



DEPARTMENT OF CONSUMER AFFAIRS  
 CALIFORNIA BOARD OF ACCOUNTANCY  
 2000 EVERGREEN STREET, SUITE 250  
 SACRAMENTO, CA 95815-3832  
 TELEPHONE: (916) 263-3680  
 FACSIMILE: (916) 263-3675  
 WEB ADDRESS: <http://www.cba.ca.gov>



**CALIFORNIA BOARD OF ACCOUNTANCY (CBA)  
 PUBLIC MEETING NOTICE FOR THE COMMITTEE ON PROFESSIONAL CONDUCT  
 (CPC), ENFORCEMENT PROGRAM OVERSIGHT COMMITTEE (EPOC),  
 LEGISLATIVE COMMITTEE (LC), AND CBA MEETINGS**

**DATE:** Wednesday, May 12, 2010

**COMMITTEE MEETING (EPOC)**

**TIME:** 9:30 a.m. to 12:30 p.m.

**CBA MEETING**

**TIME:** 1:30 p.m. to 3:00 p.m.

**COMMITTEE MEETING (CPC)**

**TIME:** 3:00 p.m., or upon adjournment of  
the CBA meeting

**COMMITTEE MEETING (LC)**

**TIME:** 3:30 p.m., or upon adjournment of  
the CPC meeting

**DATE:** Thursday, May 13, 2010

**CBA MEETING**

**TIME:** 9:00 a.m. to 4:00 p.m.

**PLACE:** The Hilton Pasadena  
 168 South Los Robles  
 Pasadena, CA 91101  
 Telephone: (626) 577-1000  
 Facsimile: (626) 584-3148

Alternate Location\*:  
 Bureau of Automotive Repair (Field Office)  
 1361 South Winchester Blvd., Ste. 206  
 San Jose, CA 95117  
 Telephone: (408) 277-1860

\*This location will be available on May 12, 2010 at 3:00 p.m. for the CPC meeting, and on May 13, 2010 from 10:00 a.m. to 3:00 p.m.

Enclosed for your information is a copy of the agendas for the EPOC, CPC, LC, and CBA meetings on May 12-13, 2010. For further information regarding these meetings, please contact:

Veronica Daniel, Executive Analyst  
 (916) 561-1716, or [vdaniel@cba.ca.gov](mailto:vdaniel@cba.ca.gov)  
 California Board of Accountancy  
 2000 Evergreen Street, Suite 250  
 Sacramento, CA 95815

An electronic copy of this notice can be found at <http://www.dca.ca.gov/cba/calendar.shtml>

**The next CBA meeting is scheduled for July 28, 2010 in Sacramento, California.**

The meeting is accessible to the physically disabled. A person who needs a disability-related accommodation or modification in order to participate in the meeting may make a request by contacting Veronica Daniel at (916) 561-1718, or email [vdaniel@cba.ca.gov](mailto:vdaniel@cba.ca.gov), or send a written request to the Board Office at 2000 Evergreen Street, Ste. 250, Sacramento, CA 95815. Providing your request is at least five (5) business days before the meeting will help to ensure availability of the requested accommodation.



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**DEPARTMENT OF CONSUMER AFFAIRS (DCA)  
 CALIFORNIA BOARD OF ACCOUNTANCY (CBA)**

**CBA MEETING  
 AGENDA**

**Revised  
 4/30/10**

**Wednesday, May 12, 2010  
 1:30 p.m. – 3:00 p.m.**

**Thursday, May 13, 2010  
 9:00 a.m. – 4:00 p.m.**

The Hilton Pasadena  
 168 South Los Robles Ave.  
 Pasadena, CA 91101  
 Telephone: (626) 577-1000  
 Facsimile: (626) 584-3148

**May 12, 2010**

**1:30-1:40  
 TIME CERTAIN**

- I. Roll Call and Call to Order (**Manuel Ramirez**).
- II. Regulations.
  - A. Regulation Hearing Regarding Sections 87.9, 88.2, and 90 – Continuing Education: Exceptions and Extensions.
    1. Consideration of Adoption of Proposed Regulation Sections 87.9, 88.2, and 90 – Continuing Education: Exceptions and Extensions (**Dominic Franzella**).
  - B. Consideration of Readoption of the Emergency Peer Review Regulations (**Dominic Franzella**).
- III. Petitions, Stipulations, and Proposed Decisions [Closed Session Government Code Section 11126(c)(3)] Petition Hearings are Public Before the CBA with a Subsequent Closed Session.
  - A. Gary Pado – Petition for Reinstatement of Revoked Certificate.

**1:40-3:00  
 TIME CERTAIN**

- B. John Vincent Cracchiolo – Stipulated Settlement.
- C. Erin Decker – Stipulated Settlement.
- D. Richard Large – Stipulated Settlement.
- E. Ernest E. Dow – Stipulated Settlement.
- F. Choi, Dow Ian Hong & Lee Accountancy Corp. – Stipulated Surrender of License.
- G. Maynard Moreland – Stipulated Settlement.

IV. Public Comments.

**May 13, 2010**

V. Roll Call and Call to Order (**Manuel Ramirez**).

9:00-9:45

VI. Report of the President (**Manuel Ramirez**).

- A. Update on California Research Bureau (CRB) Study (**Patti Bowers**).
- B. Update on Ethics Curriculum Committee (ECC) Appointments.
- C. Recommendation for Appointment of ECC Chair.
- D. Peer Review Oversight Committee (PROC) Appointments.
- E. Consideration of Modification to Executive Officer’s Delegation of Authority (**Gary Duke**).
- F. Update on Peer Review Implementation (**Dominic Franzella**).

9:45-9:55

VII. Report of the Vice President (**Sally Anderson**).

- A. Enforcement Advisory Committee (EAC) Appointments.
- B. Qualifications Committee (QC) Appointment.

9:55-10:15

VIII. Report of the Secretary/Treasurer (**Marshal Oldman**).

- A. Discussion of Governor’s Budget.
- B. FY 2009/2010 Third Quarter Financial Statement.

10:15-11:00

IX. Report of the Executive Officer (**Patti Bowers**).

- A. DCA Director's Report (**DCA Representative**).
  - B. DCA Board Member and Advisory Committee Training Day.
  - C. Update on CBA Staffing.
  - D. Educational Presentation – BreEZe Program (**Debbie Balaam**).
  - E. Update on 2010/2012 CBA Communications and Outreach Plan (**Lauren Hersh**).
  - F. Update on Current Projects List (Written Report Only).
  - G. Abandoned Records Response Letter (**Dan Rich**).
  - H. Update on Future CBA Meeting Locations.
- 11:00-11:30 X. Report of the Licensing Chief (**Deanne Pearce**).
- A. Report on Licensing Division Activity.
  - B. Update on DCA's Program to Accept Credit Card Payments for License Renewal.
- 11:30-12:00 XI. Report of the Enforcement Chief (**Rafael Ixta**).
- A. Report on Status of Enforcement Matters.
    1. Enforcement Case Activity and Status Report.
    2. Major Case Summary.
    3. Report on Citations and Fines.
    4. Reportable Events Report.
- 12:00-1:00 **LUNCH**
- XII. Committee and Task Force Reports.
- 1:00-1:30 A. Report of the Enforcement Program Oversight Committee (EPOC) (**Herschel Elkins, Chair**).
1. Report of the May 12, 2010 EPOC Meeting.
  2. Role of the EPOC.

3. Overview of Enforcement Process.
  4. Overview of Discipline Imposed in the Last Two Years.
- 1:30-2:30
- B. Report of the Committee on Professional Conduct (CPC) **(Leslie LaManna, Chair)**.
1. Report of the May 12, 2010 CPC Meeting.
  2. Consideration of Regulatory Language for Article 70 – Fees.
  3. Consideration of Regulatory Language for Article 98.2 – Peremptory Challenge.
  4. Consideration of Posting Accusations on the CBA’s Web site.
    - a. Options for Addressing Concerns Regarding Posting Accusations on the CBA’s Web Site.
- 2:30-3:00
- C. Report of the Legislative Committee (LC) **(Michelle Brough, Chair)**.
1. Report of the May 12, 2010 LC Meeting.
  2. AB 1215 – Public Employees: Furlough Exemptions.
  3. AB 1787 – Regulations: Narrative Description.
  4. AB 2652 – Regulations: Legislative Review.
  5. Consideration of Amendments to AB 1659.
  6. Consideration of Amendments to AB 1993.
  7. Consideration of Amendments to AB 2537.
  8. Consideration of Amendments to AB 2603.
  9. Consideration of Amendments to SB 942.
  10. Consideration of Amendments to SB 1111.
  11. Consideration of Amendments to SB 1171.
  12. Consideration of Amendments to SB 1351.
  13. Consideration of Amendments to SB 1490.

- 3:00-3:10 D. Report of the Accounting Education Committee (AEC) **(Ruben Davila)**.
1. Report of the April 8, 2010 AEC Meeting.
  2. Update on AEC Timeline.
- 3:10-3:20 E. Report of the EAC **(Harish Khanna, Chair)**.
1. Report of the May 6, 2010 EAC Meeting.
- 3:20-3:30 F. Report of the QC **(Fausto Hinojosa, Chair)**.
1. Report of the April 21, 2010 QC Meeting.
- XIII. Appeals – Personal/Written.
- A. Personal Appeals.
 

None.
- 3:30-3:35 XIV. Adoption of Minutes
- A. Draft Minutes of the March 25-26, 2010 CBA Meeting.
  - B. Draft Minutes of the March 25, 2010 CPC Meeting.
  - C. Draft Minutes of the March 25, 2010 LC Meeting.
  - D. Minutes of the January 27, 2010 QC Meeting.
- 3:35-3:45 XV. Other Business.
- A. American Institute of Certified Public Accountants (AICPA).
    1. Update on AICPA State Board Committee **(Donald Driftmier)**.
  - B. National Association of State Boards of Accountancy (NASBA).
    1. Update on NASBA Committees.
      - a. Accountancy Licensee Database Task Force **(Patti Bowers/Sally Anderson)**.
      - b. Board Relevance & Effectiveness Committee **(Marshal Oldman)**.

- c. Compliance Assurance Committee (**Robert Petersen**).
  - d. Education Committee (**Leslie LaManna**).
  - e. Global Strategies Committee (**Rudy Bermúdez/Angela Chi**).
  - f. Uniform Accountancy Act Committee (**Donald Driftmier**).
2. NASBA Nominations – Nominating Committee Members, Directors-at-Large, and Regional Directors (**Dan Rich**).
  3. NASBA's 2010 Awards Nominations (**Dan Rich**).

3:45-4:00

XVI. Closing Business.

- A. CBA Member Comments.
- B. Comments from California Society of Certified Public Accountants (CalCPA) Representative.
- C. Comments from Society of California Accountants (SCA) Representative.
- D. Public Comments.
- E. Agenda Items for Future CBA Meetings.

Adjournment.

Please note: Action may be taken on any item on the agenda. The time and order of agenda items are subject to change at the discretion of the CBA President and may be taken out of order. In accordance with the Bagley-Keene Open Meetings Act, all meetings of the CBA are open to the public. Government Code section 11125.7 provides the opportunity for the public to address each agenda item during discussion or consideration by the CBA prior to the CBA taking any action on said item. Members of the public will be provided appropriate opportunities to comment on any issue before the CBA, but the CBA President may, at his or her discretion, apportion available time among those who wish to speak.



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**AGENDA**  
**ENFORCEMENT PROGRAM OVERSIGHT COMMITTEE**  
**May 12, 2010**  
9:30 a.m. to 12:30 p.m.

HILTON HOTEL PASADENA  
168 South Los Robles Avenue  
Pasadena, CA 91101

California Board of Accountancy members  
who are not members of this Committee may be attending the meeting.

- I. Call to Order (**Herschel Elkins**).
- II. Role of the EPOC (**Paul Fisher**).
- III. Overview of Enforcement Process (**Paul Fisher/Kathy Tejada**).
- Break – 15 minutes**
- IV. Overview of Discipline Imposed in the Last Two Years (**Paul Fisher**)
- V. Public Comments.
- VI. Agenda Items and Meeting Dates for Future EPOC Meetings.
- VII. Adjournment.

Action may be taken on any item on the agenda.

In accordance with the Bagley-Keene Open Meetings Act, all meetings of the Board are open to the public.

Government Code section 11125.7 provides the opportunity for the public to address each agenda item during discussion or consideration by the Board prior to the Board taking any action on said item. Members of the public will be provided appropriate opportunities to comment on any issue before the Board. Individuals may appear before the Board to discuss items not on the agenda; however, the Board can take no official action on these items at the time of the same meeting. (Government Code sec. 11125.7(a).)



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**CALIFORNIA BOARD OF ACCOUNTANCY (CBA)  
COMMITTEE ON PROFESSIONAL CONDUCT (CPC)**

CPC Meeting  
Agenda

Wednesday, May 12, 2010  
3:00 p.m. or  
Upon Adjournment of CBA Meeting

The Hilton Pasadena  
168 South Los Robles Ave.  
Pasadena, CA 91101  
Telephone: (626) 577-1000  
Facsimile: (626) 584-3148

(CBA members who are not members of the CPC may be attending the meeting.)

- I. Draft Minutes of the March 25, 2010, CPC Meeting (**Leslie LaManna, Chair**).
- II. Consideration of Regulatory Language for Section 70 – Fees (**Matthew Stanley**).
- III. Consideration of Regulatory Language for Section 98.2 – Peremptory Challenge (**Matthew Stanley**).
- IV. Consideration of Posting Accusations on the CBA's Web Site (**Patti Bowers**).
  - A. Options for Addressing Concerns Regarding Posting Accusations on the CBA's Web Site.
- V. Comments from Members of the Public.
- VI. Agenda Items for Next Meeting.
- VII. Adjournment.

Action may be taken on any item on the agenda.

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**CALIFORNIA BOARD OF ACCOUNTANCY (CBA)  
LEGISLATIVE COMMITTEE (LC)**

**LC Meeting  
Agenda**

Wednesday, May 12, 2010  
3:30 p.m. or  
Upon Adjournment of CPC Meeting

The Hilton Pasadena  
168 South Los Robles Ave.  
Pasadena, CA 91101  
Telephone: (626) 577-1000  
Facsimile: (626) 584-3148

(CBA members who are not members of the LC may be attending the meeting.)

- I. Draft Minutes of the March 25, 2010, LC Meeting (**Michelle Brough, Chair**).
- II. AB 1215- Public employees: furlough exemptions (**Matthew Stanley**).
- III. AB 1787- Regulations: narrative description (**Matthew Stanley**).
- IV. AB 2652- Regulations: legislative review (**Matthew Stanley**).
- V. Consideration of Amendments to AB 1659 (**Matthew Stanley**).
- VI. Consideration of Amendments to AB 1993 (**Matthew Stanley**).
- VII. Consideration of Amendments to AB 2537 (**Matthew Stanley**).
- VIII. Consideration of Amendments to AB 2603 (**Matthew Stanley**).
- IX. Consideration of Amendments to SB 942 (**Matthew Stanley**).
- X. Consideration of Amendments to SB 1111 (**Matthew Stanley**).
- XI. Consideration of Amendments to SB 1171 (**Matthew Stanley**).

- XII. Consideration of Amendments to SB 1351 **(Matthew Stanley)**.
- XIII. Consideration of Amendments to SB 1490 **(Matthew Stanley)**.
- XIV. Comments from Members of the Public.
- XV. Agenda Items for Next Meeting.
- XVI. Adjournment.

Action may be taken on any item on the agenda.

In accordance with the Bagley-Keene Open Meetings Act, all meetings of the CBA are open to the public.

Government Code section 11125.7 provides the opportunity for the public to address each agenda item during discussion or consideration by the CBA prior to the CBA taking any action on said item. Members of the public will be provided appropriate opportunities to comment on any issue before the CBA. Individuals may appear before the CBA to discuss items not on the agenda; however, the CBA can take no official action on these items at the time of the same meeting. (Government Code sec. 11125.7(a).)

## Memorandum

CBA Agenda Item II.A.  
May 12-13, 2010

To : CBA Members  
Date : April 28, 2010  
Telephone : (916) 561-4310  
Facsimile : (916) 263-3672  
E-mail : dfranzella@cba.ca.gov

From : Dominic Franzella, Manager  
Renewal/Continuing Competency & Client Services Units

Subject : Regulation Hearing Regarding Sections 87.9, 88.2, and 90 - Continuing Education:  
Exceptions and Extensions.

At the March 2010 California Board of Accountancy (CBA) meeting, members directed staff to move forward with the rulemaking process for proposed clean-up language for Article 12 of the California Code of Regulations. The proposed clean-up language would amend Section 87.9 to include Article 6 - Peer Review as required Regulatory Review course content, amend Section 88.2 to correct a numbering error, and amend Section 90 to correct a cross-reference error.

The Notice of Proposed Action was filed with the Office of Administrative Law on March 15, 2010 and published on March 26, 2010, thus initiating the required 45-day public comment period. May 10, 2010, will mark the end of the public comment period, and on May 12, 2010, during the CBA meeting, a public hearing will be conducted on the proposed amendments. The following attachments will aid in your preparation for the hearing:

- Regulation Notice (**Attachment 1**)
- Initial Statement of Reasons (**Attachment 2**)
- Text of Proposal (**Attachment 3**)

During the public hearing the CBA members may hear oral testimony and receive written comments. As of the date of this memo, staff have not received any public comments in relation to this regulatory package. Staff will supply the CBA members with any comments received after the CBA member mail out. The CBA members may act to adopt the proposed regulations under **CBA Agenda Item II.A.1**. Prior to submitting the final regulation package to the Office of Administrative Law, staff will draft responses to all comments and prepare the Final Statement of Reasons for distribution to all persons who provided comments.

Attachments

**TITLE 16. CALIFORNIA BOARD OF ACCOUNTANCY**

NOTICE IS HEREBY GIVEN that the California Board of Accountancy is proposing to take the action described in the Informative Digest. Any person interested may present statements or arguments orally or in writing relevant to the action proposed at a hearing to be held at Hilton Pasadena, 168 South Los Robles Ave., Pasadena, CA, at 1:30 p.m. on May 12, 2010. Written comments, including those sent by mail, facsimile, or e-mail to the addresses listed under Contact Person in this Notice, must be received by the California Board of Accountancy at its office not later than 5:00 p.m. on May 10, 2010 or must be received by the California Board of Accountancy at the hearing. The California Board of Accountancy, upon its own motion or at the instance of any interested party, may thereafter adopt the proposals substantially as described below or may modify such proposals if such modifications are sufficiently related to the original text. With the exception of technical or grammatical changes, the full text of any modified proposal will be available for 15 days prior to its adoption from the person designated in this Notice as contact person and will be mailed to those persons who submit written or oral testimony related to this proposal or who have requested notification of any changes to the proposal.

Authority and Reference: Pursuant to the authority vested by Sections 5010 and 5027 of the Business and Professions Code, and to implement, interpret or make specific Sections 5026, 5027, 5028, and 5100 of said Code, the California Board of Accountancy is considering changes to Division 1 of Title 16 of the California Code of Regulations as follows:

**INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW**

Section 5076 of the Business and Professions Code authorizes the CBA to implement a mandatory peer review program. Section 87.9(a)(6) of the CBA Regulations outlines the required content of a Regulatory Review course used as CE.

The purpose of the Regulatory Review course is to provide licensees with practical knowledge regarding the laws and rules of practicing public accountancy in California. With the recent addition of peer review for all firms, including sole practitioners, performing accounting and auditing services, it is necessary that Article 6 (Peer Review) be included in any review of the laws and rules.

**1. Amend Section 87.9 Title 16 of the California Code of Regulations.**

Section 87.9(a)(6) outlines the required content of a regulatory review course used as continuing education.

This proposal would amend section 87.9 to add that such a course must also include a review of Article 6 of the California Board of Accountancy (CBA) Regulations.

## **2. Amend Section 88.2 Title 16 of the California Code of Regulations**

Section 88.2 contains a minor, technical numbering error.

This proposal would correct the numbering error.

## **3. Amend Section 90 Title 16 of the California Code of Regulations**

Section 90(d) provides for an automatic extension for meeting certain continuing education requirements that are stated by cross reference to subsections in Section 87.

Section 87 was recently amended to add in subsection (b) regarding ethics continuing education. However, the cross-references in Section 90(d) were inadvertently not changed at the same time causing an incorrect cross reference. This proposal would correct the cross references in Section 90(d) to correctly reflect the intent of the CBA.

### FISCAL IMPACT ESTIMATES

Fiscal Impact on Public Agencies Including Costs or Savings to State Agencies or Costs/Savings in Federal Funding to the State: Insignificant

Nondiscretionary Costs/Savings to Local Agencies: None

Local Mandate: None

Cost to Any Local Agency or School District for Which Government Code Sections 17500-17630 Require Reimbursement: None

Business Impact:

The California Board of Accountancy (CBA) has made an initial determination that the proposed regulatory action would have no significant statewide adverse economic impact directly affecting business, including the ability of California businesses to compete with businesses in other states.

**AND**

The following studies/relevant data were relied upon in making the above determination: None.

Impact on Jobs/New Businesses:

The CBA has determined that this regulatory proposal will not have any impact on the creation of jobs or new businesses or the elimination of jobs or existing businesses or the expansion of businesses in the State of California.

Cost Impact on Representative Private Person or Business:

The cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action and that are known to the CBA are insignificant.

Effect on Housing Costs: None

#### EFFECT ON SMALL BUSINESS

The CBA has determined that the proposed regulations may affect small businesses.

#### CONSIDERATION OF ALTERNATIVES

The CBA must determine that no reasonable alternative it considered to the regulation or that has otherwise been identified and brought to its attention would either be more effective in carrying out the purpose for which the action is proposed or would be as effective and less burdensome to affected private persons than the proposal described in this Notice.

Any interested person may present statements or arguments orally or in writing relevant to the above determinations at the above-mentioned hearing.

#### INITIAL STATEMENT OF REASONS AND INFORMATION

The CBA has prepared an initial statement of reasons for the proposed action and has available all the information upon which the proposal is based.

#### TEXT OF PROPOSAL

Copies of the exact language of the proposed regulations and of the initial statement of reasons, and all of the information upon which the proposal is based, may be obtained at the hearing or prior to the hearing upon request from the California Board of Accountancy at 2000 Evergreen Street, Suite 250, Sacramento, California 95815.

#### AVAILABILITY AND LOCATION OF THE FINAL STATEMENT OF REASONS AND RULEMAKING FILE

All the information upon which the proposed regulations are based is contained in the rulemaking file which is available for public inspection by contacting the person named in the following section.

You may obtain a copy of the final statement of reasons once it has been prepared, by making a written request to the contact person named in the following section or by accessing the Web site listed in the following section.

## CONTACT PERSON

Inquiries or comments concerning the proposed rulemaking action may be addressed to:

Name: Matthew Stanley  
Address: California Board of Accountancy  
2000 Evergreen Street, Suite 250  
Sacramento, CA 95815  
Telephone No.: 916-561-1700  
Fax No.: 916-263-3678  
E-Mail Address: regulations@cba.ca.gov

The backup contact person is:

Name: Dan Rich  
Address: California Board of Accountancy  
2000 Evergreen Street, Suite 250  
Sacramento, CA 95815  
Telephone No.: 916-561-1700  
Fax No.: 916-263-3678  
E-Mail Address: regulations@cba.ca.gov

Web site Access: Materials regarding this proposal can be found at  
[http://www.dca.ca.gov/cba/laws\\_and\\_rules/pubpart.shtml](http://www.dca.ca.gov/cba/laws_and_rules/pubpart.shtml).

**CALIFORNIA BOARD OF ACCOUNTANCY**

**INITIAL STATEMENT OF REASONS**

Hearing Date: May 12, 2010

Subject Matter of Proposed Regulations: Continuing Education: Exceptions and Extensions

Sections Affected:

1. Amend Section 87.9 of Title 16 of the California Code of Regulations

Specific Purpose:

This proposal would amend section 87.9 to add that a Regulatory Review course offered as continuing education (CE) must include a review of Article 6 of the California Board of Accountancy (CBA) Regulations.

Factual Basis/Rationale:

Section 5076 of the Business and Professions Code authorizes the CBA to implement a mandatory peer review program. Section 87.9(a)(6) of the CBA Regulations outlines the required content of a Regulatory Review course used as CE.

The purpose of the Regulatory Review course is to provide licensees with practical knowledge regarding the laws and rules of practicing public accountancy in California. With the recent addition of peer review for all firms, including sole practitioners, performing accounting and auditing services, it is necessary that Article 6 (Peer Review) be included in any review of the laws and rules.

When Section 87.9 was recently added to the CBA Regulations, Article 6 (Peer Review) was still in the process of being added to the CBA Regulations. The significance of Article 6 is such that it should be included in any Regulatory Review course approved by the CBA.

2. Amend Section 88.2 of Title 16 of the California Code of Regulations

Specific Purpose:

This proposal would correct the numbering error in this section.

Factual Basis/Rationale:

It is important for reference purposes that the numbering in this section be correct.

3. Amend Section 90 of Title 16 of the California Code of Regulations

Specific Purpose:

This proposal would correct a cross reference oversight in Section 90 to correctly reflect the intent of the CBA.

Factual Basis/Rationale:

Section 87 was recently amended to add in subsection (b) regarding ethics continuing education. However, the cross-references in Section 90(d) were inadvertently not changed at the same time causing an incorrect cross reference. To reinstate the intent of the CBA, this cross reference must be changed.

Underlying Data

Technical, theoretical or empirical studies or reports relied upon (if any): None

Business Impact

This regulation will not have a significant adverse economic impact on businesses. This initial determination is based on the following facts or evidence/documents/ testimony:  
None

Specific Technologies or Equipment

This regulation does not mandate the use of specific technologies or equipment.

Consideration of Alternatives

No reasonable alternative to the regulation would be either more effective in carrying out the purpose for which the action is proposed or would be as effective and less burdensome to affected private persons than the proposed regulation.

Set forth below are the alternatives which were considered and the reasons each alternative was rejected:

The CBA considered not correcting these omissions, errors, and oversights. The CBA rejected this alternative in order to maintain clarity in the regulations and to restore its original intent.

## PROPOSED REGULATORY LANGUAGE

### Section 87.9. Offering a Regulatory Review Course.

(a) Prior to offering a regulatory review course which can be claimed by a licensee to fulfill Section 87.8, course providers shall apply to the Board for approval of the course by completing Initial Application Package CE-RR-1 (07/09), Regulatory Review Application for Course Approval, which is hereby incorporated by reference. Approval shall be based on the following criteria:

(1) The course shall be a formal educational program that meets the requirements described in Sections 88, 88.1, and 88.2.

(2) The course shall provide participants with the current California Accountancy Act and California Board of Accountancy Regulations.

(3) A self-study course shall require a 90 percent passing score on a test given at the conclusion of the course. The test shall be submitted along with the course materials for approval.

(4) A self-study course is required to demonstrate an average completion time of two 50-minute continuing education hours by pre-testing the documentation from a minimum of four current and active certified public accountants simulating the manner in which the course will be completed and showing the length of time spent by each participant to complete the course. Pre-testing participants are required to be independent of the group that developed and/or are offering the course and provide feedback on the level of difficulty of the course.

(5) If the course is a component of a larger program, the two hours devoted to the regulatory review course must be continuous and uninterrupted.

(6) The course content shall include the following:

(A) A review of the current California Accountancy Act, specific to the practice of public accountancy in California, and shall include a review of the following California Accountancy Act Articles: Articles 1.5, 3, 3.5, 4, 5.5, 6, 6.5 and 7.

(B) A review of the current California Board of Accountancy Regulations, specific to the practice of public accountancy in California, and shall include a review of the following Accountancy Regulations Articles: Articles 1, 6, 9, 12, 12.5, and 13.

(C) The review of the California Accountancy Act and California Board of Accountancy Regulations must include a discussion on how the specified articles relate to the practice of public accountancy in California, including a review of historic and recent disciplinary actions taken by the Board, highlighting the misconduct which led to licensees being disciplined.

(b) The term of the approval shall be for a two-year period. In order to maintain Board approval, providers shall submit Renewal Application Package CE-RR-2 (07/09), Regulatory Review Approval Continuance Application, which is hereby incorporated by reference, prior to the end of the two-year period.

(c) Upon receiving approval from the Board, the provider of the Regulatory Review course required under Section 87.8 may represent the course in promotional materials during the term of approval, as being approved by the Board.

(d) The Board may review the records of a provider to ensure compliance with the criteria specified in this Section. Within 15 days of receipt of written notification, the provider shall submit or make available all material requested by the Board. The Board may cancel its approval for a course found not to be in compliance.

(e) For every course presentation, the provider that enters into the approval agreement with the Board shall:

(1) Retain completion records to reflect the actual participant attendance, or in the case of a self-study course, passing test scores of 90 percent or higher. The retention period shall be eight years.

(2) Be responsible for the quality and content of the course by requiring and ensuring that the course include all components and content areas represented in the approval application.

(3) Update course content to reflect current laws, regulations, and enforcement violations.

(f) A provider whose course is denied approval or when a previous approval is canceled by Board staff may appeal such action to the Board. The appeal shall be filed within six months of the action being appealed or the mailing of written notification, whichever is later. The appeal shall contain the following information:

(1) The name and business address of the provider making the appeal.

(2) The action being appealed and the date of any written notification from the Board.

(3) A summary of the basis for the appeal, including any information which the provider believes was not given adequate consideration by staff.

(g) The Board will consider only appeals based on information previously considered by staff. If the provider wishes to submit for consideration additional evidence or information not previously submitted to staff, such additional information should be submitted directly to staff with the request that its previous action be reconsidered. An appeal based on evidence or information not previously submitted to staff will be referred by the Board to staff for further consideration.

NOTE: Authority Cited: Section 5010 and 5027, Business and Professions Code.  
Reference: Section 5027, Business and Professions Code.

## **88.2. Program Measurements.**

(a) Live Presentation

In order to qualify as acceptable continuing education under Section 88(b) a live presentation program must:

(1) Be measured in 50-minute class hours. A program must be at least one 50-minute class hour in length to be acceptable continuing education. For a program composed of several segments in which individual segments are less than 50 minutes, the sum of the segments, in increments not less than 25 minutes, may be added together to equal a full 50-minute class hour. For a program that is longer than one 50-minute class hour, credit shall be granted for additional 25-minute segments (one-half of a 50-minute class hour). Only class hours or the equivalent (and not participant hours devoted to preparation or study time) will be used to measure the hours of continuing education.

(2) Any program designed pursuant to Section 87(b) must be a minimum of one 50-minute class hour. Should a course be comprised of multiple subject areas as described in Section 88(a)(1), those components specific to Section 87(b) must be a minimum of one 50-minute class hour.

(3) Meet the provider requirements for live presentation under Section 88.1(a).

(b) Group Internet-Based Program (Webcast)

In order to qualify as acceptable continuing education under Section 88(c), a Group Internet- Based Program (Webcast) must:

(1) Be measured by actual program length in 50-minute class hours. A program must be a minimum of one 50-minute class hour in length to be acceptable continuing education. For a program composed of several segments, the sum of the segments, in increments not less than 25 minutes, may be added together to equal a full 50-minute class hour. For a program that is longer than one 50-minute class hour, credit shall be granted for additional 25-minute segments (one-half of a 50-minute class hour). Only class hours or the equivalent (and not participant hours devoted to preparation or study time) will be used to measure the hours of continuing education.

(2) Any program designed pursuant to Section 87(b) must be a minimum of one 50-minute class hour. Should a course be comprised of multiple subject areas as described in Section 88(a)(1), those components specific to Section 87(b) must be a minimum of one 50-minute class hour.

(3) Meet the provider requirements for Group Internet-Based Program (Webcast) under Section 88.1(b).

(c) Self-Study

In order to qualify as acceptable continuing education under Section 88(d), any self-study course, whether in electronic or paper text format, must:

(1) Grant continuing education credit equal to the average completion time if the self-study course is designed to use learning methodologies that simulate a classroom learning process by employing significant ongoing interactive feedback to the participant regarding his/her learning progress. These courses clearly define lesson objectives and manage the participant through the learning process by (A) requiring frequent participant response to questions that test for understanding of the material presented, (B) provide evaluated feedback to incorrectly answered questions, and (C) reinforcement feedback to correctly answered questions. Evaluated feedback means a response specific to each incorrect answer to the study questions that explains why the particular answer is wrong, as each one is likely to be wrong for a different reason. Reinforcement feedback means a response to the correct answer of the study questions that restates and explains why the answer selected was correct.

(2) Any program designed pursuant to Section 87(b) must be a minimum of one class hour. Should a program be comprised of multiple subject areas as described in Section 88(a)(1), those components specific to Section 87(b) must be a minimum of one 50-minute class hour.

(3) Require a passing score on a test given at the conclusion of the course.

~~(3)~~(4) Any self-study program or component designed pursuant to Section 87(b) shall require a 90 percent passing score on a test given at the conclusion of the course. Should a program be comprised of multiple subject areas as described in Section 88(a)(1), those components specific to Section 87(b) shall require a 90 percent passing

score on a test given at the conclusion of the component specific to Section 87(b) or at the conclusion of the course.

~~(4)~~(5) Meet the provider requirements for self-study under Section 88.1(c).

NOTE: Authority cited: Section 5027, Business and Professions Code. Reference: Sections 5026 and 5027, Business and Professions Code.

### **90. Exceptions and Extensions.**

(a) A renewal applicant may be granted either an extension of time to complete continuing education requirements or an exception from continuing education requirements. Extensions or exceptions may be granted by the Board for the following causes:

(1) Reasons of health, certified by a medical doctor, which prevent compliance by the licensee;

(2) Service of the licensee on extended active duty with the Armed Forces of the United States;

(3) Other good cause.

(b) No extension or exception shall be made solely because of age.

(c) Willful failure of a licensee to complete applicable continuing education within a specified extension of time shall constitute cause for disciplinary action pursuant to section 5100 (g) of the Accountancy Act.

(d) A renewal applicant who has met the requirement of Section 87 (a) and becomes subject to continuing education pursuant to Section 87~~(b), (c), or (d)~~(c), (d) or (e) during the last 6 months of a two-year license renewal period shall be granted, upon request, an extension of time of up to 6 months in which to complete the continuing education required by Section 87~~(b), (c), or (d)~~(c), (d) or (e). Continuing education completed pursuant to this extension shall be part of the 80 hours of continuing education required under Section 87(a) for the next two-year renewal period. However, it shall not be part of the 24 hours of continuing education required under Section 87~~(b) or (c) or (d)~~ or the 8 hours of continuing education required under Section 87~~(d)~~(e) for the next two-year renewal period.

NOTE: Authority cited: Section 5027, Business and Professions Code. Reference: Sections 5028 and 5100 (g), Business and Professions Code.

## Memorandum

CBA Agenda Item II.B.  
May 12-13, 2010

To : CBA Members

Date : April 28, 2010

Telephone : (916) 561-4310

Facsimile : (916) 263-3672

E-mail : dfranzella@cba.ca.gov

From : Dominic Franzella, Manager  
Renewal/Continuing Competency & Client Services Units

Subject : Consideration of Readoption of the Emergency Peer Review Regulations

On December 10, 2009, the Office of Administrative Law (OAL) approved the California Board of Accountancy's (CBA) emergency regulations for the new peer review requirement. The emergency peer review regulations took effect January 1, 2010.

The Administrative Procedure Act, which governs the requirements for rulemaking activities, allows OAL to approve emergency regulations for an initial 180-day period, with the option for two 90-day extensions (through readoption). If by the 181<sup>st</sup> day the emergency regulations have not been replaced with permanent regulations or OAL has not approved a 90-day extension, the emergency regulations are repealed by order of law.

OAL can only approve a 90-day extension if the agency has made substantial progress and proceeded with diligence to complete a regular noticed rulemaking action to make permanent the emergency regulations. As this relates to the emergency peer review regulations, the CBA has made substantial progress to having the emergency regulations made permanent. Specifically, the CBA has performed the following activities:

- In December 2009, CBA staff had OAL publish the Notice of Proposed Action in the *California Regulatory Notice Register*.
- On January 20, 2010, the CBA conducted a regulation hearing on the proposed permanent regulations.
- On February 25, 2010, staff, at the direction of the CBA, issued a 15-day notice of modified text.

Staff intend on submitting the rulemaking file to the Department of Consumer Affairs (DCA) prior to the CBA meeting; however, this will not provide enough time for DCA, State and Consumer Services Agency (SCSA), Department of Finance

## **Consideration of Readoption of the Emergency Peer Review Regulations**

### **Page 2 of 2**

(DOF), and OAL to approve the regulations prior to the 181<sup>st</sup> day. Therefore, staff is requesting that the CBA formally pass a motion to readopt the emergency peer review regulations. In addition, the motion should direct staff to complete the necessary rulemaking paperwork; send the paperwork to the CBA's interested parties list; post the paperwork to the CBA's Web site, and file the paperwork with OAL requesting approval of the CBA's readoption of the emergency peer review regulations.

Staff would like to note that there does exist a possibility that the CBA will need to seek a second 90-day extension from OAL. This is because once the rulemaking file is sent to DCA, only the Director of DCA has a policy setting a specific period of time in which to review the rulemaking file (30 calendar days); SCSA and DOF have no such policy. That said, as part of the motion, staff request that, should an additional 90-day extension be necessary, the CBA delegate these activities to the CBA's Executive Officer.

**State of California**  
Department of Consumer Affairs

**California Board of Accountancy**  
2000 Evergreen Street, Suite 250  
Sacramento, CA 95815-3832

**M e m o r a n d u m**

**CBA Agenda Item VI.C.**  
**May 12-13, 2010**

To : CBA Members

Date : April 27, 2010

Telephone : (916) 561-1718

Facsimile : (916) 263-3674

From  nt

Subject : Recommendation for Appointment of Ethics Curriculum Committee (ECC) Chair

I am pleased to present for the CBA's consideration the following recommendation for appointment of Donald A. Driftmier as Chair of the ECC. This recommendation was made in consultation with Vice President, Ms. Sally Anderson, after considering the needs of the committee.

My thanks to Vice President Sally Anderson for her hard work and assistance in making this recommendation.

**M e m o r a n d u m**

**CBA Agenda Item VI.E.**  
**May 12-13, 2010**

To : CBA Members

Date : May 5, 2010

Telephone : (916) 561-1718

Facsimile : (916) 263-3674

From : Dan Rich  
Assistant Executive Officer

Subject : Consideration of Modification to Executive Officer's Delegation of Authority

The California Board of Accountancy (CBA) is currently revising its regulations to incorporate specific language related to delegation of authority from the CBA to the Executive Officer. In conjunction with that action, the Department of Consumer Affairs (DCA) Legal Office has prepared the attached delegation in which the CBA President is effectuating this delegation of authority from the CBA to the Executive Officer.

Gary Duke of the DCA Legal Office will be available at the CBA meeting to answer any questions.

Attachment

**DELEGATION OF AUTHORITY:**

**RESPONSIBILITIES, DUTIES & FUNCTIONS OF EXECUTIVE OFFICER**

Pursuant to the provisions of Section 7 of the Government Code and Section 10 of the Business and Professions Code, Ms. Patti Bowers, Executive Officer, California Board of Accountancy (CBA), is hereby delegated the authority to act on behalf of the CBA in respect to all administrative and enforcement activities entered into by the CBA. Patti Bowers, as "Executive Officer," is specifically delegated authority to sign accusations and subpoena requests on behalf of the CBA, and is delegated other broad administrative authorities. In addition, Ms. Bowers is specifically delegated authority to agree to and accept any stipulated settlement on behalf of the CBA that provides for an interim suspension order, suspending the license of a certified public accountant, pending the conclusion of a criminal action concerning the licensee.

The power, discretion and duties conferred by law upon the CBA to receive and respond to a petition requesting the adoption, amendment, or repeal of a regulation as provided under Section 11340.7 of the Government Code are hereby delegated to and conferred upon Ms. Bowers.

Nothing herein prohibits the executive officer from delegating his or her authority to subordinates as provided in Section 18572 of the Government Code.

This delegation of authority revokes any prior delegation of authority issued regarding the above matter and shall remain in effect until revoked or superseded by a later delegation of authority.

Executed this \_\_\_\_ day of May, 2010, in Pasadena, California.

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Manuel Ramirez  
CBA President

## Memorandum

CBA Agenda Item VI.F.  
May 12-13, 2010

To : CBA Members

Date : April 28, 2009

Telephone : (916) 561-4310

Facsimile : (916) 263-3672

E-mail : dfranzella@cba.ca.gov

From : Dominic Franzella, Manager  
Renewal/Continuing Competency & Client Services Units

Subject : Update on Peer Review Implementation

In an effort to continue to provide updates on peer review implementation activities, staff have provided this memorandum highlighting key areas in which actions have occurred since the March 2010 California Board of Accountancy (CBA) meeting, specifically:

- Regulations,
- American Institute of Certified Public Accountants (AICPA) Facilitated State Board Access (FSBA),
- Database development and notifying licensees, and
- Report to the Legislature and Governor.

### Regulations

By late April staff will have submitted the two rulemaking files specific to peer review regulations to the Department of Consumer Affairs (DCA). The first, termed a Certification of Compliance rulemaking, seeks to make permanent emergency regulations previously approved by the Office of Administrative Law (OAL) back in mid December. Under **CBA Agenda Item II.B.**, staff have provided further clarifying information related to the next steps in the process specific to the Certification of Compliance rulemaking – specifically, seeking an extension for the emergency regulations. The second rulemaking file seeks to adopt the final few peer review regulations for which the CBA did not have authority to adopt as emergency regulations.

Once submitted to DCA, the Director of DCA has 30 calendar days to review and forward on to the Secretary of State and Consumer Services Agency (SCSA). Once the rulemaking files are with the SCSA and eventually with the Department of Finance, there is no policy or rules for the amount of time these agencies have to review the files, although CBA staff will relay the time sensitive nature of receiving each agency's approval.

## **Update on Peer Review Implementation**

### **Page 2 of 3**

#### **AICPA's Facilitated State Board Access**

At the March meeting, staff reported on receiving access to the FSBA system and a brief tutorial conducted by AICPA representatives. During the presentation on this topic, staff mentioned that peer review-related information, such as the peer review report and acceptance letter, are only available if a firm did not "opt-out" of the FSBA system. CBA member Mr. David Swartz requested information regarding whether one of the reports the FSBA system generates would indicate those firms that opted out.

In early April, staff sent an e-mail communication to the AICPA requesting whether such a report existed. In its response, the AICPA noted that its confidentiality rules preclude it from providing a report documenting those firms that opted out of FSBA. The AICPA did note, however, that an option exists whereby staff could run a report indicating which firms had a peer review report accepted during a specific period of time and a second report indicating which firms had peer review documents available. By comparing the two reports, staff could identify those firms that opted out of FSBA.

#### **Database Development and Notifying Licensees**

As briefly touched on as part of the presentation on peer review implementation at the March meeting, staff indicated the CBA's Information Technology Unit has begun work on creating a peer review database. One of the primary purposes of the database is to allow firms to submit the necessary peer review information on-line through the CBA's Web site. The anticipated launch date for the database is July 1, 2010.

In conjunction with launching the database, staff have begun preparing for the first affected group of licensees (firms with a license number ending with 01-33) the initial contact letter indicating when they must report peer review information to the CBA and that it can be done on-line. Staff anticipate mailing the contact letter to approximately 19,000 licensees (both firms and individuals). The reason for such a large mailing stems from the fact that the CBA does not know which individual licensees operate as a firm because they are a sole proprietorship. We will be using the Office of State Publishing to print and mail the letter.

**Update on Peer Review Implementation**  
**Page 3 of 3**

**Report to the Legislature and Governor**

As previously discussed, the CBA will be required to report to the Legislature and Governor, by January 1, 2013 the following:

- The extent to which peer review of small firms providing specified services has strengthened consumer protection.
- The impact of peer review on small firms providing specified services.
- The impact of peer review on non-profit organizations, small businesses, and other users of small firms that provide specified types of accountancy services.

Given that as part of Assembly Bill 138 (the bill which enacted the peer review requirement) a sunset provision of January 1, 2014 was included in the language, staff anticipate that the scope of the 2013 Legislature and Governor report will need to be expanded beyond the aforementioned topics. It would appear that in order to have the Legislature extend peer review beyond January 1, 2014, the CBA will need to substantiate the merits of peer review. As such, staff is taking this broader approach as it begins preliminary discussions on the report.

Staff have already conducted one internal meeting, with another scheduled at the beginning of May. Staff is presently considering what internal and external resources are available to the CBA to compile the 2013 report.

Again, staff will continue to inform members regarding the activities and progress of peer review implementation.

## Memorandum

CBA Agenda Item VII.B.  
May 12-13, 2010

To : CBA Members

Date : April 27, 2010

Telephone : (916) 561-1718

Facsimile : (916) 263-3674

From :   
Sally Anderson  
Vice President

Subject : Qualifications Committee (QC) Appointment

I am pleased to present for the CBA's consideration the following recommendation for appointment on the QC. This recommendation was made on the advice of and in consultation with the committee chair, who carefully reviewed and considered the needs of this committee and the skills and talents of existing and prospective committee members. My thanks to Chair Fausto Hinojosa for his hard work and diligence in making this recommendation.

Mr. Hinojosa recommends, with my concurrence, the appointment of Ms. Cassandra Moore-Hudnall to the QC.

Attachment

**CALIFORNIA BOARD OF ACCOUNTANCY**  
**FISCAL YEAR 2009/10**  
**Third Quarter Financial Report**  
(for period of 7/1/09 through 3/31/10)

CBA Agenda Item VIII.B  
May 12-13, 2010

|   | FY 2009/10<br>Received/Expended<br>7/01/09 - 3/31/10<br>(9 months ) [7] | FY 2008/09<br>Received/Expended<br>7/01/08 - 3/31/09<br>(9 months ) [7] | % Change<br>FY 2009/10 to<br>FY 2008/09<br>(A:B) | FY 2009/10 Annual<br>Governor's Budget<br>7/01/09 - 6/30/10<br>(12 months) | FY 2009/10<br>Receipts/Expenditures<br>Over/Under Budget<br>(D:A) |
|---|---|---|--|--|---|
| <b>RECEIPTS</b>                         |   |   |  |  |   |
| <b>Revenues:</b>                        |   |   |  |  |   |
| Renewals [1]                            | 6,904,700   | 6,704,486   | 3.0%   | 7,622,300  | -9.4%   |
| Examination Fees                        | 2,086,109   | 1,963,096   | 6.3%   | 2,697,645  | -22.7%  |
| Licensing Fees                          | 757,900   | 719,421   | 5.3%   | 1,507,287  | -49.7%  |
| Practice Privilege Fees                 | 144,050   | 151,650   | -5.0%  | 194,550  | -26.0%  |
| Miscellaneous [2]                       | 51,372  | 45,629  | 12.6%  | 4,000  | 1184.3%   |
| Monetary Sanctions [3]                  | 0   | 0   | NA   | 0  | NA  |
| Citation & Fines                        | 0   | 0   | NA   | 0  | NA  |
| Penalty Assessments                     | 2,340   | 25,338  | -90.8%   | 15,000   | -84.4%  |
| <b>Total Revenues</b>                   | <b>9,946,471</b>  | <b>9,609,620</b>  | <b>3.5%</b>                                      | <b>12,040,782</b>  | <b>-17.4%</b>   |
| <b>Interest</b>                         | <b>47,567</b>   | <b>263,289</b>  | <b>-81.9%</b>                                    | <b>590,000</b>   | <b>-91.9%</b>   |
| <b>Cost Recovery</b>                    | <b>69,834</b>   | <b>342,201</b>  | <b>-79.6%</b>                                    | <b>0</b>   | <b>NA</b>   |
| <b>TOTAL NET RECEIPTS</b>               | <b>10,063,872</b>   | <b>10,215,110</b>   | <b>-1.5%</b>                                     | <b>12,630,782</b>  | <b>-20.3%</b>   |
| <b>EXPENDITURES:</b>                    |   |   |  |  |   |
| <b>Personal Services:</b>               |   |   |  |  |   |
| Salaries & Wages                        | 2,704,612   | 2,948,062   | -8.3%  | 3,575,655  | -24.4%  |
| Benefits                                | 1,043,210   | 1,077,131   | -3.1%  | 1,615,492  | -35.4%  |
| <b>Total Personal Services:</b>         | <b>3,747,822</b>  | <b>4,025,193</b>  | <b>-6.9%</b>                                     | <b>5,191,147</b>   | <b>-27.8%</b>   |
| <b>Operating Expenses:</b>              |   |   |  |  |   |
| Fingerprints                            | 13,901  | 13,041  | 6.6%   | 185,000  | -92.5%  |
| General Expense                         | 134,811   | 137,646   | -2.1%  | 151,009  | -10.7%  |
| Printing                                | 68,017  | 51,137  | 33.0%  | 271,826  | -75.0%  |
| Communications                          | 25,470  | 24,031  | 6.0%   | 110,833  | -77.0%  |
| Postage                                 | 118,256   | 84,493  | 40.0%  | 225,719  | -47.6%  |
| Travel: In State                        | 72,551  | 86,695  | -16.3%   | 149,062  | -51.3%  |
| Travel: Out of State                    | 1,443   | 0   | NA   | 2,236  | -35.5%  |
| Training                                | 5,457   | 10,375  | -47.4%   | 83,684   | -93.5%  |
| Facilities Operations                   | 563,325   | 558,716   | 0.8%   | 706,818  | -20.3%  |
| Utilities                               | 0   | 0   | NA   | 0  | NA  |
| Consultant & Professional Services Int. | 0   | 0   | NA   | 3,708  | -100.0%   |
| Consultant & Professional Services Ext. | 107,829   | 196,111   | -45.0%   | 1,431,363  | -92.5%  |
| Departmental Services                   | 877,599   | 978,912   | -10.3%   | 1,170,097  | -25.0%  |
| Consolidated Data Center                | 36,198  | 30,000  | 20.7%  | 41,148   | -12.0%  |
| Data Processing                         | 14,555  | 42,235  | -65.5%   | 79,479   | NA  |
| Central Administrative Services         | 299,520   | 332,672   | -10.0%   | 400,436  | -25.2%  |
| Exams                                   | 131,506   | 141,350   | -7.0%  | 44,452   | NA  |
| Enforcement                             | 376,253   | 311,082   | 20.9%  | 1,713,551  | -78.0%  |
| Minor Equipment                         | 75,543  | 40,165  | 88.1%  | 50,000   | 51.1%   |
| Major Equipment                         | 0   | 0   | NA   | 24,000   | -100.0%   |
| <b>Total Operating Expenses:</b>        | <b>2,922,234</b>  | <b>3,038,661</b>  | <b>-3.8%</b>                                     | <b>6,844,421</b>   | <b>-57.3%</b>   |
| <b>TOTAL EXPENDITURES</b>               | <b>6,670,056</b>  | <b>7,063,854</b>  | <b>-5.6%</b>                                     | <b>12,035,568</b>  | <b>-44.6%</b>   |
| Less Reimbursements                     | 16,856  | 52,847  | -68.1%   | 296,000  | -94.3%  |
| <b>TOTAL NET EXPENDITURES</b>           | <b>6,653,200</b>  | <b>7,011,007</b>  | <b>-5.1%</b>                                     | <b>11,739,568</b>  | <b>-43.3%</b>   |
| <b>RECEIPTS IN EXCESS OF EXPENSES</b>   | <b>3,410,672</b>  | <b>3,204,103</b>  |  | <b>891,214</b>   |   |
| <b>BEGINNING RESERVES JULY 1 [4]</b>    | <b>15,693,000</b>   | <b>25,653,000</b>   |  | <b>15,693,000</b>  |   |
| <b>GENERAL FUND LOAN 2008 [5]</b>       | <b>0</b>  | <b>-14,000,000</b>  |  | <b>0</b>   |   |
| <b>PROJECTED ENDING RESERVES</b>        | <b>19,103,672</b>   | <b>14,857,103</b>   | <b>28.6%</b>                                     | <b>16,584,214</b>  |   |
| <b>GENERAL FUND LOAN 2002 [5]</b>       | <b>(6,000,000)</b>  | <b>(6,000,000)</b>  |  |  |   |
| <b>GENERAL FUND LOAN 2003 [5]</b>       | <b>(270,000)</b>  | <b>(270,000)</b>  |  |  |   |
| <b>GENERAL FUND LOAN 2008 [5]</b>       | <b>(14,000,000)</b>   | <b>(14,000,000)</b>   |  |  |   |
| <b>MONTHS IN RESERVE (MIR) [6]</b>      | <b>19.0</b>   | <b>14.0</b>   |  | <b>16.5</b>  |   |

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**Footnotes:**

- [1] Includes biennial renewals, delinquent and prior year renewals, and initial licenses.
- [2] Includes miscellaneous services to the public, dishonored check fees, certification fees, duplicate licenses, name changes, over/short fees, suspended revenue, prior year adjustments, and unclaimed checks.
- [3] Enforcement monetary sanctions received as components of stipulated settlements and disciplinary orders approved by the Board. These orders bring to a conclusion any accusations that had previously been filed by the Executive Officer, and are separate from fines or citations.
- [4] FY 2009/10 beginning reserve amount was taken from Analysis of Fund Condition statement, prepared by the Department of Consumer Affairs (DCA) Budget Office on March 14, 2010.
- [5] Funds borrowed per California Government Code Section 16320, which indicates that the Budget Act is the authority for these loans. The "terms and conditions" of the loans, per the Budget Act are: "The transfer made by this item is a loan to the General Fund. This loan shall be repaid with interest calculated at the rate earned by the Pooled Money Investment Account at the time of the transfer." (Estimated at 2.78% for 2008, 2.64% for 2002, and 1.64% for 2003 loan). "It is the intent of the Legislature that repayment be made so as to ensure that the programs supported by this fund are not adversely affected by the loan through a reduction in service or an increase in fees."
- [6] Calculation: expenditure authority for FY 2009/10 (\$12,035,568) divided by twelve months equals monthly expenditure authority (\$1,002,964). Total ending reserves divided by monthly authority equals "Months in Reserve" (MIR).
- [7] Received/Expended amounts through March 31, 2010 for FY 2009/10 and March 31, 2009 for FY 2008/09 include encumbrances, and are from DCA Budget Reports.
- NOTE: Board Financial Reports are prepared quarterly (October, January, April, and August) and included in Board Meeting materials. These reports provide an overview of receipts, expenditures, and the status of the Accountancy Fund Reserve.

**CALIFORNIA BOARD OF ACCOUNTANCY**  
**FISCAL YEAR 2009/10**  
**3<sup>RD</sup> QUARTER FINANCIAL REPORT**  
(for period of 7/01/09 through 03/31/10)



**DISCUSSION AND ANALYSIS OF FINANCIAL REPORT**

**BUDGET**

The Governor's Proposed Budget for FY 2010/11 was submitted to the Legislature in January 2010. These documents have been made public and can be viewed at the Department of Finance's website - [www.ebudget.ca.gov](http://www.ebudget.ca.gov). The major changes to the CBA's FY 2010/11 budget include the restoration of expenditure authority associated with the elimination of furloughs on July 1, 2010 and the addition of four positions on July 1, 2010 due to the passage of two legislative budget change proposals. Two of the positions will be responsible for promulgating regulations and providing committee support to identify coursework meeting the new 10 hours of ethics education and 20 hours of accounting education required for licensure, in preparation for the elimination of Pathway 1. The other two positions will be responsible for the program operations and support of the new Peer Review Program. Also, three limited term positions in the Practice Privilege Unit will expire at the end of FY 09-10. All associated funding for these three positions will be eliminated by FY 2010-11.

**REVENUES/TOTAL RECEIPTS**

The CBA collected \$10 million in total receipts through the third quarter of FY 2009/10. Total receipts decreased by 1.5 percent compared to the comparable ending quarter in FY 2008/09. Variable income sources such as penalty assessments, interest income, and cost recovery decreased compared to the previous year. These receipts cannot be anticipated.

**EXPENDITURES**

Expenditure categories reflecting significant changes from last year's report are outlined below:

- Increases in printing and postage expenditures reflected in the third quarter report can be attributed to mailings from CBA's Licensing Division. Printed inserts were recently sent to inform stakeholders of Peer Review implementation, and changes in licensing pathways including continuing education requirements. Printing and postage expenditures will also reflect a increase going forward, due to the increased production and mailing of the CBA's *Update* publication which is now sent tri-annually to licensees.
- Expenditures for external consultants are down 45 percent from this time last year. These expenses are accrued by the Enforcement Division using private sector subject matter experts/consultants, as required. In FY 2008/09, three private sector consultants were contracted to assist with Enforcement Division investigations, consequently expenses in this line item increased as a result of that encumbrance. An additional consultant contract was encumbered to assist with Enforcement processes however this service contract was subsequently ended as a result of the Governor's Executive Order requesting service contract reductions in FY 2009/10. During the current fiscal year, CBA has made minimal use of the investigative consultants; hence, current year expenditures have been reduced.
- Enforcement operating expenditures increased 20 percent as a result of increased enforcement activity. Since the third quarter of FY 2008/09, the Enforcement Division reorganized structurally to add a non-technical investigation group to assist the Investigative CPA (ICPA) staff. Not only does this streamline that division, but it assists the ICPAs in devoting more time and effort to resolving technical cases to protect the public. The Enforcement Division reports that in addition to current investigations, numerous on-going and long term investigations are continuing to accrue current year expenditures.

**CALIFORNIA BOARD OF ACCOUNTANCY**  
**FISCAL YEAR 2009/10**  
**3<sup>RD</sup> QUARTER FINANCIAL REPORT**  
**PAGE 2**

- CBA's data processing expenditures have decreased compared to FY 2008/09. In FY 2008/09, the CBA updated its IT infrastructure with servers, security software, and other peripherals. This update to the IT infrastructure significantly inflated last years' data processing expenditures.

**RESERVES**

Statutory mandates require that the CBA maintain nine months of "anticipated" expenditures in the Accountancy Fund Reserve (Reserve). The CBA ended the third quarter of FY 2009/10 with approximately 19 months of expenditures in reserve. It is anticipated that the Reserve level will decrease in the coming years due to pending regulations reducing renewal fees for a four-year period.

## Memorandum

CBA Agenda Item IX.E  
May 12-13, 2010

To : CBA Members

Date: April 29, 2010

Telephone : (916) 561- 1789  
Facsimile : (916) 263- 3675  
E-mail : lhersh@cba.ca.gov

From : Lauren Hersh  
Information & Planning Manager

Subject : Update on 2010-2012 CBA Communications and Outreach Plan

### Augmentation of the Communications & Outreach Plan

At the March 2010 CBA meeting, both the CBA Communications and Outreach Plan and the Ambassador Program were approved by CBA members and subsequently combined as described in the Ambassador Program memo. The attached 2010-2012 CBA Communications and Outreach Plan reflects that change and states in 3.6 on Page 6:

“The CBA Vice-President, or her/his designee, will serve as an Ambassador of the CBA to specific stakeholder groups including professional organizations, colleges/universities, Chambers of Commerce, civic organizations, and state/federal agencies which serve and/or employ CPA licensees.”

Unless further amended, the Communications & Outreach Plan (**Attachment 1**) will not be provided as an attachment to future communications & outreach status updates, so please retain today’s attachment or access the Plan through the CBA Web site. The Calendar of Communication & Outreach Activities (**Attachment 2**) will be provided in conjunction with future status updates.

### Outreach Activities

As requested by the CBA at the March meeting, staff will be providing regular updates regarding the communication & outreach activities which have taken place since the last CBA meeting.

- The staff Communications and Outreach Committee referenced at the March meeting has been formed and is scheduled to meet twice monthly. The committee will provide input and resources from the many different program areas at CBA and assist in populating the Communications and Outreach Calendar. The committee is currently in the process of identifying for recommendation to management the appropriate outreach focus for each month remaining on the 2010 calendar.
- Client Services Unit staff have created a PowerPoint presentation focused on all requirements of licensure, from education and application for licensure

## Update on 2010-2012 Communications & Outreach Plan

through renewal and practice privilege, for use by the CBA Ambassador or other outreach representatives. The PowerPoint presentation will also be available in modules, as it would likely be tailored to specific audiences. It is currently in review, and the intent is to use it as a template to create other presentation modules.

- Three news releases and one pre-CBA meeting press advisory have been issued, with various news stories resulting. (**Attachment 3**). Contact was also made with colleges and university media offices regarding AEC appointments, with University of California, Riverside, subsequently issuing its own press release regarding the appointment of Michael Moore, Ph.D., CPA.

The seal of the California Board of Accountancy is a circular emblem. It features a central figure, likely a personification of Justice or Truth, holding a scale and a sword. The figure is surrounded by various symbols of commerce and industry, including a ship, a plow, and a bear. The text "CALIFORNIA BOARD OF ACCOUNTANCY" is written in a circular path at the top, and "DEPARTMENT OF CONSUMER AFFAIRS" is written at the bottom. The word "EUREKA" is inscribed in the center above the figure. The words "STATE OF CALIFORNIA" are also visible within the inner circle.

**California Board of Accountancy**

**2010-2012 Communications & Outreach  
Plan**



## **1. Overview**

### **1.1 Purpose and Scope**

The purpose of this document is to define the 2010-2012 communications goals and strategies of the California Board of Accountancy (CBA), in support of the 2010-2012 Strategic Plan, Goal 4, which states: "Provide and maintain effective and timely outreach to all CBA stakeholders." The 2010-2012 Communications & Outreach Plan identifies CBA's stakeholders and outlines the goals of the communication efforts to reach and inform each group. These high-level strategies and goals are intended to provide guidance in planning and measuring results of the current and future communications efforts.

Without detailed plans for communications activities that identify the organization and policy needed to carry them out, the CBA will not be able to coordinate efforts with other groups or report its activities and results to oversight stakeholders. Risks of insufficient planning include: failure to accomplish key objectives; duplication of effort; waste of resources; and stakeholder rejection of future requests for communications support.

CBA communications and outreach efforts should be based on explicit, detailed and calendared communications plans. Success for CBA communications should be measured against plan objectives.

In concert with these objectives, CBA staff has created a Communications Committee to provide input and resources from across divisions and programs. The Communications Committee provides the oversight to ensure that planning and executing communications and outreach efforts will be integrated with the goals of the 2010-2012 Communications and Outreach Plan.

## **2. Stakeholders and Communications Goals**

### **2.1 Background**

The 2010-2012 Communications & Outreach Plan is part of the 2010-2012 Strategic Plan (Objective 4.4) and was developed to provide a roadmap for accomplishing goals and objectives identified in the Strategic Plan and directed by CBA members. Where appropriate, the goals listed in this plan will reference the 2010-2012 Strategic Plan.

### **2.2 Stakeholders and Goals**

Communication is the CBA's primary tool for promoting cooperation, participation, and coordination between all stakeholders. The CBA has identified seven current stakeholder groups and has specific communications goals for each. (Strategic Plan Goal 4)

### **2.2.1 Consumers- Individuals and Businesses (Strategic Plan Goal 4)**

#### **Goals: Inform and educate**

- How consumers can protect themselves when choosing a CPA
- What consumers can do if they have a complaint against a CPA
- What is the CBA and its purpose (Strategic Plan Objective 4.5)
- What a CPA does-the roles of different types of tax preparers
- How to choose a CPA
- Has your CPA completed a Peer Review

### **2.2.2 Licensees (Strategic Plan Goal 7)**

#### **Goals: Inform and educate**

- License renewal requirements (Strategic Plan Objective 7.4)
- New Continuing Education (CE) requirements (Strategic Plan Objective 7.4)
- Peer Review Program and requirements (Strategic Plan Objective 7.2)
- Common pitfalls; discipline/reportable events (Strategic Plan Objective 1.7, 1.8)

### **2.2.3 Applicants for Licensure (Strategic Plan Goals 3, 4 and 7)**

#### **Goals: Inform and educate**

- What is the CBA and its purpose (Strategic Plan Objective 4.5)
- How to apply for the Uniform CPA Exam
- Changes to the Uniform CPA Exam (CBT-e)
- How to obtain a license
- Elimination of Pathway 1
- The benefits a license provides

## **2.2.4 Colleges and Universities (Strategic Plan Goal 4)**

### **Goals: Inform and educate**

- What the CBA is and its purpose (Strategic Plan Objective 4.5)
- The educational requirements for becoming a CPA
- How to obtain a license
- The benefits a license provides

## **2.2.5 Professional Organizations (CalCPA, SCA, NASBA, AICPA) (Strategic Plan Goals 4 and 5)**

### **Goals: Inform and gain support**

- What the CBA is seeking to achieve and how it will benefit stakeholders
- Promote professional organizations' participation in the 2010-2012 Communications & Outreach Plan (Strategic Plan Objective 5.3)
- Leverage the organizations as advocates for CBA's consumer protection goals

## **2.2.6 Civic Organizations, Chambers of Commerce and Business Bureaus (Strategic Plan Goal 4)**

### **Goals: Inform and gain support**

- What the CBA is seeking to achieve and how it will impact small business
- Promote participation in outreach elements of the 2010-2012 Communications & Outreach Plan
- Leverage the organizations as advocates for support in CBA's consumer protection goals

## **2.2.7 DCA and Other State Agencies (Strategic Plan Goal 4)**

### **Goals: Maximize opportunities for synergy and resources**

- What the CBA is seeking to achieve that will dovetail with DCA and other state agencies (Strategic Plan Objective 4.2; 4.3)
- What opportunities may be extended to DCA and other state agencies to enhance outreach (Strategic Plan Objective 4.3)

- What opportunities extended to the CBA by DCA and other state agencies may be accepted to enhance outreach, i.e., CSLB's Senior ScamStoppers, DCA's "Scam Busters" (Strategic Plan Objective 4.3)
- What DCA/other state agency resources may be utilized to minimize CBA costs (Strategic Plan Goal 6)

### **3. Communications Strategies and Tools**

The communications activities and relationships described in this plan may change as the 2010-2012 Communications & Outreach Plan evolves.

#### **3.1 Press Releases (Strategic Plan Goal 4)**

- Issued before and after CBA meetings
- Issued to inform/educate stakeholders regarding enforcement actions/consumer protection
- Issued to various stakeholders informing them of "Hot Topics" of interest

#### **3.2 E-News (Strategic Plan Goal 8)**

- Market E-News subscriptions on all correspondence
- Market E-News via "shared links" with professional organizations
- Utilize E-News for delivery of CBA information and activities to subscribers

#### **3.3 UPDATE (Strategic Plan Goal 7)**

- Expand publication to three times annually (Strategic Plan Objectives 1.7;4.1;4.5, 7.2)
- Seek/solicit "guest writer" from consumers, licensees, professional organizations, higher education, civic organizations/business bureaus/Chambers of Commerce

#### **3.4 Brochures (Strategic Plan Goal 4)**

- Develop new brochures as determined necessary (Strategic Plan Objective 4.7)
- Review content and design of current brochures for possible update/redesign (Strategic Plan Objective 4.7)

- Disseminate to consumers, licensees, professional organizations, colleges/universities, civic organizations/business bureaus/Chambers of Commerce
- Request consumer brochures be included in DCA's "Scam Busters Kit"
- Post to CBA Web site and make links available to professional organizations, colleges/universities, civic organizations/business bureaus/Chambers of Commerce

### **3.5 People to People (Strategic Plan Goal 4)**

- Scheduled personal communications by CBA leadership to specified stakeholder leadership
- Contact by CBA leadership with legislators as CBA activities/interests warrant

### **3.6 Presentations**

- Develop talking points/ program and leave-behind materials geared toward students/faculty at colleges/universities
- Develop talking points/program Professional Trade Organization chapter/regional meetings
- Develop talking points/program for Civic Organizations (Rotary, Kiwanis, etc.)
- Develop talking points/program for State/Federal agencies which serve and/or employ CPA licensees and potential applicants (FTB/IRS/BOE)
- See Stakeholders noted in sections 2.2.4-2.2.6 of this plan for additional presentation opportunities

### **3.7 CBA Web site**

- Provide relevant information regarding enforcement activities, legislation, regulation, CBA meeting minutes, agenda and other items of interest to stakeholders (Strategic Plan 1.7;4.4; 4.6)
- Provide link to live Webcast CBA meetings and video files (Strategic Plan 4.5)
- Within State of California and DCA-permitted parameters, enhance "site" experience for end-users through leverage of Web page real estate and enhanced technologies (Strategic Plan 4.2)
- Provide links to audio files of radio spots and sponsorships (Strategic Plan 4.5)

### **3.7 Media Relations**

- Monitor CBA in the news, responding to reporters responsible for the item as warranted or advantageous (Strategic Plan 4.1)
- Monitor trends in media to be poised to maximize opportunities and build relationships
- Regularly scheduled contact by Communications & Planning Manager with specified business and media editors

## **4. Addendum**

### **4.1 2010 Calendar of Communication & Outreach Activities**

# JANUARY 2010

| Sunday | Monday  | Tuesday   | Wednesday                                      | Thursday                      | Friday             | Saturday |
|--------|---|---|--|-------------------------------|--------------------|----------|
|        |   |   |  |                               | 1                  | 2        |
| 3      | 4<br>▪Peer Review<br>webpage press<br>release<br><br>▪Monitor CBA in<br>news* | 5<br><br>Tax Tips links for<br>Consumers added to<br>Website      | 6  | 7                             | 8<br><br>Furlough  | 9        |
| 10     | 11<br><br>Pre-CBA meeting press<br>release                                    | 12<br><br>E-News release re: pre-<br>CBA meeting press<br>release | 13<br><br>Enforcement release<br>re:Murray ISO | 14                            | 15<br><br>Furlough | 16       |
| 17     | 18  | 19  | 20<br><br>CBA meeting webcast                  | 21<br><br>CBA meeting webcast | 22<br><br>Furlough | 23       |
| 24     | 25  | 26<br><br>E-News Alert re:QC<br>meeting notice                    | 27<br><br>QC meeting                           | 28<br><br>EAC meeting         | 29                 | 30       |
| 31     |   |   |  |                               |                    |          |

Notes:

\*monitoring news a daily activity necessary to assess outcomes

Calendar events will be updated throughout the year

Activities: Tax Tips links for Consumers added to CBA Web site

**January Focus: Tax Tips for Consumers**

# FEBRUARY 2010

| Sunday | Monday | Tuesday  | Wednesday  | Thursday                                  | Friday   | Saturday |
|--------|--------|--|--|---|--|----------|
|        | 1      | 2  | 3  | 4   | 5<br>Furlough                                  | 6        |
| 7      | 8      | 9<br>New CBA language<br>and link added to BOE<br>Web site | 10   | 11  | 12<br>Furlough                                 | 13       |
| 14     | 15     | 16   | 17<br>CBA E-News link<br>added to CalCPA's<br>Web site | 18  | 19<br>Furlough                                 | 20       |
| 21     | 22     | 23   | 24   | 25<br>Enforcement action<br>press release | 26<br>E-News release re:<br>Enforcement action | 27       |
| 28     |        |  |  |   |  |          |

**Notes:**

E-News Alerts are sent throughout the month

Activities: CBA Web link added to BOE Web site on 2/9; E-News subscription link added to CalCPA Web site 2/17

**February Focus: Licensees**

# MARCH 2010

| Sunday    | Monday  | Tuesday   | Wednesday                                 | Thursday                         | Friday                           | Saturday  |
|-----------|---|---|---|----------------------------------|----------------------------------|-----------|
|           | <b>1</b><br>Posting of Practice Privilege Regulations   | <b>2</b>  | <b>3</b>                                  | <b>4</b>                         | <b>5</b><br>Furlough             | <b>6</b>  |
| <b>7</b>  | <b>8</b><br>-Consumer Protection Day at DCA<br>-Peer Review Brochure added to CBA Web site        | <b>9</b>  | <b>10</b>                                 | <b>11</b>                        | <b>12</b><br>Furlough            | <b>13</b> |
| <b>14</b> | <b>15</b><br>Pre-CBA meeting press release  | <b>16</b><br>E-News Alert re: pre-CBA meeting press release | <b>17</b>                                 | <b>18</b>                        | <b>19</b><br>Furlough            | <b>20</b> |
| <b>21</b> | <b>22</b><br>-Messages promoting E-News<br>-Customer Service Survey to be added to outgoing email | <b>23</b>   | <b>24</b><br>E-News alert re: CBA meeting | <b>25</b><br>CBA meeting webcast | <b>26</b><br>CBA meeting webcast | <b>27</b> |
| <b>28</b> | <b>29</b><br>-Post CBA meeting press release<br>-Pre AEC meeting press release                    | <b>30</b><br>E-News Alert re: post-meeting press release    | <b>31</b>                                 |                                  |                                  |           |

**Notes:**

E-News Alerts sent throughout the month

Activities: CBA Outreach @ Consumer Protection Day, DCA 3/8

**March Focus: Consumer Protection Month**

# APRIL 2010

| Sunday    | Monday                           | Tuesday  | Wednesday   | Thursday  | Friday                | Saturday  |
|-----------|----------------------------------|--|---|---|-----------------------|-----------|
|           |                                  |  |   | <b>1</b><br>-Enforcement action<br>press release<br>-E-News alert<br>re:Enforcement actions | <b>2</b><br>Furlough  | <b>3</b>  |
| <b>4</b>  | <b>5</b><br>E-News Alert re:ISO  | <b>6</b>   | <b>7</b><br>E-News alert re: AEC<br>meeting & webcast   | <b>8</b><br>AEC meeting webcast   | <b>9</b><br>Furlough  | <b>10</b> |
| <b>11</b> | <b>12</b>                        | <b>13</b>  | <b>14</b>   | <b>15</b>   | <b>16</b><br>Furlough | <b>17</b> |
| <b>18</b> | <b>19</b>                        | <b>20</b><br>E-News Alert re: QC<br>meeting notice | <b>21</b><br>QC meeting   | <b>22</b>   | <b>23</b>             | <b>24</b> |
| <b>25</b> | <b>26</b><br>CBA meeting webcast | <b>27</b>  | <b>28</b><br>▪Enforcement action<br>press release<br>▪E-News alert<br>re:Enforcement<br>actions | <b>29</b>   | <b>30</b>             |           |

Notes:

E-News alerts sent throughout the month

**April Focus:**

# MAY 2010

| Sunday | Monday                               | Tuesday   | Wednesday                         | Thursday  | Friday               | Saturday |
|--------|--------------------------------------|---|-----------------------------------|---|----------------------|----------|
|        |                                      |   |                                   |   |                      | 1        |
| 2      | 3                                    | 4<br>E-News Alert re: pre-meeting press release       | 5<br>E-News alert re: EAC meeting | 6<br>EAC meeting                                      | 7<br>Furlough        | 8        |
| 9      | 10<br>Pre-CBA meeting press release  | 11<br>E-News alert re: CBA meetings                   | 12<br>CBA meeting Webcast         | 13<br>CBA meeting Webcast                             | 14<br>Furlough       | 15       |
| 16     | 17<br>Post-CBA meeting press release | 18<br>E-News alert re: post-CBA meeting press release | 19                                | 20  | 21<br>Furlough       | 22       |
| 23     | 24                                   | 25  | 26                                | 27<br>▪UPDATE posted on CBA Web site<br>▪E-News alert | 28<br>UPDATE mailout | 29       |
| 30     | 31                                   |   |                                   |   |                      |          |

Notes:  
E-News alerts sent throughout the month

**May Focus:**

# JUNE 2010

| Sunday | Monday | Tuesday | Wednesday                                 | Thursday   | Friday         | Saturday |
|--------|--------|---------|---|--|----------------|----------|
|        |        | 1       | 2   | 3  | 4<br>Furlough  | 5        |
| 6      | 7      | 8       | 9   | 10   | 11<br>Furlough | 12       |
| 13     | 14     | 15      | 16<br>Enforcement action<br>press release | 17<br>E-News Alert<br>re:Enforcement action<br>press release | 18<br>Furlough | 19       |
| 20     | 21     | 22      | 23  | 24   | 25             | 26       |
| 27     | 28     | 29      | 30  |  |                |          |

Notes:  
E-News Alerts sent throughout the month

**June Focus:**

# JULY 2010

| Sunday    | Monday                                     | Tuesday   | Wednesday                        | Thursday   | Friday  | Saturday  |
|-----------|--|---|----------------------------------|--|---|-----------|
|           |  |   |                                  | <b>1</b><br>*Post Peer Review reporting form on Web site                                 | <b>2</b><br>E-News alert re: Peer Review reporting form posting | <b>3</b>  |
| <b>4</b>  | <b>5</b>                                   | <b>6</b><br>Peer Review notification press release          | <b>7</b>                         | <b>8</b>   | <b>9</b>  | <b>10</b> |
| <b>11</b> | <b>12</b>                                  | <b>13</b>   | <b>14</b>                        | <b>15</b>  | <b>16</b>   | <b>17</b> |
| <b>18</b> | <b>19</b><br>Pre-CBA meeting press release | <b>20</b><br>E-News Alert re: pre-CBA meeting press release | <b>21</b>                        | <b>22</b>  | <b>23</b>   | <b>24</b> |
| <b>25</b> | <b>26</b>                                  | <b>27</b><br>E-News alert re CBA meeting                    | <b>28</b><br>CBA meeting Webcast | <b>29</b><br>▪Post-meeting press release<br>▪E-News Alert re: post-meeting press release | <b>30</b>   | <b>31</b> |

**Notes:**

\*Peer Review notification and reporting form to be sent to licensee #01-33 (Approximately 19,000)

Related Activities: July 1, 2, 6

E-News Alerts sent throughout the month

**July Focus:**

# AUGUST 2010

| Sunday | Monday                                 | Tuesday   | Wednesday                        | Thursday         | Friday | Saturday |
|--------|--|---|----------------------------------|------------------|--------|----------|
| 1      | 2                                      | 3   | 4<br>E-News Alert re:EAC meeting | 5<br>EAC meeting | 6      | 7        |
| 8      | 9                                      | 10  | 11                               | 12               | 13     | 14       |
| 15     | 16                                     | 17  | 18                               | 19               | 20     | 21       |
| 22     | 23                                     | 24  | 25                               | 26               | 27     | 28       |
| 29     | 30<br>Enforcement action press release | 31<br>E-News Alert re: Enforcement action press release |                                  |                  |        |          |

**Notes:**

E-News Alerts sent throughout the month

**August Focus:**

# SEPTEMBER 2010

| Sunday | Monday                               | Tuesday   | Wednesday                        | Thursday                  | Friday                    | Saturday |
|--------|--------------------------------------|---|----------------------------------|---------------------------|---------------------------|----------|
|        |                                      |   | 1                                | 2                         | 3                         | 4        |
| 5      | 6                                    | 7   | 8                                | 9                         | 10                        | 11       |
| 12     | 13<br>Pre-CBA meeting press release  | 14<br>E-News Alert re: Pre-CBA meeting press release  | 15                               | 16                        | 17                        | 18       |
| 19     | 20                                   | 21  | 22<br>E-News alert: CBA meetings | 23<br>CBA Meeting Webcast | 24<br>CBA Meeting Webcast | 25       |
| 26     | 27<br>Post-CBA meeting press release | 28<br>E-News Alert re: Post-CBA meeting press release | 29                               | 30<br>UPDATE mailout      |                           |          |

**Notes:**

E-News Alerts sent throughout the month

**September Focus:**

# OCTOBER 2010

| Sunday | Monday                                    | Tuesday   | Wednesday            | Thursday | Friday             | Saturday |
|--------|---|---|----------------------|----------|--------------------|----------|
|        |   |   |                      |          | 1<br>*E-News alert | 2        |
| 3      | 4   | 5   | 6                    | 7        | 8                  | 9        |
| 10     | 11  | 12  | 13                   | 14       | 15                 | 16       |
| 17     | 18<br>Pre-CBA conference<br>press release | 19<br>E-News alert re:QC<br>meeting   | 20<br>QC meeting     | 21       | 22                 | 23       |
| 24     | 25<br>Enforcement action<br>press release | 26<br>E-News Alert re:<br>▪Enforcement action<br>press release<br>▪CBA conference<br>notice | 27<br>CBA Conference | 28       | 29                 | 30       |
| 31     |   |   |                      |          |                    |          |

Notes:

E-News Alerts sent throughout the month

**October Focus:**

# NOVEMBER 2010

| Sunday    | Monday  | Tuesday  | Wednesday                                  | Thursday                         | Friday                           | Saturday  |
|-----------|---|--|--|----------------------------------|----------------------------------|-----------|
|           | <b>1</b><br>Post-CBA conference press release | <b>2</b><br>E-News Alert re: Post CBA conference press release | <b>3</b>                                   | <b>4</b>                         | <b>5</b>                         | <b>6</b>  |
| <b>7</b>  | <b>8</b><br>Pre-meeting press release         | <b>9</b><br>E-News re: pre-meeting press release               | <b>10</b>                                  | <b>11</b>                        | <b>12</b>                        | <b>13</b> |
| <b>14</b> | <b>15</b>                                     | <b>16</b>  | <b>17</b><br>E-News alert re: CBA meetings | <b>18</b><br>CBA meeting Webcast | <b>19</b><br>CBA meeting Webcast | <b>20</b> |
| <b>21</b> | <b>22</b><br>Post-meeting press release       | <b>23</b><br>E-News re: post-meeting press release             | <b>24</b>                                  | <b>25</b>                        | <b>26</b>                        | <b>27</b> |
| <b>28</b> | <b>29</b>                                     | <b>30</b>  |  |                                  |                                  |           |

Notes:  
E-News Alerts sent throughout the month

**November Focus:**

# DECEMBER 2010

| Sunday | Monday                                    | Tuesday   | Wednesday | Thursday | Friday | Saturday |
|--------|---|---|-----------|----------|--------|----------|
|        |   |   | 1         | 2        | 3      | 4        |
| 5      | 6   | 7   | 8         | 9        | 10     | 11       |
| 12     | 13  | 14  | 15        | 16       | 17     | 18       |
| 19     | 20<br>Enforcement action<br>press release | 21<br>E-News Alert re:<br>Enforcement action<br>press release | 22        | 23       | 24     | 25       |
| 26     | 27  | 28  | 29        | 30       | 31     |          |

Notes:  
E-News Alerts sent throughout the month

**December Focus:**



Buttons

Print

Close

## California CPA fees may be reduced

SACRAMENTO

March 30, 2010 9:53am

- **First cut since fees were raised in 2000**
- **Recession is a reason**

The California Board of Accountancy has voted to reduce licensee renewal fees from \$200 to \$120 and cut delinquency fees from \$100 to \$60.

It's not quite a done deal yet. It still needs to be approved by the Department of Consumer Affairs, the State and Consumer Services Agency, the Department of Finance and the Office of Administrative Law.

The reduction would likely go into effect July 1, 2011.

The fee reduction is the first since 1998.

"The decision to reduce fees was appropriate given today's economic environment and as a way to mitigate the cost of the new peer review requirements," says CBA President Manuel Ramirez.

Peer review, which is a study of a firm's accounting and auditing work, became mandatory for California CPAs on Jan. 1, 2010.

Mr. Ramirez says the CBA decided its healthy reserve fund would enable it to reduce fees. The CBA has a projected reserve fund of more than \$15.5 million dollars, or a 16 month reserve at the end of the current fiscal year.

The measure approved by the 15-member CBA would keep fees at the lower level for a period of at least four years. The fee roll back is the first fee change since 2000, when fees were increased to their current level.

Created by statute in 1901, the California Board of Accountancy regulates more than 81,000 licensees, the largest group of licensed accounting professionals in the nation, including individuals, partnerships, and corporations.

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# AMERICAN CHRONICLE

Monday, April 05, 2010 4:47:54 PM

## California Board of Accountancy Unanimously Votes to Reduce Fees for CPAs

March 30, 2010

California Board of Accountancy

*Tough economy, healthy reserve fund cited*

(Sacramento, CA) – The California Board of Accountancy's (CBA) has voted to reduce licensee renewal fees from \$200 to \$120, and delinquency fees from \$100 to \$60. The CBA will now need to amend its existing regulations to legally authorize and complete the fee reduction. If approved by the Department of Consumer Affairs, the State and Consumer Services Agency, Department of Finance and the Office of Administrative Law, the reduction would likely go into effect July 1, 2011.

The fee reduction is the first since 1998. CBA President Manuel Ramirez said, "The decision to reduce fees was appropriate given today's economic environment and as a way to mitigate the cost of the new peer review requirements." Peer review, which is a study of a firm's accounting and auditing work, became mandatory for California CPAs on January 1, 2010.

Ramirez also said that given the efficiencies with which the CBA has been operating, the CBA decided its healthy reserve fund would enable it to reduce fees. The CBA has a projected reserve fund of more than 15.5 million dollars, or a 16 month reserve at the end of FY09/10. The measure approved by the 15-member CBA at its March 25-26 meeting in San Jose would keep fees at the lower level for a period of at least four years.

The fee roll back is the first fee change since 2000, when fees were increased to their current level.

Created by statute in 1901, the CBA's mandate ensures protection of the public shall be the highest priority for the California Board of Accountancy in exercising its licensing, regulatory, and disciplinary functions. The CBA currently regulates more than 81,000 licensees, the largest group of licensed accounting professionals in the nation, including individuals, partnerships, and corporations.

More information about the California Board of Accountancy is available at [www.cba.ca.gov](http://www.cba.ca.gov)

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Thursday, April 15, 2010 10:14:03 AM

## California State Panel Tackles New Educational Requirements for CPA License

March 29, 2010

California Board of Accountancy

*Accounting Education Committee to hold first meeting April 8, 2010*

(Sacramento, CA) – The California Board of Accountancy's (CBA) newly established Accounting Education Committee (AEC) will be holding its inaugural public meeting at the Holiday Inn Express, 2224 Auburn Boulevard, Sacramento, CA on Thursday, April 8, 2010.

The AEC is tasked with addressing some of the most significant changes in accounting education requirements for licensure as a California Certified Public Accountant (CPA) in nearly a decade. The committee is the result of legislation which took effect January 1, 2010 and will impact all individuals applying for a CPA license after January 1, 2014. In selecting the AEC members, the CBA paid close attention to choosing a diverse group of educators who would bring a range of viewpoints and experience to the committee.

Members of the AEC are:

Chair: Ruben A. Davila, Esq., CPA, Clinical Professor of Accounting, Leventhal School of Accounting, University of Southern California

During Mr. Davila's 24 years as an educator at USC's prestigious Leventhal School, he has been deeply involved with curriculum development, and has served on numerous state and national panels, including the National Association of State Boards of Accountancy (NASBA) and the joint American Institute of Certified Public Accountants/NASBA International Qualifications Appraisal Board.

Sherri Anderson, CPA (Inactive), MBA, Professor of Accounting, Sonoma State University

A 30 year educator known for excellence in the classroom, Ms. Anderson has been involved in accounting education research and has written numerous scholarly articles, including "Is There Still a Mandate for Change in Accounting Education: An Examination of the Needs of Local and Regional Accounting Firms."

Betty Chavis, Ph.D., CPA, Chair and Professor of Accounting, School of Business Administration and Economics, California State University, Fullerton

In her role at CSU Fullerton, Dr. Chavis was instrumental in securing accreditations, significant contributions to benefit the School of Business Administration and Economics, and has penned numerous scholarly papers. In addition, she serves on the advisory boards of numerous community colleges, has been a Securities and Exchange Commission Fellow, and has conducted accounting seminars in England, Germany, China, Japan, Hong Kong and Russia.

Thomas M. Dalton, Ph.D, CPA, Professor of Accounting, University of San Diego

Dr. Dalton has more than 18 years of experience in graduate and undergraduate accounting education and serves as the Director of Undergraduate Programs for the School of Business Administration at USD. He is a member of the California Society of CPAs, where he has been involved with accounting education reform.

Donald A. Driftmier, CPA, CBA Member

A CBA Member since 2004, Mr. Driftmier held the office of Vice President in 2007 and President in 2008. He was previously a partner with Vavrinek, Trine, Day & Co., LLP and serves on the boards of two dozen philanthropic and business organizations. He is widely known as a guest lecturer at universities throughout southern California.

Michael L. Moore, Ph.D., CPA, Chair and Professor, Department of Accounting and Information Systems, University of California, Riverside

With 32 years as a CPA and 39 years as an accounting educator, Dr. Moore has served on numerous professional and academic panels and advisory boards. He has been intimately involved with numerous curricula redesigns, and is currently heading a project to launch a new Masters of Accounting and Assurance Degree at UC Riverside.

Gary Pieroni, MBA, Professor of Accounting, Diablo Valley College, Pleasant Hill, California

In addition to his tenured position at Diablo Valley College, Mr. Pieroni is a Visiting Professor of Accounting at UC Berkeley. He has worked in the public, private and educational sectors, with 20 years teaching experience and 13 years business experience with a Fortune 50 company.

Sara Seyedin, Ph.D., Chair and Professor of Accounting, Foothill College, Los Altos Hills, California

Dr. Seyedin has served as an accounting educator for 22 years on the community college level, and has a passion for assisting students at this level reach their dream of becoming a CPA. She was recently awarded the "Outstanding Educator Award," granted by the California Society of Public Accountants and the Education Foundation.

Xiaoli "Charlie" Yuan, Ph.D., Assistant Professor, California State University, East Bay

Dr. Yuan has more than 10 years of experience in graduate and undergraduate accounting education. He presently serves on the Lecturer (Peer) Review & Range Elevation Committee, as well as other accounting committees at CSU East Bay. He has penned numerous articles and has conducted accounting presentations throughout the country.

For more information, contact Lauren Hersh, (916) 561-1789

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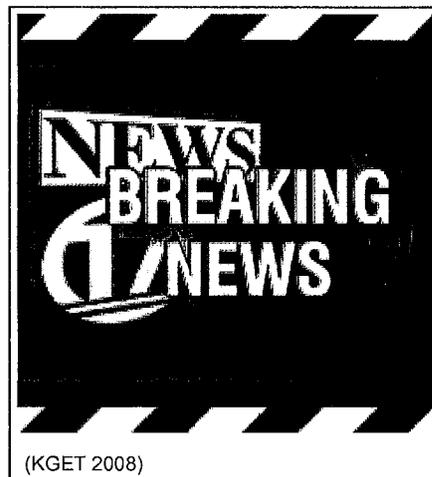
## CRISP & COLE CASE: Crisp's father-in-law's license suspended

Last Update: 4/01 3:39 pm

The accountancy license of David Crisp's father-in-law has been temporarily suspended, state regulators announced Thursday afternoon.

Kevin Sluga is the owner of California Business Solutions, an accountancy firm in Central Bakersfield. He and his wife, Leslie, are the parents of David Crisp's wife, Jennifer.

Kevin Sluga and his wife Leslie pled guilty in January to multiple counts of wire fraud and aiding and abetting crimes amid a massive federal mortgage fraud investigation centered on the now defunct Crisp & Cole Real Estate.



"Our executive officer signed an interim suspension order against Kevin Patrick Sluga in order to prevent him from further abusing his CPA license," said California Accountancy Board spokeswoman Lauren Hersh.

The Slugas' attorney George Buehler of Pasadena, said he was unaware of the suspension before being contacted Thursday afternoon. He declined to comment.

Sluga has entered into an agreement with the accountancy board for an interim suspension of his license, pending the outcome of his sentencing in the criminal case, Hersh said. Following the sentencing, the accountancy board will hold its own hearing to determine the fate of Sluga's license.

Kevin Sluga admitted under oath during his plea bargain hearing he prepared verification of employment letters that contained false information that allowed Crisp, Cole and their associates to buy homes they otherwise couldn't afford.

The fake letters were used to buy more than \$12.6 million worth of homes, according to federal prosecutors. That resulted in lenders being defrauded of nearly \$4 million, prosecutors concluded.

The verification letters included misstatements about borrowers' employment status and occupation and were prepared "mainly at the direction and request of one of the owners of Crisp & Cole Real Estate, and also at the direction of the loan officers at Tower Lending," the Slugas' plea agreement reads.

"Obviously the fact that he admitted to having executed this scheme to defraud loan companies in his capacity as a CPA is substantially related to his license," said Hersh, the accountancy board spokeswoman. "If you have a traffic ticket, it's not so substantially related. But if you defraud people ... and this is not a victimless crime ... you pay the price."

Leslie Sluga admitted as part of her plea that she fraudulently bought three homes worth \$2.5 million at the direction of David Crisp by lying about her income and employment on loan

documents.

Kevin and Leslie Sluga pled guilty to four and two counts, respectively, of wire fraud and aiding and abetting. Each count carries a maximum sentence of 20 years in prison. But prosecutors will seek a reduction in the Slugas sentences in return for their cooperation with prosecutors. Their daughter, Megan Balod, has a similar deal with prosecutors.

The agreement with federal prosecutors requires the Slugas to cooperate fully in providing information and evidence in the ongoing investigation into the real estate scheme centered on the now defunct Crisp & Cole Real Estate.

Sentencing was delayed six months until mid-July to allow the Slugas to make good on that promise, indicating they may be called upon to testify against other individuals if there is a trial.

"All I can say is our investigation is continuing and is ongoing," said Assistant U.S. Attorney Kirk Sherriff. "We intend to continue exploring with Mr. And Mrs. Sluga any and all information they have regarding other participants in these schemes."

Observers have been expecting Federal Grand Jury action in the case for months. At least two attorneys said getting cooperation from less significant defendants indicates prosecutors are preparing to move against the principal suspects - David Crisp and Carl Cole.

## Real Estate

### Sluga loses CPA license

BY COURTENAY EDELHART, Californian staff writer  
[cedelhart@bakersfield.com](mailto:cedelhart@bakersfield.com) | Thursday, Apr 01 2010 05:40 PM

Last Updated Thursday, Apr 01 2010 05:40 PM

The state suspended the CPA license of former accountant Kevin Sluga on Thursday. Sluga is the father-in-law of Realtor David Crisp, who the federal government is investigating for alleged mortgage fraud.

Sluga; his wife, Leslie Sluga; and his daughter, Megan Balod; in January pleaded guilty to charges of felony wire fraud and aiding and abetting. Each could face up to 20 years in prison and \$250,000 in fines. But if they cooperate with the ongoing fraud investigation, prosecutors could ask for lighter sentences, even just probation.

All three are scheduled to be sentenced on July 12.

Kevin Sluga has admitted that, through his accounting firm California Business Solutions (later renamed Comprehensive Business Solutions), he created fraudulent letters verifying employment in mortgage applications related to Crisp, Cole & Associates and its mortgage brokerage, Tower Lending. His fake CPA letters were used to buy more than \$12.6 million worth of property that defrauded lenders of nearly \$4 million, according to his guilty plea.

In September, former Tower Lending employee Jerald Teixeira became the first Crisp & Cole associate to be criminally charged when he, too, pleaded guilty to wire fraud and aiding and abetting.

The Slugas did not respond to an interview request placed through their attorney, George Buehler.

The California Board of Accountancy, a state agency that licenses and regulates accountants, suspended Kevin Sluga's CPA license effective Thursday.

"This interim suspension order will prevent Mr. Sluga from further abusing his CPA license until an administrative hearing before the CBA can be held," said Board of Accountancy executive officer Patti Bowers in a statement issued late Thursday. "Ultimately, what happens as a result of the pending federal criminal sentencing will have an impact on any permanent revocation of Mr. Sluga's license."

That may be moot, however.

It wasn't clear Thursday if Kevin Sluga was still in business. Several months ago, signage was removed from the downtown building where he had practiced, and it appears the space has been vacated.

The Slugas' son-in-law and other daughter, Jennifer Crisp, have not been arrested or charged with a crime.

FBI and IRS agents raided 13 local sites associated with Crisp, Cole & Associates, where David Crisp was a

partner, in 2007. The Slugas' home was among the places where investigators confiscated documents.

The Slugas will likely be asked to testify against David Crisp and his former business partner, Carl Cole. The pair lost their real estate licenses in 2008.

### 1 Comment

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**brianwiley** 1 week ago

4 people liked this.

Oh boy, I bet Thanksgiving dinner is gonna be a bit uncomfortable.

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Sluga loses CPA license...<http://p.gs/u7wgs>



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Sluga loses CPA license: BY COURTENAY EDELHART, Californian staff writer The state revoked the CPA license of form... <http://bit.ly/cBWM3d>

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**CBA Reduces License Renewal Fees**

The California Board of Accountancy has reduced licensee renewal fees from \$200 to \$120, and delinquency fees from \$100 to \$60. The CBA will now need to amend its existing regulations to legally authorize and complete the fee reduction.

If approved by the Department of Consumer Affairs, the State and Consumer Services Agency, Department of Finance and the Office of Administrative Law, the reduction would likely go into effect July 1, 2011.

[Learn more.](#)



This entry was posted on Tuesday, April 6th, 2010 at 1:18 pm and is filed under [CalCPA Buzz](#). You can follow any responses to this entry through the [RSS 2.0](#) feed. You can [leave a response](#), or [trackback](#) from your own site.

**One Response to "CBA Reduces License Renewal Fees"**



Joe C. Mericle | 07 April 2010

These fees are being reduced to "off-set" the additional costs of peer review. The fee reduction will be a couple of hundred dollars (and subject to reinstatement) while the additional costs of peer review will be several thousand dollars. Thank you CBA for your valuable lesson in economics.

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# Standards Advisory Board is facing several issues that may ultimately determine the U.S. government's independence challenge

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## A VEILED THREAT?

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## THE PRETENSE OF INDEPENDENCE

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## assurance news

### AICPA OFFERS FAIR VALUE INVESTMENT GUIDANCE

NEW YORK — The American Institute of CPAs has published a set of technical practice aids to help auditors and preparers understand the accounting rules on determining the fair value of investments in entities that calculate a net asset value.

Technical Practice Aids Sections 2200.18-.27 offer non-authoritative implementation guidance to Accounting Standards Update 2009-12, *Investments in Certain Entities that Calculate Net Asset Value per Share (or Its Equivalent)*, which is effective for reporting periods ending after Dec. 15, 2009. If certain criteria are met, the rule allows an investor, as a practical expedient, to estimate the fair value of an alternative investment on the basis of its net asset value.

The technical practice aids cover several issues, including determining whether a net asset value calculation is consistent with the FASB Codification Topic *Financial Services – Investment Companies*, determining whether an adjustment to net asset value is necessary, and certain disclosure considerations.

The AICPA believes the practice aids will be especially helpful for investment companies, banks, broker-dealers, health care companies, insurance companies and other organizations that often hold alternative investments.

### CALIFORNIA TOUGHENS CPA REQUIREMENTS

SACRAMENTO, CALIF. — Under new regulations that took effect on Jan. 1, 2010, the California Board of Accountancy implemented changes to its continuing education regulations in order to heighten ethics awareness for CPAs and increase consumer protection. CPAs licensed in California will need to take additional ethics education in order to renew their active-status licenses. In addition, CPAs will be required to complete coursework specific to the laws and rules governing the practice of public accountancy in California, as well as a minimum number of hours of continuing education yearly.

Also in January, firms in California were required by law to undergo peer review.

For more, visit [www.cba.ca.gov](http://www.cba.ca.gov).

**CALIFORNIA BOARD OF ACCOUNTANCY  
CURRENT PROJECTS LIST**

**Board Agenda Item IX.F**  
**May 12-13, 2010**

**DIVISION: Administration**

**DATE: May 3, 2010**

| PROJECT TITLE/DESCRIPTION                                     | START DATE | ESTIMATED FINISH DATE             | UNIT/STAFF ASSIGNED | STATUS/COMMENTS   |
|---|------------|-----------------------------------|---------------------|---|
| Coordinate the scheduling of phase 2 of CBA's space expansion | 6/7/2007   | 6/1/2010<br><del>12/31/2009</del> | Ng                  | Facility remodel complete. Awaiting modular furniture delivery.                           |
| Develop a continuing education database                       | 9/1/2008   | 7/1/2010<br><del>1/1/2010</del>   | IT/Hansen           | Revising to integrate with redesign of Licensing Databases/Peer Review System.            |
| Fingerprinting Regs   | 2/27/2009  | 5/30/2010<br><del>9/30/2009</del> | Stanley             | Awaiting outcome of Senate Bill 389   |
| Document imaging project (IT management)                      | 7/1/2008   | 2/01/2012<br><del>4/30/2011</del> | IT/Andres           | DCA project under development   |
| Perform Peer Review education and outreach                    | 7/1/2008   | Ongoing<br><del>10/31/2009</del>  | Hersh               | In phase II. Pursuing contractor radio spots.   |
| Blackberry email integration                                  | 10/1/2008  | TBD <del>2/2/2009</del>           | IT/Hansen           | On hold. Affected by Executive Order. State CIO contracting for CA shared e-mail system.  |
| Delegation of Authority from DCA for personnel tasks          | 10/29/2008 | 6/1/2010<br>TBD                   | Ng                  | Received approval as HRIS "Super User". Still awaiting SPB approval to access cert lists. |
| Migrate Initial Licensing Unit's master tracking data         | 11/4/2008  | TBD<br><del>5/30/2009</del>       | IT/ Taylor          | Scope of project has changed in light of DCA BreEZe system.                               |
| Practice Privilege program enhancements                       | 11/10/2008 | TBD<br><del>6/30/2009</del>       | IT/Hansen           | Delayed due to other priorities   |
| Implement new online e-procurement/contract process           | 1/1/2009   | TBD                               | Ng                  | Delayed by DCA  |
| E-mail client standardization and migration project           | 1/2/2009   | TBD<br><del>1/30/2009</del>       | IT/Hansen           | On hold. Affected by Executive Order. State CIO contracting for CA shared e-mail system.  |
| Review and combine office databases                           | TBD        | TBD                               | IT/Taylor           |   |
| CBT system redesign   | TBD        | TBD                               | IT/Taylor           |   |
| Peer Review Database  | 2/1/2010   | 6/30/2010                         | IT/Hansen           |   |
| Spring 2010 UPDATE  | 2/1/2010   | 5/30/2010                         | Hersh/<br>Dobson    |   |
| Revise Consumer Assitance Booklet                             | 3/30/2010  | 4/30/2010                         | Hersh               |   |
| Fee Reduction Regulation Package                              | 3/25/2010  | 7/1/2010                          | Stanley             |   |

**CALIFORNIA BOARD OF ACCOUNTANCY  
CURRENT PROJECTS LIST**

**DIVISION: Enforcement**

**DATE: May 3, 2010**

**Board Agenda Item IX.F  
May 12-13, 2010**

| PROJECT TITLE/DESCRIPTION                                     | START DATE | ESTIMATED FINISH DATE              | UNIT/STAFF ASSIGNED | STATUS/COMMENTS  |
|---|------------|------------------------------------|---------------------|--|
| Scanned enforcement documents - confirm accuracy/completeness | 11/1/2008  | 4/30/2010<br><del>4/30/2010</del>  | Santaga             | Completed scanning for years 2003-2009, still working on 1993-2002.  |
| Update process manuals and guidelines                         | 12/1/2008  | 4/30/2010<br><del>11/30/2009</del> | Santaga             | On schedule  |
| Review and update Disciplinary Guidelines                     | 1/1/2009   | 5/30/2010<br><del>2/28/2010</del>  | Santaga             | Pending final approval of CBA members because of continued discussion on "prohibition to taking on new clients." |

**CALIFORNIA BOARD OF ACCOUNTANCY  
CURRENT PROJECTS LIST**

**DIVISION: Executive**

**DATE: May 3, 2010**

Board Agenda Item IX.F  
May 12-13, 2010

| PROJECT TITLE/DESCRIPTION   | START DATE          | ESTIMATED FINISH DATE             | UNIT/STAFF ASSIGNED    | STATUS/COMMENTS  |
|---|---------------------|-----------------------------------|------------------------|--|
| Develop a report of CBA's performance measures for CBA consideration  | 11/5/2008           | 9/23/2010<br><del>9/25/2009</del> | Bowers                 |  |
| <del>Abandoned Records Project</del>  | <del>5/1/2008</del> | <del>TBD</del>                    | <del>Rich</del>        | <del>Provide update to CBA members at March 2010 meeting-</del><br><b>Complete</b>                                   |
| Identify solution for resolving enforcement program staffing needs  | 10/24/2008          | TBD                               | Bowers                 | Actively working with DCA on this issue.   |
| <del>Study/revise managerial classification allocations</del>   | <del>TBD</del>      | <del>TBD</del>                    | <del>Bowers/Rich</del> | <del>Discussions continuing with DCA</del><br><b>Complete</b>  |
| <del>List of governing body pronouncements (Exposure Drafts) so CBA members can personally comment/weigh in on issues</del> | <del>TBD</del>      | <del>TBD</del>                    | <del>Bowers/Rich</del> | <del>Provide at first of each month as part of monthly Executive Officer's Report to Board-</del><br><b>Complete</b> |
| Paperless materials for CBA meetings.   | 2/3/2010            | 7/1/2010                          | Veronica               |  |
| Sunset Review Report  | 3/10/2010           | 10/1/2010                         | Vincent                |  |
| Knowledge Management Program  | 12/17/2009          | 1/11/2011                         | Vincent                |  |
| Annual Report   | 2/1/2010            | 7/31/2010                         | Vincent                |  |
| Develop CBA Succession Plan   | 5/1/2010            | 12/31/2010                        | Bowers/Rich            |  |

**CALIFORNIA BOARD OF ACCOUNTANCY  
CURRENT PROJECTS LIST**

**DIVISION: Licensing**

**DATE: May 3, 2010**

**Board Agenda Item IX.F  
May 12-13, 2010**

| <b>PROJECT TITLE/DESCRIPTION</b>  | <b>START DATE</b>   | <b>ESTIMATED<br/>FINISH DATE</b>             | <b>UNIT/STAFF<br/>ASSIGNED</b> | <b>STATUS/COMMENTS</b>                                   |
|---|---------------------|--|--------------------------------|--|
| Develop subpoena processing manual, policy & procedures, and conduct a training class for staff.  | 5/15/2008           | 3/31/2010<br><del>1/31/2010</del>            |                                | In surname review process.                               |
| Update and create informational materials for Firms, including a handbook, updating Web site and partnership/corporation applications, and including Peer Review information where necessary. | 12/21/2009          | 7/31/2010<br><del>3/31/2010</del>            |                                | In progress.   |
| <del>Create standardized presentation materials for use at speaking engagements.</del>  | <del>6/1/2009</del> | <del>2/28/2010</del><br><del>12/1/2009</del> |                                | <del>In surname review process.</del><br><b>Complete</b> |

## Memorandum

CBA Agenda Item IX.G.  
May 12-13, 2010

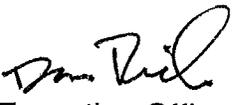
To : CBA Members

Date : April 19, 2010

Telephone : (916) 561-1713

Facsimile : (916) 263-3675

E-mail : drich@cba.ca.gov

From : Dan Rich   
Assistant Executive Officer

Subject : Abandoned Records Response Letter

Practice abandonment is a matter of concern for California consumers. When professionals or businesses cease operations, either through death or by choice, they sometimes abandon records that may contain sensitive personal information about Californians. If the records are improperly disposed of, they can fall into the hands of those who would use them in unauthorized ways.

In September of 1995, the CBA voted to create a policy that CBA enforcement staff would no longer take possession of abandoned records. Recently, two more incidents have occurred where a landlord has contacted the CBA after a tenant passed away or abandoned records. With the advice of legal counsel, staff followed the policy outlined above and indicated that the CBA does not have any legal authority to accept, take custody, or recommend how to deal with client files of a deceased licensee. After discussion and a presentation by legal counsel at the March 2010 CBA meeting, the CBA voted to uphold the policy that CBA staff are not to take custody of abandoned records.

In anticipation of future instances where the public contacts the CBA for advice with regards to abandoned records, staff has drafted the attached letter of response.  
**(Attachment 1)**

Staff will be available at the meeting to discuss any concerns you may have.



**DEPARTMENT OF CONSUMER AFFAIRS**  
CALIFORNIA BOARD OF ACCOUNTANCY  
2000 EVERGREEN STREET, SUITE 250  
SACRAMENTO, CA 95815-3832  
TELEPHONE: (916) 263-3680  
FACSIMILE: (916) 263-3675  
WEB ADDRESS: <http://www.cba.ca.gov>



Attachment 1

Date

Name  
Address  
City, State, Zip

Dear XXXXX,

Thank you for your recent inquiry regarding the abandoned records of XXXXX, which recently came into your possession. Unfortunately, the California Board of Accountancy (CBA) does not have the authority to take possession of abandoned records, even in the case of the death of one of its licensees. Nor is it within our authority to provide you with legal guidance regarding what your options are in dealing with these records. We encourage you to consult an attorney regarding the disposition of these records, as records of this type may contain confidential personal and financial information.

Although I cannot provide legal advice regarding the disposition of the records, you might consider reaching out to the California Society of Certified Public Accountants [(800) 922-5272] or the Society of California Accountants [(707) 578-2070], both of which have programs that assist in instances when records are abandoned.

It may interest you to know that in 2009, the Legislature passed, and the Governor signed, AB 1094 which provides that a cause of action shall not lie against a business that properly disposes of abandoned records containing personal information in accordance with the law. It further sets forth findings regarding records that end up in the possession of a storage company or commercial landlord, and provides that the intent of the Legislature was to create a safe harbor for such record custodians who properly dispose of records.

If you have any more questions, feel free to contact the CBA at the address or telephone listed above.

Sincerely,

Patti Bowers  
Executive Officer

## Memorandum

**CBA Agenda Item X.A.**  
**May 12-13, 2010**

To : CBA Members

Date : April 15, 2010

Telephone : (916) 561-1740

Facsimile : (916) 263-3676

E-mail : dpearce@cba.ca.gov

From : Deanne Pearce, Chief  
Licensing Division

Subject : Licensing Division Report

Attached is the Licensing Division Report, which provides a four month overview of the activities within the Licensing Division.

In addition to the activities mentioned in the attached report, staff have also been working on the projects below.

### **Accounting Education Committee**

The first meeting of the Accounting Education Committee (AEC) was held in Sacramento on April 8, 2010. The AEC began deliberations on the new 20 units of accounting study required as part of the Pathway 2 licensure requirements. The AEC hopes to have its next meeting in June. Additional information will be provided by Mr. Ruben Davila, Chair of the AEC, under agenda item XII.D.I.

### **Licensing Backlog and Job Creation Project**

The Department of Consumer Affairs (DCA) was given a unique opportunity to assist the Governor's Office with the Governor's "Job Creation Initiative." Through June 30, 2010, DCA has authorized boards/bureaus to give their staff an opportunity to work additional time and overtime to assist with examination and licensing functions. DCA's authorization allows staff to work more than eight hours per day, furlough Fridays, and weekends. The goal is to promptly and expeditiously get candidates approved for the examination, qualify applicants for licensure, and issue licenses with the hope that licensees can then seek employment or open businesses that can provide jobs in California.

There are some DCA boards/bureaus that have large backlogs for both examination and licensure applications. The California Board of Accountancy (CBA), however, has been redirecting staff resources and prioritizing work and projects to ensure that examination and licensure application processing and approval remains at less than 30 days. The CBA has used this opportunity to further expedite the approval of examination and licensure applications, which has resulted in licensure approval timeframes under 15 days as identified on the Licensing Division Report. The CBA will continue to monitor the work for both the Examination and Initial Licensing Unit to determine if additional work hours and overtime is necessary to assist with licensing- and examination-related tasks.

**California Board of Accountancy  
Licensing Division Activity  
December 1, 2009 through March 31, 2010**

| <b>Examination Unit</b>   |                      |        |                     |        |                      |        |                   |        |
|---|----------------------|--------|---------------------|--------|----------------------|--------|-------------------|--------|
| <b>CPA Exam Applications and Medical Accommodations Received</b>      | <b>December 2009</b> |        | <b>January 2010</b> |        | <b>February 2010</b> |        | <b>March 2010</b> |        |
| First-time Sitter   | 453                  |        | 686                 |        | 635                  |        | 521               |        |
| Repeat Sitter   | 1,686                |        | 1,337               |        | 903                  |        | 1,718             |        |
| Medical Accommodation   | 15                   |        | 9                   |        | 9                    |        | 11                |        |
| <b>Average Number of Days to Process a Completed Exam Application</b> | <b>December 2009</b> |        | <b>January 2010</b> |        | <b>February 2010</b> |        | <b>March 2010</b> |        |
| First-time Sitter   | 16                   |        | 22                  |        | 22                   |        | 22                |        |
| Repeat Sitter   | 8                    |        | 9                   |        | 8                    |        | 6                 |        |
| <b>Appeals</b>  | <b>December 2009</b> |        | <b>January 2010</b> |        | <b>February 2010</b> |        | <b>March 2010</b> |        |
|   | Approved             | Denied | Approved            | Denied | Approved             | Denied | Approved          | Denied |
| Management-Level Appeals  | 12                   | 6      | 13                  | 5      | 12                   | 2      | 17                | 2      |
| Board-Level Appeals   | 0                    | 0      | 0                   | 0      | 0                    | 0      | 0                 | 0      |

**Highlights**

- Processing time frames are currently at 22 days for the month of March for first-time applicants.
- The California Board of Accountancy (CBA) has received the second “wave” of score reports for the January/February 2010 testing window, and Examination Unit staff are working to post the scores and release them to the candidates. A total number of 8,230 scores were received for the January/February window.
- Suzanne Gracia has returned to the CBA and accepted a promotion as the Coordinator in the Examination Unit. Suzanne previously worked in Renewal/Continuing Competency Unit at the CBA.

**California Board of Accountancy  
Licensing Division Activity  
December 1, 2009 through March 31, 2010**

| <b>Initial Licensing Unit</b>   |                          |                         |                          |                       |
|---|--------------------------|-------------------------|--------------------------|-----------------------|
| <b>Applications Received</b>  | <b>December<br/>2009</b> | <b>January<br/>2010</b> | <b>February<br/>2010</b> | <b>March<br/>2010</b> |
| CPA   | 307                      | 290                     | 310                      | 282                   |
| Partnership   | 10                       | 22                      | 8                        | 9                     |
| Corporation   | 22                       | 25                      | 25                       | 24                    |
| Fictitious Name Permit (Registration)   | 25                       | 12                      | 18                       | 6                     |
| <b>Processing Time Frames<br/>(Average Number of Days to Process a Completed<br/>Application)</b> | <b>December<br/>2009</b> | <b>January<br/>2010</b> | <b>February<br/>2010</b> | <b>March<br/>2010</b> |
| CPA   | 28                       | 35                      | 30                       | 13                    |
| Partnership   | 19                       | 13                      | 8                        | 11                    |
| Corporation   | 19                       | 13                      | 8                        | 11                    |
| Fictitious Name Permit (Registration)   | 19                       | 13                      | 8                        | 11                    |
| <b>Applicants Licensed Under</b>  | <b>December<br/>2009</b> | <b>January<br/>2010</b> | <b>February<br/>2010</b> | <b>March<br/>2010</b> |
| Pathway 0   | 8                        | 8                       | 20                       | 4                     |
| Pathway 1A  | 32                       | 48                      | 85                       | 45                    |
| Pathway 1G  | 36                       | 55                      | 65                       | 58                    |
| Pathway 2A  | 69                       | 85                      | 166                      | 84                    |
| Pathway 2G  | 90                       | 125                     | 243                      | 138                   |

**California Board of Accountancy  
Licensing Division Activity  
December 1, 2009 through March 31, 2010**

| <b>Initial Licensing Unit</b>                  |                          |                         |                          |                       |
|--|--------------------------|-------------------------|--------------------------|-----------------------|
|  | <b>December<br/>2009</b> | <b>January<br/>2010</b> | <b>February<br/>2010</b> | <b>March<br/>2010</b> |
| Requests Received                              | 104                      | 107                     | 62                       | 119                   |
| Processing Time Frame (Average Number of Days) | 29                       | 30                      | 33                       | 20                    |

**Highlights**

- The Initial Licensing Unit is now fully staffed.

**California Board of Accountancy  
Licensing Division Activity  
December 1, 2009 through March 31, 2010**

| <b>Renewal and Continuing Competency Unit</b>                          |                          |                         |                          |                       |
|--|--------------------------|-------------------------|--------------------------|-----------------------|
| <b>Licenses Renewed</b>  | <b>December<br/>2009</b> | <b>January<br/>2010</b> | <b>February<br/>2010</b> | <b>March<br/>2010</b> |
| CPA  | 2,988                    | 2,616                   | 2,908                    | 3,020                 |
| PA   | 2                        | 6                       | 2                        | 2                     |
| Partnership  | 50                       | 36                      | 33                       | 73                    |
| Corporation  | 139                      | 75                      | 84                       | 120                   |
| <b>Continuing Education Worksheet Review</b>                           | <b>December<br/>2009</b> | <b>January<br/>2010</b> | <b>February<br/>2010</b> | <b>March<br/>2010</b> |
| CPA/PA Applications Reviewed   | 3,727                    | 1,595                   | 1,687                    | 2,206                 |
| Deficient Applications Identified                                      | 79                       | 88                      | 93                       | 128                   |
| Compliance Responses Received (Including Requests for Inactive Status) | 60                       | 36                      | 12                       | 17                    |
| Enforcement Referrals  | 0                        | 1                       | 0                        | 0                     |
| Outstanding Deficiencies (Including Abandonment)                       | 19                       | 51                      | 81                       | 111                   |

**Highlights**

- Staff continue to review Regulatory Review course submissions as expeditiously as possible. To date two courses have been approved and four additional courses are pending either an initial or second review.
- Staff attended a meeting at DCA where implementation of a credit card payment service for license/registration renewals was discussed. This service is designed as an interim solution until BreEZe can be implemented. Staff will be researching the viability of this payment option in the coming months. (Additional information on this topic can be found under CBA Agenda Item X.B.).

**California Board of Accountancy  
Licensing Division Activity  
December 1, 2009 through March 31, 2010**

| <b>Practice Privilege Unit</b>              |                          |                         |                          |                       |
|---|--------------------------|-------------------------|--------------------------|-----------------------|
| <b>Notifications Received</b>               | <b>December<br/>2009</b> | <b>January<br/>2010</b> | <b>February<br/>2010</b> | <b>March<br/>2010</b> |
| Hardcopy                                    | 74                       | 131                     | 71                       | 45                    |
| Electronic                                  | 226                      | 332                     | 212                      | 155                   |
| <b>Disqualifying Conditions Received</b>    | <b>December<br/>2009</b> | <b>January<br/>2010</b> | <b>February<br/>2010</b> | <b>March<br/>2010</b> |
| Approved                                    | 4                        | 3                       | 5                        | 3                     |
| Denied                                      | 0                        | 0                       | 0                        | 0                     |
| Pending                                     | 0                        | 0                       | 1                        | 1                     |
| <b>Practice Privilege Suspension Orders</b> | <b>December<br/>2009</b> | <b>January<br/>2010</b> | <b>February<br/>2010</b> | <b>March<br/>2010</b> |
| Notice of Intent to Suspend                 | 1                        | 0                       | 0                        | 0                     |
| Administrative Suspension Order             | 1                        | 0                       | 0                        | 0                     |

**Highlights**

- The Practice Privilege Unit is recruiting for an Office Assistant (Typing) position.

**California Board of Accountancy  
Licensing Division Activity  
December 1, 2009 through March 31, 2010**

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**Client Services Unit**

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**Special Projects**

- Client Services Unit (CSU) staff have finalized standardized CBA-specific talking points and a PowerPoint presentation for use by CBA members and staff who conduct CBA presentations to outside organizations. The purpose of the presentation materials is to assist in providing a standardized message regarding the CBA and its present activities.
- An update to the CBA's Telephone Menu Script, which properly routes all incoming telephone calls to the CBA, is currently in surname status and is expected to be completed by the end of April 2010.
- A Subpoena Processing Manual is being finalized, which will allow for a standardized approach to how the CBA responds to subpoenas.
- Enforcement Advisory Committee member, Cheryl Gerhardt, completed a site visit at a Prometric Test Center in mid-February. CSU staff will forward the results of the site visit to NASBA for review. CSU staff will keep members apprised on the status of site visits as appropriate.

## Memorandum

CBA Agenda Item X.B.  
May 12-13, 2010

To : CBA Members  
Date : April 28, 2010  
Telephone : (916) 561-4310  
Facsimile : (916) 263-3672  
E-mail : dfranzella@cba.ca.gov

From : Dominic Franzella, Manager  
Renewal/Continuing Competency & Client Services Units

Subject : Update on DCA's Program to Accept Credit Card Payments for License Renewal

On March 29, 2010, staff attended a meeting at the Department of Consumer Affairs (DCA) where implementation of a credit card payment service for license/registration renewals was discussed. This service is designed as an interim solution until BreEZe can be implemented. Presently, it is expected that BreEZe will be implemented for the California Board of Accountancy (CBA) within five years.

The DCA has contracted with Official Payments Corporation (OPC) to accept credit card payments through the OPC Web site for license/registration renewals. The sole purpose of this service is to simply provide another means of payment for the licensee. Staff is exploring to see if an opportunity exists to use this service for other on-line license application/registrations, specifically the on-line exam application and practice privilege notifications.

On April 19, 2010, DCA launched the pilot program through the Physical Therapy Board for credit card payments. DCA is presently monitoring the program to determine if any adjustments or revisions need to be implemented. Once this process is completed, DCA will set a progressive time schedule to include additional boards and bureaus.

While staff recognize that the option to pay the license renewal fee via credit card is a step toward better customer service and is an option highly desired by licensees, staff have many concerns regarding the feasibility of implementing the service offered by OPC. Below are some preliminary staff-identified concerns which will be communicated to DCA. These concerns will be part of future anticipated meetings with DCA.

- Licensees will receive a pocket ID card indicating a renewed license upon payment without the filing of an on-line license renewal application or the required continuing education.
- Ability to reconcile the license renewal payment with the completed license renewal application once mailed.

**Update on DCA's Program to Accept Credit Card Payments for License  
Renewal  
Page 2 of 2**

- Presently, the remittance portion of the license renewal application includes a section to update changes to the address of record and a certification section signed under penalty of perjury. This service is not designed to allow updates to the address of record or accept an electronic signature.
- The CBA will not be able to directly accept credit card payments.

Staff will continue to explore and reach out to DCA to determine, if possible, how this service could best be adapted to serve the needs of the CBA.

**CALIFORNIA BOARD OF ACCOUNTANCY**  
**ENFORCEMENT CASE ACTIVITY AND STATUS REPORT**  
**January 1, 2010 - March 31, 2010**

CBA Agenda Item XI.A.1  
 May 12-13, 2010

|  | Jan-10 | Feb-10 | Mar-10   | Apr-10 | May-10 | Jun-10 |
|--|--------|--------|----------|--------|--------|--------|
| <b>COMPLAINTS</b>  |        |        |          |        |        |        |
| <i>Received</i>  | 59     | 54     | 58       |        |        |        |
| <i>Closed without Assignment for Investigation</i>       | 18     | 41     | 34       |        |        |        |
| <i>Assigned for Investigation</i>                        | 22     | 21     | 41       |        |        |        |
| <i>Average Days to Close or Assign for Investigation</i> | 17     | 17     | 19       |        |        |        |
| <i>Pending</i>   | 41     | 33     | 16       |        |        |        |
| <i>Average Age of Pending Complaints</i>                 |        |        | 18 days  |        |        |        |
|  |        |        |          |        |        |        |
| <b>Convictions/Arrest Reports</b>                        |        |        |          |        |        |        |
| <i>Received</i>  | 18     | 4      | 7        |        |        |        |
| <i>Closed</i>  | 18     | 4      | 4        |        |        |        |
| <i>Assigned for Investigation</i>                        | 0      | 0      | 3        |        |        |        |
| <i>Average Days to Close/Assign for Investigation</i>    | 1      | 1      | 1        |        |        |        |
| <i>Pending</i>   | 0      | 0      | 0        |        |        |        |
| <i>Average Age of Pending Convictions/Arrest (Days)</i>  |        |        | N/A      |        |        |        |
|  |        |        |          |        |        |        |
| <b>INVESTIGATIONS</b>                                    |        |        |          |        |        |        |
| <i>Initial Assignment for Investigation</i>              | 22     | 21     | 44       |        |        |        |
| <i>Investigations Closed</i>                             | 26     | 24     | 23       |        |        |        |
| <i>Average Days to Close</i>                             | 153    | 142    | 184      |        |        |        |
| <i>Investigations Pending</i>                            | 148    | 145    | 166      |        |        |        |
| <i>Average Age of Pending Investigation</i>              |        |        | 189 days |        |        |        |

**CALIFORNIA BOARD OF ACCOUNTANCY  
ENFORCEMENT CASE ACTIVITY AND STATUS REPORT  
January 1, 2010 - March 31, 2010**

|   | Jan-10 | Feb-10 | Mar-10 | Apr-10 | May-10 | Jun-10 |
|---|--------|--------|--------|--------|--------|--------|
| <b>ENFORCEMENT ACTIONS</b>  |        |        |        |        |        |        |
| <i>AG CASES</i>   |        |        |        |        |        |        |
| <i>AG Cases Initiated</i>   | 3      | 3      | 7      |        |        |        |
| <i>AG Cases Pending</i>   | 33     | 33     | 40     |        |        |        |
| <i>SOIs Filed</i>   | 0      | 0      | 0      |        |        |        |
| <i>Accusations Filed</i>  | 1      | 2      | 2      |        |        |        |
|   |        |        |        |        |        |        |
| <b>Disciplinary Orders</b>  |        |        |        |        |        |        |
| <i>Proposed Decisions / Default Decisions Effective</i>                             | 1      | 1      | 0      |        |        |        |
| <i>Stipulations Effective</i>   | 0      | 2      | 0      |        |        |        |
| <i>Average Days to Complete Proposed Decisions/Default Decisions/Stipulations *</i> | 296    | 684 ** | 0      |        |        |        |
|   |        |        |        |        |        |        |
| <b>Citations</b>  |        |        |        |        |        |        |
| <i>Final Citations</i>  | 4      | 1      | 2      |        |        |        |
| <i>Average Days to Complete</i>   | 247    | 220    | 185    |        |        |        |

\* Average Days to Complete Proposed Decisions/Default Decisions/Stipulations is based on the number of days from Receipt of complaint to the effective date of Disciplinary Order.

\*\* The 684 day average noted for the Feb 2010 period was the result of three cases. One case aged 970 days. A second case aged 613 days and the last case aged 469 days. The delays encountered in the 970 day case were the result of time constraints in settling the matter with Respondent.

**CALIFORNIA BOARD OF ACCOUNTANCY  
CITATION ACTIVITY  
FOR THE PERIOD 7/1/09 THRU 4/15/10**

CBA AGENDA ITEM XI.A.3  
May 12-13, 2010

**VIOLATION ANALYSIS**

| RULE   | AVERAGE AMOUNT | TOTAL FINES ISSUED | TOTAL \$FINES ASSESSED | APEALS RECEIVED |
|--|----------------|--------------------|------------------------|-----------------|
| <b>ACCOUNTANCY RULES AND REGULATIONS</b>     |                |                    |                        |                 |
| 3  |                |                    |                        |                 |
| 52   |                |                    |                        |                 |
| 54.1   |                |                    |                        |                 |
| 57   |                |                    |                        |                 |
| 58   |                |                    |                        |                 |
| 63   |                |                    |                        |                 |
| 67   |                |                    |                        |                 |
| 68   |                |                    |                        |                 |
| 80   |                |                    |                        |                 |
| 87   |                |                    |                        |                 |
| 87(a)  |                |                    |                        |                 |
| 87(b)  |                |                    |                        |                 |
| 87(c)  |                |                    |                        |                 |
| 87(d)  |                |                    |                        |                 |
| 87.6   |                |                    |                        |                 |
| 87.7   |                |                    |                        |                 |
| 89   |                |                    |                        |                 |
| 89(b)  |                |                    |                        |                 |
| 89(c)  |                |                    |                        |                 |
| 89.1   |                |                    |                        |                 |
| 90   |                |                    |                        |                 |
| <b>BUSINESS AND PROFESSIONS CODE SECTION</b> |                |                    |                        |                 |
| 5037   |                |                    |                        |                 |
| 5050   |                |                    |                        |                 |
| 5055   |                |                    |                        |                 |
| 5056   |                |                    |                        |                 |
| 5058   |                |                    |                        |                 |
| 5060   |                |                    |                        |                 |
| 5061   |                |                    |                        |                 |
| 5062   |                |                    |                        |                 |
| 5063   |                |                    |                        |                 |
| 5072   |                |                    |                        |                 |
| 5079   |                |                    |                        |                 |
| 5100   |                |                    |                        |                 |
| 5100C  |                |                    |                        |                 |
| 5100G  |                |                    |                        |                 |
| 5100H  |                |                    |                        |                 |
| 5100I  |                |                    |                        |                 |
| 5100K  |                |                    |                        |                 |
| 5151   |                |                    |                        |                 |
| 5152   |                |                    |                        |                 |
| 5154   |                |                    |                        |                 |
| 5156   |                |                    |                        |                 |
| <b>TOTALS</b>                                |                |                    |                        |                 |

| RECONCILIATION OF FINES OUTSTANDING 7/1/09 - 4/15/10 |                 |
|--|-----------------|
| Balance at 7/1/09                                    | \$48,162        |
| Fines Assessed 7/1/09 - 4/15/10                      | \$27,150        |
| Previous Paid Off - Reinstated - Revoked License     | \$0             |
| Appeal Adjustments 7/1/09 - 4/15/10                  | (\$7,200)       |
| Withdrawn Violations (4 violations, 2 cases)         | \$0             |
| Modified Violations ()                               | \$0             |
| Remain As Issued Violations ()                       | (\$10,000)      |
| Uncollectible Violations (7 violations, 5 cases)     |                 |
| Collections 7/1/09 - 4/15/10                         | (\$9,760)       |
| <b>Fines Outstanding at 4/15/10</b>                  | <b>\$48,352</b> |

| COMPOSITION OF FINES OUTSTANDING                                      |                 |
|---|-----------------|
| Fine Added to License Renew Fee/B & P 125.9 (29 violations, 17 cases) | \$37,612        |
| AG Referral (Citation Appealed/Non Compliance) (3 violations, 1 case) | \$1,750         |
| Issued/Pending Receipt of Fine (9 violations, 5 cases)                | \$7,750         |
| Installment Payments (1 violation(s), 1 case)                         | \$1,240         |
| Appeal Request Pending Review (0 violations, 0 case)                  | \$0             |
| Stipulation/Decision Pending Compliance (0)                           | \$0             |
| <b>Total Fines Outstanding at 4/15/10</b>                             | <b>\$48,352</b> |

**CBA AGENDA ITEM XI.A.4.  
MAY 12-13, 2010**

**CALIFORNIA BOARD OF ACCOUNTANCY  
REPORTABLE EVENTS RECEIVED  
07/01/09 – 04/20/10**

|   |            |
|---|------------|
| Felony Conviction – 5063(a)(1)(A)   | 0          |
| Criminal Conviction – 5063(a)(1)(B)   | 1          |
| Criminal Conviction – 5063(a)(1)(C)   | 1          |
| Cancellation, Revocation, Suspension of Right to Practice by Other State or Foreign Country – 5063(a)(2)  | 1          |
| Cancellation, Revocation, Suspension of Right to Practice before any governmental body or agency – 5063(a)(3)   | 1          |
| Restatements – 5063(b)(1) <ul style="list-style-type: none"> <li>• Governmental – 120</li> <li>• Non Profit – 3</li> <li>• SEC Registrant – 59</li> </ul> | 182        |
| Civil Action Settlement – 5063(b)(2)  | 21         |
| Civil Action Arbitration Award – 5063(b)(2)   | 1          |
| SEC Investigation – 5063(b)(3)  | 0          |
| Wells Submission – 5063(b)(4)   | 7          |
| PCAOB Investigation – 5063(b)(5)  | 19         |
| Civil Action Judgement – 5063(c)(1)(2)(3)(4)(5)   | 1          |
|   |            |
| Reporting by Courts – 5063.1  | 0          |
|   |            |
| Reporting by Insurers – 5063.2  | 8          |
|   |            |
| <b>TOTAL REPORTABLE EVENTS RECEIVED 07/01/09 TO 04/20/10</b>  | <b>243</b> |

## Memorandum

EPOC AGENDA ITEM II.  
May 12, 2010

BOARD AGENDA ITEM XII.A.2.  
May 12-13, 2010

To : Herschel Elkins, Chair, EPOC  
EPOC Members

Date : April 27, 2010

Telephone : (916) 561-1725

Facsimile : (916) 263-3673

E-mail : pfisher@cba.ca.gov

From : Paul Fisher *Paul Fisher*  
Acting Supervising Investigative CPA

Subject : **ROLE OF THE EPOC**

### **Enforcement Division**

The California Board of Accountancy (CBA) regulates the practice of public accountancy in California. Through its Enforcement Division, the CBA investigates matters involving alleged violations of accountancy statutes and regulations. The CBA's investigative staff is made up of analysts and professional CPAs who carry out the Board's enforcement activities.

In addition to the investigative staff, California Business and Professions Code Section 5020 authorizes the CBA to appoint an administrative committee to provide technical expertise to the enforcement program. The Enforcement Advisory Committee (EAC) acts only in an advisory capacity and assists the CBA by conducting investigative hearings to obtain evidence and information related to alleged violations of the CBA statutes and regulations. The EAC also assists the CBA by reviewing a random sample of complaints closed without action by investigative staff to assure proper procedures are followed.

### **Establishment of EPOC**

The Enforcement Program Oversight Committee (EPOC) was established in 1995 in response to one of the recommendations proposed in the CBA's sunset review report. The recommendation proposed appointing a committee composed of CBA members and giving this committee the responsibility to review and make recommendations to the full CBA on policy issues related to the Enforcement Division and to monitor the division's compliance with CBA policies.

### **EPOC Accomplishments**

The EPOC considered and made recommendations on a wide variety of issues in the past 15 years. Many of these recommendations have resulted in the adoption of guidelines, policies, and statutes that have improved the enforcement process.

## Memorandum

EPOC AGENDA Item III.  
May 12, 2010

CBA AGENDA Item XII.A.3  
May 12-13, 2010

To : CBA Members  
Enforcement Program Oversight  
Committee Members

Date : April 14, 2010

Telephone : (916) 561 - 1725

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From : Paul Fisher   
Acting Supervising Investigative CPA  
Enforcement Division

Subject : Overview of the Enforcement Process

The first flowchart, Investigative Process, provides an overview of the investigative process from receipt of complaint to closure, assignment of continuing education, preparation of a citation, or referral to the Attorney General's office for preparation of an accusation (Attachment 1).

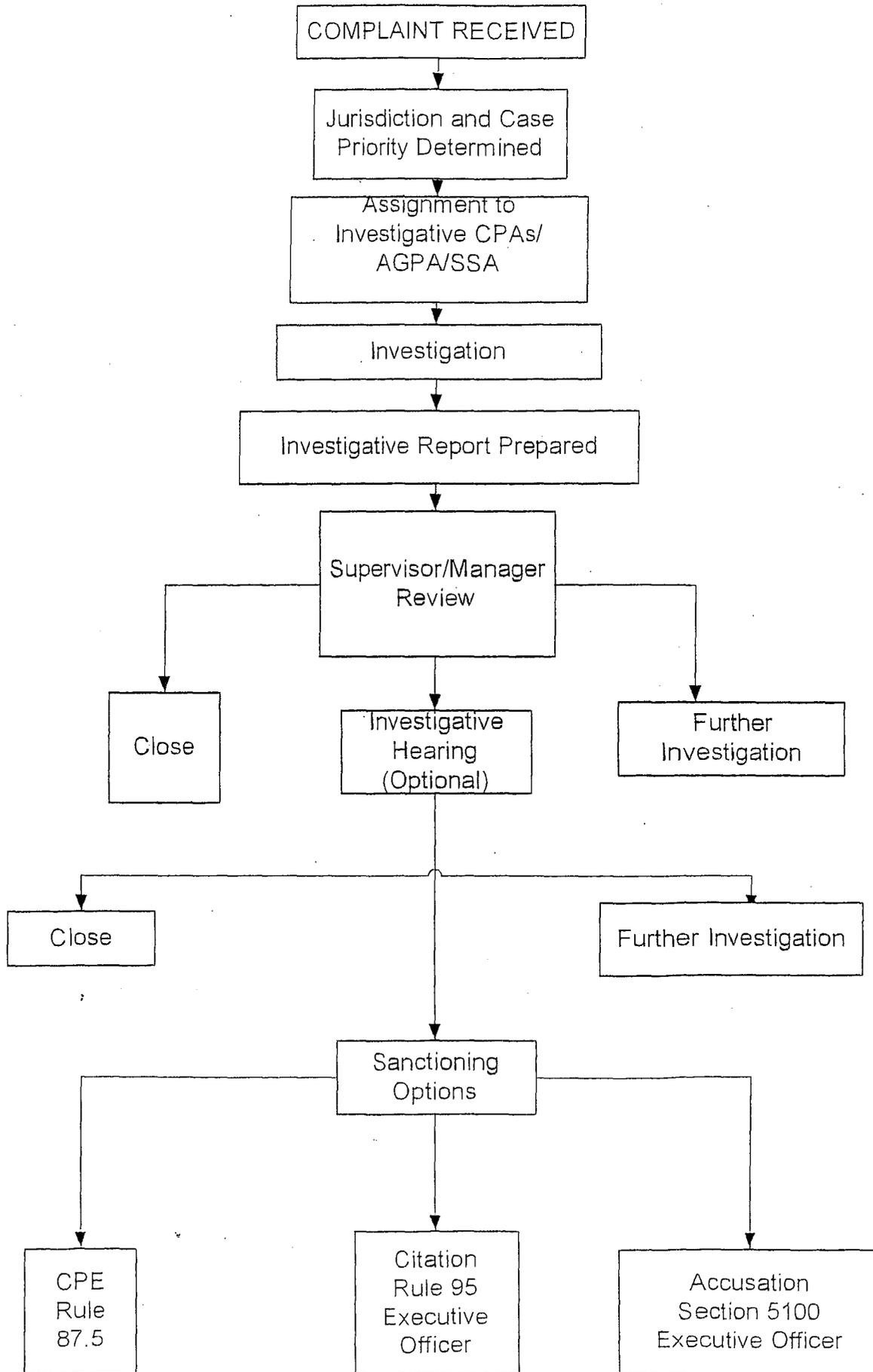
The second flowchart, Case Prosecution, provides an overview of case prosecution from the time a case is referred to the Attorney General's office through a disciplinary order being issued by the Board (Attachment 2).

The third flowchart, Implementation and Monitoring, provides an overview of the implementation and monitoring of the disciplinary order (Attachment 3).

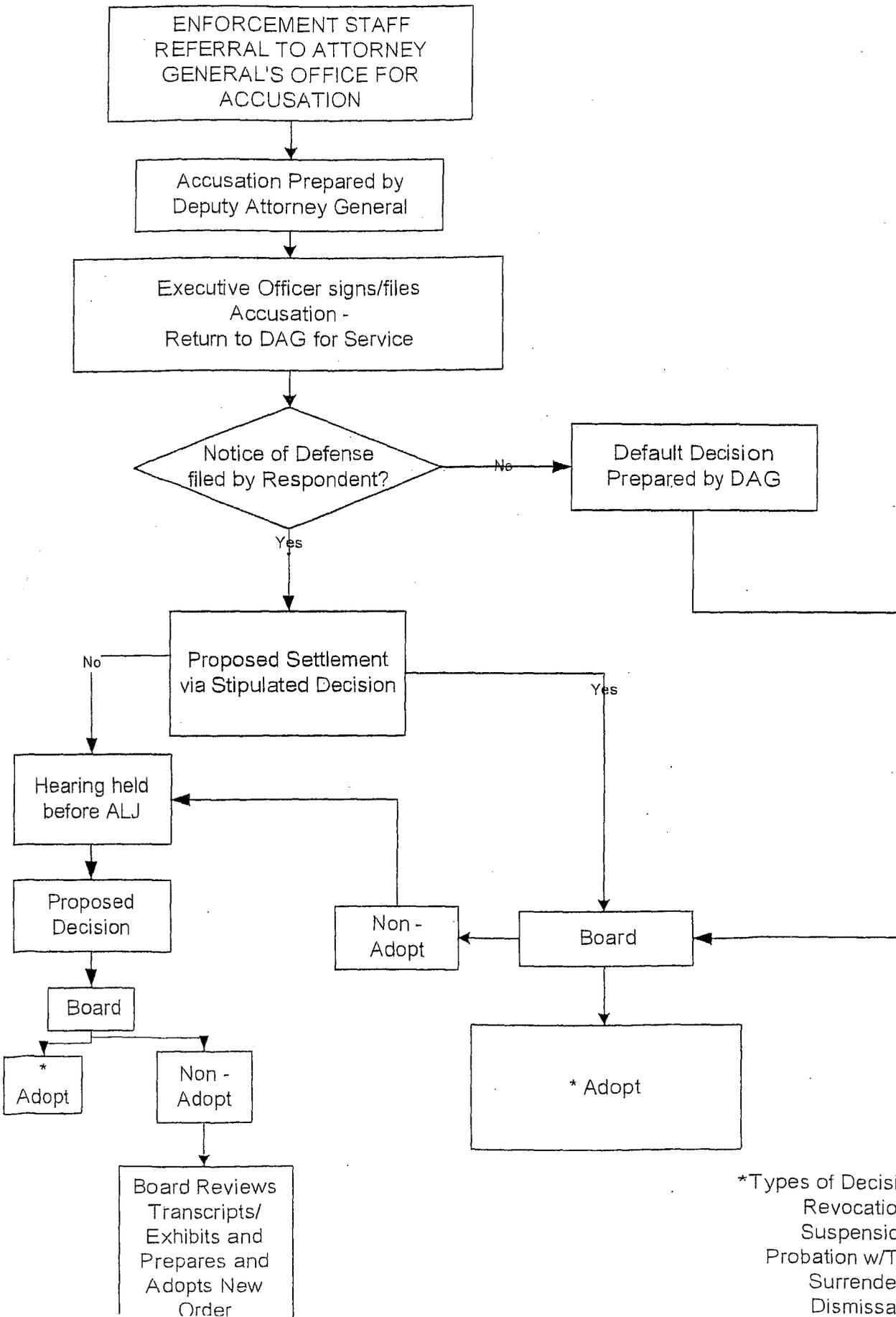
Attachments

CALIFORNIA BOARD OF ACCOUNTANCY  
ENFORCEMENT PROGRAM  
INVESTIGATIVE PROCESS

ATTACHMENT 1

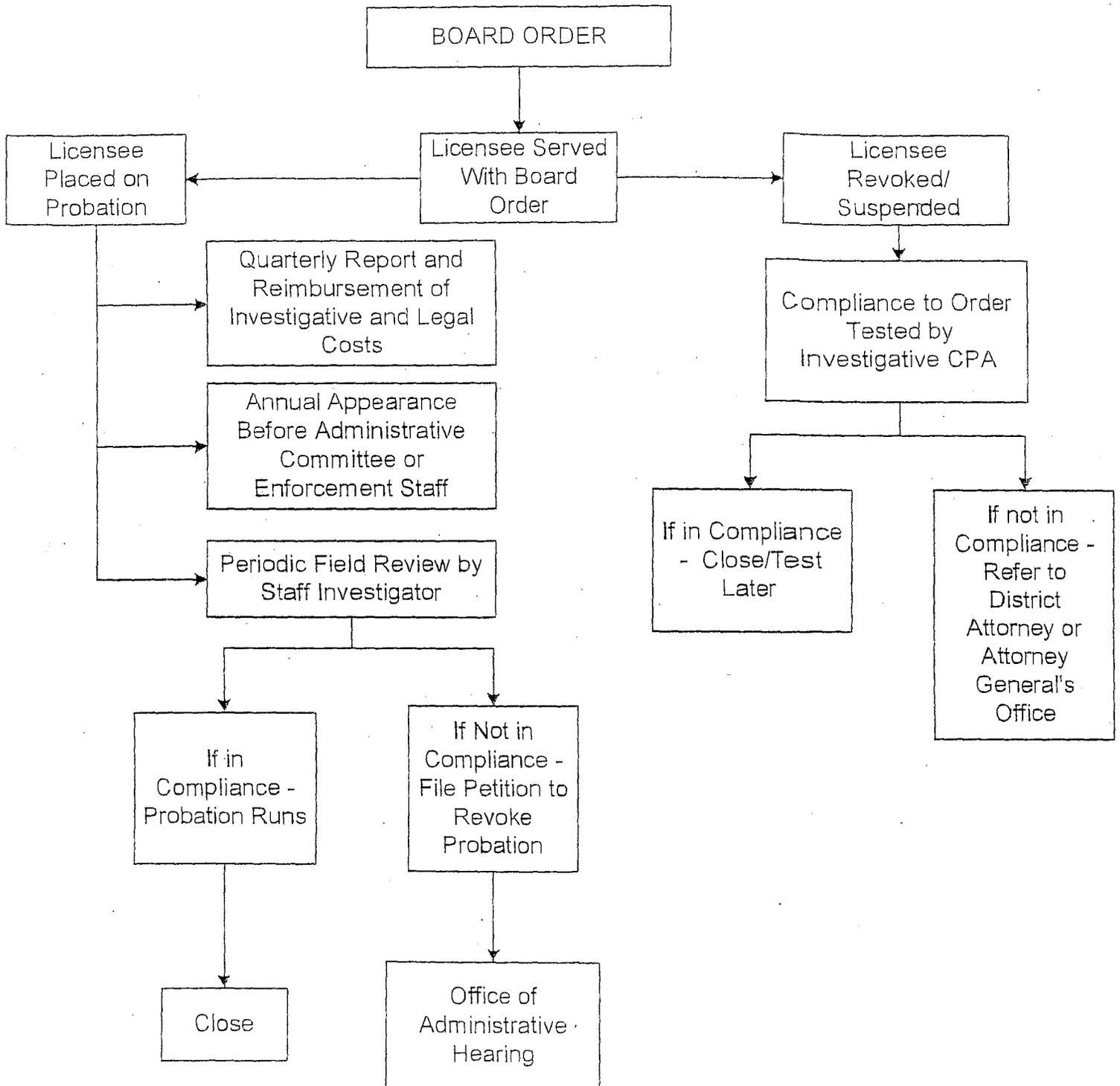


CALIFORNIA BOARD OF ACCOUNTANCY  
 ENFORCEMENT DIVISION  
 CASE PROSECUTION\*  
 In accordance with Government Code  
 Section 11500



\*Types of Decisions:  
 Revocation  
 Suspension  
 Probation w/Terms  
 Surrender  
 Dismissal

CALIFORNIA BOARD OF ACCOUNTANCY  
ENFORCEMENT DIVISION  
IMPLEMENTATION AND MONITORING  
THE DISCIPLINARY ORDER



## EPOC Report - 2008 and 2009 Disciplinary Actions

### Stipulated Settlement Actions - Grouped by Violations

| Name  | License               | Page | Violations  | Revocation | Revocation Stayed | Length of Probation | Surrender | Length of Suspension | Restricted Practice | Cost Reimbursement |
|---|-----------------------|------|---|------------|-------------------|---------------------|-----------|----------------------|---------------------|--------------------|
| Tsai, Eva & E-Fang<br>Accountancy Corporation with<br>Eva Yi-Fang Tsai as Sole<br>Shareholder | CPA 81126<br>COR 5055 | 6    | BP 5100 (c) and 5062. CCR 58.                           |            | X                 | 3 years             |           | 30 days              | X                   | \$ 9,948           |
| Snyder, David Michael &<br>Snyder Accountancy   | CPA 50228<br>COR 3515 | 5    | BP 5062 5100 (c) (g) and 5156. CCR<br>52 and 58.        |            | X                 | 3 years             |           | 60 days              | X                   | \$ 11,925          |
| Porter, Gary  | CPA 19350             | 8    | BP 5100 (c) 5062. CCR58 and 87(b).                      |            | X                 | 3 years             |           |                      | X                   | \$ 12,164          |
| Miller, Brett   | CPA 71097             | 2    | BP 5100 (c) and 5062. CCR 58.                           |            | X                 | 3 years             |           | 60 days              | X                   | \$ 4,112           |
| Kim, Kevin  | CPA 60277             | 11   | BP 5062 5100 (b) (c) and (g). CCR 58.                   |            | X                 | 3 years             |           | 180 days             | X                   | \$ 8,423           |
| Goodell, John   | CPA 35366             | 2    | BP 5100 (c).  |            | X                 | 3 years             |           |                      |                     | \$ 18,000          |
| Wong, Biyu  | CPA 81789             | 12   | BP 5100 (c) (g) 5060 and 5061.                          |            | X                 | 3 years             |           | 60 days              |                     | \$ 12,000          |
| Rosenthal, Richard  | CPA 69113             | 14   | BP 125 5100 5100 (c) (g) (i) and (j).<br>CCR 58.        |            |                   |                     | X         |                      |                     |                    |
| Miller, Gregory   | CPA 35885             | 9    | BP 5100 (c) (g) and (h). CCR 58                         |            | X                 | 3 years             |           | 90 days              |                     | \$ 7,442           |
| KPMG LLP  | PAR 157               | 15   | BP 125 5100 5100 (c) (g) and (j).                       |            |                   | 3 years             |           | 1 year               |                     | On going           |
| Himmelmann, William   | CPA 49096             | 3    | BP 5037 5050 5100 (c) and (g). CCR<br>52 (a) and 68.    |            | X                 | 3 years             |           | 120 days             |                     | \$ 8,166           |
| Downey, Shirlie   | CPA 70365             | 4    | BP 5100 and 5100 (c).                                   |            | X                 | 2 years             |           |                      |                     | \$ 9,444           |
| Birnbaum, Richard   | CPA 38463             | 7    | BP 5100(c), (g), (j), and CCR 58.                       |            | X                 | 3 years             |           |                      | X                   | \$ 16,979          |
| Affonso, Dale   | CPA 29994             | 14   | BP 5100 (c) and (g).                                    |            |                   |                     | X         |                      |                     |                    |
| Wachtel, Douglas  | CPA 52277             | 19   | BP 5100 (h) and (l).                                    | X          |                   |                     |           |                      |                     |                    |
| Sneathen, Lowell  | CPA 12023             | 22   | BP 5100(h) and 5063.                                    |            | X                 | 3 years             |           |                      |                     | \$ 2,485           |
| Saiz, Thomas J.   | CPA 61356             | 36   | BP 5100 (b) (g) and (l). CCR 87 and 89                  |            | X                 | 3 years             |           | 30 days              |                     | \$ 9,508           |
| Ruth, Christopher   | CPA 30263             | 24   | BP 5100 (h).  |            | X                 | 3 years             |           |                      |                     | \$ 1,567           |
| Price, Richard & Reuben E.<br>Price & Co.   | CPA 16694<br>COR 3402 | 35   | BP 5050 5100 5100 (g) (h) and (l).                      |            | X                 | 3 years             |           | 90 days              |                     | \$ 12,965          |
| Mathiasen, Raymond  | CPA 14425             | 18   | BP 5063 5100 (h) and (l).                               | X          |                   |                     |           |                      |                     |                    |
| Ibarra, Armando Sr. &<br>Armando C. Ibarra, CPA, A<br>Professional Corporation                | CPA 41710<br>COR 4318 | 31   | BP 5063 5100 (g) (h) (l) and 5156.<br>CCR 59 87 and 89. |            | X                 | 3 years             |           |                      | X                   | \$ 5,103           |
| Ibarra, Armando Jr. &<br>Armando C. Ibarra, CPA, A<br>Professional Corporation                | CPA 68766<br>COR 4318 | 31   | BP 5063 5100 (g) (h) (l) and 5156.<br>CCR 59 87 and 89. |            | X                 | 3 years             |           |                      | X                   | \$ 5,103           |
| Huband, Gary  | CPA 63278             | 42   | BP 5100 (g) (h) and 5063 (a)(3).                        |            |                   |                     | X         |                      |                     | \$ 2,265           |
| Goedde, Ronald  | CPA 24694             | 21   | BP 5100 (h) (l) (g) and 5063.                           |            | X                 | 5 years             |           | 3 years              |                     | \$ 2,850           |

| Name  | License               | Page | Violations  | Revocation | Revocation Stayed | Length of Probation | Surrender | Length of Suspension | Restricted Practice | Cost Reimbursement |
|---|-----------------------|------|---|------------|-------------------|---------------------|-----------|----------------------|---------------------|--------------------|
| Fitzpatrick, Pamela Anne & FitzPatrick Professional Accountancy, LLP        | CPA 64992<br>PAR 6986 | 26   | BP 5063, 5100 (h) and 5101.   |            | X                 | 3 years             |           | 45 days              |                     | \$ 4,932           |
| Ferguson, Duane   | CPA 34598             | 28   | BP 5100 (h).  |            | X                 | 3 years             |           |                      |                     | \$ 3,000           |
| Fazio, James  | CPA 51182             | 27   | BP 5100 (h) and (l).  |            | X                 | 3 years             |           | 9 months             |                     | \$ 4,020           |
| Calderon Jaham & Osborn An Accountancy Corporation                          | COR 1075              | 41   | BP 5100(b) and (l).   |            |                   |                     | X         |                      |                     |                    |
| Borchard, William   | CPA 95968             | 25   | BP 5100 (h) and (l).  |            | X                 | 3 years             |           | 30 days              |                     | \$ 3,251           |
| Berkowitz, Ira  | CPA 22918             | 23   | BP 5063 5100 and 5100 (h).  |            | X                 | 3 years             |           |                      |                     | \$ 8,531           |
| White, Jerry  | CPA 72061             | 9    | BP 5050 5060 5100 (b) (c) and (g).  |            | X                 | 3 years             |           |                      |                     | \$ 7,666           |
| Hoppes, Dale  | CPA 61272             | 22   | BP 5050 and 5100 (g). CCR 89.   |            | X                 | 3 years             |           | 60 days              |                     | \$ 4,267           |
| Hanson, Douglas   | CPA 43682             | 30   | BP 5050 and 5100 (g). CCR 3(a) 52(a) 58 87 94 95.4.   |            | X                 | 3 years             |           | 60 days              |                     | \$ 4,316           |
| Davis, Robert   | CPA 36561             | 32   | BP 5050, 5100 (b) and (g), and CCR 52, 63, and 89.  |            | X                 | 3 years             |           | 180 days             |                     | \$ 10,871          |
| Azavedo, Anthony  | CPA 28959             | 24   | BP 5050 and 5100 (g).   |            | X                 | 5 years             |           | 1 year               | X                   | \$ 11,248          |
| Van Haaster, Jack   | CPA 34130             | 29   | BP 490 and 5100(a) & (j).   |            | X                 | 3 years             |           |                      |                     | \$ 6,500           |
| Halcrow, David S. & Halcrow & Company Accountant's Professional Corporation | CPA 21380<br>COR 3423 | 16   | BP 5100(a) 5106 490 5100(g) (i) and (j) 5060 and 5063(a) (1).   | X          |                   |                     |           |                      |                     |                    |
| Dang, Mitchell  | CPA 82283             | 26   | BP 490, 5100 (a) and (k), and 5063.   |            | X                 | 3 years             |           |                      |                     | \$ 3,450           |
| Vance, Brenda   | CPA 73426             | 10   | BP 5100 5100 (c) and (k).   |            | X                 | 3 years             |           |                      |                     | \$ 13,990          |
| Miller, Laurence  | CPA 9845              | 1    | BP 5100 (c) (i) (j) and (k).  | X          |                   |                     |           |                      |                     |                    |
| Barnett, Troy   | CPA 78116             | 23   | BP 5100 (k) 5050 (a) 5060 5055 5058 and 5058.1. and CCR 2.  |            | X                 | 3 years             |           | 30 days              |                     | \$ 15,122          |
| McKinney, Gordon  | CPA 28037             | 34   | BP 498 5100 (b) and (g). CCR 87 and 89.   |            | X                 | 3 years             |           | 180 days             |                     | \$ 7,463           |
| Kim, David Deuk-Kwon  | CPA 56598             | 38   | BP 5060 and 5100(g). CCR 52 69(b) 69(e) 69(f) 87(a) and (c).  |            | X                 | 3 years             |           |                      |                     | \$ 7,457           |
| Hopkins, Bryan  | CPA 60786             | 21   | BP 5060 5061 and 5100 (g). CCR 56.  |            | X                 | 3 years             |           |                      |                     | \$ 16,115          |
| Garner, Darrow  | CA Practice Privilege | 39   | BP 5096.3(a), 5100(d), 5096(g)(1) and (g)(2)(B), 5100(b), 498, 5096(g)(2)(c) and (g)(2)(D), and CCR 32. |            |                   |                     | X         |                      |                     | \$ 3,972           |

## Proposed Decision Actions - Grouped by Violations

| Name            | License   | Page | Violations  | Revocation | Revocation Stayed | Length of Probation | Surrender | Length of Suspension | Restricted Practice | Cost Reimbursement |
|-----------------|-----------|------|---|------------|-------------------|---------------------|-----------|----------------------|---------------------|--------------------|
| Greene, Kenneth | CPA 69160 | 44   | BP 5100 (c) and (j).  |            | X                 | 1 year              |           | 45 days              |                     | \$ 4,136           |
| Baisden, Lowell | CPA 26811 | 42   | BP 5100 (c) (i) and (j) and 5062. CCR 58.                         | X          |                   |                     |           |                      |                     | \$ 15,141          |
| Kardos, Sandra  | CPA 17488 | 43   | BP 5037(b) 5063(a)(3) and (e) 5100(c) (g) and (h). CCR 52 and 68. | X          |                   |                     |           |                      |                     | \$ 13,780          |
| De Fazio, James | CPA 30861 | 44   | BP 5063 and 5100 (h). CCR 52.                                     | X          |                   |                     |           |                      |                     | \$ 5,569           |

## Default Decision Actions - Grouped by Violations

| Name   | License               | Page | Violations  | Revocation | Revocation Stayed | Length of Probation | Surrender | Length of Suspension | Restricted Practice | Cost Reimbursement |
|--|-----------------------|------|---|------------|-------------------|---------------------|-----------|----------------------|---------------------|--------------------|
| Vandervort, Rev  | CPA 82560             | 45   | BP 5037 5050 5100 (c) (g) and (i). CCR 52 and 68.   | X          |                   |                     |           |                      |                     |                    |
| Greenberg, David   | CPA 61580             | 46   | BP 125 5100 5100 (c) (g) (i) and (j). CCR 58.       | X          |                   |                     |           |                      |                     |                    |
| Wise, Danny  | CPA 37249             | 47   | BP 5100 (c) (g) (h) (i) (j) and (k). CCR 52.        | X          |                   |                     |           |                      |                     |                    |
| Rassam, Berdj  | CPA 63050             | 45   | BP 5100 (c) (i) (j) and 5063(a)(1).                 | X          |                   |                     |           |                      |                     |                    |
| George L. Hukriede<br>Accountancy Corporation                      | COR 1794              | 49   | BP 5050 5100 5100 (g) and 5154.                     | X          |                   |                     |           |                      |                     |                    |
| Winings, David & David M.<br>Winings An Accountancy<br>Corporation | CPA 62403<br>COR 5457 | 47   | BP 490 and 5100(a) (c) (i) (j) and (k) and 5050(a). | X          |                   |                     |           |                      |                     |                    |
| Stockton, Rick   | CPA 89190             | 49   | BP 490 5100 (a) 5063 (a)(1)(A-B).                   | X          |                   |                     |           |                      |                     |                    |
| Hatanaka, Kiyoshi  | CPA 73188             | 50   | BP 490 and 5100 (a) (i) and (k).                    | X          |                   |                     |           |                      |                     |                    |
| DiBenedetto, Joe   | CPA 73278             | 48   | BP 490 5100(a) and 5063.                            | X          |                   |                     |           |                      |                     |                    |
| Contreras, Marcelino   | CPA 36983             | 48   | BP 490 5100(a) and 5063.                            | X          |                   |                     |           |                      |                     |                    |
| Steiner, Robert  | CPA 29988             | 50   | BP 5100 and CCR 52, 95.4.                           | X          |                   |                     |           |                      |                     |                    |
| Henen, Amgad   | Applicant             | 48   | BP 480 (a)(2) 5110 (a) (1) and 5112 (a).            |            |                   |                     |           |                      |                     |                    |

### Legends:

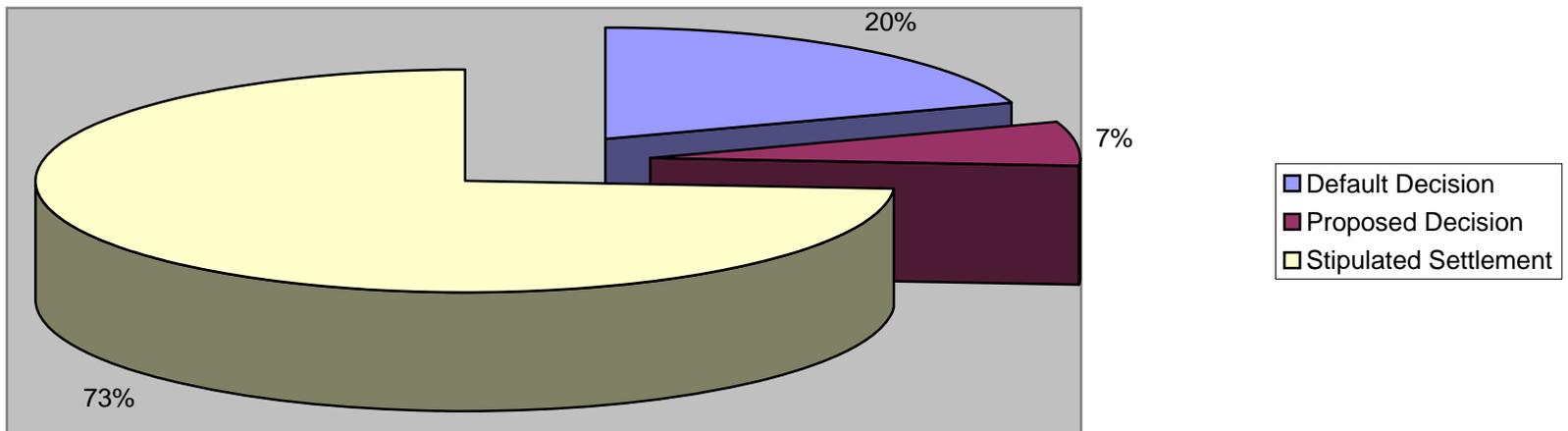
|  |   |
|--|---|
|  | Gross Negligence - Audit                    |
|  | Gross Negligence - Tax                      |
|  | Government Suspension - SEC, PCAOB, and IRS |
|  | Practice Without Permit                     |
|  | Criminal Conviction                         |
|  | Theft                                       |

**2008 and 2009 Total Disciplinary Actions: 61**

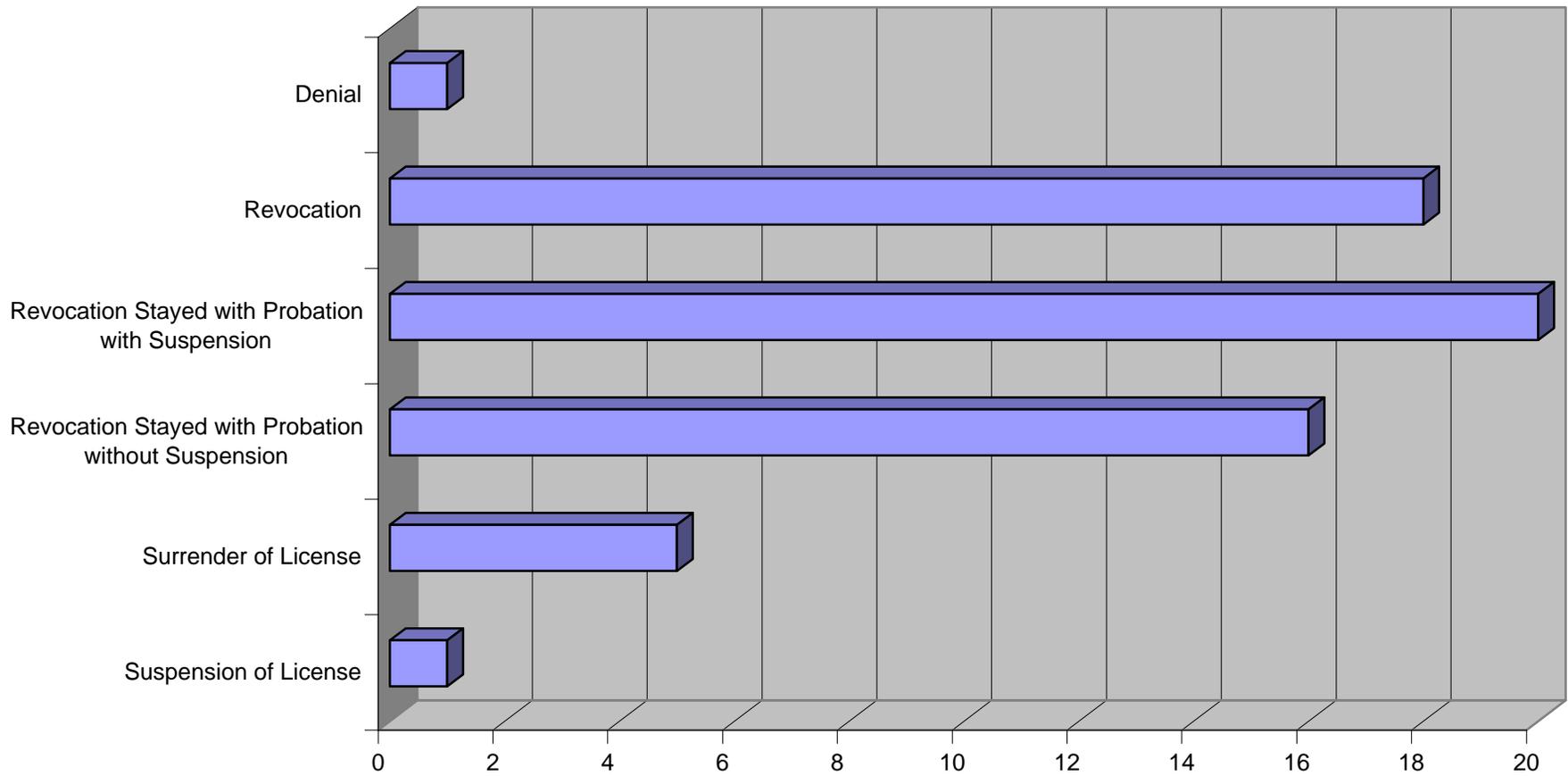
**Default Decision Actions: 12**

**Proposed Decision Actions: 4**

**Stipulated Settlement Actions: 45**



## 2008 and 2009 Total Disciplinary Actions: 61



## Violation Description

| Violation                            | Description   |
|--------------------------------------|---|
| <b>Business and Professions Code</b> |   |
| 125                                  | Conspiracy with Unlicensed Person   |
| 480 (a)(2)                           | Ground for denial - any act involving dishonesty, fraud or deceit with intent to benefit himself  |
| 490                                  | Conviction of a Crime - Substantial Relationship Required   |
| 498                                  | Wrongful Acquisition of License   |
| 5037                                 | Ownership of Accountants' Work Papers   |
| 5050                                 | Practice Without Permit   |
| 5055                                 | Title of Certified Public Accountant  |
| 5058                                 | Use of Confusing Titles or Designations Prohibited  |
| 5058.1                               | Titles in Conjunction with Certified Public Accountant or Public Accountant   |
| 5060                                 | Name of Firm  |
| 5061                                 | Commissions   |
| 5062                                 | Report Conforming to Professional Standards   |
| 5063                                 | Reportable Events   |
| 5096                                 | Practice Privilege General Requirements   |
| 5096.3                               | Discipline of a Practice Privilege  |
| 5100                                 | Unprofessional Conduct  |
| 5100 (a)                             | Conviction of any crime substantially related to the qualifications, functions and duties of a certified public accountant or a public accountant   |
| 5100 (b)                             | A violation of section 478, 498, or 499 dealing with false statements or omissions in the application for a license   |
| 5100 (c)                             | Dishonesty, fraud, gross negligence, or repeated negligent acts.....each resulting in a violation of applicable professional standards that indicate a lack of competency in the practice of public accountancy   |
| 5100 (d)                             | Cancellation, revocation, or suspension of a certificate or other authority to practice as a certified public accountant or a public accountant, refusal to renew the certificate or other authority to practice as a certified public accountant or a public accountant, or any other discipline by any other state or foreign country   |
| 5100 (g)                             | Willful violation of this chapter or any rule or regulation promulgated by the board  |
| 5100 (h)                             | Suspension or revocation of the right to practice before any governmental body or agency  |
| 5100 (i)                             | Fiscal dishonesty or breach of fiduciary responsibility of any kind   |
| 5100 (j)                             | Knowing preparation, publication, or dissemination of false, fraudulent, or materially misleading financial statements, reports, or information   |
| 5100 (k)                             | Embezzlement, theft, misappropriation of funds or property, or obtaining money, property, or other valuable consideration by fraudulent means or false pretenses  |
| 5100 (l)                             | The imposition of any discipline, penalty, or sanction on a registered public accounting firm or any associated person of such firm or both, or on any other holder of a permit, certificate, license, or other authority to practice in this state, by the PCAOB or the United States Securities and Exchange Commission, or their designees under the Sarbanes Oxley Act of 2002 or other federal legislation |
| 5101                                 | Discipline of Partnership   |
| 5106                                 | Conviction Defined  |
| 5110                                 | False Statements in Application; Exam Cheating  |
| 5112 (a)                             | Procedures to deny an application to take the licensing examination   |
| 5154                                 | Directors, Shareholders and Officers Must Be Licensed   |

5156 Unprofessional Conduct of an Accountancy Corporation  
Violation Description

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**California Code of Regulations**

2 Confusing Titles  
3 Notification of Change of Address  
32 Board Approval Required - Practice Privilege  
52 Response to Board Inquiry  
56 Commissions -- Basic Disclosure Requirement  
58 Compliance with Standards  
59 Reporting of Restatements  
63 Advertising  
68 Retention of Client's Records  
69 Certification of Applicant's Experience  
87 Continuing Education - Basic Requirements  
89 Continuing Education - Control and Reporting  
94 Continuing Education - Failure to Comply  
95.4 Failure to Comply with Citation

## Enforcement Actions from 2008 to 2009

| Name/Board Actions  | Cause for Discipline  | Violation(s) Charged   |
|---|---|--|
| <p><b>MILLER, LAURENCE K.</b><br/>                     Sherman Oaks, CA<br/>                     (CPA 9845)</p> <p>Revocation of CPA Certificate, via stipulated settlement.</p> <p>Mr. Miller agrees that if he applies for re-licensure or reinstatement of his license, he may be required to pay the Board the costs of investigation and enforcement in the amount of \$3,797.70.</p> <p><b>Effective October 26, 2008</b></p> | <p>Mr. Miller agrees that the charges and allegations in Accusation AC-2009-5, if proven at hearing, constitute cause for imposing discipline upon his CPA certificate.</p> <p>The Board's accusation outlined the circumstances supporting the imposition of discipline. The accusation contains the following allegations: Mr. Miller acted as his clients' accountant for more than 20 years, and for several years prior to 2005, Mr. Miller agreed to and actually paid the estimated taxes for his clients. In or about 2005, Mr. Miller's clients agreed to make checks payable to Mr. Miller's "Trust Account" from which Mr. Miller would pay estimated taxes on behalf of his clients. In 2005, Mr. Miller's clients gave him checks totaling \$146,000, which were to be used for payment of estimated taxes. Mr. Miller prepared the 2005 California State tax return for his clients in which Mr. Miller included \$145,950 as estimated tax payments. However, Mr. Miller failed to send the estimated tax payments to the California State Franchise Tax Board on behalf of his clients. Mr. Miller did not return the \$146,000 to his clients.</p> <p>In a civil matter filed by his clients against Mr. Miller, a default judgment was entered against Mr. Miller in the amount of \$388,801.57. The civil matter was based on allegations that Mr. Miller committed fraud and embezzlement among other charges, over multiple years, including, but not limited to, the allegations and charges discussed above.</p> | <p>Business and Professions Code, Division 3, Chapter 1, § 5100 (c), (i), (j) and (k).</p> |

|   |   |  |
|---|---|--|
| <p><b>MILLER, BRETT IAN</b><br/> Brownsville, CA<br/> (CPA 71097)</p> <p>Revocation stayed with three years' probation, via stipulated settlement.</p> <p>Mr. Miller's license is suspended for 60 days.</p> <p>Mr. Miller shall be permanently prohibited from performing audits.</p> <p>Mr. Miller is required to reimburse the Board \$4,112.20 for its investigation and prosecution costs.</p> <p>Other standard terms of probation.</p> <p><b>Effective February 24, 2008</b></p>   | <p>Mr. Miller was grossly negligent in performing two audits that contained extreme departures from generally accepted auditing standards and generally accepted government auditing standards. The auditor's reports did not comply with standards. Additionally, there were deficiencies in planning the audit, internal control review, evidential matter, audit documentation, and compliance.</p>  | <p>Business and Professions Code, Division 3, Chapter 1, §§ 5100 (c) and 5062. California Code of Regulations, Title 16, Division 1, § 58.</p> |
| <p><b>GOODELL, JOHN LOUIS</b><br/> Sacramento, CA<br/> (CPA 35366)</p> <p>Revocation stayed with three years' probation, via stipulated settlement.</p> <p>Mr. Goodell shall at all times maintain an active license status with the Board.</p> <p>Mr. Goodell shall complete 24 hours of continuing professional education, which are in addition to his regular 80-hour renewal requirement.</p> <p>Mr. Goodell is required to reimburse the Board \$18,000 for its investigation and prosecution costs.</p> <p>Other standard terms and conditions.</p> <p><b>Effective April 28, 2008</b></p> | <p>For purposes of settlement, Mr. Goodell admits that he was engaged to perform the audit of Marin Schools Insurance Authority (MSIA), a Joint Powers Agency. In his capacity as audit engagement partner, Mr. Goodell committed acts of gross negligence by failing to comply with applicable professional standards in the following respects:</p> <ul style="list-style-type: none"> <li>• Mr. Goodell failed to adequately plan the audit or properly supervise his assistants.</li> <li>• Mr. Goodell relied upon outdated and/or inadequate information to calculate MSIA's liability for workers' compensation claims as well as vision and dental claims resulting in his acceptance of financial statements that included an understatement of liabilities of approximately \$5.1 million.</li> </ul> | <p>Business and Professions Code, Division 3, Chapter 1, § 5100 (c).</p>   |

**HIMMELMANN, WILLIAM  
EDWARD/W.E. HIMMELMANN &  
CO.**

Sacramento, CA  
(CPA 49096, FNP 681)

Revocation stayed with three years' probation, via stipulated settlement.

Mr. Himmelmann's license is suspended for 120 days.

Mr. Himmelmann shall at all times maintain an active license status with the Board.

Mr. Himmelmann shall take and pass with a score of 90 percent or better a Board-approved ethics examination prior to the end of the suspension period.

Mr. Himmelmann is required to reimburse the Board \$8,165.86 for its investigation and prosecution costs.

Other standard terms and conditions.

**Effective April 28, 2008**

For purposes of settlement, Mr. Himmelmann admits, as set forth in the Accusation, that he is subject to discipline for unprofessional conduct in that he committed repeated negligent acts and gross negligence in the practice of public accountancy.

Mr. Himmelmann engaged in unprofessional conduct in his capacity as successor trustee for the S. Trust. Mr. Himmelmann's trusteeship became effective on December 26, 2003. Despite repeated requests to fulfill his obligations as successor trustee, both orally and in writing, and repeated assurances by Mr. Himmelmann that he would do so, he waited until July 26, 2006, to complete the Trust tax returns for tax years 2003, 2004, 2005, and to issue Schedules K-1, and did so only after a complaint was filed with the Board.

Mr. Himmelmann further admits that he is subject to discipline in that he willfully engaged in the practice of public accountancy with an expired license, failed to return client records to H.W. and failed to respond to Board inquiries regarding H.W.'s complaint.

Business and Professions Code, Division 3, Chapter 1, §§ 5037, 5050, 5100 (c) and (g). California Code of Regulations, Title 16, Division 1, §§ 52 (a) and 68.

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| <p><b>DOWNEY, SHIRLIE IRENE</b><br/> Escondido, CA<br/> (CPA 70365)</p> <p>Revocation stayed with two years' probation, via stipulated settlement.</p> <p>Ms. Downey shall take and pass with a score of 90 percent or better a Board-approved ethics exam.</p> <p>Ms. Downey shall complete 16 hours of continuing education in addition to the 80 hours required for license renewal.</p> <p>Ms. Downey is required to reimburse the Board \$9,444 for its investigation and prosecution costs.</p> <p>Other standard terms and conditions.</p> <p><b>Effective June 16, 2008</b></p> | <p>Accusation No. AC-2007-36 contains the following allegations:</p> <p>Ms. Downey was grossly negligent in performing tax resolution services for a client. The client's offer in compromise was never received by the IRS and the offer in compromise forms that were prepared by the respondent contained several errors and inconsistencies. After being disengaged by the client, Ms. Downey also continued to receive and access the client's confidential tax information from the IRS using her power of attorney for personal purposes related to a pending civil action with the client.</p> | <p>Business and Professions Code, Division 3, Chapter 1, §§ 5100 and 5100 (c).</p> |
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| <p><b>SNYDER, DAVID MICHAEL AND<br/>SNYDER ACCOUNTANCY</b><br/>Carmel Valley, CA<br/>(CPA 50228 and COR 3515)</p> <p>Revocation stayed with three years' probation, via stipulated settlement.</p> <p>Mr. Snyder's license and the corporation's license are suspended for 60 days.</p> <p>Mr. Snyder shall complete 24 hours of professional education courses (CPE) related to auditing within the first 18 months of the probationary period. The CPE shall be in addition to the CPE requirement for license renewal.</p> <p>Work papers and audited financial statements for any audit are to be reviewed by an outside CPA who is approved by the Board or its designee at Respondents' expense before the release of the audit report.</p> <p>Mr. Snyder is required to reimburse the Board \$11,925.28 for its investigation and prosecution costs.</p> <p>Respondents shall at all times maintain active license status with the Board.</p> <p>Other standard terms and conditions.</p> <p><b>Effective October 26, 2008</b></p> | <p>For purposes of settlement, Mr. Snyder admits he was the engagement partner for Snyder Accountancy, and that he issued and signed for Snyder Accountancy, the auditor's report for their audit of the City of San Juan Bautista for the year ended June 30, 2002.</p> <p>For purposes of settlement, both Respondents admit:</p> <ul style="list-style-type: none"> <li>• Gross negligence in planning, execution, and documentation of the audit of the City of San Juan Bautista for the year ended June 30, 2002.</li> <li>• The auditor issued an audit report that did not conform to professional standards.</li> </ul> | <p>Business and Professions Code, Division 3, Chapter 1, §§ 5062, 5100 (c), (g), and 5156. California Code of Regulations, Title 16, Division 1, §§ 52 and 58.</p> |
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| <p><b> TSAI, EVA YI-FANG and E-FANG ACCOUNTANCY CORPORATION with EVA YI-FANG TSAI as SOLE SHAREHOLDER</b><br/> City of Industry, CA<br/> (CPA 81126 and COR 5055)</p> <p>Revocation stayed with three years' probation, via stipulated settlement.</p> <p>The licenses for Ms. Tsai and E-Fang Accountancy Corporation with Ms. Tsai as sole shareholder are suspended for 30 days.</p> <p>All of the respondents' audit, review and compilation reports and work papers are subject to peer review.</p> <p>All work papers and draft reports for audit engagement undertaken by the respondents are subject to review by a qualified outside CPA approved by the Board.</p> <p>Ms. Tsai shall complete 40 hours of additional continuing education courses in accounting and auditing as specified by the Board.</p> <p>Respondents are required to reimburse the Board \$9,948.21 for its investigation and prosecution costs.</p> <p>Other standard terms and conditions.</p> <p><b>Effective December 26, 2008</b></p> | <p>Ms. Tsai and E-Fang Accountancy Corporation with Ms. Tsai as sole shareholder (respondents) admitted to committing gross negligence, violated professional standards, and failed to issue a report in accordance with professional standards in performing an audit of a securities firm for the fiscal year ended December 31, 2005.</p> <p>The final audit report issued by the respondents varied significantly from the AICPA's professional standards as follows:</p> <ul style="list-style-type: none"> <li>• The report contained typographical errors;</li> <li>• The report failed to give an opinion on various financial statements, including results of operations, and cash flows;</li> <li>• Supplementary schedules were omitted;</li> <li>• A supplemental report on internal control was omitted;</li> <li>• The balance sheet overstated the current asset "Securities Owned at Fair Value" by \$540,000 due to the respondents' failure to compute and adjust the book value to fair value for the year ending December 31, 2005.</li> </ul> <p>The Accusation also alleged that the respondents 1) understated the auditee's "current liability account held temporarily for customer" and "current asset account held temporarily for customer" resulting from an improper audit adjustment in the amount of \$582,761 and 2) overstated "commission income" and "operating expenses" in the amount of \$250,000 for two transactions that were external to the auditee. However, the respondents did not admit to these specific allegations and charges in this stipulated settlement.</p> | <p>Business and Professions Code, Division 3, Chapter 1, §§ 5100 (c) and 5062. California Code of Regulations, Title 16, Division 1, § 58.</p> |
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**BIRNBAUM, RICHARD JAY**

Tarzana, CA  
(CPA 38463)

Revocation stayed with three years' probation, via stipulated settlement.

During the course of probation, Mr. Birnbaum shall retain all client documentation for deductible items reported on client Schedules A and Forms 2106, including telephone messages and memos to Mr. Birnbaum's files that support verbal client information.

During the course of probation, Mr. Birnbaum shall retain documentation of contacts with the IRS, California Franchise Tax Board, and/or, other similar out-of-state tax agencies, including telephone messages and memos to Mr. Birnbaum's files that support verbal contacts with the named agencies, regarding client tax return issues for which Mr. Birnbaum renders services.

Mr. Birnbaum shall take and pass with a score of 90 percent or better a Board-approved ethics examination within six months of the effective date of the Board's decision.

Mr. Birnbaum shall maintain an active license status.

Mr. Birnbaum shall perform four hundred hours of approved community service, to be completed three months prior to the end of Mr. Birnbaum's probationary period.

Mr. Birnbaum is required to reimburse the Board \$16,979 for its investigation and prosecution costs.

**Effective February 23, 2009**

The Accusation charges that Mr. Birnbaum is subject to discipline, in that Mr. Birnbaum committed gross negligence and dishonest acts in the preparation of federal income tax returns, in which Mr. Birnbaum reported false taxpayer information and deductions, and provided other information to the IRS on behalf of two taxpayers that he knew, or should have known, was false.

The Accusation further charges that Mr. Birnbaum is subject to discipline, in that Mr. Birnbaum knowingly prepared, published or disseminated false, fraudulent, or materially misleading financial statements, reports, or information to the IRS, including false deductions on the clients' federal income tax returns and false or misleading statements in letters submitted to the IRS on behalf of the clients.

Mr. Birnbaum does not admit the charges and allegations but understands and agrees that, at a hearing, the Board could establish a factual basis for the charges in the Accusation.

Business and Professions Code, Division 3, Chapter 1, §§ 5100 (c), (g), and (j). California Code of Regulations, Title 16, Division 1, § 58.

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| <p><b>PORTER, GARY ALLEN and PORTER &amp; COMPANY</b><br/>Ventura, CA<br/>(CPA 19350 and FNP 670)</p> <p>Revocation stayed with three years' probation, via stipulated settlement.</p> <p>Mr. Porter shall waive all fees related to the June 30, 2005 audit of Inverness Public Utility District.</p> <p>Mr. Porter shall complete 40 hours of additional continuing education courses in accounting and auditing as specified by the Board.</p> <p>Mr. Porter shall annually provide the Board with a listing of all audit and review engagements planned for the subsequent 12 month period, along with the respective due dates. From the list, the Board will select five audit or review engagements whose work papers and final reports shall be reviewed by a qualified outside CPA approved by the Board.</p> <p>All audit, review and compilation reports and work papers are subject to review by a certified peer reviewer approved by the California Society of CPA's.</p> <p>Mr. Porter is prohibited from conducting audit engagements for governmental and non-profit entities, with the exception of not-for-profit home owners' associations.</p> <p>Mr. Porter is required to reimburse the Board \$12,163.75 for its investigation and prosecution costs.</p> <p>Other standard terms and conditions.</p> <p><b>Effective February 23, 2009</b></p> | <p>Accusation No. AC-2008-11 contains the following allegations:</p> <p>Respondents committed gross negligence and violated professional standards in performing audits of a governmental entity for the fiscal years ended June 30, 2004 and June 30, 2005. Respondents issued unqualified auditor's opinions although significant portions of the financial statements and note disclosures did not comply with GASB 34. Additionally, Respondents failed to exercise due care in the June 30, 2005 audit since the net assets on the Statement of Activities did not equal the net assets on the Combined Balance Sheet.</p> <p>Mr. Porter as well as an auditor working for Porter &amp; Company were not qualified to perform governmental audits since they had not completed requisite continuing professional education specified by GAGAS.</p> <p>During the investigation, Mr. Porter submitted to the Board additional audit report packages issued for other governmental entities for fiscal years ended June 30, 2005 and June 30, 2006. The audit report packages for four of these entities contained departures from professional standards, including noncompliance with GASB 34, omissions from reporting standards, use of obsolete references in the independent auditor's reports, and other note disclosure deficiencies. Mr. Porter failed to exercise due professional care upon discovery of the deficiencies.</p> <p>Mr. Porter agrees that if proven at hearing, the above allegations constitute cause for discipline.</p> | <p>Business and Professions Code, Division 3, Chapter 1, §§ 5100 (c), 5062. California Code of Regulations, Title 16, Division 1, §§ 58 and 87(b).</p> |
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| <p><b>WHITE, JERRY WALTER</b><br/>San Jose, CA<br/>(CPA 72061)</p> <p>Revocation stayed with three years' probation, via stipulated settlement.</p> <p>Mr. White shall complete 24 hours of continuing education courses as specified by the Board.</p> <p>Mr. White shall maintain an active license status.</p> <p>Mr. White is required to reimburse the Board \$7,666.47 for its investigation and prosecution costs.</p> <p>Mr. White is required to pay a \$1000 administrative penalty.</p> <p>Other standard terms and conditions.</p> <p><b>Effective April 27, 2009</b></p> | <p>Mr. White has subjected his license to disciplinary action for unprofessional conduct. Mr. White admits to practicing public accountancy with an expired license; utilizing an unregistered firm name; making false statements on his license renewal application to obtain his certificate; engaging in dishonesty with clients and the public by representing himself as a CPA while his license was expired; and violating his duty to fulfill continuing education requirements mandatory for active license renewal.</p>   | <p>Business and Professions Code, Division 3, Chapter 1, §§ 5050, 5060, 5100 (b), (c), and (g).</p>  |
| <p><b>MILLER, GREGORY R.</b><br/>Valley Center, CA<br/>(CPA 35885)</p> <p>Revocation stayed with three years' probation, via stipulated settlement.</p> <p>Mr. Miller's license is suspended for 90 days.</p> <p>Mr. Miller shall take and pass with a score of 90 percent or better a Board approved ethics examination.</p> <p>Mr. Miller is required to reimburse the Board \$7,441.50 for its investigation and prosecution costs.</p> <p>Other standard terms and conditions.</p> <p><b>Effective August 30, 2009</b></p>  | <p>For purposes of settlement, Mr. Miller agrees that at a hearing a factual basis for the charges contained in Accusation AC-2009-20 could be established. These charges reflect that Mr. Miller reported \$494,242 of a pension fund distribution to a spouse in a marital dissolution as earned income on Schedule C, Profit or Loss From Business. Mr. Miller also reported deductions of \$100,000 on the client's 2003 tax return as business assets under Section 179, and \$150,000 for a pension plan.</p> <p>The Internal Revenue Service (IRS) disallowed the Section 179 deduction because there were no business profits, and disallowed the pension plan deduction because there was no business income. The IRS suspended Respondent from practicing before the IRS for 180 days as a direct result of this return.</p> | <p>Business and Professions Code, Division 3, Chapter 1, § 5100 (c), (g), and (h). California Code of Regulations, Title 16, Division 1, § 58.</p> |

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| <p><b>VANCE, BRENDA (AKA POPPE)</b><br/>Redwood City, CA<br/>(CPA 73426)</p> <p>Revocation stayed with three years' probation, via stipulated settlement.</p> <p>Ms. Vance shall maintain an active license status.</p> <p>Ms. Vance shall take and pass with a score of 90 percent or better Board approved ethics examination.</p> <p>Ms. Vance is required to reimburse the Board \$13,989.50 for its investigation and prosecution costs.</p> <p>Other standard terms of probation.</p> <p><b>Effective August 30, 2009</b></p> | <p>Ms. Vance admits the truth of the charge and allegation related to general unprofessional conduct described in the Board's Accusation as her actions of accessing, obtaining, and using confidential tax information of someone who was not her client, without authorization and in violation of law. Ms. Vance also admits that the other charges in the Board's accusation, if proven at hearing, would be grounds for discipline.</p> | <p>Business and Professions Code, Division 3, Chapter 1, §§ 5100, 5100 (c) and (k).</p> |
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| <p><b>KIM, KEVIN TOHYON</b><br/>Los Angeles, CA<br/>(CPA 60277)</p> <p>Revocation stayed with three years' probation, via stipulated settlement.</p> <p>Mr. Kim's license is suspended for 180 days.</p> <p>Mr. Kim shall be permanently prohibited from performing audit or review engagements.</p> <p>Mr. Kim shall complete 80 hours of continuing education courses (CE). The CE shall be in addition to the CE requirement for license renewal.</p> <p>Mr. Kim shall take and pass with a score of 90 percent or better a Board approved ethics course.</p> <p>Mr. Kim is required to reimburse the Board \$8,423.30 for its investigation and prosecution costs.</p> <p>Mr. Kim shall at all times maintain an active license status with the Board.</p> <p>Other standard terms and conditions.</p> <p><b>Effective October 30, 2009</b></p> | <p>Mr. Kim admits the truth of each and every allegation in Accusation No. AC-2008-169.</p> <p>Mr. Kim was grossly negligent for issuing a review report when he lacked independence and for preparing both a report and work papers that did not conform to professional standards.</p> <p>Mr. Kim misrepresented material facts on his December 31, 2006, license renewal reporting that he had completed the 80-hour license renewal requirement when in fact he had only completed an 8-hour ethics course.</p> | <p>Business and Professions Code, Division 3, Chapter 1, §§ 5062, 5100 (b), (c), and (g). California Code of Regulations, Title 16, Division 1, § 58.</p> |
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| <p><b>WONG, BIYU</b><br/>San Leandro, CA<br/>(CPA 81789)</p> <p>Revocation stayed with three years' probation, via stipulated settlement.</p> <p>Ms. Wong's license is suspended for 60 days.</p> <p>Ms. Wong shall take and pass with a score of 90 percent or better a Board approved ethics course.</p> <p>Ms. Wong shall complete 24 hours of continuing education in addition to the 80 hours required for license renewal.</p> <p>Ms. Wong is required to reimburse the Board \$12,000 for its investigation and prosecution costs.</p> <p>Other standard terms and conditions.</p> <p><b>Effective October 30, 2009</b></p> | <p>Ms. Wong admits the truth of each and every charge and allegation in the Accusation No. AC-2009-26 with the exception of the charge of gross negligence and repeated acts of negligence regarding the corporation reporting minimal to no officer compensation. For the purpose of resolving the Accusation, Ms. Wong agrees that, at a hearing, Complainant could establish a factual basis for the allegation noted above and that the allegation constitutes cause for discipline.</p> <p>Accusation No. AC-2009-26 contains the following allegations:</p> <p>Ms. Wong was grossly negligent and committed repeated acts of negligence in preparation of the complainant's corporate tax returns for the years 2004 through 2006. Ms. Wong reported minimal to no officer compensation for those years even though the corporation had substantial income and the complainant was the sole shareholder and performed all but a minimal amount of the work for the corporation. The corporation is an S-corporation. Ms. Wong allowed nearly all of the corporation's profits to pass to the complainant as distributions without paying the required employment taxes. The complainant and his corporation were audited by the Internal Revenue Service (IRS) and as a result the corporate tax returns were adjusted to report additional officer compensation of \$63,000 in 2004, \$64,000 in 2005, and \$75,000 in 2006. Penalties were assessed.</p> <p>Ms. Wong also reported a \$20,700 bad debt deduction on the 2005 corporate tax return even though the corporation reported its income on the cash basis and had not reported this amount as income on a previously filed return. Ms. Wong also reported a pension deduction on the 2005 corporate return in excess of 100 percent of its employee compensation, even though</p> | <p>Business and Professions Code, Division 3, Chapter 1, §§ 5100 (c) and (g), 5060, and 5061.</p> |
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|  | <p>a deduction of only 25 percent of employee compensation is allowed. Upon IRS audit the bad debt deduction was denied and the pension deduction was reduced.</p> <p>Ms. Wong also earned commissions on an annuity sale and mutual fund sales she made to the complainant and failed to disclose to the complainant in writing that she would be receiving a commission.</p> <p>Ms. Wong also practiced under the unregistered name of BC Services while performing services for the complainant.</p> |  |
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| <p><b>AFFONSO, DALE ALBERT</b><br/>Hermosa Beach, CA<br/>(CPA 29994)</p> <p>Surrender of CPA certificate, via stipulated surrender.</p> <p><b>Effective October 26, 2008</b></p> | <p>Amended Accusation No. AC-2009-3 contains allegations that Mr. Affonso while a tax partner at KPMG LLP participated in devising, marketing and implementing fraudulent tax shelters. The Accusation further alleges that Mr. Affonso participated in preparing and causing to be prepared, and filing and causing to be filed with the IRS, false and fraudulent U.S. individual income tax returns containing the fraudulent tax shelter losses. Mr. Affonso denies the allegations contained within the Amended Accusation. For purposes of settlement however, Mr. Affonso has agreed to surrender his CPA Certificate No. 29994.</p>  | <p>Business and Professions Code, Division 3, Chapter 1, § 5100 (c) and (g).</p>  |
| <p><b>ROSENTHAL, RICHARD P.</b><br/>New York, NY<br/>(CPA 69113)</p> <p>Surrender CPA Certificate, via stipulated settlement.</p> <p><b>Effective June 25, 2009</b></p>          | <p>Accusation No. AC-2009-17 contained allegations that Mr. Rosenthal while a tax partner at KPMG LLP participated in employing various means to conceal from the IRS and other taxing authorities fraudulent tax shelters. The accusation contained further allegations that Mr. Rosenthal's involvement or acquiescence resulted in:</p> <ul style="list-style-type: none"> <li>• The failure of KPMG to register the tax shelters.</li> <li>• The preparation of, or causing to be prepared, false or fraudulent documentation supporting the implementation of the tax shelters.</li> <li>• The preparation and/or causing to be prepared or participating in the preparation and/or filing of income tax returns that contained the fraudulent tax shelter losses.</li> </ul> <p>Mr. Rosenthal denies the allegations but for the purpose of resolving the charges agreed to the stipulated surrender of his CPA Certificate.</p> | <p>Business and Professions Code, Division 1, Chapter 1, §125, Division 3, Chapter 1, §§ 5100, 5100 (c), (g), (i), and (j). California Code of Regulations, Title 16, Division 1, § 58.</p> |

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| <p><b>KPMG LLP</b><br/>Los Angeles, CA<br/>(PAR 157)</p> <p>Suspension of CPA Partnership for one year stayed, with three years' probation, via stipulated settlement.</p> <p>Probation terms include:</p> <p>Administrative sanction of \$1,000,000.</p> <p>Cost reimbursement to the Board for its costs of investigating and prosecuting this and related tax shelter cases.</p> <p>Dissemination of the Stipulated Settlement within 30 days to all KPMG professional personnel located in California offices.</p> <p>Cooperation with the Board in its ongoing investigation and prosecution of other Board licensees regarding KPMG tax shelters.</p> <p>Other standard terms and conditions.</p> <p><b>Effective January 18, 2008</b></p> | <p>On or about August 26, 2005, the United States Attorney's Office for the Southern District of New York and KPMG entered into a Deferred Prosecution Agreement (DPA) along with an accompanying Statement of Facts. KPMG consented to the filing of a one-count Information (which was dismissed upon KPMG's successful compliance with the DPA). This Information charged KPMG with participating in a conspiracy to defraud the United States and its agency the Internal Revenue Service to commit tax evasion, to make and subscribe false and fraudulent tax returns, and to aid and assist in the preparation and filing of said tax returns. Within the DPA and the associated Statement of Facts, KPMG accepted responsibility for violations of law. KPMG admitted, through the conduct of certain KPMG tax leaders, partners, and employees, KPMG had assisted high net worth United States citizens to evade United States individual income taxes on billions of dollars in capital gain and ordinary income by developing, promoting and implementing unregistered and fraudulent tax shelters.</p> <p>Accusation No. AC-2006-28 incorporated the facts admitted by KPMG in the DPA and its associated Statement of Facts. Causes for discipline within the accusation include:</p> <ul style="list-style-type: none"> <li>• Fraud in the practice of public accountancy.</li> <li>• Gross negligence in the practice of public accountancy.</li> <li>• Dishonesty in the practice of public accountancy.</li> <li>• Knowing preparation of false, fraudulent or materially misleading information.</li> <li>• Willful failure to observe professional standards, and</li> <li>• Conspiracy with unlicensed persons to violate the Accountancy Act.</li> </ul> | <p>Business and Professions Code, Division 3, Chapter 1, §§ 125, 5100, 5100 (c), (g), and (j).</p> |
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| <p><b>HALCROW, DAVID SCOTT<br/>HALCROW &amp; COMPANY<br/>ACCOUNTANT'S PROFESSIONAL<br/>CORPORATION</b><br/>Studio City, CA<br/>(CPA 21380 and COR 3423)</p> <p>Revocation of CPA Certificate, via stipulated settlement.</p> <p><b>Effective February 24, 2008</b></p> | <p>On or about January 10, 2005, the United States District Court ordered a guilty judgment for Mr. Halcrow's plea of guilty for four felony counts of mail fraud and possessing a forged security. These acts occurred in Mr. Halcrow's practice as a certified public accountant. From 2000 through 2003, Mr. Halcrow devised, participated in and executed a scheme to defraud his clients through false and fraudulent pretenses including:</p> <p>Mr. Halcrow mailed to his clients false and fictitious notices of IRS audits. Mr. Halcrow persuaded his clients that they needed his representation for the purported IRS audits. Mr. Halcrow falsely represented to his clients that he performed the work on their behalf and billed them for these services. Mr. Halcrow billed his clients approximately \$26,223 for the sham IRS audits.</p> <p>Mr. Halcrow embezzled approximately \$54,000 of his clients' estimated tax payments to the Internal Revenue Service. Mr. Halcrow accomplished this by establishing California corporations for himself with names very similar to the names of his clients' corporations. Mr. Halcrow established the corporations, Lifewise Water 2001 and LSWS, names similar to his clients' corporations. Mr. Halcrow obtained estimated tax payments on behalf of the clients' corporations. However, instead of submitting the estimated payments to the IRS on behalf of the clients, Mr. Halcrow advised the IRS to apply the payments to the accounts of his own corporations. Mr. Halcrow filed tax returns for his own corporations reflecting that no tax was due requesting federal income tax refunds from the IRS, benefiting himself by \$54,000.</p> <p>Mr. Halcrow forged a client's check made payable to him for \$210. Mr. Halcrow changed the amount on the check from \$210 to \$3,210, benefiting himself by \$3,000.</p> | <p>Business and Professions Code, Division 3, Chapter 1, §§ 5100(a), 5106, 490, 5100(g), (i), and (j), 5060, and 5063(a)(1).</p> |
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|  | Additionally, Mr. Halcrow practiced under an unregistered firm name and failed to report his criminal conviction to the Board. |  |
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| <p><b>MATHIASEN, RAYMOND LEROY</b><br/>Encino, CA<br/>(CPA 14425)</p> <p>Revocation of CPA Certificate, via stipulated settlement.</p> <p>Mr. Mathiasen agrees that if he applies for re-licensure or reinstatement of his license, he may be required to pay the Board costs of investigation and enforcement in the amount of \$3,678.43.</p> <p><b>Effective September 1, 2008</b></p> | <p>Mr. Mathiasen admitted that on or about June 8, 2007, the Securities and Exchange Commission (SEC) suspended Mr. Mathiasen from practicing before the SEC as an accountant. Mr. Mathiasen also admitted that he did not report the opening of the SEC's formal investigation against him and did not report the SEC's suspension to the Board.</p> <p>The SEC's imposition of discipline was based on its complaint that alleged that while serving as the Chief Accounting Officer for Tenet Healthcare, Mr. Mathiasen participated in a fraudulent scheme in which Tenet made misleading disclosures in its SEC filings for its fiscal year ending May 31, 2002, and the first quarter of its fiscal year 2003 ending August 30, 2002. Mr. Mathiasen consented to the entry of the SEC's judgment without admitting or denying the allegations of the SEC's complaint.</p> | <p>Business and Professions Code, Division 3, Chapter 1, §§ 5063, 5100 (h) and (l).</p> |
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| <p><b>WACHTEL, DOUGLAS R.</b><br/>Redwood City, CA<br/>(CPA 52277)</p> <p>Revocation of CPA Certificate, via stipulated settlement.</p> <p>Mr. Wachtel is ordered to pay the Board its reasonable costs of investigation and prosecution should the Board reinstate his certificate in the future.</p> <p><b>Effective October 26, 2008</b></p> | <p>Mr. Wachtel served as the Controller of NextCard, Inc. from 1998 to 2003. The Securities and Exchange Commission (SEC) filed a civil suit in September 2004 in the Federal District Court, Northern District of California, entitled <i>Securities and Exchange Commission v. Jeremy R. Lent, John V. Hashman, Yinzi Cai, Douglas Wachtel and Bruce Rigione, Defendants</i> (Case No. C-04-4088-CW).</p> <p>The SEC's Complaint alleged that Mr. Wachtel and the other defendants, all former officers of NextCard, engaged in a fraudulent scheme which resulted in NextCard filing materially false and misleading financial statements in the company's annual report on Form 10-K for the fiscal year ended December 31, 2000, and in the company's quarterly reports on Form 10-Q for the first two quarters of fiscal year 2001. The Complaint alleged that Wachtel and the other defendants failed to disclose several changes in NextCard's accounting policies, including: (1) the reclassification of certain credit losses as fraud losses; and (2) changes in NextCard's policy for calculating its loan loss reserve. According to the Complaint, as a result of these undisclosed accounting policy changes, investors were misled and denied material information concerning the rising levels of losses on NextCard's credit card portfolio.</p> <p>Mr. Wachtel consented to the entry, on October 26, 2006, of a Final Judgment, in which he, without admitting or denying the allegations of the Complaint, agreed to the imposition of a permanent injunction for violating sections of the Securities Act and the Exchange Act; his disgorgement of \$21,000, representing his sale of NextCard common stock, together with prejudgment interest in the amount of \$1,223; and payment of civil penalties in the amount of \$71,000. Mr. Wachtel was also prohibited for five years from acting as an officer or director of any issuer that has a class of securities</p> | <p>Business and Professions Code, Division 3, Chapter 1, § 5100 (h) and (l).</p> |
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|  | <p>registered pursuant to Section 12 of the Exchange Act or that is required to file reports pursuant to Section 15(d) of the Exchange Act.</p> <p>A second SEC proceeding, an administrative proceeding captioned <i>In the Matter of Douglas Wachtel (CPA), Respondent</i>, Exchange Act Re. No. 55133, was resolved on January 19, 2007, by the issuance of an <i>Order Instituting Administrative Proceedings Pursuant to Rule 109(e) of the Commission's Rules of Practice, Making Findings, and Imposing Remedial Sanctions</i> against Mr. Wachtel. Mr. Wachtel consented to the entry of the SEC's order suspending him from appearing or practicing before the SEC as an accountant. The Order provides that Mr. Wachtel may request that the SEC consider his reinstatement after 5 years from the date of the Order, that is, after January 19, 2012.</p> |  |
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| <p><b>GOEDDE, RONALD JAMES</b><br/>Davis, CA<br/>(CPA 24694)</p> <p>Revocation stayed with five years' probation, via stipulated settlement.</p> <p>Mr. Goedde's license is suspended for three years.</p> <p>Mr. Goedde shall take and pass with a score of 90 percent or better a Board approved ethics examination.</p> <p>Mr. Goedde is required to reimburse the Board \$2,850 for its investigation and prosecution costs.</p> <p>Other standard terms and conditions.</p> <p><b>Effective February 24, 2008</b></p>                   | <p>Accusation No. AC-2007-54 contains the following allegations:</p> <p>Mr. Goedde was suspended from appearing or practicing before the Securities and Exchange Commission as an accountant on or about October 20, 2006. Mr. Goedde failed to report his suspension to the Board and also failed to report the SEC's notice requesting a Wells Submission on May 9, 2005.</p>  | <p>Business and Professions Code, Division 3, Chapter 1, §§ 5100 (h), (l), (g), and 5063.</p>   |
| <p><b>HOPKINS, BRYAN PAUL</b><br/>Orange, CA<br/>(CPA 60786)</p> <p>Revocation stayed with three years' probation, via stipulated settlement.</p> <p>Mr. Hopkins is required to maintain an active license status.</p> <p>Mr. Hopkins shall take and pass with a score of 90 percent or better a Board approved ethics examination.</p> <p>Mr. Hopkins is required to reimburse the Board \$16,114.88 for its investigation and prosecution costs.</p> <p>Other standard terms and conditions.</p> <p><b>Effective February 24, 2008</b></p> | <p>Mr. Hopkins received commissions from the sale of insurance and investment products without complying with the Board's disclosure requirements. Mr. Hopkins received a commission of \$165,000 from the sale of a life insurance policy without disclosing the amounts or calculations of the commission to the client and without obtaining written acknowledgement from the client. Mr. Hopkins also received fees from a third party provider to whom he referred six clients for the purchase of variable annuity investments. Mr. Hopkins did not inform the clients he received the fees.</p> <p>Mr. Hopkins also engaged in the practice of public accountancy under firm names that were not registered with the Board.</p> | <p>Business and Professions Code, Division 3, Chapter 1, §§ 5060, 5061, and 5100 (g). California Code of Regulations, Title 16, Division 1, § 56.</p> |

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| <p><b>HOPPE, DALE ALAN</b><br/> Redding, CA<br/> (CPA 61272)</p> <p>Revocation stayed with three years' probation, via stipulated settlement.</p> <p>Mr. Hoppes' license is suspended for 60 days.</p> <p>Mr. Hoppes shall complete 80 hours of continuing professional education, which are in addition to his regular 80-hour renewal requirement.</p> <p>As part of the 80 hours of additional CPE, Mr. Hoppes shall take and pass with a score of 90 percent or better an 8-hour Board approved ethics course within the first year of probation.</p> <p>Mr. Hoppes shall at all times maintain an active license.</p> <p>Mr. Hoppes is required to reimburse the Board \$4,267.40 for its investigation and prosecution costs.</p> <p>Other standard terms and conditions.</p> <p><b>Effective February 24, 2008</b></p> | <p>During the period of November 1, 2002 to November 26, 2006, Mr. Hoppes practiced public accountancy with an expired license.</p> <p>For the renewal period of November 1, 2004, to October 31, 2006, Mr. Hoppes failed to complete his continuing education requirements.</p> <p>For the renewal period of November 1, 2002, to October 31, 2004, Mr. Hoppes failed to retain his continuing education course certificates.</p>   | <p>Business and Professions Code, Division 3, Chapter 1, §§ 5050 and 5100 (g). California Code of Regulations, Title 16, Division 1, § 89.</p> |
| <p><b>SNEATHEN, LOWELL D.</b><br/> Santa Ana, CA<br/> (CPA 12023)</p> <p>Revocation stayed with three years' probation, via stipulated settlement.</p> <p>Mr. Sneathen is required to reimburse the Board \$2,485 for its investigation and prosecution costs.</p> <p>Other standard terms of probation.</p> <p><b>Effective February 24, 2008</b></p>  | <p>Accusation No. AC-2007-47 contains the following allegations:</p> <p>Mr. Sneathen consented to suspension from practice before the Internal Revenue Service (IRS) for an indefinite period commencing January 18, 2006. Mr. Sneathen's suspension by the IRS resulted from the following actions. Mr. Sneathen failed to timely file his Employer's quarterly federal tax returns for numerous quarters in 2000 through 2004, incurring penalties for delinquency, failure to deposit, and failure to pay. Mr. Sneathen also had an outstanding balance and interest due for 2000, 2001, and 2002. Mr. Sneathen failed to report his suspension to the Board.</p> | <p>Business and Professions Code, Division 3, Chapter 1, §§ 5100(h) and 5063.</p>  |

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| <p><b>BARNETT, TROY RANDALL</b><br/>Mission Viejo, CA<br/>(CPA 78116)</p> <p>Revocation stayed with three years' probation, via stipulated settlement.</p> <p>Mr. Barnett's license is suspended for 30 days.</p> <p>Mr. Barnett shall take and pass with a score of 90 percent or better a Board-approved ethics examination.</p> <p>Mr. Barnett is required to pay the Board an administrative penalty in the amount of \$20,000.</p> <p>Mr. Barnett is required to reimburse the Board \$15,122.04 for its investigation and prosecution costs.</p> <p>Other standard terms and conditions.</p> <p><b>Effective April 28, 2008</b></p> | <p>For purposes of settlement, Mr. Barnett admits he misappropriated his employer's computer and personnel resources to perform services for his private practice clients fraudulently, without permission of his employer, and without compensating his employer for those resources.</p> <p>Mr. Barnett advertised and engaged in the practice of public accountancy prior to obtaining his CPA certification on October 14, 1999 and continued to practice during the period of November 1, 2002 through September 25, 2003 while he had no practice rights.</p> <p>Mr. Barnett advertised and provided tax and consulting services under the firm name "Barnett &amp; Company Certified Public Accountants" when this name was not registered with the Board.</p> | <p>Business and Professions Code, Division 3, Chapter 1, §§ 5100 (k), 5050 (a), 5060, 5055, 5058, and 5058.1. California Code of Regulations, Title 16, Division 1, § 2.</p> |
| <p><b>BERKOWITZ, IRA THEODORE</b><br/>Simi Valley, CA<br/>(CPA 22918)</p> <p>Revocation stayed with three years' probation, via stipulated settlement.</p> <p>Mr. Berkowitz is required to reimburse the Board \$8,531.30 for its investigation and prosecution costs.</p> <p>Other standard terms and conditions.</p> <p><b>Effective April 28, 2008</b></p>   | <p>For purposes of settlement, Mr. Berkowitz admits the Internal Revenue Service (IRS) suspended his right to practice before the IRS indefinitely beginning January 9, 2006.</p> <p>Mr. Berkowitz further admits he failed to report the IRS suspension to the Board.</p>  | <p>Business and Professions Code, Division 3, Chapter 1, §§ 5063, 5100, and 5100 (h).</p>  |

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| <p><b>RUTH, CHRISTOPHER ALAN</b><br/>Los Alamitos, CA<br/>(CPA 30263)</p> <p>Revocation stayed with three years' probation, via stipulated settlement.</p> <p>Mr. Ruth shall at all times maintain an active license status with the Board.</p> <p>Mr. Ruth is required to reimburse the Board \$1,567.11 for its investigation and prosecution costs.</p> <p>Other standard terms of probation.</p> <p><b>Effective April 28, 2008</b></p>   | <p>For purposes of settlement, Mr. Ruth admits he was suspended from practice before the Internal Revenue Service for a period of 18 months as a result of his failure to timely file his federal individual income tax returns for the tax years 2000 to 2004.</p>  | <p>Business and Professions Code, Division 3, Chapter 1, § 5100 (h).</p>           |
| <p><b>AZAVEDO, ANTHONY JOHN</b><br/>Irvine, CA<br/>(CPA 28959)</p> <p>Revocation stayed with five years' probation, via stipulated settlement.</p> <p>Mr. Azavedo's license is suspended for one year.</p> <p>Mr. Azavedo shall maintain an active license even during the period of suspension.</p> <p>Mr. Azavedo shall be prohibited from performing any audit engagements during his term of probation.</p> <p>Mr. Azavedo shall take and pass with a score of 90 percent or better a Board-approved ethics exam within 180 days of the effective date of the order.</p> <p>Mr. Azavedo is required to reimburse the Board \$11,247.81 for its investigation and prosecution costs.</p> <p>Other standard terms of probation.</p> <p><b>Effective June 16, 2008</b></p> | <p>For previous violations of the Accountancy Act and Board regulations, Mr. Azavedo's permit to practice public accountancy was revoked; however, the revocation was stayed and a term of five years of probation was imposed. The discipline imposed included a 60-day period of suspension effective on July 1, 2006.</p> <p>Mr. Azavedo admits that he did not comply with the terms of his probation including the continued practice of public accountancy during the period of suspension by using the CPA designation on accountant's compilation reports, on correspondence, and in preparation of corporation and payroll tax returns.</p> | <p>Business and Professions Code, Division 3, Chapter 1, §§ 5050 and 5100 (g).</p> |

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| <p><b>BORCHARD, WILLIAM PATRICK</b><br/>Chicago, IL<br/>(CPA 95968)</p> <p>Revocation stayed with three years' probation, via stipulated settlement.</p> <p>Mr. Borchard's license is suspended for 30 days.</p> <p>Mr. Borchard shall maintain an active license even during the period of suspension.</p> <p>Mr. Borchard shall take and pass with a score of 90 percent or better a Board-approved ethics exam.</p> <p>Mr. Borchard is required to reimburse the Board \$3,251 for its investigation and prosecution costs.</p> <p>Other standard terms and conditions.</p> <p><b>Effective June 16, 2008</b></p> | <p>Mr. Borchard admits that the U.S. Securities and Exchange Commission (SEC) imposed discipline against Mr. Borchard by suspending him from the right to practice as an accountant before the SEC.</p> <p>The SEC's disciplinary action stems from the SEC's complaint alleging, among other things, that while employed as a Certified Public Accountant by PriceWaterhouseCoopers LLP (PWC), Mr. Borchard provided a PWC colleague with material, non-public information about six publicly-held companies that Mr. Borchard learned were potential acquisition targets. Mr. Borchard's PWC colleague then traded on the basis of the material, non-public information provided by Mr. Borchard, resulting in Mr. Borchard's PWC colleague reaping ill-gotten gains of over \$20,000. Mr. Borchard consented to the entry of the SEC's Final Judgment without admitting or denying any of the allegations in the SEC's complaint.</p> | <p>Business and Professions Code, Division 3, Chapter 1, § 5100 (h) and (l).</p> |
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| <p><b>FITZPATRICK, PAMELA ANNE/<br/>FITZPATRICK PROFESSIONAL<br/>ACCOUNTANCY, LLP</b><br/>Porterville, CA<br/>(CPA 64992, PAR 6986)</p> <p>Revocation stayed with three years' probation, via stipulated settlement.</p> <p>Ms. Fitzpatrick's license is suspended for 45 days.</p> <p>Ms. Fitzpatrick shall maintain an active license status.</p> <p>Ms. Fitzpatrick shall take and pass with a score of 90 percent or better a Board-approved ethics exam.</p> <p>Ms. Fitzpatrick shall comply with the Board's procedures regarding notification to clients of suspension from practice.</p> <p>Ms. Fitzpatrick is required to reimburse the Board \$4,931.75 for its investigation and prosecution costs.</p> <p>Other standard terms and conditions.</p> <p><b>Effective June 16, 2008</b></p> | <p>Ms. Fitzpatrick admits that on or about November 14, 2005, she was suspended from practice before the Internal Revenue Service (IRS) for a period of 48 months. Ms. Fitzpatrick admits that she failed to notify the Board of her suspension from practice before the IRS.</p> <p>Also, as a partner of Fitzpatrick Professional Accountancy, LLP, Ms. Fitzpatrick admits that her suspension from practice before the IRS subjects the partnership's certificate to discipline.</p> | <p>Business and Professions Code, Division 3, Chapter 1, §§ 5063, 5100 (h) and 5101.</p>           |
| <p><b>DANG, MITCHELL QUAN</b><br/>Winnetka, CA<br/>(CPA 82283)</p> <p>Revocation stayed with three years' probation, via stipulated settlement.</p> <p>Mr. Dang shall take and pass with a score of 90 percent or better a Board-approved ethics exam.</p> <p>Mr. Dang is required to reimburse the Board \$3,450 for its investigation and prosecution costs.</p> <p>Other standard terms and conditions.</p> <p><b>Effective September 1, 2008</b></p>   | <p>Accusation No. AC-2008-3 contains the following allegations:</p> <p>Mr. Dang pled no contest to one felony count of second degree commercial burglary. The felony has since been reduced to a misdemeanor. Mr. Dang stole merchandise from a Nordstrom's Rack department store. Mr. Dang failed to report his conviction to the Board.</p>   | <p>Business and Professions Code, Division 3, Chapter 1, §§ 5100 (a), 490, 5100 (k), and 5063.</p> |

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| <p><b>FAZIO, JAMES LOUIS</b><br/>Bonita, CA<br/>(CPA 51182)</p> <p>Revocation stayed with three years' probation, via stipulated settlement.</p> <p>Mr. Fazio's license is suspended for 9 months.</p> <p>Mr. Fazio shall at all times maintain an active license status.</p> <p>Mr. Fazio is required to reimburse the Board \$4,019.56 for its investigation and prosecution costs.</p> <p>Other standard terms and conditions.</p> <p><b>Effective September 1, 2008</b></p> | <p>Mr. Fazio was sanctioned by the Public Company Accounting Oversight Board (PCAOB), an action subjecting his CPA license to discipline. The PCAOB entered the decision and order on December 10, 2007.</p> <p>Without admitting or denying the findings in the PCAOB Order, Mr. Fazio consented to entry of the Order that barred Mr. Fazio from being an associated person of a registered public accounting firm for at least two years.</p> <p>In its order, the PCAOB found that Mr. Fazio had violated certain PCAOB auditing standards in regard to auditing the financial statements of Ligand Pharmaceuticals, Inc. for the year 2003. Mr. Fazio was the Deloitte &amp; Touche, LLP partner assigned to the Ligand engagement, responsible for leading the audit engagement team and authorizing the issuance of the audit report.</p> <p>In conducting the audit, PCAOB later found, among other things, that Mr. Fazio did not adequately assess whether Ligand Pharmaceuticals had the ability to reasonably estimate future product returns. Mr. Fazio did not adequately evaluate the reasonableness of Ligand's estimates of future product returns. Mr. Fazio did not adequately address the subsequent discovery of relevant facts existing at the date of the auditor's report. Mr. Fazio did not identify and appropriately address issues concerning Ligand Pharmaceuticals' exclusion of certain types of returns from its estimates of future returns.</p> <p>The PCAOB Order disclosed that subsequent to the 2003 Ligand audit, Ligand Pharmaceuticals restated its financial statements for the year 2003, recognizing approximately \$59 million less in revenues from product sales than originally reported and reporting a net loss more than 2.5 times the net loss originally recognized in that year.</p> | <p>Business and Professions Code, Division 3, Chapter 1, § 5100 (h) and (l).</p> |
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| <p><b>FERGUSON, DUANE F.</b><br/>Upland, CA<br/>(CPA 34598)</p> <p>Revocation stayed with three years' probation, via stipulated settlement.</p> <p>Mr. Ferguson is required to reimburse the Board \$3,000 for its investigation and prosecution costs.</p> <p>Other standard terms and conditions.</p> <p><b>Effective October 26, 2008</b></p> | <p>Mr. Ferguson admits the charges in Accusation No. AC-2008-7 which contains the following allegations:</p> <p>Mr. Ferguson consented to suspension from practice before the IRS for an indefinite period commencing May 1, 2007, with the right to petition for reinstatement after 18 months. Mr. Ferguson's suspension by the IRS resulted from the following actions: Mr. Ferguson failed to timely file his Federal Individual Income Tax Returns for the tax years 2001 through 2004 and was delinquent in satisfying a Federal tax obligation in an amount exceeding \$8,600. Mr. Ferguson also failed to timely file his Employer's Quarterly Federal Tax Return for his accounting firm for the period ending September 2005. Mr. Ferguson also had a pattern of untimely payments resulting in tax penalties for failure to deposit and pay taxes for various quarters from December 2001 through June 2005.</p> | <p>Business and Professions Code, Division 3, Chapter 1, § 5100 (h).</p> |
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| <p><b>VAN HAASTER, JACK FRANCIS</b><br/>Murrieta, CA<br/>(CPA 34130)</p> <p>Revocation stayed with three years' probation, via stipulated settlement.</p> <p>Mr. Van Haaster shall take and pass with a score of 90 percent or better a Board approved ethics examination.</p> <p>Mr. Van Haaster is required to reimburse the Board \$6,500 for its investigation and prosecution costs.</p> <p>Other standard terms and conditions.</p> <p><b>Effective October 26, 2008</b></p> | <p>Accusation No. AC-2008-16 contains the following allegations:</p> <p>On September 21, 2007, Mr. Van Haaster pled guilty to violating Penal Code section 115 (Offering False Instrument for Filing), a felony, and Government Code section 87100 (Public Official/Financial Interest), a misdemeanor. Mr. Van Haaster was sentenced to three years formal probation; ordered to serve 30 days in county jail, to be served on consecutive weekends; perform 500 hours of community service; and pay a restitution fine of \$9,000.</p> <p>The circumstances that led to the felony conviction occurred in 2002 while Mr. Van Haaster was a Murrieta City Council member and required to file a Form 700, Statement of Economic Interest, with the City Clerk of Murrieta. He failed to disclose on the Form 700 a loan he received from a source doing business in the City of Murrieta, a loan payment he received from a source doing business in the City of Murrieta, and a financial interest he had in his daughter's daycare business located in the City of Murrieta.</p> <p>The circumstances that led to the misdemeanor conviction are that in 2004, while Mr. Van Haaster was the Mayor of Murrieta, he voted on road improvements near a property in which he and his daughter had a financial interest.</p> | <p>Business and Professions Code, Division 1.5, Chapter 3, Section 490, and Division 3, Chapter 1, Sections 5100(a) &amp; (j).</p> |
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**HANSON, DOUGLAS J.**

Escondido, CA  
(CPA 43682)

Revocation stayed with three years' probation, via stipulated settlement.

Mr. Hanson's license is suspended for 60 days.

Mr. Hanson shall complete 24 hours of additional continuing education courses as specified by the Board.

Mr. Hanson shall take and pass with a score of 90 percent or better a Board approved ethics course.

Mr. Hanson shall at all times maintain an active license status with the Board, including during any period of suspension.

Mr. Hanson is required to reimburse the Board \$4,316.22 for its investigation and prosecution costs.

Mr. Hanson shall not engage in practice until proper notification is given to the Board by a duly licensed health care professional that Mr. Hanson is mentally and physically fit to practice.

Other standard terms and conditions.

**Effective December 26, 2008**

Mr. Hanson's license expired on May 1, 2007. The Board conducted a practice investigation on September 19, 2007 and determined that Mr. Hanson was operating a public accountant business.

Further, Mr. Hanson failed to obtain required continuing education, failed to comply with professional standards in a compilation engagement, and failed to notify the Board of his address change.

Mr. Hanson admits the truth of each and every charge and allegation in Accusation No. AC-2008-8.

Business and Professions Code, Division 3, Chapter 1, §§ 5050 and 5100 (g). California Code of Regulations, Title 16, Division 1, §§ 3(a), 52(a), 58, 87, 94, 95.4.

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| <p><b>ARMANDO C. IBARRA, CPA, A PROFESSIONAL CORPORATION; IBARRA, SR., ARMANDO; IBARRA, JR., ARMANDO</b><br/>Chula Vista, CA<br/>(COR 4318, CPA 41710, CPA 68766)</p> <p>Revocation stayed with three years' probation, via stipulated settlement.</p> <p>Both Mr. Ibarra Sr. and Mr. Ibarra Jr. shall each maintain an active license status.</p> <p>All respondents shall be subject to supervised practice for all audits and reviews.</p> <p>All respondents shall use and maintain published materials and/or checklists consistent with the practice.</p> <p>Mr. Ibarra Sr. shall complete and provide proper documentation of 16 hours of continuing education courses in accounting and auditing subjects. The 16 hours of continuing education are in addition to the hours required for license renewal.</p> <p>All respondents are required to reimburse the Board \$10,205.58 for its investigation and prosecution costs.</p> <p>Other standard terms and conditions.</p> <p><b>Effective December 26, 2008</b></p> | <p>The respondents admit that on or about December 19, 2006, the Public Company Accounting Oversight Board (PCAOB) revoked Armando C. Ibarra, CPA, A Professional Corporation's registration with the PCAOB and that the PCAOB ordered that Mr. Ibarra Sr. and Mr. Ibarra Jr. were barred from being an associated person of a registered public accounting firm.</p> <p>The respondents also admit that they failed to disclose reportable events to the Board with regard to the PCAOB's investigation and order.</p> <p>Mr. Ibarra Sr. further admits that he failed to complete continuing education requirements and failed to retain continuing education certificates with regard to his renewal application for the period April 1, 2005 to March 31, 2007.</p> | <p>Business and Professions Code, Division 3, Chapter 1, §§ 5063, 5100 (g), (h), (l), and 5156. California Code of Regulations, Title 16, Division 1, §§ 59, 87 and 89.</p> |
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| <p><b>DAVIS, ROBERT W.</b><br/>Oceanside, CA<br/>(CPA 36561)</p> <p>Revocation stayed with three years' probation, via stipulated settlement.</p> <p>Mr. Davis' license is suspended for 180 days.</p> <p>Mr. Davis is required to notify his clients of his license suspension.</p> <p>Mr. Davis shall take and pass with a score of 90 percent or better a Board-approved ethics examination within 60 days of the date the Board's decision is final.</p> <p>Mr. Davis shall maintain an active license status.</p> <p>For Mr. Davis's February 28, 2007, CPA license renewal, he must complete and provide documentation for 24 hours of accounting and auditing continuing education, plus eight hours for fraud and eight hours for ethics, to be completed by February 28, 2010. These hours are in addition to continuing education requirements for relicensing in 2009 and 2011.</p> <p>For Mr. Davis's February 28, 2005, CPA license renewal, he must provide documentation for completion of 46 hours of continuing education or take add on courses totaling 46 hours to be completed by February 28, 2010. These hours are in addition to continuing education requirements for relicensing in 2009 and 2011.</p> <p>Cease use of the "CVA" designation on signage, letterhead, business cards or other forms of advertising unless and until membership in the National Association of Certified Valuation Analysts is current and proof has been submitted to the Board.</p> <p>Mr. Davis is required to reimburse the</p> | <p>The Accusation charged that Mr. Davis was subject to discipline, in that Mr. Davis engaged in the practice of public accountancy subsequent to expiration of his CPA certificate on March 1, 2007; verified on his 2005 renewal application completion of 46 hours of continuing education that could not be confirmed by the course providers; failed to produce copies of certificates of continuing education completion for his 2005 license renewal; engaged in false advertising as a result of continuing to practice with an expired CPA license and continuing to hold out as a Certified Valuation Analyst after his membership was canceled in 2004; failed to respond to written inquiries from the Board; and, willfully violated the Accountancy Act and Accountancy Regulations by his actions as described.</p> <p>Mr. Davis admits the truth of each charge and allegation in Accusation AC-2008-14.</p> | <p>Business and Professions Code, Division 3, Chapter 1, §§ 5050, 5100 (b), and (g). California Code of Regulations, Title 16, Division 1, §§ 52, 63, and 89.</p> |
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| Board \$10,870.95 for its investigation and prosecution costs.<br><br>Other standard terms and conditions.<br><br><b>Effective April 27, 2009</b> |  |  |
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| <p><b>McKINNEY, GORDON ALAN</b><br/>La Habra, CA<br/>(CPA 28037)</p> <p>Revocation stayed with three years' probation, via stipulated settlement.</p> <p>Mr. McKinney is suspended for 180 days.</p> <p>Mr. McKinney shall complete 36 hours of continuing professional education courses (CPE) as specified by the Board or its designee. The CPE shall be in addition to the 80-hour requirement for re-licensing.</p> <p>Mr. McKinney shall take and pass with a score of 90 percent or better a Board approved ethics examination within 180 days of the effective date of the Board's order.</p> <p>Mr. McKinney is required to reimburse the Board \$7,462.75 for its investigation and prosecution costs.</p> <p>Other terms and conditions.</p> <p><b>Effective June 25, 2009</b></p> | <p>Mr. McKinney admits that he wrongfully acquired the September 1, 2007, renewal of his license by committing fraud or deceit, or making a knowingly misrepresentation of a material fact, when submitting his August 31, 2007, license renewal by claiming that he had completed the 80-hour CPE license renewal requirement, when, in fact, Mr. McKinney had completed only 44 hours of CPE prior to August 31, 2007. Mr. McKinney also listed five CPE courses for which he had signed up, but failed to attend, and was unable to document his completion of 48 hours of CPE listed on his renewal form as having been completed by August 31, 2007. Mr. McKinney thus submitted a license renewal signed under penalty of perjury that he knew contained false and inaccurate CPE information.</p> | <p>Business and Professions Code, Division 1.5, Chapter 5, § 498, Division 3, Chapter 1, §§ 5100 (b) and (g). California Code of Regulations, Title 16, Division 1, §§ 87 and 89.</p> |
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| <p><b>PRICE, RICHARD and REUBEN E. PRICE &amp; CO.</b><br/>San Francisco, CA<br/>(CPA 16694, COR 3402)</p> <p>Revocation stayed with three years' probation, via stipulated settlement.</p> <p>Respondents' licenses are suspended for 90 days.</p> <p>Mr. Price shall take and pass with a score of 90 percent or better a Board approved ethics examination.</p> <p>Mr. Price shall complete and provide proper documentation of 24 hours of continuing education courses.</p> <p>Respondents shall maintain an active license status.</p> <p>Respondents are required to reimburse the Board \$12,964.99 for its investigation and prosecution costs.</p> <p>Other standard terms and conditions.</p> <p><b>Effective June 25, 2009</b></p> | <p>Mr. Price admits that he was suspended from practice by the Office of Professional Responsibility, Internal Revenue Service, US Department of the Treasury (OPR) for a period from May 1, 2002 to April 30, 2005. The circumstances leading to the imposition of the suspension involved the OPR's allegations regarding the untimely filing of, or failure to file, Mr. Price's personal tax returns. In addition, Mr. Price admits that he did not report the IRS suspension within 30 days of his knowledge of the event to the Board as required.</p> <p>Mr. Price admits that on behalf of Reuben E. Price &amp; Co. (Firm), the Firm was censured by the Public Company Accounting Oversight Board (PCAOB) based upon its findings concerning the Firm's violation of Section 10A(b)(2) of the Securities Exchange Act of 1934 (Exchange Act). In its Order, the PCAOB found that the Firm failed to take prompt and appropriate steps in response to indications that an issuer audit client, may have committed an illegal act. The circumstances were that the issuer audit client included a document in its 2003 Form 10-KSB filing with the United States Securities and Exchange Commission which falsely claimed was an audit report issued by the Firm.</p> <p>Mr. Price admits that he was the lead partner on the audit engagement and that Mr. Price is the sole shareholder of the Firm. Further, during periods of delinquency of Mr. Price's CPA permit and the Firm's Corporation registration, Mr. Price admits that both Respondents practiced public accountancy without valid permits.</p> | <p>Business and Professions Code, Division 3, Chapter 1, §§ 5050, 5100, 5100 (g), (h), and (l).</p> |
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| <p><b>SAIZ, THOMAS J.</b><br/>El Cajon, CA<br/>(CPA 61356)</p> <p>Revocation stayed with three years' probation, via stipulated settlement.</p> <p>Mr. Saiz's license is suspended for 30 days.</p> <p>Mr. Saiz shall take and pass with a score of 90 percent or better a Board approved ethics course.</p> <p>Mr. Saiz shall complete and provide proper documentation of 80 hours of continuing education courses by July 31, 2010, in addition to the regular continuing education requirements.</p> <p>Mr. Saiz is required to reimburse the Board \$9,507.56 for its investigation and prosecution costs.</p> <p>Other standard terms of probation.</p> <p><b>Effective August 30, 2009</b></p> | <p>On December 12, 2007, Mr. Saiz consented to the entry of final judgment in a Securities and Exchange Commission (SEC) complaint, without admitting or denying the allegations therein, except as to jurisdiction, which is admitted. The final judgment permanently restrained and enjoined Mr. Saiz from violating Section 17(a) of the Securities Act of 1933 and Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5. In addition, Respondent was ordered to pay a civil penalty in the amount of \$15,000 to the SEC.</p> <p>In its complaint, the SEC alleged that Mr. Saiz, as the independent auditor for the City of San Diego for the fiscal years ended June 30, 2001, and 2002, made false and misleading statements in connection with municipal securities offerings by the city. The specific allegations were that Mr. Saiz 1) issued unqualified audit reports for the 2001 and 2002 fiscal years stating that the City of San Diego's financial statements were presented in conformity with generally accepted accounting principles and the audits were performed in accordance with generally accepted auditing standards, when they were not; 2) drafted the footnote disclosures to the city's financial statements in the audit reports, which contained materially false and misleading statements regarding the city's funding of its pension and retiree health care obligations; 3) consented to the City of San Diego including these audit reports in the offering documents for its five 2002 and 2003 municipal securities offerings that raised approximately \$261 million from investors.</p> <p>In addition to the SEC matter, Mr. Saiz failed to complete continuing education courses for his 2003 and 2005 renewal periods, and failed to retain continuing education certificates of completion, or their equivalent. Further, Mr. Saiz made a misrepresentation of fact on his 2005</p> | <p>Business and Professions Code, Division 3, Chapter 1, §§ 5100 (b), (g), and (l). California Code of Regulations, Title 16, Division 1, §§ 87 and 89.</p> |
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|  | Certified Public Accountant Renewal Form by stating that he had completed the required continuing education. |  |
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| <p><b>KIM, DAVID DEUK-KWON</b><br/>Los Angeles, CA<br/>(CPA 56598)</p> <p>Revocation stayed with three years' probation, via proposed decision.</p> <p>Mr. Kim shall complete continuing education courses as specified by the Board.</p> <p>Mr. Kim shall take and pass with a score of 90 percent or better a Board approved ethics course.</p> <p>Mr. Kim is required to reimburse the Board \$7,456.80 for its investigation and prosecution costs.</p> <p>Other standard terms and conditions.</p> <p><b>Effective October 30, 2009</b></p> | <p>Beginning July 7, 2006 and continuing through September 2007, Mr. Kim willfully impeded an Applicant's certification process by failing to appear and respond to the Board's Qualifications Committee's inquiries. The inquiries were in regards to the Certificate of Attest Experience in which Mr. Kim certified the Applicant's practice experience for the period of July 1, 2003 through August 31, 2005. In conjunction with this time period, Mr. Kim willfully violated continuing education basic requirements as he could not provide satisfactory evidence of completing qualifying education for the period ending January 31, 2005. Mr. Kim also failed to register his firm name "Kim &amp; Co."</p> | <p>Business and Professions Code, Division 3, Chapter 1, §§ 5060 and 5100(g). California Code of Regulations, Title 16, Division 1, § 52, 69(b), 69(e), 69(f), 87(a), and (c).</p> |
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| <p><b>GARNER, DARROW CRAIG</b><br/>Austin, TX<br/>(Practice Privilege Unique Identifier No. YO90659)</p> <p>Surrender of California Practice Privilege, via stipulated settlement.</p> <p>Mr. Garner shall lose all rights and privileges to practice as a CPA in California.</p> <p>Mr. Garner shall not reapply or seek reinstatement of a California Practice Privilege, or licensure as a CPA, in the State of California.</p> <p>Mr. Garner is required to reimburse the Board \$3,971.50 for its investigation and prosecution costs.</p> <p><b>Effective April 27, 2009</b></p> | <p>On or about July 10, 2007, Mr. Garner submitted a Notification and Agreement to Conditions for the Privilege to Practice Public Accounting in California. Mr. Garner certified under penalty of perjury that the information contained in the Notification and Agreement was true and correct. Mr. Garner stated that he qualified for a California Practice Privilege based on having a current, valid license to practice public accountancy from the State of Texas, License No. 017173, the State of Tennessee, License No. 19411, and the State of Alabama, License No. 10401-R. On or about July 11, 2007, the Board issued a Practice Privilege Unique Identifier Number YO90659 to Mr. Garner.</p> <p>Mr. Garner's California Practice Privilege was suspended pursuant to Board Administrative Order No. 2008-1-PP, as of June 25, 2008 as a result of the Board's discovery of misrepresentations in Mr. Garner's California Practice Privilege application, and conditions that would disqualify Mr. Garner from holding a California Practice Privilege. Mr. Garner submitted a Notice of Appeal, contesting the Administrative Suspension of his California Practice Privilege on or about July 25, 2008. Mr. Garner's California Practice Privilege and the Administrative Suspension expired on or about July 11, 2008.</p> <p>On August 8, 2008, the Accusation and Statement of Issues was filed based on the misrepresentations in Respondent's California Practice Privilege application, and conditions that would disqualify Mr. Garner from holding a California Practice Privilege.</p> <p>Accusation and Statement of Issues No. AC-2008-24 contains allegations that Mr. Garner secured his California Practice Privilege by fraud and deceit, or knowing misrepresentation of a material fact. Specifically, Mr. Garner failed to disclose on his application that he was previously disciplined by the</p> | <p>Business and Professions Code, Sections 5096.3, subdivisions (a), and 5100, subdivision (d), in conjunction with 5096, subdivisions (g)(1) and (g)(2)(B).</p> <p>Business and Professions Code, Section 5096.3, subdivision (a), 5100, subdivision (b) and 498, in conjunction with Code Section 5096, subdivisions (g)(1), (g)(2)(B), (g)(2)(C) and (g)(2)(D).</p> <p>Business and Professions Code, Sections 5096.3, subdivision (a), and 5096, subdivisions (g)(2)(B) and (g)(2)(D), in conjunction with California Code of Regulations, Title 16, Section 32.</p> |
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|  | <p>Texas Board, was under investigation, or was subject to pending inquiries or proceedings before the Texas Board, and that he had a judgment greater than \$30,000 against him.</p> <p>Mr. Garner does not admit nor deny the charges in the Accusation and Statement of Issues. However, he agrees that the charges and allegations, if proven at hearing, would constitute cause for administratively suspending, and imposing discipline upon his California Practice Privilege.</p> |  |
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**CALDERON JAHAM & OSBORN AN  
ACCOUNTANCY CORPORATION**

El Cajon, CA  
(COR 1075)

Surrender of COR License, via  
stipulated settlement.

The surrender of Respondent's  
license and the acceptance of the  
surrendered license by the Board  
shall constitute the imposition of  
discipline against Respondent.

**Effective August 30, 2009**

On December 12, 2007, Respondent  
consented to the entry of final  
judgment in a Securities and  
Exchange Commission (SEC)  
complaint, without admitting or  
denying the allegations therein,  
except as to jurisdiction, which is  
admitted. The final judgment  
permanently restrained and enjoined  
Respondent from violating Section  
17(a) of the Securities Act of 1933  
and Section 10(b) of the Securities  
Exchange Act of 1934 and Rule  
10b-5.

In its complaint, the SEC alleged that  
Respondent, as the independent  
auditor for the City of San Diego for  
the fiscal years ended June 30, 2001,  
and 2002, made false and misleading  
statements in connection with  
municipal securities offerings by the  
city. The specific allegations were  
that Respondent 1) issued  
unqualified audit reports for the 2001  
and 2002 fiscal years stating that the  
City of San Diego's financial  
statements were  
presented in conformity with  
generally accepted accounting  
principles and the audits were  
performed in accordance with  
generally accepted auditing  
standards, when they were not; 2)  
drafted the footnote disclosures to  
the city's financial statements in the  
audit reports, which contained  
materially false and misleading  
statements regarding the city's  
funding of its pension and retiree  
health care obligations; 3) consented  
to the City of San Diego including  
these audit reports in the offering  
documents for its five 2002 and 2003  
municipal securities offerings that  
raised approximately \$261 million  
from investors.

Business and Professions Code,  
Division 3, Chapter 1, §§ 5100(b)  
and (l).

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| <p><b>HUBAND, GARY S.</b><br/>Irvine, CA<br/>(CPA 63278)</p> <p>Surrender of CPA Certificate, via stipulated settlement.</p> <p>The surrender of Mr. Huband's CPA Certificate and the acceptance of the surrendered license by the Board shall constitute the imposition of discipline against Mr. Huband.</p> <p>Mr. Huband is required to reimburse the Board \$2,264.71 for its investigation and prosecution costs.</p> <p><b>Effective August 30, 2009</b></p> | <p>For purpose of settlement, Mr. Huband agrees his license is subject to discipline for unprofessional conduct based upon his previously agreed suspension from practice before the IRS as a result of unpaid financial obligations to the Internal Revenue Service. Mr. Huband also failed to report his IRS suspension to the Board.</p>   | <p>Business and Professions Code, Division 3, Chapter 1, §§ 5100 (g), (h), and 5063 (a)(3).</p>  |
| <p><b>BAIDEN, LOWELL</b><br/>Bakersfield, CA<br/>(CPA 26811)</p> <p>Revocation of CPA Certificate, via proposed decision.</p> <p>Mr. Baisden is required to reimburse the Board \$15,141.40 for its investigation and prosecution costs.</p> <p><b>Effective January 7, 2008</b></p>  | <p>For tax year 2002, Mr. Baisden provided the clients, Mr. and Mrs. G, with false tax advice, created a sham corporation, and prepared fraudulent income tax returns. As a result of Mr. Baisden's actions, Mr. and Mrs. G's 2002 tax returns were subject to an Internal Revenue Service (IRS) audit. Mr. Baisden failed to cooperate with the IRS in representing Mr. and Mrs. G in the audit. Mr. and Mrs. G suffered significant financial harm in attorney fees for defending themselves in the IRS audit.</p> <p>Mr. Baisden failed to prepare and file Mr. and Mrs. G's 2003 and 2004 tax returns. Mr. Baisden's actions caused Mr. and Mrs. G financial harm. In addition to the monthly fees they had already paid Mr. Baisden for this service, Mr. and Mrs. G were forced to pay another CPA to complete their returns.</p> <p>Mr. Baisden issued compilations reports for Mr. and Mrs. G's sham corporation, without disclosing his lack of independence in the reports.</p> | <p>Business and Professions Code, Division 3, Chapter 1, §§ 5100 (c), (i) and (j), and 5062. California Code of Regulations, Title 16, Division 1, § 58.</p> |

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| <p><b>KARDOS, SANDRA EVE</b><br/> Van Nuys, CA<br/> (CPA 17488)</p> <p>Revocation of CPA Certificate, via proposed decision.</p> <p>Ms. Kardos shall return all requested accounting records to complainant or designated accountant.</p> <p>Ms. Kardos is required to reimburse the Board \$13,780.11 for its investigation and prosecution costs.</p> <p><b>Effective September 1, 2008</b></p> | <p>Ms. Kardos is subject to disciplinary action following disbarment from practice before the Internal Revenue Service by order of the IRS on or about October 2, 2006. The facts are that the United States Department of Treasury, Director of Professional Responsibility, filed a complaint on November 1, 2004, alleging that Ms. Kardos engaged in disreputable conduct. Ms. Kardos filed an answer. The matter was set for hearing in August 2006 but neither Ms. Kardos, nor a designated representative, appeared. Therefore, a Default Decision was entered in favor of the IRS.</p> <p>Ms. Kardos is subject to disciplinary action for failing to report to the Board her disbarment from practice before the IRS and for failing to respond to the Board's request for a written explanation of the facts and circumstances that led to the disbarment.</p> <p>Ms. Kardos is subject to disciplinary action for her failure to respond to the Board's written requests regarding complaints filed against her by a client.</p> <p>Ms. Kardos is subject to disciplinary action on the grounds of unprofessional conduct in that she demonstrated gross negligence in failing to exercise due diligence when processing and filing Forms W-2 and W-3 and failing to timely file state and federal income tax returns, as they relate to client F-W, Inc.</p> <p>Ms. Kardos is subject to disciplinary action in that she failed to provide client records requested by or on behalf of F-W Inc.</p> | <p>Business and Professions Code, Division 3, Chapter 1, §§ 5037(b), 5063(a)(3), and (e), 5100(c), (g), and (h). California Code of Regulations, Title 16, Division 1, §§ 52 and 68.</p> |
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| <p><b>GREENE, KENNETH MARK</b><br/> Simi Valley, CA<br/> (CPA 69160)</p> <p>Revocation stayed with one year's probation, via proposed decision.</p> <p>Mr. Greene's license is suspended for 45 days.</p> <p>Mr. Greene shall take and pass with a score of 90 percent or better a Board-approved ethics exam.</p> <p>Mr. Greene is required to reimburse the Board \$4,135.65 for its investigation and prosecution costs.</p> <p>Other standard terms and conditions.</p> <p><b>Effective June 16, 2008</b></p> | <p>In 2003, for the tax year ending December 31, 2002, while employed as corporate controller for Haas Automation, Inc., Mr. Greene was instructed by Haas' general manager to send an Internal Revenue Service Form 1099-C to Haas' prior corporate controller in the amount of \$314,704. The amount reflected forgiveness of debt on a loan which Haas had made to the prior controller while he was employed by Haas. After receiving the Form 1099-C, the prior controller telephoned Mr. Greene and threatened to inform the IRS of Haas' ongoing tax evasion scheme. Mr. Greene informed Haas' general manager about the telephone call. Haas' general manager then ordered Mr. Greene to amend the Form 1099-C to reflect forgiven debt of only \$3,147, instead of the actual debt that had been cancelled by Haas. Mr. Greene did so, and the false and fraudulent Form 1099-C was forwarded to the IRS.</p> <p>In connection with the false filing of the Form 1099-C, Mr. Greene was convicted on a plea of guilty in United States District Court, for the Central District of California, Western Division, Case No. CR06-04-460 on May 18, 2006.</p> | <p>Business and Professions Code, Division 3, Chapter 1, § 5100 (c) and (j).</p>   |
| <p><b>DE FAZIO, JAMES P.</b><br/> Carmichael, CA<br/> (CPA 30861)</p> <p>Revocation of CPA Certificate, via proposed decision.</p> <p>Mr. De Fazio is required to reimburse the Board \$5,568.60 for its investigation and prosecution costs.</p> <p><b>Effective January 7, 2008</b></p>   | <p>The Internal Revenue Service (IRS) suspended Mr. De Fazio's right to practice before the IRS for the period from October 1, 2001, through March 31, 2003.</p> <p>Mr. De Fazio did not report the IRS suspension to the Board.</p> <p>Mr. De Fazio failed or refused to provide complete information and/or documents in response to a Board subpoena.</p>  | <p>Business and Professions Code, Division 3, Chapter 1, §§ 5063 and 5100 (h). California Code of Regulations, Title 16, Division 1, § 52.</p> |

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| <p><b>RASSAM, BERDJ JOSEPH</b><br/>San Diego, CA<br/>(CPA 63050)</p> <p>Revocation of CPA Certificate, via default decision.</p> <p><b>Effective April 28, 2008</b></p>    | <p>On February 27, 2007, Mr. Rassam entered a guilty plea to securities fraud in a criminal proceeding in the United States District Court.</p> <p>While employed as the Vice President of Finance and Chief Accountant at Peregrine Systems, Inc., Mr. Rassam participated in a scheme to fraudulently manipulate Peregrine's publicly-filed financial reports in order to inflate and sustain Peregrine's share price. Mr. Rassam falsely characterized accounts receivable write-offs as unrelated acquisition costs. Mr. Rassam admitted that he did this in order to conceal the amount and extent of Peregrine's uncollectible receivables, and to mislead securities analysts and the investing public as to Peregrine's true financial condition.</p> | <p>Business and Professions Code, Division 3, Chapter 1, §§ 5100 (c), (i), (j), and 5063(a)(1).</p>   |
| <p><b>VANDERVORT, REV EMERSON</b><br/>Orange, CA<br/>(CPA 82560)</p> <p>Revocation of CPA Certificate, via default decision.</p> <p><b>Effective December 26, 2008</b></p> | <p>Mr. Vandervort, after being engaged to prepare personal tax returns, failed to complete and provide returns for two tax clients for the year ended December 31, 2006, and for one client for the year ended December 31, 2007.</p> <p>Mr. Vandervort did not return client income tax records to the three clients despite their repeated requests by telephone and written correspondence.</p> <p>Mr. Vandervort prepared and signed a corporation income tax return for the year ended December 31, 2006, during a period in which his license to practice public accountancy was expired.</p> <p>Mr. Vandervort did not respond within 30 days to written inquiries from the Investigative CPA.</p>   | <p>Business and Professions Code, Division 3, Chapter 1, §§ 5037, 5050, 5100 (c), (g), and (i).<br/>California Code of Regulations, Title 16, Division 1, §§ 52 and 68.</p> |

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| <p><b>GREENBERG, DAVID B.</b><br/>Irvine, CA<br/>(CPA 61580)</p> <p>Revocation of CPA Certificate, via default decision.</p> <p><b>Effective February 23, 2009</b></p> | <p>Mr. Greenberg while a tax partner at KPMG LLP participated in employing various means to conceal from the IRS and other taxing authorities fraudulent tax shelters. Mr. Greenberg's involvement or acquiescence resulted in:</p> <ul style="list-style-type: none"> <li>• The failure of KPMG to register the tax shelters.</li> <li>• The preparation of, or causing to be prepared, false or fraudulent documentation supporting the implementation of the tax shelters.</li> <li>• The preparation and/or causing to be prepared or participating in the preparation and/or filing of income tax returns that contained the fraudulent tax shelter losses.</li> </ul> <p>Mr. Greenberg conspired with unlicensed persons to devise, market, and/or implement the fraudulent tax shelters.</p> <p>Mr. Greenberg also knowingly filed his own income tax returns with the taxing authorities for tax years 1999-2004 that contained the fraudulent tax shelter losses.</p> | <p>Business and Professions Code, Division 3, Chapter 1, §§ 125, 5100, 5100 (c), (g), (i), and (j). California Code of Regulations, Title 16, Division 1, § 58.</p> |
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| <p><b>WININGS, DAVID M.</b><br/> <b>DAVID M. WININGS, AN</b><br/> <b>ACCOUNTANCY CORPORATION</b><br/> Palm Desert, CA<br/> (CPA 62403, COR 5457)</p> <p>Revocation of CPA Certificate, via default decision.</p> <p><b>Effective June 25, 2009</b></p> | <p>Accusation No. D1-2006-14 contains the following allegations:</p> <p>On October 1, 2008, Mr. Winings was convicted on a guilty plea of stealing funds from two separate elderly clients and of evading taxes. The circumstances that led to the conviction are that while paying the bills from a client, Mr. Winings' stepson, who was an employee of David M. Winings, An Accountancy Corporation, charged the client's credit card a total of \$78,037, for cleaning services that were never requested or provided.</p> <p>On a separate client, during the period from January 2005 through April 2008, Mr. Winings took without authorization approximately \$110,000 from an account that was used for the client's payroll that Mr. Winings managed.</p> | <p>Business and Professions Code, Division 1.5, Chapter 3, § 490, and Division 3, Chapter 1, §§ 5100(a), (c), (i), (j), and (k), and 5050(a).</p>                  |
| <p><b>WISE, DANNY</b><br/> Scottsdale, AZ<br/> (CPA 37249)</p> <p>Revocation of CPA Certificate, via default decision.</p> <p><b>Effective October 1, 2009</b></p>   | <p>Accusation AC-2009-21 contains allegations that Mr. Wise misappropriated client funds in the amount of \$65,000 and \$90,000 which had been entrusted to him by two clients.</p> <p>Mr. Wise knowingly prepared income tax returns for the 2004-2007 tax years for a client that contained false information regarding the payment of estimated income taxes.</p> <p>Mr. Wise did not reply to a Board inquiry within 30 days.</p> <p>On or about December 10, 2008, the Arizona State Board of Accountancy revoked Mr. Wise's Arizona license for misappropriating client funds.</p> <p>On or about April 3, 2009, the U.S. Securities and Exchange Commission indefinitely suspended Mr. Wise's right to practice before the Commission.</p>                   | <p>Business and Professions Code, Division 3, Chapter 1, §§ 5100 (c), (g), (h), (i), (j), and (k). California Code of Regulations, Title 16, Division 1, § 52.</p> |

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| <p><b>CONTRERAS, MARCELINO DAVID</b><br/>Vallejo, CA<br/>(CPA 36983)</p> <p>Revocation of CPA Certificate, via default decision.</p> <p><b>Effective February 24, 2008</b></p> | <p>Mr. Contreras pled guilty to embezzlement by a public/private officer in violation of Penal Code Section 424, a felony. Mr. Contreras did not report his conviction to the Board.</p>  | <p>Business and Professions Code, Division 3, Chapter 1, §§ 490, 5100(a) and 5063.</p>           |
| <p><b>DIBENEDETTO, JOE PAUL</b><br/>Corona, CA<br/>(CPA 73278)</p> <p>Revocation of CPA Certificate, via default decision.</p> <p><b>Effective February 24, 2008</b></p>       | <p>Mr. DiBenedetto pled guilty to 45 felony charges, including Grand Theft, Falsifying Records, and Fraudulent Computer Access. Mr. DiBenedetto also pled guilty to the felony charge of Filing of False Tax Return.</p> <p>The plea agreement reflected added enhancements for each charge including that the felony violations included amounts that exceeded \$100,000 (related to Grand Theft violation only) and that Mr. DiBenedetto intentionally took, damaged and destroyed property in excess of \$150,000 during the commission or attempted commission of the offenses.</p> <p>Mr. DiBenedetto did not report his convictions to the Board.</p> | <p>Business and Professions Code, Division 3, Chapter 1, §§ 490, 5100(a) and 5063.</p>           |
| <p><b>STOCKTON, RICK ALLEN</b><br/>San Diego, CA<br/>(CPA 89190)</p> <p>Revocation of CPA Certificate, via default decision.</p> <p><b>Effective October 26, 2008</b></p>      | <p>Mr. Stockton has subjected his license to disciplinary action for unprofessional conduct. Mr. Stockton was convicted by plea of guilty for several felonies for lewd acts upon a child under age 14 with an enhanced count for substantial sexual conduct with the child.</p> <p>Mr. Stockton failed to report his felony convictions within 30 days after his guilty pleas were entered.</p>  | <p>Business and Professions Code, Division 3, Chapter 1, §§ 490, 5100 (a), 5063 (a)(1)(A-B).</p> |

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| <p><b>GEORGE L. HUKRIEDE<br/>ACCOUNTANCY CORPORATION</b><br/>Westminister, CA<br/>(COR 1794)</p> <p>Revocation of CPA Certificate, via<br/>default decision.</p> <p><b>Effective August 30, 2009</b></p> | <p>Respondent George L. Hukriede Accountancy Corporation's (Respondent Corporation) permit expired on August 1, 2005. In a prior Board action, the Board revoked the individual CPA license of Mr. Leslie George Hukriede, Jr. effective April 29, 2007, for practicing without a permit and using a name not registered with the Board, among other violations. On or about February 19, 2008, Respondent Corporation engaged in the practice of public accountancy without a valid permit. Mr. Hukriede prepared a review report for Holiday Park Homeowners Association under the firm name of George L. Hukriede Accountancy Corporation. Therefore, Respondent Corporation continued to practice public accountancy without a valid permit after the expiration of the corporation permit.</p> <p>Respondent Corporation is also subject to discipline in that Respondent Corporation had an unlicensed corporate officer, Mr. Hukriede, the sole owner of Respondent Corporation, in violation of section 5154, and by failing to comply with a citation order issued to Respondent Corporation for previous violations of the practice of public accountancy without a valid permit.</p> | <p>Business and Professions Code, Division 3, Chapter 1, §§ 5050, 5100, 5100 (g), and 5154.</p> |
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| <p><b>STEINER, ROBERT A.</b><br/>Hercules, CA<br/>(CPA 29988)</p> <p>Revocation of CPA Certificate, via default decision.</p> <p><b>Effective August 30, 2009</b></p>  | <p>Mr. Steiner failed to comply with Citation Number CT-2007-2 which became effective on June 17, 2007, requiring him to complete 30 hours of technical continuing education by no later than March 31, 2008.</p> <p>Mr. Steiner also failed to respond to Board inquiries including three letters and on subpoena all seeking information about his compliance to his requirement to complete continuing education pursuant to Citation Number CT-2007-2.</p> | <p>Business and Professions Code, Division 3, Chapter 1, § 5100. California Code of Regulations, Title 16, Division 1, §§ 52, 95.4.</p> |
| <p><b>HATANAKA, KIYOSHI</b><br/>Aliso Viejo, CA<br/>(CPA 73188)</p> <p>Revocation of CPA Certificate, via default decision.</p> <p><b>Effective October 1, 2009</b></p>  | <p>Accusation AC-2009-31 contains allegations that Mr. Hatanaka is subject to disciplinary action for unprofessional conduct related to fiscal dishonesty and embezzlement. Mr. Hatanaka pled guilty to embezzlement of \$1,756,000 from a program receiving federal funds, which is a felony.</p>   | <p>Business and Professions Code, Division 1.5, Chapter 3, § 490, and Division 3, Chapter 1, §5100 (a), (i), and (k).</p>               |
| <p><b>HENEN, AMGAD ASAAD</b><br/>San Dimas, CA<br/>(CPA License Applicant)</p> <p>Application for admission to the Uniform Certified Public Accountant Examination is denied via default decision.</p> <p><b>Effective November 30, 2009</b></p> | <p>Statement of Issues No. SI 2009-23 contains allegations that Mr. Henen has subjected his application for admission to the CPA Examination to denial. Mr. Henen submitted requests to the CBA seeking extensions to complete sections of the CPA Examination by using altered and/or false, fraudulent and materially misleading medical documents.</p>  | <p>Business and Professions Code, Division 1.5, Chapter 2, § 480 (a)(2), Division 3, Chapter 1, §§ 5110 (a) (1) and 5112 (a).</p>       |

## Memorandum

CPC Agenda Item II.  
May 12, 2010

CBA Agenda Item XII.B.2.  
May 13, 2010

To : CBA Members  
CPC Members

Date : April 8, 2010

Telephone : (916) 561-1792

Facsimile : (916) 263-3678

E-mail : mstanley@cba.ca.gov

From :   
Matthew Stanley  
Legislation & Regulation Analyst

Subject : Consideration of Regulatory Language for Section 70 – Fees

At its March 26, 2010 meeting, the California Board of Accountancy (CBA) approved regulatory language that would temporarily lower fees for initial licensure and renewal of the Certified Public Accountant certificate.

After further research, staff believe that it is necessary to add a section to the regulation in order to comply with §5134(f) of the Business & Professions Code which states in part, “Any increase in the renewal fee shall be made by regulation upon a determination by the board that additional moneys are required to...” maintain the reserve balance at the mandated nine months in reserve.

Although this regulation reduces fees, it will raise them again after four years. Do to the portion of the code that requires a “determination by the board,” staff added subsection (i) to the proposed text (**Attachment 1**). This language has been used and approved in the past for this very purpose and staff believe that it will be needed again to gain the approval of the Office of Administrative Law (OAL).

The regulation package will be submitted to OAL prior to the CBA’s May meeting for publication on May 28. Should the CBA not approve of the new language, the regulation package can be withdrawn.



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## Attachment 1

### PROPOSED REGULATORY LANGUAGE

#### 70. Fees.

(a) Commencing January 23, 2004, the fee to be charged each California applicant for the computer-based Uniform Certified Public Accountant Examination shall be an application fee of \$100 for issuance of the Authorization to Test to first-time applicants and an application fee of \$50 for issuance of the Authorization to Test to repeat applicants.

(b) Commencing July 1, 2001, the fee to be charged each applicant for issuance of a certified public accountant certificate shall be \$250.

(c) The fee to be charged each applicant for registration, including applicant for registration under a new name as a partnership or as a corporation, shall be \$150.

(d)(1) Commencing July 1, 2000, the fee to be charged each applicant for the initial permit to practice as a partnership, a corporation, or a certified public accountant shall be \$200.

(2) Commencing July 1, 2011, the fee to be charged each applicant for the initial permit to practice as a partnership, a corporation, or a certified public accountant shall be \$120.

(3) Commencing July 1, 2015, the fee to be charged each applicant for the initial permit to practice as a partnership, a corporation, or a certified public accountant shall be \$200 unless subsection (i) applies.

(e)(1) Commencing July 1, 2000, the fee to be charged each applicant for renewal of a permit to practice as a partnership, a corporation, a public accountant, or a certified public accountant shall be \$200.

(2) Commencing July 1, 2011, the fee to be charged each applicant for renewal of a permit to practice as a partnership, a corporation, a public accountant, or a certified public accountant shall be \$120.

(3) Commencing July 1, 2015, the fee to be charged each applicant for renewal of a permit to practice as a partnership, a corporation, a public accountant, or a certified public accountant shall be \$200 unless subsection (i) applies.

(f) The fee for the processing and issuance of a duplicate copy of a certificate of licensure or registration shall be \$10.

(g) The fee for processing and issuance of a duplicate copy of a registration, or permit or other form evidencing licensure or renewal of licensure shall be \$2.

(h)(1) The fee to be charged an individual for submission of a Practice Privilege Notification Form pursuant to Business and Professions Code Section 5096 with an authorization to sign attest reports shall be \$100.

(2) The fee to be charged an individual for submission of a Practice Privilege Notification Form pursuant to Business and Professions Code Section 5096 without an authorization to sign attest reports shall be \$50.

(i) By May 31, 2014, the Board shall conduct a review of its actual and estimated costs. Based on this review, the Board shall determine the appropriate level of fees for the initial permit to practice pursuant to subsection (d) and renewal of the permit to practice pursuant to subsection (e) in order to maintain the Board's contingent fund reserve balance at an amount equal to approximately nine months of estimated annual authorized expenditures. If the Board determines that fees of less than \$200 are indicated, the Board shall fix the fees by regulation at the indicated amounts by July 1, 2015.

NOTE: Authority cited: Sections 5010 and ~~5018~~ 5134, Business and Professions Code. Reference: Sections 122, 163, 5096 and 5134 Business and Professions Code.

## Memorandum

CPC Agenda Item III.  
May 12, 2010

CBA Agenda Item XII.B.3.  
May 13, 2010

To : CBA Members  
CPC Members

Date : April 15, 2010

Telephone : (916) 561-1792

Facsimile : (916) 263-3678

E-mail : mstanley@cba.ca.gov

From :   
Legislation & Regulation Analyst

Subject : Consideration of Regulatory Language for Article 98.2 – Peremptory Challenge

At its March 26, 2010 meeting, the California Board of Accountancy (CBA) discussed AB 2537 which requires that any agency that conducts adjudicative proceedings create a regulation that allows for peremptory challenge of an administrative law judge (ALJ) presiding over the proceedings. Since that time, the bill has been amended to make that provision not applicable to agencies with fewer than five ALJs. Since the CBA does not have any ALJs, this requirement would no longer apply should the bill become law.

Current law allows agencies which conduct adjudicative proceedings to create a regulation that allows for peremptory challenge of the presiding officer.

The CBA took a neutral position on the bill because it determined that this was a topic which it could already pursue. Staff are bringing this issue forward as it was suggested that the CBA discuss whether it did, indeed, wish to pursue such a regulation.

**Attachment 1** presents regulatory language for the CBA to discuss. Another option would be to not pursue a regulation on this matter at this time.



DEPARTMENT OF CONSUMER AFFAIRS  
CALIFORNIA BOARD OF ACCOUNTANCY  
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## Attachment 1

### 98.2 Peremptory Challenge

(a) A party is entitled to one peremptory challenge (disqualification without cause) of an administrative law judge assigned to a Board hearing. In no event will a peremptory challenge be allowed if it is made after the hearing has commenced.

(b) A peremptory challenge shall be:

(1) Directed to the presiding judge;

(2) Filed by a party, attorney or authorized representative;

(3) Made in writing or orally on the record in substantially the following form:

"I am a party to [CASENAME] and am exercising my right to a peremptory challenge regarding administrative law judge [NAME], pursuant to Regulation 98.2 and Government Code section 11425.40(d)";

(4) Served on all parties if made in writing; and

(5) Filed in compliance with the time requirements of subsection (c) herein.

(c) The peremptory challenge of the assigned administrative law judge shall be made by noon on the date one week prior to the date of the hearing.

(d) A party may contact the Board to determine the name of the administrative law judge assigned to the hearing.

(e) A hearing shall not be continued by reason of a peremptory challenge unless a continuance is required for the convenience of the Board. If continued, the hearing shall be rescheduled to the first convenient date for the Board.

(h) Nothing in this regulation shall affect or limit the provisions of a challenge for cause under sections 11425.40, 11430.60 and 11512(c) or any other applicable provisions of law

NOTE: Authority cited: Section 5010 of the Business and Professions Code and Section 11425.40 of the Government Code. Reference: Section 5102 of the Business and Professions Code.

## Memorandum

CPC AGENDA ITEM IV.A.  
MAY 12-13, 2010

CBA AGENDA ITEM XII.B.4.a.  
MAY 12-13, 2010

To : Patti Bowers, Executive Officer  
CPC Members

Date : May 4, 2010

Telephone : (916) 561- 1731

Facsimile : (916) 263- 3673

E-mail : rixta@cba.ca.gov

From :   
Rafael Ixta, Chief  
Enforcement Division

Subject : Options for Addressing Concerns Regarding  
Posting Accusations on the CBA's Web Site

### Background

---

On March 25-26, 2010 the California Board of Accountancy (CBA) discussed the option of posting accusations to the CBA Web site at the time the accusation is filed by the CBA. In conclusion of the CBA's discussion, it was the consensus to continue with the *Status Quo* and only post the fact that an accusation has been filed but not the actual disciplinary document. On April 26, 2010, the CBA met to reconsider its March 25-26, 2010 decision. After discussion and deliberation, the Board voted to reconsider the posting of accusations. This matter has been assigned to the Committee on Professional Conduct (CPC) to discuss.

The purpose of this document is to identify the issues, explain the enforcement process, and provide options to the CPC to assist them in making a decision regarding the posting of accusations.

### Issue(s)

---

There are two issues to consider regarding this matter:

1. Should an Investigative Hearing or a Pre-Filing Accusation Conference be held by the CBA prior to the filing of an accusation?
  2. Should accusations filed by the CBA be posted to the CBA Web site at the time the accusation is served?
-

Following is a discussion of the enforcement process, the two identified issues and a presentation of possible alternatives to be considered. These alternatives can be considered as either 'stand alone' or in any combination that will be responsive to the issues stated above.

### **Issue 1: Should an Investigative Hearing or a Pre-Filing Accusation Conference be held by the CBA prior to the filing of an accusation?**

#### **BACKGROUND**

##### Complaint Intake

After a complaint is submitted, the person who filed the complaint is notified in writing within 10 days that the CBA received the complaint. The complaint is then reviewed in an initial screening process, which includes establishing jurisdiction and prioritization of the complaint. If it is determined that the complaint lacks merit, the complaint is closed, and the complainant is sent written notification providing the reasons for CBA's determination. The licensee is not contacted or informed about the closed complaint. If the complaint is accepted by the CBA, it is then assigned to an investigative staff member.

NOTE: Approximately 50 percent of complaints received are closed at the intake process because either the CBA does not have jurisdiction, the complainant fails to submit sufficient evidence, or a violation does not exist.

##### Investigative Process

The investigative staff investigate complaints based on substantial and tangible facts relating to specific violation(s) of the CBA's laws and regulations. As part of the investigative process, the investigator contacts the licensee, in writing, to advise that a complaint has been filed and provide details of the complaint. At that time, the investigator requests a written response to provide any additional information and may request specific documents from the licensee. Once the investigator completes the investigation, an investigative report is prepared for review by Enforcement Management to insure that proper procedures were followed, all the issues of the complaint have been addressed, and the conclusion is supported by the facts and evidence.

The majority of the investigations are closed without formal disciplinary action. The licensee and complainant are notified in writing of the CBA's decision to close the file.

NOTE: Annually, approximately 10 percent of the investigations result in referral to the Attorney General's Office for the preparation of an accusation.

In some instances, the investigator will recommend to Enforcement Management to continue the investigation and schedule the licensee for an investigative hearing.

##### Investigative Hearings

The purpose of an investigative hearing (IH) is to gather additional evidence and provide the licensee the opportunity to present his or her position on the matter under investigation. IHs are typically held for those complaints that involve competency.

The statutory authority to conduct IHs (see **Attachment A** – California Business and Professions Code Section 5103) is unique to the CBA with respect to other DCA boards and bureaus. The statute authorizes the CBA, through its Executive Officer, to conduct investigative hearings to obtain information and evidence on matters involving the conduct of licensees and alleged violations of the California Accountancy Act or CBA Regulations. Members of the Enforcement Advisory Committee (EAC) assist at the IHs and make recommendations to the Executive Officer regarding further action.

IHs are typically recorded by a certified court reporter. Attendees at an IH consist of the licensee, EAC members, a Deputy Attorney General, and a CBA staff investigator. In addition, the licensee may have legal representation present at the IH. The Executive Officer, Enforcement Chief, the Supervising Investigative CPA, and/or EAC Chair also may attend.

At the conclusion of the IH process, the licensee is notified in writing of CBA's findings (e.g. closure, administrative action, or referral to the Attorney General's Office for accusation).

**NOTE:** On average, 10 IHs are held annually. Of these, approximately 30 percent are referred to the Attorney General's Office for the preparation of an accusation.

Typically, the following types of complaints do not require an investigative hearing:

- Complaints involving administrative violations (e.g. continuing education deficiencies),
- Criminal convictions,
- Discipline by another government agency, or
- Instances where the licensee does not cooperate with the investigation and the matter goes to default.

Enforcement investigators handle these cases, prepare reports, and make recommendations to the Enforcement Chief and Executive Officer.

#### Complaints Referred to the Attorney General's Office

Complaints (with or without the IH process) where the CBA believes that clear and convincing evidence confirms violation(s) of the California Accountancy Act and CBA Regulations are referred to the Attorney General's Office with the request for the preparation of an accusation.

Upon receipt, both the Supervising Deputy Attorney General and the assigned Deputy Attorney General review and verify that there is good faith belief that the burden of proof of clear and convincing evidence can be met with the supporting documentation submitted by the CBA. If the Attorney General's Office does not believe that the burden of proof has been met, it has the right to decline to prosecute a matter, request additional investigation, and participate in the investigation if necessary.

**NOTE:** Of the total number of complaints received annually, approximately 5 percent are referred to the Attorney General's Office for the preparation of an accusation.

Pre-Filing Accusation Conference

The licensee may be offered an opportunity to review the draft accusation and comment on its factual content prior to the filing of the accusation. The accusation is available for review only at the scheduled pre-filing accusation conference. A copy of the accusation is not released to the licensee until the actual filing of the accusation.

**Alternative 1**

Continue the current practice to schedule Investigative Hearings on an as needed basis.

**Alternative 2**

Require a mandatory Investigative Hearing.

**Alternative 3**

Continue the current practice of optional Pre-Filing Accusation Conferences.

**Alternative 4**

Require a mandatory Pre-Filing Accusation Conference.

Rule Making

Should an option be pursued which requires a rulemaking action, initial draft language would be provided to the CBA at its September meeting for approval. That language could then be submitted to the Office of Administrative Law (OAL) in October. There is a one year timeframe for the CBA to complete the rulemaking action and submit the final rulemaking file to OAL. Once they receive it, OAL has 30 days to approve it and then the Secretary of State has 30 days before the rulemaking is in effect. Given these timeframes, a rulemaking on this topic would be effective in the latter part of 2011.

## Issue 2: Should accusations be posted to the CBA Web site at the time the accusation is served?

### BACKGROUND

#### Current CBA Practice

Notice of accusations filed currently exists on the CBA's Web site under both the *Consumers* and *Pending Accusations* tabs (see **Attachment B**), in addition to the Licensee Look-Up feature; however, the document itself is not currently displayed at the time it is filed by the CBA. In order for the consumer to obtain copies of accusations, the consumer is directed to the following verbiage located under the *Consumers / Pending Accusations* tab:

*This list contains names of licensees for which accusations have been filed. An accusation is a formal document that charges violation(s) of the California Accountancy Act and/or California Board of Accountancy regulations by a licensee. The charges in the accusation are allegations. Allegations are not a final determination of wrongdoing and are subject to adjudication and final review by the CBA pursuant to the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code).*

*For more information on how to obtain a hard copy or an electronic copy of the pending accusation against a particular licensee, please [click here](#).*

The consumer is then provided with instructions for requesting a copy of the accusation by mail, email, or telephone.

#### Legal Requirements

Under Government Code Section 6253 (See **Attachment A**) referencing public records, the CBA is required to provide a copy of the accusation. In addition, Business and Professions Code Section 5103.5 (See **Attachment A**) states in pertinent part,

“(a) The board shall post on its Internet Web site, in an easily marked and identifiable location, notice of all formal accusations. The notice of any formal accusation shall contain a link to where a person may request and have sent to him or her a copy of the formal accusation, and the basis for the accusation and alleged violations filed by the board against a licensee. . .

(c) The board shall develop a statement that informs any person requesting a copy of a formal accusation and any person receiving a copy of a formal accusation that any allegations contained in the accusation are not a final determination of wrongdoing and are subject to adjudication and final review by the board pursuant to the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code). This statement shall be provided to a person requesting and receiving a copy of a formal accusation in a manner to be determined by the board.”

### DCA Mandates

Pursuant to a memorandum issued by the DCA Director Brian J. Stiger, dated April 13, 2010, and in an effort to further protect and promote the interest of consumers and to ensure that consumers have all relevant public information regarding the status of every license issued by the CBA, it is the intent of the DCA to post accusations filed on its Web site (See **Attachment C**).

### Alternative 1

Continue with the current practice and not post accusations on the CBA Web site until a final decision is in effect.

### Alternative 2

Post accusations on the CBA's Web site after the accusation has been filed and served.

### Alternative 3

The DCA to post accusations on its Web site after the accusation has been filed and served.

### Alternative 4

Post accusations on the CBA Web site with a watermark (**Attachment D**) identifying the document as "PENDING ADJUDICATION," "THIS IS NOT A DISCIPLINARY ACTION OR FINAL DECISION OF THE BOARD," or "PENDING ACCUSATION."

The CPC may also consider including the following language suggested by DCA legal counsel on the CBA Web site:

Please Note:

The term "accusation" refers to a formal document that notifies a licensee of the board's charges against the licensee and that requests a disciplinary order. The charges in the accusation are allegations. Allegations are not a final determination of wrongdoing and are subject to adjudication and final review by the board pursuant to the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code).

The licensee is entitled to contest the charges in a formal hearing before an administrative law judge. An accusation is usually resolved by a board decision following such a hearing or by a board decision pursuant to a settlement agreement. Often there is a considerable period of time between the date of filing an accusation and the resolution of the accusation.

Consequently, the actions reported here as "accusations" may not be final and may not reflect any judicial action to stay or modify the administrative order. You should not take any action solely based on information and allegations contained in the accusation without verifying the information and determining whether the administrative order is final or has been stayed or modified by a court.

## APPLICABLE CODE SECTIONS

### CALIFORNIA CODES GOVERNMENT CODE SECTION 6253

Attachment A

**6253.** (a) Public records are open to inspection at all times during the office hours of the state or local agency and every person has a right to inspect any public record, except as hereafter provided. Any reasonably segregable portion of a record shall be available for inspection by any person requesting the record after deletion of the portions that are exempted by law.

(b) Except with respect to public records exempt from disclosure by express provisions of law, each state or local agency, upon a request for a copy of records that reasonably describes an identifiable record or records, shall make the records promptly available to any person upon payment of fees covering direct costs of duplication, or a statutory fee if applicable. Upon request, an exact copy shall be provided unless impracticable to do so.

(c) Each agency, upon a request for a copy of records, shall, within 10 days from receipt of the request, determine whether the request, in whole or in part, seeks copies of disclosable public records in the possession of the agency and shall promptly notify the person making the request of the determination and the reasons therefor. In unusual circumstances, the time limit prescribed in this section may be extended by written notice by the head of the agency or his or her designee to the person making the request, setting forth the reasons for the extension and the date on which a determination is expected to be dispatched. No notice shall specify a date that would result in an extension for more than 14 days. When the agency dispatches the determination, and if the agency determines that the request seeks disclosable public records, the agency shall state the estimated date and time when the records will be made available. As used in this section, "unusual circumstances" means the following, but only to the extent reasonably necessary to the proper processing of the particular request:

(1) The need to search for and collect the requested records from field facilities or other establishments that are separate from the office processing the request.

(2) The need to search for, collect, and appropriately examine a voluminous amount of separate and distinct records that are demanded in a single request.

(3) The need for consultation, which shall be conducted with all practicable speed, with another agency having substantial interest in the determination of the request or among two or more components of the agency having substantial subject matter interest therein.

(4) The need to compile data, to write programming language or a computer program, or to construct a computer report to extract data.

(d) Nothing in this chapter shall be construed to permit an agency to delay or obstruct the inspection or copying of public records. The notification of denial of any request for records required by Section 6255 shall set forth the names and titles or positions of each person responsible for the denial.

(e) Except as otherwise prohibited by law, a state or local agency may adopt requirements for itself that allow for faster, more efficient, or greater access to records than prescribed by the minimum standards set forth in this chapter.

## APPLICABLE CODE SECTIONS

### CALIFORNIA CODES BUSINESS AND PROFESSIONS CODE SECTION 5103

5103. (a) Notwithstanding any other provision of law, the board may inquire into any alleged violation of this chapter or any other state or federal law, regulation, or rule relevant to the practice of accountancy.

(b) The board, or its executive officer pursuant to a delegation of authority from the board, is authorized to perform the following functions:

(1) To receive and investigate complaints and to conduct investigations or hearings, with or without the filing of any complaint, and to obtain information and evidence relating to any matter involving the conduct of licensees, as directed by the board, or as directed by the executive officer pursuant to a delegation of authority from the board.

(2) To receive and investigate complaints and to conduct investigations or hearings, with or without the filing of any complaint, and to obtain information and evidence relating to any matter involving any violation or alleged violation of this chapter by licensees, as directed by the board, or as directed by the executive officer pursuant to a delegation of authority from the board.

### CALIFORNIA CODES BUSINESS AND PROFESSIONS CODE SECTION 5103.5

**5103.5.** (a) The board shall post on its Internet Web site, in an easily marked and identifiable location, notice of all formal accusations. The notice of any formal accusation shall contain a link to where a person may request and have sent to him or her a copy of the formal accusation, and the basis for the accusation and alleged violations filed by the board against a licensee.

(b) The link to where a person may request and have sent to him or her a copy of the formal accusation shall be clearly and conspicuously located on the same Internet Web site page on which the notice is posted and shall authorize a person to request and receive the information described in subdivision (a) by regular mail or electronic mail.

(c) The board shall develop a statement that informs any person requesting a copy of a formal accusation and any person receiving a copy of a formal accusation that any allegations contained in the accusation are not a final determination of wrongdoing and are subject to adjudication and final review by the board pursuant to the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code). This statement shall be provided to a person requesting and receiving a copy of a formal accusation in a manner to be determined by the board.

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Pursuant to the Governor's Executive Order S-13-09, beginning in August 2009, the California Board of Accountancy office will be closed the first, second, and third Friday of each month until July 1, 2010.

The mission of the California Board of Accountancy is to protect consumers by ensuring only qualified licensees practice public accountancy in accordance with established professional standards.

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- Consumer Assistance Booklet
- Pending Accusations
- Disciplinary Actions / License Restrictions
- Complain about a CPA
- Complain about this Board
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### LICENSEES

- Peer Review
- Continuing Education Requirements
- Inactive License Disclosure
- Refund Anticipation Loans (RALs)
- Webcast Continuing Education
- Commissions and Contingent Fees
- Disciplinary Guidelines
- Mediation Guidelines
- Forms

### APPLICANTS

- Exam Applicants
- Elimination of Pathway 0
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- Repeat Exam Handbook
- Online Exam Application
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- Licensing Applicants

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Skip to [Content](#) | [Footer](#) | [Accessibility](#)

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**Pending Accusations**

This list contains names of licensees for which accusations have been filed. An accusation is a formal document that charges violation(s) of the California Accountancy Act and/or California Board of Accountancy regulations by a licensee. The charges in the accusation are allegations. Allegations are not a final determination of wrongdoing and are subject to adjustment and final review by the CBA pursuant to the Administrative Procedure Act ((Chapter 3.5 (commencing with Section 9000) of Part 1 of Division 3 of Title 2 of the Government Code)).

For information on how to obtain a hard copy or an electronic copy of the pending accusation against a particular licensee, please [click here](#).

| Name   | License Number            |
|--|---------------------------|
| <a href="#">Carl Randolph</a>                                | <a href="#">CPA 54698</a> |
| <a href="#">v Jan Hong &amp; Lee Accountancy Corporation</a> | <a href="#">COR 4132</a>  |
| <a href="#">v John Vincent</a>                               | <a href="#">CPA 36115</a> |
| <a href="#">Erin Michal</a>                                  | <a href="#">CPA 85301</a> |
| <a href="#">Richard Lawrence</a>                             | <a href="#">CPA 13291</a> |
| <a href="#">v Alejandro Doria</a>                            | <a href="#">CPA 21363</a> |
| <a href="#">v Alex D &amp; Associates</a>                    | <a href="#">PAR 6795</a>  |
| <a href="#">Gov. Ernest Eunsuk</a>                           | <a href="#">CPA 37413</a> |

Done

1 EDMUND G. BROWN JR.  
Attorney General of California  
2 FRANK H. PACOE  
Supervising Deputy Attorney General  
3 JUSTIN R. SURBER  
Deputy Attorney General  
4 State Bar No. 226937  
455 Golden Gate Avenue, Suite 11000  
5 San Francisco, CA 94102-7004  
Telephone: (415) 355-5437  
6 Facsimile: (415) 703-5480  
*Attorneys for Complainant*

7  
8 **BEFORE THE**  
**CALIFORNIA BOARD OF ACCOUNTANCY**  
**DEPARTMENT OF CONSUMER AFFAIRS**  
9 **STATE OF CALIFORNIA**

10 In the Matter of the Accusation Against:  
11 **MAYNARD W. MORELAND**  
12 1424 Concannon Blvd., Bldg. G  
Livermore, California 94550  
13 **Certified Public Accountant Certificate No.**  
**CPA 57144**

Case No. AC 2010-24

**ACCUSATION**

14 Respondent.

15  
16  
17 Complainant alleges:

**PARTIES**

- 18  
19  
20 1. ~~Pattie Bowers~~ (Complainant) brings this Accusation solely in her official capacity as  
the Executive Officer of the California Board of Accountancy, Department of Consumer Affairs.  
21  
22 2. On or about September 7, 1990, the California Board of Accountancy issued Certified  
Public Accountant Certificate Number CPA 57144 to Maynard W. Moreland (Respondent). The  
23 Certified Public Accountant Certificate expired on October 31, 2009, and has not been renewed.

**JURISDICTION**

24  
25 3. This Accusation is brought before the California Board of Accountancy (Board),  
26 Department of Consumer Affairs, under the authority of the following laws. All section  
27 references are to the Business and Professions Code unless otherwise indicated.  
28

1 EDMUND G. BROWN JR.  
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7  
8 **BEFORE THE**  
**CALIFORNIA BOARD OF ACCOUNTANCY**  
**DEPARTMENT OF CONSUMER AFFAIRS**  
9 **STATE OF CALIFORNIA**

10 In the Matter of the Accusation Against:

Case No. AC-2010-24

11 **MAYNARD W. MORELAND**  
12 1424 Concannon Blvd., Bldg. G  
Livermore, California 94550  
13 **Certified Public Accountant Certificate No.**  
**CPA 57144**

**ACCUSATION**

14  
15 Respondent.

16  
17 Complainant alleges:

18  
19 **PARTIES**

20 1. Patti Bowers (Complainant) brings this Accusation solely in her official capacity as  
the Executive Officer of the California Board of Accountancy, Department of Consumer Affairs.

21 2. On or about September 7, 1990, the California Board of Accountancy issued Certified  
22 Public Accountant Certificate Number CPA 57144 to Maynard W. Moreland (Respondent). The  
23 Certified Public Accountant Certificate expired on October 31, 2009, and has not been renewed.

24 **JURISDICTION**

25 3. This Accusation is brought before the California Board of Accountancy (Board),  
26 Department of Consumer Affairs, under the authority of the following laws. All section  
27 references are to the Business and Professions Code unless otherwise indicated.  
28

1 EDMUND G. BROWN JR.  
Attorney General of California  
2 FRANK H. PACOE  
Supervising Deputy Attorney General  
3 JUSTIN R. SURBER  
Deputy Attorney General  
4 State Bar No. 226937  
455 Golden Gate Avenue, Suite 11000  
5 San Francisco, CA 94102-7004  
Telephone: (415) 355-5437  
6 Facsimile: (415) 703-5480  
*Attorneys for Complainant*

7  
8 **BEFORE THE**  
**CALIFORNIA BOARD OF ACCOUNTANCY**  
**DEPARTMENT OF CONSUMER AFFAIRS**  
9 **STATE OF CALIFORNIA**

10 In the Matter of the Accusation Against:

Case No. AG-2010-24

11 **MAYNARD W. MORELAND**  
12 1424 Concannon Blvd., Bldg. G  
Livermore, California 94550  
13 **Certified Public Accountant Certificate No.**  
**CPA 57144**

14  
15 Respondent.

16  
17  
18 Complainant alleges:

19 **PARTIES**

- 20 1. Patti Bowers (Complainant) brings this Accusation solely in her official capacity as  
the Executive Officer of the California Board of Accountancy, Department of Consumer Affairs.  
21  
22 2. On or about September 7, 1990, the California Board of Accountancy issued Certified  
Public Accountant Certificate Number CPA 57144 to Maynard W. Moreland (Respondent). The  
23 Certified Public Accountant Certificate expired on October 31, 2009, and has not been renewed.

24 **JURISDICTION**

- 25 3. This Accusation is brought before the California Board of Accountancy (Board),  
26 Department of Consumer Affairs, under the authority of the following laws. All section  
27 references are to the Business and Professions Code unless otherwise indicated.  
28

## Memorandum

LC Agenda Item II.  
May 12, 2010

CBA Agenda Item XII.C.2.  
May 12-13, 2010

To : CBA Members  
Legislative Committee Members

Date : April 20, 2010

Telephone : (916) 561-1792

Facsimile : (916) 263-3678

E-mail : mstanley@cba.ca.gov

From :  Matthew Stanley, Legislation/Regulation Analyst

Subject : AB 1215- Public employees: furlough exemptions

**Bill Number:** AB 1215 (**Attachment 1**)  
**Authors:** De La Torre  
**Current Status:** Senate Public Employees and Retirement Committee

**Provisions:**

AB 1215 would exempt from furloughs employees in positions funded at least 95% by sources other than the General Fund.

**Comments:**

The author's office has informed staff that AB 1215 is an author's bill, which means that the author is the sponsor.

The California Board of Accountancy is 100% funded by sources other than the General Fund.

Governor Schwarzenegger has declined in the past to implement the goals of this bill through executive order. He also vetoed an identical bill SBx8 29 earlier this year.

**Recommendation:**

As staff are directly impacted by this legislation, staff have made no recommendation for a position on AB 1215.

Attachment

## Memorandum

LC Agenda Item III.  
May 12, 2010

CBA Agenda Item XII.C.3.  
May 12-13, 2010

To : CBA Members  
Legislative Committee Members

Date : April 20, 2010

Telephone : (916) 561-1792

Facsimile : (916) 263-3678

E-mail : mstanley@cba.ca.gov

From :  Matthew Stanley, Legislation/Regulation Analyst

Subject : AB 1787- Regulations: narrative description

**Bill Number:** AB 1787 (**Attachment 1**)  
**Authors:** Swanson  
**Current Status:** Assembly Business & Professions Committee

**Provisions:**

AB 1787 would require agencies to include a narrative description of additions to and deletions from the California Code of Regulations.

**Comments:**

The author's office has informed staff that AB 1787 is sponsored by the California Council for the Blind.

The intent of this, as stated in the bill, is "to provide regulatory amendments in a narrative format that can be accurately translated by reading software used by the visually impaired."

Regulations are typically provided in strikethrough and underline format—a visual format. This bill will require that this visual format be followed by a narrative description of the changes that can be read by a computer for the benefit of the visually impaired.

**Recommendation:**

As staff are directly impacted by this legislation, staff have made no recommendation for a position on AB 1215.

Attachment

## Memorandum

LC Agenda Item IV.  
May 12, 2010

CBA Agenda Item XII.C.4.  
May 12-13, 2010

To : CBA Members  
Legislative Committee Members

Date : April 20, 2010

Telephone : (916) 561-1792

Facsimile : (916) 263-3678

E-mail : mstanley@cba.ca.gov

From :  Matthew Stanley, Legislation/Regulation Analyst

Subject : AB 2652- Regulations: legislative review

**Bill Number:** AB 2652 (**Attachment 1**)  
**Authors:** Niello  
**Current Status:** Assembly Rules Committee

**Provisions:**

AB 2652 would require a committee with jurisdiction over a state agency to hold an informational hearing regarding regulations with a gross cost in excess of \$10 million or more that the agency may propose.

**Comments:**

The author's office has informed staff that AB 2652 is sponsored by the National Federation of Independent Business which is a group representing small businesses.

This would have little impact on the CBA as even the peer review regulations did not exceed \$10 million. However, the CBA should be aware of this former spot bill should it be amended to lower the dollar amount.

**Recommendation:**

Staff recommend a Watch position on AB 2652.

Attachment

## Memorandum

LC Agenda Item V.  
May 12, 2010

CBA Agenda Item XII.C.5.  
May 12-13, 2010

To : CBA Members  
Legislative Committee Members

Date : April 19, 2010

Telephone : (916) 561-1792

Facsimile : (916) 263-3678

E-mail : mstanley@cba.ca.gov

From :  Matthew Stanley, Legislation/Regulation Analyst

Subject : Consideration of Amendments to AB 1659

|                  |                                   |                 |              |
|------------------|-----------------------------------|-----------------|--------------|
| Bill Number:     | <b>AB 1659</b>                    | Board Position: | <b>WATCH</b> |
| Author:          | Huber                             |                 |              |
| Topic:           | Joint Sunset Review Committee.    |                 |              |
| Current Version: | 4/7/2010 ( <b>Attachment 1</b> )  |                 |              |
| Current Status:  | Assembly Appropriations Committee |                 |              |

### What It Did:

This bill creates a Joint Sunset Review Committee in the Legislature that would conduct a comprehensive analysis of every state agency to determine if it is necessary and cost effective.

### Amendments:

The amendments clarify that the Legislature may extend the sunset date of an agency with or without the recommendation of the committee. The amendments also eliminate the Governor's appointments to this legislative committee.

### Recommendation:

Staff do not recommend a change in position at this time.

Attachment

## Memorandum

LC Agenda Item VI.  
May 12, 2010

CBA Agenda Item XII.C.6.  
May 12-13, 2010

To : CBA Members  
Legislative Committee Members

Date : April 19, 2010

Telephone : (916) 561-1792

Facsimile : (916) 263-3678

E-mail : mstanley@cba.ca.gov

From :  Matthew Stanley, Legislation/Regulation Analyst

Subject : Consideration of Amendments to AB 1993

|                  |   |                               |
|------------------|---|-------------------------------|
| Bill Number:     | <b>AB 1993</b>                                    | Board Position: <b>Oppose</b> |
| Author:          | Strickland  |                               |
| Topic:           | State government reports: declarations.           |                               |
| Current Version: | 4/6/2010 ( <b>Attachment 1</b> )                  |                               |
| Current Status:  | 4/20/2010 hearing in Assembly Judiciary Committee |                               |

### What It Did:

This bill requires any report submitted to the Legislature include a signed statement that the contents of the report are true, accurate and complete, and allows a \$20,000 fine for knowingly providing false information.

### Amendments:

The amendments make the provisions only applicable to reports to the Legislature, members of the Legislature, or committees of the Legislature. The amendments expand the scope from state agencies to every entity that submits reports.

### Recommendation:

At its March 2010 meeting the CBA took an Oppose position on AB 1993 based, in large part, on the testimony that was provided by a member of the public that there was already provision in law regarding providing false information to the Legislature. After consulting with counsel, staff have determined that there is a provision against providing false oral testimony to the Legislature, but no provision exists for written reports. The CBA also considered the fact that the head of agency is not defined in AB 1993 when arriving at its position. Due to the revised information, staff recommend that the CBA change its position to either Neutral or Support.

Attachment

## Memorandum

LC Agenda Item VII.  
May 12, 2010

CBA Agenda Item XII.C.7.  
May 12-13, 2010

To : CBA Members  
Legislative Committee Members

Date : April 19, 2010

Telephone : (916) 561-1792

Facsimile : (916) 263-3678

E-mail : mstanley@cba.ca.gov

From :  Matthew Stanley, Legislation/Regulation Analyst

Subject : Consideration of Amendments to AB 2537

|                  |   |                                |
|------------------|---|--------------------------------|
| Bill Number:     | <b>AB 2537</b>                          | Board Position: <b>NEUTRAL</b> |
| Author:          | Silva                                   |                                |
| Topic:           | State government reports: declarations. |                                |
| Current Version: | 4/14/2010 ( <b>Attachment 1</b> )       |                                |
| Current Status:  | Assembly Appropriations Committee       |                                |

### What It Did:

This bill requires agencies which conduct adjudicative proceedings to adopt regulations allowing for the peremptory challenge of an administrative law judge (ALJ).

### Amendments:

The amendments make the provisions only applicable to agencies with more than five ALJs or that do not have an existing system for reviewing requests to disqualify ALJs. As the CBA does not have such a system, AB 2537 would still apply to it.

### Recommendation:

Pending the outcome of CBA Agenda Item XII.B.3. – Consideration of Regulatory Language for Article 98.2 – Peremptory Challenge, staff do not recommend a change in position at this time.

Attachment

## Memorandum

LC Agenda Item VIII.  
May 12, 2010

CBA Agenda Item XII.C.8.  
May 12-13, 2010

To : CBA Members  
Legislative Committee Members

Date : April 19, 2010

Telephone : (916) 561-1792

Facsimile : (916) 263-3678

E-mail : mstanley@cba.ca.gov

From :  Matthew Stanley, Legislation/Regulation Analyst

Subject : Consideration of Amendments to AB 2603

|                  |   |                               |
|------------------|---|-------------------------------|
| Bill Number:     | <b>AB 2603</b>  | Board Position: <b>OPPOSE</b> |
| Author:          | Gaines  |                               |
| Topic:           | Regulations: reductions.  |                               |
| Current Version: | 4/12/2010 ( <b>Attachment 1</b> )                                 |                               |
| Current Status:  | Hearing on 4/20/2010 in Assembly Business & Professions Committee |                               |

### What It Did:

This bill requires state agencies to reduce the number of regulations it imposes by 33%, and provides that any subsequent regulation adopted must also repeal a regulation.

### Amendments:

The amendments require the agency to give priority to eliminating regulations which increase the regulatory burden on businesses. They also require the agency to submit a report to the State Auditor detailing the regulations identified for elimination. The State Auditor must report to the Legislature whether the removal of the regulations will result in a positive impact on the regulatory burden on businesses. The amendments also add a Democrat coauthor.

### Recommendation:

Staff do not recommend a change in position at this time.

Attachment

## Memorandum

LC Agenda Item IX.  
May 12, 2010

CBA Agenda Item XII.C.9.  
May 12-13, 2010

To : CBA Members  
Legislative Committee Members

Date : April 19, 2010

Telephone : (916) 561-1792

Facsimile : (916) 263-3678

E-mail : mstanley@cba.ca.gov

From :  Matthew Stanley, Legislation/Regulation Analyst

Subject : Consideration of Amendments to SB 942

|                  |   |                 |                |
|------------------|---|-----------------|----------------|
| Bill Number:     | <b>SB 942</b>   | Board Position: | <b>NEUTRAL</b> |
| Author:          | Dutton  |                 |                |
| Topic:           | Regulations: review process.                            |                 |                |
| Current Version: | 4/5/2010 ( <b>Attachment 1</b> )                        |                 |                |
| Current Status:  | Hearing on 4/26/2010 in Senate Appropriations Committee |                 |                |

### What It Did:

This bill requires the State Auditor to perform a cost-benefit analysis of all regulations that impose a cost on private persons or business, and if the regulation is not repealed or amended by the adopting agency, to recommend to the Legislature that it enact legislation to amend or repeal the regulation. This bill also requires that all regulations adopted after the bill takes effect be repealed after 10 years unless the State Auditor determines that the benefits outweigh the costs.

### Amendments:

The amendments gut and amend the bill. The bill now creates an Economic Analysis Unit (EAU) within the Office of Administrative Law (OAL). Each agency would be required to submit cost estimates to the EAU as they pertain to proposed regulations. The EAU would be responsible for reviewing these cost estimates should they exceed \$50 million. In addition, a stakeholder may petition the OAL director to instruct the EAU to review a regulation below the \$50 million threshold. The EAU has 50 days to perform its evaluation to determine if the agency's estimate is a fair assessment. If not, it must reject the regulations. If it determines that it is a fair assessment, the regulations may continue with the OAL approval process.

Additionally, each agency must review all regulations adopted prior to 1990 and issue a report to the Legislature by January 1, 2013 that details each regulation's date of approval, purpose, statutory authority, identifies impacted sectors, costs by sector, whether it is duplicative, whether it is relevant, and whether it needs to be updated to be more effective or less burdensome. This report would first be required to be reviewed by the Secretary of the State and Consumer Services Agency for duplicative regulations between its constituent agencies.

**Consideration of Amendments to SB 942**  
**Page 2 of 2**

This report would be required to be repeated every five years covering regulations that are at least 20 years old and were not reviewed in the last 10 years under this law.

**Recommendation:**

This bill could add 50 days to the time it takes for a regulation to be approved. In addition, much of the required cost analysis would be duplicative of the already existing Form 399- Economic and Fiscal Impact Statement which is reviewed by CBA management, Department of Consumer Affairs' Budget Office, the State and Consumer Services Agency Secretary, and the Department of Finance. Finally, the staff time required to review and compile the required report (especially the initial report) would be significant for a small agency like the CBA; it would be overwhelming for larger agencies with a significant amount of regulations. Staff recommend that the CBA change its position to Oppose.

Attachment

## Memorandum

LC Agenda Item X.  
May 12, 2010

CBA Agenda Item XII.C.10.  
May 12-13, 2010

To : CBA Members  
Legislative Committee Members

Date : April 20, 2010

Telephone : (916) 561-1792

Facsimile : (916) 263-3678

E-mail : mstanley@cba.ca.gov

From :  Matthew Stanley, Legislation/Regulation Analyst

Subject : Consideration of Amendments to SB 1111

|                  |  |                 |                |
|------------------|--|-----------------|----------------|
| Bill Number:     | <b>SB 1111</b>   | Board Position: | <b>SUPPORT</b> |
| Author:          | Negrete-McLeod   |                 |                |
| Topic:           | Health boards: enforcement.                                    |                 |                |
| Current Version: | 4/12/2010  |                 |                |
| Current Status:  | Senate Business, Professions, & Economic Development Committee |                 |                |

### What It Did:

This bill establishes the Consumer Health Care Enforcement Reform Act which makes several changes in the way enforcement matters are handled by healing arts boards in order to reduce the timeframes for enforcement actions. Several of the provisions in SB 1111 are similar to what is expected to be in the professional services and vocational trades enforcement legislation that will be introduced next year.

### Amendments:

The amendments do the following:

- Add the State Board of Chiropractic Examiners to the list of healing arts boards.
- Change the recoverable amount in a decision from actual costs of investigation, prosecution and enforcement to reasonable costs.
- Require healing arts board licensees who are arrested and charged with a misdemeanor or felony to inform law enforcement and the court that he or she is a licensee of a healing arts board.
- Authorize the executive officer to adopt a proposed settlement agreement where the licensee has agreed to revocation as well as surrender of license.
- Delete a provision authorizing the executive officer to seek a temporary cease practice order from the Director of the Department of Consumer Affairs (DCA) when a licensee fails to comply with a request to inspect or copy records.
- Establish the evidentiary threshold for the Director to issue a cease practice order as a preponderance of the evidence that the licensee is an imminent risk to the public.

## Consideration of Amendments to SB 1111

Page 2 of 2

- Require the healing arts boards to submit licensee information to specified national databases and to search those databases prior to licensure of an applicant.
- Authorize healing arts boards to automatically suspend the license of a licensee who also has an out-of-state license that is suspended or revoked.
- Delete a provision allowing the DCA to adjust healing arts boards regulatory fees consistent with the California Consumer Price Index.
- Establish the Emergency Health Care Enforcement Reserve Fund and require that any moneys in a healing arts board fund in excess of four months reserve be transferred to the fund for enforcement purposes. The fund would be administered by DCA. DCA is permitted, with approval of the board, to loan one board's moneys in this fund to another for enforcement purposes.
- Allow a healing arts board to lower its fees by resolution in order to reduce its reserves to an amount below the maximum allowed by law.
- Make other minor changes.

### **Recommendation:**

Staff recommend that the CBA maintain its Support position.

Attachment

## Memorandum

LC Agenda Item XI.  
May 12, 2010

CBA Agenda Item XII.C.11.  
May 12-13, 2010

To : CBA Members  
Legislative Committee Members

Date : April 19, 2010

Telephone : (916) 561-1792

Facsimile : (916) 263-3678

E-mail : mstanley@cba.ca.gov

From :  Matthew Stanley, Legislation/Regulation Analyst

Subject : Consideration of Amendments to SB 1171

|                  |                                  |                 |              |
|------------------|----------------------------------|-----------------|--------------|
| Bill Number:     | <b>SB 1171</b>                   | Board Position: | <b>WATCH</b> |
| Author:          | Negrete-McLeod                   |                 |              |
| Topic:           | Health boards: enforcement.      |                 |              |
| Current Version: | 4/5/2010 ( <b>Attachment 1</b> ) |                 |              |
| Current Status:  | Senate Rules Committee           |                 |              |

### What It Did:

This bill revises the current sunset review process to eliminate the Joint Committee and allows the individual policy committees to hold sunset review hearings, and requires that a board which sunsets have its board reconstituted.

### Amendments:

The amendments simply add massage certification law and common interest development manager certification to the list of agencies that must undergo sunset review.

### Recommendation:

Staff recommend that the CBA not change its position at this time.

Attachment

## Memorandum

LC Agenda Item XII.  
May 12, 2010

CBA Agenda Item XII.C.12.  
May 12-13, 2010

To : CBA Members  
Legislative Committee Members

Date : April 20, 2010

Telephone : (916) 561-1792

Facsimile : (916) 263-3678

E-mail : mstanley@cba.ca.gov

From :  Matthew Stanley, Legislation/Regulation Analyst

Subject : Consideration of Amendments to SB 1351

|                  |   |                 |                |
|------------------|---|-----------------|----------------|
| Bill Number:     | <b>SB 1351</b>                                    | Board Position: | <b>SUPPORT</b> |
| Author:          | Wright  |                 |                |
| Topic:           | State agencies: regulation adoption requirements. |                 |                |
| Current Version: | 4/5/2010 ( <b>Attachment 1</b> )                  |                 |                |
| Current Status:  | Senate Rules Committee                            |                 |                |

### What It Did:

This bill revises the definition of "clarity" for the approval of regulations to include that all forms and implementation schedules needed for compliance are included in the regulation.

### Amendments:

The amendments gut and amend the bill. SB 1351 now requires any agency that adopts regulations that require the use of technology or equipment to post that such equipment or technology is or will be commercially available prior to the effective date of the regulation. If it is not available, the agency is prevented from enforcing the regulation until at least six months after it becomes available.

The bill further requires that agencies make any forms, implementation schedules or procedures needed for compliance available to the public by the time the agency adopts the final regulations. If they are not available, the agency is prevented from enforcing the regulation until at least six months after it becomes available.

### Recommendation:

While the first part of this bill is unlikely to have much impact on the CBA, the second part of this bill would have an effect every time the CBA requires a form through its regulations. Staff recommend that the CBA not change its position at this time.

Attachment

## Memorandum

LC Agenda Item XIII.  
May 12, 2010

CBA Agenda Item XII.C.13.  
May 12-13, 2010

To : CBA Members  
Legislative Committee Members

Date : April 20, 2010

Telephone : (916) 561-1792

Facsimile : (916) 263-3678

E-mail : mstanley@cba.ca.gov

From :  Matthew Stanley, Legislation/Regulation Analyst

Subject : Consideration of Amendments to SB 1490

|                  |   |                 |                |
|------------------|---|-----------------|----------------|
| Bill Number:     | <b>SB 1490</b>  | Board Position: | <b>SUPPORT</b> |
| Author:          | Senate Business, Professions & Economic Development Committee |                 |                |
| Topic:           | Urgency omnibus legislation.                                  |                 |                |
| Current Version: | 4/12/2010 ( <b>Attachment 1</b> )                             |                 |                |
| Current Status:  | Senate Business, Professions & Economic Development Committee |                 |                |

### What It Did:

Along with some non-CBA provisions, this bill removes the sunset date on the Practice Privilege Program and contains an urgency clause.

### Amendments:

The amendments remove the non-CBA provisions. Additionally, they change the requirement that the CBA hold a hearing to consider the California Research Bureau (CRB) Report on the 150-hour rule by September 1, 2010, to require that the CBA hold that hearing within 6 months after the report is issued.

### Recommendation:

The CRB did not issue the report in time for the CBA to meet the requirements of this provision in SB 819. Therefore, committee staff have changed the hearing date to accommodate the delay at CRB. Staff recommend that the CBA maintain its Support position.

Attachment

## Memorandum

CBA Agenda Item XII.D.2.  
May 12-13, 2010

To : CBA Members

Date : April 29, 2010

Telephone : (916) 561-4310  
Facsimile : (916) 263-3672  
E-mail : dfranzella@cba.ca.gov

From : Dominic Franzella, Manager  
Renewal/Continuing Competency & Client Services Units

Subject : Update on AEC Timeline

Attached for your review is an implementation plan containing a timeline for activities brought on by Senate Bill (SB) 819, specifically related to the Accounting Education Committee (AEC) and 20 units of accounting study. Staff originally circulated an implementation plan for SB 819 that looked at all aspects of the bill. With the AEC having held its inaugural meeting in Sacramento on April 8, 2010, staff have developed an implementation plan and timeline specific to the AEC and the 20 units of accounting study.

The attached implementation plan and timeline provides an overview of the tasks that will be undertaken by staff, AEC and CBA members over the course of the development of the new 20 units of accounting study required for licensure beginning January 1, 2014. The plan includes a tentative AEC meeting schedule, due date for AEC recommendations for regulations to the CBA, a rulemaking timeline, and an overview of outreach activities that will encompass all changes resulting from the elimination of Pathway 1.

As the AEC continues its work in the coming months, the timeline will be updated to include additional and more specific meeting dates. Mr. Ruben Davila, AEC Chair, will be present at the May 13, 2010 CBA meeting to report on the first meeting of the AEC.

Attachment



**DEPARTMENT OF CONSUMER AFFAIRS**  
**CALIFORNIA BOARD OF ACCOUNTANCY**  
 2000 EVERGREEN STREET, SUITE 250  
 SACRAMENTO, CA 95815-3832  
 TELEPHONE: (916) 263-3680  
 FACSIMILE: (916) 263-3675  
 WEB ADDRESS: <http://www.cba.ca.gov>



**CBA Agenda Item XII.D.2.**  
**May 12-13, 2010**

**ACCOUNTING EDUCATION COMMITTEE TIMELINE**

**DEVELOPED BY:** Licensing Division

| TASK      | TASK NAME   | START DATE      | FINISH DATE     | RESPONSIBLE PARTY | STATUS/COMMENTS   | "X" WHEN COMPLETED |
|-----------|---|-----------------|-----------------|-------------------|---|--------------------|
| <b>1.</b> | <b>ESTABLISH THE ACCOUNTING EDUCATION COMMITTEE (AEC)</b> |                 |                 |                   |   |                    |
| 1.1       | Recruit members for the Accounting Education Committee.   | December 2009   | March 2010      | CBA Members       | The CBA appointed members for this committee at the March 2010 CBA Meeting.   | <b>X</b>           |
| 1.2       | Accounting Education Committee sunsets.                   | January 1, 2012 | January 1, 2012 | SB 819            |   |                    |
| <b>2.</b> | <b>AEC MEETING SCHEDULE</b>                               |                 |                 |                   |   |                    |
| 2.1       | First Meeting   | April 8, 2010   | April 8, 2010   | AEC Members       | The AEC Chair will report on the discussions of the AEC at each CBA meeting. CBA members will have the opportunity to provide direction to the AEC. | <b>X</b>           |
| 2.2       | Second Meeting  | June 2010       | June 2010       | AEC Members       | The second meeting is tentatively scheduled for this month.   |                    |
| 2.3       | Third Meeting   | July 2010       | July 2010       | AEC Members       | The third meeting is tentatively scheduled for this month.  |                    |

**Implementation Plan: Accounting Education Committee Timeline**

Page 2 of 4

| <b>ACCOUNTING EDUCATION COMMITTEE TIMELINE</b> |  |                                   |                                    |                          |   |                           |
|--|--|-----------------------------------|------------------------------------|--------------------------|---|---------------------------|
| <b>DEVELOPED BY: <u>Licensing Division</u></b> |  |                                   |                                    |                          |   |                           |
| <b>TASK #</b>                                  | <b>TASK NAME</b>   | <b>ASSIGNED OR START DATE (1)</b> | <b>DUE DATE OR FINISH DATE (1)</b> | <b>RESPONSIBLE PARTY</b> | <b>% COMPLETED/STATUS/COMMENTS</b>  | <b>"X" WHEN COMPLETED</b> |
| 2.4  | Fourth Meeting   | August 2010                       | August 2010                        | AEC Members              | The fourth meeting is tentatively scheduled for this month.   |                           |
| 2.5  | Additional Meetings  | TBD                               | TBD                                | AEC Members              | It is expected the AEC may require further meetings to be scheduled beyond the three meetings tentatively scheduled for the summer of 2010, including two final meetings to be held in conjunction with CBA meetings. |                           |
| <b>3.</b>                                      | <b>RULEMAKING ACTIVITIES ASSOCIATED WITH 20 UNITS OF ACCOUNTING STUDY</b>                |                                   |                                    |                          |   |                           |
| 3.1  | Draft regulations regarding the 20 units of accounting study to be submitted to the CBA. | April 8, 2010                     | No later than June 2011            | AEC Members/Staff        | Staff have placed this date as a place holder since it will provide sufficient time to have the CBA adopt regulations by January 1, 2012 as required by SB 819.   |                           |
| 3.3  | CBA members review draft regulations.  | July 2011                         | July 2011                          | CBA Members              | If necessary, the language can be brought back to the CBA at the September 2011 meeting for further consideration.  |                           |

**Implementation Plan: Accounting Education Committee Timeline**

Page 3 of 4

| <b>ACCOUNTING EDUCATION COMMITTEE TIMELINE</b>   |   |                               |                                |                   |   |                       |
|--|---|-------------------------------|--------------------------------|-------------------|---|-----------------------|
| <b>DEVELOPED BY:</b> <u>                                Licensing Division                                </u> |   |                               |                                |                   |   |                       |
| TASK #   | TASK NAME   | ASSIGNED OR<br>START DATE (1) | DUE DATE OR<br>FINISH DATE (1) | RESPONSIBLE PARTY | % COMPLETED/STATUS/COMMENTS   | "X" WHEN<br>COMPLETED |
| 3.4  | Prepare initial rulemaking file, file notice of proposed rulemaking, and hold public hearing.   | July<br>2011                  | November<br>2011               | CBA Members/Staff | This will include noticing the proposed regulations, providing a public comment period and conducting a public hearing. |                       |
| 3.5  | Finalize rulemaking materials.  | November<br>2011              | No later than<br>October 2012  | Staff             | CBA has one year from the date the notice is filed to have the regulations approved by OAL.                             |                       |
| <b>4.</b>  | <b>OUTREACH ACTIVITIES (will be performed in conjunction with 10 units of ethics education developed with the recommendations of the Ethics Curriculum Committee)</b> |                               |                                |                   |   |                       |
| 4.1  | Post meeting notice, agenda, meeting materials and notice of webcast for the April 8, 2010 meeting to the Web site  | March 29,<br>2010             | March 29,<br>2010              | Staff             | The materials for each meeting will be posted on the CBA Web site   | <b>X</b>              |
| 4.2  | Send an E-News notification regarding the availability of the April 8, 2010 meeting materials on the Web site.  | March 30,<br>2010             | March 30,<br>2010              | Staff             | This will be repeated for each subsequent meeting.  | <b>X</b>              |
| 4.3  | AEC Members will discuss outreach and provide suggestions and guidance to staff.  | Final AEC<br>Meeting          | Final AEC<br>Meeting           | AEC Members       |   |                       |

**Implementation Plan: Accounting Education Committee Timeline**

Page 4 of 4

| ACCOUNTING EDUCATION COMMITTEE TIMELINE |   |                            |                             |                   |  |                    |
|---|---|----------------------------|-----------------------------|-------------------|--|--------------------|
| DEVELOPED BY: <u>Licensing Division</u> |   |                            |                             |                   |  |                    |
| TASK #                                  | TASK NAME                               | ASSIGNED OR START DATE (1) | DUE DATE OR FINISH DATE (1) | RESPONSIBLE PARTY | % COMPLETED/STATUS/COMMENTS  | "X" WHEN COMPLETED |
| 4.4                                     | UPDATE articles                         | Spring 2010                | TBD                         | Staff             | Articles will be run in various UPDATE publications informing licensees about the sunset of Pathway 1.   |                    |
| 4.5                                     | Outreach to college/universities.       | 2012                       | TBD                         | CBA Members/Staff | These will include letters and possibly visits to go over the new requirements that will take effect January 1, 2014.  |                    |
| 4.6                                     | Outreach to professional organizations. | 2010                       | TBD                         | Staff             | Staff will work closely with organizations such as the California Society of Certified Public Accountants and the Society of California Accountants to create a network to inform potential applicants about the sunset of Pathway 1 and new licensure requirements taking effect January 1, 2014. |                    |



**DEPARTMENT OF CONSUMER AFFAIRS**  
**CALIFORNIA BOARD OF ACCOUNTANCY**  
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**CBA Agenda Item XIV.A.**  
**May 12-13, 2010**

**DEPARTMENT OF CONSUMER AFFAIRS**  
**CALIFORNIA BOARD OF ACCOUNTANCY (CBA)**

**DRAFT**  
**04-29-10**

**MINUTES OF THE**  
**MARCH 25-26, 2010**  
**CBA MEETING**

The Crowne Plaza San Jose  
 282 Almaden Blvd.  
 San Jose, CA 95113  
 Telephone: (408) 998-0400  
 Facsimile: (408) 289-9801

Roll Call and Call to Order.

California Board of Accountancy (CBA) President Manuel Ramirez called the meeting to order at 1:01 p.m. on Thursday, March 25, 2010 at the Crowne Plaza. The CBA members heard Agenda Items I – III. The CBA members convened into executive closed session at 2:18 p.m. to deliberate Agenda Item III.A., and into closed session at 3:10 p.m. to deliberate Agenda Items III.B – F. The meeting reconvened into open session at 3:35 p.m., and the meeting adjourned at 5:11 p.m. CBA President Ramirez reconvened the meeting to order at 9:00 a.m. on Friday, March 26, 2010, and the meeting adjourned at 11:51 a.m.

CBA Members

March 25, 2010

|                                     |                        |
|-------------------------------------|------------------------|
| Manuel Ramirez, President           | 1:01 p.m. to 5:11 p.m. |
| Sally Anderson, Vice President      | 1:01 p.m. to 5:11 p.m. |
| Marshal Oldman, Secretary-Treasurer | 1:01 p.m. to 5:11 p.m. |
| Diana Bell                          | 1:01 p.m. to 5:11 p.m. |
| Rudy Bermudez                       | Absent.                |
| Michelle Brough                     | 1:01 p.m. to 5:11 p.m. |
| Angela Chi                          | 1:01 p.m. to 5:11 p.m. |
| Donald Driftmier                    | 1:01 p.m. to 5:11 p.m. |
| Herschel Elkins                     | Absent.                |
| Louise Kirkbride                    | 1:01 p.m. to 5:11 p.m. |
| Leslie LaManna                      | 1:01 p.m. to 5:11 p.m. |
| Robert Petersen                     | 1:01 p.m. to 4:35 p.m. |
| David Swartz                        | 1:01 p.m. to 5:11 p.m. |
| Lenora Taylor                       | 1:01 p.m. to 5:11 p.m. |
| Andrea Valdez                       | Absent.                |

CBA Members

March 26, 2010

|                                     |                         |
|-------------------------------------|-------------------------|
| Manuel Ramirez, President           | 9:00 a.m. to 11:51 a.m. |
| Sally Anderson, Vice President      | 9:00 a.m. to 11:51 a.m. |
| Marshal Oldman, Secretary-Treasurer | 9:00 a.m. to 11:51 a.m. |
| Diana Bell                          | 9:00 a.m. to 11:51 a.m. |
| Rudy Bermudez                       | Absent.                 |
| Michelle Brough                     | 9:00 a.m. to 11:51 a.m. |
| Angela Chi                          | 9:00 a.m. to 11:51 a.m. |
| Donald Driftmier                    | 9:00 a.m. to 11:51 a.m. |
| Herschel Elkins                     | Absent.                 |
| Louise Kirkbride                    | 9:00 a.m. to 11:51 a.m. |
| Leslie LaManna                      | 9:00 a.m. to 11:51 a.m. |
| Robert Petersen                     | 9:00 a.m. to 11:51 a.m. |
| David Swartz                        | 9:00 a.m. to 11:51 a.m. |
| Lenora Taylor                       | 9:00 a.m. to 11:51 a.m. |
| Andrea Valdez                       | Absent.                 |

Staff and Legal Counsel

Patti Bowers, Executive Officer  
Dan Rich, Assistant Executive Officer  
Rich Andres, Information Technology Staff  
Veronica Daniel, Executive Analyst  
Gary Duke, Legal Counsel, Department of Consumer Affairs (DCA)  
Paul Fisher, Supervising Investigative CPA  
Dominic Franzella, Manager, Licensing  
Scott Harris, Deputy Attorney General, Department of Justice  
Lauren Hersh, Information and Planning Officer  
Vincent Johnston, Special Projects Analyst  
Deanne Pearce, Chief, Licensing Division  
Matthew Stanley, Legislation/Regulation Analyst

Committee Chairs and Members

Cheryl Gerhardt, Vice Chair, Enforcement Advisory Committee (EAC)  
Fausto Hinojosa, Chair, Qualifications Committee (QC)  
Harish Khanna, Chair, EAC

Other Participants

Mary-Margaret Anderson, Administrative Law Judge (ALJ)  
John Cumming  
Gil DeLuna, DCA  
Ed Howard, Center for Public Interest Law (CPIL)  
Sarina Mohan, CPIL  
Gregory Newington, Subject Matter Expert

Carl Olson  
Pilar Onate-Quintana, KP Public Affairs, Deloitte, KPMG, PWC, E&Y, GT  
Joe Petito, The Accountants Coalition, E&Y, DT, PWC, KPMG, GT  
Angelo Rosa, Counsel for Petitioner  
Joseph Rosa, Petitioner  
Jonathan Ross, KP Public Affairs, Deloitte, KPMG, PWC, E&Y, GT  
Jeannie Tindel, California Society of Certified Public Accountants (CalCPA)

I. Roll Call and Call to Order.

CBA President Ramirez called the meeting to order at 1:01 p.m. on Thursday, March 25, 2010.

II. Petitions, Stipulations, and Proposed Decisions [Closed Session Government Code Section 11126(c)(3)] Petition Hearings are Public Before the CBA with a Subsequent Closed Session.

A. Bernard Joseph Rosa Jr. – Petition for Reinstatement of Revoked Certificate.

Mr. Rosa appeared before the CBA members to petition for reinstatement of his revoked certificate.

ALJ Mary-Margaret Anderson and the CBA members heard the petition and convened into executive closed session to deliberate the matter. ALJ Anderson will prepare the decision.

B. Richard DeLap – Stipulated Settlement.

C. Christopher Gruys – Stipulated Settlement.

D. Jay J. Shapiro – Stipulated Settlement.

E. Alex Domantay – Stipulated Settlement.

F. Deborah M. McEwan – Stipulated Settlement.

CBA members considered agenda items II.B.-F. in closed session.

III. Report of the President.

A. Update on California Research Bureau (CRB) Study.

Ms. Bowers stated the CRB study report is not yet available. After speaking with Toby Ewing, Director of the CRB, he indicated the report would be completed in approximately 30 days. Ms. Bowers further stated it is anticipated that this item will come before the CBA members at the July 2010 CBA meeting.

B. Consideration of Increasing the Number of Accounting Education Committee (AEC) Members.

**It was moved by Ms. LaManna, seconded by Ms. Brough and unanimously carried by those present to increase the number of AEC members from seven to nine.**

C. AEC Appointments.

Mr. Ramirez expressed thanks to Ms. Anderson for her efforts throughout the AEC applicant review and recommendation process.

**It was moved by Mr. Petersen, seconded by Ms. Taylor and unanimously carried by those present to adopt the recommended AEC appointments.**

D. Ethics Curriculum Committee (ECC) Appointment.

Mr. Ramirez stated that the recommendation to have Mr. Driftmier serve on both the AEC and ECC was based on the importance of not having overlap between the two committees.

Mr. Petersen stated that the AEC and ECC are legislative committees and that avoiding overlap may narrow the capacity of getting the most out of the committees.

Ms. Anderson stated it makes sense from an efficiency stand point to have one person serve on both committees in order to create dialog between the two, and ensures effective reporting back to the CBA.

Mr. Petersen stated that having more CBA members involved in these activities would benefit the health of the CBA.

**It was moved by Ms. Bell, seconded by Mr. Swartz and unanimously carried by those present to adopt the recommended appointment of Mr. Donald Driftmier to the ECC.**

Mr. Driftmier stated he is appreciative of Mr. Petersen's comments and is sensitive to the purpose of the committees and that his actions will be reflective of the legislative intent.

E. Peer Review Oversight Committee (PROC) Appointments.

Mr. Ramirez stated that staff is continuing efforts in recruiting for the positions on the PROC.

Ms. Anderson stated that some of the applications received did not reflect

certain PROC membership requirements were being met. Ms. Anderson further stated that staff is reaching out to the candidates and requesting further information.

F. Proposed 2011 CBA Meeting Dates.

Mr. Ramirez suggested taking the legislative calendar into consideration when scheduling future meeting locations.

The CBA members further discussed this matter and it was determined that the meeting in May 2011 would be held in Sacramento, and the July 2011 meeting would be held in Southern California to accommodate when the Legislature is in session.

G. Update on Peer Review Implementation.

This item was deferred to take place after Agenda Item III.H.

H. Discussion of Restatements as an Enforcement Tool.

Mr. Newington provided an overview of the memorandum for this item (**See Attachment \_\_\_**).

Mr. Ramirez inquired regarding the effectiveness of utilizing restatements as an enforcement tool. Mr. Newington stated that due to the limited resources in enforcement, it is in the CBA's best interest to address the complaints received from consumers, rather than utilizing restatements as an enforcement tool.

The CBA members further discussed this matter and the legislative process that would need to take place in order to eliminate the restatement reporting requirement.

Mr. Olson stated that it seems as though there is no study or analysis on record for restatements and it would be difficult to go back and perform a study considering the information is not retained by the CBA. Mr. Olson stated that a lack of staffing may be a reason why restatements have not been used as an enforcement tool. Mr. Olson stated the importance of the restatement chart as a consumer education tool.

Ms. Anderson stated that a number of restatements come from public companies, which are audited by the Public Companies Accounting Oversight Board, and this should be a safeguard to consider.

**It was moved by Mr. Petersen, seconded by Mr. Swartz and unanimously carried by those present to direct staff to move forward with the elimination of the requirement of restatements by next year.**

CBA members heard Agenda Item III. G. – Update on Peer Review Implementation.

Mr. Franzella provided an overview of the memorandum for this item **(See Attachment \_\_ )**.

Mr. Ramirez requested staff research options to determine whether the CBA can identify the firms that choose to opt-out from having their peer review reporting information posted on AICPA's Web site.

IV. Report of the Vice President.

A. EAC Appointment.

**It was moved by Mr. Swartz, seconded by Ms. Taylor and unanimously carried by those present to adopt the recommended appointment of Mary Rose Caras to the EAC. Mr. Petersen was temporarily absent.**

V. Report of the Secretary/Treasurer.

A. Discussion of Governor's Budget.

1. California Medical Association (CMA) Lawsuit.

This item was deferred to take place after Agenda Item V.B.

B. FY 2009/2010 Mid-Year Financial Statement.

Mr. Oldman provided an overview of the memorandum for this item **(See Attachment \_\_ )**.

Mr. Ramirez recommended including the interest on the reserve fund balance on future financial statements. Mr. Rich stated there is a footnote stating the amount of interest that is being paid on various loans.

CBA members discussed the Alameda Superior Court ruling to discontinue furloughs. Ms. Bowers stated the CBA is awaiting direction from the DCA regarding this matter.

Mr. Swartz stated the CMA lawsuit was thrown out of the trial court level. Ms. Hersh stated it is her knowledge that the CMA has not yet decided whether or not it will appeal the ruling.

C. Discussion Regarding Options for License Renewal Fee Reduction.

Mr. Rich provided an overview of the memorandum for this item

(See Attachment \_\_ ).

**It was moved by Mr. Swartz, seconded by Mr. Ramirez and unanimously carried by those present to lower the licensing renewal fee to one hundred twenty dollars and the delinquency fee to sixty dollars for a term of four years. Mr. Petersen was temporarily absent.**

**It was moved by Ms. Brough, seconded by Ms. LaManna and unanimously carried by those present to adopt option one of the regulatory language (See Attachment \_\_ ) relating to the licensing renewal fee reduction. Mr. Petersen was temporarily absent.**

Ms. Kirkbride suggested notifying the public and informing them of the fee reduction.

VI. Report of the Licensing Chief.

A. Report on Licensing Division Activity.

Ms. Pearce reported that it is a priority to maintain reduced processing time frames for the examination and initial licensing units.

Ms. Pearce stated that information regarding continuing education was recently posted to the CBA Web site and that additional information will be provided in the next UPDATE publication.

Ms. Pearce stated two regulatory review course providers were approved, three were sent back to the provider for course revisions, and one recent submission is currently under review

Ms. Pearce stated two site visits of Prometric testing centers were completed and it is anticipated that all sites are to be evaluated by the end of 2010. Ms. Pearce further stated the tri-party agreement between NASBA, AICPA, and Prometric for computer based testing services for the Uniform CPA Examination was extended to 2024.

Ms. Kirkbride inquired regarding the five percent reduction in applications received for licensure and if we are seeing a downward trend. Ms. Pearce stated there are highs and lows and that research will be conducted regarding this data.

VII. Report of the Enforcement Chief.

A. Report on Status of Enforcement Matters.

1. Activity and Status Report.

Mr. Fisher stated there is a new reporting format as part of the DCA's Consumer Protection Enforcement Initiative. Mr. Fisher provided an overview of the new Enforcement Case Activity and Status Report (**See Attachment \_\_** ).

Mr. Ramirez stated concern for the number of days associated with the decision on stipulations, and what steps the CBA may take in order to reduce this time frame. Ms. Bowers stated there are a couple initiatives that staff is working on internally, as well as a couple initiatives with the DCA to further reduce the processing time frames. Ms. Bowers stated that some of these activities will include establishing performance measures with the Attorney General's Office, options for mail voting, and some additional internal activities to supplement internal resources.

Mr. Ramirez inquired if there is a point where the CBA would move forward with non-stipulated actions in efforts of public protection. Mr. Newington stated that there are often times when a case may be prolonged for various reasons beyond the control of the CBA. Ms. Kirkbride suggested that these cases may be placed in a separate category in terms of reporting.

Ms. Kirkbride inquired if there is a determined case load for CBA staff. Ms. Bowers stated this would be difficult to assess considering vacancies are currently being filled, and training is in process. Ms. Bowers stated the CBA may be in a better place to provide an estimate for this inquiry in six months from now.

## 2. Major Case Summary

Mr. Newington reported that there are three open matters in the major case category as of February 24, 2010.

Mr. Ramirez inquired regarding the estimated time frame for conclusion of these matters. Mr. Newington stated some will be within the next 60 to 90 days, and the remaining cases if they go to hearing, may take another nine months to a year to resolve.

## 3. Report on Citations and Fines.

Mr. Fisher reported that as of February 25, 2010, 19 fines had been issued for \$24,400. Mr. Fisher stated that "practice without a permit" generates the most fines. Mr. Fisher stated the CBA is seeing an increase of Continuing Education (CE) violations due to recently instituted CE audits.

Ms. Anderson requested feedback regarding any consistent themes as result of the CE audits.

Ms. Taylor inquired regarding the definition of “uncollectable” violations. Mr. Fisher stated in most cases these violations are where the licensee is in a revoked status, and it is assumed that there is no intention of repayment.

4. Reportable Events Report.

Mr. Fisher reported that from the period of July 1, 2009 to February 5, 2010, 171 reportable events had been received; 133 of those reportable events are restatements.

VIII. Public Comments.

Mr. Olson presented a written statement (**See Attachment \_\_\_**).

Mr. Ramirez expressed appreciation to Mr. Olson for his efforts in contacting Senator Fran Pavley’s office to promote awareness of the staffing concerns within the CBA’s enforcement division.

Mr. Ramirez thanked Mr. Olson for his comments.

IX. Roll Call and Call to Order.

CBA President Ramirez called the meeting to order at 9:00 a.m. on Friday, March 26, 2010.

X. Report of the Executive Officer.

A. DCA Director’s Report.

Mr. DeLuna stated he was in attendance on behalf of DCA Director, Brian Stiger.

Mr. DeLuna stated the DCA is seeking support from the CBA of Senate Bill 1111 relating to its Consumer Protection Enforcement Initiative.

Mr. DeLuna stated the BreEZe program is currently on hold due to the outcome of a budget hearing, however, the DCA is testing a pilot program that will pilot online licensing payments for renewals.

Mr. DeLuna thanked the CBA for webcasting its meeting and providing meeting materials online. Mr. DeLuna stated the DCA is requesting board support to use state-owned facilities for its meetings in efforts of cost savings.

Mr. Ramirez inquired if there were any available meeting rooms at the State Capitol. Mr. DeLuna stated he would provide follow up information

to Ms. Bowers.

Mr. DeLuna stated the DCA had a meeting scheduled to discuss the CBA's Investigative CPA positions and is in support of instituting an additional exam to maintain an ongoing list of applicants.

Ms. Kirkbride expressed concern that the BreEZe program was placed on hold. Mr. DeLuna reiterated that a pilot program for online renewal payments via credit card is in process and that he would provide an update regarding progress of the pilot program at a later date.

Ms. Kirkbride inquired if the CBA could move forward with implementing its own program.

Mr. Ramirez inquired as to how long the BreEZe program would be on hold. Mr. DeLuna stated this information is currently unknown.

Mr. Ramirez inquired if it would be appropriate for the CBA to seek an internal solution for a system to accept credit card payments. Mr. DeLuna suggested waiting for the results of the DCA pilot program.

Mr. Ramirez requested further information relating to the status of the BreEZe program and the results of the DCA pilot program.

B. DCA Legal Office Guidance on Handling Abandoned Records.

Mr. Duke provided an overview of the memorandum for this item **(See Attachment \_\_)**. Mr. Duke suggested it is in the best interest of the CBA to continue its current practice of not taking possession of abandoned records.

CBA members discussed this matter and there was a consensus that the CBA would maintain its current policy.

C. 2010-2012 CBA Communications and Outreach Plan.

Ms. Hersh presented the memorandum for this item **(See Attachment \_\_)**.

Mr. Ramirez requested CBA staff provide updates to the goals in the Communications and Outreach Plan at future CBA meetings.

Ms. Kirkbride inquired if this information is available to the public for awareness. Ms. Hersh stated this information is available on the CBA Web site; however, the Information Technology Unit is working on making this feature more user friendly.

D. CBA Member Ambassador Program.

Mr. Johnston presented the memorandum for this item **(See Attachment \_\_)**.

Ms. LaManna stated that this program is a great idea, and it allows there to be one voice for the CBA. Ms. Anderson concurred with Ms. LaManna.

Ms. Bowers stated that staff will move forward in making this program a priority and assess how soon it may be implemented.

Mr. Ramirez then introduced Mr. Ruben Davila, recently appointed Chair of the AEC.

E. Report on Hearing of Assembly Committee on Accountability and Administrative Review.

Ms. Bowers stated the Assembly Committee on Accountability and Administrative Review met with several agencies to discuss reports on excess spending. Ms. Bowers stated the committee's main focus was on state contracting and procurement, furniture purchasing, conferences and meetings expenses, and vehicle purchases. Ms. Bowers stated the focus with the DCA was primarily on conferences and outside meeting expenses. Ms. Bowers stated the committee was pleased with the information DCA provided, but encouraged DCA to further decrease its spending in these areas. Ms Bowers further stated that CBA staff are taking steps in order to meet the expectations of the committee and the DCA where appropriate (**See Attachment \_\_\_**).

F. Compliance with DCA Travel Guidelines.

Mr. Rich provided an overview of the memorandum for this item (**See Attachment \_\_\_**). Mr. Rich stated the purpose of bringing this information to CBA members is to ensure costs are not incurred that may not be reimbursable. Mr. Rich stated CBA staff are available to assist with inquiries as needed.

Mr. Ramirez stated there has been a lot of scrutiny lately regarding travel and asked CBA members to review the DCA Travel Guide to ensure future compliance with guidelines.

G. Conference Attendance Requirements.

Mr. Rich stated there is a Conference Attendance Request form introduced by the DCA that is to be submitted for approval prior to attending any conference where the registration fee is in excess of \$50, or if two or more board members are attending that conference. Mr. Rich stated this information was previously distributed in the Executive Officer's Monthly Report. Mr. Rich further stated that staff are available to assist with completing this form for any future conferences that CBA members are planning to attend.

H. Educational Presentation – Form 700 Statement of Economic Interests.

Mr. Duke provided an overview of the Form 700 Statement of Economic Interests and stated that April 1, 2010 is the deadline for reporting.

Mr. Ramirez requested CBA members to review the information provided and to forward questions to Mr. Duke.

I. Informational Presentation on Settlement Agreement between D. Edson Clark, CPA et al. and the Washington State Board of Accountancy.

Mr. Duke stated in October 2009, the Washington State Board of Accountancy entered into a stipulated settlement in which it paid \$500,000 in order to settle seven lawsuits and 15 public records disputes.

Mr. Duke provided an overview of the series of events surrounding the dispute between Accountant D. Edson Clark and Washington State Board of Accountancy Director Rick Sweeney.

Mr. Duke provided further details surrounding the settlement, stating that the Washington State Board has a two-year budget of \$3 million and that the settlement for \$500,000 will have a significant impact on the Board.

J. New Method of Distributing Agenda Materials to Interested Parties.

Mr. Johnston provided an overview of the memorandum for this item **(See Attached \_\_)**.

Mr. Petersen suggested charging a fee to individuals who request to receive paper copies of CBA meeting materials.

**It was moved by Mr. Petersen, seconded by Mr. Oldman and unanimously carried by those present to charge a fee associated with requests to receive paper meeting materials, and to direct staff to research and determine a reasonable cost for consideration at a future CBA meeting.**

Ms. Kirkbride acknowledged Ms. Bowers for implementing quarterly themes within the CBA office.

Ms. Bowers stated staff is continuing to research ideas to implement a paperless materials option for CBA members in the future.

K. Update on Current Projects List.

Ms. Bowers presented a handout detailing the projects currently assigned to CBA staff **(See Attachment \_\_)**.

XI. Committee and Task Force Reports.

A. Report of the Committee on Professional Conduct (CPC).

1. Reconsideration of Posting Accusations on the CBA's Web site.

Ms. LaManna stated the CPC discussed the matter of posting accusations to the CBA Web site and it recommends that the CBA maintain status quo regarding this matter.

Mr. Petersen stated that he has strong feelings that documents supporting an accusation should be posted on the CBA Web site. Mr. Petersen stated that this information is of importance in the matter of public protection. Mr. Petersen further stated that posting accusations with proper notice is an appropriate way to go.

Ms. Taylor stated it was her recollection that the CBA wanted to ensure that this information was not retained in the internet archives prior to making a decision to post accusations. Ms. Taylor stated since this research has been conducted and it is a non-issue, the CBA should move forward with making a decision to post accusations.

Ms. Kirkbride concurred with Ms. Taylor. Ms. Kirkbride stated this is a very important matter and that the consumer has a right to see this information.

Ms. Brough stated there is still a concern regarding due process, and the need to reduce the opportunities for "fishing" of data. Ms. Brough stated that if there is a viable interest, the consumer will take the extra step in requesting the information from the CBA.

Mr. Swartz stated that only healing arts boards are currently posting this information, which is only 11 out of the 40 boards in total. Mr. Swartz stated these matters may take a long period of time to adjudicate and that false accusations may be out there for the public to see. Mr. Swartz further stated that the public is not being harmed, and that the information may be requested.

Ms. LaManna concurred with Mr. Swartz.

Ms. Tindel stated the CalCPA shares the concerns of the CBA regarding due process issues and "fishing" expeditions. Ms. Tindel stated the CalCPA believes that having accusations posted that have not gone through the full due process is harmful to the licensee.

Mr. Ross concurred with Mr. Swartz' comments and stated there is a

balance between public protection and protecting the licensee against the damage that may come from an accusation that may be unfounded. Mr. Ross further stated that identifying an accusation exists on the Web site is doing more than half of the other boards.

Ms. Kirkbride requested a mock-up of what it currently takes for the consumer to obtain this information versus having it readily available on the CBA Web site.

Mr. Petersen stated the trend has been for increased disclosure of accusations with respect to privacy. Mr. Petersen stated that the fact that some of these accusations may take a long time further validates the need for them to be posted. Mr. Petersen stated the public is entitled to know there is an accusation pending and why it is pending. Mr. Petersen stated these are not complaints that are being posted, and that the accusations occur after a preliminary review of the reasonableness of the basis for the complaint. Mr. Petersen urged the CBA members to vote for posting accusations.

Mr. Ramirez stated that unlike the state bar, there is no hearing for the licensees to provide defense, therefore, the concerns regarding due process would appear to be valid.

Mr. Harris stated the CBA's statutory obligation is to protect the public over the interest of any other competing interest. Mr. Harris stated the CBA may refer to Business and Professions Code Section 5000.1 when making that determination. Mr. Harris stated by the time an accusation is filed, not only has the CBA's enforcement division reviewed the complaint; it has also come to the Office of the Attorney General, where the Deputy Attorney General has verified the information to support the allegations. Mr. Harris stated that only a handful of these accusations have been withdrawn. Mr. Harris further stated this is his personal suggestion with reviewing the statutory authority and the rights of the CBA.

Ms. Brough inquired whether Mr. Harris was suggesting that the current process is not adequate. Mr. Harris stated he is not weighing what the CBA does now, versus what it would choose to in the future. Mr. Harris further stated he is only suggesting, pursuant to statutory authority and obligations as set out by the legislature, that when weighing the consumer interest and any other interest, the protection of the public shall be paramount.

Ms. Brough stated that regarding the handful of accusations that were withdrawn, there were likely consumers who made a decision to not use a CPA based on information provided on the CBA Web site. Ms. Brough further stated the CBA should consider that the posting of accusations may take away the opportunity for consumers to

potentially utilize a really good CPA. Mr. Harris stated it's in the purview of the CBA to weigh all aspects of the debate and that he was simply providing one more aspect for consideration.

**It was moved by Mr. Petersen and seconded by Ms. Kirkbride to post complete accusations to the CBA Web site once it has been verified and issued by the Attorney General's Office.**

**Mr. Ramirez, Ms. Anderson, Mr. Oldman. Ms. Bell, Ms. Brough, Ms. Chi, Mr. Driftmier, Ms. LaManna, and Mr. Swartz opposed. The motion failed.**

2. Consideration of Clean-up Language for Article 12 – Continuing Education.

**It was moved by Mr. Oldman, seconded by Ms. LaManna and unanimously carried by those present to adopt the CPC's recommendation of suggested clean-up language and to direct staff to proceed with the rulemaking.**

3. Consideration of Renewing in an Inactive Status as it Relates to Peer Review.

**It was moved by Ms. LaManna, seconded by Mr. Swartz and unanimously carried by those present to adopt the CPC's recommendation to direct staff to draft regulation with regards to the peer review reporting requirements an renewing a license in an inactive status.**

B. Report of the Legislative Committee (LC).

1. Update on Bills on Which the CBA has taken a Position.
  - a. AB 797 – Accountants Discipline: Internet Posting
  - b. SB 389 – Fingerprinting
  - c. SB 691 – Elimination of Pathway 1

Ms. Brough stated there are no changes to AB 797, SB 389, or SB 691, and that the CBA will maintain its current positions on these bills.

2. AB 1659 – Joint Sunset Review Committee.
3. AB 2130 – Sunset Review.

**It was moved by Ms. Brough, seconded by Ms. Chi and unanimously carried by those present to adopt the LC's**

**recommendation to adopt a watch position on AB 1659 and AB 2130.**

4. AB 1899 – State Agencies: Information on Web site.

CBA members discussed the concerns with this bill and acknowledged that information required by the bill is already available to the public. CBA members questioned the value of spending state resources in order to comply with the bill's requirements. CBA members also viewed the volume of information as an impediment to the consumer.

**It was moved by Ms. Brough, seconded by Ms. Anderson and unanimously carried by those present to adopt the LC's recommendation to adopt a neutral position on AB 1899, and to direct staff to draft a letter expressing concerns.**

5. AB 1993 – State Government Reports.

**It was moved by Ms. Brough, seconded by Ms. Anderson and unanimously carried by those present to adopt the LC's recommendation to adopt an oppose position on AB 1993.**

6. AB 2091 – Public Records: Information Security.

**It was moved by Ms. Brough, seconded by Ms. LaManna and unanimously carried by those present to adopt the LC's recommendation to adopt a support position on AB 2091.**

7. AB 2466 – Regulations: Legislative Validation.

Ms. Brough stated the LC's recommendation is to support AB 2466 if amended to restore the 30-day effective date of a regulation.

Mr. Petersen stated he would be opposed. Mr. Petersen further stated that after law has been enacted there is a regulatory process in place and this bill would cause unnecessary delays. Mr. Swartz concurred with Mr. Petersen

**It was moved by Ms. Brough and seconded by Ms. Chi to adopt the LC's recommendation to adopt a support if amended position on AB 2466. Mr. Ramirez, Ms. Bell, Mr. Driftmier, Ms. Kirkbride, Mr. Oldman, Mr. Petersen, and Mr. Swartz opposed. The motion failed.**

**It was moved by Mr. Petersen, seconded by Ms. Swartz and carried by those present to adopt an oppose position on AB 2466. Ms. Anderson, Ms. Brough, Ms. Chi, Ms. LaManna, and**

**Ms. Taylor opposed.**

8. AB 2494 – Personal Services Contracts.

**It was moved by Ms. Brough, seconded by Ms. Taylor and carried by those present to adopt the LC’s recommendation to adopt a neutral position on AB 2494. Mr. Petersen opposed.**

9. AB 2537 – Adjudications: Presiding Officer.

**It was moved by Ms. Brough, seconded by Ms. LaManna and unanimously carried by those present to adopt the LC’s recommendation to adopt a neutral position on AB 2537 and charge the CPC with pursuing regulation to allow for peremptory challenge of an ALJ presiding over adjudicative proceedings under existing authority.**

10. AB 2603 – Regulations: Reductions.

**It was moved by Ms. Brough, seconded by Ms. Chi and unanimously carried by those present adopt the LC’s recommendation to adopt an oppose position on AB 2603.**

11. AB 2738 – Regulations: Statement of Reasons.

**It was moved by Ms. Brough, seconded by Ms. Anderson and unanimously carried by those present to adopt the LC’s recommendation to adopt a support position on AB 2738.**

12. SB 942 and SBx8 48 – State Auditor: Analysis of Regulations.

Ms. Brough stated the LC’s recommendation is to take a neutral position on SB 942 and to send a letter expressing the CBA’s support for cost-benefit analysis, but that the current process already provides for this.

Mr. Ramirez inquired as to why the CBA is not opposing this bill.

Mr. Swartz stated that a cost-benefit analysis is reviewed during the regulatory process and to require analysis by the State Auditor would be a duplication of effort.

Ms. Kirkbride stated that by opposing, the CBA is sending a message that cost benefit analysis is not a good idea.

**It was moved by Mr. Swartz and seconded by Mr. Petersen to adopt an oppose position on SB 942. Ms. Anderson, Ms. Bell, Ms. Brough, Ms. Chi, Mr. Driftmier, Ms. Kirkbride, Ms. LaManna,**

**Mr. Oldman, and Ms. Taylor opposed. The motion failed.**

**It was moved by Ms. Brough, seconded by Ms. LaManna and unanimously carried by those present to adopt the LC's recommendation to adopt a neutral position on SB 942, and to direct staff to draft a letter expressing concerns.**

13. SB 1111 – Health Boards: Enforcement.

**It was moved by Mr. Driftmier, seconded by Ms. Taylor and carried by those present to adopt the LC's recommendation to adopt a support position on SB 1111. Ms. Brough abstained.**

14. Non-health Boards Enforcement Legislation.

Ms. Brough stated that the language for this bill was not yet available for review.

15. SB 1171 – Sunset Review.

**It was moved by Ms. Brough, seconded by Mr. Petersen and unanimously carried by those present to adopt the LC's recommendation to adopt a watch position on SB 1171.**

16. SB 1351 – OAL: Regulation Review.

**It was moved by Ms. Brough, seconded by Ms. Taylor and unanimously carried by those present to adopt the LC's recommendation to adopt a support position on SB 1351.**

17. Senate Business, Professions and Economic Development Omnibus Legislation.

**It was moved by Ms. Brough, seconded by Mr. Oldman and unanimously carried by those present to adopt the LC's recommendation to adopt a support position on SB 1490 and SB 1491.**

18. ABx8 8 – Franchise Tax Board: Administration.

19. SBx8 29 – Public Employees: Furlough Exemptions.

20. Overview of Spot Bills Introduced in 2010.

Ms. Brough stated there was no action taken on Agenda Items XI.B.18.-20.

- C. Report on the Enforcement Program Oversight Committee (EPOC).

There was no report for this item.

Mr. Ramirez requested that an EPOC meeting be scheduled to take place prior to the next CBA meeting.

D. Report of the CBA Member Guidelines and Procedure (G&P) Manual Committee.

There was no report for this item.

E. Report of the Enforcement Advisory Committee (EAC).

1. Report of the January 28, 2010 EAC Meeting.

Mr. Khanna thanked the CBA for appointing a new member to the EAC and introduced Ms. Cheryl Gerhardt, EAC Vice Chair. Mr. Khanna stated the EAC held a meeting on January 28, 2010 in Oakland, California. Mr. Khanna stated there were 28 cases closed by staff, of which the EAC selected eight files for review, and the EAC agreed with staff recommendations on all eight. Mr. Khanna stated there were also two investigative hearings that are moving forward for further action with the Deputy Attorney General. Mr. Khanna thanked Mr. Petersen for attending the EAC meeting. Mr. Khanna further stated the next EAC meeting will take place on May 6, 2010 in Los Angeles, California.

F. Report of the CPA Qualifications Committee (QC).

1. Report of the January 27, 2010 QC Meeting.

Mr. Hinojosa stated the QC met on January 27, 2010. Mr. Hinojosa stated there were six appearances; four were approved and two not approved. Mr. Hinojosa stated there were 10 Section 69 reviews; eight were approved and two not approved. Mr. Hinojosa stated the bulk of discussion at its meeting was regarding the definition of general accounting experience. Mr. Hinojosa further stated that it was decided to form a sub-committee in order to further review this topic and bring back a recommendation to the next QC meeting on April 21, 2010 in Los Angeles, California, for additional discussion.

The CBA members further discussed the matters of defining general experience and the definition of supervision. Mr. Ramirez requested for the QC to bring its recommendations back to the CBA as they become available for further deliberation.

XII. Appeals – Personal/Written

None.

XIII. Adoption of Minutes.

A. Draft Minutes of the January 20-21, 2010 CBA Meeting.

**It was moved by Mr. Oldman, seconded by Mr. Swartz and unanimously carried by those present to approve the minutes of the January 20-21, 2010 CBA meeting.**

XIV. Other Business.

A. American Institute of Certified Public Accountants (AICPA).

1. Update on AICPA State Board Committee.

Mr. Driftmier stated the next State Board Committee meeting is scheduled to take place in May, 2010 in Texas. Mr. Driftmier stated the sub-committee will further discuss the Uniform CPA Examination and continue to work on International Financial Reporting Standards, which is scheduled to become part of the exam in 2011.

2. AICPA Examination Panel Nominations.

Mr. Rich provided an overview of the AICPA Examination Panel nomination letter (**See Attachment \_\_\_**).

B. National Association of State Boards of Accountancy.

1. Update on NASBA Committees.

a. Uniform Accountancy Act Committee.

There was no report for this item.

b. Compliance Assurance Committee.

There was no report for this item.

c. Global Strategies Committee.

Ms. Chi stated that she is now a sub-committee member for outreach to China.

Mr. Davila stated the committee is reaching out to other international regulatory committees in efforts of getting other countries to understand the U.S. regulatory process. Mr. Davila further stated the committee plans to hold a conference in China

and a regulatory meeting in Europe.

d. Ethics Committee.

There was no report for this item.

e. Legislative Support Committee.

Mr. Oldman stated this committee is now known as the Board Relevance and Effectiveness Committee. Mr. Oldman stated that this committee is continuing to push drafts of potential independent boards of accountancy, in order to make them more independent of the state government that sponsors them. Mr. Oldman further stated it is based on a U.S. treasury advisory, suggesting that this approach may be better for consumer protection.

f. Education Committee.

Ms. LaManna stated the Education Committee is examining the same report that Mr. Oldman spoke about, focusing on the human capitol section. The committee is hoping to make recommendations by the fall regarding the 120 vs. 150-hour rule.

g. Accountancy Licensee Database (ALD) Task Force.

Ms. Anderson stated there are 25 states on the ALD, including California. Ms. Anderson acknowledged Ms. Bowers for pushing to make a link to ALD available to the public.

2. Proposed Responses to NASBA's Regional Director's Focus Questions.

**It was moved by Mr. Driftmier, seconded by Ms. Brough and unanimously carried by those present to approve the proposed responses to NASBA's Regional Director's focus questions.**

XV. Closing Business.

A. CBA Member Comments.

Mr. Driftmier expressed appreciation to CBA staff for its efforts.

B. Comments from California Society of Certified Public Accountants (CalCPA) Representative.

No comments were received.

C. Comments from Society of California Accountants Representative.

No comments were received.

D. Public Comments.

No comments were received.

E. Agenda Items for Future CBA Meetings.

Ms. Kirkbride requested for staff to address options available in place of BreEZe.

Mr. Ramirez requested for staff to address options regarding document imaging.

Adjournment.

President Ramirez adjourned the meeting at 11:51 a.m. on Friday, March 26, 2010.

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Manuel Ramirez, President

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Marshal Oldman, Secretary-Treasurer

Veronica Daniel, Executive Analyst, and Patti Bowers, Executive Officer, CBA, prepared the CBA meeting minutes. If you have any questions, please call (916) 561-1718.



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**CPC Agenda Item I.**  
**May 12, 2010**

**Board Agenda Item XIV.B.**  
**May 12-13, 2010**

**COMMITTEE ON PROFESSIONAL CONDUCT  
 MINUTES OF THE MEETING**

**DRAFT**

March 25, 2010

Crowne Plaza San Jose  
 282 Almaden Blvd.  
 San Jose, CA 95113  
 Phone: (408) 998-0400  
 Fax: (408) 289-9081

**CALL TO ORDER**

Leslie LaManna, Chair, called the meeting of the Committee on Professional Conduct (CPC) to order at 5:18 p.m. Ms. LaManna indicated that to ensure compliance with the Bagley-Keene Open Meeting Act, Section 11122.5(c)(6), if a majority of members of the full California Board of Accountancy (CBA) are present at a committee meeting, members who are not members of that committee may attend the meeting only as observers. CBA members who are not committee members may not sit at the table with the committee, and they may not participate in the meeting by making statements or by asking questions of any committee members.

**Present:**

Leslie LaManna, Chair  
 Sally Anderson  
 Michelle Brough  
 Louise Kirkbride  
 Marshall Oldman  
 David Swartz

**Board Members Observing:**

Manuel Ramirez, CBA President  
 Angela Chi

**Board Staff and Legal Counsel**

Patti Bowers, Executive Officer  
 Dan Rich, Assistant Executive Officer  
 Rich Andres, Information Technology Staff  
 Veronica Daniel, Executive Analyst  
 Gary Duke, Legal Counsel, Department of Consumer Affairs (DCA)  
 Paul Fisher, Acting Enforcement Manager  
 Dominic Franzella, Coordinator, Renewal and Continuing Competency Unit

Scott Harris, Deputy Attorney General, Department of Justice  
Lauren Hersh, Communications and Planning Officer  
Vincent Johnston, Executive Analyst, Special Projects  
Deanne Pearce, Chief, Licensing Division  
Matthew Stanley, Legislation/Regulation Analyst

Other Participants

Fausto Hinojosa, Vice-Chair, QC  
Greg Newington, Subject Matter Expert  
Carl Olsen  
Pilar Onate-Quintana, E&Y, PWC, D&T, GT, KPMG  
Joe Petito  
Jonathan Ross, E&Y PWC, D&T, GT, KPMG  
Jeannie Tindel, CalCPA

I. Reconsideration of Posting Accusations on the CBA's Web site.

Ms. Bowers provided a history of the CBA's previous discussions regarding posting accusations on the Web site. She provided a summary of staff's findings regarding the security of these documents and their persistence on search engines.

Ms. Kirkbride indicated her support for posting the accusations. She suggested that we should err on the side of transparency.

Ms. Brough indicated her hesitation to post information that could hurt someone's career.

Mr. Swartz stated that individuals could already get the information and therefore it is not needed on the Web site.

Mr. Oldman and Ms. Brough stated concerns over an accusation that turned out to not be true.

Ms. Anderson stated that those who had a genuine interest would take the extra step to request the document.

Ms. Tindel stated her concerns over that the CPA go through due process, and that CPAs' reputations may be damaged.

Mr. Ross indicated that only healing arts boards currently post accusations on their Web sites. He further indicated that most professional boards do not even provide notice of an accusation such as the CBA does. He added his agreement that CPAs should have due process.

Ms. Kirkbride stated her belief that the due process argument is not valid since the documents are already public and that this proposal would simply provide better access. Ms. Brough asked why we would bother posting them since the public can already access them. Ms. Kirkbride answered that it would be better transparency and protection of the consumers.

Mr. Ross indicated that the Internet broadcasts them further and would broaden the damage to the CPA if the accusation is not upheld.

Mr. Swartz, agreeing with Mr. Ross, stated that by putting them on the Internet, more people would see the accusation than under the current method.

Ms. Kirkbride stated that she does not see a difference between clicking a link to read the text of the accusation and clicking a link to send an email to request a copy of the text. She indicated we should move in the direction of transparency.

Ms. Brough agreed with Ms. Anderson that a consumer doing their due diligence can get the accusation from the CBA. She indicated that it is the ones who are pursuing the accusations for less than legitimate reasons who the CBA should be cautious of, the prevention of a "fishing expedition."

Ms. Kirkbride replied that the CBA would not withhold the document from anyone who asked, regardless of motivation, and that people could still go "fishing."

Ms. Brough indicated the current system just makes it a little more difficult for those on "fishing expeditions."

**It was moved by Mr. Swartz, seconded by Ms. Brough, and carried to maintain the status quo; Ms. Kirkbride opposed.**

II. Consideration of Clean-Up Language for Article 12 - Continuing Education.

Mr. Franzella outlined some changes that were needed to the CBA's regulations to correct some omissions, errors, and cross-reference changes which resulted from the CBA's recent changes to Continuing Education.

**It was moved by Mr. Oldman, seconded by Ms. Anderson, and carried unanimously to approve the language to make the corrections.**

III. Consideration of Renewing in an Inactive Status as it Relates to Peer Review.

Mr. Franzella brought to the attention of the CPC a matter in which a particular CPA will be retiring in 2011 and renewing in an inactive status. He

is considering whether he should take on some accounting and auditing engagements over that time because he is unsure if he would need to complete a peer review of that work as his peer review due date is in 2012. Mr. Franzella indicated that currently, he would be required to complete a peer review; but that the matter was being brought to the CBA to determine its intent.

Ms. Anderson indicated that she believed that he not need to complete the peer review as he would be inactive at that time. Mr. Franzella stated that peer review is based on the work performed in the past, not currently performed. Therefore, the law currently does not allow this man latitude.

Mr. Swartz stated that this would affect all sole practitioners when they retire.

Ms. LaManna stated that one of the reasons the CBA wanted peer review was to encourage those who do not do frequent audits or who are not up to date to retire or cease doing audits.

Mr. Swartz inquired if there was wording to solve this problem. Mr. Franzella replied that language would be brought back to the CBA if the CBA indicated that it believed current law needed to be changed.

**It was moved by Mr. Swartz, seconded by Ms. Anderson, and carried unanimously to support changing the language of the regulations regarding requiring peer reviews from those who are in an inactive status.**

IV. Comments from Members of the Public.

No comments were received.

V. Agenda Items for Next Meeting.

No agenda items were identified.

There being no further business, the meeting was adjourned at 5:45 p.m.



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Legislative Committee Item I.  
 May 12, 2010

Board Agenda Item XIV.C.  
 May 12-13, 2010

LEGISLATIVE COMMITTEE  
 MINUTES OF THE MEETING

**DRAFT**

March 25, 2010

Crowne Plaza San Jose  
 282 Almaden Blvd.  
 San Jose, CA 95113  
 Phone: (408) 998-0400  
 Fax: (408) 289-9081

CALL TO ORDER

Michelle Brough, Chair, called the meeting of the Legislative Committee (LC) to order at 9:00 a.m. Ms. Brough indicated that to ensure compliance with the Bagley-Keene Open Meeting Act, Section 11122.5(c)(6), if a majority of members of the full California Board of Accountancy (CBA) are present at a committee meeting, members who are not members of that committee may attend the meeting only as observers. CBA members who are not committee members may not sit at the table with the committee, and they may not participate in the meeting by making statements or by asking questions of any committee members.

Present:

Michele Brough, Chair  
 Sally Anderson  
 Angela Chi  
 Lenora Taylor

Board Members Observing:

Manuel Ramirez, CBA President  
 Donald Driftmier  
 Louise Kirkbride  
 Leslie LaManna  
 David Swartz

Board Staff and Legal Counsel

Patti Bowers, Executive Officer  
 Dan Rich, Assistant Executive Officer  
 Rich Andres, Information Technology Staff  
 Veronica Daniel, Executive Analyst  
 Gary Duke, Legal Counsel, Department of Consumer Affairs (DCA)  
 Paul Fisher, Acting Enforcement Manager  
 Dominic Franzella, Coordinator, Renewal and Continuing Competency Unit

Scott Harris, Deputy Attorney General, Department of Justice  
Lauren Hersh, Communications and Planning Officer  
Vincent Johnston, Executive Analyst, Special Projects  
Deanne Pearce, Chief, Licensing Division  
Matthew Stanley, Legislation/Regulation Analyst

Other Participants

Sheryl Gerhardt  
Fausto Hinojosa, Vice-Chair, QC  
Ed Howard, Center for Public Interest Law (CPIL)  
Harish Khanna, Chair, EAC  
Serena Mohan, CPIL  
Greg Newington, Subject Matter Expert  
Carl Olsen  
Pilar Onate-Quintana, E&Y, PWC, D&T, GT, KPMG  
Joe Petito  
Jonathan Ross, E&Y PWC, D&T, GT, KPMG  
Jeannie Tindel, CalCPA

I. Update on Bills on Which the Board has Taken a Position.

Ms. Stanley indicated that nothing had changed since the last LC meeting regarding AB 797, SB 389, and SB 691. He indicated that SB 638 had failed and would no longer be followed.

II. AB 1659- Joint Sunset Review Committee.

Mr. Stanley stated that this bill would create a Joint Sunset Review Committee in the Legislature that would conduct a comprehensive analysis of every state agency to determine if it is necessary and cost effective.

**It was moved by Ms. Chi, seconded by Ms. Anderson, and carried unanimously that the LC recommend that the CBA take a Watch position on AB 1659.**

III. AB 2130- Sunset Review.

Mr. Stanley indicated that this bill is a companion bill to AB 1659. It would eliminate the current sunset review process for Department of Consumer Affairs related boards and replace it with the Joint Sunset Review Committee.

**It was moved by Ms. Anderson, seconded by Ms. Taylor, and carried unanimously that the LC recommend that the CBA take a Watch position on AB 2130.**

IV. AB 1899- State agencies: Information on Web site.

Mr. Stanley stated that this bill would require state agencies to post any audits or any contract awarded over \$5,000 since 2008 on the Reporting Transparency in Government Internet Web site. It would also require the Governor's office to post Form 700 information and travel and expense claims.

Ms. Taylor indicated that she believed an oppose position would be in order with concerns over the low dollar amount limit causing an excess of information to be posted that would be more of a hindrance to consumers than a benefit. Ms Anderson asked if a letter could be sent with these concerns if a neutral position were taken. Mr. Stanley said that would be possible.

**It was moved by Ms. Taylor, seconded by Ms. Chi, and carried unanimously that the LC recommend that the CBA take a Neutral position on AB 1899 and send a letter expressing its concerns.**

V. AB 1993- State government reports: declarations.

Mr. Stanley indicated that this bill would require any report submitted to the Legislature include a signed statement that the contents of the report are true, accurate and complete. The signer would be personally liable for a \$20,000 fine for incorrect statements. He stated that it was unknown if the signer would be the Executive Officer or the CBA President.

Ms. Anderson inquired if this would add to the signer's workload. Ms. Bowers stated that she strives to ensure that all reports are accurate regardless of there being a signed statement.

The LC discussed what reports have been sent recently and will be sent in the foreseeable future.

Ms. Anderson stated her belief that this should be opposed. She stated that if someone isn't doing their job, they should be replaced, not fined.

Mr. Ross indicated that he believed that it is already illegal to misrepresent facts to the Legislature. Mr. Howard stated that he believes this bill is in an early form, and that it is unlikely to move forward as is.

**It was moved by Ms. Anderson, seconded by Ms. Chi, and carried unanimously that the LC recommend that the CBA take an Oppose position on AB 1993.**

VI. AB 2091- Public records: information security.

Mr. Stanley stated that this bill would exempt records related to information security from release under the Public Records Act.

**It was moved by Ms. Taylor, seconded by Ms. Chi, and carried unanimously that the LC recommend that the CBA take a Support position on AB 2091.**

VII. AB 2466- Regulations: legislative validation

Mr. Stanley stated that this bill would require the Legislature to hold hearings regarding every proposed regulation and to recommend if it should be repealed by statute. It would also increase the timeframe for the implementation of a regulation after it is approved by the Office of Administrative Law (OAL).

The LC clarified some points of the rulemaking process. Mr. Stanley indicated that staff recommend an Oppose unless Amended position.

Ms. Taylor stated that since she agreed with the underlying philosophy of the bill she was inclined towards a Support if Amended position.

**It was moved by Ms. Taylor, seconded by Ms. Anderson, and carried unanimously that the LC recommend that the CBA take a Support if Amended position on AB 2466.**

VIII. AB 2494- Personal services contracts

Mr. Stanley indicated that this bill would require state agencies to immediately discontinue a personal services contract which is disapproved by the State Personnel Board, and would prevent the agency from subsequently entering a similar contract. It would also require the agency to send a notice of discontinuance within 15 days to the vendor, the SPB, and the employee organization that challenged the contract.

Ms. Anderson inquired if this would affect the CBA's enforcement contracts. Ms. Bowers indicated that it could, and that the CBA would work with SPB to resolve its issues. Mr. Stanley indicated that since the CBA has the statutory authority for those contracts, SPB would not be able to overturn them.

Ms. Brough asked if contracts could be used during a hiring freeze. Ms. Bowers stated that it depended on the freeze ordered by the Governor.

**It was moved by Ms. Taylor, seconded by Ms. Anderson, and carried unanimously that the LC recommend that the CBA take a Neutral position on AB 2494.**

IX. AB 2537- Adjudications: presiding officer

Mr. Stanley stated that this bill would require agencies which conduct adjudicative proceedings to adopt regulations allowing for the peremptory challenge of an administrative law judge. He indicated that current law is permissive on this point and that the CBA does not have such a regulation.

Ms. Taylor said she believes this is a good thing and that it is needed.

**It was moved by Ms. Taylor, seconded by Ms. Anderson, and carried unanimously that the LC recommend that the CBA take a Support position on AB 2537.**

X. AB 2603- Regulations: reductions

Mr. Stanley indicated that this bill would require state agencies to reduce the number of regulations it imposes by 33%, and would provide that any subsequent regulation adopted must also repeal a regulation. He stated that this bill has many problems, including that it needs to define a regulation for the purpose of counting them.

The LC discussed why such a bill would ever be put forward.

**It was moved by Ms. Taylor, seconded by Ms. Chi, and carried unanimously that the LC recommend that the CBA take an Oppose position on AB 2603.**

The LC returned to Agenda Item IX when Ms. Taylor asked for clarification that the CBA currently has the authority to make regulations in this matter. She indicated that she had rethought her position. She further stated her desire to have the CBA investigate pursuing this regulation without being required to by Legislation.

**It was moved by Ms. Taylor, seconded by Ms. Brough, and carried unanimously that the LC reconsider Agenda Item IX.**

**It was moved by Ms. Taylor, seconded by Ms. Anderson, and carried unanimously that the LC recommend that the CBA take a Neutral position on AB 2537 and discuss pursuing its own regulation.**

XI. AB 2738- Regulations: statement of reasons

Mr. Stanley stated that this bill would require agencies to acknowledge in a rulemaking document that performance standards are preferred over mandating specific methods of compliance, and would require that agencies justify any departure from this preference.

**It was moved by Ms. Anderson, seconded by Ms. Chi, and carried unanimously that the LC recommend that the CBA take a Support position on AB 2738.**

XII. SB 942 and SBx8 48- State Auditor: Analysis of Regulations

Mr. Stanley indicated that SBx8 48 was dead due to the 8<sup>th</sup> Extraordinary session being shut down. He further stated that SB 942 would require the State Auditor to perform a cost-benefit analysis of all regulations that impose a cost on private persons or business, and if the regulation is not repealed or amended by the adopting agency, to recommend to the Legislature that it enact legislation to amend or repeal the regulation. It would also require that all regulations adopted after the bill takes effect be repealed after 10 years unless the State Auditor determines that the benefits outweigh the costs.

Ms. Anderson indicated that the agency would be in the best position to do a cost-benefit analysis, not the State Auditor. Ms. Anderson suggested the LC oppose the bill.

Ms. Chi indicated her desire to watch the bill, and Ms. Taylor indicated she was leaning to oppose the bill unless it was amended.

The LC discussed what amendment would fix the bill. They further discussed what was the problem this bill was attempting to fix.

Mr. Stanley explained the Form 399 Fiscal Analysis that all regulations must undergo and the thorough checks on the costs of a regulation.

Ms. Anderson indicated that perhaps a neutral position would be appropriate since there did not seem to be strong feelings or major impact to the CBA either way.

The LC further discussed the ability of the State Auditor to perform a cost-benefit analysis. It further discussed whether oppose unless amended might be appropriate. Mr. Stanley explained why the CBA would take an Oppose Unless Amended position on any bill.

**Ms. Chi moved to take a Watch position on SB 942.**

The LC then discussed whether a watch position would be appropriate.

Ms. Bowers said that since there was a level of interest, a neutral position may be more appropriate than a watch position.

It was discussed by the LC that if the position were Neutral, a letter could be sent outlining the CBA's concerns.

Ms. Chi withdrew her motion.

**It was moved by Ms. Chi, seconded by Ms. Taylor, and carried unanimously that the LC recommend that the CBA take a Neutral position on SB 942 and communicate its concerns in a letter.**

XIII. SB 1111- Health boards: enforcement

Mr. Stanley discussed how SB 1111 would establish the Consumer Health Care Enforcement Reform Act which would make several changes in the way enforcement matters are handled by healing arts boards in order to reduce the timeframes for enforcement actions. He indicated that several of the provisions in SB 1111 are similar to what is expected to be in the professional services and vocational trades enforcement legislation that will be the topic of a special CBA meeting to be held within a couple of weeks pending the introduction of the bill language. He stated that the Department of Consumer Affairs, which is sponsoring the bill, is asking all of its boards to write a letter of support for SB 1111.

**It was moved by Ms. Taylor, seconded by Ms. Chi, and carried that the LC recommend that the CBA take a Support position on SB 1111; Ms. Brough abstained.**

XIV. Non-health boards Enforcement Legislation

Mr. Stanley indicated that such a bill had not yet been introduced and once it was, the CBA would call a special meeting to discuss it.

XV. SB 1171- Sunset Review

Mr. Stanley stated that this bill would revise the current sunset review process to eliminate the Joint Committee and would allow the individual policy committees to hold sunset review hearings, and would require that a board which sunsets have its board reconstituted.

**It was moved by Ms. Taylor, seconded by Ms. Chi, and carried unanimously that the LC recommend that the CBA take a Watch position on SB 1171.**

- XVI. SB 1351- OAL: regulation review  
Mr. Stanley indicated that this bill would revise the definition of “clarity” for the approval of regulations to include that all forms and implementation schedules needed for compliance are included in the regulation.

**It was moved by Ms. Anderson, seconded by Ms. Taylor, and carried unanimously that the LC recommend that the CBA take a Support position on SB 1351.**

- XVII. Senate Business, Professions and Economic Development Omnibus Legislation

Mr. Stanley discussed SB 1490 and 1491 which would make non-controversial, minor, nonsubstantive or technical changes to provisions in the Business and Professions Code. He indicated that SB 1491 includes renaming the CBA’s Administrative Committee as the Enforcement Advisory Committee, eliminates some obsolete provisions in the Accountancy Act, and makes other clarifying changes. He also stated that SB 1490 would remove the sunset date on the Practice Privilege Program and contains an urgency clause.

**It was moved by Ms. Taylor, seconded by Ms. Chi, and carried unanimously that the LC recommend that the CBA take Support positions on SB 1490 and SB 1491.**

- XVIII. ABx8 8- Franchise Tax Board: administration

Mr. Stanley indicated that this bill is dead with the close of the 8<sup>th</sup> Extraordinary Session.

- XIX. SBx8 29- Public Employees: Furlough Exemptions

Mr. Stanley indicated that this measure had been vetoed by the Governor.

- XX. Overview of Spot Bills Introduced in 2010

Mr. Stanley indicated that there are several bills which are spot bills at this time which staff will continue following should they become of interest to the CBA.

- XXI. Comments from Members of the Public.

No comments were received.

XXII. Agenda Items for Next Meeting.

No agenda items were identified.

There being no further business, the meeting was adjourned at 11:06 a.m.



**DEPARTMENT OF CONSUMER AFFAIRS**  
**CALIFORNIA BOARD OF ACCOUNTANCY**  
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Department of Consumer Affairs  
 California Board of Accountancy

CBA Agenda Item XIV.D  
 May 12-13, 2010

Minutes of Meeting  
 January 27, 2010  
 CPA Qualifications Committee

Waterfront Hotel  
 Ten Washington Street  
 Oakland, CA 94607

The regularly scheduled meeting of the Certified Public Accountant Qualifications Committee (QC) of the California Board of Accountancy (CBA) was called to order at approximately 9:05 a.m. on January 27, 2010, by QC Chair, Fausto Hinojosa.

QC Members Present

Fausto Hinojosa, Chair  
 Maurice Eckley, Jr., Vice-Chair  
 Carlos Aguila  
 Gary Bong  
 Brian Cates  
 Michael Haas  
 Charles Hester  
 Alan Lee  
 Kristina Mapes  
 Robert Ruehl  
 Jeremy Smith

CBA Liaison

Angela Chi

Staff Present

Melissa Cardenas, Licensing Analyst  
 Stephanie Hoffman, Licensing Coordinator  
 Rich Andres, Information Technology Staff  
 Matthew Stanley, Legislation/Regulations Analyst  
 Kris McCutchen, Licensing Manager  
 Deanne Pearce, Chief, Licensing Division  
 Patti Bowers, Executive Officer

## QC Members Absent

Bobbie Hales  
Gary O’Krent  
Ash Shenouda  
James Woyce

## Other Participants

Roger Bulosan, former QC Chair  
Hal Schultz, California Society of Certified Public Accountants  
Robert Petersen, CBA Board Member

### **I. CHAIRPERSON’S REPORT**

Mr. Hinojosa announced the recent appointment of Maurice Eckley Jr. as Vice-Chair of the QC.

- A. Approval of the October 21, 2009 QC Meeting Minutes.

**It was moved by Ms. Mapes, seconded by Mr. Hester and unanimously carried to accept the minutes of the October 21, 2009 QC Meeting.**

- B. Report of the November 18-19, 2009 and January 20-21, 2010 CBA Meetings.

Mr. Hinojosa provided a report of the November 2009 and January 2010 CBA Meetings. Items of interest were reported on, including:

#### November 2009 CBA Meeting

CBA Member Appointments, Elections, Committee Appointments.

1. Andrea Valdez was appointed as a public member to the CBA.
2. Manuel Ramirez was elected President of the CBA.
3. Sally Anderson was elected Vice-President of the CBA.
4. Marshal Oldman was elected Secretary/Treasurer of the CBA and was appointed as the Southern California QC liaison, replacing Sally Anderson.

Legislation.

1. Assembly Bill 1005 Regarding Transparency was signed by the Governor, thus creating the following requirements:
  - Provide an audio webcast of the CBA meetings.
  - Post CBA meeting minutes and formal accusations on the Web site.
2. Senate Bill 819 created the Accounting Education Committee (AEC) and the Ethics Curriculum Committee (ECC). Committee members for the AEC will be appointed at the March 2010 CBA Meeting. ECC members will be appointed by various appointing organizations.

3. The CBA adopted the Legislative Committee's recommendation to sponsor two spot bills in the next legislative year. The first spot bill will be a placeholder for potential legislation arising from the California Research Bureau Report. The second spot bill could possibly be used to eliminate the sunset date from the Practice Privilege Program should such language not be able to be included in an omnibus bill.

Adoption of the Mutual Recognition Agreement with the New Zealand Institute of Chartered Accountants.

#### January 2010 CBA Meeting

Peer Review Oversight Committee.

1. Committee recruitment is still being conducted.
2. Peer Review Regulations should be approved by the Office of Administrative Law by July 1, 2010.

The Governor issued an Executive Order to reduce salary expenses by five percent for Fiscal Year (FY) 2009/2010 and for FY 2010/2011.

Mr. Hinojosa and Ms. McCutchen provided a presentation on the Initial Licensing process and the roles and responsibilities of the QC.

## **II. STAFF REPORT**

### A. Update on Staffing.

Ms. McCutchen provided a report on staffing within the Initial Licensing Unit, which included the August 1, 2009 through November 30, 2009 Licensing Division Activity Report. Items of interest were:

- The Initial Licensing Unit is recruiting for one Office Technician position.
- One Seasonal and two Office Technician positions have been filled.
- Pathway 0 was eliminated effective January 1, 2010, and staff notified applicants currently in the pipeline.

### B. Processing Timeframes.

- The Initial Licensing Unit is processing licensing applications within 30 days.

### III. OTHER BUSINESS

#### A. July 2010 QC Meeting Date Change.

The Department of Consumer Affairs is holding its yearly conference, Regulatory Next Practices: A Working Conference, on July 28, 2010. Therefore it was necessary to change the July 28, 2010 QC meeting date to July 29, 2010.

**It was moved by Mr. Hester, seconded by Mr. Bong and unanimously carried to change the QC meeting date to July 29, 2010.**

#### B. Discussion Related to Further Defining General Accounting Experience in Section 12 of the CBA Regulations.

The QC discussed further defining general accounting experience in Section 12 of the CBA Regulations. Staff provided information on how the general experience requirement was established and identified options for consideration.

Comments were made indicating that the current definition is too broad, however if an applicant is working in public accounting it was felt that there are safeguards in place in regard to adequate supervision. The challenge is to define supervision within private and governmental accounting.

After deliberating on the topic, the QC decided to proceed with option #1, which is for the QC to provide guidance to staff on how general accounting experience should be further defined. Staff would then work with legal counsel to draft language for consideration at the April 2010 QC meeting. Following the QC's review and approval of proposed language, the QC would recommend the clarifying language to the CBA.

**It was moved by Mr. Bong, seconded by Ms. Mapes and carried to proceed with option #1. In addition, Mr. Hester, Mr. Lee, and Mr. Smith opposed.**

Subsequent to the motion to proceed with Option #1, the QC formed a subcommittee of two members to meet and assist staff by developing proposed language to further define general accounting experience. The subcommittee will present their recommendations at the April 21, 2010 meeting.

**It was moved by Ms. Mapes, seconded by Mr. Ruehl and unanimously carried to adopt the formation of a subcommittee of two QC members. The two QC members on the subcommittee are Gary Bong and Charles Hester.**

C. Consideration of Defining Supervision in Sections 12 and 12.5 of the CBA Regulations.

The QC discussed defining supervision in Sections 12 and 12.5 of the CBA Regulations.

Comments were made about including the word “direct”, as in direct supervision. The problem with direct is that an applicant may work under many supervisors, and in public accounting firms, there is usually one person who signs the Certificates of Experience, it may not be the direct supervisor.

The members agreed that there should be a definition of supervision and directed staff regarding what to include in the proposed definition. Staff will prepare the language for the QC’s consideration at the April 21, 2010 meeting. Once the language is approved, it is anticipated that the QC will present it’s recommendation to the CBA in July 2010.

In addition, inconsistencies were noted with the terminology used in the code sections, the handbook and both the Certificate of Attest Experience, and the Certificate of General Experience.

**It was moved by Mr. Hester, seconded by Mr. Bong, and unanimously carried to adopt a definition of supervision and amend the language in the CBA Regulations and correct inconsistencies within the Initial Licensure publications and forms.**

**IV. AGENDA ITEMS FOR FUTURE QUALIFICATIONS COMMITTEE MEETINGS.**

A. April 2010

1. Approval of January 27, 2010 QC Meeting Minutes.
2. Presentation of the subcommittee’s findings and suggestions related to further defining general experience.
3. Presentation related to defining supervision and correcting the inconsistencies within the CBA Regulations and printed materials.
4. Discussion related to other states’ attest requirements.

B. July/October 2010

1. Discussion related to the QC members roles and responsibilities when conducting interviews of initial licensing applicants.

**V. INTERVIEWS OF INDIVIDUAL APPLICANTS [Closed session in Accordance with Government Code Section 11126(c) (2)].**

**C09-004** – Applicant appeared and presented workpapers for his public accounting experience. He has 25 months of experience, with a 24-month experience requirement.

The work reviewed was complete and no deficiencies were noted. However, applicant's work is stale-dated (April 2002).

Recommendation: Defer. Applicant must complete, within a six month period, 48-hours of continuing education, augmenting his technical knowledge of accounting and auditing standards. Upon completion and submission of the Certificates of Completion, applicant will be approved for licensure.

**C10-001** – Applicant appeared and presented workpapers for her non-public accounting experience. She has 34 months of experience, with a 24-month experience requirement.

The work reviewed was complete and no deficiencies were noted. The work was adequate to support licensure.

Recommendation: Approve.

**C10-002** – Applicant appeared and presented workpapers for his non-public accounting experience. Applicant is currently licensed with general experience.

Only one set of workpapers was provided, which consisted of SOX internal control work. No evidence was provided that applicant participated in a financial statement audit, performed audit planning, analytical procedures, or drafted financial statements.

Recommendation: Defer. In order to satisfy the experience requirements for the authorization to sign attest reports, the applicant must obtain additional audit experience. Any new experience must be performed under the supervision of a licensee holding a valid active license to practice public accountancy who is authorized to sign attest reports. An affirmatively completed Certificate of Attest Experience in either individual or composite form must be submitted. A determination will then be made as to whether he needs to reappear with work papers for the QC's review.

While applicant is currently licensed with general accounting experience, he is not permitted to sign reports on attest engagements of any kind.

**C10-003** – Applicant appeared and presented workpapers for her non-public accounting experience. She has 60.5 months of experience, with a 12-month experience requirement.

The work reviewed was complete and no deficiencies were noted. The work was adequate to support licensure.

Recommendation: Approve.

**C10-004** – Applicant appeared and presented workpapers for his non-public accounting experience. Applicant is currently licensed with general experience.

The workpapers provided were limited to internal SOX work only, no financial statement audit work papers were provided. The financial statement work was provided by an outside auditor.

Recommendation: Defer. In order to satisfy the experience requirements for the authorization to sign attest reports, the applicant must obtain additional audit experience. Any new experience must be performed under the supervision of a licensee holding a valid active license to practice public accountancy who is authorized to sign attest reports. An affirmatively completed Certificate of Attest Experience in either individual or composite form must be submitted. A determination will then be made as to whether he will need to reappear with work papers for the QC's review.

While the applicant is currently licensed with general accounting experience, he is not permitted to sign reports on attest engagements of any kind.

**C10-005** – Applicant and her employer appeared for a Section 69 review. She has 37 months of experience, with a 24-month experience requirement.

The employer's understanding of the Certificate of Attest Experience was adequate. The work performed by the applicant was reviewed and no deficiencies were noted.

Recommendation: Approve.

**C10-006** – Applicant and her employer appeared for a Section 69 review. She has 14.5 months of experience, with a 12-month experience requirement.

The employer's understanding of the Certificate of Attest Experience was adequate. The work performed by the applicant was reviewed and no deficiencies were noted.

Recommendation: Approve.

**C10-007** – Applicant and his employer appeared for a Section 69 review. He has 72.75 months of experience, with a 12-month experience requirement.

The employer's understanding of the Certificate of Attest Experience was adequate. The work performed by the applicant was reviewed and no deficiencies were noted.

Recommendation: Approve.

**The following personal appearance took place on November 12, 2009, and is made a part of these minutes.**

**C09-047** – Applicant appeared and presented work papers from her non-public accounting experience. She has 58.75 months of experience with a 12-month experience requirement.

The work reviewed was complete and no deficiencies were noted. The work was adequate to support licensure.

Recommendation: Approve.

**The following Section 69 reviews took place on December 3, 2009, and are made a part of these minutes.**

**C09-037** – Applicant and his employer appeared for a Section 69 review. He has 93.25 months of experience with this employer, with a 24-month experience requirement.

The employer's understanding of the Certificate of Attest Experience was adequate. The work performed by the applicant was reviewed and no deficiencies were noted.

Recommendation: Approve.

**C09-040** – Applicant and his employer appeared for a Section 69 review. Applicant is currently licensed with general experience.

The employer's understanding of the Certificate of Attest Experience was adequate. The work performed by the applicant was reviewed and no deficiencies were noted.

Recommendation: Approve.

**C09-049** – Applicant and his employer appeared for a Section 69 review. He has 24 months of experience with this employer, with a 12-month experience requirement.

The employer's understanding of the Certificate of Attest Experience was adequate. The work performed by the applicant was reviewed and no deficiencies were noted.

Recommendation: Approve.

**C09-050** – Applicant and his employer appeared for a Section 69 review. He has 25.5 months of experience with this employer, with a 12-month experience requirement.

The employer's understanding of the Certificate of Attest Experience was adequate. The work performed by the applicant was reviewed and no deficiencies were noted.

Recommendation: Approve.

**C09-048** – Applicant and his employers appeared for a Section 69 review. He has 70.5 months of experience with the first employer, 6.5 months of experience with the second employer, and a 48-month experience requirement.

The employers' understanding of the Certificate of Attest Experience was not adequate. The work performed by the applicant was reviewed and no deficiencies were noted.

Recommendation: Approve applicant. Both employers were put on reappearance status.

#### ADJOURNMENT

There being no further business to be conducted, the meeting was adjourned at 5:00 P.M. on January 27, 2010. The next meeting of the CPA Qualifications Committee will be held on April 21, 2010.

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Fausto Hinojosa, Chair

Prepared by Melissa Cardenas, Licensing Analyst.

## **Guide to CBT-e**

### **Everything That Will Be New and Different on the Uniform CPA Examination After the Launch of CBT-e on January 1, 2011**

#### **Authoritative Literature**

A new release of authoritative literature – with codified FASB Accounting Standards – will be made available on the CPA Examination. To prepare for this release, view the Sample Tests to be posted on the [www.cpa-exam.org](http://www.cpa-exam.org) website in early fall, 2010.

#### **Calculator**

A new online calculator will be introduced on the CPA Examination. To learn about its features, view the new Tutorial and Sample Tests to be posted on the [www.cpa-exam.org](http://www.cpa-exam.org) website in early fall, 2010.

#### **Candidate Performance Report**

The report providing candidates with information about the strengths and weaknesses of their examination performance will be revised. A description of the new candidate performance report will be widely distributed and posted on the [www.cpa-exam.org](http://www.cpa-exam.org) website in August, 2010.

#### **Content of the CPA Examination**

New Content and Skill Specification Outlines (CSOs/SSOs) will go into effect. Candidates planning to test in or after 2011 should review the subject matter that will be eligible to be tested. The new CSOs/SSOs are available at <http://www.cpa-exam.org/download/CSOs-SSOs-Final-Release-Version-effective-01-01-2011.pdf>

#### **International Standards**

International Standards – including International Financial Reporting Standards (IFRS) – will become eligible to be tested. Questions on international standards will begin to be gradually integrated into the examination. Questions on U.S. standards will continue to be part of the examination. For more information, refer to the article on international standards in the Spring 2010 issue of *The Uniform CPA Examination Alert* available at <http://www.cpa-exam.org/alerts/download/Spring-2010-CPA-Alert.pdf>

#### **Passing Score**

The AICPA Board of Examiners (BOE) will make a decision on the passing score in the early months of 2011, after data from the first testing window of the new examination release become available. Information about the CBT-e passing score decision will be widely distributed and posted on the [www.cpa-exam.org](http://www.cpa-exam.org) website.

#### **Research Task – New Format**

A new research task format will be introduced on the CPA Examination. To learn how to respond to research tasks, view the new Tutorial, and to see the new format in action, view the new Sample Tests. Both will be posted on the [www.cpa-exam.org](http://www.cpa-exam.org) website in early fall 2010.

#### **Scoring Weights**

In Auditing and Attestation (AUD), Financial Accounting and Reporting (FAR), and Regulation (REG) sections, Multiple-Choice Questions (MCQs) will account for 60% and Task-Based Simulations (40%) of the total score.

In Business Environment and Concepts (BEC), Multiple-Choice Questions (MCQs) will account for 85% and written communication tasks for 15% of the total score.

For more information, read the announcement on section structure, time allocations, and scoring weights available at [http://www.cpa-exam.org/download/CBTe\\_Announcement-Sections-TimeWeights-FINAL.pdf](http://www.cpa-exam.org/download/CBTe_Announcement-Sections-TimeWeights-FINAL.pdf)

### **Section Structure**

The components of the Auditing and Attestation (AUD), Financial Accounting and Reporting (FAR) and Regulation (REG) will be:

- Three Multiple-Choice Question (MCQ) testlets, and
- One testlet containing six or seven short Task-Based Simulations (TBS)

The components of the Business Environment and Concepts (BEC) section will be:

- Three Multiple-Choice Question (MCQ) testlets, and
- Three written communication tasks on BEC topics

For more information, read the announcement on section structure, time allocations, and scoring weights available at [http://www.cpa-exam.org/download/CBTe\\_Announcement-Sections-TimeWeights-FINAL.pdf](http://www.cpa-exam.org/download/CBTe_Announcement-Sections-TimeWeights-FINAL.pdf)

### **Section Time Allocations**

Testing time for the Auditing and Attestation (AUD) section will be shortened by a half hour to four hours. Testing time for Business Environment and Concepts (BEC) will be increased by a half hour to three hours.

(Candidates should note that these changes refer to testing time only. Time scheduled at test centers will continue to include an additional half hour for the check-in process and completion of the survey at the end of the session.)

For more information, read the announcement on section structure, time allocations, and scoring weights available at [http://www.cpa-exam.org/download/CBTe\\_Announcement-Sections-TimeWeights-FINAL.pdf](http://www.cpa-exam.org/download/CBTe_Announcement-Sections-TimeWeights-FINAL.pdf)

### **Spreadsheet**

A new spreadsheet will be introduced on the CPA Examination. To learn about its functionality, view the new Tutorial and Sample Tests to be posted on the [www.cpa-exam.org](http://www.cpa-exam.org) website in early fall 2010.

### **Task-Based Simulations (TBS) – New Question Format**

Short TBS will replace simulations in the current (long) format on the CPA Examination. To learn what TBS will look like and how to respond in the new format, view the new Tutorial and Sample Tests to be posted on the [www.cpa-exam.org](http://www.cpa-exam.org) website in early fall, 2010.

## Memorandum

CBA Agenda Item XV.B.2.  
May 12-13, 2010

To : CBA Members

Date : April 28, 2010

Telephone : (916) 561-1716

Facsimile : (916) 263-3674

E-mail : vdaniel@cba.ca.gov

From : Veronica Daniel  
Executive Analyst

Subject : NASBA Nominations – Nominating Committee Members, Directors-at-Large and Regional Directors

The NASBA Nominating Committee is requesting recommendations from all state boards for next year's Nominating Committee Members, Directors-at-Large and Regional Directors. A copy of the letter from NASBA is provided as **Attachment 1**.

According to the NASBA bylaws, in order to be eligible to serve on the Nominating Committee, you must have (i) served at least two years on a state board of accountancy, (ii) attended at least one NASBA Regional Meeting and one NASBA Annual Meeting and (iii) served on a NASBA committee.

The deadline for submitting nominations to NASBA is Tuesday, June 1, 2010.

Mr. Rudy Bermudez has expressed interest in serving as NASBA's Pacific Regional Director. A copy of the letter to NASBA recommending Mr. Bermudez' for this position is provided as **Attachment 2**.

If the CBA members would like to submit any additional recommendations, staff may be directed to prepare a memo indicating such and delegate the final language approval to the CBA President prior to the recommendation being forwarded to NASBA.

If you have any specific questions about the nomination process, you may contact Anita Holt at NASBA at (615) 880-4202 or via email at aholt@nsaba.org.

Attachments



National Association of State Boards of Accountancy

150 Fourth Avenue North ♦ Suite 700 ♦ Nashville, TN 37219-2417 ♦ Tel 615/880-4200 ♦ Fax 615/880/4290 ♦ Web [www.nasba.org](http://www.nasba.org)

March 10, 2010

To State Board Chairs/Presidents, Executive Directors, Delegates and Associates:

On behalf of the NASBA Nominating Committee, we are asking Boards to submit their recommendations for next year's Nominating Committee Members, Directors-at-Large and Regional Directors. If you are interested in one of these positions, or have a candidate to suggest, please contact your Board's Chair or Executive Director, as all recommendations must come from the Board.

**NOMINATING COMMITTEE RECOMMENDATIONS:**

At the 2010 Regional Meetings, designated voting representatives of states in the **Pacific, Central, Southeast** and **Middle Atlantic Regions** will elect a member and an alternate member (who will serve in the event the elected member cannot) to serve on the Nominating Committee from 2010 to 2012.

As provided in the NASBA Bylaws, Nominating Committee members may serve two complete consecutive terms plus any unexpired term, but upon completion of the aforementioned terms, must wait two years before being able to serve again. No elected member of the Nominating Committee shall be eligible for election or appointment to any position on the Board of Directors through the entirety of his or her elected term and one year thereafter.

Additionally, please note that Regions are responsible for electing their Nominating Committee member. If a Region cannot successfully elect a member, the Region will not have representation on the Nominating Committee. Therefore, we urge you to give this matter high priority.

**BOARD OF DIRECTORS RECOMMENDATIONS:**

The Board of Directors is composed of a Chair, Vice Chair, Past Chair, nine Directors-at-Large and a Regional Director from each of the eight Regions. Directors-at-Large are elected for three-year terms and may serve a maximum of two terms, plus any unexpired terms. Thus, three of the nine Directors-at-Large will be elected at the 2010 Annual Business Meeting.

Regional Directors are elected for one-year terms and may serve a maximum of three terms. All Regional Directors must be State Board of Accountancy members at the time of or within six months prior to their election or appointment. All of the Regional Directors will be elected at the 2010 Annual Business Meeting.

**The deadline for receiving these nominations is Tuesday, June 1, 2010.** Please send your letters of recommendation AND each individual's biographical information to Thomas J. Sadler, Nominating Committee Chair, via mail to NASBA, 150 Fourth Avenue North, Suite 700, Nashville, TN 37219, or via fax to 615-880-4291, or via e-mail to: [aholt@nasba.org](mailto:aholt@nasba.org).

Sincerely yours,

A handwritten signature in black ink that reads "Thomas J. Sadler".

Thomas J. Sadler, CPA  
Chair, NASBA Nominating Committee



**DEPARTMENT OF CONSUMER AFFAIRS**  
CALIFORNIA BOARD OF ACCOUNTANCY  
2000 EVERGREEN STREET, SUITE 250  
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## Attachment 2

April 29, 2010

Thomas J. Sadler, Nominating Committee Chair  
National Association of State Boards of Accountancy  
150 Fourth Avenue North, Suite 700  
Nashville, TN 37219

Dear Mr. Sadler,

The California Board of Accountancy (CBA) recommends member Rudy Bermúdez to the Pacific Regional Director Position. Mr. Bermúdez is a public member of the CBA, appointed by the Speaker of the California State Assembly in 2007. He is well respected for his insights and commitment to public protection. He brings a wealth of experience to the CBA, and served as Secretary/Treasurer from 2007 to 2008. Mr. Bermúdez appreciates a hands-on approach in the strategic and budgetary planning processes and encourages CBA members to become more involved in NASBA. He is an ardent advocate for CBA member activism. Mr. Bermúdez is no stranger to serving on regulatory boards in California having served over three years on the Medical Board of California.

Mr. Bermúdez is a parole agent by profession but he has a long history of additional public service. He is a former California State Legislator, having served two terms in the Assembly where he authored mobility legislation to improve CPA mobility by modifying California's practice privilege system. In the California State Assembly, Mr. Bermúdez chaired the Assembly Committee on Revenue and Taxation and Assembly Budget Subcommittee # 4, and was a member of the Assembly Committee on Business and Professions. Mr. Bermúdez served as an appointed member of the Streamlined Sales Tax Project Board of Governance and member of the Commission for Economic Development and the California Health Facilities Financing Authority. During his two terms in the State Assembly, Mr. Bermúdez was recognized by 23 organizations as the Legislator of the year.

Before his election to the Assembly, he served two terms as a Council Member in the City of Norwalk which has a population of more than 100,000. While serving on the Norwalk City Council, he worked to attract new businesses and retain existing ones while strengthening law enforcement by enacting community-based policing. He was also active in enhancing senior and youth community services. The Los Angeles County Democratic party named him their "Franklin D. Roosevelt Democratic Man of the Year" in 2001.

CBA Nomination for Pacific Regional Director

April 29, 2010

Page 2

Prior to that, Mr. Bermúdez served eight years as a member of the Norwalk-La Mirada Board of Education where he successfully fought for additional funding and programmatic changes to improve student achievement. He also worked to cut wasteful spending and promoted fiscal accountability. Because of these efforts the school district maintained one of the healthiest budgets in Los Angeles County with a strong fiscal reserve while they opened three new schools, reduced class sizes and strengthened student achievement while improving security and providing salary and benefit enhancements to district employees.

Rudy Bermúdez's history of achievement, fiscal accountability and contribution would serve NASBA well.

Sincerely,



Manuel Ramirez, CPA  
CBA President

Enclosure

c: Members, California Board Accountancy  
Executive Directors, Boards of Accountancy – Pacific Region

# Biography

## Rudy Bermudez

For more than 20 years, Rudy Bermúdez has served the people of California by promoting public safety, improving education, and championing the rights of working men and women. A law enforcement officer by profession, Mr. Bermúdez was first elected to represent the 56<sup>th</sup> district in the California State Assembly in November 2002, and re-elected in November 2004.

Mr. Bermúdez served as chair of the Budget Sub-Committee #4 on State Administration and the Committee on Revenue and Taxation. He also served on the Assembly committees on Aging, Business & Professions, Governmental Organization, and Water, Parks, and Wildlife. In his second term in the assembly, Mr. Bermudez authored mobility legislation to improve CPA mobility by modifying the California practice privilege system. Mr. Bermúdez currently serves as a member of the California Board of Accountancy.

### Legislative Achievements

Mr. Bermúdez made an immediate impact in the legislature by tackling tough issues and standing up for all Californians. He has received 23 leadership awards for his work on a whole range of issues affecting California.

### A Commitment to Public Safety

As a father and former law enforcement officer, public safety is an issue of monumental importance to Mr. Bermúdez.

In his first term in office Mr. Bermúdez authored and secured passage of legislation (AB 236) that ensured the most egregious sexual predators would never be able to practice medicine in California, keeping residents of the Golden State safe from harm and enabling them to put faith and trust in their doctors. He has also fought hard to increase the distances from which sexual predators are allowed to live from schools.

In the aftermath of the terrorist attacks on September 11, 2001, Mr. Bermúdez authored and secured passage of legislation (AB 1153) that outlawed the use of counterfeit firefighter badges and employee identification. This ensures that these items will not fall into the wrong hands and

can never be used to gain unauthorized access to sensitive sites and facilities.

Mr. Bermúdez has been awarded many honors for his commitment to public safety and for his support and appreciation of the brave men and women who keep our communities safe. In 2003, his first year in the Assembly, Mr. Bermúdez was named Legislator of the Year by the California Police Activities League and was honored with the prestigious "Street Sweeper" award by the California Correctional Peace Officers Association (CCPOA). In 2004, Mr. Bermúdez was honored with the California State Fire Fighters Association legislator of the year award. More recently, Mr. Bermúdez was honored with the 2005 LA County Probation Officers Union Legislative Leadership Award, the 2005 Crime Victims United of California Legislator of the Year Award, and the 2006 State Coalition of Probation Organizations Legislator of the Year Award.

### A Commitment to Education

Mr. Bermúdez is the proud author of AB 2407 which has allowed school districts to begin implementation of full-day kindergarten, so that every child in California can receive the education he/she deserves. He has also been a strong supporter of universal preschool and of lowering college tuition fees.

Recognizing his strong commitment to public education and his successes in the legislature, the California State University System and the Faculty Association of the California Community Colleges both named Mr. Bermúdez as their 2003 Legislator of the Year.

### A Commitment to Jobs and Economic Growth

Mr. Bermúdez recognizes the need for a strong and economically prosperous California that generates an abundance of high paying jobs. The American Electronics Association named Mr. Bermúdez their 2004 High Tech Legislator of the Year for his efforts to bring high tech jobs and technology to California. He has also championed and defended the rights of California's small business owners. For example, in 2003, Mr. Bermúdez authored AB 282 to protect the practice

of “hair threading” and prevent small cosmetology salons from being unfairly fined for performing this ancient practice.

For his commitment to upgrading our transportation infrastructure to create jobs and ensure the safe, fast, and continual flow of people and goods, Mr. Bermúdez received the 2003 Legislator of the Year award from the Professional Engineers in California Government. Mr. Bermúdez was named the 2005 Legislator of the Year by the California Attractions and Parks Association for helping to maintain California’s vibrant tourism industry.

### **A Commitment to our Community**

Mr. Bermúdez has also been very active in issues critical to his district. He continues to fight for increased funding for home-to-school transportation, led efforts to increase business and commerce in the city of Artesia, and fought for the City of Whittier’s right to the property formerly occupied by the Nelles School for Boys.

For his hard work on behalf of our community, Mr. Bermúdez received the 2004 Federation of Indo-American Associations of Southern California Man of the Year Award.

### **Dedicated to Public Service**

Mr. Bermúdez first entered public service in 1991, when he was elected as a Board member on the Norwalk-La Mirada Board of Education.

As a Board member, Mr. Bermúdez fought for additional funding and systemic changes to improve student achievement. He worked to cut wasteful spending and promote fiscal accountability. Because of his efforts, the school district maintained one of the healthiest budgets in Los Angeles County, with a fiscal reserve of over 10%, more than three times the state’s required reserve. He and his colleagues achieved this goal while opening three new schools, reducing class sizes, introducing new educational programs, strengthening classroom student achievement, improving security on school campuses, and providing salary increases and benefit enhancements of over 28% to district employees. The issue of ethics has been Mr. Bermúdez’s hallmark as an elected official. He championed a strict anti-nepotism policy, a code of ethics for

school board members, and procedures to discipline members who breached the code of ethics.

In 1999, Mr. Bermúdez was elected to the city council of Norwalk, the fifteenth largest city in Los Angeles County. In his election to the city council, he received the most votes of any candidate, including incumbents. As a City Council Member, he worked to attract new business and retain existing ones, promote strong fiscal policies, eliminate the utility user tax and encourage development to strengthen the city’s economy. He strengthened law enforcement by enacting community-based policing and helped to enhance senior and youth community services. In 2001, the Norwalk City Employees Association, International Association of Machinist and Aerospace Workers, IAM District 777 honored Mr. Bermúdez with their inaugural “Excellence in Organizing” Award. Later that year, the Los Angeles County Democratic Party named him as their “Franklin D. Roosevelt Democratic Man of the Year.”

Mr. Bermúdez served on the Medical Board of California for three years starting in 1999, where he served as Vice President for one year. In addition, he served as Chair of the Division of Medical Quality for two years.

In September 2007, Mr. Bermúdez was appointed to the California Board of Accountancy by Assembly Speaker Nunez, where he has served as the Secretary-Treasurer from 2007 to 2008. Mr. Bermúdez was appointed to the National Association of State Boards of Accountancy (NASBA) Global Strategies Committee.

### **Personal**

Mr. Bermúdez graduated from the University of California at Los Angeles (UCLA) in 1983, with a bachelor’s degree in sociology. He received a master’s degree in public administration from California State University at Long Beach, where he also received a graduate certificate in employee/employer relations, human services and personnel.

Mr. Bermúdez and his wife, Nancy, have two sons, Rudy and Nicolas.

## Memorandum

CBA Agenda Item XV.B.3.  
May 12-13, 2010

To : CBA Members

Date : April 27, 2010

Telephone : (916) 561-1716

Facsimile : (916) 263-3674

E-mail : vdaniel@cba.ca.gov

From : Veronica Daniel  
Executive Analyst

Subject : NASBA's 2010 Awards Nominations

The NASBA Awards Committee is accepting recommendations from all state boards for the William Van Rensselaer Public Service Award, the Distinguished Service Award and the Lorraine P. Sachs Standard of Excellence Award. A copy of the memorandum from NASBA and the 2010 Awards Criteria are provided as **Attachment 1**.

If the CBA members would like to submit a recommendation, staff may be directed to prepare a memo indicating such and the final language delegated for approval to the CBA President prior to the recommendation being forwarded to NASBA.

If you have any specific questions about the nomination process, you may contact the committee liaison and NASBA Communications Manager, Cassandra Gray, at (615) 564-2172 or via email at [cgray@nsaba.org](mailto:cgray@nsaba.org).

Attachment

**VDaniel**

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**From:** National Association of State Boards of Accountancy (NASBA) [info@nasba.org]  
**Sent:** Wednesday, March 31, 2010 11:20 AM  
**To:** vdaniel@cba.ca.gov  
**Subject:** 2010 NASBA Awards Call for Nominations

Dear NASBA Members,

As chair of the 2010 NASBA Awards Committee, it is my pleasure to personally invite you to participate in our standing nomination process for NASBA's 2010 Awards – the William Van Rensselaer Public Service Award, the Distinguished Service Award and the Lorraine P. Sachs Standard of Excellence Award. These awards will be presented during the 103rd NASBA Annual meeting, October 24-27, 2010, at the Hyatt Regency in San Antonio, TX, to three deserving individuals who have made a notable impact on the accounting profession.

Specifically, the *William Van Rensselaer Award* was established in 1988 in memory of NASBA's first full-time executive director, William H. Van Rensselaer, and recognizes an individual who has contributed to the development of a new program, improvement of a current program for the boards of accountancy, or who has influenced passage of rules or statutes to strengthen accountancy regulations.

The *Distinguished Service Award* was established in 1999, to honor a volunteer for unswerving commitment and dedication to enhancing the mission of NASBA. Created in 2008, the *Lorraine P. Sachs Standard of Excellence Award* recognizes a state board executive or administrator that has shown outstanding service to improving the effectiveness of accounting regulation-on local and national fronts.

The official call for nominations will run from March 31-June 7, 2010. During this time, I encourage all NASBA members and supporters to nominate any outstanding persons who you believe possess a genuine passion towards enhancing the effectiveness of state boards and the accounting profession. The 2010 awards criteria and nomination forms are attached for your review.

Should you have questions or need additional information, please contact our committee liaison and NASBA Communications Manager, Cassandra Gray, at 615-564-2172 or [cgray@nasba.org](mailto:cgray@nasba.org).

Best Regards,

Kathleen Smith, CPA, Esq.  
Chair, NASBA Awards Committee



National Association of State Boards of Accountancy

## 2010 Awards Criteria

### **WILLIAM H. VAN RENSSELAER PUBLIC SERVICE AWARD**

Since 1988, candidates for this award are individuals who have earned recognition through their contributions in the development of a new program or improvement of a current program for boards of accountancy, or who influenced passage of rules or statutes to improve accountancy regulations and laws.

#### **Criteria**

Outstanding achievements in state regulation of the accounting profession, demonstrated excellence as a leader of a state board or NASBA, significant accomplishments that have enabled NASBA or state boards to meet their objectives, contributions that have enhanced the effectiveness of state boards, and contributions that have enhanced the image of state boards.

#### **Restrictions**

The following individuals are not eligible to receive the William H. Van Rensselaer Public Service Award:

- Individuals who have served on the NASBA Board of Directors in the last five years.
- Current members of the NASBA Awards Committee.
- Paid consultants or employees of NASBA.

### **DISTINGUISHED SERVICE AWARD**

Since 1999, candidates for this award are individuals who have demonstrated unswerving commitment and dedication to enhancing the mission of NASBA.

#### **Criteria**

Demonstrated excellence as a participant in NASBA activities, facilitated significant accomplishments that have enabled NASBA to meet its stated goal, contributed to the enhanced effectiveness of state boards, and promoted achievements in state regulation of the accounting profession.

#### **Restrictions**

The following individuals are not eligible to receive the NASBA Distinguished Service Award:

- Former NASBA Chairs or Presidents.
- Former Van Rensselaer Award winners.
- Current members of the NASBA Awards Committee.
- Paid consultants or employees of NASBA, NASBA-related agencies/organizations or state boards of accountancy.

### **LORRAINE P. SACHS STANDARD OF EXCELLENCE AWARD**

Since 2008, candidates for this award are current executive directors (or similar title such as chief administrative officer) at the time of nomination that have shown exemplary, dedicated and outstanding service and commitment to improving the effectiveness of accounting regulation both locally and nationally.

#### **Criteria**

Demonstrated competence, diligence and outstanding service to his/her board of accountancy, earned the respect of accountancy regulators and the professional accountancy community, demonstrated excellence as a participant in NASBA activities, facilitated significant accomplishments that have enabled other boards of accountancy and NASBA to meet their goals, engaged in continuous development and progress to keep pace with the public's expectations of regulatory boards.

**Nominations for all NASBA Awards are due June 7, 2010.**

**CALIFORNIA BOARD OF ACCOUNTANCY  
REGULATION STATUS REPORT  
April 21, 2010**

| <b>Reg. Action</b>  | <b>Subject</b>                        | <b>Publication Date</b> | <b>Public Hearing Date</b> | <b>Status/Date</b>                                | <b>Next Action/ Target Date</b>          |
|---|---------------------------------------|-------------------------|----------------------------|---|--|
| Add §39, 40, 41, 42, 43, 44, 45, 46, 48, 48.1, 48.2, 48.3, 48.5, 48.6 | Peer Review Certificate of Compliance | 12/4/09                 | 1/21/10                    | DCA Approval process                              | OAL Approval process- 6/1/2010           |
| Add §38, 47, 48.4   | PROC                                  | 12/4/09                 | 1/21/10                    | Final Statement of Reasons                        | DCA Approval process- 5/3/2010           |
| Add §1.5  | Delegation of Certain Functions       |                         |                            | Preparing Notice and Initial Statement of Reasons | Deliver to OAL for Publication of Notice |
| Amend §87.9, 88.2, 90   | CE: Exemptions and Extensions         | 3/26/2010               | 5/12/2010                  | 45-day Public Comment period                      | Public Hearing- 5/12/2010                |
| Amend §70   | Fees                                  | 5/28/2010               | 7/28/2010                  | Submission to OAL- 4/20/2010                      | Publication of Notice- 5/28/2010         |