

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

**MINUTES OF MEETING  
April 21-22, 2005**

By authority of AS 08.01.070(2) and AS 08.86.030, and in compliance with the provisions of AS 44.62, Article 6, a scheduled meeting of the Board of Public Accountancy was held April 21 - 22, 2005, beginning at 10:00 a.m. The meeting was held in the Robert B. Atwood Building, 550 West 7<sup>th</sup> Ave., Suite 1860, Anchorage, Alaska.

**Thursday, April 21, 2005**

**Item 1      Call to Order/Roll Call**

The meeting was called to order by Laura Welles, Acting Chairperson, at 10:05 a.m. There were present, constituting a quorum:

Laura Welles – Public Member, Acting Chair  
Carla J. Bassler, CPA  
Kenneth L. Mayer, CPA  
Christy K. Morse, CPA

In attendance from the Department of Commerce, Division of Occupational Licensing was:

Brenda Donohue, Licensing Examiner

Also in attendance from the public:

Virginia (Ginger) Curnow, representing the Alaska Society of Independent Accountants (ASIA)  
Lisa Rogers representing the Alaska Society of CPAs (ASCPA)

**Item 2      Review/Amend Agenda**

The following amendments were made to the agenda:

- A new item, National Association of State Boards of Accountancy (NASBA) letter regarding recommendations from state boards for next year's Nominating Committee, Directors-at-Large and Regional Directors nominations was added to Item 14, NASBA.
- A new item, HB 274, was added to Item 17, Regulation/Statute Updates
- Two new items, correspondence from Fusami Hotta and Lawrence Kam Cheng Han, were added to Item 6, Correspondence.
- Ms. Welles recommended Item 14 be moved to April 21 instead of April 22.

**On a motion duly made by Kenneth Mayer, seconded by Christy Morse, and approved unanimously, it was**

**RESOLVED to approve the agenda as amended.**

**Item 3**     **Welcome Board Members Christy Morse, Kenneth Mayer and Carla Bassler**

The board went around the table and introduced themselves and gave a brief professional background.

**Item 4**     **Review/Approve Minutes**

Ms. Welles reviewed the minutes of the January 27-28, 2005 meeting and had extensive changes. As she was the only board member present from that meeting, and the changes were so extensive, she said she would mail her changes to Cynthia Cintra, and request they be sent to the board via mail ballot.

**Item 5**     **Public Comment**

There was no one present for public comment yet as the board was running ahead of schedule. Ms. Welles requested the board skip to Item 14.

**Item 14**    **National Association of State Boards of Accountancy (NASBA)/Alaska Society of CPAs (ASCPA) Meetings/Items**

1. NASBA Regional Directors and Directors-at-Large Nominations

**On a motion duly made by Kenneth Mayer, seconded by Carla Bassler, and approved unanimously, it was**

**RESOLVED to nominate Sandy Wilson as Director-at-Large for NASBA**

2. NASBA Vice Chair Nomination

The board reviewed the request for Vice Chair Nomination and took no action.

3. NASBA Committee Interest

Ms. Welles explained the form for new board members.

4. NASBA Regional Meeting (Anchorage, AK)

Ms. Welles encouraged all new board members to attend the Western Regional Meeting in Anchorage in June. She told them, that expenses are covered by scholarship funds for new board members.

5. Computerized Exam

a) Kenneth Mayer asked if Cynthia Cintra could tabulate exam survey responses into categories and present it to board in that format.

Lisa Rogers asked the board if it had a plan to address the issues highlighted on the candidate survey forms. Ms. Welles suggested the board could summarize the survey responses and draft a letter to NASBA/Prometrics. Staff was directed to advise the board regarding the contracts with Prometric and is Prometric abiding by the contract.

Mr. Mayer asked if Occupational Licensing staff can find out what other occupations use Prometric and what problems they are experiencing with them. He thought that perhaps the boards could combine efforts to address common concerns.

**On a motion duly made by Kenneth Mayer, seconded by Carla Bassler, and approved unanimously, it was**

**RESOLVED that the Chair summarize the questionnaires and draft a letter to NASBA and Prometric to address concerns about the Prometric testing facility in Anchorage.**

As it was 11:30 a.m., the board returned to Item 5, Public Comment.

**Item 5. Public Comment**

Lisa Rogers, ASCPA  
Virginia (Ginger) Curnow, ASIA  
Phaedra Connell

Lisa Rogers asked the board to confirm a rumor she had heard that the administration had issued a CPA license to an individual. Ms. Welles advised the applicant was Mr. Rattner, and the issue would be covered under the teleconference call with Rick Urion on the 2<sup>nd</sup> day of the meeting. She indicated a required document was not in Mr. Rattner's application file at the time the board reviewed his application. The document was later located and Mr. Urion issued the license. Steve

Tarola, the past board president questioned whether the division had authority to issue the license, as he thought only the board held that authority. Subsequently, a mail vote was conducted whereby the board approved issuance of the license. What came into question was the authority structure and how the steps were handled. Ms. Welles deferred to Max Mertz, who will join the meeting tomorrow to provide further information on this issue.

Ms. Rogers then addressed HB 274, and brought up items members of the profession might be opposed to.

1. One year experience requirement for initial licensure. Ms. Rogers suggested the board obtain a copy of the American Institute of Certified Public Accountants (AICPA) Professional Standards on quality control regarding experience requirements and monitoring requirements that are in place to maintain quality in firms that provide attest services. She said these standards ask for two years of initial experience requirement and three years for some candidates.
2. Individuals who are not licensed as CPAs but provide accounting services. Those individuals provide "safe-harbor" language for reports on top of financial statements. Ms. Rogers asked the board to write that language into regulation.
3. Because the wrong test was administered in February, and candidates' tests will not be graded until June, the candidates are at a disadvantage regarding the 18-month testing window. Ms. Rogers asked the board if it intends to do anything about the 18-month testing window.

Phaedra Connell, a CPA exam applicant, testified that she has her study and test schedule coordinated with her work schedule. She said she is in her 18-month testing window, which will end 2/19/06, and that is now in jeopardy because she was given the wrong test in February. Ms. Donohue pointed out that in accordance with 12 AAC 04.200(I) the board can extend the period of credit for examination sections passed upon a showing, to the board's satisfaction, that the credit was lost due to circumstances beyond the applicant's control. Ms. Connell requested the board extend her 18-month testing window.

Kenneth Mayer made a motion to extend the testing window from 18 to 21 months for the candidates affected by the issuance of the incorrect exam in February. There was no second, so the motion died. The board indicated it would discuss this matter at a later time.

**Recess**      ***The board recessed at 12:10 p.m., reconvened at 1:15 p.m.***

**Item 14**      **NASBA**

**5. Computerized Exam (cont'd)**

d) Ms. Welles explained to new board members the exam fee increase. Ms. Morse asked if Steve Tarola had written a letter to NASBA stating the board's concerns regarding the fee increase. Ms. Welles said she would check with Mr. Tarola to see if that has been done.

Mr. Mayer asked the board to return to Item 5, Public Comment, to cover the issue of extending the testing window from 18 to 21 months for candidates affected by issuance of the incorrect exam in February 2005.

**Item 5**      **Public Comment**

**On a motion duly made by Kenneth Mayer, seconded by Carla Bassler, and approved unanimously, it was**

**RESOLVED, in accordance with authority granted by 12 AAC 04.200(I) to extend to 21 months the testing window for applicants who were given the incorrect exam in February 2005.**

The board directed staff to send a letter to each affected candidate advising the board has extended the testing window.

**Item 6**      **Correspondence**

A) Quarterly Communications from NASBA

The board reviewed page 3 – Report from the President, specifically exam fee increases.

B) April 2005 Focus Questions

The board will revisit the focus questions on the next day of the meeting.

C) Dan Kennedy, CPA, resignation letter

D) Fusami Hotta

The board requested staff to draft a letter to the applicant asking for a letter of further explanation including back-up (doctor's letter), stating the amount of time requested for an extension and explaining the severity of Ms. Hotta's disease. The board asked that a draft of the letter be sent to Ms. Welles for review prior to sending the letter to the applicant.



Mr. Petrie polled the board for permission to issue a subpoena in the following case:

- 060005002                      Kenneth Mayer voted yes  
   Laura Welles voted yes  
   Christy Morse voted yes  
   Carla Bassler voted yes

This concluded the Investigative Report.

**Recess      The board recessed at 4:20 p.m.**

**Friday April 22, 2005**

**Item 13      Reconvene Meeting/Roll Call**

The meeting was called to order by Laura Welles, Acting Chairperson, at 9:32 a.m. There were present, constituting a quorum:

Laura Welles, Public Member, Acting Chair  
Kenneth Mayer, CPA  
Max Mertz, CPA  
Carla Bassler, CPA

In attendance from the Department of Commerce, Division of Occupational Licensing, was:

Brenda Donohue, Licensing Examiner  
Phil Petrie, Investigator

**Item 7      Application Review (Work Session cont'd)**

**On a motion duly made by Max Mertz, seconded by Carla Bassler, and approved unanimously, it was**

**RESOLVED to adjourn into Executive Session under the authority of AS 44.62.310 for the purpose of discussing information in an application file.**

The board adjourned into executive session at 9:50 a.m. and returned from executive session at 10:05 a.m.

**On a motion duly made by Max Mertz, seconded by Carla Bassler, and approved unanimously, it was**

**RESOLVED to approve the following applications for certification by exam/experience:**

1. Crisanto Agtani
2. Kathy Hatzignatiou
3. Yoshihiro Ito
4. Yukihiro Nakamura

On a motion duly made by Max Mertz, seconded by Carla Bassler, and approved unanimously, it was

**RESOLVED** to approve the application for certification by exam/experience of Koji Urano, pending receipt of his supervisor's verification of licensure from the Delaware Board.

On a motion duly made by Max Mertz, seconded by Kenneth Mayer, and approved unanimously, it was

**RESOLVED** to approve the following applications for licensure by reciprocity:

1. Robert J. Creamer
2. John T. Fisher
3. Robert J. Leslie
4. Robert W. Parrish
5. Cole M. Lindemann

On a motion duly made by Max Mertz, seconded by Kenneth Mayer, and approved unanimously, it was

**RESOLVED** to approve the following applicants for reinstatement:

1. Marie S. Chandler to inactive status
2. Jeanine C. Hill to active status

On a motion duly made by Max Mertz, seconded by Carla Bassler, and approved unanimously, it was

**RESOLVED** to approve Fowler's Professional Corporation for a resident firm permit.

**Item 8**      **Ratify Out of State Permits**

On a motion duly made by Max Mertz, seconded by Kenneth Mayer, and approved unanimously, it was

**RESOLVED** to ratify the following out-of-state general permits:

1. Ernst & Young, LLP
2. Lemaster & Daniels, PLLC
3. Hemming Morse, Inc.



4. Aronson & Company, P.C.
5. Creamer, Green & Associates, P.C.
6. Seber Tans Dillenbeck Howard & Craft, PLC
7. Barry A Franzen
8. Reznick Group, P.C.

**Item 9      Audit of Continuing Education Reports**

There were no continuing education audits to review.

**Recess      The board recessed at 10:20 a.m., reconvened at 10:35 a.m.**

Ms. Welles distributed correspondence between the division and the previous board chair, Steve Tarola, pertaining to the license issued to Sydney Rattner.

**Item 15      Web Site "What's New"**

The board requested that Cynthia Cintra remove the resolution from the board's web site.

**Item 14      NASBA**

Item 14 was covered on April 21, 2005.

Ms. Welles noted that the Western Regional Meeting had been changed to the Captain Cook Hotel. She reiterated to the new board members the value of attending this meeting.

**Item 17      Regulation/Statute Update**

Rep. Hawker had introduced HB 274 to the legislature. No action is expected on this bill until next session due to the lateness of the session.

The board noted that the commissions and contingency fees regulations have been signed by the Lt. Governor and will take effect on April 28, 2005.

Phil Petrie gave the board a review of how to navigate BASIS (the on-line tracking site for legislation) and the interaction between the board and the legislature regarding how a bill is moved through the system. The board requested staff to email it the link to BASIS so it can track bills.

**10:50 a.m.      Rick Urion, Ginger Morton and Cynthia Cintra joined the meeting via teleconference to discuss Sydney Rattner's license issuance.**

Ms. Welles recommended an education session with the Department of Law in the fall to clarify the board's authority versus the division's authority to issue licenses. Mr. Urion expressed his opinion that due to budget and time constraints a meeting with the Department of Law on this issue was unlikely.

Mr. Urion advised the board that upon listening to the tapes from the January 27-28, 2005 board meeting, he was very disappointed by the topics being discussed. Mr. Urion also informed the board that the tapes made of meetings are available to the public.

Following discussion with Ginger Morton the board amended its motion to approve Koji Urano's application for licensure by reciprocity pending receipt of his supervising CPA's CPA license.

Ms. Welles asked if the division would need to raise license fees to absorb the cost of the fee increase for the Prometric exams. Ms. Morton explained that it does not affect the division's budget as the fees are paid directly to Prometric by the candidate.

Mr. Urion, Ginger Morton and Cynthia Cintra left the meeting at 11:00 a.m.

**On a motion duly made by Max Mertz, seconded by Kenneth Mayer, and approved unanimously, it was**

**RESOLVED to amend the motion approving the application of Cole M. Lindemann for licensure by reciprocity pending receipt of license fees.**

**Item 16**      **Ethics Reporting**

There were no ethics violations to report.

**Item 17**      **Regulation/Statute Update (cont'd)**

The board further discussed the commissions/contingent fee regulations that will take effect on April 28, 2005. Ms. Welles advised that provided there was enough support in the legislature to pass HB 274, there would be a lot of work for the board to do rewriting the regulations to implement that legislation.

**Item 10**      **Annual Report**

Ms. Donohue reminded the board that the end of the fiscal year is approaching and the annual report is due by August. Ms. Donohue advised the board it will draft the narrative part of the report, and division personnel will compile the remaining sections of the report.

**Item 11**      **Goals and Objectives FY 2004-2005**

The board reviewed the FY 2004 – 2005 Goals and Objectives.

**Recess**      **The board recessed at 11:10 a.m., reconvened at 11:20 a.m.**

**Item 18      Administrative and Other**

- Sign Wall Certificates
- Sign Minutes
- Election of Officers

**On a motion duly made by Max Mertz, seconded by Kenneth Mayer, and approved unanimously, it was**

**RESOLVED to elect Laura Welles as the board Chairperson.**

**On a motion duly made by Kenneth Mayer, seconded by Carla Bassler, it was**

**RESOLVED to nominated Max Mertz for board Vice-Chairperson.**

Mr. Mertz declined the nomination due to concerns about his lack of time on the board and about interaction between the board and the division.

**On a motion duly made by Kenneth Mayer, seconded by Max Mertz, and approved unanimously, it was**

**RESOLVED to table the remainder of the election of officers to the next board meeting.**

The board appointed Max Mertz as the expert contact from the board to assist Phil Petrie on technical questions for cases under investigation.

- Schedule Next Board Meeting

**On a motion duly made by Carla Bassler, seconded by Kenneth Mayer, and approved unanimously, it was**

**RESOLVED to schedule the next board meeting for July 21-22, 2005 in Fairbanks.**

- Expenditure Report

Mr. Mertz asked if it would be possible to obtain a progress report to find out if revenues are up as a result of the excess of foreign applicants. The board requested Cynthia to advise the board of current figures as compared to the budget.

The board discussed the procedure for setting license fees, and it was determined, after review of the statutes, specifically AS 08.04.495 Fees, that the discretion for setting license fees resides with the department.

Mr. Mayer suggested it may be pertinent to hire expert contractors to review investigative cases with the Investigator. Ms. Donohue advised the board of the process for setting the agenda for the next meeting and requesting that department staff attend the meeting to advise the board on budget items.

The board then discussed how the continuing education audit is conducted. Ms. Donohue instructed the board on the steps in the procedure.

**Item 19      New Business/Old Business**

Mr. Petrie presented a compilation of existing statutes and regulations that address civil fines and duty to report that are in place for other boards in response to the board's request for this information. Mr. Petrie noted that "Civil Fines" are not covered in HB 274. He explained to the board that fines recovered from memorandums of agreement (MOA's) are credited back to the board, but go into the general fund.

Mr. Petrie referred back to his first item of business under "Investigative Report", specifically Mr. Chris Wigington's correspondence asking for direction on CPAs acting as solicitors accepting advisory fees.

Mr. Mertz said he will research the issue of CPAs accepting "advisory fees" from state-registered investment advisors and bring a response back to the board. Mr. Mertz said he would then forward his response to the board through Cynthia Cintra, and after review the board would forward a response to Mr. Petrie.

The board directed Mr. Petrie to copy Gail Horetski, Assistant Attorney General, on the email he sends Mr. Mertz containing the correspondence with Mr. Wigington.

Mr. Wigington's correspondence will be kept with the official minutes of this board meeting.

**On a motion duly made by Max Mertz, seconded by Kenneth Mayer, and approved unanimously, it was**

**RESOLVED to adjourn the meeting of the Board of Public Accountancy.**

The board adjourned the meeting at 12:20 p.m.

Respectfully submitted:

\_\_\_\_\_  
Cynthia Cintra, Licensing Examiner

Approved:

\_\_\_\_\_  
Laura Welles, Public Member, Chairperson  
Board of Public Accountancy

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