

**STATE OF ALASKA  
DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT  
DIVISION OF CORPORATIONS, BUSINESS AND PROFESSIONAL LICENSING  
BOARD OF PUBLIC ACCOUNTANCY**

**MINUTES OF MEETING  
January 31 – February 1, 2007**

**Staff of the Division of Corporations, Business and Professional Licensing prepared these draft minutes. They have not been reviewed or approved by the Board.**

By authority of AS 08.01.070(2), and in compliance with the provisions of AS 44.62, Article 6, a scheduled meeting of the Board of Public Accountancy was held at the State Office Building, Conference Room "A", Juneau, AK.

Wednesday – January 31, 2007

**Call to Order/Roll Call**

Mr. Mertz, Chairman called the meeting to order at 11:27 a.m.

Those present, constituting a quorum of the Board:

Max Mertz, Chairman, CPA – Juneau  
Carla Bassler, CPA – Anchorage  
Dan Rozema, CPA – Anchorage  
Elaine Williamson, CPA – Fairbanks  
Christy Morse, CPA – Anchorage  
Catherine Wilson, Public Member – Tok  
John Floyd, Public Member - Anchorage

In attendance from the Department of Commerce, Community and Economic Development, Division of Corporations, Business and Professional Licensing, was:

Cori Hondolero, Licensing Supervisor – Juneau  
Jun Maiquis, Regulations Specialist – Juneau  
Jenny Strickler, Chief – Juneau

In attendance from the Department of Law was:

Gayle Horetski, AAG – Juneau

In attendance from the public was:

Leslie Schmitz, representing the Alaska Society of CPAs (ASCPA)  
Bernadette Koppy, representing the Alaska Society of Independent Accountants (ASIA)

### **Agenda Item 1 – Review/Amend Agenda**

The Board made the following changes/updates to the agenda:

The Board requested to add the following items under item 15: status of the vacant examiner position, nomination for NASBA vice-chair, discussion and possible elections of new Board chair.

**Upon a motion by Mertz, seconded by Rozema and approved unanimously, it was:**

**RESOLVED to approve agenda as amended.**

### **Agenda Item 2- Review Meeting Minutes**

The Board reviewed the November 27-28, 2006 minutes and made the following changes.

Page 6 – add two office location cities of Ernst & Young general permits.

**Upon a motion by Bassler, seconded by Floyd and approved unanimously, it was:**

**RESOLVED to adopt the November 27-28, 2006 meeting minutes as amended.**

### **Agenda Item 3 – Ethics Reporting**

There were no ethics conflicts to disclose.

Mr. Mertz noted that the ethics video can be viewed online.

### **Agenda Item 4 – Investigative Report**

Lucy Richardson, Investigator for the Division of Corporations, Business and Professional Licensing joined the meeting.

#### **Open Cases**

- 600-02-002 – Allegation of a falsified application by a corporate entity (opened 6-19-02).
- 600-02-005 – Allegation of negligence (opened 11-21-02).
- 600-04-002 – Allegation of fraud or misrepresentation (opened 7-21-04).
- 650-02-001 – License application problem (opened 5-14-02).
- 600-05-002 – Allegation of fraud or misrepresentation (opened 2-22-05).
- 600-05-005 – Allegation of negligence (opened 10-21-05).
- 600-06-002 – License application problem (opened 10-21-05)
- 600-06-003 – License application problem (opened 3-2-06).
- 600-06-005 – Fraud/misrepresentation (opened 11-8-06).
- 601-06-002 – Unlicensed practice (opened 11-9-06).

### Closed Case

- 600-05-004 – Allegation of fraud/misrepresentation. Closed no action/insufficient evidence (closed 11-2-06).
- 601-05-003 – Allegation of unlicensed practice. MOA signed and approved by Board (closed 11-29-06).
- 650-06-01 – Allegations of criminal action/application problem. Disclosed information on application, and wrote a letter of explanation. Closed no action-no violation (closed 11-3-06).

The Board reviewed the Memorandum of Agreement (MOA) prepared by investigative staff and signed by Patrick Klier.

**Upon a motion by Bassler, seconded by Floyd and approved unanimously, it was:**

**RESOLVED to accept the MOA as written for Patrick Klier (case no. 600-06-002).**

It was noted the Mr. Klier indicated that he does not intend to practice in Alaska. The Board discussed offenses that could be considered moral turpitude.

The Board asked Ms. Richardson about the status of the MOA for licensee Fowler. Ms. Richardson stated that Robert Auth, AAG was trying to locate the Mr. Fowler and once the licensee has received the documents, he would have 30 days to respond.

There was a question about the open cases listed on the investigative report. Ms. Richardson indicated that all open cases listed do need to be in an opened status and are being worked.

Lunch break at 12:00 p.m.; back on the record at 1:01 p.m.

### **Agenda Item 5 – Correspondence**

#### AICPA/Prometric/NASBA

Letter regarding changes in candidate fees.

No response required.

#### National Association of State Boards of Accountancy (NASBA)

Two e-mails/memos regarding a request for nominations for NASBA vice-chair for 2007/2008.

Sandra Wilson requested the Boards nomination. It was requested that Ms. Hondolero draft a letter noting this nomination for Mr. Mertz's signature.

**Upon a motion by Bassler, seconded by Morse and approved unanimously, it was:**

**RESOLVED to nominate Sandra Wilson for NASBA Vice-Chair.**

California Practice Privilege Program

E-mail forwarded to Board from Mr. Mertz. Outline of California practice privilege rules. There was brief Board discussion about general permits to practice. Board noted that it would like to discuss this issue with Ms. Horetski, AAG. There was a question about what constitutes “practicing in Alaska”. Does it mean physically being in Alaska or do you need a permit for doing business in Alaska? The Board discussed the need to make this clearer by establishing additional clarifying guidelines.

National Association of State Boards of Accountancy (NASBA)

Questionnaire regarding the Gateway database. Staff will pass this information on to NASBA.

**Agenda Item 6 – Goals & Objectives FY 07**

The following are the Boards Fiscal Year 2007 Goals and Objectives:

1. Adopt revisions to Alaska regulations reflecting the changes in statutes
  - A. Provide input and assist in drafting of regulations
  - B. Obtain comments from public/profession
  - C. Adopt revised regulations
2. Oversight Review Committee/Peer Review
3. Review current licensing fee structure
  - A. Determine if current fee structure is appropriate
  - B. Provide recommendation
4. Ensure that Alaska CPA candidates have adequate testing facilities and scheduling opportunities under the computerized exam.
  - A. Monitor the testing experience through the use of a “post testing survey” for all candidates testing at the Anchorage testing center
  - B. Follow up on all complaints indicated in the post testing survey
5. Monitor and react to changes in the professional environment for CPAs
  - A. Monitor new rules proposed by the Public Company Accounting Oversight Board, the National Association of State Boards of Accountancy (NASBA), and the American Institute of Certified Public Accountants for impacts on CPAs and make changes to Alaska statutes and regulations as required
  - B. Continue to educate, study and implement portions of the Uniform Accountancy Act through a coordinated effort with the Alaska Society of Certified Public Accountants
  - C. Represent Alaska concerns at regional and annual NASBA meetings as well as participate in NASBA committees

D. Provide input and influence on proposed changes impacting Alaska CPAs

It was noted that after the last meeting it was confirmed that the Fiscal Year (FY) 2005 annual report had incorrect totals listed and that FY 2006 totals were correct as listed on the annual report signed by Mr. Mertz.

The Board moved to discussion about who would attend upcoming meetings in 2007.

It was decided that Mr. Mertz, Mr. Floyd and Ms. Morse would attend the Western Regional Meeting in Colorado Springs, Colorado June 20-22, 2007 and that Ms. Williamson and Mr. Rozema would attend the 100<sup>th</sup> Annual Meeting October 28-31, 2007 in Maui, Hawaii.

The Board discussed peer review/transparency. Mr. Rozema asked Ms. Schmitz if she was in attendance at any meetings where there was discussion about changing the peer review process to make it more transparent. Ms. Schmitz stated that she has been in attendance during discussion about peer review and the views/opinions were very diverse and no proposed changes were put in writing.

Ms. Schmidt noted that it is hard for the society to answer questions about this because no one is sure which direction peer review is heading. AICPA may take the transparency issue to vote with its members, but would not do it unless it was sure that it would pass.

**Agenda Item 12 – Prometric Testing Center**

The Board reviewed the comment sheets that had been received by Ms. Hondolero for the last two testing windows in 2006. The Board stated that it is very important information for the Board to review and helps assure that concerns are being addressed.

There was follow up discussion about exam candidate Keith Granberry. The Board discussed waiving re-exam fees for Mr. Granberry in accordance with the same offer from NASBA and Prometric to waive their test fees.

**Upon a motion by Floyd seconded by Williamson and approved unanimously, it was:**

**RESOLVED to waive Alaska re-exam fees for Mr. Granberry equivalent to what was offered by NASBA & Prometric.**

Mr. Mertz noted for the record that his interactions with Bill Burnham of Prometric company were very positive.

Break at 2:26 p.m.; back on the record at 2:33 p.m.

### **Agenda Item 7 – Regulation Update**

Jun Maiquis, Regulations Specialist, Gayle Horetski, AAG, and Jenny Strickler, Chief joined the meeting for the regulations section of the meeting.

The Board had requested that Mr. Maiquis review the draft regulations that had been prepared by the regulations task force. The Board questioned the timeline for implementing the new regulations.

Ms. Horetski complemented the Board on the preliminary efforts and stated that it was very commendable that the Board started on this regulation project well in advance of the statute changes that become affective January 1, 2008.

The regulation process was outlined for the Board. Draft regulations are approved by the Board, the Board makes a motion to send the draft regulations out for public comment for at least 30 days, at close of public comment period Board reviews any comments and may chose to adopt the regulations, adopted regulations forwarded to Department of Law and become affective 30 days after they are signed by the Lieutenant Governor.

Mr. Mertz asked about the ability of the Board to accept public comment and asked about the possibility of having an oral hearing for the Board to accept comments on the regulations. It was noted that some Boards have oral hearings in conjunction with a meeting and some Boards hold separate hearings. This would typically depend on how substantial the changes are.

It was noted that it might make sense to add other amendments to this regulation package.

The Board took a brief break from the regulation discussion to note that it was 4:00 p.m. and the designated public comment period. There were no members of the public present other than Leslie Schmitz and she stated that she could wait to make her comments the next day.

Ms. Horetski had reviewed the draft prepared by the task force and had prepared some comments for the Board. The date of this draft is December 28, 2006.

Page 1 – 04.010 – update the professional standards to list the most current version. Delete first sentence. Second sentence should be amended to include both sections 101 and 102 and should state that they are adopted by reference June 2006.

Page 2 – delete website at the end of the editor's note. 04.180(a) "initial issuance of" may not be needed because this section only applies to exam candidates.

Page 3 – 04.180(f) – comment about the hours required and how they are listed. It may be easier to define one year of fulltime employment. There was a clarification made that this regulation states employment, which is different from actual hours worked.

Page 4 – 04.181 – There was discussion about eliminating or clarifying the point system and it was noted that it may be less confusing to use time spent on the job in hours.

Working in a CPA firm is thought to be more valuable and applicants learn faster than working in a private or governmental accounting position.

Page 5 – 04.185(e)(3)(B) – question about if the Board really wanted this change. What standard is the Board going to use for “approved by the board”.

Page 7 – Article 5 – possibly renumber in a cleaner format. Add “- for attest related functions” to 238. Add new 265 that combines 236/237.

Page 8 – renumber 04.236 and 04.237 to be combined in a new 04.265. Hours listed the same as section 04.180(f), make same change to hours in both sections.

Page 9 – 04.238 – Make the section title read “Competency requirements after licensing for people performing attest functions”

Page 10 – delete the whole first section 04.238(c). 04.250 – delete 08.04.390 and 08.04.400 in the first sentence and add 08.04.105.

Page 11 – 04.280 – need new paragraph four (4) re: proof that (a) or (b). Section (b) needs to state substantially equivalent to national standards.

Page 12 – 04.280(e) add at the end of the second sentence “if the applicant applies and is qualified.” Delete section (f) because it is already in statute.

Page 13 – 04.285(b) it was noted that the Board may want to adopt national standard by reference. Add new section 04.290 re: attest functions.

Page 14 – 04.360 delete the reference to 04.360(a)(3).

Page 15 – 04.420 - first sentence delete “who has notified the board” and replace with “holds an inactive license.” 04.430 make sure to note that it is an application process.

Page 16 – 04.430(b) replace “status” with “license.”

Page 20 – 04.990(7) delete.

Page 21 – 04.990(11) insert “to be” before performed in (A), (B), (C), and (D). 04.990(13) repeal because it is defined in new statute.

The Board asked for help with clarification of a few other topics. It was asked what constitutes practice of accounting in Alaska. The clarification was requested because there is a question about how this applies to people out of the State who file reports/tax returns in Alaska. “In Alaska” means what?

Board may want to add a regulation to define what practice in this State means.

Business licensing defines doing business in Alaska as a having a physical presence in Alaska. This is not to be confused with the licensure requirements.

Mr. Maiquis and Ms. Horetski stated that they would try to have another draft ready for the Board to review at its next meeting.

The meeting adjourned for the day at 5:27 p.m.

Thursday – February 1, 2007

### **Call to Order/Roll Call**

Mr. Mertz, Chairman called the meeting to order at 8:24 a.m.

Those present, constituting a quorum of the Board:

Max Mertz, Chairman, CPA – Juneau  
Carla Bassler, CPA – Anchorage  
Dan Rozema, CPA – Anchorage  
Elaine Williamson, CPA – Fairbanks  
Christy Morse, CPA – Anchorage  
Catherine Wilson, Public Member – Tok  
John Floyd, Public Member - Anchorage

In attendance from the Department of Commerce, Community and Economic Development, Division of Corporations, Business and Professional Licensing, was:

Cori Hondolero, Licensing Supervisor – Juneau  
Jenny Strickler, Chief – Juneau

In attendance from the public was:

Leslie Schmitz, representing the Alaska Society of CPAs (ASCPA)  
Bernadette Kopyy, representing the Alaska Society of Independent Accountants (ASIA)

### **Agenda Item 8 – Public Comment**

Leslie Schmitz, representing the Alaska Society of CPAs (ASCPA)

Ms. Schmitz was in attendance throughout the meeting and was recognized by the Board to speak regarding different agenda items.

### **Agenda Item 9 – Continuing Education Audit**

No audits for the Board to review.

Jenny Strickler, Chief of the Division of Corporations, Business and Professional Licensing joined the meeting. Ms. Strickler wanted to discuss a few ideas with the Board.

It was noted that a large percentage of staff time is spent dealing with exam applications for applicants that will never be licensed in Alaska. It was also noted that the Division retains many active files for extended periods of time. Ms. Strickler stated that the



nursing Board requires that their candidates retake a remedial course if they fail the exam three times.

An idea presented was to tie a licensure incentive to the exam by requiring that an exam applicant submit half of the required licensure fee up front before being scheduled to take the exam.

There was also discussion about drafting a regulation that would lessen the time that the Division/Board is required to hold conditioned exam applicant files before they can be destroyed. Ms. Strickler noted that the Board spends money to store multiple boxes of conditioned files.

It was decided that NASBA should be contacted to see if they have any insight as to why so many applicants apply to sit for the exams through Alaska. There was also a question about the required timeline for files to be kept.

#### **Agenda Item 10 – Ratify out of State Permits**

**Upon a motion by Floyd, seconded by Bassler and approved unanimously, it was:**

**RESOLVED to ratify the following out of State permits:**

- **Eide Bailey LLP**
- **Michael R. Thronson**
- **Kevin R. Sell**
- **Houston CPA Accounting and Tax Services LLC**
- **Kevin C. Londeen**
- **Phillip H. Leaton**
- **Susan P. Bleecker**
- **McClintock & Associates, P.C.**
- **Bogumil, Holzgang & Company, PC**
- **Benson & McLaughlin P.S.**
- **Erickson & Brooks**
- **Moss Adams, LLP**

#### **Agenda Item 11 – Application Review**

##### **Firm Application**

Kerr McVey Sheaffer & Associates, CPAs LLC

**Upon a motion by Williamson, seconded by Bassler and approved unanimously, it was:**

**RESOLVED to approve the firm application of Kerr McVey Sheaffer & Associates, CPAs LLC.**

### Reinstatement Applications

Bruce Ogle – inactive to active  
Keith Day – inactive to active  
Sharon K. White – lapsed  
Linda Mattoon – lapsed  
Parker Nations, Jr. – lapsed  
Maria Tagliavento – lapsed

**Upon a motion by Floyd, seconded by Bassler and approved unanimously, it was:**

**RESOLVED to approve the reinstatement applications of Bruce Ogle, Keith Day, Sharon K. White and Linda Mattoon.**

**Upon a motion by Floyd, seconded by Bassler and approved unanimously, it was:**

**RESOLVED to table the reinstatement application of Parker Nations, Jr. and Maria Tagliavento. Both of these applications are considered incomplete until the required 120 continuing education hours can be verified.**

### Licensure by Examination Applications

Darcie Costello  
Olga Goncharova  
Rebecca Haugeberg  
Marina Kolesnikova  
Alexey Kosygin  
Inna Kuzmanova  
Alla Nigay  
Laura D. Peters  
Kensaku Sakai

**Upon a motion by Morse, seconded by Wilson and approved unanimously, it was:**

**RESOLVED to approve the applications for licensure by examination of Darcie Costello, Rebecca Haugeberg, Marina Kolesnikova, Alexey Kosygin, Inna Kuzmanova, Alla Nigay, Laura D. Peters, and Kensaku Sakai.**

**Upon a motion by Morse, seconded by Floyd and approved unanimously, it was:**

**RESOLVED to table the application of Olga Goncharova until verification of additional required semester hours are received. 150 semester hours are required – transcripts received reflect 125 semester hours.**

### Licensure by Reciprocity Application

Guo Wei

**Upon a motion by Morse, seconded by Bassler and approved unanimously, it was:**

**RESOLVED to approve the application for licensure by reciprocity of Guo Wei.**

Break at 10:01 a.m.; back on the record at 10:12 a.m.

### **Agenda Item 13 – Substantial Equivalence**

The Board reviewed the Uniform Accountancy Act (UAA) section 23 revision exposure draft.

Ms. Morse noted that this draft might be helpful for practice privilege language for the Boards current regulation project. The Board stated that they would keep this in mind after reviewing the next set of draft regulations and determining which sections need more work.

### **Agenda Item 14 – General Permits**

The Board reviewed and discussed 12 AAC 04.280.

There was discussion about drafting additional regulatory language to help clarify general permit requirements. It was noted that it would be helpful to clarify that a firm permit only needs to be issued once to a firm, not one general permit for each location of that firm.

### **Agenda Item 15 – Administrative & Other**

There was Board discussion about the Board chair position. It was decided that Mr. Mertz would remain the Board chair.

### **Wall Certificates Signed at Meeting**

Philip L. Emmons  
Wael Mansour El Tayeb  
Tina M. Martin  
Benjamin M. Murry  
John T. Bell  
Edward J. Savre  
Suzanne M. Graden  
Laurie M. Gieck  
J. Scott Jones  
Pavel Kodytek

### **Expenditure Report**

The Board reviewed the expenditure report. The Board questioned why the indirect/contractual expense was so high.

Task List(s)

Cori Hondolero

- Let Gayle Horetski and Jun Maiquis know when the next meeting is
- Update webpage with new text box on front page reminding licensees about four ethics hours required on December 2007 renewal. Add a note that this course can be taken through the Alaska society.

Christy Morse

- Take over as first contact person regarding the issue of foreign applicants and possible changes to the exam application process.

Carla Bassler

- Take over as contact person for investigator.

Schedule next meeting

The Board set the next meeting for April 26-27, 2007 in Anchorage.

There being no further business, the meeting adjourned at 10:44 a.m.

Respectfully Submitted:

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Cori Hondolero  
Records & Licensing Supervisor

Approved:

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Max Mertz, Chairman  
Board of Public Accountancy

Date: \_\_\_\_\_