

State of Alaska
Department of Commerce, Community and
Economic Development
Division of Corporations, Business and Professional Licensing

BOARD OF PUBLIC ACCOUNTANCY

MINUTES OF MEETING

February 4-5, 2013

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 February 4-5, 2013 in Juneau, Alaska.

Monday, February 4, 2013

Call to Order/Roll Call

The meeting was called to order by Jeffrey Johnson, Chair, at 8:30 a.m. Those present, constituting a quorum of the Board were:

Carla Bassler, CPA – Anchorage
Elaine Williamson, CPA – Fairbanks
Jeffrey Johnson, CPA – Fairbanks
Andre Horton – Anchorage
Kathleen Thompson, CPA – Fairbanks
Karen Brewer-Tarver, CPA – Juneau
Wayne Don – Eagle River

Present from the Department of Commerce, Community and Economic Development, Division of Corporations, Business and Professional Licensing, were:

Cori Hondolero, Executive Administrator
Don Habeger, Director (agenda item #6)
Alvin Kennedy, Investigator III (agenda item #7 via conference call)

Present from the Department of Law, Civil Division – Commercial & Fair Business, was:

Dan Branch, Assistant Attorney General (agenda item #6)

Visitors present included:

Melody Schneider, representing the Alaska Society of CPAs (ASCPA)
Bernadette Koppy, representing the Alaska Society of Independent Accountants (ASIA)

Agenda Item 1 – Review Agenda

The Board reviewed the agenda and made the following changes:

- Add discussion about possible polling questions to Tuesday's agenda.

Agenda Item 2 – Ethics Report

It was determined that there was nothing to report.

Agenda Item 3 – Review Meeting Minutes

The Board reviewed the minutes of the October 18-19, 2012 meeting.

Upon a motion duly made by Mr. Horton, seconded by Ms. Brewer-Tarver, and approved unanimously, it was:

RESOLVED to approve the minutes of the October 18-19, 2012 meeting as written and to approve the agenda as amended.

Agenda Item 4 – Public Comment

No one present requested to address the Board.

Agenda Item 5 - Alaska Society of Certified Public Accountants (ASCPA)

Melody Schneider was present and addressed the Board.

The Board requested that Ms. Hondolero write up something about the new listserv and get it to Ms. Schneider for inclusion in a future ASCPA newsletter.

Ms. Schneider stated that the Society would be offering the AK ethics course in Juneau, Anchorage and Fairbanks. It was noted that the Society would also post information regarding other AK specific self study courses on its website.

Agenda Item 6 – Board Business

Election of Officers

Upon a motion duly made by Ms. Thompson, seconded by Ms. Brewer-Tarver, and approved unanimously, it was:

RESOLVED to elect Mr. Johnson to continue to serve as Board Chair.

Upon a motion duly made by Ms. Williamson, seconded by Ms. Brewer-Tarver, and approved unanimously, it was:

RESOLVED to elect Ms. Thompson to serve as Board Secretary/Treasurer.

Budget

The Board reviewed the e-mail that had been sent by Misty Frawley outlining staff costs so far for FY13 that were directly charged to the CPA Board. The Board requested that Ms. Hondolero seek additional clarification to make sure that the figures are correct because they seem higher than anticipated for only being halfway through the fiscal year.

Sunset Audit

The Board reviewed final audit reports and noted that the medical Board had expressed similar concerns. Ms. Brewer-Tarver stated that she had talked to Kris Curtis with Legislative audit and the Board was proposed to be extended for such a long period because it is considered low risk.

Agenda Item 8 – Regulation Projects

Attest Experience/Reciprocity

Ms. Brewer-Tarver stated that the Board should not be asking the question if it does not want to reopen the issue; asking will open dialog. Mr. Johnson stated that peer review is good and adds oversight. It was noted that 45 jurisdictions do not require attest hours.

The Board noted that there is currently a conflict within the statutes/regulations. Ms. Thompson noted that there is a reason that the regulations were written a certain way. Ms. Brewer-Tarver noted that the issue of attest hours and reciprocity are related because someone who does not have any attest hours, but does have a license in another state may still qualify for an AK license. Ms. Thompson noted that there had been at least one instance in the past where someone had earned their CPA license in another state by doing secretarial work and was then able to obtain an AK CPA license by reciprocity.

Ms. Bassler stated that CPAs can sign off on the attest function, but anybody can do bookkeeping and/or taxes. Mr. Don asked about reciprocity and how many instances like the one mentioned by Ms. Thompson had taken place. Ms. Bassler stated that there had been a few. Ms. Bassler provided some additional history. In the past there had been a 1000 hour requirement with at least 50 of the hours being audit.

Ms. Thompson stated that the Board should vote whether or not to open the discussion because initially she thought that only reciprocity was being discussed, but this could change initial licensure requirements. Ms. Schneider

had a question about AS 08.04.195 and asked if the Board may be interested in amending the regulations to define the reciprocity requirements.

Agenda Item 6 – Board Business

Practice of Public Accounting

Dan Branch, AAG joined the meeting to discuss a pending application with the Board.

Upon a motion duly made by Ms. Bassler, seconded by Ms. Brewer-Tarver, and approved unanimously, it was:

RESOLVED to enter into executive session in accordance with AS 44.62.310(c)(2) and (3), and Alaska Constitutional Rights to Privacy Provisions for the purpose of discussing an application file.

The Board entered executive session at 9:57 a.m.
The Board went back on the record at 10:53 a.m.

The Board reviewed and discussed Mr. Middleton’s application. Mr. Horton noted that the Board could amend the regulation in the future, but that the Board had discretion to vote on the application before them now.

Upon a motion duly made by Ms. Williamson seconded by Mr. Horton, it was:

RESOLVED to approve the application for licensure by reciprocity of Mr. Middleton.

	<u>YES</u>	<u>NO</u>	<u>Abstain</u>
Carla Bassler			X
Jeffrey Johnson	X		
Kathleen Thompson		X	
Elaine Williamson	X		
Andre Horton	X		
Karen Brewer-Tarver	X		
Wayne Don	X		

Budget/Travel

Director Don Habeger joined the meeting.

The Board asked about the pending travel request for Ms. Hondolero. Mr. Habeger stated that it was still in the review process and that the Division is bound by the spending authority given by the legislature. The Division had requested \$500k and had only been authorized to spend about \$400k for all

Board travel. The Division is tasked with distributing scarce resources amongst all Boards.

Travel priorities are as follows:

- In State Board meetings
- Administrative travel (Don/Misty/Sara)
- Board out of State
- Staff out of State

Director Habeger did note that he had met with Representative Hawker and Representative Thompson the previous week and was hopeful that additional information of interest to the Board may be available within the coming months.

Ms. Thompson asked if travel requests from Boards who are not currently in a deficit are given priority. Mr. Habeger stated that Boards in a deficit can't overspend. Ms. Bassler asked if travel for educational purposes was treated differently. Mr. Habeger stated that no, this had no impact on approval.

The Board asked if there was a way to direct 3rd party reimbursed funds directly back to the Boards. It was noted that this would require a special designation and would require discussion between OMB/fiscal.

Mr. Johnson asked about investigator/paralegal staff time being directly charged to the Board, but when the fines are collected from their work they are not credit back to the Board. Ms. Brewer-Tarver stated that if the current structure isn't addressed, the Board may move into a deficit. Mr. Habeger stated that he was working on ideas for generating revenue. He noted that there may be progress within the next 90 days. If nothing happens, then the discussion will be back with the Boards.

Ms. Williamson asked about the status of a different office space for Ms. Hondolero. Mr. Habeger stated that new State guidelines were recently distributed with mandates. Moving executives down away from the main reception area is not priority number one, but it is still on the list. The Division must evaluate the costs associated with changes.

Ms. Thompson asked about the Divisions evaluation of licensing fees and when that might occur. It was noted that if this did not happen relatively soon, the Board may move into a deficit. Mr. Habeger stated that the Division is tracking 457 different fees and if those fees can be consolidated, it would be more effective and could lead to a cost savings for Boards. Hopefully there will be more information within the next 90 days. Mr. Johnson stated that it would be helpful to the Board to have additional information to review/discuss at the April meeting.

Agenda Item 7 – Investigative Report

The Board reviewed the information in the Board packet regarding imposition of civil fine.

Upon a motion duly made by Ms. Williamson, seconded by Mr. Horton, and approved unanimously, it was:

RESOLVED to adopt the imposition of civil fine; not retroactive and only in cases not related to a violation arising from dishonesty, gross negligence, unlicensed practice, suspension, revocation of licensure, or failure to satisfy continuing education requirements.

The Board called Investigator Kennedy and went through the report that he had prepared for the Board.

Mr. Kennedy thanked Ms. Bassler for all her assistance. The Board appointed Ms. Brewer-Tarver to be the interim investigative liaison.

The Board recessed for lunch at 11:45 a.m.
The Board resumed the meeting at 1:09 p.m.

Agenda Item 8 – Regulation Projects

Practice of Public Accounting

Ms. Bassler recommended that the Board adopt the definition of ‘client’ and ‘public accounting’ as used by AICPA. AS 08.04.680(15) could be amended to add “for a client” and a new AS 08.04.680(21) could be added based on the AICPA definition. Ms. Thompson read the UAA definition of client – means a person or entity that agrees with a licensee, licensee applicant or their employer to receive any professional service.

The Board discussed creating a committee to work on some draft language. Mr. Johnson wanted the Board to be cautious about making a quick change. It was decided that Ms. Thompson, Ms. Brewer-Tarver and Ms. Hondolero would work together on a draft.

Ms. Thompson wanted clarification on the regulation projects that were listed on the agenda. Based on Board discussion, it was decided that the item “attest experience for reciprocity applicants” should be removed from the agenda.

Ms. Brewer-Tarver noted that she was still working on her task from the last meeting regarding attest/compilation.

Agenda Item 9 – NASBA Updates

NIES

There was discussion about adding NASBA's credential evaluation service to the regulations as an approved provider. The Board directed Ms. Hondolero to verify if UAA would accept evaluation prepared by NIES.

ALD

Ms. Hondolero informed the Board that AK is still not providing all of the information requested by NASBA, but that the project had been submitted to IT and was still in the queue for completion.

Vice-Chair Nomination Letter

Upon a motion duly made by Ms. Bassler, seconded by Ms. Brewer-Tarver, and approved unanimously, it was:

RESOLVED to write a letter in support of Kenneth Odom, CPA for the position of NASBA Vice-Chair.

Committees

Ms. Bassler – Enforcement Practices Committee – Had recently attended a meeting and noted that new investigative tools were released that could be used by investigator Kennedy and Ms. Hondolero.

Mr. Johnson – State Board Relevance & Effectiveness Committee – Would be attending a meeting the following week.

Ms. Williamson – CPE Committee – Nothing to report.

Conferences

Conference for EDs and Legal Counsel – March 2013 in Tucson, AZ. As of the date of the meeting travel had not yet been approved. It was noted that NASBA had approved Mr. Kennedy for a scholarship.

It was noted that getting travel approved was still an issue. Ms. Brewer-Tarver stated that Representative Hawker had mentioned the idea of adding more line items, but the Board noted that this may be an unlikely solution.

Agenda Item 10 – New Business

Paperless Packets

Ms. Hondolero had prepared a paperless packet that was projected on a screen in the meeting room throughout the meeting.

There was Board discussion about the possibility of having all correspondence sent out as a PDF document prior to the next meeting. Ms. Thompson noted that she was more likely to review the information if it was in hardcopy.

The Board directed that the packet for the April meeting be created in hardcopy for Board members, but that a public version containing no confidential information be posted on the Boards website.

Agenda Item 11 – CPA Exam

The Board reviewed the exam survey responses that had been received.

Agenda Item 12 – Correspondence

The Board reviewed the correspondence items contained in the Board packet.

An item had been received from Mr. McLean regarding there being no 'retired' license status. The Board requested that Ms. Hondolero respond and let Mr. McLean know that the Board was waiting to see if UAA would be releasing a recommendation on this issue soon. Once the recommendation from UAA was received, the Board would evaluate the regulations to see if any amendments/additions are required.

Agenda Item 15 – Application Review

The Board was ahead of schedule and opted to start reviewing applications.

Upon a motion duly made by Ms. Thompson seconded by Ms. Bassler, and approved unanimously, it was:

RESOLVED to approve Ryan Ossenkop's application to sit for the CPA exam.

Upon a motion duly made by Ms. Thompson seconded by Mr. Horton, and approved unanimously, it was:

RESOLVED to approve the applications of Allan Acheson, Jean Hodges and Mohan Samuel for licensure by reciprocity.

Upon a motion duly made by Ms. Thompson seconded by Mr. Horton, and approved unanimously, it was:

RESOLVED to approve Lolanda Cavanaugh, Craig Gaube, Xia Hua, Audrey Lance, Aletha Lawson, David LeClair, Keri Melvin, Pirmammad Mustafayev, Rada Rozhitskaya, Thomas Sutton, Shaun Tacke, Turgunboy Tokhirov, Ka Cheong Tse and Paul Welp for licensure by exam.

Upon a motion duly made by Ms. Thompson seconded by Mr. Horton, and approved unanimously, it was:

RESOLVED to table the application for licensure by exam of Shunsuke Tamura. The applicant must provide verification of completion of the required business law course – either 3 semester of 5 quarter hours.

Upon a motion duly made by Ms. Thompson seconded by Mr. Horton, and approved unanimously, it was:

RESOLVED to approve the application for licensure by exam of Adam Rossow pending receipt of exam scores from North Dakota and completion of an ALD search.

Upon a motion duly made by Ms. Thompson seconded by Mr. Horton, and approved unanimously, it was:

RESOLVED to approve the application for licensure by exam of Ying Wang pending receipt of verification that supervisor was licensed from 7/1/03-8/25/03 and 6/30/06-8/31/06.

Upon a motion duly made by Ms. Thompson seconded by Mr. Horton, and approved unanimously, it was:

RESOLVED to approve the firm permits of Younger and Company, LLC and VIP Taxes & Consulting, LLC

Upon a motion duly made by Ms. Thompson seconded by Mr. Horton, and approved unanimously by those present, it was:

RESOLVED to approve the Out-of-State Permit applications of Glass & Company, CPAs, P.C. and PTI CPA Services, LLC.

The meeting recessed at 3:55 p.m., until Tuesday, February 5, 2013.

Tuesday, February 5, 2013

Call to Order/Roll Call

The meeting was called to order by Jeffrey Johnson, Chair, at 8:39 a.m. Those present, constituting a quorum of the Board were:

Carla Bassler, Chair, CPA – Anchorage
Elaine Williamson, CPA – Fairbanks
Jeffrey Johnson, CPA – Fairbanks
Andre Horton – Anchorage

Kathleen Thompson, CPA – Fairbanks
Karen Brewer-Tarver, CPA – Juneau
Wayne Don – Eagle River

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

Cori Hondolero, Executive Administrator
Karen Wilke, Paralegal (agenda item #14)

Visitors present included:

Melody Schneider, representing the Alaska Society of CPAs (ASCPA)
Bernadette Kopyy, representing the Alaska Society of Independent Accountants (ASIA)
Thomas Sutton, representing himself

Agenda Item 13 – Review Agenda

There were no changes to the agenda.

Agenda Item 14 – CPE Audits

Audits

Karen Wilke, paralegal joined the meeting to update the Board on the status of the audits that had been forwarded to her and to present a consent agreement to the Board.

Upon a motion duly made by Ms. Bassler, seconded by Ms. Brewer-Tarver, and approved unanimously, it was:

RESOLVED to enter into executive session in accordance with AS 44.62.310(c)(2) and (3), and Alaska Constitutional Rights to Privacy Provisions for the purpose of discussing a consent agreement.

The Board entered executive session at 8:42 a.m.
The Board went back on the record at 8:44 a.m.

Upon a motion duly made by Ms. Thompson, seconded by Ms. Brewer-Tarver, and approved, it was:

RESOLVED to adopt the consent agreement and accept the CE hours submitted for Linda C. Swensen – case #2012-001110.

The Board completed continued application/audit review.

Upon a motion duly made by Mr. Horton, seconded by Ms. Bassler, and approved, it was:

RESOLVED to approve the hours/audit of the following licenses. It noted that every license had taken the required AK specific ethics hours outside of the required licensing period:

- Christopher Robb
- Yasuhiro Nakajima
- Richard Lobdell
- Jerry Baker
- Laura Sullivan
- Jerald Johnson
- Julie Desimone
- Stanislav Zolotarev
- Ronald Alban

Upon a motion duly made by Mr. Horton, seconded by Ms. Bassler, and approved, it was:

RESOLVED to approve the hours/audit of Nancy Adams pending receipt of certificates for classes taken in correct year(s). Certificates provided were from 2009 & 2010.

Upon a motion duly made by Mr. Horton, seconded by Ms. Bassler, and approved, it was:

RESOLVED to refer the file of Shiming Chen back to the paralegal for additional follow up. The Board noted that Mr. Chen was short 6.5 hours including the required AK specific ethics hours.

Upon a motion duly made by Mr. Horton, seconded by Ms. Bassler, and approved, it was:

RESOLVED to refer the file of N. Diane Fejes back to the paralegal for additional follow up. The Board approved the hours that were sent in, but noted that the AK ethics were to be taken prior to renewal/during the concluding licensing period in accordance with 12 AAC 04.300(c). The AK specific ethics hours were taken outside of the required time period.

Agenda Item 15 – Application Review

The Board continued their review of the remaining application files.

Upon a motion duly made by Mr. Horton seconded by Ms. Bassler, and approved unanimously, it was:

RESOLVED to approve the reinstatement applications of Chizuru Ohara, George Gates, Laroslav Lounev, James Nutty, Alexey Kosygin and Julie Boerger.

Upon a motion duly made by Mr. Horton seconded by Ms. Bassler, and approved unanimously, it was:

RESOLVED to approve the reinstatement applications of Joy Fronteras pending receipt of verification of the required AICPA comprehensive ethics course.

Upon a motion duly made by Mr. Horton seconded by Ms. Bassler, and approved unanimously, it was:

RESOLVED to table the reinstatement application of Satzhan Temirgaliyev. The Board requested additional information about the credit hours awarded in accordance with 12 AAC 04.320.

Upon a motion duly made by Mr. Horton seconded by Ms. Bassler, and approved unanimously, it was:

RESOLVED to table the reinstatement application of Gary Lau. The Board requested verification of passage of the required AICPA comprehensive ethics course and additional information about the 120 hour course titled “Professional certificate in Hong Kong business law.” Depending on the additional information received, the hours approved for the business law course may be capped at 16.

Upon a motion duly made by Mr. Horton seconded by Ms. Bassler, and approved unanimously, it was:

RESOLVED to table the reinstatement application of Jeffrey Wood. The Board requests verification of the required 120 hours; including the AK specific ethics course and the AICPA comprehensive ethics course. The Board is allowing

Mr. Wood until the August 2013 Board meeting to provide the required documentation.

Upon a motion duly made by Mr. Horton seconded by Ms. Bassler, and approved unanimously, it was:

RESOLVED to table the reinstatement application of Barbara Rolfe. The Board noted that reinstatement fees of \$330 are still due. In addition to the fees, Ms. Rolfe must submit verification of completion of the AK ethics course, verification of completion of the AICPA comprehensive ethics course and additional hours to meet the 120 hour requirement.

The Board discussed the continuing education that was provided by Ms. Stevens and noted the following issues:

- Licensee did not complete the required 4 hours of AK specific ethics during the correct licensing period (class completed 12/27/12)
- Licensee sent in a certificate for a course (8 hours) with her partners name on it. The letter of explanation indicated that this was due to a shared login and it was indicated that this course was not claimed by the partner.
- Board had a question about the ASIA certificate for the January 7-10, 2010 training and would like a signed statement from the education chair verifying attendance at the training.
- Even if the Board accepted the 8 hour course with her partners name on it, Ms. Stevens would still only have 77.5 hours during the correct licensing period; without the 8 hour course, only 69.5 hours.

Upon a motion duly made by Ms. Thompson seconded by Ms. Bassler, and approved unanimously, it was:

RESOLVED to table the CPE review of Janiese Stevens. The Board requests: 1) verification from the education chair of ASIA that the 21.5 hours were earned in 2010 for the 1040 tax update 2) notarized affidavit from Miranda Wallstrum that she did not take/count the 8 hour 2011 tax update course.

Upon a motion duly made by Ms. Williamson, seconded by Ms. Bassler, and approved unanimously by the members present, it was:

RESOLVED to enter into executive session in accordance with AS 44.62.310(c)(2) and (3), and Alaska Constitutional

**Rights to Privacy Provisions for the purpose of discussing
an Out-of-State permit application.**

The Board entered executive session at 11:05 a.m.
The Board went back on the record at 11:28 a.m.

Upon a motion duly made by Ms. Williamson, seconded by Mr. Horton, and approved unanimously by the members present, it was:

RESOLVED to deny the Out-of-State permit application of Sonya Vazquez. Ms. Vazquez does not meet the requirements of AS 08.04.110 (good moral character) and also has had issues related to AS 08.04.450(2) (dishonesty or gross negligence in the practice of public accounting) and AS 08.04.450(8) (suspension or revocation of the right to practice before any state or federal agency). The Board noted that information provided by the applicant reflects multiple license actions via stipulation/orders from the Washington State Board (No. ACB-1261, ACB-960, ACB-902).

Agenda Item 16 – Administrative Business

Confirm Upcoming Meeting Dates/Locations

- April 25-26, 2013 in Anchorage
- August 1-2, 2013 in Fairbanks (tentative)

Sign Wall Certificates

- Grant R. Todd #2621
- Torrey S. Jacobson #2622
- Lisa M. Davis #2623
- William A. Kolski #2625
- Jeffrey P. Shirley #2626
- Sonia Thakare #2627
- Samuel J. Muse #2628
- Jose A. Cardoso #2629
- Joshua D. Petersen #2630
- Takatoshi Sakuma #2631
- Anna A. Tchernykh #2632
- Josel M. Carrillo #2633
- Michael Rhen Stevens #2634
- Dilbar Askarova #2636
- Elena A. Begojevic #2637
- Anna Krylova #2638
- Patricia M. Butler #2639
- Sonia B. Auld #2640

Task Lists

Cori Hondolero:

- Check with UAA to see if they accept NIES credential evaluations
- Respond to Mr. McLean's letter to the Board
- Work with Ms. Thompson & Ms. Brewer-Tarver on draft definitions
- Bring renewal forms & reinstatement form to next meeting
- Create paperless packet for April meeting – post on web

Ms. Thompson:

- Review renewal application(s) before next meeting.
- Participate in creating draft definitions

Ms. Brewer-Tarver:

- Work on attest research – compare new compilation rules against AK regs.
- Participate in creating draft definitions

There being no further business, the meeting adjourned at 11:33 a.m.

Respectfully Submitted:



Cori Hondolero
Executive Administrator

Approved:



Jeffrey L. Johnson, Chair
Alaska Board of Public Accountancy

Date: 4-26-13