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DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY (CBA)

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
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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.
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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 1)**.

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 2)**.

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 3)**.

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 4).

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 5) 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 6**).

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 7**).

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 8)**. 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 9)**.

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 10)**.

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 11)**.

F. Compliance with DCA Travel Guidelines.

Mr. Rich provided an overview of the memorandum for this item **(See Attachment 12)**. 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 13)**.

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 14)**.

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 15**).

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.

Manuel Ramirez, President

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.