expertise.

## 2) Reinvigorating the Peer Review Program

Chair Taketa expressed his concern that the NASBA's view of a Peer Review Program is becoming more punitive in nature, whereas Hawaii's statutes expressly state that "the peer review process shall be for educational or remedial and not punitive purposes." (HRS §466-32(a)).

Chair Taketa informed that Board that, at a break-out session, he shared with other state board chairs his concern about the AICPA's termination of firms from a peer review program after two failed attempts.

Mr. Williams inquired whether this termination rule applied to non-AICPA, non-state society peer review programs.

Chair Taketa responded in the affirmative and added that this was part of his concern.

Executive Officer Araceley informed the Board members that he also discussed this issue at a break-out session with the executive directors of other state boards. The initial response from some of the states was that they did not have concerns because their peer review was also designed to have a punitive side. However, after the conference, Mr. Araceley has heard from a few other states, which do have concerns because their state laws allow for three failed peer review attempts, which would not be in agreement with the AICPA's policy.

Chair Taketa and Executive Officer Araceley also informed the Board members that there is a possibility that Hawaii might be able to gain on-line access to peer review report information, which would help greatly with checking the firms' compliance.

Standing Committee Reports:

A. Legislation and Rules

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

Mr. Aratani reported that he received no new suggestions from the Board members via email.

Executive Officer Araceley informed the Board members that they will be provided with the latest version of the rules, which was reviewed by the LRB, in order to continue the rule change process.

B. Peer Review

- 1) Peer review update

Executive Officer Araceley informed the Board that the peer review report is almost complete and the goal is to issue warning letters before the Board’s meeting in July.

- 2) Chapter 3 confidentiality of the peer review environment

Executive Officer Araceley informed the Board members that feedback was still being accepted.

C. Continuing Professional Education “CPE”

- 1) CPE Provider Standards

This matter was deferred due to Mr. Roberts’s absence.

Chair Taketa informed the Board members that, if the Board wishes to comment on the changes to the NASBA standards, the deadline to submit comments is August 31, 2019. The draft is

published on the NASBA web site in the  
“Publications” section.

D. Exam Committee

- 1) Proposed rule changes regarding continuous testing and survey

Mr. Punua reported that a survey came out in May regarding the continuing testing.

The Board members and staff reviewed the survey and provided their feedback.

E. Uniform Accountancy Act

- 1) NASBA Proposed Review Model Rules (Article 7)

The matter was deferred until the Board’s July meeting.

Open Forum: None.

Next Board Meeting: Friday, July 26, 2019  
8:30 a.m.  
King Kalakaua Conference Room  
King Kalakaua Building  
335 Merchant Street, 1<sup>st</sup> Floor  
Honolulu, Hawaii 96813

Announcements: None.

Adjournment: There being no further discussion, the meeting adjourned at 10:11 a.m.

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Reviewed and approved by:

Taken and recorded by:

/s/ Relley W. Araceley

/s/ Olga Reppun

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(Mr.) Relley W. Araceley  
Executive Officer

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(Ms.) Olga Reppun  
Secretary

RWA: Or

07/17/19

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