



**DEPARTMENT OF CONSUMER AFFAIRS**  
 CALIFORNIA BOARD OF ACCOUNTANCY  
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**CBA Item IX.A.**  
 July 25, 2013

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

**MINUTES OF THE**  
**May 23-24, 2013**  
**CBA MEETING**

Hilton Pasadena  
 168 South Los Robles Ave.  
 Pasadena, CA 91101  
 Telephone: (626) 577-1000  
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Roll Call and Call to Order.

CBA President Leslie LaManna called the meeting to order at 3:34 p.m. on Thursday, May 23, 2013 at the Hilton Pasadena. The meeting recessed at 5:43 p.m. President LaManna reconvened the meeting at 9:00 a.m. on May 24, 2013 and the meeting adjourned at 11:32 a.m.

CBA Members

May 23, 2013

Leslie LaManna, President	3:34 p.m. to 5:43 p.m.
Michael Savoy, Vice President	3:34 p.m. to 5:43 p.m.
K.T. Leung, Secretary-Treasurer	3:34 p.m. to 5:43 p.m.
Sarah (Sally) Anderson	3:34 p.m. to 5:43 p.m.
Diana Bell	3:34 p.m. to 5:43 p.m.
Alicia Berhow	Absent
Michelle Brough	3:34 p.m. to 5:43 p.m.
Jose Campos	3:34 p.m. to 5:43 p.m.
Herschel Elkins	3:34 p.m. to 5:43 p.m.
Laurence (Larry) Kaplan	3:34 p.m. to 5:43 p.m.
Louise Kirkbride	3:34 p.m. to 5:43 p.m.
Marshal Oldman	3:34 p.m. to 5:43 p.m.
Manuel Ramirez	3:34 p.m. to 5:43 p.m.
Katrina Salazar	3:34 p.m. to 5:43 p.m.

CBA Members

May 24, 2013

Leslie LaManna, President	9:00 a.m. to 11:32 a.m.
Michael Savoy, Vice President	9:00 a.m. to 11:32 a.m.
K.T. Leung, Secretary-Treasurer	9:00 a.m. to 11:32 a.m.
Sarah (Sally) Anderson	9:00 a.m. to 11:32 a.m.
Diana Bell	9:00 a.m. to 11:07 a.m.
Alicia Berhow	Absent
Michelle Brough	9:00 a.m. to 11:32 a.m.
Jose Campos	9:00 a.m. to 11:32 a.m.
Herschel Elkins	9:00 a.m. to 11:32 a.m.
Laurence (Larry) Kaplan	9:00 a.m. to 11:32 a.m.
Louise Kirkbride	9:00 a.m. to 11:07 a.m.
Marshal Oldman	9:00 a.m. to 11:32 a.m.
Manuel Ramirez	9:00 a.m. to 11:32 a.m.
Katrina Salazar	9:00 a.m. to 11:32 a.m.

Staff and Legal Counsel

Rich Andres, Information Technology Staff  
Patti Bowers, Executive Officer  
Andrew Breece, Legislative Analyst  
Paul Fisher, Supervising Investigative CPA  
Dominic Franzella, Chief, Licensing Division  
Rafael Ixta, Chief, Enforcement Division  
Kathryn Kay, Licensing Coordinator  
Kari O'Connor, Board Relations Analyst  
Deanne Pearce, Assistant Executive Officer  
Kristy Shellans, Legal Counsel, Department of Consumer Affairs (DCA)  
Carl Sonne, Deputy Attorney General, Department of Justice (DOJ)  
Matthew Stanley, Regulation Analyst  
Richard Wolfe, Deputy Attorney General, DOJ

Committee Chairs and Members

Nancy Corrigan, Chair, Peer Review Oversight Committee (PROC)  
Cheryl Gerhardt, Chair, Enforcement Advisory Committee (EAC)

Other Participants

Ken Bishop, President and CEO, National Association of State Board of Accountancy (NASBA)  
Daniel Dustin, Vice President, NASBA State Board Relations  
Jason Fox, California Society of CPAs (CalCPA)  
Ed Howard, Center for Public Interest Law  
Jonathon Ross, KP Public Affairs  
Hal Schultz, CalCPA  
Jeannie Tindel, CalCPA

I. Report of the President.

A. Presentation Regarding Mobility and Cross Border Practice.

Mr. Bishop presented information regarding mobility for CPAs. Mr. Bishop stated that mobility has been a great success. He reported that fifty states are now participating in mobility. Mr. Bishop provided information regarding NASBA's definition of "substantially equivalent." Mr. Bishop stated that NASBA will soon release an exposure draft with draft regulatory language to define firm mobility.

B. Introduction of Members Selected to the Taskforce to Examine Experience for CPA Licensure (Taskforce).

Ms. LaManna introduced members of the Taskforce: CBA members Manuel Ramirez, CPA, Chair; Sally Anderson, CPA; Marshal Oldman, Esq; and Larry Kaplan. CBA Stakeholders: Dan Dustin, CPA, NASBA, Ed Howard, Esq., CPIL; Kris Mapes, CPA, CBA Qualifications Committee; Gary McBride, CPA, CSU East Bay; and Hal Schultz, CPA, CalCPA.

II. Report of the Vice President.

A. Recommendations for Appointment(s)/Reappointment(s) to the Enforcement Advisory Committee (EAC).

B. Recommendations for Appointment(s)/Reappointment(s) to the Qualifications Committee (QC).

**It was moved by Mr. Savoy, seconded by Mr. Ramirez and unanimously carried by those present to appoint Erin Sacco Pineda to the QC.**

C. Recommendations for Appointment(s)/Reappointment(s) to the Peer Review Oversight Committee (PROC).

**It was moved by Mr. Savoy, seconded by Ms. Bell and unanimously carried by those present to reappoint Katherine Allanson, Nancy Corrigan, Robert Lee, Sherry McCoy, and Seid Sadat as members of the PROC.**

**It was moved by Mr. Savoy, seconded by Ms. Anderson and unanimously carried by those present to reappoint Nancy Corrigan as Chair of the PROC.**

III. Report of the Secretary/Treasurer

A. Discussion of Governor's Budget.

There was no report on this item.

B. FY 2012-2013 Mid-Year Financial Statement.

Mr. Leung provided an overview of this item.

Mr. Ramirez requested that staff provide additional information regarding what level the CBA reserve fund was at when the General Fund borrowed money from the CBA.

IV. Closed Session.

Pursuant to Government Code Section 11126(c)(3), the CBA Convened into Closed Session to Deliberate on Disciplinary Matters (Stipulations, Default Decisions, and Proposed Decisions).

V. Closed Session.

Pursuant to Government Code Section 11126(e), the CBA Will Meet In Closed Session to Receive Advice from Counsel on Litigation (*David Greenberg v. Leslie LaManna, et al., Orange County Superior Court, Case No. 30-2013-00635372-CU-NP-CJC.*)

**At this time, CBA members heard agenda item I.A.**

VI. Report of the Executive Officer (EO)

A. Update on Staffing.

Ms. Bowers stated that the Enforcement Division will soon begin recruiting to fill two vacancies.

B. Update on 2013-2015 CBA Communications and Outreach Plan (Written Report Only).

There were no comments on this item.

VII. Report of the Licensing Chief.

A. Report on Licensing Division.

Mr. Franzella provided an overview of this item. Mr. Franzella reported that there has been an increase in examination applications. He also

stated that the Licensing Division is creating a handbook for the new Practice Privilege provisions.

#### VIII. Regulations.

##### A. Discussion and Possible Action to Amend Previously Proposed Text at Title 16, California Code of Regulations Section 70 Regarding Fees.

Mr. Stanley informed the CBA that the Office of Administrative Law now requires a more detailed analysis when fees are being set in regulation. As a result, staff reanalyzed the CBA's rulemaking regarding fees and recommend that the renewal fee be set at \$120, following the two-year fee reduction outlined in the proposal.

**It was moved by Mr. Ramirez, seconded by Ms. Bell and unanimously carried by those present to direct staff to take all steps necessary to complete the rulemaking process, including sending out the modified text and Addendum to the Initial Statement of Reasons for an additional 15-day comment period. If after the 15-day public comment period, no adverse comments are received, authorize the Executive Officer to make any non-substantive changes to the proposed regulations, and adopt the proposed regulations as described in the modified text notice.**

#### IX. Report of the Enforcement Chief.

##### A. Enforcement Activity Report.

Mr. Ixta presented an overview of this item. Mr. Ixta noted that the report has been expanded to add additional details regarding internal complaints received. Mr. Ixta also stated that there are only three enforcement cases that have been pending over 24 months.

Mr. Ixta stated that the next probation hearings are scheduled to be held in conjunction with the July EAC meeting.

Mr. Ixta reported that the third phase of peer review reporting has begun. Deficiency letters for this phase will be sent in September 2013.

Mr. Ramirez commended the Enforcement Division on reducing the number of enforcement cases that have been pending over 24 months.

#### IX. Committee and Task Force Reports.

##### A. Enforcement Program Oversight Committee (EPOC) (Michael Savoy).

###### 1. Report of the May 23, 2013 EPOC Meeting.

2. Discussion and Possible Action Regarding the Proposed Revisions to the Manual of Disciplinary Guidelines and Model Disciplinary Orders.

**It was moved by Ms. Bell, seconded by Mr. Ramirez and unanimously carried by those present that the CBA accept the EPOC recommendation to approve the Model Petition for Reinstatement Decision Checklist and add the word “however” after the phrase “Petitioner’s certificate shall be fully restored.”**

**B. Legislative Committee (LC) (Larry Kaplan, Chair).**

1. Report of the May 23, 2013 LC Meeting.
2. Update on Legislation Which the CBA Has Taken a Position.
  - a. AB 186 – Professions and Vocations: Military Spouses: Temporary Licenses.

**It was moved by Ms. Brough, seconded by Mr. Ramirez and unanimously carried by those present to accept the LC’s recommendation that the CBA maintain its Support if Amended position on AB 186 and direct staff to prepare a follow-up letter reiterating the purpose of the proposed amendment to ensure that the applicant’s license is current, active, and unrestricted in their state of licensure.**

- b. AB 291 – California Sunset Review Commission.

The CBA accepted the LC’s recommendation that the CBA maintain an Oppose position on AB 291.

**3. Consideration of Positions on Legislation**

- a. AB 258 – Stage Agencies: Veterans.

**It was moved by Mr. Ramirez, seconded by Mr. Campos and unanimously carried by those present to accept the LC’s recommendation that the CBA adopt a Support position on AB 258.**

- b. AB 376 – Regulations: Notice.

**It was moved by Ms. Brough, seconded by Ms. Salazar and unanimously carried by those present to accept the LC’s recommendation that the CBA adopt a Watch position on AB 376.**

- c. AB 1057 – Professions and Vocations: Military Service.

**It was moved by Mr. Ramirez, seconded by Mr. Leung and unanimously carried by those present to accept the LC's recommendation that the CBA adopt a Support position on AB 1057.**

- d. AB 1151 – Tax Agent Registration.

**It was moved by Ms. Anderson, seconded by Mr. Oldman and unanimously carried by those present to accept the LC's recommendation that the CBA adopt an Oppose position and present a letter to the author explaining the CBA's concerns regarding this bill.**

- e. AB 1420 – State Government: State Agencies: Reports.

**It was moved by Ms. Brough, seconded by Mr. Oldman and unanimously carried by those present to accept the LC's recommendation that the CBA adopt a Watch position on AB 1420 and direct staff to write a letter to the author explaining that although the CBA supports the amendment to Business and Professions Code Section 5092(e), this bill contains provisions unrelated to the CBA.**

- f. SB 176 – Administrative Procedures.

**It was moved by Mr. Ramirez, seconded by Mr. Elkins and unanimously carried by those present to accept the LC's recommendation to adopt a Watch position on SB 176 and direct staff to work with the author to address the concerns expressed during the LC meeting.**

- g. SB 305 – Healing Arts: Boards.

**It was moved by Ms. Anderson, seconded by Mr. Ramirez and carried by those present that the CBA accept the LC's recommendation to adopt a Neutral position on SB 305, and direct staff to work with Ms. Brough to modify the language to narrow the bill's focus. Ms. Brough abstained.**

- h. SB 822 – Professions and Vocations.

**It was moved by Mr. Elkins, seconded by Mr. Oldman and unanimously carried by those present to accept the LC's recommendation that the CBA adopt a Support position on**

**SB 822.**

- i. SB 823 – Accountancy: Licensure.

**It was moved by Mr. Ramirez, seconded by Ms. Salazar and unanimously carried by those present to accept the LC’s recommendation that the CBA adopt a Support position on SB 823 and approve the amended language provided by staff and legal counsel.**

- j. AB 132 – Personal Income Taxes: Retirement Plans: Early Distributions.

Mr. Ramirez requested that staff send a letter to the author’s office stating that the CBA cannot take a position on this bill at this time because the bill does not relate to the CBA.

- 4. Report on 2013 Legislation Being Monitored by CBA (AB 12, AB, 186, AB 258, AB 291, AB 292, AB 376, AB 393, AB 555, AB 653, AB 771, AB 772, AB 872, AB 866, AB 887, AB 894, AB 1013, AB 1017, AB 1057, AB 1114, AB 1151. AB 1219, AB 1420, SB 207, SB 305, SB 417, SB 532, SB 690, SB 742, SB 822 and SB 823).

There was no action on this item.

- 5. Additional Legislation Impacting the CBA Identified by Staff After the Posting of the Meeting Notice.

There was no report for this item.

- 6. Discussion and Possible Action on a Legislative Proposal to Amend Business and Professions Code Section 5087 Regarding Reciprocity of License From Another State.

**It was moved by Mr. Ramirez, seconded by Mr. Savoy and unanimously carried by those present that the CBA accept the LC’s recommendation to approve staff’s proposed amendment and have Ms. LaManna appoint a CBA member to work with stakeholders to address the concerns expressed during the LC meeting.**

- C. Taskforce to Examine Experience for CPA Licensure (Taskforce).

- 1. Report of the May 22, 2013 Taskforce Meeting.

Mr. Ramirez reported that the Taskforce held its first meeting on May 22, 2013. Mr. Ramirez stated that the Taskforce discussed what type of information CBA staff should bring to the next meeting to assist the Taskforce. Mr. Ramirez further stated that it would be beneficial for CBA members to attend and listen to future Taskforce meetings.

2. Discussion Regarding the Taskforce Purpose and Goal.

There was no action on this item.

3. Overview of Taskforce-Related Resource Material.

There was no action on this item.

4. History and Overview of the Present Licensure Requirements.

There was no action on this item.

5. Discussion on Modifications to the Experience Requirement for CPA Licensure Mandated Pursuant to Business and Professions Code Sections 5092, 5093, and 5095, and Title 16 California Code of Regulations Sections 12 and 12.5.

There was no action on this item.

6. Future Meeting Dates.

There was no action on this item.

D. Peer Review Oversight Committee (PROC) **(Nancy Corrigan, Chair)**.

There was no report for this item.

E. Enforcement Advisory Committee (EAC) **(Cheryl Gerhardt, Chair)**.

1. Report of the May 2, 2013 EAC Meeting.

Mr. Gerhardt reported that eight investigative hearings were conducted at the EAC meeting. She stated that three cases were referred to the AG's office, one case was referred to CBA staff for additional investigation, three cases were referred for citations and one case was closed. Ms. Gerhardt further stated that the EAC reviewed 14 closed cases and agreed with the staff recommendations on all of the cases.

F. Qualifications Committee (QC) (**Maurice Eckley, Chair**).

1. Report of the April 24, 2013 QC Meeting.

Mr. Franzella reported that there were four personal appearances and five Section 69 appearances at the QC meeting, and all were approved.

XI. Acceptance of Minutes.

A. Draft Minutes of the March 21-22, 2013 CBA Meeting.

B. Minutes of the March 21, 2013 LC Meeting.

C. Minutes of the March 21, 2013 EPOC Meeting.

D. Minutes of the January 23, 2013 QC Meeting.

E. Minutes of the January 31, 2013 EAC Meeting.

**It was moved by Mr. Ramirez, seconded by Mr. Campos and carried by those present to accept items XI.A-E.**

XII. Other Business.

A. American Institute of Certified Public Accountants (AICPA).

There was no report for this item.

B. National Association of State Boards of Accountancy (NASBA).

1. Update on NASBA Committees.

2. Nominations for NASBA Board of Directors.

**It was moved by Ms. LaManna, seconded by Mr. Ramirez and unanimously carried by those present to nominate Janice Gray for the position of NASBA Director at Large.**

a. Accountancy Licensee Database (ALD) Task Force.

Ms. Bowers stated NASBA has developed an online training resource for the ALD system. Ms. Bowers thanked NASBA for creating this useful resource.

b. Board Relevance & Effectiveness Committee.

There was no report for this item.

XIV. Closing Business

A. Public Comments.

There were no public comments.

B. Agenda Items for Future CBA Meetings.

Mr. Elkins suggested that Ms. LaManna consider revisiting the role of CBA committee liaisons, specifically the liaison to the Enforcement Advisory Committee.

C. Press Release Focus

Ms. Pearce stated the topic for consideration for a post meeting press release is the Taskforce to Examine Experience for CPA Licensure.

Adjournment.

President LaManna adjourned the meeting at 11:32 a.m. on Friday, May 24, 2013.

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Leslie J. LaManna, CPA, President

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K.T. Leung, CPA, Secretary-  
Treasurer

Kari O'Connor, Board Relations Analyst, and Patti Bowers, Executive Officer, CBA, prepared the CBA meeting minutes. If you have any questions, please call (916) 561-1718.