



**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>



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

**MINUTES OF THE**  
**JULY 28, 2010**  
**CBA MEETING**

The Holiday Inn Express  
 2224 Auburn Blvd.  
 Sacramento, CA 95821  
 Telephone: (916) 923-1100  
 Facsimile: (916) 921-9900

Roll Call and Call to Order.

CBA President Manuel Ramirez called the meeting to order at 10:30 a.m. on Tuesday, July 28, 2010, and the meeting adjourned at 5:01 p.m.

CBA Members

July 28, 2010

Manuel Ramirez, President	10:30 a.m. to 5:01 p.m.
Sally Anderson, Vice President	10:30 a.m. to 3:36 p.m.
Marshal Oldman, Secretary-Treasurer	10:30 a.m. to 5:01 p.m.
Diana Bell	10:30 a.m. to 5:01 p.m.
Rudy Bermúdez	10:30 a.m. to 12:39 p.m.
Michelle Brough	10:30 a.m. to 5:01 p.m.
Angela Chi	10:30 a.m. to 5:01 p.m.
Donald Driftmier	10:30 a.m. to 5:01 p.m.
Herschel Elkins	10:30 a.m. to 5:01 p.m.
Louise Kirkbride	10:30 a.m. to 4:00 p.m.
Leslie LaManna	10:30 a.m. to 5:01 p.m.
Robert Petersen	10:30 a.m. to 5:01 p.m.
David Swartz	10:30 a.m. to 5:01 p.m.
Lenora Taylor	10:30 a.m. to 5:01 p.m.
Andrea Valdez	10:30 a.m. to 4:00 p.m.

Staff and Legal Counsel

Patti Bowers, Executive Officer  
 Dan Rich, Assistant Executive Officer

Rich Andres, Associate Information Systems Analyst  
Steven Chi, Assistant Information Systems Analyst  
Veronica Daniel, Executive Analyst  
Gary Duke, Legal Counsel, Department of Consumer Affairs (DCA)  
Paul Fisher, Supervising Investigative CPA  
Dominic Franzella, Manager, Licensing Division  
Cindi Fuller, Licensing Division Coordinator  
Scott Harris, Deputy Attorney General, Department of Justice (DOJ)  
Lauren Hersh, Information and Planning Officer  
Rafael Ixta, Chief, Enforcement Division  
Kris McCutchen, Manager, Licensing Division  
Deanne Pearce, Chief, Licensing Division  
Michele Santaga, Enforcement Analyst  
Matthew Stanley, Legislation/Regulation Analyst  
Kathy Tejada, Manager, Enforcement Division  
Liza Walker, Manager, Licensing Division

#### Other Participants

Heather Coiner, Court Reporter  
Erica Eisenlauer, Legislative & Policy Review Analyst, DCA  
Cheryl Gerhardt, Vice Chair, Enforcement Advisory Committee  
Julian Goldstein  
Ed Howard, Center for Public Interest Law (CPIL)  
Deidre Johnson, Administrative Law Judge (ALJ)  
Doreathea Johnson, Legal Affairs Deputy Director, DCA  
Carl Olson  
Pilar Onate-Quintana, KP Public Affairs, Deloitte, E&Y, GT, KPMG, PWC  
Joe Petito, The Accountants Coalition  
Jonathan Ross, KP Public Affairs, Deloitte, E&Y, GT, KPMG, PWC  
Hal Schultz, California Society of Certified Public Accountants (CalCPA)  
Jeannie Tindel, CalCPA  
Bill Young, Chief Deputy Director, DCA

#### I. Roll Call and Call to Order.

CBA President Ramirez called the meeting to order at 10:30 a.m. on July 28, 2010.

#### II. Report of the President.

##### A. Update on California Research Bureau Study.

There was no report for this item.

##### B. Peer Review Oversight Committee (PROC) Appointments.

Mr. Petersen stated that he reviewed the qualifications of the candidates and recommends further due diligence to be completed on Robert A. Lee. Mr. Petersen then requested for Mr. Lee's name to be withdrawn from the motion until such due diligence could be completed.

**It was moved by Mr. Petersen, seconded by Ms. Brough and unanimously carried by those present to adopt the recommended appointments to the PROC, excluding Robert A. Lee.**

C. Update on Peer Review Implementation.

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

Mr. Ramirez inquired if there was a list of frequently asked questions relating to peer review. Mr. Franzella stated there is a list available on the CBA Web site and that he would provide the CBA members with a copy.

Mr. Petersen stated that he recently attended a joint meeting of the American Institute of Certified Public Accountants (AICPA) Peer Review Oversight Group and the National Association of State Boards of Accountancy (NASBA), and it was his understanding that licensees may choose to have their peer reviews conducted by AICPA instead of CalCPA. Mr. Petersen further stated that NASBA is moving forward with establishing oversight of the AICPA's peer review activities.

D. Consideration of Modification to Executive Officer's Delegation of Authority.

Mr. Duke presented a modified delegation of authority in order to incorporate clarifying language as suggested by Mr. Harris at the May CBA meeting **(see Attachment \_\_ )**.

Ms. Pearce suggested including the title Public Accountants to cover all licensees.

**It was moved by Mr. Petersen, seconded by Mr. Bermudez and unanimously carried by those present to adopt the modification to the Executive Officer's delegation of authority, incorporating the title Public Accountants.**

III. Report of the Vice President.

There was no report for this item.

IV. Report of the Secretary/Treasurer.

A. Discussion of Governor's Budget.

Mr. Oldman provided an overview of this agenda item (see Attachment \_\_\_ ).

1. FY 2010/2011 \$10 Million Accountancy Fund Loan to General Fund.

Mr. Oldman stated that due to the \$10 million loan to the general fund, the CBA reserve fund may drop below the statutory requirement of nine months.

CBA members discussed this agenda item and the options for potential recourse in obtaining repayment of the loan, or attempting to block the loan.

Mr. Young stated that if there are instances where these loans would result in inability for the organization to fund its business or if it triggers a fee increase, there would be an automatic trigger for loan repayment. Mr. Young stated that if this loan in fact reduces the CBA reserve fund to below the statutory requirement, the CBA would have a legal decision to make. Mr. Young recommended for the CBA to pursue a legal opinion from the DCA regarding this matter.

CBA members inquired with Mr. Young regarding why the CBA was the only Board/Bureau targeted. Mr. Young stated the DCA was not privy to any budgetary discussions regarding this matter.

Mr. Ramirez inquired if the DCA would assist the CBA in its efforts to move forward in preventing a statutory violation. Mr. Young stated that he would meet with the Department of Finance (DOF) to advise them of the issue. Mr. Young further stated that there is potential to run this matter by the legislative counsel.

**It was moved by Mr. Bermudez seconded by Mr. Driftmier and unanimously carried by those present to seek a legal opinion from the DCA by August 6, and to allow the CBA President and Vice President to meet with the DCA to determine an amicable solution to protect the CBA reserve fund. The motion also included direction for CBA staff to seek an opinion from the legislative counsel. Additionally, the CBA will meet on August 13, to review the outcome and discuss alternatives regarding this matter.**

V. Report of the Executive Officer.

A. DCA Director's Report.

1. Update on Consumer Protection Enforcement Initiative (CPEI).

Mr. Young stated the CPEI proposal seeks to accelerate the enforcement

processing time from an average of 36 months to within 12-18 months. Mr. Young stated the DCA has received legislative approval of \$12.7 million for the 18 healing arts boards, contingent on the passing of the budget. Mr. Young further stated the DCA is working with Executive Officers in determining ways to assist the non-healing arts boards/bureaus with implementing a similar enforcement initiative proposal.

Mr. Driftmier stated that he hopes that the DCA does not lose focus on the CBA's issues regarding salary schedule upgrades for the ICPA series. Ms. Bowers stated that a written request was submitted to Director Stiger to ensure the ICPA classification is not lost in bargaining negotiations.

## 2. Licensing Processes Review.

There was no report for this item.

### B. Update on 2010/2012 CBA Communications and Outreach Plan.

Ms. Pearce provided an overview of the memorandum for this item **(see Attachment \_\_)**.

Ms. Kirkbride suggested that research be completed to determine if there are areas of concern regarding the use of social media.

Ms. Chi inquired regarding media advertisements on Facebook and Twitter. Ms. Pearce stated the Outreach Committee is researching the concern regarding advertisements.

Ms. Bowers stated the DCA is working to provide legal guidance to Boards and Bureaus regarding the use of social media.

### C. Update on October 27, 2010 CBA Working Conference.

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

Ms. Anderson requested for the budget discussion to address why the CBA cannot hire enforcement staff at a salary level to attract qualified candidates.

Mr. Ramirez requested for there to be a discussion on legal action regarding loans to the general fund that have not been repaid and address process for repayment. Mr. Ramirez also requested for CBA members to be provided with information on the committees of national organizations.

Ms. Kirkbride expressed concern with NASBA taking the lead on the mobility discussion.

Mr. Petersen requested for a discussion regarding with residency requirements be placed on agenda for the September meeting.

Ms. Bell requested if a representative from DOF could be present for the budget discussion.

Mr. Bermudez stated it is a wonderful agenda and requested for CBA staff to provide information on how the bill he drafted impacted mobility.

CBA members discussed having a facilitator at the conference and requested that the facilitator be advised on the CBA's expectations for this event.

D. Educational Presentation – Mail Voting Process.

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

It was the consensus of CBA members that interactive discussion regarding enforcement matters is significant, and that the mail voting process is not ideal for CBA business.

E. Update on Current Projects List (Written Report Only).

Ms. Bowers presented a handout detailing the projects currently assigned to CBA staff **(see Attachment \_\_)**.

VI. Report of the Licensing Chief.

A. Report on Licensing Division Activity.

Ms. Pearce provided an overview of the memorandum for this item **(see Attachment \_\_)**.

VII. Report of the Enforcement Chief.

A. Report on Status of Enforcement Matters.

1. Enforcement Case Activity and Status Report.

Mr. Ixta provided an overview of the new Enforcement Case Activity and Status Report **(see Attachment \_\_)**.

Mr. Ixta reported on staffing concerns within the Enforcement Division and stated that steps are being taken to address these concerns.

CBA members discussed the challenges the CBA is facing regarding furloughs, threats of minimum wage, staff travel restrictions, and travel

reimbursements.

Mr. Ramirez inquired if relocating upcoming meetings to take place in Northern California would assist staff. Ms. Bowers stated that CBA staff would look into the possibility of relocation.

Ms. Bowers stated that the budget related issues also apply to reimbursement to CBA members, and payments to consultant contracts. Ms. Bowers further stated that if consultants discontinue work it will impact the enforcement case matters and case aging.

Ms. Taylor inquired if there is a process to request an exemption to these budgetary restrictions. Mr. Young stated there is no process for exemption.

Mr. Ramirez inquired if DCA would provide support if the CBA decided to seek establishing a bill to implement an exemption. Mr. Young stated that he could not respond at this time.

Mr. Ramirez assigned the LC to discuss possibility of a legislative solution to address the budgetary issues and potentially seek an exemption for the CBA.

## 2. Major Case Summary.

Mr. Ixta stated the report was modified to provide more detailed information to CBA members regarding major cases.

Mr. Ramirez inquired regarding the status of the major case opened in December 2007. Mr. Ixta stated that this case had been referred to the Attorney General's Office.

Mr. Petersen stated there should be no difference in handling of negotiations between large and small cases and that the CBA should be applying the law equally. Mr. Harris stated that it is a major case and there may be complex issues surrounding the case. Mr. Harris further stated there should not be a difference, reality is level of complexity.

Mr. Ramirez assigned the EPOC to look into the matter of small vs. large enforcement cases.

Ms. Bowers stated that the enforcement report is being expanded to allow CBA members access to reviewing the details regarding all cases. Ms. Bowers stated the CBA took previous action to discontinue the major case program and handle all enforcement matters the same.

Mr. Ramirez suggested putting a footnote on the enforcement report to

alert members when the CBA is in a waiting position regarding an enforcement matter.

3. Report on Citations and Fines.

There was no verbal report for this item.

4. Reportable Events Report.

Mr. Petersen suggested looking into insurance as a mitigating factor and stated that should be built into the disciplinary process in some way.

Mr. Ramirez assigned the CPC with this topic for discussion.

VIII. Regulations.

A. Regulation Hearing Regarding Section 70 – Fees.

Mr. Duke read the following script into the record (**see Attachment \_\_\_**).

Mr. Olson stated his opposition towards the CBA reducing its fees for licensure.

Mr. Duke adjourned the hearing at 1:40 p.m.

1. Consideration of Adoption of Proposed Section 70 – Fees.

**It was moved by Ms. LaManna, seconded by Ms. Taylor and carried by those present to adopt the proposed regulatory language with the technical revisions as recommended by staff, and to direct staff to complete all necessary rulemaking activities. Mr. Elkins abstained.**

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

A. William J. Mattila – Petition for Reinstatement of Revoked Certificate.

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

ALJ Deidre Johnson and the CBA members heard the petition and convened into executive closed session to deliberate the matter. ALJ Johnson will prepare the decision.

B. David Greenberg – Petition for Reinstatement of Revoked Certificate.

Mr. Greenberg appeared before the CBA members to petition for

reinstatement of his revoked certificate.

ALJ Deidre Johnson and the CBA members heard the petition and convened into executive closed session to deliberate the matter. It was determined that ALJ Johnson and the CBA members would reconvene the closed session deliberation at the September 22-23, 2010 CBA meeting.

C. Trudy Reed – Stipulated Settlement.

D. Erin Decker – Stipulated Settlement.

E. William F. Ying – Proposed Decision.

F. William R. Murray – Default Decision.

CBA members considered agenda items IX.C. – F. in closed session.

Mr. Ramirez stated that due to time constraints, the remaining items on agenda would be deferred to take place at the September CBA meeting, with the exception of agenda items X.C.3. and XII.A. – F.

X. Committee and Task Force Reports.

A. Report of the Committee on Professional Conduct (CPC).

1. Report of the July 28, 2010 CPC Meeting.
2. Consideration of Regulatory Language for Section 1.5 – Delegation of Certain Functions.
3. Discussion on a Retired Option for CPA/PA License.
4. Qualifications Committee (QC) Recommendation Regarding Defining Supervision in CBA Regulation Sections 12 and 12.5.
5. QC Recommendation Regarding Further Defining General Accounting Experience in CBA Regulation Section 12.

Due to time constraints, agenda items X.A. – A.4. were deferred to take place at the September 22-23, 2010 CBA meeting.

B. Report of the Enforcement Oversight Program Committee (EPOC).

No report.

C. Report of the Legislative Committee (LC).

1. Report of the July 28, 2010 LC Meeting.
2. Update on Bills on Which the CBA Has Taken a Position.

Due to time constraints, agenda items X.C. – C.2. were deferred to take place at the September 22-23, 2010 CBA meeting.

3. SB 294 – Department of Consumer Affairs: Regulatory Boards.

**It was moved by Mr. Petersen, seconded by Ms. Brough and unanimously carried by those present to adopt the LC's recommendation to adopt a support position on SB 294.**

D. Report of the Accounting Education Committee (AEC).

1. Report of the June 23, 2010 AEC Meeting.

Due to time constraints, this agenda item was deferred to take place at the September 22-23, 2010 CBA meeting.

E. Report of the Enforcement Advisory Committee (EAC).

There was no report for this item.

F. Report of the Ethics Curriculum Committee (ECC).

1. Update on ECC Activities.

Due to time constraints, this agenda item was deferred to take place at the September 22-23, 2010 CBA meeting.

G. Report of the QC.

There was no report for this item.

XI. Appeals – Personal/Written.

A. Personal Appeals.

None.

XII. Adoption of Minutes.

A. Draft Minutes of the April 26, 2010 CBA Meeting.

B. Draft Minutes of the May 12-13, 2010 CBA Meeting.

- C. Draft Minutes of the May 12, 2010 EPOC Meeting.
- D. Draft Minutes of the May 12, 2010 CPC Meeting.
- E. Draft Minutes of the May 12, 2010 LC Meeting.
- F. Draft Minutes of the April 8, 2010 AEC Meeting.

**It was moved by Mr. Oldman, seconded by Ms. Anderson and carried by those present to approve agenda items XII. as a group, excluding agenda item XII.C. Mr. Swartz was temporarily absent.**

Agenda item XII.C. was deferred to take place at a future CBA meeting.

XIII. Other Business.

- A. American Institute of Certified Public Accountants (AICPA).
  - 1. Update on AICPA State Board Committee.
- B. National Association of State Boards of Accountancy (NASBA).
  - 1. Update on NASBA Committees.
    - a. Accountancy Licensee Database Task Force.
    - b. Board Relevance and Effectiveness Committee.
    - c. Compliance Assurance Committee.
    - d. Education Committee.
    - e. Global Strategies Committee.
    - f. Uniform Accountancy Act Committee.

Due to time constraints, agenda items XIII.A. – B.1.f. were deferred to take place at the September 22-23, 2010 CBA meeting.

XIV. Closing Business.

- A. CBA Member Comments.
- B. Comments from Professional Societies.
- C. Public Comments.

Mr. Goldstein commented that he was in favor of a retired status for licensure.

D. Agenda Items for Future CBA Meetings.

E. Press Release Focus.

1. Recent Press Releases.

Due to time constraints, this agenda item was deferred to take place at the September 22-23, 2010 CBA meeting.

XV. Adjournment.

President Ramirez adjourned the meeting at 5:01 p.m. on Tuesday, July 28, 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.